PROSEGUR COMPAÑIA DE SEGURIDAD, S.A. AND SUBSIDIARIES

Interim Condensed Consolidated Financial Statements for the six-month period ended 30 June 2012

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

Contents

I.	***CONSOLIDATED INCOME STATEMENT (FUNCTION OF EXPENSES)***	***4***
II.	***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***	***5***
III.	***CONSOLIDATED STATEMENT OF FINANCIAL POSITION***	***6***
IV.	***CONSOLIDATED STATEMENT OF CHANGES IN EQUITY***	***8***
V.	***CONSOLIDATED STATEMENT OF CASH FLOWS***	***10***
VI.	***NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***	***11***
1.	**General Information**	**11**
2.	**Basis of Presentation, Estimates and Accounting Policies**	**12**
3.	**Changes in Group Composition**	**13**
4.	**Significant Events since the 2011 Close**	**15**
5.	**Sales and Revenues**	**16**
6.	**Nature of Expenses**	**17**
7.	**Other Net Gains and Losses**	**17**
8.	**Employee Benefits Expense**	**18**
9.	**Net Finance Costs**	**19**
10.	**Segment Reporting**	**20**
11.	**Property, Plant and Equipment, Goodwill and Other Intangible Assets**	**23**
11.1.	Property, plant and equipment	23
11.2.	Goodwill	24
11.3.	Other intangible assets	27
12.	**Financial Assets**	**28**
13.	**Cash and Cash Equivalents**	**29**
14.	**Derivative Financial Instruments**	**29**
15.	**Inventories**	**30**
16.	**Equity**	**31**
16.1.	Share capital	31
16.2.	Share premium	31
16.3.	Own shares	32
16.4.	Dividends	32
16.5.	Earnings per share	34
16.6.	Retained earnings and other reserves	34
17.	**Non-Current Provisions**	**35**
18.	**Suppliers**	**37**

Contents

19.	**Financial Liabilities**	**37**
20.	**Taxation**	**39**
21.	**Contingencies**	**40**
22.	**Business Combinations**	**40**
23.	**Related Party Transactions**	**63**
24.	**Average Headcount**	**66**
25.	**Events after the Reporting Date**	**67**

APPENDIX I - Summary of the Main Accounting Principles **68**

I. CONSOLIDATED INCOME STATEMENT (FUNCTION OF EXPENSES)

(In thousands of Euros)

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

	Notes	Six-month period ended 30 June	
		2012	**2011**
Sales	5	1,753,403	1,316,025
Other operating income	5	2,279	5,812
Costs to sell	6 , 8	(1,339,694)	(1,000,775)
Gross profit		**415,988**	**321,062**
Other operating expenses	6 , 8	(267,553)	(185,947)
Other net gains/(losses)	7	(10,600)	(8,123)
Operating profit (EBIT)		**137,835**	**126,992**
Finance income	9	1,279	2,489
Finance expenses	9	(31,403)	(16,016)
Net finance cost	9	(30,124)	(13,527)
Share of associates' profit/(loss)		-	-
Profit before income tax		**107,711**	**113,465**
Income tax expense	20	(37,744)	(36,035)
Post-tax profit from continuing operations		**69,967**	**77,430**
Profit/(loss) for the period from discontinued operations		-	-
Consolidated profit for the period		**69,967**	**77,430**
Attributable to:			
Non-controlling interests		(344)	(110)
Owners of the parent		70,311	77,540
Earnings per share from continuing operations attributable to the owners of the parent (Euros per share)			
- Basic	16	1.23	1.29
- Diluted	16	1.22	1.29
Earnings per share from discontinued operations attributable to the owners of the parent (Euros per share)			
- Basic		-	-
- Diluted		-	-

The notes on pages 11 to 67 form an integral part of the interim condensed consolidated financial statements.

II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In thousands of Euros)

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

	Six-month period ended 30 June	
	2012	**2011**
Profit for the period	**69,967**	**77,430**
Other comprehensive income:		
Translation differences of financial statements of foreign operations	(20,225)	(24,518)
Total comprehensive income for the period, net of tax	**49,742**	**52,912**
Attributable to:		
- Owners of the parent	50,100	53,059
- Non-controlling interests	(358)	(147)
	49,742	**52,912**

The notes on pages 11 to 67 form an integral part of the interim condensed consolidated financial statements.

III. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(In thousands of Euros)

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

	Note	30 June 2012	31 December 2011
ASSETS			
Property, plant and equipment	11	438,202	405,972
Goodwill	11	692,800	405,914
Intangible assets	11	173,541	147,201
Investments in associates		-	-
Available-for-sale financial assets and others	12	37,811	33,985
Deferred tax assets		132,255	106,669
Non-current assets		**1,474,609**	**1,099,741**
Inventories	15	63,844	54,643
Trade and other receivables		927,947	847,632
Non-current assets held for sale		448	448
Other financial assets	12	280	1,552
Cash and cash equivalents	13	237,399	187,548
Current assets		**1,229,918**	**1,091,823**
Total assets		**2,704,527**	**2,191,564**

The notes on pages 11 to 67 form an integral part of the interim condensed consolidated financial statements.

EQUITY AND LIABILITIES

(In thousands of Euros)

	Note	30 June 2012	31 December 2011
EQUITY			
Share capital	16	37,027	37,027
Share premium	16	25,472	25,472
Own shares	16	(123,818)	(123,175)
Other equity instruments	16	2,100	5,781
Accumulated translation differences		(24,592)	(4,381)
Retained earnings and other reserves		740,112	729,810
		656,301	670,534
Non-controlling interests		9	367
Total equity		**656,310**	**670,901**
LIABILITIES			
Financial liabilities	19	758,484	466,186
Derivative financial instruments	14	3,854	3,587
Deferred tax liabilities		100,558	82,968
Non-current provisions	17	182,030	138,198
Non-current liabilities		**1,044,926**	**690,939**
Trade and other payables		681,673	543,440
Current tax liabilities		43,343	61,916
Financial liabilities	19	256,428	196,315
Derivative financial instruments	14	-	41
Other liabilities and expenses		21,847	28,012
Current liabilities		**1,003,291**	**829,724**
Total liabilities		**2,048,217**	**1,520,663**
Total equity and liabilities		**2,704,527**	**2,191,564**

The notes on pages 11 to 67 form an integral part of the interim condensed consolidated financial statements.

IV. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2012

(In thousands of Euros)

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

	Attributable to shareholders of the Company									
	Share capital (note 16)	**Share premium**	**Own shares (note 16)**	**Other equity instruments (note 16)**	**Revaluation reserve**	**Accumulated translation differences**	**Retained earnings and other reserves**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2012	37,027	25,472	(123,175)	5,781	-	(4,381)	729,810	670,534	367	670,901
Total comprehensive income for the period ended 30 June 2012	-	-	-	-	-	(20,211)	70,311	50,100	(358)	49,742
Accrued share-based incentive commitments				1,702				1,702		1,702
Share-based incentives exercised by employees			2,306	(5,384)			38	(3,039)		(3,039)
Acquisition/sale of own shares			(2,949)				2,900	(49)		(49)
2011 dividend							(62,947)	(62,947)		(62,947)
Balance at 30 June 2012	**37,027**	**25,472**	**(123,818)**	**2,100**	**-**	**(24,592)**	**740,112**	**656,301**	**9**	**656,310**

The notes on pages 11 to 67 form an integral part of the interim condensed consolidated financial statements.

FOR THE YEAR ENDED 30 June 2011

(In thousands of Euros)

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

	Attributable to shareholders of the Company									
	Share capital (note 16)	**Share premium**	**Own shares (note 16)**	**Other equity instruments (note 16)**	**Revaluation reserve**	**Accumulated translation differences**	**Retained earnings and other reserves**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2011	37,027	25,472	(40,731)	5,016	-	16,186	622,880	665,850	718	666,568
Total comprehensive income for the period ended 30 June 2011	-	-	-	-	-	(24,481)	77,540	53,059	(147)	52,912
Equity instruments compensation				70				70		70
Acquisition/sale of own shares			(14,243)					(14,243)		(14,243)
2010 dividend							(60,500)	(60,500)		(60,500)
Other movements								-		
Balance at 30 June 2011	**37,027**	**25,472**	**(54,974)**	**5,086**	**-**	**(8,295)**	**639,920**	**644,236**	**571**	**644,807**

The notes on pages 11 to 67 form an integral part of the interim condensed consolidated financial statements.

V. CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of Euros)

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

	Six-month period ended 30 June	
	2012	**2011**
Cash flows from operating activities		
Profit for the year	**69,967**	**77,430**
Adjustments for:		
Depreciation and amortisation	48,777	37,239
Impairment losses on non-current assets	20	9
Impairment losses on trade receivables	6,741	4,817
Impairment losses on other financial assets	156	6,020
Exchange (gains)/losses	3,195	(306)
Change in provisions	10,069	17,895
Share-based payment expenses	1,702	70
(Gains)/losses on financial assets at fair value through profit or loss	226	(1,537)
Finance income	(1,279)	(2,489)
Finance expenses	27,822	10,981
Proceeds from disposals of fixed assets	294	963
Income tax expense	37,744	36,035
	205,434	**187,127**
Changes in working capital, excluding the effect of acquisitions		
Inventories	(9,201)	(10,802)
Trade and other receivables	(117,605)	(116,032)
Trade and other payables	104,040	51,947
Payment of provisions	(11,009)	(12,773)
Other current liabilities	(6,165)	14,850
Cash from operating activities	**165,494**	**114,317**
Interest paid	(28,096)	(10,800)
Income tax paid	(39,435)	(37,726)
Net cash from operating activities	**97,963**	**65,791**
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment	3,505	-
Proceeds from the sale of financial assets	1,714	128,440
Interest received	1,274	2,554
Acquisition of subsidiaries, net of cash and cash equivalents	(62,263)	(5,447)
Acquisition of property, plant and equipment	(37,917)	(37,195)
Acquisition of intangible assets	(1,971)	(5,680)
Acquisition of financial assets	(4,423)	(375)
Net cash from/(used in) investing activities	**(100,081)**	**82,297**
Cash flows from financing activities		
Proceeds from the issue of own shares and equity instruments	-	-
Proceeds from loans and borrowings	208,180	30,868
Proceeds from other financial liabilities	-	-
Payments for the redemption of own shares and other equity instruments	(2,949)	(14,243)
Payments for loans and borrowings	(45,774)	(75,855)
Payments for other financial liabilities	(68,370)	-
Dividends paid	(30,250)	(27,500)
Net cash from/(used in) financing activities	**60,837**	**(86,730)**
Net increase in cash and cash equivalents	58,719	61,358
Cash and cash equivalents at the beginning of the period	187,548	170,018
Effect of exchange differences	(8,868)	(2,884)
Cash and cash equivalents at the end of the period	**237,399**	**228,492**

The notes on pages 11 to 67 form an integral part of the interim condensed consolidated financial statements.

VI. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

1. General Information

Prosegur is a business group formed by Prosegur Compañía de Seguridad, S.A. (hereinafter the Company) and subsidiaries (together the Group or Prosegur), which provides private security services in the following countries: Spain, Portugal, France, Germany, Romania, Singapore, India, China, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico and Colombia.

Prosegur is organised into two geographical areas:

- Europe-Asia, which includes the following countries: Spain, Portugal, France, Germany, Romania, Singapore, India and China.
- Latin America (LatAm), which includes the following countries: Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico and Colombia.

The services provided by the Group are distributed into three lines of business:

- Security patrol services.
- Securities logistics and cash management services.
- Technology (security technology and home alarm systems).

At 30 June 2012, Prosegur comprises 142 companies: the parent, Prosegur Compañía de Seguridad, S.A., and 141 subsidiaries. Prosegur also participates, along with other entities, in five joint ventures and 38 temporary joint ventures.

The Group companies hold interests of less than 20% of the capital of other entities. They do not exercise significant influence over these entities.

For the purposes of preparing these interim condensed consolidated financial statements, as was the case for the preparation of the consolidated annual accounts at 31 December 2011, a group is considered to exist when the parent has one or more subsidiaries which it controls either directly or indirectly.

Information on changes in the Group’s structure during the first half of 2012 is provided in note 3.

Details of the 113 fully consolidated subsidiaries are provided in Appendix I to the notes to the consolidated annual accounts at 31 December 2011.

Details of the 34 proportionately consolidated temporary joint ventures at 31 December 2011 are provided in Appendix II to the notes to the consolidated annual accounts for the year then ended.

Details of the four joint ventures proportionately consolidated at 31 December 2011 are provided in Appendix III to the notes to the consolidated annual accounts for the year then ended.

Prosegur Compañía de Seguridad, S.A., the parent of Prosegur, is a limited liability company quoted on the Madrid and Barcelona Stock Exchanges. The Company was incorporated in Madrid on 14 May 1976. It is registered at the Companies Registry of Madrid and the Special Registry of Private Security Companies of the Spanish Ministry of Home Affairs.

The registered offices of Prosegur Compañía de Seguridad, S.A. are located at Calle Pajaritos, 24, Madrid.

The statutory activity of Prosegur Compañía de Seguridad, S.A. is described in article 2 of its bylaws and is detailed in note 1 to the consolidated annual accounts at 31 December 2011.

The parent of the Group currently operates solely in Spain.

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid and holds 50.075% of the parent's share capital.

The individual and consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. for 2011 were approved by the shareholders at the AGM held on 29 May 2012.

2. Basis of Presentation, Estimates and Accounting Policies

These interim condensed consolidated financial statements of Prosegur for the six-month period ended 30 June 2012 have been prepared in accordance with IAS 34 Interim Financial Reporting.

Pursuant to IAS 34, interim financial reporting is only intended to provide an update on the content of the latest consolidated annual accounts prepared by Prosegur, focusing on new activities, events and circumstances occurring during the six-month period ended 30 June 2012, without repeating the information previously published in the consolidated annual accounts for 2011.

Therefore, to enable an adequate understanding of the information disclosed in these interim condensed consolidated financial statements, they should be read in conjunction with the consolidated annual accounts of Prosegur for the year ended 31 December 2011, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and approved by the European Commission Regulations currently in force.

The estimates included herein are based on the best information available, and are the same as those reflected in the notes to the consolidated annual accounts for 2011.

During the six-month period ended 30 June 2012 there have been no significant changes to the estimates made at the 2011 year end.

Except as detailed in Appendix I, the accounting policies applied in the accompanying interim condensed consolidated financial statements at 30 June 2012 are consistent with those applied in the preparation of the consolidated annual accounts of Prosegur at 31 December 2011, details of which are provided in note 34 thereto.

During the six-month period ended 30 June 2012 an impairment loss has been recognised on the fair value of available-for-sale financial assets.

The income tax expense for the six-month period ended 30 June 2012 has been calculated using the tax rate expected to apply to profit and loss for the year.

3. Changes in Group Composition

Appendix I to the consolidated annual accounts for the year ended 31 December 2011 includes relevant information on consolidated Group companies at that date.

Changes in the composition of the Group during the six-month period ended 30 June 2012 are due to the following events:

- ✓ On 8 February 2012, Prosegur subscribed 49% of a capital increase carried out by SIS Cash Services Private Limited Co. This company, which provides securities logistics and cash management services in India, has been proportionately consolidated since that date.

- ✓ On 24 February 2012 Prosegur acquired 100% of Coral Melody, S.A. and Tecnofren, S.A., companies located in Uruguay and specialised in security patrol and home alarms activities. These companies were added to the consolidated group on 24 February 2012 (see note 22 for further information).

- ✓ On 7 March 2012 Prosegur acquired 100% of the companies making up the Nordeste Segurança and Transbank Groups in Brazil. These companies, which provide securities logistics, cash management and home technology services, were added to the consolidated group on the same date (see note 22 for further information).

- ✓ In Argentina Prosegur acquired 100% of the share capital of T.C, Interplata, S.A. on 13 April 2012. This company specialises in securities logistics and cash management services. This company was added to the consolidated group on the same date (see note 22 for further information).

- ✓ On 27 April 2012 Prosegur acquired 100% of Servin Seguridad, S.A., a company located in Argentina and specialised in the home alarms activity. This company was added to the consolidated group on the same date (see note 22 for further information).

- ✓ On 20 April 2012 Prosegur acquired 100% of Roytronic, S.A., a company located in Uruguay and specialised in the home alarms and GPS vehicle tracking activities. This company was added to the consolidated group on the same date (see note 22 for further information).

- ✓ On 10 May 2012 Prosegur acquired 100% of the following French companies: GRP Holding, S.A.R.L., GRP Security, S.R.L., GRP Saphir, S.A.S., GRP Rubis, S.A.S., GRP Jade, GRP Opale, S.A.S., GRP Service, S.A.S. These companies provide security patrol, access control and remote alarm management services and were added to the consolidated group on the acquisition date (see note 22 for further information).

The following mergers took place between Prosegur subsidiaries in the first half of 2012:

- ✓ On 1 January 2012, Distribuidora Federal S.A.C. merged with and into Prosegur Tecnología Perú, S.A. in Peru.

- ✓ On 1 May 2012, Fiel Vigilancia e Transporte de Valores, Ltda. merged with and into Prosegur Brasil, S.A. in Brazil.

Furthermore, the following companies were incorporated in the first half of 2012:

- ✓ On 1 January 2012 Proitrans LLC was incorporated in the United States.
- ✓ On 1 March 2012 Prosegur Gestión de Activos Chile Limitada was incorporated in Chile.
- ✓ On 2 April 2012 Prosegur Servicios Administrativos, S.A. and Prosegur Gestión de Activos, S.A. were incorporated in Peru.
- ✓ On 4 April 2012 Technological Security Solutions LLC was incorporated in Abu Dhabi.
- ✓ On 31 May 2012 Pitco Reinsurance, S.A. was incorporated in Luxembourg.

4. Significant Events since the 2011 Close

In addition to the matters mentioned in note 3 on changes in Group composition, details of the most relevant transactions and events that have occurred during the first half of 2012 are as follows:

Financing activities

On 29 February 2012 Prosegur took out a Euros 200,000 thousand syndicated loan. This loan is divided into two tranches: a Euros 100,000 thousand loan and a credit facility for the same amount. Both tranches are repayable in a bullet instalment on maturity and bear interest at a variable rate pegged to the Euribor plus a spread linked to the net financial debt/EBITDA ratio at each presentation date.

In relation to the acquisition of the Nordeste Segurança and Transbank Groups, on 7 March 2012 Prosegur Brasil, S.A., Prosegur Activa Alarmes, S.A. and Prosegur Holding e Participaçoes, S.A. arranged a five-year syndicated loan of Brazilian Reals 450,000 thousand (equivalent to Euros 190,678 thousand at the contract date) with the financial institutions Banco Bradesco, BBI S.A., Banco Itaú BBA, S.A. and Banco Santander, S.A. The interest rate is pegged to the Brazilian Interbank Deposit Rate (CDI) plus a spread of 2.3%.

On 23 April 2012 this loan was replaced by a debenture for limited public distribution with a firm guarantee of full placement. This debenture, amounting to Brazilian Reals 450,000 thousand (equivalent to Euros 181,400 thousand at the contract date), was placed by Banco Bradesco BBI, S.A., Banco Itaú BBA, S.A. and Banco Santander, S.A. It has a five-year repayment period and bears interest at a rate pegged to the Brazilian Interbank Deposit Rate (CDI) plus a spread of 2.3%.

Incentive programme

At the AGM held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for executive directors and management of Prosegur. The 2014 Plan is generally linked to value creation during the 2012-2014 period and foresees the payment of share-based incentives to executive directors, and Company shares and cash to Prosegur management. The maximum number of shares earmarked for the 2014 Plan is 412,000, representing 0.668% of the Company's present share capital.

A mixed accounting treatment is applied, comprising both a cash settlement recognised under personnel expenses in liabilities and a share-based settlement booked in equity. The fair value of the services received from employees in exchange for these shares is recognised as an expense on an accruals basis over the Plan's assessment period and calculated with reference to the fair value of the shares granted. At the date of these interim financial statements, Euros 1,571 thousand has been expensed during the accrual period in relation to this Plan.

5. Sales and Revenues

Details of sales for the periods ended 30 June 2012 and 2011 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2012	**2011**
Goods sold	34,820	36,472
Services rendered	1,718,583	1,279,553
Total sales	**1,753,403**	**1,316,025**

Details of other operating income recognised in the income statements for the six-month periods ended 30 June 2012 and 2011 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2012	**2011**
Changes in work in progress	(1,092)	3,690
Self-constructed assets	2,165	1,002
Other operating income	1,206	1,120
Other operating income	**2,279**	**5,812**

6. Nature of Expenses

Details of the main costs of sales and other operating expenses in the income statements for the six-month periods ended 30 June 2012 and 2011, by nature, are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2012	**2011**
Supplies	85,941	65,617
Employee benefits expense	1,168,835	863,765
Other expenses	303,694	220,101
Depreciation and amortisation	48,777	37,239
Total costs to sell and other operating expenses	**1,607,247**	**1,186,722**

7. Other Net Gains and Losses

Details of other net gains and losses recognised in the income statements for the six-month periods ended 30 June 2012 and 2011 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2012	**2011**
Impairment losses on trade receivables	(7,711)	(4,652)
Impairment losses on non-current assets	(20)	(9)
Net losses on disposal of non-current assets	(294)	(963)
Other net gains/(losses)	(2,575)	(2,499)
Total other net gains/(losses)	**(10,600)**	**(8,123)**

8. Employee Benefits Expense

Details of the employee benefits expense for the six-month periods ended 30 June 2012 and 2011 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2012	**2011**
Salaries and wages	906,536	670,636
Compensation	13,378	9,902
Social Security	231,696	169,195
Other employee benefits expenses	17,225	14,032
Total employee benefits expense	**1,168,835**	**863,765**

As explained in note 17 a), as a result of a ruling by the Spanish Supreme Court on overtime costs, in the first half of 2012 Prosegur has reversed a surplus provision recognised in prior years by taking Euros 5,000 thousand to income under salaries and wages. No expense has been recognised in relation to this matter. At 30 June 2011 the Company had booked an employee benefits expense totalling Euros 1,280 thousand and credits of Euros 2,184 thousand had been recognised in the income statement.

As mentioned in note 34.17 to the consolidated annual accounts for the year ended 31 December 2011, at the AGM on 27 June 2008 the shareholders approved the 2011 Plan of long-term incentives for executive directors and management of Prosegur. The 2011 Plan foresees the payment of share-based incentives to executive directors, and Company shares and cash to Prosegur management.

At the AGM held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for executive directors and management of Prosegur. The 2014 Plan is generally linked to value creation during the 2012-2014 period and foresees the payment of share-based incentives to executive directors, and shares and cash to Prosegur management. The maximum number of shares earmarked for the 2014 Plan is 412,000, representing 0.668% of the Company's present share capital.

The 2014 Plan has a duration of five years and is based on length of service and target achievement. The plan period runs from 1 January 2012 to 31 December 2014.

Salaries and wages recognised in the first half of 2012 include an expense of Euros 2,509 thousand in relation to the 2011 and 2014 Plans, Euros 807 thousand of which are cash incentives and Euros 1,702 thousand are shares.

9. Net Finance Costs

Details of net finance costs for the six-month periods ended 30 June 2012 and 2011 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2012	**2011**
Interest expenses	(18,593)	(7,679)
Interest received	1,279	2,489
Net gains/(losses) on transactions in foreign currency	(3,195)	306
Finance expenses on finance leases	(544)	(802)
(Losses)/gains on the fair value of financial instruments	(226)	1,537
Other losses on derivative transactions	(498)	(858)
Impairment losses on interests in equity instruments	(156)	(6,020)
Other net finance income and expenses	(8,191)	(2,500)
Total net finance cost	**(30,124)**	**(13,527)**

No impairment losses have been recognised on the fair value of available-for-sale financial assets during the first half of 2012.

10. Segment Reporting

The Executive Committee of the board of directors is ultimately responsible for taking decisions on Prosegur's operations, reviewing the Group's internal financial information to assess performance and allocate resources.

This year the Executive Committee has begun to analyse business at parent company level on two fronts: by geographical region and by activity. Two main segments are identified in geographical terms, Europe-Asia and Latin America (LatAm), which in turn contain the segments of activity identified as security patrol services, securities logistics and cash management services and technology.

The Executive Committee uses earnings before interest and tax (EBIT) to assess segment performance, considering that this indicator best reflects the results of the Group's different activities.

Total assets allocated to segments do not include non-current financial assets, derivative financial assets, other current financial assets or cash and cash equivalents.

Total liabilities allocated to segments do not include loans and borrowings (except for finance lease payables) or derivative financial liabilities.

Details of sales by segment for the six-month periods ended 30 June 2012 and 2011 are as follows:

						Thousands of Euros
	Europe-Asia		Latam		Total Prosegur	
	at 30 June 2012	**at 30 June 2011**	**at 30 June 2012**	**at 30 June 2011**	**at 30 June 2012**	**at 30 June 2011**
Security patrol services	448,703	432,995	358,499	213,568	807,202	646,563
% of total	*61%*	*68%*	*35%*	*31%*	*46%*	*49%*
services	183,175	101,969	568,208	407,717	751,383	509,686
% of total	*25%*	*16%*	*56%*	*60%*	*43%*	*39%*
Technology	100,726	100,294	94,092	59,482	194,818	159,776
% of total	*14%*	*16%*	*9%*	*9%*	*11%*	*12%*
Total sales	**732,604**	**635,258**	**1,020,799**	**680,767**	**1,753,403**	**1,316,025**

Details of EBIT by segment for the six-month periods ended 30 June 2012 and 2011 are as follows:

Thousands of Euros

	Europe-Asia		**Latam**		**Total Prosegur**	
	at 30 June 2012	**at 30 June 2011**	**at 30 June 2012**	**at 30 June 2011**	**at 30 June 2012**	**at 30 June 2011**
Sales to external customers	732,604	635,258	1,020,799	680,767	1,753,403	1,316,025
Other net expenses	703,344	590,054	863,427	561,731	1,566,771	1,151,785
EBITDA	29,260	45,204	157,372	119,036	186,632	164,240
Depreciation and amortisation	18,212	15,484	30,565	21,755	48,777	37,239
assets	-	-	20	9	20	9
Operating profit (EBIT)	**11,048**	**29,720**	**126,787**	**97,272**	**137,835**	**126,992**

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

	Thousands of Euros	
	at 30 June 2012	**at 30 June 2011**
EBIT allocated to segments	137,835	126,992
Net finance cost	(30,124)	(13,527)
Profit before income tax	107,711	113,465
Income tax expense	(37,744)	(36,035)
Post-tax profit from continuing operations	69,967	77,430
Non-controlling interests	(344)	(110)
Profit for the period attributable to the owners of the parent	**70,311**	**77,540**

Details of assets at 30 June 2012 and 31 December 2011 are as follows:

Thousands of Euros

	Europe-Asia		**Latam**		**Not allocated to segments**		**Total Prosegur**	
	at 30 June 2012	**at 31 December 2011**	**at 30 June 2012**	**at 31 December 2011**	**at 30 June 2012**	**at 31 December 2011**	**at 30 June 2012**	**at 31 December 2011**
Assets allocated to segments	**793,870**	**776,929**	**1,635,166**	**1,191,550**	**-**	**-**	**2,429,036**	**1,968,479**
Other unallocated assets	**-**	**-**	**-**	**-**	**275,490**	**223,085**	**275,490**	**223,085**
- Other non-current financial assets	-	-	-	-	37,811	33,985	37,811	33,985
- Other current financial assets	-	-	-	-	280	1,552	280	1,552
- Cash and cash equivalents	-	-	-	-	237,399	187,548	237,399	187,548
Total assets	**793,870**	**776,929**	**1,635,166**	**1,191,550**	**275,490**	**223,085**	**2,704,526**	**2,191,564**

Details of liabilities at 30 June 2012 and 31 December 2011 are as follows:

Thousands of Euros

	Europe-Asia		Latam		Not allocated to segments		Total Prosegur	
	at 30 June 2012	at 31 December 2011	at 30 June 2012	at 31 December 2011	at 30 June 2012	at 31 December 2011	at 30 June 2012	at 31 December 2011
Liabilities allocated to segments	**485,498**	**473,717**	**781,927**	**509,495**	**-**	**-**	**1,267,425**	**983,212**
Other unallocated liabilities	**-**	**-**	**-**	**-**	**780,791**	**537,451**	**780,791**	**537,451**
- Other loans and borrowings	-	-	-	-	776,937	533,823	776,937	533,823
- Derivative financial instruments	-	-	-	-	3,854	3,628	3,854	3,628
Total liabilities	**485,498**	**473,717**	**781,927**	**509,495**	**780,791**	**537,451**	**2,048,216**	**1,520,663**

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

Thousands of Euros

	Sales		Non-current assets allocated to segments	
	at 30 June 2012	at 30 June 2011	at 30 June 2012	at 31 December 2011
Country in which the parent is domiciled (Spain)	473,261	473,736	275,748	281,933
Brazil	498,676	316,666	518,664	241,310
Argentina	260,997	186,125	127,045	99,110
Other countries	520,469	339,498	383,086	336,734
Total	**1,753,403**	**1,316,025**	**1,304,543**	**959,087**

11. Property, Plant and Equipment, Goodwill and Other Intangible Assets

11.1. Property, plant and equipment

Details of property, plant and equipment and movement during the six-month periods ended 30 June 2012 and 2011 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2012	**2011**
Cost		
Opening balance	800,352	724,390
Additions	37,917	37,195
Business combinations	70,358	2,038
Disposals	(6,633)	(4,115)
Translation differences	(6,906)	(17,061)
Closing balance	895,088	742,447
Accumulated depreciation		
Opening balance	(394,380)	(363,680)
Business combinations	(37,036)	(993)
Disposals	4,255	3,266
Depreciation charge	(32,811)	(24,466)
Translation differences	3,081	7,829
Closing balance	(456,891)	(378,044)
Impairment losses		
Opening balance	(2)	(23)
Disposals	22	-
Provisions charged to the income statement	(20)	(9)
Other transfers and other movements	-	-
Translation differences	5	9
Closing balance	5	(23)
Net assets		
Opening balance	**405,970**	**360,687**
Closing balance	**438,202**	**364,380**

During the first half of 2012 Prosegur invested Euros 37,917 thousand in property, plant and equipment (Euros 37,195 thousand at 30 June 2011). These investments are primarily additions to property, plant and equipment under construction, reflecting fitting-out work on bases and armoured vehicles in Argentina, Peru and Brazil.

Goodwill

Details of goodwill and movement during the six-month period ended 30 June 2012 are as follows:

	Thousands of Euros
Carrying amount at 31 December 2011	**405,914**
Incorporations to the consolidated group	349,839
Additions	-
Disposals	(37,658)
Translation differences	(25,295)
Carrying amount at 30 June 2012	**692,800**

Additions to goodwill were generated on the following business combinations in the six-month period ended 30 June 2012:

	Country	% ownership	Thousands of Euros
Incorporations to the consolidated group			
Coral Melody, S.A.	Uruguay	100%	8,473
Tecnofren, S.A.	Uruguay	100%	1,632
Nordeste Segurança and Transbank Group	Brazil	100%	297,080
T.C. Interplata, S.A.	Argentina	100%	9,602
Servin Seguridad, S.A.	Argentina	100%	15,900
Roytronic, S.A.	Uruguay	100%	4,171
GRP Group	France	100%	12,981
			349,839

Details of the estimated goodwill presented in the above table are provided in note 22.

Disposals reflect adjustments to the value of the following goodwill:

	Thousands of Euros
Adjustments on allocation of value to aacquired assets	
Distribuidora Federal, S.A.C. (Peru)	(1,610)
Grupo Seguridad Vigilada (Spain)	(952)
Inversiones BIV, S.A. y filial (Colombia)	(4,891)
Vimarco Servicios Generales (Colombia)	(144)
Prover Electrónica, Ltda. (Brazil)	(1,006)
Sazias, S.A. (France)	(4,109)
Grupo Integra (Colombia)	(5,889)
Fiel Vigilancia e Transp. Valores (Brazil)	(18,632)
Securlog GMBH (Germany)	(425)
	(37,658)

These adjustments have arisen from the verification of the fair values allocated to these business combinations (see note 22).

The 2011 figures have not been restated as these adjustments are not considered to be significant.

At 30 June 2012 there are no indications that the goodwill recognised may be impaired.

Details of goodwill and movement during the six-month period ended 30 June 2011 are as follows:

	Thousands of Euros
Carrying amount at 31 December 2010	**318,706**
Incorporations to the consolidated group	7,392
Additions	-
Disposals	(7,234)
Translation differences	(2,382)
Carrying amount at 30 June 2011	**316,482**

Additions to goodwill were generated on the following business combinations in the same period:

Incorporations to the consolidated group in 2011

	Country	% ownership	Thousands of Euros
Incorporations to the consolidated group			
Prosec Pte. Ltd.	Singapur	100%	2,399
Distribuidora Federal, S.A.C.	Peru	100%	4,993
			7,392

Disposals reflect adjustments to the value of the following goodwill:

- Euros 1,389 thousand adjustment to the goodwill recognised on the acquisition of Tellex, S.A. in 2010 due to the verification of the fair values allocated to the business combination.

- Euros 432 thousand adjustment to the goodwill recognised on the acquisition of Telemergencia, S.A.C. in 2010 due to the verification of the fair values allocated to the business combination.

- Euros 5,413 thousand adjustment to the goodwill recognised on the acquisition of Martom Segurança Eletronica, Ltda in 2010 due to the verification of the fair values allocated to the business combination.

11.2. Other intangible assets

Details of intangible assets and movement during the six-month periods ended 30 June 2012 and 2011 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2012	**2011**
Cost		
Opening balance	266,739	244,094
Additions	1,971	30
Business combinations	42,714	14,835
Disposals	(1,486)	(401)
Translation differences	1,345	(6,019)
Closing balance	311,283	252,089
Accumulated amortisation		
Opening balance	(119,538)	(96,145)
Business combinations	(616)	-
Disposals	65	286
Amortisation charge	(15,966)	(12,773)
Translation differences	(1,687)	1,958
Closing balance	(137,742)	(106,674)
Impairment losses		
Opening balance	-	-
Disposals	-	-
Provisions charged to the income statement	-	-
Other transfers and other movements	-	-
Translation differences	-	-
Closing balance	-	-
Net assets		
Opening balance	**147,201**	**147,949**
Closing balance	**173,541**	**145,415**

Additions for the first half of 2012 include intangible assets allocated on measurement of the following business combinations:

	Thousands of Euros
Distribuidora Federal, S.A.C. (Peru)	1,426
Grupo Seguridad Vigilada (Spain)	1,360
Inversiones BIV, S.A. y filial (Colombia)	5,636
Vimarco Servicios Generales (Colombia)	215
Prover Electrónica, Ltda. (Brazil)	1,006
Sazias, S.A. (France)	6,160
Grupo Integra (Colombia)	8,843
Fiel Vigilancia e Transp. Valores (Brazil)	15,448
Securlog GMBH (Germany)	400
	40,494

12. Financial Assets

Details of available-for-sale financial assets and other non-current financial assets at 30 June 2012 and 31 December 2011 are as follows:

	Thousands of Euros	
	30/06/2012	**31/12/2011**
Available-for-sale financial assets	37,265	33,401
Other non-current financial assets	546	584
Total non-current financial assets	**37,811**	**33,985**
Other current financial assets	**280**	**1,552**

a) Available-for-sale financial assets

The most significant component of this item at 30 June 2012 is the 19% interest in the share capital of the investment vehicle Capitolotre, S.P.A., which the Company acquired on 18 December 2007, as described in note 14 to the consolidated annual accounts of Prosegur at 31 December 2011. During the first half of 2012 no purchases, sales, issues or settlements have been made in relation to Prosegur's interest in Capitolotre, S.P.A.

The investment in Capitolotre, S.P.A. has been classified as a level three fair value measurement. As mentioned in the consolidated annual accounts for 2011, the valuation techniques used by Prosegur to estimate the fair value of this investment were based on projections set out in the investee's financial budgets.

At 30 June 2012 Prosegur has updated the estimated fair value of this investment using the same valuation techniques as applied at 31 December 2011, concluding that there is no objective evidence that this investment could be impaired.

If the EBITDA estimated by the entity at 30 June 2012 were 10% lower, with all other key assumptions remaining constant, there would be no significant change in the fair value at that date.

If the discount rate estimated by the entity at 30 June 2012 were 10% higher, with the other key assumptions constant, there would be no significant change in the fair value at that date.

b) Other non-current financial assets

This item includes a Euros 546 thousand investment in fixed-income securities which matures on 31 November 2017.

13. Cash and Cash Equivalents

Details of cash and cash equivalents at 30 June 2012 and 2011 are as follows:

	Thousands of Euros	
	30/06/2012	**31/12/2011**
Cash in hand and at banks	68,746	119,244
Current bank deposits	168,653	68,304
	237,399	**187,548**

The effective rate of interest on current bank deposits is 3.23% (2.88% at 31 December 2011) and the average term of deposits held in the first half of 2012 is 100 days (53 days at 31 December 2011).

14. Derivative Financial Instruments

During the first half of 2012 Prosegur used derivative financial instruments to hedge interest rates, as set out in the risk management policy described in note 35.1 to the consolidated annual accounts for the year ended 31 December 2011.

No derivative financial assets have been contracted by Prosegur at 30 June 2012 or 31 December 2011.

Details of derivative liabilities at 30 June 2012 and 31 December 2011, including fair values, notional amounts and maturities, are as follows:

	Thousands of Euros			
Characteristics	Fair value (30/06/2012)	Fair value (31/12/2011)	Maturity of notional amounts	
			2012	2014
Interest rate swap	3,854	3,587	-	100,000
	3,854	**3,587**	**-**	**100,000**

Changes in the fair values of the derivatives held by Prosegur are recognised in the income statement as they are not considered to be perfect hedges. In the first half of 2012 a charge of Euros 226 thousand has been recognised in profit and loss reflecting changes in fair value (see note 9).

15. Inventories

Details of inventories at 30 June 2012 and 31 December 2011 are as follows:

	Thousands of Euros	
	30/06/2012	31/12/2011
Merchandise	45,768	38,692
Work in progress	20,221	18,605
Impairment of inventories	(2,145)	(2,654)
Total inventories	**63,844**	**54,643**

No inventories have been pledged as collateral to secure loans.

Movement in impairment in the six-month periods ended 30 June 2012 and 30 June 2011 is as follows:

	Thousands of Euros	
	30/06/2012	30/06/2011
Opening balance	(2,654)	(1,944)
Additions	(722)	(575)
Reversals	147	-
Disposals	1,084	-
Closing balance	**(2,145)**	**(2,519)**

16. Equity

16.1. Share capital

Share capital is divided as follows:

	Thousands	Thousands of Euros			
	Number of shares	Ordinary shares	Share premium	Own shares	Total
1 January 2011	61,712	37,027	25,472	(40,731)	21,768
31 December 2011	61,712	37,027	25,472	(123,175)	(60,676)
30 June 2012	61,712	37,027	25,472	(123,818)	(61,319)

At 30 June 2012, the share capital of Prosegur Compañía de Seguridad, S.A. amounted to Euros 37,027 thousand, represented by 61,712,464 shares of Euros 0.6 par value each, subscribed and fully paid. These shares were quoted on the Madrid and Barcelona Stock Exchanges at that date.

As is explained in note 25, as a result of the share-splitting operation approved at the AGM, since 6 July 2012 the share capital of the Company has been divided into 617,124,640 shares of Euros 0.06 par value each.

16.2. Share premium

The share premium amounts to Euros 25,472 thousand, is freely distributable and has not changed in 2011 or the six-month period ended 30 June 2012.

16.3. Own shares

Details of movements in own shares in the six-month period ended 30 June 2012 are as follows:

	Number of shares	Thousands of Euros
Balance at 31 December 2011	4,456,122	123,175
Shares purchased	235,465	9,518
Shares sold	(234,514)	(6,569)
Shares granted under the 2011 Plan	(78,114)	(2,159)
Other shares granted to employees	(5,318)	(147)
Balance at 30 June 2012	**4,373,641**	**123,818**

As mentioned in note 34.17 to the consolidated annual accounts at 31 December 2011, at the AGM on 27 June 2008 the shareholders approved the 2011 Plan of long-term incentives. As foreseen in the Plan regulations, a share-based incentive for executive directors and management has been settled in the first half of 2012 through the conveyance of 78,114 own shares.

At the AGM held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for Prosegur Group executive directors and management. The 2014 Plan is generally linked to value creation during the 2012-2014 period. Part of this incentive is also conditional on the beneficiaries remaining in the Company's service for two years following the Plan period. The Plan also foresees the payment of share-based incentives to executive directors, and Company shares and cash to Prosegur management. The maximum number of shares earmarked for the 2014 Plan is 412,000, representing 0.668% of the Company’s present share capital.

The total obligation acquired by Prosegur at 30 June 2012 in relation to share-based incentives established in the 2011 and 2014 Plans is recognised under other equity instruments in equity and amounts to Euros 2,100 thousand (Euros 5,781 thousand at 31 December 2011).

16.4. Dividends

Details of dividends distributed by the parent during the six-month periods ended 30 June 2012 and 30 June 2011 are as follows:

	Period ended 30 June 2012			Period ended 30 June 2011		
	% of par value	Euros per share	Amount (Thousands of Euros)	% of par value	Euros per share	Amount (Thousands of Euros)
Ordinary shares	81.70	0.49	30,250	74.27	0.45	27,500
Remaining shares (without voting rights, recallable, etc.)	-	-	-	-	-	-
Total dividends paid	**81.70**	**0.49**	**30,250**	**74.27**	**0.45**	**27,500**
a) Dividends charged to the income statement	81.70	0.49	30,250	74.27	0.45	27,500
b) Dividends charged to reserves or share premium	-	-	-	-	-	-
c) Dividends in kind	-	-	-	-	-	-

The third instalment of the dividend for 2010 was paid on 19 January 2012, amounting to Euros 15,125 thousand (reflecting a gross amount of Euros 0.26416288 per share with voting rights, equivalent to a net amount of Euros 0.20868867 per share).

The fourth instalment of the dividend for 2010 was paid on 17 April 2012, amounting to Euros 15,125 thousand (reflecting a gross amount of Euros 0.26378453 per share with voting rights, equivalent to a net amount of Euros 0.20838978 per share).

At the AGM held on 29 May 2012, the shareholders approved the distribution of a dividend of Euros 1.02 per share outstanding at each payment date. As capital was divided into 61,712,464 shares at 30 June 2012, the total maximum dividend payable amounts to Euros 62,947 thousand. 25% of this amount will be distributed to the shareholders on 19 July 2012.

As explained in note 25, the 61,712,464 shares represented by book entries outstanding at 30 June 2012, which had a par value of Euros 0.60 each, were withdrawn from trading on 6 July 2012. At the same time, 617,124,640 new shares with a par value of Euros 0.06 each were admitted for trading.

The gross sum of the payment to be made on 19 July is therefore Euros 0.02550000 per share with profit-sharing rights outstanding at that date, equivalent to a net amount of Euros 0.02014500 per share.

The remaining payments to make up the approved dividend of Euros 1.02 per share, considering that capital was divided into 61,712,464 shares at 30 June 2012, will be made in October 2012, January 2013 and April 2013.

16.5. Earnings per share

- ***Basic***

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

	30/06/2012	30/06/2011
Profit attributable to the owners of the parent (thousands of Euros)	70,311	77,540
Weighted average number of ordinary shares outstanding	57,330,801	59,878,698
Basic earnings per share (Euros per share)	**1.23**	**1.29**

- ***Diluted***

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

	30/06/2012	30/06/2011
Profit attributable to the owners of the parent (thousands of Euros)	70,311	77,540
(Diluted) weighted average number of ordinary shares outstanding	57,786,801	60,253,698
Diluted earnings per share (Euros per share)	**1.22**	**1.29**

16.6. Retained earnings and other reserves

In addition to the items mentioned in note 20.4 to the consolidated annual accounts for the year ended 31 December 2011, the accumulated amount of non-distributable reserves and retained earnings increased by Euros 5,736 thousand during the six-month period ended 30 June 2012 due to the distribution of 2011 profit to the goodwill reserve.

17. Non-Current Provisions

Movement in non-current provisions during the six-month periods ended 30 June 2012 and 30 June 2011 is as follows:

	Thousands of Euros			
	Overtime costs	**Liabilities and charges**	**Accrued obligations to personnel**	**Total**
Balance at 1 January 2012	39,415	98,783	-	138,198
Provisions charged to the income statement	-	15,657	807	16,464
Reversals credited to the income statement	(5,000)	(1,395)	-	(6,395)
Incorporations to the consolidated group	-	52,286	-	52,286
Applications	(3,507)	(7,502)	-	(11,009)
Current transfers	-	(1,496)	-	(1,496)
Translation differences	-	(6,018)	-	(6,018)
Balance at 30 June 2012	**30,908**	**150,315**	**807**	**182,030**

	Thousands of Euros			
	Overtime costs	**Liabilities and charges**	**Accrued obligations to personnel**	**Total**
Balance at 1 January 2011	62,100	109,501	1,614	173,215
Provisions charged to the income statement	1,280	22,004	438	23,722
Reversals credited to the income statement	(2,184)	(3,643)	-	(5,827)
Applications	(9,335)	(3,438)	-	(12,773)
Current transfers	-	(33,648)	(2,052)	(35,700)
Translation differences	-	(1,740)	-	(1,740)
Balance at 30 June 2011	**51,861**	**89,036**	**-**	**140,897**

a) *Overtime costs*

Details of the legal background relating to this provision are set out in note 21 a) to the consolidated annual accounts for the year ended 31 December 2011.

On 5 March 2010 the Spanish High Court issued a ruling dismissing the joint claim submitted by the employers' associations FES, AMPES and ACAES, also supported by APROSER. The employers' associations lodged an appeal against this ruling before the Spanish Supreme Court, which issued its ruling on 30 May 2011, dismissing the appeal and upholding the High Court ruling.

This amount has been recognised as a non-current provision because the date on which compensation is payable by Prosegur depends on the outcome of each of the claims presented by employees.

At 30 June 2012 the accumulated amount of this provision is Euros 30,908 thousand (Euros 39,415 thousand at 31 December 2011) and reflects Prosegur's best estimate. No personnel expenses have been recognised in relation to this matter in the first half of 2012 (Euros 1,280 thousand at 30 June 2011).

During the six-month period ended 30 June 2012, payments totalling Euros 3,507 thousand were made in relation to the agreements reached with certain plaintiff employees (Euros 9,335 thousand at 30 June 2011) and Euros 5,000 thousand has been taken to income, mainly comprising provisions recognised in prior years to cover claims that, based on the information available at 30 June 2012, Prosegur does not expect to materialise.

b) ***Provisions for liabilities and charges***

Note 21 b) to the consolidated annual accounts for the year ended 31 December 2011 contains a description of the main legal and labour lawsuits, as well as other operations-related risks affecting Prosegur at that date.

Provisions totalling Euros 52,286 thousand, mainly corresponding to the Nordeste Segurança and Transbank business combination (see note 22), have been added to the consolidated group during the six-month period ended 30 June 2012.

Provisions for labour-related risks are calculated on a case-by-case basis, considering Prosegur's experience.

c) ***Accrued obligations to personnel***

At the AGM held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for Prosegur Group executive directors and management. The 2014 Plan is generally linked to value creation during the 2012-2014 period and foresees the payment of share-based incentives to executive directors, and Company shares and cash to Prosegur management. The maximum number of shares earmarked for the 2014 Plan is 412,000, representing 0.668% of the Company's present share capital.

During the first half of 2012 the Company has recognised a Euros 807 thousand provision with a charge to the income statement for the cash incentive accrued under this Plan. The obligation acquired at 30 June 2012 in relation to share-based incentives established in the 2014 Plan is recognised under other equity instruments in equity.

18. Suppliers

Details of late payments to suppliers by consolidated Spanish companies are as follows:

	2012	
	Thousands of Euros	%
Within the maximum legal period	106,422	99%
Other	6,432	1%
Total payments for the year	112,854	100%
Weighted average period by which payments are past due (in days)	106	
Late payments exceeding the maximum legal period at year end	3,306	

At 31 December 2011 payables to suppliers totalling Euros 3,470 thousand exceeded the legal payment period.

19. Financial Liabilities

Details of financial liabilities at 30 June 2012 and 31 December 2011 are as follows:

	Thousands of Euros	
	30/06/2012	**31/12/2011**
Non-current		
Loans and borrowings	208,684	42,418
Syndicated loans	421,519	388,449
Finance lease liabilities	6,766	5,874
Other payables	121,514	29,445
	758,484	466,186
Current		
Credit accounts	79,645	84,921
Loans and borrowings	42,089	18,035
Syndicated loan	25,000	-
Finance lease liabilities	5,737	5,913
Other payables	103,957	87,446
	256,428	196,315
Total financial liabilities	1,014,912	662,501

During the six-month period ended 30 June 2012 there have been no repayment defaults or breaches of agreement in relation to the loans and credit facilities granted to Prosegur.

Loans and borrowings

A debenture for limited public distribution with a firm guarantee of full placement was issued in Brazil on 23 April 2012. This debenture, amounting to Brazilian Reals 450,000 thousand (equivalent to 181,400 thousand at the contract date), was placed by Banco Bradesco BBI, S.A., Banco Itaú BBA, S.A. and Banco Santander.

The interest rate is pegged to the Brazilian Interbank Deposit Rate (CDI) plus a spread of 2.3%.

It will be repaid over a five-year period in the following annual instalments:

	Thousands of Euros	
Repayment date	Amount	Outstanding balance
7 March 2013	19,851	178,520
7 September 2013	9,926	158,669
7 March 2014	9,926	148,743
7 September 2014	9,926	138,817
7 March 2015	9,926	128,891
7 September 2015	29,741	118,966
7 March 2016	29,741	89,224
7 September 2016	29,741	59,483
7 March 2017	29,741	29,741
7 September 2017	29,741	-

Syndicated loans

In August 2010 Prosegur arranged a five-year syndicated loan of Euros 400,000 thousand. The loan is earmarked for general corporate requirements and the repayment of the previous 2006 syndicated loan on maturity (25 July 2011).

At 30 June 2012, Prosegur has drawn down Euros 150,000 thousand from the loan tranche (Euros 150,000 thousand at 31 December 2011) and Euros 200,000 thousand from the credit facility tranche (Euros 240,000 thousand at 31 December 2011). As Prosegur's net financial debt/EBITDA ratio is currently at the bottom of the scale, the interest rate is Euribor plus 1.7%.

In February 2012 Prosegur arranged a new three-year syndicated financing facility of Euros 200,000 thousand to finance the acquisition of security sector companies. At 30 June 2012, Prosegur has drawn down Euros 100,000 thousand from the loan tranche of the syndicated loan arranged in 2012. The interest rate is pegged to the Euribor plus a spread of 2.6%.

Other payables

Other payables mainly relate to business combinations formed in both the six-month period ended 30 June 2012 and in prior periods.

Details of the most significant items making up this balance at 31 December 2011 are provided in note 22 to the consolidated annual accounts for the year then ended. The increase during the six-month period ended 30 June 2012 is mainly due to the fair value of deferred payments totalling Euros 149,792 thousand and relating to the acquisition of the Nordeste and Transbank Groups.

20. Taxation

The income tax expense is recognised in the interim accounting period based on the best estimate of the weighted average tax rate expected to apply to the annual accounting period. The income tax expense calculated for the interim accounting period may require adjusting in subsequent periods in the event of a change in the estimated annual tax rate.

	Thousands of Euros	
	Period ended 30 June	
	2012	**2011**
Current tax	45,740	34,096
Deferred tax	(7,996)	1,939
Total	**37,744**	**36,035**

	Thousands of Euros	
	Period ended 30 June	
	2012	**2011**
Income tax expense	37,744	36,035
Profit before income tax	107,711	113,465
Effective tax rate	**35.04%**	**31.76%**

The Company has undergone an inspection of all applicable taxes for 2006 and 2007, as well as 2005 in the case of income tax. At the 2011 year end, additional VAT and personal income tax assessments had been signed, while the income tax inspection was still underway.

As a result of the income tax assessments for 2005, 2006 and 2007 raised by the inspection authorities on 26 April 2012, Prosegur is required to pay additional tax of Euros 11,891 thousand during 2012. This is not expected to have a significant impact on the 2012 income statement.

21. Contingencies

Note 26 to the consolidated annual accounts for the year ended 31 December 2011 includes information on contingent assets and liabilities at that date.

No significant contingent assets or liabilities arose during the period ended 30 June 2012.

In 2008, Prosegur enforced guarantees of Euros 9,469 thousand relating to customer funds retained on deposit in Brazil. Prosegur is currently taking the necessary legal action for this amount to be released by the competent authorities, and no significant loss is expected. In parallel with these administrative proceedings, in July 2009 Prosegur began legal proceedings to request that these funds be released. No firm ruling has been issued on the funds in question.

22. Business Combinations

Details of changes in goodwill during the first half of 2012 are presented in note 11.

1. Goodwill incorporated in 2012

Segura Group (Coral Melody, S.A. and Tecnofren, S.A.)

On 24 February 2012 Prosegur acquired 100% of Coral Melody, S.A. and Tecnofren, S.A., companies located in Uruguay and specialised in the security patrol and home alarms activities. The total purchase price was Uruguayan Pesos 260,058 thousand (equivalent to Euros 10,029 thousand at the acquisition date), comprising a cash payment of Uruguayan Pesos 129,890 thousand (equivalent to Euros 5,009 thousand at the acquisition date), a contingent consideration of Uruguayan Pesos 123,168 thousand (equivalent to Euros 4,750 thousand at the acquisition date), which falls due in 2013 and 2014, and a further Uruguayan Pesos 7,000 thousand (equivalent to Euros 270 thousand at the acquisition date) deferred to secure any possible liabilities, payable in three instalments between 2015 and 2017. The contracts also stipulate that interest will be accrued until the payment date.

The contingent consideration is linked to certain debt and working capital ratios.

The acquired business was added to the consolidated group on 24 February 2012. The business contributed revenues of Euros 2,633 thousand and net profit for the year of Euros 144 thousand to the consolidated income statement for the first half of 2012. Had the business been acquired on 1 January 2012, consolidated revenues for the first half of 2012 would have been Euros 1,614 thousand higher.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	5,009
Deferred consideration at fair value	5,020
Total purchase price	10,029
Provisional fair value of identifiable net assets acquired	(76)
Provisional goodwill at 30 June 2012	**10,105**

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

	Thousands of Euros	
	Carrying amount of the company acquired	**Provisional fair value**
Cash and cash equivalents	662	662
Property, plant and equipment	391	391
Intangible assets	204	204
Working capital	(1,323)	(1,323)
Financial debt	(10)	(10)
Identifiable net assets acquired	**(76)**	**(76)**

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 this acquisition. At 30 June 2012 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	5,009
Cash and cash equivalents of the acquired company	(662)
Cash outflow for the acquisition	**4,347**

Nordeste and Transbank Groups

On 7 March 2012 Prosegur acquired 100% of the following Brazilian companies:

- Nordeste Segurança de Valores Paraíba Ltda.
- Nordeste Segurança de Valores Alagoas Ltda.
- Nordeste Segurança de Valores Rio Grande do Norte Ltda.
- Nordeste Segurança de Valores Ceará Ltda.
- Nordeste Segurança de Valores Bahia Ltda.
- Nordeste Transporte de Valores Ltda.
- Nordeste Segurança de Valores Sergipe Ltda.
- Nordeste Segurança e Transporte de Valores Piauí Ltda.
- Transbank Segurança e Transporte de Valores Ltda.
- Digipro Processamento de Documentos e Valores Ltda.
- Nordeste Segurança Eletrônica Ltda.

These companies provide securities logistics, cash management and home technology services. The total purchase price was Brazilian Reals 439,174 thousand (equivalent to Euros 191,138 thousand at the acquisition date), comprising a cash payment of Brazilian Reals 95,000 thousand (equivalent to Euros 41,346 thousand at the acquisition date), a number of deferred payments totalling Brazilian Reals 138,674 thousand (equivalent to Euros 60,354 thousand at the acquisition date) falling due between 2012 and 2017, and a further Brazilian Reals 90,000 thousand (equivalent to Euros 39,170 thousand at the acquisition date) deferred to secure any possible liabilities, payable in five instalments between 2013 and 2017. A contingent consideration has also been agreed. The best estimate of this amount at 30 June 2012 is Brazilian Reals 115,500 thousand (equivalent to Euros 50,268 thousand at the acquisition date). At 30 June 2012 the cost of the business combination has not been adjusted for the contingent consideration as the adjustment cannot be measured reliably. The contract stipulates that interest will be accrued until the payment date.

The contingent consideration comprises a fixed payment linked to EBITDA (earnings before interest, tax, depreciation and amortisation) for 2011 and is payable in instalments between 2013 and 2017.

The acquired business was added to the consolidated group on 7 March 2012. The business contributed revenues of Euros 122,413 thousand and net profit for the year of Euros 3,820 thousand to the consolidated income statement for the first half of 2012. Had the business been acquired on 1 January 2012, consolidated revenues for the first half of 2012 would have been Euros 66,482 thousand higher.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	41,346
Deferred consideration at fair value	149,792
Total purchase price	191,138
Provisional fair value of identifiable net assets acquired	(105,942)
Provisional goodwill at 30 June 2012	**297,080**

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

	Thousands of Euros	
	Carrying amount of the company acquired	Provisional fair value
Cash and cash equivalents	12,862	12,862
Property, plant and equipment	30,734	30,734
Intangible assets	1,390	1,390
Working capital	(20,535)	(20,535)
Non-current liabilities	(53,015)	(53,015)
Financial debt	(77,378)	(77,378)
Identifiable net assets acquired	**(105,942)**	**(105,942)**

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 this acquisition. At 30 June 2012 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	41,346
Cash and cash equivalents of the acquired company	(12,862)
Cash outflow for the acquisition	**28,484**

T.C. Interplata, S.A.

In Argentina Prosegur acquired 100% of the share capital of T.C. Interplata, S.A. on 13 April 2012. This company specialises in securities logistics and cash management services. The total purchase price was Argentinian Pesos 63,499 thousand (equivalent to Euros 10,900 thousand at the acquisition date), comprising a cash payment of Argentinian Pesos 50,432 thousand (equivalent to Euros 8,657 thousand at the acquisition date) and a further Argentinian Pesos 13,068 thousand (equivalent to Euros 2,243 thousand at the acquisition date) deferred to secure any possible liabilities and initially payable in 2013, as well as interest accrued up to the date of payment.

The acquired business was added to the consolidated group on 13 April 2012. It contributed revenues of Euros 1,165 thousand and a net loss for the year of Euros 22 thousand to the consolidated income statement for the first half of 2012. Had the business been acquired on 1 January 2012, consolidated revenues for the first half of 2012 would have been Euros 2,092 thousand higher.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	8,657
Deferred consideration at fair value	2,243
Total purchase price	10,900
Provisional fair value of identifiable net assets acquired	1,298
Provisional goodwill at 30 June 2012	**9,602**

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

	Thousands of Euros	
	Carrying amount of the company acquired	Provisional fair value
Cash and cash equivalents	350	350
Property, plant and equipment	979	979
Working capital	379	379
Financial debt	(410)	(410)
Identifiable net assets acquired	**1,298**	**1,298**

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 this acquisition. At 30 June 2012 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	8,657
Cash and cash equivalents of the acquired company	(350)
Cash outflow for the acquisition	**8,307**

Servin Seguridad, S.A.

On 27 April 2012 Prosegur acquired 100% of Servin Seguridad, S.A., a company located in Argentina and specialised in the home alarms activity. The total purchase price was Argentinian Pesos 103,825 thousand (equivalent to Euros 17,870 thousand at the acquisition date), comprising a cash payment of Argentinian Pesos 62,295 thousand (equivalent to Euros 10,722 thousand at the acquisition date), a contingent consideration of Argentinian Pesos 31,148 thousand (equivalent to Euros 5,361 thousand at the acquisition date), to be settled in 2013 and 2014, and a further Argentinian Pesos 10,383 thousand (equivalent to Euros 1,787 thousand at the acquisition date) deferred to secure any possible liabilities, payable in three instalments between 2015 and 2017. The contract also stipulates that interest will be accrued until the payment date.

The first deferred payment is linked to certain debt ratios.

The acquired business was added to the consolidated group on 27 April 2012. The business contributed revenues of Euros 5,697 thousand and net profit for the year of Euros 165 thousand to the consolidated income statement for the first half of 2012. Had the business been acquired on 1 January 2012, consolidated revenues for the first half of 2012 would have been Euros 11,490 thousand higher.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	10,722
Deferred consideration at fair value	7,148
Total purchase price	17,870
Provisional fair value of identifiable net assets acquired	1,970
Provisional goodwill at 30 June 2012	**15,900**

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

	Thousands of Euros	
	Carrying amount of the company acquired	**Provisional fair value**
Cash and cash equivalents	783	783
Property, plant and equipment	428	428
Working capital	2,460	2,460
Financial debt	(1,701)	(1,701)
Identifiable net assets acquired	**1,970**	**1,970**

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 this acquisition. At 30 June 2012 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	10,722
Cash and cash equivalents of the acquired company	(783)
Cash outflow for the acquisition	**9,939**

Roytronic, S.A.

On 20 April 2012 Prosegur acquired 100% of Roytronic, S.A., a company located in Uruguay and specialised in the home alarms and GPS vehicle tracking activities. The total purchase price was Uruguayan Pesos 118,417 thousand (equivalent to Euros 4,528 thousand at the acquisition date), comprising a cash payment of Uruguayan Pesos 59,209 thousand (equivalent to Euros 2,264 thousand at the acquisition date) and a further Uruguayan Pesos 59,209 thousand (equivalent to Euros 2,264 thousand at the acquisition date) deferred to secure any possible liabilities and payable in four instalments between 2012 and 2014, as well as interest accrued up to the date of payment, as agreed in the contract.

The acquired business was added to the consolidated group on 20 April 2012. The business contributed revenues of Euros 553 thousand and net profit for the year of Euros 51 thousand to the consolidated income statement for the first half of 2012. Had the business been acquired on 1 January 2012, consolidated revenues for the first half of 2012 would have been Euros 1,040 thousand higher.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	2,264
Deferred consideration at fair value	2,264
Total purchase price	4,528
Provisional fair value of identifiable net assets acquired	357
Provisional goodwill at 30 June 2012	**4,171**

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

	Thousands of Euros	
	Carrying amount of the company acquired	Provisional fair value
Cash and cash equivalents	1	1
Property, plant and equipment	392	392
Intangible assets	10	10
Working capital	(41)	(41)
Financial debt	(5)	(5)
Identifiable net assets acquired	**357**	**357**

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 this acquisition. At 30 June 2012 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	2,264
Cash and cash equivalents of the acquired company	(1)
Cash outflow for the acquisition	**2,263**

GRP Group

In France Prosegur acquired 100% of GRP Holding, S.A.R.L. and its subsidiaries on 10 May 2012:

- GRP Security, S.R.L.
- GRP Saphir, S.A.S.
- GRP Rubis, S.A.S.
- GRP Jade, S.A.S.
- GRP Opale, S.A.S.
- GRP Service, S.A.S.

These companies specialise in security patrol, access control and remote alarm management services. The total purchase price was Euros 13,173 thousand, comprising a cash payment of Euros 12,898 thousand and a contingent consideration of Euros 275 thousand linked to compliance with an agreement with employees.

The acquired business was added to the consolidated group on 10 May 2012. The business contributed revenues of Euros 5,606 thousand and net profit for the year of Euros 1 thousand to the consolidated income statement for the first half of 2012. Had the business been acquired on 1 January 2012, consolidated revenues for the first half of 2012 would have been Euros 11,212 thousand higher.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	12,898
Deferred consideration at fair value	275
Total purchase price	13,173
Provisional fair value of identifiable net assets acquired	192
Provisional goodwill at 30 June 2012	**12,981**

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

	Thousands of Euros	
	Carrying amount of the company acquired	**Provisional fair value**
Cash and cash equivalents	3,975	3,975
Property, plant and equipment	398	398
Other non-current assets	608	608
Working capital	(1,889)	(1,889)
Non-current liabilities	(588)	(588)
Financial debt	(2,312)	(2,312)
Identifiable net assets acquired	**192**	**192**

The goodwill on this acquisition was allocated to the Europe-Asia segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. At 30 June 2012 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	12,898
Cash and cash equivalents of the acquired company	(3,975)
Cash outflow for the acquisition	**8,923**

2. Goodwill incorporated in 2011 with measurement under review in 2012

Distribuidora Federal, S.A.C.

On 30 June 2011, Prosegur acquired 100% of Distribuidora Federal S.A.C. in Peru. This company specialises in the installation and maintenance of electronic security systems and fire protection. The total purchase price was Peruvian Sols 18,769 thousand (equivalent to Euros 4,703 thousand at the acquisition date), comprising a cash payment of Peruvian Sols 12,627 thousand (equivalent to Euros 3,164 thousand at the acquisition date) and a number of deferred payments falling due in 2012 and 2013, totalling Peruvian Sols 6,142 thousand (equivalent to Euros 1,539 thousand at the acquisition date). There is a related contingent consideration agreement.

The contingent consideration comprises a fixed payment linked to EBIT (earnings before interest and tax) for 2010 and certain financial debt and working capital levels, and a variable payment linked to future EBIT generated in 2011 and 2012.

The acquired business was added to the consolidated group on 30 June 2011.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	3,164
Deferred consideration at fair value	1,539
Total purchase price	4,703
Fair value of the identifiable net assets acquired	1,340
Goodwill at 30 June 2012	**3,363**

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

	Thousands of Euros	
	Carrying amount of the company acquired	**Fair value**
Cash and cash equivalents	157	157
Property, plant and equipment	109	109
Other non-current assets	47	47
Working capital	29	29
Intangible assets	-	1,426
Deferred tax	-	(428)
Identifiable net assets acquired	**342**	**1,340**

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 this acquisition. The intangible assets acquired comprise relationships with customers (Euros 263 thousand) with useful lives of between 2.5 and 7.5 years, contracts with customers (Euros 54 thousand), with useful lives of 1.5 years and other intangible assets (Euros 1109 thousand) with useful lives of five years.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	3,164
Cash and cash equivalents of the acquired company	(157)
Cash outflow for the acquisition	**3,007**

Seguridad Vigilada Group

In Spain Prosegur acquired 95% of Seguridad Vigilada, S.A. and its related companies on 14 July 2011. These companies specialise in security patrol, bodyguard, ATM maintenance and ancillary services. As it also acquired a purchase option on the remaining 5% which is highly likely to be exercised, Prosegur has considered the acquisition of 100% of this company in the business combination. The exercise price of this option, totalling Euros 200 thousand at the acquisition date, has been recognised as a financial liability. The total purchase price was Euros 4,000 thousand, comprising a cash payment of Euros 2,400 thousand and a number of deferred payments falling due in 2012 and 2013, totalling Euros 1,600 thousand. The acquired business was added to the consolidated group on 14 July 2011.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	2,400
Deferred consideration at fair value	1,600
Total purchase price	4,000
Fair value of the identifiable net assets acquired	935
Goodwill at 30 June 2012	**3,065**

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

	Thousands of Euros	
	Carrying amount of the company acquired	**Fair value**
Cash and cash equivalents	368	368
Property, plant and equipment	87	87
Intangible assets	2	2
Other non-current assets	11	11
Working capital	(55)	(55)
Non-current liabilities	(430)	(430)
Intangible assets	-	1,360
Deferred tax liabilities	-	(408)
Identifiable net assets acquired	**(17)**	**935**

The goodwill on this acquisition was allocated to the Europe-Asia segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. The intangible assets acquired comprise customer relationships (Euros 1,360 thousand) with useful lives of 19 years.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	2,400
Cash and cash equivalents of the acquired company	(368)
Cash outflow for the acquisition	**2,032**

Inversiones BIV, S.A.S and its subsidiary Vigilantes Marítima Comercial, Ltda.

On 2 August 2011 Prosegur acquired 100% of Inversiones BIV, S.A.S. and its subsidiary Vigilantes Marítima Comercial, Ltda. located in Colombia. The latter company specialises in providing security patrol services. The total purchase price was Colombian Pesos 42,828,000 thousand (equivalent to Euros 16,894 thousand at the acquisition date), comprising a cash payment of Colombian Pesos 32,881,114 thousand (equivalent to Euros 12,970 thousand at the acquisition date) and a number of deferred payments falling due over the five-year period from 2012 to 2016, totalling Colombian Pesos 9,946,886 thousand (equivalent to Euros 3,924 thousand at the acquisition date), as well as interest accrued up to the date of payment, as agreed in the contract. This business was added to the consolidated group on 2 August 2011.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	12,970
Deferred consideration at fair value	3,924
Total purchase price	16,894
Fair value of the identifiable net assets acquired	6,920
Goodwill at 30 June 2012	**9,974**

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

	Thousands of Euros	
	Carrying amount of the company acquired	Fair value
Cash and cash equivalents	2,783	2,783
Property, plant and equipment	3,093	3,093
Working capital	663	663
Non-current liabilities	(178)	(178)
Financial debt	(3,217)	(3,217)
Intangible assets	-	5,636
Deferred tax liabilities	-	(1,860)
Identifiable net assets acquired	**3,144**	**6,920**

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 this acquisition. The intangible assets acquired comprise customer relationships (Euros 5,160 thousand) with useful lives of ten years and a trademark (Euros 476 thousand) with a one-year useful life.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	12,970
Cash and cash equivalents of the acquired company	(2,783)
Cash outflow for the acquisition	**10,187**

Vimarco Servicios Generales

On 7 September 2011 Prosegur acquired 100% of Vimarco Servicios Generales, Ltda. and Vimarco Servicios Temporales, Ltda located in Colombia. These companies specialise in providing ancillary services and temporary staff. The Group acquired this interest through the holding company Inversiones BIV, S.A.S. The total purchase price was Colombian Pesos 4,000,000 thousand (equivalent to Euros 1,552 thousand at the acquisition date), comprising a cash payment of Colombian Pesos 3,600,000 thousand (equivalent to Euros 1,397 thousand at the acquisition date) and contingent consideration totalling Colombian Pesos 400,000 thousand (equivalent to Euros 155 thousand at the acquisition date) payable in 2012 and 2013. The contract also stipulates that interest will be accrued until the payment date. The acquired business was added to the consolidated group on 7 September 2011.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	1,397
Deferred consideration at fair value	155
Total purchase price	1,552
Fair value of the identifiable net assets acquired	729
Goodwill at 30 June 2012	**823**

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

	Thousands of Euros	
	Carrying amount of the company acquired	Fair value
Cash and cash equivalents	154	154
Property, plant and equipment	91	91
Working capital	348	348
Non-current liabilities	(8)	(8)
Intangible assets	-	215
Deferred tax liabilities	-	(71)
Identifiable net assets acquired	**585**	**729**

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 this acquisition. The intangible assets acquired comprise customer relationships (Euros 166 thousand) with useful lives of between six and nine years and a trademark (Euros 49 thousand) with a one-year useful life.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	1,397
Cash and cash equivalents of the acquired company	(154)
Cash outflow for the acquisition	**1,243**

Prover Eletronica, Ltda.

On 16 September 2011 Prosegur acquired 100% of Prover Eletrônica, Ltda, a company located in Brazil and specialised in electronic security systems. The total purchase price was Brazilian Reals 7,338 thousand (equivalent to Euros 2,930 thousand at the acquisition date), comprising a cash payment of Brazilian Reals 2,897 thousand (equivalent to Euros 1,157 thousand at the acquisition date), a contingent consideration of Brazilian Reals 3,240 thousand (equivalent to Euros 1,294 thousand at the acquisition date), to be settled in two payments in 2012 and 2013, and a further Brazilian Reals 1,200 thousand (equivalent to Euros 479 thousand at the acquisition date) deferred to secure any possible liabilities, payable in four instalments between 2014 and 2017. The contract also stipulates that interest will be accrued until payment falls due.

This contingent consideration consists of a variable price linked to future EBIT (earnings before interest and taxes) generated in 2011 and 2012.

The acquired business was added to the consolidated group on 16 September 2011.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	1,157
Deferred consideration at fair value	1,773
Total purchase price	2,930
Provisional fair value of identifiable net assets acquired	1,682
Provisional goodwill at 30 June 2012	**1,248**

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

	Thousands of Euros	
	Carrying amount of the company acquired	Provisional fair value
Cash and cash equivalents	78	78
Property, plant and equipment	292	292
Other non-current assets	22	22
Working capital	307	307
Non-current liabilities	(23)	(23)
Intangible assets	-	1,006
Deferred tax assets		342
Deferred tax liabilities	-	(342)
Identifiable net assets acquired	**676**	**1,682**

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 this acquisition. The intangible assets acquired comprise customer relationships (Euros 257 thousand) with useful lives of ten years, trademarks (Euros 646 thousand) with a useful life of three years, and other intangible assets (Euros 103 thousand) with a useful life of five years. Verification of the fair values allocated to this business combination will be completed during the current year.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	1,157
Cash and cash equivalents of the acquired company	(78)
Cash outflow for the acquisition	**1,079**

Sazias, S.A.

In France Prosegur acquired 100% of Sazias, S.A. and its subsidiaries Services Valeurs Fonds, S.A., Docks y Entrepots Sazias, S.A. and Euroval, S.A.S. on 27 September 2011. These companies specialise in securities logistics and cash management services. The total purchase price was Euros 14,113 thousand, comprising a cash payment of Euros 11,613 thousand and a deferred payment withheld as a guarantee totalling Euros 2,500 thousand.

The acquired business was added to the consolidated group on 27 September 2011.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	11,613
Deferred consideration at fair value	2,500
Total purchase price	14,113
Fair value of the identifiable net assets acquired	3,800
Goodwill at 30 June 2012	**10,313**

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

	Thousands of Euros	
	Carrying amount of the company acquired	Fair value
Cash and cash equivalents	250	250
Property, plant and equipment	1,374	1,374
Intangible assets	105	105
Other non-current assets	327	327
Working capital	(1,532)	(1,532)
Financial debt	(833)	(833)
Intangible assets	-	6,160
Deferred tax liabilities	-	(2,051)
Identifiable net assets acquired	**(309)**	**3,800**

The goodwill on this acquisition was allocated to the Europe-Asia segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. The intangible assets acquired comprise customer relationships (Euros 6,020 thousand) with useful lives of 22 years and a trademark (Euros 140 thousand) with a one-year useful life.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	11,613
Cash and cash equivalents of the acquired company	(250)
Cash outflow for the acquisition	**11,363**

Integra Group

On 28 September 2011 Prosegur acquired 100% of Integra Security Systems, S.A., Servicios Integrados de Tecnología GPS de Colombia, S.A.S. and Integra Monitoreo, S.A.S., companies located in Colombia and specialised in security technology and centralised control systems. The Group acquired this interest through the holding company Beloura Investments, S.L.U. The total purchase price was Colombian Pesos 51,386,896 thousand (equivalent to Euros 19,872 thousand at the acquisition date), comprising a cash payment of Colombian Pesos 28,200,755 thousand (equivalent to Euros 10,905 thousand at the acquisition date) and contingent consideration totalling Colombian Pesos 23,186,142 thousand (equivalent to Euros 8,966 thousand at the acquisition date) payable in 2012 and 2013.

This contingent consideration is linked to future EBIT (earnings before interest and taxes) generated in 2011 and 2012.

The acquired business was added to the consolidated group on 28 September 2011.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	10,905
Deferred consideration at fair value	8,966
Total purchase price	19,871
Fair value of the identifiable net assets acquired	7,161
Goodwill at 30 June 2012	**12,710**

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

	Thousands of Euros	
	Carrying amount of the company acquired	Fair value
Cash and cash equivalents	1,573	1,573
Property, plant and equipment	138	138
Intangible assets	195	195
Working capital	2,855	2,855
Non-current liabilities	(1,899)	(1,899)
Financial debt	(1,626)	(1,626)
Intangible assets	-	8,843
Deferred tax liabilities	-	(2,918)
Identifiable net assets acquired	**1,236**	**7,161**

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 this acquisition. The intangible assets acquired comprise relationships with customers (Euros 8425 thousand) with useful lives of between 12 and 14 years, contracts with customers (Euros 299 thousand), with useful lives of two years and trademarks (Euros 119 thousand) with a useful life of one year.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	10,905
Cash and cash equivalents of the acquired company	(1,573)
Cash outflow for the acquisition	**9,332**

Fiel Vigilancia e Transporte de Valores

In Brazil Prosegur acquired 100% of the share capital of Fiel Vigilancia e Transporte de Valores on 31 October 2011. This company provides security patrol services, securities logistics and cash management services. The total purchase price was Brazilian Reals 52,474 thousand (equivalent to Euros 22,196 thousand at the acquisition date), comprising a cash payment of Brazilian Reals 5,000 thousand (equivalent to Euros 2,115 thousand at the acquisition date), contingent consideration of Brazilian Reals 35,000 thousand (equivalent to Euros 14,805 thousand at the acquisition date), which falls due in 2012, and a further Brazilian Reals 12,474 thousand (equivalent to Euros 5,276 thousand at the acquisition date) deferred to secure any possible liabilities, which is payable in various instalments between 2012 and 2016 and bears interest as agreed in the contract.

The contingent consideration is linked to certain debt and working capital ratios.

The acquired business was added to the consolidated group on 31 October 2011.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	2,115
Deferred consideration at fair value	20,081
Total purchase price	22,196
Fair value of the identifiable net assets acquired	12,924
Goodwill at 30 June 2012	**9,272**

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

	Thousands of Euros	
	Carrying amount of the company acquired	Fair value
Cash and cash equivalents	567	567
Property, plant and equipment	1,884	1,884
Working capital	(3,537)	(3,537)
Financial debt	(1,438)	(1,438)
Intangible assets	-	15,448
Deferred tax assets	-	5,252
Deferred tax liabilities		(5,252)
Identifiable net assets acquired	**(2,524)**	**12,924**

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 this acquisition. The intangible assets acquired comprise relationships with customers (Euros 12,447 thousand) with useful lives of between five and 13 years, trademarks (Euros 2,245 thousand), with a useful life of three years, and other intangible assets (Euros 756 thousand) with useful lives of five years.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	2,115
Cash and cash equivalents of the acquired company	(567)
Cash outflow for the acquisition	**1,548**

Aexis Security Management Pte. Ltd

On 15 December 2011 Prosegur acquired 100% of Aexis Security Management Pte. Ltd. in Singapore. This company specialises in providing security patrol services. The total purchase price was Singapore Dollars 8,393 thousand (equivalent to Euros 4,990 thousand at the acquisition date), comprising a cash payment of Singapore Dollars 7,500 thousand (equivalent to Euros 4,459 thousand at the acquisition date) and contingent consideration totalling Singapore Dollars 893 thousand (equivalent to Euros 531 thousand at the acquisition date) payable in three instalments between 2012 and 2013.

The acquired business was added to the consolidated group on 15 December 2011.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	4,459
Deferred consideration at fair value	531
Total purchase price	4,990
Provisional fair value of identifiable net assets acquired	1,089
Provisional goodwill at 30 June 2012	**3,901**

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

	Thousands of Euros	
	Carrying amount of the company acquired	Provisional fair value
Cash and cash equivalents	657	657
Property, plant and equipment	55	55
Working capital	2,003	2,003
Financial debt	(1,626)	(1,626)
Identifiable net assets acquired	**1,089**	**1,089**

The goodwill on this acquisition was allocated to the Europe-Asia segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. Verification of the fair values allocated to this business combination will be completed during the present year.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	4,459
Cash and cash equivalents of the acquired company	(657)
Cash outflow for the acquisition	**3,802**

Securlog GmbH

In Germany on 29 December 2011, Prosegur acquired 100% of the share capital of Securlog GmbH (now called Prosegur GMBH), a company that provides securities logistics and cash management services. The total purchase price was Euros 22,683 thousand, comprising a cash payment of Euros 15,183 thousand, a contingent consideration of Euros 2,000 thousand and a further Euros 5,500 thousand deferred to secure any possible liabilities, which bears interest as agreed in the contract.

The contingent consideration is linked to certain net cash ratios.

The acquired business was added to the consolidated group on 29 December 2011.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	15,183
Deferred consideration at fair value	7,500
Total purchase price	22,683
Fair value of the identifiable net assets acquired	22,574
Goodwill at 30 June 2012	**109**

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

	Thousands of Euros	
	Carrying amount of the company acquired	Fair value
Cash and cash equivalents	17,197	17,197
Property, plant and equipment	10,422	10,422
Intangible assets	860	860
Working capital	(5,877)	(5,877)
Financial debt	(310)	(310)
Intangible assets	-	400
Deferred tax liabilities	-	(118)
Identifiable net assets acquired	**22,292**	**22,574**

The goodwill on this acquisition was allocated to the Europe-Asia segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. The intangible assets acquired comprise customer relationships (Euros 400 thousand) with useful lives of 22 years. Verification of the fair values allocated to this business combination will be completed during the current year.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	15,183
Cash and cash equivalents of the acquired company	(17,197)
Cash outflow for the acquisition	**(2,014)**

3. Goodwill incorporated in 2011 and not reviewed in 2012

Prosec Pte. Ltd.

On 18 February 2011 Prosegur acquired 100% of Prosec Pte. Ltd and its subsidiary Safeway Pte. Ltd in Singapore. These companies specialise in providing security patrol services. The total purchase price was Singapore Dollars 9,656 thousand (equivalent to Euros 5,563 thousand at the acquisition date), comprising a cash payment of Singapore Dollars 4,966 thousand (equivalent to Euros 2,860 thousand at the acquisition date) and a number of deferred payments falling due in 2012, 2013 and 2014, totalling Singapore Dollars 4,690 thousand (equivalent to Euros 2,703 thousand at the acquisition date). The contingent consideration comprises a fixed payment linked to EBIT (earnings before interest and tax) for 2010 and certain financial debt and working capital levels, and a variable payment linked to future EBIT generated in 2011, 2012 and 2013.

The acquired business was added to the consolidated group on 18 February 2011.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	2,860
Deferred consideration at fair value	2,703
Total purchase price	5,563
Fair value of the identifiable net assets acquired	3,892
Goodwill at 30 June 2012	**1,671**

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

	Thousands of Euros	
	Carrying amount of the company acquired	Fair value
Cash and cash equivalents	73	73
Property, plant and equipment	457	457
Non-current liabilities	(141)	(141)
Working capital	1,687	1,687
Financial debt	(478)	(478)
Intangible assets	-	2,764
Deferred tax	-	(470)
Identifiable net assets acquired	**1,598**	**3,892**

The goodwill on this acquisition was allocated to the Europe-Asia segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. The intangible assets acquired comprise customer relationships (Euros 2,764 thousand) and are amortised over a 10-year period.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	2,860
Cash and cash equivalents of the acquired company	(73)
Cash outflow for the acquisition	**2,787**

23. Related Party Transactions

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid and holds 50.075% of the Company's share capital. The remaining 49.93% is held by various shareholders, including Corporación Financiera Alba, S.A., through Alba Participaciones, S.A., with 10.01%, and AS Inversiones, S.L., which holds 5.31%.

Details of balances recognised in the interim consolidated statement of financial position at 30 June 2012 and the interim consolidated income statement for the six-month period then ended arising from related party transactions, as required by section three of Ministry of Economy and Finance Order EHA/3050/2004 of 15 September 2004, are as follows:

	Thousands of Euros				
	Period ended 30 June 2012				
	Major shareholders	**Directors and management**	**Group employees, companies or entities**	**Other related parties**	**Total**
INCOME AND EXPENSES					
Leases	590	-	-	-	590
Expenses	590	-	-	-	590
Services rendered	1,215	-	-	-	1,215
Income	1,215	-	-	-	1,215
OTHER TRANSACTIONS					
Purchases of financial assets	-	-	-	-	-
Financing agreements: loans and capital contributions (borrower)	-	-	-	-	-

Details of balances recognised in the interim consolidated statement of financial position at 30 June 2011 and the interim consolidated income statement for the six-month period ended 30 June 2011 arising from related party transactions are as follows:

Thousands of Euros

Period ended 30 June 2011

	Major shareholders	Directors and management	Group employees, companies or entities	Other related parties	Total
INCOME AND EXPENSES					
Leases	622	-	-	-	622
Expenses	622	-	-	-	622
Services rendered	1,136	-	-	-	1,136
Income	1,136	-	-	-	1,136
OTHER TRANSACTIONS					
Purchases of financial assets	25,000	-	-	-	25,000
Financing agreements: loans and capital contributions (borrower)	3,661	-	-	-	3,661

Financing and investments

Banca March, S.A. which controls Corporación Financiera Alba, S.A., formed part of the syndicate of banks that granted the syndicated loan to Prosegur in 2006. Banca March, S.A.'s position in this loan amounted to Euros 3,661 thousand at 30 June 2011 and the full amount had been drawn down.

Since the expiry of the syndicated loan contract on 25 July 2011, Banca March, S.A. has not been party to any financing contract with the Group.

At 30 June 2011 Prosegur held a fixed-term deposit of Euros 25,000 thousand with Banca March, which matured at three months.

At 30 June 2012, Prosegur has no outstanding deposits with Banca March.

Goods and services

In October 2005 Prosegur and Proactinmo S.L. (controlled by Gubel, S.L.) signed a lease contract for the building located at Calle Santa Sabina, 8, which is adjacent to a building owned by Prosegur at Calle Pajaritos, 24. This contract has a duration of five years, can be extended for a further five and was arranged at arm's length. A total expense of Euros 590 thousand was incurred in relation to this contract in the first half of 2012 (Euros 622 thousand at 30 June 2011).

In the first half of 2012, Prosegur provided security services to Banca March for Euros 1,215 thousand (Euros 1,136 thousand at 30 June 2011).

Remuneration of members of the board of directors and key management personnel

1. Remuneration of members of the board of directors

The total remuneration accrued by members of the board of directors during the six-month periods ended 30 June 2012 and 2011 is as follows:

	Thousands of Euros	
Item:	**30/06/2012**	**30/06/2011**
Fixed remuneration	506	452
Variable remuneration	250	200
Remuneration in kind	30	24
Allowances	508	411
Total	1,294	1,087

2. Remuneration of senior management personnel

Senior management personnel are understood to be Prosegur employees who hold, *de facto* or *de jure*, senior management positions reporting directly to the board of directors, executive committees or managing directors, including those with power of attorney that relates to the entity's statutory activity and not restricted to specific areas or matters.

The total remuneration accrued by senior management of Prosegur during the six-month periods ended 30 June 2012 and 2011 is as follows:

	Thousands of Euros	
	30/06/2012	**30/06/2011**
Total remuneration accrued by senior management	1,989	2,197

As explained in note 16.3, at the AGM held on 27 June 2008, the shareholders approved the 2011 Plan of long-term incentives for executive directors and management. Subsequently, at the AGM held on 29 May 2012, the shareholders approved the 2014 Plan, which is linked to value creation in 2012-2014.

The total commitment undertaken by the Company at 30 June 2012 in relation to the share-based incentives specified in the 2011 and 2014 Plans amounts to Euros 2,100 thousand and is recognised in equity (see note 16.3).

The total commitment undertaken by the Company at 30 June 2012 in relation to the cash incentives specified in the 2014 Plan amounts to Euros 807 thousand and is recognised in non-current provisions.

Loans to related parties

At 30 June 2012 Prosegur has not granted any loans to related parties.

Investments and positions held in other companies by members of the board of directors of the parent and their related parties

Neither the members of the board of directors nor their related parties hold any investments or positions or conduct any activities in companies with identical, similar or complementary statutory activities to that of the Company.

The following members of the board of directors hold management positions in other Prosegur companies:

Name of director	Name of Group company	Position
Mr Christian Gut Revoredo	Formación Selección y Consultoría, S.A.	Joint director
Mr Christian Gut Revoredo	Prosegur Activa Holding, S.L.U.	Joint director
Mr Christian Gut Revoredo	Prosegur Multiservicios, S.A.	Joint director

24. Average Headcount

The average headcount of Prosegur for the six-month periods ended 30 June 2012 and 30 June 2011 is as follows:

	Total Prosegur	
	30/06/2012	**30/06/2011**
Male	125,955	86,152
Female	22,517	17,519
Average headcount	**148,472**	**103,671**

25. Events after the Reporting Date

The share-splitting operation approved at the AGM on 29 May 2012 was executed on 6 July 2012. This process involved withdrawing the 61,712,464 shares represented by book entries outstanding at 30 June 2012, with a par value of Euros 0.60 each, from trading on the Madrid and Barcelona stock exchanges and, at the same time, admitting the 617,124,640 new shares of Euros 0.06 par value each for trading.

APPENDIX I - Summary of the Main Accounting Principles

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

Standards effective from 1 January 2010 that could require changes to accounting policy and changes to presentation

- Standards effective from 1 January 2012 that could require changes to accounting policy and changes to presentation (for standards requiring a change in accounting policy, information from IAS 8.28 should be provided):

  - Amendment to IAS 32 Classification of Rights Issues. Applies to years beginning on or after 1 February 2010.

  - IAS 24 Related Party Disclosures. Effective for annual periods beginning on or after 1 January 2011.

  - IFRIC 14 Prepayments of a Minimum Funding Requirement. Effective for annual periods beginning on or after 1 January 2011.

  - IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. Applies to years beginning on or after 1 July 2010.

  - IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures. Effective for years beginning after 30 June 2010.

  - Improvements to IFRSs issued in May 2010. Generally applicable as of 2011.

- Standards issued but not effective on 1 January 2012, which the Group expects to adopt as of 1 January 2013 or later (only standards that will have a significant impact for the Group should be included):

  - IAS 19 Employee Benefits. Effective for annual periods beginning on or after 1 January 2013.

  - Amendments to IAS 1 – Presentation of items of other comprehensive income. Effective for annual periods beginning on or after 1 July 2012.

  - IFRS 9 Financial Instruments. Effective for annual periods beginning on or after 1 January 2015. Pending adoption by the EU.

– IFRS 10 Consolidated Financial Statements. Effective for annual periods beginning on or after 1 January 2013. Pending adoption by the EU.

– IFRS 11 Joint Arrangements. Effective for annual periods beginning on or after 1 January 2013. Pending adoption by the EU.

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL INFORMATION FOR THE FIRST HALF OF 2012

The members of the board of directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the financial information selected by Prosegur Compañía de Seguridad, S.A., and the interim condensed consolidated financial statements of Prosegur Compañía de Seguridad, S.A. and subsidiaries for the first half of 2012, authorised for issue by the board of directors at the meeting held on 26 July 2012 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, and that the respective interim directors' reports provide a reliable analysis of the required information.

Madrid, 26 July 2012

Ms Helena Irene Revoredo Delvecchio
Chairman

Mr Isidro Fernández Barreiro
Vice-Chairman

Mr Christian Gut Revoredo
Managing Director

Ms Mirta María Giesso Cazenave
Board member

Ms Chantal Gut Revoredo
Board member

Mr Pedro Guerrero Guerrero
Board member

Mr Eduardo Paraja Quirós
Board member

Mr Eugenio Ruiz-Gálvez Priego
Board member

Mr Fernando Vives Ruíz
Board member

Certification attesting that, at their meeting held in Madrid on 26 July 2012, the board of directors of Prosegur Compañía de Seguridad, S.A. drew up the half-yearly financial report for the first half of 2012, which comprises the following documents: selected individual financial information and the interim directors' report of Prosegur Compañía de Seguridad, S.A.; selected consolidated financial information; the interim condensed consolidated financial statements and interim directors' report of Prosegur Compañía de Seguridad, S.A. and subsidiaries; and the directors' statement of responsibility. All of these documents refer to the first half of 2012 and were unanimously authorised for issue by the board of directors of the Company at the meeting held on the above-mentioned date, as required by article 35 of Law 24/1988 of 28 July 1988 governing the securities market.

The aforementioned documents, combined as a single unit, are transcribed on the preceding sheets of paper, which are numbered consecutively and printed on one side only. All sheets have been signed by the secretary to the board of directors for identification purposes and stamped with the Company stamp.

In accordance with applicable legislation in force, the directors currently comprising the board of directors of the Company have signed the last page of this document, to which I, the secretary to the board of directors, bear witness in Madrid on 26 July 2012.

Signed: Ms Sagrario Fernández Barbé
(Non-executive secretary)

Ms Helena Irene Revoredo Delvecchio
Chairman

Mr Isidro Fernández Barreiro
Vice-Chairman

Mr Christian Gut Revoredo
Managing Director

Ms Mirta María Giesso Cazenave
Board member

Ms Chantal Gut Revoredo
Board member

Mr Pedro Guerrero Guerrero
Board member

Mr Eduardo Paraja Quirós
Board member

Mr Eugenio Ruiz-Gálvez Priego
Board member

Mr Fernando Vives Ruíz
Board member

PROSEGUR COMPAÑIA DE SEGURIDAD, S.A. AND SUBSIDIARIES

Interim consolidated directors' report for the six-month period ended 30 June 2012

Contents

1. Significant Events since the 2011 Close **1**

2. Business Performance **2**

2.1. Sales by geographical area 2

2.2. Sales by business area 3

2.3. Margins 3

2.4. Outlook for the second half of 2012 4

3. Average Headcount **5**

4. Investments **5**

5. Financial Management **5**

6. Own Shares **6**

7. Environmental Issues **7**

8. Events after the Reporting Date **7**

Interim consolidated directors' report for the six-month period ended 30 June 2012

1. Significant Events since the 2011 Close

The most relevant transactions and events for Prosegur during the first half of 2012 are summarised below:

Changes in the composition of the Group

The changes in the composition of the Prosegur Group during the first half of 2012 were mainly due to the following acquisitions:

- On 8 February 2012, Prosegur subscribed 49% of a capital increase carried out by SIS Cash Services Private Limited Co for Euros 9.2 million. This company, which provides securities logistics and cash management services in India, has been proportionately consolidated since that date.

- On 24 February 2012 Prosegur acquired Coral Melody, S.A. and Tecnofren, S.A., companies located in Uruguay and specialised in the security patrol and home alarms activities. These companies, which have been consolidated since the date of acquisition, were purchased for a total price of Euros 10 million.

- On 7 March 2012 Prosegur acquired the 11 companies making up the Nordeste Segurança and Transbank Groups in Brazil. These companies, which provide securities logistics, cash management and home technology services, have been consolidated since the date of acquisition. The total purchase price was Euros 191 million.

- On 13 April 2012, Prosegur acquired T.C, Interplata, S.A., a company in Argentina that specialises in securities logistics and cash management services. This company, which has been consolidated since the date of acquisition, was purchased for a total price of Euros 11 million.

- On 20 April 2012 Prosegur acquired the Uruguayan company Distribuidora Federal SAC, which specialises in the home alarm and GPS vehicle tracking activities. This company, which has been consolidated since the date of acquisition, was purchased for a total price of Euros 5 million.

- On 27 April 2012, Prosegur acquired Servin Seguridad, S.A., an Argentinian company that specialises in security patrol services. This company, which has been consolidated since the date of acquisition, was purchased for a total price of Euros 18 million.

- On 10 May 2012 Prosegur acquired the companies forming the GRP Group, which is located in France and provides security patrol, access control and remote alarm management services. The group has been consolidated since the date of acquisition and was purchased for a total price of Euros 13 million.

Significant events since the 2011 close

At the AGM held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for Prosegur Group executive directors and management. The 2014 Plan is generally linked to value creation during the 2012-2014 period and foresees the payment of share-based incentives to executive directors, and Company shares and cash to Prosegur management. The maximum number of shares earmarked for the 2014 Plan is 412,000, representing 0.668% of the Company's present share capital.

2. Business Performance

2.1. Sales by geographical area

Prosegur's consolidated sales in the first six months of 2012 amounted to Euros 1,753.4 million (Euros 1,316.0 million at 30 June 2011), a total increase of 33.2%. Of this rise, 12.0% is pure organic growth and 22.0% is inorganic growth from purchases made in 2012, offset by a 0.8% decrease due to interest rate fluctuations.

Consolidated sales are distributed by geographical area as follows:

	Thousands of Euros	
	June 2012	**June 2011**
Europe- Asia	732.6	635.3
Latam	1,020.8	680.7
Total Prosegur	**1,753.4**	**1,316.0**

The most significant sales growth was seen in Latin America, with an increase of 49.9% during the first half of 2012 compared to the same period in 2011 (23.8% organic growth and 27.6% inorganic growth). This strong increase in sales during the first six months of 2012 was not favoured by exchange rate fluctuations compared to the same period in the prior year, leading to a reduction of 1.4%.

2.2. Sales by business area

The distribution of consolidated sales by business area is shown in the table below:

	Thousands of Euros		
	June 2012	**June 2011**	**Growth**
Security patrol services	807.2	646.6	24.8%
% of total	*46.0%*	*49.1%*	
Securities logistics and cash management services	751.4	509.7	47.4%
% of total	*42.9%*	*38.7%*	
Technology	194.8	159.8	21.9%
% of total	*11.1%*	*12.1%*	
Total Prosegur	**1,753.4**	**1,316.0**	**33.2%**

2.3. Margins

Consolidated operating profit (EBIT) stands at Euros 137.8 million for the first half of 2012 (Euros 127.0 million at 30 June 2011). At the end of June 2012 the EBIT margin is 7.9% (9.6% at 30 June 2011).

The EBIT margin is distributed by geographical area as follows:

			Thousands of Euros at 30 June 2012
	Europe - Asia	**Latam**	**Prosegur**
Sales	732.6	1,020.8	1,753.4
EBIT	11.0	126.8	137.8
Margin EBIT	1.5%	12.4%	7.9%

			Thousands of Euros at 30 June 2011
	Europa - Asia	**Latam**	**Prosegur**
Sales	635.3	680.7	1,316.0
EBIT	29.7	97.3	127.0
Margin EBIT	4.7%	14.3%	9.6%

2.4. Outlook for the second half of 2012

The outlook for the second half of 2012 is positive. Business volume and return growth targets are expected to be maintained in the Latam area, where the decline in the first half of the year relates to seasonal factors, the effects of which will be corrected in the second half of 2012, with the high growth rate expected to continue.

However, the European economies continue to suffer the harsh effects of the financial crisis, with a decline in margins, particularly in Spain, where business has been hit by spending cuts.

During the first six months of 2012, other than those derived from acquisitions of companies at the agreed price, no events or circumstances came to light with respect to business performance that would suggest possible risks or uncertainties for the second half of the year, and no significant contingent liabilities have arisen other than those mentioned in the consolidated annual accounts at 31 December 2011.

3. Average Headcount

The average headcount of Prosegur for the six-month periods ended 30 June 2012 and 30 June 2011 is as follows:

	Total Prosegur	
	June 2012	**June 2011**
Male	125,955	86,152
Female	22,517	17,519
Average headcount	**148,471**	**103,671**

4. Investments

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

Euros 39.9 million was invested in property, plant and equipment in the first half of 2012 (Euros 37.2 million at 30 June 2011).

5. Financial Management

Prosegur calculates net financial debt as the sum of current and non-current borrowings (excluding other non-bank payables) plus net derivative financial instruments, less cash and cash equivalents, less other current financial assets.

At 30 June 2012 net financial debt totals Euros 555.6 million (Euros 201.6 million at 31 December 2011).

The ratio of net financial debt to equity is 0.85 at 30 June 2012 (0.54 at 31 December 2011).

From a financial management perspective, the most significant events during the first half of 2012 were as follows:

Syndicated loan

As disclosed in note 4 to the condensed consolidated interim financial statements for the period ended 30 June 2012, on 29 February 2012 Prosegur took out a Euros 200 thousand syndicated loan. This loan is divided into two tranches: a Euros 100 million loan and a credit facility for the same amount. Both tranches are repayable in a bullet instalment on maturity and bear interest at a variable rate pegged to the Euribor plus a spread linked to the net financial debt/EBITDA ratio at each presentation date.

In relation to the acquisition of the Nordeste Segurança and Transbank Groups, on 7 March 2012 Prosegur Brasil, S.A., Prosegur Activa Alarmes, S.A. and Prosegur Holding e Participaçoes, S.A. arranged a five-year syndicated loan of Brazilian Reals 450 million (equivalent to Euros 190.7 million at the contract date) with the financial institutions Banco Bradesco, BBI S.A., Banco Itaú BBA, S.A. and Banco Santander.

On 23 April 2012 this loan was replaced by a debenture for limited public distribution with a firm guarantee of full placement. This debenture, amounting to Brazilian Reals 450 million (equivalent to 181.4 million at the contract date), was placed by Banco Bradesco BBI, S.A., Banco Itaú BBA, S.A. and Banco Santander. It is repayable in nine instalments and bears interest at a rate pegged to the Brazilian Interbank Deposit Rate (CDI) plus a spread of 2.3%.

6. Own Shares

Details of movements in own shares in the first half of 2012 are as follows:

	Number of shares	Millions of Euros
Balance at 31 December 2011	4,456,122	123.2
Shares purchased	235,465	9.5
Shares sold	(234,514)	(6.6)
Shares granted under the 2011 Plan	(78,114)	(2.2)
Other shares granted to employees	(5,318)	(0.1)
Balance at 30 June 2012	**4,373,641**	**123.8**

As mentioned in note 34.17 to the consolidated annual accounts at 31 December 2011, at the AGM on 27 June 2008 the shareholders approved the 2011 Plan of long-term incentives. As foreseen in the Plan regulations, a share-based incentive for executive directors and management has been settled in the first half of 2012 through the conveyance of 78,114 own shares.

At the AGM held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for Prosegur Group executive directors and management. The 2014 Plan is generally linked to value creation during the 2012-2014 period. Part of this incentive is also conditional on the beneficiaries remaining in the Company's service for two years following the Plan period. The Plan also foresees the payment of share-based incentives to executive directors, and Company shares and cash to Prosegur management. The maximum number of shares earmarked for the 2014 Plan is 412,000, representing 0.668% of the Company’s present share capital.

The total obligation acquired by Prosegur at 30 June 2012 in relation to share-based incentives established in the 2011 and 2014 Plans is recognised in equity and amounts to Euros 2,100 thousand (Euros 5,781 thousand at 31 December 2011).

7. Environmental Issues

At 30 June 2012 Prosegur has no environment-related contingencies, legal claims, income or expenses.

In accordance with the Group’s environmental policy, investment continues to be made in armoured vehicles that meet the Euro III standard on the emission of non-contaminating particles.

8. Events after the Reporting Date

The share-splitting operation approved at the AGM on 29 May 2012 was executed on 6 July 2012. This process involved withdrawing the 61,712,464 shares represented by book entries outstanding at 30 June 2012, with a par value of Euros 0.60 each, from trading on the Madrid and Barcelona stock exchanges and, at the same time, admitting the 617,124,640 new shares of Euros 0.06 par value each for trading.

PROSEGUR COMPAÑIA DE SEGURIDAD, S.A.

Interim directors' report for the six-month period ended 30 June 2012

Contents

1.	**Significant Events since the 2012 Close**	**1**
2.	**Business Performance**	**1**
3.	**Personnel**	**1**
4.	**Investments**	**2**
5.	**Financial Management**	**2**
6.	**Own Shares**	**3**
7.	**Environmental Issues**	**3**
8.	**Events after the Reporting Date**	**4**

Interim directors' report for the six-month period ended 30 June 2012

1. Significant Events since the 2012 Close

✓ At the AGM held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for Prosegur Group executive directors and management. The 2014 Plan is generally linked to value creation during the 2012-2014 period and foresees the payment of share-based incentives to executive directors, and Company shares and cash to Prosegur management. The maximum number of shares earmarked for the 2014 Plan is 412,000, representing 0.668% of the Company's present share capital.

✓ At their AGM, the shareholders agreed that the Company's property ownership and management branch of activity would be transferred to its subsidiary Prosegur Gestión de Activos, S.L., as outlined in the project filed with the Companies Registry of Madrid, availing of the tax treatment established in the revised Spanish income tax law, title VII, chapter VIII. The transferred assets have the same values at which they were recognised on the Company's balance sheet at 31 December 2011.

2. Business Performance

Prosegur Compañía de Seguridad, S.A. sales in the first half of 2012 totalled Euros 432 million, compared to Euros 434 million during the same period in 2011[*] (a drop of 0.6%).[*]

The Company's sales were all made within the domestic market.

3. Personnel

The average headcount[*] of Prosegur for the six-month periods ended 30 June 2012 and 30 June 2011 is as follows:[*]

[*] Sales and headcount for 2011 are aggregated figures for Prosegur Transporte de Valores, S.A., Prosegur Servicio Técnico, S.L., Prosegur Activa España, S.L. and Prosegur Tecnología, S.L., which merged in October 2011 with retrospective effect from 1 January 2011.

.

	Total Prosegur	
	June 2012	June 2011
Male	18,667	20,417
Female	3,692	5,071
Average headcount	**22,359**	**25,488**

4. Investments

All of Prosegur Compañía de Seguridad, S.A.'s investments are analysed by the departments for investment analysis and management controls, which estimate and examine the strategic importance, return period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment or expenditure. Investments in excess of Euros 0.6 million are submitted for approval by the Executive Committee.

Euros 4.6 million was invested in property, plant and equipment in the first half of 2012 and investment in intangible assets totalled Euros 1.7 million.

During the same period, the depreciation charge for property, plant and equipment was Euros 9.0 million and the amortisation charge for intangible assets totalled Euros 3.0 million.

5. Financial Management

From a financial management perspective, the most significant events during the first half of 2012 were as follows:

On 29 February 2012 Prosegur took out a Euros 200,000 thousand syndicated loan. This loan is divided into two tranches: a Euros 100,000 thousand loan and a credit facility for the same amount. Both tranches are repayable in a bullet instalment on maturity and bear interest at a variable rate pegged to the Euribor plus a spread linked to the net financial debt/EBITDA ratio at each presentation date.

6. Own Shares

Details of movements in own shares in the first half of 2012 are as follows:

	Nº de acciones	Millones de euros
Balance at 31 December 2011	4,456,122	123.2
Shares purchased	235,465	9.5
Shares sold	(634,514)	(17.6)
Shares granted under the 2011 Plan	(78,114)	(2.2)
Other shares granted to employees	(5,318)	(0.1)
Balance at 30 June 2012	**3,973,641**	**112.8**

At the AGM held on 27 June 2008, the shareholders approved the 2011 Plan of long-term incentives. As foreseen in the Plan regulations, a share-based incentive for executive directors and management has been settled in the first half of 2012 through the conveyance of 78,114 own shares.

At the AGM held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for executive directors and management of Prosegur. The 2014 Plan is generally linked to value creation during the 2012-2014 period. Part of this incentive is also conditional on the beneficiaries remaining in the Company's service for two years following the Plan period. The Plan also foresees the payment of share-based incentives to executive directors, and Company shares and cash to Prosegur management. The maximum number of shares earmarked for the 2014 Plan is 412,000, representing 0.668% of the Company’s present share capital.

The total obligation acquired by Prosegur at 30 June 2012 in relation to share-based incentives established in the 2011 and 2014 Plans is recognised under other equity instruments in equity and amounts to Euros 2,100 thousand (Euros 5,781 thousand at 31 December 2011).

7. Environmental Issues

At 30 June 2012 Prosegur Compañía de Seguridad, S.A. has no environment-related contingencies, legal claims, income or expenses.

In accordance with the Prosegur Compañía de Seguridad, S.A. environmental policy, investment continues to be made in armoured vehicles that meet with the Euro III standard on the emission of non-contaminating particles.

8. Events after the Reporting Date

The share-splitting operation approved at the AGM on 29 May 2012 was executed on 6 July 2012. This process involved withdrawing the 61,712,464 shares represented by book entries outstanding at 30 June 2012, with a par value of Euros 0.60 each, from trading on the Madrid and Barcelona stock exchanges and, at the same time, admitting the 617,124,640 new shares of Euros 0.06 par value each for trading.