

# Prosegur Cash, S.A. and Subsidiaries

## **Consolidated Annual Accounts**

31 December 2016

## **Consolidated Directors' Report**

2016

(Together with Independent Auditor's Report)



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

## Independent Auditor's Report on the Consolidated Annual Accounts

To the Shareholders of  
Prosegur Cash, S.A.

### **Report on the Consolidated Annual Accounts**

We have audited the accompanying consolidated annual accounts of Prosegur Cash, S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position at 31 December 2016 and the consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and related notes to the consolidated annual accounts.

#### *Directors' Responsibility for the Consolidated Annual Accounts*

The Company's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of Prosegur Cash, S.A. and subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the consolidated annual accounts by the Company's directors in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts taken as a whole.

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

*Opinion*

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of Prosegur Cash, S.A. and subsidiaries at 31 December 2016 and of their consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable in Spain.

*Emphasis of Matter*

We draw attention to Note 2 to the consolidated annual accounts, which, as well as describing the accounting policies applied, states that these consolidated annual accounts are the first set of financial statements prepared under IFRS-EU. As permitted under IFRS-EU, the Group has opted to present comparative financial information, for comparative purposes only, as if the subsidiaries contributed to and acquired by the Group in 2016 had formed part of the Group at 1 January 2014, on the basis that they were part of the Prosegur Group before this date. Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

The accompanying consolidated directors' report for 2016 contains such explanations as the Directors of Prosegur Cash, S.A. consider relevant to the situation of the Group, its business performance and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2016. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Prosegur Cash, S.A. and subsidiaries.

KPMG Auditores, S.L.

Bernardo Rücker-Embden

1 March 2017

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

### **Consolidated Annual Accounts and Management Report for the year ended 31 December 2016**

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

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## I. CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

(In thousands of Euros)

|   | Note | 31/12/2016     | 31/12/2015 (*) | 31/12/2014 (*)  |
|---|------|----------------|----------------|-----------------|
| Revenues  | 3    | 1,724,258      | 1,746,265      | 1,663,140       |
| Cost of sales   | 4    | (1,097,331)    | (1,120,627)    | (1,106,182)     |
| <b>Gross profit</b>   |      | <b>626,927</b> | <b>625,638</b> | <b>556,958</b>  |
| Other income  | 6    | 71,433         | 22,083         | 7,092           |
| Selling, general and administrative expenses  | 4    | (305,757)      | (329,897)      | (282,620)       |
| Other expenses  | 6    | (2,719)        | (1,615)        | (626)           |
| Profit / (Loss) from equity accounted-investees   | 14   | (4,529)        | (1,473)        | (590)           |
| <b>Results from operating activities</b>  |      | <b>385,355</b> | <b>314,736</b> | <b>280,214</b>  |
| Finance income  | 7    | 31,114         | 36,508         | 16,747          |
| Finance costs   | 7    | (40,314)       | (35,212)       | (34,193)        |
| <b>Net finance income /(costs)</b>  |      | <b>(9,200)</b> | <b>1,296</b>   | <b>(17,446)</b> |
| <b>Profit before income tax</b>   |      | <b>376,155</b> | <b>316,032</b> | <b>262,768</b>  |
| Income tax expense  | 24   | (149,913)      | (107,892)      | (90,728)        |
| <b>Post-tax profit from continuing operations</b>   |      | <b>226,242</b> | <b>208,140</b> | <b>172,040</b>  |
| Loss from discontinued operation, net of tax  | 15   | (47,276)       | (29,166)       | (1,615)         |
| <b>Consolidated profit for the period</b>   |      | <b>178,966</b> | <b>178,974</b> | <b>170,425</b>  |
| Attributable to:  |      |                |                |                 |
| Owners of the Parent  |      | 178,324        | 179,332        | 170,420         |
| Non-controlling interests   |      | 642            | (358)          | 5               |
| <b>Earnings per share from continuing operations attributable to the owners of the Parent (Euros per share)</b>   |      |                |                |                 |
| - Basic   | 8    | 0.35           | -              | -               |
| - Diluted   | 8    | 0.35           | -              | -               |
| <b>Earnings per share from discontinued operations attributable to the owners of the Parent (Euros per share)</b> |      |                |                |                 |
| - Basic   | 8    | (0.07)         | -              | -               |
| - Diluted   | 8    | (0.07)         | -              | -               |

The Notes on pages 10 to 92 are an integral part of these consolidated annual accounts

(\*) Unaudited



## II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

(In thousands of Euros)

|   | 31/12/2016     | 31/12/2015 (*)   | 31/12/2014 (*) |
|---|----------------|------------------|----------------|
| <b>Consolidated profit for the period</b>                             | <b>178,966</b> | <b>178,974</b>   | <b>170,425</b> |
| <b>Other comprehensive income:</b>                                    |                |                  |                |
| <b>Items not to be reclassified to profit and loss</b>                |                |                  |                |
| Actuarial gains/(losses) on defined benefit plans                     | (649)          | 431              | (137)          |
|   | <b>(649)</b>   | <b>431</b>       | <b>(137)</b>   |
| <b>Items to be reclassified to profit and loss</b>                    |                |                  |                |
| Translation differences of financial statements of foreign operations | 53,238         | (218,090)        | (8,605)        |
|   | <b>53,238</b>  | <b>(218,090)</b> | <b>(8,605)</b> |
| <b>Total comprehensive income/(loss), net of taxes</b>                | <b>231,555</b> | <b>(38,685)</b>  | <b>161,683</b> |
| Attributable to:  |                |                  |                |
| - Owners of the Parent  | 231,012        | (40,296)         | 161,719        |
| - Non-controlling interests   | 543            | 1,611            | (36)           |

The Notes on pages 10 to 92 are an integral part of these consolidated annual accounts

(\*) Unaudited

### III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2016, 2015 AND 2014

(In thousands of Euros)

|  | Note | 31/12/2016       | 31/12/2015 (*)   | 31/12/2014 (*)   |
|--|------|------------------|------------------|------------------|
| <b>ASSETS</b>  |      |                  |                  |                  |
| Property, plant and equipment                              | 10   | 266,359          | 222,347          | 327,197          |
| Goodwill   | 11   | 317,351          | 306,845          | 358,846          |
| Other intangible assets                                    | 12   | 173,856          | 173,793          | 247,322          |
| Investment property  | 13   | -                | 83,678           | 46,529           |
| Equity-accounted investees                                 | 14   | 28,955           | 13,054           | 20,171           |
| Non-current financial assets                               | 18   | 2,058            | 2,304            | 22,363           |
| Deferred tax assets  | 24   | 89,546           | 99,801           | 120,313          |
| <b>Non-current assets</b>                                  |      | <b>878,125</b>   | <b>901,822</b>   | <b>1,142,741</b> |
| Non-current assets held-for-sale                           | 15   | 266,568          | 232,876          | 19,792           |
| Inventories  | 16   | 7,457            | 7,145            | 15,753           |
| Trade and other receivables                                | 17   | 426,776          | 422,239          | 550,444          |
| Current receivables with Prosegur group companies          | 28   | 65,430           | 351,323          | 264,526          |
| Current tax assets   |      | 102,352          | 45,828           | 72,223           |
| Other financial assets                                     | 18   | -                | -                | 8,241            |
| Cash and cash equivalents                                  | 19   | 188,780          | 201,552          | 228,515          |
| <b>Current assets</b>                                      |      | <b>1,057,363</b> | <b>1,260,963</b> | <b>1,159,494</b> |
| <b>Total assets</b>  |      | <b>1,935,488</b> | <b>2,162,785</b> | <b>2,302,235</b> |
| <b>EQUITY</b>  |      |                  |                  |                  |
| Share capital  | 20   | 30,000           | -                | -                |
| Translation differences                                    | 20   | (385,073)        | (438,410)        | (218,351)        |
| Retained earning and other reserves                        | 20   | 540,535          | 1,385,829        | 1,361,087        |
| <b>Equity attributable to equity holders of the Parent</b> |      | <b>185,462</b>   | <b>947,419</b>   | <b>1,142,736</b> |
| Non-controlling interests                                  |      | 11               | 9,728            | 8,117            |
| <b>Total equity</b>  |      | <b>185,473</b>   | <b>957,147</b>   | <b>1,150,853</b> |
| <b>LIABILITIES</b>   |      |                  |                  |                  |
| Financial liabilities                                      | 22   | 634,720          | 66,830           | 168,189          |
| Deferred tax liabilities                                   | 24   | 67,224           | 62,669           | 85,501           |
| Provisions   | 21   | 137,047          | 127,811          | 173,848          |
| <b>Non-current liabilities</b>                             |      | <b>838,991</b>   | <b>257,310</b>   | <b>427,538</b>   |
| Trade and other payables                                   | 23   | 334,796          | 321,511          | 368,568          |
| Current tax liabilities                                    |      | 118,525          | 66,134           | 69,065           |
| Financial liabilities                                      | 22   | 87,315           | 148,705          | 90,470           |
| Current payables with Prosegur group companies             | 28   | 168,708          | 360,295          | 166,114          |
| Provisions   | 21   | 3,121            | 4,889            | 18,180           |
| Liabilities held-for-sale                                  | 15   | 184,688          | 30,127           | 1,058            |
| Other current liabilities                                  |      | 13,871           | 16,667           | 10,389           |
| <b>Current liabilities</b>                                 |      | <b>911,024</b>   | <b>948,328</b>   | <b>723,844</b>   |
| <b>Total liabilities</b>                                   |      | <b>1,750,015</b> | <b>1,205,638</b> | <b>1,151,382</b> |
| <b>Total equity and liabilities</b>                        |      | <b>1,935,488</b> | <b>2,162,785</b> | <b>2,302,235</b> |

The Notes on pages 10 to 92 are an integral part of these consolidated annual accounts.

(\*) Unaudited

## IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

(In thousands of Euros)

|   | Attributable to owners of the company |                         |                         |   | Total          | Non controlling interests (Note 20) | Total equity   |
|---|---------------------------------------|-------------------------|-------------------------|---|----------------|-------------------------------------|----------------|
|   | Share capital (Note 20)               | Share premium (Note 20) | Translation differences | Retained earning and other reserves (Note 20) |                |                                     |                |
| <b>Balance at 1 January 2014 (*)</b>            | -                                     | -                       | (209,787)               | 1,223,440                                     | 1,013,653      | 8,153                               | 1,021,806      |
| Total comprehensive income for the period       | -                                     | -                       | (8,564)                 | 170,283                                       | 161,719        | (36)                                | 161,683        |
| Dividends                                       | -                                     | -                       | -                       | (101,390)                                     | (101,390)      | -                                   | (101,390)      |
| Capitalizations                                 | -                                     | -                       | -                       | 68,754  | 68,754         | -                                   | 68,754         |
| <b>Balance at 31 December 2014 (*)</b>          | -                                     | -                       | (218,351)               | 1,361,087                                     | 1,142,736      | 8,117                               | 1,150,853      |
| Total comprehensive income for the period       | -                                     | -                       | (220,059)               | 179,763                                       | (40,296)       | 1,611                               | (38,685)       |
| Dividends                                       | -                                     | -                       | -                       | (34,019)                                      | (34,019)       | -                                   | (34,019)       |
| Capitalizations                                 | -                                     | -                       | -                       | 11,834  | 11,834         | -                                   | 11,834         |
| Acquisition from integrated Companies (Note 20) | -                                     | -                       | -                       | (128,162)                                     | (128,162)      | -                                   | (128,162)      |
| Other movements                                 | -                                     | -                       | -                       | (4,674)                                       | (4,674)        | -                                   | (4,674)        |
| <b>Balance at 31 December 2015 (*)</b>          | -                                     | -                       | (438,410)               | 1,385,829                                     | 947,419        | 9,728                               | 957,147        |
| Total comprehensive income for the period       | -                                     | -                       | 53,337                  | 177,675                                       | 231,012        | 543                                 | 231,555        |
| Issue of ordinary shares 22/02/2016 (Note 20)   | 3                                     | -                       | -                       | (3)   | -              | -                                   | -              |
| Issue of ordinary shares 06/05/2016 (Note 20)   | -                                     | 176,641                 | -                       | (176,641)                                     | -              | -                                   | -              |
| Issue of ordinary shares 26/07/2016 (Note 20)   | 29,997                                | 733,907                 | -                       | (763,904)                                     | -              | -                                   | -              |
| Repayment of share premium 30/12/2016 (Note 20) | -                                     | (910,548)               | -                       | -   | (910,548)      | -                                   | (910,548)      |
| Dividends                                       | -                                     | -                       | -                       | (48,719)                                      | (48,719)       | -                                   | (48,719)       |
| Capitalizations                                 | -                                     | -                       | -                       | 19,063  | 19,063         | -                                   | 19,063         |
| Dividends to Security Companies (Note 20)       | -                                     | -                       | -                       | (46,781)                                      | (46,781)       | -                                   | (46,781)       |
| Acquisition from integrated Companies (Note 20) | -                                     | -                       | -                       | (10,733)                                      | (10,733)       | -                                   | (10,733)       |
| Other movements                                 | -                                     | -                       | -                       | 4,749   | 4,749          | (10,260)                            | (5,511)        |
| <b>Balance at 31 December 2016</b>              | <b>30,000</b>                         | -                       | <b>(385,073)</b>        | <b>540,535</b>                                | <b>185,462</b> | <b>11</b>                           | <b>185,473</b> |

The Notes on pages 10 to 92 are an integral part of these consolidated annual accounts.

(\*) Unaudited

## V. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2016, 2015 AND 2014

(In thousands of Euros)

|   | Note     | 31/12/2016       | 31/12/2015 (*)   | 31/12/2014 (*)   |
|---|----------|------------------|------------------|------------------|
| <b>Cash flows from operating activities</b>   |          |                  |                  |                  |
| Profit for the period   |          | 178,966          | 178,974          | 170,425          |
| <i>Adjustments for:</i>   |          |                  |                  |                  |
| Depreciation and amortisation   | 10,12    | 61,893           | 73,185           | 76,102           |
| Impairment losses on non-current assets   | 10       | 9                | 47               | -                |
| Impairment losses on trade receivables and inventories  | 16, 17   | 1,457            | 1,069            | 4,496            |
| Change in provisions  | 21       | 78,132           | 31,808           | 32,704           |
| Losses on financial assets at fair value through profit or loss                                     | 7        | -                | -                | 73               |
| Finance income  | 7, 15    | (33,448)         | (43,049)         | (19,793)         |
| Finance costs   | 7, 15    | 75,712           | 60,463           | 37,520           |
| Share of profit of equity-accounted investees   | 14       | 4,189            | 1,031            | 451              |
| Gains on disposal and sale of property, plant and equipment   |          | (45,572)         | -                | -                |
| (Gains)/losses on disposal of subsidiaries  |          | 296              | -                | -                |
| Tax expense   | 15, 24   | 132,114          | 97,270           | 91,038           |
| <b>Changes in working capital, excluding the effect of acquisitions and translation differences</b> |          |                  |                  |                  |
| Inventories   |          | (2,475)          | (5,873)          | (958)            |
| Trade and other receivables (including group companies)   |          | (51,252)         | (87,746)         | (19,567)         |
| Trade and other payables (including group companies)  |          | 12,063           | 113,026          | 13,306           |
| Provisions  | 15, 21   | (22,189)         | (47,629)         | (31,240)         |
| Other current liabilities   |          | (187)            | (688)            | -                |
| Other current assets  |          | 1,172            | (1,337)          | (3,048)          |
| <b>Cash flows from operating activities</b>   |          |                  |                  |                  |
| Interest paid   |          | (16,021)         | (36,053)         | (13,496)         |
| Income tax paid   |          | (115,920)        | (91,886)         | (88,600)         |
| <b>Net cash from operating activities</b>   |          | <b>258,939</b>   | <b>242,612</b>   | <b>249,413</b>   |
| <b>Cash flows from investing activities</b>   |          |                  |                  |                  |
| Proceeds from sale of assets held-for-sale  | 15       | 100,895          | -                | -                |
| Proceeds from sale of financial assets  |          | 22,322           | -                | -                |
| Proceeds from sale of subsidiaries held-for-sale, net of cash and cash equivalents                  | 15       | 72,836           | 5,311            | -                |
| Interest received   |          | 31,058           | 32,711           | 17,510           |
| Proceeds from investments   |          | 37,012           | -                | -                |
| Acquisition of subsidiaries, net of cash and cash equivalents                                       | 27       | (29,529)         | (24,690)         | (63,990)         |
| Acquisition of equity-accounted investees   | 14       | -                | -                | (4,933)          |
| Acquisition of property, plant and equipment  | 10, 15   | (89,386)         | (69,136)         | (84,714)         |
| Acquisition of intangible assets  | 12, 15   | (6,951)          | (4,504)          | (6,398)          |
| Acquisition of investment property  | 13, 15   | -                | (71,315)         | (45,267)         |
| Acquisition of subsidiaries integrated  |          | (10,733)         | -                | -                |
| Acquisition of financial assets (including group companies)   |          | (70,946)         | (37,724)         | (57,946)         |
| <b>Net cash used in investing activities</b>  |          | <b>56,578</b>    | <b>(169,347)</b> | <b>(245,738)</b> |
| <b>Cash flows from financing activities</b>   |          |                  |                  |                  |
| Proceeds from issue of share capital and share premium  |          | 3                | -                | -                |
| Proceeds from contributions   |          | 3,289            | 16,085           | 65,570           |
| Proceeds from loans and borrowings  | 20       | 715,125          | 29,302           | -                |
| Proceeds from other financial liabilities   |          | -                | 8,810            | 99,025           |
| Payments for the redemption of own shares and other own equity instruments                          |          | (46,781)         | -                | -                |
| Payments for loans and borrowings   |          | (22,158)         | (61,215)         | (88,254)         |
| Share premium distribution  | 20, 28.1 | (910,548)        | -                | -                |
| Dividends paid  |          | (74,619)         | (32,121)         | (95,390)         |
| <b>Net cash from (used in) financing activities</b>   |          | <b>(335,689)</b> | <b>(39,139)</b>  | <b>(19,049)</b>  |
| Net increase/(decrease) in cash and cash equivalents  |          | (20,172)         | 34,126           | (15,374)         |
| Cash and cash equivalents at the beginning of period  |          | 241,425          | 228,646          | 240,507          |
| Effect of translation differences on cash held  |          | (9,650)          | (21,347)         | 3,513            |
| <b>Cash and cash equivalents at year end</b>  |          | <b>211,603</b>   | <b>241,425</b>   | <b>228,646</b>   |
| including:  |          |                  |                  |                  |
| - Cash and cash equivalents at year end from continuing operations                                  |          | 188,780          | 201,552          | 228,515          |
| - Cash and cash equivalents at year end from discounting operations (Note 15)                       |          | 22,823           | 39,873           | 131              |

The Notes on pages 10 to 92 are an integral part of these consolidated annual accounts.

(\*) Unaudited

## VI. NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS AS AT 31 DECEMBER 2016

### 1. General corporate information

Prosegur Cash, S.A. (previously named Prosegur CIT Holding, S.L.U.) (hereinafter, "Prosegur Cash" or "the Company") was incorporated as a limited liability, wholly-owned company under Spanish Law on 22 February 2016, converted into a Joint-stock company on 21 September 2016 and changed its name to Prosegur Cash, S.A. on 20 October 2016. Prosegur Cash is registered in the Mercantile Register of Madrid and its registered office is located in Madrid, at calle Santa Sabina, no. 8. Prosegur Cash is a subsidiary of the Spanish entity Prosegur Compañía de Seguridad, S.A. (hereinafter, "Prosegur"), who currently owns 51% of its shares directly and indirectly controls the remaining 49%, through its wholly-owned subsidiary Prosegur Assets Management, S.L.U., thus losing its status as a wholly-owned.

As part of its business strategy, Prosegur, whose shares are listed on the Madrid and Barcelona stock exchanges and traded through the Spanish Stock Exchange Interlinking System (electronic trading system) (SIBE), as the parent of the group (hereinafter, the "Prosegur Group"), has decided to spin-off the Cash business unit into a newly-incorporated company, Prosegur Cash.

The spin-off of the Cash business unit from the Prosegur Group to Prosegur Cash took place mainly through non-monetary contributions of entities under common control of the Prosegur Group (see Note 20). Prosegur Cash has become the Parent of a Group comprised by subsidiaries (hereinafter, the "Prosegur Cash Group" or the "Group").

In this regard the transactions carried out were as follows:

- On 6 May 2016, Prosegur contributed to Prosegur Cash 100% of the share of Prosegur Global CIT ROW, S.L.U. and its subsidiaries (see Note 20).
- On 21 July 2016, Prosegur Cash acquired from Prosegur International Alarmas, S.L.U. (ex Beloura Investment, S.L.U.) 0,0000005% of the share of Cía Transportadora de Valores Prosegur Colombia, S.A. for Euro 1.
- On 26 July 2016, Prosegur contributed to Prosegur Cash 100% of the share of Prosegur Global CIT, S.L.U. and its subsidiaries (see Note 20).

Details of the Prosegur Cash Group subsidiaries are presented in Appendix I. Likewise, the Prosegur Cash Group participates in joint businesses with other participants, whose details are attached in Appendix II.

These consolidated annual accounts have been prepared considering that the subsidiaries contributed and acquired in 2016 had formed part of the Prosegur Cash Group since 1 January 2014 on the basis that they have already formed part of the Prosegur Group in these dates (see Note 2).

The statutory activity of the Prosegur Cash consists of providing the following services through Cash business companies: (i) local and international processing and transport services (on land, by sea and by air) of cash and other high worth valuables (including, among others, jewellery, art, precious metal, electronic devices, voting cards, judicial evidence) including picking, transport, safekeeping and deposit services; (ii) processing and automatization of cash (including, among others, counting, processing and packing services, as well as refurbishment of coins, cash flow control and tracking systems; (iii) integrated solutions for automated teller machines (ATM) (including, among others, planning, reloading, monitoring, first and second level maintenance and balancing services); (iv) planning and forecasting of cash needs services for financial institutions; (v) self-service cash machines (MAEs) (including, among others, cash deposit devices, recycling and distribution of coins and notes services, bill payment services); and (vi) processes and services AVOS for banks (including, among others, cashiers personnel outsourcing, multi-agencies, checks processing services and related administrative services).

## 2. Basis of Presentation

### 2.1. Basis of preparation of the consolidated annual accounts

As explained in Note 1, the Prosegur Cash Group was incorporated in 2016 mainly through non-monetary contributions of entities under common control of the Prosegur Group. For this reason Prosegur Cash had not previously prepared any consolidated annual accounts. Until that time Prosegur Cash Group subsidiaries were included in the Prosegur Group whose consolidated annual accounts were prepared under International Financial Reporting Standards as adopted by the European Union (hereinafter, "IFRS-EU") and were filed with the Mercantile Register of Madrid.

The accounting of transactions among entities under common control is excluded from IFRS 3, Business Combinations. Consequently, in the absence of a specific standard within IFRS, the contributions of Prosegur Global CIT ROW, S.L.U., Prosegur Global CIT, S.L.U. and the acquisition of Cia Transportadora de Valores Prosegur Colombia, S.A. (see Note 1) have been accounted for in the Prosegur Cash Group's consolidated financial statements using the consolidated carrying amounts under IFRS-EU at the Prosegur Group level. As the Prosegur Cash Group has been created in 2016 as a result of common control transactions, the Board of Directors has opted to present consolidated annual accounts for the year ended 31 December 2016 as well as the unaudited comparative financial information of both years 2015 and 2014 and, accordingly, the Company recorded the contribution of the subsidiaries at 1 January 2014, the beginning of the earliest period presented, which is required for the possible registration of a prospectus for admission to the Spanish Stock Exchanges. Notwithstanding, the amounts related to the capital contribution of 2016 have been presented under the caption "Retained Earnings and Other Reserves" and "Non-Controlling Interests" at 1 January 2014 and later reclassified to "Share Capital" and "Share Premium" in 2016 once the capital contributions legally and effectively took place.

These consolidated annual accounts are the first set of financial statements prepared by Prosegur Cash Group under IFRS-EU. The Prosegur Cash Group has prepared these consolidated annual accounts in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards*, as explained in Note 2.2.

The Board of Directors has prepared the consolidated annual accounts from the accounting records of the Company and subsidiaries under IFRS-EU, in order to give a true and fair view of the consolidated equity and consolidated financial position of Prosegur Cash and subsidiaries at 31 December 2016 and of its consolidated results, consolidated cash flow and changes in consolidated equity for the year then ended.

The Prosegur Cash Group has adopted the latest versions of all applicable standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union whose application is mandatory for each of the financial periods ending at 31 December 2014, 2015 and 2016, respectively, as explained in Note 2.8. For the changes approved during 2014, 2015 and 2016, Prosegur Cash Group has adopted them from their respective approval year and none of them retroactively.

The Board of Directors of Prosegur Cash considers that the consolidated annual accounts will be authorized for issue on 1 March 2017 and are pending approval by the shareholders at their Annual General Meeting. However, the Directors consider that these consolidated annual accounts will be approved with no changes.

### 2.2. First-Time Adoption of the International Financial Reporting Standards

The Prosegur Cash Group has prepared these consolidated annual accounts in accordance with IFRS 1 *First-time Adoption of International Financial Reporting Standards*. As explained in Note 1, the Prosegur Cash Group is a subgroup of the Prosegur Group, which prepares and issues its consolidated annual accounts in accordance with the International Financial Reporting Standards (IFRS) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that were valid as of the balance sheet date and had been adopted by the European Union (EU).

Under IFRS 1, if a subsidiary becomes a first-time adopter of IFRS-EU later than its parent, the subsidiary shall, in its financial statements, measure its assets and liabilities in the opening statement of financial position at either:

- The carrying amounts that would be included in the parent's consolidated annual accounts, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary; or
- The carrying amounts required by the rest of IFRS, based on the subsidiary's date of transition to IFRS. In this case, the options of IFRS 1 chosen by the subsidiary may differ from those chosen by the parent.

The Prosegur Cash Group has elected to measure its assets and liabilities in its first consolidated annual accounts (IFRS-EU) based on the first option, applying the historical carrying amounts included in the Prosegur Group's consolidated annual accounts, eliminating consolidation adjustments made by the Prosegur Group and consequently Prosegur Cash adopted the same first option described above.

### 2.3. Changes in consolidation scope

The most significant changes in the companies included in the consolidated annual accounts' perimeter during the years ended 31 December 2016, 2015 and 2014 are due to acquisitions of subsidiaries and equity-accounted investees, information on which is provided in Note 27 and Note 14 respectively, as well as the acquisition of a production unit of Prosegur, according to the following details:

The following companies have been incorporated in 2016:

- In March 2016, Prosegur Holding CIT ARG, S.A. has been incorporated in Argentina.
- In December 2016, Prosegur CIT Integral Systems India Private Limited has been incorporated in India.

The following companies were incorporated in 2015:

- In January 2015, Prosegur Global CIT, S.L.U. was incorporated in Spain.
- In May 2015, Prosegur International CIT 1, S.L., Prosegur International CIT 2, S.L.U. and Prosegur Global CIT ROW, S.L.U. were incorporated in Spain.
- In May 2015, Prosegur Logistica e Tratamento de Valores Portugal Unipessoal Ltda. was incorporated in Portugal.
- In June 2015, Prosegur Berlín GmbH, S.L.U. and Prosegur BPO España, S.L.U. were incorporated in Spain.
- In November 2015, Prosegur Berlin GmbH Co KG. was incorporated in Germany.
- In December 2015, Luxpai CIT SARL was incorporated in Luxembourg.

The following companies were incorporated in 2014:

- In July 2014, the joint venture SIS Prosegur Holdings Private Limited was incorporated in India.
- In August 2014, Prosegur Technology Pty Limited was incorporated in Australia.

During 2016 and 2015 some subsidiaries and equity-accounted investees were sold mainly to Prosegur Group, information which is provided in Note 15.

On 1 August 2016 Prosegur Cash acquired from Prosegur an organised set of technical, material, intangible and human resources to provide the services to third parties (production unit) for Euros 6,036 thousand.

In the same way, on 1 August 2016, the dependent subsidiaries, Prosegur Global CIT, S.L.U. and Prosegur Global CIT ROW, S.L.U. acquired from Prosegur the organised set of technical, material, intangible and human resources for the provision of services to third parties, similar to those listed above for Prosegur Cash. The amounts agreed for the transfer of these production units were Euros 69 thousand and Euros 650 thousand, respectively.

### 2.4. Basis of measurement

These consolidated annual accounts have been prepared on the historical cost basis except for the following exceptions, where applicable:

- Assets, liabilities and contingent liabilities acquired in business combinations, which are recognised at fair value.
- Non-current assets and disposal groups classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell.

Furthermore, the Prosegur Cash Group has elected to measure its assets and liabilities in its first consolidated annual accounts based on the carrying amounts included in the Prosegur Group's consolidated annual accounts, eliminating consolidation adjustments made by the Prosegur Group.

### 2.5. Functional and presentation currency

The consolidated annual accounts are presented in thousands of Euros, the Company's functional and presentation currency. Unless otherwise stated, all financial information are presented in thousands of Euros and has been rounded off to the nearest thousand (Note 32.4).

## 2.6. Use of estimates, assumptions and relevant judgements

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

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

Information on relevant accounting estimates, assumptions and judgments relevant to the accounting policies for 2016, 2015 and 2014, which could pose a significant risk of material adjustments for the year ending December 31, 2016, are included in the following notes:

- Business combinations: determination of provisional fair values and related goodwill (Notes 27 and 32.1).
- Impairment of property, plant and equipment, intangible assets (including goodwill) and investment property: assumptions used to calculate recoverable amounts (Notes 10, 11, 12, 13, 32.5, 32.6, 32.7 and 32.8).
- Available-for-sale financial assets: assumptions used to calculate fair values (Note 32.9).
- Non-current assets held-for-sale and associated liabilities (Notes 15 and 32.12).
- Recognition and measurement of provisions and contingencies: assumptions used to determine the probability of occurrence and the estimated amounts of outflows of resources (Notes 21, 25 and 32.14).
- Recognition and valuation of defined benefit plans for employees: actuarial assumptions for estimating the provision for defined benefit plans for employees (Notes 5.2, 21 and 32.17)
- Recognition and measurement of deferred tax assets: estimates and assumptions used to assess the recoverability of tax credits (Notes 24 and 32.16).
- Consolidation: determination of the control relations (Note 32.1).
- Leases: classification of leases (Note 32.19).

### **Determination of fair values**

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

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

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

Significant measurement issues are reported to the Prosegur Cash Board of Directors.

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

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

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

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



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

- Note 15: Non-current assets held-for-sale.
- Note 27: Business combinations.
- Note 32.9: Financial assets.

## 2.7. Comparative information

The consolidated statement of financial position at 31 December 2016 includes unaudited comparative figures as at 31 December 2015 and 31 December 2014. The consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes thereto at 31 December 2016 include unaudited comparative figures for each of the years ended 31 December 2015 and 31 December 2014.

## 2.8. Standards and interpretations effective as of 1 January 2016 and 2015

These consolidated annual accounts have been prepared using the same accounting principles used by the Prosegur Group for the preparation of the consolidated annual accounts as of 1 January 2014, except for the following standards and amendments adopted by the European Union, application of which is mandatory as of 1 January 2015 and 2016 which were applied in the years 2015 and 2016, respectively:

### a) Standards effective from 1 January 2016

- Amendments to IAS 19 *Employee Benefits*. The amendments simplify the accounting of contributions made to defined benefit plans for employees which do not depend on the number of years in employment, being able to recognize such contributions as a reduction in the cost of the service in the year in which they are made, instead of allocating contributions throughout the years of service. Effective for annual periods beginning on or after 1 February 2015.
- Annual improvements to IFRS, 2010-2012 Modifies the following standards:  
IFRS 2 *Share-based payments*, definition of vesting conditions;  
IFRS 3 *Business Combinations*, subsequent measuring of consideration established;  
IFRS 8 *Operating Segments*, aggregation criteria used by management;  
IFRS 13 *Fair Value*, valuation of current accounts receivable and payable;  
IAS 16 and IAS 38: *Property, Plant and Equipment* and *Intangible assets*, methods applicable for the recognition of revaluations;  
IAS 24 *Related Party Transaction*, Information to be disclosed on outsourcing management services, Effective for annual periods beginning on or after 1 February 2015.
- Amendments to IFRS 11 *Accounting for Acquisitions of Interest in Joint Operations*. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value and the previously held interests in the joint operation will not be remeasured. Effective for annual periods beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization. The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate and can be overcome only when revenue and the consumption of the economic benefits are highly correlated or when the intangible asset is expressed as a measure of revenue. The amendments to IAS 16 *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used. Effective for annual periods beginning on or after 1 January 2016.
- Annual Improvements to IFRS 2012 -2014 cycle. Amendments have been made to the following standards:  
IFRS 5 *Non-Current Assets Held-for-Sale and Discontinued Operations*, measurement and recognition of reclassifications of non-current assets held-for-sale or distribution;  
IFRS 7 *Financial Instruments*, disclosures on continuing involvement;  
IAS 19 *Employee Benefits*, what discount rate and currency to use for high-quality corporate bonds;

IAS 34 *Interim Financial Reporting*, the use of cross-references in interim management reports to management reports. Effective for annual periods beginning on or after 1 January 2016.

- Amendments to IAS 27 *Equity Method in Separate Financial Statements*. This amendment allows for the equity method to be applied in the individual financial statements of the investor. Effective for years beginning on or after 1 January 2016.
- Amendments to IAS 1 *Disclosure Initiative*. There is an emphasis on materiality. Specific single disclosures that are not material do not have to be presented – even if they are a minimum requirement of a standard. Effective for annual periods beginning on or after 1 January 2016.
- Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities: Applying the Consolidation Exception*. Effective for annual periods beginning on or after 1 January 2016.

**b) Standards effective from 1 January 2015**

- IFRIC 21 – *Levies* (Interpretation by the International Financial Reporting Standards Interpretation Committee). This interpretation of IAS 37 – *Provisions, contingent assets and contingent liabilities*, provides a guideline on when an entity must recognize a liability for a Public Administration levy, other than income tax or fines or penalties imposed for breach of legislation, in its Financial Statements. The interpretation indicates that liabilities must be recognized when the event that causes its recognition occurs and that usually is the activity and time that is identified by legislation as the tax generator, in other words, the taxable event and the tax obligation. Effective for years started from 17 June 2014. The adoption of this interpretation has not had any significant impact on Prosegur's consolidated annual accounts.
- Improvements to *IFRS 2011–2013 cycle*. The improvements to this cycle include modifications to four rules. Besides a change in relation to the rule of first-time adoption, IFRS 1, the following rules have been modified: IFRS 3 *Business combinations* (clarifies that IFRS 3 is not applicable to the formation of a joint arrangement in the financial statements of the joint arrangement itself), IFRS 13 *Fair Value* (the scope of the exception has been modified to measure the fair value of groups of financial assets and liabilities based on net value of portfolios), IAS 40 *Investment Property* (the modification clarifies that IAS 40 and IFRS 3 are not exclusive and both standards may need to be applied). The adoption of these modifications has not had any significant impact on Prosegur's consolidated annual accounts.

**2.9. Standards and interpretations issued, approved by the European Union, which are not effective as of January 1, 2016 and which Prosegur Cash expects to adopt as of January 1, 2017 or thereafter (have not been adopted in advance)**

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

- IFRS 15 *Revenue from Contracts with Customers*. New standard on revenue recognition (replacing IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31). Effective for annual periods beginning on or after 1 January 2018.
- IFRS 9 *Financial instruments* and subsequent amendments. This standard replaces the classification, measurement, recognition and derecognition requirements in respect of financial assets and financial liabilities, hedge accounting and impairment set out in IAS 39. Effective for annual periods beginning on or after 1 January 2018.

At the date of aprobation of these consolidated annual accounts, management of the Group does not consider that the application of the aforementioned standards and interpretations would have a significant impact on the consolidated annual accounts.

## 2.10. Rules and interpretations issued by the International Accounting Standards Board (IASB), pending to be approved by the European Union

- Amendments to IAS 12: Recognition of deferred tax assets for unrealized losses. This amendment clarifies that unrealized losses on debt instruments measured at fair value (available-for-sale financial instruments) whose tax base is the cost of acquisition give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. Effective for annual periods beginning on or after 1 January 2017.
- Amendments to IAS 7: Disclosure Initiative. This amendment introduces requirements related to disclosure on financing activities in the statement of cash flows. Mandatory application is planned for years commencing on or after 1 January 2017.
- Amendments to IFRS 2: Classification and measurement of share-based payment transaction. Clarification regarding accounting for certain types of share-based payment transactions. Effective for annual periods beginning on or after 1 January 2018.
- Amendments to IFRS 4: Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance contracts*. Provide two options for entities that issue insurance contracts within the scope of IFRS 4: overlay approach and deferral approach. Effective for annual periods beginning on or after 1 January 2018.
- Annual improvements to IFRS Standards 2014-2016 Cycle. Modifies the following standards:  
IFRS 1 *First-time Adoption of International Financial Reporting Standards*  
IFRS 12 *Disclosure of Interests in Other Entities*  
IAS 28 *Investments in Associates and Joint Ventures*  
Effective for annual periods beginning on or after 1 January 2018 / 1 January 2017 (for IFRS 12).
- IFRIC interpretation 22 *Foreign Currency Transactions and Advance Consideration*. Addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. Effective for annual periods beginning on or after 1 January 2018.
- Amendments to IAS 40: *Transfers of Investment property*. These amendments clarify the requirements on transfer to, or from, investment property. Effective for annual periods beginning on or after 1 January 2018.
- IFRS 16 *Leases*. The new standard on leases which replaces IAS 17. Effective for annual periods beginning on or after 1 January 2019.

The Group is currently analysing the potential impact of the first-time application of IFRS 16 on its consolidated annual accounts. In order to estimate such impact, the Group needs to estimate, among other factors, the term of the relevant leases taking into account whether the agreements may be early terminated or not and whether the terms may be unilaterally extended by one party or not and, in both cases, under which level of certainty, which will depend in turn on the expected use of the assets located in the underlying leased properties.

The Group has not yet completed the process, given the recent publication of this standard and the various transition options established by this standard for first-time application. Based on the analysis made to date the Group expects the application of IFRS 16 in 2019 to have a significant impact on the Group's consolidated annual accounts as a result of a change in the accounting treatment of certain real estate leases currently accounted for as operating leases. The changes are estimated to have a positive impact on consolidated EBIT and a negative impact on pre-tax profit. EBIT is expected to increase because the lower operating costs will not be fully offset by the amortization costs arising from the newly recorded assets. Pre-tax profit is expected to decrease because of higher finance costs, which together with amortization will result in higher costs than the current operating costs. Furthermore, significant lease liabilities and the corresponding rights of use assets will impact the statement of financial position.

- IFRS 14 *Regulatory Deferral Accounts*: The European Union decided not to launch the endorsement process of this interim standard and to wait for the final standard.
- Amendments to IFRS 10 and IAS 28: *Sale or contribution of assets between an investor and its associate or joint venture*. Clarification regarding the gains/losses to be recognized on such transactions depending on whether they involve businesses or assets. No date has been set for application of these amendments in the European Union.

### 3. Revenues

Revenues are obtained solely from services rendered.

| Thousands of Euros | 31/12/2016       | 31/12/2015       | 31/12/2014       |
|--------------------|------------------|------------------|------------------|
| Services rendered  | 1,724,258        | 1,746,265        | 1,663,140        |
| <b>Revenues</b>    | <b>1,724,258</b> | <b>1,746,265</b> | <b>1,663,140</b> |

For a breakdown by geographical area refer to Note 9. See Note 32.18 for a description of the Group's revenue recognition policy.

### 4. Cost of sales and Selling, general and administrative expenses

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

| Thousands of Euros              | 31/12/2016       | 31/12/2015       | 31/12/2014       |
|---------------------------------|------------------|------------------|------------------|
| Supplies                        | 43,426           | 42,894           | 48,843           |
| Employee expense (Note 5)       | 781,205          | 780,957          | 758,059          |
| Operating leases                | 25,318           | 25,466           | 30,426           |
| Utilities and external services | 115,476          | 112,651          | 112,589          |
| Depreciation and amortisation   | 30,577           | 36,471           | 33,168           |
| Other expenses                  | 101,329          | 122,188          | 123,097          |
| <b>Total cost of sales</b>      | <b>1,097,331</b> | <b>1,120,627</b> | <b>1,106,182</b> |

| Thousands of Euros  | 31/12/2016     | 31/12/2015     | 31/12/2014     |
|---|----------------|----------------|----------------|
| Supplies  | 1,937          | 2,158          | 1,011          |
| Employee expense (Note 5)                                 | 121,224        | 122,067        | 109,477        |
| Operating leases  | 28,648         | 26,448         | 25,502         |
| Utilities and external services                           | 53,293         | 61,515         | 58,529         |
| Depreciation and amortisation                             | 31,316         | 33,422         | 34,759         |
| Other expenses  | 69,339         | 84,287         | 53,342         |
| <b>Total selling, general and administrative expenses</b> | <b>305,757</b> | <b>329,897</b> | <b>282,620</b> |

For more details of employee expenses, see Note 5.

In 2016 other expenses include management fees and expenses for trademark use of Euros 61,424 thousand (Euros 58,361 thousand in 2015 and Euros 36,646 thousand in 2014). The cost for the use of trademarks in 2016 is Euros 30,361 thousand (Euros 31,224 thousand in 2015 and Euros 12,168 thousand in 2014). In addition in 2016 there are included indirect costs, mainly in Brazil, of Euros 6,952 thousand (Euros 16,598 thousand in 2015 and Euros 7,929 thousand in 2014) and maintenance expenses of Investment property of Euros 345 thousand (Euros 1,482 thousand in 2015 and Euros 330 thousand in 2014).

The caption utilities and external services includes trucks and counting machines, repair services as well as operational outsourcings and other services such as lawyers, auditors and consultants.

## 5. Employee Expense and Benefits

### 5.1. Employee expense

Details of the employee expense are as follows:

| Thousands of Euros            | 31/12/2016     | 31/12/2015     | 31/12/2014     |
|-------------------------------|----------------|----------------|----------------|
| Salaries and wages            | 668,771        | 653,844        | 644,699        |
| Social Security               | 161,985        | 160,591        | 159,731        |
| Other employee expense        | 50,191         | 53,476         | 48,067         |
| Termination benefits          | 21,482         | 35,113         | 15,039         |
| <b>Total employee expense</b> | <b>902,429</b> | <b>903,024</b> | <b>867,536</b> |

### 5.2. Employee benefits

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

During 2016, the amount recognized as the net costs for employee benefits in the consolidated of profit and loss under Cost of sales and Selling, general and administrative expenses amounted to Euros 1,136 thousand (minor cost of Euros 361 thousand in 2015 and net costs of Euros 1,861 thousand in 2014).

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

| Thousands of Euros             | 31/12/2016   | 31/12/2015   | 31/12/2014   |
|--------------------------------|--------------|--------------|--------------|
| <b>Balance at 1 January</b>    | <b>4,787</b> | <b>6,789</b> | <b>4,712</b> |
| Net cost/(income) for period   | 1,136        | (361)        | 1,861        |
| Plan contributions             | (113)        | (50)         | (55)         |
| Actuarial loss/(profit)        | 955          | (961)        | 208          |
| Translation differences        | 697          | (630)        | 63           |
| <b>Balances at 31 December</b> | <b>7,462</b> | <b>4,787</b> | <b>6,789</b> |

In 2016, the negative impact on equity arising from actuarial losses amounted to Euros 649 thousand (positive impact of Euros 431 thousand in 2015 and negative impact of Euros 137 thousand in 2014) (Note 21).

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

| Thousands of Euros | Brazil       |              |              | France       |              |              | Germany    |            |            |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|
|                    | 31/12/2016   | 31/12/2015   | 31/12/2014   | 31/12/2016   | 31/12/2015   | 31/12/2014   | 31/12/2016 | 31/12/2015 | 31/12/2014 |
| Non-current        | 4,027        | 1,694        | 2,829        | 2,821        | 2,480        | 3,342        | 614        | 613        | 618        |
| Current            | -            | -            | -            | -            | -            | -            | -          | -          | -          |
|                    | <b>4,027</b> | <b>1,694</b> | <b>2,829</b> | <b>2,821</b> | <b>2,480</b> | <b>3,342</b> | <b>614</b> | <b>613</b> | <b>618</b> |

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

| Thousands of Euros             | Brazil       |              |              | France       |              |              | Germany    |            |            |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|
|                                | 31/12/2016   | 31/12/2015   | 31/12/2014   | 31/12/2016   | 31/12/2015   | 31/12/2014   | 31/12/2016 | 31/12/2015 | 31/12/2014 |
| <b>Balance at 1 January</b>    | <b>1,694</b> | <b>2,829</b> | <b>2,185</b> | <b>2,480</b> | <b>3,342</b> | <b>2,134</b> | <b>613</b> | <b>618</b> | <b>393</b> |
| Net cost/(income) for period   | 1,015        | 506          | 379          | 120          | (862)        | 1,208        | 1          | (5)        | 274        |
| Plan contributions             | (47)         | (50)         | (55)         | (66)         | -            | -            | -          | -          | -          |
| Actuarial loss/profit          | 668          | (961)        | 257          | 287          | -            | -            | -          | -          | (49)       |
| Translation differences        | 697          | (630)        | 63           | -            | -            | -            | -          | -          | -          |
| <b>Balances at 31 December</b> | <b>4,027</b> | <b>1,694</b> | <b>2,829</b> | <b>2,821</b> | <b>2,480</b> | <b>3,342</b> | <b>614</b> | <b>613</b> | <b>618</b> |

At 31 December 2016 Brazil's defined benefit plans have 17,866 employees and 78 retirees (19,263 employees and 75 retirees in 2015; 16,549 employees and 71 retirees in 2014). The plan in France has 588 employees at 31 December 2016 (670 employees in 2015 and 676 employees in 2014). At 31 December 2016 the plan in Germany has 2 employees (2 employees in 2015 and 2 employees in 2014).

There are no assets linked to the benefit plans in any of the countries, except in the Germany's defined benefit plan which fair value at 31 December 2016 and 2015 amounts to Euros 202 thousand.

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

|                      | Brazil     |            |            | France     |            |            | Germany    |            |            |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                      | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 |
| Inflation rate       | 5.00%      | 5.00%      | 5.00%      | 1.00%      | 1.00%      | 1.00%      | 0.60%      | 0.28%      | 0.19%      |
| Annual discount rate | 5.68%      | 7.20%      | 6.17%      | 1.36%      | 2.08%      | 2.15%      | 2.06%      | 2.06%      | 1.20%      |
| Retirement age       | n/a        | n/a        | n/a        | 65         | 65         | 65         | 65         | 65         | 65         |

The age factor assumed in the Benefit Plan of Brazil in accordance with Prosegur's Group experience is as follows:

- 0 to 5 minimum salaries = 16.97%
- 5 to 10 minimum salaries = 14.29%
- more than 10 minimum salaries = 11.42%

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

|  | Brazil                     |                            |            | France     |            |                            | Germany                    |                            |            |
|--|----------------------------|----------------------------|------------|------------|------------|----------------------------|----------------------------|----------------------------|------------|
|  | 31/12/2016                 | 31/12/2015                 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014                 | 31/12/2016                 | 31/12/2015                 | 31/12/2014 |
| AT 2000 smoothed by 10% segregated by gender | AT 83 segregated by gender | AT 83 segregated by gender | INSEE 2014 | INSEE 2014 | INSEE 2014 | Heubeck Richttafeln 2005 G | Heubeck Richttafeln 2005 G | Heubeck Richttafeln 2005 G |            |

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

## 6. Other income and expenses

### Other income

Details of other income are as follows:

| Thousands of Euros                                 | 31/12/2016    | 31/12/2015    | 31/12/2014   |
|--|---------------|---------------|--------------|
| Gains on disposal of property, plant and equipment | 46,374        | -             | -            |
| Trademark income                                   | 13,640        | 17,139        | -            |
| Rental income from investment property             | 6,130         | 4,089         | 1,040        |
| Other income                                       | 5,289         | 855           | 6,052        |
| <b>Total other income</b>                          | <b>71,433</b> | <b>22,083</b> | <b>7,092</b> |

Other income for 2016 mainly contains the net gains from sale of operating buildings to other Prosegur companies of Euros 46,374 thousand, reclassified as Non-current assets held-for-sale in January 2015; gain from use of Prosegur trademark of Euros 13,640 thousand (Euros 17,139 thousand in 2015 and there was no trademark billing in 2014) and net gain from renting of investment property in Argentina, reclassified as Non-current assets held-for-sale in January 2016, of Euros 6,130 thousand (Euros 4,089 thousand in 2015 and Euros 1,040 thousand in 2014). The sale prices of these properties have been determined on the basis of appraisals carried out by independent experts.

At 31 of December 2016, the Prosegur trademarks owned by Prosegur Cash subsidiaries Juncadella Prosegur Internacional, S.A. and its subsidiary, Compañía Ridur 2016, S.A., are expected to be sold to Prosegur during the first quarter of 2017. The price to be paid will be determined by a third-party appraiser. This operation is subject to the listing of Prosegur Cash. In case the sale is effective, the trademark will not be invoiced any longer.

The Argentinian investment property will be sold to Prosegur Group in the first quarter of 2017. The price to be paid by Prosegur Group will be determined by a third-party appraiser, based on current market prices (Note 13 and Note 15).

### Other expenses

Details of other expenses are as follows:

| Thousands of Euros                      | 31/12/2016     | 31/12/2015     | 31/12/2014   |
|---|----------------|----------------|--------------|
| Impairment losses on receivables        | (1,384)        | (1,525)        | (626)        |
| Impairment losses on non-current assets | (9)            | (47)           | -            |
| Other expenses                          | (1,326)        | (43)           | -            |
| <b>Total other expenses</b>             | <b>(2,719)</b> | <b>(1,615)</b> | <b>(626)</b> |

Other expenses include the loss from the sale of two floors of the Intercontinental Tower in Argentina (Note 15) for a total amount of Euro 802 thousands, as well as the loss recorded as a result of the sale of the 51.28% holding of the Chilean company Sociedad de Distribución Canje y Mensajería Ltda of Euros 296 thousand (Note 15).

## 7. Net finance income/(costs)

Details of the net finance income/(costs) are as follows:

| Thousands of Euros   | 31/12/2016      | 31/12/2015      | 31/12/2014      |
|--|-----------------|-----------------|-----------------|
| <b>Interest paid:</b>  |                 |                 |                 |
| - Loans from financial institutions                                  | (7,198)         | (11,441)        | (8,538)         |
| - Loans from the Group   | (2,815)         | (5,524)         | (3,479)         |
| - Finance leases   | (1,989)         | (1,921)         | (2,293)         |
|  | <b>(12,002)</b> | <b>(18,886)</b> | <b>(14,310)</b> |
| <b>Interest received:</b>  |                 |                 |                 |
| - Loans and other investments  | 23,749          | 18,346          | 8,835           |
|  | <b>23,749</b>   | <b>18,346</b>   | <b>8,835</b>    |
| <b>Other profit and loss</b>   |                 |                 |                 |
| Net gains/(losses) on foreign currency transactions                  | (7,511)         | 10,338          | (2,445)         |
| Gains/(losses) on the fair value of derivative financial instruments | -               | -               | (73)            |
| Other finance income   | 7,365           | 7,824           | 7,912           |
| Other finance costs  | (20,801)        | (16,326)        | (17,365)        |
|  | <b>(20,947)</b> | <b>1,836</b>    | <b>(11,971)</b> |
| <b>Net finance income/(costs)</b>                                    | <b>(9,200)</b>  | <b>1,296</b>    | <b>(17,446)</b> |
| <b>Total finance income</b>  | <b>31,114</b>   | <b>36,508</b>   | <b>16,747</b>   |
| <b>Total finance costs</b>   | <b>(40,314)</b> | <b>(35,212)</b> | <b>(34,193)</b> |
|  | <b>(9,200)</b>  | <b>1,296</b>    | <b>(17,446)</b> |

The variation in net finance income/(costs) between 2016, 2015 y 2014 mainly reflects differences arising on transactions carried out in currencies other than the functional currency of the related country.

Interest received represent mainly interest associated from loans and other investments due from the Prosegur Group. These revenues have increased during 2016 as a result of the increase in the loans granted to the Prosegur Group (Note 28). The interest rates associated with each loan are set at market value.

Other finance costs comprise monetary adjustments, corresponding to the amortized cost, to judicial deposits associated with labor lawsuits in Brazil (Note 21), as well as the monetary adjustments to tax contingencies, mainly in Brazil (Note 21) and the monetary adjustments to deferred payables arising on business combinations in different countries.

## 8. Earnings per share

### Basic

Basic earnings per share are calculated by dividing the profit for the period attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year (Note 20 (a)).

| Euros  | 31/12/2016           |                                   |             |
|--|----------------------|-----------------------------------|-------------|
|  | Continued operations | Discontinued operations (Note 15) | Total       |
| Profit for the year attributable to owners of the Parent | 226,237,829          | (47,914,000)                      | 178,323,829 |
| Weighted average ordinary shares outstanding             | 651,724,191          | 651,724,191                       | 651,724,191 |
| <b>Basic earnings per share</b>                          | <b>0.35</b>          | <b>(0.07)</b>                     | <b>0.27</b> |

Earnings per share for the years 2014 and 2015, considering that the company would have been created in that period and with the same number of shares, would be 0.26 and 0.28 respectively (unaudited).

### Diluted

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

The parent company does not have different classes of ordinary shares which are potentially diluting.

## 9. Segment reporting

The Board of Directors is the ultimately responsible for making decisions on operations and for reviewing internal financial information to assess performance and to allocate resources.

The Board of Directors analyses business by geographical area.

The main segments are identified in geographical terms as follows:

- Europe, which includes the following countries: Spain, Germany, France, Portugal and Luxembourg (despite not being a jurisdiction where there is operational activity, is included as a consequence of the existence of the Luxembourg company Pitco Reinsurance, S.A. with a corporate purpose of insurance coverage).
- Asia-Oceania & Africa (AOA), which includes the following countries: Australia, India and South Africa.
- Latin America (Latam), which includes the following countries: Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay.

Geographical areas are the main cornerstone of the organisation and are embodied in the Regional General Business Management Departments, which are responsible for the commercial negotiations as well as the design of the services that each of the client's demands, covering all the lines of Business in each region. The segments have been defined according to the organizational structure and based on the similarities of the macroeconomic, commercial and marketing as well as the inter-country trade negotiations within each region.

Prosegur Cash has a large portfolio of global clients that allows for a regional and non-national negotiation. That is why segmentation by region is the best way to manage at the EBIT level, which is compatible with decision making at more granular levels based on business indicators.



The following ratios are used in segment reporting:

- EBITDA: Post-tax profit from continuing operations before net finance income/(costs), income tax, depreciation and amortization.
- EBIT: Post-tax profit from continuing operations before net finance income/(costs) and income tax.
- Consolidated profit for the period: Consolidated profit after taxes.

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

The Prosegur Cash Group is not highly dependent on any particular customers (Note 29).

### Details of revenues, EBIT and Net income by segments

Details of revenues by segments are as follows:

| Thousands of Euros    | Europe         |                |                | AOA           |               |               | Latam            |                  |                  | Not assigned |            |            | Total            |                  |                  |
|-----------------------|----------------|----------------|----------------|---------------|---------------|---------------|------------------|------------------|------------------|--------------|------------|------------|------------------|------------------|------------------|
|                       | 31/12/2016     | 31/12/2015     | 31/12/2014     | 31/12/2016    | 31/12/2015    | 31/12/2014    | 31/12/2016       | 31/12/2015       | 31/12/2014       | 31/12/2016   | 31/12/2015 | 31/12/2014 | 31/12/2016       | 31/12/2015       | 31/12/2014       |
| Revenues              | 455,275        | 441,573        | 424,954        | 91,156        | 93,372        | 90,042        | 1,177,827        | 1,211,320        | 1,148,144        | -            | -          | -          | 1,724,258        | 1,746,265        | 1,663,140        |
| % of total            | 27%            | 26%            | 26%            | 5%            | 5%            | 5%            | 68%              | 69%              | 69%              | 0%           | 0%         | 0%         | 100%             | 100%             | 100%             |
| <b>Total Revenues</b> | <b>455,275</b> | <b>441,573</b> | <b>424,954</b> | <b>91,156</b> | <b>93,372</b> | <b>90,042</b> | <b>1,177,827</b> | <b>1,211,320</b> | <b>1,148,144</b> | <b>-</b>     | <b>-</b>   | <b>-</b>   | <b>1,724,258</b> | <b>1,746,265</b> | <b>1,663,140</b> |

Details of EBIT and Post – tax profit from continuing operations by segments are as follows:

| Thousands of Euros                         | Europe     |            |            | AOA        |            |            | Latam      |            |            | Not assigned |            |            | Total       |             |             |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|------------|------------|-------------|-------------|-------------|
|  | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016   | 31/12/2015 | 31/12/2014 | 31/12/2016  | 31/12/2015  | 31/12/2014  |
| Revenues                                   | 455,275    | 441,573    | 424,954    | 91,156     | 93,372     | 90,042     | 1,177,827  | 1,211,320  | 1,148,144  | -            | -          | -          | 1,724,258   | 1,746,265   | 1,663,140   |
| Other net expenses                         | (395,673)  | (382,274)  | (370,437)  | (86,055)   | (81,690)   | (78,360)   | (860,157)  | (900,279)  | (866,912)  | 64,875       | 2,607      | 710        | (1,277,010) | (1,361,636) | (1,314,999) |
| EBITDA                                     | 59,602     | 59,299     | 54,517     | 5,101      | 11,682     | 11,682     | 317,670    | 311,041    | 281,232    | 64,875       | 2,607      | 710        | 447,248     | 384,629     | 348,141     |
| Depreciation and amortisation              | (13,829)   | (17,298)   | (16,448)   | (5,937)    | (6,114)    | (4,844)    | (42,127)   | (44,999)   | (44,374)   | -            | (1,482)    | (2,261)    | (61,893)    | (69,893)    | (67,927)    |
| Results from operating activities (EBIT)   | 45,773     | 42,001     | 38,069     | (836)      | 5,568      | 6,838      | 275,543    | 266,042    | 236,858    | 64,875       | 1,125      | (1,551)    | 385,355     | 314,736     | 280,214     |
| Net finance income/(costs)                 | (6,597)    | 669        | 185        | (2,159)    | (1,804)    | (2,486)    | (21,479)   | (10,393)   | (20,738)   | 21,035       | 12,824     | 5,593      | (9,200)     | 1,296       | (17,446)    |
| Income tax expense                         | (4,256)    | (16,285)   | (14,969)   | (1,292)    | (197)      | (1,375)    | (99,918)   | (91,028)   | (74,911)   | (44,447)     | (382)      | 527        | (149,913)   | (107,892)   | (90,728)    |
| Post-tax profit from continuing operations | 34,920     | 26,385     | 23,285     | (4,287)    | 3,567      | 2,977      | 154,146    | 164,621    | 141,209    | 41,463       | 13,567     | 4,569      | 226,242     | 208,140     | 172,040     |

Not assigned expenses, revenues, assets and liabilities are not allocated to Cash's activity segment, because are not useful for the management analysis decision making. Not assigned items do not help on the management, that is why the effect is isolated.

Not assigned consolidated statements of profit and loss for the year ended 2016, 2015 and 2014 is as follows:

| (In thousands of Euros)                           | Total assigned  |                 |                 | Not assigned   |                 |                | Note | Total          |                |                 |
|---|-----------------|-----------------|-----------------|----------------|-----------------|----------------|------|----------------|----------------|-----------------|
|   | 31/12/2016      | 31/12/2015      | 31/12/2014      | 31/12/2016     | 31/12/2015      | 31/12/2014     |      | 31/12/2016     | 31/12/2015     | 31/12/2014      |
| Revenues  | 1,724,258       | 1,746,265       | 1,663,140       | -              | -               | -              | 3    | 1,724,258      | 1,746,265      | 1,663,140       |
| Cost of sales                                     | (1,097,331)     | (1,120,627)     | (1,106,182)     | -              | -               | -              | 4    | (1,097,331)    | (1,120,627)    | (1,106,182)     |
| <b>Gross profit</b>                               | <b>626,927</b>  | <b>625,638</b>  | <b>556,958</b>  | -              | -               | -              | -    | <b>626,927</b> | <b>625,638</b> | <b>556,958</b>  |
| Other income                                      | 5,289           | 855             | 6,052           | 66,144         | 21,228          | 1,040          | 6    | 71,433         | 22,083         | 7,092           |
| Selling, general and administrative expenses      | (305,412)       | (311,675)       | (280,029)       | (345)          | (18,222)        | (2,591)        | 4    | (305,757)      | (329,897)      | (282,620)       |
| Other expenses                                    | (1,795)         | 266             | (626)           | (924)          | (1,881)         | -              | 6    | (2,719)        | (1,615)        | (626)           |
| Profit / (Loss) from equity accounted-investees   | (4,529)         | (1,473)         | (590)           | -              | -               | -              | 14   | (4,529)        | (1,473)        | (590)           |
| <b>Results from operating activities</b>          | <b>320,480</b>  | <b>313,611</b>  | <b>281,765</b>  | <b>64,875</b>  | <b>1,125</b>    | <b>(1,551)</b> | -    | <b>385,355</b> | <b>314,736</b> | <b>280,214</b>  |
| Finance income                                    | 7,409           | 18,217          | 8,894           | 23,705         | 18,291          | 7,853          | 7    | 31,114         | 36,508         | 16,747          |
| Finance costs                                     | (37,644)        | (29,745)        | (31,933)        | (2,670)        | (5,467)         | (2,260)        | 7    | (40,314)       | (35,212)       | (34,193)        |
| <b>Net finance income /(costs)</b>                | <b>(30,235)</b> | <b>(11,528)</b> | <b>(23,039)</b> | <b>21,035</b>  | <b>12,824</b>   | <b>5,593</b>   | -    | <b>(9,200)</b> | <b>1,296</b>   | <b>(17,446)</b> |
| <b>Profit before income tax</b>                   | <b>290,245</b>  | <b>302,083</b>  | <b>258,726</b>  | <b>85,910</b>  | <b>13,949</b>   | <b>4,042</b>   | -    | <b>376,155</b> | <b>316,032</b> | <b>262,768</b>  |
| Income tax expense                                | (105,466)       | (107,510)       | (91,255)        | (44,447)       | (382)           | 527            | 24   | (149,913)      | (107,892)      | (90,728)        |
| <b>Post-tax profit from continuing operations</b> | <b>184,779</b>  | <b>194,573</b>  | <b>167,471</b>  | <b>41,463</b>  | <b>13,567</b>   | <b>4,569</b>   | -    | <b>226,242</b> | <b>208,140</b> | <b>172,040</b>  |
| Loss from discontinued operation, net of tax      | -               | -               | -               | (47,276)       | (29,166)        | (1,615)        | 15   | (47,276)       | (29,166)       | (1,615)         |
| <b>Consolidated profit for the year</b>           | <b>184,779</b>  | <b>194,573</b>  | <b>167,471</b>  | <b>(5,813)</b> | <b>(15,599)</b> | <b>2,954</b>   | -    | <b>178,966</b> | <b>178,974</b> | <b>170,425</b>  |

Not assigned results / (expenses) correspond mainly to the following details.

| Thousands of Euros  | 31/12/2016      | 31/12/2015    | 31/12/2014     |
|---|-----------------|---------------|----------------|
| Rental income from investment property (Note 6)                             | 6,130           | 4,089         | 1,040          |
| Investment property maintenance costs (Note 6)                              | (345)           | (1,482)       | (330)          |
| Gains on disposal of property, plant and equipment (Note 6)                 | 46,374          | -             | -              |
| Indirect Brazilian tax  | -               | (15,258)      | -              |
| Trademark income (Note 6)   | 13,640          | 17,139        | -              |
| Loss from sale of Sociedad de Distribucion Canje y Mensajeria Ltda (Note 6) | (296)           | -             | -              |
| Loss from sale of investment property (Note 6)                              | (802)           | -             | -              |
| Others  | 174             | (1,881)       | (2,261)        |
| <b>EBITDA/EBIT</b>  | <b>64,875</b>   | <b>2,607</b>  | <b>(1,551)</b> |
| <b>Net Finance income (Note 7)</b>  | <b>21,035</b>   | <b>12,824</b> | <b>5,593</b>   |
| Restructuring tax expenses (Note 24)  | (22,330)        | -             | -              |
| Tax on gain from disposal of PPE  | (11,858)        | -             | -              |
| Other tax expenses not assigned   | (10,259)        | (886)         | 527            |
| <b>Taxes on the continuing operations</b>                                   | <b>(44,447)</b> | <b>(886)</b>  | <b>527</b>     |
| <b>Post-tax profit from continuing operations</b>                           | <b>41,463</b>   | <b>14,545</b> | <b>4,569</b>   |

The revenue and non-current assets distribution by geography is as follows:

| Thousands of Euros       | Revenue          |                  |                  | Non current assets* |                |                |
|--------------------------|------------------|------------------|------------------|---------------------|----------------|----------------|
|                          | 31/12/2016       | 31/12/2015       | 31/12/2014       | 31/12/2016          | 31/12/2015     | 31/12/2014     |
| Brazil                   | 481,565          | 480,239          | 573,187          | 378,944             | 285,289        | 419,004        |
| Argentina                | 434,751          | 474,370          | 314,028          | 82,862              | 97,016         | 98,499         |
| Rest of Latam countries  | 261,512          | 256,711          | 260,929          | 160,562             | 119,878        | 144,180        |
| Spain                    | 167,882          | 158,567          | 151,126          | 24,283              | 15,941         | 13,544         |
| Germany                  | 214,704          | 209,066          | 205,269          | 70,586              | 73,130         | 77,879         |
| Rest of Europe countries | 72,688           | 73,941           | 68,559           | 41,480              | 69,768         | 43,336         |
| AOA                      | 91,156           | 93,371           | 90,042           | 119,408             | 94,948         | 95,757         |
|                          | <b>1,724,258</b> | <b>1,746,265</b> | <b>1,663,140</b> | <b>878,125</b>      | <b>755,970</b> | <b>892,199</b> |

\* Non current assets just for Cash business

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

| Thousands of Euros       | Europe     |            |            | AOA        |            |            | Latam      |            |            | Total      |            |            |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                          | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 |
| Inter - segment revenues | 3,026      | 123        | 21         | -          | -          | -          | 182        | 248        | 155        | 3,208      | 371        | 176        |

### The distribution of assets by segments

The distribution of assets by segments is as follows:

#### Cash business assets distribution by geographical segments

| Thousands of Euros                       | Europe         |                |                | AOA            |                |                | Latam            |                |                  | Total            |                  |                  |
|--|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|------------------|------------------|------------------|------------------|
|  | 31/12/2016     | 31/12/2015     | 31/12/2014     | 31/12/2016     | 31/12/2015     | 31/12/2014     | 31/12/2016       | 31/12/2015     | 31/12/2014       | 31/12/2016       | 31/12/2015       | 31/12/2014       |
| Non-Current Assets allocated to segments | 138,280        | 118,701        | 147,558        | 120,017        | 102,353        | 98,461         | 619,828          | 534,916        | 646,180          | 878,125          | 755,970          | 892,199          |
| Current Assets allocated to segments     | 136,656        | 162,177        | 198,059        | 72,809         | 22,630         | 21,333         | 554,703          | 450,441        | 509,204          | 764,168          | 635,248          | 728,596          |
|  | <b>274,936</b> | <b>280,878</b> | <b>345,617</b> | <b>192,826</b> | <b>124,983</b> | <b>119,794</b> | <b>1,174,531</b> | <b>985,357</b> | <b>1,155,384</b> | <b>1,642,293</b> | <b>1,391,218</b> | <b>1,620,795</b> |

#### Investment property and operating buildings distribution by geographical segments

In 2016 investment property, located in Latam and classified as non-current assets held-for-sale, of Euros 65,778 thousand are not included in the detail of the distribution of assets by segments presented above.

In 2015 operating buildings classified as non-current assets held-for-sale and investment property of Euros 132,361 thousand belonging to the Europe segment for the amount of Euros 15,474 thousand and the remaining relates to the Latam segment, were not included in the detail of the distribution of assets by segment presented above.

In 2014 investment property of Euros 46,529 thousand belonging to the Latam segment is not allocated to this segment. Operating buildings were allocated in Cash business in this year.

#### Security business assets distribution by geographical segments

In 2016, 2015 and 2014 Security business assets in Latam segments were not included in the detail of the distribution of assets by segments presented above, as the investments properties.

In addition, the finance receivables with the Prosegur Group have not been assigned in any of the years (Note 28.1) of Euros 26,627 thousand in 2016, Euros 294,555 thousand in 2015 and Euros 198,888 thousand in 2014.

#### **Distribution of liabilities by segments**

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

#### Cash business liabilities distribution by geographical segments

| Thousands of Euros                | Europe     |            |            | AOA        |            |            | Latam      |            |            | Total      |            |            |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                   | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 | 31/12/2016 | 31/12/2015 | 31/12/2014 |
| Liabilities allocated to segments | 812,206    | 369,195    | 317,991    | 36,799     | 35,232     | 38,273     | 579,350    | 561,974    | 547,958    | 1,428,355  | 966,401    | 904,222    |

In 2016, 2015 and 2014 the not assigned liabilities are fully related to Security business in Latam, except for the finance payables with the Prosegur Group have also not been assigned in any of the years (Note 28.1) of Euros 136,972 thousand in 2016, Euros 67,056 thousand in 2015 and Euros 80,427 thousand in 2014.

In 2015 there are Euros 2,737 thousand of liabilities related to investment property not allocated to any segment. Additionally in 2015 there are Euros 30,127 thousand, classified as liability held-for-sale, fully considered as Security business liabilities in Latam not assigned.

Disclosure of the balance between assigned to Cash business and not assigned:

| (In thousands of Euros)                           | Assigned         |                  |                  | Security Brazil |                |                 | Not assigned   |                |            | Note             | Total            |                  |  |
|---|------------------|------------------|------------------|-----------------|----------------|-----------------|----------------|----------------|------------|------------------|------------------|------------------|--|
|   | 31/12/2016       | 31/12/2015 (*)   | 31/12/2014 (*)   | 31/12/2015 (*)  | 31/12/2014 (*) | 31/12/2016      | 31/12/2015 (*) | 31/12/2014 (*) | 31/12/2016 |                  | 31/12/2015 (*)   | 31/12/2014       |  |
| <b>ASSETS</b>                                     |                  |                  |                  |                 |                |                 |                |                |            |                  |                  |                  |  |
| Property, plant and equipment                     | 266,359          | 215,564          | 261,934          | 6,783           | 18,293         | -               | -              | 46,979         | 10         | 266,359          | 222,347          | 327,197          |  |
| Goodwill  | 317,351          | 294,342          | 317,059          | 12,503          | 19,098         | -               | -              | 22,889         | 11         | 317,351          | 306,945          | 358,846          |  |
| Other intangible assets                           | 173,856          | 150,828          | 205,942          | 22,965          | 27,923         | -               | -              | 13,457         | 12         | 173,856          | 173,793          | 247,322          |  |
| Investment property                               | -                | -                | -                | -               | -              | -               | -              | 83,678         | 13         | -                | 83,678           | 46,529           |  |
| Equity-accounted investees                        | 28,955           | 13,054           | 13,986           | -               | -              | -               | -              | 6,185          | 14         | 28,955           | 13,054           | 20,171           |  |
| Non-current financial assets                      | 2,058            | 2,106            | 2,212            | 198             | 4              | -               | -              | 20,147         | 18         | 2,058            | 2,304            | 22,363           |  |
| Deferred tax assets                               | 89,546           | 80,076           | 91,066           | 19,725          | 14,257         | -               | -              | 14,990         | 24         | 89,546           | 99,801           | 120,313          |  |
| <b>Non-current assets</b>                         | <b>878,125</b>   | <b>755,970</b>   | <b>892,199</b>   | <b>62,174</b>   | <b>79,575</b>  | -               | -              | <b>83,678</b>  |            | <b>878,125</b>   | <b>901,822</b>   | <b>1,142,741</b> |  |
| Non-current assets held-for-sale                  | -                | -                | -                | -               | -              | 266,568         | 232,876        | 19,792         | 15         | 266,568          | 232,876          | 19,792           |  |
| Inventories                                       | 7,457            | 6,687            | 5,470            | 458             | 546            | -               | -              | 9,737          | 16         | 7,457            | 7,145            | 15,753           |  |
| Trade and other receivables                       | 426,776          | 351,096          | 423,894          | 71,143          | 85,329         | -               | -              | 41,221         | 17         | 426,776          | 422,239          | 550,444          |  |
| Current receivables with Prosegur group companies | 38,803           | 55,691           | 65,638           | 1,077           | -              | 26,627          | 294,555        | 198,888        | 28         | 65,430           | 351,323          | 264,526          |  |
| Current tax assets                                | 102,352          | 45,949           | 65,781           | (121)           | -              | -               | -              | 6,442          | -          | 102,352          | 45,828           | 72,223           |  |
| Other financial assets                            | -                | -                | 8,241            | -               | -              | -               | -              | -              | 18         | -                | -                | 8,241            |  |
| Cash and cash equivalents                         | 188,780          | 175,825          | 159,572          | 25,727          | 42,081         | -               | -              | 26,862         | 19         | 188,780          | 201,552          | 228,515          |  |
| <b>Current assets</b>                             | <b>764,168</b>   | <b>635,248</b>   | <b>728,596</b>   | <b>98,284</b>   | <b>127,956</b> | <b>293,195</b>  | <b>527,431</b> | <b>302,942</b> |            | <b>1,057,363</b> | <b>1,260,963</b> | <b>1,159,494</b> |  |
| <b>Total assets</b>                               | <b>1,642,293</b> | <b>1,391,218</b> | <b>1,620,795</b> | <b>160,458</b>  | <b>207,531</b> | <b>293,195</b>  | <b>611,109</b> | <b>473,909</b> |            | <b>1,935,488</b> | <b>2,162,785</b> | <b>2,302,235</b> |  |
| <b>EQUITY</b>                                     |                  |                  |                  |                 |                |                 |                |                |            |                  |                  |                  |  |
| <b>Total equity</b>                               | <b>213,938</b>   | <b>424,817</b>   | <b>716,573</b>   | <b>21,141</b>   | <b>64,091</b>  | <b>(28,465)</b> | <b>511,189</b> | <b>370,189</b> |            | <b>185,473</b>   | <b>957,147</b>   | <b>1,150,853</b> |  |
| <b>LIABILITIES</b>                                |                  |                  |                  |                 |                |                 |                |                |            |                  |                  |                  |  |
| Financial liabilities                             | 634,720          | 63,664           | 158,761          | 3,166           | 4,354          | -               | -              | 5,074          | 22         | 634,720          | 66,830           | 168,189          |  |
| Deferred tax liabilities                          | 67,224           | 58,279           | 66,407           | 4,390           | 6,605          | -               | -              | 12,489         | 24         | 67,224           | 62,669           | 85,501           |  |
| Provisions  | 137,047          | 100,579          | 135,279          | 27,232          | 36,287         | -               | -              | 2,282          | 21         | 137,047          | 127,811          | 173,848          |  |
| <b>Non-current liabilities</b>                    | <b>838,991</b>   | <b>222,522</b>   | <b>360,447</b>   | <b>34,788</b>   | <b>47,246</b>  | -               | -              | <b>19,845</b>  |            | <b>838,991</b>   | <b>257,310</b>   | <b>427,538</b>   |  |
| Trade and other payables                          | 334,796          | 265,359          | 283,901          | 53,415          | 90,842         | -               | 2,737          | (6,175)        | 23         | 334,796          | 321,511          | 368,568          |  |
| Current tax liabilities                           | 118,525          | 64,684           | 65,901           | 1,450           | -              | -               | -              | 3,164          | -          | 118,525          | 66,134           | 69,065           |  |
| Financial liabilities                             | 87,315           | 143,972          | 79,717           | 4,733           | 5,182          | -               | -              | 5,571          | 22         | 87,315           | 148,705          | 90,470           |  |
| Current payables with Prosegur group companies    | 31,736           | 247,534          | 85,687           | 45,705          | -              | 136,972         | 67,056         | 80,427         | 28         | 168,708          | 360,295          | 166,114          |  |
| Provisions  | 3,121            | 4,889            | 18,180           | -               | -              | -               | -              | -              | 21         | 3,121            | 4,889            | 18,180           |  |
| Liabilities held-for-sale                         | -                | -                | -                | -               | -              | 184,688         | 30,127         | 1,058          | 15         | 184,688          | 30,127           | 1,058            |  |
| Other current liabilities                         | 13,871           | 17,441           | 10,389           | (774)           | 170            | -               | -              | (170)          | -          | 13,871           | 16,667           | 10,389           |  |
| <b>Current liabilities</b>                        | <b>589,364</b>   | <b>743,879</b>   | <b>543,775</b>   | <b>104,529</b>  | <b>96,194</b>  | <b>321,660</b>  | <b>99,920</b>  | <b>83,875</b>  |            | <b>911,024</b>   | <b>948,328</b>   | <b>723,844</b>   |  |
| <b>Total liabilities</b>                          | <b>1,428,355</b> | <b>966,401</b>   | <b>904,222</b>   | <b>139,317</b>  | <b>143,440</b> | <b>321,660</b>  | <b>99,920</b>  | <b>103,720</b> |            | <b>1,750,015</b> | <b>1,205,638</b> | <b>1,151,382</b> |  |
| <b>Total equity and liabilities</b>               | <b>1,642,293</b> | <b>1,391,218</b> | <b>1,620,795</b> | <b>160,458</b>  | <b>207,531</b> | <b>293,195</b>  | <b>611,109</b> | <b>473,909</b> |            | <b>1,935,488</b> | <b>2,162,785</b> | <b>2,302,235</b> |  |

Presented below is the cash flow statement of the Cash business.

(In thousands of Euros)

|   | Note     | 31/12/2016       | 31/12/2015 (*)   | 31/12/2014 (*)   |
|---|----------|------------------|------------------|------------------|
| <b>Cash flows from operating activities</b>   |          |                  |                  |                  |
| <b>Profit for the year</b>  |          | <b>226,242</b>   | <b>208,140</b>   | <b>172,040</b>   |
| <i>Adjustments for:</i>   |          |                  |                  |                  |
| Depreciation and amortisation   | 10,11,12 | 61,893           | 69,893           | 65,666           |
| Impairment losses on non-current assets   | 10       | 9                | 47               | -                |
| Impairment losses on trade receivables and inventories  | 16, 17   | 1,457            | 1,572            | 648              |
| Change in provisions  | 21       | 40,433           | 31,500           | 23,283           |
| (Gains)/losses on financial assets at fair value through profit or loss                             | 7        | -                | -                | 73               |
| Finance income  | 7, 15    | (31,114)         | (36,508)         | (16,747)         |
| Finance costs   | 7, 15    | 40,314           | 35,212           | 34,193           |
| Share of profit of equity-accounted investees   | 14       | 4,529            | 1,473            | 590              |
| (Gains)/losses on disposal and sale of property, plant and equipment                                | 6        | (45,572)         | 50               | (320)            |
| (Gains)/losses on disposal of subsidiaries  |          | 296              | -                | -                |
| Tax expense   | 15, 24   | 149,913          | 107,892          | 90,728           |
| <b>Changes in working capital, excluding the effect of acquisitions and translation differences</b> |          |                  |                  |                  |
| Inventories   |          | (977)            | (2,307)          | 1,043            |
| Trade and other receivables (including group companies)   |          | 11,547           | (92,072)         | 15,033           |
| Trade and other payables (including group companies)  |          | (53,838)         | 66,870           | (13,302)         |
| Provisions  | 15, 21   | (22,189)         | (49,989)         | (23,761)         |
| Other current liabilities   |          | -                | (14)             | -                |
| Other current assets  |          | -                | -                | -                |
| Interest paid   |          | (11,085)         | (18,819)         | (12,594)         |
| Income tax paid   |          | (115,920)        | (94,341)         | (86,679)         |
| <b>Net cash from operating activities</b>   |          | <b>255,938</b>   | <b>228,599</b>   | <b>249,894</b>   |
| <b>Cash flows from investing activities</b>   |          |                  |                  |                  |
| Proceeds from sale of assets held-for-sale  |          | 100,895          | -                | -                |
| Proceeds from sale of subsidiaries held-for-sale  |          | 88,907           | -                | -                |
| Interest received   |          | 30,670           | 26,170           | 15,808           |
| Proceeds from investment  |          | 37,012           | -                | -                |
| Dividends received  |          | 8,541            | -                | -                |
| Acquisition of subsidiaries, net of cash and cash   |          | (29,529)         | (24,690)         | (63,990)         |
| Acquisition of equity-accounted investees   | 14       | -                | -                | (4,933)          |
| Acquisition of property, plant and equipment  | 10, 15   | (88,126)         | (68,694)         | (75,615)         |
| Acquisition of intangible assets  | 12, 15   | (6,206)          | (4,078)          | (6,365)          |
| Acquisition of subsidiaries integrated  |          | (10,733)         | -                | -                |
| Acquisition of financial assets (including group companies)   |          | (30,009)         | (81,689)         | (125,017)        |
| <b>Net cash used in investing activities</b>  |          | <b>101,422</b>   | <b>(152,981)</b> | <b>(260,112)</b> |
| <b>Cash flows from financing activities</b>   |          |                  |                  |                  |
| Proceeds from issue of share capital and share premium  |          | 3                | -                | -                |
| Proceeds from contributions   |          | 3,289            | 8,735            | 65,570           |
| Proceeds from loans and borrowings (including group companies)                                      | 20       | 715,178          | 29,302           | -                |
| Proceeds from other financial liabilities   |          | -                | 7,690            | 82,003           |
| Payments for the redemption of own shares and other own equity instruments                          |          | (46,781)         | -                | -                |
| Payments for loans and borrowings   |          | (21,778)         | (60,047)         | (86,302)         |
| Share premium distribution  | 20, 28.1 | (910,548)        | -                | -                |
| Dividends paid  |          | (74,619)         | (32,121)         | (95,375)         |
| <b>Net cash from (used in) financing activities</b>   |          | <b>(335,256)</b> | <b>(46,441)</b>  | <b>(34,104)</b>  |
| Net increase/(decrease) in cash and cash equivalents  |          | 22,104           | 29,177           | (44,322)         |
| Cash and cash equivalents at the beginning of year  |          | 175,825          | 159,572          | 208,627          |
| Effect of translation differences on cash held  |          | (9,149)          | (12,924)         | (4,733)          |
| <b>Cash and cash equivalents at year end</b>  |          | <b>188,780</b>   | <b>175,825</b>   | <b>159,572</b>   |

(\*) Not audited

The remainder of the cash inflows/outflows are relate to the Security business.

The services rendered by the Prosegur Cash Group through its subsidiaries can be classified into the following lines of activity within each of the geographical segments:

- Logistics: Domestic and international transportation and custody of valuables: transportation in armoured vehicles and custody in the Group's vaults of cash and valuables and other high-value goods such as jewellery, works of art, precious metals, electronic devices, ballots and judicial evidence.
- Cash management: preparation of notes and coins for recirculation in accordance with national legislations and central bank requirements. This includes the processing, packing and recycling of notes.
- Outsourcing: these comprise several products including:
  - o Cash cycle management, from forecasting ATM cash requirements while minimising financial and logistics costs, and guaranteeing cash availability to loading cash in ATMs with the denominations ordered and balancing the cash in the machine at the time of loading with the data on the print out tape in the machine.
  - o Integrated management of automated front office cash machines and those for back office use at retail customers. This management service includes cash management, transportation and custody, but these are included in the package.
  - o Management of outsourcing of other services ("AVOS") at financial institutions, including document management, customer support related to payments, legal services, etc.

Prosegur Cash Group considers that will manage by the mentioned lines of business. Historical information is not available but approximately the percentages of distribution by geographic segment of the revenue would be as follows:

|                 | <b>Europe</b> | <b>AOA</b> | <b>Latam</b> | <b>Total</b> |
|-----------------|---------------|------------|--------------|--------------|
| Logistics       |               |            |              |              |
| % of total      | 58%           | 59%        | 72%          | 68%          |
| Cash Management |               |            |              |              |
| % of total      | 33%           | 39%        | 22%          | 26%          |
| Outsourcing     |               |            |              |              |
| % of total      | 9%            | 2%         | 6%           | 6%           |

## 10. Property, plant and equipment

Details of property, plant and equipment and movement are as follows:

| Thousand of Euros                            | Land and<br>buildings | Technical<br>installations<br>and<br>machinery | Other<br>installations<br>and furniture | Armoured<br>vehicles and<br>other property,<br>plant and<br>equipment | Under<br>construction<br>and advances | Total          |
|--|-----------------------|--|---|---|---------------------------------------|----------------|
| <b>Cost</b>                                  |                       |  |   |   |                                       |                |
| <b>Balance at 1 January 2014</b>             | <b>99,122</b>         | <b>95,345</b>                                  | <b>148,374</b>                          | <b>285,116</b>  | <b>49,327</b>                         | <b>677,284</b> |
| Translation differences                      | (4,716)               | 1,303  | 4,800                                   | (3,590)   | (5,829)                               | (8,032)        |
| Business combination (Note 27)               | -                     | 156  | (66)                                    | (1,739)   | -                                     | (1,649)        |
| Additions                                    | 2,648                 | 17,722   | 22,574                                  | 34,239  | 7,485                                 | 84,668         |
| Disposals                                    | (284)                 | (9,489)  | (8,854)                                 | (3,419)   | (60)                                  | (22,106)       |
| Transfers                                    | 8,218                 | 1,643  | 1,912                                   | 2,898   | (14,671)                              | -              |
| <b>Balance at 31 December 2014</b>           | <b>104,988</b>        | <b>106,680</b>                                 | <b>168,740</b>                          | <b>313,505</b>  | <b>36,252</b>                         | <b>730,165</b> |
| Translation differences                      | (6,890)               | (16,285)                                       | (20,174)                                | (36,744)  | (6,667)                               | (86,760)       |
| Transfer to Non-current assets held-for sale | (93,120)              | (11,041)                                       | (27,103)                                | (30,031)  | (459)                                 | (161,755)      |
| Business combination (Note 27)               | -                     | 63   | 101                                     | -   | -                                     | 164            |
| Additions                                    | 5,460                 | 10,814   | 20,944                                  | 16,175  | 16,428                                | 69,821         |
| Disposals                                    | -                     | (2,345)  | (9,635)                                 | (9,365)   | (575)                                 | (21,920)       |
| Transfers                                    | 7,166                 | 6,368  | 888                                     | 5,975   | (20,397)                              | -              |
| <b>Balance at 31 December 2015</b>           | <b>17,604</b>         | <b>94,254</b>                                  | <b>133,761</b>                          | <b>259,515</b>  | <b>24,582</b>                         | <b>529,715</b> |
| Translation differences                      | (2,290)               | 9,181  | 5,402                                   | 17,217  | 457                                   | 29,967         |
| sale   | -                     | (188)  | (1,559)                                 | (7,487)   | (270)                                 | (9,504)        |
| Business combination (Note 27)               | -                     | 7  | 1,768                                   | 1,735   | -                                     | 3,510          |
| Additions                                    | 1,541                 | 9,375  | 16,433                                  | 17,056  | 45,483                                | 89,888         |
| Disposals                                    | (5)                   | (2,293)  | (6,345)                                 | (15,326)  | (1,834)                               | (25,803)       |
| Transfers                                    | 941                   | 10,737   | 4,357                                   | 7,121   | (23,156)                              | -              |
| <b>Balance at 31 December 2016</b>           | <b>17,791</b>         | <b>121,073</b>                                 | <b>153,817</b>                          | <b>279,831</b>  | <b>45,262</b>                         | <b>617,773</b> |

| Thousand of Euros                                      | Land and<br>buildings | Technical<br>installations<br>and<br>machinery | Other<br>installations<br>and furniture | Armoured<br>vehicles and<br>other property,<br>plant and<br>equipment | Under<br>construction<br>and<br>advances | Total            |
|--|-----------------------|--|---|---|--|------------------|
| <b>Depreciation</b>                                    |                       |  |   |   |  |                  |
| <b>Balance at 1 January 2014</b>                       | <b>(21,870)</b>       | <b>(58,728)</b>                                | <b>(101,016)</b>                        | <b>(189,905)</b>  | -  | <b>(371,519)</b> |
| Transalation differences                               | 33                    | 117  | 1,587                                   | 1,149   | -  | 2,886            |
| Disposals  | 102                   | 9,304  | 1,413                                   | 1,216   | -  | 12,035           |
| Depreciation for the period                            | (2,000)               | (9,480)  | (11,176)                                | (23,714)  | -  | (46,370)         |
| <b>Balance at 31 December 2014</b>                     | <b>(23,735)</b>       | <b>(58,787)</b>                                | <b>(109,192)</b>                        | <b>(211,254)</b>  | -  | <b>(402,968)</b> |
| Transalation differences                               | 258                   | 11,777   | 15,898                                  | 18,720  | -  | 46,653           |
| Transfer to Non-current assets held-for sale           | 23,321                | 255  | 36,944                                  | 24,330  | -  | 84,850           |
| Disposals  | -                     | 1,618  | 1,227                                   | 8,869   | -  | 11,714           |
| Depreciation for the period                            | (312)                 | (9,433)  | (11,171)                                | (26,654)  | -  | (47,570)         |
| Provision for impairment recognised in profit and loss | -                     | -  | -                                       | (47)  | -  | (47)             |
| <b>Balance at 31 December 2015</b>                     | <b>(468)</b>          | <b>(54,570)</b>                                | <b>(66,294)</b>                         | <b>(186,036)</b>  | -  | <b>(307,368)</b> |
| Transalation differences                               | 294                   | (4,418)  | (2,010)                                 | (13,155)  | -  | (19,289)         |
| Transfer to Non-current assets held-for sale           | -                     | 134  | 665                                     | 1,922   | -  | 2,721            |
| Disposals  | 3                     | 1,275  | 1,713                                   | 13,160  | -  | 16,151           |
| Transfers  | -                     | 314  | (670)                                   | 356   | -  | -                |
| Depreciation for the period                            | (1,034)               | (9,892)  | (12,712)                                | (19,982)  | -  | (43,620)         |
| Provision for impairment recognised in profit and loss | -                     | -  | -                                       | (9)   | -  | (9)              |
| <b>Balance at 31 December 2016</b>                     | <b>(1,205)</b>        | <b>(67,157)</b>                                | <b>(79,308)</b>                         | <b>(203,744)</b>  | -  | <b>(351,414)</b> |
| At 1 January 2014                                      | 77,252                | 36,617   | 47,358                                  | 95,211  | 49,327                                   | 305,765          |
| At 31 December 2014                                    | 81,253                | 47,893   | 59,548                                  | 102,251   | 36,252                                   | 327,197          |
| At 1 January 2015                                      | 81,253                | 47,893   | 59,548                                  | 102,251   | 36,252                                   | 327,197          |
| At 31 December 2015                                    | 17,136                | 39,684   | 67,466                                  | 73,479  | 24,582                                   | 222,347          |
| At 1 January 2016                                      | 17,136                | 39,684   | 67,466                                  | 73,479  | 24,582                                   | 222,347          |
| At 31 December 2016                                    | 16,586                | 53,916   | 74,508                                  | 76,087  | 45,262                                   | 266,359          |

Additions primarily comprise investments made to refurbish depots, installations and armoured vehicles for use in operations. In 2016, these investments were mainly carried out in Spain, Argentina and Brazil; in 2015, they were carried out in Argentina, Spain and France; in 2014, they were carried out in Argentina, Germany, Peru, Colombia and Brazil.

In the movement of 2014 the depreciation for the period includes the depreciation of the assets classified as held-for-sale in 2015 and 2016. If these assets had been excluded and just considering the Cash business depreciation for year would have been of Euros 43,332 thousand.

In the movement of 2015 the depreciation for the period includes the depreciation of the assets classified as held-for-sale in 2016. If these assets had been excluded and just considering the Cash business depreciation for year would have been of Euros 46,873 thousand.

Under construction and advances at the end of 2016 mainly reflect advances of armoured vehicles in Brazil, Argentina and Paraguay of Euros 11,917 thousand, advances of machinery in Argentina and Brazil of Euros 7,248 thousand, constructions of buildings in Argentina of Euros 5,702 thousand and adequacy of facilities in Argentina, Brazil and Australia of Euros 10,184 thousand.

Under construction and advances at the 2015 and 2014 year-end mainly reflect advances made in Argentina, Brazil and Spain for construction of armoured vehicles, assembly of banknote and coin counting machinery and refurbishment of bases. The majority of the armoured vehicles and machinery assembly has been completed in the first half of 2016.

At 31 December 2016, there are no assets subject to ownership restrictions or pledged as collateral for liabilities.

Commitments for the acquisition of property, plant and equipment are detailed in Note 26.

It is Prosegur Cash's policy to take out insurance to cover possible risks relating to property, plant and equipment. All these risks are fully covered at the 2016, 2015 and 2014 year-ends.

Property, plant and equipment under finance leases in which the Prosegur Cash Group acts as lessee are as follows:

| 31 December 2016               |                    |                                       |                                   |   |               |
|--------------------------------|--------------------|---------------------------------------|-----------------------------------|---|---------------|
|                                | Land and buildings | Technical installations and machinery | Other installations and furniture | Armoured vehicles and other property, plant and equipment | Total         |
| Thousands of Euros             |                    |                                       |                                   |   |               |
| Capitalised finance lease cost | -                  | 6,731                                 | 85                                | 36,452  | 43,268        |
| Accumulated depreciation       | -                  | (5,034)                               | (70)                              | (23,073)  | (28,177)      |
| <b>Carrying amount</b>         | <b>-</b>           | <b>1,697</b>                          | <b>15</b>                         | <b>13,379</b>   | <b>15,091</b> |
| 31 December 2015               |                    |                                       |                                   |   |               |
|                                | Land and buildings | Technical installations and machinery | Other installations and furniture | Armoured vehicles and other property, plant and equipment | Total         |
| Thousands of Euros             |                    |                                       |                                   |   |               |
| Capitalised finance lease cost | -                  | 7,852                                 | 213                               | 37,781  | 45,846        |
| Accumulated depreciation       | -                  | (5,720)                               | (192)                             | (24,556)  | (30,468)      |
| <b>Carrying amount</b>         | <b>-</b>           | <b>2,132</b>                          | <b>21</b>                         | <b>13,225</b>   | <b>15,378</b> |
| 31 December 2014               |                    |                                       |                                   |   |               |
|                                | Land and buildings | Technical installations and machinery | Other installations and furniture | Armoured vehicles and other property, plant and equipment | Total         |
| Thousands of Euros             |                    |                                       |                                   |   |               |
| Capitalised finance lease cost | 4,078              | 8,152                                 | 136                               | 38,679  | 51,045        |
| Accumulated depreciation       | (89)               | (5,597)                               | (93)                              | (17,361)  | (23,140)      |
| <b>Carrying amount</b>         | <b>3,989</b>       | <b>2,555</b>                          | <b>43</b>                         | <b>21,318</b>   | <b>27,905</b> |

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

- Armoured vehicles: lease of armoured vehicles in Germany and Brazil.
- Technical installations and machinery: leases of coin counting machinery in Brazil.

The detail of the present value and minimum payments under finance leases are included in Note 22.

In 2015 the variation in land and buildings is due to reclassification to Non-current assets held-for-sale.

## 11. Goodwill

Details of movement in goodwill are as follows:

|   | Thousand of Euros |                |                |
|---|-------------------|----------------|----------------|
|   | 31/12/2016        | 31/12/2015     | 31/12/2014     |
| <b>Balance at the beginning of the period</b> | <b>306,845</b>    | <b>358,846</b> | <b>341,470</b> |
| Additions to the consolidated group (Note 27) | 6,209             | 1,318          | 6,070          |
| Measurement period adjustment                 | -                 | 221            | 13,798         |
| Disposals                                     | -                 | -              | (1,541)        |
| Transfer to Non-current assets held-for-sale  | (12,503)          | (25,776)       | -              |
| Translation differences                       | 16,800            | (27,764)       | (951)          |
| <b>Balance at the end of the period</b>       | <b>317,351</b>    | <b>306,845</b> | <b>358,846</b> |



Additions to goodwill derived from business combinations are the following:

|  |                |                        | <b>31/12/2016</b>         |  |
|--|----------------|------------------------|---------------------------|--|
|  | <u>Country</u> | <u>% Participation</u> | <u>Thousands of Euros</u> |  |
| MIV Gestión S.A.                                   | Spain          | 100%                   | 309                       |  |
| Procesos Técnicos de Seguridad y Valores SAS       | Colombia       | 100%                   | 71                        |  |
| Toll Transport Pty Ltd                             | Australia      | 100%                   | 5,829                     |  |
|  |                |                        | <b>6,209</b>              |  |
|  |                |                        | <b>31/12/2015</b>         |  |
|  | <u>Country</u> | <u>% Participation</u> | <u>Thousands of Euros</u> |  |
| Branch of activity "Call Center y Back Office"     | Spain          | 100%                   | 1,128                     |  |
| Centro Informático de Vigo S.A.                    | Spain          | 100%                   | 190                       |  |
|  |                |                        | <b>1,318</b>              |  |
|  |                |                        | <b>31/12/2014</b>         |  |
|  | <u>Country</u> | <u>% Participation</u> | <u>Thousands of Euros</u> |  |
| Evtec Management Services Pte Ltd                  | Singapore      | 100%                   | 1,498                     |  |
| Chorus Group                                       | Germany        | 100%                   | 1,412                     |  |
| Transvig - Transporte de Valores e Vigilancia LTDA | Brazil         | 100%                   | 3,160                     |  |
|  |                |                        | <b>6,070</b>              |  |

Details of the estimated goodwill in the tables above and the allocation of the amounts for which measurement was completed in the period are provided in Note 27.

Measurement period adjustments in 2015 reflect the final appraisal value of the customer portfolio appraised by an independent expert in 2015.

|  |                          | <b>31/12/2015</b>         |
|--|--------------------------|---------------------------|
|  |                          | <u>Thousands of Euros</u> |
| Transvig-Transporte de Valores e Vigilancia LTDA | <u>Country</u><br>Brazil | <u>221</u>                |
|  |                          | <b>221</b>                |

Measurement period adjustments in 2014 pertain to the following goodwill adjustments:

|                                 |                           | <b>31/12/2014</b>         |
|---------------------------------|---------------------------|---------------------------|
|                                 |                           | <u>Thousands of Euros</u> |
| Brinks Deutschland GmbH         | <u>Country</u><br>Germany | <u>11,829</u>             |
| Chubb Security Services Pty Ltd | Australia                 | 1,969                     |
|                                 |                           | <b>13,798</b>             |

Disposals in 2014 derives mainly from the change in the consolidation method of the joint ventures from proportional to equity method (see Note 14).

### Impairment testing of goodwill

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

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

|                        | Thousand of Euros |                |                |
|------------------------|-------------------|----------------|----------------|
|                        | 31/12/2016        | 31/12/2015     | 31/12/2014     |
| Spain CGU              | 2,415             | 2,104          | 786            |
| France CGU             | 16,938            | 16,938         | 16,938         |
| Portugal CGU           | 5,730             | 5,730          | 5,730          |
| Germany CGU            | 34,305            | 34,303         | 34,303         |
| <b>Subtotal Europe</b> | <b>59,388</b>     | <b>59,075</b>  | <b>57,757</b>  |
| Australia CGU          | 38,105            | 31,309         | 31,453         |
| Rest of AOA            | -                 | -              | 6,004          |
| <b>Subtotal AOA</b>    | <b>38,105</b>     | <b>31,309</b>  | <b>37,457</b>  |
| <br>                   |                   |                |                |
| Brazil CGU             | 105,217           | 102,783        | 127,214        |
| Chile CGU              | 35,586            | 35,586         | 39,817         |
| Peru CGU               | 21,358            | 21,358         | 26,053         |
| Argentina CGU          | 30,929            | 31,369         | 42,315         |
| Colombia CGU           | 17,149            | 15,762         | 18,598         |
| Rest of Latam          | 9,619             | 9,603          | 9,635          |
| <b>Subtotal Latam</b>  | <b>219,858</b>    | <b>216,461</b> | <b>263,632</b> |
| <b>Total</b>           | <b>317,351</b>    | <b>306,845</b> | <b>358,846</b> |

Goodwill is tested for impairment annually at the end of each reporting period, or earlier if there are indications of impairment, in accordance with the accounting policy described in Note 32.8.

The recoverable amount of a CGU is determined based on its value in use. The key operating assumptions used to calculate the value in use of the various CGUs are based on budgets for the following year and on the strategic plan for subsequent years. Both the budget and the plan are approved by management and are calculated based on the experience of previous years correcting the deviations that occurred in previous periods. The gross margin and sales projections used to calculate value in use are based on macroeconomic growth rates in each country and efficiency plans designed to optimise results. Cash flows are discounted using a discount rate based on the weighted average cost of capital (WACC). The residual value of each CGU is generally calculated as income in perpetuity.

The assets considered to determine the carrying value of a CGU are: Property, plant and equipment, goodwill, other intangible assets adjusted for net working capital.

In order to identify the cash flows corresponding to the subsequent years from the approved business plan, perpetual income is calculated from the projected last year's cash flow based on a growth rate which coincides with the estimate of future price changes in the geographic area to which the CGU is associated.

The projections used to calculate value in use of each item and the key assumptions considered are as follows:

- Revenue: estimates are based on growth of sales volumes and prices. In general, growth of sales volumes is based on country GDP while growth of prices is based on inflation.
- Gross profit: is based on the efficiency plans designed by Prosegur Cash Group, mainly to optimise customer portfolios applying a methodology based on analysing profitability to establish a threshold below which a commercial relationship with those customers is not considered viable. Gross margin is calculated as the Group's total sales revenue minus its cost of sales, divided by total sales revenue, expressed as a percentage.
- EBITDA: based on the average optimization costs gained in the past. EBITDA is calculated using the Group's net earnings, before the deduction of interest expenses, taxes, depreciation and amortization.
- CAPEX: mainly based on plans to renew the fleet depending on its age, with the aim of refreshing it. We consider the CAPEX ratio estimate of 5% of sales reasonable. CAPEX is calculated as sum of property, plant and equipment additions and software additions.
- Working capital: based on optimising the days sales outstanding (hereafter, "DSO") or average collection period for trade receivables. The projection is based on sales growth according to the DSO specified. We consider the ratio of working capital to sales (10%) reasonable and therefore suitable for extrapolation for use in a projection. Working capital is calculated as current assets less active current liabilities plus deferred tax less deferred tax liabilities less long-term provisions.

- Taxes: tax projections are calculated in accordance with the effective tax rate and the expected results in each jurisdiction.

The macroeconomic estimates used are obtained from external sources. The key assumptions used to calculate value in use are as follows:

|                              | 31/12/2016 |       |        | 31/12/2015 |       |        | 31/12/2014 |        |        |
|------------------------------|------------|-------|--------|------------|-------|--------|------------|--------|--------|
|                              | Europe     | AOA   | Latam  | Europe     | AOA   | Latam  | Europe     | AOA    | Latam  |
| Growth rate <sup>(1)</sup>   | 1.68%      | 3.29% | 5.51%  | 1.79%      | 3.35% | 7.61%  | 1.57%      | 4.94%  | 6.51%  |
| Discount rate <sup>(2)</sup> | 4.95%      | 9.31% | 20.00% | 4.57%      | 9.94% | 20.24% | 4.56%      | 12.87% | 15.90% |

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

<sup>(2)</sup> Weighted average discount rate after tax applied to cash flow projections.

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

#### 31 December 2016

|               | Spain | France | Germany | Portugal | Australia | India  | Chile  | Brazil | Colombia | Peru   | Argentina | Rest of Latam |
|---------------|-------|--------|---------|----------|-----------|--------|--------|--------|----------|--------|-----------|---------------|
| Growth rate   | 1.56% | 1.68%  | 1.98%   | 1.81%    | 2.52%     | 4.94%  | 3.00%  | 4.51%  | 3.00%    | 2.52%  | 9.70%     | 5.25%         |
| Discount rate | 5.02% | 4.65%  | 4.24%   | 6.48%    | 7.47%     | 13.24% | 10.04% | 16.43% | 12.57%   | 10.17% | 36.24%    | 13.87%        |

#### 31 December 2015

|               | Spain | France | Germany | Portugal | Australia | India | Chile | Brazil | Colombia | Peru  | Argentina | Rest of Latam |
|---------------|-------|--------|---------|----------|-----------|-------|-------|--------|----------|-------|-----------|---------------|
| Growth rate   | 1.51% | 1.66%  | 1.92%   | 1.70%    | 2.49%     | 3.35% | 3.00% | 4.56%  | 3.04%    | 2.00% | 21.08%    | 5.20%         |
| Discount rate | 5.53% | 4.87%  | 3.99%   | 6.34%    | 5.24%     | 9.94% | 9.74% | 16.41% | 10.49%   | 9.99% | 42.51%    | 14.28%        |

#### 31 December 2014

|               | Spain | France | Germany | Portugal | Australia | India  | Chile | Brazil | Colombia | Peru  | Argentina | Rest of Latam |
|---------------|-------|--------|---------|----------|-----------|--------|-------|--------|----------|-------|-----------|---------------|
| Growth rate   | 1.34% | 1.32%  | 1.70%   | 1.50%    | 2.52%     | 6.01%  | 3.00% | 4.55%  | 3.04%    | 2.00% | 17.48%    | 5.24%         |
| Discount rate | 5.62% | 5.11%  | 3.99%   | 6.60%    | 5.36%     | 11.58% | 8.67% | 12.14% | 8.52%    | 8.31% | 40.33%    | 11.73%        |

Pre-tax discount rate are as follows:

#### 31 December 2016

|               | Spain | France | Germany | Rest of Europe | Australia | India  | Chile  | Brazil | Colombia | Peru   | Argentina | Rest of Latam |
|---------------|-------|--------|---------|----------------|-----------|--------|--------|--------|----------|--------|-----------|---------------|
| Discount rate | 5.02% | 4.65%  | 4.26%   | 6.55%          | 7.56%     | 14.29% | 10.10% | 16.70% | 12.91%   | 10.27% | 36.24%    | 13.44%        |

#### 31 December 2015

|               | Spain | France | Germany | Rest of Europe | Australia | India  | Chile | Brazil | Colombia | Peru   | Argentina | Rest of Latam |
|---------------|-------|--------|---------|----------------|-----------|--------|-------|--------|----------|--------|-----------|---------------|
| Discount rate | 5.53% | 4.87%  | 4.07%   | 6.34%          | 5.79%     | 14.03% | 9.80% | 17.14% | 10.90%   | 10.23% | 42.52%    | 14.01%        |

#### 31 December 2014

|               | Spain | France | Germany | Rest of Europe | Australia | India  | Chile | Brazil | Colombia | Peru  | Argentina | Rest of Latam |
|---------------|-------|--------|---------|----------------|-----------|--------|-------|--------|----------|-------|-----------|---------------|
| Discount rate | 5.62% | 5.11%  | 4.09%   | 6.60%          | 5.95%     | 12.63% | 8.75% | 12.76% | 8.85%    | 8.64% | 40.35%    | 11.82%        |

Management determines budgeted gross margins based on past experience and forecast market performance.

The discount rates used are post-tax values and reflect specific risks related to the country of operation. Using pre-tax rates would make no difference to the conclusions as to each CGU recoverable amount. No impairment losses have been recognised on goodwill in 2016, 2015 and 2014.

The sensitivity analysis of EBITDA consists of determining the point below which there would be an impairment loss. To do so, different hypothetical assumptions are evaluated until figures that would result in observable impairment to the consolidated annual accounts are obtained. The percentage represents the amount by which EBITDA would have to diminish, all other variables remaining constant, in order to impair the CGU.

The sensitivity analysis of the growth rate consists of determining the weighted average growth/contraction rate used to extrapolate cash flows beyond the budget period that would trigger impairment losses in each of the larger CGUs. Additionally, the sensitivity analysis of the discount rate consists of determining the WACC that begins to impair the CGU, while all other variables remain constant.

Along with impairment testing, the Prosegur Cash Group has also performed a sensitivity analysis on the goodwill allocated to the main CGU, for the purposes of the key assumptions. Details of the thresholds for discount rate, growth rate and EBITDA, above which impairment losses would arise, are as follows:

|           | 31/12/2016    |             |         | 31/12/2015    |             |         | 31/12/2014    |             |         |
|-----------|---------------|-------------|---------|---------------|-------------|---------|---------------|-------------|---------|
|           | Discount rate | Growth rate | EBITDA  | Discount rate | Growth rate | EBITDA  | Discount rate | Growth rate | EBITDA  |
| Brazil    | 19.52%        | 0.02%       | -9.30%  | 24.11%        | -8.59%      | -21.40% | 22.47%        | -10.63%     | -33.53% |
| Argentina | 140.30%       | -100.00%    | -44.67% | 100.94%       | -89.35%     | -39.33% | 105.30%       | -97.52%     | -45.53% |
| Spain     | 128.20%       | -100.00%    | -51.87% | 90.77%        | -98.32%     | -59.86% | 428.30%       | -98.13%     | -52.83% |
| France    | 5.86%         | 0.33%       | -7.89%  | 5.37%         | 1.11%       | -3.26%  | 7.95%         | -1.98%      | -17.93% |
| Colombia  | 12.76%        | 2.75%       | -0.82%  | 10.81%        | 2.60%       | -1.59%  | 9.22%         | 2.32%       | -4.95%  |
| Peru      | 35.20%        | -73.85%     | -45.52% | 42.49%        | -72.22%     | -49.65% | 35.95%        | -100.01%    | -55.96% |
| Chile     | 11.53%        | 1.13%       | -9.35%  | 18.53%        | -11.93%     | -29.43% | 22.01%        | -16.38%     | -46.80% |
| Germany   | 7.09%         | -1.28%      | -18.48% | 6.30%         | -3.56%      | -15.74% | 10.82%        | -6.75%      | -26.78% |
| Australia | 23.77%        | -35.80%     | -34.89% | 23.81%        | -40.03%     | -41.40% | 16.84%        | -12.58%     | -36.63% |

The assumptions used for the sensitivity analysis are not considered probable. Consequently there are no indicators for impairment.

## 12. Other intangible assets

Details and movement of other intangible assets are as follows:

| Thousand of Euro                              | Computer software | Customer portfolios | Trademarks      | Other intangible assets | Total            |
|---|-------------------|---------------------|-----------------|-------------------------|------------------|
| <b>Cost</b>                                   |                   |                     |                 |                         |                  |
| <b>Balance at 1 January 2014</b>              | <b>38,045</b>     | <b>289,600</b>      | <b>25,827</b>   | <b>8,207</b>            | <b>361,679</b>   |
| Translation differences                       | 290               | 3,349               | 77              | 33                      | 3,749            |
| Business combinations (Note 27)               | (348)             | 5,757               | -               | -                       | 5,409            |
| Additions                                     | 6,398             | -                   | -               | -                       | 6,398            |
| Disposals                                     | (633)             | (1,157)             | (1,197)         | (361)                   | (3,348)          |
| <b>Balance at 31 December 2014</b>            | <b>43,752</b>     | <b>297,549</b>      | <b>24,707</b>   | <b>7,879</b>            | <b>373,887</b>   |
| Translation differences                       | (6,896)           | (59,191)            | (5,159)         | (1,253)                 | (72,499)         |
| Business combinations (Note 27)               | 14                | 662                 | -               | -                       | 676              |
| Additions                                     | 4,078             | -                   | -               | -                       | 4,078            |
| Disposals                                     | (593)             | -                   | -               | -                       | (593)            |
| Transfers to Non-current assets held-for-sale | (702)             | (11,518)            | (1,950)         | (2,102)                 | (16,272)         |
| <b>Balance at 31 December 2015</b>            | <b>39,653</b>     | <b>227,502</b>      | <b>17,598</b>   | <b>4,524</b>            | <b>289,277</b>   |
| Translation differences                       | 2,252             | 40,203              | 3,250           | 809                     | 46,514           |
| Business combinations (Note 27)               | -                 | 4,593               | -               | -                       | 4,593            |
| Additions                                     | 5,435             | -                   | -               | 771                     | 6,206            |
| Disposals                                     | (2,452)           | -                   | -               | -                       | (2,452)          |
| Transfers to Non-current assets held-for-sale | (3,993)           | (27,883)            | (4,824)         | (1,348)                 | (38,048)         |
| <b>Balance at 31 December 2016</b>            | <b>40,895</b>     | <b>244,415</b>      | <b>16,024</b>   | <b>4,756</b>            | <b>306,090</b>   |
| <b>Amortisation and impairment</b>            |                   |                     |                 |                         |                  |
| <b>Balance at 1 January 2014</b>              | <b>(25,433)</b>   | <b>(55,993)</b>     | <b>(13,704)</b> | <b>(2,549)</b>          | <b>(97,679)</b>  |
| Translation differences                       | 24                | (1,079)             | (9)             | 8                       | (1,056)          |
| Disposals                                     | 144               | 1,363               | -               | -                       | 1,507            |
| Amortisation for the period                   | (3,630)           | (20,168)            | (4,267)         | (1,272)                 | (29,337)         |
| <b>Balance at 31 December 2014</b>            | <b>(28,895)</b>   | <b>(75,877)</b>     | <b>(17,980)</b> | <b>(3,813)</b>          | <b>(126,565)</b> |
| Translation differences                       | 4,664             | 17,670              | 4,559           | 956                     | 27,849           |
| Disposals                                     | 581               | -                   | -               | -                       | 581              |
| Transfers to Non-current assets held-for-sale | 97                | 4,357               | 1,645           | 526                     | 6,625            |
| Amortisation for the period                   | (4,100)           | (16,007)            | (3,065)         | (802)                   | (23,974)         |
| <b>Balance at 31 December 2015</b>            | <b>(27,653)</b>   | <b>(69,857)</b>     | <b>(14,841)</b> | <b>(3,133)</b>          | <b>(115,484)</b> |
| Translation differences                       | (1,873)           | (8,562)             | (4,135)         | (1,224)                 | (15,794)         |
| Disposals                                     | 2,234             | -                   | -               | -                       | 2,234            |
| Transfers to Non-current assets held-for-sale | 3,069             | 8,192               | 3,321           | 501                     | 15,083           |
| Amortisation for the period                   | (3,536)           | (13,577)            | (369)           | (791)                   | (18,273)         |
| <b>Balance at 31 December 2016</b>            | <b>(27,759)</b>   | <b>(83,804)</b>     | <b>(16,024)</b> | <b>(4,647)</b>          | <b>(132,234)</b> |
| <b>Carrying amount</b>                        |                   |                     |                 |                         |                  |
| At 1 January 2014                             | 12,612            | 233,607             | 12,123          | 5,658                   | 264,000          |
| At 31 December 2014                           | 14,857            | 221,672             | 6,727           | 4,066                   | 247,322          |
| At 1 January 2015                             | 14,857            | 221,672             | 6,727           | 4,066                   | 247,322          |
| At 31 December 2015                           | 12,000            | 157,645             | 2,757           | 1,391                   | 173,793          |
| At 1 January 2016                             | 12,000            | 157,645             | 2,757           | 1,391                   | 173,793          |
| At 31 December 2016                           | 13,136            | 160,611             | -               | 109                     | 173,856          |

Trademarks included in the movement of intangible assets arise in their entirety as a result of business combinations and have defined useful lives.

In the movement of 2014 the amortisation for the period includes the amortisation of the assets classified as held-for-sale in 2015 and 2016. If these assets had been excluded and just considering the Cash business depreciation for year would have been of Euros 24,595 thousand.

In the movement of 2015 the amortisation for the period includes the amortisation of the assets classified as held-for-sale in 2016. If these assets had been excluded and just considering the Cash business depreciation for year would have been of Euros 21,538 thousand.

The carrying amount and remaining useful life of individually significant customer portfolios at 31 December 2016 are as follows:

| Thousands of Euros  | 31/12/2016     |                                    |                 | Remaining useful life |
|---|----------------|------------------------------------|-----------------|-----------------------|
|   | Cost           | Amortisation and impairment losses | Carrying amount |                       |
| Nordeste Group Large Customer Portfolio<br>Norsegel Vigilancia and Transporte de Valores<br>LTDA Large Customer Portfolio | 90,456         | (24,289)                           | 66,167          | 13 years and 2 months |
| Preserve and Transpev Large Customer Portfolio  | 26,916         | (12,235)                           | 14,681          | 9 years               |
| Chubb Security Services PTY LTD Top 5 Customer Portfolio  | 24,306         | (14,709)                           | 9,597           | 6 years and 5 months  |
| Chubb Security Services PTY LTD Other Customer Portfolio  | 13,634         | (2,153)                            | 11,481          | 16 years              |
| Transbank Customer Portfolio  | 20,143         | (3,180)                            | 16,963          | 16 years              |
| Sergipe Group Nordeste Customer Portfolio   | 7,942          | (2,742)                            | 5,200           | 9 years and 2 months  |
| Fiel Large Customer Portfolio   | 7,553          | (3,651)                            | 3,902           | 5 years and 2 months  |
| Bahia GrupoNordeste Other Customer Portfolio  | 5,766          | (2,218)                            | 3,548           | 8 years               |
|   | 5,885          | (2,370)                            | 3,515           | 7 years and 2 months  |
|   | <b>202,601</b> | <b>(67,547)</b>                    | <b>135,054</b>  |                       |

The carrying amount and remaining useful life of individually significant customer portfolios at 31 December 2015 are as follows:

| Thousands of Euros  | 31/12/2015     |                                    |                 | Remaining useful life |
|---|----------------|------------------------------------|-----------------|-----------------------|
|   | Cost           | Amortisation and impairment losses | Carrying amount |                       |
| Nordeste Group Large Customer Portfolio<br>Norsegel Vigilancia and Transporte de Valores<br>LTDA Large Customer Portfolio | 83,684         | (17,822)                           | 65,862          | 14 years and 2 months |
| Preserve and Transpev Large Customer Portfolio  | 25,494         | (10,043)                           | 15,451          | 10 years              |
| Chubb Security Services PTY LTD Top 5 Customer Portfolio  | 19,338         | (10,846)                           | 8,492           | 7 years and 5 months  |
| Chubb Security Services PTY LTD Other Customer Portfolio  | 13,358         | (1,406)                            | 11,952          | 17 years              |
| Transbank Customer Portfolio  | 19,736         | (2,077)                            | 17,659          | 17 years              |
| Sergipe Group Nordeste Customer Portfolio   | 7,348          | (2,012)                            | 5,336           | 10 years and 2 months |
| Fiel Large Customer Portfolio   | 6,987          | (2,679)                            | 4,308           | 6 years and 2 months  |
| Bahia Grupo Nordeste Other Customer Portfolio   | 6,747          | (2,076)                            | 4,671           | 9 years               |
|   | 5,444          | (1,740)                            | 3,705           | 8 years and 2 months  |
|   | <b>188,136</b> | <b>(50,701)</b>                    | <b>137,435</b>  |                       |

The carrying amount and remaining useful life of individually significant customer portfolios at 31 December 2014 are as follows:

| Thousands of Euros  | 31/12/2014     |                                    |                 | Remaining useful life |
|---|----------------|------------------------------------|-----------------|-----------------------|
|   | Cost           | Amortisation and impairment losses | Carrying amount |                       |
| Nordeste Group Large Customer Portfolio<br>Norsegel Vigilancia and Transporte de Valores<br>LTDA Large Customer Portfolio | 112,031        | (17,635)                           | 94,396          | 15 years and 2 months |
| Preserve and Transpev Large Customer Portfolio  | 34,130         | (11,377)                           | 22,753          | 11 years              |
| Chubb Security Services PTY LTD Top 5 Customer Portfolio  | 25,889         | (13,118)                           | 12,771          | 8 years and 5 months  |
| Chubb Security Services PTY LTD Other Customer Portfolio  | 13,420         | (706)                              | 12,714          | 18 years              |
| Transbank Customer Portfolio  | 19,826         | (1,043)                            | 18,783          | 18 years              |
| Sergipe Group Nordeste Customer Portfolio   | 9,837          | (1,991)                            | 7,846           | 11 years and 2 months |
| Fiel Large Customer Portfolio   | 9,355          | (2,651)                            | 6,704           | 7 years and 2 months  |
| Bahia GrupoNordeste Other Customer Portfolio  | 9,033          | (2,084)                            | 6,949           | 10 years              |
|   | 7,288          | (1,721)                            | 5,567           | 9 years and 2 months  |
|   | <b>240,809</b> | <b>(52,326)</b>                    | <b>188,483</b>  |                       |

The cost at 31 December 2016, 2015 and 2014 for each individually significant customer portfolios differs due to translation differences.

In 2015 the amounts pertaining to the client portfolios of Transvig – Transporte de Valores e Vigilancia LTDA stem from definitive allocations of fair value which were provisionally allocated in 2014:

|   | Thousands of Euros |                     |
|---|--------------------|---------------------|
|   | Computer software  | Customer portfolios |
| Branch of activity "Call Center y Back Office" (Spain)      | -                  | 1,350               |
| Centro Informático de Vigo S.A. (Spain)                     | 14                 | 30                  |
| Transvig - Transporte de Valores e Vigilancia LTDA (Brazil) | -                  | (718)               |
|   | <b>14</b>          | <b>662</b>          |

All reported intangible assets have a defined useful life and are amortised in percentages ranging from 4.55% to 25% according to their estimated useful life. Details of the amortisation percentages of the customer portfolios and trademarks are described in Note 32.6.

Intangible assets are tested for impairment as described in Notes 32.6 and 32.8. No impairment losses have been recognised or reversed in 2016 in 2015 and 2014.

At 31 December 2016, there are no assets subject to ownership restrictions or pledged as collateral for liabilities.

### 13. Investment property

Details of movements in investment property are as follows:

Thousands of Euros

#### Cost

|  |               |
|--|---------------|
| <b>Balance at 1 January 2014</b>             | -             |
| Translation differences                      | 1,672         |
| Additions                                    | 45,267        |
| <b>Balance at 31 December 2014</b>           | <b>46,939</b> |
| Translation differences                      | (33,203)      |
| Additions                                    | 71,315        |
| <b>Balance at 31 December 2015</b>           | <b>85,051</b> |
| Transfer to Non-current assets held-for-sale | (85,051)      |
| <b>Balance at 31 December 2016</b>           | <b>-</b>      |

#### Depreciation and impairment

|  |                |
|--|----------------|
| <b>Balance at 1 January 2014</b>             | -              |
| Translation differences                      | (15)           |
| Additions                                    | (395)          |
| <b>Balance at 31 December 2014</b>           | <b>(410)</b>   |
| Translation differences                      | 519            |
| Additions                                    | (1,482)        |
| <b>Balance at 31 December 2015</b>           | <b>(1,373)</b> |
| Transfer to Non-current assets held-for-sale | 1,373          |
| <b>Balance at 31 December 2016</b>           | <b>-</b>       |

Investment property includes several floors of two buildings located in the city of Buenos Aires (Argentina).

In January 2016 management implemented a plan to sell these buildings. In accordance with this plan, the investment property have been classified as Non-current assets held-for-sale. During 2016 part of the buildings have been sold (see Note 15) and the rest is expected to be sold in the first quarter 2017.

The additions of investment properties during the year 2015 correspond to the acquisition of several plants of two buildings in the city of Buenos Aires.

The income and expenses generated in 2014 from investment property amounted to Euros 1,040 thousand and Euros 330 thousand respectively. The income and expenses generated in 2015 from investment property amounted to Euros 4,089 thousand and Euros 1,482 thousand respectively (for 2016 see Notes 4 and 6).

Prosegur Cash Group has taken out policies to cover the risk of these buildings. The coverage of these policies is considered sufficient.

#### 14. Equity-accounted investees

Equity-accounted investees are recognised derived from joint arrangements.

The joint arrangements comprise the following companies:

- Operating in India: SIS Cash Services Private Limited and its 100% subsidiary SIS Prosegur Holdings Private Limited;
- Operating in South Africa: SBV Services Proprietary Limited and its 100% subsidiaries SBV Services Namibia Proprietary Limited, Carrick Properties (Pinetown) Proprietary Limited and Standard Bertrieb Virtschaft Services Limited (SBV Nigeria).

These joint arrangements are structured as separate vehicles in which Prosegur Cash holds a participation in net assets (49% interest in SIS Cash Services Private Limited and 33.33% in SBV Services Proprietary Limited). Consequently, these investments are classified as joint ventures. The equity method is applied as required by IFRS 11 (see Note 32.1).

Details of movement in equity-accounted investees are as follows:

| Thousands of Euros        | 31/12/2016    | 31/12/2015    | 31/12/2014    |
|---------------------------|---------------|---------------|---------------|
| Interest in joint venture | 28,955        | 13,054        | 20,171        |
|                           | <b>28,955</b> | <b>13,054</b> | <b>20,171</b> |

| Thousands of Euros                            | 31/12/2016    | 31/12/2015    | 31/12/2014    |
|---|---------------|---------------|---------------|
| <b>Balance at the beginning of the period</b> | <b>13,054</b> | <b>20,171</b> | <b>14,381</b> |
| Acquisitions                                  | 18,331        | -             | 5,793         |
| Additions                                     | -             | -             | 565           |
| Share of profits                              | (4,529)       | (1,473)       | (590)         |
| Transfer to Non-current assets held-for-sale  | -             | (6,228)       | -             |
| Transfer                                      | 611           | 198           | -             |
| Translation differences                       | 1,488         | 386           | 22            |
| <b>Balance at the end of the period</b>       | <b>28,955</b> | <b>13,054</b> | <b>20,171</b> |

Acquisitions in 2016 mainly correspond to the subscription of shares representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited (hereinafter SBV) by Prosegur Group, contributed later to Prosegur Cash Group. SBV Services Proprietary Limited operates in the cash in transit and cash management sector. Its business has been implemented nationally in South Africa. The cost of the transaction amounted to South African Rand 320 million (Euros 18,331 thousand). The transaction was carried out on 25 February 2016.

The contractual terms of the subscription of shares in SBV by the Prosegur Cash Group have a hybrid character, which includes an implicit derivative. From February 2019 until February 2021, the Prosegur Cash Group has a put option for the total of its investment in SBV, conditioned only that, at the time of its exercise, the total participation of the Prosegur Cash Group does not exceed 50% of the capital. In case of such option exercise by the Prosegur Cash Group, the mandatory repurchase of shares subscribed by the Prosegur Cash Group on 25 February 2016 will correspond to SBV, and the repurchase of those shares subsequently acquired corresponds to the seller shareholder. In the case that SBV is not able to acquire the shares subscribed by the Prosegur Cash Group, the remaining shareholders will have the obligation to do so. The sale price of the shares would equal its acquisition price, plus a market interest.



As it was not possible to assess this implicit derivative separately and determine its fair value reliably (neither at the time of purchase nor at a later date, mainly due to the fact that the put option has an underlying notional number of shares in the acquiring company, which is not listed), the hybrid financial instrument has not been separated and has been classified as an investment accounted for using the equity-method.

On the other hand, the agreements for the subscription of shares of SBV include, in addition, a right inverse; a purchase option in favour of SBV in certain circumstances. Starting from February 2016 and until February 2019, in case of serious breach (not remedied) of obligations by the Prosegur Cash Group under the contract of technology license and intellectual property rights subscribed between them, SBV will have the right to demand from the Prosegur Cash Group the forced transmission of its total participation (to itself or, in its case, to that shareholder that had sold shares to the Prosegur Cash Group). The acquisition price will be the same as in the case of the sale option described above: the price paid for the shares at the time of acquisition, plus a market interest increased by a certain margin.

Details of equity-accounted investees are as follows:

| Thousands of Euros                                | 31/12/2016    | 31/12/2015    | 31/12/2014    |
|---|---------------|---------------|---------------|
| SIS Cash Services Private Limited                 | 6,849         | 7,944         | 13,986        |
| SIS Prosegur Holdings Private Limited             | 5,359         | 5,110         | -             |
| Servicios de Seguridad Prosegur Regiones Ltda     | -             | -             | 3,510         |
| Prosegur Chile SA                                 | -             | -             | 2,675         |
| SBV Services Proprietary Limited                  | 16,682        | -             | -             |
| Carrick Properties (Pinetown) Proprietary Limited | 65            | -             | -             |
| <b>Balance at the end of the period</b>           | <b>28,955</b> | <b>13,054</b> | <b>20,171</b> |

All the companies detailed above, are allocated to AOA segment, except Prosegur Chile, S.A and Servicios de Seguridad Prosegur Regiones Ltda which belong to Latam segment and were reclassified to assets held-for-sale in 2015.

Detail of the main figures of investments accounted for using the equity method is included in Appendix III.

There are no commitments relating to significant contingent liabilities in any of the joint arrangements accounted for by the equity method.

## 15. Non-current assets held-for-sale and associated liabilities

As explained in Note 1 Prosegur decided to spin-off the cash business unit to a newly-incorporated company, Prosegur Cash. As a consequence in 2014 and 2015 Prosegur management implemented plans to sell the following assets:

- All net assets related to Security business which are held by the Prosegur Cash Group companies and were planned to be sold to Prosegur Group within the spin-off process.
- Investment properties in Argentina.
- Some operating buildings.

### Net assets related to Security business

In January 2014 the assets and liabilities of the following companies were classified as held-for-sale:

- The following companies in Brasil: Prosegur Sistemas de Seguranca, Ltda., Prosegur Administracao de Recebiveis, Ltda., Prosegur Activa Alarmes, S.A., Prosegur Gestao de Efetivos, Ltda.
- The following company in Uruguay: Prosegur Uruguay Compañía de Seguridad, S.A.

The above mentioned companies were classified as available for sale as there was a high probability of these companies being sold under a committed sales plan approved by management. These companies were available for immediate sale in January 2014. The profit and loss associated to these Security businesses was classified under discontinued operations from 2014 until the date of sale.

During 2015 the above mentioned companies were sold to the Prosegur Group. The sale process took more than one year as a result of the execution of the restructuring plan of Prosegur Group, which was composed by several concatenated operations, the ones were executed based on when the previous operations were completed, all of them approved by the Management since 2014.

In January 2015 the assets and liabilities of the following companies were classified as held-for-sale:

- The following companies in Argentina: Prosegur Seguridad, S.A., Prosegur Argentina Holding, S.A., Prosegur Inversiones Argentina, S.A., Prosegur Vigilancia Activa, S.A., Servicios Auxiliares Petroleros, S.A., Xiden, S.A.C.I., Prosegur Tecnología Argentina, S.A., General Industries Argentina, S.A., Tellex, S.A., Prosegur, S.A. and Servin Seguridad, S.A.
- The following companies in Peru: Proservicios, S.A., Proseguridad, S.A., Orus, S.A., Orus Selva, S.A. and Inversiones RB, S.A.
- The following companies in Chile: Servicios de Seguridad Prosegur Regiones, Ltda, Prosegur Tecnología Chile, Ltda, Prosegur Gestión de Activos Chile Limitada, Prosegur Chile, S.A. and Sociedad de Distribución Canje y Mensajería Ltda.
- The following companies in Singapore: Prosec Services Pte, Ltd., Prosegur Singapore Pte Ltd (ex Evtec Management Services Pted, Ltd).
- The following companies in Paraguay: Soluciones Integrales en Seguridad Prosegur Paraguay S.A. and Alarmas Prosegur Paraguay S.A.

The above mentioned companies were classified as available for sale as there was a high probability of these companies being sold under a committed sales plan approved by management. These companies were available for immediate sale in January 2015. The profit and loss associated to these Security businesses was classified under discontinued operations from 2014 and 2015 until the date of sale.

During 2016 all the companies mentioned above were sold to Prosegur Group. The sale process took more than one year as a result of the execution of the restructuring plan of Prosegur Group, which was composed by several concatenated operations, the ones were executed based on when the previous operations were completed, all of them approved by the Management since 2015.

In January 2016 the assets and liabilities of Security of Prosegur Brasil, S.A. Transportadora de Valores e Segurança have been classified as held-for-sale and on December 31, 2016, the purchase agreement between Prosegur Cash Group and the Prosegur Group has been signed. Due to regulatory reasons the spin-off process require more time and is expected to be finished before 31 December 2017.

At 31 December 2016 a sale contract with Prosegur was signed which compromises the mentioned spin-off and the transfer to Prosegur of the resulting entity.

#### Brazilian Security business Sale Agreement

In Brazil, the Prosegur Group operated a combined Cash business and a Security business through a single local entity, Prosegur Brasil, S.A. Transportadora de Valores e Segurança (the "Prosegur Brazil"). Due to the lengthy administrative procedures required to spin-off the Brazilian Cash Business from the Brazilian Security Business under Brazilian law, it was not possible to legally separate these businesses yet, and Prosegur Brazil, including both businesses, was transferred to Prosegur Cash Group.

On 1 January 2016 the Brazilian Security business was classified as available for sale as there was a high probability of this business being sold to the Prosegur Group under a committed sales plan approved by management. The profit and loss associated to this Security business is classified under discontinued operations in each of the years 2016, 2015 and 2014.

On 31 December 2016 the Prosegur Cash Group entered into the Brazilian Security business Sale Agreement in order to sell the Brazilian Security Business to the Prosegur Group. The sale of the Brazilian Security Business is to be preceded by a spin-off of the Brazilian Security Business to a separate entity, with only the Brazilian Cash Business remaining part of Prosegur Brazil. Prosegur Cash Group has been carrying out the administrative procedures relating to the transaction described above during the entire year 2016 and expects to finalize those procedures and to transfer the Brazilian Security Business to the Prosegur Group during 2017. The proceeds of this sale will be used to strengthen Prosegur Cash Group's cash position.

Under the terms of the Brazilian Security Business Sale Agreement signed on 31 December 2016, the Prosegur Group has agreed to indemnify the Prosegur Cash Group for any contingencies arising from the Brazilian Security Business and, additionally, agrees to reimburse the Prosegur Cash Group on a quarterly basis between the signing and the closing of the sale of the Brazilian Security Business, for any net cash consumed by the Brazilian Security Business.

The sale agreement includes a sale price of Euros 18,444 thousand which has been determined by management on the basis of an external independent expert's appraisal report. The net book value at 31 December 2016 amounts to 16,102 thousand euros.

Since the estimated fair value exceeds the net carrying amount of assets and liabilities held-for-sale amounting to Euros 2,342 thousand as of the valuation date, no impairment was considered necessary.

The valuation performed is based on discounted cash flows (level 3 fair value). The valuation model considers the present value of future cash flows, discounted using a discount rate for the company / projects adjusted for business risk, which includes the rate of return required by shareholders and creditors net of tax debt. The expected cash flows have been determined by considering the forecast revenue and EBITDA based on the budget approved by management. The significant unobservable inputs used refer to the forecasted annual revenue growth according to the company's expectations, long-term growth in line with long-term inflation expectations in Brazil (4.5%), forecasted EBITDA (2016-19: (0.3%) to 2.6%) and risk-adjusted discount rate (13.75% to 14.25%).

### Investment property in Argentina

These comprise investment property in Argentina with a carrying amount of Euros 65,778 thousand at 31 December 2016. In 2015 and 2014 the net book value amounted to 83,678 thousand euros and 46,529 thousand euros, respectively (see Note 13).

On 1 January 2016 investment properties were classified as available for sale as there was a high probability of them being sold under a committed sales plan approved by management. These assets were available for immediate sale on that date. The profit and loss associated to these investment properties are classified under continued operations.

Investments properties that will be sold in February 2017 (Note 31) have had a sale process longer than a year as a result of price negotiations due to the internal administrative steps were several external appraisal was required.

Total fair value, after a valuation analysis by an independent expert, amounted to a maximum prize of Euros 84,018 thousand (Euros 90,061 thousand at 31 December 2015; at 31 December 2014 there was no valuation performed due to recent purchase) and a minimum prize of Euros 60,123 thousand (Euros 71,143 thousand at 31 December 2015). The breakdown of the maximum prize was as follows:

| Thousands of Euros   | 31/12/2016    | 31/12/2015    |
|--|---------------|---------------|
| Bouchard 551   | 36,511        | 41,759        |
| Torre Intercontinental, Moreno 845/847/877 Alsina 880 and Tacuarri 242/292 | 47,507        | 48,302        |
|  | <b>84,018</b> | <b>90,061</b> |

In 2016 two floors and 16 garages of the Torre Intercontinental have been sold for Argentinian Pesos 82,749 thousand (equivalent to the amount of Euros 4,943 thousand at the time of the transaction).

The income and expenses generated in 2016 of Euros 6,130 thousand and Euros 345 thousand, respectively, are presented as profit and loss from continued operations (Note 6).

### Operating buildings

Within the restructuring process certain operating property, plant and equipment with a carrying amount of Euros 49,578 thousand were reclassified to Non-current assets held-for-sale at 1 December 2015 as there was a high probability of them being sold under a committed sales plan approved by management. In 2016 all of these assets were sold to Prosegur Group companies for Euros 95,952 thousand. The sales prices were determined based on valuations performed by third-party appraisals. The net gain from sale of these assets of Euros 46,374 thousand has been presented as income and loss from continued operations (see Note 6) as well as the related depreciation until 1 December 2015.

### Non-current assets held-for-sale and liabilities directly related to non-current assets classified as held-for-sale:

At 31 December 2016, 2015 and 2014 non-current assets held-for-sale and liabilities directly related to non-current assets classified as held-for-sale is recognised at carrying amount and comprises the following assets and liabilities:

| Thousands of Euros  | 31/12/2016     | 31/12/2015     | 31/12/2014    |
|---|----------------|----------------|---------------|
| <b>Non-current assets held-for-sale</b>   |                |                |               |
| Property, plant and equipment   | 5,652          | 61,520         | 77            |
| Investment property   | 65,778         | -              | -             |
| Goodwill  | 17,912         | 27,846         | 1,885         |
| Other intangible assets   | 23,874         | 9,357          | -             |
| Equity-accounted investees  | -              | 6,461          | -             |
| Non-current financial assets  | -              | 17,723         | 2,545         |
| Deferred tax assets   | 18,326         | 5,640          | 640           |
| Inventories   | 586            | 7,792          | -             |
| Accounts receivables  | 111,617        | 51,042         | 9,871         |
| Current financial assets  | -              | 4,885          | 4,643         |
| Other current assets  | -              | 737            | -             |
| Cash and cash equivalents   | 22,823         | 39,873         | 131           |
|   | <b>266,568</b> | <b>232,876</b> | <b>19,792</b> |
| <b>Liabilities directly related to non-current assets classified as held-for-sale</b> |                |                |               |
| Thousands of Euros  | 31/12/2016     | 31/12/2015     | 31/12/2014    |
| Long-term financial liabilities   | 20             | 311            | -             |
| Deferred tax liabilities  | 5,039          | 2,782          | -             |
| Non-current provisions  | 54,729         | 4,325          | 1,058         |
| Short-term financial liabilities  | 5,481          | 837            | -             |
| Trade and other payables  | 119,419        | 21,855         | -             |
| Other current liabilities   | -              | 17             | -             |
|   | <b>184,688</b> | <b>30,127</b>  | <b>1,058</b>  |

In all cases, the carrying amount has been smaller than the fair value less cost of sales. The result associated with the assets and liabilities classified as held for sale in 2015 and 2016 for 2014 has been classified as a result after tax of discontinued operations, for their comparability.

The decrease in property, plant and equipment in 2016 is due to the sale of operating assets (see Note 6).

During 2016, two plants of the Intercontinental Tower, classified as held-for-sale (see Note 6) were sold, resulting in a decrease of 5,682 thousand euros, The remaining change in the investment property caption is due to the devaluation of the Argentinian peso.

The remaining items, both assets and liabilities, vary as a result of the sales and contributions made by the Prosegur Cash Group with Security business companies.

**Loss from discontinued operations:**

| Thousands of Euros  | <u>31/12/2016</u> | <u>31/12/2015</u> | <u>31/12/2014</u> |
|---|-------------------|-------------------|-------------------|
| Revenues  | 417,228           | 600,106           | 596,219           |
| Cost of sales   | (324,600)         | (374,242)         | (507,158)         |
| <b>Gross profit</b>                                       | <b>92,628</b>     | <b>225,864</b>    | <b>89,061</b>     |
| Other income  | 1,342             | 1,889             | 5                 |
| Selling, general and administrative expenses              | (86,594)          | (212,929)         | (78,896)          |
| Other expenses  | (26,896)          | (32,559)          | (4,859)           |
| Depreciation and amortization                             | -                 | (3,292)           | (6,335)           |
| Results from sale of assets held-for-sale                 | 2,549             | (51)              | -                 |
| <b>Results from operating activities</b>                  | <b>(16,971)</b>   | <b>(21,078)</b>   | <b>(1,024)</b>    |
| Finance income  | 465               | 6,541             | 3,046             |
| Finance costs   | (5,021)           | (18,324)          | (3,327)           |
| Finance costs exchange rate differences                   | (33,446)          | (6,927)           | -                 |
| <b>Net finance income/(costs)</b>                         | <b>(38,002)</b>   | <b>(18,710)</b>   | <b>(281)</b>      |
| <b>Loss before income tax from discontinued operation</b> | <b>(54,973)</b>   | <b>(39,788)</b>   | <b>(1,305)</b>    |
| Income tax  | 7,697             | 10,622            | (310)             |
| <b>Loss from discontinued operation, net of tax</b>       | <b>(47,276)</b>   | <b>(29,166)</b>   | <b>(1,615)</b>    |
| Atributable to:   |                   |                   |                   |
| Owners of the Parent                                      | (47,914)          | (28,807)          | (1,615)           |
| Non-controlling interest                                  | 638               | (359)             | -                 |

Income tax for 2016, 2015 and 2014 are composed by Euros 1,080 thousand, Euros 873 thousand and Euros 63 thousand as current tax respectively and Euros 6,617 thousand, Euros 9,749 thousand and Euros (373) thousand as deferred tax respectively.

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

| Thousands of Euros                            | <u>31/12/2016</u> | <u>31/12/2015</u> | <u>31/12/2014</u> |
|---|-------------------|-------------------|-------------------|
| Profit before income tax                      | <b>(54,973)</b>   | <b>(39,788)</b>   | <b>(1,305)</b>    |
| Tax rate                                      | 25%               | 28%               | 30%               |
| Result of applying tax rate to profit         | (13,743)          | (11,141)          | (392)             |
| Permanent differences                         | 12,315            | 7,329             | (2)               |
| Effect of application of different tax rates  | 8,005             | 13,809            | (47)              |
| Adjustment of deferred taxes from prior years | 308               | (187)             | 47                |
| Adjustment to taxes from prior years          | 154               | 106               | 87                |
| Loss without deferred tax                     | 661               | 710               | (4)               |
| Previously unrecognised deductions applied    | (2)               | (3)               | -                 |
| Income tax expense                            | <b>7,697</b>      | <b>10,622</b>     | <b>(310)</b>      |

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

| Thousands of Euros                             | <u>31/12/2016</u> | <u>31/12/2015</u> | <u>31/12/2014</u> |
|--|-------------------|-------------------|-------------------|
| Net cash used in operating activities          | (1,338)           | 18,352            | 7,844             |
| Net cash from investing activities             | (44,844)          | (16,366)          | (1,828)           |
| Net cash from/(used in) financing activities   | (433)             | 7,302             | (6,076)           |
| <b>Net cash flows for the period</b>           | <b>(46,615)</b>   | <b>9,288</b>      | <b>(60)</b>       |
| Effect of translation differences on cash held | (501)             | (8,423)           | 30                |
| Net cash from changes in perimeter             | 30,066            | 38,877            | 161               |
| <b>Change in cash and cash equivalents</b>     | <b>(17,050)</b>   | <b>39,742</b>     | <b>131</b>        |

The impact on cash from the disposal of the net assets linked to the Security business, that are included on caption "Proceeds from sale of subsidiaries held-for-sale, net of cash and cash equivalents" under continuing operations is detailed below:

| Thousands of Euros                    | <u>31/12/2016</u>    | <u>31/12/2015</u>   |
|---------------------------------------|----------------------|---------------------|
| Consideration received                | 90,985               | 5,509               |
| Cash and cash equivalents disposed of | <u>(18,149)</u>      | <u>(198)</u>        |
| <b>Net cash inflows</b>               | <b><u>72,836</u></b> | <b><u>5,311</u></b> |

The impact from the disposal of the net assets linked to the Security business is detailed below.

#### Effect of disposal on the financial position of the Group:

| Thousands of Euros                  | <u>31/12/2016</u>      | <u>31/12/2015</u>     |
|-------------------------------------|------------------------|-----------------------|
| Consideration total                 | 93,126                 | 5,509                 |
| Net assets and liabilities disposed | <u>(124,023)</u>       | <u>(12,487)</u>       |
| <b>Effect of disposal</b>           | <b><u>(30,897)</u></b> | <b><u>(6,978)</u></b> |

## 16. Inventories

Details of inventories are as follows:

|                           | Thousand of Euros   |                     |                      |
|---------------------------|---------------------|---------------------|----------------------|
|                           | <u>31/12/2016</u>   | <u>31/12/2015</u>   | <u>31/12/2014</u>    |
| Fuel and other            | 3,620               | 2,000               | 5,574                |
| Operating materials       | 2,278               | 3,168               | 2,303                |
| Uniforms                  | 415                 | 825                 | 909                  |
| Impairment of inventories | (137)               | (70)                | (520)                |
| Others                    | 1,281               | 1,223               | 7,487                |
|                           | <b><u>7,457</u></b> | <b><u>7,145</u></b> | <b><u>15,753</u></b> |

Inventory mainly includes fuel and operating materials such as security seals, bags, etc.

## 17. Trade and other receivables

Details of trade and other receivables are as follows:

|   | Thousand of Euros     |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
|   | <u>31/12/2016</u>     | <u>31/12/2015</u>     | <u>31/12/2014</u>     |
| Customer receivables for sales and services | 302,095               | 301,440               | 383,059               |
| Less: Impairment of receivables             | <u>(6,830)</u>        | <u>(12,659)</u>       | <u>(15,239)</u>       |
| Trade receivables - net                     | <u>295,265</u>        | <u>288,781</u>        | <u>367,820</u>        |
| Public administrations                      | 19,101                | 41,295                | 44,047                |
| Employee prepayments                        | 5,900                 | 7,096                 | 3,402                 |
| Judicial deposits                           | 29,327                | 32,297                | 45,288                |
| Prepayments                                 | 30,404                | 13,344                | 14,654                |
| Other receivables                           | 46,779                | 39,426                | 75,233                |
|   | <b><u>426,776</u></b> | <b><u>422,239</u></b> | <b><u>550,444</u></b> |

Credit risk from trade receivables is not concentrated in any one customer or country as the Prosegur Cash Group works with a large number of customers distributed among the different countries in which it operates (Note 29).

At 31 December 2016 there are no factoring contracts.

On 29 December 2015 a non-recourse factoring agreement was signed with Deutsche Bank. The factoring contract expired in January 2016. The contract expressly indicates that the purchaser would not be entitled to recourse against the seller in the event of any default or delay in collection of a transferred receivable. In other words, the purchaser assumes the credit risk and default risk.

Under the terms of this agreement, receivables sold are derecognized and the difference between their carrying amount and the amount actually received is recognized as a finance cost in the consolidated income statement (see Note 7). At 31 December 2015 receivables amounting to Brazilian Reals 26,218 thousand (equivalent to Euros 6,081 thousand at 31 December 2015) have been derecognized in connection with this contract.

In December 2014, a non-recourse factoring contract was signed on receivables totaling Brazilian Reals 47,493 thousand (equivalent to Euros 14,852 thousand at 31 December 2014). This contract was not renewed when it expired in January 2015. At 31 December 2014 receivables amounting to Brazilian Reals 47,493 thousand (equivalent to Euros 14,852 thousand at 31 December 2014) were derecognized in connection with these contracts.

Judicial deposits include the deposits related to the provision for labor claims in Brazil (Note 21).

Details of past-due trade receivables that are not impaired is as follows:

|               | Thousands of Euros |               |               |
|---------------|--------------------|---------------|---------------|
|               | 31/12/2016         | 31/12/2015    | 31/12/2014    |
| 0 to 3 months | 63,168             | 74,805        | 71,217        |
| 3 to 6 months | 5,837              | 8,705         | 10,738        |
| Over 6 months | 4,153              | 9,524         | 7,631         |
|               | <b>73,158</b>      | <b>93,034</b> | <b>89,586</b> |

The carrying amount of past-due trade receivables is similar to their fair value, as the effect of discounting is not significant.

Whenever there has been reasonable doubt about the collectability of any past-due trade receivables, impairment has been recognised.

Changes in impairment of receivables are as follows:

|   | Thousand of Euros |                 |                 |
|---|-------------------|-----------------|-----------------|
|   | 31/12/2016        | 31/12/2015      | 31/12/2014      |
| <b>Balance at the beginning of the period</b> | <b>(12,659)</b>   | <b>(15,239)</b> | <b>(13,588)</b> |
| Provision for impairment                      | (1,384)           | (1,525)         | (3,976)         |
| Applications and other                        | -                 | 1,869           | 1,505           |
| Transfer to Non-current assets held-for-sale  | 7,016             | 910             | -               |
| Translation differences                       | 197               | 1,326           | 820             |
| <b>Balance at the end of the period</b>       | <b>(6,830)</b>    | <b>(12,659)</b> | <b>(15,239)</b> |

As a general rule, impaired receivables are written off when it is not expected to recover any further amount.

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

The policies in respect of credit risk and currency risk on trade receivables are described in Note 29.1.

## 18. Non-current and other financial assets

Non-current financial assets at 31 December 2014 mainly include shares of Prosegur of Euros 19,542 thousand. All the investments are related to Security business companies and Prosegur Cash did not have significant influence. All those investments were sold or contributed to Prosegur Group in 2015.

Details of other current financial assets are as follows:

|   | Thousands of Euros |            |              |
|---|--------------------|------------|--------------|
|   | 31/12/2016         | 31/12/2015 | 31/12/2014   |
| <b>Balance at the beginning of the period</b> | -                  | 8,241      | 22           |
| Additions                                     | -                  | -          | 7,444        |
| Disposals                                     | -                  | (8,242)    | -            |
| Translation differences                       | -                  | 1          | 775          |
| <b>Balance at the end of the period</b>       | -                  | -          | <b>8,241</b> |

Other financial assets at 31 December 2014 were mainly presented by a 1-year fixed-term deposit of Euros 7,240 thousand with maturity on 2 February 2015.

## 19. Cash and cash equivalents

Details of cash and cash equivalents are as follows:

|                           | Thousand of Euro |                |                |
|---------------------------|------------------|----------------|----------------|
|                           | 31/12/2016       | 31/12/2015     | 31/12/2014     |
| Cash in hand and at banks | 181,568          | 172,307        | 155,199        |
| Current bank deposits     | 7,212            | 29,245         | 73,316         |
|                           | <b>188,780</b>   | <b>201,552</b> | <b>228,515</b> |

The effective interest rate on current bank deposits in 2016 is 9.83% (in 2015: 9.40%; in 2014: 9.70%) and the average term of deposits held in 2016 was 17 days (in 2015: 20 days; in 2014: 29 days).

The Prosegur Cash Group holds no investments in sovereign debt at the end of the reporting period and has made no such investments during 2016, 2015 and 2014.

## 20. Equity

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

### a) Capital and share premium

Prosegur Cash was incorporated as a limited liability, wholly-owned company under Spanish law on 22 February 2016 with a share capital of Euros 3 thousand represented by 3,000 shares with Euro 1 of nominal value each one. The share capital was entirely paid by Prosegur Compañía de Seguridad, S.A. through a cash contribution.

As it was agreed by the sole shareholder on 6 May 2016 the share capital of Prosegur Cash was increased by Euro 1 through the issuance of 1 new share of Euro 1 of nominal value through a non-monetary contribution of the 100% participation in the spanish company Prosegur Global CIT ROW, S.L.U. This increase in the share capital created a share premium of Euros 176,641 thousand.

As it was agreed by the sole shareholder on 26 July 2016 the share capital of Prosegur Cash was increased by Euros 29,997 thousand through the issuance of 29,996,999 new shares of Euro 1 of nominal value each through a non-monetary contribution of the 100% participation in the spanish company Prosegur Global CIT, S.L.U. This increase in the share capital has created a share premium of Euros 733,907 thousands.

At 21 September 2016 Prosegur Cash was converted into a joint-stock company and the share capital of Prosegur Cash was divided into 300,000,000 shares of Euros 0.10 of nominal value each, fully subscribed and paid up. There are no restrictions for the free transferability of the shares.



At 30 November 2016 Prosegur has performed a capital increase of its wholly-owned subsidiary, the Spanish entity Prosegur Assets Management, S.L.U.; through the contribution of 49% of the shares of Prosegur Cash.

At 19 December 2016, the Company's shareholders have resolved to split each share with a nominal value of Euros 0.10 into 5 shares with a nominal value of Euros 0.02, in such a way that the share capital becomes divided into 1,500,000,000 shares with a nominal value of Euros 0.02 each. Likewise, it was agreed to transform the system of representation of the shares of the Company from nominative securities to book entry securities.

At 30 December 2016 there was a reduction of share premium of Euros 910,548 thousand for the repayment to the shareholders leaving the caption at zero.

At 31 December 2016 the share capital of Prosegur Cash amounts to Euros 30,000 thousand represented by 1,500,000,000 shares of Euro 0.02 of nominal value each.

Prosegur Compañía de Seguridad, S.A., the Parent company of Prosegur Group, is the ultimate shareholder of the Prosegur Cash Group, directly and indirectly through its wholly-owned subsidiary Prosegur Assets Management, S.L.U.

## **b) Reserves**

As explained in Note 1 and 2, Prosegur Cash was incorporated in 2016 mainly through a non-monetary contribution of entities under common control of Prosegur Group. However, the Company's Board of Directors has opted to present consolidated annual accounts for the year ended 31 December 2016 together with the unaudited comparative financial information of 2015 and 2014 and, accordingly, recorded the contribution of the subsidiaries at 1 January 2014, the beginning of the earliest period presented. Notwithstanding, the amounts related to the capital contribution of 2016 have been presented under the caption of "Retained Earnings and Other Reserves" and "Non-Controlling Interests" at 1 January 2014 and later reclassified to "Share Capital" and "Share Premium" in 2016 once the capital contributions legally and effectively occurred.

The above mentioned non-monetary contributions have been accounted for in the Prosegur Cash Group's consolidated annual accounts using the consolidated values under IFRS-EU at Prosegur Group level amounting to Euros 1,223,440 thousand for "Retained Earnings and Other Reserves" (net of translation differences amount Euros 1,013,653 thousand) and Euros 8,153 thousands "Non-Controlling Interests" at 1 January 2014.

Under the caption "dividends to Security Companies" in 2016, are included reserve distribution of Euros 46,781 thousand related to the following companies: Transportadora de Caudales Juncadella, S.A. (Argentina) and Singpai Pte Ltd (Singapore).

Under the caption "Acquisition from integrated Companies" in 2016 are included all the subsequent purchase of the companies integrated into the consolidation from 1 January 2014 of Euros 10,733 thousand: Pitco Reinsurance, S.A. (Luxembourg), Compañía Transportadora de Valores Prosegur de Colombia, S.A. (Colombia), TC Interplata, S.A. (Argentina), Transportadora de Caudales Juncadella, S.A. (Argentina), Singpai Pte Ltd (Singapore), Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de CV (Mexico), Prosegur Servicios de Seguridad Privada Electrónica, S.A. de CV (Mexico).

Under the caption "Acquisition from integrated Companies" in 2015, are included all the subsequent purchase of the companies integrated into the consolidation from 1 January 2015 of Euros 128,162 thousand: TSR Participacoes Societarias S.A. (Brazil), Prosegur Traitement de Valeurs Provence, S.A.S. (Ex-Euroval S.A.S.) (France) and Prosegur Traitement de Valeurs S.A.S.U. (France).

Within the retained earnings and other consolidated reserves there are reserves of approximately 433 million euros, corresponding to the results generated by the subsidiaries prior to the contribution to Prosegur Cash. Mentioned amount, although it may be distributed to Prosegur Cash as the parent of the group, will not be available for distribution as dividends to Prosegur Cash shareholders. This is because dividends from investments in equity instruments of the parent company that derive from results generated prior to the date of the contribution will reduce the value of said investment and therefore will not be converted into available reserves of the parent.

Additionally, current subsidiaries of Prosegur Cash have distributed dividends outside its perimeter before being contributed to Prosegur Cash for Euros 48,719 thousands in 2016 (Euros 34,019 thousand in 2015; Euros 101,390 thousand in 2014).

The proposed distribution of the parent's profit for 2016, determined in accordance with prevailing legislation and standards for the preparation of individual annual accounts, to be submitted to the sole shareholders for approval at the annual general meeting, is as follows:

| Thousand of Euros          | 31/12/2016 |
|----------------------------|------------|
| <b>Basis of allocation</b> |            |
| Profit for the year        | 5,181      |
|                            | 5,181      |
| <b>Distribución</b>        |            |
| Legal reserve              | 518        |
| Voluntary reserves         | 4,663      |
|                            | 5,181      |

### c) Translation reserves

Translation reserves comprises all foreign currency differences arising from the conversion of the financial statements of foreign operations.

Details of balances of translation differences by currencies are as follows:

| Thousand of Euros  | 31/12/2016 | 31/12/2015 | 31/12/2014 |
|--------------------|------------|------------|------------|
| Brazilian Real     | (137,292)  | (191,513)  | (95,751)   |
| Argentinian Peso   | (224,068)  | (204,993)  | (103,899)  |
| Chilean Peso       | 2,001      | (3,310)    | (43)       |
| Uruguayan Peso     | (993)      | (1,629)    | (659)      |
| Paraguayan Guarani | (7,121)    | (8,579)    | (4,334)    |
| Colombian Peso     | (3,527)    | (5,817)    | (1,277)    |
| Peruvian Nuevo Sol | (20,078)   | (24,114)   | (12,989)   |
| Mexican Peso       | 372        | 737        | 892        |
| Singapour Dollar   | 4,137      | 3,935      | 2,041      |
| Australian Dollar  | (78)       | (1,426)    | (366)      |
| Indian Rupee       | (1,837)    | (1,701)    | (1,966)    |
| South African Rand | 3,411      | -          | -          |
|                    | (385,073)  | (438,410)  | (218,351)  |

Variations mainly arise as a result of the devaluations of the Argentinian and Brazilian currency.

## 21. Provisions

Details of provisions and changes are as follows:

| Thousand of Euros                            | Labour-related risks | Legal risks | Restructuring | Employee benefits | Other risks | Total    |
|--|----------------------|-------------|---------------|-------------------|-------------|----------|
| <b>Balance at 1 January 2016</b>             | 61,532               | 4,121       | 3,821         | 4,787             | 58,439      | 132,700  |
| Provisions recognised in profit and loss     | 20,626               | 9,468       | -             | 1,136             | 15,536      | 46,766   |
| Reversals recognised in profit and loss      | (4,130)              | (1,592)     | -             | -                 | -           | (5,722)  |
| Applications                                 | (12,477)             | (4,414)     | (900)         | (113)             | (4,896)     | (22,800) |
| Reversal recognised in equity                | -                    | -           | -             | 955               | -           | 955      |
| Transfers                                    | -                    | -           | -             | -                 | 611         | 611      |
| Transfer to Non-current assets held-for-sale | (15,777)             | (532)       | -             | -                 | (10,923)    | (27,232) |
| Translation differences                      | 8,480                | 365         | -             | 697               | 5,348       | 14,890   |
| <b>Balance at 31 December 2016</b>           | 58,254               | 7,416       | 2,921         | 7,462             | 64,115      | 140,168  |
| Non current                                  | 58,254               | 7,416       | -             | 7,462             | 63,915      | 137,047  |
| Current                                      | -                    | -           | 2,921         | -                 | 200         | 3,121    |

| Thousand of Euros                            | Labour-related risks | Legal risks  | Restructuring | Employee benefits expense | Other risks   | Total          |
|--|----------------------|--------------|---------------|---------------------------|---------------|----------------|
| <b>Balance at 1 January 2015</b>             | <b>97,724</b>        | <b>4,691</b> | <b>18,180</b> | <b>6,789</b>              | <b>64,644</b> | <b>192,028</b> |
| Provisions recognised in profit and loss     | 20,044               | 1,898        | -             | (361)                     | 16,374        | 37,955         |
| Reversals recognised in profit and loss      | (509)                | -            | (1,823)       | -                         | (1,375)       | (3,707)        |
| Applications                                 | (33,406)             | (1,230)      | (12,536)      | (50)                      | (5,207)       | (52,429)       |
| Reversal recognised in equity                | -                    | -            | -             | (961)                     | -             | (961)          |
| Transfer to Non-current assets held-for-sale | (6,375)              | (232)        | -             | -                         | (5,644)       | (12,251)       |
| Translation differences                      | (15,946)             | (1,006)      | -             | (630)                     | (10,353)      | (27,935)       |
| <b>Balance at 31 December 2015</b>           | <b>61,532</b>        | <b>4,121</b> | <b>3,821</b>  | <b>4,787</b>              | <b>58,439</b> | <b>132,700</b> |
| Non current                                  | 61,532               | 4,121        | -             | 4,732                     | 57,426        | 127,811        |
| Current                                      | -                    | -            | 3,821         | 55                        | 1,013         | 4,889          |

| Thousand of Euros                        | Labour-related risks | Legal risks  | Restructuring | Employee benefits expense | Other risks   | Total          |
|--|----------------------|--------------|---------------|---------------------------|---------------|----------------|
| <b>Balance at 1 January 2014</b>         | <b>78,084</b>        | <b>4,959</b> | <b>36,164</b> | <b>4,712</b>              | <b>57,012</b> | <b>180,931</b> |
| Provisions recognised in profit and loss | 23,344               | 2,034        | -             | 1,861                     | 9,393         | 36,632         |
| Reversals recognised in profit and loss  | (1,898)              | (395)        | -             | -                         | (1,635)       | (3,928)        |
| Applications                             | (9,452)              | (1,905)      | (28,258)      | (55)                      | (3,317)       | (42,987)       |
| Business combinations                    | 104                  | 17           | 10,274        | -                         | 1,128         | 11,523         |
| Reversal recognised in equity            | -                    | -            | -             | 208                       | 14            | 222            |
| Transfers                                | 10,571               | -            | -             | -                         | -             | 10,571         |
| Translation differences                  | (3,029)              | (19)         | -             | 63                        | 2,049         | (936)          |
| <b>Balance at 31 December 2014</b>       | <b>97,724</b>        | <b>4,691</b> | <b>18,180</b> | <b>6,789</b>              | <b>64,644</b> | <b>192,028</b> |
| Non current                              | 97,724               | 4,691        | -             | 6,789                     | 64,644        | 173,848        |
| Current                                  | -                    | -            | 18,180        | -                         | -             | 18,180         |

### a) Labour-related risks

Provisions for labour-related risks, which amount to Euros 58,254 thousand at 31 December 2016 (Euros 61,532 thousand at 31 December 2015 and Euros 97,724 in 2014), are calculated case by case based on the estimated probability of success or failure. This probability determined by various law firms with whom the Prosegur Cash Group works. Furthermore, an internal review of the probability of reaching an agreement in each case based on its historical experience is carried out to determine the final provision to be recognised.

The provision for labour-related risks mainly comprises provisions for labour litigation in Brazil, which include lawsuits filed by former and current employees of the Cash business. The particularities of labour legislation in Brazil results in lawsuits becoming drawn out over time. At 31 December 2016, there were 2,574 open labour cases (3,166 at 31 December 2015 and 3,877 at 31 December 2014). From this total figure Transpev open labour cases amounts to 118 at 31 December 2016 (at 31 December 2015: 384 cases and at 31 December 2014: 1,075 cases).

This section also includes a provision of Euros 12,839 thousand (Euros 14,879 thousand at 31 December 2015) relating to the business combination formed with Transpev in 2005. In 2014 Euros 10,571 thousand was transferred to this provision from a payable associated with the business combination as a result of a debt renegotiation with the seller.

The provisions or reversals recognised in profit and loss are recorded under the caption "other expenses" under total cost of sales in Note 4 and the finance costs comprise monetary adjustments recorded under other financial expenses (see Note 7).

### b) Legal risks

The provision for legal risks, which amounts to Euros 7,416 thousand (Euros 4,121 thousand in 2015 and Euros 4,691 thousand at 31 December 2014), is mainly for civil lawsuits, which are analysed on a case-by-case basis. There are included litigations mainly in Brazil. It is probable that these amounts will have to be paid in the future,

although both the total amount to be ultimately settled and their timing are uncertain and dependent on the outcome of the lawsuits currently underway. There are no significant legal risks.

**c) Restructuring**

The provision for restructuring is related to the acquisition in 2013 of Brinks Deutschland GmbH, reflecting the estimated cost of termination benefits and other costs.

In 2014 the provision was recalculated and adjusted by Euros 10,274 thousand in connection with the updated fair value of assets and liabilities of the acquisition.

In 2016, payments amounted to Euros 900 thousand (Euros 12,536 thousand in 2015 and Euros 28,258 thousand in 2014). Income of Euros 1,823 thousand was recognised in 2015 corresponding to provisions accrued in the previous periods.

**d) Employee benefits**

The benefit plans are contracted in Germany, Brazil and France. The valuation of committed benefits performed by qualified actuaries have been revised at each of the 2016, 2015 and 2014 year end (Note 5.2).

The benefit plans in Germany and France are retirement bonuses. In Brazil there is a post-employment healthcare plan offered to employees in order to comply with local legislation (Law 9656).

**e) Other risks**

The provision for other risks, which amounts to Euros 64,115 thousand at 31 December 2016 (Euros 58,439 thousand at 31 December 2015 and Euros 64,644 thousand in 2014) includes numerous items.

It is probable that these amounts will have to be paid, although both the amount to be ultimately settled and their timing are uncertain and dependent on the outcome of the lawsuits underway.

The most significant lawsuits are as follows:

**Tax contingencies**

Tax accruals arise mainly in Brazil and Argentina related to Cash business, amounting to Euros 43,631 thousand at 31 December 2016 (Euros 39,104 thousand at 31 December 2015 and Euros 31,752 thousand in 2014).

Tax accruals associated with Brazil refer to various concepts, mainly claims of direct and indirect municipal and state taxes, as well as provisions relating to the business combination with Nordeste and Transpev from previous years. In Argentina they refer to various amounts that are not individually significant, most of them relating to municipal and provincial taxes.

The most probable outcome is used as the basis for determining tax exposures that are uncertain. Tax risks are classified as significant on the basis of the opinions expressed in external reports on analysis of the jurisprudence of the case at hand. Furthermore, internal analyses are drawn up based on similar cases encountered in the past or in other entities.

Each tax contingency is analysed in detail at each quarterly end. This analysis includes quantifying, qualifying and provisioning each risk. To determine these parameters for the year-end, an independent expert issues a letter containing an analysis and assessment of the most significant risks. This letter is used by management in determining the level of provisions to be recorded in the consolidated annual accounts.

The provisions or reversals recognised in profit and loss are included under other expenses in Note 4.

**Comcare Australia**

In 2016, payments were made for commitments associated with Australia's occupational accidents insurance plan amounting to Euros 1,195 thousand (Euros 1,347 thousand at 31 December 2015 and Euros 1,771 thousand in 2014). The accrual for 2016 amounted to Euros 832 thousand (Euros 142 thousand for 2015) leading to a total provision of Euros 4,763 thousand (Euros 5,002 thousand at 31 December 2015 and Euros 6,207 thousand in 2014), of which Euros 1,195 thousand are current provisions (Euros 1,017 thousand in 2015 and Euros 1,849 thousand in 2014).

**Accrued obligations to personnel**

These provisions include the accrued incentive, payable in cash, for the 2017 Plans (see Note 32.17).

During this period, an endowment was made and charged to the profit/loss account for the year, amounting to Euros 1,790 thousand (Euros 120 thousand in 2015). Said amount includes the fair value adjustment of share prices for the 2017 Plan.

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

**22. Financial liabilities**

Details of financial liabilities are as follows:

| Thousands of Euros     | Average interest rate | 31/12/2016     |               | Average interest rate | 31/12/2015    |                | Average interest rate | 31/12/2014     |               |
|------------------------|-----------------------|----------------|---------------|-----------------------|---------------|----------------|-----------------------|----------------|---------------|
|                        |                       | Non-current    | Current       |                       | Non-current   | Current        |                       | Non-current    | Current       |
| Bank loans             | 1.19%                 | 614,402        | 11,747        | 7.56%                 | 31,819        | 89,071         | 6.20%                 | 99,334         | 31,712        |
| Finance lease payables | 7.17%                 | 11,875         | 8,502         | 4.76%                 | 11,521        | 6,416          | 7.79%                 | 15,875         | 14,498        |
| Credit accounts        | 3.53%                 | -              | 43,307        | 4.13%                 | -             | 30,593         | 5.29%                 | -              | 14,454        |
| Other payables         | 10.28%                | 8,443          | 23,759        | 14.16%                | 23,490        | 22,625         | 10.69%                | 52,980         | 29,806        |
|                        |                       | <b>634,720</b> | <b>87,315</b> |                       | <b>66,830</b> | <b>148,705</b> |                       | <b>168,189</b> | <b>90,470</b> |

Details of financial liabilities and the corresponding terms and conditions are as follows:

| Thousands of Euros     | Currency          | Year of maturity | 31/12/2016     |               | 31/12/2015    |                | 31/12/2014     |               |
|------------------------|-------------------|------------------|----------------|---------------|---------------|----------------|----------------|---------------|
|                        |                   |                  | Non-current    | Current       | Non-current   | Current        | Non-current    | Current       |
| Bank loans             | Euro              | 2017-2019        | 612,025        | 142           | 13,745        | 123            | 13,846         | 213           |
| Bank loans             | Brazilian real    | 2017             | -              | 11,574        | 5,758         | 32,646         | 22,268         | 11,329        |
| Bank loans             | Australian dollar | 2016             | -              | -             | -             | 47,098         | 46,997         | 13,505        |
| Bank loans             | Peruvian Sol      | 2017             | -              | -             | 6,825         | 5,031          | 12,015         | 5,356         |
| Bank loans             | Other currencies  | 2017-2020        | 2,377          | 31            | 5,491         | 4,173          | 4,208          | 1,309         |
| Finance lease payables | Euro              | 2017-2019        | 5,472          | 3,205         | 6,909         | 3,688          | 9,341          | 3,996         |
| Finance lease payables | Brazilian real    | 2017-2019        | 3,097          | 1,756         | 578           | 1,620          | 605            | 8,003         |
| Finance lease payables | Other currencies  | 2017-2023        | 3,306          | 3,541         | 4,034         | 1,108          | 5,929          | 2,499         |
| Credit accounts        | Euro              | 2017             | -              | 29,299        | -             | 5,847          | -              | 1,755         |
| Credit accounts        | Australian dollar | 2017             | -              | -             | -             | 13,426         | -              | 12,699        |
| Credit accounts        | Other currencies  | 2017             | -              | 14,008        | -             | 11,320         | -              | -             |
| Other payables         | Euro              | 2017-2018        | 253            | 499           | 80            | 44             | 127            | 890           |
| Other payables         | Brazilian real    | 2017-2019        | 8,026          | 18,000        | 22,899        | 21,879         | 51,496         | 27,336        |
| Other payables         | Argentine peso    | 2017-2023        | 105            | 106           | 453           | 56             | 1,059          | 229           |
| Other payables         | Other currencies  | 2017-2018        | 59             | 5,154         | 58            | 646            | 298            | 1,351         |
|                        |                   |                  | <b>634,720</b> | <b>87,315</b> | <b>66,830</b> | <b>148,705</b> | <b>168,189</b> | <b>90,470</b> |

**Bank loans**

The main bank loans balances correspond to the Debenture in Brazil and a Syndicated loan in Australia in 2015 and 2014. In 2016 mainly corresponds to the Syndicated loan in Spain.

**Syndicated Loan (Spain)**

On 20 December 2016 Prosegur Cash arranged a three-year syndicated financing facility of Euros 600,000 thousand with the purpose to rearrange its debts. At 31 December 2016 the syndicated loan has been drawn down by Euros 600,000 thousand.

The interest rate is pegged to the Euribor plus an adjustable margin based on the variation of the ratio of net financial debt to EBITDA.

The contract states that the future full instalment should be paid at the expiration date in 2019.

Additionally, this loan has the guarantees granted by the main subsidiaries of the Prosegur Cash Group in Peru, Argentina and Brazil, in addition to the Prosegur's guarantee, the last one, for as long as the syndicated loan agreement of Prosegur is valid.

Said contract has the following obligatory financial ratios covenants for Prosegur Cash, S.A., which have been fulfilled for 2016:

- Net Financial Debt / EBITDA Ratio, which must be less than or equal to 3.5;
- EBITDA Ratio / Net Financial Expenses, which must exceed 5.

#### **Debenture (Brazil)**

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

The debenture has been cancelled in full on 28 September 2016. So, there is no outstanding balance at 31 December 2016 (on 31 December 2015: Brazilian Reals 70,936 thousand, equivalent to Euros 16,452 thousand; on 31 December 2014: Brazilian Reals 102,469 thousand, equivalent to Euros 31,815 thousand).

#### **Syndicated Loan (Australia)**

In December 2013, Prosegur, through its subsidiaries Prosegur Australia Holdings PTY Limited and Prosegur Australia Investments PTY Limited, arranged a three-year syndicated financing facility of Australian Dollars 70,000 thousand to finance the acquisition of security sector companies.

On 12 September 2016, the entire syndicated loan has been canceled in full, therefore, there is no amount as at 31 December 2016 (Australian Dollars 70,000 thousand, equivalent to Euros 46,989 thousand as at 31 December 2015; Euros 46,997 thousand at 31 December 2014).

#### **Finance lease payables**

Details of minimum payments under finance leases are as follows:

|                  | Thousand of Euro |               |               |
|------------------|------------------|---------------|---------------|
|                  | 31/12/2016       | 31/12/2015    | 31/12/2014    |
| Less than 1 year | 9,635            | 6,424         | 13,122        |
| 1 to 5 years     | 12,403           | 12,769        | 18,297        |
| Over 5 years     | 302              | 184           | 1,852         |
| Interest         | (1,963)          | (1,440)       | (2,898)       |
|                  | <b>20,377</b>    | <b>17,937</b> | <b>30,373</b> |

The main assets acquired under finance leases are armoured vehicles and cash management machines (Note 10).

#### **Credit accounts**

Details of undrawn credit facilities are as follows:

|                              | Thousand of Euro |               |               |
|------------------------------|------------------|---------------|---------------|
|                              | 31/12/2016       | 31/12/2015    | 31/12/2014    |
| Maturing in less than 1 year | 88,573           | 59,382        | 74,156        |
| Maturing in more than 1 year | 15,000           | -             | -             |
|                              | <b>103,573</b>   | <b>59,382</b> | <b>74,156</b> |

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

## Other payables

Other payables mainly relate to payments pending in relation to business combinations carried out in both the present period and prior years (Note 27). Details of other payables are as follows:

|   | Thousand of Euro |               |               |
|---|------------------|---------------|---------------|
|   | 31/12/2016       | 31/12/2015    | 31/12/2014    |
| <b>Non-current</b>                                |                  |               |               |
| Contingent and deferred payments for acquisitions | 776              | 22,158        | 51,852        |
| Other   | 7,667            | 1,332         | 1,128         |
|   | <b>8,443</b>     | <b>23,490</b> | <b>52,980</b> |
| <b>Current</b>                                    |                  |               |               |
| Contingent and deferred payments for acquisitions | 23,219           | 21,929        | 27,927        |
| Other   | 540              | 696           | 1,879         |
|   | <b>23,759</b>    | <b>22,625</b> | <b>29,806</b> |

The deferred and contingent payments relating to acquisitions are as follows:

| Thousands of Euros                                 | Currency          | 31/12/2016  |               | 31/12/2015    |               | 31/12/2014    |               |
|--|-------------------|-------------|---------------|---------------|---------------|---------------|---------------|
|  |                   | Non-current | Current       | Non-current   | Current       | Non-current   | Current       |
| Fiel Vigilancia e Transp. Valores                  | Brazilian real    | -           | 683           | -             | 699           | -             | 906           |
| Transvig - Transporte de Valores e Vigilancia LTDA | Brazilian real    | 769         | 384           | 805           | 268           | 805           | 268           |
| Grupo Nordeste y Transbank                         | Brazilian real    | -           | 16,934        | 21,253        | 20,913        | 50,947        | 26,564        |
| TC Interplata S.A.                                 | Peso Argentino    | 7           | 100           | 100           | 50            | 100           | 189           |
| MIV Gestión S.A.                                   | Euro              | -           | 323           | -             | -             | -             | -             |
| Assets acquisition from Toll Transport Pty Ltd     | Australian Dollar | -           | 4,795         | -             | -             | -             | -             |
|  |                   | <b>776</b>  | <b>23,219</b> | <b>22,158</b> | <b>21,929</b> | <b>51,852</b> | <b>27,927</b> |

## Bailment

The Prosegur Cash Group in Australia has access under a bailment agreement to the installations for supplying cash to the cash points belonging to the Prosegur Cash Group. Within these installations, the cash is owned by the bailor, which enters into bailment agreements directly with the Prosegur Cash Group. The Prosegur Cash Group has access to this cash for the sole purpose of loading cash into the cash points operated under this contract. Settlement of the cash assets and associated liabilities is made through regulated clearing systems including offsetting rights. As a result, no associated assets or liabilities are shown in the consolidated annual accounts. The amount of the bailment at 31 December 2016 is Australian Dollars 67.6 million, equivalent to Euros 46.65 million (Australian Dollars 60 million at 31 December 2015, equivalent to Euros 40.3 million; Australian Dollars 27 million at 31 December 2014, equivalent to Euros 18.2 million).

## 23. Trade and other payables

Details of trade and other payables are as follows:

|                                 | Thousand of Euro |                |                |
|---------------------------------|------------------|----------------|----------------|
|                                 | 31/12/2016       | 31/12/2015     | 31/12/2014     |
| Trade payables                  | 111,872          | 95,576         | 111,979        |
| Accrued personnel expenses      | 107,274          | 117,513        | 124,069        |
| Social Security and other taxes | 72,250           | 76,196         | 108,055        |
| Other payables                  | 43,399           | 32,226         | 24,465         |
|                                 | <b>334,796</b>   | <b>321,511</b> | <b>368,568</b> |

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

The average period of suppliers payments of the Spanish companies included in the consolidated annual accounts are as follows:

|                                     | <u>31/12/2016</u>  |
|-------------------------------------|--------------------|
|                                     | <u>Days</u>        |
| Average supplier payment period     | 69                 |
| Ratio of operations paid            | 68                 |
| Ratio of operationg pending payment | 78                 |
|                                     | <u>Thousand of</u> |
|                                     | <u>Euros</u>       |
| Total payments performed            | 32,035             |
| Total payments pending              | 2,943              |

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

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

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

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

## 24. Income taxes

Prosegur Cash is included in the Prosegur Group income tax group 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.

In addition, the Prosegur Cash Group files consolidated income tax returns in the following countries: France, Portugal and Australia.

- In France, the Consolidated Tax Group (*Intégration Fiscale*) is formed by six companies Prosegur Participations, SAS (parent company), Prosegur Traitement de Valeurs Azur, SA, Prosegur Logistique de Valeurs Azur, SA, Prosegur Traitement de Valeurs Provence, SAS, Prosegur Traitement de Valeurs, SASU and Prosegur Traitement de Valeurs EST, SAS.
- In Portugal, Prosegur Logistica e Tratamento de Valores Portugal SA is a member of the consolidated tax group of companies with the rest of Portuguese affiliates of Prosegur.
- In Australia, the consolidated tax group comprises five Australian companies: Prosegur Australia Holdings PTY Limited, Prosegur Australia Investments PTY Limited, Prosegur Australia Pty Limited, Prosegur Technology Pty Limited and Prosegur Asset Management Pty Ltd.

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

The Company as well as Prosegur Global CIT, S.L.U., Prosegur Global CIT ROW, S.L.U., Prosegur International CIT 1, S.L.U., Prosegur International CIT 2, S.L.U., Armor Acquisition, S.A. and Juncadella Prosegur Internacional, S.A. has opted and has duly communicated such option to the tax authorities to be taxed under the “Régimen especial de las Entidades de Tenencia de Valores Extranjeros” (an “ETVE”), the special regime for foreign-securities holding companies (the “FSHC regime”).



Entities fulfilling the following requirements may qualify for the said regime:

- (a) Their corporate purpose must include the management and administration of securities representing the equity of entities not resident in Spain by means of the corresponding organization of material and human resources;
- (b) Their securities must be registered or "nominative";
- (c) Due to its legal form they may not be constituted as a Spanish or European "Agrupación de Interés Económico" (economic interest group) or as an "Unión Temporal de Empresas" (temporary business association); and
- (d) The Company cannot be considered an asset-holding entity within the meaning of article 5.2 of CI Tax Act. An asset-holding entity will be any at which more than half of its assets are formed by securities or are not used in an economic activity.

Below is a detail of the tax calculation for the related income and expenses to be passed to the Prosegur Cash Group. This result has not been re-calculated as if the Prosegur Cash had already existing during 2015 and 2014, it merely has been the assignment of Prosegur's calculation of those items transferred to the new Prosegur Cash Group, if a recalculation would be done the impact would not have deferred from the presented below.

Details of the income tax expense for the Prosegur Cash Group, distinguishing between current tax and deferred tax, are as follows:

| Thousands of Euros | 31/12/2016     | 31/12/2015     | 31/12/2014    |
|--------------------|----------------|----------------|---------------|
| Current tax        | 147,679        | 125,362        | 94,490        |
| Deferred tax       | 2,234          | (17,470)       | (3,762)       |
|                    | <b>149,913</b> | <b>107,892</b> | <b>90,728</b> |

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

| Thousands of Euros                   | 31/12/2016     | 31/12/2015     | 31/12/2014    |
|--------------------------------------|----------------|----------------|---------------|
| Current year                         | 146,341        | 123,868        | 89,035        |
| Loss without recognised deferred tax | 1,906          | 1,583          | 4,666         |
| Prior year adjustments               | (568)          | (89)           | 789           |
|                                      | <b>147,679</b> | <b>125,362</b> | <b>94,490</b> |

The main items making up the deferred tax expense/(income) are as follows:

| Thousands of Euros                                      | 31/12/2016   | 31/12/2015      | 31/12/2014     |
|---|--------------|-----------------|----------------|
| Source and reversal of temporary differences and others | (10,583)     | (5,917)         | 228            |
| Tax losses  | 368          | (6,882)         | (8,141)        |
| Investments   | 2,529        | -               | (5,545)        |
| Goodwill for tax purposes                               | 9,920        | (4,671)         | 9,696          |
|   | <b>2,234</b> | <b>(17,470)</b> | <b>(3,762)</b> |

The deferred tax expenses from goodwill for tax purposes arose from Brazilian local mergers that had place in past years. Brazilian tax legislation allows accelerated depreciation.

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

| Thousands of Euros                            | 31/12/2016     | 31/12/2015     | 31/12/2014     |
|---|----------------|----------------|----------------|
| <b>Profit before income tax</b>               | <b>376,155</b> | <b>316,032</b> | <b>262,768</b> |
| Tax rate                                      | 25%            | 28%            | 30%            |
| Result of applying tax rate to profit         | 94,039         | 88,489         | 78,830         |
| Permanent differences                         | 30,074         | 6,832          | 443            |
| Effect of application of different tax rates  | 24,919         | 13,014         | 7,229          |
| Adjustment of deferred taxes from prior years | (416)          | (1,904)        | (1,229)        |
| Adjustment to taxes from prior years          | (568)          | (89)           | 789            |
| Loss without deferred tax                     | 1,906          | 1,583          | 4,666          |
| Previously unrecognised deductions applied    | (41)           | (33)           | -              |
| <b>Income tax expense</b>                     | <b>149,913</b> | <b>107,892</b> | <b>90,728</b>  |

The effective average tax rate in 2016 is 39.85% (34.14% in 2015 and 34.53% in 2014). The permanent differences epigrapher includes the costs associated with the corporate restructuring carried out by Prosegur during 2016.

During years 2015 and 2016, Prosegur, as defined in its strategic plan, has carried out a process of organizational and corporate restructuring of the group aimed to transforming the management model by country into a business model (in line with the best practices of the sector), separating the divisions of Cash, Security and Alarms. The process of organizational and corporate restructuring of the Prosegur Group's Cash division has been carried out legally through execution in the years 2015 and 2016. The fiscal cost associated with this corporate restructuring for 2016 assumed by the Prosegur Cash Group amounts to Euros 22,330 thousand.

In this respect, Prosegur guarantees to the Prosegur Cash Group that the reorganization of the Prosegur Cash Group has been carried out in compliance with the regulations (in particular mercantile, administrative, labor and tax) applicable in each jurisdiction. Accordingly, the Prosegur Group undertakes to keep the Prosegur Cash Group fully indemnified and compensate for actual and pecuniary damages suffered by the Prosegur Cash Group or any of the Prosegur Cash Group's existing subsidiaries as a direct result of Breach of the guarantee on the reorganization.

The tax rates of the countries in which the Prosegur Cash operates are as follows:

| <b>Tax Rate/Country</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|-------------------------|-------------|-------------|-------------|
| Germany                 | 30.50%      | 30.50%      | 30.50%      |
| Spain                   | 25.00%      | 28.00%      | 30.00%      |
| France                  | 33.33%      | 33.33%      | 33.33%      |
| Luxembourg              | 29.20%      | 29.20%      | 29.20%      |
| Portugal                | 22.50%      | 22.50%      | 23.50%      |
| Argentina               | 35.00%      | 35.00%      | 35.00%      |
| Brazil                  | 34.00%      | 34.00%      | 34.00%      |
| Chile                   | 24.00%      | 22.50%      | 20.00%      |
| Colombia                | 35.00%      | 35.00%      | 35.00%      |
| México                  | 30.00%      | 30.00%      | 28.00%      |
| Paraguay                | 10.00%      | 10.00%      | 10.00%      |
| Peru                    | 28.00%      | 28.00%      | 30.00%      |
| Uruguay                 | 25.00%      | 25.00%      | 25.00%      |
| Australia               | 30.00%      | 30.00%      | 30.00%      |
| India                   | 38.00%      | 38.00%      | 38.00%      |
| Singapore               | 17.00%      | 17.00%      | 17.00%      |
| South Africa            | 28.00%      | n/a         | n/a         |

In Spain, the 27/2014 November 27, Corporate Income Tax law, among other things, set the reduction over two years of the general corporate tax rate, which up until 31 of December 2014 stood at 30%. Since then, the Spanish tax rates have been established as follows:

|                       | <b>Tax rate</b> |
|-----------------------|-----------------|
| Year 2015             | 28.00%          |
| Year 2016 and onwards | 25.00%          |

Also, the local tax laws of Peru and Chile changed their tax rates for the upcoming years. These tax rates are as follows:

|                       | <b>Tax rate</b> |              |
|-----------------------|-----------------|--------------|
|                       | <b>Peru</b>     | <b>Chile</b> |
| Year 2015             | 28.00%          | 22.50%       |
| Year 2016             | 28.00%          | 24.00%       |
| Year 2017             | 29.50%          | 25.50%       |
| Year 2018             | 29.50%          | 27.00%       |
| Year 2019 and onwards | 29.50%          | 27.00%       |

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

The composition of deferred tax assets and liabilities and movement during the periods are as follows:

**Deferred tax assets**

|  | 1 January<br>2014 | Recognised<br>in profit and<br>loss | Business<br>combinations | Recognised<br>in equity | Transfers  | Translation<br>differences | Balance at<br>31<br>December<br>2014 | Transfers to<br>Non-current<br>assets held-<br>for-sale | Recognised<br>in profit and<br>loss | Business<br>combinations | Recognised<br>in equity | Transfers | Translation<br>differences | 31<br>December<br>2015 | Transfers to<br>Non-current<br>assets held-<br>for-sale | Recognised<br>in profit and<br>loss | Business<br>combinations | Recognised<br>in equity | Transfers | Translation<br>differences | Balance at<br>31<br>December<br>2016 |
|--|-------------------|-------------------------------------|--------------------------|-------------------------|------------|----------------------------|--------------------------------------|---|-------------------------------------|--------------------------|-------------------------|-----------|----------------------------|------------------------|---|-------------------------------------|--------------------------|-------------------------|-----------|----------------------------|--------------------------------------|
| Thousands of Euros   |                   |                                     |                          |                         |            |                            |                                      |   |                                     |                          |                         |           |                            |                        |   |                                     |                          |                         |           |                            |                                      |
| Amortisation and depreciation of PPE and intangible assets | 2,305             | 452                                 | -                        | -                       | -          | 8                          | 2,765                                | (451)   | 787                                 | -                        | -                       | -         | (146)                      | 2,955                  | -   | 438                                 | -                        | -                       | -         | 95                         | 3,488                                |
| Investments  | 56                | 5,545                               | -                        | -                       | -          | 296                        | 5,897                                | (5,897)   | -                                   | -                        | -                       | -         | -                          | -                      | -   | -                                   | -                        | -                       | -         | -                          | -                                    |
| Provision differences                                      | 48,657            | 1,521                               | -                        | 6                       | 249        | 7,097                      | 57,530                               | (14,498)  | 4,813                               | -                        | -                       | -         | (6,398)                    | 41,447                 | (4,193)   | (3,338)                             | -                        | -                       | -         | 2,511                      | 36,427                               |
| Tax losses   | 7,146             | 8,141                               | 1,384                    | -                       | -          | 440                        | 17,111                               | (2,190)   | 6,882                               | -                        | -                       | -         | (420)                      | 21,383                 | (4,295)   | (368)                               | -                        | -                       | -         | 5,075                      | 21,795                               |
| Goodwill for tax purposes                                  | 49,520            | (14,982)                            | -                        | -                       | -          | 2,350                      | 36,888                               | (611)   | 4,671                               | -                        | -                       | -         | (7,378)                    | 33,570                 | (11,238)  | (690)                               | -                        | -                       | -         | 5,814                      | 27,457                               |
| Other  | 2,676             | (2,470)                             | -                        | -                       | -          | (84)                       | 122                                  | 1,036   | (295)                               | -                        | (222)                   | -         | (195)                      | 446                    | -   | (23)                                | -                        | 95                      | -         | (140)                      | 378                                  |
|  | <b>110,360</b>    | <b>(1,793)</b>                      | <b>1,384</b>             | <b>6</b>                | <b>249</b> | <b>10,107</b>              | <b>120,313</b>                       | <b>(22,611)</b>   | <b>16,858</b>                       | <b>-</b>                 | <b>(222)</b>            | <b>-</b>  | <b>(14,537)</b>            | <b>99,801</b>          | <b>(19,726)</b>   | <b>(3,980)</b>                      | <b>-</b>                 | <b>95</b>               | <b>-</b>  | <b>13,356</b>              | <b>89,546</b>                        |

**Deferred tax liabilities**

|  | 1 January<br>2014 | Recognised<br>in profit and<br>loss | Business<br>combinations | Recognised<br>in equity | Transfers    | Translation<br>differences | Balance at<br>31<br>December<br>2014 | Transfers to<br>Non-current<br>assets held-<br>for-sale | Recognised<br>in profit and<br>loss | Business<br>combinations | Recognised<br>in equity | Transfers | Translation<br>differences | 31<br>December<br>2015 | Transfers to<br>Non-current<br>assets held-<br>for-sale | Recognised<br>in profit and<br>loss | Business<br>combinations | Recognised<br>in equity | Transfers | Translation<br>differences | Balance at<br>31<br>December<br>2016 |
|--|-------------------|-------------------------------------|--------------------------|-------------------------|--------------|----------------------------|--------------------------------------|---|-------------------------------------|--------------------------|-------------------------|-----------|----------------------------|------------------------|---|-------------------------------------|--------------------------|-------------------------|-----------|----------------------------|--------------------------------------|
| Thousands of Euros   |                   |                                     |                          |                         |              |                            |                                      |   |                                     |                          |                         |           |                            |                        |   |                                     |                          |                         |           |                            |                                      |
| Amortisation and depreciation of PPE and intangible assets | (51,605)          | (269)                               | (1,050)                  | (258)                   | (634)        | (7,271)                    | (61,087)                             | 18,294  | 6,788                               | (274)                    | -                       | -         | 2,469                      | (33,810)               | (530)   | (4,852)                             | (1,344)                  | -                       | -         | (2,840)                    | (43,377)                             |
| Goodwill for tax purposes                                  | (30,080)          | 5,824                               | -                        | -                       | -            | (187)                      | (24,443)                             | (9,463)   | -                                   | -                        | -                       | -         | 10,028                     | (23,878)               | -   | 19,869                              | -                        | -                       | -         | (3,794)                    | (7,804)                              |
| Investments  | 14                | -                                   | -                        | -                       | -            | 15                         | 29                                   | (29)  | -                                   | -                        | -                       | -         | (61)                       | (61)                   | -   | (1,648)                             | -                        | -                       | -         | (66)                       | (1,775)                              |
| Other  | -                 | -                                   | -                        | -                       | -            | -                          | -                                    | -   | (6,176)                             | -                        | -                       | -         | 1,256                      | (4,920)                | 4,920   | (11,622)                            | -                        | -                       | -         | (2,645)                    | (14,268)                             |
|  | <b>(81,671)</b>   | <b>5,555</b>                        | <b>(1,050)</b>           | <b>(258)</b>            | <b>(634)</b> | <b>(7,443)</b>             | <b>(85,501)</b>                      | <b>8,802</b>  | <b>612</b>                          | <b>(274)</b>             | <b>-</b>                | <b>-</b>  | <b>13,692</b>              | <b>(62,669)</b>        | <b>4,390</b>  | <b>1,747</b>                        | <b>(1,344)</b>           | <b>-</b>                | <b>-</b>  | <b>(9,345)</b>             | <b>(67,224)</b>                      |

Details of total current and deferred income tax in relation to items recognised directly in equity during each period are as follows:

| Thousands of Euros       | <u>31/12/2016</u> | <u>31/12/2015</u> | <u>31/12/2014</u> |
|--------------------------|-------------------|-------------------|-------------------|
| Capital gains and losses | 95                | (222)             | (252)             |
|                          | <u>95</u>         | <u>(222)</u>      | <u>(252)</u>      |

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

| Thousands of Euros       | <u>31/12/2016</u> | <u>31/12/2015</u> | <u>31/12/2014</u> |
|--------------------------|-------------------|-------------------|-------------------|
| Deferred tax assets      | 76,845            | 80,993            | 81,370            |
| Deferred tax liabilities | (60,162)          | (54,497)          | (60,456)          |
|                          | <u>16,683</u>     | <u>26,495</u>     | <u>20,914</u>     |

The new Spanish Corporate Income Tax Act establishes an annual limit of 25% of the positive tax base; effective for the tax year beginning on 1 January 2016.

Goodwill is amortized for tax purposes at an annual rate of 5%.

Details by country of deferred tax assets and liabilities are as follows:

| Thousands of Euros | <u>31/12/2016</u>   |                          | <u>31/12/2015</u>   |                          | <u>31/12/2014</u>   |                          |
|--------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|--------------------------|
|                    | Deferred tax assets | Deferred tax liabilities | Deferred tax assets | Deferred tax liabilities | Deferred tax assets | Deferred tax liabilities |
| Brazil             | 58,283              | (36,042)                 | 66,997              | (37,391)                 | 89,941              | (56,557)                 |
| Argentina          | 1,773               | (1,392)                  | 6,249               | (1,828)                  | 6,325               | (4,727)                  |
| France             | 1,645               | (2,134)                  | 1,542               | (2,495)                  | 1,515               | (2,856)                  |
| Other              | 27,845              | (27,656)                 | 25,013              | (20,955)                 | 22,532              | (21,361)                 |
| <b>Total</b>       | <u>89,546</u>       | <u>(67,224)</u>          | <u>99,801</u>       | <u>(62,669)</u>          | <u>120,313</u>      | <u>(85,501)</u>          |

Deferred tax assets derived from carryforward losses are recognized only if future tax benefits are considered probable.

At 31 December 2016, details of tax loss carryforwards and the years until which they can be offset are as follows:

| Year                                   | Thousands of Euros |                    |                      |
|--|--------------------|--------------------|----------------------|
|  | <u>Total</u>       | <u>Capitalized</u> | <u>Uncapitalized</u> |
| 2018                                   | 945                | -                  | 945                  |
| Subsequent years or without time limit | 107,858            | 60,881             | 46,977               |
|  | <u>108,803</u>     | <u>60,881</u>      | <u>47,922</u>        |

Details of capitalised and uncapitalised tax loss carryforwards at 31 December 2016 are as follows:

|              | Thousands of Euros |                      |
|--------------|--------------------|----------------------|
|              | <u>Capitalized</u> | <u>Uncapitalized</u> |
| Germany      | 34,590             | 32,299               |
| France       | 3,689              | 3,494                |
| Argentina    | 595                | -                    |
| Brazil       | 21,495             | -                    |
| Chile        | 512                | 262                  |
| Mexico       | -                  | 11,236               |
| Singapore    | -                  | 580                  |
| Holland      | -                  | 51                   |
| <b>Total</b> | <u>60,881</u>      | <u>47,922</u>        |

At 31 December 2016 most tax loss carryforwards uncapitalised are in Germany, Mexico and France. The rest are shown as capitalised in the consolidated annual accounts. Euros 108,803 thousand of the Company's capitalised and uncapitalised tax loss carryforwards available for offset, which total Euros 96,971 thousand, have no time limit for offset. The remaining Euros 11,832 thousand do have time limit for offset.

At 31 December 2016, details of capitalised and uncapitalised tax loss carryforwards and the periods during which they are available for offset are as follows (tax loss carryforwards expressed in thousands of Euros):

|              | Thousands of Euros |          |            | Subsequent years or without time limit |
|--------------|--------------------|----------|------------|--|
|              | Total amount       | 2017     | 2018       |  |
| Germany      | 66,889             | -        | -          | 66,889                                 |
| France       | 7,183              | -        | -          | 7,183                                  |
| Argentina    | 595                | -        | -          | 595                                    |
| Brazil       | 21,495             | -        | -          | 21,495                                 |
| Chile        | 774                | -        | -          | 774                                    |
| Mexico       | 11,236             | -        | 945        | 10,291                                 |
| Singapore    | 580                | -        | -          | 580                                    |
| Holland      | 51                 | -        | -          | 51                                     |
| <b>Total</b> | <b>108,803</b>     | <b>-</b> | <b>945</b> | <b>107,858</b>                         |

At 31 December 2015, details of tax loss carryforwards and the years until which they can be offset are as follows:

| Year                                   | Thousands of Euros |                |               |
|--|--------------------|----------------|---------------|
|  | Total              | Capitalized    | Uncapitalized |
| 2017                                   | 126                | 126            | -             |
| Subsequent years or without time limit | 157,356            | 104,568        | 52,788        |
|  | <b>157,482</b>     | <b>104,694</b> | <b>52,788</b> |

Details of capitalised and uncapitalised tax loss carryforwards at 31 December 2015 are as follows:

|              | Thousands of Euros |               |
|--------------|--------------------|---------------|
|              | Capitalized        | Uncapitalized |
| Germany      | 34,590             | 35,107        |
| France       | 2,212              | 4,797         |
| Argentina    | 515                | -             |
| Brazil       | 59,397             | -             |
| Chile        | 3,997              | 371           |
| Colombia     | 322                | -             |
| Mexico       | 1,644              | 12,513        |
| Peru         | 992                | -             |
| Uruguay      | 1,025              | -             |
| <b>Total</b> | <b>104,694</b>     | <b>52,788</b> |

At 31 December 2015 most tax loss carryforwards in Germany, Mexico and France have not been capitalised. While the rest are shown as capitalised in the consolidated annual accounts. Euros 113,971 thousand of the capitalised and uncapitalised tax loss carryforwards available for offset, which total Euros 97,409 thousand, have no time limit for offset. The remaining Euros 16,562 thousand do have time limit for offset.

At 31 December 2015, details of the capitalised and uncapitalised tax loss carryforwards and the periods during which they are available for offset are as follows (tax loss carryforwards expressed in thousands of Euros):

|              | Thousands of Euros |          |            | Subsequent<br>years or<br>without<br>time limit |
|--------------|--------------------|----------|------------|---|
|              | Total amount       | 2016     | 2017       |   |
| Germany      | 69,697             | -        | -          | 69,697  |
| France       | 7,009              | -        | -          | 7,009   |
| Argentina    | 515                | -        | -          | 515   |
| Brazil       | 59,397             | -        | -          | 59,397  |
| Chile        | 4,368              | -        | -          | 4,368   |
| Colombia     | 322                | -        | -          | 322   |
| Mexico       | 14,157             | -        | -          | 14,157  |
| Peru         | 866                | -        | 126        | 992   |
| Uruguay      | 1,025              | -        | -          | 1,025   |
| <b>Total</b> | <b>157,356</b>     | <b>-</b> | <b>126</b> | <b>157,482</b>                                  |

At 31 December 2014, details of tax loss carryforwards and the years until which they can be offset are as follows:

| Year                                   | Thousands of Euros |               |               |
|--|--------------------|---------------|---------------|
|  | Total              | Capitalized   | Uncapitalized |
| 2015                                   | 798                | 438           | 360           |
| 2016                                   | 946                | 946           | -             |
| Subsequent years or without time limit | 99,288             | 48,498        | 50,790        |
|  | <b>101,032</b>     | <b>49,882</b> | <b>51,150</b> |

Details of capitalised and uncapitalised tax loss carryforwards at 31 December 2014 are as follows:

|              | Thousands of Euros |               |
|--------------|--------------------|---------------|
|              | Capitalized        | Uncapitalized |
| Germany      | 31,511             | 31,981        |
| France       | 2,218              | 2,552         |
| Brazil       | 11,967             | 2,740         |
| Chile        | 1,434              | 360           |
| Mexico       | -                  | 13,517        |
| Peru         | 438                | -             |
| Uruguay      | 2,314              | -             |
| <b>Total</b> | <b>49,882</b>      | <b>51,150</b> |

At 31 December 2014, details of the capitalised and uncapitalised tax loss carryforwards and the periods during which they are available for offset are as follows (tax loss carryforwards expressed in thousands of Euros):

|              | Thousands of Euros |            |            | Subsequent<br>years or<br>without<br>time limit |
|--------------|--------------------|------------|------------|---|
|              | Total amount       | 2015       | 2016       |   |
| Germany      | 63,492             | -          | -          | 63,492  |
| France       | 4,770              | -          | -          | 4,770   |
| Brazil       | 14,707             | -          | -          | 14,707  |
| Chile        | 1,794              | 360        | 946        | 488   |
| Mexico       | 13,517             | -          | -          | 13,517  |
| Peru         | 438                | 438        | -          | -   |
| Uruguay      | 2,314              | -          | -          | 2,314   |
| <b>Total</b> | <b>101,032</b>     | <b>798</b> | <b>946</b> | <b>99,288</b>                                   |

Deferred tax assets are recognised provided that it is probable that sufficient taxable profits will be available against which the temporary differences can be utilised. For that purpose cash flows projections based on financial budgets approved by management are prepared.

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

During 2016 the following corporate restructuring operations were carried out under the neutral tax regime:

- 1) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 0.03% of Prosegur International CIT 1, S.L. to Prosegur Global CIT S.L.U. in February 2016.
- 2) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 100.0% of Prosegur Cash Services Germany GmbH to Prosegur Global CIT ROW S.L.U. in February 2016.
- 3) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 44.96% of Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de CV to Prosegur Global CIT, S.L.U. in February 2016.
- 4) In Portugal, Prosegur Companhia de Segurança, Ltda. made a partial demerger in February 2016, spinning –off the Cash business line in Prosegur Logística e Tratamento de Valores Portugal, S.A.
- 5) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution of 5.0% of Armor Acquisition, S.A. to Prosegur Global CIT S.L.U. in April 2016.
- 6) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 80.0% of Grupo Tratamiento y Gestión de Valores SAPI de CV to Prosegur Global CIT, S.L.U. in April 2016.
- 7) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution of 33.33% of SBV Services Proprietary Limited to Prosegur Global CIT ROW, S.L.U. in April 2016.
- 8) In Spain, Prosegur Compañía de Seguridad made an equity contribution in kind of 100.0% of Prosegur Logística e Tratamento de Valores Portugal, S.A. to Prosegur Global CIT ROW, S.L.U. in May 2016.
- 9) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 100.0% of Prosegur BPO España, S.L.U. to Prosegur Global CIT ROW S.L.U. in May 2016.
- 10) In Spain, Prosegur Compañía de Seguridad made an equity contribution in kind of 100.0% of Prosegur Global CIT ROW, S.L.U. to Prosegur Cash S.A. in May 2016.
- 11) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 94.9% of Compañía Transportadora de Valores Prosegur de Colombia, S.A. to Prosegur Global CIT, S.L.U. in July 2016.
- 12) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 99.98% of Servicios Prosegur, Ltda. to Prosegur Global CIT, S.L.U. in July 2016.
- 13) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 100.0% of Malcoff Holdings BV to Prosegur Global CIT, S.L.U. in July 2016.
- 14) In Spain, Prosegur Compañía de Seguridad, S.A. made an equity contribution in kind of 100.0% of Prosegur Global CIT, S.L.U. to Prosegur Cash S.A. in July 2016.

In 2015 the following corporate restructuring operations were carried out under the neutral tax regime:

- 1) In Brazil, Transvig Transportes de Valores e Vigilância Ltda (the absorbed company) and Prosegur Brasil, S.A. Transportadora de Valores e Segurança (the absorbing company) merged by absorption in March 2015.
- 2) In Germany, Prosegur Trier GmbH & Co. Kg and Prosegur Trier Verwaltungs GmbH (the absorbed companies) and Prosegur GmbH (the absorbing company) merged by absorption in July 2015.
- 3) In Brazil, Prosegur Holding e Participações, S.A. (the absorbed company) and TSR Participações Societárias, S.A. (the absorbing company) merged by absorption in October 2015.

## 25. Contingencies

It is expected that the contingent liabilities for bank and other guarantees related with the Prosegur Cash Group's normal business operations will not give a rise to any significant liabilities.

Guarantees provided by the Prosegur Cash Group to third parties are as follows:

| Thousands of Euros    | 31/12/2016     | 31/12/2015    | 31/12/2014     |
|-----------------------|----------------|---------------|----------------|
| Commercial guarantees | 41,515         | 39,046        | 69,983         |
| Financial guarantees  | 104,461        | 60,830        | 89,091         |
|                       | <b>145,976</b> | <b>99,876</b> | <b>159,074</b> |

Commercial guarantees include those given to customers.

At 31 December 2016 financial guarantees primarily include guarantees for litigation totalling Euros 38,522 thousand (Euros 39,920 thousand at 31 December 2015 and Euros 50,230 thousand at 31 December 2014). Civil and labour lawsuits in Brazil amount to Euros 38,482 thousand on 31 December 2016 (see Note 21).

### **National Commission of Markets and Competition**

On 22 April 2015, the National Commission of Markets and Competition (hereinafter, "CNMC") initiated a case against the parent company Prosegur and its subsidiary Prosegur Servicios de Efectivo España, S.L.U. (now a subsidiary of the Company as a result of the spin-off) and Loomis Spain, S.A. for alleged anti-competitive practices in violation of European Union law. On 10 November 2016, the CNMC imposed a fine of approximately Euros 39.4 million on Prosegur and its subsidiary jointly and severally. The CNMC's decision is not yet final and may be challenged in court. Prosegur has agreed to indemnify Prosegur Cash for any fine that is ultimately imposed on Prosegur Cash's subsidiary in this proceeding, so that Prosegur Cash has no provision regarding to this issue.

Prosegur will assume exclusively and at its expense the defense of Prosegur and Prosegur Servicios de Efectivo España, S.L. In front of the Sanctioning File and the decision of the Board of Competence of the Council of the CNMC of November 10, 2016, enjoying exclusive power with respect to the direction and control of said defense and the Contentious-Administrative Procedure.

The assessment made in due time by the CNMC may give rise to additional liabilities at such time as the procedure ended. In any event, the Board of Directors of Prosegur Cash does not consider that any such liabilities that could arise would have a significant effect on the consolidated annual accounts.

## 26. Commitments

### **Purchase commitments for fixed assets**

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

| Thousands of Euros            | 31/12/2016    | 31/12/2015    | 31/12/2014   |
|-------------------------------|---------------|---------------|--------------|
| Property, plant and equipment | 11,283        | 12,359        | 7,246        |
| Other intangible assets       | 168           | 228           | 9            |
|                               | <b>11,451</b> | <b>12,587</b> | <b>7,255</b> |

At 31 December 2016, the most significant commitments to purchase facilities amount to Euros 3,095 thousand, mainly in Argentina (Euros 4,039 thousand at 31 December 2015 and Euros 7,109 thousand in 2014).

### **Operating lease commitments**

Various premises, offices, industrial bays, warehouses and vehicles are rented under non-cancellable operating lease agreements.



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

|                                    |  | Thousands of Euros |               |               |
|------------------------------------|--|--------------------|---------------|---------------|
|                                    |  | Less than 1 year   | 1 to 5 years  | Over 5 years  |
| <b>Balance at 31 December 2016</b> |  |                    |               |               |
| Type                               |  |                    |               |               |
| Buildings                          |  | 10,970             | 36,793        | 35,968        |
| Vehicles                           |  | 1,469              | 1,586         | -             |
|                                    |  | <b>12,439</b>      | <b>38,379</b> | <b>35,968</b> |
| <b>Balance at 31 December 2015</b> |  |                    |               |               |
|                                    |  | Thousands of Euros |               |               |
| Type                               |  | Less than 1 year   | 1 to 5 years  | Over 5 years  |
| Buildings                          |  | 4,280              | 4,776         | 10,863        |
| Vehicles                           |  | 3,079              | 4,187         | 3,070         |
|                                    |  | <b>7,359</b>       | <b>8,963</b>  | <b>13,933</b> |
| <b>31 December 2014</b>            |  |                    |               |               |
|                                    |  | Thousands of Euros |               |               |
| Type                               |  | Less than 1 year   | 1 to 5 years  | Over 5 years  |
| Buildings                          |  | 4,739              | 5,895         | 11,256        |
| Vehicles                           |  | 6,079              | 5,349         | 2,072         |
|                                    |  | <b>10,818</b>      | <b>11,244</b> | <b>13,328</b> |

At 31 December 2016 the increase in the future minimum payments in comparison to 31 December 2015 mainly corresponds to the operating lease commitment related to the buildings sold by Prosegur Cash to Prosegur Group companies during 2016 which Prosegur Cash leases back from Prosegur Group companies.

The cost for operating leases in the consolidated income statement for 2016 amounts to Euros 53,966 thousand (Euros 51,914 thousand in 2015 and Euros 55,928 thousand in 2014) (Note 4). There are no contingent rents in relation to operating leases.

Considering the same number of assets in use under operating leases as in 2016, and without taking into account the cancellation clauses in the respective contracts, the lease commitments for 2017 would be expected to amount to approximately Euros 45,923 thousand, of which Euros 27,963 thousand correspond to real estate and Euros 17,960 thousand to vehicles. Assuming an average duration of contracts of 15 years for buildings and 4 years for vehicles and applying the discount rate of each country (Note 11), the lease commitments would be expected to amount to 395,409 thousand euros.

## 27. Business combinations

Details of changes in goodwill are presented in Note 11.

### 27.1. Goodwill included in 2016

Details of the net assets acquired and goodwill recognised on business combination during 2016 are as follows:

|   |                       | Thousands of Euros     |                      |                                       |              |              |
|---|-----------------------|------------------------|----------------------|---------------------------------------|--------------|--------------|
| Segment to which allocated                                      | Consideration in cash | Deferred at fair value | Total purchase price | Fair value of identifiable net assets | Goodwill     |              |
| MIV Gestión, S.A. <sup>(1)</sup>                                | Europe                | 698                    | 443                  | 1,141                                 | 832          | 309          |
| Procesos Técnicos de Seguridad y Valores, S.A.S. <sup>(1)</sup> | Latam                 | 156                    | -                    | 156                                   | 85           | 71           |
| Toll Transport Pty Ltd <sup>(1)</sup>                           | AOA                   | 7,218                  | 4,545                | 11,763                                | 5,934        | 5,829        |
|   |                       | <b>8,072</b>           | <b>4,988</b>         | <b>13,060</b>                         | <b>6,851</b> | <b>6,209</b> |

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

Had the businesses acquired in 2016 been acquired on 1 January 2016, consolidated revenues would have been Euros 7,235 thousand higher and consolidated net profit would have been Euros 293 thousand higher.

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

|  | Country   | Thousands of Euros    |                                    | Outflow of cash on acquisition |
|--|-----------|-----------------------|------------------------------------|--------------------------------|
|  |           | Consideration in cash | Cash and cash equivalents acquired |                                |
| MIV Gestión, S.A.                                | Spain     | 698                   | (240)                              | <b>458</b>                     |
| Procesos Técnicos de Seguridad y Valores, S.A.S. | Colombia  | 156                   | (3)                                | <b>153</b>                     |
| Toll Transport Pty Ltd                           | Australia | 7,218                 | -                                  | <b>7,218</b>                   |
|  |           | <b>8,072</b>          | <b>(243)</b>                       | <b>7,829</b>                   |

### MIV Gestión, S.A.

On 8 January 2016, 100% of the company MIV Gestión, S.A., Spanish company specialised in international transporting of valuable and vulnerable goods, was acquired. The total transaction price was Euros 1,141 thousand, comprising a cash payment of Euros 698 thousand, a deferred payment of Euros 360 thousand, payable in 2016 and 2017, and a further deferred contingent payments of Euros 83 thousand.

This business contributed revenues of Euros 2,451 thousand and loss for the period of Euros 80 thousand to the consolidated statement of profit and loss for 2016.

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

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

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

On 29 April 2016, 100% of the company Procesos Técnicos de Seguridad y Valores, S.A.S., Colombian company that specialises in cash management services through processing, packaging and utilisation of banknotes and coins, was acquired. The total transaction price was Colombian Peso 512,000 thousand (equivalent to Euros 156 thousand), comprising wholly a cash payment.

This business contributed revenues of Euros 3,362 thousand and profit for the period of Euros 237 thousand to the consolidated statement of profit and loss for 2016.

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

|   | Thousands of Euros          |                        |
|---|-----------------------------|------------------------|
|   | Carrying amount of acquiree | Fair value (estimated) |
| Cash and cash equivalents               | 3                           | 3                      |
| Property, plant and equipment           | 35                          | 35                     |
| Trade and other receivables             | 450                         | 450                    |
| Current tax assets                      | 121                         | 121                    |
| Suppliers and other payables            | (501)                       | (501)                  |
| Current tax liabilities                 | (23)                        | (23)                   |
| <b>Identifiable net assets acquired</b> | <b>85</b>                   | <b>85</b>              |

### Toll Transport Pty Ltd

On 4 November 2016, a part of cash business unit of Toll Transport Pty Ltd have been acquired in Australia.

The total transaction price was Australian Dollars 18,115 thousand (equivalent to Euros 11,763 thousand at the transaction date), comprising a cash payment of Australian Dollars 11,115 thousand (equivalent to Euros 7,218 thousand) and an amount deferred in guarantee of possible liabilities in the amount of 7,000 thousand Australian Dollars (equivalent to the purchase date: Euros 4,545 thousand).

This business contributed revenues of Euros 3,272 thousand and profit for the period of Euros 283 thousand to the consolidated statement of profit and loss for 2016.

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

|   | Thousands of Euros          |                        |
|---|-----------------------------|------------------------|
|   | Carrying amount of acquiree | Fair value (estimated) |
| Property, plant and equipment           | 3,458                       | 3,458                  |
| Suppliers and other payables            | (248)                       | (248)                  |
| Other intangible assets                 | -                           | 3,892                  |
| Deferred taxes                          | -                           | (1,168)                |
| <b>Identifiable net assets acquired</b> | <b>3,210</b>                | <b>5,934</b>           |

The goodwill on this acquisition was allocated to the AOA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition. The intangible assets acquired comprise customer relationships (Euros 3,892 thousand) with a useful life of 13 years.

The valuation technique used to measure the fair value of the intangible assets acquired was the "Multi-period excess earnings method" (MEEM), representing a departure from the income approach method usually used to value intangible assets. The Multi-period excess earnings method considers the present value of expected net cash flows after deducting the contributions of the other assets that contribute to the generation of flows from the intangible asset valued. The aforementioned contributions consist of remuneration for the use of the assets that will contribute to the generation of the future cash flows and they are reflected as an expense to thus arrive at the flow attributable exclusively to the asset valued.

The significant, non-observable variables used relate to the annual growth in revenues expected by the company, the long-term increase in line with forecast inflation in Australia (2.0%) and the forecast post-merger EBITA (2016-2022: from 4.3% to 12.9%).

### Yasuhiko Empreendimientos e Participacoes S.A

On 19 September 2016, 100% of the company Yasuhiko Empreendimientos e Participacoes, S.A., Brazilian holding company was acquired through its subsidiary TSR Participacoes Societarias SA. The total transaction price was Brazilian Reai 1,200 (equivalent to Euros 331), comprising wholly a cash payment.

This business did no contributed revenues for the period of Euros 2016. The assets and liabilities that arose from this acquisition are not significant.

## 27.2. Goodwill incorporated in 2015 and with no changes in 2016

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

|  | Segment to which allocated | Consideration in cash | Thousands of Euros   |                                       |          |
|--|----------------------------|-----------------------|----------------------|---------------------------------------|----------|
|  |                            |                       | Total purchase price | Fair value of identifiable net assets | Goodwill |
| Call Center and Back Office line of business | Europe                     | 2,186                 | 2,186                | 1,058                                 | 1,128    |
| Centro Informático de Vigo S.A.              | Europe                     | 283                   | 283                  | 93                                    | 190      |
|  |                            | 2,469                 | 2,469                | 1,151                                 | 1,318    |

Had the businesses acquired in 2015 been acquired on 1 January 2015, consolidated revenues would have been EUR 3,900 thousand higher in 2015 and consolidated net profit for the period would have been EUR 461 thousand higher.

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

|  | Country | Thousands of Euros    |                                    | Outflow of cash on acquisition |
|--|---------|-----------------------|------------------------------------|--------------------------------|
|  |         | Consideration in cash | Cash and cash equivalents acquired |                                |
| Call Center and Back Office line of business | Spain   | 2,186                 | -                                  | <b>2,186</b>                   |
| Centro Informático de Vigo S.A.              | Spain   | 283                   | (18)                               | <b>265</b>                     |
|  |         | <u>2,469</u>          | <u>(18)</u>                        | <u><b>2,451</b></u>            |

### Line of business “Call Center y Back office”

On 1 April 2015, 100% of the Call Center and Back Office line of business was acquired in Spain. The total transaction price was Euros 2,186 thousand.

This line of business contributed revenues of Euros 6,846 thousand and profit for the year of Euros 1,141 thousand to the consolidated income statement for 2015.

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

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

### Centro Informático de Vigo, S.A.

On 17 November 2015, 100% of Centro Informático de Vigo, S.A., a Spanish company that specialises in providing administration services for banks as part of the valuable logistics and cash management services business, was acquired. The total transaction price was Euros 283 thousand.

This line of business contributed revenues of Euros 428 thousand and a net loss for the year of Euros 177 thousand to the consolidated income statement for 2015.

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

|   | Thousands of Euros          |                        |
|---|-----------------------------|------------------------|
|   | Carrying amount of acquiree | Fair value (estimated) |
| Cash and cash equivalents               | 18                          | 18                     |
| Property, plant and equipment           | 101                         | 101                    |
| Trade and other receivables             | 334                         | 334                    |
| Suppliers and other payables            | (323)                       | (323)                  |
| Other non-current assets                | 11                          | 11                     |
| Financial debt                          | (56)                        | (56)                   |
| Other non-current liabilities           | (14)                        | (14)                   |
| Other current liabilities               | (11)                        | (11)                   |
| Other intangible assets                 | 4                           | 44                     |
| Deferred taxes                          | -                           | (11)                   |
| <b>Identifiable net assets acquired</b> | <u><b>64</b></u>            | <u><b>93</b></u>       |

### 27.3. Goodwill added in 2014 with measurement completed in 2015

#### Transvig – Transporte de Valores e Vigilancia LTDA

Details of the net assets acquired and goodwill recognised on business combinations during 2014 are as follows:

| Segment to which allocated                         | Thousands of Euros    |                        |                      |                                       |              |              |
|--|-----------------------|------------------------|----------------------|---------------------------------------|--------------|--------------|
|  | Consideration in cash | Deferred at fair value | Total purchase price | Fair value of identifiable net assets | Goodwill     |              |
| Transvig - Transporte de Valores e Vigilancia LTDA | Latam                 | 1,994                  | 3,601                | 5,595                                 | 2,214        | 3,381        |
|  |                       | <u>1,994</u>           | <u>3,601</u>         | <u>5,595</u>                          | <u>2,214</u> | <u>3,381</u> |

On 20 October 2014, 100% of the share capital of Transvig – Transporte de Valores e Vigilancia LTDA was acquired in Brazil and subsequently was merged in March 2015 with Prosegur Brasil, S.A. Transportadora de Valores e Segurança. This company provides surveillance services, logistics of values and cash management services. The total transaction price was Brazilian Reals 17,400 thousand (equivalent to Euros 5,595 thousand at the transaction date), comprising a cash payment of Brazilian Reals 6,200 thousand (equivalent to Euros 1,994 thousand at the transaction date), a deferred payment of Brazilian Reals 6,200 thousand (equivalent to Euros 1,994 thousand at the transaction date), payable in 2014, and a further deferred amount of Brazilian Reals 5,000 thousand (equivalent to Euros 1,607 thousand at the transaction date) to secure any possible liabilities, payable in several instalments between 2015 and 2019 and bearing interest as per the contract.

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

| Country  | Thousands of Euros    |                                    |                                |              |
|--|-----------------------|------------------------------------|--------------------------------|--------------|
|  | Consideration in cash | Cash and cash equivalents acquired | Outflow of cash on acquisition |              |
| Transvig - Transporte de Valores e Vigilancia LTDA | Brazil                | 1,994                              | (618)                          | 1,376        |
|  |                       | <u>1,994</u>                       | <u>(618)</u>                   | <u>1,376</u> |

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

|   | Thousands of Euros          |                        |
|---|-----------------------------|------------------------|
|   | Carrying amount of acquiree | Fair value (estimated) |
| Cash and cash equivalents               | 618                         | 618                    |
| Inventories                             | 22                          | 22                     |
| Property, plant and equipment           | 222                         | 604                    |
| Trade and other receivables             | 551                         | 551                    |
| Suppliers and other payables            | (779)                       | (779)                  |
| Other non-current assets                | 1                           | 1                      |
| Provisions                              | (217)                       | (217)                  |
| Other intangible assets                 | -                           | 2,338                  |
| Deferred taxes                          | -                           | (924)                  |
| <b>Identifiable net assets acquired</b> | <b>418</b>                  | <b>2,214</b>           |

In 2015, a total adjustment of Euros 221 thousand was made relating to the customer portfolio (see Note 11) following the final valuation by an independent expert of the net assets acquired.

The goodwill on this acquisition was allocated to the Latam segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition. The intangible assets acquired comprise customer relationships (Euros 2,338 thousand) with a useful life of between 8 and 9 years.

The valuation technique used to measure the fair value of the intangible assets acquired was the “Multi-period excess earnings method” (MEEM), representing a departure from the income approach method usually used to value intangible assets. The Multi-period excess earnings method considers the present value of expected net cash flows after deducting the contributions of the other assets that contribute to the generation of flows from the intangible asset valued. The aforementioned contributions consist of remuneration for the use of the assets that will contribute to the generation of the future cash flows and they are reflected as an expense to thus arrive at the flow attributable exclusively to the asset valued.

The significant, non-observable variables used relate to the annual growth in revenues expected by the company, the long-term increase in line with forecast inflation in Brazil (3.6%) and the forecast post-merger EBITDA (2014-2020: from 21.0% to 13.0%).

#### 27.4. Goodwill incorporated in 2014 and with no changes in 2015

Details of the net assets acquired and goodwill recognised on business combinations during 2014 with no changes in 2015 are as follows:

|                                    | Segment to which allocated | Thousands of Euros    |                        |                      |                                       | Goodwill |
|------------------------------------|----------------------------|-----------------------|------------------------|----------------------|---------------------------------------|----------|
|                                    |                            | Consideration in cash | Deferred at fair value | Total purchase price | Fair value of identifiable net assets |          |
| Evttec Management Services Pte Ltd | AOA                        | 2,098                 | 2,183                  | 4,281                | 2,783                                 | 1,498    |
| Grupo Chorus                       | Europe                     | 1,689                 | -                      | 1,689                | 277                                   | 1,412    |
|                                    |                            | 3,787                 | 2,183                  | 5,970                | 3,060                                 | 2,910    |

Had the businesses acquired in 2014, including Transvig – Transporte de Valores e Vigilancia Ltda, been acquired on 1 January 2014, consolidated revenues would have been EUR 7,022 thousand higher in 2014 and consolidated net profit for the year would have been EUR 613 thousand higher.

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

|                                    | Country   | Thousands of Euros    |                           |                                |
|------------------------------------|-----------|-----------------------|---------------------------|--------------------------------|
|                                    |           | Consideration in cash | Cash and cash equivalents | Outflow of cash on acquisition |
| Evttec Management Services Pte Ltd | Singapore | 2,098                 | (537)                     | 1,561                          |
| Grupo Chorus                       | Germany   | 1,689                 | (96)                      | 1,593                          |
|                                    |           | 3,787                 | (633)                     | 3,154                          |

#### Evttec Management Services Pte Ltd

On 23 January 2014, 100% of the share capital of Evttec Management Services Pte Ltd, a company located in Singapore and specialised in manned guarding, was acquired. The total purchase price was SGD 7,397 thousand (equivalent to EUR 4,281 thousand at the acquisition date), comprising a cash payment of SGD 3,625 thousand (equivalent to EUR 2,098 thousand at the acquisition date), contingent consideration of SGD 3,398 thousand (equivalent to EUR 1,967 thousand at the acquisition date), to be settled in 2014 and 2015, and a further SGD 374 thousand (equivalent to EUR 216 thousand at the acquisition date) deferred to secure any possible liabilities, maturing in 2016.

The acquiree contributed revenues of Euros 8,841 thousand and profit for the year of Euros 605 thousand to the consolidated income statement for 2014. This business combination was reclassified to assets and liabilities held-for-sale in 2015.

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

|   | Thousands of Euros             |              |
|---|--------------------------------|--------------|
|   | Carrying amount of<br>acquiree | Fair value   |
| Cash and cash equivalents               | 537                            | 537          |
| Property, plant and equipment           | 84                             | 84           |
| Trade and other receivables             | 1,980                          | 1,980        |
| Other non-current assets                | 30                             | 30           |
| Suppliers and other payables            | (723)                          | (723)        |
| Current tax liabilities                 | (101)                          | (101)        |
| Other financial liabilities             | (400)                          | (400)        |
| Other intangible assets                 | -                              | 1,663        |
| Deferred taxes                          | (4)                            | (287)        |
| <b>Identifiable net assets acquired</b> | <b>1,403</b>                   | <b>2,783</b> |

The goodwill on this acquisition was allocated to the AOA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition. The intangible assets acquired comprise customer relationships (Euros 1,663 thousand) with a useful life of 13 years.

### Chorus Group

On 17 February 2014, 100% of the share capital of Chorus Security Service Wervaltungs GmbH and its subsidiary Chorus Security Service GmbH, the companies that provide logistics of values and cash management services, was acquired in Germany. The total purchase price was Euros 1,689 thousand.

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

|   | Thousands of Euros             |            |
|---|--------------------------------|------------|
|   | Carrying amount of<br>acquiree | Fair value |
| Cash and cash equivalents               | 96                             | 96         |
| Property, plant and equipment           | 265                            | 265        |
| Trade and other receivables             | 460                            | 460        |
| Current tax assets                      | 358                            | 358        |
| Suppliers and other payables            | (1,003)                        | (1,003)    |
| Current tax liabilities                 | (110)                          | (110)      |
| Other financial liabilities             | (249)                          | (249)      |
| Provisions                              | (134)                          | (134)      |
| Other intangible assets                 | 2                              | 843        |
| Deferred taxes                          | -                              | (249)      |
| <b>Identifiable net assets acquired</b> | <b>(315)</b>                   | <b>277</b> |

### 27.5. Goodwill added in 2013 with measurement completed in 2014

Details of the net assets acquired and goodwill recognised on business combinations during 2013 for which measurement was completed in 2014 are as follows:

|                                 | Segment to which<br>allocated | Thousands of Euros       |                           |                            |   | Goodwill             |
|---------------------------------|-------------------------------|--------------------------|---------------------------|----------------------------|---|----------------------|
|                                 |                               | Consideration<br>in cash | Deferred at<br>fair value | Total<br>purchase<br>price | Fair value of<br>identifiable net<br>assets |                      |
| Brinks Deutschland GmbH         | Europe                        | -                        | -                         | -                          | (32,781)                                    | <b>32,781</b>        |
| Chubb Security Services PTY LTD | AOA                           | 61,385                   | 4,682                     | <b>66,067</b>              | 35,780                                      | <b>30,287</b>        |
|                                 |                               | <u>61,385</u>            | <u>4,682</u>              | <u><b>66,067</b></u>       | <u>2,999</u>                                | <u><b>63,068</b></u> |

Had the businesses purchased in 2013 been acquired on 01 January 2013, revenues on the consolidated income statement for 2013 would have been increased by Euros 136,987 thousand and the profit and loss of the year would have decreased by Euros 39,131 thousand, mainly generated by Brinks Deutschland GmbH, corresponding to restructuring provisions (see Note 21).

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

|                                 | Thousands of Euros       |   |   |
|---------------------------------|--------------------------|---|---|
|                                 | Consideration<br>in cash | Cash and<br>cash<br>equivalents<br>acquired | Outflow<br>/(inflow) of<br>cash on<br>acquisition |
| Country                         |                          |   |   |
| Brinks Deutschland GmbH         |                          |   |   |
| Germany                         | -                        | (8,013)                                     | <b>(8,013)</b>                                    |
| Chubb Security Services PTY LTD |                          |   |   |
| Australia                       | 61,385                   | (31,852)                                    | <b>29,533</b>                                     |
|                                 | <u>61,385</u>            | <u>(39,865)</u>                             | <b><u>21,520</u></b>                              |

### Brinks Deutschland GmbH

On 9 December 2013, 100% of the share capital of Brinks Deutschland GmbH, a company that provides logistics of values and cash management services, was acquired in Germany. The total transaction price was Euro 1 comprising a consideration of Euro 1 in cash.

The acquired business was added to the consolidated group on 31 December 2013.

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

|   | Thousands of Euros             |                          |
|---|--------------------------------|--------------------------|
|   | Carrying amount of<br>acquiree | Fair value<br>(estimate) |
| Cash and cash equivalents               | 8,013                          | 8,013                    |
| Property, plant and equipment           | 3,831                          | 3,831                    |
| Trade and other receivables             | 7,317                          | 7,317                    |
| Suppliers and other payables            | (6,704)                        | (6,704)                  |
| Provisions                              | (46,633)                       | (46,633)                 |
| Other intangible assets                 | 11                             | 11                       |
| Deferred taxes                          | 1,384                          | 1,384                    |
| <b>Identifiable net assets acquired</b> | <b><u>(32,781)</u></b>         | <b><u>(32,781)</u></b>   |

Negative net assets arise as a result of the restructuring of personnel which, prior to the acquisition, Brinks Deutschland GmbH was carrying out. The goodwill on this acquisition was allocated to the Europe segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition.

### Chubb Security Services PTY LTD

On 16 December 2013, 100% of the share capital of Chubb Security Services PTY LTD, a company that provides logistics of values and cash management services in Australia, was acquired. The total transaction price was Australian Dollars 101,742 thousand (equivalent to Euros 66,067 thousand at the transaction date), comprising a cash payment of Australian Dollars 94,532 thousand (equivalent to Euros 61,385 thousand at the transaction date), and a deferred amount of Australian Dollars 7,210 thousand (equivalent to Euros 4,682 thousand at the transaction), payable in 2014, to secure any possible liabilities.



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

|   | Thousands of Euros             |                          |
|---|--------------------------------|--------------------------|
|   | Carrying amount of<br>acquiree | Fair value<br>(estimate) |
| Cash and cash equivalents               | 31,852                         | 31,852                   |
| Property, plant and equipment           | 14,319                         | 17,046                   |
| Inventories                             | 366                            | 366                      |
| Trade and other receivables             | 9,930                          | 9,930                    |
| Suppliers and other payables            | (36,148)                       | (36,148)                 |
| Provisions                              | (11,158)                       | (11,158)                 |
| Other intangible assets                 | -                              | 32,013                   |
| Deferred taxes                          | 2,301                          | (8,121)                  |
| <b>Identifiable net assets acquired</b> | <b>11,462</b>                  | <b>35,780</b>            |

The goodwill on this acquisition was allocated to the AOA segment and mainly reflects the profitability of the business, future customers, its human capital and its value as a going concern. The intangible assets acquired comprise customer relationships (Euros 32,013 thousand) which have a useful life of 19 years based on the valuation analysis performed by an independent third party expert.

## 28. Related parties

The Prosegur Cash Group is controlled by Prosegur, which was incorporated in Madrid, Spain and holds 51% of its shares directly and indirectly controls the remaining 49%, through its wholly-owned subsidiary Prosegur Assets Management, S.L.U.

### 28.1. Balances with Prosegur Group companies

The Prosegur Cash Group has balances with companies that form part of the Prosegur Group but are not included in the consolidated annual accounts:

| Thousands of Euros   | 31/12/2016     | 31/12/2015     | 31/12/2014     |
|--|----------------|----------------|----------------|
| Current investments in Group companies and associates          |                |                |                |
| Loans to Group companies                                       | 24,451         | 324,446        | 261,158        |
| Other financial assets   | 2,176          | 4,221          | 1,341          |
| Trade and other receivables                                    |                |                |                |
| Trade receivables, current                                     | 38,803         | 22,656         | 2,027          |
| <b>Total current receivables with Prosegur group companies</b> | <b>65,430</b>  | <b>351,323</b> | <b>264,526</b> |
| <b>Total assets</b>  | <b>65,430</b>  | <b>351,323</b> | <b>264,526</b> |
| Financial liabilities  |                |                |                |
| Other financial liabilities                                    | 2,130          | 1,219          | 1,169          |
| Loans from Group companies, current                            |                |                |                |
| Loans from companies   | 134,842        | 237,913        | 110,269        |
| Dividends to be paid   | -              | 25,900         | 24,002         |
| Trade and other payables                                       |                |                |                |
| Trade and other payables                                       | 31,736         | 95,265         | 30,674         |
| <b>Total current liabilities with Prosegur group companies</b> | <b>168,708</b> | <b>360,297</b> | <b>166,114</b> |
| <b>Total liabilities</b>                                       | <b>168,708</b> | <b>360,297</b> | <b>166,114</b> |

As of 31 December 2016, 2015 and 2014, the Group Prosegur Cash had outstanding financial balances against several companies of the Prosegur Group in Argentina, Spain, Paraguay, Chile and Brazil in the aggregate amount of Euros 26,627 thousand, Euros 328,667 thousand and Euros 262,499 thousand, respectively (including pending to be

proceed interests for Euros 2,176 thousand in 2016, Euros 4,221 thousand in 2015 and Euros 1,341 thousand in 2014). These balances had an average interest of 7.2% in 2016, 7.18% in 2015 and 7.43% in 2014.

Simultaneously, outstanding financial liabilities of the Group Prosegur Cash with Prosegur in Spain, as of 31 December 2016, 2015 and 2014, amounted to Euros 136,972 thousand, Euros 239,132 thousand and Euros 111,438 thousand, respectively (including pending to be paid interests for Euros 2,130 thousand in 2016, Euros 1,219 thousand in 2015 and Euros 1,169 thousand in 2014). Of these, Euros 126,978 thousand correspond to an intercompany financing granted by Prosegur, for Prosegur Cash to finance a portion of the distribution of share premium. These balances had an average interest of 2,2% in 2016, 2,9% in 2015 and 3,0% in 2014.

The total net amount of intercompany financial assets and liabilities between the Group and the Prosegur Group amounted to Euros 110,345 thousand in favour of the Prosegur Group, as of 31 December 2016. This outstanding financial liability of Euros 110,345 thousand, will be repaid in full on February 2017.

On 30 December 2016, the Company agreed to distribute Share premium to its shareholders in an amount of Euros 910,548 thousand. Such reserve distribution was paid with the Euros 600,000 thousand from the Loan Agreement (Note 22), with Euros 183,570 thousand of available cash and the remainder, Euros 126,978 thousand, financed with the above mentioned intercompany financing granted by Prosegur.

The commercial balances between the Group and Prosegur Group in favour of the Group amounted to Euros 38,803 thousand, Euros 22,656 thousand and Euros 2,027 thousand as of 31 December 2016, 2015 and 2014, respectively. These commercial balances correspond, amongst other, to transfer pricing and outstanding and unpaid operative balances by Prosegur Group to the Group.

The commercial balances between the Group and Prosegur Group in favour of the Prosegur Group amounted to Euros 31,736 thousand, Euros 95,265 thousand and Euros 30,674 thousand as of 31 December 2016, 2015 and 2014, respectively. These commercial balances correspond, amongst other, to transfer pricing and outstanding and unpaid operative balances by the Group to Prosegur Group.

During 2016, Prosegur Cash granted an accumulated loans to Prosegur Compañía de Seguridad, S.A. and Prosegur Assets Management, S.L. for the amounts of Euros 399,621 thousand and Euros 383,949 thousand, respectively. These loans have been cancelled in full as of 31 December 2016.

## 28.2. Transactions with Prosegur Group companies

The Prosegur Cash Group has transactions with companies that form part of the Prosegur Group but are not included in the consolidated annual accounts:

| Thousands of Euros                          | 31/12/2016      | 31/12/2015      | 31/12/2014      |
|---|-----------------|-----------------|-----------------|
| <b>Incomes</b>                              |                 |                 |                 |
| Provision of services                       | 61,841          | 23,194          | 1,962           |
| Interests received and other finance income | 23,277          | 19,097          | 7,680           |
| <b>Total Income</b>                         | <b>85,118</b>   | <b>42,291</b>   | <b>9,642</b>    |
| <b>Expenses</b>                             |                 |                 |                 |
| Other services                              | (86,398)        | (63,752)        | (39,578)        |
| Interests paid and other finance expenses   | (2,670)         | (5,922)         | (2,018)         |
| <b>Total Expenses</b>                       | <b>(89,068)</b> | <b>(69,674)</b> | <b>(41,596)</b> |

## 28.3. Remuneration of members of the Board of Directors and senior management personnel

### 1. Remuneration of Board of Directors

During 2016 neither the Company's Chief Executive Officer nor all of the Board of Directors' members were employed by the Company. The administration functions were performed by the Sole administrator Prosegur until 19 December 2016, date of appointment of the current Board of Directors. There have been no payment of remunerations in this respect, nor granted advances or loans, nor have any obligations been assumed as security on their behalf.

## 2. Remuneration of Senior Management

Senior management personnel are understood to be Prosegur Cash employees who hold, de facto or de iure, senior management positions reporting directly to the Board of Directors, or the Chief Executive Officer of the Company, including those holding a power of attorney which relates to the corporate object and is not restricted to specific areas or matters.

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

| Thousand of euros    | 31/12/2016   | 31/12/2015 | 31/12/2014 |
|----------------------|--------------|------------|------------|
| Fixed retribution    | 1,010        | 339        | 271        |
| Variable retribution | 419          | 138        | 118        |
| Remuneration in kind | 115          | 47         | 49         |
| Insurance premium    | 3            | 1          | 1          |
|                      | <b>1,547</b> | <b>524</b> | <b>438</b> |

The increase in the expenses for remuneration of the Senior Management is due to the fact that the Senior Management personnel were not in full staff of the Prosegur Cash Group, they have been incorporated into staff from August 1, 2016, coming from Prosegur Group. In previous years those expenses were classify as management fee.

### 28.4. Information required by article 229 of the Spanish Capital Companies Act

In connection with the provision set forth in articles 228, 229 and 230 of the Consolidated Text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July as amended by Law 31/2014 for the improvement of Corporate Governance, no situations have arisen during financial years 2016 in which the Sole administrator, the members of the Board of Directors and their related parties have been in direct or indirect conflict with the interests of the Prosegur Cash.

## 29. Financial risk management and fair value

### 29.1. Financial risk factors

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

The Finance Department identifies, proposes and carries out the management of these risks along with other operating units of the Prosegur Cash Group in accordance with policies issued by the Board of Directors.

#### **Currency risk**

The Prosegur Cash Group operates internationally and is therefore exposed to currency risk when operating with foreign currency. Currency risk arises when future commercial transactions, equity investments, results from operating activities and financial positions are presented in a foreign currency other than the functional currency of each company.

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

As the Prosegur Cash Group intends to remain in the foreign markets in which it is present in the long term, it does not hedge equity investments, but rather assumes the risk relating to the translation to Euros of the assets and liabilities denominated in foreign currencies.

Exposure to currency risk and the details of the carrying amount of financial instruments denominated in a currency other than the functional currency of each country are as follows:

**At 31 December 2016**

| Thousands of Euros              | Euro            | USD            | Other<br>currency | Total<br>Position |
|---------------------------------|-----------------|----------------|-------------------|-------------------|
| Non-current financial assets    | -               | 52             | -                 | 52                |
| <b>Total non-current assets</b> | <b>-</b>        | <b>52</b>      | <b>-</b>          | <b>52</b>         |
| Trade and other receivables     | 9,068           | (1,540)        | -                 | 7,528             |
| Other current financial assets  | 17,367          | 151            | 31,329            | 48,847            |
| Cash and cash equivalents       | 3,389           | 419            | -                 | 3,808             |
| <b>Total current assets</b>     | <b>29,824</b>   | <b>(970)</b>   | <b>31,329</b>     | <b>60,183</b>     |
| Financial liabilities           | (20)            | (207)          | -                 | (227)             |
| <b>Non-current liabilities</b>  | <b>(20)</b>     | <b>(207)</b>   | <b>-</b>          | <b>(227)</b>      |
| Trade and other payables        | (30,206)        | (1,819)        | -                 | (32,025)          |
| Financial liabilities           | (7,311)         | (959)          | -                 | (8,270)           |
| <b>Current liabilities</b>      | <b>(37,517)</b> | <b>(2,778)</b> | <b>-</b>          | <b>(40,295)</b>   |
| <b>Net position</b>             | <b>67,361</b>   | <b>2,067</b>   | <b>31,329</b>     | <b>100,757</b>    |

**At 31 December 2015**

| Thousands of Euros              | Euro          | USD          | Total<br>Position |
|---------------------------------|---------------|--------------|-------------------|
| Loans to related parties        | 30,293        | -            | 30,293            |
| <b>Total non-current assets</b> | <b>30,293</b> | <b>-</b>     | <b>30,293</b>     |
| Trade and other receivables     | 24,843        | 2,826        | 27,669            |
| Other current financial assets  | 2,757         | 3,294        | 6,051             |
| Cash and cash equivalents       | 10,810        | 1,753        | 12,563            |
| <b>Total current assets</b>     | <b>38,410</b> | <b>7,873</b> | <b>46,283</b>     |
| Financial liabilities           | -             | 187          | 187               |
| <b>Non-current liabilities</b>  | <b>-</b>      | <b>187</b>   | <b>187</b>        |
| Trade and other payables        | 30,776        | 3,809        | 34,585            |
| Financial liabilities           | 1,754         | 4,540        | 6,294             |
| <b>Current liabilities</b>      | <b>32,530</b> | <b>8,349</b> | <b>40,879</b>     |
| <b>Net position</b>             | <b>36,173</b> | <b>(663)</b> | <b>35,510</b>     |

**At 31 December 2014**

| Thousands of Euros              | Euro          | USD           | Total<br>Position |
|---------------------------------|---------------|---------------|-------------------|
| Loans to related parties        | 29,271        | -             | 29,271            |
| Non-current financial assets    | -             | 19            | 19                |
| <b>Total non-current assets</b> | <b>29,271</b> | <b>19</b>     | <b>29,290</b>     |
| Trade and other receivables     | 15,009        | 6,413         | 21,422            |
| Other current financial assets  | 2,637         | 2,731         | 5,368             |
| Cash and cash equivalents       | 31,435        | 2,032         | 33,467            |
| <b>Total current assets</b>     | <b>49,081</b> | <b>11,176</b> | <b>60,257</b>     |
| Financial liabilities           | -             | 173           | 173               |
| <b>Non-current liabilities</b>  | <b>-</b>      | <b>173</b>    | <b>173</b>        |
| Trade and other payables        | 11,096        | 3,753         | 14,849            |
| Financial liabilities           | 1,907         | 2,316         | 4,223             |
| <b>Current liabilities</b>      | <b>13,003</b> | <b>6,069</b>  | <b>19,072</b>     |
| <b>Net position</b>             | <b>65,349</b> | <b>4,953</b>  | <b>70,302</b>     |

Details of the main average and period-end exchange rates to Euros of the foreign currencies are as follows:

|                      |     | 31/12/2016   |              | 31/12/2015   |              | 31/12/2014   |              |
|----------------------|-----|--------------|--------------|--------------|--------------|--------------|--------------|
|                      |     | Average rate | Closing rate | Average rate | Closing rate | Average rate | Closing rate |
| United States Dollar | USD | 1.11         | 1.05         | 1.11         | 1.09         | 1.33         | 1.21         |
| Australian Dollar    | AUD | 1.49         | 1.46         | 1.48         | 1.49         | 1.47         | 1.48         |
| Brazilian Real       | BRL | 3.86         | 3.43         | 3.69         | 4.32         | 3.12         | 3.22         |
| Argentinian Peso     | ARS | 16.33        | 16.76        | 10.23        | 14.26        | 10.72        | 10.32        |
| Chilean Peso         | CLP | 748.56       | 703.39       | 725.54       | 770.08       | 756.69       | 737.42       |
| Mexican Peso         | MXP | 20.66        | 21.77        | 17.60        | 18.91        | 17.66        | 17.87        |
| Paraguayan Guarani   | PYG | 6,098.12     | 6,063.11     | 6,311.68     | 6,294.83     | 5,376.18     | 5,628.24     |
| Peruvian Nuevo Sol   | PEN | 3.74         | 3.54         | 3.53         | 3.72         | 3.77         | 3.62         |
| Uruguayan Peso       | UYU | 33.33        | 30.84        | 30.25        | 32.52        | 25.28        | 24.26        |
| Colombian Peso       | COP | 3,379.51     | 3,163.05     | 3,040.57     | 3,428.83     | 2,650.02     | 2,904.69     |
| Indian Rupee         | INR | 74.36        | 71.59        | 68.60        | 75.56        | 68.60        | 75.56        |

A strengthening/(weakening) of the Euro against the Brazilian Real, Argentinian Peso, Chilean Peso and Nuevo Sol at 31 December would have increased/(decreased) the results by the amounts shown below.

This analysis is based on variations in foreign currency (different from the functional currency note 32.4) exchange rates that were considered to be reasonably possible at the reporting date (increase/decrease in exchange rate). The analysis assumes that all other variables, in particular interest rates, will remain constant. The income statement analysis reflects the impact that the income statement could have under its financial net results caption, considering an exchange rate variation on all pending amounts traded in a different currency to the functional one (Note 32.4). On the other hand, the sensitivity associated with equity shows the variation impact on the net assets, of each subsidiary, in functional currencies against the euro.

|                               | Exchange rate increase |         | Exchange rate decrease |           |
|-------------------------------|------------------------|---------|------------------------|-----------|
|                               | Equity                 | P/L     | Equity                 | P/L       |
| <b>31 December 2016</b>       |                        |         |                        |           |
| Brazilian Real (18% var.)     | 67,925                 | -       | (47,202)               | -         |
| Argentinian Peso (38% var.)   | 113,499                | 3,538   | (50,992)               | (7,875)   |
| Chilean Peso (10% var.)       | 10,567                 | (304)   | (8,646)                | 372       |
| Peruvian Nuevo Sol (10% var.) | 6,649                  | 344     | (5,440)                | (421)     |
| Colombian Peso (10% var.)     | 3,111                  | -       | (2,546)                | (150)     |
| <b>31 December 2015</b>       |                        |         |                        |           |
| Brazilian Real (18% var.)     | 49,755                 | -       | (34,576)               | -         |
| Argentinian Peso (38% var.)   | 146,551                | (3,791) | (65,842)               | 900,000   |
| Chilean Peso (10% var.)       | 3,786                  | (511)   | (3,098)                | (573,000) |
| Peruvian Nuevo Sol (10% var.) | 6,459                  | (3,366) | (5,285)                | 2,754     |
| Colombian Peso (10% var.)     | 3,096                  | -       | (2,533)                | -         |
| <b>31 December 2014</b>       |                        |         |                        |           |
| Brazilian Real (18% var.)     | 48,579                 | -       | (33,758)               | -         |
| Argentinian Peso (38% var.)   | 42,489                 | (466)   | (53,299)               | 381       |
| Chilean Peso (10% var.)       | 3,618                  | 579     | (2,961)                | (474)     |
| Peruvian Nuevo Sol (10% var.) | 5,463                  | (2,902) | (4,470)                | 2,374     |
| Colombian Peso (10% var.)     | 3,463                  | -       | (2,834)                | -         |

From November 2011 to December 2015, the Group suffered exchange restrictions in Argentina, the so-called exchange rate stamp.

### **Credit risk**

The Prosegur Cash Group is not significantly exposed to credit risk. Bad debts are not a significant factor in the sector in which it operates. Independent credit ratings of customers are used if available. Otherwise, the Credit Control Department assesses each customer's credit rating, considering financial position, past experience and other factors. Individual credit limits are established based on internal and external ratings in accordance with the limits set by the Finance Department. Credit limits are regularly monitored.

The Prosegur Cash Group has formal procedures for detecting objective evidence of impairment of trade receivables. It identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. Impairment of trade receivables at 31 December 2016 amounts to Euros 6,830 thousand (Euros 5,643 thousand in 2015; Euros 15,239 thousand in 2014) (see Note 17). Trade receivables balances with no credit risk are not included in this provision at the end of 2016.

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

| Counterparty | 31/12/2016 | 31/12/2015 | 31/12/2014 |
|--------------|------------|------------|------------|
| Customer 1   | 7.23%      | 8.04%      | 10.58%     |
| Customer 2   | 5.68%      | 6.27%      | 7.33%      |
| Customer 3   | 4.85%      | 5.25%      | 6.15%      |
| Customer 4   | 3.12%      | 3.32%      | 3.83%      |
| Customer 5   | 2.94%      | 3.24%      | 3.15%      |
| Customer 6   | 2.27%      | 2.36%      | 2.89%      |
| Customer 7   | 2.14%      | 2.30%      | 1.63%      |
| Customer 8   | 1.58%      | 1.65%      | 1.20%      |

As explained in Note 17, on 29 December 2015 Prosegur Cash Group took out a factoring facility for part of its customer portfolio whereby receivables are sold without recourse, thereby transferring the associated credit risk.

Other current financial assets (see Note 18) include a fixed-term deposit. All financial assets contracted in 2016 and 2015 are exposed to risk of default by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings that are not sensitive to adverse changes in the economic climate.

### Liquidity risk

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

Management monitors the Prosegur Cash Group's liquidity reserves, which comprise credit available for drawdown (see Note 22) and cash and cash equivalents (see Note 19), and are forecast based on expected cash flows.

Liquidity position for 2016, 2015 and 2014 for Cash business is based on the following:

- Cash and cash equivalents of Euros 188,780 thousand at 31 December 2016 (Euros 175,825 thousand in 2015; Euros 159,572 thousand in 2014).
- Undrawn credit facilities of Euros 103,573 thousand at 31 December 2016 (Euros 59,382 thousand in 2015; Euros 74,156 thousand in 2014).
- Cash flows from operating activities of continuing operations in 2016 amounting to Euros 255,938 thousand (Euros 228,599 thousand in 2015; Euros 249,894 thousand in 2014) (Note 9).

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

| Thousands of Euros                              | 31/12/2016       |                        |                  |                    |               |                |                   |
|---|------------------|------------------------|------------------|--------------------|---------------|----------------|-------------------|
|   | Carrying amount  | Contractual cash flows | 6 months or less | 6 months to 1 year | 1 to 2 years  | 2 to 5 years   | More than 5 years |
| <b>Non-derivative financial liabilities</b>     |                  |                        |                  |                    |               |                |                   |
| Loans and borrowings                            | 626,149          | 662,759                | 15,431           | 3,710              | 9,444         | 634,174        | -                 |
| Finance lease payables                          | 20,377           | 23,954                 | 5,503            | 4,353              | 6,950         | 6,838          | 310               |
| Credit accounts                                 | 43,307           | 46,399                 | 43,754           | 2,645              | -             | -              | -                 |
| Other payables                                  | 32,202           | 36,568                 | 23,926           | 1,004              | 2,883         | 4,803          | 3,952             |
| Current payables with group companies (Note 28) | 168,708          | 168,708                | 168,708          | -                  | -             | -              | -                 |
| Trade and other payables                        | 262,546          | 262,546                | 262,546          | -                  | -             | -              | -                 |
|   | <b>1,153,289</b> | <b>1,200,934</b>       | <b>519,868</b>   | <b>11,712</b>      | <b>19,277</b> | <b>645,815</b> | <b>4,262</b>      |

| Thousands of Euros                              | 31/12/2015      |                        |                  |                    |               |               |                   |
|---|-----------------|------------------------|------------------|--------------------|---------------|---------------|-------------------|
|   | Carrying amount | Contractual cash flows | 6 months or less | 6 months to 1 year | 1 to 2 years  | 2 to 5 years  | More than 5 years |
| <b>Non-derivative financial liabilities</b>     |                 |                        |                  |                    |               |               |                   |
| Loans and borrowings                            | 120,890         | 135,060                | 37,778           | 59,177             | 17,675        | 19,967        | 464               |
| Finance lease payables                          | 17,937          | 20,260                 | 3,800            | 3,274              | 5,669         | 6,129         | 1,388             |
| Credit accounts                                 | 30,593          | 31,502                 | 17,799           | 13,703             | -             | -             | -                 |
| Other payables                                  | 46,115          | 54,199                 | 24,294           | 2,728              | 25,876        | 1,302         | -                 |
| Current payables with group companies (Note 28) | 360,295         | 360,295                | 360,295          | -                  | -             | -             | -                 |
| Trade and other payables                        | 245,315         | 245,315                | 245,315          | -                  | -             | -             | -                 |
|   | <b>821,145</b>  | <b>846,631</b>         | <b>689,281</b>   | <b>78,881</b>      | <b>49,219</b> | <b>27,397</b> | <b>1,852</b>      |

| Thousands of Euros                              | 31/12/2014      |                        |                  |                    |                |               |                   |
|---|-----------------|------------------------|------------------|--------------------|----------------|---------------|-------------------|
|   | Carrying amount | Contractual cash flows | 6 months or less | 6 months to 1 year | 1 to 2 years   | 2 to 5 years  | More than 5 years |
| <b>Non-derivative financial liabilities</b>     |                 |                        |                  |                    |                |               |                   |
| Loans and borrowings                            | 131,046         | 141,773                | 13,384           | 25,703             | 73,906         | 26,398        | 2,382             |
| Finance lease payables                          | 30,374          | 36,039                 | 11,238           | 5,210              | 6,988          | 10,535        | 2,068             |
| Credit accounts                                 | 14,454          | 15,138                 | 3,421            | 11,717             | -              | -             | -                 |
| Other payables                                  | 82,785          | 103,372                | 32,641           | 4,489              | 32,563         | 33,679        | -                 |
| Current payables with group companies (Note 28) | 166,114         | 166,114                | 166,114          | -                  | -              | -             | -                 |
| Trade and other payables                        | 346,200         | 346,200                | 346,200          | -                  | -              | -             | -                 |
|   | <b>770,973</b>  | <b>808,636</b>         | <b>572,998</b>   | <b>47,119</b>      | <b>113,457</b> | <b>70,612</b> | <b>4,450</b>      |

Lastly, systematic forecasts are prepared for cash generation and requirements, allowing Prosegur Cash Group to determine and monitor its liquidity position on an ongoing basis.

#### **Interest rate, cash flow and fair value risks**

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

The exposure of financial liabilities (excluding other payables) at the contract price review dates are as follows:

|   | 6 months or less | 6 to 12 months | 1 to 5 years   | More than 5 years | Total          |
|---|------------------|----------------|----------------|-------------------|----------------|
| <b>At 31 December 2016</b>                  |                  |                |                |                   |                |
| Total financial liabilities (fixed rate)    | 4,936            | 3,034          | 8,834          | 288               | 17,092         |
| Total financial liabilities (variable rate) | 52,330           | 3,257          | 617,154        | -                 | 672,741        |
|   | <b>57,266</b>    | <b>6,291</b>   | <b>625,988</b> | <b>288</b>        | <b>689,833</b> |
| <b>At 31 December 2015</b>                  |                  |                |                |                   |                |
| Total financial liabilities (fixed rate)    | 9,656            | 5,137          | 15,650         | 272               | 30,715         |
| Total financial liabilities (variable rate) | 44,680           | 66,883         | 25,752         | 1,390             | 138,705        |
|   | <b>54,336</b>    | <b>72,020</b>  | <b>41,402</b>  | <b>1,662</b>      | <b>169,420</b> |
| <b>At 31 December 2014</b>                  |                  |                |                |                   |                |
| Total financial liabilities (fixed rate)    | 14,819           | 2,662          | 27,344         | 383               | 45,208         |
| Total financial liabilities (variable rate) | 7,847            | 35,456         | 85,442         | 1,920             | 130,665        |
|   | <b>22,666</b>    | <b>38,118</b>  | <b>112,786</b> | <b>2,303</b>      | <b>175,873</b> |

The Prosegur Cash Group analyses its interest rate risk exposure dynamically. In 2016, 2015 and 2014 the majority of financial liabilities at variable interest rates were denominated in Euros, Brazilian Reals and Australian Dollars.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. Based on these scenarios, the Prosegur Cash Group calculates the effect of a certain variation in interest rates on profit and loss. For each simulation, the same interest rate variation is used for all currencies. The scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

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

| <b>At 31 December 2016</b> | <b>Total debt</b> | <b>Hedged debt</b> | <b>Debt exposure</b> |
|----------------------------|-------------------|--------------------|----------------------|
| Europe                     | 650,708           | 8,652              | 642,056              |
| AOA                        | 5,082             | -                  | 5,082                |
| Latam                      | 66,245            | 8,440              | 57,805               |
|                            | <b>722,035</b>    | <b>17,092</b>      | <b>704,943</b>       |

| <b>At 31 December 2015</b> | <b>Total debt</b> | <b>Hedged debt</b> | <b>Debt exposure</b> |
|----------------------------|-------------------|--------------------|----------------------|
| Europe                     | 30,624            | 11,419             | 19,205               |
| AOA                        | 61,065            | -                  | 61,065               |
| Latam                      | 123,839           | 19,296             | 104,543              |
|                            | <b>215,528</b>    | <b>30,715</b>      | <b>184,813</b>       |

| <b>At 31 December 2014</b> | <b>Total debt</b> | <b>Hedged debt</b> | <b>Debt exposure</b> |
|----------------------------|-------------------|--------------------|----------------------|
| Europe                     | 30,496            | 14,170             | 16,326               |
| AOA                        | 62,116            | -                  | 62,116               |
| Latam                      | 166,047           | 31,248             | 134,799              |
|                            | <b>258,659</b>    | <b>45,418</b>      | <b>213,241</b>       |

The debt comprises the bank loans at fixed rates. In Argentina, Chile, Peru, Brazil, Singapore, Germany and France liabilities include credit facilities, leasing-related payables and loans from credit entities at fixed interest rates.

At 31 December 2016, if interest rates on bank loans and borrowings have been 100 basis points higher, all other variables remaining constant, post-tax profit would have been Euros 4,235 thousand lower (Euros 1,175 thousand lower in 2015; Euros 1,246 thousand lower in 2014), mainly because of higher borrowing costs on variable-interest loans.

## 29.2. Capital risk management

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

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

Like other groups in the sector, the Prosegur Cash Group controls its capital structure on a leverage ratio basis. This ratio is calculated as net financial debt divided by total capital. Net financial debt is the sum of current and non-current financial liabilities (excluding other non-bank payables) plus/less net derivative financial instruments, less cash and cash equivalents, less current investments in group companies, less other current financial assets, as presented in the consolidated statement of financial position. Total capital is the sum of equity plus net financial debt, as presented in the consolidated statement of financial position. The following detail corresponds just to cash business.



The following detail corresponds to the cash business:

| Thousands of Euros   | 31/12/2016     | 31/12/2015      | 31/12/2014      |
|--|----------------|-----------------|-----------------|
| Financial liabilities (Note 22*)   | 722,035        | 207,636         | 238,478         |
| Financial liabilities with group companies (Note 28*)  | 136,972        | 67,056          | 80,427          |
| Less: cash and cash equivalents (Note 19*)   | (188,780)      | (175,825)       | (159,572)       |
| Less: current investments in group companies (Note 28*)  | (26,627)       | (294,555)       | (198,888)       |
| Less: other current financial assets (Note 18*)  | -              | -               | (8,241)         |
| Net financial debt   | 643,600        | (195,688)       | (47,796)        |
| Less: other non-bank payables (Note 22*)   | (32,202)       | (40,032)        | (82,786)        |
| Net financial debt (Excluding other non bank payables corresponding to deferred payments for M&A acquisitions) | 611,398        | (235,720)       | (130,582)       |
| Net assets   | 103,593        | 649,579         | 835,034         |
| <b>Total capital</b>   | <b>714,991</b> | <b>413,859</b>  | <b>704,452</b>  |
| <b>Gearing ratio</b>   | <b>85.51%</b>  | <b>(56.96%)</b> | <b>(18.54%)</b> |

\* note only applicable to 2016

Given the nature of the Prosegur Cash Group business, it generates higher cash-flows than needed to operate, and therefore, this cash is lent to other Prosegur Group companies.

The following detail corresponds to the total Prosegur Cash Group..

| Thousands of Euros   | 31/12/2016     | 31/12/2015      | 31/12/2014      |
|--|----------------|-----------------|-----------------|
| Financial liabilities (Note 22, 15)  | 727,536        | 216,683         | 258,659         |
| Financial liabilities with group companies (Nota 28)   | 136,972        | 239,132         | 111,438         |
| Less: cash and cash equivalents (Nota 19, 15)  | (211,603)      | (241,425)       | (228,646)       |
| Less: current investments in group companies (Nota 28)   | (26,627)       | (328,667)       | (262,499)       |
| Less: other current financial assets (Note 18)   | -              | -               | (8,241)         |
| Net financial debt   | 626,278        | (114,277)       | (129,289)       |
| Less: other non-bank payables (Note 22, 15)  | (32,202)       | (46,115)        | (82,786)        |
| Net financial debt (Excluding other non bank payables corresponding to deferred payments for M&A acquisitions) | 594,076        | (160,392)       | (212,075)       |
| Net assets   | 185,473        | 957,147         | 1,150,853       |
| <b>Total capital</b>   | <b>779,549</b> | <b>796,755</b>  | <b>938,778</b>  |
| <b>Gearing ratio</b>   | <b>76.21%</b>  | <b>(20.13%)</b> | <b>(22.59%)</b> |

### 29.3. Financial instruments and fair value

#### Classification and fair value

All financial assets and liabilities have an accounting value close to their fair values due to a large extent, to the short-term maturities of these instruments.

#### Measurement bases for financial instruments not measured at fair value:

| Type                             | Measurement bases     | (Unobservable) inputs employed |
|----------------------------------|-----------------------|--------------------------------|
| Financial liabilities from banks | Discounted cash flows | *                              |
| Finance lease liabilities        | Discounted cash flows | *                              |
| Other financial liabilities      | Discounted cash flows | *                              |

\* Forecasted annual revenue growth in line with inflation rate (4.2%), forecasted EBITDA (2016-19: (0.3%) to 2.8%) and risk-adjusted discount rate (17.25% to 17.75%).

**Transfer of assets and liabilities among the various levels**

During 2016, 2015 and 2014 there were no transfer of assets and liabilities among the various levels.

**30. Other information**

The average headcount of the Prosegur Cash Group, including the equity-accounted investees companies, is as follows:

|                     | <u>31/12/2016</u>    | <u>31/12/2015</u>    | <u>31/12/2014</u>    |
|---------------------|----------------------|----------------------|----------------------|
| Operating personnel | 53,849               | 47,816               | 42,675               |
| Other               | 2,456                | 1,523                | 1,240                |
|                     | <u><b>56,305</b></u> | <u><b>49,339</b></u> | <u><b>43,915</b></u> |

The average headcount of operating personnel employed by equity-accounted investees in 2016 is 16,755 employees (10,522 people in 2015; 5,486 people in 2014).

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

|                     | <u>31/12/2016</u> | <u>31/12/2015</u> | <u>31/12/2014</u> |
|---------------------|-------------------|-------------------|-------------------|
| Operating personnel | 21                | 32                | 26                |
| Other               | 5                 | 1                 | 3                 |
|                     | <u><b>26</b></u>  | <u><b>33</b></u>  | <u><b>29</b></u>  |

At the period end, the distribution by gender of the Prosegur Cash Group personnel is as follows:

|                     | <u>31/12/2016</u>    |                      | <u>31/12/2015</u>    |                     | <u>31/12/2014</u>    |                     |
|---------------------|----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|
|                     | <u>Men</u>           | <u>Women</u>         | <u>Men</u>           | <u>Women</u>        | <u>Men</u>           | <u>Women</u>        |
| Operating personnel | 44,202               | 9,647                | 39,771               | 8,045               | 34,733               | 7,942               |
| Other               | 1,663                | 793                  | 1,143                | 380                 | 883                  | 357                 |
|                     | <u><b>45,865</b></u> | <u><b>10,440</b></u> | <u><b>40,914</b></u> | <u><b>8,425</b></u> | <u><b>35,616</b></u> | <u><b>8,299</b></u> |

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

|                    | <u>31/12/2016</u> |                 |
|--------------------|-------------------|-----------------|
|                    | <u>Men</u>        | <u>Women</u>    |
| Board of Directors | 5                 | -               |
| Senior management  | 7                 | 2               |
|                    | <u><b>12</b></u>  | <u><b>2</b></u> |

In 2015 and 2014 there were no senior management personnel employed.

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

|                                     | <u>31/12/2016</u> |
|-------------------------------------|-------------------|
| Thousands of Euros                  |                   |
| KPMG Auditores, S.L. Audit services | 587               |
| KPMG Auditores, S.L. Other services | 9                 |
|                                     | <u><b>596</b></u> |

The amounts detailed in the table above include the total fees for services rendered in 2016, irrespective of the invoice date.

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

| Thousands of Euros       | <u>31/12/2016</u> |
|--------------------------|-------------------|
| Audit services           | 1,121             |
| Other assurance services | 119               |
| Tax advisory services    | 232               |
| Other services           | 435               |
|                          | <u>1,907</u>      |

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

| Thousands of Euros | <u>31/12/2016</u> |
|--------------------|-------------------|
| Audit services     | <u>2</u>          |
|                    | <u>2</u>          |

### 31. Events after the reporting date

On 12 January 2017 a plant and 8 parking spaces of investments properties in Argentina were sold, generating a loss of Euros 300 thousand.

On 13 January 2017 the Company filed a contentious-administrative appeal before the National Court requesting the annulment of the Resolution of the National Market and Competition Commission, as well as the precautionary suspension of payment of the sanction imposed. It is not expected that the sentence that ends the procedure will be issued in the current year.

On 10 February 2017, a syndicated line of credit has been signed in a Revolving format with a duration of 5 years and with a limit of Euros 300,000 thousand. On 20 February 2017, Euros 75,000 thousand of this syndicated line of credit were arranged.

On 17 January 2017 Prosegur Cash has acquired in Australia 100% of the Company Cash Services Australia Pty Limited through its subsidiary Australia Prosegur Holdings Pty Limited. The total purchase price was AUD 2,405 thousand, equivalent to Euros 1,674 thousand at the acquisition date.

On 21 February 2017 the financial assets and liabilities contracted with Prosegur Group have been fully paid. These included credit and other financial assets of Euros 24,451 thousand and Euros 2,176 thousand respectively and a loan and other financial liabilities amounting to Euros 134,842 thousand and Euros 2,130 thousand respectively.

On 23 February 2017, Prosegur Cash Group has sold to Prosegur Group the investment properties that owns for a total amount of Euros 67,380 thousand, generating a total income of Euros 2,311 thousand.

### 32. Summary of the main accounting principles

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

#### 32.1. Consolidation principles

##### ***Subsidiaries***

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

exposure or rights to variable returns for its involvement in the subsidiary when the returns obtained from said involvement may vary according to the entity's economic performance.

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

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

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

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

### ***Business combinations***

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

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

The consideration given excludes any payment that does not form part of the exchange for the acquired business. Acquisition costs are recognised as an expense when incurred.

At the acquisition date the Prosegur Cash Group recognises the assets acquired and liabilities assumed at fair value. Non-controlling interests in the acquiree are recognised at the proportionate interest in the fair value of the net assets acquired. This criterion is applicable only for non-dominant holdings that grant present access to the economic benefits and the right to the proportionate share of the net assets of the acquired entity in the event of liquidation. Otherwise, non-controlling interests are valued at fair value or market-based value. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. The Prosegur Cash Group recognises indemnification assets transferred by the seller at the same time and following the same measurement criteria as the item that is subject to indemnification from the acquiree, taking into consideration any insolvency risk and any contractual limitations on the indemnified amount.

With the exception of lease and insurance contracts, the assets acquired and liabilities assumed are classified and designated for subsequent measurement based on contractual agreements, economic terms, accounting and operating policies and any other conditions existing at the acquisition date.

The excess between the consideration given, plus the value assigned to non-controlling interests, and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, after evaluating the consideration given, the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit or loss.

When it has only been possible to determine the business combination provisionally at the reporting date, the identifiable net assets are initially recognised at their provisional amounts and adjustments made during the measurement period are recognised as if they had been known at that date. Comparative figures for the previous year are restated where applicable and if the effect is considered material. In any event, adjustments to provisional amounts only reflect information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the amounts recognised at that date (see Note 27).

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

Contingent consideration is classified according to the underlying contractual conditions as a financial asset or liability, equity instrument or provision. To the extent that subsequent changes in the fair value of an asset or financial liability do not correspond to an adjustment in the valuation period, they are recognized in consolidated results or other comprehensive income. The contingent consideration classified as equity is not subject to a subsequent update, recognizing the liquidation equally in equity. The contingent consideration classified as a provision is subsequently recognized in accordance with the corresponding standard valuation.

The cost of the business combination includes contingent consideration, if this is probable at the acquisition date and can be reliably estimated. Contingent consideration is classified in accordance with the underlying contractual terms as a financial asset, financial liability, equity instrument or provision. Subsequent changes in the fair value of a financial asset or financial liability are recognised in profit or loss or other comprehensive income, provided that they do not arise from a measurement period adjustment. Contingent consideration classified as equity is not remeasured subsequently, and settlement is accounted for in equity. Contingent consideration classified as a provision is subsequently recognised in accordance with the relevant measurement standard.

### ***Non-controlling interests***

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

Profit or loss for the year and changes in equity of the subsidiaries attributable to the Prosegur Cash Group and non-controlling interests after consolidation adjustments and eliminations, is determined in accordance with the percentage ownership at year end, without considering the possible exercise or conversion of potential voting. However, the Prosegur Cash Group's interest and non-controlling interests are calculated taking into account the eventual exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of subsidiaries.

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

### ***Associates***

Associates are entities over which, either directly or indirectly significant influence is held. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Prosegur Cash Group or other entities, are considered when assessing whether an entity has significant influence.

Investments in associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases.

Investments in associates are initially recognised at cost of acquisition. The excess of the cost of the investment over the Prosegur Cash Group's share of the fair values of the identifiable net assets is recognised as goodwill, which is included in the carrying amount of the investment.

The Prosegur Cash Group's share of the profit or loss of an associate from the date of acquisition is recognised as an increase or decrease in the value of the investments, with a credit or debit to share of the profit or loss for the year of equity-accounted associates in the consolidated income statement (consolidated statement of comprehensive income). The Prosegur Cash Group's share of other comprehensive income of associates from the date of acquisition is recognised as an increase or decrease in the value of the investments in associates with a balancing entry in other comprehensive income based on the nature of the investment. The distribution of dividends is recorded as a decrease in the value of the investments.

### ***Impairment***

The Prosegur Cash Group applies the criteria for impairment described in IAS 39 Financial Instruments: Recognition and Measurement to determine whether additional impairment losses to those already recognised on the net investment in the associate, or on any other financial asset held as a result of applying the equity method, should be recognised.

Impairment is calculated by comparing the carrying amount of the net investment in the associate with its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell. Accordingly, value in use is calculated to the extent of the Prosegur Cash Group's interest in the present value of estimated cash flows from ordinary operations and the income generated on final disposal of the associate.

The recoverable amount of the investment in an associate is evaluated in relation to each associate, unless it does not constitute a cash-generating unit (CGU) (see Note 32.8).

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

### ***Joint arrangements***

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions about the relevant activities require the unanimous consent of the Prosegur Cash Group and the remaining venturers or operators. The existence of joint control is assessed considering the definition of control over subsidiaries.

### ***Joint ventures***

Investments in joint ventures are accounted for using the equity method. This method involves incorporating the value of net assets and any goodwill corresponding to the interest in the joint venture under equity-accounted investees in the consolidated statement of financial position. The net profit/loss obtained each year corresponding to the percentage interest in joint ventures is reflected in the consolidated income statement as share in profit/(loss) for the year of equity-accounted investees. The Prosegur Cash Group opts to present this profit/loss as part of its results from operating activities as it considers that profit/loss from joint ventures forms a part of its operations.

The distribution of dividends of joint ventures is recorded as a decrease in the value of the investments. Losses of joint ventures attributable to the Prosegur Cash Group are limited to the extent of its net investment, except where the Prosegur Cash Group has legal or constructive obligations or when payments have been made on behalf of the joint ventures.

### ***Joint operations***

For joint operations, the Prosegur Cash Group recognises the assets, including its share of any assets held jointly, the liabilities, including its share of any liabilities incurred jointly with the other operators, the revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and the expenses, including its share of any expenses incurred jointly, in the consolidated annual accounts.

In sales or contributions by the Prosegur Cash Group to joint operations, it recognises the resulting gains and losses only to the extent of the other parties' interests in the joint operation. When such transactions provide evidence of a reduction in net realisable value or an impairment loss of the assets transferred, such losses are recognised in full.

In purchases by The Prosegur Cash Group from a joint operation, it only recognises the resulting gains and losses when it resells the acquired assets to a third party. However, when such transactions provide evidence of a reduction in net realisable value or an impairment loss of the assets, The Prosegur Cash Group recognises its entire share of such losses.

Acquisition of an initial and subsequent share in a joint operation is recognised following the same criteria used for business combinations, at the percentage of ownership of each individual asset and liability. However, in subsequent acquisitions of additional shares in a joint operation, the previous share in each asset and liability is not revalued.

## **32.2. Consolidated functional income statement**

The Prosegur Cash Group presents expenses recognised in the consolidated income statement based on their function, as it considers that this method provides users with more relevant information than classifying expenses by nature.

## **32.3. Segment reporting**

A business segment is a group of assets and operations which supply products or services subject to risks and returns that are separate from those of other segments of the business.

A geographical segment supplies products or services in a specific economic environment subject to risks and returns that are separate from other segments which operate in other economic environments.

Each defined segment is allocated the costs it incurs directly. Each geographical area has its own functional structure.

## 32.4. Foreign currency transactions

### *Functional and presentation currency*

The entries of each of The Prosegur Cash Group's entities included in the consolidated annual accounts are measured using the currency of the main economic environment in which they operate (functional currency). Unless otherwise stated, the figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, The Prosegur Cash Group's functional and presentation currency.

### *Balances and transactions*

Foreign currency transactions are translated at the exchange rate prevailing at the transaction date. Foreign currency gains and losses arising on the settlement of these transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies at the closing exchange rate are recognised in profit or loss, unless they are deferred in equity, as in the case of qualifying cash flow hedges.

Exchange gains and losses on loans and cash and cash equivalents are shown in the consolidated income statement under finance income or finance costs.

Changes in the fair value of monetary securities denominated in foreign currencies and classified as available for sale are divided into exchange differences associated with changes in amortised cost and other changes in the carrying amount. Translation differences are recognised in the consolidated income statement and other changes in the carrying amount are recognised in equity.

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

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

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

### *Translation of foreign operations*

Foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

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

On combination, exchange differences arising on the translation of a net investment in foreign entities and loans and other foreign currency instruments designated as hedges for these investments, are taken to shareholders' equity. When they are sold, these exchange differences are recognised in the consolidated income statement as part of the gain or loss on the sale.

## 32.5. Property, plant and equipment

Property, plant and equipment are recognised at cost of acquisition, less accumulated depreciation and impairment, except for land, which is presented net of impairment.

Historical cost includes costs directly attributable to the acquisition of the assets.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, only when it is probable that the future economic benefits associated with the assets will flow to The Prosegur Cash Group and the cost of the asset can be measured reliably. The carrying amount of components replaced is derecognised. Other repair and maintenance costs are expensed when incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis to allocate their cost or revalued amounts to their residual values over their estimated useful lives:

|                                       | Rate (%) |
|---------------------------------------|----------|
| Buildings                             | 2-3      |
| Technical installations and machinery | 10-25    |
| Other installations and equipment     | 10-30    |
| Furniture                             | 10       |
| IT equipment                          | 25       |
| Motor vehicles                        | 10-16    |
| Other property, plant and equipment   | 10-25    |

The residual value and useful lives of the assets are reviewed and adjusted as necessary at each reporting date as a change in accounting estimates.

When an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is written down immediately to the recoverable amount (see Note 32.8). The Company analyzes impairment of property, plant and equipment annually whether or not there is any indication of impairment.

Gains and losses on the sale of property, plant and equipment are calculated by comparing the consideration received with the carrying amount, and are recognised in the consolidated income statement.

## 32.6. Intangible assets

### ***Goodwill***

Goodwill represents the excess of the cost of acquisition over the fair value of the Prosegur Cash Group's share of the net identifiable assets of the acquired subsidiary on the date of acquisition. Goodwill is tested for impairment annually (see Note 32.8) and measured at cost less accumulated impairment. Gains and losses on the sale of an entity include the carrying amount of goodwill related to the entity sold.

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

### ***Customer portfolios***

Relationships with customers recognised by the Prosegur Cash Group under customer portfolios are separable and based on a contractual relationship, which means they qualify for consideration as intangible assets separate from goodwill. Generally speaking, these are service contracts with customers that have either been acquired from third parties or recognised when allocating fair values in business combinations.

Portfolios of customer contracts are recognised at fair value at the date of acquisition, less accumulated depreciation and impairment.

The fair value allocated to portfolios of customer contracts acquired from third parties is the cost of acquisition. To determine the fair value of intangible assets allocated in business combinations based on relationships with customers, the income approach has been adopted: discounting the cash flows generated by these relationships upon acquisition of the subsidiary. Cash flows are estimated using projected sales, operating investments and EBITDA margin based on the entity's business plans.

In the Prosegur Cash Group, customer portfolios are amortised on a straight-line basis over their estimated useful life. Useful life is estimated using indicators such as the average customer retention period or average churn rate. The useful lives assigned to these intangible assets are reviewed at each reporting date. The useful life of the different customer portfolios varies between 5 and 22 years.

Customer portfolios are allocated to cash-generating units (CGUs) based on the country of operation and business segment.



Additionally, customer portfolios are tested for impairment at each reporting date to see whether their recoverable amount has declined as follows:

- Checks are carried out to determine whether any events have occurred which have negatively impacted estimated cash flows generated by contracts in the portfolios (e.g. reductions in total sales or EBITDA margins).
- Estimated customer churn rates are updated to determine whether the periods during which customer portfolios generate income have changed.

If there are indications of impairment, the recoverable amount of portfolios is estimated based on the present value of the new estimates of cash flows generated by the contracts over their remaining useful life.

If churn rates have increased, the useful life of contract portfolios is re-estimated.

#### ***Trademarks and licences***

Trademarks and licences are measured at historical cost. They have finite useful lives and are carried at cost less accumulated amortisation and impairment. Trademarks and licences are amortised on a straight-line basis to allocate the cost over their estimated useful lives of 4 years.

#### ***Computer software***

Software licences acquired from third parties are capitalised on the basis of the costs incurred to acquire and prepare the licences for the use of a specific program. These costs are amortised over their estimated useful lives of between 3 and 5 years.

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

### **32.7. Investment property**

The Prosegur Cash Group classifies as real estate investments the buildings to be used in full or in part to obtain rent, capital gains or both, instead of for use in the production or supply of goods or services, or else for the administrative purposes of Prosegur Cash Group or sale in the ordinary course of business. Real estate investments are initially recognised at cost, including transactions costs.

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

### **32.8. Impairment of non-current assets**

Assets subject to depreciation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An impairment loss is the difference between the carrying amount of an asset and its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. For impairment testing purposes, assets are grouped together at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impaired non-financial assets other than goodwill are reviewed for any reversals of that impairment at each reporting date.

#### ***Goodwill impairment***

Goodwill has been allocated to the Prosegur Cash Group's cash-generating units (CGUs) based on the country of operation. For impairment testing purposes, goodwill is allocated to CGUs. Goodwill is allocated to the CGUs that are expected to benefit from the business combination from which the goodwill arose.

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

Budgeted EBITDA is based on past performance and market outlook.

Cash flows are discounted to calculate the present value at a rate reflecting the cost of capital of the business and of the geographical area where the business is carried out. The Prosegur Cash Group considers the present value of money and risk premium calculations currently in general use among analysts for the geographical area.

If the recoverable amount is less than the carrying amount, the difference is recognised under impairment in the consolidated income statement (see Note 11).

Impairment losses on goodwill are not reversible.

Along with the analysis of impairment, the Prosegur Cash Group also performs a sensitivity analysis on goodwill, which consists of verifying the impact that deviations in the estimates of key assumptions would have on the recoverable amount of a CGU (see Note 11).

## 32.9. Financial assets

### ***Classification***

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

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

### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Prosegur Cash Group supplies money, goods or services directly to a debtor without the intention of negotiating the receivable. Loans and receivables are classified as current, except those maturing beyond 12 months after the reporting date, which are classified as non-current. Loans and receivables are generally recognised under trade and other receivables in the consolidated statement of financial position (see Note 32.11).

### ***Available-for-sale financial assets***

The Prosegur Cash Group classifies debt securities and equity instruments of other companies not classified in any other category of financial assets as available-for-sale.

### ***Recognition, measurement and derecognition of financial assets***

Acquisitions and disposals of financial assets are recognised at trade date, which is the date on which the Prosegur Cash Group undertakes to acquire or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not recognised at fair value through profit or loss. Investments are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Prosegur Cash Group has transferred substantially all the risks and rewards of ownership.

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

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

At each reporting date, the Prosegur Cash Group evaluates whether there is objective evidence that a financial asset or group of financial assets may be impaired. To determine whether securities classified as available for sale are impaired, they are tested to see whether there has been a significant or prolonged decline in the fair value of the assets below their cost.

If there is any evidence that available-for-sale financial assets are impaired, the accumulated impairment, determined as the difference between the cost of acquisition and current fair value, less any previously recognised impairment loss, is recycled from equity to the consolidated income statement. Impairment losses on investments in equity instruments recognised in the consolidated income statement are not reversed.

Financial assets are removed from the statement of financial position when they expire or when the rights to the cash flows from the financial asset have been transferred and the risks and rewards of ownership have been substantially transferred. This is the case with transfers of trade receivables in factoring transactions in which the Prosegur Cash Group retains no credit or interest rate risk.

A financial liability is recorded for the amount of the consideration received, in transfers where it retains substantially all the risks and rewards of ownership. These include discounted bills or factoring with recourse whereby the transferor retains subordinated financing or another type of guarantee that absorbs substantially all expected losses.

### **32.10. Inventories**

Inventories are measured at the lower of cost and net realisable value, distinguishing between:

- Warehouse inventories and uniforms, which are measured at weighted average cost.
- Installations in progress, which are measured at the cost of the installation, and includes materials and spare parts consumed and the standard cost of labour, and which does not differ from actual costs incurred during the year.

Net realizable value is the estimated selling price in the normal course of business, less costs to sell.

### **32.11. Trade receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment. Trade receivables are impaired when objective evidence exists that the Prosegur Cash Group will not be able to collect all the amounts due under the original terms of the receivables. Indications that receivables are impaired include major financial difficulties for the debtor, the probability that the debtor will go into administration or require refinancing and defaults or arrears on payments. Impairment 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. The asset's carrying amount is reduced as the impairment account is applied, and the loss taken to expense. When a receivable is no longer collectible, it is adjusted against the impairment account for receivables.

### **32.12. Non-current assets held-for-sale**

Non-current assets or disposal groups are classified as non-current assets held-for-sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. Non-current assets or disposal groups are classified as held-for-sale, provided that they are available for sale in their present condition subject to terms that are usual and customary for sales of such assets and that the transaction is highly probable.

Impairment losses on initial classification and subsequent remeasurement of assets classified as held-for-sale are recognised under profit or loss from continuing operations in the consolidated statement of comprehensive income, unless it is a discontinued operation. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

### **32.13. Cash and cash equivalents**

Cash and cash equivalents include cash in hand, demand deposits in financial institutions, other short-term, highly liquid investments with an original maturity of three months or less, and bank overdraft facilities. In the consolidated statement of financial position, bank overdrafts are classified as financial liabilities under current liabilities.

### **32.14. Provisions**

Provisions for restructuring and litigation are recognised when:

- i. A present legal or constructive obligation as a result of a past event exists.
- ii. It is more likely than an outflow of resources embodying economic benefits will be required to settle the obligation.
- iii. The amount of the obligation has been estimated reliably.

When there are a number of similar obligations, the probability that a cash outflow will be required to settle the obligation is determined considering the type of obligations as a whole. Provision is made even though the probability of a cash outflow compared to any item included in the same class of obligation may be low.

Restructuring provisions include lease cancellation penalties and employee severance payments. Provisions are not recognised for future operating losses.

Management estimates provisions for future claims based on historical information on claims and recent trends which could suggest that past information on the cost could differ from future claims. Additionally, management engages various external labour, legal and tax advisors to provide independent analysis for management's use in determining best estimates (see Note 21).

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. The increase in the provision due to the passage of time is recognised as an interest expense.

### **32.15. Financial liabilities**

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

Financial liabilities are initially recognised at fair value, net of any transaction costs. Financial liabilities are subsequently measured at amortised cost. Any difference between the funds obtained (net of costs necessary to obtain them) and the repayment value is recognised in the consolidated income statement over the term of the debt using the effective interest method.

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

Commission paid to obtain credit facilities is recognised as loan arrangement costs providing it is probable that some or all of the facilities will be drawn down. In these cases, commission is deferred until the facility is drawn down. If there is no evidence that it is probable that the credit facility will be drawn down, the commission is capitalised as a prepayment for liquidity services and amortised over the term of the facility.

### **32.16. Current and deferred tax**

The income tax expense for the year comprises current tax and deferred tax. The income tax expense for the year is recognised in the consolidated income statement, except when it relates to transactions recognised directly in equity, in which case the associated tax is also recognised in equity.

Current taxes are measured pursuant to the tax laws that have been enacted or substantially enacted at the reporting date in the countries in which its subsidiaries and associates operate and in which taxable income is generated. Management regularly reviews decisions taken in relation to tax returns for situations where tax laws are subject to interpretation, creating any necessary provisions based on the amounts expected to be paid to the taxation authorities.

A high level of judgement is required to determine the liabilities for income taxes. There are many transactions and calculations for which the ultimate tax calculation is uncertain during the normal course of business. The Prosegur Cash Group recognises liabilities for anticipated tax problems based on estimates when it considers that additional taxes will be necessary. When the final tax result of these issues differs from the amounts that would have been initially recognised, the differences would affect income tax and tax liabilities in the year that they are known.

Deferred tax assets and liabilities are calculated using the balance sheet method on the basis of the temporary differences that arise between the tax base of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, deferred taxes are not recognised if they 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, affects neither accounting profit nor taxable income/tax loss.

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

Deferred tax assets are recognised provided that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are recognised for temporary differences which arise in investments in subsidiaries and associates, except when the Prosegur Cash Group is able to control the timing of the reversal of the temporary difference and it is not probable that the temporary difference will reverse in the foreseeable future.

### **32.17. Employee benefits**

#### ***Offsetting based on Prosegur Cash share listing – 2017 Plan***

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

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

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

The 2017 Plan lasts three years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The Plan measures target achievement from 1 January 2015 until 31 December 2017 and length of service from 1 January 2015 until 31 December 2019. Entitlement to incentives is assessed on the following dates:

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

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

In relation to the 2017 long-term incentive plan for the Managing Director and Senior Management of Prosegur, expense accrued in 2016 amounting to EUR 1,790 thousand, has been included in salaries and wages (Note 21).

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

#### ***Termination benefits***

Termination benefits are recognised on the earlier of the date on which the Prosegur Cash Group may no longer withdraw the offer and the date when restructuring costs resulting in the payment of termination benefits are recognised.

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

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

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

**Short-term employee remuneration**

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

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

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

**Profit-sharing plans and bonuses**

The Prosegur Cash Group calculates the liability and expense for bonuses and profit-sharing using a formula based on EBITA.

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

**32.18. Revenue recognition**

Revenues include the fair value for the sale of goods and services, net of value added tax, returns and discounts, and after sales within the Prosegur Cash Group have been eliminated. The Prosegur Cash Group recognises revenues when the amount can be measured reliably, it is probable that the future economic benefits will flow to the entity and the specific terms are met for each of its activities.

Revenues are recognised on an accruals basis as follows:

- a) Sales of active surveillance services, the logistics of securities and cash management are recognised in the period in which the services are rendered, excluding taxes levied on these transactions, and deducting any discounts included in the invoice as a reduction in the transaction amount.
- b) Interest income is recognised based on the outstanding principal and the effective interest rate applicable. When a receivable is impaired, the Prosegur Cash Group 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.

**32.19. Leases*****When the Prosegur Cash Group entity is the lessee***

Leases of property, plant and equipment where the Prosegur Cash Group has substantially assumed all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is distributed between the reduction in debt and the finance charge, obtaining a constant interest rate on the outstanding balance of the debt. Lease payment obligations, net of the finance charge, are recognised under financial liabilities. The interest portion of the finance charge is expensed over the lease term to obtain a constant, regular interest rate on the outstanding balance of the debt for each period. Property, plant and equipment acquired under finance lease are depreciated over the shorter of the asset's useful life and the lease term when there is no possibility of transfer of ownership; otherwise, they are depreciated over the estimated useful life of the asset.

Leases in which the lessor retains substantially all the risks and rewards incidental to ownership are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognised in profit and loss on a straight-line basis over the lease period.

***When the Prosegur Cash Group entity is the lessor***

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

### 32.20. Borrowing costs

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

### 32.21. Distribution of dividends

Dividends distributed to shareholders are recognised as a liability in the consolidated annual accounts in the period in which the dividends are approved.

### 32.22. Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a co-ordinated single plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When the operation is classified as discontinued operation, the comparative statement of profit and loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

### 32.23. Environment

The cost of armoured vehicles that are compliant with the Euro V emission standard for non-polluting particles has been recognised as an increase in the assets. At the 2015 reporting date, the Prosegur Cash Group has no contingencies, legal claims, income or expenses relating to the environment.

### 32.24. Consolidated statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method and the following expressions and definitions:

- Cash flows: inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments not subject to significant risk of changes in value.
- Operating activities: the ordinary activities of the companies forming the consolidated group and other activities that cannot be classified as investing or financing activities.
- Investing activities: the acquisition, sale or disposal of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in equity and financial liabilities. In particular, bank overdrafts.

On 29 December 2015 a non-recourse factoring facility was arranged for Brazilian Reals 26,218 thousand (euro equivalent at 31 December 2015: Euros 6,081 thousand) (see Note 17). This facility expired in January 2016. The contract expressly states that the purchaser will not be entitled to recourse against the seller in the event of any default or delay in collection of a transferred receivable. In other words, the buyer assumes the credit risk and default risk. The effect of the factoring facility is shown under changes in trade and other receivables in the consolidated statement of cash flows.

## APPENDIX I. – Consolidated subsidiaries

Information at 31 December 2016

| Company   | Registered offices   | % ownership                   | Participation  |  | Basis of consolidation | Activity | Auditor |
|---|--|-------------------------------|--|--|------------------------|----------|---------|
|   |  |                               | Company holding the investment   |  |                        |          |         |
| Transportadora de Caudales de Juncadella, S.A.                | Tres Arroyos 2835 Ciudad de Buenos Aires - Argentina                                     | 94.99<br>5.00<br>0.01         | Juncadella Prosegur Internacional S.A.<br>Armor Acquisition SA<br>Prosegur Holding CIT ARG, S.A.   |  | a                      | 1        | A       |
| Prosegur Holding CIT ARG, S.A.                                | Tres Arroyos 2835 Ciudad de Buenos Aires - Argentina                                     | 95<br>5                       | Prosegur Global CIT, S.L.U.<br>Prosegur Internacional CIT 1, S.L.  |  | a                      | 3        | B       |
| TC Interplata, S.A.   | Perú, 1578, Ciudad de Buenos Aires - Argentina   | 95<br>4<br>1                  | Transportadora de Caudales de Juncadella, S.A.<br>Juncadella Prosegur Internacional, S.A.<br>Prosegur Holding CIT ARG, S.A.  |  | a                      | 1        | A       |
| TSR Participacoes Societárias, S.A.                           | Av.Thomas Edison, 813 - 1º andar-Barra Funda - CEP 01140-001 São Paulo - SP -            | 47.08<br>52.92                | Juncadella Prosegur Internacional, S.A.<br>Prosegur Global CIT, S.L.U.   |  | a                      | 3        | B       |
| Prosegur Brasil, S.A. Transportadora de Valores e Segurança   | Guaratã, 633 - Prado - Belo Horizonte - MG -Brasil                                       | 100                           | TSR Participacoes Societárias, S.A.  |  | a                      | 2        | A       |
| Compañía Transportadora de Valores Prosegur de Colombia, S.A. | Avda. De las Américas, 42-25 Bogotá - Colombia   | 94.90<br>5.10<br>0.00<br>0.00 | Prosegur Global CIT, S.L.U.<br>Prosegur Internacional CIT 1, S.L.<br>Prosegur Cash, S.A.<br>Prosegur Servicios de Efectivo España, S.L.U.<br>Prosegur Global CIT ROW, S.L.U. |  | a                      | 1        | A       |
| Prosegur Procesos, S.A.S.                                     | Avda. De las Américas, 42-25 Bogotá -  | 100                           | Prosegur Internacional CIT 2, S.L.U.   |  | a                      | 1        | B       |
| Procesos Técnicos de Seguridad y Valores, S.A.S.              | DG 74 # 6-51, Ciudad de Bogotá - Colombia  | 100                           | Prosegur Internacional CIT 2, S.L.U.   |  | a                      | 1        | A       |
| Compañía de Seguridad Prosegur, S.A.                          | Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de Surco - Perú      | 52<br>48                      | Juncadella Prosegur Internacional, S.A.<br>Transportadora de Caudales de Juncadella, S.A.  |  | a                      | 1        | A       |
| Prosegur Cajeros, S.A.  | La Chira, 103 - Surco - Lima - Perú  | 52<br>48                      | Juncadella Prosegur Internacional, S.A.<br>Transportadora de Caudales de Juncadella, S.A.  |  | a                      | 1        | B       |
| Compañía Ridur 2016, S.A.                                     | Pajaritos, 24, Madrid - España   | 100                           | Juncadella Prosegur Internacional, S.A.  |  | a                      | 6        | B       |
| Centro Informático de Servicios de Vigo, S.A                  | Ru Tomas a Alonso,5 Vigo - España  | 100                           | Prosegur BPO España S.L.U.   |  | a                      | 1        | B       |
| MIV Gestión S.A.  | Ru Tomas a Alonso,5 Vigo - España  | 100                           | Prosegur Servicios de Efectivo España, S.L.U.  |  | a                      | 1        | B       |
| Prosegur Servicios de Efectivo España, S.L.U.                 | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Global CIT Row, S.L.U.  |  | a                      | 1        | A       |
| Prosegur Global CIT, S.L.U.                                   | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Cash, S.A.  |  | a                      | 3        | B       |
| Prosegur Berlin, S.L.U.                                       | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Global CIT Row, S.L.U.  |  | a                      | 3        | B       |
| Prosegur BPO España S.L.U.                                    | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Global CIT Row, S.L.U.  |  | a                      | 1        | B       |
| Armor Acquisition, S.A.                                       | Pajaritos, 24, Madrid - España   | 5<br>95                       | Prosegur Global CIT, S.L.U.<br>Prosegur Intenationale Handels, GmbH  |  | a                      | 3        | A       |
| Juncadella Prosegur Internacional, S.A.                       | Pajaritos, 24, Madrid - España   | 68.79<br>31.21                | Armor Acquisition, S.A.<br>Prosegur Intenationale Handels, GmbH  |  | a                      | 3        | A       |
| Prosegur Internacional CIT 1, S.L.U.                          | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Global CIT, S.L.U.  |  | a                      | 3        | B       |
| Prosegur Internacional CIT 2, S.L.U.                          | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Global CIT, S.L.U.  |  | a                      | 3        | B       |
| Prosegur Global CIT ROW, S.L.U.                               | Pajaritos, 24, Madrid - España   | 100                           | Prosegur Cash, S.A.  |  | a                      | 3        | B       |
| Prosegur Traitement de Valeurs SASU                           | Rue Rene Cassin Zi de Molina - La Talaudiere - Francia                                   | 100                           | Prosegur Traitement de Valeurs EST, S.A.S.   |  | a                      | 1        | A       |
| Prosegur Traitement de Valeurs EST SAS                        | 2 Rue Lovoisier BP 61609 25010 Besancon Cedex 3 - Francia                                | 100                           | Prosegur Participations, S.A.S.  |  | a                      | 1        | A       |
| Prosegur Participations SAS                                   | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia   | 100                           | Prosegur Global CIT Row, S.L.U.  |  | a                      | 3        | A       |
| Prosegur Traitement de Valeurs Azur SA                        | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia   | 100                           | Prosegur Participations, S.A.S.  |  | a                      | 1        | A       |
| Prosegur Logistique de Valeurs Azur SA                        | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia   | 100                           | Prosegur Participations, S.A.S.  |  | a                      | 1        | A       |
| Prosegur Traitement de Valeurs Provence SAS                   | 604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos -                   | 100                           | Prosegur Participations, S.A.S.  |  | a                      | 1        | B       |
| Luxpai CIT, S.A.R.L.  | 23, Av. Monterey - 2163 - Luxemburgo   | 100                           | Prosegur Global CIT Row, S.L.U.  |  | a                      | 3        | B       |
| Pitco Reinsurance, S.A.                                       | Av. Monterey, L-2163 - Luxemburgo  | 100                           | Luxpai CIT SARL  |  | a                      | 7        | A       |
| Malcoff Holdings, B.V.  | Schouwburgplein, 30-34, Rotterdam - Holanda  | 100                           | Prosegur Global CIT, S.L.U.  |  | a                      | 3        | B       |
| Prosegur International Handels, GmbH                          | Poststrasse 33, 20354, Hamburgo - Alemania   | 100                           | Malcoff Holding, B.V.  |  | a                      | 3        | B       |
| Prosegur Cash Services Germany, GmbH (Ex-Prosegur, GmbH)      | Kokkolastrasse 5, 40882, Ratingen - Alemania   | 100                           | Prosegur Global CIT ROW, S.L.U.  |  | a                      | 1        | A       |
| Prosegur Berlin SL & Co KG                                    | Kokkolastrasse 5, 40882, Ratingen - Alemania   | 100                           | Prosegur Global CIT ROW SLU  |  | a                      | 1        | B       |
| Juncadella Prosegur Group Andina, S.A.                        | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                      | 99.99<br>0.01                 | Juncadella Prosegur Internacional, S.A.<br>Armor Acquisition, S.A.   |  | a                      | 3        | B       |
| Yasuhiko Empreendimentos e Participacoes, S.A.                | Rua Fernando de Albuquerque, n 31 conjunto 72 Consolação - Sao Paulo, SP - CEP 01309-030 | 100                           | TSR Participacoes Societárias, S.A.  |  | a                      | 6        | B       |



## Information at 31 December 2016 (cont.)

| Company  | Registered offices  | % ownership | Participation   |  | Basis of consolidation | Activity | Auditor |
|--|---|-------------|---|--|------------------------|----------|---------|
|  |   |             | Company holding the investment                          |  |                        |          |         |
| Capacitaciones Ocupacionales Sociedad, Ltda                              | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                               | 78.07       | Prosegur Global CIT, S.L.U.                             |  | a                      | 1        | B       |
|  |   | 5.00        | Prosegur International CIT 1, S.L.U.                    |  |                        |          |         |
|  |   | 6.84        | Prosegur International Handels, GmbH                    |  |                        |          |         |
|  |   | 10.09       | Juncadella Prosegur Group Andina, S.A.                  |  |                        |          |         |
| Servicios Prosegur, Ltda   | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                               | 99.98       | Prosegur Global CIT, S.L.U.                             |  | a                      | 1        | B       |
|  |   | 0.01        | Prosegur International Handels, GmbH                    |  |                        |          |         |
|  |   | 0.01        | Juncadella Prosegur Group Andina, S.A.                  |  |                        |          |         |
| Empresa de Transportes Compañía de Seguridad Chile, Ltda                 | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                               | 60          | Juncadella Prosegur Group Andina, S.A.                  |  | a                      | 1        | B       |
|  |   | 40          | Prosegur International Handels, GmbH                    |  |                        |          |         |
| Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V. | Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F. - México                | 100.00      | Prosegur Global CIT, S.L.U.                             |  | a                      | 1        | B       |
|  |   | 0.00        | Prosegur International CIT 1 SL                         |  |                        |          |         |
| Prosegur Servicios de Seguridad Privada Electrónica, S.A. de C.V.        | Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña-297 - México        | 99.9998     | Prosegur Global CIT, S.L.U.                             |  | a                      | 1        | B       |
|  |   | 0.0002      | Prosegur International CIT 1 SL                         |  |                        |          |         |
| Grupo Mercurio de Transportes, S.A. de C.V.                              | Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas -76 - México      | 99.9998     | Grupo Tratamiento y Gestion de Valores S.A.P.I. de C.V. |  | a                      | 1        | B       |
| Grupo Tratamiento y Gestión de Valores, S.A.P.I. de C.V.                 | Distrito Federal, Azcapotzalco, Sector Naval, calle Norte 79 B - México           | 80          | Prosegur Global CIT, S.L.U.                             |  | a                      | 3        | B       |
| Prosegur CIT Integral Systems India Private Limited                      | Regus Elegance 2F, Elegance Jasola District Centre Old Mathura Road (Nueva Delhi) | 100         | Prosegur Global CIT ROW, S.L.U.                         |  | a                      | 1        | B       |
| Prosegur Logística e Tratamiento de Valores Portugal Unipessoal Ltda     | Av. Infante Dom Henrique, 326, Lisboa - Portugal                                  | 100         | Prosegur Global CIT ROW, S.L.U.                         |  | a                      | 1        | B       |
| Prosegur Transportadora de Caudales, S.A.                                | Guarani 1531 - Montevideo - Uruguay   | 99.91       | Juncadella Prosegur Internacional, S.A.                 |  | a                      | 1        | B       |
|  |   | 0.09        | Armor Acquisition, S.A.                                 |  |                        |          |         |
| Blindados, S.R.L.  | Guarani 1531 - Montevideo - Uruguay   | 99          | Prosegur Transportadora de Caudales, S.A.               |  | a                      | 1        | B       |
|  |   | 1           | Prosegur Global CIT, S.L.U.                             |  |                        |          |         |
| Prosegur Paraguay, S.A.  | C/ Artigas, esq. Concepción Leyes de Chávez - Asunción - Paraguay                 | 99          | Juncadella Prosegur Internacional, S.A.                 |  | a                      | 1        | B       |
|  |   | 1           | Transportadora de Caudales de Juncadella, S.A.          |  |                        |          |         |
| Prosegur Australia Holdings PTY, Limited                                 | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia         | 100         | Prosegur Global CIT ROW, S.L.U.                         |  | a                      | 3        | B       |
| Prosegur Australia Investments PTY, Limited                              | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia         | 100         | Prosegur Australia Holdings PTY, Limited                |  | a                      | 3        | B       |
| Prosegur Australia Pty, Limited  | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia         | 100         | Prosegur Australia Investments PTY, Limited             |  | a                      | 1        | A       |
| Prosegur Technology Pty, Limited   | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia         | 100         | Prosegur Australia Holdings PTY, Limited                |  | a                      | 6        | B       |
| Singpai Pte, Ltd   | 8 Cross Street #11-00, PWC Building, Singapore 048424                             | 100         | Luxpai Holdo, S.A.R.L.                                  |  | a                      | 3        | A       |
| Prosec Cash Services Pte, Ltd  | 111 Geylang Road, #01-01, Singapore 389216  | 100         | Singpai Pte, Ltd  |  | a                      | 6        | B       |

## Information at 31 December 2015

| Company   | Registered offices   | % ownership | Participation   |  | Basis of consolidation | Activity | Auditor |
|---|--|-------------|---|--|------------------------|----------|---------|
|   |  |             | Company holding the investment                                |  |                        |          |         |
| Transportadora de Caudales de Juncadella, S.A.                | Tres Arroyos 2835 Ciudad de Buenos Aires - Argentina                                   | 92.15       | Juncadella Prosegur Internacional, S.A.                       |  | a                      | 1        | A       |
|   |  | 4.85        | Armor Acquisition, S.A.                                       |  |                        |          |         |
|   |  | 2.85        | Prosegur Inversiones Argentina, S.A.                          |  |                        |          |         |
|   |  | 0.15        | Prosegur Argentina Holding, S.A.                              |  |                        |          |         |
| TC Interplata, S.A.   | Perú, 1578, Ciudad de Buenos Aires - Argentina   | 95          | Transportadora de Caudales de Juncadella, S.A.                |  | a                      | 1        | A       |
|   |  | 4           | Juncadella Prosegur Internacional, S.A.                       |  |                        |          |         |
|   |  | 1           | Prosegur Inversiones Argentina, S.A.                          |  |                        |          |         |
| TSR Participacoes Societarias, S.A.                           | Av. Thomas Edison, 813 - 1º andar-Barra Funda - CEP 01140-001 São Paulo - SP -         | 47.08       | Juncadella Prosegur Internacional, S.A.                       |  | a                      | 3        | B       |
|   |  | 52.92       | Prosegur Global CIT, S.L.U.                                   |  |                        |          |         |
| Prosegur Brasil, S.A. Transportadora de Valores e Segurança   | Guaratã, 633 - Prado - Belo Horizonte - MG - Brasil                                    | 100.00      | TSR Participacoes Societarias, S.A.                           |  | a                      | 2        | A       |
| Compañía Transportadora de Valores Prosegur de Colombia, S.A. | Avda. De las Américas, 42-25 Bogotá - Colombia   | 94.90       | Prosegur Cia de Seguridad, S.A.                               |  | a                      | 1        | A       |
|   |  | 5.10        | Prosegur Global Alarmas, S.L.U.                               |  |                        |          |         |
|   |  | 0.00        | Prosegur International Alarmas, S.L.U.                        |  |                        |          |         |
|   |  | 0.00        | Formacion Seleccion y Consultoria, S.A.                       |  |                        |          |         |
| Prosegur Procesos, S.A.S.                                     | Avda. De las Américas, 42-25 Bogotá - Colombia   | 100         | Compañía Transportadora de Valores Prosegur de Colombia, S.A. |  | a                      | 1        | B       |
|   |  | 52          | Juncadella Prosegur Internacional, S.A.                       |  |                        |          |         |
| Compañía de Seguridad Prosegur, S.A.                          | Av. Morro Solar 1086 URB. Sta Teresa De La Gardenia Lima - Santiago de Surco - Perú    | 48          | Transportadora de Caudales de Juncadella, S.A.                |  | a                      | 1        | A       |
|   |  | 52          | Juncadella Prosegur Internacional, S.A.                       |  |                        |          |         |
| Prosegur Cajeros, S.A.  | La Chira, 103 - Surco - Lima - Perú  | 48          | Transportadora de Caudales de Juncadella, S.A.                |  | a                      | 1        | B       |
|   |  | 100         | Prosegur Global CIT Row, S.L.U.                               |  |                        |          |         |
| Prosegur Servicios de Efectivo España, S.L.U.                 | Pajaritos, 24, Madrid - España   | 100         | Prosegur Cia de Seguridad, S.A.                               |  | a                      | 3        | B       |
| Prosegur Global CIT, S.L.U.                                   | Pajaritos, 24, Madrid - España   | 100         | Prosegur Global CIT Row, S.L.U.                               |  | a                      | 3        | B       |
| Prosegur Berlin, S.L.U.                                       | Pajaritos, 24, Madrid - España   | 100         | Prosegur Global CIT Row, S.L.U.                               |  | a                      | 3        | B       |
| Armor Acquisition, S.A.                                       | Pajaritos, 24, Madrid - España   | 5           | Prosegur Cia de Seguridad, S.A.                               |  | a                      | 3        | A       |
|   |  | 95          | Prosegur Intenationale Handels, GmbH                          |  |                        |          |         |
| Juncadella Prosegur Internacional, S.A.                       | Pajaritos, 24, Madrid - España   | 68.79       | Armor Acquisition, S.A.                                       |  | a                      | 3        | A       |
|   |  | 31.21       | Prosegur Intenationale Handels, GmbH                          |  |                        |          |         |
| Prosegur International CIT 1, S.L.                            | Pajaritos, 24, Madrid - España   | 0.03        | Prosegur Cia de Seguridad, S.A.                               |  | a                      | 3        | B       |
|   |  | 99.97       | Prosegur Global CIT, S.L.U.                                   |  |                        |          |         |
| Prosegur International CIT 2, S.L.U.                          | Pajaritos, 24, Madrid - España   | 100         | Prosegur Global CIT, S.L.U.                                   |  | a                      | 3        | B       |
| Prosegur Global CIT ROW, S.L.U.                               | Pajaritos, 24, Madrid - España   | 100         | Prosegur Cia de Seguridad, S.A.                               |  | a                      | 3        | B       |
| Prosegur Traitement de Valeurs SASU                           | Rue Rene Cassin ZI de Molina - La Talaudiere - Francia                                 | 100         | Prosegur Traitement de Valeurs EST, S.A.S.                    |  | a                      | 1        | A       |
| Prosegur Traitement de Valeurs EST SAS                        | 2 Rue Lavoisier BP 61609 25010 Besancon Cedex 3 - Francia                              | 100         | Prosegur Participations SAS (Ex-Sazias SA)                    |  | a                      | 1        | A       |
| Prosegur Participations SAS                                   | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia | 100         | Prosegur Global CIT Row, S.L.U.                               |  | a                      | 3        | A       |
| Prosegur Traitement de Valeurs Azur SA                        | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia | 100         | Prosegur Participations, S.A.S.                               |  | a                      | 1        | A       |
| Prosegur Logistique de Valeurs Azur SA                        | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia | 100         | Prosegur Participations, S.A.S.                               |  | a                      | 1        | A       |
| Prosegur Traitement de Valeurs Provence SAS                   | 604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos - Francia         | 100         | Prosegur Participations, S.A.S.                               |  | a                      | 1        | B       |
| Luxpai CIT, S.A.R.L.  | 23, Av. Monterey - 2163 - Luxemburgo   | 100         | Prosegur Global CIT Row, S.L.U.                               |  | a                      | 3        | B       |
| Pitco Reinsurance, S.A.                                       | Av. Monterey, L-2163 - Luxemburgo  | 100         | Luxpai Holdo, S.A.R.L.  |  | a                      | 7        | A       |
| Malcoff Holdings, B.V.  | Schouwburgplein, 30-34, Rotterdam - Holanda  | 100         | Prosegur Cia de Seguridad, S.A.                               |  | a                      | 3        | B       |
| Prosegur Internationale Handels, GmbH                         | Poststrasse 33, 20354, Hamburgo - Alemania   | 100         | Malcoff Holding, B.V.   |  | a                      | 3        | B       |
| Prosegur Cash Services Germany, GmbH (Ex-Prosegur, GmbH)      | Kokkolastrasse 5, 40882, Ratingen - Alemania   | 100         | Prosegur Holding CIT ARG SA                                   |  | a                      | 1        | A       |
| Prosegur Berlin SL & Co KG                                    | Kokkolastrasse 5, 40882, Ratingen - Alemania   | 100         | Prosegur Global CIT ROW SLU                                   |  | a                      | 1        | B       |
| Juncadella Prosegur Group Andina, S.A.                        | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 99.99       | Juncadella Prosegur Internacional, S.A.                       |  | a                      | 3        | B       |
|   |  | 0.01        | Armor Acquisition, S.A.                                       |  |                        |          |         |
| Sociedad de Distribucion Canje y Mensajería Ltda              | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 20.72       | Prosegur Internationale Handels GMBH                          |  | a                      | 2        | A       |
|   |  | 30.56       | Juncadella Prosegur Group Andina SA                           |  |                        |          |         |
|   |  | 78.07       | Prosegur Global CIT, S.L.U.                                   |  |                        |          |         |
| Capacitaciones Ocupacionales Sociedad, Ltda                   | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 5.00        | Prosegur International CIT 1, S.L.U.                          |  | a                      | 1        | B       |
|   |  | 6.84        | Prosegur International Handels, GmbH                          |  |                        |          |         |
|   |  | 10.09       | Juncadella Prosegur Group Andina, S.A.                        |  |                        |          |         |
|   |  | 99.98       | Prosegur Cia de Seguridad, S.A.                               |  |                        |          |         |
| Servicios Prosegur, Ltda                                      | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 0.01        | Prosegur International Handels, GmbH                          |  | a                      | 1        | B       |
|   |  | 0.01        | Juncadella Prosegur Group Andina, S.A.                        |  |                        |          |         |
| Compañía Ridur, S.A.  | Guarani 1531 - Montevideo  | 100.00      | Juncadella Prosegur Internacional, S.A.                       |  | a                      | 6        | B       |

## Information at 31 December 2015 (cont.)

| Company  | Registered offices  | % ownership                   | Participation  |  | Basis of consolidation | Activity | Auditor |
|--|---|-------------------------------|--|--|------------------------|----------|---------|
|  |   |                               | Company holding the investment   |  |                        |          |         |
| Empresa de Transportes Compañía de Seguridad Chile, Ltda                 | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile   | 60<br>40                      | Juncadella Prosegur Group Andina, S.A.<br>Prosegur International Handels, GmbH   |  | a                      | 1        | B       |
| Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V. | Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F. - México  | 55.09<br>44.91<br>0.00        | Prosegur México, S.R.L. de C.V.<br>Prosegur Cia de Seguridad, S.A.<br>Prosegur Compañía de Seguridad S.A. de C.V.                            |  | a                      | 1        | B       |
| Prosegur Servicios de Seguridad Privada Electrónica, S.A. de C.V.        | Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña-297 - México                                    | 100.00<br>0.00                | Prosegur México, S.R.L. de C.V.<br>Prosegur Compañía de Seguridad S.A. de C.V.   |  | a                      | 1        | B       |
| Grupo Mercurio de Transportes, S.A. de C.V.                              | Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas -76 - México                                  | 0.00<br>100.00                | Prosegur Custodias, S.A. de C.V.<br>Grupo Tratamiento y Gestion de Valores S.A.P.I. de C.V.  |  | a                      | 1        | B       |
| Grupo Tratamiento y Gestión de Valores, S.A.P.I. de C.V.                 | Distrito Federal, Azcapotzalco, Sector Naval, calle Norte 79 B - México                                       | 80                            | Prosegur Cia de Seguridad, S.A.  |  | a                      | 3        | B       |
| Prosegur Logística e Tratamiento de Valores Portugal S.A.                | Av. Infante Dom Henrique, 326, Lisboa - Portugal  | 100                           | Prosegur Cia de Seguridad, S.A.  |  | a                      | 1        | B       |
| Prosegur Transportadora de Caudales, S.A.                                | Guarani 1531 - Montevideo - Uruguay   | 99.91<br>0.09                 | Juncadella Prosegur Internacional, S.A.<br>Armor Acquisition, S.A.   |  | a                      | 1        | B       |
| Blindados, S.R.L.  | Guarani 1531 - Montevideo - Uruguay   | 99<br>1                       | Prosegur Transportadora de Caudales, S.A.<br>Prosegur Global CIT, S.L.U.   |  | a                      | 1        | B       |
| Prosegur Paraguay, S.A.  | C/ Artigas, esq. Concepción Leyes de Chávez- Asunción - Paraguay  | 99<br>1                       | Juncadella Prosegur Internacional, S.A.<br>Transportadora de Caudales de Juncadella, S.A.  |  | a                      | 1        | B       |
| Prosegur Australia Holdings PTY, Limited                                 | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia                                     | 100                           | Singpai Pte, Ltd   |  | a                      | 3        | B       |
| Prosegur Australia Investments PTY, Limited                              | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia                                     | 100                           | Prosegur Australia Holdings PTY, Limited   |  | a                      | 3        | B       |
| Prosegur Australia Pty, Limited  | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia                                     | 100                           | Prosegur Australia Investments PTY, Limited  |  | a                      | 1        | A       |
| Prosegur Technology Pty, Limited   | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia                                     | 100                           | Prosegur Australia Holdings PTY Limited  |  | a                      | 6        | B       |
| Singpai Pte, Ltd   | 8 Cross Street #11-00, PWC Building, Singapore 048424   | 100                           | Luxpai Holdo, S.A.R.L.   |  | a                      | 3        | A       |
| Prosec Cash Services Pte, Ltd  | 111 Geylang Road, #01-01, Singapore 389216  | 100                           | Singpai Pte, Ltd   |  | a                      | 6        | B       |
| Centro Informático de Servicios de Vigo, S.A.                            | Ru Tomas a Alonso, 5 Vigo - España  | 100                           | Prosegur BPO España, S.L.U.  |  | a                      | 5        | B       |
| Prosegur BPO España, S.L.U.  | Pajaritos, 24, Madrid - España  | 100                           | Prosegur Cia de Seguridad, S.A.  |  | a                      | 5        | B       |
| Prosegur Argentina Holding, S.A.   | Tres Arroyos 2835 Ciudad de Buenos Aires  | 95.00<br>5.00                 | Juncadella Prosegur Internacional S.A.<br>Armor Acquisition SA   |  | a                      | 3        | A       |
| Prosegur Inversiones Argentina, S.A.                                     | Tres Arroyos 2835 Ciudad de Buenos Aires  | 95.00<br>5.00                 | Juncadella Prosegur Internacional S.A.<br>Armor Acquisition SA   |  | a                      | 3        | A       |
| Servicios Auxiliares Petroleros, S.A.                                    | Tres Arroyos 2835 Ciudad de Buenos Aires  | 94.05<br>4.95<br>0.05<br>0.95 | Juncadella Prosegur Internacional S.A.<br>Armor Acquisition SA<br>Prosegur Argentina Holding S.A.<br>Prosegur Inversiones Argentina S.A.     |  | a                      | 2        | A       |
| Xiden, S.A.C.I.  | Tres Arroyos 2835 Ciudad de Buenos Aires  | 92.14                         | Juncadella Prosegur Internacional, S.A.  |  | a                      | 2        | A       |
| Prosegur Tecnología Argentina, S.A.                                      | Tres Arroyos 2835 Ciudad de Buenos Aires  | 95.00<br>94.05                | Juncadella Prosegur Internacional, S.A.  |  | a                      | 2        | A       |
| Servin Seguridad, S. A.  | Montevideo 666, piso 3º, oficina 302. Buenos Aires  | 4.95<br>0.05<br>0.95          | Juncadella Prosegur Internacional, S.A.<br>Armor Acquisition, S.A.<br>Prosegur Argentina Holding S.A.<br>Prosegur Inversiones Argentina S.A. |  | a                      | 2        | A       |
| Proservicios SA  | Av. Los Proceres nro. 250 Lima - Lima - Santiago de Surco - Peru  | 72.42<br>1.00                 | Proseguridad SA<br>Compañía de Seguridad Prosegur SA   |  | a                      | 2        | B       |
| Proseguridad SA  | Av. Los Proceres nro. 250 Lima - Lima - Santiago de Surco - Peru  | 38.04<br>35.11                | Juncadella Prosegur Internacional S.A.<br>Transportadora de Caudales Jucadella SA  |  | a                      | 2        | B       |
| Proseguridad Perú SA   | Av. Los Proceres Nro 250 Urb. San Roque Civil (primer piso MZ O LT.B1) Lima - Lima - Santiago de Surco - Peru | 62.07<br>7.05                 | Proseguridad SA<br>Inversiones RB SA   |  | a                      | 2        | B       |
| Orus Selva SA  | Nro. S/N Cas. Palmawasi San Martín - Tocache - Uchiza - Peru  | 90.00                         | Proseguridad Peru SA (Ex-Orus SA)  |  | a                      | 2        | B       |
| Inversiones RB, SA   | Avenida Nicolás Arriola, 780 Urb. Santa Catalina - La Victoria - Lima - Peru                                  | 95.00                         | Proseguridad SA  |  | a                      | 3        | B       |
| Prosegur Tecnología Chile Limitada                                       | Avenida Loboza 8395, Mod. 3 Pudahuel - Santiago   | 99.99                         | Juncadella Prosegur Group Andina SA  |  | a                      | 2        | B       |
| Prosec Services Pte Ltd  | 111 Geylang Road, #01-01, Singapore 389216  | 100                           | Singpai Pte Ltd  |  | a                      | 2        | A       |
| Evtec Management Services Pted LTD                                       | 3 New Industrial Road, #04-01 Kimly Building Singapore (536197)   | 100                           | Singpai Pte Ltd  |  | a                      | 2        | A       |
| Soluciones Integrales en Seguridad Prosegur Paraguay SA                  | Avda. Artigas Nro. 960  | 99.00<br>1.00                 | Juncadella Prosegur Internacional S.A.<br>Transportadora de Caudales Jucadella SA  |  | a                      | 2        | B       |
| Alarmas Prosegur Paraguay SA   | Avda. Artigas Nro. 960  | 99.00<br>1.00                 | Juncadella Prosegur Internacional S.A.<br>Transportadora de Caudales Jucadella SA  |  | a                      | 2        | B       |

## Information at 31 December 2014

| Company   | Registered offices   | % ownership | Participation   |   | Basis of combinations | Activity | Auditor |
|---|--|-------------|---|---|-----------------------|----------|---------|
|   |  |             | Company holding the investment                                |   |                       |          |         |
| Transportadora de Caudales de Juncadella, S.A.                                | Tres Arroyos 2835 Ciudad de Buenos Aires - Argentina                                   | 92.15       | Juncadella Prosegur Internacional, S.A.                       | a | 1                     | A        |         |
|   |  | 4.85        | Armor Acquisition, S.A.                                       |   |                       |          |         |
|   |  | 2.85        | Prosegur Inversiones Argentina, S.A.                          |   |                       |          |         |
|   |  | 0.15        | Prosegur Argentina Holding, S.A.                              |   |                       |          |         |
| TC Interplata, S.A.   | Perú, 1578, Ciudad de Buenos Aires - Argentina   | 95          | Transportadora de Caudales de Juncadella, S.A.                | a | 1                     | A        |         |
|   |  | 4           | Juncadella Prosegur Internacional, S.A.                       |   |                       |          |         |
|   |  | 1           | Prosegur Inversiones Argentina, S.A.                          |   |                       |          |         |
| TSR Participacoes Societarias, S.A.   | Av. Thomas Edison, 813 - 1º andar-Barra Funda - CEP 01140-001 São Paulo - SP -         | 47.08       | Juncadella Prosegur Internacional, S.A.                       | a | 3                     | B        |         |
|   |  | 52.92       | Prosegur Global CIT, S.L.U.                                   |   |                       |          |         |
| Prosegur Holding e Participações SA (Ex-SGCE Participações Societarias SA)    | Avenida Thomas Edison, nº 813 – Sala 03 – Barra Funda CEP 01140-001 São Paulo - SP     | 46.53       | Juncadella Prosegur Internacional SA                          | a | 3                     | A        |         |
|   |  | 10.04       | Prosegur Activa Alarmes SA                                    |   |                       |          |         |
|   |  | 43.43       | Prosegur Companhia de Seguridad SA                            |   |                       |          |         |
| Prosegur Brasil, S.A. Transportadora de Valores e Segurança                   | Guaratã, 633 - Prado - Belo Horizonte - MG - Brasil                                    | 100         | TSR Participacoes Societarias, S.A.                           | a | 2                     | A        |         |
| Transvig- Transporte de Valores e Vigilancia Ltda                             | Avda Sao Paolo 568 – Boa Vista   | 100         | Prosegur Brasil SA Transportadora de Valores e                | a | 1                     | B        |         |
|   |  | 94.90       | Prosegur Cia de Seguridad, S.A.                               |   |                       |          |         |
| Compañía Transportadora de Valores Prosegur de Colombia, S.A.                 | Avda. De las Américas, 42-25 Bogotá - Colombia   | 5.10        | Prosegur Global Alarmas, S.L.U.                               | a | 1                     | A        |         |
|   |  | 0.00        | Prosegur Internacional Alarmas, S.L.U.                        |   |                       |          |         |
|   |  | 0.00        | Formacion Selecccion y Consultoria, S.A.                      |   |                       |          |         |
|   |  | 0.00        | ESC Servicios Generales, S.L.U.                               |   |                       |          |         |
| Prosegur Procesos, S.A.S.   | Avda. De las Américas, 42-25 Bogotá - Colombia   | 100         | Compañía Transportadora de Valores Prosegur de Colombia, S.A. | a | 1                     | B        |         |
| Compañía de Seguridad Prosegur, S.A.  | Av. Morro Solar 1086 URB. Sta Teresa De La Garderia Lima - Santiago de Surco - Perú    | 52          | Juncadella Prosegur Internacional, S.A.                       | a | 1                     | A        |         |
|   |  | 48          | Transportadora de Caudales de Juncadella, S.A.                |   |                       |          |         |
| Prosegur Cajeros, S.A.  | La Chira, 103 - Surco - Lima - Perú  | 52          | Juncadella Prosegur Internacional, S.A.                       | a | 1                     | B        |         |
|   |  | 48          | Transportadora de Caudales de Juncadella, S.A.                |   |                       |          |         |
| Prosegur España, S.L.U.   | Pajaritos, 24, Madrid - España   | 100         | Prosegur Global CIT Row, S.L.U.                               | a | 1                     | A        |         |
| Armor Acquisition, S.A.   | Pajaritos, 24, Madrid - España   | 5           | Prosegur Cia de Seguridad, S.A.                               | a | 3                     | A        |         |
|   |  | 95          | Prosegur Internationale Handels, GmbH                         |   |                       |          |         |
| Juncadella Prosegur Internacional, S.A.                                       | Pajaritos, 24, Madrid - España   | 68.79       | Armor Acquisition, S.A.                                       | a | 3                     | A        |         |
|   |  | 31.21       | Prosegur Intenational Handels, GmbH                           |   |                       |          |         |
| Prosegur Traitement de Valeurs SASU   | Rue Rene Cassin Zi de Molina - La Talaudiere - Francia                                 | 100         | Prosegur Traitement de Valeurs EST, S.A.S.                    | a | 1                     | A        |         |
| Prosegur Traitement de Valeurs EST SAS  | 2 Rue Lovoisier BP 61609 25010 Besancon Cedex 3 - Francia                              | 100         | Prosegur Logistique de Valeurs Azur, S.A.                     | a | 1                     | A        |         |
| Prosegur Participations SAS   | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia | 100         | Prosegur Global CIT Row, S.L.U.                               | a | 3                     | A        |         |
| Prosegur Traitement de Valeurs Azur SA  | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia | 100         | Prosegur Participations, S.A.S.                               | a | 1                     | A        |         |
| Prosegur Logistique de Valeurs Azur SA  | 1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 Saint-Laurent Du Var - Francia | 100         | Prosegur Participations, S.A.S.                               | a | 1                     | A        |         |
| Prosegur Traitement de Valeurs Provence SAS                                   | 604 Ave du Col de l'Ange - ZA des Plaines de Jouques - 13420 Gemenos - Francia         | 100         | Prosegur Participations, S.A.S.                               | a | 1                     | B        |         |
| Pitco Reinsurance, S.A.   | Av. Monterey, L-2163 - Luxemburgo  | 100         | Luxpai Holdo, S.A.R.L.  | a | 4                     | A        |         |
| Malcoff Holdings, B.V.  | Schouwburgplein, 30-34, Rotterdam - Holanda  | 100         | Prosegur Cia de Seguridad, S.A.                               | a | 3                     | B        |         |
| Prosegur Internationale Handels, GmbH   | Poststrasse 33, 20354, Hamburgo - Alemania   | 100         | Malcoff Holding, B.V.   | a | 3                     | B        |         |
| Prosegur, GmbH  | Kokkolastrasse 5, 40882, Ratingen - Alemania   | 100         | Prosegur Holding CIT ARG SA                                   | a | 1                     | A        |         |
| Prosegur Trier GmbH & Co KG (Ex-Chorus Security Service GmbH & Co KG)         | Metternich Strasse 32, 54292 Trier, Alemania   | 100         | Prosegur, GmbH  | a | 1                     | C        |         |
| Prosegur Trier Verwaltungs GmbH (Ex-Chorus Security Service Verwaltungs GmbH) | Metternich Strasse 32, 54292 Trier, Alemania   | 100         | Prosegur, GmbH  | a | 3                     | C        |         |
| Juncadella Prosegur Group Andina, S.A.  | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 99.99       | Juncadella Prosegur Internacional, S.A.                       | a | 3                     | B        |         |
|   |  | 0.01        | Armor Acquisition, S.A.                                       |   |                       |          |         |
|   |  | 78.07       | Prosegur Global CIT, S.L.U.                                   |   |                       |          |         |
| Capacitaciones Ocupacionales Sociedad, Ltda                                   | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 5.00        | Prosegur Internacional CIT 1, S.L.U.                          | a | 1                     | B        |         |
|   |  | 6.84        | Prosegur Internationale Handels, GmbH                         |   |                       |          |         |
|   |  | 10.09       | Juncadella Prosegur Group Andina, S.A.                        |   |                       |          |         |
| Servicios Prosegur, Ltda  | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 99.98       | Prosegur Cia de Seguridad, S.A.                               | a | 1                     | B        |         |
|   |  | 0.01        | Prosegur Internationale Handels, GmbH                         |   |                       |          |         |
|   |  | 0.01        | Juncadella Prosegur Group Andina, S.A.                        |   |                       |          |         |
| Empresa de Transportes Compañía de Seguridad Chile, Ltda                      | Los Gobelinos 2567 Of. 203, Renca, Santiago - Chile                                    | 60          | Juncadella Prosegur Group Andina, S.A.                        | a | 1                     | B        |         |
|   |  | 40          | Prosegur Internationale Handels, GmbH                         |   |                       |          |         |

## Information at 31 December 2014 (cont.)

| Company  | Registered offices   | % ownership | Participation  |  | Basis of combinations | Activity | Auditor |
|--|--|-------------|--|--|-----------------------|----------|---------|
|  |  |             | Company holding the investment                           |  |                       |          |         |
| Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V. | Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F. - México   | 55.03       | Prosegur Mexico, S.R.L. de C.V.                          |  | a                     | 1        | B       |
|  |  | 44.97       | Prosegur Cia de Seguridad, S.A.                          |  |                       |          |         |
|  |  | 0.00        | Prosegur Compañía de Seguridad S.A. de C.V.              |  |                       |          |         |
| Prosegur Servicios de Seguridad Privada Electrónica, S.A. de C.V.        | Distrito Federal, Azcapotzalco, Hogar y Seguridad, calle Piña-297 - México   | 99.9998     | Prosegur Mexico, S.R.L. de C.V.                          |  | a                     | 1        | B       |
|  |  | 0.0002      | Prosegur Compañía de Seguridad S.A. de C.V.              |  |                       |          |         |
| Grupo Mercurio de Transportes, S.A. de C.V.                              | Distrito Federal, Azcapotzalco, Sector Naval, AV De las Granjas -76 - México   | 0.002       | Prosegur Custodias, S.A. de C.V.                         |  | a                     | 1        | B       |
|  |  | 99.998      | Grupo Tratamiento y Gestion de Valores S.A.P.I. de C.V.  |  |                       |          |         |
| Grupo Tratamiento y Gestión de Valores, S.A.P.I. de C.V.                 | Distrito Federal, Azcapotzalco, Sector Naval, calle Norte 79 B - México  | 80          | Prosegur Cia de Seguridad, S.A.                          |  | a                     | 3        | B       |
| Prosegur Companhia de Seguranca, Lda                                     | Av. Infante Dom Henrique, 326, Lisboa - Portugal   | 100         | Prosegur Cia de Seguridad, S.A.                          |  | a                     | 1        | B       |
| Prosegur Transportadora de Caudales, S.A.                                | Guarani 1531 - Montevideo - Uruguay  | 99.91       | Juncadella Prosegur Internacional, S.A.                  |  | a                     | 1        | B       |
|  |  | 0.09        | Armor Acquisition, S.A.                                  |  |                       |          |         |
| Blindados, S.R.L.  | Guarani 1531 - Montevideo - Uruguay  | 99          | Prosegur Transportadora de Caudales, S.A.                |  | a                     | 1        | B       |
|  |  | 1           | Prosegur Global CIT, S.L.U.                              |  |                       |          |         |
| Prosegur Paraguay, S.A.  | C/ Artigas, esq. Concepción Leyes de Chávez- Asunción - Paraguay   | 99          | Juncadella Prosegur Internacional, S.A.                  |  | a                     | 1        | B       |
|  |  | 1           | Transportadora de Caudales de Juncadella, S.A.           |  |                       |          |         |
| Prosegur Australia Holdings PTY, Limited                                 | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia  | 100         | Singpai Pte, Ltd   |  | a                     | 3        | B       |
| Prosegur Australia Investments PTY, Limited                              | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia  | 100         | Prosegur Australia Holdings PTY, Limited                 |  | a                     | 3        | B       |
| Prosegur Australia Pty, Limited  | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia  | 100         | Prosegur Australia Investments PTY, Limited              |  | a                     | 1        | A       |
| Prosegur Technology Pty, Limited   | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 - Australia  | 100         | Prosegur Australia Investments PTY, Limited              |  | a                     | 6        | B       |
| Singpai Pte, Ltd   | 8 Cross Street #11-00, PWC Building, Singapore 048424  | 100         | Luxpai Holdo, S.A.R.L.                                   |  | a                     | 3        | A       |
| Prosec Cash Services Pte, Ltd  | 111 Geylang Road, #01-01, Singapore 389216   | 100         | Singpai Pte, Ltd   |  | a                     | 6        | B       |
| Compañía Ridur, S.A.   | Guarani 1531 - Montevideo  | 100         | Juncadella Prosegur Internacional SA                     |  | a                     | 6        | B       |
| Prosegur Argentina Holding, S.A.   | Tres Arroyos 2835 Ciudad de Buenos Aires   | 95.00       | Juncadella Prosegur Internacional S.A.                   |  | a                     | 3        | A       |
|  |  | 5.00        | Armor Acquisition SA                                     |  |                       |          |         |
| Prosegur Inversiones Argentina, S.A.                                     | Tres Arroyos 2835 Ciudad de Buenos Aires   | 95.00       | Juncadella Prosegur Internacional S.A.                   |  | a                     | 3        | A       |
|  |  | 5.00        | Armor Acquisition SA                                     |  |                       |          |         |
| Servicios Auxiliares Petroleros, S.A.                                    | Tres Arroyos 2835 Ciudad de Buenos Aires   | 94.05       | Juncadella Prosegur Internacional S.A.                   |  | a                     | 2        | A       |
|  |  | 4.95        | Armor Acquisition SA                                     |  |                       |          |         |
|  |  | 0.05        | Prosegur Argentina Holding S.A.                          |  |                       |          |         |
|  |  | 0.95        | Prosegur Inversiones Argentina S.A.                      |  |                       |          |         |
| Xiden, S.A.C.I.  | Tres Arroyos 2835 Ciudad de Buenos Aires   | 92.14       | Juncadella Prosegur Internacional, S.A.                  |  | a                     | 2        | A       |
| Prosegur Tecnologia Argentina, S.A.                                      | Tres Arroyos 2835 Ciudad de Buenos Aires   | 95.00       | Juncadella Prosegur Internacional, S.A.                  |  | a                     | 2        | A       |
|  |  | 94.05       | Juncadella Prosegur Internacional, S.A.                  |  |                       |          |         |
| Servin Seguridad, S. A.  | Montevideo 666, piso 3º, oficina 302. Buenos Aires   | 4.95        | Armor Acquisition, S.A.                                  |  | a                     | 2        | A       |
|  |  | 0.05        | Prosegur Argentina Holding S.A.                          |  |                       |          |         |
|  |  | 0.95        | Prosegur Inversiones Argentina S.A.                      |  |                       |          |         |
| Prosegur Sistemas de Seguranca Ltda                                      | Av. Guaratã, 667 - Prado - Belo Horizonte - MG CEP.: 30.410-640  | 98.85       | TSR Participacoes Societarias SA                         |  | a                     | 2        | A       |
|  |  | 1.00        | Prosegur Brasil SA Transportadora de Valores e Seguranca |  |                       |          |         |
|  |  | 0.15        | Prosegur Activa Alarmes SA                               |  |                       |          |         |
| Prosegur Administracao de Recebiveis Ltda                                | Av. Thomas Edison, 813, Sobre loja, sala 02, Barra Funda, São Paulo/SP CEP.:01144-001  | 99.79       | Prosegur Brasil SA Transportadora de Valores e Seguranca |  | a                     | 2        | A       |
|  |  | 0.21        | Prosegur Sistemas de Seguranca Ltda                      |  |                       |          |         |
| Proservicios SA  | Av. Los Proceres nro. 250 Lima - Lima - Santiago de Surco - Peru   | 72.42       | Proseguridad SA  |  | a                     | 2        | B       |
| Proseguridad SA  | Av. Los Proceres nro. 250 Lima - Lima - Santiago de Surco - Peru   | 1.00        | Compañía de Seguridad Prosegur SA                        |  | a                     | 2        | B       |
|  |  | 38.04       | Juncadella Prosegur Internacional S.A.                   |  |                       |          |         |
| Proseguridad Perú SA   | Av. Los Proceres Nro 250 Urb. San Roque Civil (primer piso MZO LT.B1) Lima - Lima - Nro.S/N Cas. Palmawasi San Martin - Tocaache - Uchiza - Peru | 35.11       | Transportadora de Caudales Jucadella SA                  |  | a                     | 2        | B       |
|  |  | 62.07       | Proseguridad SA  |  |                       |          |         |
| Orus Selva SA  | Nro.S/N Cas. Palmawasi San Martin - Tocaache - Uchiza - Peru   | 7.05        | Inversiones RB SA  |  | a                     | 2        | B       |
| Inversiones RB, SA   | Avenida Nicolás Arriola, 780 Urb. Santa Catalina - La Victoria - Lima - Peru   | 90.00       | Proseguridad Peru SA (Ex-Orus SA)                        |  | a                     | 2        | B       |
| Prosegur Tecnologia Chile Limitada                                       | Avenida Loboza 8395, Mod. 3 Pudahuel - Santiago  | 95.00       | Proseguridad SA  |  | a                     | 3        | B       |
| Prosegur Servicios Pte Ltd   | 111 Geylang Road, #01-01, Singapore 389216   | 99.99       | Juncadella Prosegur Group Andina SA                      |  | a                     | 2        | B       |
| Prosec Services Pte Ltd  | 111 Geylang Road, #01-01, Singapore 389216   | 100         | Singpai Pte Ltd  |  | a                     | 2        | A       |
| Evttec Management Services Pted LTD                                      | 3 New Industrial Road.#04-01 Kimly Building Singapore (536197)   | 100         | Singpai Pte Ltd  |  | a                     | 2        | A       |
| Soluciones Integrales en Seguridad Prosegur Paraguay SA                  | Avda. Artigas Nro. 960   | 99.00       | Juncadella Prosegur Internacional S.A.                   |  | a                     | 2        | B       |
|  |  | 1.00        | Transportadora de Caudales Jucadella SA                  |  |                       |          |         |
| Alarmas Prosegur Paraguay SA   | Avda. Artigas Nro. 960   | 99.00       | Juncadella Prosegur Internacional S.A.                   |  | a                     | 2        | B       |
|  |  | 1.00        | Transportadora de Caudales Jucadella SA                  |  |                       |          |         |

**The reason of the consolidation:**

- a. Control is exercised over the entity; consolidated using the global consolidation method.
- b. Significant influence is exercised over the entity; consolidated using the equity method.

**Activity:**

- 1. Activities from the cash management business group
- 2. Activities included in other business group (see note 15 "Non-current assets held-for-sale")
- 3. Holding company
- 4. Financial services
- 5. Auxiliary services
- 6. Dormant
- 7. Other activities

**Auditor:**

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

**APPENDIX II. – Breakdown of Joint ventures****Information at 31 December 2016**

| Company  | Registered offices   | % ownership | Participation  |  | Basis of consolidation | Activity | Auditor |
|--|--|-------------|--|--|------------------------|----------|---------|
|  |  |             | Company holding the investment                             |  |                        |          |         |
| SIS Cash Services Private Limited  | Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001, Bihar, India         | 49          | Singpai Pte, Ltd   |  | b                      | 1        | B       |
| SIS Prosegur Holdings Private Limited                                    | Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001, Bihar, India         | 100         | SIS Cash Services Private Limited                          |  | b                      | 1        | B       |
| SBV Services Proprietary Limited   | No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg, South Africa | 33.33       | Prosegur Global CIT ROW SLU                                |  | b                      | 1        | A       |
| Standard Betrieb Virtschaft Services Limited (SBV Nigeria)               | No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg, South Africa | 50          | SBV Services Proprietary Limited                           |  | b                      | 1        | A       |
| SBV Services Namibia Proprietary Limited                                 | No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg, South Africa | 100         | SBV Services Proprietary Limited                           |  | b                      | 1        | A       |
| Carrick Properties (Pinetown) Proprietary Limited                        | No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg, South Africa | 100         | SBV Services Proprietary Limited                           |  | b                      | 1        | A       |
| CashLogix Proprietary Limited  | No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg, South Africa | 100         | SBV Services Proprietary Limited                           |  | b                      | 1        | A       |
| Integrated Cash Management Services Limited 97.93% filial de SBV Nigeria | No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton, Johannesburg, South Africa | 97.93       | Standard Betrieb Virtschaft Services Limited (SBV Nigeria) |  | b                      | 1        | A       |

**Information at 31 December 2015 and 31 December 2014**

| Company                                       | Registered offices   | % ownership | Participation                      |  | Basis of consolidation | Activity | Auditor |
|---|--|-------------|------------------------------------|--|------------------------|----------|---------|
|   |  |             | Company holding the investment     |  |                        |          |         |
| SIS Cash Services Private Limited             | Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001, Bihar, India | 49          | Singpai Pte, Ltd                   |  | b                      | 1        | B       |
| SIS Prosegur Holdings Private Limited         | Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna - 800001, Bihar, India | 100         | SIS Cash Services Private Limited  |  | b                      | 1        | B       |
| Servicios de Seguridad Prosegur Regiones Ltda | Los Gobelinos 2567 Of. 203, Renca, Santiago                                    | 30.7        | Prosegur Chile, S.A.               |  | b                      | 2        | A       |
| Prosegur Chile, S.A.                          | Los Gobelinos 2567 Of. 203, Renca, Santiago                                    | 30          | Prosegur Intenational Handels GmbH |  | b                      | 2        | A       |

**The reason of the consolidation:**

- a. Control is exercised over the entity; consolidated using the global consolidation method.
- b. Significant influence is exercised over the entity; consolidated using the equity method.

**Activity:**

1. Activities from the cash management business group
2. Activities included in other business group (see note 15 "Non-current assets held-for-sale")
3. Holding company
4. Financial services
5. Auxiliary services
6. Dormant
7. Other activities

**Auditor:**

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

**APPENDIX III. – Summary of the financial information of Joint ventures****Information at 31 December 2016**

| Thousand of Euros                          | SIS Cash<br>Services Private<br>Limited | SIS Prosegur<br>Holdings Private<br>Limited | SBV Services<br>Proprietary<br>Limited | Other societies<br>not significative | Total     |
|--|---|---|--|--------------------------------------|-----------|
| <b>Balance sheet information</b>           |   |   |  |                                      |           |
| Non-current assets                         | 14,663                                  | 12,026                                      | 84,019                                 | 206                                  | 110,914   |
| Non-current liabilities                    | -                                       | -   | (50,966)                               | (8)                                  | (50,974)  |
| Total net non-current assets               | 14,663                                  | 12,026                                      | 33,053                                 | 198                                  | 59,940    |
| Current assets                             | 16,038                                  | 19,596                                      | 40,450                                 | -                                    | 76,084    |
| Cash and cash equivalents                  | 2,198                                   | 10,883                                      | 19,809                                 | -                                    | 32,890    |
| Current liabilities                        | (16,723)                                | (20,685)                                    | (23,453)                               | (4)                                  | (60,865)  |
| Total net current assets                   | (685)                                   | (1,089)                                     | 16,997                                 | (4)                                  | 15,219    |
| Total net assets                           | 13,978                                  | 10,937                                      | 50,050                                 | 194                                  | 75,159    |
| Percentage of participation                | 49%                                     | 49%   | 33.33%                                 | 33.33%                               |           |
| Participation in net assets                | 6,849                                   | 5,359                                       | 16,682                                 | 65                                   | 28,955    |
| Carrying value of the participation        | 6,849                                   | 5,359                                       | 16,682                                 | 65                                   | 28,955    |
| <b>Profit and Loss account information</b> |   |   |  |                                      |           |
| Revenue                                    | 24,147                                  | 18,766                                      | 134,070                                | (47)                                 | 176,936   |
| Cost of sales                              | (26,759)                                | (19,654)                                    | (139,199)                              | (205)                                | (185,817) |
| Depreciation and amortization              | (1,740)                                 | (1,055)                                     | -                                      | -                                    | (2,795)   |
| Finance costs                              | (608)                                   | (394)                                       | (4,825)                                | 5                                    | (5,822)   |
| Income tax (gain)                          | 58                                      | 79  | 3,033                                  | -                                    | 3,170     |
| Profit from continuing operations          | (3,162)                                 | (1,203)                                     | (6,921)                                | (247)                                | (11,533)  |
| Profit for the year                        | (3,162)                                 | (1,203)                                     | (6,921)                                | (247)                                | (11,533)  |



## Information at 31 December 2015

| Thousand of Euros                          | SIS Cash<br>Services Private<br>Limited | SIS Prosegur<br>Holdings Private<br>Limited | Total    |
|--|---|---|----------|
| <b>Balance sheet information</b>           |   |   |          |
| Non-current assets                         | 14,988                                  | 12,324                                      | 27,312   |
| Total net non-current assets               | 14,988                                  | 12,324                                      | 27,312   |
| Current assets                             | 13,471                                  | 20,396                                      | 33,867   |
| Cash and cash equivalents                  | 11                                      | 4   | 15       |
| Current liabilities                        | (12,247)                                | (22,291)                                    | (34,538) |
| Current financial liabilities              | (5,507)                                 | (889)                                       | (6,396)  |
| Total net current assets                   | 1,224                                   | (1,895)                                     | (671)    |
| Total net assets                           | 16,212                                  | 10,429                                      | 26,641   |
| Percentage of participation                | 49%                                     | 49%   |          |
| Participation in net assets                | 7,944                                   | 5,110                                       | 13,054   |
| Carrying value of the participation        | 7,944                                   | 5,110                                       | 13,054   |
| <b>Profit and Loss account information</b> |   |   |          |
| Revenue                                    | 24,266                                  | 19,405                                      | 43,671   |
| Cost of sales                              | (23,761)                                | (19,254)                                    | (43,015) |
| Depreciation and amortization              | (1,602)                                 | (1,305)                                     | (2,907)  |
| Finance costs                              | (719)                                   | (179)                                       | (898)    |
| Income tax benefit                         | 62                                      | 82  | 144      |
| Profit from continuing operations          | (1,754)                                 | (1,251)                                     | (3,005)  |
| Profit for the year                        | (1,754)                                 | (1,251)                                     | (3,005)  |

## Information at 31 December 2014

| Thousand of Euros                          | SIS Cash<br>Services Private<br>Limited | SIS Prosegur<br>Holdings Private<br>Limited | Servicios de<br>Seguridad<br>Prosegur<br>Regiones Ltda | Prosegur Chile<br>S.A. | Total    |
|--|---|---|--|------------------------|----------|
| <b>Balance sheet information</b>           |   |   |  |                        |          |
| Non-current assets                         | 14,855                                  | 10,212                                      | 4,651  | 4,667                  | 34,385   |
| Non-current liabilities                    | (4,494)                                 | -   | (339)  | (213)                  | (5,046)  |
| Total net non-current assets               | 10,361                                  | 10,212                                      | 4,312  | 4,454                  | 29,339   |
| Current assets                             | 23,206                                  | 7,486                                       | 11,739   | 7,387                  | 49,818   |
| Current liabilities                        | (4,622)                                 | (18,101)                                    | (4,619)  | (2,923)                | (30,265) |
| Total net current assets                   | 18,584                                  | (10,615)                                    | 7,120  | 4,464                  | 19,553   |
| Total net assets                           | 28,945                                  | (403)                                       | 11,432   | 8,918                  | 48,892   |
| Percentage of participation                | 49%                                     | 49%   | 30.7%  | 30%                    |          |
| Participation in net assets                | 14,183                                  | (197)                                       | 3,510  | 2,675                  | 20,171   |
| Carrying value of the participation        | 14,183                                  | (197)                                       | 3,510  | 2,675                  | 20,171   |
| <b>Profit and Loss account information</b> |   |   |  |                        |          |
| Revenue                                    | 17,922                                  | 1,725                                       | 24,849   | 17,865                 | 62,361   |
| Cost of sales                              | (18,742)                                | (2,105)                                     | (23,961)   | (18,145)               | (62,953) |
| Finance costs                              | (345)                                   | (21)  | (49)   | (43)                   | (458)    |
| Income tax expense/(benefit)               | 361                                     | -   | (149)  | 81                     | 293      |
| Profit from continuing operations          | (804)                                   | (401)                                       | 690  | (242)                  | (757)    |
| Profit for the year                        | (804)                                   | (401)                                       | 690  | (242)                  | (757)    |

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

**Consolidated Management Report for the year ended 31 December  
2016**

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## Consolidated Management Report for the year ended 31 December 2016

This Management Report has been prepared in accordance with the recommendations contained in the Guidelines for the preparation of management reports of listed companies, published by the CNMV.

### 1. Position of the Company

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

This Company was created by the spin-off of the Prosegur Group's cash business, which was carried out through the non-monetary contribution of entities under common control of the Prosegur Group (see Note 20 to the Consolidated Annual Accounts. Prosegur Cash has in itself become the parent of a group comprising several subsidiaries hereinafter the "Prosegur Cash Group" or simply the "Group").

The Prosegur Cash Group provides services in the following countries: Spain, Portugal, France, Luxembourg (despite not being a jurisdiction where there is operational activity, is included as a result of the Luxembourg company Pitco Reinsurance, S.A., with social purpose of insurance coverage), Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, India, Australia and South Africa.

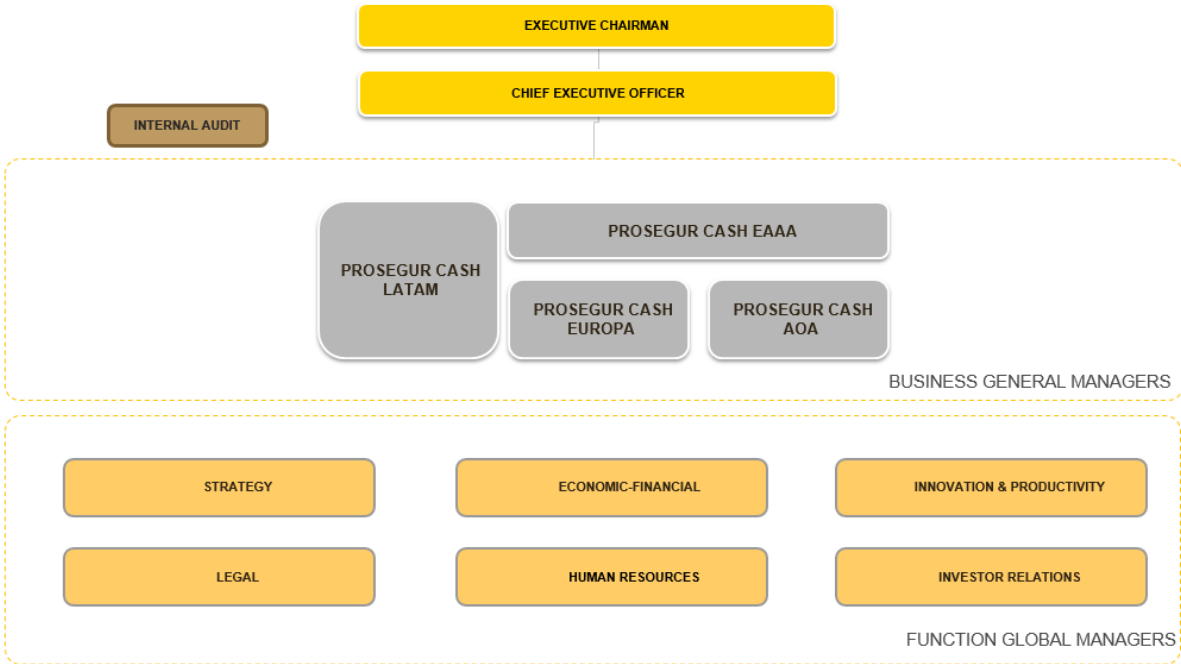
#### 1.1 Organisational structure

The Group's organisational structure is designed to improve business processes and offer added value to our clients each and every day. Its flexibility allows for a permanent adaptation to an ever-changing environment and the development of the Prosegur Cash Group as a business group.

Business is made up of the General Business Management Areas, which are distributed across three main segments, namely Latam, Europe and AOA (including Asia, Oceania and Africa) and feature an agile and efficient structure that is fully customer-oriented, enabling it to meet the different needs of customers while innovating with products.

Corporate functions are supervised by Global Support Divisions, which cover the areas of Finance, Human Resources, Investors relationships, Legal Services, Strategy and Innovation and Productivity.

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



\*AOA plus Europe is EAAA

The Board of Directors is the highest management body and the ultimately responsible for decision-making on operations and review of internal financial information with a view to evaluating results and allocating resources.

### Changes in the composition of the Group

The spin-off of the Prosegur Group's cash-in-transit and cash management business unit was completed through the non-monetary contribution of entities under common control of the Prosegur Group (see Note 20 to the Consolidated Annual Accounts), whose main business is cash in transit. Prosegur Cash has in itself become the parent of a group comprising several subsidiaries hereinafter the "Prosegur Cash Group" or simply the "Group").

More specifically, the following dependent companies were contributed and the following acquisition made:

- On 6 May 2016, Prosegur delivered to Prosegur Cash 100% of the share capital of Prosegur Global CIT ROW, S.L.U. and its associate companies (see Note 20).
- On 21 July 2016, Prosegur Cash gave Prosegur Internacional Alarmas, S.L.U. 0.0000005% of the share capital of Cía Transportadora de Valores Prosegur Colombia, S.A. for a total cost of EUR 1.
- On 26 July 2016, Prosegur delivered to Prosegur Cash 100% of the share capital of Prosegur Global CIT, S.L.U. and its associate companies (see Note 20).

On 1 August 2016, Prosegur Cash acquired from Prosegur a fully organised package of human, technical, material and intangible resources, enabling it to provide private security services to third parties (production unit). The acquisition cost was EUR 6.03 million EUR.

Also on 1 August 2016, associate companies Prosegur Global CIT, S.L.U. and Prosegur Global CIT ROW, S.L.U. similarly acquired from Prosegur a fully organised bundle of human, technical, material and intangible resources, enabling them also to provide private security services to third parties, similar to the resources just mentioned for Prosegur Cash. For the transfer of these production units, the companies in question agreed to pay EUR 0.1 million and EUR 0.6 million, respectively.

Changes that took place in the composition of the Prosegur Cash Group during the 2016 reporting period due to acquisitions were mainly as a result of the following:

- On 8 January 2016, the Group acquired in Spain 100% of the company MIV Gestión S.A., a security company that provides international transport services for valuable and vulnerable goods. The total purchase price was EUR 1.1 million.
- On 29 April 2016, Prosegur acquired in Colombia 100% of the company Procesos Técnicos de Seguridad y Valores S.A.S., a company specialising in cash management services and engaged in the processing, packaging and recycling of notes and coins. The total purchase price was COP 0.5 million (equivalent on the acquisition date to EUR 0.2 million).
- On 4 November 2016, Prosegur acquired in Australia a bundle of assets from Toll Transport Pty Ltd. The total purchase price was AUD 18.1 million (equivalent on the purchase date to: EUR 11.8 million).

In 2016, acquisitions of companies owned and accounted for using the equity method were as follows:

- On 25 February 2016, shares were subscribed representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, which is engaged in the logistics and management of cash and securities. The total purchase price was ZAR 320 million (equivalent on the acquisition date to: EUR 18.38 million). This transaction was completed on 25 February 2016.

The following company was incorporated in 2016:

- In March 2016, the company Prosegur Holding CIT ARG, S.A. was incorporated in Argentina.

## 1.2 Operation

The organisation of Prosegur Cash is focused on value creation and aims to fulfil the growth strategy of Prosegur Cash, which, in turn, is based on a solid model sustained by financial strength.

The approval and implementation of the various Strategic Plans implies the determination and fulfilment of demanding targets based on the growth model and the various axes defined for each plan. The new 2015-2017 Strategic Plan was in effect in 2016. The main objectives are classified as:

### Qualitative objectives

- Management at delegation level. (Compliance expected 2015-2016).
  - ✓ Continuously measure the quality level of the services and customer satisfaction.
  - ✓ Offer value focused on the needs of the client.
- Efficiency in operations (compliance expected 2015-2017).
  - ✓ Finish implementing corporate platforms in all Prosegur countries
  - ✓ Continue with Kaizen Project.
  - ✓ Continue promoting expertise centres implementing best practices in all countries.
- Simplification of management (fulfilment expected 2015-2016).
  - ✓ To build a Prosegur that is more agile, fast, consistent, and homogeneous thanks to the simplification of processes and structures, adding up to better decision making.

### Quantitative objectives

- Growth (compliance expected 2015-2016).
  - ✓ Emphasise growth in new volume.
  - ✓ Maintain a firm commitment with the development and sale of new products.
  - ✓ Promote the specialisation of managers.
- Management of indirect costs (compliance expected 2016).
  - ✓ Simplify the decision making process and create a more streamlined organisation.
  - ✓ Reduce the burden of indirect costs, mainly in corporate business.

The Prosegur Cash Group is ready to continue with its growth strategy, both organic and inorganic, and maintains the capacity to take on new corporate acquisitions.

## 2. Business performance and results

### 2.1 Critical indicators of financial and non-financial character

| (Millions of Euro)                             | 2016           | 2015           | 2014           | Variation<br>2016 vs 2015 | Variation<br>2015 vs 2014 |
|--|----------------|----------------|----------------|---------------------------|---------------------------|
| <b>Sales</b>                                   | <b>1,724.3</b> | <b>1,746.3</b> | <b>1,663.1</b> | <b>(1.3%)</b>             | <b>5.0%</b>               |
| <b>EBITDA</b>                                  | <b>447.2</b>   | <b>384.6</b>   | <b>348.1</b>   | <b>16.3%</b>              | <b>10.5%</b>              |
| <i>Margin</i>                                  | 25.9%          | 22.0%          | 0.2            |                           |                           |
| Property, plant and equipment depreciation     | (47.1)         | (52.2)         | (49.9)         |                           |                           |
| Other intangible depreciation                  | (14.7)         | (17.7)         | (18.0)         |                           |                           |
| <b>EBIT</b>                                    | <b>385.4</b>   | <b>314.7</b>   | <b>280.2</b>   | <b>22.4%</b>              | <b>12.3%</b>              |
| <i>Margin</i>                                  | 22.3%          | 18.0%          | 16.8%          |                           |                           |
| <b>Financial results</b>                       | <b>(9.2)</b>   | <b>1.3</b>     | <b>(17.4)</b>  |                           |                           |
| <b>Profit before tax</b>                       | <b>376.2</b>   | <b>316.0</b>   | <b>262.8</b>   | <b>19.0%</b>              | <b>20.3%</b>              |
| <i>Margin</i>                                  | 21.8%          | 18.1%          | 15.8%          |                           |                           |
| <b>Tax</b>                                     | <b>(149.9)</b> | <b>(107.9)</b> | <b>(90.7)</b>  |                           |                           |
| <i>Tax rate</i>                                | (39.9%)        | (34.1%)        | (34.5%)        |                           |                           |
| <b>Net profit</b>                              | <b>226.2</b>   | <b>208.1</b>   | <b>172.1</b>   | <b>8.7%</b>               | <b>20.9%</b>              |
| <b>Net income from discontinued operations</b> | <b>(47.3)</b>  | <b>(29.2)</b>  | <b>(1.6)</b>   |                           |                           |
| Minority interests                             | 0.6            | (0.4)          | 0.0            |                           |                           |
| <b>Consolidated net profit</b>                 | <b>178.9</b>   | <b>179.0</b>   | <b>170.5</b>   | <b>(0.0%)</b>             | <b>5.0%</b>               |
| <b>Basic profit per share</b>                  | <b>0.35</b>    | <b>-</b>       |                |                           |                           |

Consolidated sales of the Prosegur Cash Group during 2016 amounted to EUR 1,724.3 million and decreased by 1.3% (2015: sales amounted to EUR 1,746.3 with an increase by 5,0%).

The EBIT/Sales margin of 22.3% demonstrates the Group's ability to maintain the profitability of businesses in spite of the impact of amortisations derived from new business acquisition operations.

The net result increases 8.7% due mainly to a good performance of sales and the inorganic growth strategies of previous years, which facilitated a solid platform to guarantee organic growth in adverse periods.

#### Sales by geographic area

The Prosegur Cash Group's consolidated sales over 2016 were EUR 1,724.3 million (in 2015: EUR 1,746.3 million, in 2014: EUR 1,663.1 million), or a total decrease of 1.3% in 2016 and an increase of 5,0% in 2015.

In fiscal year 2016, sales were down 1.3% as a result of the devaluation of foreign exchange. In fiscal year 2015, the increase in sales is due to organic growth in Latam.



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

| (Millions of euro)         | 2016           | 2015           | 2014           | Variation 2016<br>vs 2015 | Variation 2015<br>vs 2016 |
|----------------------------|----------------|----------------|----------------|---------------------------|---------------------------|
| Europe                     | 455.3          | 441.6          | 425.0          | 3.1%                      | 3.9%                      |
| AOA                        | 91.2           | 93.4           | 90.0           | (2.4%)                    | 3.8%                      |
| Latam                      | 1,177.8        | 1,211.3        | 1,148.1        | (2.8%)                    | 5.5%                      |
| <b>Total Prosegur Cash</b> | <b>1,724.3</b> | <b>1,746.3</b> | <b>1,663.1</b> | <b>(1.3%)</b>             | <b>5.0%</b>               |

Europe's sales have been mainly due to the process of efficient routes and the increase in volume and fees. Where all the synergies planned after the last acquisitions have been achieved. Sales in the Latam region have experienced an increase at a constant exchange rate as a result of the optimisation of routes and the good rate review achieved each year.

### Analysis of management in 2016

2016 has been a very positive year from an operational point of view since, despite the macroeconomic and political uncertainty in some of our markets, we have managed to improve on the performance of the previous year. Additionally, we have expanded our presence to a new continent, Africa, and strengthened our positioning through specific acquisitions in Spain, India and Australia.

On a sales level, our performance in Latam has been affected by the devaluation suffered in all currencies of the countries where we operate, especially in Argentina. However, the strong organic growth experienced by the region, supported mainly by an improvement in volumes managed, and the implementation of efficiency and cost optimisation programmes, have boosted operating income above previous year levels, both in absolute terms and margin.

The change of government in Argentina at the end of 2015, prompting measures such as lifting the ban on repatriating funds, and the signs of recovery that are beginning to emanate from the Brazilian economy have also contributed to improving confidence in these countries, which has also benefited our operations.

The rest of the Latin American region has maintained a performance very in line with the dynamics of their respective economies in which the Prosegur Cash Group has maintained its usual dynamics of improvement and growth above nominal GDP in most countries.

The Europe region has had a very positive year in terms of sales, driven by existing organic growth in virtually all countries. The recovery of the Spanish economy, already at full capacity, and the growth of the German business above the country's nominal GDP have contributed to alleviating the negative effects and institutional paralysis caused by the Brexit, the absence of a government in Spain, the financial and political uncertainty in Italy and the terrorist attacks in different parts of Europe. The operating result includes the costs of the corporate restructuring carried out during the year, thus being penalised with respect to the previous year.

During this period, the acquisition of MIV Gestión in Spain was carried out, which has allowed us to continue expanding our capabilities related to the outsourcing of banking market processes.

With regard to the rest of the world, which includes Asia, Oceania and Africa (AOA), we highlight our entry into Africa, the only continent where we still had no presence, through the acquisition of 33% of SBV Services. Until our entry, this company was owned by the four largest South African banks and, in the future, both their contributions and our mutual collaboration will be fundamental in consolidating and expanding the presence of SBV Services in that continent.

With this operation, Prosegur Cash reaffirms its strategy of expanding its business to new geographies with high growth potential and goes one step further in its objective of consolidating an industry that continues to demonstrate a strong growth and in which new trends in outsourcing Banking services and automation of cash management processes, augur a very promising future.

Prosegur Cash has managed to strengthen its position in India, reaching leadership positions in the southern and eastern regions of the country.

Our operations in Australia, despite having undergone a complicated year in terms of organic growth, have been reinforced by the acquisition of Toll Secure, which strengthens our presence in the Sydney and Melbourne areas and allows us to continue growing in the segments of freight transport and in the one of light vehicles.

In upcoming years, Prosegur Cash aims to lead the consolidation of this business worldwide, increasing its turnover and market shares through greater penetration of new services and inorganic expansion to new geographical locations.

In line with this strategy, Prosegur Cash is contemplating different possibilities, such as continuing with the acquisition processes of companies that strengthen its presence in existing countries, expanding this activity to new geographies or even the flotation of part of the business with the aim of creating a platform of global consolidation.

### Commercial information

The Prosegur Cash Group services are marketed through delegations and exclusive in-house commercial employees, who apply selective criteria to minimise default and possible non-payment risk. To this end, for clients with whom there is no prior experience, inquiries or consultations are conducted using public domain data in order to carry out risk evaluations and individual analyses that are objectively measurable. Once the contract is signed and during the time that the service is provided, the customer receives direct attention, allowing the optimised fulfilment of its operational needs and economic reality, which reduces the risk of non-payment.

Therefore the customer is at the centre of the business. The first objective is to fulfil the quality standards and for the client to understand that it is contracting a value added and responsible security service.

The Prosegur Cash Group continuously renews its offer and develops new products such as MAES (Automated cash machine).

### Investments

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

Amortisation provisions totalled EUR 61.8 million in 2016 (in 2015: EUR 69.9 million, in 2014: 67.9 million). This amount corresponds to property, plant and equipment worth EUR 43.6 thousand (in 2015: 48.1 million, in 2014: 46.3 million) and computer applications worth EUR 3.5 million (in 2015: EUR 4.1 million, in 2014: 3.6 million) and other intangible assets worth EUR 14.7 million (in 2015: EUR 17.7 million, in 2014: 18.0 million).

Investment in property, plant and equipment amounted to EUR 88.9 million in 2016 (in 2015: EUR 68.7 million, in 2014: 78.9 million). Moreover, investment in computer applications totalled EUR 5.4 million (in 2015: EUR 4.1 million, in 2014: 3.1 million).

## 2.2 Personnel

Taking into account the growth strategy implemented globally in recent years, the Prosegur Cash Group generates employment in the markets where it is present.

The Prosegur Cash Group workforce closed 2016 with 56,305 employees (in 2015: 49,339 employees, in 2014: 43,915 employees), or an increase of 14.1% in 2016 and an increase of 12.3% in 2015.

The Human Resources Department is constantly seeking to improve selection processes so as to make the company more efficient at identifying the suitability of candidates for positions within the Group.

In the past three years, the average workforce has grown as follows:

| Workforce                  | 2014          | 2015          | 2016          |
|----------------------------|---------------|---------------|---------------|
| Direct                     | 42,675        | 47,816        | 53,849        |
| Indirect                   | 1,240         | 1,523         | 2,456         |
| <b>Total Prosegur Cash</b> | <b>43,915</b> | <b>49,339</b> | <b>56,305</b> |

The growth of the workforce relative to invoicing over the past three years was as follows:

| Number of persons<br>per million billed | 2014 | 2015 | 2016 |
|---|------|------|------|
| Direct                                  | 25.7 | 27.4 | 31.2 |
| Indirect                                | 0.7  | 0.9  | 1.4  |

Annual satisfaction surveys are conducted for the Prosegur Cash Group to become aware of its employees' perceptions with respect to the aspects that affect their daily work. From these surveys action plans are designed to establish improvement policies for the work environment of Group companies.

The Prosegur Cash Group applies industry standards when it comes to occupational risk prevention. It invests in specific training as well as modernisation to guarantee that employees work in safe environments, and it provides them with the best equipment.

Internal communication channels of the Prosegur Cash Group have been improved, particularly in recent years, and are available via the corporate Intranet and through strategic presentations involving a large number of employees.

### 3. Liquidity and capital resources

The Group generates sufficient cash, allowing it to carry out strategic financing transactions aimed at optimising and streamlining its financial debt pile, controlling debt ratios and complying with growth targets.

The Prosegur Cash Group calculates the net financial debt by considering the total of current and non-current external debt plus net derived financial instruments, minus cash and cash equivalents, and minus other current financial assets (Note 29.2).

The financial debt on 31 December 2016 was EUR 611.4 million (in 2015: EUR -235.7 million, in 2014: EUR -130.6 million).

#### 3.1 Liquidity

The Prosegur Cash Group has adequate liquidity reserves and financing capacity which makes it possible to ensure and respond swiftly and in a flexible manner to working capital, capital investment, or inorganic growth requirements.

On 31 December 2016, the Prosegur Group for the cash business cash reserves are EUR 292.3 million (in 2015: EUR 235.2 million, in 2014: EUR 233.8 million). This figure mainly comprises the following items:

- The balance of cash and cash equivalents totalling EUR 188.7 million (in 2015: EUR 175.8 million, in 2014: EUR 159.6 million).
- Other unused credit lines for an amount of EUR 103.6 million (in 2015: EUR 59.4 million, in 2014: EUR 74.2 million).

While the Group has the capacity to generate adequate cash to finance its operations, in December 2016 management took a precautionary measure to further enhance its liquidity by arranging a syndicated loan for the sum of EUR 600 million.

The efficiency measures of the internal administrative processes carried out over recent years have substantially improved the cash flow of the business. The maturities of the Prosegur Cash Group's debt is in line with the company's capacity for generating cash flows to repay such debt.

#### 3.2 Capital resources

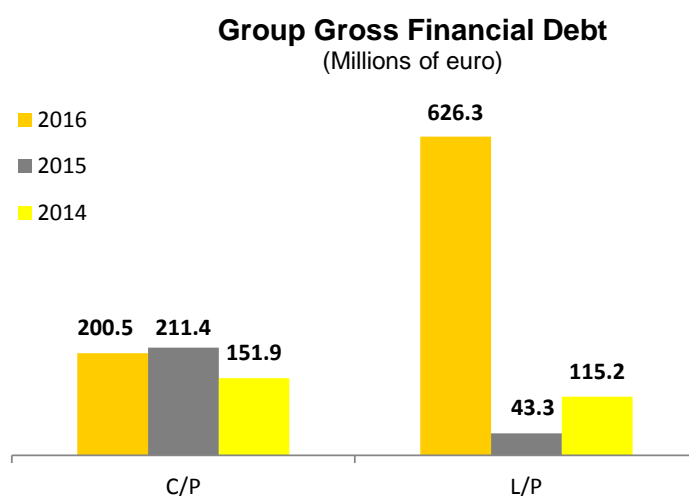
The structure of the long term financial debt is determined by the following contracts:

- a) In December, the Group entered into a syndicated loan agreement for the sum of EUR 600,000 thousand with a three-year maturity. At 31 December 2016, the capital drawn down under this syndicated loan amounted to EUR 600,000 thousand.
- b) The main loan arranged by Prosegur, its parent, amounts to EUR 103.5 million. This debt will be repaid in the first quarter of 2017 following the sale of several trademarks registrations (Note 6 of the consolidated report) and the real estate investments.

In consolidated terms, the gross long-term financial debt with maturity greater than one year reached EUR 626.3 million at the close of 2016 (in 2015: EUR 43.3 million, in 2014: EUR 115.2 million), largely on account of the syndicated loan agreement signed in December 2016.

The current gross financial debt totals EUR 200.5 million (in 2015: EUR 211.4 million, in 2014: EUR 151.9 million).

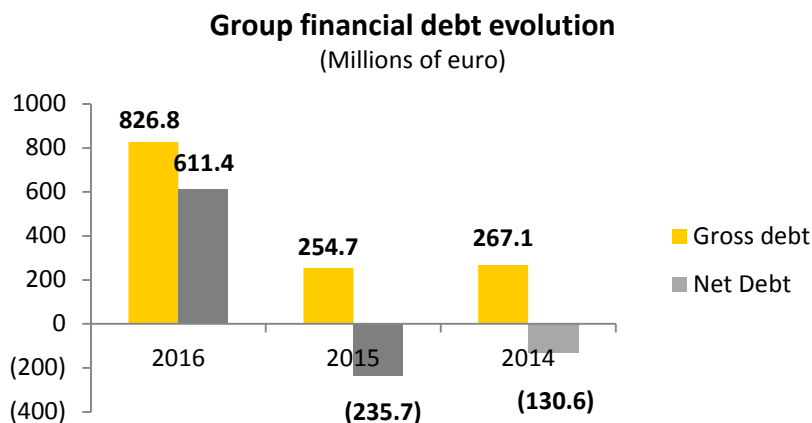
The current and non-current maturities of gross financial debt are distributed as follows:



The average cost of the financial debt, in 2016, was 1.52% (in 2015: 6.64%, in 2014: 6.39%).

The net financial debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) at the close of 2016 reached EUR 611.4 million (in 2015: EUR -235.7 million, in 2014: EUR -130.6 million).

The following diagram shows a comparison of gross and net debt in 2014, 2015 and 2016 (excluding deferred payments by acquisitions M&A):



Since the Prosegur Cash Group did not operate as a Group in 2015, its indebtedness in 2015 and 2014 did not reflect the indebtedness ratio that it had as of 2016.

No significant changes are expected in 2017 with regard to the structure of own funds and capital or in regard to the relative cost of capital resources in relation to the financial year ending 31 December 2016.

The following table shows the maturities of the drawn debt as per contractual obligations on 31 December 2016:

| (millions of euro)     | Less than<br>1 year | 1 to 5<br>years | Over 5<br>years | TOTAL        |
|------------------------|---------------------|-----------------|-----------------|--------------|
| Loans and borrowings   | 19.1                | 643.6           | 0.0             | 662.8        |
| Credit accounts        | 46.4                | 0.0             | 0.0             | 46.4         |
| Finance lease payables | 9.9                 | 13.8            | 0.3             | 24.0         |
| Other payables         | 24.9                | 7.7             | 4.0             | 36.6         |
|                        | <b>100.3</b>        | <b>665.1</b>    | <b>4.3</b>      | <b>769.7</b> |

The Prosegur Cash Group has operational leasing mainly with respect to high value assets such as buildings and vehicles. These operating leases are not reflected in the Group's statement of financial position. Future payment commitments for these leases amounted to EUR 86.8 million (in 2015: EUR 30.3 million, in 2014: EUR 35.4 million) for the contracts of the operating bases and operational vehicles (Note 26).

The Prosegur Cash Group calculates the leverage ratio for cash business as the quotient of the net financial debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) over total capital, with the latter defined as the sum of the net financial debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) and the net assets of cash business unit. On 31 December 2016, the ratio was 0.86 (in 2015 - 0.57, in 2014: -0.13).

The ratio of net financial debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) to own resources of cash business unit on 31 December 2016 was 5.9 (in 2015: -0.36 due to having cash, in 2014: -0.12 due to having cash).

### 3.3 Analysis of contractual obligations and off balance sheet operations

Note 26 of the Consolidated Annual Accounts includes the amounts of future minimum payments arising from operating lease contracts by maturity tranches.

Furthermore, as indicated in Note 25 of the Consolidated Annual Accounts, the Prosegur Cash Group issues guarantees to third parties for commercial and financial reasons. The total amount of guarantees issued on 31 December 2016 is EUR 146.0 million (in 2015: EUR 99.9 million, in 2014: EUR 159.0 million).

## 4. Main risks and uncertainties

The Risk Management system at Prosegur is largely based on the COSO system (Committee of Sponsoring Organizations of the Treadway Commission) and is further supplemented with standards applied at the Group's main clients from the financial sector, including the likes of Basel III and ISO 31000.

## 4.1 Operational risk

The risk management cycle at Prosegur is the following:



### Regulatory risk

Security can be a high profile sector and there is a great diversity of regulations in constant change that are applicable to the activities of the Group and its clients around the world. The increase in regulations in jurisdictions in which the Group carries out its activity could have a substantial adverse effect on its business, financial condition and results of operations.

In particular, the Group's activity is directly and indirectly affected by the laws, regulations and administrative requirements of the local, regional and national authorities of the countries in which it operates, as well as the special requirements of other entities, such as insurance companies and industry organisations. Certain parts of the Group's business are subject to licensing requirements. In addition, many countries have permit requirements for security services, including carrying weapons when using armoured vehicles for the transportation of goods. The Group is dependent on these licences and permits being maintained and renewed when appropriate. In addition, many of the Group's customers, such as financial institutions, are subject to regulations and if such regulations change indirectly it could have a substantial adverse effect on the Group's business, financial condition and results of operations.

There is no guarantee that the legislation, regulations and requirements promulgated by the authorities and other entities will not change in the future and, consequently, change the conditions of the Group's activity. Authorities may enact new directives regarding requirements for specific practices, safety solutions, and staff training and certification. The Group may be required to make changes to its operations or to make additional investments to adapt to new or amended laws or regulations, such as increasing the number of armoured vehicles or introducing the use of banknote degradation mechanisms, such as ink staining so that the banknotes are invalidated in case of a robbery. Such changes and the related investments could have a substantial adverse effect on the Group's business, financial condition and results of operations. Similarly, a reduction or relaxation of local regulations could result in increased competition for the Group by the entry of new participants into the market or by the growth of smaller competitors. In addition, failure to comply with applicable laws or regulations could result in significant fines or revocation of the Group's operating permits and licences, which could also have a substantial adverse effect on its business, financial condition and results of operations.

The Prosegur Cash Group devotes the greatest part of its efforts to regulatory compliance and the management of operational risks due to their impact on the commitments undertaken with stakeholders and, specifically, with the clients.

Regulatory risks are mitigated by identifying them at an operational level, regularly assessing the control environment and via the implementation of programmes to constantly monitor the proper operation of controls implemented.

Business Management teams define the policies, procedures and tools for their identification and quantification, and propose measures for mitigating the risks and constantly monitoring any deviation from established tolerance levels with respect to operational control level, safety and regulatory compliance. To this end it has standard procedures that are common to all countries where the Group operates and that are adapted to the requirements of the applicable policies in each case.

Likewise, management carries out an essential role in complying with all regulations affecting the Prosegur Cash Group. With respect to regulation affecting the prevention of money laundering, it relies internally on a money laundering prevention unit (Spanish acronym UPBC) in Spain. This unit is dedicated to the implementation of measures to control and monitor activities in order to prevent the cash in transit activity being used for money laundering purposes.

### **Exchange rate risk**

The Company is exposed to exchange rate risks arising from the fact that its revenues are generated in a number of different currencies (mainly Brazilian reais, Argentine, Colombian, Mexican and Chilean pesos, Paraguayan guarani, Peruvian soles and Australian dollars) whereas its reporting currency is the euro.

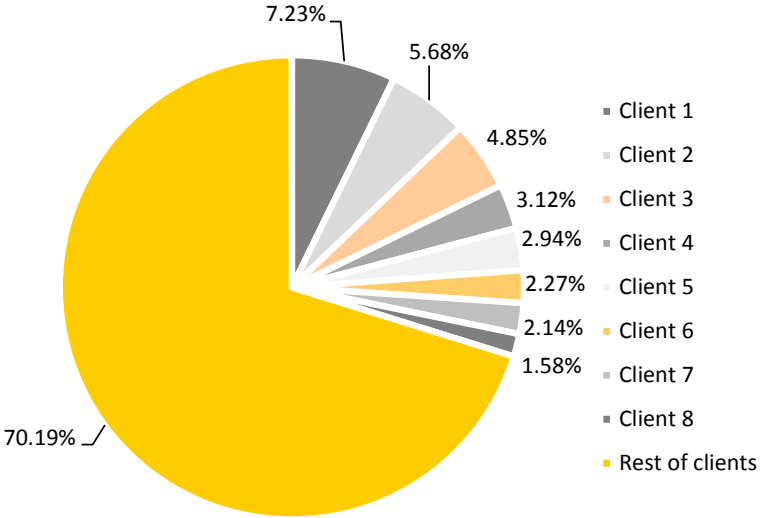
The Company estimates that the joint impact on a consolidated basis of a simultaneous 15% depreciation of the Brazilian reais, a 25% depreciation of the Argentine peso, a 25% depreciation of the Mexican pesos and a 10% depreciation of all other non-euro currencies in which the Company obtains revenues, relative to the real exchange rate of each currency, would have reduced its results from operating activities (EBIT) in euro terms by 14% for the year ended 31 December 2016. In the impact of an equivalent simultaneous 15% appreciation of the Brazilian reais, a 25% appreciation of the Argentine peso, a 25% appreciation of the Mexican pesos and a 10% appreciation of all other non-euro currencies in which the Company obtains revenues, relative to the real exchange rate of each currency, would have increased its results from operating activities (EBIT) in euro terms by 22% for the year ended 31 December 2016. To the extent local costs and revenues are denominated in the same currency, the effect of foreign exchange rate fluctuations on the Company's margins may be neutral (even though the absolute size of those margins in euro terms would still be affected).

Exchange rate fluctuations also affect the Company's financing costs for instruments denominated in currencies other than euros. While some of these effects may be offset by corresponding inflation fluctuations, that will not necessarily be the case. The Company generally does not enter into foreign exchange derivatives to cover its future expected operations and cash flows and as a result it is possible that changes in foreign exchange rates have an adverse effect on the Company's business, financial condition and results of operations. For example, the Company's results of operations for 2015 were adversely affected by the depreciation of the Brazilian reais and the Argentine peso. While the Brazilian reais has appreciated during the year ended 31 December 2016, the Argentine peso has continued its depreciation during the period, adversely affecting the Company's business, financial condition and results of operations.

Moreover, each country holds positions in currencies different to its functional currency, so exchange rate variation may impact on Profit and Loss on an individual basis. The table in note 29.1 of the Consolidated Annual Accounts shows the impact of currency variation in this regard. The analysis assumes that all other variables, in particular interest rates, will remain constant. The impact on the statement of profit and loss reflects the variation under its net finance income/(costs) caption, considering an exchange rate variation on all pending amounts traded in a different currency to the functional one (i.e., captions in different currency than Argentinian peso in the case of Argentina). On the other hand, the sensitivity associated with equity shows the variation impact on the net assets, of each subsidiary, in functional currencies against the euro.

**Client concentration**

The Prosegur Cash Group is not significantly exposed to a concentration of client risk. In Note 29 of the Consolidated Annual Accounts, there are tables of representativeness of the main customers on the global invoicing of the Prosegur Cash Group, as shown in the following chart:



**4.2 Financial risk**

**Interest rates risk**

The 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 2016, the majority of Prosegur Cash Group's financial liabilities at variable interest rates were denominated in euros, Brazilian Reais and Australian Dollars.

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

**Currency risk**

Natural hedging as conducted by the Prosegur Cash Group is based on capital expenditure required in the industry, which varies by business area, being in line with the operating cash flow generated and the possibility of timing investments made in each country based on operating requirements.

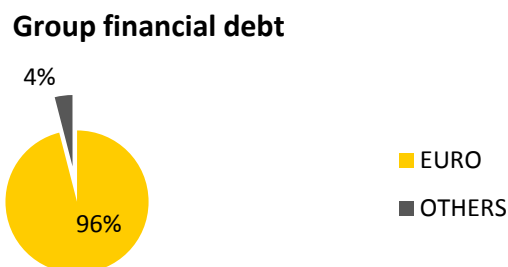
During 2016, the Prosegur Cash Group has maintained a natural hedging policy, holding debts in the currencies of the main countries where the Prosegur Cash Group operates in order to minimise exposure to currency risk in countries such as Australia or Brazil.

At the end of 2016 96% of the total Group's debt was denominated in Euros.

Note 22 of the Consolidated Annual Accounts reflects the value of financial assets and liabilities in the various currencies. The Note 29 contains relevant information on the exchange rate exposure via the rates of the main currencies affecting assets and liabilities.



In graphical form, the financial debt structure of the Prosegur Cash Group distributed by currency at the close of 2016 is as follows:



### 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 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.

Financial investments and other operations are carried out with entities with a defined rating and financial transaction framework agreements are entered into (CMOF or ISDA). The counterparty risk limits are clearly defined in the corporate policies of the Financial Management Department and updated credit limits and levels are periodically published.

## 5. Subsequent event to year end

On 12 January 2017 a plant and 8 parking spaces of investments properties in Argentina were sold, generating a loss of Euros 300 thousand.

On 13 January 2017 the Company filed a contentious-administrative appeal before the National Court requesting the annulment of the Resolution of the National Market and Competition Commission, as well as the precautionary suspension of payment of the sanction imposed. It is not expected that the sentence that ends the procedure will be issued in the current year.

On 10 February 2017, a syndicated line of credit has been signed in a Revolving format with a duration of 5 years and with a limit of Euros 300,000 thousand. On 20 February 2017, Euros 75,000 thousand of this syndicated line of credit were arranged.

On 17 January 2017 Prosegur Cash has acquired in Australia 100% of the Company Cash Services Australia Pty Limited through its subsidiary Australia Prosegur Holdings Pty Limited. The total purchase price was AUD 2,405 thousand, equivalent to Euros 1,674 thousand at the acquisition date.

On 21 February 2017 the financial assets and liabilities contracted with Prosegur Group have been fully paid. These included credit and other financial assets of Euros 24,451 thousand and Euros 2,176 thousand respectively and a loan and other financial liabilities amounting to Euros 134,842 thousand and Euros 2,130 thousand respectively.

On 23 February 2017, Prosegur Cash Group has sold to Prosegur Group the investment properties that owns for a total amount of Euros 67,380 thousand, generating a total income of Euros 2,311 thousand.

## 6. Information on the foreseeable performance of the entity

Forecasts for 2017 are optimistic. Although significant improvements in the macroeconomic aspects of both regions are not expected, it does seem that the positive stabilisation of most Latin American economies and the sustainability, albeit weak, of economic improvements in Europe, may represent a year of lower volatility in the rate of change and maintenance or increase of the rate of growth of profitability.

The Prosegur Cash Group will continue to strengthen internal control procedures focused on that guarantee efficiency in different businesses. The maintenance and control of the Group's financial discipline and the reinforcement of corporate control policies designed to provide greater control of profitability by business line and greater focus by the countries on organic growth via new products with higher margin. This comprehensive level of internal control and optimisation allows for internal improvements and growth in cash generation in 2017, continuing the path already begun in previous years.

Within the countries in the Latam region, it is estimated that the currencies of the main countries still have a way to go in terms of depreciation in 2017, although less than has been seen in previous years. This negative impact already forecasted will be compensated by the potential development of the region and capacity of the Prosegur Cash Group to gain customer loyalty by offering the best services.

The results obtained in the past by the sales teams in the Latam region in terms of their capacity to pass on price increases to the clients amid an economic context which is undergoing a gradual maturing process, allows us to remain optimistic for 2017.

Thanks to the experience gained in each one of these markets over the years, the Prosegur Cash Group has developed a business model that has proven to be successful in divergent economic environment, enabling margins to be maintained and even increased.

For its part, the economic context of Europe presents an improvement profile that will provide a gradual drive to the business and, above all, is expected to improve profitability.

The Prosegur Cash Group will continue to demonstrate capacity for adaptation to the situation and, just as it was able to minimise the impact of the strong contraction and consolidation of the banking system in Spain and Portugal, it hopes to be able to leverage the incipient favourable situation in order to become the first supplier in Spain of advanced banking outsourcing services.

To this end, new outsourcing services are added to BackOffice Banking processes.

Solid foundations have been laid to face the coming years that are expected to bring about a positive increase in margins and the achievement of reasonable growth rates.

Asia-Pacific, and potentially other geographic areas, may constitute the doorway to markets with high growth potential and diversification of risks and opportunities.

With the low cost current financing and the current low level of leverage of the Company, the Prosegur Cash Group is in an ideal position to continue with its inorganic growth process without compromising the level and ratios which measure the level of debt.

In conclusion, the Prosegur Cash Group is facing big challenges in the coming years, which include meeting the expectations to maintain the recovery trend of margins in Europe and sustaining the profitability levels in Latam despite the adverse macroeconomic environment.

The Company has quality growth levers; a world-class platform for cash in transit, with a dominant presence in emerging markets that is not matched by any competitor and the optimum solvency and financial strength to meet these challenges. And, although the coming years will be more focused on profitability and organic growth, the Prosegur Cash Group will continue to consolidate its leadership position, gaining market share and strengthening its image as a worldwide company in its industry.

## 7. Alternative Performance Measures

To comply with the European Securities and Markets Authority's ESMA Guidelines on Alternative Performance Measures (APMs), Prosegur Cash Group now offers this additional information to help readers compare and understand its financial information and to make it more reliable. While the Company presents its results in accordance with generally accepted accounting principles (IFRS-EU), Management believes that certain APMs provide useful additional financial information that should also be taken into account when appraising the Group's performance. Management also relies on these APMs when reaching financial, operational and planning decisions, and when assessing the Group's performance. Prosegur Cash Group provides those APMs deemed relevant and useful for users to reach decisions and it is convinced that these help provide a true and fair view of its financial performance.

| APM                                  | Definition and calculation   | Purpose   |
|--------------------------------------|--|---|
| Working capital                      | <p>A financial measure showing the Group's operational liquidity. Working capital is calculated as current assets less current liabilities, plus deferred tax assets less deferred tax liabilities, less non-current provisions.</p> <p>Operating working capital includes only accounts receivable plus inventories less accounts payables.</p> | <p>Positive working capital is needed to ensure that a company is able to continue operating and has sufficient funds with which to meet its current debt obligations and imminent operating expenses. The management of working capital requires the Group to control inventories, accounts receivable and payable and cash.</p>   |
| CAPEX                                | <p>Capex (<i>Capital Expenditure</i>) represents the money a company spends on equipment assets that generates a profit or return, or by increasing the value of existing fixed assets. CAPEX includes additions of both property, plant and equipment and of software as part of its intangible assets.</p>                                     | <p>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.</p> |
| EBIT Margin                          | <p>EBIT Margin is calculated as results from operating activities divided by total revenue.</p>  | <p>EBIT margin provides a view of the company's operating results in comparison with the total revenue.</p>   |
| Organic Growth                       | <p>Organic Growth is calculated as the increase or decrease in revenue between two periods adjusted for acquisition and divestitures and changes in exchange rate.</p>   | <p>Organic Growth provides a view of the company's organic revenue growth.</p>  |
| Inorganic Growth                     | <p>Company calculates Inorganic growth for a given period as the aggregation of all the revenues from all the acquired entities during the last 12 months.</p>   | <p>Inorganic Growth provides a view of the company's increase or decrease of revenue due to M&amp;A or Sales variations.</p>  |
| Effect of exchange rate fluctuations | <p>The Group calculates the Effect of exchange rate fluctuations as the different of Revenues for the current year (constant exchange rate 2015) less revenues for the current year at exchange rates of previous year.</p>  | <p>The Effect of exchange rate fluctuations provides the impact of the currencies in the company's revenues.</p>  |
| Cash Flow Conversion                 | <p>The Group calculates Cash Flow Conversion Rate as the ratio between EBITDA minus capital expenditures over EBITDA.</p>  | <p>Cash Flow Conversion provides the capacity of cash generation of the company.</p>  |
|                                      |  |   |

PROSEGUR CASH, S.A. AND SUBSIDIARIES

|                    |  |   |
|--------------------|--|---|
| 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. |

APM reconciliation is as follows:

| <b>Working Capital</b> (Millions of Euro)         | <b>2016</b> | <b>2015</b>  | <b>2014</b>  |
|---|-------------|--------------|--------------|
| Non-Current Assets held-for-sale                  | 266.6       | 232.9        | 19.8         |
| Inventories                                       | 7.5         | 7.1          | 15.6         |
| Trade and other receivables                       | 426.8       | 422.2        | 550.4        |
| Current receivables with Prosegur group companies | 65.4        | 351.3        | 264.5        |
| Current tax assets                                | 102.4       | 45.8         | 72.2         |
| Other current assets                              | -           | -            | 8.2          |
| Cash and cash equivalents                         | 188.8       | 201.6        | 228.5        |
| Deferred tax assets                               | 89.5        | 99.8         | 120.3        |
| Trade and other payables                          | (334.8)     | (321.5)      | (368.6)      |
| Current tax liabilities                           | (118.5)     | (66.1)       | (69.1)       |
| Financial liabilities                             | (87.3)      | (148.7)      | (90.5)       |
| Current payables with Prosegur group companies    | (168.7)     | (360.3)      | (166.1)      |
| Provisions  | (3.1)       | (4.9)        | (18.2)       |
| Liabilities held-for-sale                         | (184.7)     | (30.1)       | (1.1)        |
| Other current liabilities                         | (13.9)      | (16.7)       | (10.4)       |
| Deferred tax liabilities                          | (67.2)      | (62.7)       | (85.5)       |
| Long term provisions                              | (137.0)     | (127.8)      | (173.8)      |
| <b>Total Working Capital</b>                      | <b>31.8</b> | <b>222.0</b> | <b>296.2</b> |

| <b>CAPEX</b> (Millions of Euro)                           | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|
| Lands and buildings (excluding decommissioning costs)     | 0.5         | 4.4         | 2.7         |
| Technical installations and machinery                     | 9.4         | 10.8        | 17.7        |
| Other installations and furniture                         | 16.4        | 20.9        | 18.6        |
| Armoured vehicles and other property, plant and equipment | 17.1        | 16.2        | 32.4        |
| <u>Under construction and advances</u>                    | <u>45.5</u> | <u>16.4</u> | <u>7.5</u>  |
| Subtotal: Property, Plant and Equipment additions         | 88.9        | 68.7        | 78.9        |
| Software additions  | 5.4         | 4.1         | 3.1         |
| <b>Total CAPEX</b>  | <b>94.3</b> | <b>72.8</b> | <b>82.0</b> |

| <b>Adjusted EBIT Margin</b> (Millions of Euros) | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  |
|---|--------------|--------------|--------------|
| EBIT  | 385.4        | 314.7        | 280.2        |
| Less: items not assigned                        | 64.9         | 1.1          | (1.6)        |
| Adjusted EBIT                                   | 320.5        | 313.6        | 281.8        |
| Revenues  | 1,724.3      | 1,746.3      | 1,663.1      |
| <b>Adjusted EBIT Margin</b>                     | <b>18.6%</b> | <b>18.0%</b> | <b>16.9%</b> |

| <b>Organic Growth</b> (Millions of Euro) | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  |
|--|--------------|--------------|--------------|
| Revenues for current year                | 1,724.3      | 1,746.3      | 1,663.1      |
| Less: Revenues for the previous year     | 1,746.3      | 1,663.1      | 1,577.7      |
| Less: Inorganic Growth                   | 11.9         | 7.3          | 2.9          |
| Effect of exchange rate fluctuations     | (297.2)      | (62.2)       | (219.3)      |
| <b>Total Organic Growth</b>              | <b>263.3</b> | <b>138.1</b> | <b>301.8</b> |

| <b>Inorganic Growth</b> (Millions of Euro) | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|-------------|
| HP Business Unit                           | 2.5         | 6.8         | -           |
| Ciser                                      | 1.9         | 0.5         | -           |
| Procesos Tecnicos de Seguridad y Valores   | 3.4         | -           | -           |
| Miv Gestión                                | 2.5         | -           | -           |
| Toll                                       | 1.6         | -           | -           |
| Grupo Chorus                               | -           | -           | 2.9         |
| <b>Total Inorganic Growth</b>              | <b>11.9</b> | <b>7.3</b>  | <b>2.9</b>  |

| <b>Effect of exchange rate fluctuations</b><br>(Millions of Euro)      | <b>2016</b>    | <b>2015</b>   | <b>2014</b>    |
|--|----------------|---------------|----------------|
| Revenues for current year (constant exchange rate 2015)                | 1.724,3        | 1.746,3       | 1.663,1        |
| Less: Revenues for the current year at exchange rates of previous year | 2.021,5        | 1.808,5       | 1.882,4        |
| <b>Effect of exchange rate fluctuations</b>                            | <b>(297,2)</b> | <b>(62,2)</b> | <b>(219,3)</b> |

| <b>Cash Flow Conversion Rate</b><br>(Millions of Euro)                          | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|
| EBITDA  | 447.2       | 384.6       | 348.1       |
| Less: items not assigned  | 64.9        | 2.6         | 0.7         |
| Adjusted EBITDA   | 382.3       | 382.0       | 347.4       |
| CAPEX   | 94.3        | 72.8        | 82.0        |
| <b>Cash Flow Conversion Rate</b> (adjusted EBITDA - CAPEX /<br>adjusted EBITDA) | 75%         | 81%         | 76%         |

| <b>Net Financial Debt</b> (Millions of Euro)  | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|
| Financial liabilities   | 722.0       | 215.5       | 258.7       |
| <i>Less: not assigned financial liabilities</i>   | 0.0         | 7.9         | 20.2        |
| <b>Adjusted financial liabilities (A)</b>   | 722.0       | 207.6       | 238.5       |
| <b>Assigned financial liabilities with group companies (B)</b>  | 137.0       | 67.1        | 80.4        |
| Cash and cash equivalents   | (188.8)     | (201.6)     | (228.6)     |
| <i>Less: not assigned cash and cash equivalents</i>   | 0.0         | (25.8)      | (69.0)      |
| <b>Less: adjusted cash and cash equivalents (C)</b>   | (188.8)     | (175.8)     | (159.6)     |
| <b>Less: assigned current investments in group companies (D)</b>  | (26.6)      | (294.6)     | (198.9)     |
| <b>Less: other financial current assets (E)</b>   | -           | -           | (8.2)       |
| <b>Total Net Financial Debt (A+B+C+D+E)</b>   | 643.6       | (195.7)     | (47.8)      |
| <b>Less: other non-bank payables (F)</b>  | (32.2)      | (40.0)      | (82.8)      |
| <b>Total Net Financial Debt</b> (excluding other non-bank payables corresponding to<br>deferred payments for M&A acquisitions) <b>(A+B+C+D+E+F)</b> | 611.4       | (235.7)     | (130.6)     |

| <b>EBITA</b> (Millions of Euro)              | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|--|-------------|-------------|-------------|
| Consolidated profit for the year             | 179.0       | 179.0       | 170.4       |
| Loss from discontinued operation, net of tax | 47.3        | 29.2        | (1.6)       |
| Income tax expenses                          | 149.9       | 107.9       | 90.7        |
| Net finance income / costs                   | 9.2         | (1.3)       | 17.4        |
| Amortizations                                | 14.7        | 17.8        | 25.7        |
| <b>EBITA</b>                                 | 305.5       | 274.2       | 302.6       |

| <b>EBITDA</b> (Millions of Euro)              | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|---|-------------|-------------|-------------|
| Consolidated profit for the year              | 179.0       | 179.0       | 170.4       |
| Loss from discontinued operations, net of tax | 47.2        | 29.1        | 1.6         |
| Income tax expenses                           | 149.9       | (107.9)     | 90.7        |
| Net finance income / costs                    | 9.2         | (1.3)       | 17.5        |
| Depreciation and amortization                 | 61.9        | 69.9        | 67.9        |
| <b>EBITDA</b>                                 | 447.2       | 384.6       | 348.1       |

**STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENT FOR 2016**

The members of the Board of Directors of Prosegur Cash, S.A. hereby confirm that, to the best of our knowledge, the Consolidated Annual Accounts for the year ended 31 December 2016, authorised for issue by the Board of Directors at the meeting held on 1 March 2017 and prepared in accordance with International Financial Reporting Standards as adopted by the European Union, with the objective of presenting fairly the consolidated equity, financial position and results of Prosegur Cash, S.A. and the subsidiaries taken as a whole, and that the Consolidated Management's Report provides a reliable analysis of the Group's performance and results and the position of Prosegur Cash, S.A. and its consolidated group, together with the main risks and uncertainties facing the Group.

Madrid, 1 March 2017.

Mr. Christian Gut Revoredo  
Executive President

Mr. Miguel Bandrés Gutierrez  
Director

Mr. José Antonio Lasanta Luri  
Managing Director

Mr. Francisco Javier Lopez-Huerta Martín  
Director

Mr. Antonio Rubio Merino  
Director

## **DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED 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 the international financial reporting standards endorsed by the European Union.

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

The Company evaluated its internal control system on 31 December 2016. Based on this evaluation, the directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by management, and that the financial records are reliable for the purposes of drawing up the annual accounts.

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

Mr. Antonio España Contreras  
Chief Financial Officer