Prosegur Compañía de Seguridad, S.A.

Annual Accounts
31 December 2013

Directors' report
2013

(Together with the Auditors' Report)

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

KPMG Auditores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Auditors' Report on the Annual Accounts

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

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

We have audited the annual accounts of Prosegur Compañía de Seguridad, S.A. ("the Company"), which comprise the balance sheet at 31 December 2013, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes. The Directors are responsible for the preparation of these annual accounts in accordance with the financial reporting framework applicable to the entity (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein. Our responsibility is to express an opinion on these annual accounts taken as a whole, based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable financial reporting framework.

In our opinion, the accompanying annual accounts for 2013 present fairly, in all material respects, the equity and financial position of Prosegur Compañía de Seguridad, S.A. at 31 December 2013, its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework and, in particular, with the accounting principles and criteria set forth therein.

The accompanying directors' report for 2013 contains such explanations as the Directors consider relevant to the situation of Prosegur Compañía de Seguridad, S.A., its business performance and other matters, and is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2013. Our work as auditors is limited to the verification of the directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

KPMG Auditores, S.L.

(Signed on the original in Spanish)

Bernardo Rücker-Embden

27 February 2014

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

Auditors' Report, Annual Accounts and Directors' Report at 31 December 2013

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

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PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

I. INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(In thousands of Euros)

	Note	2013	2012 (*)
Revenues	3	**183,419**	**966,527**
Dividends received		108,639	65,560
Interest received		1,423	1,625
Services rendered		73,357	899,342
Change in inventories of finished products and work in progress		-	**614**
Self-constructed assets		**3,186**	**5,526**
Supplies	3	**(42)**	**(67,277)**
Raw materials and consumables used		(42)	(66,918)
Impairment of merchandise, raw materials and other supplies		-	(359)
Other operating income		**4,660**	**2,080**
Non-trading and other operating income		4,636	2,016
Operating grants taken to income	16	24	64
Personnel expenses	3	**(29,328)**	**(666,194)**
Salaries and wages		(24,216)	(513,425)
Employee benefits expense		(5,112)	(152,769)
Other operating expenses		**(36,744)**	**(112,006)**
External services		(30,288)	(88,508)
Taxes		502	(1,336)
Losses, impairment and changes in trade provisions	13	-	(3,682)
Other operating expenses		(6,958)	(18,480)
Depreciation and amortisation	7 and 8	**(10,012)**	**(20,384)**
Impairment and gains/(losses) on disposal of fixed assets and financial instruments		**(18,426)**	**(9,768)**
Impairment gains (losses) of financial instruments	10 and 11	(6,600)	(7,295)
Impairment gains (losses) from investments in group companies	10	(11,826)	(35)
Losses on disposal and other		-	(2,438)
RESULTS FROM OPERATING ACTIVITIES		**96,713**	**99,118**
Finance income	4	**41**	**427**
Other investment income			
Other		41	427
Finance costs	4	**(24,034)**	**(28,363)**
Group companies and associates		(2,379)	(1,682)
Other		(21,655)	(26,681)
Change in fair value of financial instruments	4	**131**	**(2,117)**
Trading portfolio and other		(2,288)	(1,122)
Change in fair value of financial instruments		2,419	(995)
Exchange gains/(losses)	4	**15**	**1,085**
Impairment and losses on disposal of financial instruments	4	-	**(542)**
Losses on disposal and other		-	(542)
NET FINANCE INCOME		**(23,847)**	**(29,510)**
PROFIT BEFORE TAX		**72,866**	**69,608**
Income tax expense (income)	19	**(6,866)**	**1,781**
PROFIT FOR THE YEAR		**66,000**	**71,389**

(*) Restated balances (Note 2.d)

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

II. BALANCE SHEETS AT 31 DECEMBER 2013 AND 2012

(In thousands of Euros)

ASSETS	Note	2013	2012
NON-CURRENT ASSETS		**934,973**	**737,806**
Intangible assets	**7**	**26,401**	**117,437**
Patents, licences, trademarks and similar rights		5,556	6,644
Goodwill		-	90,657
Computer software		10,225	8,950
Other intangible assets		10,620	11,186
Property, plant and equipment	**8**	**4,924**	**45,625**
Technical installations and other items		4,498	44,190
Under construction and advances		426	1,435
Non-current investments in group companies and associates	**10**	**855,996**	**502,191**
Equity instruments		855,996	502,191
Non-current investments	**11**	**18,555**	**30,806**
Equity instruments		18,223	24,549
Loans to third parties		308	291
Other financial assets		24	5,966
Deferred tax assets	**19**	**29,097**	**41,747**
CURRENT ASSETS		**195,821**	**345,101**
Inventories		**-**	**18,332**
Goods for resale		-	4,815
Raw materials and other supplies		-	3,363
Work in progress		-	10,154
Trade and other receivables	**13**	**81,114**	**245,656**
Trade receivables		-	195,724
Trade receivables from group companies and associates		70,777	35,695
Other receivables		9,515	10,192
Personnel		15	607
Current tax assets		807	2,720
Public entities, other		-	718
Current investments in group companies and associates	**13**	**108,239**	**76,247**
Loans to companies		72,610	67,686
Other financial assets		35,629	8,561
Current investments		**5,534**	**384**
Derivatives	12	73	-
Other financial assets	11	5,461	384
Prepayments for current assets		**794**	**1,019**
Cash and cash equivalents	**14**	**140**	**3,463**
Cash		140	3,463
TOTAL ASSETS		**1,130,794**	**1,082,907**

The accompanying notes form an integral part of the annual accounts for 2013.

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

II. BALANCE SHEETS AT 31 DECEMBER 2013 AND 2012

(In thousands of Euros)

EQUITY AND LIABILITIES	Note	2013	2012
EQUITY		**165,219**	**159,736**
Capital and reserves		**165,207**	**159,707**
Subscribed capital	15	**37,027**	**37,027**
Registered capital		37,027	37,027
Share premium	15	**25,472**	**25,472**
Reserves	15	**147,660**	**137,402**
Legal and statutory reserves		7,406	7,406
Other reserves		140,254	129,996
Own shares and equity investments	15	**(114,123)**	**(114,242)**
Profit for the year	5	**66,000**	**71,389**
Other equity instruments	15	**3,171**	**2,659**
Grants, donations and bequests received	16	**12**	**29**
NON-CURRENT LIABILITIES		**649,902**	**514,403**
Non-current provisions	17	**632**	**26,692**
Long-term employee benefits		632	1,615
Other provisions		-	25,077
Non-current payables	18	**627,933**	**460,892**
Bonds and other securities		495,757	-
Loans and borrowings		130,469	448,308
Derivatives	12	-	4,548
Other financial liabilities		1,707	8,036
Deferred tax liabilities	19	**21,337**	**18,176**
Non-current accruals		**-**	**8,643**
CURRENT LIABILITIES		**315,673**	**408,768**
Current payables	18	**125,066**	**177,757**
Bonds and other securities		10,912	-
Loans and borrowings		68,034	117,609
Derivatives	12	1,640	-
Other financial liabilities		44,480	60,148
Group companies and associates, current	18	**161,533**	**74,015**
Trade and other payables	18	**29,074**	**149,596**
Suppliers, group companies and associates		7,654	26,683
Suppliers		-	129
Other payables		9,135	40,189
Personnel (salaries payable)		5,928	45,980
Current tax assets		670	-
Public entities, other		5,687	36,615
Current accruals		**-**	**7,400**
TOTAL EQUITY AND LIABILITIES		**1,130,794**	**1,082,907**

The accompanying notes form an integral part of the annual accounts for 2013.

III. STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE

(In thousands of Euros)

	Note	2013	2012
Profit for the year	5	66,000	71,389
Transfers to the income statement	16	(17)	(24)
Grants, donations and bequests received		(24)	(34)
Tax effect		7	10
Total recognised income and expense		65,983	71,365

IV. STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

B) STATEMENT OF TOTAL CHANGES IN EQUITY

(In thousands of Euros)	Share capital	Share premium	Legal reserve	Other reserves	Own shares	Profit for the year	Other equity instruments	Grants	Total
	(Note 15)	(Note 15)	(Note 15)	(Note 15)	(Note 15)	(Note 5)	(Note 15)	(Note 16)	
BALANCE AT 1 JANUARY 2012	**37,027**	**25,472**	**7,406**	**125,165**	**(123,175)**	**58,085**	**5,781**	**53**	**135,814**
Total recognised income and expense	-	-	-	-	-	71,389	-	(24)	71,365
Transactions with equity holders or owners	-	-	-	(4,862)	8,933	(58,085)	-	-	(54,014)
- Distribution of dividends	-	-	-	(4,862)	-	(58,085)	-	-	(62,947)
- Transactions with own shares and equity holdings (net)	-	-	-	-	8,933	-	-	-	8,933
- Commitments accrued under share incentives	-	-	-	-	-	-	(3,122)	-	(3,122)
Other changes in equity	-	-	-	9,693	-	-	-	-	9,693
BALANCE AT 31 DECEMBER 2012	**37,027**	**25,472**	**7,406**	**129,996**	**(114,242)**	**71,389**	**2,659**	**29**	**159,736**
Total recognised income and expense	-	-	-	-	-	66,000	-	(17)	65,983
Transactions with equity holders or owners	-	-	-	5,442	119	(71,389)	512	-	(65,316)
- Distribution of dividends	-	-	-	5,442	-	(71,389)	-	-	(65,947)
- Transactions with own shares and equity holdings (net)	-	-	-	-	119	-	-	-	119
- Commitments accrued under share incentives		-	-	-	-	-	512	-	512
Other changes in equity	-	-	-	4,816	-	-	-	-	4,816
BALANCE AT 31 DECEMBER 2013	**37,027**	**25,472**	**7,406**	**140,254**	**(114,123)**	**66,000**	**3,171**	**12**	**165,219**

The accompanying notes form an integral part of the annual accounts for 2013.

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

V. CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(In thousands of Euros)

	Note	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		**72,866**	**69,608**
Adjustments for:		**(77,210)**	**(22,849)**
Depreciation and amortisation (+)	7, 8	10,012	20,384
Impairment losses (+/-)	10	18,426	394
Change in provisions (+/-)		(17,121)	(6,662)
Grants recognised in the income statement (+/-)	16	(24)	(64)
Proceeds from disposals of fixed assets (+/-)		-	2,438
Finance income (-)		(1,464)	(1,625)
Dividends received (-)		(108,639)	(65,987)
Finance expenses (+)	4	24,034	28,363
Exchange gains/(losses) (+/-)	4	(15)	(1,085)
Change in fair value of financial instruments (+/-)		(2,419)	995
Changes in operating assets and liabilities		**(6,707)**	**(54,626)**
Inventories (+/-)		-	(1,808)
Trade and other receivables (+/-)		(22,325)	(49,060)
Trade and other payables (+/-)		15,520	7,083
Other non-current assets and liabilities (+/-)		98	(10,841)
Other cash flows from operating activities		**60,947**	**29,475**
Interest paid (-)		(17,319)	(28,592)
Dividends received (+)		80,194	65,560
Interest received (+)		1,423	2,052
Income tax received (paid) (+/-)		(3,351)	(9,545)
Cash flows from operating activities		**49,896**	**21,608**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments (-)		**(166,940)**	**(82,932)**
Group companies and associates		(153,674)	(61,081)
Intangible assets	7	(11,043)	(12,716)
Property, plant and equipment	8	(1,679)	(9,000)
Other financial assets		(544)	(135)
Proceeds from sale of investments (+)		**735**	**46,963**
Group companies and associates		-	20,262
Property, plant and equipment		342	72
Other financial assets		393	26,629
Cash flows used in investing activities		**(166,205)**	**(35,969)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments for equity instruments		**-**	**11,019**
Acquisition of own equity instruments (-)		-	(17,790)
Disposal of equity instruments (+)		-	28,779
Grants, donations and bequests received (+)		-	30
Proceeds from and payments for financial liability instruments		**172,850**	**52,260**
Issue		500,000	145,540
Bonds and other securities (+)	18	500,000	-
Loans and borrowings (+)		-	145,540
Redemption and repayment of		(327,150)	(93,280)
Loans and borrowings (+)		(318,636)	(46,193)
Other payables (+)		(8,514)	(47,087)
Dividends and interest on other equity instruments paid		**(59,864)**	**(59,494)**
Dividends (-)		(59,864)	(59,494)
Cash flows from/used in financing activities		**112,986**	**3,785**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		**(3,323)**	**(10,576)**
Cash and cash equivalents at beginning of year		3,463	14,039
Cash and cash equivalents at year end		140	3,463

The accompanying notes form an integral part of the annual accounts for 2013.

VI. NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. General Information

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. (hereinafter the Company or Prosegur), the parent company of the Prosegur Group, has its registered offices at Calle Pajaritos 24 in Madrid. The Company was incorporated on 14 May 1976 and is entered in the Companies Registry of Madrid as the first inscription on page 32,805, section 3, sheet 22 of volume 4,237.

The Company's statutory activity is described in article 2 of its bylaws. Pursuant to Private Security Law 23/1992 of 30 July 1992, and without infringing on the activities assigned to the state security forces, the Company provides the following services throughout Spain:

1. Security and the protection of goods, premises, shows, competitions and conventions.
2. The protection of certain individuals subject to prior authorisation.
3. The storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value, the expectations they generate or the associated risk, notwithstanding any activities inherent to financial institutions.
4. The transportation and distribution of the aforementioned objects using, where necessary, vehicles with characteristics regulated by the Spanish Ministry of Home Affairs to avoid confusion with those used by the armed forces or state security forces.
5. The installation and maintenance of security equipment, devices and systems.
6. The operation of centres in which alarm signals are received, verified, broadcast and reported to state security forces, as well as the provision of response services in circumstances that do not come under the state security forces.
7. Planning of security activities and related advisory services.
8. Security services and the protection of rural property by private security guards.

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

As of financial year 2013, the Company has segregated the business line of private security in Spain to Prosegur España S.L.U. (see Note 6) resulting in the main activity of the Company now becoming the acquisition, holding, management and administration of securities and shares or any other form of representation of interest in the capital of entities that are resident and non-resident in Spain and of funding in investee companies; and the provision of services that are complementary or ancillary to the management of activities carried out by the investee companies.

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid and holds 50.075% of the share capital of Prosegur Compañía de Seguridad, S.A.

Prosegur Compañía de Seguridad, S.A. is a public limited Company that is listed on the Stock Exchanges of Madrid and Barcelona whose shares are traded on the Spanish Stock Exchange Interconnection System (SIBE).

In accordance with prevailing legislation, Prosegur is the parent of a group of companies. In accordance with generally accepted accounting principles in Spain, consolidated annual accounts must be prepared to present fairly the financial position of the Group, the results of operations and changes in its equity and cash flows. Details of investments in group companies, associates and jointly controlled companies are disclosed in Annex I.

The directors prepare the consolidated annual accounts of Prosegur Compañía de Seguridad, S.A., in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and approved by the European Commission Regulations in force at 31 December 2013. The consolidated annual accounts were drawn up by the Board of Directors, together with these individual annual accounts, on 27 February 2014 and are pending approval by the shareholders at their general meeting, after which they will be filed at the Companies Registry of Madrid.

The Consolidated Annual Accounts of Prosegur Compañía de Seguridad, S.A. and its subsidiaries for 2013 present consolidated profit of Euros 160,294 thousand and consolidated equity of Euros 659,144 thousand (Euros 171,567 thousand and Euros 731,800 thousand respectively in 2012).

2. Basis of Presentation

a) Fair image

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

At the close of the financial year, the Company has a negative working capital of Euros 119,852 thousand (Euros 63,667 thousand in 2012). However, the Company's directors have prepared these annual accounts on the going concern principle given that they consider that this negative working capital does not affect the capacity of the Company to continue as a going concern on the basis of, among other factors, the fact that the Company is the parent company of the Prosegur Group whose consolidated annual accounts at 31 December 2013 show a positive working capital of Euros 313,520 thousand (Euros 232,769 thousand in 2012) and its capacity to generate future cash flows via its ordinary business activity as well as the management policy of subsidiary dividends.

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

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

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

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

Fair value of derivatives or other financial instruments

The fair values of financial instruments not traded on an active market are measured using valuation techniques. The Company uses its judgement to select methods and make assumptions based mainly on market conditions existing at each reporting date. The Company uses discounted cash flow analyses for certain available-for-sale financial assets that are not quoted on an active market.

Estimated fair value

The fair value of financial instruments traded on an active market (such as derivatives quoted on stock exchanges and investments acquired for trading) is based on market prices at the reporting date. The market price used by the Company for financial assets is the current buying price. The appropriate market price for financial liabilities is the current asking price.

The fair value of financial instruments not traded on an active market is determined using valuation techniques. The Company uses various different measures and makes assumptions based on market conditions existing at each balance sheet date. Market prices for similar instruments are used to measure non-current payables. To determine the fair value of the remaining financial instruments, the Company uses other techniques such as discounted estimated cash flows. The fair value of interest rate swaps is the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange rates on the market at the balance sheet date.

The nominal amount of receivables and payables less estimated credit adjustments is considered to be similar to their fair values. The fair value of financial liabilities for the purposes of presentation of financial information is estimated by discounting the future cash flow commitments at the interest rate available at the time to the Company for similar financial instruments.

Investments in group companies

The Company carries out impairment testing on investments made in subsidiaries if there is any proof of value impairment. The calculation of impairment involves the comparison of the book value of the investment with its recovery value, this being understood as the higher fair value less cost of sale and value in use. The Company generally uses cash flow discounting methods to calculate these values. Discounted cash flow calculations are based on 4 year projections of the budgets approved by Management. The cash flows take into account past experience and represent Management's best estimate of future market performance. Cash flows as of 4 year are extrapolated using individual growth rates. The key assumptions to determine the fair value less cost of sale and value in use include growth rates, average weighted rate of captial and tax rates.

Useful lives

For certain intangible assets acquired, the Company decides whether the useful life is finite or indefinite and, for those whose useful life is considered finite, the period over which it will generate incoming cash flows. This assessment requires a high level of judgement by management and takes into account certain key factors.

c) Functional and presentation currency

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company's functional and presentation currency, rounded off to the nearest thousand.

d) Comparative information

For comparative purposes and for each item in the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the annual accounts, in addition to the figures for financial year 2013, the annual accounts show those pertaining to the previous year which have been subject to the following reclassification:

- In accordance with the presentation criteria resulting from the consultation 2 of the BOICAC 79, in the income statement for financial years 2013 and 2012, the Company has classified revenues received from dividends and financing granted to investee companies, which are generated as part of the ordinary shareholding activity, within its net revenues. Likewise, under results from operating activities, it has posted impairment gains (losses), gains (losses) from disposal of financial instruments and other operating expenses as a result of assuming its share of general services of the group.

  The reclassified amounts have been the following:

Thousands of Euros	Debit	Credit
Profit and loss account		
Dividends	-	(65,560)
Interest received	-	(1,625)
Services rendered	-	(37,726)
Changes in the fair value of derivate financial instruments	-	(7,295)
Impairment losses of derivate financial instruments	-	(35)
Financial income from equity instruments in Group companies and associates	65,560	-
Financial income from marketable securities held in Group companies and associates	1,625	-
Other operating income	37,726	-
Impairment losses of derivate financial instruments	7,295	-
Impairment losses of investments in Group companies	35	-

On the other hand, in order to analyse the comparison of each of the items in the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the annual accounts, the spin-off of the private security business line that has taken place in Spain by the Company to Prosegur España, S.L.U (see Note 6) must be taken into account.

3. Income and Expenses

a) Revenues

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

	Thousands of Euros									
	Domestic		Rest of EU		LatAm		Asia-Pacific		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Dividends received										
- Group companies and associates	28,445	-	47,741	55,482	28,317	10,078	-	-	104,503	65,560
- Other	4,136	-	-	-	-	-	-	-	4,136	-
Interests received	824	574	478	629	15	411	106	11	1,423	1,625
Services rendered										
- Surveillance	41	559,894	-	-	-	-	-	-	41	559,894
- CIT/CM	-	152,940	-	-	-	-	-	-	-	152,940
- Technology	-	144,028	-	4,754	-	-	-	-	-	148,782
- General services	31,378	2,968	8,823	6,674	32,917	27,866	198	218	73,316	37,726
Total	**64,824**	**860,404**	**57,042**	**67,539**	**61,249**	**38,355**	**304**	**229**	**183,419**	**966,527**

b) Supplies

During financial years 2013 and 2012, the Company has made all of its acquisitions within the national territory. Furthermore, in financial year 2013 and as a result of the spin-off of the private security business in Spain (see Note 6), no inventory impairment has been posted (Euros 359 thousand in 2012).

c) Personnel expenses

Details of the employee benefits expense for the years ended 31 December 2013 and 2012 are as follows:

	Thousands of Euros	
	2013	**2012**
Salaries and wages	22,512	504,821
Termination benefits	1,704	8,604
Employee benefits expense	3,789	146,858
Other employee benefits expenses	1,323	5,911
Total	**29,328**	**666,194**

The employee benefits expense includes Social Security credits amounting to Euros 6 thousand (Euros 3,264 thousand in 2012) granted during the year in return for promoting indefinite employment contracts and work-experience contracts, as set out in prevailing legislation, as well as a further credit of Euros 180 thousand (Euros 1,636 thousand in 2012) awarded for on-the-job training programmes.

As a result of the business combination (see Note 6) and with regards to the Spanish Supreme Court ruling on overtime rates, in 2013 the balances have been segregated and no employee benefits expense have been recognised (neither was any expense for this item recognised in 2012).

Salaries and wages include the expense accrued during the year in relation to the 2011 and 2014 long-term incentive plans for executive directors and management (see Note 28.11), amounting to Euros 662 thousand (Euros 3,876 thousand in 2012), of which Euros 150 thousand comprise cash incentives and Euros 512 thousand correspond to share-based incentives.

4. Net Finance Income

Details of finance income and costs are as follows:

	Thousands of Euros	
	2013	**2012**
Finance income	**41**	**427**
Marketable securities and other financial instruments		
- Other	41	427
Finance costs	**(24,034)**	**(28,363)**
- Group companies and associates (Note 22)	(2,379)	(1,682)
- Other	(21,655)	(26,681)
Financial instruments	**131**	**(2,117)**
- Other gains/(losses) on derivative transactions (Note 12)	(2,288)	(1,122)
- Change in fair value of derivatives (Note 12)	2,419	(995)
Exchange gains/(losses)	**15**	**1,085**
Impairment and gains/(losses) on disposal of financial instruments	**-**	**(542)**
- Gains/(losses) on disposal and other	-	(542)
NET FINANCE INCOME	**(23,847)**	**(29,510)**

a) Finance income and costs

Finance costs in relation to group companies reflect interest earned on current loans to group companies (see Note 22).

Interest on bank loans mainly relates to the syndicated loan and the ordinary bonds issued during 2013 (see Note 18).

Other finance costs for 2012 included the interest on tax assessments which amounted to Euros 3,808 thousand.

b) Exchange gains/losses

The Company has recognised an exchange gain of Euros 15 thousand (a gain of Euros 1,085 thousand in 2012) which mainly comprises the following:

		Thousands of Euros	
	Currency	**2013**	**2012**
Loan Colombia	Colombian Peso	-	(921)
Loan Group companies	Mexican Peso	6	(113)
Loan Brazil	Brazilian Real	-	1,295
Debt from acquisition of Prosec Services Pte, Ltda	Singapore Dollar	122	(133)
Debt from acquisition of Tellex	Argentine Peso	212	207
Loan Group companies	Uruguayan Peso	-	260
Debt from acquisition of Martom Group	Brazilian Real	(137)	565
Debt from acquisition of Beloura Investment	Colombian Peso	207	(629)
Debt from capital increase of Prosegur Tecnología (Brazil)	Brazilian Real	186	165
Other debts with Group companies	Argentine Peso	6	435
Debt from acquisition of Prosegur Australia	Australian Dollar	(806)	-
Other		219	(46)
		15	**1,085**

c) Impairment and gains/(losses) on disposal of financial instruments

Impairment value corrections in shares held in Group companies have been posted in 2013 amounting to Euros 11,826, of which Euros 3,331 thousand pertain to Prosegur México, S de R.L. de CV, Euros 1,300 thousand to Rosegur Holding Corporation, S.L. and Euros 4,984 thousand to Tellex, S.A., Euros 627 thousand to Xiden, S.A.C.I. and Euros 1,584 thousand to Prosegur Tecnología Argentina S.A. (Euros 35 thousand pertaining to the share held in Prosegur Activa Chile in 2012) (see Note 10).

In addition, in 2013 a value adjustment from the investment made in Capitolotre SPA, for Euros 6,600 thousand (see Note 11) was posted.

In 2012 other shares were purchased and sold with a negative result of Euros 542 thousand.

5. Profit for the Year

a) Distribution of profit

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

	Thousands of Euros
	2013
Basis of distribution	
Profit for the year	66,000
Total	**66,000**
Distribution	
Voluntary reserves	53
Dividends	65,947
Total	**66,000**

The board of directors will propose the distribution of a dividend of Euros 0.1068 per share, or a total maximum amount of Euros 65,947 thousand (considering that share capital is currently represented by 617,124,640 shares), to the shareholders at their general meeting. This dividend will be distributed to shareholders as four payments, in July and October 2014 and January and April 2015. Each payment is calculated as Euros 0.0267 per outstanding share at the payment date. The maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves.

Nevertheless, if the number of shares changes between two payment dates as a result of a share capital increase or reduction, the total maximum amount of the dividend at each payment date (Euros 16,487 thousand) should be divided by the new number of outstanding shares following such capital increases or reductions.

At the general meeting held on 29 April 2013, the shareholders approved the distribution of dividends amounting to Euros 65,947 thousand (Euros 0.1068 per share). When this meeting was held, share capital was divided into 617,124,640 shares. Shareholders received 50% of this dividend, or Euros 32,974 thousand, in July and October 2013. The two remaining payments, each representing 25% of the approved amount, will be made in January and April 2014. At 31 December 2013 dividends payable of Euros 32,974 thousand have been recognised under current liabilities as other payables under other financial liabilities (see Note 18.c).

b) Dividend restrictions

Reserves and profit for the year are freely distributable except for the restrictions described in Note 15.

6. Business Combinations

Financial year 2013

In 2013, Prosegur Compañía de Seguridad, S.A.'s private security business line in Spain was spun off to Prosegur España, S.L.U. (the beneficiary Company). The reason behind the spin-off has been the rationalisation of the Group's economic activities in order to achieve a more efficient management with greater control over each of the activities carried out, thus splitting-off the private security business line in Spain.

The aim of this spin-off is to diversify the economic risk in each division by separating the resources of this activity and creating a more solid and independent structure.

The spin-off project has been entered in the Companies' Register of Madrid on 14 March 2013 and approved by the Management Boards of both companies on 29 April 2013.

The beneficiary Company is fully and directly owned by the spun-off company.

The spin-off comprises all of the assets and liabilities of the private security business of Prosegur Compañía de Seguridad, S.A. in Spain, as well as all contractual and labour rights and obligations pertaining thereto, which constitutes a single economic unit pursuant to article 71 of Law 3/2009.

The value of the equity spun-off and transferred amounts to Euros 172,283 thousand based on the carrying amount in the balance sheet of the spun-off company at 31 December 2012.

As stated in Note 28.13, the Company has considered the items forming the spun-off business, including amounts deferred in recognised income and expense at the consolidated amounts reflected in the consolidated annual accounts prepared under EU-IFRS, which do not differ from the figures that would have been obtained had the Standards for the Preparation of Consolidated Annual Accounts approved by Royal Decree 1159/2010 of 17 September 2010 been applied which agree with the carrying amounts of the spun-off business in the individual accounts. The amounts recognised are as follows:

	Thousands of Euros
Assets	
Non-current assets	**145,449**
Intangible assets (Note 7)	93,554
Property, plant and equipment (Note 8)	40,738
Non-current investments	404
Deferred tax assets (Note 19)	10,753
Current assets	**265,664**
Cash and cash equivalents	44,300
Accruals	639
Inventories	18,332
Trade and other receivables	202,075
Other financial assets	318
Total assets	**411,113**
Liabilities	
Non-current liabilities	**46,115**
Deferred tax liabilities (Note 19)	12,395
Non-current accruals	8,643
Non-current provisions (Note 17)	25,077
Current liabilities	**192,715**
Current bank debt	48,809
Trade and other payables	120,961
Other liabilities	15,545
Current accruals	7,400
Total liabilities	**238,830**
Carrying amount of spun-off assets (Note 10)	**172,283**
Share capital increase	74,239.5
Share premium	74,239.5
Goodwill reserve	23,804
	172,283

In accordance with article 93 of Chapter VIII of Title VII of the consolidated text of the Law on Corporate Income Tax passed by Royal Legislative Decree 4/2004, above is the balance sheet reflecting the spin-off of the business activity at 31 December 2012. In addition, it is hereby stated that the last balance sheet of the transferring company was that pertaining to 31 December 2012.

In addition, tax credits enjoyed by the spun-off business mainly relate to freedom of amortisation of assets contributed in financial years 2009, 2010, 2011 and 2012 amounting to Euros 6,300 thousand and the amortisation of goodwill as a result of merger amounting to Euros 5,923 thousand.

Financial year 2012

In 2012, Prosegur Compañía de Seguridad, S.A.'s holding and management of real estate line of business was spun off to Prosegur Gestión de Activos, S.L. (the beneficiary). The aim of the spin-off was to create a subsidiary to carry out the holding and management of real estate line of business, which will have a more solid structure to perform this activity more efficiently, thus contributing to further achieving the Group's interests and rationalising the Prosegur Group.

Apart from ring fencing the real estate assets from enterprise risk, through the spin-off, the Company intends to group these assets into a specialised company thereby ensuring more efficient holding and optimisation of the management structure and the associated maintenance and personnel costs so that the specific management, control and monitoring requirements of the Prosegur Group's real estate assets are handled with greater guarantee of success.

The spin-off has been recorded with the Companies Registry of Madrid on 23 April 2012 and approved by the managing bodies of both companies on 29 May 2012.

The spun-off company is the sole and direct owner of the beneficiary.

The spin-off includes all the assets and liabilities of the holding and management of the real estate asset business division, as well as all related rights and obligations and contractual and labour relations, which constitute an economic unit as foreseen in article 71 of Law 3/2009.

The value of the equity spun off and transferred amounts to Euros 59,805 thousand based on the carrying amount in the balance sheet of the spun-off company at 31 December 2011.

As stated in Note 28.13, the Company has considered the items forming the spun-off business, including amounts deferred in recognised income and expense at the consolidated amounts reflected in the consolidated annual accounts prepared under EU-IFRS, which do not differ from the figures that would have been obtained had the Standards for the Preparation of Consolidated Annual Accounts approved by Royal Decree 1159/2010 of 17 September 2010 been applied which agree with the carrying amounts of the spun-off business in the individual accounts. The amounts recognised are as follows:

	Thousands of Euros
Assets	
Non-current assets	**68,302**
Intangible assets (Note 7)	-
Property, plant and equipment (Note 8)	68,302
Current assets	**49**
Cash and cash equivalents	49
Total assets	**68,351**
Liabilities	
Non-current liabilities	**8,524**
Deferred tax liabilities	8,524
Current liabilities	**22**
Trade and other payables	-
Other liabilities	22
Total liabilities	**8,546**
Carrying amount of spun-off assets (Note 10)	**59,805**
Share capital increase	29,902.5
Share premium	29,902.5
	59,805

7. Intangible Assets

Details of intangible assets and movement are as follows:

Thousands of Euros	Goodwill	Licences	Computer software	Computer software in progress	Customer portfolio	Other intangible assets	Total
Cost							
Balance at 1 January 2012	91,891	11,842	27,236	4,770	6,987	3,304	146,030
Spin-off disposals (Note 6)	-	-	(1)	-	-	-	(1)
Additions	-	1,238	2,392	1,707	-	7,379	12,716
Disposals	(1,234)	-	-	-	-	-	(1,234)
Transfers	-	-	1,885	(2,285)	-	-	(400)
Balance at 31 December 2012	90,657	13,080	31,512	4,192	6,987	10,683	157,111
Spin-off disposals (Note 6)	(90,844)	(2,649)	(12,538)	-	(6,987)	-	(113,018)
Additions	187	1,384	2,114	2,711	-	4,834	11,230
Disposals	-	(342)	-	-	-	-	(342)
Transfers	-	-	3,800	(3,800)	-	-	-
Balance at 31 December 2013	**-**	**11,473**	**24,888**	**3,103**	**-**	**15,517**	**54,981**
Amortisation							
Balance at 1 January 2012	-	(4,803)	(19,471)	-	(6,157)	(1,946)	(32,377)
Spin-off disposals (Note 6)	-	-	1	-	-	-	1
Amortisation for the year	-	(1,562)	(3,163)	-	(245)	(2,328)	(7,298)
Transfers	-	(71)	71	-	-	-	-
Balance at 31 December 2012	-	(6,436)	(22,562)	-	(6,402)	(4,274)	(39,674)
Spin-off disposals (Note 6)	-	2,192	10,870	-	6,402	-	19,464
Amortisation for the year	-	(1,673)	(2,971)	-	-	(3,726)	(8,370)
Balance at 31 December 2013	**-**	**(5,917)**	**(14,663)**	**-**	**-**	**(8,000)**	**(28,580)**
Carrying amount							
At 1 January 2012	**91,891**	**7,039**	**7,765**	**4,770**	**830**	**1,358**	**113,653**
At 31 December 2012	**90,657**	**6,644**	**8,950**	**4,192**	**585**	**6,409**	**117,437**
At 1 January 2013	**90,657**	**6,644**	**8,950**	**4,192**	**585**	**6,409**	**117,437**
At 31 December 2013	**-**	**5,556**	**10,225**	**3,103**	**-**	**7,517**	**26,401**

Spin-off disposals in financial year 2013 relate to the spin-off of the private security business line in Spain to Prosegur España, S.L.U., a transaction detailed in Note 6.

In financial year 2012, spin-off disposals related to the spin-off of the business of real estate asset holding and management to Prosegur Gestión de Activos, S.L., a transaction detailed in Note 6.

The breakdown of goodwill at 31 December 2012, is as follows:

Thousands of Euros	Book Value 2012
CESS, S.A.	29,343
Grupo Nordés	45,587
IASA Ingenieros, S.A.U.	6,141
Prosegur Málaga, S.L.	584
Others	9,002
Total	**90,657**

a) Licences

Details of licences at year end are as follows:

			Thousands of Euros			
			2013			
Description and use	**Expiry date**	**Amortisation period**	**Amortisation for the year**	**Cost**	**Accumulated amortisation**	**Carrying amount**
Licences - Software	2011	3 years	-	1,600	1,600	-
Licences - CRA	2011	5 years	-	90	90	-
Licences - Software	2012	5 years	-	313	313	-
Licences - Software	2013	5 years	4	20	20	-
Licences - Software	2014	1 year	128	166	128	38
Licences - Software	2014	5 years	122	613	508	105
Licences - Software	2015	5 years	303	1,514	1,047	467
Licences - Software	2016	5 years	823	4,114	1,882	2,232
Licences - Software	2017	5 years	157	783	193	590
Licences - Software	2018	5 years	136	1,218	136	1,082
Licences - Software	----	----	-	1,042	-	1,042
			1,673	**11,473**	**5,917**	**5,556**

			Thousands of Euros			
			2012			
Description and use	**Expiry date**	**Amortisation period**	**Amortisation for the year**	**Cost**	**Accumulated amortisation**	**Carrying amount**
Licences - Software	2011	3 years	-	1,600	1,600	-
Licences - CRA	2011	5 years	-	714	714	-
Licences - Software	2012	5 years	-	1,054	1,054	-
Licences - Software	2013	3 years	104	343	285	58
Licences - Software	2013	5 years	40	199	184	15
Licences - Software	2014	5 years	205	1,026	645	381
Licences - Software	2015	5 years	331	1,693	831	862
Licences - Software	2016	5 years	834	4,172	1,075	3,097
Licences - Software	2017	5 years	48	1,237	48	1,189
Licences - Software	----	----	-	1,042	-	1,042
			1,562	**13,080**	**6,436**	**6,644**

b) Fully amortised intangible assets

Details are as follows:

	Thousands of Euros	
	2013	**2012**
Computer software	7,889	13,352
Licences	2,023	3,367
Other intangible assets	5,418	12,927
	15,330	**29,646**

c) Assets acquired from group companies and associates

Details of intangible assets acquired from group companies are as follows:

	Thousands of Euros					
	2013			2012		
Asset description	**Cost**	**Accumulated amortisation**	**Carrying amount**	**Cost**	**Accumulated amortisation**	**Carrying amount**
Innovation project	1,648	-	1,648	4,414	(1,239)	3,175
	1,648	**-**	**1,648**	**4,414**	**(1,239)**	**3,175**

d) Assets subject to guarantees and title restrictions

At 31 December 2013 and 2012 the Company has no significant intangible assets that are subject to restrictions on title or pledged as security for liabilities.

8. Property, Plant and Equipment

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

	Thousands of Euros					
	Land and buildings	**Technical installations and machinery**	**Other installations, equipment and furniture**	**Other property, plant and equipment**	**Under construction and advances**	**Total**
Cost						
Balance at 1 January 2012	57,875	24,012	107,771	48,492	3,603	241,753
Spin-off disposals (Note 6)	(57,875)	-	(40,631)	(1)	(513)	(99,020)
Additions	-	1,235	3,703	2,324	1,738	9,000
Disposals	-	(467)	(7,006)	(1,754)	-	(9,227)
Transfers	-	53	496	2,844	(3,393)	-
Balance at 31 December 2012	-	24,833	64,333	51,905	1,435	142,506
Spin-off disposals (Note 6)	-	(24,833)	(60,588)	(46,890)	(1,435)	(133,746)
Additions	-	-	676	573	430	1,679
Disposals	-	-	(2)	-	-	(2)
Transfers	-	-	-	4	(4)	-
Balance at 31 December 2013	**-**	**-**	**4,419**	**5,592**	**426**	**10,437**
Depreciation						
Balance at 1 January 2012	(11,645)	(19,856)	(53,526)	(36,203)	-	(121,230)
Spin-off disposals (Note 6)	11,645	-	19,073	-	-	30,718
Depreciation for the year	-	(1,512)	(7,346)	(4,228)	-	(13,086)
Disposals	-	453	4,510	1,754	-	6,717
Balance at 31 December 2012	-	(20,915)	(37,289)	(38,677)	-	(96,881)
Spin-off disposals (Note 6)	-	20,915	35,445	36,648	-	93,008
Depreciation for the year	-	-	(458)	(1,184)	-	(1,642)
Disposals	-	-	2	-	-	2
Balance at 31 December 2013	**-**	**-**	**(2,300)**	**(3,213)**	**-**	**(5,513)**
Carrying amount						
At 1 January 2012	**46,230**	**4,156**	**54,245**	**12,289**	**3,603**	**120,523**
At 31 December 2012	**-**	**3,918**	**27,044**	**13,228**	**1,435**	**45,625**
At 1 January 2013	**-**	**3,918**	**27,044**	**13,228**	**1,435**	**45,625**
At 31 December 2013	**-**	**-**	**2,119**	**2,379**	**426**	**4,924**

a) Business combinations

Spin-off disposals in financial year 2013 pertain to the spin-off of the private security business line in Spain to Prosegur España, S.L.U., a transaction detailed in Note 6.

In financial year 2012, spin-off disposals comprise the spin-off of the holding and management of real estate asset line of business to Prosegur Gestión de Activos, S.L., a transaction detailed in Note 6.

b) Additions

Other installations, equipment and furniture

Fitting-out work in 2013 has been carried out in the main offices in Madrid, amounting to Euros 56 thousand and the adaptation of the offices in Paseo de las Acacias in Madrid, amounting to Euros 28 thousand. In financial year 2012, the main fitting-out works comprise those carried out in the Madrid, Las Palmas, Murcia and Cordoba facilities, totalling Euros 709 thousand, while furniture additions amount to Euros 108 thousand.

Under construction and advances

Additions shown in 2013 comprise the refurbishment of the building located in calle Pajaritos, 20 in Madrid amounting to Euros 246 thousand, as well as other assets amounting to Euros 180 thousand.

In July 2012 the main fitting-out works were completed in the Madrid and Murcia facilities and totalled Euros 108 thousand. During March 2012 the work at the Barcelona facilities was carried out at a cost of Euros 108 thousand. In September 2012 work totalling Euros 341 thousand was carried out in the offices in calle Acacias, Madrid. All of this work was reclassified to other installations. Following the spin-off of the security business (Note 6) this was transferred to Prosegur España, S.A.

Other property, plant and equipment

The main additions in financial year 2013 pertain to computer equipment totalling Euros 401 thousand.

During 2012 the Company put armoured vehicles into service totalling Euros 3,204 thousand which had previously been recognised as items under construction. These complied with the Euro III standard on the emission of non-polluting particles. These assets were part of the spin-off of the security business activity which took place in the year (see Note 6).

c) Disposals

Disposals in financial year 2012 mainly consist of customer contracts for deactivated alarm installations with a carrying amount of Euros 2,341 thousand, Euros 97 thousand in other installations, equipment, furniture and other property, plant and equipment which generated losses in financial year 2012 totalling Euros 2,150 thousand.

d) Impairment losses

The Company has not recognised or reversed any impairment losses on any items of property, plant and equipment in 2013 and 2012.

e) Assets acquired from group companies and associates

The Company has not acquired assets from Group companies or associates in 2013 and 2012.

f) Fully depreciated property, plant and equipment

Details are as follows:

	Thousands of Euros	
	2013	**2012**
Other installations, equipment and furniture	275	28,111
Other property, plant and equipment	877	28,617
	1,152	**56,728**

g) Property, plant and equipment pledged as collateral

At 31 December 2013 and 2012 the Company has no property, plant and equipment subject to restrictions on title or pledged as security for liabilities.

h) Assets under operating lease

Lessee

The Company rents offices, computer equipment and office equipment under non-cancellable operating leases.

Operating lease payments have been recognised as an expense under other operating expenses, external services as follows:

	Thousands of Euros	
	2013	**2012**
Lease payments	1,879	18,482
	1,879	18,482

Future minimum payments under non-cancellable operating leases are shown in Note 21.

i) Insurance

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

9. Analysis of Financial Instruments

9.1 Analysis by category

The carrying amount of each category of financial instrument specified in the significant accounting policy on financial instruments, except investments in group companies, jointly controlled companies and associates (see Note 10) and cash and cash equivalents (see Note 14), is as follows:

a) Financial assets:

Thousands of Euros	**2013**					
	Cost or amortised cost			**Fair value**		
	Loans and other	**Trade and other receivables**	**Financial investments**	**Equity instruments**	**Derivatives**	**Total**
Non-current						
Assets available for sale (Note 11)	332	-	2,196	16,027	-	18,555
	332	**-**	**2,196**	**16,027**	**-**	**18,555**
Current						
Loans and receivables (Note 13)	72,610	80,307	41,090	-	-	194,007
Derivatives (Note 12)	-	-	-	-	73	73
	72,610	**80,307**	**41,090**	**-**	**73**	**194,080**
Total	**72,942**	**80,307**	**43,286**	**16,027**	**73**	**212,635**

Thousands of Euros	2012					
	Cost or amortised cost			Fair value		
	Loans and other	Trade and other receivables	Financial investments	Equity instruments	Derivatives	Total
Non-current						
Assets available for sale (Note 11)	6,257	-	1,922	22,627	-	30,806
	6,257	**-**	**1,922**	**22,627**	**-**	**30,806**
Current						
Loans and receivables (Note 13)	67,686	242,218	8,945	-	-	318,849
	67,686	**242,218**	**8,945**	**-**	**-**	**318,849**
Total	**73,943**	**242,218**	**10,867**	**22,627**	**-**	**349,655**

In financial year 2013, the Company has participated in the capital increase of Euroforum Escorial, S.A. totalling Euros 524 thousand, of which Euros 250 thousand are yet to be paid up.

In addition, the Company has impaired the value of its investment in Capitolotre, S.P.A. by Euros 6,600 thousand. The carrying value of the financial assets valued at cost or at amortised cost is close to their fair value, given the non-significant effect of the discount. Fair values are based on cash flows discounted at a rate based on the borrowing rate.

b) Financial liabilities:

Thousands of Euros	2013						
	Cost or amortised cost				Fair value		
	Bonds and other marketable	Loans and borrowings	Trade and other payables	Other financial liabilities	Other financial liabilities	Derivatives	Total
Non-current							
Accounts payable (Note 18)	495,757	130,469	-	1,707	-	-	627,933
Derivatives (Note 12)	-	-	-		-	-	-
	495,757	**130,469**	**-**	**1,707**	**-**	**-**	**627,933**
Current							
Accounts payable (Note 18)	10,912	68,034	22,717	204,060	-	-	305,723
Fair value liabilities with changes in P&L	-	-	-	-	1,953	-	1,953
Derivatives (Note 12)	-	-	-	-	-	1,640	1,640
	10,912	**68,034**	**22,717**	**204,060**	**1,953**	**1,640**	**309,316**
Total	**506,669**	**198,503**	**22,717**	**205,767**	**1,953**	**1,640**	**937,249**
Fair value	**508,100**	**198,194**					

Thousands of Euros	2012						
	Cost or amortised cost				Fair value		
	Bonds and other marketable securities	Loans and borrowings	Trade and other payables	Other financial liabilities	Other financial liabilities	Derivatives	Total
Non-current							
Accounts payable (Note 18)	-	448,308	-	8,036	-	-	456,344
Derivatives (Note 12)	-	-	-	-	-	4,548	4,548
	-	**448,308**	**-**	**8,036**	**-**	**4,548**	**460,892**
Current							
Accounts payable (Note 18)	-	117,609	112,981	128,518	-	-	359,108
Fair value liabilities with changes in P&L	-	-	-	-	5,645	-	5,645
	-	**117,609**	**112,981**	**128,518**	**5,645**	**-**	**364,753**
Total	**-**	**565,917**	**112,981**	**136,554**	**5,645**	**4,548**	**825,645**
Fair value	**-**	**565,917**					

The carrying value of trade creditors and other financial liabilities is close to fair value, given the non-significant effect of the discount. Fair values are based on cash flows discounted at a rate based on the borrowing rate.

9.2. Analysis by maturity

Details of financial instruments with fixed or determinable maturity, by year of maturity, are as follows:

a) Financial assets

	2013				
	Financial assets				
Thousands of Euros	**2014**	**2015**	**2016**	**Thereafter**	**TOTAL**
Investments in group companies and associates:					
Loans to companies	72,610	-	-	-	**72,610**
Other financial assets	35,629	-	-	-	**35,629**
	108,239	**-**	**-**	**-**	**108,239**
Investments:					
Equity instruments	-	-	-	18,223	**18,223**
Derivatives (Note 12)	73	-	-	-	**73**
Other financial assets	5,461	-	-	332	**5,793**
	5,534	**-**	**-**	**18,555**	**24,089**
Trade and other receivables					
Trade receivables	-	-	-	-	**-**
Trade receivables from group companies and ;	70,777	-	-	-	**70,777**
Other receivables	9,515	-	-	-	**9,515**
Personnel	15	-	-	-	**15**
	80,307	**-**	**-**	**-**	**80,307**
Total	**194,080**	**-**	**-**	**18,555**	**212,635**

	2012				
	Financial assets				
Thousands of Euros	**2013**	**2014**	**2015**	**Thereafter**	**TOTAL**
Investment in group companies and associates:					
Loans to companies	67,686	-	-	-	**67,686**
Other financial assets	8,561	-	-	-	**8,561**
	76,247	**-**	**-**	**-**	**76,247**
Investments:					
Equity instruments	-	-	-	24,549	**24,549**
Other financial assets	384	-	-	6,257	**6,641**
	384	**-**	**-**	**30,806**	**31,190**
Trade and other receivables:					
Trade receivables	195,724	-	-	-	**195,724**
Trade receivables from group companies and ;	35,695	-	-	-	**35,695**
Other receivables	10,192	-	-	-	**10,192**
Personnel	607	-	-	-	**607**
	242,218	**-**	**-**	**-**	**242,218**
Total	**318,849**	**-**	**-**	**30,806**	**349,655**

b) Financial liabilities

	2013				
	Financial liabilities				
Thousands of Euros	**2014**	**2015**	**2016**	**Thereafter**	**TOTAL**
Bonds and other marketable securities (Note 18)	10,912	-	-	495,757	**506,669**
Debts with group companies and associates	161,533	-	-	-	**161,533**
Loans and borrowings	68,034	130,469	-	-	**198,503**
Derivatives (Note 12)	1,640	-	-	-	**1,640**
Other financial liabilities	67,197	696	177	834	**68,904**
Total	**309,316**	**131,165**	**177**	**496,591**	**937,249**

	2012				
	Financial liabilities				
Thousands of Euros	**2013**	**2014**	**2015**	**Thereafter**	**TOTAL**
Debts with group companies and associates	74,015	-	-	-	**74,015**
Loans and borrowings	117,609	50,270	397,662	376	**565,917**
Derivatives (Note 12)	-	3,856	692	-	**4,548**
Other financial liabilities	173,129	7,013	271	752	**181,165**
Total	**364,753**	**61,139**	**398,625**	**1,128**	**825,645**

10. Investments in Group Companies, Jointly Controlled Companies and Associates

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

	Thousands of Euros	
	2013	**2012**
Opening balance	**502,191**	**413,517**
Spin-off additions (Note 6)	172,283	59,805
Additions	193,348	36,062
Disposals	-	(7,158)
Impairment losses	(11,826)	(35)
Closing balance	**855,996**	**502,191**

a) Additions

Increases in investments in group companies, jointly controlled companies and associates are as follows:

	Thousands of Euros	
	2013	**2012**
Prosegur Deutschand GMBH	-	-
Prosegur España, S.L.U.	172,286	-
Prosegur Mexico, S. de R.L.de C.V.	3,331	-
General Insdustrie Argentina, S.A. (GIASA)	129	-
Prosegur Tecnologia Argentina, S.A. (ex Fireles)	179	-
Luxpai Holdo SARL [3]	26,762	31,477
Prosegur Holding e Participações, S.A.	126,580	-
Grupo Tratamiento y Gestión de Valores SAPI de CV [3]	-	388
Proseguridad, S.A.	5,855	-
Prosec Services Pte. Ltda.	-	329
Malcoff Holding BV [3]	-	20
Prosegur Gestión de Activos, S.L.U.	-	59,805
Prosegur Servicios Administrativos, S.A. [2]	-	1
Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incendios Ltda.	2,621	-
Prosegur Tecnologia Peru, S.A. (merged with Distribuidora Federal 2012)	700	-
Prointrasn, LLC	133	50
Prosegur France, S. A. [3]	9,240	1,500
Salcer Servicios Auxiliares, S.L. [1]	-	2
Prosegur Traitement de Valeurs Provence SAS	-	33
Prosegur Participations, S.A.S. (Sazias, S.A.) [3]	-	595
Seguridad Vigilada, S.A. [1]	-	195
S.T.M.E.C., S.L. [1]	-	2
Tellex, S.A. [3]	5,325	1,470
Prosegur Activa Alarmes, S.A.	11,646	-
Rosegur Holding Corporation	650	-
Prosegur Activa Uruguay, S.A.	194	
Total	**365,631**	**95,867**

[1] Acquisitions in the year
[2] Companies incorporated in the year
[3] Share capital increases in the year

On 8 February 2013 Company created the company Prosegur España, S.L.U. for Euros 3 thousand. On 2 July 2013 the Company spun-off its security business line in Spain to its investee company (100%), Prosegur España, S.L.U., as is explained in Note 6. The value of the assets and liabilities contributed totals Euros 172,283 thousand (Euros

74,239.5 thousand in capital increase, Euros 74,239.5 thousand in share premium and Euros 23,804 thousand in goodwill reserve).

On 20 March 2013 the Company participated in a capital increase of the Argentine company Prosegur Tecnología Argentina, S.A. in the amount of Euros 179 thousand (Argentine Pesos 1,173 thousand).

On 23 May 2013 the Company participated in the capital increase of the Brazilian company Prosegur Activa Alarmes, S.A. in the amount of Euros 11,646 thousand (Brazilian Reais 30,518 thousand), now holding 68.09% of shares.

On 23 May 2013 the Company participated in the capital increase of the Brazilian company Prosegur Holding e Participações, S.A. in the amount of Euros 35,033 thousand (Brazilian Reais 91,801 thousand).

On 28 May 2013 the Company capitalised the debt receivable under the participating loan with the company Rosegur Holding Corporation, S.L. totalling Euros 650 thousand. This company is currently under liquidation/dissolution.

On 28 June 2013 the Company participated in the capital increase of the Luxembourg Company Luxpai Holdo SARL, a securities holding Company, totalling Euros 3,362 thousand, by capitalising loans. On 20 December 2013 the Company participated in the capital increase of the Luxembourg company Luxpai Holdo SARL, in the amount of Euros 23,400 thousand, by means of loan capitalisation.

On 20 August 2013 the Company participated in the capital increase of the Brazilian company Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios Ltda. totalling Euros 2,621 thousand (Brazilian Reais 8,158 thousand) by cancellation of debt.

On 19 June 2013 the Company participated in the capital increase of the Brazilian company Prosegur Holding e Participações, S.A. in the amount of Euros 50,686 thousand (Brazilian Reais 148,053 thousand), by cancelling a debt amounting to Euros 42,665 thousand and a monetary contribution of Euros 8,021 thousand. On the other hand, on 9 December 2013, the Company participated in the capital increase of the Brazilian company Prosegur Holding e Participações, S.A. totalling Euros 40,861 thousand (Brazilian Reais 131,001 thousand), by cancelling a debt of Euros 36,925 thousand and a monetary contribution of Euros 3,936 thousand.

In December 2013 the Company participated in the capital increase of the North American company Prointrans, LLC, in the amount of Euros 37 thousand (US Dollars 50 thousand) and during the financial year it has paid out the amount outstanding which totals Euros 96 thousand (US Dollars 140 thousand).

On 5 December 2013 the Company participated in the capital increase of the Mexican company Prosegur México, S. de R.L. de C.V. in the amount of Euros 3,331 thousand (Mexican Pesos 70,000 thousand).

On 16 December 2013 the Company participated in the capital increase of the Uruguayan company Prosegur Activa Uruguay, S.A. in the amount of Euros 194 thousand (Uruguayan Pesos 5,685 thousand).

On 18 December 2013 the Company participated in the capital increase of the Argentine company Tellex, S.A. in the amount of Euros 5,325 thousand (Argentine Pesos 47,025 thousand).

On 19 December 2013 the Company participated in the capital increase of the French company Prosegur France, S.A. by capitalising loans totalling Euros 9,240 thousand.

On 20 December 2013 the Company participated in the capital increase of the Peruvian company Prosegur Tecnología, S.A. in the amount of Euros 700 thousand (Peruvian Nuevos Soles 2,634 thousand).

On 20 December 2013 the Company participated in the capital increase of the Peruvian company Proseguridad, S.A. in the amount of Euros 5,855 thousand (Peruvian Nuevos Soles 21,800 thousand), now holding 26.85% of the share capital of the company.

During financial year 2013 the guarantee furnished as a result of the investment made in 2009 in the Argentine company General Industries Argentina, S.A. (GIASA) totalling Euros 129 thousand (Argentine Pesos 900 thousand) was returned.

On 11 January 2012 the Company incorporated the North American company Prointrans, LLC at a cost of Euros 146 thousand (US Dollars 200 thousand) of which Euros 50 thousand (US dollars 60 thousand) were paid in and Euros 96 thousand (US dollars 140 thousand) are pending.

On 16 February 2012 the Company incorporated the Mexican company Grupo Tratamiento y Gestión de Valores SAPI de CV in which it has a 98% interest and paid up Euros 3 thousand. On 17 July 2012 the Company subscribed Euros 385 thousand of the capital increase and now holds an 80% investment.

On 16 April 2012 the Company participated in the capital increase in the Luxembourg company Luxpai Holdo SARL, a securities holding company, in the amount of Euros 21,488 thousand, via loan capitalisation (Euros 15,921 thousand) and the contribution of 100% of its shareholdings in Prosec Services Pte. Ltda and Pitco Asia Pacific Limited (Euros 5,566 thousand and Euros 1 thousand respectively).

On 2 August 2012 a loan of Euros 8,000 thousand was converted to equity. On 28 December 2012 the Company subscribed Euros 1,989 thousand of the capital increase through the capitalisation of loans.

On 26 June 2012 the Company acquired the remaining 5% (95% was acquired in 2011) of the share capital of the company Salcer Servicios Auxiliares, S.L. for Euros 2 thousand.

On 26 June 2012 the Company acquired the remaining 5% (95% was acquired in 2011) of the share capital of Seguridad Vigilada, S.A. for Euros 195 thousand.

On 26 June 2012 the Company acquired the remaining 5% (95% was acquired in 2011) of the share capital of S.T.M.E.C., S.L. for Euros 2 thousand.

On 2 April 2012 the Company incorporated the Peruvian company Prosegur Servicios Administrativos, S.A. in which it has a 99% interest and paid up Euros 1 thousand.

On 4 April 2012 the Company subscribed a 49% stake on incorporation of Prosegur Technological Security Solutions, LLC, in Abu Dhabi, for Euros 10 thousand which is still to be paid in.

On 1 August 2012 the Company spun off the holding and managing of real estate asset business activity to its wholly owned investee, Prosegur Gestión de Activos S.L., as explained in Note 6. The value of the assets and liabilities contributed amount to Euros 59,805 thousand (Euros 29,952.5 thousand in the capital increase and Euros 29,952.5 thousand in share premium).

On 25 September 2012 the Company subscribed the share capital increase of the Dutch company Malcoff Holdings B.V. (it holds 100%). The amount of the increase was Euros 20 thousand.

On 27 December 2012 the Company subscribed the share capital increase of the French company Prosegur Traitement de Valeurs Provence SAS with the contribution of Euros 33 thousand, thus increasing its interest to 5% (from the previous 4.5%).

On 28 December 2012, the Company subscribed the share capital increase of the Argentine company Tellex, S.A. (a 95% holding). The amount of the increase was Euros 1,470 thousand (Argentine Pesos 9,500 thousand).

On 31 December 2012 the Company subscribed the capital increase of the French company Prosegur France, S.A. by converting Euros 1,500 thousand of debt to equity.

On 31 December 2012 the Company subscribed the capital increase of the French company Prosegur Participations, S.A.S. (Sazias, S.A.) by converting debt of Euros 595 thousand to equity.

During 2012 the acquisition price of Prosec Services Pte. Ltda was adjusted by Euros 329 thousand to a total of Euros 5,566 thousand. This company is domiciled in Singapore and was purchased on 21 February 2011. As mentioned above, this investment was contributed during the year to the Luxembourg company, Luxpai Holdo SARL.

During 2012 several mergers took place among Peruvian companies: in the first Prosegur Tecnología, S.A. absorbed Distribuidora Federal, SAC with the transfer of the ownership interest for Euros 5,188 thousand. In the second Prosegur Activa Perú, S.A. absorbed Telemergencia, S.A.C. with the transfer of the ownership interest for Euros 11 thousand.

In financial year 2012 the Company capitalised a loan granted to a group company. As a result thereof, the Company reflected under Impairment of Financial Instruments the difference between the fair value of the capitalised loan and its carrying value, totalling Euros 7,295 thousand.

b) Disposals

Decreases in investments in group companies, jointly controlled companies and associates are as follows:

	Thousands of Euros	
	2013	**2012**
Prosegur, GMBH (ex Securlog, GMBH)	-	(15)
General Insdustries Argentina, S.A. (GIASA)	-	(129)
Prosegur Companhia de Segurança, Lda.	-	(74)
Distribuidora Federal, SAC	-	(418)
Seguridad Vigilada, S.A.	-	(472)
Beloura Investements, S.L.U.	-	(484)
Prosec Services Pte. Ltda	-	(5,566)
Total	**-**	**(7,158)**

During 2013, the share held by the Company in the French company BFA, S.A.R.L. (33.5%), with a carrying value of zero, was assigned to the French company in the Group Prosegur Securite, Humaine, for one Euro.

In 2012 the main disposals were as follows:

During the year the acquisition price of the Peruvian company Distribuidora Federal, SAC (absorbed by Prosegur Tecnología Perú, S.A.) was adjusted as a result of the first deferred payment to the former shareholders which amounted to Euros 418 thousand.

In June 2012 the acquisition price of the Spanish company Seguridad Vigilada, S.A., acquired in 2011, has been adjusted as a result of the first deferred payment of Euros 472 thousand to the former shareholders.

In 2012, the acquisition price of the Spanish company Beloura Investments, S.L., acquired in 2011, was adjusted by Euros 484 thousand.

In 2012, the acquisition price of the Argentine company General Industrie Argentina, S.A. (GIASA) was reduced by Euros 129 thousand due to the last deferred payment of the acquisition which took place in 2009.

On 16 April 2012 the Company contributed its total investment in Prosec Services Pte. Ltda, valued at Euros 5,566 thousand, to the capital increase of the Luxembourg company Luxpai Holdo S.A.R.L.

Impairment

The breakdown of the impairment losses on investments made in the years 2013 and 2012 is as follows:

	Thousands of Euros	
	2013	**2012**
Prosegur Activa Chile , S.L.	-	35
Prosegur Mexico, S. de R.L.de C.V.	3,331	-
Rosegur Holding Corporation, S.L	1,300	-
Xiden, S.A.C.I	627	-
Prosegur Tecnología Argentina. S.A.	1,584	-
Tellex, S.A.	4,984	-
	11,826	**35**

At December 2013 the impairment losses on investments in the following group companies, jointly controlled companies and associates amounted to Euros 59,773 thousand (Euros 47,979 thousand in 2012):

	Thousands of Euros	
	2013	**2012**
Prosegur Mexico, S. de R.L.de C.V.	42,931	39,600
Rosegur Holding Corporation, S.L.	6,649	5,349
Prosegur Services SRL	1,173	1,173
Esta Service, SRL	1,740	1,740
SARL BFA	-	32
Xiden, S.A.C.I	627	-
Prosegur Tecnología Argentina. S.A.	1,584	-
Tellex, S.A.	4,984	-
Prosegur Activa Chile , S.L.	85	85
Total	**59,773**	**47,979**

c) Investments in Group companies

The information on shares held in Group companies is contained in Annex I of these Annual Accounts.

d) Investments in jointly controlled companies

The Company holds a 50% interest in a jointly controlled company with the GED venture capital fund, the purpose of which is to invest in security companies in south-eastern Europe.

			% ownership		Voting rights	
Company	**Registered offices**	**Activity**	**Direct**	**Indirect**	**Direct**	**Indirect**
Rosegur Holding Corporation, S. L.	Pajaritos, 24 Madrid	Holding	50%	0%	50%	0%

This company is not listed on the stock market.

At 2013 year end, the company Rosegur Holding Corporation S.L. has been dissolved by agreement of the General Meeting and is currently under liquidation.

11. Financial Assets

a) Non-current financial assets available for sale

Movements in non-current financial assets are as follows:

	Thousands of Euros			
	Financial assets available for sale			
	Equity instruments	**Loans to companies**	**Other financial assets**	**Total**
Balance at 1 January 2012	24,549	164	5,962	30,675
Additions	-	127	8	135
Disposals	-	-	(4)	(4)
Balance at 31 December 2012	**24,549**	**291**	**5,966**	**30,806**
Spin-off disposals (Note 6)	-	-	(404)	(404)
Additions	524	17	-	541
Disposals	(250)	-	(138)	(388)
Impairment	(6,600)	-	-	(6,600)
Transfers (Note 11.b)	-	-	(5,400)	(5,400)
Balance at 31 December 2013	**18,223**	**308**	**24**	**18,555**

Details of available-for-sale equity instruments are as follows:

	Thousands of Euros			
	2013		2012	
Company	**Recoverable amount**	**% ownership**	**Recoverable amount**	**% ownership**
Unquoted securities				
Capitolotre, S.P.A.	16,027	19%	22,627	19%
Euroforum Escorial, S. A	2,008	8%	1,734	8%
Other	188	-	188	-
Total	**18,223**		**24,549**	

On 18 December 2007, the Company acquired an interest in the investment vehicle Capitolotre, S.P.A., which entitles it to 19% of the voting rights and 33% of the profit-sharing rights.

Capitolotre, S.P.A. has a 77% interest in the IVRI Group, the leading company in the Italian security sector with activities including security, transport of valuables, alarm system monitoring, response services and electronic systems. As a result of this investment in Capitolotre, S.P.A., the Company controls 14.6% of the IVRI Group. During 2013 and 2012 no purchases, sales, issues or settlements were made in relation to the Company's interest in Capitolotre, S.P.A.

The Company considers that it does not exercise significant influence over Capitolotre, S.P.A. and has classified this investment as an available-for-sale financial asset.

The valuation techniques used by Prosegur to estimate the fair value of this investment were based on multiples of transactions between comparable undertakings, that is, the valuation based on the difference between prices paid in acquisitions of comparable entities in relation to basic financial values, obtaining multipliers which can be used as a reference. Prosegur uses EBITDA as the multiplier of reference. The key assumptions used in this calculation were as follows:

- The financial budgets used for the calculation cover a period of five years.
- The weighted average growth rates used in these projections are consistent with the forecasts included in industry reports.
- Budgeted EBITDA (earnings before interest, taxes, depreciation and amortisation) is based on past experience and the market outlook.

At 31 December 2013, the Company has estimated the fair value of its investment in Capitolotre, S.P.A. based on the techniques described above, concluding that there is objective evidence that this investment has suffered a reduction in value of Euros 6,600 thousand (an impairment loss in the fair value of the financial asset was not recognised in 2012).

If the EBITDA estimated by the entity had been 10% lower at 31 December 2013, with all other key assumptions remaining constant, the additional drop in value would amount to Euros 1,695 thousand.

If the discount rate estimated by the entity at 31 December 2013 had been 10% higher, with the other key assumptions constant, the additional drop in value would amount to Euros 351 thousand.

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

Prosegur's maximum exposure to credit risk at the reporting date is the fair value of these assets. All assets are denominated in Euros.

On 21 March 2012, the company Euroforum Torrealta, S.A. approved the distribution of a dividend of Euros 1,364 thousand payable to Prosegur Compañía de Seguridad, S.A., which was received on 26 March 2013. Additionally, on 29 April 2013, Euroforum Torrealta, S.A. agreed on the distribution of voluntary reserves among its shareholders in proportion to their shareholdings, pursuant to which Prosegur Compañía de Seguridad, S.A. was entitled to Euros 2,772 thousand, received on 30 April 2013.

Under other non-current financial assets, on 31 December 2013 a deposit of Euros 5,400 thousand (Euros 5,500 thousand in 2012) was transferred to other current assets. This is in relation to the acquisition of Prosegur GMBH

(Germany) which represents a withholding of the total purchase price of the shares acting as a security against potential liabilities (see Note 18). During the year this guarantee was adjusted by Euros 100 thousand.

b) Other current financial assets

Movement in other current financial assets during the years 2013 and 2012 was as follows:

	Thousands of Euros		
	Dividend receivable	Other financial assets	Total
Balance at 1 January 2012	**30,118**	**2,337**	**32,455**
Additions	115	64	179
Disposals	(30,233)	(2,017)	(32,250)
Balance at 31 December 2012	**-**	**384**	**384**
Spin-off disposals	-	(318)	(318)
Disposals	-	(5)	(5)
Transfers (Note 11.a)	-	5,400	5,400
Balance at 31 December 2013	**-**	**5,461**	**5,461**

In 2013 the short term transfer of a deposit of Euros 5,400 thousand (Euros 5,500 thousands in 2012) was carried out pertaining to the acquisition of Prosegur GMBH (see Note 11.a).

12. Derivative Financial Instruments

The Company uses derivative financial instruments to hedge interest rates and exchange rates, as set out in the risk management policy described in Note 26.

Changes in the fair values of all of the financial instruments held by the Company are taken to the income statement as they are not considered to be accounting hedges. In 2013 a credit of Euros 2,419 thousand was recognised in profit and loss (losses of Euros 995 thousand in 2012) reflecting changes in the fair value of derivative financial instruments (see Note 4). Additionally, a loss of Euros 2,288 thousand (losses of Euros 1,122 thousand in 2012) was recognised for transactions, settlements and sale of derivatives (see Note 4).

The total fair value of a derivative is recognised under non-current assets or liabilities if the notional amount matures in more than twelve months or under current assets or liabilities if the notional amount matures within twelve months.

Details of derivative financial instruments are as follows:

		Thousands of Euros			
		Assets			
	Notional amount	2013		2012	
		Non-current	Current	Non-current	Current
Forward exchange transactions	AUD 15,000 thousand	-	73	-	-
Total		**-**	**73**	**-**	**-**

		Thousands of Euros			
		Liabilities			
	Notional amount	2013		2012	
		Non-current	Current	Non-current	Current
Interest rate swaps	€100,000 thousand	-	1,640	3,857	-
Interest rate swaps	€37,500 thousand	-	-	343	-
Interest rate swaps	€37,500 thousand	-	-	348	-
Total		**-**	**1,640**	**4,548**	**-**

Interest rate swaps

At 31 December 2013 the Company has arranged an interest rate swap to cap the interest payable on part of its financing.

Every six months, on 25 July and 25 January, this derivative exchanges a payable interest rate of 2.71% for a receivable interest rate equivalent to the six-month Euribor on a nominal amount of Euros 100,000 thousand, which matures in April 2014.

	Thousands of Euros				
	2012				
Characteristics	**Notional amount**	**Fair value**	**Maturity of notional amounts**		
			2012	**2014**	**2015**
Interest Rate Swap	€100,000 thousand	3,857	-	3,857	-
Interest Rate Swap	€37,500 thousand	348	-	-	348
Interest Rate Swap	€37,500 thousand	343	-	-	343
Total non-current derivative liabilities		**4,548**	**-**	**3,857**	**691**

	Thousands of Euros			
	2013			
Characteristics	**Notional amount**	**Fair value**	**Maturity of notional amounts**	
			2014	**2015**
Interest Rate Swap	€100,000 thousand	1,640	1,640	-
Total non-current derivative liabilities		**1,640**	**1,640**	**-**

In 2012, two further derivative financial instruments were arranged on a nominal amount of Euros 37,500 thousand each, which mature in February 2015. These derivative financial instruments are exchanged each quarter at a payable interest rate of 0.65% and a receivable rate of three-month Euribor. These derivative financial instruments, maturing in February 2015, have been subject to early settlement.

Forward exchange transactions

On 23 December 2013, a forward exchange transaction was made on a nominal amount of Australian Dollars 15,000 thousand, exchanging Euros for Australian Dollars at an exchange rate of 1.5318 maturing on 13 January 2014.

13. Loans and Receivables

Details of loans and receivables at 31 December are as follows:

	Thousands of Euros	
	2013	**2012**
Loans and receivables - current		
Loans to group companies (Note 22)	72,610	67,686
Trade receivables	-	212,845
Impairment	-	(17,121)
Trade receivables from group companies and associates (Note 22)	70,777	35,695
Other receivables from group companies (Note 22)	35,629	8,561
Other receivables	9,530	10,192
Other	5,461	991
Total	**194,007**	**318,849**

Credit risk is not concentrated in terms of trade receivables because these mostly involve group companies (see Note 26) following the spin-off of the private security business line in Spain to Prosegur España, S.L.U. (see Note 6).

Loans and receivables are measured at their nominal amount, which does not differ significantly from their fair value, as these items are current and the effect of discounting the cash flows is therefore not significant.

In 2008, the Company executed guarantees of Euros 9,469 thousand relating to funds retained on deposit by a customer in Brazil, by requirement of Customs and Excise authorities. In 2012, the Federal Court of the Southern region of Brazil, with jurisdiction over this case, in a suit brought by Prosegur seeking to release the funds, issued a favourable ruling and ordered the funds to be returned. The Brazilian Finance and Taxation Department lodged an appeal in the supreme court, without suspensive effect. At 2013 year end, and while the supreme court appeal has not been examined, Prosegur is carrying out all procedures required to release such funds supported by the Federal Court ruling.

The carrying amounts of loans and receivables are denominated in the following currencies:

	Thousands of Euros	
	2013	**2012**
Euro	170,652	318,519
USD	-	34
AUD	23,342	-
Mexican Peso	13	296
Total	**194,007**	**318,849**

Movements in the provision for impairment of trade receivables are as follows:

	Thousands of Euros	
	2013	**2012**
Opening balance	17,121	15,841
Spin-off disposals (Note 6)	(17,121)	-
Provisions	-	1,280
Closing balance	**-**	**17,121**

Impairment of trade receivables is recognised under losses, impairment and changes in trade provisions in the income statement. Impaired receivables are usually written off when the Company does not expect to recover any further amount. In 2013 the impairment accumulated from the spin-off of the private security business line in Spain to Prosegur España, S.L.U. (see Note 6) has been written off.

The Company's other loans and receivables have not been impaired in 2013 and 2012.

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

14. Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2013	**2012**
Cash in hand and at banks	140	3,463
Current bank deposits	-	-
Total	**140**	**3,463**

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

No current bank deposits were made in financial institutions in 2013.

The average effective interest rate and term of current bank deposits is 2.32% and 1 day, respectively in 2012.

15. Share Capital, Share Premium and Own Shares

Details of equity and movement during the year are shown in the statement of changes in equity.

a) Share capital

At 31 December 2013 and 2012 the share capital of Prosegur Compañía de Seguridad, S.A. amounts to Euros 37,027 thousand represented by 617,124,640 shares with a par value of Euros 0.06, subscribed and fully paid, which are all listed on the Madrid and Barcelona stock exchanges and are traded on the Spanish Stock Exchange Interconnection System (SIBE).

These shares are freely transferable.

Details of the Company's shareholders are as follows:

	Number of ordinary shares	
Shareholders	**2013**	**2012**
Ms. Helena Revoredo Delvecchio (1)	309,240,330	309,240,330
Ms. Mirta Giesso Cazenave (2)	34,716,130	34,716,130
FMR LLC (3)	29,908,843	36,658,110
Oppenheimer Acquisition Corporation (4)	21,761,746	-
M & G Investment Management, LTD (4)	19,362,786	19,362,786
Cantillon Capital Management LLC (4)	18,821,350	18,821,350
Corporación Financiera Alba, S.A. (5)	-	61,750,000
Other	183,313,455	136,575,934
Total	**617,124,640**	**617,124,640**

1 Through Gubel, S.L. and Prorevosa, S.L.U.
2 Both directly and through AS Inversiones, S.L.
3 Investment through Fidelity International Discovery Fund and other funds.
4 Investment through various funds managed.
5 As of 7 November 2013, no longer a shareholder.

At 31 December 2013 and 2012, the members of the board of directors, either directly or through companies over which they exercise control, hold 345,172,890 shares (345,172,890 shares in 2012), representing 55.93% of the Company's share capital (55.93% in 2012).

b) Share premium

The share premium amounts to Euros 25,472 thousand, is freely distributable and has not changed in 2013 or 2012.

c) Own shares and equity holdings

Details of movements in own shares are as follows:

	Number of shares	Thousands of Euros
Balance at 1 January 2012	**44,561,220**	**123,175**
Purchase of own shares	3,643,096	14,714
Sale of own shares	(7,643,096)	(21,340)
Share-based payments	(781,140)	(2,159)
Other	(53,180)	(148)
Balance at 31 December 2012	**39,726,900**	**114,242**
Other	(41,416)	(119)
Balance at 31 December 2013	**39,685,484**	**114,123**

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

At the general meeting held on 27 June 2008, the shareholders approved the 2011 Plan of long-term incentives (see Note 28.11). As foreseen in the Plan regulations, an incentive was not settled in 2013 either in shares or in cash (conveyance of 781,140 own shares in 2012).The previous incentive plan, known as the 2011 Plan, was settled in January 2014.

At the general meeting held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives to Chief Executive Officer and Senior Management Personnel of the Prosegur Group. 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. This Plan also considers the delivery of incentives by way of Company shares and/or cash to Chief Executive Officer and Senior Management Personnel of the Company. The maximum number of shares earmarked for the 2014 Plan is 4,120,000, representing 0.668% of the Company's present share capital.

The total obligation undertaken by Prosegur at 31 December 2013 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 3,171 thousand (Euros 2,659 thousand in 2012).

d) Reserves

Details of reserves are as follows:

	Thousands of Euros	
	2013	**2012**
Legal reserve		
Legal reserve	7,406	7,406
Total	**7,406**	**7,406**
Other reserves		
Voluntary reserves	140,089	106,027
Goodwill reserve	-	23,804
Reserves due to revised Budget Law of 1983	104	104
Differences on translation of share capital to Euros	61	61
Total	**140,254**	**129,996**

Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

At year end, the Company had appropriated to this reserve the minimum amount required by law.

Voluntary reserves

These reserves are freely distributable.

Goodwill reserve

The goodwill reserve has been appropriated in compliance with article 273.4 of the Spanish Companies Act, which requires companies to transfer profits equivalent to 5% of goodwill to a non-distributable reserve until this reserve reaches an amount equal to recognised goodwill. In the absence of profit, or if profit is insufficient, freely-distributable reserves should be used.

In 2013, this goodwill reserve has been transferred to distributable reserves (see Note 6).

Reserves due to revised Budget Law of 1983

This reserve arises from balances revalued in accordance with the aforementioned law applied by the Company and is subject to restrictions on distribution.

Differences on translation of share capital to Euros

This reserve arises from the translation of share capital from Pesetas to Euros. This reserve is not distributable.

e) Other equity instruments

Other equity instruments reflect the total obligation undertaken by the Company in relation to share-based incentives established in the 2011 and 2014 Plans (see Note 28.11). Movement is as follows:

	Thousands of Euros	
	2013	**2012**
Balance at 1 January	**2,659**	**5,781**
Share-based incentive obligations accrued during the year	512	2,261
Share options exercised	-	(5,383)
Balance at 31 December	**3,171**	**2,659**

The provision for the cash portion of the commitment undertaken by the Company at 31 December 2013 in connection with the 2014 Plan amounts to Euros 1,545 thousand of which Euros 632 thousand are classified as non-current and Euros 913 thousand as current (Euros 1,615 thousand as non-current in 2012).

16. Grants

Movement in non-refundable grants is as follows:

	Thousands of Euros	
	2013	**2012**
Balance at 1 January	29	53
Transfers to non-refundable grants	(24)	(34)
Tax effect	7	10
Balance at 31 December	**12**	**29**

This grant consists of loans extended in 2005 by the Ministry of Industry and Commerce which bear 0% interest and mature in 2015.

17. Provisions

Details of provisions and movement are as follows:

	Thousands of Euros			
	Overtime costs	**Accrued personnel**	**Liabilities and charges**	**TOTAL**
Balance at 1 January 2012	**38,985**	**-**	**4,828**	**43,813**
Charge	-	1,615	1,294	2,909
Applications	(6,924)	-	(911)	(7,835)
Reversals	(11,959)	-	(236)	(12,195)
Balance at 31 December 2012	**20,102**	**1,615**	**4,975**	**26,692**
Spin-off disposals (Note 6)	(20,102)	-	(4,975)	(25,077)
Transfer	-	(913)	-	(913)
Charge	-	294	-	294
Reversals	-	(364)	-	(364)
Balance at 31 December 2013	**-**	**632**	**-**	**632**

a) Accrued obligations to personnel

These provisions include the accrued incentive in cash of the 2014 Plan (see Note 28.11). During the year the Company has recognised a Euros 364 thousand provision with a charge to the year's profits amounting to Euros 294 thousand and a reversal against profit for the year. Additionally, part of this provision has been classified as current personnel accruals under trade and other payables totalling Euros 913 thousand, given that this commitment becomes payable in financial year 2014. The obligation undertaken at 31 December 2013 in relation to share-based incentives established in the 2014 Plan is recognised under other equity instruments in equity (see Note 15).

18. Debts and Payables

Details of debts and payables are as follows:

	Thousands of Euros	
	2013	**2012**
Non-current		
- Bonds and other marketable securities	495,757	-
- Loans and borrowings	130,469	448,308
- Other financial assets	1,707	8,036
Total	**627,933**	**456,344**
Current		
- Bonds and other marketable securities	10,912	-
- Loans and borrowings	68,034	117,609
- Other financial assets	44,480	60,148
- Loans from group companies (Note 22)	161,533	74,015
- Payables to group companies (Note 22)	7,654	26,683
- Other payables	9,135	40,318
- Other debts	5,928	45,980
Total	**307,676**	**364,753**

The exposure of the Company's debts and payables to fluctuations in interest rates and the contractual price review dates are as follows:

	Thousands of Euros	
	2013	**2012**
Up to 6 months	198,503	565,917
6 to 12 months	161,533	74,015
Total	**360,036**	**639,932**

a) Bonds and other marketable securities

On 2 April 2013 plain bonds amounting to Euros 500 million were issued, with maturity on 02 April 2018. This issue will enable the deferment of maturities of part of the debt of Prosegur (from 2015 to 2018) and the diversification of funding sources. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrued an annual coupon of 2.75% payable at the end of each year.

b) Loans and borrowings

Details of loans and borrowings non-current and current are as follows:

	Thousands of Euros	
	2013	**2012**
Non-current		
Syndicated loan	130,469	447,850
Other	-	458
Total	**130,469**	**448,308**
Current		
Syndicated loan	30,000	50,000
Credit facilities	37,576	48,809
Other	458	18,800
Total	**68,034**	**117,609**

Syndicated loan

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

The loan was divided into two tranches: a tranche in the form of a Euros 150,000 thousand loan, with half-yearly repayments, and a second tranche in the form of a Euros 250,000 thousand credit facility.

The amount of Euros 50,000 thousand of the loan tranche was subject to early cancellation on the 4 April 2013. The loan matures in August 2015.

The terms of this loan stipulate that the interest rate is indexed to Euribor plus a spread that varies depending on the following ratio:

Net financial debt / EBITDA	Annual margin
2.75 or above	2.60%
2 - 2.75	2.20%
1.5 - 2	1.90%
Less than 1.5	1.70%

For the year 2013, this ratio has been between 2 and 2.75. The interest rate is therefore Euribor +2.20%. As set forth in the contract, Prosegur may elect between monthly, quarterly or half-yearly interest settlements.

At 31 December 2013 Euros 60,000 thousand had been drawn down on the loan tranche (Euros 150,000 thousand in 2012) and, at 31 December 2013, the amount drawn down on the credit facility tranche totals Euros 100,000 thousand (Euros 250,000 thousand in 2012).

The contract states that the instalments of the loan tranche should be paid at the following dates:

	Thousands of Euros			
	2013		2012	
Repayment date	**Amount**	**Principal outstanding**	**Amount**	**Principal outstanding**
4 February 2013	-	-	25,000	125,000
4 August 2013	-	-	25,000	100,000
4 February 2014	15,000	45,000	25,000	75,000
4 August 2014	15,000	30,000	25,000	50,000
4 February 2015	15,000	15,000	25,000	25,000
4 August 2015	15,000	-	25,000	-

This loan is secured by collateral from Prosegur's main subsidiaries in Spain, France, Portugal, Argentina and Brazil.

The obligatory covenant ratios stipulated in the contract, which have been met in both 2013 and 2012, are as follows:

- The net financial debt/EBITDA ratio should be less than or equal to 3.
- The EBITDA/finance costs ratio should be higher than 5.

In February 2012, Prosegur entered into a syndicated financing contract for the amount of Euros 200,000 thousand for three years, in order to finance the acquisition of companies in the security sector. The operation was divided into two tranches: the first tranche in the form of a Euros 100,000 thousand loan payable on maturity (February 2015) and a second tranche in the form of a Euros 100,000 thousand credit facility.

On 2 April 2013 this has been repaid in full (at 31 December 2012, the capital drawn down of this syndicated loan amounted to Euros 100,000 thousand pertaining to the loan tranche).

Other loans from financial institutions

On 13 December 2013 the loan of Euros 8,800 thousand with Banco do Brasil arranged by the Company on 18 december 2012 was cancelled. The loan accrued interest at a yearly fixed rate until 18 September 2013 of 2.40% and, as of that date, of 2.60% until its settlement.

In November 2012 the Company cancelled the loan arranged on 1 December 2011 with Banco Itaú BBA International, S.A. to finance the share capital increase of Prosegur Holding e Participações, S.A. (see Note 10). This loan of Euros 20,577 thousand (Brazilian Reais 50,000 thousand) was arranged in a single instalment and falls due on 16 December 2013. Interest at the Brazilian overnight interbank deposit rate (CDI) was accrued every six months on the amount payable in Brazilian Reais. In 2012 it has accrued interest of Euros 1,977 thousand.

The contract is also subject to compulsory covenants, namely ratios involving different balance sheet and income statement variables. The Company complied with these in 2012.

In November 2012 the loan of Euros 10,882 thousand (Colombian Pesos 28,201 million) arranged on 27 September 2011 with Banco Santander to acquire Beloura Investments, S.L.U. (see Note 10) was cancelled. This loan matured on 28 September 2014. The loan was repaid on a quarterly basis and accrued fixed interest at an annual 8.23% on the outstanding amount in Colombian Pesos. During 2012 the loan accrued interest of Euros 782 thousand.

Credit facilities

Credit facilities reflect the drawdowns of Euros 38,034 thousand (Euros 59,209 thousand in 2012) on the facilities arranged with Spanish financial institutions which have a limit of Euros 114,958 thousand. These drawdowns fall due within one year and accrue average annual interest of 2.54% (in 2012 the limit was Euros 107,500 thousand, falling due within one year and the average annual interest rate was 2.32%).

The Company has the following unused credit facilities:

	Thousands of Euros	
	2013	**2012**
Variable rate:		
Less than one year	78,552	99,209
	78,552	99,209

Credit facilities are subject to various interest rate reviews in 2014.

c) Other financial liabilities

Details of financial liabilities by maturity are as follows:

	Thousands of Euros							
	2013							
	2014	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total non-current**	**Total**
Other financial liabilities	44,480	696	177	177	94	563	**1,707**	**46,187**

	Thousands of Euros							
	2012							
	2013	**2014**	**2015**	**2016**	**2017**	**Thereafter**	**Total non-current**	**Total**
Other financial liabilities	60,148	7,013	271	188	188	376	**8,036**	**68,184**

The most significant other financial liabilities at 31 December 2013 and 2012 are as follows:

- Non-current amounts at 31 December 2013 amount to Euros 1,707 thousand and comprise loans received from the Ministry of Industry as part of the Avanza R&D programme of Euros 1,022 thousand and the deferred payments relating to the purchases of Prover Eletronica, Ltda amounting to Euros 248 thousand and Martom Segurança Eletrônica, Ltd totalling Euros 437 thousand.

- Non-current amounts at 31 December 2012 totalled Euros 8,036 thousand and mainly comprised the loans received from the Ministry of Industry under the Avanza R&D programme and the deferred payments relating to the purchases of Prosec Services Pte. Ltda amounting to Euros 1,072 thousand and Prosegur, GmbH totalling Euros 5,500 thousand, as well as other liabilities with third parties amounting to Euros 336 thousand.

- Current amounts, at 31 December 2013, total Euros 44,480 thousand and mainly comprise the outstanding 2013 dividend payment of Euros 32,974 thousand that shall be settled in January and April of 2014 as approved by the shareholders at the general meeting. It also includes Euros 288 thousand of loans received from the Ministry of Industry as part of the Avanza R+D programme as well as several deferred payments in relation to the purchase of the following companies: Tellex, S.A. (Euros 483 thousand), Gemper S.A. (Euros 106 thousand), Prosec Services Pte. Ltda. (Euros 1,533 thousand), Beloura Investments, S.L.U. (Euros 2,666 thousand), Prover Eletronica, Ltda amounting to Euros 787 thousand, Martom Segurança Eletrônica, Ltd totalling Euros 243 thousand and Prosegur GMBH (Euros 5,400 thousand).

- Current amounts, at 31 December 2012, totalled Euros 60,148 thousand and mainly comprised the outstanding 2012 dividend payment of Euros 31,474 thousand that was settled in January and April 2013 as approved by the shareholders at the general meeting. It also included Euros 307 thousand of loans received from the Ministry of Industry under the Avanza R&D programme as well as several deferred payments in relation to the purchases of the following companies: Tellex, S.A. (Euros 1,026 thousand), Gemper S.A. (Euros 246 thousand), Prosec Services Pte. Ltda. (Euros 1,342 thousand), Distribuidora Federal, SAC (Euros 1,215 thousand), Beloura Investments, S.L.U. (Euros 5,953 thousand) Grupo Marton (Brazil) (Euros 2,318 thousand) and other payables to third parties amounting to Euros 1,036 thousand.

d) Other payables

Other payables comprise salaries payable that have been accrued by different Company personnel.

The Company's remuneration policy for indirect personnel includes a variable component determined through specifically designed incentive programmes, which aim to recognise and reward Company employees' contribution to its success by achieving or surpassing set targets and developing the necessary skills for excellence in their duties and responsibilities.

The incentive programme directly links variable remuneration to the achievement of targets established by Company management or the employee's direct superior over a given time.

The associated liability at 31 December 2013 totals Euros 4,253 thousand (Euros 6,399 thousand in 2012) and the related cost recognised under employee benefits expense in the income statement is Euros 1,600 thousand (Euros 1,222 thousand in 2012).

This item also includes salaries payable and accrued extraordinary salary instalments amounting to Euros 1,675 thousand (Euros 39,579 thousand in 2012).

The carrying amount of the Company's accounts payable is denominated in the following currencies:

	Thousands of Euros	
	2013	**2012**
Euro	929,106	804,517
Argentine Peso	483	1,021
US Dollar	106	246
Singapore Dollar	1,533	2,413
Colombian Peso	2,666	5,953
Brazilian Real	1,715	2,318
Peruvian Nuevo Sol	-	1,215
Mexican Peso		3,414
Total	**935,609**	**821,097**

e) Late Payments to Suppliers. Third additional provision of Law 15/2010 of 5 July 2010: "Reporting requirement"

Details of late payments to suppliers are as follows:

	Payments made and outstanding at the reporting date			
	2013		**2012**	
	Amount	**%**	**Amount**	**%**
Within maximum legal payment term	26,723	49%	178,355	91%
Rest	27,618	51%	16,596	9%
Total payments for the year	54,341	100%	194,951	100%
Weighted average period payments past-due (days)	136		113	
Trade payables exceeding the legal maximum payment period at year end	1,115		4,671	

19. Taxation

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

	Thousands of Euros			
	2013		2012	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	29,097	-	41,747	-
Current tax assets	-	807	-	2,720
Value added tax and similar taxes	-	-	-	718
	29,097	807	41,747	3,438
Liabilities				
Deferred tax liabilities	21,337	-	18,176	-
Current tax liabilities	-	670	-	-
Value added tax and similar taxes	-	4,404	-	10,730
Withholdings	-	665	-	8,229
Social Security	-	618	-	17,656
	21,337	6,357	18,176	36,615

The Company is the parent of a group that files consolidated income tax returns in Spain. This consolidated tax group comprises the Company and Spanish subsidiaries of the Prosegur Group that meet the requirements set out in regulations governing consolidated taxation.

On 16 June 2013 the Company has been informed of the start of a general inspection process to be carried out on all non-statute barred taxes, financial years 2008, 2009 and 2010, in relation to Corporate Income Tax, tax withholdings on non-resident tax and tax withholdings on non-real estate assets. In addition, the Company has been informed of the start of an inspection process of a partial nature of withholdings on income from work, for the same periods. Likewise, the inspections are extended to financial year 2011 in regard to tax withholdings on non-resident tax and tax withholdings on non-real estate assets. At 31 December 2013, these inspection processes are still under way.

In December 2012, as the Group's parent the Company informed the tax authorities of the composition of the VAT Group, to file VAT as a group from 2013 onwards. The other companies included in this VAT group are as follows Servimax Servicios Generales, S. A., Formación, Selección y Consultoría, S.A., Prosegur Alarmas, S.A., ESC Servicios Generales, S.L., Prosegur Activa Holding, S.L.U., Prosegur Gestión de Activos, S.L.U. Seguridad Vigilada, S.A., STMEC, S.L., Salcer Servicios Auxiliares, S.L and Beloura Investments, S.L.U. In addition, in June of this year, the Company was informed of the rejection of its application to file VAT as a group.

As a result of the business combination consisting of the spin-off of the private security business line in Spain to Prosegur España, S.L.U., a transaction explained in Note 6, for tax purposes the Special System of Fiscal Neutrality was applied in accordance with what is set forth in Chapter VIII of Title VII of Royal Legislative Decree 4/2004, of 5 March, approving the consolidated text of the Corporate Income Tax Law, insofar as it consisted of a non-monetary contribution of activity, which is considered in article 83.3 of said Law.

Provisions were transferred in this operation, as included in the spin-off balance sheet (see Note 6) and which will be reversed in the spun-off company.

A reconciliation of the accounting profit and taxable income is as follows:

	Thousands of Euros	
	2013	**2012**
Accounting income before income tax	**72,866**	**69,608**
Permanent differences	(67,078)	(67,240)
Temporary differences:	13,035	(23,629)
- originating in current year	11,897	2,347
- originating in prior years	1,138	(25,976)
Taxable income (tax loss) contributed to tax consolidation	**18,823**	**(21,261)**
Tax rate	30%	30%
Tax payable/(tax loss)	**5,647**	**(6,378)**
Deductions:	(13,326)	(3,421)
- Double taxation	(11,835)	(3,072)
- Other deductions	(291)	(8)
- Contributions to foundations	(1,200)	(341)
Income tax expense/(tax recoverable)	**(7,679)**	**(9,799)**

Permanent differences to the accounting profit for 2013 reflect non-tax expenditure or income, primarily exempt dividends received from foreign subsidiaries amounting to Euros 76,058 thousand, impairments in group companies amounting to Euros 10,526 thousand, penalties and fines amounting to Euros 5 thousand, transferred intangible assets at a negative amount of Euros 2,454 thousand and contributions made to foundations amounting to Euros 831 thousand.

Permanent differences in the accounting profit in 2012 reflected non-tax expenditure or income, primarily exempt dividends received from foreign subsidiaries amounting to Euros 65,547 thousand, fines and penalties of Euros 205 thousand, transferred intangible assets at a negative amount of Euros 2,608 thousand and contributions to foundations totalling Euros 1,020 thousand.

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

I) Positive:

- Provision for personnel expenses, amounting to Euros 1,600 thousand (Euros 5,209 thousand in 2012).
- Adjustment for impairment of investments, amounting to Euros 7,900 thousand (Euros 35 thousand in 2012).
- Limit on amortisation expenditure amounting to Euros 2,614 thousand.

II) Negative:

- Amortisation for tax purposes of unrecognised goodwill, amounting to Euros 217 thousand (Euros 1,328 thousand in 2012).

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

I) Positive:

- Application of deferred tax incentive for accelerated depreciation for 2009, 2010, 2011 and until March 2012, amounting to Euros 1,297 thousand (Euros 6,228 thousand in 2012).

II) Negative:

- Reversal of provisions from prior years amounting to Euros 159 thousand.

As a result of the business combination consisting of the spin-off of the private security business line in Spain to Prosegur España, S.L.U., a transaction explained in Note 6, provisions were transferred that will be reversed in this company.

Negative tax adjustments for valuation adjustments to investees are calculated as the difference between equity at the beginning and the end of the year in proportion with the investment. Positive tax adjustments reflect the impairment of investees for accounting purposes recognised in profit or loss.

The amounts deducted for 2012 for impairment losses on equity securities held in group companies and associates and other investments, as well as the difference in the year in the investee's equity and the amounts included in the taxable income for the year are as follows:

		Thousands of Euros			
		2012			
Investee	**% ownership**	**Equity at 01/01/2012**	**Equity at 31/12/2012**	**variation**	**Tax adjustment for the year**
Investments in group companies and associates					
Prosegur France, S. A.	100%	5,157	5,072	(85)	464
Prosegur Distribuição e Serviços, Lda	100%	955	1,242	286	299
Prosegur Mexico, S. de R.L.de C.V.	95%	39,579	16,244	(22,264)	(4,451)
Rosegur Cash Services	51%	111	(1,084)	(609)	(52)
Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios Ltda.	100%	24,465	20,198	(4,267)	(2,871)
Prosegur Tecnología Perú, S.A.	99%	113	514	397	37
Luxpai Holdo SARL	100%	393	31,079	30,686	(1,134)
Rosegur Holding Corporation, S.L.	50%	4,725	(1,287)	(3,006)	(2,362)
Prosegur Activa Chile, Ltda.	1%	(10,793)	(12,457)	(17)	7
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	45%	4,984	9,127	1,863	(1,392)
Prosegur Tecnología Chile Ltda.	100%	(2,123)	(2,295)	(172)	1
Prosegur Alemania, GMBh	100%	22,290	14,268	(8,022)	(7,768)
Other inversions					
Capitolotre SPA	19%	55,277	9,356	(8,739)	(7,001)

In financial year 2013, the deductions of Euros 11,835 thousand pertain to withholdings made in other countries for sundry services amounting to Euros 2,060 thousand and to dividends received from investments, with a 100% tax credit, amounting to Euros 9,775 thousand.

In 2012 the deductions totalling Euros 3,072 thousand reflect withholdings made in other countries on sundry services.

The Company, as parent, and its subsidiaries Servimax Servicios Generales, S.A., Prosegur Transportes de Valores, S.A. (absorbed in 2011) and Formación, Selección y Consultoría, S.A. have filed consolidated tax returns since 2001, pursuant to Chapter VII of Spanish Income Tax Law 43/1945 of 27 December 1945 (Official State Gazette (BOE) 28/10/1995). The following companies have since joined the consolidated tax group: In 2002: Prosegur Alarmas, S.A. (in 2011 Prosegur Multiservicios, S.A.); in 2005, Prosegur Tecnología, S.L.U. (formerly Nordés Prosegur Tecnología, S.L.U. - absorbed in 2011) and ESC Servicios Generales, S.L.; in 2006: Prosegur Activa Holding, S.L.U. and Prosegur Activa España, S.L.U. (absorbed in 2011); in 2009: Prosegur Servicio Técnico, S.L.U. (absorbed in 2011); in 2010: Prosegur Gestión de Activos, S.L.U; in 2011: Pitco Ventures, SCR Simplificada, S.A.; in 2012 the companies acquired in 2011: Seguridad Vigilada, S.A., STMEC, S.L., Salcer Servicios Auxiliares, S.L , and Beloura Investments, S.L.U. Prosegur España S.L.U. has been added in 2013.

Current tax assets include Euros 807 thousand from withholdings made in the year (Euros 2,616 thousand in 2012, which pertain to outstanding Corporate Income Tax refunds and Euros 104 thousand from withholdings).

The difference between the tax credit generated by the Company, amounting to Euros 7,679 thousand and that recorded as "Current tax liabilities", amounting to Euros 670 thousand, is due to the fact that the Company, as parent company of the tax group, reflects all of the tax credit of the Tax Group, including all other companies in the group at a positive amount of Euros 13,254 thousand, as well as the offset of negative taxable bases of previous years amounting to Euros 2,663 thousand, and reduced by the tax withholdings and prepayments in the year amounting to Euros 2,242 thousand.

Details at year end of available tax loss carryforwards and deductions recognised by the Group as well as the reversal periods, are as follows:

	Expiry date	Thousands of Euros 2013	2012
Tax loss carryforwards	2029	12,310	14,973
Rights to tax deductions and credits	2030	3,420	3,420
		15,730	18,393

The tax loss carryforwards of the consolidated tax group are as follows:

Year	Thousands of Euros 2013	2012	Last year
2011	15,443	24,320	2029
2012	25,590	25,589	2030
	41,033	49,909	

Deductions recognised by the Group are as follows:

	Thousands of Euros 2013	2012
International double taxation	-	1,404
Reinvestment of extraordinary profit	-	14
Investments in new fixed assets in Canary Islands	-	159
Contributions under Spanish Foundations Law 49/2002	1,562	1,067
Volvo Ocean Race (Taxation authorities' letter)	-	118
Technological innovation (TI)	1,790	658
Research and Development (R&D)	68	-
	3,420	3,420

Details of the income tax expense for the year are as follows:

	Thousands of Euros 2013	2012
Accounting profit before income tax	**72,866**	**69,608**
Permanent differences	(67,078)	(67,240)
Elimination of transactions involving own shares	(67)	(132)
Taxable income	**5,721**	**2,236**
Tax rate	30%	30%
Tax payable/(tax loss)	**1,716**	**671**
- Double taxation	(11,835)	(3,072)
- Contributions to foundations	(1,200)	(341)
- Other deductions	(291)	(8)
Income tax expense	**(11,610)**	**(2,750)**
- Withholdings at source	6,827	377
- Adjustments to deferred taxes from prior years	11,649	592
Final income tax expense (income)	**6,866**	**(1,781)**

The income tax expense is as follows:

	Thousands of Euros	
	2013	**2012**
Current tax	(853)	(563)
Elimination of transactions involving own shares	(20)	-
Deferred tax (Note 19 b)	7,739	(1,218)
	6,866	**(1,781)**

Pursuant to tax legislation in force for 2013 and 2012 the Company's tax loss carryforwards may only be offset up to a maximum of 25% of taxable income prior to offset. For these same periods financial and non-financial goodwill may only be amortised up to one hundredth of its amount per year. Furthermore, for 2013 and 2012 property, plant and equipment, intangible assets and investment property may only be depreciated or amortised up to 70% of the assets' depreciation/amortisation for accounting purposes.

b) Deferred tax

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

Gross movement in deferred tax is as follows:

	Thousands of Euros					
Deferred tax assets	**01/01/2013**	**Credit/debit to P/L**	**Spin-off disposal (Note 6)**	**Transfers**	**Credit/debit to equity**	**31/12/2013**
Court ruling on difference in overtime rates	6,032	-	(6,032)	-	-	-
Impairment of investments	7,105	2,370	-	(1,238)	-	8,237
Provisions	7,630	1,263	(2,641)	(3,702)	-	2,550
Tax and portfolio goodwill	3,589	927	(2,063)	97	-	2,550
Amortisation and depreciation of PPE and intangible assets	48	(1)	(17)	-	-	30
Tax loss carryforwards	17,343	-		(1,613)	-	15,730
	41,747	**4,559**	**(10,753)**	**(6,456)**	**-**	**29,097**

	Thousands of Euros					
Deferred tax assets	**01/01/2012**	**Credit/debit to P/L**	**Spin-off disposal (Note 6)**	**Transfers**	**Credit/debit to equity**	**31/12/2012**
Court ruling on difference in overtime rates	11,697	(5,665)	-	-	-	6,032
Impairment of investments	7,105	-	-	-	-	7,105
Provisions	10,745	(3,115)	-	-	-	7,630
Tax and portfolio goodwill	3,426	163	-	-	-	3,589
Amortisation and depreciation of PPE and intangible assets	55	(7)	-	-	-	48
Tax loss carryforwards	-	9,148	-	8,195	-	17,343
	33,028	**524**	**-**	**8,195**	**-**	**41,747**

	Thousands of Euros					
Deferred tax liabilities	**01/01/2013**	**Credit/debit to P/L**	**Spin-off disposal (Note 6)**	**Transfers**	**Credit/debit to equity**	**31/12/2013**
Goodwill for tax purposes	(6,495)	(1,039)	6,095	(111)	7	(1,543)
Exchange gains/losses	-	-	-	-	-	-
Impairment of group companies	(4,404)	-	-	(3,154)	-	(7,558)
Law 4/2008 accelerated amort./depr.	(7,277)	389	6,300	-	-	(588)
Other	-	(11,648)	-	-	-	(11,648)
	(18,176)	**(12,298)**	**12,395**	**(3,265)**	**7**	**(21,337)**

	Thousands of Euros					
Deferred tax liabilities	**01/01/2012**	**Credit/debit to P/L**	**Spin-off disposal (Note 6)**	**Transfers**	**Credit/debit to equity**	**31/12/2012**
Deferred gains on sale of assets	-	-	-	-	-	-
Tax goodwill	(6,481)	(1,495)	-	1,471	10	(6,495)
Exchange gains/losses	-	-	-		-	-
Impairment of group companies	(5,796)	1,284	-	108	-	(4,404)
Law 4/2008 accelerated amort./depr.	(16,683)	882	8,524	-	-	(7,277)
Other	(7,491)	23	-	7,468	-	-
	(36,451)	**694**	**8,524**	**9,047**	**10**	**(18,176)**

The Company has generated a deferred tax liability in accordance with the eleventh additional provision of Revised Spanish Income Tax Law 4/2008, which regulates eligibility to apply accelerated depreciation for investments in new items of property, plant and equipment and investment property for the purposes of economic activity that are made available to the taxable entity during the tax periods beginning in 2009 and 2010, provided that, during the 24 months after the start of the tax period in which the acquired assets are brought into service, the Company's average workforce remains consistent with the average headcount of the prior 12 months. For years commencing after 2011 and the first quarter of 2012, this provision was amended and the requirement of a consistent headcount was eliminated.

The Company has opted to depreciate the property, plant and equipment during the same year in which they come into operation.

20. Contingencies

a) Contingent liabilities

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

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

Financial guarantees were mainly extended in relation to litigation in process, and also include other amounts deposited to secure future payments.

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

	Thousands of Euros	
	2013	**2012**
Commercial guarantees	-	32,686
Financial guarantees	14,887	57,111
	14,887	**89,797**

As explained in Note 13, in 2008 the Company enforced guarantees of Euros 9,469 thousand relating to funds retained on deposit by a customer in Brazil. The Company is currently taking the necessary legal steps for this amount to be released by the competent authorities.

The Company ultimately has guarantees from Group companies that would enable it to recover the full amount of the credit, even in the event of an unfavourable outcome.

In 2013 the Company has not enforced guarantees (Euros 3,405 thousand in 2012). Moreover, as a result of the spin-off of the private security business line in Spain to Prosegur España S.A.U. (see Note 6) contingent liabilities have been transferred to that company.

b) Contingent assets

At 31 December 2013 and 2012 the Company has no contingent assets.

21. Commitments

a) Purchase commitments for property, plant and equipment and intangible assets

Investments committed at year end but not recognised on the balance sheet are as follows:

	Thousands of Euros	
	2013	**2012**
Property, plant and equipment	205	2,439
Intangible assets	-	1,963
	205	**4,402**

Property, plant and equipment include commitments to purchase installations and furniture.

Intangible assets include various computer software applications currently under development.

b) Operating lease commitments

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

	Thousands of Euros					
	2013			2012		
	Buildings	**Vehicles**	**Other assets**	**Buildings**	**Vehicles**	**Other assets**
Less than 1 year	-	545	-	2,126	7,924	359
1 to 5 years	-	871	-	8,054	8,337	241
Over 5 years	-	-	-	-	-	-
	-	**1,416**	**-**	**10,180**	**16,261**	**600**

22. Other Related Party Transactions

The Company is the ultimate parent of the Prosegur Group and is controlled by Gubel S.L., (incorporated in Madrid) which holds 50.075% of the Company's share capital. The remaining 49.925% is held by various shareholders, the main ones being AS Inversiones, S.L. with 5.32%, FMR LLC with 4.846%, Oppenheimer Acquisition Corporation with 3.526%, M&G Investment Management Ltd. with 3.138% and Cantillon Capital Management LLC with 3.050%.

a) Group companies, jointly controlled companies and associates

The Company's financial assets and financial liabilities with Group companies, excluding equity instruments (see Note 9), are as follows:

	Thousands of Euros					
	2013					
	Financial assets			Financial liabilities		
	Current			Current		
	Loans	Receivables	Other financial assets	Payables	Suppliers	Other financial liabilities
Group companies in Spain						
Prosegur España S.L.U.	-	36,672	18,000	(61,081)	(331)	(23,175)
Prosegur Gestión de Activos, S.L.	-	-	-	(4,724)	(134)	(11)
Servimax Servicios Generales, S.A.	-	3,310	6,251	(4,789)	-	(822)
Prosegur Activa Holding, S.L.U.	35,307	-	2,405	-	-	-
Formación, Selección y Consultoría, S.A.	-	2	1,216	(1,975)	(152)	(24)
Prosegur Alarmas, S.A.	-	10	-	(1,375)	-	(1)
ESC Servicios Generales, S.L.	1,258	887	1,362	-	-	(128)
Seguridad Vigilada , S.A.	-	20	-	(519)	-	(63)
S.T.M.E.C., S.L.	-	78	-	(226)	-	(4)
SALCER Servicios Auxiliares, S.L.	-	20	-	(333)	-	(9)
BELOURA Investments SLU	3,709	-	13	-	-	-
Rico Venture SCR Simplificada, S.A.	-	459	-	(60)	-	(57)
Permanent Establishments	-	-	-	-	-	-
Temporary Joint Venture	-	-	-	-	-	(841)
Other	-	-	-	-	-	
Total Spain	**40,274**	**41,458**	**29,247**	**(75,082)**	**(617)**	**(25,135)**
Foreign subsidiaries						
Prosegur Group Ireland	-	-	-	-	-	-
Prosegur Group France	8,287	3,698	91	-	-	-
Prosegur Group Portugal	-	-	4	-	(57)	-
Prosegur Group Argentina	-	3,604	314	-	(4,798)	(21,049)
Prosegur Group Brazil	-	12,158	163	-	(1,977)	(2,504)
Prosegur Group Chile	-	4,475	18	-	-	-
Prosegur Group Peru	-	804	13	(33,810)	(12)	(65)
Prosegur Group Uruguay	-	23	-	-	-	-
Prosegur Group Mexico	15	-	12	(1,065)	-	-
Prosegur Group Colombia	-	1,206	160	-	(5)	-
Prosegur Group Paraguay	-	1,755	-	-	-	-
Prosegur Group Abu Dhabi	-	-	35	-	-	-
Prosegur Group Germany	-	1,362	5,552	(953)	-	-
Prosegur Group China	-	-	-	-	-	-
Prosegur Group USA	-	6	-	-	(188)	(46)
Prosegur Group India	-	4	8	-	-	-
Prosegur Group Luxembourg	-	25	-	-	-	(1,200)
Prosegur Group Romania	-	-	-	-	-	-
Prosegur Group Singapore	-	199	12	-	-	-
Prosegur Group Australia	23,432	-	-	-	-	-
Prosegur Group China	602	-	-	-	-	-
Other (PE Poland)	-	-	-	-	-	(624)
Total Foreign	**32,336**	**29,319**	**6,382**	**(35,828)**	**(7,037)**	**(25,488)**
Total	**72,610**	**70,777**	**35,629**	**(110,910)**	**(7,654)**	**(50,623)**

	Thousands of Euros					
	2012					
	Financial assets			Financial liabilities		
	Current			Current		
	Loans	Receivables	Other financial assets	Payables	Suppliers	Other financial liabilities
Group companies in Spain						
Prosegur Gestión de Activos, S.L.	3,367	-	943	-	(3,896)	-
Servimax Servicios Generales, S.A.	-	2,207	1,599	(503)	(811)	
Prosegur Activa Holding, S.L.U.	37,868	-	-	(3,690)	-	(4,580)
Formación, Selección y Consultoría, S.A.	-	3	286	(1,044)	(953)	-
Prosegur Alarmas, S.A.	1,699	12	191	-	(4,506)	-
ESC Servicios Generales, S.L.	1,626	385	414	-	(11)	-
Seguridad Vigilada , S.A.	141	355	-	-	(236)	(14)
S.T.M.E.C., S.L.	80	47	34	-	(147)	-
SALCER Servicios Auxiliares, S.L.	138	97	12	-	(47)	-
BELOURA Investments SLU	2	-	2,020	-	-	-
Ptico Venture SCR Simplificada, S.A.	-	261	-	(523)	-	(71)
Permanent Establishments	-	-	2	-	-	(6)
Temporary Joint Venture	-	1	654	-	-	(182)
Other	650	219	21	-	(2)	(3)
Total Spain	**45,571**	**3,587**	**6,176**	**(5,760)**	**(10,609)**	**(4,856)**
Foreign subsidiaries						
Prosegur Group Ireland	-	-	-	-	-	-
Prosegur Group France	10,965	1,902	688	-	(261)	-
Prosegur Group Portugal	-	4,428	525	-	(63)	-
Prosegur Group Argentina	-	2,755	657	-	(8,149)	(1,542)
Prosegur Group Brazil	-	9,269	-	(44,576)	(5,380)	(4,400)
Prosegur Group Chile	-	3,187	79	-	(5)	-
Prosegur Group Peru	-	4,062	116	(9,632)	(137)	-
Prosegur Group Uruguay	-	1,351	-	-	(1,873)	-
Prosegur Group Mexico	15	8	30	(3,246)	(31)	(3)
Prosegur Group Colombia	-	1,202	105	-	(24)	-
Prosegur Group Paraguay	-	1,891	13	-	-	-
Prosegur Group Abu Dhabi	-	-	47	-	-	-
Prosegur Group Germany	-	482	48	-	(3)	-
Prosegur Group China	587	-	-	-	-	-
Prosegur Group USA	-	-	39	-	(68)	-
Prosegur Group India	-	94	-	-	-	-
Prosegur Group Luxembourg	10,548	-	38	-	-	-
Prosegur Group Romania	-	1,257	-	-	(80)	-
Prosegur Group Singapore	-	220	-	-	-	-
Other	-	-	-	-	-	-
Total Foreign	**22,115**	**32,108**	**2,385**	**(57,454)**	**(16,074)**	**(5,945)**
Total	**67,686**	**35,695**	**8,561**	**(63,214)**	**(26,683)**	**(10,801)**

Loans under financial assets reflect current loans to Group companies, as part of centralised cash management. These are denominated in Euros, accrue interest at an annual rate of 2.5% in Spain, 3.042% in France, 3.542% in Luxembourg, 6.25% in Hong Kong, 7.595% in Mexico and 3.875% in Australia (in 2012 the interest rate was 2.25% in Spain, 2.043% in France, 2.795% in Luxembourg and 2.25% in Hong Kong). Interest amounted to Euros 1,423 thousand in 2013 (Euros 1,625 thousand in 2012).

Payables under financial liabilities comprise current loans extended by Group companies as part of central cash management. These are denominated mainly in Euros, accrue interest at an annual rate of 2.5% in Spain, 2.042% in Ireland, 3.042% in Germany, 2.728% in Peru, 2.628% in Portugal and 7.595% in Mexico (in 2012 these rates were 2.25% in Spain, 3.25% in Ireland, 3% in Argentina, 2.25% in Peru and 2.79% in Brazil). Interest amounted to Euros 2,379 thousand in 2013 (Euros 1,682 thousand in 2012).

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

The current accounts with Group companies (other financial assets and other financial liabilities), include payments and collections of balances payable to/receivable from each consolidated tax group company, as follows:

	Thousands of Euros					
	2013			2012		
	Other payments/ collections	**Income tax**	**Receivable / (Payable)**	**Other payments/ collections**	**Income tax**	**Receivable / (Payable)**
Prosegur España, S.L.U.	(15,310)	10,135	(5,175)	-	-	-
Prosegur Gestión de Activos, S.L.U.	(1,433)	1,422	(11)	1,116	(173)	943
Servimax Servicios Generales, S.A.	4,290	1,139	5,429	(974)	2,573	1,599
Prosegur Activa Holding, S.L.U.	2,438	(33)	2,405	(2,135)	(2,445)	(4,580)
Formación, Selección y Consultoría, S.A.	949	243	1,192	(224)	510	286
Prosegur Alarmas, S.A.	(128)	127	(1)	90	101	191
ESC Servicios Generales, S.L.U.	801	433	1,234	3	411	414
Seguridad Vigilada , S.A.	(8)	(55)	(63)	134	(148)	(14)
S.T.M.E.C., S.L.	(65)	61	(4)	4	30	34
SALCER Servicios Auxiliares, S.L.	(4)	(5)	(9)	18	(6)	12
BELOURA Investments SLU	18	(5)	13	2,076	(56)	2,020
Ptico Venture SCR Simplificada, S.A.	151	(208)	(57)	95	(166)	(71)
Total	**(8,301)**	**13,254**	**4,953**	**203**	**631**	**834**

Transactions between the Company and Group companies during 2013 and 2012 are as follows:

	Thousands of Euros				
	2013				
	Income			**Expenses**	
	Services rendered and other income	**Interest**	**% ownership**	**Services received**	**Interest**
Prosegur España, S.L.U.	32,143	-	18,000	(1,445)	(403)
Prosegur Gestión de Activos, S.L.U.	-	-	-	(665)	(44)
Servimax Servicios Generales, S.A.	2,769	-	6,251	(8)	(94)
Prosegur Activa Holding, S.L.U.	-	353	1,616	-	-
Formación, Selección y Consultoría, S.A.	2	-	1,216	(640)	(25)
Seguridad Vigilada, S.A.	43	-	-	(15)	(28)
S.T.M.E.C.	65	-	-	-	(2)
SALCER Servicios Auxiliares	17	-	-	-	(4)
BELOURA Investments SLU		14			
Prosegur Alarmas, S.A.	32	-	-	(6)	(22)
PITCO Ventures	211				(5)
ESC Servicios Generales, S.L.	731	5	1,362	(8)	-
Other	774	626	-	(1,912)	(820)
Prosegur Group Ireland	-	-	3,800	-	(41)
Prosegur Group France	3,691	252	-	(3)	-
Prosegur Group Argentina	6,308	-	2,326	(4,798)	-
Prosegur Group Brazil	8,627	-	25,991	(329)	-
Prosegur Group Mexico	886	15	-	-	(4)
Prosegur Group Paraguay	1,735	-	-	-	-
Prosegur Group Uruguay	2,652	-	-	-	-
Prosegur Group Peru	5,238	-	-	-	(250)
Prosegur Group Colombia	2,194	-	-	-	-
Prosegur Group Chile	4,470	-	-	-	-
Prosegur Group Portugal	3,745	-	1,991	(34)	(23)
Prosegur Group Germany	1,362	-	-	-	(614)
Prosegur Group China	-	-	-	-	-
Prosegur Group USA	6	-	-	(194)	-
Prosegur Group Holland	-	-	41,950	-	-
Prosegur Group India	4	-	-	-	-
Prosegur Group Luxembourg	25	59	-	-	-
Prosegur Group Singapore	199	-	-	-	-
Australia	-	91	-	-	-
China	-	8	-	(192)	-
Total	**77,926**	**1,423**	**104,503**	**(10,249)**	**(2,379)**

	Thousands of Euros				
	2012				
	Income			Expenses	
	Services rendered and other income	Interest	% ownership	Services received	Interest
Prosegur Gestión de Activos, S.L.U.	1	54	-	(3,221)	-
Servimax Servicios Generales, S.A.	2,393	-	-	(2,396)	(16)
Formación, Selección y Consultoría, S.A.	22	-	-	(2,240)	(22)
ESC Servicios Generales, S.L.	432	30	-	(281)	-
Prosegur Alarmas, S.A.	40	-	-	(3,767)	-
Prosegur Activa Holding, S.L.U.	-	475	-		-
Seguridad Vigilada S.A.	1,379	2	-	(209)	-
S.T.M.E.C.	74	3	-	(121)	-
SALCER Servicios Auxiliares	80	9	-	(39)	-
PITCO Ventures	274	-	-	(5)	(12)
Temporary Joint Ventures	1	-	-	-	-
Other	92	-	-	(25)	14
Prosegur Group Ireland	-	-	18,500	-	(497)
Prosegur Group France	1,961	282	-	(692)	-
Prosegur Group Argentina	4,796	-	526	(4,197)	(423)
Prosegur Group Brazil	9,264	-	5,225	1,733	(575)
Prosegur Group Mexico	1,356	335	-	(15)	-
Prosegur Group Paraguay	2,751	-	-	-	-
Prosegur Group Uruguay	1,250	77	-	(1,870)	-
Prosegur Group Peru	4,062	-	732	(127)	(151)
Prosegur Group Colombia	1,204	-	3,596	-	-
Prosegur Group Chile	3,187	-	-	(40)	-
Prosegur Group Portugal	4,750	-	3,981	(282)	-
Prosegur Group Germany	482	-	-	(3)	-
Prosegur Group China	-	11	-	-	-
Prosegur Group USA	-	-	-	(68)	-
Prosegur Group Holland	-	-	33,000	-	-
Prosegur Group India	95	-	-	-	-
Prosegur Group Luxembourg	-	347	-	-	-
Prosegur Group Singapore	213	-	-	-	-
Prosegur Group Romania	345	-	-	-	-
	40,504	**1,625**	**65,560**	**(17,865)**	**(1,682)**

Services rendered and other income fundamentally include Euros 44,461 thousand for centralised services invoices (Euros 24,898 thousand in 2012) and Euros 6,058 thousand for transfers of intangible assets (Euros 4,621 thousand in 2012). Also Euros 22,797 thousand (Euros 7,597 thousand in 2012) have been invoiced for use of the trademark.

Services rendered mainly include Euros 6,775 thousand (Euros 5,767 thousand in 2012) for revenues received for centralised services.

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

23. Remuneration of Directors and Senior Management Personnel

a) Remuneration of members of the board of directors

The total remuneration accrued by members of the board of directors is as follows:

	Thousands of Euros	
	2013	**2012**
Fixed remuneration	1,253	1,116
Variable remuneration	475	500
Remuneration in kind	17	16
Allowances	940	1,066
Life insurance premiums	33	44
Total	**2,718**	**2,742**

b) Remuneration of senior management personnel

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

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

	Thousands of Euros	
	2013	**2012**
Fixed remuneration	2,414	2,183
Variable remuneration	1,006	895
Remuneration in kind	121	107
Life insurance premiums	11	16
Total	**3,552**	**3,201**

In addition to what has been explained in paragraphs a) and b) above, and in regard to the 2011 Plan of long term incentives for director and senior management personnel of Prosegur (see Note 28.11), during 2013 no shares have been delivered or cash incentives paid. During 2012, 781,140 shares were distributed (see Note 15).

As explained in Note 28.11, at the general meeting held on 27 June 2008, the shareholders approved the 2011 Plan of long-term incentives to Chief Executive Officer and Senior Management Personnel of the Prosegur Group. Subsequently, at the general meeting held on 29 May 2012, the shareholders approved the 2014 Plan, which is linked to value creation in 2012-2014. Salaries and wages recognised in 2013 include an expense of Euros 662 thousand in relation to the 2011 and 2014 Plans, Euros 150 thousand of which are cash incentives and Euros 512 thousand are shares.

The total commitment undertaken by the Company at 31 December 2013 in relation to the share-based incentives specified in the 2011 and 2014 Plans amounts to Euros 3,171 thousand (Euros 2,659 thousand in 2012) and is recognised in equity (see Note 15).

The total commitment assumed by the Company in relation to the cash incentives specified in the 2014 Plan amounts to Euros 1,545 thousand (Euros 1,615 thousand in 2012) (see Note 15 and 17).

c) Interests and positions held by members of the board of directors in other similar companies

The directors declare that they hold no investments or management positions in any non-group companies with identical, similar or complementary statutory activities to that of the Company in 2013 and 2012.

The directors also declare that they have not carried out any functions, either on their own behalf or on behalf of third parties, in any company outside the Group with identical, similar or complementary statutory activities to that of the Company in 2013 and 2012.

The members of the board of directors that hold management positions in other Group companies at 31 December are as follows:

2013

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

2012

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

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

As required by article 229 of the Spanish Companies Act, which was introduced by Royal Decree Law 1/2010 of 2 July 2010, the members of the board of directors declare that they have not been involved in any direct or indirect conflicts of interest with the Company in 2013 and 2012.

24. Employee Information

The average headcount of the Company in 2013 and 2012, distributed by category, is as follows.

	2013	2012
Indirect personnel	393	1,840
Direct personnel	-	20,396
Total	**393**	**22,236**

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

	2013		2012	
	Female	**Male**	**Female**	**Male**
Indirect personnel	140	255	506	1,028
Direct personnel	-	-	3,111	17,354
Total	**140**	**255**	**3,617**	**18,382**

The year-end (and average) distribution by gender of the board of directors and senior management personnel is as follows:

	2013		2012	
	Female	**Male**	**Female**	**Male**
Board directors	3	6	3	6
Senior management	2	15	1	15
Total	**5**	**21**	**4**	**21**

The average number of Company employees with a disability rating of 33% or more, by category, is as follows.

	2013	2012
Indirect personnel	3	48
Direct personnel	-	99
Total	**3**	**147**

25. Audit Fees

KPMG Auditores, S.L., the auditors of the annual accounts of the Company, have invoiced the following fees for professional services during the years ended 31 December 2013 and 2012:

	Thousands of Euros	
	2013	**2012**
Audit services	185	279
Other services	53	-
Total	**238**	**279**

Audit services detailed in the above table include the total fees for services rendered in 2013 and 2012, irrespective of the date of invoice.

Other companies of the KPMG Europe, LLP Group have invoiced the following fees for professional services during the years ended 31 December 2013 and 2012:

	Thousands of Euros	
	2013	**2012**
Other services	264	184
Total	**264**	**184**

26. Financial Risk Management

Financial risk factors

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

The Company uses hedges to mitigate certain risks. Risk management is controlled by the Company's Treasury Department, which identifies, proposes and carries out the hedging instructions approved by the Company's Executive Committee.

(i) Currency risk

The Company operates mainly within Spain whereas the Prosegur Group, of which the Company is the parent, operates internationally. As a result, the Company is exposed to currency risk when operating with its subsidiaries in foreign currencies and through the assets and liabilities contracted in foreign currencies from third parties, specifically the Australian Dollar, the Colombian Peso and the Brazilian Real. Currency risk is associated with recognised assets and liabilities denominated in foreign currency.

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

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

During 2013, the Company contracted financial instruments in relation to currency risk on assets, liabilities and future transactions, which are detailed in Note 12.

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

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

	Thousands of Euros			
	2013		**2012**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Euro	189,207	930,746	349,325	809,065
Argentine Peso	-	483	-	1,021
US Dollar	-	106	34	246
Singapore Dollar	-	1,533	-	2,413
Colombian Peso	-	2,666	-	5,953
Brazilian Real	-	1,715	-	2,318
Peruvian Nuevo Sol	-	-	-	1,215
Australian Dollar	23,415	-	-	-
Mexican Peso	13	-	296	3,414
Total	**212,635**	**937,249**	**349,655**	**825,645**

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

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

Interest rate risk mainly arises from non-current borrowings. Borrowings at variable interest rates expose the Company to cash flow interest rate risks. Fixed-interest borrowings expose the Company to fair value interest rate risks. In 2013 and 2012 the Company's borrowings at variable interest rates were basically denominated in Euros and, to a lesser extent, in Brazilian Reais.

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

Based on the different scenarios, the Company manages cash flow interest rate risks through interest rate swaps.

Details of bonds and other marketable securities and loans and borrowings, indicating the portion considered to be hedged, either at a fixed rate or using derivatives, are as follows:

	Thousands of Euros		
	2013		
	Total borrowings	**Hedged borrowings**	**Exposed borrowings**
Non-current (Note 18)	626,226	565,757	60,469
Current (Note 18)	78,946	40,912	38,034
Total borrowings	**705,172**	**606,669**	**98,503**

	Thousands of Euros		
	2012		
	Total borrowings	**Hedged borrowings**	**Exposed borrowings**
Non-current (Note 18)	448,308	-	448,308
Current (Note 18)	117,609	100,000	17,609
Total borrowings	**565,917**	**100,000**	**465,917**

(iii) <u>Credit risk</u>

The Company has no significant credit risk concentrations given that, following the spin-off of the private security business line to Prosegur España S.L.U. (see Note 6), the main activity of the Company is that of Group companies.

(iv) <u>Liquidity risk</u>

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

Management monitors the Company's liquidity reserves, which comprise credit drawdowns (see Note 18) and available cash and cash equivalents (see Note 14), and are forecast based on expected cash flows.

As described in Note 2.a, at 31 December 2013 the Company has negative working capital of Euros 119,852 thousand (Euros 63,667 thousand in 2012). However, as the Company is parent of the Prosegur Group, which has positive working capital of Euros 313,520 thousand, the Company's liquidity position for 2013 is based on the following:

- At 31 December 2013 the Company has cash and cash equivalents of Euros 140 thousand and the Prosegur Group, of which it is parent, has cash and cash equivalents of Euros 292,942 thousand, according to the consolidated annual accounts.
- At 2013 year end, the Company and the Group had undrawn credit facilities of Euros 76,924 thousand (see Note 18) and Euros 286,068 thousand, respectively.
- Cash flows from operating activities in 2013 amounted to Euros 49,896 thousand at individual level and Euros 287,442 thousand at Group level. This demonstrates the Company's and Group's capacity for generating significant and recurrent operating cash flows.

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

	Thousands of Euros				
	Less than 1 year	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
31 December 2013	78,946	130,469	495,757	-	705,172
31 December 2012	117,609	50,270	397,662	376	565,917

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

(v) Price volatility risk

As the Company is a service business heavily based on human capital, there are no significant price volatility risks.

27. Events after the Reporting Date

On 10 January 2014, Prosegur has carried out the block sale of a packet of own shares accounting for 4.032% of the share capital, for a total amount of Euros 123,169.6 thousand, that is, 24,882,749 shares at Euros 4.95, to meet the requirements presented by JB Capital Markets of a limited and reduced number of institutional investors. Following this transaction, Prosegur holds 2.399% of own shares which it considers to be strategic for potential corporate operations in the future.

28. Accounting Principles

28.1. Intangible Assets

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

Fixed asset prepayments are recognised initially at cost. In subsequent years and provided the period between the payment and receipt of the asset exceeds one year, prepayments earn interest at the supplier's incremental rate.

a) Software applications

Software applications purchased and those developed by the Company, including costs of development of websites, are recognised insofar as they meet the criteria set for development costs. Such costs are amortised over the estimated useful lives of the applications, at 5 years.

Disbursements made for the development of a website for promotional purposes or the advertisement of products or services of the Company are recognised as expenses at the time these are incurred.

Computer software maintenance costs are charged as expenses when incurred.

b) Licences

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

At 31 December 2013 the Company has a computer software licence with an indefinite useful life amounting to Euros 1,042 thousand (Euros 1,042 thousand in 2012) (see Note 7).

28.2. Property, Plant and Equipment

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

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

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

The replacement of property, plant and equipment that may be capitalised carries a reduction in the carrying value of the items replaced. When the cost of the items replaced has not been depreciated separately and the calculation of the carrying value thereof were not feasible, the cost of replacement is used as an indication of the cost of the items at the time of acquisition or construction thereof.

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

The Company uses the following depreciation rates:

	Depreciation rate
Buildings	2% to 3%
Technical installations	10% to 25%
Machinery and equipment	10% to 30%
Furniture	10%
Computer equipment	25%
Motor vehicles	16%
Other property, plant and equipment	10% to 25%

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

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

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

28.3. Impairment Losses on Non-financial Assets

Assets with indefinite useful lives, such as goodwill and certain licences, are not amortised, but are instead tested for impairment on an annual basis.

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

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

For the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

28.4. Financial Assets

a) Loans and receivables

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

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

Loans with interest contingent on the borrower achieving a milestone such as obtaining profits, or calculated by reference to the financial performance of the borrower, are measured at cost, plus the attributable interest. In these cases, transaction costs are recognised on a straight-line basis over the term of the loan.

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

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

b) Financial assets held for trading

An asset is classified as a financial asset held for trading if it is acquired principally for the purpose of selling it in the near term, forms part of a portfolio of identified financial instruments that are managed together for short-term profit-taking or is a derivative financial instrument, except for financial guarantee contracts or designated hedging instruments.

These financial assets are recognised at fair value both on initial recognition and on subsequent measurement and any changes in fair value are recognised in the income statement. Transaction costs directly attributable to the acquisition are recognised in the income statement.

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

These investments are initially recognised at cost, which is equivalent to the fair value of the consideration paid, including for jointly controlled companies and associates the transaction costs incurred, and are subsequently measured at cost net of any accumulated impairment losses. The cost of acquisition of investments in Group companies made before 1 January 2010 includes the transaction costs incurred. However, for investments made prior to classification as a group company, jointly controlled company or associate, the cost of the investment is considered to be the carrying amount immediately before this classification. Valuation adjustments previously recognised in equity remain in equity until the investment is derecognised.

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

d) Available-for-sale and other non-current financial assets

This category comprises debt securities and equity instruments that are not included in the aforementioned categories. Available-for-sale financial assets are classified as non-current assets unless management intends to derecognise the investment within twelve months after the balance sheet date.

Available-for-sale financial assets are measured at fair value and any changes are recognised directly in equity until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recorded in equity is recognised in profit or loss, provided that the fair value can be determined. Otherwise, it is recognised at cost less any impairment losses.

An available-for-sale financial asset is impaired if there is objective evidence that the estimated future cash flows are reduced or delayed, in the case of acquired debt instruments, or the carrying amount of the asset is uncollectible, in the case of equity instruments. The impairment of these assets is the difference between the cost or amortised cost less any impairment previously recognised in the income statement, and the fair value on the date of measurement. Impairment of equity instruments that are measured at cost because their fair value cannot be determined is calculated in the same way as for investments in group companies, jointly controlled entities and associates.

If there is objective evidence of impairment, the Company recognises in the income statement the accumulated losses previously recognised in equity as a result of a decrease in the fair value of the assets. Impairment losses on equity instruments recognised in the income statement are not reversed through the income statement.

The fair values of quoted investments are based on current purchase prices. If the market for a financial instrument is not active (and in the case of unquoted securities), the Company establishes fair value using valuation techniques including the use of recent transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making maximum use of observable market data and relying as little as possible on subjective considerations of the Company.

e) Derecognition of financial assets

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

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

f) Offsetting principles

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

28.5. Financial Derivatives

Financial derivatives are recognised at fair value both on initial recognition and subsequent measurement. The recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the hedge.

Gains and losses on the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement.

The Company currently has no financial derivatives that qualify for hedge accounting.

28.6. Cash and Cash Equivalents

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

28.7. Non-current Assets Held for Sale

Non-current assets are classified as held for sale when their carrying amount is expected to be recovered through a sales transaction rather than continued use. This criterion is considered to be met only when sale is highly probable and the asset is available for immediate sale in its current condition within a period of one year after the classification date. These assets are not amortised or depreciated and are recognised at the lower of their carrying amount and fair value less costs to sell.

28.8. Equity

The share capital of the Company is represented by ordinary shares.

The cost of issuing new shares or options is recognised directly in equity as a decrease in reserves.

The consideration paid by the Company in the acquisition of own shares, including any directly attributable costs, is deducted from equity until the shares are cancelled, reissued or disposed of. If these shares are subsequently sold or reissued, any amount received, net of any incremental costs directly attributable to the transaction, is recognised in equity.

28.9. Financial Liabilities

a) Debts and payables

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

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

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

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

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

b) Financial liabilities held for trading

Financial liabilities held for trading are all financial liabilities that are incurred principally for the purpose of repurchasing them in the near term, form part of a portfolio of identified financial instruments that are managed together for short-term profit-taking or are derivative financial instruments, except for financial guarantee contracts or designated hedging instruments.

These financial liabilities are recognised at fair value both on initial recognition and subsequent measurement and any changes in fair value are recognised in the income statement. Transaction costs directly attributable to the issue are recognised in the income statement.

c) Derecognition of financial liabilities

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

d) Offsetting principles

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

28.10. Current and Deferred Tax

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

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

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

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

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

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

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

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

28.11. Employee Benefits

a) Share-based payments – 2011 Plan

At the general meeting held on 27 June 2008, the shareholders approved the 2011 Plan of long-term incentives to Chief Executive Officer and Senior Management Personnel of the Prosegur Group. The 2011 Plan is generally linked to value creation during the 2008-2011 period and foresees the payment of share-based incentives to Chief Executive Officer and Senior Management Personnel of the Prosegur Group.

Under the 2011 Plan, recipients are entitled to a bonus over several years, 50% cash and 50% in Company shares. A reference price of Euros 2.814 per share was determined at the beginning of the Plan. The receipt of this incentive depends on various performance and length-of-service requirements.

The 2011 Plan has a duration of four years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The plan measures target achievement from 1 January 2008 until 31 December 2011 and length of service from 1 January 2008 until 1 January 2014. Entitlement to incentives is assessed on the following dates:

- Preliminary assessment date: 1 May 2010
- Final assessment date: 1 May 2012
- Length-of-service bonus date: 1 January 2014

A mixed accounting treatment is applied, comprising both a cash settlement and a share-based settlement.

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 length-of-service assessment period, with the corresponding increase in equity. The total expense recognised over the accrual period (see Note 3) is determined based on the shares granted, measured at the reference price stipulated in the Plan. This commitment has been estimated under the assumption that the length-of-service requirement will be met (see Note 15).

With regard to the cash incentives, the total commitment acquired is recognised as an expense in the income statement with a credit to provisions on an accruals basis over the Plan assessment period (see Note 17).

b) Share-based payments – 2014 Plan

At the general meeting held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives to Chief Executive Officer and Senior Management Personnel of the Prosegur Group. This Plan also considers the delivery of incentives by way of Company shares and/or cash to Chief Executive Officer and Senior Management Personnel of the Company. The maximum number of shares earmarked for the 2014 Plan is 4,120,000, representing 0.668% of Prosegur's present share capital.

Under the 2014 Plan, recipients are entitled to a bonus over several years, 50% cash and 50% in Company shares. A reference price of Euros 3.31 per share was determined at the beginning of the Plan. The receipt of this incentive depends on various performance and length-of-service requirements.

The 2014 Plan has a duration of three years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The plan measures target achievement from 1 January 2012 until 31 December 2014 and length of service from 1 January 2012 until 1 December 2016. The dates for target measurement of 2014 Plan are as follows:

- Final assessment date: 31 December 2014
- Length-of-service bonus date: 2017

A mixed accounting treatment is applied, comprising both a cash settlement and a share-based settlement.

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 length-of-service assessment period, with the corresponding increase in equity. The total expense recognised over the accrual period (see Note 3) is determined based on the shares granted, measured at the reference price stipulated in the Plan. This commitment has been estimated under the assumption that the length-of-service requirement will be met (see Note 15).

With regard to the cash incentives, the total commitment acquired is recognised as an expense in the income statement with a credit to provisions on an accruals basis over the Plan assessment period (see Note 17).

c) Termination benefits

Termination benefits are paid to employees as a result of the Company's decision to terminate employment before the normal retirement age or when the employee accepts voluntary redundancy in exchange for these benefits. The Company recognises these benefits when it has demonstrably committed to terminating the employment of employees, in accordance with a detailed formal plan with no possibility of withdrawal, or to granting termination benefits in an offer of voluntary redundancy.

d) Profit-sharing plans and bonuses

The Company calculates the liability and expense for bonuses using a formula based on EBITDA (earnings before interest, tax, depreciation and amortisation) when these are contractually binding or where past practice has given rise to implicit obligations.

e) Remuneration of directors

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

28.12. Provisions and Contingent Liabilities

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

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

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

Reimbursements from third parties of the expenditure required to settle a provision are recognised as a separate asset provided that it is virtually certain that the reimbursement will be received.

Possible obligations arising from past events, the materialisation of which is contingent on one or more future events beyond the control of the consolidated entities, are considered contingent liabilities. These contingent liabilities are not recognised in the accounts but are disclosed in the notes (see Note 20).

28.13. Business Combinations

In accordance with the third transitional provision of Royal Decree 1514/2007, the Company has only recognised business combinations that occurred on or after 1 January 2008, the date of transition to the Spanish General Chart of Accounts, using the acquisition method. Business combinations that occurred prior to that date were recognised in accordance with accounting principles prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

Business combinations carried out since 1 January 2010 are recognised by applying the acquisition method established in Recognition and Measurement Standard 19 of the Spanish General Chart of Accounts amended by article 4 of Royal Decree 1159/2010, which approves the standards for the preparation of consolidated annual accounts and amends the Spanish General Chart of Accounts.

The Company applies the acquisition method for business combinations, except for mergers, spin-offs and non-monetary contributions of a business between group entities.

Mergers, spin-offs and non-monetary contributions between group companies are recognised using the criteria applicable to related party transactions (see Note 28.18).

Business combinations arising as a result of the acquisition of shares or equity holdings in a company are recognised using the criteria applicable to investments in group companies, jointly controlled companies and associates (see Note 28.4).

The acquisition date is the date on which the Company obtains control of the acquiree.

In 2013, the private security business line in Spain was spun off by Prosegur Compañía de Seguridad, S.A. to Prosegur España S.L.U. (the beneficiary) (see Note 6).

In 2012, the holding and management of real estate line of business carried out by Prosegur Compañía de Seguridad, S.A. was spun off to Prosegur Gestión de Activos, S.L. (the beneficiary) (see Note 6).

The Company has considered the elements forming the spun-off business, including amounts deferred in recognised income and expense, at the consolidated amounts reflected in the consolidated annual accounts prepared under International Financial Reporting Standards as adopted by the European Union (EU-IFRS), provided that the consolidated information does not differ from that which would have been obtained by applying the Standards for the Preparation of Consolidated Annual Accounts approved by Royal Decree 1159/2010 of 17 September 2010.

The transaction date for accounting purposes is the first day of the year, 1 January 2013.

28.14. Joint Ventures

a) Jointly controlled operations and assets

The Company recognises its share of jointly controlled assets and jointly incurred liabilities, as well as the assets that it controls and the liabilities that it incurs due to the joint venture based on its percentage of interest.

The Company also recognises its share of the income that it earns and the expenses that it incurs in the joint venture in the income statement. As well as the expenses incurred in relation to its interest in the joint venture.

Unrealised gains and losses arising from reciprocal transactions have been eliminated in proportion to the interest held by the Company in joint ventures, as have reciprocal assets, liabilities, income and expenses and cash flows.

b) Jointly controlled companies

Interests in jointly controlled companies are recognised in accordance with the criteria for investments in group companies, jointly controlled companies and associates (see Note 28.4).

28.15. Revenue Recognition

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

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

In accordance with the Resolution of the Institute of Accounting and Auditing (I.C.A.C) 79/2009 Consultation 2, regarding the classification in individual annual accounts of income and expenses of a holding company, whose main activity is the holding of shares and the financing of transactions carried out by its investees, income from dividends and interest earned from funding granted to investees are classified as net revenues in the Income Statement. An item has been added within the operating margin to reflect impairment losses in equity instruments associated with its activity.

Initial estimates of revenues are reviewed where circumstances so require. These reviews may result in an increase or reduction in the estimated revenues and costs, and are recognised in profit or loss for the period in which the circumstances giving rise to the review become known to management.

a) Provision of services

These primarily consist of general services provided by the Group parent company such as management and administrative support, marketing services, information technology, legal and tax advice provided by the Company to its subsidiaries.

b) Interest received

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

c) Dividends

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

28.16. Leases

a) Operating leases - lessee

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

28.17. Foreign Currency Transactions

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

28.18. Related Party Transactions

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

28.19. Grants

Grants are recorded in recognised income and expense when they have been officially awarded, the conditions attaching to them have been met and there is reasonable assurance that they will be received.

Monetary grants are measured at the fair value of the sum received, whilst non-monetary grants received are accounted for at the fair value of the asset received.

Grants awarded to finance specific expenses are recognised as income when the financed expenses are accrued.

Annex I – Investments in Group Companies

Below is the information relating to shares held in Group companies:

					2013				
					% ownership		Voting rights		
Obs.	Company	Registered offices		Activity	Direct	Indirect	Direct	Indirect	Auditor
	Prosegur España, S.L.U.	Pajaritos, 24	Madrid	1	100%		100%		A
	Prosegur Gestion de Activos, S.L.U.	Pajaritos, 24	Madrid	2	100%		100%		A
	Servimax Servicios Generales, S. A.	Pajaritos, 24	Madrid	1	100%		100%		A
	Formación Selección y Consultoría, S. A.	Santa Sabina, 8	Madrid	2	100%		100%		B
	ESC Servicios Generales, S.L.U.	Avda. Primera, B-1 - Poligono Pocomaco (A CORUÑA)	A Coruña	1	100%		100%		A
*	Prosegur Activa Holding, S.L.U.	Pajaritos, 24	Madrid	4	100%		100%		A
	Prosegur Alarmas, S.A.	Pajaritos, 24	Madrid	2	100%		100%		B
	Seguridad Vigilada, S.A.	Pisuerga, 18	Barcelona	1	100%		100%		A
	S.T.M.E.C., S.L:	Pisuerga, 18	Barcelona	1	100%		100%		B
	Salcer Servicios Auxiliares, S.L.	Pisuerga, 18	Barcelona	1	100%		100%		B
	Beloura Investements, S.L.U.	Pajaritos, 24	Madrid	4	100%		100%		B
	Pitco Ventures, SCR Simplificada, S.A.	Pajaritos, 24	Madrid	4	100%		100%		A
	Malcoff Holding BV	Schouw burgplein, 30-34	Rotterdam	4	100%		100%		B
	Reinsurance Bussiness Solutions Ltda.	Third Floor. The Metropolitan Building. James Joyce Street.	Dublín	5	100%		100%		A
	Prosegur Distribuçao e Serviços, Lda	Av. Infante Dom Enrique 326	Lisboa	2	100%		100%		B
	Prosegur Companhia de Segurança Lda	Av. Infante Dom Enrique 326	Lisboa	1	100%		100%		A
*	Prosegur France, SA	Parc Technologique, 5. Place Berthe Morisot 69800	Saint Priest	1	100%		100%		A
*	Esta Service, SASU	Parc Technologique, 5. Place Berthe Morisot 69800	Saint Priest	6	100%		100%		B
	Prosegur Centre, SARL	88 Avenue Geneila Frere 69008	Lyon	6	100%		100%		B
*	Prosegur Traitement de Valeurs EST SAS (ex Valtis, S.A.)	2 Rue Lovoisier BP 61609 25010 Besancon Cedez 3	Besancon	1	100%		100%		A
	Prosegur Participations SAS (ex-Sazias SA)	1267 Ave Pierre et Marie Curie-Z.L. Secteur C-06700	Saint Laurend du Var	1	100%		100%		
	Prosegur Traitment de Valeurs Provence SAS (Ex-Euroval	604 Avenue du Col de L´Ange - ZA des Plaines de Jouques - 13420	Gemenos	1	5%	95%	5%	95%	
*	Armor Acquisition, S. A.	Tres Arroyos 2835	Cuidad de Buenos Aires	4	5%	95%	5%	95%	A
	Prosegur Tecnología Argentina, S.A. (anteriormente Fire Less, S. A.)	Tres Arroyos 2835	Cuidad de Buenos Aires	1	4%	96%	4%	96%	A
	Xiden, S.A.C.I.	Olleros 3923	Cuidad de Buenos Aires	1	8%	92%	8%	92%	A
	General Insdustries Argentina, S.A (GIASA)	Herrera, 1175	Ciudad de Buenos Aires	1	90%	10%	90%	10%	A
	Tellex, S.A.	Rincon 1346	Ciudad de Buenos Aires	3	95%	5%	95%	5%	A
	Prosegur Holding, S.A.	Tres Arroyos 2835	Cuidad de Buenos Aires	4	10%	90%	10%	90%	A

This appendix forms an integral part of Note 10 to the annual accounts, in conjunction with which it should be read.

Obs.	Company	Registered offices		Activity	2013 % ownership Direct	2013 % ownership Indirect	2013 Voting rights Direct	2013 Voting rights Indirect	Auditor
	Prosegur Inversiones, S.A.	Tres Arroyos 2835	Cuidad de Buenos Aires	4	10%	90%	10%	90%	A
	Prosegur Activa Alarmes Ltda	Thomas Edison 813 Barra Funda	San Pablo	3	68%	32%	68%	32%	B
	Prosegur Tecnologia em Sistemas de Segurança Electroni	Rua Barao Do Bananal, Villa Pompêia	San Pablo	1	100%		100%		A
	Prosegur Holding e Participacoes, S.A.	Thomas Edison 813 Barra Funda	San Pablo	4	39%	61%	39%	61%	A
	Prosegur Gestao de Efectivos, Ltda.	Thomas Edison 813 Barra Funda	San Pablo	1	100%		100%		B
	Prosegur Gestao de Activos, Ltda.	Thomas Edison 813 Barra Funda	San Pablo	2	0%	100%	0%	100%	
	Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 of. 100	Renca-Santiago	2	83%	17%	83%	17%	A
	Servicios Prosegur Ltda.	Los Gobelinos 2567 of. 100	Renca-Santiago	1	100%		100%		A
	Sociedad de Distribución Canje y Mensajeria Ltda	Los Gobelinos 2548	Renca-Santiago	1	49%	51%	49%	51%	A
	Prosegur Tecnología Chile Ltda	Lo Boza 107, Mod. 3 Pudahuel	Santiago de Chile	1	100%		100%		A
	Prosegur Activa Chile, S.L.	Catedral 1009, piso 14	Santiago Centro	3	1%	99%	1%	99%	A
*	Prosegur Mexico S de RL de CV(Ex - PS Mexico Compañia	Norte 79 B No. 77 Colonia Sector Naval 02080	México D.F.	1	86%		86%		A
	Grupo Tratamiento y Gestión de Valores SAPI de CV	Norte 79 B No. 77 Colonia Sector Naval 02080	México D.F.	1	80%		80%		
	Prosegur Seguridad Privada Logistica y Gestión de Efectiv	Norte 79 B No. 77 Colonia Sector Naval 02081	México D.F.	1	45%	55%	45%	55%	
	Cia Transportadora de Valores Prosegur Colombia,S.A.	Avda de las Americas 42-25	Bogota	1	95%	5%	95%	5%	A
	Prosegur Activa Uruguay, S.A.	Bvrda. Artigas, 2629	Montevideo	3	5%	95%	5%	95%	
	Gemper, S. A.- Sistemas Integrales de Control	Jose Enrique Rodo, 1761	Montevideo	1	100%		100%		A
	Rosegur Cash Services SA	Bulevardul Ghica Tei, Nr 64-70	Bucarest	1	51%		51%		B
	Proseguridad, S.A.	Avda. Los Próceres, 250 Surco	Lima	3	27%	73%	27%	73%	B
	Prosegur Tecnologia Perú, S.A.	La Chira, 103 Surco	Lima	3	99%	1%	99%	1%	B
	Prosegur Activa Perú, S.A.	Avda.República de Panamá, 3890-Surquillo	Lima	3	1%	99%	1%	99%	
	Prosegur Servicios Administrativos, S.A.	Av.Primavera 1050-Urb.Chacarilla del Estanque	Santiago de Surco	2	99%	1%	99%	1%	
	Prointrasn, LLC	1200 Brickell Avenue, Suite 1950	Miami	2	100%		100%		
	Prosegur Technological Security Solutions, LLC	Al Falah Street-211	Abu Dhabi	1	49%		49%		
*	Luxpai Holdo SARL	5, Rue Guillaume Kroll, L-1882	Luxemburgo	4	100%		100%		
	Prosegur, GMBH	Wahlerstrasse 2a - 40472	Düsseldorf	1	100%		100%		
	Prosegur Deutschand GMBH	Insterburger Straße 7a, D-60487	Frankfurt am Main	1	100%		100%		

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					2012				
					% ownership		Voting rights		
Obs.	Company	Registered offices		Activity	Direct	Indirect	Direct	Indirect	Auditor
	Prosegur Gestion de Activos, S.L.U.	Pajaritos, 24	Madrid	4	100%	-	100%	-	A
	Servimax Servicios Generales, S. A.	Pajaritos, 24	Madrid	1	100%	-	100%	-	A
	Formación Selección y Consultoría, S. A.	Santa Sabina, 8	Madrid	2	100%	-	100%	-	B
	ESC Servicios Generales, S.L.U.	Avda. Primera B-1	A Coruña	1	100%	-	100%	-	A
	Prosegur Activa Holding, S.L.U.	Pajaritos, 24	Madrid	4	100%	-	100%	-	A
	Prosegur Alarmas, S.A.	Pajaritos, 24	Madrid	2	100%	-	100%	-	B
	Seguridad Vigilada, S.A.	Pisuerga, 18	Barcelona	1	100%	-	100%	-	A
	S.T.M.E.C., S.L:	Pisuerga, 18	Barcelona	1	100%	-	100%	-	B
	Salcer Servicios Auxiliares, S.L.	Pisuerga, 18	Barcelona	1	100%	-	100%	-	B
	Beloura Investements, S.L.U.	Pajaritos, 24	Madrid	4	100%	-	100%	-	B
	Pitco Ventures, SCR Simplificada, S.A.	Pajaritos, 24	Madrid	4	100%	-	100%	-	A
	Malcoff Holding BV	Schouwburgplein, 30-34	Rotterdam	4	100%	-	100%	-	B
	Reinsurance Bussiness Solutions Ltda.	80 Harcour Street	Dublin	5	100%	-	100%	-	A
	Prosegur Distribuçao e Serviços, Lda	Av. Infante Dom Enrique 326	Lisboa	2	100%	-	100%	-	B
	Prosegur Companhía de Segurança Lda	Av. Infante Dom Enrique 326	Lisboa	1	100%	-	100%	-	A
*	Prosegur France, S. A.	84 Rue des Aceries	Saint Etienne	1	100%	-	100%	-	A
	SARL BFA	8 Avenue Descartes	Les Plessis Robinson	3	34%	66%	34%	66%	B
*	Esta Service, SASU	84 Rue des Aceries	Saint Etienne	6	100%	-	100%	-	B
	Prosegur Centre, SARL	84 Rue des Aceries	Saint Etienne	6	100%	-	100%	-	B
	Prosegur Traitement de Valeurs EST (ex Valtis, S.A.)	2 Rue Lovoisier	Besancon	1	100%	-	100%	-	A
*	Sazias, S.A.	1267 Ave Pierre et Marie Curie-Z.L.	Saint Laurend du Var	1	100%	-	100%	-	C
	Euroval, S.A.S.	604 Avenue du Col de L´Ange	Gemenos	1	5%	95	5%	95	
*	Armor Acquisition, S. A.	Tres Arroyos 2835	Cuidad de Buenos Aires	4	5%	95%	5%	95%	A
	Prosegur Tecnologia Argentina, S.A.	Tres Arroyos 2835	Cuidad de Buenos Aires	1	4%	96%	4%	96%	
	(anteriormente Fire Less, S. A.)								A
	Xiden, S.A.C.I.	Olleros 3923	Cuidad de Buenos Aires	1	8%	92%	8%	92%	A
	General Insdustries Argentina, S.A (GIASA)	Herrera, 1175	Ciudad de Buenos Aires	1	90%	10%	90%	10%	A
	Tellex, S.A.	Rincon 1346	Ciudad de Buenos Aires	3	95%	5%	95%	5%	A
	Prosegur Holding, S.A.	Tres Arroyos 2835	Cuidad de Buenos Aires	4	10%	90%	10%	90%	A
	Prosegur Inversiones, S.A.	Tres Arroyos 2835	Cuidad de Buenos Aires	4	10%	90%	10%	90%	A
	Prosegur Activa Alarmes Ltda	Thomas Edison 813 Barra Funda	San Pablo	3	1%	99%	1%	99%	B

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Obs.	Company	Registered offices		Activity	2012 % ownership Direct	Indirect	Voting rights Direct	Indirect	Auditor
*	Prosegur Tecnologia em Sistemas de Segurança Electronica e Incendios Ltda.	Rua Barao Do Bananal, Villa Pompêia	San Pablo	1	100%	-	100%	-	A
*	Prosegur Holding e Participaçoes, S.A	Thomas Edison 813 Barra Funda	San Pablo	4	9%	98%	12%	98%	A
	Prosegur Gestao de Efectivos, Ltda.	Thomas Edison 813 Barra Funda	San Pablo	1	100%		100%	-	A
	Prosegur Gestao de Activos, Ltda.	Thomas Edison 813 Barra Funda	San Pablo	2	0%	100%	0%	100%	
	Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 of. 100	Renca-Santiago	2	83%	17%	83%	17%	A
	Servicios Prosegur Ltda.	Los Gobelinos 2567 of. 100	Renca-Santiago	1	100%	-	100%	-	A
	Sociedad de Distribución Canje y Mensajeria Ltda	Los Gobelinos 2548	Renca-Santiago	1	49%	51%	49%	51%	A
	Prosegur Tecnologia Chile Ltda	Lo Boza 107, Mod 3	Pudehuel - Santiago	1	100%	-	100%	-	A
	Prosegur Activa Chile, S.L.	Catedral 1009, piso 14	Santiago Centro	3	1%	99	1%	99	A
*	PS México Compañia de Seguridad Privada, SA de CV	Norte 79 B No. 77 Colonia Sector Naval 02080	México D.F.	1	95%	-	94%	-	A
	Grupo Tratamiento y Gestión de Valores SAPI CV	Norte 79 B No. 77 Colonia Sector Naval 02080	México D.F.	1	80%	-	80%	-	
*	Cia Transportadora de Valores Prosegur Colombia,S.A	Avda de las Americas 42-25	Bogota	1	95%	5%	95%	5%	A
	Prosegur Activa Uruguay, S.A	Bvrda. Artigas, 2629	Montevideo	3	5%	95%	5%	95%	
	Genper, S. A Sistemas Integrales de Control	Jose Enrique Rodo, 1761	Montevideo	1	100%	-	100%	-	A
	Rosegur Cash Services	Bulevardul Ghica Tei, Nr 64-70	Bucarest	1	51%	-	51%	-	B
	Prosegur Tecnologia Perú, S.A	La Chira, 103 Surco	Lima	3	99%	1%	99%	1%	B
	Prosegur Activa Perú, S.A	Avda.República de Panamá, 3890-Surquillo	Lima	3	1%	99%	1%	99%	
	Prosegur Servicios Administrativos S.A	Av. Primavera 1050-Urb. Chacarilla del Estanque	Santiago de Surco	2	99%	1%	99%	1%	
	Pointrans LLC	1200 Brickell Avenus, Suite 1950	Miami	2	100%	-	100%	-	
	Prosegur Technological Security Solutions LLC	Al Falah Street-211	Abu Dhabi	1	49%	-	49%	-	
*	Luxpai Holdo SARL	5, Rue Guillaume Kroll, L-1882	Luxemburgo	4	100%	-	100%	-	
	Prosegur, GMBH (antes denominada Securlog, GM	Wahlerstrasse 2a	Düsseldorf	1	100%	-	100%	-	
	Prosegur Seguridad Privada Logigistica y Gestión de Efectivo, S.A de C.V.	Norte 79 B No. 77 Colonia Sector Naval 02081	México D.F.	1	45%	55%	45%	55%	

Obs: (*): These companies hold interests in other group companies within the same geographical area.
Activity: **1.** Surveillance **2.** CIT/CM **3.** Technology **4.** Two or more activities **5.** Holding company **6:** Financial services 7: Auxiliary services **8**: Dormant
Auditor: **A.** Audited by KPMG B. Not subject to audit C. Other

This appendix forms an integral part of Note 10 to the annual accounts, in conjunction with which it should be read.

Thousands of Euros

		2013						
			EQUITY					
Company	Country	Carrying amount	Share capital	Reserves	Other items	Operating profit/(loss)	Profit/(loss) for the year	Dividends received
Companies in Spain								
Prosegur España, S.L.U.	Spain	172,286	74,242	28,408	74,239	35,816	25,540	18,000
Prosegur Gestión de Activos, S.L.U.	Spain	59,855	29,953	-	27,539	1,532	1,104	-
Servimax Servicios Generales, S.A.	Spain	86	379	6,327	-	3,042	2,173	6,251
Prosegur Activa Holding, S.L.U.	Spain	5,122	2,000	354	2,339	547	3,831	1,616
Formación, Selección y Consultoria, S.A.	Spain	120	120	1,240	-	772	575	1,216
Seguridad Vigilada, S.A.	Spain	3,428	751	146	(710)	791	601	-
S.T.M.E.C., S.L.	Spain	50	3	268	(175)	304	245	-
Salcer Servicios Auxiliares, S.L.	Spain	50	3	104	(104)	276	207	-
Beloura Investments, S.L.U.	Spain	19,367	3	-	**(131)**	(1)	(11)	-
Prosegur Multiservicios, S.A.	Spain	150	150	261	-	459	349	-
Pitco Ventures, SCR Simplificada, S.A.	Spain	600	1,200	-	(1,078)	(703)	(485)	-
ESC Servicios Generales, S.L.	Spain	6	6	1,363	-	1,309	907	1,362
Subsidiaries abroad								
Prosegur France, S.A. (Cinieri)	France	45,964	9,240	7,182	(2,019)	(302)	(1,369)	-
Prosegur Traitement de Valeurs, EST EURL (Valtis, S.A.)	France	13,078	1,031	2,894	-	418	376	-
Esta Servicie, SARL	France	-	61	649	(4,215)	(3)	(3)	-
Prosegur Centre, S.R.L.	France	-	15	4	(100)	(1)	(1)	-
Prosegur Participations, S.A.S. (Sazias, S.A.)	France	10,213	860	925	(815)	71	337	-
Euroval, S.A.S.	France	4,548	1,166	4	(1,117)	177	168	-
Malcoff Holding, B.V.	Holland	172,129	40	172,084	(180,369)	(13,556)	28,583	41,950
Prosegur Companhia de Segurança, Lda.	Portugal	15,710	11,007	3,737	782	867	673	1,991
Prosegur Distribuição e Serviços, Lda.	Portugal	3,277	50	20	1,172	272	262	-
Reinsurance Bussiness Solutions Limited	Ireland	635	635	2,759	(3,800)	1,207	1,068	3,800
ROSEGUR CASH SERVICES	Romania	230	108	-	(1,193)	(379)	(385)	-
Luxpai Holdo, S.A.R.L.	Luxembourg	58,660	7,729	50,927	(814)	(43)	9,756	-

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PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

Thousands of Euros

Company	Country	Carrying amount	Share capital	Reserves	Other items	Operating profit/(loss)	Profit/(loss) for the year	Dividends received
		2013						
			EQUITY					
Prosegur, GMBh	Germany	22,668	1,500	25,518	(12,569)	(9,326)	(10,171)	-
Prosegur Deutschand GMBH	Germany	0	3,534		(24,487)	-	-	-
Armor Adquisition, S.A.	Argentina	5,523	28,902	21,789	260,808	40,775	41,546	1,217
Xiden, S.A.C.I.	Argentina	2,116	3,071	45	839	1,460	693	-
Prosegur Tecnología Argentina, S.A.	Argentina	3,182	5,041	1	(1,595)	191	106	-
General Industries Argentina, S.A. (GIASA)	Argentina	3,159	257	115	221	922	458	449
Tellex, S.A.	Argentina	5,039	751	6,480	(1,081)	(1,026)	(1,645)	-
Prosegur Holding, S.A.	Argentina	388	1,809	362	5,476	(57)	210	595
Prosegur Inversiones, S.A.	Argentina	44	203	41	606	(12)	18	65
Capacitaciones Ocupacionales Sociedad, Ltda.	Chile	383	352	47	(115)	(120)	(94)	-
Servicios Prosegur, Ltda.	Chile	1,533	1,404	1,134	23,908	10,044	8,118	-
Sociedad de Distribución Canje y Mensajeria, Ltda.	Chile	1,311	2,271	119	6,342	(1,127)	(917)	-
Prosegur Tecnología Chile, Ltda.	Chile	1	981	(328)	(2,411)	(2,077)	(1,756)	-
Prosegur Activa Chile, Ltda.	Chile	(0)	5,772	3,147	(25,073)	(1,786)	(1,497)	-
Cía Transportadora de Valores Prosegur Colombia, S.A.	Colombia	27,125	8,101	8,987	1,372	3,339	2,655	-
Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios, Ltda.	Brazil	25,688	20,384	83	(2,166)	(796)	(133)	-
Prosegur Holding e Participações, S.A.	Brazil	147,156	177,497	143,590	(127,427)	(100)	11,565	25,991
Prosegur Activa Alarmes, Ltda.	Brazil	11,646	115	12,163	784	(1,370)	(2,213)	-
Prosegur Gestão de Efectivo, Ltda.	Brazil	-	-	-	-	-	-	-
Prosegur Gestão de Activos, Ltda.	Brazil	0	1,165	-	142	705	407	-
Prosegur México, S. de R.L.de C.V.	Mexico	0	45,421	3,938	(669)	(26)	(111)	-
PRO-S CIA SEGURIDAD	Mexico	0	1,969	-	(771)	(300)	(303)	-
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S	Mexico	-	15,497	-	(6,590)	(2,987)	(2,896)	-
Grupo Tratamiento y Gestión de Valores, SAPI de CV	Mexico	388	443	-	3	(1)	(1)	-
Prosegur Alarmas, S.A.	Uruguay	260	409	3,575	4,205	(1,702)	(2,809)	-
Gemper, S.A. -Sistemas Integrales de Control (Sic-Tecnored)	Uruguay	962	159	4	57	(3)	43	-
Proseguridad, S.A.	Peru	5,856	9,994	3,111	3,221	2,949	1,185	-
Prosegur Tecnología Perú, S.A.	Peru	5,698	569	670	12	(575)	(463)	-
Prosegur Activa Perú, S.A.	Peru	121	1,204	10	(260)	(990)	(896)	-
Prosegur Servicios Administratvios, S.A.	Peru	1	1	-	(29)	(1)	13	-
Prointrans, LLC	USA	183	184	-	3	15	16.824308	-
Prosegur Technological Security Solutions LLC	UAE	-	20	-	(49)	(149)	(149)	-
TOTAL		855,996						104,503

This appendix forms an integral part of Note 10 to the annual accounts, in conjunction with which it should be read.

Thousands of Euros		2012						
			EQUITY					
Company	Country	Carrying amount	Share capital	Reserves	Other items	Operating profit/(loss)	Profit/(loss) for the year	Dividends received
Companies in Spain								
Prosegur Gestión de Activos, S.L.U.	Spain	59,855	29,953	-	29,619	(2,901)	(2,080)	-
Servimax Servicios Generales, S.A.	Spain	86	379	676	(2,500)	8,208	5,651	-
Prosegur Activa Holding, S.L.U.	Spain	5,122	2,000	355	3,122	(43)	472	-
Formación, Selección y Consultoría, S.A.	Spain	120	120	24	(1,000)	1,714	1,216	-
Seguridad Vigilada, S.A.	Spain	3,428	751	146	(604)	(307)	(106)	-
S.T.M.E.C., S.L.	Spain	50	3	268	(308)	161	133	-
Salcer Servicios Auxiliares, S.L.	Spain	50	3	104	-	(100)	(104)	-
Beloura Investments, S.L.U.	Spain	19,367	3	-	-	(4)	(131)	-
Prosegur Multiservicios, S.A.	Spain	150	150	29	-	331	232	-
Pitco Ventures, SCR Simplificada, S.A.	Spain	600	1,200	-	(691)	(565)	(387)	-
ESC Servicios Generales, S.L.	Spain	6	6	501	-	1,325	862	-
Subsidiaries abroad								
Prosegur France, S.A. (Cinieri)	France	36,724	10,274	7,181	(10,799)	(619)	(1,775)	-
Prosegur Traitement de Valeurs, EST EURL (Valtis, S.A.)	France	13,078	1,031	2,664	-	(481)	473	-
S.A.R.L. BFA	France	-	91	-	(1,161)	(300)	(326)	-
Esta Servicie, SARL	France	-	61	648	(4,211)	(4)	(4)	-
Prosegur Centre, S.R.L.	France	-	15	4	(99)	(1)	(1)	-
Prosegur Participations, S.A.S. (Sazias, S.A.)	France	10,213	860	925	(839)	476	432	-
Euroval, S.A.S.	France	4,548	1,166	4	(806)	(227)	(405)	-
Malcoff Holding, B.V.	Holland	172,129	40	172,064	(124,872)	(13,547)	19,454	33,000
Prosegur Companhia de Segurança, Lda.	Portugal	15,710	11,007	3,691	1,927	2,385	1,401	-
Prosegur Distribuição e Serviços, Lda.	Portugal	3,277	50	914	(8)	379	287	3,981
Reinsurance Bussiness Solutions Limited	Ireland	635	635	16,725	-	4,585	4,403	18,500
ROSEGUR CASH SERVICES	Romania	230	426	-	(318)	(758)	(774)	-

This appendix forms an integral part of Note 10 to the annual accounts, in conjunction with which it should be read.

Thousands of Euros

		2012						
			EQUITY					
Company	Country	Carrying amount	Share capital	Reserves	Other items	Operating profit/(loss)	Profit/(loss) for the year	Dividends received
Luxpai Holdo, S.A.R.L.	Luxembourg	31,899	4,717	27,177	(25)	(837)	(693)	-
Prosegur, GMBH (ex Securlog, GMBH)	Germany	22,668	1,500	25,518	(4,728)	(7,084)	(7,841)	-
Armor Adquisition, S.A.	Germany	5,523	37,260	25,213	235,583	(36)	280	116
Xiden, S.A.C.I.	Argentina	2,116	3,959	58	317	1,621	765	-
Prosegur Tecnologia Argentina, S.A.	Argentina	3,003	3,726	1	(1,402)	(655)	(654)	-
General Industries Argentina, S.A. (GIASA)	Argentina	3,030	331	148	180	1,328	687	-
Tellex, S.A.	Argentina	6,909	102	1,561	114	(1,421)	(1,508)	-
Prosegur Holding, S.A.	Argentina	388	2,332	466	6,876	(12)	258	366
Prosegur Inversiones, S.A.	Argentina	44	262	52	749	(3)	29	43
Capacitaciones Ocupacionales Sociedad, Ltda.	Chile	383	629	54	(248)	(130)	(111)	-
Servicios Prosegur, Ltda.	Chile	1,533	3,988	1,287	18,990	7,848	5,896	-
Sociedad de Distribución Canje y Mensajeria, Ltda.	Chile	1,311	4,574	135	6,695	(1,420)	(1,450)	-
Prosegur Tecnologia Chile, Ltda.	Chile	1	1,090	(373)	(2,968)	(570)	(43)	-
Prosegur Activa Chile, Ltda.	Chile	(0)	5,843	3,572	(20,860)	(2,074)	(1,012)	-
Cia Transportadora de Valores Prosegur Colombia, S.A.	Colombia	27,125	9,145	9,935	-	3,226	1,666	3,596
Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios, Ltda.	Brazil	23,067	20,855	-	244	(2,055)	(988)	-
Prosegur Holding e Participações, S.A.	Brazil	20,577	163,125	73,588	49,282	(52)	9,022	5,225
Prosegur Activa Alarmes, Ltda.	Brazil	0	19	-	-	(480)	923	-
Prosegur Gestão de Efectivo, Ltda.	Brazil	-	-	-	-	-	-	-
Prosegur Gestão de Activos, Ltda.	Brazil	0	1,248	-	(58)	433	224	-
PS-Mexico Compañia de Seguridad Privada, S.A. de CV	Mexico	0	42,658	4,888	(528)	(108)	(173)	-
PRO-S CIA SEGURIDAD	Mexico	0	2,061	-	(601)	(287)	(206)	-
Grupo Tratamiento y Gestión de Valores, SAPI de CV	Mexico	388	464	-	-	-	-	-
Prosegur Alarmas, S.A.	Uruguay	66	16	24	5,742	90	(1,266)	-
Gemper, S.A. -Sistemas Integrales de Control (Sic-Tecnored)	Uruguay	962	179	4	37	(4)	27	-
Prosegur Tecnologia Perú, S.A.	Peru	4,998	565	54	(881)	1,414	894	720
Prosegur Activa Peru, S.A.	Peru	121	1,361	11	(243)	(131)	(50)	13
Prosegur Servicios Administratvios, S.A.	Peru	1	1	-	-	(17)	(33)	-
Prointrans, LLC	USA	50	45	-	-	4	3	-
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Mexico	-	16,222	3,776	-	(2,898)	(3,121)	-
TOTAL		501,541						65,560

This appendix forms an integral part of Note 10 to the annual accounts, in conjunction with which it should be read.

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

Directors' Report for 2013

Contents

Directors' Report for 2013

This Directors' Report has been prepared according to the recommendations contained in the Guidelines for preparation of management reports of listed companies published by the Spanish National Securities Market Commission.

1. Situation of the Company

Prosegur is a multinational group whose holding company is Prosegur Compañía de Seguridad, S.A. (hereinafter, the Company), that provides global and integral security solutions adapted to the needs of our clients.

Prosegur provides private security services in the following countries: Spain, Portugal, France, Germany, Romania, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, India, China and Australia.

The main activity of the Company is the acquisition, holding, management and administration of securities and shares or any other form of investee participation in entities which are resident and non-resident in Spain and financing investee companies; and the provision of additional or ancillary services to the activities carried on by the investee companies.

1.1 Organisational Structure

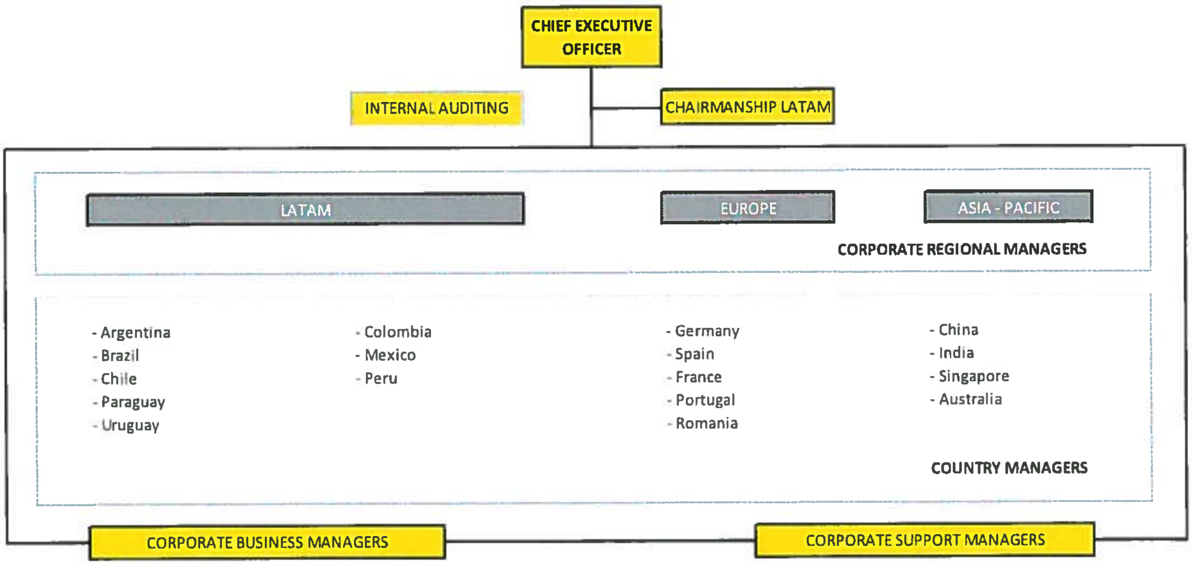
The organisational structure of Prosegur is designed with the aim of improving business processes and adding value to clients. Its flexibility allows for continuous adaptation to a changing environment and the performance of Prosegur as a corporate group. In addition, it encourages business and knowledge sharing across the board and keen awareness of customer needs.

In order to strengthen the focus on the customer and build an agile and efficient structure, geography is the main axis of the organisation, and is represented by the Regional Corporate Offices: LatAm, Europe and Asia-Pacific.

The Corporate Business Management Departments, under umbrella of Business Strategy and Development Management, are in charge of the design of security solutions for the clients and cover the main business lines: Surveillance, Cash in Transit and Cash Management and Technology.

The corporate tasks are overseen by the Corporate Support Management covering the areas of Finance, Organisation and Corporate Responsibility, Business Development and Global Accounts and Marketing.

The organisation of Prosegur is shown in the chart below:



The representative power of the parent Company of the Group falls on the Board of Directors collectively and by majority decision. The Board has broad powers to manage the activities of the companies, with the sole exception of matters which pertain to the General Meeting of Shareholders or which are not included in the corporate purpose.

The delegate committees of the Board of Directors are the Executive Committee, the Audit Committee and the Appointment and Remuneration Committee. The Executive Committee has been conferred the broadest powers of administration, management, disposal and all responsibilities which pertain to the Board of Directors except those which are non-transferable under legal or statutory provision. The responsibilities of the Audit Committee include the proposal of designation of an auditor, the review of Prosegur accounts, overseeing compliance with legal requirements and application of generally accepted accounting principles. On its part, the Appointment and Remuneration Committee drafts and reviews the criteria which must be followed in the composition of the Board of Directors and the selection of members. It also regularly carries out remuneration reviews.

1.2 Operation

Until financial year 2012, the activity of private security in Spain was carried out by Prosegur Compañía de Seguridad, S.A.. In 2013 this activity has now been segregated in favour of Prosegur España S.L.U., which is fully owned by the Company.

The main activity of the Company is now the acquisition, holding, management and administration of securities and shares or any other form of investee participation in entities which are resident and non-resident in Spain and financing investee companies; and the provision of additional or ancillary services to the activities carried on by the investee companies.

Prosegur Compañía de Seguridad, S.A. has closed this financial year with a net business turnover of Euros 183.4 million, which cannot be compared to that of the year before due to the segregation of this business area.

Financial year 2014 will see the consolidation of the activity as a holding company, parent of the Prosegur Group.

The Company focuses on value creation and aims to apply the growth strategy of Prosegur which, in turn, is based on a solid model built on financial strength.

The approval and implementation of the 2012-2014 Strategic Plan requires the determination and fulfilment of demanding targets based on the growth model and built around three cornerstones:

- Close relationship with the customer.
- Management at branch level.
- Multinational nature.

Financial year 2013 has witnessed the consolidation of the synergies inherent in the growth process of the previous year and part of the financial debt has already been refinanced. Prosegur is able to continue implementing this growth strategy, of both an organic and an inorganic nature, and maintains its capacity for taking on new corporate acquisitions.

2. Business Performance and Results

The Company has obtained positive results in 2013 of Euros 66 million, the performance of which compared to the previous year is shown below:

(Millions of Euros)		2013	2012	Variation
Sales		183.4	966.5	-81.0%
EBIT		*96.7*	*99.1*	*-2.4%*
	Margin	*52.7%*	*10.3%*	
Net finance income		-23.8	-29.5	-19.3%
Profit before income tax		*72.9*	*69.6*	*4.7%*
	Margin	*39.7%*	*7.2%*	
Tax		-6.9	1.8	-483.3%
	Tax rate	*-9.5%*	*2.6%*	
Net result		**66.0**	**71.4**	**-7.6%**

The most significant events reflected in the income statement for 2013 are the following:

	Thousands of Euros									
	Domestic		Rest of EU		LatAm		Asia-Pacific		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Dividends received										
- Group companies and associates	28,445	-	47,741	55,482	28,317	10,078	-	-	104,503	65,560
- Other	4,136	-	-	-	-	-	-	-	4,136	-
Interests received	824	574	478	629	15	411	106	11	1,423	1,625
Services rendered										
- Surveillance	41	559,894	-	-	-	-	-	-	41	559,894
- CIT/CM	-	152,940	-	-	-	-	-	-	-	152,940
- Technology	-	144,028	-	4,754	-	-	-	-	-	148,782
- General services	31,378	2,968	8,823	6,674	32,917	27,866	198	218	73,316	37,726
Total	**64,824**	**860,404**	**57,042**	**67,539**	**61,249**	**38,355**	**304**	**229**	**183,419**	**966,527**

2.1 Investment Activity

- On 8 February 2013, the Company incorporated the company Prosegur España, S.L.U. with a capital of Euros 3 thousand, to segregate the security business line in Spain in its favour. On 2 July, the Company participated in the capital increase of Prosegur España, S.L.U. The value of the assets and liabilities contributed amounts to Euros 172.3 million (Euros 74.25 million in capital increase, Euros 74.25 million in share premium and Euros 23.8 million in goodwill reserves).

- On 20 March 2013, the Company participated in the capital increase of Prosegur Tecnología Argentina, S.A. in Argentina, in the amount of Euros 0.2 million (Argentine Pesos 1.2 million).

- On 23 May 2013, the Company participated in the capital increase of Prosegur Activa Alarmes, S.A. in Brazil, in the amount of Euros 11.6 million (Brazilian Reais 30.5 million), now holding 68.09% of shares in the company.

- On 23 May, 19 June and 18 December 2013, the Company participated in the various capital increases of Prosegur Holding e Participações, S.A. in Brazil, in the amount of Euros 35.0 million (Brazilian Reais 91.8 million), Euros 50.7 million (Brazilian Reais 148.1), by cancelling the debt of Euros 42.7 million and cash outlay of Euros 8.0 million, and Euros 40.8 million (Brazilian Reais 131.0 million) by cancelling a debt of Euros 36.9 million and a cash outlay of Euros 3.9 million respectively.

- On 28 May 2013, the Company has capitalised the debt receivable from the participating loan with the company Rosegur Holding Corporation, S.L. in the amount of Euros 0.7 million, as this company is currently in liquidation/dissolution.

- On 28 June and 20 December 2013, the Company has participated in two capital increases of Luxpai Holdo SARL, a securities holding company in Luxembourg, in the amount of Euros 3.4 million and Euros 23.4 million, by means of loan capitalisation.

- On 20 August 2013, the Company participated in the capital increase of Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios Ltda. in Brazil, in the amount of Euros 2.6 million (Brazilian Reais 8.2 million) by debt cancellation.

- On 5 December 2013, the Company participated in the capital increase of Prosegur México, S. de R.L. de C.V. in Mexico, in the amount of Euros 3.3 million (Mexican Pesos 70.0 million).

- On 16 December 2013, the Company participated in the capital increase of Prosegur Activa Uruguay, S.A. in Uruguay, in the amount of Euros 0.2 million (Uruguayan Pesos 5.7 million).

- On 18 December 2013, the Company participated in the capital increase of Tellex, S.A. in Argentina, in the amount of Euros 5.3 million (Argentine Pesos 47.0 million).

- On 19 December 2013, the Company participated in the capital increase of Prosegur France, S.A. in France, by means of capitalising loans amounting to Euros 9.2 million.

- On 20 December 2013, the Company participated in the capital increase of Proseguridad, S.A. in Peru, in the amount of Euros 5.9 million (Peruvian Nuevos Soles 21.8 million), now owning a 26.85% share of the capital of this company.

- On 20 December 2013, the Company participated in the capital increase of Prosegur Tecnología, S.A. in Peru, in the amount of Euros 0.7 million (Peruvian Nuevos Soles 2.6 million).

- In 19 December 2013, the Company participated in the capital increase of Prointrans, LLC, in the USA, in the amount of Euros 0.037 million (US Dollars 0.05 million). During the year part of the incorporation capital was paid amounting to Euros 0.096 million (US Dollars 0.140 million).

2.2 Investments

The Company's investments are analysed by the departments of financial investment analysis 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 or the expense. Investments in excess of Euros 0.6 million are submitted for approval by the Executive Committee.

During financial year 2013, amortisation and depreciation charges totalled Euros 10 million. Property, plant and equipment were Euros 1.7 million and intangible assets were Euros 8.3 million.

Throughout 2013, the Company has made investments in property, plant and equipment of Euros 1.7 million. In addition, investments in intangible assets amounting to Euros 11.2 million have been made.

2.3 Personnel

The Company personnel has ended financial year 2013 with a total of 395 employees. At 2012 year end, the staff of the company amounted to 21,999 people. The Company's own staff prior to the segregation would have been of 393 people.

2.4 Environment

At the close of financial year 2013, the Company has no environmental contingencies, legal claims, income or expenses for this item.

3. Liquidity and Capital Resources

3.1 Liquidity

In a context where there is still a considerable restriction on credit, during 2013 the Company has continued to enter into strategic financing transactions seeking to optimise financial debt, to control debt ratios and to meet growth targets.

3.2 Capital Resources

The flexibility and diversification which dictated the design of the financial structure of previous years, with tranches of debit and credit in the syndication transactions and the asset securitisation programme have proven their efficacy when facing times of financial turbulence and restrictions on bank credit. In a financial market marked by a drop in Euribor rate and an increase in bank spreads, the Company has been able to continue its financing operations (including acquisitions of companies), taking advantage of both factors: current low interest rates and previous bank spreads.

The structure of the non-current financial debt comprises the following agreements:

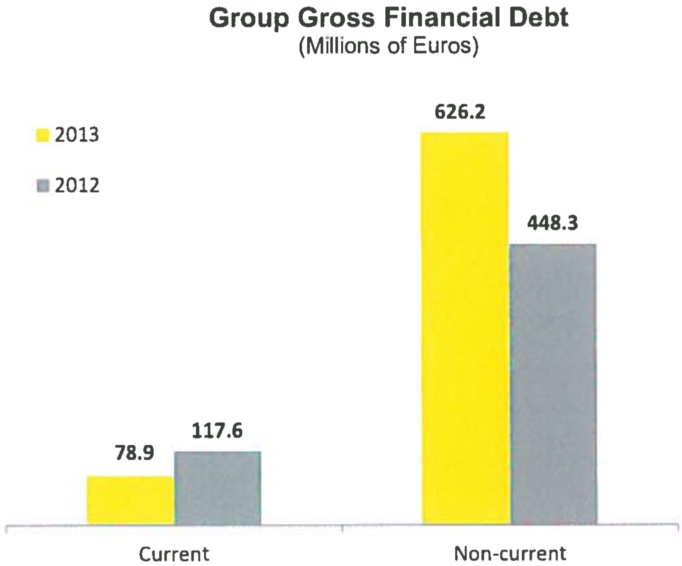
a) Syndicated loan entered into in 2010 amounting to Euros 400 million over five years. At 31 December 2013, the capital drawn down by way of a loan amounts to Euros 60 million and drawdowns by way of a credit facility have been made amounting to Euros 100 million.

b) On 2 April 2013 plain bonds amounting to Euros 500 million were issued, with maturity in 2018. The bonds accrue a coupon of 2.75% per annum payable yearly and are listed on the Irish Stock Exchange. The trading price at 31 December 2013 is 2.371%.

By means of this last operation, Prosegur has refinanced most of its financial debt. This issue will enable deferment of maturities of part of the Prosegur debt (from 2015 to 2018) and the diversification of funding sources.

The current gross financial debt amounts to Euros 78.9 million (Euros 117.6 million in 2012).

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



The average cost of the financial debt in 2013 has been of 2.93% (2.93% in 2012).

No significant changes are expected in financial year 2014 in relation to the structure of shareholder equity and capital or in relation to the relative cost of capital resources in comparison to the financial year ending 31 December 2013.

The following table shows the maturities of contractual obligations at 31 December 2013:

(Millions of Euros)	Less than 1 year	1 to 5 years	Over 5 years	TOTAL
Bonds and other securities	13.8	555.0	0.0	568.8
Syndicated loan	31.1	130.1	0.0	161.2
Credit accounts	38.1	0.0	0.0	38.1
	83.0	**685.1**	**0.0**	**768.1**

3.3 Analysis of Contractual Obligations and Off-Balance Sheet

Note 21 of the Annual Accounts includes the future minimum payments arising from operating lease contracts by maturity band.

4. Main Risks and Uncertainties

The activities of the Company are exposed to currency risk, interest rate risk and price risk, credit risk and liquidity risk. The aim of the global risk management programme of the Company is focused on reducing these risks via a number of different methods, including the use of financial instruments.

The management of these risks is identified, proposed and carried out by the Treasury Department which identifies, proposes and carries out initiatives in accordance with the policies approved by the Executive Committee of the Company.

4.1. Regulatory Risk

The main regulatory risks are those related to legislation on Money Laundering, Data Protection, Labour and Compliance of Internal Rules and Code of Conduct.

The Company dedicates a special effort to the management of operational and regulatory compliance risks, as these have an impact on the commitments assumed with stakeholders and, particularly, with the clients.

The regulatory risks are diminished via the identification of the risk at an operational level, regular assessment of the area of control and using programmes to monitor the proper working order of controls in place.

The Risk Management Department implements a continuous programme of analysis of all of the operational processes, for detection, assessment and proper management of all risks which might arise therefrom. The impact of this function is passed on directly to Company services.

Likewise, the Risk Management Department plays a vital role in prevention of money laundering, and is responsible for the internal organisation of the Prevention of Money Laundering Unit (UPBC) in Spain. The Unit has been created in response to the regulations which oblige Prosegur to implement control measures designed to prevent the shipping of funds for money laundering purposes. Prosegur further complies with all current central bank regulations in this regard.

4.2. Operational Risk

The Prosegur risk management system is mainly based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) system and is completed with standards applied in the main clients in the financial sector, such as the Basel III and ISO 31000 standards. The Board of Directors is ultimately responsible for risk management which it performs via the Risk Committee.

Among the business risks are unfair competition and supplier dependency. In order to reduce such risks, new value added services are continuously being developed. Moreover, the addition of new suppliers from international markets is encouraged.

Operational risks are those related to robberies and assaults, errors in transactions, legal penalties and, as a result thereof, the risk of business continuity. There are formal programmes and policies designed to control these types of risks.

It is important to highlight the monitoring activity carried out by the Risk Management Department in the processes of control and tracking of the transactions related to cash transport, handling and storage. There is also an independent service to handle claims or differences in cash management activities, helping identify best practices and defining procedures to minimise the chance of losses.

4.3. Client Concentration

The Group of which the Company is the Parent Company has no significant client concentrations.

4.4. Financial Risks

The Company mainly operates within the domestic market. However, the Group, of which it is the Parent Company, operates on an international basis and, therefore, the Company is exposed to currency risk as a result of foreign currency transactions with foreign subsidiaries and assets and liabilities held with third parties in foreign currency, main the Brazilian Real and the Colombian Peso and, to a lesser extent, the Argentine Peso.

The Management of the Company has established an exchange rate risk management policy in relation to the working currency in order to minimise the currency risk to which the Company is exposed. The currency risk arises when future transactions and recognised assets and liabilities are denominated in a foreign currency.

Given that the Company, as the parent company of the Prosegur Group, has defined a long term permanence strategy in the foreign markets in which it operates, the policy of not hedging investments made on net equity in the countries is adopted, thus assuming the risk of conversion to Euros of the assets and liabilities denominated in such foreign currencies.

4.4.1 Market Risks

Interest Rate Risk of Cash Flows and Fair Value

The Company is exposed to interest rate risk as a result of the monetary assets and liabilities in its balance sheet.

At 2013 year end, there are no significant positions held on financial investment assets at a fixed or floating rate.

The Company carries out a dynamic analysis of its exposure to interest rate risk.

Various scenarios are simulated taking into account the refinancing, renewal of current positions, alternative funding and hedges. Based on these scenarios, the Company calculates the effect on the result of a given fluctuation in interest rate. The scenarios are only simulated for liabilities held in the more relevant positions at a variable interest.

Based on the various scenarios, the Company manages the interest rate risk of cash flows using floating-to-fixed interest rate swaps.

The Company has purchased an interest rate derivative financial instrument (interest rate swap) in order to fix the maximum interest rate of part of the Prosegur financing.

Every six months, each 25 July and each 25 January, this derivative financial instrument exchanges a payable interest rate of 2.71% for an interest rate equivalent to the six-month Euribor on a notional amount of Euros 100 million and maturity on April 2014.

During 2013, two interest rate swaps amounting to a notional amount of Euros 37.5 million each and maturing in February 2015 were subject to early cancellation.

Currency Risk

The diversity of risks to which the Company is exposed has led to the application of an increasingly active policy in the derivatives market in order to minimise this exposure. The Company has hedges with derivative instruments which protect against exchange rate variations.

The Company has purchased a derivative financial instrument in its balance sheet which acts as an Australian Dollar – Euro forward exchange contract on a notional amount of AUD 15 million.

4.4.2 Credit Risk

The Company has no significant concentrations of credit risk. The Company has policies designed to ensure that sales are made to clients with a suitable credit history.

4.4.3 Liquity Risk

The prudent management of liquidity risk requires maintaining sufficient cash and negotiable securities, as well as available financing in the short, medium and long term, by means of sufficient credit facility commitments to enable the Company to achieve its business objectives in a safe, efficient and timely fashion. The aim of the Treasury Department is to maintain sufficient liquidity and available funding to ensure the operation of the Company's business.

5. Significant Events after the Reporting Date

On 10 January 2014, Prosegur has carried out the block sale of a packet of own shares accounting for 4.032% of the share capital for a total amount of Euros 123.2 million, that is, 24,882,749 shares at Euros 4.95, to meet the demand of JB Capital Markets for a limited and reduced group of institutional investors. Following this transaction, Prosegur has 2.399% of own shares which it considers as strategic to face potential future corporate transactions.

6. Information on the Expected Performance of the Company

The Company, as the parent Company of Prosegur, is affected by the performance forecasts for each of the regions within the Group.

Within the countries in the LatAm region, the currencies in the main countries are thought to still be subject to depreciation during 2014. This expected negative impact would be offset by the potential development of the region and the capacity of Prosegur to gain customer loyalty and provide the best services.

The excellent results obtained in the past by the sales teams in the LatAm region in regard to the capacity to pass on the prices to clients within an economic context undergoing a gradual maturity process allows for optimism during financial year 2014.

Thanks to the experience gained in each of these markets over the years, Prosegur has developed a business model which is successful in any economic context which will enable margins to be maintained and even increased.

In this regard, the profitability of the surveillance business in LatAm is expected to grow, although it will require a portfolio optimisation exercise similar to that carried out in certain countries in Europe.

The optimistic forecasts of Prosegur in regard to organic growth in the region are based on the reinforcement of internal control procedures which guarantee the efficiency in the various businesses. The implementation of corporate control policies has brought about improvement and growth in cash generation in 2013. This proves the success of the business model based on management leadership, customer focus, excellence in operations and business planning and control.

Based on the abovementioned measures and by reproducing the portfolio optimisation exercise carried out in other countries, the profitability of the surveillance business in the LatAm region is expected to be on the increase. In addition, the key objectives of Prosegur include a significant growth in the activity of alarms.

On its part, the economic environment of the European region has been undergoing stagnation for some years. In this situation, Prosegur has managed to successfully implement client portfolio efficiency and optimisation policies. Thanks to Prosegur's ability to adapt to the situation and having carried out a selective reduction in turnover involving the exclusion of less profitable contracts, solid foundations have been laid to deal with the coming years during which a positive trend of margins and the achievement of fair growth rates are expected.

The Asia-Pacific region is the key to entering high growth potential markets and the diversification of risks and opportunities. The recent acquisition of the second operator in the Australian market in cash in transit and cash management is a good example thereof. This operation has provided Prosegur with a strong position in the Australian market via 26 offices and over 20 centres authorised by the Reserve Bank of Australia. The strategy of Prosegur in this region will focus on the expansion to other complementary services in the markets in which it is already operating.

Given these premises, Prosegur is in an optimum position to continue with its inorganic growth project without compromising the level and ratios of the level of debt.

To summarise, Prosegur is facing important challenges in the coming years, which include meeting the expectations of maintaining the trend of recovery of margins in Europe as a result of an integrated business model whose capacity for adaptation to unfavourable conditions has been amply proven. In addition, the growth rate targets are maintained thanks to the new and traditional markets which will enable Prosegur to continue to be a world leader in security, creating value for its employees, its clients and its shareholders.

7. R&D&i

In an effort to consolidate its commitment to security and innovation in regard to its clients, Prosegur is developing the following projects:

a) Development of a global cash management system covering both business processes and the technological platforms supporting the processes, valid for all countries.

b) Development of a global information system to store and cross-reference data from all of the functional areas and support units, providing a comprehensive view of the business. This information would also be employed by system users to make decisions.

c) Design and development of an innovative technological platform focused on the private security business for the global planning and management of human and material resources associated with each service, designed to minimise processing time and maximise efficiency in operational management based on access to fast and detailed technical and economic data.

d) Design and technological development of a corporate platform to enable all activities related to security service in the technology business area to be sustained in a homogeneous and unified way.

e) Development of a new service for banks which allows the maximum possible number of transactions to be carried out at a single counter. The new system will provide a unified view for transactions by various banks and other clients such as creditors and invoice issuers.

f) Our solution for managing all of the Company's logistic activities, from comprehensive planning these tasks to cash transport in the most secure controlled environment possible, providing a flexible, modular service which responds rapidly to unforeseen circumstances and changes in clients' needs, with guarantees of maximum security.

g) New authentication system for users of company applications allowing for all identity management and access control systems to be unified.

h) Design and development of a comprehensive security system for persons and premises via real time remote control, on-demand home video images and the use of home automation (domotics) services via a secure server.

i) New solutions for intelligent location of persons and assets in interior and exterior areas, for greater security and better resource planning.

8. Purchase and Sale of Own Shares

At 31 December 2013, the share capital of Prosegur Compañía de Seguridad, S.A. amounts to Euros 37,027,478 and is represented by 617,124,640 ordinary shares each of a face value of Euros 0.06, fully subscribed and paid up, which are admitted for trading in full on the Madrid and Barcelona stock exchanges and traded through the Spanish Stock-Exchange Interconnection System (electronic trading system) (SIBE).

At 31 December 2013, the Company has 39,685,484 own shares (39,726,900 shares in 2012) accounting for 6.43% of the share capital, at a value of Euros 114.1 million (Euros 114.2 million in 2012). Part of these shares is used to remunerate some senior managers of the Company.

During this financial year, the Company has not acquired own shares (3,643,096 own shares in 2012) and no own shares have been sold (7,643,096 own shares in 2012), and 41,416 shares have been delivered (53,180 shares in 2012).

On 10 January 2014, Prosegur has carried out the block sale of a packet of 24,882,749 shares, accounting for 4.032% of the share capital, for a total amount of Euros 123.2 million.

On 27 June 2011, the General Meeting of Shareholders authorised the Board of Directors to acquire treasury stock up to the maximum amount permitted by Law, to be used in full or in part to be delivered or transferred to the directors or employees of the Company, either directly or as a result of the exercise thereby of option rights, all within the framework of the remuneration systems linked to the trading value of the Company shares.

On 29 May 2012 the General Meeting of Shareholders approved the 2014 Plan of long term incentives to Chief Executive Officer and Senior Management Personnel of the Prosegur Group. The 2014 Plan is generally subject to the creation of value during the period from 2012 to 2014, with a period of permanence, as the case may be, for two subsequent financial years in order to be paid part of this incentive. This Plan also considers the delivery of incentives by way of Company shares and/or cash to Chief Executive Officer and Senior Management Personnel of the Company.

9. Other Significant Information

9.1 Stocks and Shares Information

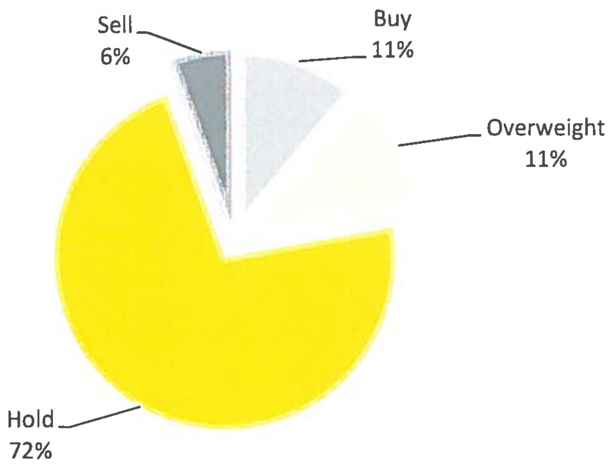
Prosegur focuses on creating value for its shareholders. The improvement in results and transparency, as well as in rigour and credibility, form the basis of the Company's actions.

The policy of relationship with shareholders and investors of Prosegur aims to establish a direct and personal communication that is stable over time. The Company has a close relationship with its shareholders, private and institutional investors, and with the main stock analysts, to whom it provides detailed information on an ongoing basis.

In order to meet this commitment to transparency, Prosegur uses various available communications channels, such as the webcast held each quarter to announce results or the creation of the Investors' Newsletter, added to the publication of other monthly information bulletins with specific contents for the investment community.

Analyst Recommendations

The recommendations of the investment firms that focus on Prosegur are as follows:



At 31 December 2013, the price of each Prosegur share closed Euros 4.98.

The Company share prices have experienced a positive annual growth of 9.45%, reaching its maximum closing price per year during December 2013.

Main Shareholders

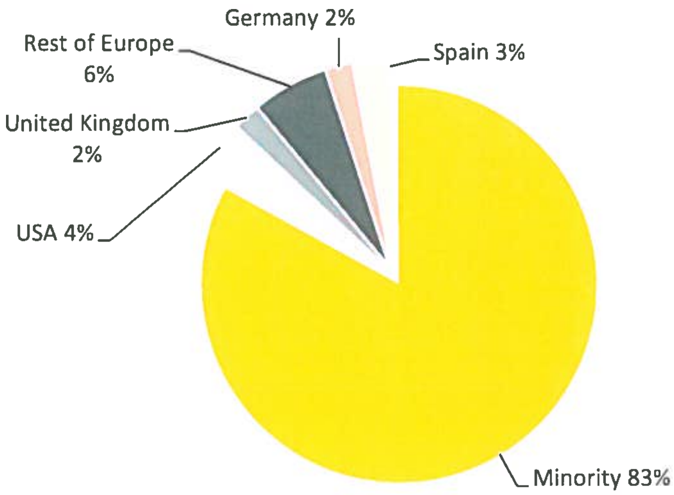
The shareholder structure of Prosegur reflects is solidity and stability.

At 31 December 2013, 70.3% of the Company capital was held by significant shareholders. The remaining 29.7% was free-float.

The strong presence of shareholders in the Board of Directors enables the management bodies, and especially the Executive Committee, to define the strategic guidelines and make decisions in line with the interests of all shareholders. This solid and stable shareholding, made up mostly of significant shareholders and institutional investors, provides Prosegur with the ideal conditions for developing its project and achieving its objectives.

Geographical Distribution of Floating Capital

At an international level, and given its growth potential, Prosegur has always had a high level of acceptance among investors. For this reason, its shareholding includes foreign investors which account for a very considerable part of its free-float.



I. STATEMENT OF RESPONSIBILITY IN RELATION TO THE PREPARATION OF THE ANNUAL ACCOUNTS

The Board of Directors of Prosegur Compañía de Seguridad, S.A., in its meeting held on 27 February 2014 has prepared the Annual Accounts of the Company (comprising the Balance Sheet, the Income Statement, the Statement of Changes in Net Equity, Cash Flow Statement and Annual Report) and the Directors' Report, pertaining to financial year closed in 31 December 2013.

Madrid, 27 February 2014

Ms. Helena Irene Revoredo Delvecchio
Chairperson

Mr. Isidro Fernández Barreiro
Vice-Chairman

Mr. Christian Gut Revoredo
Managing Director

Ms. Mirta María Giesso Cazenave
Director

(Not signed due to absence) [1]
Ms. Chantal Gut Revoredo
Director

Mr. Pedro Guerrero Guerrero
Director

Mr. Eduardo Paraja Quirós
Director

Mr. Eugenio Ruiz-Gálvez Priego
Director

Mr. Fernando Vives Ruíz
Director

[1] Ms. Chantal Gut Revoredo was unable to attend the meeting of the board of directors held on 27 February 2014, having appointed a representative and expressly stated her approval of the Annual Financial Report for 2013.

II. DIRECTORS' RESPONSIBILITY OVER THE ANNUAL ACCOUNTS

The annual accounts of Prosegur Compañía de Seguridad, S.A. are the responsibility of the directors of the company, and have been prepared in accordance with the generally accepted accounting principles in Spain.

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

The Company evaluated its internal control system at 31 December 2013. Based on this evaluation, the directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by management, and that the financial records are reliable for the purposes of drawing up the annual accounts.

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

Mr. Antonio Rubio Merino
Director of Finance and Economic Affairs

Prosegur Compañía de Seguridad, S.A. and Subsidiaries

Consolidated Annual Accounts
31 December 2013

Consolidated Directors' report
2013

(Together with the Auditors' Report)

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

KPMG Auditores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Auditors' Report on the Consolidated Annual Accounts

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

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

We have audited the consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position at 31 December 2013 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes. As specified in note 2, the Directors are responsible for the preparation of these consolidated annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group. Our responsibility is to express an opinion on these consolidated annual accounts taken as a whole, based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable financial reporting framework.

In our opinion, the accompanying consolidated annual accounts for 2013 present fairly, in all material respects, the consolidated equity and consolidated financial position of Prosegur Compañía de Seguridad, S.A. and subsidiaries at 31 December 2013 and their financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and other applicable provisions of the financial reporting framework.

The accompanying consolidated directors' report for 2013 contains such explanations as the Directors of Prosegur Compañía de Seguridad, S.A. consider relevant to the situation of the Group, its business performance and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2013. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Prosegur Compañía de Seguridad, S.A. and subsidiaries.

KPMG Auditores, S.L.

(Signed on the original in Spanish)

Bernardo Rücker-Embden

27 February 2014

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts and Directors' Report
for the year ended 31 December 2013

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

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I. CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(In thousands of Euros)

	Note	2013	2012
Revenues	3	3,695,157	3,669,091
Costs to sell	4	(2,830,321)	(2,818,403)
Gross profit		**864,836**	**850,688**
Other income		7,719	7,009
Selling, general and administrative expenses	4	(543,658)	(529,656)
Other expenses	6	(31,247)	(16,564)
Results from operating activities (EBIT)		**297,650**	**311,477**
Finance income	7	21,808	11,126
Finance costs	7	(73,277)	(71,779)
Net finance costs		(51,469)	(60,653)
Profit before income tax		**246,181**	**250,824**
Income tax	25	(90,507)	(79,257)
Post-tax profit from continuing operations		**155,674**	**171,567**
Consolidated profit for the year		**155,674**	**171,567**
Attributable to:			
Owners of the Parent		155,858	171,937
Non-controlling interests		(184)	(370)
Earnings per share from continuing operations attributable to the owners of the Parent (Euros per share)			
- Basic	8	0.2718	0.2999
- Diluted	8	0.2697	0.2975

The Notes on pages 10 to 88 form an integral part of the consolidated annual accounts.

II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(In thousands of Euros)

	2013	2012
Profit for the year	**155,674**	**171,567**
Other comprehensive income:		
Items not to be reclassified to profit and loss		
Actuarial gains/(losses) on defined benefit plans	1,618	(1,438)
	1,618	**(1,438)**
Items to be reclassified to profit and loss		
Translation differences of financial statements of foreign operations	(173,880)	(48,218)
	(173,880)	**(48,218)**
Total comprehensive income, net of taxes	**(16,588)**	**121,911**
Attributable to:		
- Owners of the Parent	(16,568)	122,587
- Non-controlling interests	(20)	(676)
	(16,588)	**121,911**

The Notes on pages 10 to 88 form an integral part of the consolidated annual accounts.

III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2013 AND 2012

(In thousands of Euros)

	Note	2013	2012
ASSETS			
Property, plant and equipment	11	472,041	460,469
Goodwill	12	515,959	529,453
Other intangible assets	13	341,696	361,158
Non-current financial assets	14	25,461	37,335
Deferred tax assets	25	180,603	202,102
Non-current assets		**1,535,760**	**1,590,517**
Inventories	16	58,631	61,047
Trade and other receivables	17	919,735	964,147
Current tax assets		89,119	100,180
Non-current assets held for sale		448	448
Derivative financial instruments	15	73	-
Other financial assets	18	1,202	5,654
Cash and cash equivalents	19	292,942	163,601
Current assets		**1,362,150**	**1,295,077**
Total assets		**2,897,910**	**2,885,594**
EQUITY			
Share capital	20	37,027	37,027
Share premium	20	25,472	25,472
Own shares	20	(125,180)	(125,299)
Other own equity instruments	20	3,171	2,659
Translation differences	20	(226,337)	(52,293)
Retained earnings and other reserves	20	940,700	844,543
Equity attributable to equity holders of the Parent		**654,853**	**732,109**
Non-controlling interests		(329)	(309)
Total equity		**654,524**	**731,800**
LIABILITIES			
Financial liabilities	22	862,541	737,425
Derivative financial instruments	15	-	4,548
Deferred tax liabilities	25	159,383	154,413
Provisions	21	173,668	192,956
Other non-current liabilities	24	1,144	2,144
Non-current liabilities		**1,196,736**	**1,091,486**
Trade and other payables	23	703,195	659,988
Current tax liabilities		77,392	85,276
Financial liabilities	22	195,727	295,837
Derivative financial instruments	15	1,640	-
Provisions	21	39,350	-
Other current liabilities	24	29,346	21,207
Current liabilities		**1,046,650**	**1,062,308**
Total liabilities		**2,243,386**	**2,153,794**
Total equity and liabilities		**2,897,910**	**2,885,594**

The Notes on pages 10 to 88 form an integral part of the consolidated annual accounts.

IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(In thousands of Euros)

	Equity attributable to equity holders of the Parent							
	Share capital (Note 20)	Share premium (Note 20)	Own shares (Note 20)	Other own equity instruments (Note 20)	Translation differences (Note 20)	Retained earnings and other reserves (Note 20)	Non-controlling interests	Total equity
Balance at 1 January 2012	**37,027**	**25,472**	**(123,175)**	**5,781**	**(4,381)**	**729,810**	**367**	**670,901**
Total comprehensive income for the year	-	-	-	-	(47,912)	170,499	(676)	121,911
Accrued share-based incentives	-	-		2,261	-	-	-	2,261
Share-based incentives exercised by employees	-	-	2,307	(5,383)	-	38	-	(3,038)
Acquisition/sale of own shares	-	-	(4,431)	-	-	4,421	-	(10)
Dividends	-	-	-	-	-	(62,947)	-	(62,947)
Other movements	-	-	-	-	-	2,722	-	2,722
Balance at 31 December 2012	**37,027**	**25,472**	**(125,299)**	**2,659**	**(52,293)**	**844,543**	**(309)**	**731,800**
Total comprehensive income for the year	-	-	-	-	(174,044)	157,476	(20)	(16,588)
Accrued share-based incentives	-	-	-	512	-	-	-	512
Share-based incentives exercised by employees	-	-	119	-	-	47	-	166
Dividends	-	-	-	-	-	(65,947)	-	(65,947)
Other movements	-	-	-	-	-	4,581	-	4,581
Balance at 31 December 2013	**37,027**	**25,472**	**(125,180)**	**3,171**	**(226,337)**	**940,700**	**(329)**	**654,524**

The Notes on pages 10 to 88 form an integral part of the consolidated annual accounts.

V. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(In thousands of Euros)

	Note	2013	2012
Cash flows from operating activities			
Profit/(loss) for the year		**155,674**	**171,567**
Adjustments for:			
Depreciation and amortisation	11, 13	116,767	115,497
Impairment losses on non-current assets	6	863	-
Impairment losses on trade receivables	6	18,883	10,568
Impairment losses on other financial assets	7	6,600	3
Exchange (gains)/losses		-	80
Change in provisions	21	32,629	28,458
Share-based payments		512	2,261
(Gains)/losses on financial assets at fair value through profit or loss	7	(2,419)	859
Finance income	7	(17,769)	(7,473)
Finance costs	7	66,677	70,917
(Gains)/losses on disposal and sale of property, plant and	6	2,244	1,451
Income tax	25	90,507	79,257
Changes in working capital, excluding the effect of acquisitions and translation differences			
Inventories		(5,279)	(6,404)
Trade and other receivables		(70,665)	(86,854)
Trade and other payables		54,010	(9,357)
Payments of provisions		(26,373)	(23,417)
Other current liabilities		657	(6,805)
Cash flows from operating activities			
Interest paid		(49,092)	(74,074)
Income tax paid		(86,984)	(130,659)
Net cash from operating activities		**287,442**	**135,875**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		5,714	7,729
Proceeds from sale of financial assets		16,501	6,877
Interest received		10,401	7,123
Acquisition of subsidiaries, net of cash and cash equivalents	28	(20,531)	(154,408)
Acquisition of property, plant and equipment	11	(119,773)	(79,717)
Acquisition of intangible assets	13	(17,993)	(19,251)
Acquisition of financial assets		(7,066)	(14,128)
Net cash from investing activities		**(132,747)**	**(245,775)**
Cash flows from financing activities			
Proceeds from acquisition of own shares		-	10,268
Proceeds from debentures and other marketable securities	22	500,000	-
Proceeds from loans and borrowings		90,149	252,714
Proceeds from other financial liabilities		-	1,384
Payments for the redemption of own shares and other own equity instruments		-	(14,699)
Payments for loans and borrowings		(452,548)	(98,873)
Payments for other financial liabilities		(69,294)	-
Dividends paid	9	(59,864)	(59,494)
Net cash from financing activities		**8,443**	**91,300**
Net increase/(decrease) in cash and cash equivalents		163,138	(18,600)
Cash and cash equivalents at the beginning of year		163,601	187,548
Effect of translation differences on cash held		(33,797)	(5,347)
Cash and cash equivalents at year end		**292,942**	**163,601**

The Notes on pages 10 to 88 form an integral part of the consolidated annual accounts.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013

1. General Information

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

Prosegur is organised into the following geographical areas:
- Europe
- Latin America (LatAm)
- Asia-Pacific

The services provided by Prosegur are distributed into the following lines of activity:
- Surveillance
- Cash in transit and cash management services
- Technology

Prosegur is controlled by Gubel, S.L., which has its registered offices in Madrid and holds 50.075% of the share capital of Prosegur Compañía de Seguridad, S.A.

Prosegur Compañía de Seguridad, S.A., is a public limited company whose shares are listed on the Madrid and Barcelona stock exchanges and traded through the Spanish Stock Exchange Interconnection System (electronic trading system) (SIBE). The Company was incorporated in Madrid on 14 May 1976 and is entered in the Companies Registry of Madrid, as well as the Special Registry of Private Security Companies, which is a sub-office of the Ministry of Home Affairs. The registered offices of Prosegur Compañía de Seguridad, S.A. are at Calle Pajaritos, 24, Madrid.

The statutory activity of Prosegur Compañía de Seguridad, S.A. is described in article 2 of its bylaws. The main services provided by the Company are as follows:
- Security patrol and protection of premises, goods and individuals.
- The transportation, storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- The installation and maintenance of security equipment, devices and systems.

These consolidated annual accounts were authorised for issue by the directors on 27 February 2014 and are pending approval by the shareholders at their general meeting. However, the directors consider that these consolidated annual accounts will be approved with no changes.

Structure of Prosegur

Prosegur Compañía de Seguridad, S.A. is the parent company of a Group composed of subsidiary companies (Appendix I). Prosegur likewise has holdings in joint ventures (see Note 29 and Appendix III) and temporary joint ventures (see Note 30 and Appendix II).

Prosegur holds interests of less than 20% in the share capital of other entities. It does not exert significant control over these entities (see Note 14).

Details of the principles applied to prepare the Prosegur consolidated annual accounts and define the consolidated group are provided in Note 35.2.

2. Basis of Presentation

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Prosegur Compañía de Seguridad, S.A. and the consolidated entities. The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter EU-IFRS) and other applicable financial reporting regulations to provide a faithful reflection of the consolidated equity and consolidated financial position of Prosegur Compañía de Seguridad, S.A. and subsidiaries at 31 December 2013, as well as the consolidated profit and loss from its operations and consolidated cash flows for the year then ended.

Prosegur adopted the EU-IFRS for the first time on 1 January 2004 and on such date applied IFRS 1 "First-time Adoption of International Financial Reporting Standards".

The policies set out in Note 35 have been applied consistently throughout the reporting periods presented in these consolidated annual accounts.

2.1. Basis for Preparation of the Annual Accounts

These consolidated annual accounts have been prepared utilising the historical cost principal, with the following exceptions:

- Available-for-sale financial assets (see Note 35.8)
- Derivative financial instruments (see Note 35.9)
- Contingent payments, from business combinations (see Note 35.2)

2.2. Changes in the Consolidated Group

The most significant changes to the consolidated group in 2013 are acquisitions of subsidiaries, details of which are provided in Note 28.

In addition, the following companies were incorporated or wound up in 2013:

- On 08 February 2013 Prosegur España S.L.U. was incorporated in Spain.
- On 06 March 2013 Prosegur Argentina Holding, S.A. was incorporated in Argentina.
- On 06 March 2013 Prosegur Inversiones Argentina, S.A. was incorporated in Argentina.
- On 07 November 2013 Prosegur Australia Investments, PTY Limited was incorporated in Australia.
- On 07 November 2013 Prosegur Australian Holding, PTY Limited was incorporated in Australia.

Furthermore, the following mergers took place between subsidiaries in 2013:

- In November 2013 Digipro Procesamiento de Documentos e Valores, Ltd. merged with and into Prosegur Sistemas de Segurança, Ltd. in Brazil.
- In November 2013 Nordeste Segurança Eletrônica, Ltd. merged with and into Prosegur Activa Alarmes, S.A. in Brazil.
- In December 2013 BFA SAS merged with and into Prosegur Securite Humaine EURL in France.

2.3. Comparative Information

The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity and the Notes to the consolidated financial statements for 2013 include comparative figures for the prior year.

For an improved presentation of the income statement, in 2013 Management reclassified given headings of the income statement, with respect to their classification in 2012, as follows:

	Thousands of Euros		
	2012 Annual Accounts	**Reclassification**	**2012 Reclassified Annual Accounts**
Other revenues	19,126	(19,126)	-
Costs to sell	(2,789,826)	(28,577)	(2,818,403)
Other income	-	7,009	7,009
Selling, general and administrative expenses	(572,594)	42,938	(529,656)
Other expenses	(14,320)	(2,244)	(16,564)

Additionally, Prosegur reclassified the amount corresponding to deferred income in the amount of Euros 2,144 thousand from Provisions to Other Non-Current Liabilities.

As a result of the application of the amended IAS 1, the Group has amended the presentation of headings included in the consolidated statement of comprehensive income to separately indicate those that will be transferred to the future income statement from those that will not. The comparative figures have been adapted to this respect (see Note 35.1).

Likewise, and in accordance with the transitory provisions of IFRS 13, the comparative figures for 2012 do not include the details required by this standard (see Note 35.1).

2.4. Estimates, Assumptions and Relevant Judgements

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

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

Accounting estimates and assumptions

Information on relevant accounting estimates and assumptions that pose a significant risk of causing material adjustments in the year ending on 31 December 2014 are included in the following notes:

- Business combinations: determination of the interim fair values (see Notes 28 and 35.2)
- Deterioration of material and intangible assets: assumption for the calculation of recoverable amounts (see Notes 12, 35.5, 35.6 and 35.7).
- Available-for-sale financial assets: assumptions used to determine fair values (see Notes 14 and 35.8).
- Recognition and measurement of provisions and contingencies: assumptions to determine the probability of occurrence and the estimate amounts of resource outflows (see Notes 21, 26 and 35.14).
- Recognition and measurement of deferred tax assets: estimates and assumptions used to measure the recoverability of tax credits (see Notes 25 and 35.16)
- Revenue recognition: determination of the degree of progress for construction contracts (see Note 35.21).

Relevant judgements

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

- Consolidation: control determination (see Note 35.2)
- Leases: lease classification (see Note 35.19)

Determination of fair values

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

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

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

Significant measurement issues are reported to the Prosegur Audit Committee.

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

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

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

The Group recognises transfers among levels of fair value at the end of the period in which the change has taken place.

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

- Note 14: Available-for-sale financial assets
- Note 28: Business combinations
- Note 32.3: Financial instruments and fair value

3. Revenues

Details of revenues are as follows:

	Thousands of Euros	
	2013	**2012**
Services rendered	3,533,422	3,494,420
Goods sold	36,433	56,978
Operating lease revenues	125,302	117,693
Total revenues	**3,695,157**	**3,669,091**

Operating lease revenues are generated by alarm system rentals. As explained in Note 35.18, when a customer rents a system, the Company receives an initial amount which is taken to the income statement on the basis of the average contract duration and a regular payment for the rental of the equipment and the service provided.

See Note 10 for further information on revenues by segment and geographical area.

4. Cost of Sales and Selling, General and Administrative Expenses

The main costs of sales and other general and administrative expenses in the consolidated income statement are as follows:

		Thousands of Euros	
		2013	2012
Supplies		143,152	168,035
Employee benefits expense	(Note 5)	2,208,235	2,178,080
Operating leases		50,833	57,102
Supplies and external services		207,431	185,231
Depreciation and amortisation		46,030	42,935
Other expenses		174,640	187,020
Total costs to sell		**2,830,321**	**2,818,403**
Supplies		3,477	3,815
Employee benefits expense	(Note 5)	265,036	249,240
Operating leases		36,287	36,622
Supplies and external services		105,736	101,817
Depreciation and amortisation		70,737	72,562
Other expenses		62,385	65,600
Total selling, general and administrative expenses		**543,658**	**529,656**

Total supplies in the consolidated income statement for 2013 amount to Euros 146,629 thousand (Euros 171,850 thousand in 2012).

5. Employee Benefits Expense

Details of the employee benefits expense are as follows:

	Thousands of Euros	
	2013	2012
Salaries and wages	1,833,447	1,820,144
Social Security	490,260	487,597
Other employee benefits expenses	100,401	87,954
Termination benefits	49,163	31,625
Total employee benefits expenses	**2,473,271**	**2,427,320**

In accordance with Note 21, with regard to the ruling of the Supreme Court relative to the price of overtime, no employee benefit expenses were recognised in 2013 (or 2012), and a lower expense in the amount of Euros 10,646 thousand (Euros 11,962 thousand in 2012), corresponding to the reversal of amounts for which provisions were made in prior years, as a result of agreements reached with the plaintiffs in the course of the year.

Salaries and wages include the expense accrued during the year in relation to the 2011 and 2014 long-term incentive plans for executive directors and management (see Note 35.17), amounting to Euros 662 thousand (Euros 3,876 thousand in 2012), of which Euros 150 thousand comprise cash incentives and Euros 512 thousand correspond to share-based incentives.

6. Other Expenses

Details of other expenses are as follows:

		Thousands of Euros	
		2013	2012
Impairment losses on receivables	(Note 17)	(18,883)	(10,568)
Impairment losses on non-current assets	(Note 11)	(863)	2
Net gains/(losses) on disposal of fixed assets		(2,244)	(2,524)
Other expenses		(9,257)	(3,474)
Total other expenses		**(31,247)**	**(16,564)**

Other expenses include an increase in other operating expenses deriving from growth in recent years and downsizing at Prosegur.

7. Net Finance Costs

Details of the net finance cost are as follows:

	Thousands of Euros	
	2013	2012
Interest paid:		
- Loans from financial institutions	(23,939)	(36,936)
- Bonds and other marketable securities	(10,913)	-
- Loans from other entities	(2,031)	(1,737)
- Loans from other associates	(1)	(206)
- Securitisation programme	(670)	(2,870)
- Finance leases	(1,599)	(1,643)
	(39,153)	(43,392)
Interest received:		
- Cash equivalents	45	200
- Loans and other investments (Note 14)	10,356	7,273
	10,401	7,473
Other profit and loss		
Net gains/(losses) on foreign currency transactions	7,368	1,129
Gains/(losses) on the fair value of derivative financial instruments (Note 15)	2,419	(859)
Other losses on transactions with derivative financial instruments (Note 15)	(2,288)	(1,122)
Impairment of investments in equity instruments	(6,600)	(3)
Other finance income	1,620	2,524
Other finance costs	(25,236)	(26,403)
	(22,717)	(24,734)
Net finance costs	**(51,469)**	**(60,653)**
Total finance income	**21,808**	**11,126**
Total finance costs	**(73,277)**	**(71,779)**
	(51,469)	**(60,653)**

Interest-related finance costs in 2013 amount to Euros 39,153 thousand (Euros 43,392 thousand in 2012). The decrease is owing to the cancellations of the syndicated loan in the amount of Euros 100,000 thousand contracted in February 2012, as well as the early prepayment of Euros 50,000 thousand of the tranche of the syndicated loan executed in 2010. In addition, the debenture issued in Brazil on 23 April 2012 was partially prepaid in 2013 in the amount of BRL 125,000 thousand (equivalent to Euros 47,095 thousand at the date of cancellation). Such cancellations took place as a result of the issue in March 2013 of plain bonds in the amount of Euros 500,000 thousand (see Note 22).

Other finance costs essentially comprise adjustments to deferred payables arising on business combinations in 2012.

8. Earnings per Share

Basic

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year, excluding own shares acquired by the Company (see Note 20).

	Euros	
	2013	**2012**
Profit for the year attributable to owners of the Parent	155,858,239	171,936,550
Weighted average ordinary shares outstanding	573,416,655	573,364,291
Basic earnings per share	**0.2718**	**0.2999**

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.

	Euros	
	2013	**2012**
Profit for the year attributable to owners of the Parent	155,858,239	171,936,550
(Diluted) weighted average ordinary shares outstanding	577,976,655	577,924,291
Diluted earnings per share	**0.2697**	**0.2975**

The adjustment to the weighted average number of ordinary shares outstanding reflects the potential 4,560,000 shares outstanding as a result of the 2011 and 2014 Plans (see Note 35.17).

On 10 January 2014 Prosegur proceeded with the sale of a package of 24,882,749 of its own shares, representing 4.032% of the share capital, for a total amount of Euros 123,170 thousand (see Note 34).

9. Dividends per Share

The Board of Directors will propose the distribution of a dividend of Euros 0.1068 per share, or a total maximum amount of Euros 65,947 thousand (considering that share capital is currently represented by 617,124,640 shares), to the shareholders at their general meeting. This dividend will be distributed to shareholders as four payments, in July and October 2014 and January and April 2015. Each payment is calculated as Euros 0.0267 per outstanding share at the payment date. The portion of the maximum amount represented by own shares at each payment date, and therefore not distributed, will be taken to voluntary reserves.

Nevertheless, if the number of shares changes between two payment dates as a result of a share capital increase or reduction, the total maximum amount of the dividend at each payment date (Euros 16,487 thousand) should be divided by the new number of outstanding shares that corresponds following the aforementioned increase or reduction.

At the general meeting held on 29 April 2013, shareholders approved the distribution of dividends amounting to Euros 65,947 thousand (Euros 0.1068 per share). When this meeting was held, the share capital was divided into 617,124,640 shares. Fifty percent (50%) of the approved dividends, i.e. Euros 32,974 thousand, were paid to the shareholders in July and October 2013. The remaining payments, that correspond to 25% each of the approved amount, will be paid to the shareholders in January and April 2014. At 31 December 2013 a dividend liability of Euros 32,974 thousand is recognised in current liabilities in other payables under trade and other payables.

10. Segment Reporting

The Executive Committee of the Board of Directors is ultimately responsible for taking decisions on Prosegur's operations and, together with the Audit Committee, for reviewing internal financial information to assess the performance of Prosegur and allocating resources.

The Executive Committee analyses business at parent level on two fronts: by geographical area and by activity. The main segments are identified in geographical terms:

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

These geographical segments in turn include the following activity segments:

- Surveillance, mainly including patrol and protection of premises, goods and individuals.
- Cash in transit and cash management services, mainly the transportation, storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- Technology, mainly the installation and maintenance of technical security systems and home alarms and other related activities.

The following ratios are used in segment reporting:

- EBITDA: Consolidated earnings before interest, taxes, depreciation and amortisation.
- EBIT: Consolidated earnings before interest and taxes.

The Executive Committee uses EBIT to assess segment performance, considering that this indicator best reflects the profit and loss of the Group's different activities.

Prosegur is not highly dependent on any particular customers (see Note 32).

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

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

Total liabilities allocated to segments do not include derivative financial liabilities or loans and borrowings, except for finance lease payables, as these are managed at Prosegur Group level.

Details of revenues by segment are as follows:

	Europe		LatAm		Asia-Pacific		Total	
Thousands of Euros	2013	2012	2013	2012	2013	2012	2013	2012
Surveillance	806,649	884,650	854,313	775,207	29,227	24,263	1,690,189	1,684,120
% of total	48%	52%	50%	46%	2%	2%	45%	46%
CIT/CM	377,917	376,644	1,190,581	1,192,670	9,188	4,378	1,577,686	1,573,692
% of total	24%	24%	75%	75%	1%	1%	43%	43%
Technology	215,458	201,323	210,825	209,956	999	-	427,282	411,279
% of total	50%	50%	50%	50%	0%	0%	12%	11%
Total sales	**1,400,024**	**1,462,617**	**2,255,719**	**2,177,833**	**39,414**	**28,641**	**3,695,157**	**3,669,091**

Details of EBITDA and EBIT by segment are as follows:

	Europe		LatAm		Asia-Pacific		Total	
Thousands of Euros	2013	2012	2013	2012	2013	2012	2013	2012
Sales to external customers	1,400,024	1,462,617	2,255,719	2,177,833	39,414	28,641	3,695,157	3,669,091
Other net expenses	(1,309,785)	(1,381,047)	(1,933,147)	(1,833,954)	(37,808)	(27,116)	(3,280,740)	(3,242,117)
EBITDA	90,239	81,570	322,572	343,879	1,606	1,525	414,417	426,974
Depreciation and amortisation	(41,872)	(39,195)	(73,347)	(75,404)	(1,548)	(898)	(116,767)	(115,497)
EBIT	**48,367**	**42,375**	**249,225**	**268,475**	**58**	**627**	**297,650**	**311,477**

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

	Thousands of Euros	
	2013	2012
EBIT allocated to segments	297,650	311,477
Net finance costs	(51,469)	(60,653)
Profit before tax	246,181	250,824
Income tax	(90,507)	(79,257)
Post-tax profit from continuing operations	155,674	171,567
Non-controlling interests	(184)	(370)
Profit for the year attributable to owners of the Parent	**155,858**	**171,937**

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

	Revenues		Non-current assets allocated to segments	
Thousands of Euros	2013	2012	2013	2012
Parent company country of residence (Spain)	866,657	943,378	312,705	320,796
Brazil	1,074,015	1,076,678	519,164	695,012
Argentina	623,345	447,619	141,129	87,900
Other countries	1,131,140	1,201,416	537,301	449,474
	3,695,157	**3,669,091**	**1,510,299**	**1,553,182**

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

	Europe		LatAm		Asia-Pacific		Not allocated to segments		Total	
Thousands of Euros	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Assets allocated to segments	**794,953**	**785,531**	**1,687,675**	**1,865,745**	**95,604**	**27,728**	-	-	**2,578,232**	**2,679,004**
Other unallocated assets	-	-	-	-	-	-	**319,678**	**206,590**	**319,678**	**206,590**
Other non-current financial assets	-	-	-	-	-	-	25,461	37,335	25,461	37,335
Other current financial assets	-	-	-	-	-	-	1,202	5,654	1,202	5,654
Cash and cash equivalents	-	-	-	-	-	-	292,942	163,601	292,942	163,601
Derivative financial instruments	-	-	-	-	-	-	73	-	73	-
	794,953	**785,531**	**1,687,675**	**1,865,745**	**95,604**	**27,728**	**319,678**	**206,590**	**2,897,910**	**2,885,594**

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

	Europe		LatAm		Asia-Pacific		Not allocated to segments		Total	
Thousands of Euros	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Liabilities allocated to segments	**483,548**	**433,408**	**778,960**	**920,041**	**77,148**	**9,587**	-	-	**1,339,656**	**1,363,036**
Other unallocated liabilities	-	-	-	-	-	-	**903,730**	**790,758**	**903,730**	**790,758**
Bank debts	-	-	-	-	-	-	902,090	786,210	902,090	786,210
Derivatives	-	-	-	-	-	-	1,640	4,548	1,640	4,548
	483,548	**433,408**	**778,960**	**920,041**	**77,148**	**9,587**	**903,730**	**790,758**	**2,243,386**	**2,153,794**

11. Property, Plant and Equipment

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

Thousands of Euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Under construction and advances	Total
Cost						
Balance at 1 January 2012	187,884	86,643	228,847	250,777	46,201	800,352
Translation differences	(1,558)	(2,544)	(6,280)	(8,039)	(4,413)	(22,834)
Business combinations (Note 28)	273	3,502	2,842	31,634	3,296	41,547
Additions	11,318	7,890	20,456	21,507	45,588	106,759
Disposals	(29)	(2,005)	(7,935)	(6,531)	(2,093)	(18,593)
Transfers	7,288	7,068	11,117	14,535	(40,008)	-
Balance at 31 December 2012	**205,176**	**100,554**	**249,047**	**303,883**	**48,571**	**907,231**
Translation differences	(13,091)	(13,637)	(23,194)	(38,064)	(12,202)	(100,188)
Business combinations (Note 28)	5,193	-	5,854	10,466	1,584	23,097
Additions	11,385	10,208	26,343	17,317	54,520	119,773
Disposals	-	(3,105)	(10,586)	(7,128)	(2,659)	(23,478)
Transfers	8,697	5,707	7,860	11,756	(34,020)	-
Balance at 31 December 2013	**217,360**	**99,727**	**255,324**	**298,230**	**55,794**	**926,435**

Thousands of Euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Under construction and advances	Total
Amortisation and impairment						
Balance at 1 January 2012	(39,605)	(52,082)	(138,161)	(164,532)	-	(394,380)
Translation differences	(130)	(34)	2,960	2,360	-	5,156
Disposals	79	1,393	4,135	3,806	-	9,413
Transfers	4,627	1,225	(6,026)	174	-	-
Amortisation for the year	(4,957)	(10,771)	(18,863)	(32,360)	-	(66,951)
Balance at 31 December 2012	**(39,986)**	**(60,269)**	**(155,955)**	**(190,552)**	**-**	**(446,762)**
Translation differences	1,191	7,573	12,982	23,771	-	45,517
Disposals	-	2,870	6,999	5,651	-	15,520
Transfers	997	1,102	(2,387)	288	-	-
Amortisation for the year	(5,337)	(10,626)	(22,543)	(29,300)	-	(67,806)
Provision for impairment recognised in profit and loss	-	-	-	(863)	-	(863)
Balance at 31 December 2013	**(43,135)**	**(59,350)**	**(160,904)**	**(191,005)**	**-**	**(454,394)**
Carrying amount						
At 1 January 2012	148,279	34,561	90,686	86,245	46,201	405,972
At 31 December 2012	165,190	40,285	93,092	113,331	48,571	460,469
At 1 January 2013	165,190	40,285	93,092	113,331	48,571	460,469
At 31 December 2013	174,225	40,377	94,420	107,225	55,794	472,041

Additions to property, plant and equipment recognised in 2013 amount to Euros 119,773 thousand (Euros 106,759 thousand in 2012) and mainly comprise fitting-out work in progress on bases and armoured vehicles intended for use in operating activities. These investments were essentially made in Argentina, Germany, Peru and Brazil.

Commitments for the acquisition of property, plant and equipment are detailed in Note 27.

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

	Thousands of Euros	
	2013	**2012**
Cost	39,324	39,324
Accumulated amortisation	(4,393)	(3,954)
Carrying amount	**34,931**	**35,370**

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

	Thousands of Euros	
	2013	**2012**
Cost	73,166	70,212
Accumulated amortisation	(50,849)	(52,053)
Carrying amount	**22,317**	**18,159**

As stated in Note 3, the income statement includes operating lease income of Euros 125,302 thousand (Euros 117,693 thousand in 2012). This amount reflects business relating to the alarm system rental activity, the associated cost of which is taken to the income statement.

In 2013, the Company placed armoured vehicles into operation for an amount of Euros 964 thousand (Euros 3,204 thousand in 2012), from work in progress, compliant with the Euro III standard on non-polluting emissions.

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

	2013				
Thousands of Euros	**Land and buildings**	**Technical installations and machinery**	**Other installations and furniture**	**Other property, plant and equipment**	**Total**
Capitalised finance lease cost	11,556	9,577	282	37,235	58,650
Accumulated amortisation	(830)	(6,154)	(226)	(20,155)	(27,365)
Carrying amount	**10,726**	**3,423**	**56**	**17,080**	**31,285**

	2012				
Thousands of Euros	**Land and buildings**	**Technical installations and machinery**	**Other installations and furniture**	**Other property, plant and equipment**	**Total**
Capitalised finance lease cost	9,470	7,848	231	30,513	48,062
Accumulated amortisation	(768)	(5,696)	(203)	(18,663)	(25,330)
Carrying amount	**8,702**	**2,152**	**28**	**11,850**	**22,732**

12. Goodwill

Details of movement in goodwill are as follows:

	Thousands of Euros	
	2013	**2012**
Balance at 1 January	**529,453**	**405,914**
Additions to the consolidated group	49,270	184,441
Additions	655	-
Disposals	(25,823)	(42,653)
Translation differences	(37,596)	(18,249)
Balance at 31 December	**515,959**	**529,453**

Additions to goodwill in 2012 and 2013 derive from the following business combinations:

		2013	
	Country	% ownership	Thousands of Euros
Brinks Deutschland GMBH [(1)]	(Germany)	100%	20,952
Chubb Security Services Pty Ltd [(1)]	(Australia)	100%	28,318
			49,270

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

		2012	
	Country	% ownership	Thousands of Euros
Segura Group	Uruguay	100%	10,378
Nordeste/Transbank Group	Brazil	100%	114,664
T.C. Interplata, S.A.	Argentina	100%	9,975
Servin Seguridad, S.A.	Argentina	100%	20,464
Roytronic, S.A.	Uruguay	100%	4,712
GRP Group	France	100%	12,902
Grupo Mercurio de Transportes, S.A. C.V.	Mexico	80%	1
Imperial Dragon Security Ltd	China	45%	6,739
SIS Cash Services Private Ltd	India	49%	4,606
			184,441

Details of the estimated goodwill in the tables above and the allocation of the amounts for which measurement was completed in 2013 are provided in Note 28 (see Note 28.2).

Disposals in the year reflect adjustments to the value of the following goodwill, which was allocated provisionally in 2012 and 2011 (see Note 28):

	Country	Thousands of Euros 2013	2012
Segura Group (Coral Melody, S.A. and Tecnofren, S.A.)	Uruguay	(4,771)	-
T.C. Interplata, S.A.	Argentina	(2,744)	-
Servin Seguridad, S.A.	Argentina	(5,498)	-
Roytronic, S.A.	Uruguay	(1,388)	-
GRP Group	France	(4,565)	-
Imperial Dragon Security Ltd	China	(4,344)	-
SIS Cash Services Private Ltd	India	(2,513)	-
Distribuidora Federal, S.A.C.	Peru	-	(1,610)
Grupo Seguridad Vigilada	Spain	-	(1,435)
Inversiones BIV, S.A. and subsidiary	Colombia	-	(4,890)
Vimarco Servicios Generales	Colombia	-	(119)
Prover Electrônica, Ltda.	Brazil	-	(1,748)
Sazias, S.A.	France	-	(4,109)
Beloura Investments, S.L.U.	Colombia	-	(6,079)
Fiel Vigilancia e Transporte de Valores	Brazil	-	(20,915)
Aexis Security Management Pte. Ltd.	Singapore	-	(1,324)
Securlog GMBH	Germany	-	(424)
		(25,823)	**(42,653)**

Impairment testing of goodwill

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

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

	Thousands of Euros 2013	2012
Spain CGU	92,241	92,241
France CGU	39,788	44,353
Portugal CGU	13,403	13,403
Germany CGU	21,062	110
Subtotal Europe	**166,494**	**150,107**
Brazil CGU	124,504	143,874
Colombia CGU	39,906	48,805
Peru CGU	38,632	41,132
Chile CGU	47,450	40,513
Argentina CGU	42,849	62,134
Rest of LatAm CGU	19,975	27,849
Subtotal LatAm	**313,316**	**364,307**
Singapore CGU	4,154	4,490
India CGU	1,541	3,990
China CGU	2,178	6,559
Australia CGU	28,276	-
Subtotal Asia-Pacific	**36,149**	**15,039**
Total	**515,959**	**529,453**

Prosegur tests goodwill for impairment at the end of each reporting period, or earlier if there are indications of impairment, in accordance with the accounting policy described in Note 35.7.

The recoverable amount of a CGU is determined based on its value in use. These calculations are based on cash flow projections from the four-year financial budgets approved by Management, excluding the effects of possible future improvements in the return on assets. Cash flows beyond this four-year period are extrapolated using estimated growth rates. The cash flows take past experience into consideration and represent Management's best estimate of future market performance. Cash flows are discounted using a discount rate based on the weighted average cost of capital (WACC). The residual value of each CGU is generally calculated as income in perpetuity.

The key assumptions used to calculate value in use are as follows:

	2013			2012		
	Europe	**LatAm**	**Asia-Pacific**	**Europe**	**LatAm**	**Asia-Pacific**
Growth rate [1]	2.72%	9.05%	8.65%	1.74%	4.44%	3.94%
Discount rate [2]	7.19%	15.47%	11.41%	6.17%	13.66%	7.28%

[1] Weighted average growth rate used to extrapolate cash flows beyond the budgeted period.
[2] Weighted average discount rate after tax applied to cash flow projections.

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

31 December 2013

	Spain	Rest of Europe	Brazil	Colombia	Peru	Argentina	Rest of LatAm	Asia-Pacific
Growth rate	2.43%	3.57%	7.96%	7.48%	7.77%	13.59%	8.44%	8.65%
Discount rate	7.24%	7.04%	12.26%	9.48%	9.27%	32.45%	10.77%	11.41%

31 December 2012

	Spain	Rest of Europe	Brazil	Colombia	Peru	Argentina	Rest of LatAm	Asia-Pacific
Growth rate	1.73%	1.95%	4.14%	4.50%	6.02%	4.04%	5.08%	3.94%
Discount rate	5.76%	7.40%	8.82%	8.40%	8.00%	33.84%	8.35%	7.28%

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

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

The general increase of discount rates in 2013 compared to 2012 is mainly due to the increase of country risk. An increase has also occurred in the currency risk owing to high volatility and risk of depreciation.

The growth rate has consequently increased by including the expected inflation, particularly high in LatAm countries.

No impairment losses have been recognised on goodwill in 2013.

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

	2013		2012	
	Discount rate	EBITDA	Discount rate	EBITDA
Brazil	22.46%	32.60%	22.72%	36.79%
Argentina	52.72%	21.25%	57.15%	16.84%
Spain	16.53%	39.17%	10.73%	42.86%
France	7.05%	10.98%	7.36%	20.02%
Colombia	13.34%	21.56%	9.18%	3.71%
Peru	20.50%	36.31%	17.72%	33.81%
Chile	11.82%	14.52%	9.50%	4.36%

13. Other Intangible Assets

Details and movement of other intangible assets are as follows:

Thousands of Euros	Computer software	Customer portfolios	Trademarks	Other intangible assets	Total
Cost					
Balance at 1 January 2012	72,104	175,997	11,624	7,014	266,739
Translation differences	(618)	(38,784)	(3,996)	(1,220)	(44,618)
Business combinations	779	249,373	23,690	7,839	281,681
Additions	11,872	-	-	7,379	19,251
Disposals	(336)	-	-	-	(336)
Balance at 31 December 2012	**83,801**	**386,586**	**31,318**	**21,012**	**522,717**
Translation differences	(7,144)	(60,549)	(6,427)	(2,115)	(76,235)
Business combinations	359	58,874	9,459	1,286	69,978
Additions	13,165	-	-	4,828	17,993
Disposals	(2,106)	(30)	-	-	(2,136)
Balance at 31 December 2013	**88,075**	**384,881**	**34,350**	**25,011**	**532,317**
Amortisation and impairment					
Balance at 1 January 2012	(35,593)	(72,577)	(8,597)	(2,771)	(119,538)
Translation differences	907	3,401	2,023	180	6,511
Disposals	14	-	-	-	14
Amortisation for the year	(9,890)	(26,357)	(8,040)	(4,259)	(48,546)
Balance at 31 December 2012	**(44,562)**	**(95,533)**	**(14,614)**	**(6,850)**	**(161,559)**
Translation differences	3,484	11,935	2,900	442	18,761
Disposals	1,121	17	-	-	1,138
Amortisation for the year	(10,853)	(26,573)	(5,909)	(5,626)	(48,961)
Balance at 31 December 2013	**(50,810)**	**(110,154)**	**(17,623)**	**(12,034)**	**(190,621)**
Carrying amount					
At 1 January 2012	36,511	103,420	3,027	4,243	147,201
At 31 December 2012	39,239	291,053	16,704	14,162	361,158
At 1 January 2013	39,239	291,053	16,704	14,162	361,158
At 31 December 2013	37,265	274,727	16,727	12,977	341,696

In 2013, additions to intangible assets were recognised due to the allocation of fair value to the purchase prices of business combinations summarised in the following table:

	Thousands of Euros		
	Customer portfolios	**Trademarks**	**Other intangible assets**
Segura Group (Coral Melody, S.A. and Tecnofren, S.A.) (Uruguay)	6,553	-	-
Nordeste/Transbank Group (Brazil)	(703)	-	(97)
T.C. Interplata, S.A. (Argentina)	4,154	66	-
Servin Seguridad, S.A. (Argentina)	7,400	1,520	391
Roytronic, S.A. (Uruguay)	1,787	-	-
GRP Group (France)	6,479	367	-
Imperial Dragon Security Ltd (China)	-	5,833	506
SIS Cash Services Private Ltd (India)	1,561	1,673	486
Chubb Security Services Pty Ltd (Australia)	31,818	-	-
	59,049	**9,459**	**1,286**

The balances reflect the definitive allocation of amounts that were provisionally allocated in 2012 (see Notes 12 and 28.2).

In 2012, additions to intangible assets were recognised due to the allocation of fair value to the purchase prices of business combinations summarised in the following table:

	Thousands of Euros		
	Customer portfolios	**Trademarks**	**Other intangible assets**
Distribuidora Federal, S.A.C.	317	-	1,109
Grupo Seguridad Vigilada	1,361	-	-
Inversiones BIV, S.A. and subsidiary	5,161	476	-
Vimarco Servicios Generales	171	49	-
Prover Eletrônica, Ltda.	295	183	175
Sazias, S.A.	6,020	140	-
Grupo Integra - Colombia	9,025	119	-
Fiel Vigilancia e Transporte de Valores	12,770	2,277	380
Aexis Security Management Pte. Ltd.	1,606	-	-
Securlog GMBH	400	-	-
Nordeste/Transbank Group	212,063	20,446	6,175
Segura Group	184	-	-
	249,373	**23,690**	**7,839**

The amount corresponding to the customer portfolios, the trademarks and other intangible assets of Nordeste/Transbank reflects the definitive allocation of the goodwill generated in 2012. The rest of the balances reflect the definitive allocation of amounts that were provisionally allocated in 2011 (see Notes 12 and 28.2).

All other intangible assets reported have finite useful lives (with the exception of the "other intangible asset" from the SIS Cash Service Private LTD business combination) and are amortised at rates of between 3.33% and 50% depending on the estimated useful life. Details of the amortisation percentages of the customer portfolio and trademark are described in Notes 28 and 35.6.

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

Other intangible assets are tested for impairment as described in Note 35.6. No impairment losses have been recognised or reversed in 2013.

14. Non-Current Financial Assets

Details of non-current financial assets are as follows:

Thousands of Euros	2013	2012
Available-for-sale financial assets	19,798	26,114
Deposits and guarantees	3,720	10,743
Other non-current financial assets	1,943	478
	25,461	37,335

Available-for-sale financial assets

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

Thousands of Euros	2013	2012
Balance at 1 January	**26,114**	**25,634**
Additions	1,956	677
Disposals	(1,547)	(181)
Impairment losses	(6,600)	-
Translation differences	(125)	(16)
Balance at 31 December	**19,798**	**26,114**

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

At 31 December 2013

Thousands of Euros	Recoverable amount	% ownership	Investment
Capitolotre, S.P.A.	16,027	19.0%	31,647
Euroforum Escorial, S.A.	2,008	8.1%	2,008
Other investments and other assets	1,763		1,767
	19,798		35,422

At 31 December 2012

Thousands of Euros	Recoverable amount	% ownership	Investment
Capitolotre, S.P.A.	22,627	19.0%	31,647
Euroforum Escorial, S.A.	1,734	8.1%	1,734
Other investments and other assets	1,753		1,756
	26,114		35,137

Capitolotre, S.P.A.

On 18 December 2007 Prosegur acquired 19% of the shares in the investment vehicle Capitolotre, S.P.A. This 19% interest entitles Prosegur to 33% of profit-sharing rights. Capitolotre, S.P.A. has a 77% interest in the IVRI Group, company in the Italian security sector with activities including security patrol, transport of valuables, alarm system monitoring, response services and electronic systems. As a result, Prosegur has an indirect interest of 14.6% in the IVRI Group. Prosegur's investment in Capitolotre, S.P.A. remained unchanged between the acquisition date and 31 December 2013.

Based on the accounting policy for associated entities (see Note 35.2), Prosegur considers that it does not exercise significant control over Capitolotre, S.P.A. and recognises this investment as an available-for-sale financial asset.

Following the criteria set out in Note 2.4, Prosegur has recognised its investment in Capitolotre, S.P.A. as a level three fair value.

The measurement method and unobservable inputs employed were as follows:

Measurement method	(Unobservable) inputs employed	Interrelationship between key inputs and fair value	Sensitivity analysis
Transaction multiples among comparable companies: Measurement by comparison of the prices paid in acquisitions of comparable companies in relation to their basic financial magnitudes, obtaining multipliers that may be applied as reference. Prosegur uses the EBITDA as the reference multiplier.	- Financial budgets for the business (covering a 5-year period), which determine the budgeted EBITDA (earnings before interest, taxes, depreciation and amortisation) based on past performance and the market outlook. - The weighted average growth rates (that are consistent with the forecasts included in industry reports). - Discount rate.	The estimated fair value would increase (or decrease) if: - the expected income growth was greater (lower) - labour costs decreased (increased) - The risk-adjusted discount rate was lesser (greater)	- If the EBITDA estimated by the entity was 10% lower at 31 December 2013, with all other key assumptions remaining constant, the additional impairment loss would amount to Euros 1,695 thousand. - If the discount rate estimated by the entity at 31 December 2013 had been 10% higher, with the other key assumptions remaining constant, the additional impairment loss would amount to Euros 351 thousand.

At 31 December 2013, Prosegur estimated the fair value of its investment in Capitolotre, S.P.A. based on the techniques described above, concluding that objective evidence exists to support that this investment has sustained a decrease in value estimated at Euros 6,600 thousand. In 2012 no impairment loss was recognised in the fair value of the financial asset.

<u>Other investments</u>

The rest of Prosegur's investments are measured at the lower value between cost and the underlying carrying amount, as they cannot be measured reliably.

In 2013 the Company participated in a capital increase of Euroforum Escorial, S.A. in an amount of Euros 524 thousand, of which Euros 250 thousand are pending payment.

At 21 March 2013, Euroforum Torrealta, S.A. approved the distribution of a dividend of Euros 1,364 thousand in favour of Prosegur Compañía de Seguridad, S.A., received on 26 March 2013. Additionally, on 29 April 2013 Euroforum Torrealta, S.A. resolved upon the distribution of voluntary reserves to its shareholders in proportion to their interest, with Euros 2,772 thousand corresponding to Prosegur Compañía de Seguridad, S.A. received on 30 April 2013.

Deposits and guarantees

At 31 December 2012, deposits and guarantees included Euros 5,500 thousand in relation to the Securlog GmbH (Germany) business combination, reflecting the amount withheld from the total purchase price of the company shares to guarantee the settlement of possible liabilities. At 31 December 2013 the aforementioned deposit was classified under current assets and during the year, the amount of the guarantee was adjusted by Euros 100 thousand.

Other non-current financial assets

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

	Thousands of Euros	
	2013	**2012**
Balance at 1 January	**478**	**584**
Additions	1,631	-
Disposals	-	(26)
Translation differences	(166)	(80)
Balance at 31 December	**1,943**	**478**

At the end of the 2013 and 2012 reporting period, this balance reflects fixed-term deposits maturing between 2016 and 2017.

15. Derivative Financial Instruments

Prosegur uses derivative financial instruments to hedge interest rates and exchange rates, as set out in the financial risk management policy described in Note 32.

Changes in the fair values of all financial instruments held by Prosegur are recognised in the income statement as they are not considered to be accounting hedges. During 2013 one credit of Euros 2,419 thousand (debit of Euros 859 thousand in 2012) was recognised in the income statement for changes in the fair value of derivative financial instruments (see Note 7). Additionally throughout the year, for transactions for settlement and sale, losses in the amount of Euros 2,288 thousand (Euros 1,122 thousand in 2012) were recognised (see Note 7).

The total fair value of a derivative is recognised under non-current assets or liabilities if the notional amount matures in more than twelve months or under current assets or liabilities if the notional amount matures within twelve months.

Details of derivative financial instruments are as follows:

		2013		2012	
		Fair values		Fair values	
Thousands of Euros	Notional amount	Assets	Liabilities	Assets	Liabilities
Interest rate swap (IRS)	€100,000 thousand	-	-	-	3,857
Interest rate swap (IRS)	€37,500 thousand	-	-	-	348
Interest rate swap (IRS)	€37,500 thousand	-	-	-	343
Non-current		**-**	**-**	**-**	**4,548**
Interest rate swap (IRS)	€100,000 thousand	-	1,640	-	-
Forward exchange transactions	AUD 15,000 thousand	73	-	-	-
Current		**73**	**1,640**	**-**	**-**

Interest rate swaps

At 31 December 2013 the Company has one interest rate derivative financial instrument (interest rate swap) to cap the interest payable on part of Prosegur's financing.

Every six months, on 25 July and 25 January, the interest rate of 2.71% payable on this derivative is exchanged for a receivable interest rate equivalent to the six-month Euribor on a nominal amount of Euros 100,000 thousand that matures in April 2014.

In 2012, two further interest rate derivatives were arranged on a nominal amount of Euros 37,500 thousand each, with maturity in February 2015. Every quarter, the interest rate of 0.65% payable on these derivatives is exchanged for a receivable interest rate equivalent to the three-month Euribor. These derivative instruments, whose maturity was February 2015, were settled in advance.

Forward currency exchange agreements

On 23 December 2013 exchange insurance was underwritten on a par value of AUD 15,000 thousand, that exchanges Euros for Australian Dollars at a rate of 1.5318 and whose maturity is 13 January 2014.

16. Inventories

Details of inventories are as follows:

	Thousands of Euros	
	2013	**2012**
Work in progress	19,397	19,266
Goods for resale, fuel and other	25,091	22,288
Operating materials	9,832	12,945
Uniforms	4,311	6,548
	58,631	**61,047**

No inventories have been pledged as collateral to secure loans.

Work in progress reflects the construction contracts executed by Prosegur and subsequently invoiced to customers. The corresponding accounting policy is set out in Note 35.21. Prosegur has recognised sales revenue of Euros 177,230 thousand in relation with these contracts in 2013 (Euros 176,776 thousand in 2012). Prosegur has also recognised a payable to customers of Euros 11,313 thousand (Euros 8,338 thousand in 2012) because the progress billings to those customers exceed the costs incurred plus recognised profit (see Note 24).

17. Trade and Other Receivables

Details of trade and other receivables are as follows:

	Thousands of Euros	
	2013	**2012**
Customer receivables for sales and services	751,683	804,580
Less: Impairment of receivables	(59,682)	(59,019)
Trade receivables - net	692,001	745,561
Public administrations	67,637	46,892
Employee prepayments	13,966	9,497
Judicial deposits	38,482	41,803
Prepayments	35,044	43,698
Other receivables	72,605	76,696
Current	**919,735**	**964,147**

Credit risk from trade receivables is not concentrated because Prosegur works with a large number of customers distributed among the different countries in which it operates (see Note 32).

On 5 December 2013 Prosegur arranged a non-recourse factoring facility in the amount of Euros 9,595 thousand. The contract expires on 30 June 2014. The contract expressly indicates that the purchaser will not be entitled to recourse against the seller in the event of any default or delay in collection of a transferred receivable. In other words, the buyer assumes the credit risk and default risk. The amount collected in relation to a transferred receivable is calculated by discounting net cash flows based on the due date of the receivable.

Receivables sold are written off and the difference between their carrying amount and the amount actually received is recognised as a finance cost in the income statement (see Note 7). At 31 December 2013 receivables amounting to Euros 9,595 thousand were written off in connection with these contracts.

In December 2012, Prosegur arranged a non-recourse factoring facility in the amount of Euros 50,000 thousand, with the possibility of increasing this figure. This contract had a term of one year, with the ability to extend it for additional 12-month periods subject to mutual agreement between the two parties. Upon reaching its expiration date, this contract was not renewed. At 31 December 2012 receivables amounting to Euros 12,801 thousand were written off in connection with these contracts.

In 2008, Prosegur enforced guarantees of Euros 9,469 thousand relating to funds retained on deposit by a customer in Brazil, by requirement of Customs and Excise authorities. In 2012, the Federal Court for the corresponding region in southern Brazil, with jurisdiction over this case, in a suit brought by Prosegur seeking to release the funds, issued a favourable ruling and ordered the funds to be returned. The Brazilian Finance and Taxation Department lodged an appeal in the Supreme Court without suspensive effect. At 2013 year end, and while the Supreme Court appeal has not been examined, Prosegur is carrying out all procedures required to release such funds supported by the Federal Court ruling.

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

	Thousands of Euros	
	2013	2012
0 to 3 months	161,795	229,901
3 to 6 months	28,228	20,466
Over 6 months	21,002	13,059
	211,025	263,426

Balances with maturities greater than 6 months correspond mainly to State customers, the majority of which have a maximum term of 12 months.

Movement in the impairment of receivables is as follows:

	Thousands of Euros	
	2013	2012
Balance at 1 January	(59,019)	(51,235)
Additions to the consolidated group	-	(1,703)
Provision for impairment	(17,048)	(12,096)
Applications and other	6,243	1,103
Reversal of unused amounts	4,400	3,708
Translation differences	5,742	1,204
Balance at 31 December	(59,682)	(59,019)

As well as the provision, in 2013 Prosegur recognised impairment losses on trade receivables amounting to Euros 6,235 thousand (Euros 2,180 thousand in 2012). The total impairment loss on trade receivables recognised in the income statement amounts to Euros 18,883 thousand (Euros 10,568 thousand in 2012).

As a general rule, impaired receivables are written off when Prosegur does not expect to recover any further amount.

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

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

The procedures followed by Prosegur in relation to credit risk and currency risk on trade receivables are described in Note 32.1.

18. Other Financial Assets

Details of other financial assets and movement during the year are as follows:

	Thousands of Euros 2013	2012
Balance at 1 January	**5,654**	**1,552**
Additions	3,479	10,825
Disposals	(7,931)	(6,670)
Translation differences	-	(53)
Balance at 31 December	**1,202**	**5,654**

The composition and the issue and maturity dates of financial assets in 2013 and 2012 are as follows:

Description	Date of issue	Matures on	Principal	Balance at 31/12/2013
Fixed-term deposit	1/3/2013	5/31/2013	1,797	-
Fixed-term deposit	2/7/2013	5/31/2013	480	-
Fixed-term deposit	10/24/2013	4/24/2014	114	114
Fixed-term deposit	8/31/2013	9/30/2014	53	53
Fixed-term deposit	12/11/2013	12/11/2014	139	139
Other financial assets			896	896
			3,479	**1,202**

(Thousands of Euros)

Description	Date of issue	Matures on	Principal	Balance at 31/12/2012
Fixed-term deposit	2/23/2012	5/13/2013	742	742
Fixed-term deposit	5/11/2012	5/13/2013	482	482
Fixed-term deposit	5/11/2012	5/13/2013	1,484	1,484
Fixed-term deposit	7/15/2011	5/13/2013	56	56
Fixed-term deposit	7/17/2012	7/17/2013	758	758
Fixed-term deposit	7/13/2012	7/3/2013	1,113	1,113
Fixed-term deposit	1/10/2012	11/30/2013	474	474
Other financial assets			-	545
				5,654

Prosegur's maximum exposure to credit risk at the reporting date is the carrying amount of these financial assets. Fixed-term deposits are exposed to default risk by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings.

19. Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros 2013	Thousands of Euros 2012
Cash in hand and at banks	229,738	133,090
Current bank deposits	63,204	30,511
	292,942	163,601

The effective interest rate of current deposits in financial institutions was 5.72% (8.26% in 2012) and the average term of the deposits held during the year was 23 days (38 days in 2012).

Prosegur holds no investments in sovereign debt at the end of the reporting period and has made no such investments during the year.

During the year the Group made an investment that did not entail the use of cash and cash equivalents related to the acquisition of Chubb Security Services PTY LTD, as described in Note 28.

20. Equity

20.1. Share Capital, Share Premium and Own Shares

Details of share capital, share premium and own shares, and movement therein, are as follows:

	Number of shares (thousands)	Share capital	Share premium	Own shares	Total
Balance at 1 January 2012	**617,125**	**37,027**	**25,472**	**(123,175)**	**(60,676)**
Purchase of own shares	-	-	-	(14,699)	(14,699)
Sale of own shares	-	-	-	10,268	10,268
Share-based payments	-	-	-	2,159	2,159
Other distributions	-	-	-	148	148
Balance at 31 December 2012	**617,125**	**37,027**	**25,472**	**(125,299)**	**(62,800)**
Other distributions	-	-	-	119	119
Balance at 31 December 2013	**617,125**	**37,027**	**25,472**	**(125,180)**	**(62,681)**

Share capital

At 31 December 2013 and 2012, the share capital of Prosegur Compañía de Seguridad, S.A. totals Euros 37,027 thousand and is represented by 617,124,640 shares with a par value of 0.06 Euros each, subscribed and fully paid, which are listed on the Madrid and Barcelona stock exchanges and traded via the Spanish Stock Exchange Interconnection System (electronic trading system) (SIBE).

Details of the Company's shareholders are as follows:

Shareholders	Number of shares 2013	2012
Ms. Helena Revoredo Delvecchio [(1)]	309,240,330	309,240,330
Ms. Mirta Giesso Cazanave [(2)]	34,716,130	34,716,130
FMR LLC [(3)]	29,908,843	36,658,110
Oppenheimer Acquisition Corporation [(4)]	21,761,746	-
M & G Investment Management, LTD [(4)]	19,362,786	19,362,786
Cantillon Capital Management LLC [(4)]	18,821,350	18,821,350
Corporación Financiera Alba, S.A. [(5)]	-	61,750,000
Other	183,313,455	136,575,934
	617,124,640	**617,124,640**

(1) Through Gubel, S.L. and Prorevosa, S.L.U.
(2) Both directly and through AS Inversiones, S.L.
(3) Through Fidelity International Discovery Fund and other funds.
(4) Through various managed funds.
(5) Ceased to be a shareholder on 7 November 2013.

At 31 December 2013 and 2012, the members of the Board of Directors, either directly or through companies over which they exercise control, hold a total of 345,172,890 shares (345,172,890 shares in 2012), representing 55.93% of the Company's share capital (55.93% in 2012).

Share premium

The share premium amounts to Euros 25,472 thousand, is freely distributable and has not changed in 2013 or 2012.

Own shares

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

	Number of shares	Thousands of Euros
Balance at 1 January 2012	**44,561,220**	**123,175**
Purchase of shares	3,643,096	14,699
Sale of shares	(3,643,096)	(10,268)
Share-based payments	(781,140)	(2,159)
Other distributions	(53,180)	(148)
Balance at 31 December 2012	**43,726,900**	**125,299**
Other distributions	(41,416)	(119)
Balance at 31 December 2013	**43,685,484**	**125,180**

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

At the general meeting held on 27 June 2008, the shareholders approved the 2011 Plan of long-term incentives (see Note 35.17). As envisaged in the Plan, no incentive was settled in shares or in cash in 2013 (delivery of 781,140 own shares in 2012). The previous incentive plan, known as the 2011 Plan, was settled in January 2014.

Additionally, at the general meeting held on 29 May 2012, the shareholders approved the 2014 Plan for long-term incentives to Chief Executive Officer and Senior Management Personnel of the Prosegur Group. The 2014 Plan is generally linked to value creation during the 2012-2014 period, conditioned upon a length-of-service period, where appropriate, of two years in order to collect part of this incentive. The Plan also envisages the payment of share-based incentives to executive directors, and Company shares and/or cash to Chief Executive Officer and Senior Management Personnel of the Company. The maximum number of shares earmarked for the 2014 Plan is 4,120,000, representing 0.668% of the Company's present share capital.

The total obligation undertaken by Prosegur at 31 December 2013 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 3,171 thousand (Euros 2,659 thousand in 2012).

20.2. Other Equity Instruments

Other equity instruments reflect the total obligation undertaken by the Company in relation to share-based incentives established in the 2011 and 2014 Plans (see Note 35.17). Movement is as follows:

	Thousands of Euros	
	2013	**2012**
Balance at 1 January	**2,659**	**5,781**
Share-based incentives accrued during the year	512	2,261
Share-based payments exercised	-	(5,383)
Balance at 31 December	**3,171**	**2,659**

The provision for the cash portion of the commitment undertaken by the Company at 31 December 2013 in connection with the 2014 Plan amounts to Euros 1,545 thousand of which Euros 632 thousand are classified as non-current and Euros 913 thousand as current (Euros 1,615 thousand as non-current in 2012).

20.3. Cumulative Translation Differences

Details of this reserve and movement during the year are as follows:

	Thousands of Euros	
	2013	**2012**
Balance at 1 January	**(52,293)**	**(4,381)**
Translation differences of financial statements of foreign operations	(174,044)	(47,912)
Balance at 31 December	**(226,337)**	**(52,293)**

20.4. Cumulative Earnings and Other Reserves

The structure and movement of cumulative earnings and other reserves is as follows:

	Legal reserve	Goodwill reserve	Other reserves	Other accumulated earnings	Total
Balance at 1 January 2012	**7,406**	**18,068**	**2,219**	**702,117**	**729,810**
Total comprehensive income for the year	-	-	-	170,499	170,499
Exercise of share-based incentives	-	-	-	38	38
Acquisition/sale of own shares	-	-	-	4,421	4,421
Profit and loss distribution	-	5,736	(2,054)	(66,629)	(62,947)
Other movements	-	-	-	2,722	2,722
Balance at 31 December 2012	**7,406**	**23,804**	**165**	**813,168**	**844,543**
Total comprehensive income for the year	-	-	-	157,476	157,476
Operations with shareholders or owners	-	(28,408)	-	28,408	-
Exercise of share-based incentives	-	-	-	47	47
Profit and loss distribution	-	4,604	-	(70,551)	(65,947)
Other movements	-	-	-	4,581	4,581
Balance at 31 December 2013	**7,406**	**-**	**165**	**933,129**	**940,700**

Other restricted reserves at 31 December 2013 correspond to the reserve for the update of National Budget Act 83 (Euros 104 thousand) and reserves for capital adjustment to Euros (Euros 61 thousand).

The legal reserve, which amounts to Euros 7,406 thousand, was endowed in compliance with Article 274 of the revised Spanish Companies Act, which in all cases requires companies to transfer 10% of profits for the year to a legal reserve until reaching an amount equal to 20% of its share capital. The legal reserve has been fully endowed. The legal reserve is not distributable to shareholders and if it is used to offset losses for lack of any other available reserve, it must be replenished with future profits.

The proposed distribution of the parent's profit for 2013, determined in accordance with prevailing legislation and standards for the preparation of individual annual accounts, to be submitted to the shareholders for approval at their annual general meeting, is as follows:

	Thousands of Euros	
	2013	**2012**
Basis of allocation		
Profit for the year	66,000	71,389
	66,000	**71,389**
Allocation		
Goodwill reserve	-	4,604
Voluntary reserves	53	838
Dividends	65,947	65,947
	66,000	**71,389**

21. Provisions

The structure of the reserve and details of the movements are set forth in the following table:

Thousands of Euros	Overtime costs	Labour-related risks	Legal risks	Restructuring	Employee benefits expense	Accrued personnel obligations	Other risks	Total
Balance at 1 January 2013	**20,298**	**84,098**	**8,888**	**-**	**5,346**	**1,615**	**72,711**	**192,956**
Provisions recognised in profit and loss	-	39,972	5,129	-	48	294	14,082	**59,525**
Reversals recognised in profit and loss	(10,646)	(7,941)	(1,959)	-	-	(364)	(5,986)	**(26,896)**
Business combinations (Note 28)	-	-	-	36,165	5,752	-	4,702	**46,619**
Applications	(2,300)	(21,615)	(1,749)	-	-	-	(709)	**(26,373)**
Reversal recognised in equity	-	-	-	-	(2,451)	-	-	**(2,451)**
Transfers	-	13,460	(41)	-	-	-	(13,419)	-
Translation differences	-	(16,693)	(1,155)	-	(634)	-	(11,880)	**(30,362)**
Balance at 31 December 2013	**7,352**	**91,281**	**9,113**	**36,165**	**8,061**	**1,545**	**59,501**	**213,018**
Non-current	7,352	91,281	9,113	-	5,789	632	59,501	173,668
Current	-	-	-	36,165	2,272	913	-	39,350

a) *Overtime costs*

Provisions for the price of overtime is the result of the suit filed against the Articles of the State Collective Bargaining Agreement for Security Companies for 2005-2008, that sets overtime rates for security guards.

The final ruling pronounced by the Chamber of Social Affairs of the Spanish Supreme Court declares the invalidity of "section 1. a) of article 42 of the State Collective Bargaining Agreement for Security Companies for 2005-2008 that sets overtime rates for security guards", article 42, section b) solely with regard to overtime for other professional categories and article 42.2, which sets a basic hourly rate to ensure a minimum overtime rate that is below the legal minimum.

Likewise the Chamber of Social Affairs of the Supreme Court issued a ruling on case 111/2007 declaring that "the basic hourly rate used to calculate the overtime rate is comprised of a base salary and personal supplements, extras accrued in a period greater than one month, allowances for residence in Ceuta and Melilla, if applicable, and any security work allowances to which the employee is entitled". With regard to case 171/2007 that upheld the plea of procedural illegitimacy and declared that the legitimate procedure was to challenge the collective bargaining agreement.

Based on the best possible estimates, Prosegur has calculated the provision that would be required to cover the accrued liability claimable by employees, and recognised this provision for the period between the date on which the Collective Bargaining Agreement entered into force (1 January 2005) through the close of accounts on 31 December 2013.

This is a long-term provision, because the date on which compensation is payable by Prosegur depends on the outcome of each of the claims filed by employees.

During 2013, 3,293 proceedings were closed (11,761 in 2012), for payments in an amount of Euros 2,300 thousand corresponding to agreements formalised with a part of the plaintiff employees (Euros 7,155 thousand in 2012). Additionally deposits have been recognised in the income statement in a total amount of Euros 10,646 thousand corresponding to provisions in prior years that, on the basis of information available at the close of 2013, Prosegur believes will not be claimed.

b) *Labour-related risks*

The provisions for labour-related risks, that amount to Euros 91,281 thousand (Euros 84,098 thousand in 2012), are calculated on a case-by-case basis, considering Prosegur's past experience. The provision for labour-related risks mainly includes provisions for work-related causes in Brazil. The provision for labour-related risks furthermore includes retirement bonuses payable to employees amounting to Euros 3,389 thousand (Euros 2,914 thousand in 2012) and a provision in an amount of Euros 29,654 thousand (Euros 24,627 thousand in 2012) regarding the business combination realised in 2005 with Transpev.

c) *Legal risks*

The provisions for legal risks, that amount to Euros 9,113 thousand (Euros 8,888 thousand in 2012), correspond mainly to civil claims, which are analysed on a case-by-case basis. The settlement of these provisions is highly probable, but both the value of the final settlement as well as the moment are uncertain and depend upon the outcome of the proceedings underway.

d) *Restructuring*

The provisions correspond to acquiree Brinks Deutschland GMBH, which has a restructuring provision recognised that corresponds to estimates for the payment of severances for dismissal and other costs. The settlement of the provision is highly probable. While the moment of settlement is uncertain, it is highly probable that it will take place in the short term.

e) *Employee benefits*

Prosegur has a defined benefit plan comprising post-retirement healthcare offered to employees in Brazil compliant with local legislation. This benefit is required by Act 9656 of such country.

Additions to the consolidated group essentially comprise the Chubb Security Services PTY LTD business combination (see Note 28) for an amount of Euros 5,752 thousand and which corresponds to an insurance plan for occupational accidents.

f) *Accrued obligations to personnel*

These provisions contain the incentive accrued for the part in cash of the 2014 Plan (see Note 35.17). During the year, an endowment was made against the profit and loss of the year in the amount of Euros 294 thousand and a reversal with a credit to the profit and loss of the year in an amount of Euros 364 thousand. Additionally, part of this provision was recognised as current accrued obligations to personnel in an amount of Euros 913 thousand, since the maturity of this commitment will take place in 2014. The obligation undertaken at 31 December 2013 in relation to share-based incentives established in the 2014 Plan is recognised under other equity instruments in equity (see Note 20).

g) *Other risks*

The provision for other risks, that amounts to Euros 59,501 thousand (Euros 72,711 thousand), mainly includes Brazil and Argentina tax risks in an amount of Euros 46,988 thousand, as well as provisions from the Chubb Security Services PTY LTD business combination and other risks deriving from operations. The settlement of these provisions is highly probable, but both the value of the final settlement as well as the moment are uncertain and depend upon the outcome of the proceedings underway.

22. Financial Liabilities

Details of financial liabilities are as follows:

	2013		2012	
	Non-current	**Current**	**Non-current**	**Current**
Bonds and other marketable securities	495,757	10,912	-	-
Syndicated loan	130,469	30,000	447,850	50,000
Bank loans	151,081	41,798	150,471	89,009
Finance lease payables	14,399	7,778	17,458	7,103
Credit accounts	-	42,073	-	48,879
Other payables	70,835	63,166	121,646	100,846
	862,541	**195,727**	**737,425**	**295,837**

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

Thousands of Euros	Currency	Interest rate	Year of maturity	2013 Non-current	2013 Current	2012 Non-current	2012 Current
Bonds and other marketable securities	Euro	2.75%	2018	495,757	10,912	-	-
Syndicated loan	Euro	2.40%	2014:-2015	130,469	30,000	447,850	50,000
Bank loans	Euro	3.16%	2014:-2023	9,613	878	2,840	23,124
Bank loans	Brazilian Real	12.29%	2014:-2017	69,623	14,538	139,739	48,422
Bank loans	Argentine Peso	15.43%	2014:-2016	613	545	-	374
Bank loans	Australian Dollar	4.06%	2014:-2016	45,068	12,985	-	-
Bank loans	Peruvian Nuevo Sol	5.86%	2014:-2018	16,205	4,425	-	-
Bank loans	Other currencies	6.02%	2014:-2018	9,959	8,427	7,892	17,089
Finance lease payables	Euro	5.68%	2014:-2019	8,273	3,500	9,393	2,827
Finance lease payables	Brazilian Real	9.93%	2014:-2017	1,552	1,860	3,528	3,481
Finance lease payables	Argentine Peso	16.23%	2014:-2015	19	38	80	59
Finance lease payables	Other currencies	7.95%	2014:-2017	4,555	2,380	4,457	736
Credit accounts	Euro	2.42%	2014	-	40,062	-	48,291
Credit accounts	Argentine Peso	-	2014	-	-	-	149
Credit accounts	Other currencies	10.15%	2014	-	2,011	-	439
Other payables	Euro	0.47%	2014:-2019	1,706	9,393	7,599	19,030
Other payables	Brazilian Real	10.12%	2014:-2017	66,479	36,925	102,490	54,640
Other payables	Argentine Peso	1.68%	2014:-2023	1,280	911	4,506	6,404
Other payables	Other currencies	2.84%	2014:-2017	1,370	15,937	7,051	20,772
				862,541	195,727	737,425	295,837

At 31 December 2013 drawdowns from credit facilities totalled Euros 42,073 thousand (Euros 48,879 thousand in 2012). Details of undrawn credit facilities are as follows:

Thousands of Euros	2013	2012
Maturing in less than 1 year	136,068	91,991
Maturing in more than 1 year	150,000	149,534
	286,068	241,525

Credit facilities are subject to various interest rate reviews in 2014.

Bonds and other marketable securities

On 2 April 2013 plain bonds amounting to Euros 500,000 thousand were issued, with maturity on 02 April 2018. This issue will enable deferment of maturities of part of the Prosegur debt (from 2015 to 2018) and the diversification of funding sources. The bonds are listed on the secondary market, on the Irish Stock Exchange. They accrue a coupon of 2.75% per annum payable yearly on maturity.

Debenture (Brazil)

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

The debenture was partially cancelled in advance in an amount of BRL 125,000 thousand (exchange value at the date of cancellation: Euros 47,095 thousand). The outstanding amount at 31 December 2013 comes to BRL 258,250 thousand (exchange value at 31 December 2013: Euros 79,277 thousand).

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

The contract states that the instalments should be paid at the following dates:

	Thousands of Euros			
	2013		2012	
Repayment date	Amount	Principal outstanding	Amount	Principal outstanding
07 March 2013	-	-	18,545	148,357
07 September 2013	-	-	9,272	139,085
07 March 2014	5,130	74,147	9,272	129,813
07 September 2014	5,130	69,017	9,272	120,540
07 March 2015	5,130	63,887	9,272	111,268
07 September 2015	15,370	48,517	27,817	83,451
07 March 2016	15,370	33,147	27,817	55,634
07 September 2016	15,370	17,777	27,817	27,817
07 March 2017	17,777	-	27,817	-

Syndicated Loan (Spain)

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

The operation was structured in two tranches: a tranche in the form of a Euros 150,000 thousand loan, with half-yearly repayments, and a second tranche in the form of a Euros 250,000 thousand credit facility.

On 04 April 2013 the loan tranche was repaid in advance in the amount of Euros 50,000 thousand. The loan falls due in August 2015.

The terms of this loan stipulate that the interest rate is indexed to the Euribor plus a spread that varies depending on the following ratio:

Net financial debt/EBITDA	Annual margin
2.75 or above	2.60%
Between 2 and 2.75	2.20%
Between 1.5 and 2	1.90%
Less than 1.5	1.70%

As Prosegur's ratio for the year 2013 has been equal to or higher than 2 but less than 2.75, the interest rate is Euribor plus 2.2%. The contract stipulates that Prosegur may settle interest on a monthly, quarterly or half-yearly basis.

At 31 December 2013, the capital drawn corresponding to the loan tranche amounts to Euros 60,000 thousand (Euros 150,000 thousand in 2012) and at 31 December 2013 the balance drawn on the credit facility amounts to Euros 100,000 thousand (Euros 250,000 thousand in 2012).

The contract states that the instalments of the loan tranche should be paid at the following dates:

	Thousands of Euros			
	2013		2012	
Repayment date	Amount	Principal outstanding	Amount	Principal outstanding
04 February 2013	-	-	25,000	125,000
04 August 2013	-	-	25,000	100,000
04 February 2014	15,000	45,000	25,000	75,000
04 August 2014	15,000	30,000	25,000	50,000
04 February 2015	15,000	15,000	25,000	25,000
04 August 2015	15,000	-	25,000	-

This loan is secured by collateral from Prosegur's main subsidiaries in Spain, France, Portugal, Argentina and Brazil.

The covenant ratios stipulated in the contract, which were met in both 2013 and 2012, are as follows:

- The net financial debt/EBITDA ratio should be less than or equal to 3.
- The EBITDA/Finance Cost ratio should be greater than 5.

In February 2012 Prosegur arranged a three-year syndicated financing facility of Euros 200,000 thousand to finance the acquisition of security sector companies. The operation was structured in two tranches: a first tranche in the form of a loan, Euros 100,000 thousand, repayable at maturity (February 2015), and a second tranche in the form of a Euros 100,000 thousand credit facility.

On 02 April 2013 it was repaid in its entirety (at 31 December 2012 the capital drawn on such syndicated loan amounted to Euros 100,000 thousand corresponding to the loan tranche).

Syndicated Loan (Australia)

In December 2013 Prosegur arranged a new three-year syndicated financing facility of AUD 70,000 thousand to finance the acquisition of security sector companies. At 31 December 2013, the capital drawn on the syndicated loan comes to AUD 70,000 thousand (exchange value at the close of the year: Euros 45,068 thousand in 2012). The contract stipulates one sole repayment for the entirety thereof at maturity. The interest rate is pegged to the 1-year BBSY plus a spread of 1.65%.

Finance lease payables

Details of minimum payments under finance leases are as follows:

	Thousands of Euros	
	2013	**2012**
Less than 1 year	8,094	8,217
1 to 5 years	17,493	16,875
Over 5 years	315	3,289
Interest	(3,725)	(3,820)
	22,177	**24,561**

The main assets acquired under finance leases are armoured vehicles and cash processing machines.

Other payables

Other payables mainly relate to business combinations pending payment formed in both the present year and prior years (see Note 28). Details thereof are as follows:

	Thousands of Euros	
	2013	**2012**
Non-current		
Contingent and deferred payments for acquisitions	67,758	117,944
Other	3,077	3,702
	70,835	**121,646**
Current		
Contingent and deferred payments for acquisitions	58,668	79,167
Securitisation programme payables	230	16,625
Other	4,268	5,054
	63,166	**100,846**

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

		2013		2012	
Thousands of Euros	Currency	Non-current	Current	Non-current	Current
Fiel Vigilancia e Transporte de Valores	Brazilian Real	1,371	796	2,438	812
Prosec Pte. Ltd.	Singapore Dollar	-	1,533	1,072	1,341
Distribuidora Federal, S.A.C.	Peruvian Nuevo Sol	-	-	14	1,215
Securlog GMBH	Euros	-	5,400	5,500	-
Segura Group	Uruguayan Peso	277	2,373	2,733	2,732
Nordeste/Transbank Group	Brazilian Real	64,423	23,281	97,764	38,063
Roytronic, S.A.	Uruguayan Peso	124	351	490	736
Servin Seguridad, S.A.	Argentine Peso	-	-	3,213	3,213
Chubb Security Services Pty Ltd	Australian Dollar	-	3,221	-	-
Setha Indústria Eletrônica, Ltda	Brazilian Real	-	-	-	-
Prover Eletrônica, Ltda.	Brazilian Real	248	788	570	724
Inversiones BIV, S.A. and subsidiary	Colombian Peso	850	395	1,690	672
Vimarco Servicios Generales	Colombian Peso	-	-	-	78
Grupo Seguridad Vigilada	Euros	-	-	-	650
Grupo Integra - Colombia	Colombian Peso	-	2,666	-	5,875
Imperial Dragon Security Ltd	Hong Kong Dollar	-	4,892	550	4,297
Aexis Security Management Pte. Ltd.	Singapore Dollar	-	-	-	36
Nautiland S.A. (Punta Systems)	Uruguayan Peso	-	-	73	684
Norsegel Vigilancia e Transp. Valores	Brazilian Real	-	1,663	1,384	1,383
Genper, S.A.	Uruguayan Peso	-	106	58	382
GSM Telecom, S.A.	Uruguayan Peso	28	19	54	22
Martom Segurança Eletrônica, Ltda.	Brazilian Real	437	243	334	690
General Industries Argentina, S.A.	Argentine Peso	-	36	7	47
Tellex, S.A.	Argentine Peso	-	493	-	1,051
Preserv and Transpev	Brazilian Real	-	10,072	-	12,170
GRP Group	Euros	-	-	-	275
T.C. Interplata, S.A.	Argentine Peso	-	340	-	2,019
		67,758	58,668	117,944	79,167

23. Trade and Other Payables

Details of trade and other payables are as follows:

	Thousands of Euros	
	2013	2012
Trade payables	179,897	157,868
Accrued personnel expenses	247,587	238,470
Social Security and other taxes	194,600	192,023
Other payables	81,111	71,627
	703,195	659,988

Accrued personnel expenses

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

Accruals with personnel include Euros 22,446 thousand relating to the incentive programme (Euros 17,353 thousand in 2012). The cost recognised under employee benefits expense in the income statement in relation to this policy amounts to Euros 48,362 thousand (Euros 46,684 thousand in 2012).

The employee benefits expense also includes salaries payable and accrued extra salary payments.

Information on late payments to suppliers. Third additional provision: "Reporting Requirement", of Act 15/2010, 5 July 2010.

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

	2013		2012	
	Thousands of Euros	%	Thousands of Euros	%
Within the maximum legal payment term	79,913	40%	178,355	91%
Other	118,269	60%	16,596	9%
Total payments for the year	**198,182**	**100%**	**194,951**	**100%**
Weighted average late payment (days)	98		113	
Late payments for which the maximum legal payment term has been exceeded at the reporting date	7,087		4,671	

The maximum legal period applicable to the Company according to Act 3/2004, 29 December, which establishes measures for combating late payments in commercial transactions and pursuant to the transitory provisions established in Act 15/2010, 5 July, was 75 days for 2012 and 60 days for 2013. The decrease in this period is the cause of the increase in 2013 of payments made outside the maximum legal period.

24. Other Liabilities

Other non-current liabilities mainly include amounts corresponding to accruals with long-term maturity of alarm rental income in an amount of Euros 1,144 thousand (Euros 2,144 thousand in 2012).

The details of these are as follows:

	2013		2012	
Thousands of Euros	Non-current	Current	Non-current	Current
Revenues received in advance	1,144	27,494	2,144	18,681
Other liabilities	-	1,852	-	2,526
	1,144	**29,346**	**2,144**	**21,207**

Revenues received in advance mainly include advanced billing of alarm contracts for Euros 21,926 thousand (Euros 14,028 thousand in 2012).

25. Taxation

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

Likewise, certain companies in France, all directly or indirectly owned by Prosegur, form a Consolidated Tax Group and file tax returns pursuant to legislation under the special "Intégration Fiscale" scheme under French law.

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

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

	Thousands of Euros	
	2013	**2012**
Current tax	93,436	92,153
Deferred tax	(2,929)	(12,896)
	90,507	**79,257**

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

	Thousands of Euros	
	2013	**2012**
Present year	82,907	89,626
Prior year adjustments	5,426	(1,600)
Loss without recognised deferred tax	5,103	4,127
	93,436	**92,153**

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

	Thousands of Euros	
	2013	**2012**
Deductions	(488)	(3,422)
Source and reversal of temporary differences	(8,477)	(14,411)
Tax losses	(10,448)	(11,049)
Investments	(5,391)	3,527
Goodwill for tax purposes	16,999	7,581
Other	4,876	4,878
	(2,929)	**(12,896)**

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

	Thousands of Euros	
	2013	**2012**
Profit before income tax	**246,181**	**250,824**
Tax rate	30%	30%
Result of applying tax rate to profit	73,854	75,247
Permanent differences	5,546	9,606
Effect of application of different tax rates	4,420	3,425
Adjustment of deferred taxes from prior years	(1,160)	(4,795)
Adjustment to taxes from prior years	5,104	(1,599)
Loss without deferred tax	5,426	4,127
Previously unrecognised deductions applied	(2,683)	(6,796)
Adjustment of unused tax loss carryforwards	-	(735)
Other	-	777
Income tax expense	**90,507**	**79,257**

The effective average tax rate in 2013 is 36.76% (31.60% in 2012).

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

Deferred tax assets

Thousands of Euros	1 January 2012	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	Balance at 31 December 2012	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	Balance at 31 December 2013
Amortisation and depreciation of PPE and	3,538	2,074	-	-	-	20	5,632	2,032	-	-	(1,945)	(475)	5,244
Deferred alarm costs	2,560	(101)	-	-	-	(98)	2,361	(1,035)	-	-	12	(158)	1,180
Investments	15,510	1,022	-	-	-	-	16,532	1,335	-	-	106	(9)	17,964
Provision differences	25,173	5,002	19,036	-	-	(4,647)	44,564	9,900	1,737	-	6,753	(9,360)	53,594
Tax losses	16,210	11,049	-	-	7,296	(1,132)	33,423	10,448		-	(1,997)	(1,799)	40,075
Tax deductions	-	3,422	-	-	898	-	4,320	474	-	-	-	-	4,794
Overtime ruling	11,677	(5,316)	-	-	-	-	6,361	(3,871)	-	-	-	(300)	2,190
Goodwill for tax purposes	25,940	(6,636)	77,219	-	-	(13,776)	82,747	(16,342)	-	-	(2,614)	(11,971)	51,820
Other	6,061	96	-	741	-	(736)	6,162	(1,141)	-	(833)	(315)	(131)	3,742
	106,669	10,612	96,255	741	8,194	(20,369)	202,102	1,800	1,737	(833)	-	(24,203)	180,603

Deferred tax liabilities

Thousands of Euros	1 January 2012	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	Balance at 31 December 2012	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	Balance at 31 December 2013
Amortisation and depreciation of PPE and	(18,501)	11,497	(94,857)	-	-	12,966	(88,895)	13,895	(22,006)	-	(1,711)	11,409	(87,308)
Goodwill for tax purposes	(31,989)	(945)	-	-	-	(45)	(32,979)	(657)	-	-	621	(15)	(33,030)
Investments	(15,509)	(3,527)	-	-	-	1,725	(17,311)	(7,592)	-	-	(20)	1,229	(23,694)
Deferred alarm costs	311	(1,480)	-	-	-	(21)	(1,190)	(1,430)	-	-	-	568	(2,052)
Deferred gains on sale of assets	(412)	-	-	-	-	-	(412)	-	-	-	-	-	(412)
Revaluation of assets	(10,219)	132	-	-	-	-	(10,087)	132	-	-	-	-	(9,955)
Other	(6,649)	(3,393)	(2,368)	-	7,468	1,403	(3,539)	(3,219)	-	-	1,110	2,716	(2,932)
	(82,968)	2,284	(97,225)	-	7,468	16,028	(154,413)	1,129	(22,006)	-	-	15,907	(159,383)

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

	2013		2012	
Thousands of Euros	Current	Deferred	Current	Deferred
Actuarial gains and losses	-	(833)	-	741
	-	(833)	-	741

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

	Thousands of Euros	
	2013	2012
Deferred tax assets	177,147	184,470
Deferred tax liabilities	(141,368)	(137,163)
	35,779	47,307

Pursuant to Spanish tax legislation in force, for 2012 and 2013 the Group companies' tax loss carryforwards may only be offset up to a maximum of 25% of taxable income prior to offset. For these same periods goodwill may only be amortised up to one hundredth of its amount per year. Furthermore, for 2013 and 2014 property, plant and equipment, intangible assets and investment property may only be depreciated or amortised up to 70% of the assets' depreciation/amortisation for accounting purposes.

No deferred tax liabilities have been recognised in respect of withholdings and other taxes payable on profits not transferred by subsidiaries abroad, as these amounts are continually reinvested and, in any case, Prosegur has control over these companies' dividend distribution policies.

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

Details of tax loss carryforwards and the years until which they can be offset are as follows:

	Thousands of Euros		
Year	Total	Not capitalised	Capitalised
2013	1,955	1,955	-
2014	1,505	12	1,493
2015	5,869	-	5,869
Subsequent years	151,595	64,747	86,848
No time limit	16,685	1,955	14,730
	177,609	68,669	108,940

Capitalised tax losses are those for which a deferred tax asset has been recognised. These tax bases originated in Argentina, Germany, Brazil, Chile, Spain and France. The budgets approved by Management in these countries foresee the generation of future taxable income against which to apply these losses.

On 16 June 2013 the Company received notice of the start of general audit proceedings of all taxes within the statutory limit, 2008, 2009 and 2010, for Corporate Income Tax, Withholdings on Account of Non-Resident Income Tax and Withholdings on Account of Moveable Assets. Notice has likewise been given on the commencement of partial audit proceedings on Withholdings of the Tax on Income from Employment, for the same periods. Audit proceedings have likewise been extended to 2011 for Withholdings on Account of Non-Resident Income Tax and Withholdings on Account of Moveable Assets. At 31 December 2013 audit actions are still underway.

The other Group companies are subject to the local jurisdictions in the countries in which they operate. In the majority of these countries, the earliest year for which taxes are open for audit is 2008.

Due to the treatment, among others, of possible varying interpretations of current tax legislation, additional tax liabilities could arise in the event of an audit. In any event, the Directors of the Company do not consider that any such liabilities that could arise would have a significant effect on the consolidated annual accounts.

In 2013 the following corporate restructuring operations were carried out under the neutral tax regime:

- In 2013 Prosegur Compañía de Seguridad, S.A. (as the spin-off company) divested its private security activity branch in Spain in favour of Prosegur España, S.L.U. (as the beneficiary company).
- In November 2013 Digipro Procesamiento de Documentos e Valores, Ltd. merged with and into Prosegur Sistemas de Segurança, Ltd. in Brazil.
- In November 2013 Nordeste Segurança Eletrônica, Ltd. merged with and into Prosegur Activa Alarmes, S.A. in Brazil.
- In December 2013 BFA SAS merged with and into Prosegur Securite Humaine EURL in France.

26. Contingencies

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

Guarantees provided by Prosegur to third parties are as follows:

	Thousands of Euros	
	2013	**2012**
Commercial guarantees	61,157	85,357
Financial guarantees	94,433	110,701
	155,590	**196,058**

Commercial guarantees include those given to customers. Financial guarantees essentially include those relating to litigation in process totalling Euros 67,653 thousand.

In 2008, Prosegur enforced guarantees of Euros 9,469 thousand relating to funds retained on deposit by a customer in Brazil, which are recognised under other receivables. In 2012, the Federal Court for the corresponding region in southern Brazil handed down a ruling in favour of Prosegur, ordering the funds to be returned. At the 2013 year end Prosegur had initiated proceedings to apply for the funds to be legally released when a firm ruling is handed down (see Note 17).

Liquidation of subsidiaries in France

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

27. Commitments

Purchase commitments for fixed assets

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

	Thousands of Euros	
	2013	**2012**
Property, plant and equipment	21,926	14,738
Other intangible assets	-	2,774
	21,926	**17,512**

Property, plant and equipment includes commitments to purchase land, buildings and installations. At 31 December 2013 Prosegur had commitments relating to buildings and to purchase land totalling Euros 18,078 thousand, mainly in Argentina, Brazil, Chile and Peru.

Operating lease commitments

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

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

At 31 December 2013	Thousands of Euros		
Type	**Less than 1 year**	**1 to 5 years**	**Over 5 years**
Buildings	14,336	33,393	2,060
Vehicles	11,745	11,470	-
IT equipment	-	-	-
Other assets	-	28	-
	26,081	**44,891**	**2,060**

At 31 December 2012	Thousands of Euros		
Type	**Less than 1 year**	**1 to 5 years**	**Over 5 years**
Buildings	8,695	33,444	25,900
Vehicles	16,191	24,051	248
IT equipment	75	130	-
Other assets	348	241	-
	25,309	**57,866**	**26,148**

The main operating leases on properties are as follows:

- Lease between the parent, Prosegur Compañía de Seguridad, S.A., and Proactinmo, S.L. for the building located at Calle Santa Sabina, 8 in Madrid. The total expense for this lease in 2013 amounts to Euros 1,297 thousand (Euros 1,256 thousand in 2012) (see Note 31).
- Lease held by Prosegur Brasil, S.A. for the use of operating bases in Rio de Janeiro and São Paulo. The total expense for these leases in 2013 amounts to Euros 1,593 thousand (Euros 1,923 thousand in 2012).
- Lease held by Prosegur Companhia de Segurança, Ltda. for the office building located at Avenida Berna, 54 in Lisbon. The total expense for this lease in 2013 amounts to Euros 154 thousand (Euros 170 thousand in 2012).

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

The expense taken to the consolidated income statement for 2013 in relation to operating leases amounts to Euros 87,120 thousand (Euros 93,724 thousand in 2012). There are no contingent rents in relation to operating leases.

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

28. Business Combinations

Details of changes in goodwill are presented in Note 12.

28.1. Goodwill included in 2013

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

Thousands of Euros	Segment allocated	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Subsidiaries						
Brinks Deutschland GMBH [(1)]	Europe	-	-	-	(20,952)	**20,952**
Chubb Security Services PTY LTD [(1)]	Asia - Pacific	61,385	3,247	**64,632**	36,314	**28,318**
		61,385	3,247	**64,632**	15,362	**49,270**

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

Goodwill is not tax-deductible.

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

Prosegur has recognised transaction costs of Euros 2,645 thousand in selling, general and administrative expenses of the consolidated income statement.

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

Thousands of Euros	Country	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Brinks Deutschland GMBH	Germany	-	(9,002)	**(9,002)**
Chubb Security Services PTY LTD	Australia	61,385	(31,852)	**29,533**
		61,385	(40,854)	**20,531**

Brinks Deutschland GMBH

In Germany on 09 December 2013, Prosegur acquired 100% of the share capital of Brinks Deutschland GmbH, a security company that provides cash in transit and cash management services. The total purchase price was Euro 1, composed of a payment in cash of Euro 1.

The acquired business was added to the consolidated group on 31 December 2013. At 31 December 2013 the business combination has not provided income or profit to the consolidated income statement.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	9,002	9,002
Property, plant and equipment	5,695	5,695
Inventories	63	63
Trade and other receivables	6,120	6,120
Trade and other payables	(5,874)	(5,874)
Provisions	(36,359)	(36,359)
Current tax assets	42	42
Other intangible assets	359	359
Identifiable net assets acquired	**(20,952)**	**(20,952)**

The goodwill on this acquisition was allocated to the Europe segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur.

Chubb Security Services PTY LTD

In Australia on 16 December 2013, Prosegur acquired 100% of the share capital of Chubb Security Services PTY LTD, a company that provides cash in transit and cash management services. The total purchase price was AUD 99,532 thousand (equivalent to Euros 64,631 thousand at the acquisition date), composed of a payment in cash of AUD 94,532 thousand (equivalent to Euros 61,385 thousand at the acquisition date), and a deferred amount in guarantee of possible liabilities in the amount of AUD 5,000 thousand (equivalent to Euros 3,247 thousand at the acquisition date) due in 2014.

The acquired business was added to the consolidated group on 16 December 2013. It contributed revenues of Euros 3,970 thousand and a net gain for the year of Euros 126 thousand to the consolidated income statement for 2013.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	31,852	31,852
Property, plant and equipment	14,610	17,402
Inventories	366	366
Trade and other receivables	9,930	9,930
Trade and other payables	(36,148)	(36,148)
Provisions	(10,260)	(10,260)
Other intangible assets	-	31,818
Deferred tax	1,737	(8,646)
Identifiable net assets acquired	**12,087**	**36,314**

The goodwill was assigned to the Asian-Pacific segment and is mainly attributable to business profitability, the goodwill on this acquisition was allocated to the Asia-Pacific segment and mainly reflects the profitability of the business, future customers, human capital and the value of the company as a going concern. The intangible assets acquired comprise customer relationships (Euros 31,818 thousand) with a useful life of between 18 and 19 years.

The measurement technique used to measure the fair value of the intangible assets acquired was the "Multi-period excess earnings method", that considers the present value of net cash flows expected to be generated by customer relationships, by means of the exclusion of any cash flow relating to contributory assets.

28.2. Goodwills added in 2012 with measurement completed in 2013

Details of the net assets acquired and goodwill recognised by additions during 2012 whose measurement was completed in 2013 are as follows:

Thousands of Euros	Segment allocated	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Subsidiaries						
Segura Group	LatAm	5,417	5,317	**10,734**	5,127	**5,607**
Nordeste/Transbank Group	LatAm	41,346	168,505	**209,851**	94,659	**115,192**
T.C. Interplata, S.A.	LatAm	8,813	2,243	**11,056**	3,825	**7,231**
Servin Seguridad, S.A.	LatAm	10,722	7,147	**17,869**	2,903	**14,966**
Roytronic, S.A.	LatAm	2,192	2,239	**4,431**	1,107	**3,324**
GRP Group	Europe	12,898	275	**13,173**	4,836	**8,337**
Joint Ventures						
Imperial Dragon Security Ltd	Asia-Pacific	3,564	7,042	**10,606**	8,211	**2,395**
SIS Cash Services Private Ltd	Asia-Pacific	10,218	-	**10,218**	8,125	**2,093**
		95,170	192,768	**287,938**	128,793	**159,145**

Total goodwill of Euros 184,440 thousand was recognised by these additions at 31 December 2012. Differences on the completion of the fair value measurement process in 2013 mainly reflect allocations to intangible assets (see Note 13). Prosegur has not restated 2012 figures as the changes are not significant.

Tax-deductible goodwill relates to the acquisitions of Nordeste/Transbank Group and totals Euros 156,887 thousand.

Deferred payments up to 31 December 2012 included contingent considerations. Details of the main characteristics of the consideration in each business combination are provided below. At 31 December 2013 there were no contingent considerations related to these acquisitions.

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

Thousands of Euros	Country	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Segura Group	Uruguay	5,417	(661)	**4,756**
Nordeste/Transbank Group	Brazil	41,346	(13,918)	**27,428**
T.C. Interplata, S.A.	Argentina	8,813	(497)	**8,316**
Servin Seguridad, S.A.	Argentina	10,722	(783)	**9,939**
Roytronic, S.A.	Uruguay	2,192	(1)	**2,191**
GRP Group	France	12,898	(4,823)	**8,075**
Imperial Dragon Security Ltd	China	3,564	(972)	**2,592**
SIS Cash Services Private Ltd	India	10,218	(5,153)	**5,065**
		95,170	(26,808)	**68,362**

Goodwill of subsidiaries

Segura Group

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 alarm activities. The total purchase price was UYU 278,316 thousand (equivalent to Euros 10,734 thousand at the acquisition date), composed of a payment in cash of UYU 140,459 thousand (equivalent to Euros 5,417 thousand at the acquisition date), a deferred payment due in 2013 and 2014 in a total amount of UYU 130,857 thousand (equivalent to Euros 5,047 thousand at the acquisition date), and a deferred amount in guarantee of possible liabilities in the amount of UYU 7,000 thousand (equivalent to Euros 270 thousand at the acquisition date), that will be payable in three instalments from 2015 to 2017. Furthermore, the contract stipulates that interest will be accrued until the payment date.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	661	661
Property, plant and equipment	154	154
Trade and other receivables	1,455	1,455
Financial debt	(10)	(10)
Other intangible assets	2	6,555
Other assets and liabilities	(2,050)	(2,050)
Deferred tax	-	(1,638)
Identifiable net assets acquired	**212**	**5,127**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 6,553 thousand) with a useful life of between 13 and 15 years.

Nordeste/Transbank Group

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 cash in transit and cash management, surveillance and home technology services. The total purchase price was BRL 482,171 thousand (equivalent to Euros 209,851 thousand at the acquisition date), composed of a payment in cash of BRL 95,000 thousand (equivalent to Euros 41,345 thousand at the acquisition date), a series of deferred payments due from 2012 through 2017, for a total amount of BRL 181,671 thousand (equivalent to Euros 79,068 thousand at the acquisition date), and a deferred amount in guarantee of possible liabilities in the amount of BRL 90,000 thousand (equivalent to Euros 39,170 thousand at the acquisition date), that will be payable in 5 instalments from 2013 to 2017. Additional a contingent consideration contract existed whose best estimate at 31 December 2012 was BRL 115,500 thousand (equivalent to Euros 50,268 thousand at the acquisition date). 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 assets and liabilities that arose from this acquisition are as follows:

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	13,918	13,918
Property, plant and equipment	28,855	28,855
Other non-current assets	16,368	16,368
Trade and other receivables	48,214	48,214
Non-current liabilities	(101,769)	(101,769)
Financial debt	(77,377)	(77,377)
Other intangible assets	773	238,659
Other assets and liabilities	(60,371)	(60,371)
Deferred tax	-	(11,838)
Identifiable net assets acquired	**(131,389)**	**94,659**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition. The intangible assets acquired comprise customer relationships (Euros 211,360 thousand) with a useful life of between 9 and 18 years, trademarks (Euros 20,447 thousand) with a useful life of 4 years and other intangible assets (Euros 6,079 thousand) with a useful life of 5 years.

T.C. Interplata, S.A.

On 13 April 2012, Prosegur acquired in Argentina 100% of T.C. Interplata, S.A., company that specialises in cash in transit and cash management services. The total purchase price was ARS 64,412 thousand (equivalent to Euros 11,056 thousand at the acquisition date), comprised of a payment in cash of ARS 51,344 thousand (equivalent to Euros 8,813 thousand at the acquisition date), and a deferred amount in guarantee of possible liabilities in the amount of ARS 13,068 thousand initially scheduled to come due in 2013 (equivalent to Euros 2,243 at the acquisition date) plus all interest accrued through the payment date, with the exception of Euros 340 thousand withheld as guarantee.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	497	497
Property, plant and equipment	979	979
Other non-current assets	20	20
Trade and other receivables	1,169	1,169
Non-current liabilities	(473)	(473)
Financial debt	(410)	(410)
Other intangible assets	-	4,220
Other financial assets and financial liabilities	(700)	(700)
Deferred tax	-	(1,477)
Identifiable net assets acquired	**1,082**	**3,825**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 4,154 thousand) with a useful life of 12 years and trademarks (Euros 66 thousand) with a useful life of 2 years.

Servin Seguridad, S.A.

On 27 April 2012 Prosegur acquired 100% of Servin Seguridad, S.A., a company located in Argentina and specialised in surveillance services. The total purchase price was ARS 103,826 thousand (equivalent to Euros 17,869 thousand at the acquisition date), comprised of a payment in cash of ARS 62,295 thousand (equivalent to Euros 10,721 thousand at the acquisition date), a deferred payment in cash for a total of ARS 31,148 thousand (equivalent to Euros 5,361 thousand at the acquisition date), and a deferred amount in guarantee of possible liabilities in the total amount of ARS 10,383 thousand (equivalent to Euros 1,787 thousand at the acquisition date), settled in its entirety in 2013. These payments accrued interest through the date of their settlement.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	783	783
Property, plant and equipment	425	425
Other non-current assets	10	10
Trade and other receivables	10,327	10,327
Non-current liabilities	(6,338)	(6,338)
Financial debt	(1,701)	(1,701)
Other intangible assets	2	9,311
Other financial assets and financial liabilities	(6,656)	(6,656)
Deferred tax	-	(3,258)
Identifiable net assets acquired	**(3,148)**	**2,903**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 7,400 thousand) with a useful life of 12 years, trademarks (Euros 1,520 thousand) with an indefinite useful life and other intangible assets (Euros 391 thousand) with a useful life of 2 years.

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 UYU 115,878 thousand (equivalent to Euros 4,431 thousand at the acquisition date), comprised of a payment in cash of UYU 57,340 thousand (equivalent to Euros 2,193 thousand at the acquisition date), and a deferred amount in guarantee of possible liabilities payable in 4 instalments during the 2012-2014 period, for a total of UYU 58,538 thousand (equivalent to Euros 2,238 thousand at the acquisition date) plus any interest accrued through the payment date and arranged in the contract.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	1	1
Property, plant and equipment	8	8
Trade and other receivables	364	364
Financial debt	(5)	(5)
Other intangible assets	9	1,796
Other financial assets and financial liabilities	(610)	(610)
Deferred tax	-	(447)
Identifiable net assets acquired	**(233)**	**1,107**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 1,787 thousand) with a useful life of 12 years.

GRP Group

On 10 May 2012 Prosegur acquired 100% of the French company GRP Holding, S.A.R.L. and its subsidiaries:

- 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 contingent consideration of Euros 275 thousand linked to compliance with an agreement with employees, which was settled in 2013.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	4,823	4,823
Property, plant and equipment	377	377
Other non-current assets	607	607
Trade and other receivables	8,052	8,052
Non-current liabilities	(635)	(635)
Financial debt	(3,465)	(3,465)
Other intangible assets	19	6,868
Other financial assets and financial liabilities	(9,508)	(9,508)
Deferred tax	-	(2,283)
Identifiable net assets acquired	**270**	**4,836**

The goodwill on this acquisition was allocated to the Europe segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 6,479 thousand) with a useful life of 20 years and trademarks (Euros 367 thousand) with a useful life of 1.6 years.

Goodwill of joint ventures

Imperial Dragon Security Ltd

In China, Prosegur acquired 45% of Shanghai Weldon Security Equipment Co Ltd, a security company, in July 2012. This 45% interest was acquired through the subscription of a share capital increase totalling CNY 45,513 thousand (equivalent to Euros 5,688 thousand at the acquisition date). The subscription of these shares entailed a partial payment of CNY 9,513 thousand (equivalent to Euros 1,189 thousand at the acquisition date). Additionally and as part of the same business combination, the investment vehicle Dragon Security Ltd was acquired, which holds shares in several Chinese companies, for a total price of CNY 39,344 thousand (equivalent to Euros 4,917 thousand at the acquisition date), comprised of a payment in cash of CNY 19,000 thousand (equivalent to Euros 2,375 thousand at the acquisition date) and a deferred payment in cash of CNY 21,000 thousand (equivalent to Euros 2,624 thousand at the acquisition date) due in 2012 and 2014.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	972	972
Property, plant and equipment	38	38
Trade and other receivables	3,519	3,519
Other intangible assets	-	6,339
Other financial assets and financial liabilities	(1,072)	(1,072)
Deferred tax	-	(1,585)
Identifiable net assets acquired	**3,457**	**8,211**

The goodwill on this acquisition was allocated to the Asia-Pacific segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 5,833 thousand) with a useful life of 30 years and other intangible assets (Euros 506 thousand) with a useful life of 30 years.

SIS Cash Services Private Ltd

On 9 February 2012 Prosegur acquired 49% of SIS Cash Services Private Ltd in India. This company specialises in cash in transit and cash management services. This 49% interest was acquired through the subscription of a fully paid-in share capital increase totalling INR 642,268 thousand (equivalent to Euros 10,218 thousand at the acquisition date).

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	5,153	5,153
Property, plant and equipment	1,369	1,369
Trade and other receivables	395	395
Financial debt	(1,311)	(1,311)
Other intangible assets	-	3,720
Other financial assets and financial liabilities	6	6
Deferred tax	-	(1,207)
Identifiable net assets acquired	**5,612**	**8,125**

The goodwill on this acquisition was allocated to the Asia-Pacific segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 1,561 thousand) with a useful life of 14 years, trademarks (Euros 1,673 thousand) with an indefinite useful life and other intangible assets (Euros 486 thousand) with an indefinite useful life.

28.3. Goodwill included in 2012

Details of the net assets acquired and goodwill recognised on business combinations during 2012 but not reviewed in 2013 are as follows:

Thousands of Euros	Segment allocated	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Subsidiaries						
Grupo Mercurio de Transportes, S.A. C.V.	LatAm	383	96	**479**	478	**1**
		383	96	**479**	478	**1**

The cash outflow incurred in purchasing these businesses, net of cash acquired, is as follows:

Thousands of Euros	Country	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Grupo Mercurio de Transportes, S.A. C.V.	Mexico	383	(10)	**373**
		383	(10)	**373**

Grupo Mercurio de Transportes, S.A. de C.V.

In Mexico, on 17 July 2012, Prosegur acquired 80% of the share capital of Grupo Mercurio de Transportes S.A. de C.V., a company specialising in cash in transit and cash management services. The total purchase price was MXN 7,824 thousand (equivalent to Euros 479 thousand at the acquisition date), comprised of a payment in cash of MXN 6,259 thousand (equivalent to Euros 383 thousand at the acquisition date) and a deferred payment of MXN 1,565 thousand (equivalent to Euros 96 thousand at the acquisition date) plus any interest accrued through the payment date and arranged in the contract.

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

Thousands of Euros	**Carrying amount of the acquiree**	**Fair value**
Cash and cash equivalents	10	10
Property, plant and equipment	4,462	4,462
Other non-current assets	115	115
Trade and other receivables	4,911	4,911
Non-current liabilities	(19)	(19)
Financial debt	(5,935)	(5,935)
Other intangible assets	9	9
Other assets and liabilities	(3,075)	(3,075)
Deferred tax	-	-
Identifiable net assets acquired	**478**	**478**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur.

29. Joint Ventures

At 31 December 2013, Prosegur holds interests in 11 entities with stakes in the following joint ventures:

- A venture formed with the GED venture capital fund to invest in security companies in south-eastern Europe, in which Prosegur holds a 50% interest.
- An enterprise formed with Security and Intelligence Services Ltd (SIS) to provide cash in transit and cash management services in India, in which Prosegur holds an interest of 49%.
- Weldon Security Equipment Ltd, a joint venture established to conduct surveillance activities in China, in which Prosegur holds a 45% interest.

The entities making up joint ventures are detailed in Appendix III.

The amounts presented in the table below represent Prosegur's share of the joint ventures' assets, liabilities, sales and profit and loss for the year. These amounts are included in the consolidated statement of financial position and the consolidated income statement.

	Thousands of Euros	
	2013	**2012**
Assets:		
Non-current assets	14,592	16,582
Current assets	8,380	11,338
	22,972	**27,920**
Liabilities:		
Non-current liabilities	11,046	19,742
Current liabilities	11,926	8,187
	22,972	**27,929**
Profit and loss:		
Income	19,306	17,406
Expenses	(22,152)	(17,891)
Loss for the year after tax	**(2,846)**	**(485)**

Prosegur has no contingent liabilities in relation to its interest in these joint ventures and the joint ventures themselves have no contingent liabilities.

30. Temporary Joint Ventures

The temporary joint ventures in which Prosegur participates are listed in Appendix II to these annual accounts. The amounts presented in the table below represent Prosegur's share of the temporary joint ventures' assets, liabilities, sales and profit and loss for the year. These amounts are included in the consolidated statement of financial position and the consolidated income statement.

	Thousands of Euros	
	2013	**2012**
Assets:		
Non-current assets	691	636
Current assets	7,193	8,577
	7,884	**9,213**
Liabilities:		
Non-current liabilities	-	-
Current liabilities	7,884	9,213
	7,884	**9,213**
Profit and loss:		
Income	(32,588)	44,782
Expenses	31,988	(45,131)
Loss for the year after tax	**(600)**	**(349)**

Prosegur has no contingent liabilities in relation to its participation in temporary joint ventures.

31. Related Parties

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid and holds 50.075% of the Company's share capital. The remaining 49.925% of the shares belong to various shareholders, with the main ones being AS Inversiones, S.L. with 5.32%, FMR LLC with 4.846%, Oppenheimer Acquisition Corporation with 3.526%, M&G Investment Management Ltd. with 3.138% and Cantillon Capital Management LLC with 3.050% (see Note 20).

Purchase of 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 (Madrid), which is adjacent to a building owned by Prosegur at Calle Pajaritos, 24. This contract has a term of five years, and may be extended for an additional five and was arranged at arm's length. The total expense of Euros 1,297 thousand was incurred in relation to this contract in 2013 (Euros 1,256 thousand in 2012).

Remuneration of members of the Board of Directors and senior management personnel

1. Remuneration of members of the Board of Directors

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

	Thousands of Euros	
	2013	**2012**
Fixed remuneration	1,253	1,116
Variable remuneration	475	500
Remuneration in kind	17	16
Allowances	940	1,066
Life insurance premiums	33	44
	2,718	**2,742**

2. Remuneration of senior management personnel

Senior management personnel are Prosegur employees who hold, de facto or de jure, senior management positions reporting directly to the Board of Directors, executive committees or managing directors on the board, including those with power of attorney that do not restrict the scope of representation thereof in areas or matters that are specific or beyond the activity comprising the entity's statutory activity.

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

	Thousands of Euros	
	2013	**2012**
Fixed remuneration	2,985	2,683
Variable remuneration	1,183	1,095
Remuneration in kind	252	107
Life insurance premiums	17	18
	4,437	**3,903**

As well as the remuneration described in sections 1) and 2), under the 2011 Plan of long-term incentives for executive directors and management personnel (see Note 35.17), in 2013 no shares were transferred and no incentive payments were made in cash. In 2012, 781,140 shares were transferred (see Note 20).

As explained in Note 35.17, at the general meeting held on 27 June 2008, the shareholders approved the 2011 Plan of long-term incentives to Chief Executive Officer and Senior Management Personnel of Prosegur. At the general meeting held on 29 May 2012, the shareholders approved the 2014 Plan, which is linked to value creation in 2012-2014 (see Note 35.17). Salaries and wages in 2013 recognise an expense of Euros 662 thousand in relation to the 2011 and 2014 Plans, of which Euros 150 are cash incentives and Euros 512 are shares.

The total commitment undertaken by Prosegur at 31 December 2013 in relation to the share-based incentives specified in the 2011 and 2014 Plans amounts to Euros 3,171 thousand and is recognised in equity (see Note 20.2).

The total commitment assumed by Prosegur in relation to the cash incentives specified in the 2014 Plan amounts to Euros 1,545 thousand at 31 December 2013 (see Notes 21 and 23).

Loans to related parties

At 31 December 2013 and 2012 Prosegur has not granted any loans to related parties. Related companies were transferred to joint ventures and are proportionately consolidated.

Investments and positions held by the members of the Board of Directors of the Parent and their related parties in other companies

Neither the members of the Board of Directors nor their related parties hold any investments or positions or conduct any activities in any company outside the Group with identical, similar or complementary statutory activities to that of the Company.

Information required by article 229 of the Spanish Companies Act

As required by article 229 of the Spanish Companies Act, which was introduced by Royal Decree Law 1/2010, 2 July 2010, the members of the Board of Directors declare that they have not been involved in any direct or indirect conflicts of interest with the Company in 2013.

32. Financial Risk Management and Fair Value

32.1. Financial Risk Factors

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

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

Currency risk

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

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

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

However, Prosegur does hedge, either through financial instruments or by using natural hedges, the profit and loss generated and the protection of cash surpluses in those currencies that contribute significantly to Prosegur's profit and loss from operating activities.

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

At 31 December 2013

Thousands of Euros	Euro	Brazilian Real	Chilean Peso	Other currencies	**Total position**
Loans to related parties	33,810	-	-	-	33,810
Non-current financial assets	-	-	-	533	533
Total non-current assets	**33,810**	**-**	**-**	**533**	**34,343**
Trade and other receivables	1	-	-	6,411	6,412
Cash and cash equivalents	22,803	-	-	4,518	27,321
Total current assets	**22,804**	**-**	**-**	**10,929**	**33,733**
Financial liabilities	-	-	-	850	850
Non-current liabilities	**-**	**-**	**-**	**850**	**850**
Trade and other payables	1,147	794	5	6,866	8,812
Financial liabilities	-	-	-	350	350
Current liabilities	**1,147**	**794**	**5**	**7,216**	**9,162**
Net position	**55,467**	**(794)**	**(5)**	**3,396**	**58,064**

At 31 December 2012

Thousands of Euros	Euro	Brazilian Real	Argentine Peso	Peruvian Nuevo Sol	Other currencies	**Total position**
Loans to related parties	9,476	-	-	-	-	9,476
Non-current financial assets	-	-	-	-	1,248	1,248
Total non-current assets	**9,476**	**-**	**-**	**-**	**1,248**	**10,724**
Trade and other receivables	-	-	-	-	10,163	10,163
Cash and cash equivalents	14,785	-	-	-	4,303	19,088
Total current assets	**14,785**	**-**	**-**	**-**	**14,466**	**29,251**
Financial liabilities	-	-	-	-	33	33
Non-current liabilities	**-**	**-**	**-**	**-**	**33**	**33**
Trade and other payables	446	-	-	-	6,850	7,296
Financial liabilities	-	2,318	1,021	1,215	12,377	16,931
Current liabilities	**446**	**2,318**	**1,021**	**1,215**	**19,227**	**24,227**
Net position	23,815	(2,318)	(1,021)	(1,215)	(3,546)	15,715

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

	2013		2012	
	Average rate	Closing rate	Average rate	Closing rate
Brazilian Real	2.87	3.26	2.51	2.70
Argentine Peso	7.26	8.97	5.83	6.46
Chilean Peso	658.20	722.32	625.12	633.26
Peruvian Nuevo Sol	3.59	3.86	3.39	3.37

The strengthening (weakening) of the Euro vs the Brazilian Real, Argentine Peso, Chilean Peso and Peruvian Nuevo Sol at 31 December would increase (decrease) the profit and loss and the equity in the amounts shown below.

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

	Exchange rate increase		Exchange rate decrease	
	Equity	P/L	Equity	P/L
31 December 2013				
Brazilian Real (10% var.)	24,834	72	(30,352)	(88)
Argentine Peso (15% var.)	37,896	(261)	(51,271)	353
Chilean Peso (10% var.)	5,536	10	(6,766)	(13)
Peruvian Nuevo Sol (10% var.)	10,184	(3,122)	(12,447)	3,816
31 December 2012				
Brazilian Real (10% var.)	21,646	211	(26,457)	(258)
Argentine Peso (15% var.)	34,020	(62)	(46,026)	84
Chilean Peso (10% var.)	5,105	-	(6,240)	-
Peruvian Nuevo Sol (10% var.)	8,859	(758)	(10,827)	926

Credit risk

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

Prosegur has formal procedures for detecting objective evidence of impairment on trade receivables. As a result thereof, It identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. Impairment on trade receivables at 31 December 2013 amounts to Euros 59,682 thousand (Euros 59,019 thousand in 2012) (see Note 17). As the credit ratings relating to trade receivables not included in this provision are sufficient, this provision is considered to cover the credit risk.

In Spain, the Collections Department manages an approximate volume of 7,451 customers with a monthly average turnover of Euros 10,588 per customer. 85% of payments are made by bank transfer and the remaining 15% in Notes (cheques, promissory notes, etc.).

Details of the percentage of total Prosegur turnover represented by the eight main customers are shown in the following table:

	2013	2012
Counterparty		
Customer 1	5.14%	4.66%
Customer 2	4.70%	3.86%
Customer 3	4.07%	3.62%
Customer 4	2.47%	2.23%
Customer 5	2.39%	2.01%
Customer 6	1.58%	1.52%
Customer 7	1.33%	0.95%
Customer 8	1.22%	0.82%

As explained in Note 17, on 5 December 2013 Prosegur took out a factoring facility for part of its customer portfolio whereby receivables are sold without recourse, transferring the associated credit risk.

Other current financial assets (see Note 18) include a fixed-term deposit. All financial assets contracted in 2013 are exposed to risk of default by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings that are not sensitive to adverse changes in the economic climate.

Liquidity risk

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

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

Prosegur's liquidity position for 2013 is based on the following:

- Cash and cash equivalents of Euros 292,942 thousand at 31 December 2013 (Euros 163,601 thousand in 2012).

- Euros 286,068 thousand available in undrawn credit facilities at 31 December 2013 (Euros 241,525 thousand in 2012).

- Cash flows from operating activities in 2013 amounting to Euros 287,442 thousand (Euros 135,876 thousand in 2012).

Details of contractual cash flows are shown in the following table:

Thousands of Euros	Carrying amount	2013 Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities							
Bonds and other marketable	506,669	568,750	13,750	-	27,500	527,500	-
Syndicated loan	160,469	161,181	15,922	15,154	130,105	-	-
Loans and borrowings	192,879	333,665	32,974	49,269	160,469	89,469	1,484
Finance lease payables	22,177	26,752	4,281	4,960	5,769	11,501	241
Credit accounts	42,073	42,667	42,107	560	-	-	-
Other payables	134,001	160,180	61,509	10,258	30,189	56,600	1,624
Trade and other payables	508,595	508,595	508,595	-	-	-	-
	1,566,863	1,801,790	679,138	80,201	354,032	685,070	3,349
Derivative financial liabilities							
Interest rate swap (IRS)	1,640	1,640	1,640	-	-	-	-
	1,640	1,640	1,640	-	-	-	-

Thousands of Euros	Carrying amount	2012 Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities							
Syndicated loan	497,850	539,476	25,290	25,583	52,357	436,246	-
Loans and borrowings	239,480	303,267	78,517	15,626	59,041	146,412	3,671
Finance lease payables	24,561	30,956	2,540	5,070	7,264	11,829	4,253
Credit accounts	48,879	49,590	49,584	6	-	-	-
Other payables	222,492	241,088	82,573	20,477	42,619	95,003	416
Trade and other payables	467,965	467,965	467,965	-	-	-	-
	1,501,227	1,632,342	706,469	66,762	161,281	689,490	8,340
Derivative financial liabilities							
Interest rate swap (IRS)	3,857	3,857	-	-	3,857	-	-
Interest rate swap (IRS)	348	348	-	-	-	348	-
Interest rate swap (IRS)	343	343	-	-	-	343	-
	4,548	4,548	-	-	3,857	691	-

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

Interest rate, cash flow and fair value risks

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

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

	6 months or less	6 to 12 months	1 to 5 years	More than 5 years	Total
At 31 December 2013					
Total financial liabilities	873,480	42,220	5,663	2,904	924,267
Total interest	8,414	1,716	1,288	1,101	12,519
	881,894	43,936	6,951	4,005	936,786
At 31 December 2012					
Total financial liabilities	771,167	9,581	24,957	5,065	810,770
Total interest	6,473	556	4,984	1,665	13,678
	777,640	10,137	29,941	6,730	824,448

Prosegur analyses its interest rate risk exposure dynamically. In 2013 the majority of Prosegur's financial liabilities at variable interest rates are denominated in Euros, Brazilian Reais and Australian Dollars.

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

Based on the different scenarios, Prosegur manages cash flow interest rate risks through variable-to-fixed interest rate swaps.

In 2013, Prosegur used interest rate swaps to provide a more flexible structure for forward drawdowns (see Note 15).

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

At 31 December 2013	**Total debt**	**Hedged debt**	**Debt exposure**
Europe	749,232	606,669	142,563
Asia-Pacific	68,102	-	68,102
LatAm	240,934	2,774	238,160
	1,058,268	**609,443**	**448,825**

At 31 December 2012	**Total debt**	**Hedged debt**	**Debt exposure**
Europe	627,431	175,000	452,431
Asia-Pacific	5,747	-	5,747
LatAm	400,084	4,960	395,124
	1,033,262	**179,960**	**853,302**

With regard to the debt hedged at 31 December 2013, Euros 506,669 thousand correspond to the simple bond (see Note 22) and Euros 100,000 thousand are deemed as hedged with the derivative financial instrument (Interest Rate Swap) described in Note 15. Additionally, fixed-rate credit facilities exist in Uruguay and Chile.

At 31 December 2013, had interest rates on bank loans and borrowings been 100 basis points higher, with the other variables remaining constant, post-tax profit would have been Euros 2,784 thousand lower, mainly because of higher borrowing costs on variable-interest loans.

Price volatility risk

As Prosegur's main activity is a service business, heavily based on human capital, there are no significant price volatility risks.

32.2. Capital Risk Management

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

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

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

The gearing ratio is calculated as follows:

Thousands of Euros	2013	2012
Financial liabilities (Note 22)	1,058,268	1,033,262
Plus/less: derivative financial instruments (Note 15)	1,567	4,548
Less: other non-bank payables (Note 22)	(134,001)	(222,491)
Less: cash and cash equivalents (Note 19)	(292,942)	(163,601)
Less: other current financial assets (Note 18)	(1,202)	(5,654)
Net financial debt	631,690	646,064
Equity	654,524	731,800
Total capital	**1,286,214**	**1,377,864**
Gearing ratio	**49.11%**	**46.89%**
Net financial debt/equity ratio	96.51%	88.28%

32.3. Financial Instruments and Fair Value

Classification and fair value

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

31 December 2013	**Carrying amount**					**Fair value**			
Thousands of Euros	Available-for-sale financial assets	Loans and receivables	Financial liabilities held for trading	Debts and payables	**Total**	Level 1	Level 2	Level 3	**Total**
Financial assets at fair value									
Investments and other assets	16,027	-	-	-	**16,027**	-	-	16,027	**16,027**
Derivative financial instruments	73	-	-	-	**73**	-	73	-	**73**
	16,100	-	-	-	**16,100**				
Financial assets not at fair value									
Deposits and guarantees	-	3,720	-	-	**3,720**				
Deposits	-	6,916	-	-	**6,916**				
Trade and other receivables	-	803,088	-	-	**803,088**				
Cash and cash equivalents	-	292,942	-	-	**292,942**				
	-	**1,106,666**	-	-	**1,106,666**				
Financial liabilities at fair value									
Derivative financial instruments	-	-	(1,640)	-	**(1,640)**	-	(1,640)	-	**(1,640)**
Contingent payments	-	-	(1,953)	-	**(1,953)**	-	-	(1,953)	**(1,953)**
	-	-	**(3,593)**	-	**(3,593)**				
Financial liabilities not at fair value									
Financial liabilities for debenture issues	-	-	-	(506,669)	**(506,669)**	(508,100)	-	-	**(508,100)**
Financial liabilities with banks	-	-	-	(417,598)	**(417,598)**	-	(417,289)	-	**(417,289)**
Other financial liabilities	-	-	-	(132,048)	**(132,048)**	-	(132,048)	-	**(132,048)**
Trade and other payables	-	-	-	(508,595)	**(508,595)**				
	-	-	-	**(1,564,910)**	**(1,564,910)**				

31 December 2012	**Carrying amount**					**Fair value**			
Thousands of Euros	Available-for-sale financial assets	Loans and receivables	Financial liabilities held for trading	Debts and payables	**Total**	Level 1	Level 2	Level 3	**Total**
Financial assets at fair value									
Investments and other assets	22,627	-	-	-	**22,627**	-	-	22,627	**22,627**
	22,627	-	-	-	**22,627**				
Financial assets not at fair value									
Deposits and guarantees	-	10,743	-	-	**10,743**				
Deposits	-	9,619	-	-	**9,619**				
Trade and other receivables	-	864,060	-	-	**864,060**				
Cash and cash equivalents	-	163,601	-	-	**163,601**				
	-	**1,048,023**	-	-	**1,048,023**				
Financial liabilities at fair value									
Derivative financial instruments	-	-	(4,548)	-	**(4,548)**	-	(4,548)	-	**(4,548)**
Contingent payments	-	-	(11,271)	-	**(11,271)**	-	-	(11,271)	**(11,271)**
	-	-	**(15,819)**	-	**(15,819)**				
Financial liabilities not at fair value									
Financial liabilities for debenture issues	-	-	-	-	-				
Financial liabilities with banks	-	-	-	(810,770)	**(810,770)**				
Other financial liabilities	-	-	-	(211,221)	**(211,221)**				
Trade and other payables	-	-	-	(467,965)	**(467,965)**				
	-	-	-	**(1,489,956)**	**(1,489,956)**				

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

The following are the measurement values used to determine Level 2 and 3 fair values, as well as the unobservable inputs employed and the quantitative information of each significant non-observable Level 3 input and sensitivity analyses:

Type	Measurement method	(Unobservable) inputs employed	Interrelationship between key inputs and fair value	Sensitivity analysis
Contingent payments	*Discounted cash flows:* The measurement model considers the present value of the net cash flows to be generated by the business for a 5-year period. The expected cash flows are determined considering the scenarios that may be exercised by EBITDA forecasts, the amount to be paid in each scenario and the probability of each scenario. The expected net cash flows are discounted using a risk-adjusted discount rate.	- Annual growth rate of income - EBIT	The estimated fair value would increase (or decrease) if: - the expected income growth was greater (lower) - the EBIT was greater (lower)	A 10% increase (decrease) of the EBIT could determine a maximum estimated decrease of Euros 163 thousand or maximum estimated increase by Euros 166 thousand.
Available-for-sale financial assets (Note 18)				
Derivatives	Market comparison technique: The fair value of forward exchange contracts is determined using forward exchange rates on the market at the reporting date.	N/A	N/A	N/A

Measurement methods for financial instruments not measured at fair value:

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

Transfer of assets and liabilities among the various levels

During the reporting period ending at 31 December 2013 there were no transfers of assets and liabilities among the various levels.

33. Other Information

The average headcount of Prosegur is as follows:

	2013	2012
Operations personnel	145,364	140,049
Other	9,150	8,530
	154,514	148,579

The average headcount of operations personnel employed by proportionately consolidated subsidiaries in 2013 is 6,543 employees (7,708 in 2012).

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

	2013	2012
Operations personnel	89	168
Indirect personnel	29	51
	118	219

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

	2013		2012	
	Male	Female	Male	Female
Operations personnel	126,726	18,979	126,659	18,446
Other	5,699	3,136	5,574	3,149
	132,425	22,115	132,233	21,595

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

	2013		2012	
	Male	Female	Male	Female
Board of Directors	6	3	6	3
Senior Management	16	2	16	1
	22	5	22	4

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

	Thousands of Euros	
	2013	2012
KPMG Auditores, S.L., audit services	332	344
KPMG Auditores, S.L., other assurance services	53	-
KPMG Auditores, S.L., other services	-	69
	385	413

The amounts detailed in the above table include the total fees for services rendered in 2013 and 2012, irrespective of the date of invoice.

Other KPMG Europe, LLP group companies have invoiced Prosegur the following fees for professional services during the year:

	Thousands of Euros	
	2013	2012
Audit services	143	195
Other assurance services	19	184
Tax advisory services	91	70
Other services	207	319
	460	768

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

	Thousands of Euros	
	2013	2012
Audit services	895	1,216
Other assurance services	136	-
Tax advisory services	274	202
Other services	254	180
	1,559	1,598

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

	Thousands of Euros	
	2013	2012
Audit services	38	235
	38	235

34. Events after the Balance Sheet Date

On 10 January 2014, Prosegur has carried out the block sale of a packet of own shares accounting for 4.032% of the share capital, for a total amount of Euros 123,169.6 thousand, that is, 24,882,749 shares at Euros 4.95, to meet the requirements presented by JB Capital Markets of a limited and reduced number of institutional investors. Following this transaction, Prosegur holds 3.047% of own shares which it considers to be strategic for potential corporate operations in the future.

By means of its subsidiary Singpai Pte. Ltd., on 23 January 2014 Prosegur acquired 100% of the shares of Evtec Management Services Pte Ltd located in Singapore. This transaction represents a maximum investment for Prosegur of SGD 7,504 thousand (equivalent to Euros 4,331 thousand), including the debt of the acquired company.

By means of its subsidiary Prosegur GmbH, on 17 February 2014 Prosegur acquired 100% of the shares of Chorus Security Service GmbH & Co. KG and 100% of the shares of its general partner Chorus Security Service Verwaltungs GmbH, both companies located in Germany. This transaction represents a maximum investment for Prosegur of Euros 1,800 thousand, including the debt of the acquired company.

35. Summary of the Main Accounting Principles

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

35.1. Accounting Principles

a) Standards effective from 01 January 2013

The annual accounts for 2013 have been prepared using the same accounting principles as for 2012, except for the following standards and amendments adopted by the European Union and of mandatory application from 01 January 2013:

- Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income. Effective for annual periods beginning on or after 1 July 2012.
- IAS 19 Employee Benefits (revised). Effective for annual periods beginning on or after 01 January 2013.
- IFRS 13 Fair Value Measurement. Effective for annual periods beginning on or after 01 January 2013.
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. The interpretation applies to annual periods beginning on or after 1 January 2013.
- IFRS 7 Financial Instruments (Information to be disclosed). Amendment of offset itemisation of financial assets and liabilities. The standard applies to annual periods beginning on or after 1 January 2013.
- Amendments to IAS 12 - Recovery of underlying assets. Effective for annual periods beginning on or after 01 January 2013.
- Amendments to IFRS 1 - Government loans. Effective for annual periods beginning on or after 01 January 2013.
- Amendment to IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters. Effective for annual periods beginning on or after 01 January 2013.

Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income.

As a result of amendments to IAS 1, the Group has amended the presentation of items of other comprehensive income in its consolidated comprehensive income statement, for the individual presentation of items that are going to be reclassified to profit or loss from those that are not going to be reclassified to profit or loss. The comparative information has consequently been restated.

IFRS 13 Fair Value Measurement.

IFRS 13 establishes one sole framework for fair value measurement and breakdowns to this respect when another EU-IFRS requires or allows such fair value measurements. It standardises the definition of reasonable value as the price that would be received for selling an asset, or that would be paid for transferring a liability, in an orderly transaction among market participants on the measurement date. It replaces and broadens the reporting requirements on determinations of fair value of other EU-IFRS including IFRS 7. As a result of this, Prosegur has included additional information to this regard (see Notes 14, 15, 22 and 28).

In accordance with the transitory provisions of IFRS 13, Prosegur has applied the new guidelines to the determination of fair value prospectively and has not furnished any comparative information for the new disclosures or breakdowns. Notwithstanding the foregoing, the change has had no significant impact on the measurements of Prosegur assets and liabilities.

All other standards and amendments have had no significant impact on the Consolidated Annual Accounts of Prosegur.

b) Standards issued but not effective on 01 January 2013 and which Prosegur has adopted in advance:

- Amendments to IAS 36: elimination of the requirement to breakdown the recoverable value of CGUs with goodwill or intangible assets of significantly indefinite lives. The date of the entry into force is no later than the years commencing as of 1 January 2014. Prosegur has resolved upon the early adoption of this amendment.

c) Standards issued but not effective on 01 January 2013 and which Prosegur expects to adopt as of 01 January 2014 or later (none have been adopted in advance):

- IFRS 10 Consolidated Financial Statements. Effective for annual periods beginning on or after 01 January 2014.
- IFRS 11 Joint Arrangements. Effective for annual periods beginning on or after 01 January 2014.
- IFRS 12 Disclosure of Interests in Other Entities. Effective for annual periods beginning on or after 01 January 2014.
- IAS 27 Separate Financial Statements. Effective for annual periods beginning on or after 01 January 2014.
- IAS 28 Investments in Associates and Joint Ventures. Effective for annual periods beginning on or after 01 January 2014.
- IAS 32 Financial Instruments (Presentation). Amendment to Offsetting Financial Assets and Financial Liabilities. The standard applies to annual periods beginning on or after 01 January 2014.
- Amendment to IAS 39: Novation of derivatives and continuation of hedge accounting. Effective for annual periods beginning on or after 01 January 2014.

On the date of preparation of these consolidated annual accounts, Prosegur Management is evaluating the impact of the application of these standards and amendments on the consolidated annual accounts. With the exception of the application of IFRS 11 Joint Arrangements and on the basis of the analysis performed to date, these are not expected to have an effect on the consolidated annual accounts of Prosegur.

The application of IFRS 11 requires the analysis of the joint arrangements of the Group, to evaluate the degree of control over them and, on the basis of this, classify them as joint ventures or joint operations. Joint ventures should be recognised by the equity method, while holdings in joint operations will be performed by recognising the proportional part of the assets, liabilities, income and expenses thereof that correspond to Prosegur.

IAS 31: Joint ventures, applied in the preparation of these consolidated annual accounts, defines a joint venture as that whose authority is subject to joint control, regardless, as opposed to IFRS 11, of whether the venturers have the right to its assets and liabilities separately or simply have the right to its net assets. Holdings in joint ventures may be consolidated by proportional consolidation or measured by the participation method, and the same criterion should be applied for all Prosegur holdings in joint ventures. The Group maintains the criteria of proportional consolidation for all entities in which it shares control with the rest of the venturers.

Whereby the estimated effect of the application of IFRS 11 would entail a decrease of proportionately consolidated assets and liabilities, corresponding to the joint ventures, with the corresponding increase of accounting Investments applying the equity method in the non-current assets of the balance sheet. In the income statement the effect will correspond to a decrease of income and expenses, by the proportionally consolidated unit, with the corresponding net increase of the share in profits (or losses) for the year of those investments recognised by application of the equity method. On the basis of the analysis performed, the quantified impact is insignificant.

35.2. Consolidation Principles

Subsidiaries

Subsidiaries are all entities over which Prosegur has the power to govern the financial and operating policies, which generally comes with an interest of over half of the voting rights. The effect of any potential voting rights that are currently exercisable or convertible are considered when assessing whether Prosegur exercises control over an entity.

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

Inter-company balances and transactions and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset.

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

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

Business combinations

As permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards, Prosegur has recognised only business combinations that occurred on or after 1 January 2004, the date of transition to EU-IFRS, using the acquisition method. Entities acquired prior to that date were recognised in accordance with GAAP prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

Prosegur has applied IFRS 3 Business Combinations, revised in 2008, to transactions carried out as of 1 January 2010.

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

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

The consideration transferred excludes any payment that does not form part of the amount exchanged for the acquiree. Acquisition costs are recognised as an expense when incurred. In business combinations acquired prior to 31 December 2009, transaction costs were recognised as an integral part of the consideration given.

Prosegur recognises the assets acquired and liabilities assumed at their acquisition-date fair value. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. Prosegur also recognises indemnification assets transferred by the seller at the same time and using the same measurement criteria applied to the item that is subject to indemnification from the acquired business, taking into consideration, where applicable, the insolvency risk and any contractual limit on the indemnity amount.

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

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

If it is only possible to determine a business combination provisionally at the end of the reporting period, the identifiable net assets are initially recognised at their provisional amounts and adjustments made during the measurement period are recognised as if they had been known at that date. Comparative figures for the previous year are restated where applicable. In any event, adjustments to the provisional values only reflect information relating to facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date (see Note 28).

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

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

For business combinations carried out prior to 1 January 2010, the cost of the business combination includes contingent consideration, if this is probable at the acquisition date and can be reliably estimated. Subsequent recognition of contingent consideration or subsequent variations to contingent consideration are recognised as a prospective adjustment to the cost of the business combination.

Non-controlling interests

Non-controlling interests in subsidiaries acquired after 1 January 2004 are recognised at the acquisition date at the proportional part of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date are recognised at the proportional part of the equity of the subsidiaries at the date of first consolidation.

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

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

As of 1 January 2010, profit and loss and each component of other comprehensive income are allocated to equity attributable to shareholders of the parent and to non-controlling interests in proportion to their investment, even if this results in a balance receivable from non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

Joint Ventures

Joint ventures are those in which there is a contractual agreement to share the control over an economic activity, in such a way that strategic financial and operating decisions relating to the activity require the unanimous consent of Prosegur and the remaining venturers.

Interests in joint ventures (specified as such in the contract) are proportionately consolidated. Prosegur combines, line by line, its share of the assets, liabilities, income, expenses and cash flows of the jointly controlled entity with similar items in its annual accounts.

Prosegur recognises its share in the profit or loss on the sale of Prosegur assets to jointly controlled entities along with the part corresponding to other venturers. Prosegur does not recognise its share in the profit or loss of the jointly controlled entity arising from the purchase of assets by Prosegur until the assets are sold on to an independent third party.

A loss is recognised immediately if the transaction indicates a reduction in the net realisable value of the current assets or an impairment loss. Jointly controlled entities' accounting policies are changed where necessary for consistency with the principles adopted by Prosegur.

Associates

Associates are companies over which Prosegur exercises significant influence but not control, generally holding between 20% and 50% of the voting rights. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period are considered when assessing whether an entity has significant influence. It is assumed that significant influence is not exercised when Prosegur holds a share of less than 20% of the voting rights, unless such influence can be clearly demonstrated. Evidence of significant influence usually comprises:

- Representation on the board of directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the investor and the investee;
- Interchange of managerial personnel or provision of essential technical information.

Investments in associates are accounted for using the equity method and initially recognised at cost. Prosegur's investment in associates includes the goodwill (net of any accumulated impairment) identified in the acquisition.

Prosegur's share in the profit or loss of the associates from the date of acquisition is recognised in the income statement. The carrying amount of the investment is adjusted for any subsequent movements. When Prosegur's share in the losses of an associate is equal to or higher than its investment, including any doubtful receivables, it does not recognise any additional loss unless it has entered into commitments or made payments on behalf of the associate.

Unrealised gains on transactions between Prosegur and its associates are eliminated in line with Prosegur's percentage of ownership of the associate. Unrealised losses are also eliminated unless they provide evidence of an impairment loss on the transferred asset.

Jointly controlled entities' accounting policies are changed when necessary for consistency with the principles adopted by Prosegur.

Temporary Joint Ventures

Temporary joint ventures are a scheme under which business owners collaborate for a limited or unlimited period to carry out a project, service or supply.

The underlying assets and liabilities and income and expenses of temporary joint ventures are consolidated on a line-by-line basis.

35.3. Segment Reporting

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

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

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

35.4. Foreign Currency Transactions

Functional and presentation currency

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

Balances and transactions

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

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

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

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

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

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

Translation of foreign operations

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

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

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

35.5. Property, Plant and Equipment

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

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

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

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

	Ratio (%)
Buildings	2 and 3
Technical installations and machinery	10 to 25
Other installations and tools	10 to 30
Furniture	10
Information technology equipment	25
Transport elements	16
Other property, plant and equipment	10 to 25

Prosegur reviews the residual values and useful lives of assets and adjusts them, if necessary, as a change in accounting estimates at the end of each reporting period.

When the carrying amount of an asset exceeds its estimated recoverable amount, it is immediately written down to the latter (see Note 35.7).

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

35.6. Intangible Assets

Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of Prosegur's share of the acquired subsidiary's identifiable net assets at the acquisition date. Goodwill is tested annually for impairment (see Note 35.7) and recognised at cost less accumulated impairment losses. Gains and losses on the sale of an entity include the carrying amount of the goodwill allocated to the sold entity.

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

Goodwill acquired since 1 January 2004 is recognised at cost of acquisition, and goodwill acquired prior to that date is recognised at the carrying amount at 31 December 2003 in accordance with Spanish accounting legislation in force at that date.

Customer portfolios

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

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

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

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

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

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

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

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

If customer chum rates have risen, Prosegur re-estimates the useful lives of customer portfolios.

Trademarks and licences

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

Computer software

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

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

35.7. Impairment Losses

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

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

Impairment losses on goodwill

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

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

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

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

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

Impairment losses on goodwill are not reversible.

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

35.8. Financial Assets

Classification

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Prosegur provides money, goods or services directly to a recipient without the intention of trading the receivable. They are classified as current assets unless they mature in more than 12 months after the reporting date, in which case they are classified as non-current. Loans and receivables are generally recognised under trade and other receivables in the statement of financial position (see Note 35.11).

Available-for-sale financial assets

Prosegur classifies in this category non-derivative financial instruments that are designated as such or which do not qualify for recognition in other financial asset categories. Assets are classified as available for sale provided that these are available for sale in their present condition subject only to terms that are usual and customary for sales of such assets and that the sale is highly probable. They are classified as non-current assets unless management intends to sell the investment within 12 months after the reporting date.

Recognition and measurement

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

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

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

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

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

If such evidence exists for available-for-sale financial assets, the cumulative loss, calculated as the difference between the acquisition cost and the present fair value less any impairment loss previously recognised, is reclassified from equity to profit or loss. Impairment losses recognised for equity instruments are not reversed through profit or loss.

35.9. Derivative Financial Instruments and Hedges

Derivatives are initially recognised at fair value on the date on which the contract is signed and their fair value is subsequently adjusted. The recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the hedged item. Prosegur designates certain derivatives as:

- hedges of the fair value of recognised assets or liabilities (fair value hedges);
- hedges of highly probable transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation.

Prosegur has not applied hedge accounting in 2013 or 2012.

Derivatives that do not qualify for hedge accounting

Certain derivatives do not meet the criteria for the application of hedge accounting. Changes in the fair value of any derivative that does not qualify for hedge accounting are recognised immediately in profit or loss.

35.10. Inventories

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

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

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

35.11. Trade Receivables

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

35.12. Cash and Cash Equivalents

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

35.13. Share Capital

Ordinary shares are classified as equity.

When any Prosegur entity acquires shares in the Company (own shares), the consideration paid, including any incremental costs that are directly attributable to the acquisition (net of income tax), is subtracted from equity attributable to shareholders of the Company until cancellation or disposal. When these shares are sold, the consideration received, net of any incremental costs directly attributable to the sale and the corresponding income tax effect, is recognised in equity attributable to shareholders of the Company.

35.14. Provisions

Provisions for restructuring and litigation are recognised when:

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

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

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

Management estimates the provisions for future claims based on historical claims, as well as any recent trends indicating that past information on costs could differ from future claims. Management is assisted by external labour, legal and tax advisors to make the best estimates (see Note 21).

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

35.15. Financial Liabilities

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

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

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

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

35.16. Current and Deferred Tax

The income tax expense for the year comprises current tax and deferred tax. Tax is recognised in the income statement unless it is paid on items recognised directly in equity, in which case the tax is also recognised in equity.

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

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

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

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

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

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

Prosegur recognises the conversion of a deferred tax asset into Public Administration receivables when it is payable pursuant to the provisions of valid tax legislation. Likewise, the Group recognises the swap of a deferred tax asset for Public Debt securities, when the ownership thereof is acquired.

35.17. Employee Benefits

Share-based payments – 2011 Plan

At the general meeting held on 27 June 2008, the shareholders approved the 2011 Plan of long-term incentives to Chief Executive Officer and Senior Management Personnel of the Prosegur Group. The 2011 Plan is essentially linked to value creation during the 2008-2011 period and foresees the payment of share-based incentives to executive directors, and company shares and cash to Prosegur management.

Under the 2011 Plan, recipients are entitled to a bonus over several years, 50% cash and 50% in parent shares. A reference price of Euros 2,814 per share was determined at the beginning of the Plan. The receipt of this incentive depends on various performance and length-of-service requirements.

The 2011 Plan has a duration of four years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The plan measures target achievement from 01 January 2008 until 31 December 2011 and length of service from 01 January 2008 until 01 January 2014. Assessment dates of the 2011 Plan are as follows:

- Preliminary assessment date: 01 May 2010
- Final assessment date: 01 May 2012
- Length-of-service bonus date: 01 January 2014

A mixed accounting treatment is applied, comprising both a cash settlement and a share-based settlement.

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 length-of-service assessment period, with the corresponding increase in equity. The total expense recognised over the accrual period (see Note 5) is determined based on the shares granted, measured at the reference price stipulated in the Plan. This commitment has been estimated under the assumption that the length-of-service requirement will be met (see Note 20.2).

With regard to the cash incentives, the total commitment acquired is recognised as an expense in the income statement with a credit to provisions on an accruals basis over the Plan assessment period (see Note 21).

Share-based payments – 2014 Plan

At the general meeting held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives to Chief Executive Officer and Senior Management Personnel of the Prosegur Group. The 2014 Plan is essentially linked to value creation during the 2012-2014 period and also considers the delivery of incentives by way of Company shares and/or cash to Chief Executive Officer and Senior Management Personnel of the Company. The maximum number of shares earmarked for the 2014 Plan is 4,120,000, representing 0.668% of the Company's present share capital.

Under the 2014 Plan, recipients are entitled to a bonus over several years, 50% cash and 50% in parent shares. A reference price of Euros 3.31 per share was determined at the beginning of the Plan. The receipt of this incentive depends on various performance and length-of-service requirements.

The 2014 Plan has a duration of three years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The plan measures target achievement from 1 January 2012 until 31 December 2014 and length of service from 1 January 2012 until 31 December 2016. Assessment dates of the 2014 Plan are as follows:

- Final assessment date: 31 December 2014
- Length-of-service bonus date: 2017.

A mixed accounting treatment is applied, comprising both a cash settlement and a share-based settlement.

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 length-of-service assessment period, with the corresponding increase in equity. The total expense recognised over the accrual period (see Note 5) is determined based on the shares granted, measured at the reference price stipulated in the Plan. The total commitment acquired has been estimated under the assumption that the length-of-service requirement will be met (see Note 20.2).

With regard to the cash incentives, the total commitment acquired is recognised as an expense in the income statement with a credit to provisions on an accruals basis over the Plan assessment period (see Note 21).

Termination benefits

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

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

In the case of benefits for voluntary termination, it is considered that Prosegur can no longer withdraw the offer when the plan has been notified to affected employees and union representatives, and the actions necessary to complete it indicate that the occurrence of significant changes to the plan are improbable, the number of employees to be terminated, their employment category or duties and place of employment and the anticipated termination date are identified, and it establishes the termination benefits that the employees are going to receive in sufficient detail so that the employees are able to determine the type and amount of remuneration they will receive when terminated.

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

Short-term employee remuneration

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

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

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

Profit-sharing plans and bonuses

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

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

Remuneration of senior management

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

Defined benefit plans

In defined benefit plans Prosegur includes those financed by means of the payment of insurance premiums in which the legal or implied obligation exists to directly pay employees any benefits committed at the moment at which these are due or to proceed with the payment of additional quantities in those cases in which the insurer does not make the payment of benefits corresponding to the services rendered by the employees in current or prior years.

The liability for defined benefits recognised in the consolidated statement of financial position reflects the present value of the defined benefit obligations existing at the reporting date, less the fair value at such date of plan assets.

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

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

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

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

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

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

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

The defined benefit assets or liabilities are recognised as current or non-current on the basis of the period for realisation or maturity of the corresponding benefits.

35.18. Revenue Recognition

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

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

a) Sales of goods, mainly security installations and home alarm systems, are recognised when the product has been delivered to, and accepted by, the customer. These revenues are measured at the fair value of the corresponding receivable.

b) Sales of active security patrol, cash in transit and cash management services are recognised in the reporting period in which the services are rendered, without including taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount.

c) Revenues from the home alarm system activity are recognised in the reporting period in which the services are rendered, without including the taxes levied on these transactions, deducting any discounts included in the invoice as a lower transaction amount. In some alarm monitoring contracts, the customer does not purchase the equipment installed. Under the general alarm system rental contract, Prosegur receives an initial amount when the contract is signed and a regular instalment for the rental of the installed equipment and the services rendered. Prosegur defers the revenue received in advance when the contract is signed, taking it to the income statement over the average contract term. The average contract term is estimated based on the average annual customer churn rate.

d) Interest received is recognised over the period of the outstanding principal and considering the effective interest rate applicable. When a receivable is impaired, Prosegur reduces the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument. The discounting continues to be recognised as a reduction in the interest received. Interest on impaired loans is recognised using the effective interest method.

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

35.19. Leases

When a Prosegur entity is the lessee

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

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

When a Prosegur entity is the lessor

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

35.20. Borrowing Costs

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

35.21. Construction Contracts

Contract costs are recognised when incurred.

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

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

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

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

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

35.22. Non-Current Assets held for Sale

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

35.23. Distribution of Dividends

Dividends distributed to Prosegur's shareholders are recognised as a liability in the consolidated annual accounts in the year in which the dividends are approved by the shareholders.

35.24. Environmental Issues

The cost of armoured vehicles compliant with the Euro III standard on non-polluting emissions is recognised as an increase in the carrying amount of the asset. At the 2013 reporting date Prosegur has no contingencies, legal claims or income and expenses relating to the environment.

APPENDIX I. – Consolidated Subsidiaries

Information at 31 December 2013

Company	Registered offices	Investment		Basis of consolidation	Activity	Auditor
		% ownership	Company holding the investment			
Prosegur España, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	4	A
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	7	A
Servimax Servicios Generales, S.A	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	1	A
Prosegur Activa Holding, S.L.U	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	A
Formación Selección y Consultoria S.A	Santa Sabina, 8 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	7	B
Seguridad Vigilada S.A	C/ Pisuerga, 18 (BARCELONA)	100	Prosegur Cia de Seguridad, S.A	a	4	A
STMEC S.L.	C/ Pisuerga, 18 (BARCELONA)	100	Prosegur Cia de Seguridad, S.A	a	1	B
Salcer Servicios Auxliares S.L.	C/ Pisuerga, 18 (BARCELONA)	100	Prosegur Cia de Seguridad, S.A	a	1	B
Beloura Investments S.L.U.	Pajaritos 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	5	B
Prosegur Alarmas S.A	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	3	B
Pitco Ventures S.C.R.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A	a	6	A
ESC Servicios Generales, S.L.U.	Avda. Primera, B-1 (A CORUÑA)	100	Prosegur Cia de Seguridad, S.A	a	1	A
Prosegur International Handels GMBH	Poststrabe, 33 (HAMBURG)	100	Malcoff Holding BV	a	5	B
Prosegur GMBH (anteriormente Securlog GMBH)	Wahlerstrasse 2a, 40472 Düsseldorf	100	Prosegur Cia de Seguridad, S.A	a	2	A
Prosegur Deutschand GMBH	Insterburger Straße 7a, D-60487 Frankfurt am Main (Alemania)	100	Prosegur Cia de Seguridad, S.A	a	2	B
Prosegur France, S.A	Parc Technologique, 5. Place Berthe Monsot, 69800 Saint Priest	100	Prosegur Cia de Seguridad, S.A	a	5	A
Prosegur Securité Humaine EURL	84 Rue des Aceries (SAINT ETIENNE)	100	Prosegur France, S.A	a	1	A
Prosegur Teleserveillance EURL	3 Alle de L´ectronique (SAINT ETIENNE)	100	Prosegur France, S.A	a	3	B
Prosegur Securite Nord, S.A.S.	8 Avenue Descartes (Les Plessis Robinson)	100	Prosegur France, S.A	a	1	B
Prosegur Traitement de Valeurs SASU	Rue Rene Cassin ZI de Molina (LA TALAUDIERE)	100	Prosegur France, S.A	a	2	A
Prosegur Traitement de Valeurs EST	2 Rue Lovoisier BP 61609 25010 Besancon Cedez 3	100	Prosegur Cia de Seguridad, S.A	a	2	A
Prosegur Technologie SAS	84 Rue des Aceries (SAINT ETIENNE)	100	Prosegur France, S.A	a	3	A
Prosegur Formation et Competences, SARL	8 Avenue Descartes (Les Plessis Robinson)	100	Prosegur France, S.A	a	7	B
Esta Service, SASU	Parc Technologique, 5. Place Berthe Monsot, 69800 Saint Priest	100	Prosegur Cia de Seguridad, S.A	a	8	B
Prosegur Centre SARL	88 Avenue Geneila Frere 69008 Lyon	100	Prosegur Cia de Seguridad, S.A	a	8	B
Prosegur Participations, S.A.S.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100	Prosegur Cia de Seguridad, S.A	a	5	A
Prosegur Traitemet de Valeuirs Azur, SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Logistique de Valerus Azur, SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Traitement de Valeurs Provence SAS	604 Avenue du Col de l'Ange - ZA des Plaines de Jouques - 13420 GEMENOS	5.0	Prosegur Cia de Seguridad, S.A	a	2	B
		95.0	Prosegur Participations, S.A.S.			
GRP Holding SRL	177, rue de Luxembourg, L - 8055 Bertrange, Luxembourg	100	Luxpai Holdo S.A.R.L.	a	5	B
Prosegur Security Luxcembourg, SARL	177, rue de Luxembourg, L - 8055 Bertrange, Luxembourg	100	GRP Holding SARL	a	1	B
Prosegur Securite EST SAS	14, rue des Serruries 57070 Metz	100	Prosegur France, S.A	a	1	B
Prosegur Securite Rubis SAS	2 Boulevard Général de Gaulle, 94270 Le Kremlin Bicêtre	100	Prosegur France, S.A	a	1	B
Prosegur Securite Jade SAS	2 Boulevard Général de Gaulle, 94270 Le Kremlin Bicêtre	100	Prosegur Securite EST SAS	a	1	B
Prosegur Securite Opale SAS	2 Boulevard Général de Gaulle, 94270 Le Kremlin Bicêtre	100	Prosegur France, S.A	a	1	B
Prosegur Accueil et Service SAS	14, rue des Serruries 57070 Metz	100	Prosegur France, S.A	a	1	B
Malcoff Holdings BV	Schouwburgplein, 30-34 (ROTTERDAM)	100	Prosegur Cia de Seguridad, S.A	a	5	B
Reinsurance Bussiness Solutions Limited	Third Floor. The Metropolitan Building. James Joyce Street. (DUBLIN)	100	Prosegur Cia de Seguridad, S.A	a	6	A
Luxpai Holdo S.A.R.L.	5, rue Guillaume Kroll, L-1882 Luxembourg	100	Prosegur Cia de Seguridad, S.A	a	5	B
Pitco Reinsurance	Avenue Monterey, L-2163 Luxemburg	100	Luxpai Holdo S.A.R.L.	a	6	A
Prosegur Distribuçao e Serviços, Lda.	Av.Infante Dom Henrique, 326 (LISBOA)	100	Prosegur Cia de Seguridad, S.A	a	7	B
Prosegur Companhia de Seguranca, Lda.	Av.Infante Dom Henrique, 326 (LISBOA)	99.53	Prosegur Cia de Seguridad, S.A	a	4	A
		0.47	Prosegur Activa Holding, S.L.U			

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Company	Registered offices	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
Rosegur Cash Services SA	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Cod 023708, Bucuresti, Romania	51.0	Prosegur Cia de Seguridad, S.A.	a	2	B
		49.0	Rosegur, S.A.			
Transportadora de Caudales de Juncadella SA	Tres Arroyos 2835 Ciudad de Buenos Aires	5.0	Armor Acquisition SA	a	2	A
		95.0	Juncadella Prosegur Internacional S.A.			
Armor Acquisition SA	Tres Arroyos 2835 Ciudad de Buenos Aires	5.0	Prosegur Cia de Seguridad, S.A.	a	5	B
		95.0	Prosegur International handels GMBH			
Juncadella Prosegur Internacional S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	68.79	Armor Acquisition SA	a	5	B
		31.21	Prosegur International handels GMBH			
Prosegur Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	94.05	Juncadella Prosegur Internacional S.A.	a	1	B
		4.95	Armor Acquisition SA			
		0.95	Prosegur Inversiones Argentina S.A.			
		0.05	Prosegur Argentina Holding S.A.			
Prosegur Argentina Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95.0	Juncadella Prosegur Internacional S.A.	a	5	B
		5.0	Armor Acquisition SA			
Prosegur Inversora Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95.0	Juncadella Prosegur Internacional S.A.	a	5	B
		5.0	Armor Acquisition SA			
Prosegur Vigilancia Activa, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	94.05	Juncadella Prosegur Internacional S.A.	a	1	B
		4.95	Armor Acquisition SA			
		0.95	Prosegur Inversiones Argentina S.A.			
		0.05	Prosegur Argentina Holding S.A.			
Servicios Auxiliares Petroleros, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	94.05	Juncadella Prosegur Internacional S.A.	a	1	B
		4.95	Armor Acquisition SA			
		0.95	Prosegur Inversiones Argentina S.A.			
		0.05	Prosegur Argentina Holding S.A.			
Xiden, S.A.C.I.	Olleros, 3923 Ciudad de Buenos Aires	7.86	Prosegur Cia de Seguridad, S.A.	a	3	A
		92.14	Juncadella Prosegur Internacional S.A.			
Prosegur Tecnología Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	3.85	Prosegur Cia de Seguridad, S.A.	a	3	A
		96.15	Juncadella Prosegur Internacional S.A.			
General Industries Argentina, S.A.	Herrera, 1175 Ciudad de Buenos Aires	90.0	Prosegur Cia de Seguridad, S.A.	a	3	A
		10.0	Juncadella Prosegur Internacional S.A.			
Tellex S.A.	Rincón 1346. Ciudad de Buenos Aires	95.0	Prosegur Cia de Seguridad, S.A.	a	3	A
		5.0	Armor Acquisition SA			
Prosegur Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90.0	Prosegur Activa Holding S.L.U.	a	5	B
		10.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Inversiones, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90.0	Prosegur Activa Holding S.L.U.	a	5	B
		10.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Activa Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90.0	Prosegur Holding, S.A.	a	3	A
		10.0	Prosegur Inversiones, SA			
Prosegur, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	94.05	Juncadella Prosegur Internacional S.A.	a	1	B
		4.95	Armor Acquisition SA			
		0.95	Prosegur Inversiones Argentina S.A.			
		0.05	Prosegur Argentina Holding S.A.			
TC Interplata, S.A.	Calle Perú 1578, Buenos Aires	5.0	Juncadella Prosegur Internacional S.A.	a	2	B
		1.0	Prosegur Inversiones Argentina S.A.			
		94.0	Transportadora de Caudales de Juncadella			
Servin Seguridad, S. A.	Montevideo 666, piso 3º, oficina 302. Buenos Aires.	94.05	Juncadella Prosegur Internacional S.A.	a	1	B
		4.95	Armor Acquisition SA			
		0.95	Prosegur Inversiones Argentina S.A.			
		0.05	Prosegur Argentina Holding S.A.			
TSR Participacoes Societarias SA	Tomas Edison, 1250 - Barra Funda - São Paulo - SP	100	SGCE Participaçoes Societarias SA	a	5	B
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG	100	TSR Participacoes Societarias SA	a	4	A
Prosegur Sistemas de Securanca Ltda	Guaratã, 667 - Prado - Belo Horizonte - MG	1.0	Prosegur Brasil SA Transportadora de Valores e Seguranca	a	1	A
		0.2	Prosegur Activa Alarmes, Ltda			
		98.8	TSR Participacoes Societarias SA			
CTP Centro de Treinamento Prosegur Ltda	Estrada Geral S/N Bairro Passa Vinte – Palhoça/SC	99.6	Prosegur Brasil SA Transportadora de Valores e Segurança	a	7	B
		0.4	Prosegur Sistemas de Securanca Ltda			
Prosegur Administraçao de Recebiveis Ltda	AV. Thomas Edison, 813, sobre loja, Sala 02, Barra Funda, Sao Paulo	99.8	Prosegur Brasil SA Transportadora de Valores e Seguranca	a	7	B
		0.2	Prosegur Sistemas de Securanca Ltda			
Prosegur Tecnología en Sistemas de Segurança Electrônica e Incendios Ltda.	Rua Barão do Bananal, 1.301, Vila Pompéia, São Paulo	99.99	Prosegur Cia de Seguridad, S.A.	a	3	A
		0.01	TSR Participacoes Societarias SA			
Setha Indústria Eletrônica Ltda.	Rua Alvares de Macedo, 134, E144, Parada de Lucas, Rio de Janeiro	99.6	Prosegur Tecnología en Sistemas de Segurança Electrônica e Incendios Ltda.	a	3	A
		0.4	TSR Participacoes Societarias SA			

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Company	Registered offices	Investment		Basis of consolidation	Activity	Auditor
		% ownership	Company holding the investment			
Prosegur Holding e Participaçoes, S.A	Av. Thomas Edison, 813, SL 03, Barra Funda, São Paulo	39.27	Prosegur Cia de Seguridad, S.A	a	4	B
		49.95	Juncadella Prosegur Internacional S.A			
		10.76	Prosegur Activa Alarmes Ltda.			
Prosegur Activa Alarmes, S.A	Av. Thomas Edison, 813, 2ª andar, Barre Funda, São Paulo	13.4	Prosegur Activa Holding, S.L.U.	a	3	B
		18.5	Prosegur Tecnologia en Sistemas de Segurança Electrônica e Incendios Ltda.			
		68.1	Prosegur Cia de Seguridad, S.A			
Prosegur Gestao de Efetivos Ltda	Av. Thomas Edison, 813, SL 03, Barra Funda, São Paulo	99.9	Prosegur Cia de Seguridad, S.A	a	2	B
		0.1	TSR Participacoes Societarias SA			
Prosegur Gestao de Ativos Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Sala 03, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	0.01	Prosegur Cia de Seguridad, S.A	a	7	A
		99.99	Prosegur Gestion de Activos, S. L.			
Juncadella Prosegur Group Andina	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.99	Juncadella Prosegur Internacional S.A	a	5	B
		0.01	Armor Acquisition SA			
Capacitaciones Ocupacionales Sociedad Ltda	Los Gobelinos 2567 Of. 203, Renca, Santiago	83.07	Prosegur Cia de Seguridad, S.A	a	2	B
		6.84	Prosegur International handels GMBH			
		10.09	Juncadella Prosegur Group Andina			
Servicios Prosegur Ltda	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.98	Prosegur Cia de Seguridad, S.A	a	2	A
		0.01	Juncadella Prosegur Group Andina			
		0.01	Prosegur International handels GMBH			
Sociedad de Distribución Canje y Mensajeria Ltda	Los Gobelinos 2567 Of. 203, Renca, Santiago	48.72	Prosegur Cia de Seguridad, S.A	a	7	B
		30.56	Juncadella Prosegur Group Andina			
		20.72	Prosegur International handels GMBH			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567 Of. 203, Renca, Santiago	99.0	Prosegur Chile, S.A	a	1	B
		1.0	Juncadella Prosegur Group Andina			
Empresa de Transportes Compañía de Seguridad Chile Ltda	Los Gobelinos 2567 Of. 203, Renca, Santiago	60.0	Juncadella Prosegur Group Andina	a	2	A
		40.0	Prosegur International handels GMBH			
Prosegur Tecnologia Chile Limitada	Lo Boza107, Mod. 3 Pudahuel – Santiago	99.99	Prosegur Cia de Seguridad, S.A	a	3	A
		0.01	Prosegur Chile, S.A			
Prosegur Activa Chile S.L.	Catedral 1009, piso 14 - Santiago Centro	99.0	Prosegur Activa Holding, S.L.U	a	3	A
		1.0	Prosegur Cia de Seguridad, S.A			
Prosegur Chile, S.A	Los Gobelinos 2567 Of. 203, Renca, Santiago	70.0	Prosegur, S.A	a	1	B
		30.0	Prosegur International handels GMBH			
Prosegur Gestion de Activos Chile Ltda	Los Gobelinos 2567, Comuna de Renca, Santiago de Chile	99.0	Prosegur Gestion de Activos, S. L.	a	7	B
		1.0	Servicios Prosegur Ltda			
Compañía Transportadora de Valores Prosegur de Colombia, S.A	Avda. De las Américas, 42-25 Bogotá	94.9	Prosegur Cia de Seguridad, S.A	a	2	A
		5.1	Prosegur Activa Holding, S.L.U			
Prosegur Reacaudos, SAS	Avda. De las Américas, 42-25 Bogotá	100	Compañía Transportadora de Valores Prosegur de Colombia, S.A	a	2	B
Inversiones BIV SAS	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Prosegur Activa Holding, S.L.U	a	5	A
Prosegur Vigilancia y Seguridad Privada Ltda	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	94.0	Inversiones BIV SAS	a	1	A
Prosegur Tecnologia SAS	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Beloura Investments S.L.U.	a	3	A
Prosegur GPS SAS	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Beloura Investments S.L.U.	a	3	C
Prosegur Seguridad Electronica, SAS	Cra. 50 No. 71-80 Bogotá (Colombia)	100	Beloura Investments S.L.U.	a	3	A
Servimax Servicios Generales, SAS	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Inversiones BIV SAS	a	1	B
Servimax Servicios Temporales SAS	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	100	Inversiones BIV SAS	a	1	B
Prosegur Gestion de Activos de Colombia SAS	Calle 13 # 42 A – 24. Bogotá	100	Prosegur Gestion de Activos, S. L.	a	7	B
Prosegur Paraguay SA	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	99.0	Juncadella Prosegur Internacional S.A	a	4	A
		1.0	Juncadella SA			
Prosegur Tecnologia Paraguay, SA	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	99.0	Juncadella Prosegur Internacional S.A	a	1	B
		1.0	Transportadora de Caudales de Juncadella SA			
Compañía de Seguridad Prosegur SA	Av. Morro Solar 1086 - Surco - Lima - Perú	52.0	Juncadella Prosegur Internacional S.A	a	2	A
		48.0	Transportadora de Caudales de Juncadella SA			
Proseguridad SA	Av. Los Próceres 250 - Surco - Lima - Perú	38.04	Juncadella Prosegur Internacional S.A	a	1	A
		35.11	Transportadora de Caudales de Juncadella SA			
		26.85	Prosegur Cia de Seguridad, S.A			
Prosegur Cajeros SA	Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima-Perú	52.0	Juncadella Prosegur Internacional S.A	a	2	B
		48.0	Juncadella SA			
Prosegur Tecnología Perú SA	Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima-Perú	99.0	Prosegur Cia de Seguridad, S.A	a	3	B
		1.0	Prosegur Activa Holding, S.L.U.			

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Company	Registered offices	Investment		Basis of consolidation	Activity	Auditor
		% ownership	Company holding the investment			
Orus, S.A.	Av. Los Próceres 250 - Surco - Lima - Perú	84.857	Proseguridad SA	a	1	A
		14.286	Inversiones RB, SA			
		0.857	Compañía de Seguridad Prosegur SA			
Orus Selva, SA	Caserio Palmawasi - Uchiza - Tocache - San Martin, Perú	90.0	Orus, S.A.	a	1	B
		10.0	Compañía de Seguridad Prosegur SA			
Inversiones RB, SA	Av. Nicolás Arriola 780 Urb. Santa Catalina - La Victoria - Lima - Perú	99.0	Proseguridad SA	a	5	B
		1.0	Compañía de Seguridad Prosegur SA			
Prosegur Activa Peru, SA	Av. República de Panamá 3890 - Surquillo - Lima, Perú	99.0	Prosegur Activa Holding, S.L.U	a	3	A
		1.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Servicios Administrativos, S.A.	Av. Primavera 1050-Urbanización Chacarilla del Estanque-Santiago de Surco	1.0	Prosegur Activa Holding, S.L.U	a	7	B
		99.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Gestion de Activos, S.A.	Calle La Chira 103-Urbanización Las Gardenias-Santiago de Surco	1.0	Prosegur Activa Holding, S.L.U	a	7	B
		99.0	Prosegur Gestion de Activos, S. L.			
Prosegur Mexico S de RL de CV	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	85.6	Prosegur Cia de Seguridad, S.A.	a	5	B
		14.4	Prosegur Activa Holding, S.L.U			
PRO-S Compañía de Seguridad Privada, SA de C.V.	Norte 79 B No. 77 planta alta. Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Mexico S de RL de CV	a	1	B
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	55.03	Prosegur Mexico S de RL de CV	a	2	A
		44.97	Prosegur Cia de Seguridad, S.A.			
Prosegur Seguridad Privada S.A. de CV.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Consultoria y Servicios Administrativos de RL de CV	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Mexico S de RL de CV	a	4	B
Prosegur Servicios de Seguridad Privada Electrónica SA de CV	C/ Piña 297 Colonia Nueva Santa María. 02820 MEXICO D.F.	100	Prosegur Mexico S de RL de CV	a	2	B
Prosegur Custodias, S.A. de CV	C/ Alfredo Nobel, 21. Colonia Los Reyes Indistrual. 54073 TLALNEPANTLA	100	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Tecnologia, SA de C.V.	Piña 297 Piso 1, Col. Hogar y Seguridad, D.F. C.P. 02820	100	Prosegur Mexico S de RL de CV	a	3	B
Grupo Tratamiento y Gestion de Valores SAPI de CV	Norte 79 B, Número 75. Col. Sector Naval Distrito Federal. C.P. 02080	80.0	Prosegur Cia de Seguridad, S.A.	a	2	A
Grupo Mercurio de Transportes SA de CV	Av de las Granjas, 76 - Sector Naval - Azcapotzalco - 02080 MEXICO D.F.	99.99	Grupo Tratamiento y Gestion de Valores SAPI de CV	a	2	A
Compañía Ridur SA	Guarani 1531 (Montevideo)	100	Juncadella Prosegur Internacional S.A.	a	5	B
Prosegur Transportadora de Caudales SA	Guarani 1531 (Montevideo)	99.92	Juncadella Prosegur Internacional S.A.	a	2	A
		0.08	Armor Acquisition SA			
Prosegur Activa Uruguay, S.A.	Bvrd.Artigas 2629 (Montevideo)	95.0	Prosegur Activa Holding S.L.U.	a	3	A
		5.0	Prosegur Cia de Seguridad, S.A.			
Nautiland, SA	Martiniano Chiossi s/n - Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, SRL	Guarani 1531 (Montevideo)	99.0	Prosegur Transportadora de Caudales SA	a	2	B
		1.0	Prosegur Uruguay Compañía de Seguridad			
Genper, S.A.	Rodo Jose Enrique 1761 - Montevideo	100	Prosegur Cia de Seguridad, S.A.	a	3	A
Prosegur Uruguay Compañía de Seguridad, S.A.	Bvrd.Artigas 2629 (Montevideo)	90.0	Prosegur S.A.	a	1	A
		10.0	Armor Acquisition SA			
GSM Telecom SA	Del pino, Simon 1055, Piriapolis, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Coral Melody SA	Bulevar. Artigas 560 (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	1	A
Tecnofren SA	Avenida Italia y Patagonia (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	1	A
Roytronic SA	Guarani 1531 (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	3	B
Pitco Shanghai	North Shanxi Road 1438, Room 308 Shanghai 200060, China	100	Luxpai Holdo S.A.R.L.	a	2	C
Pitco Asia Pacific Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton RD TST-KL	100	Luxpai Holdo SARL	a	5	B
Imperial Dragon Security Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	5	C
Weldom Technology Co Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Imperial Dragon Security Ltd	a	5	C
Prosec Services Pte Ltd	111Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	1	B
Singpai Pte Ltd	8 Cross Street #11-00, PWC Building, Singapore 048424	100	Luxpai Holdo S.A.R.L.	a	5	B
Aexis Security Management Pte. Ltd	111Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	1	B
Prosec Cash Services Private, LtdServices Pte Ltd	111Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	2	B
Prointrans LLC	1200 Brickell Avenue, Suite 1950, Miami, Florida 33131	100	Prosegur Cia de Seguridad, S.A.	a	5	C
Prosegur Australia Holdings PTY Limited	10 Shelley Street, Sydney NSW 2000	100	Singpai Pte Ltd	a	5	B
Prosegur Australia Investments PTY Limited	10 Shelley Street, Sydney NSW 2000	100	Prosegur Australia Holdings PTY Limited	a	5	B
Chubb Security Services Pty Ltd	10 Shelley Street, Sydney NSW 2000	100	Prosegur Australia Investments PTY Limite	a	2	B

Information at 31 December 2012

Company	Registered offices	Investment		Basis of consolidation	Activity	Auditor
		% ownership	Company holding the investment			
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100.0	Prosegur Cia de Seguridad, S.A	a	7	A
Servimax Servicios Generales, S.A	Pajaritos, 24 (MADRID)	100.0	Prosegur Cia de Seguridad, S.A	a	1	A
Prosegur Activa Holding, S.L.U.	Pajaritos, 24 (MADRID)	100.0	Prosegur Cia de Seguridad, S.A	a	5	A
Formación, Selección y Consultoría, S.A	Santa Sabina, 8 (MADRID)	100.0	Prosegur Cia de Seguridad, S.A	a	7	B
Seguridad Vigilada, S.A	C/ Pisuerga, 18 (BARCELONA)	100.0	Prosegur Cia de Seguridad, S.A	a	4	B
STMEC, S.L.	C/ Pisuerga, 18 (BARCELONA)	100.0	Prosegur Cia de Seguridad, S.A	a	1	B
Salcer Servicios Auxiliares, S.L.	C/ Pisuerga, 18 (BARCELONA)	100.0	Prosegur Cia de Seguridad, S.A	a	1	B
Beloura Investments, S.L.U.	Pajaritos, 24 (MADRID)	100.0	Prosegur Cia de Seguridad, S.A	a	5	A
Prosegur Multiservicios, S.A	Pajaritos, 24 (MADRID)	100.0	Prosegur Cia de Seguridad, S.A	a	3	B
Pitco Ventures S.C.R.	Pajaritos, 24 (MADRID)	100.0	Prosegur Cia de Seguridad, S.A	a	6	A
ESC Servicios Generales, S.L.U.	Avda. Primera, B-1 (A CORUÑA)	100.0	Prosegur Cia de Seguridad, S.A	a	1	A
Prosegur International Handels GMBH	Poststrasse, 33 (HAMBURG)	100.0	Malcoff Holding BV	a	5	B
Prosegur GMBH (former Securlog GMBH)	Wahlerstrasse 2a, 40472 Düsseldorf	100.0	Prosegur Cia de Seguridad, S.A	a	2	A
Prosegur France, S.A	84 Rue des Aceries (SAINT ETIENNE)	100.0	Prosegur Cia de Seguridad, S.A	a	5	A
Prosegur Securité Humaine EURL	84 Rue des Aceries (SAINT ETIENNE)	100.0	Prosegur France, S.A	a	1	A
Prosegur Teleserveillance EURL	3 Allée de L'Ectronique (SAINT ETIENNE)	100.0	Prosegur France, S.A	a	3	B
Prosegur Securite Nord, S.A.S.	8 Avenue Descartes (Les Plessis Robinson)	100.0	Prosegur France, S.A	a	1	B
Prosegur Traitement de Valeurs EURL	Rue Rene Cassin ZI de Molina (LA TALAUDIERE)	100.0	Prosegur France, S.A	a	2	A
Prosegur Traitement de Valeurs EST	2 Rue Lovoisier BP 61609 25010 Besancon Cedez 3	100.0	Prosegur Cia de Seguridad, S.A	a	2	A
Prosegur Technologie SAS	84 Rue des Aceries (SAINT ETIENNE)	100.0	Prosegur France, S.A	a	3	A
SAS BFA	8 Avenue Descartes (Les Plessis Robinson)	33.5	Prosegur Cia de Seguridad, S.A	a	3	B
		66.5	Prosegur France, S.A			
Sarl Initiale	8 Avenue Descartes (Les Plessis Robinson)	100.0	Prosegur France, S.A	a	7	B
Esta Service, SASU	84 RUE DES ACIERIES 42000 SAINT ETIENNE (FRANCE)	100.0	Prosegur Cia de Seguridad, S.A	a	8	B
Prosegur Centre SARL	84 RUE DES ACIERIES 42000 SAINT ETIENNE (FRANCE)	100.0	Prosegur Cia de Seguridad, S.A	a	8	B
Prosegur Participations, S.A.S.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100.0	Prosegur Cia de Seguridad, S.A	a	5	A
Services Valeurs Fonds, S.A	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100.0	Prosegur Participations, S.A.S.	a	2	A
Docks y Entrepots Sazias, S.A	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100.0	Prosegur Participations, S.A.S.	a	2	A
Euroval SAS	604 Avenue du Col de l'Ange - ZA des Plaines de Jouques - 13420 GEMENOS	5.0	Prosegur Cia de Seguridad, S.A	a	2	B
		95.0	Prosegur Participations, S.A.S.			
GRP Holding SARL	177, rue de Luxembourg, L - 8055 Bertrange, Luxembourg	100.0	Luxpai Holdo S.A.R.L.	a	5	C
GRP Security SARL	177, rue de Luxembourg, L - 8055 Bertrange, Luxembourg	100.0	GRP Holding SARL	a	1	C
Prosegur Securite EST SAS	14, rue des Serruries 57070 Metz	100.0	GRP Holding SARL	a	1	C
Prosegur Securite Rubis SAS	2 Boulevard Général de Gaulle, 94270 Le Kremlin Bicêtre	100.0	GRP Holding SARL	a	1	C
Prosegur Securite Jade SAS	2 Boulevard Général de Gaulle, 94270 Le Kremlin Bicêtre	100.0	Prosegur Securite EST SAS	a	1	C
Prosegur Securite Opale SAS	2 Boulevard Général de Gaulle, 94270 Le Kremlin Bicêtre	100.0	GRP Holding SARL	a	1	C
Prosegur Accueil et Service SAS	14, rue des Serruries 57070 Metz	100.0	GRP Holding SARL	a	1	C
Malcoff Holdings BV	Schouwburgplein, 30-34 (ROTTERDAM)	100.0	Prosegur Cia de Seguridad, S.A	a	5	B
Reinsurance Bussiness Solutions Limited	80 Harcourt Street (DUBLIN)	100.0	Prosegur Cia de Seguridad, S.A	a	6	A
Luxpai Holdo S.A.R.L.	5, rue Guillaume Kroll, L-1882 Luxembourg	100.0	Prosegur Cia de Seguridad, S.A	a	5	B
Pitco Reinsurance	Avenue Monterey, L-2163 Luxembourg	100.0	Luxpai Holdo S.A.R.L.	a	6	A
Prosegur Distribuição e Serviços, Lda.	Av. Infante Dom Henrique, 326 (LISBON)	100.0	Prosegur Cia de Seguridad, S.A	a	7	B
Prosegur Companhia de Segurança, Lda.	Av. Infante Dom Henrique, 326 (LISBON)	99.5	Prosegur Cia de Seguridad, S.A	a	4	A
		0.5	Prosegur Activa Holding, S.L.U.			

Information at 31 December 2012

Company	Registered offices	Investment % ownership	Investment Company holding the investment	Basis of consolidation	Activity	Auditor
Rosegur Cash Services	Bulevardul Ghica Tei, Nr. 64-70, Sector 2, Cod 023708, Bucharest, Romania	51.0	Prosegur Cia de Seguridad, S.A.	a	2	B
		49.0	Rosegur, S.A.			
Transportadora de Caudales de Juncadella, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	5.0	Armor Acquisition, S.A.	a	2	A
		95.0	Juncadella Prosegur Internacional, S.A.			
Armor Acquisition, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	5.0	Prosegur Cia de Seguridad, S.A.	a	5	B
		95.0	Prosegur International Handels GMBH			
Juncadella Prosegur Internacional, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	68.8	Armor Acquisition, S.A.	a	5	B
		31.2	Prosegur International Handels GMBH			
Prosegur Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95.0	Juncadella Prosegur Internacional, S.A.	a	1	B
		5.0	Armor Acquisition, S.A.			
Prosegur Vigilancia Activa, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95.0	Juncadella Prosegur Internacional, S.A.	a	1	B
		5.0	Armor Acquisition, S.A.			
Servicios Auxiliares Petroleros, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95.0	Juncadella Prosegur Internacional, S.A.	a	1	A
		5.0	Armor Acquisition, S.A.			
Xiden, S.A.C.I.	Olleros, 3923 Ciudad de Buenos Aires	7.8	Prosegur Cia de Seguridad, S.A.	a	3	A
		91.2	Juncadella Prosegur Internacional, S.A.			
Prosegur Tecnologia Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	3.9	Prosegur Cia de Seguridad, S.A.	a	3	A
		96.2	Juncadella Prosegur Internacional, S.A.			
General Industries Argentina, S.A.	Herrera, 1175 Ciudad de Buenos Aires	90.0	Prosegur Cia de Seguridad, S.A.	a	3	A
		10.0	Juncadella Prosegur Internacional, S.A.			
Tellex, S.A.	Rincón 1346, Ciudad de Buenos Aires	95.0	Prosegur Cia de Seguridad, S.A.	a	3	A
		5.0	Armor Acquisition, S.A.			
Prosegur Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90.0	Prosegur Activa Holding, S.L.U.	a	5	B
		10.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Inversiones, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90.0	Prosegur Activa Holding, S.L.U.	a	5	B
		10.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Activa Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90.0	Prosegur Holding, S.A.	a	3	A
		10.0	Prosegur Inversiones, S.A.			
Prosegur, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95.0	Juncadella Prosegur Internacional, S.A.	a	1	A
		5.0	Armor Acquisition, S.A.			
T.C. Interplata, S.A.	Calle Perú 1578, Buenos Aires	5.0	Juncadella Prosegur Internacional, S.A.	a	2	B
		95.0	Transportadora de Caudales de Juncadella, S.A.			
Servin Seguridad, S. A.	Montevideo 666, piso 3°, oficina 302. Buenos Aires.	95.0	Juncadella Prosegur Internacional, S.A.	a	1	B
		5.0	Armor Acquisition, S.A.			
TSR Participacões Societárias, S.A.	Tomas Edison, 1250 - Barra Funda - São Paulo - SP	100.0	SGCE Participações Societárias, S.A.	a	5	B
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG	100.0	TSR Participacões Societárias, S.A.	a	4	A
Prosegur Sistemas de Securança Ltda	Guaratã, 667 - Prado - Belo Horizonte - MG	1.0	Prosegur Brasil SA Transportadora de Valores e Segurança	a	1	A
		99.0	TSR Participacões Societárias, S.A.			
CTP Centro de Treinamento Prosegur Ltda	Estrada Geral S/N Bairro Passa Vinte – Palhoça/SC	99.6	Prosegur Brasil SA Transportadora de Valores e Segurança	a	7	B
		0.4	Prosegur Sistemas de Securança Ltda			
Prosegur Administração de Recebíveis Ltda	Av. Thomas Edison, 813, sobre loja, Sala 02, Barra Funda, São Paulo	99.8	Prosegur Brasil SA Transportadora de Valores e Segurança	a	7	B
		0.2	Prosegur Sistemas de Securança Ltda			
Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios Ltda.	Rua Barão do Bananal, 1.301, Vila Pompéia, São Paulo	100.0	Prosegur Cia de Seguridad, S.A.	a	3	A
		0.0	TSR Participacões Societárias, S.A.			
Setha Indústria Eletrônica Ltda	Rua Alvares de Macedo, 134, E144, Parada de Lucas, Rio de Janeiro	99.6	Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios Ltda.	a	3	A
		0.4	TSR Participacões Societárias, S.A.			
Prosegur Holding e Participações	Av. Thomas Edison, 813, sobre loja, Sala 03, Barra Funda, São Paulo	12.0	Prosegur Cia de Seguridad, S.A.	a	4	B
		88.0	Juncadella Prosegur Internacional, S.A.			
Prosegur Activa Alarmes Ltda.	Av. Thomas Edison, 813, 2ª andar, Barra Funda, São Paulo	97.0	Prosegur Activa Holding, S.L.U.	a	3	B
		2.0	Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios Ltda.			
		1.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Gestão de Efetivos Ltda	Av. Thomas Edison, 813, sobre loja, Sala 03, Barra Funda, São Paulo	99.9	Prosegur Cia de Seguridad, S.A.	a	2	B
		0.1	TSR Participacões Societárias, S.A.			
Prosegur Gestão de Ativos Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Sala 03, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	0.0	Prosegur Cia de Seguridad, S.A.	a	7	A
		100.0	Prosegur Gestión de Activos, S.L.			
Digipro Processamento de Documentos e Valores Ltda.	Av. Amador Bueno da Veiga, 4271 - Altos - JD. Popular, São Paulo - CEP 03.653-000	100.0	Prosegur Activa Alarmes, S.A.	a	2	B
Nordeste Segurança Eletrônica Ltda.	R Professor Andra de Becerra, 931 - Salgadinho - Olinda - CEP 53.110-110	100.0	Prosegur Activa Alarmes, S.A.	a	3	B

Information at 31 December 2012

Company	Registered offices	Investment		Basis of consolidation	Activity	Auditor
		% ownership	Company holding the investment			
Juncadella Prosegur Group Andina	Los Gobelinos 2567 Of. 203, Renca, Santiago	100.0	Juncadella Prosegur Internacional, S.A.	a	5	B
		0.0	Armor Acquisition, S.A.			
Capacitaciones Ocupacionales Sociedad Ltda	Los Gobelinos 2567 Of. 100, Renca, Santiago	83.1	Prosegur Cia de Seguridad, S.A.	a	2	B
		6.8	Prosegur International Handels GMBH			
		10.1	Juncadella Prosegur Group Andina			
Servicios Prosegur Ltda	Los Gobelinos 2567, Renca, Santiago	100.0	Prosegur Cia de Seguridad, S.A.	a	2	A
		0.0	Prosegur International Handels GMBH			
Sociedad de Distribución, Canje y Mensajería Ltda.	Los Gobelinos 2548, Renca, Santiago	48.7	Prosegur Cia de Seguridad, S.A.	a	7	B
		30.6	Juncadella Prosegur Group Andina			
		20.7	Prosegur International Handels GMBH			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567, Renca, Santiago	99.0	Prosegur Chile, S.A.	a	1	B
		1.0	Juncadella Prosegur Group Andina			
Empresa de Transportes Compañía de Seguridad Chile Ltda	Los Gobelinos 2567, Renca, Santiago	60.0	Juncadella Prosegur Group Andina	a	2	A
		40.0	Prosegur International Handels GMBH			
Prosegur Tecnología Chile Limitada	Lo Boza 107, Mod. 3 Pudahuel – Santiago	100.0	Prosegur Cia de Seguridad, S.A.	a	3	A
		0.0	Prosegur Chile, S.A.			
Prosegur Activa Chile, S.L.	Catedral 1009, piso 14 - Santiago Centro	99.0	Prosegur Activa Holding, S.L.U.	a	3	A
		1.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Chile, S.A.	Los Gobelinos 2567, Renca, Santiago	70.0	Prosegur, S.A.	a	1	B
		30.0	Prosegur International Handels GMBH			
Prosegur Gestión de Activos Chile Ltda	Los Gobelinos 2567, Comuna de Renca, Santiago de Chile	99.0	Prosegur Gestión de Activos, S.L.	a	7	B
		1.0	Servicios Prosegur Ltda			
Compañía Transportadora de Valores Prosegur de Colombia, S.A.	Avda. de las Américas, 42-25 Bogotá	94.9	Prosegur Cia de Seguridad, S.A.	a	2	A
		5.1	Prosegur Activa Holding, S.L.U.			
Prosegur Peajes SAS	Avda. de las Américas, 42-25 Bogotá	100.0	Compañía Transportadora de Valores Prosegur de Colombia, S.A.	a	2	B
Inversiones BIV SAS	Calle 32 nº 8A-65 Edificio BCH piso 8, Cartagena	100.0	Prosegur Activa Holding, S.L.U.	a	5	A
Prosegur Vigilancia y Seguridad Privada Ltda	Calle 32 nº 8A-65 Edificio BCH piso 8, Cartagena	99.9	Inversiones BIV SAS	a	1	A
Prosegur Tecnología SAS	Av Ciudad de Quito nº 70A77, Bogotá.	100.0	Beloura Investments, S.L.U.	a	3	A
Prosegur GPS SAS	Cra. 50 nº 71-80 Bogotá (Colombia)	100.0	Beloura Investments, S.L.U.	a	3	C
Integra Monitoreo SAS	Cra. 50 nº 71-80 Bogotá (Colombia)	100.0	Beloura Investments, S.L.U.	a	3	A
Servimax Servicios Generales, SAS	Calle 32 nº 8A-65 Edificio BCH piso 8, Cartagena	100.0	Inversiones BIV SAS	a	1	B
Servimax Servicios Temporales SAS	Calle 32 nº 8A-65 Edificio BCH piso 8, Cartagena	100.0	Inversiones BIV SAS	a	1	B
Prosegur Gestión de Activos de Colombia SAS	AC 13 # 42 A – 24. Bogotá	100.0	Prosegur Gestión de Activos, S.L.	a	7	B
Prosegur Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez – Asunción	99.0	Juncadella Prosegur Internacional, S.A.	a	4	A
		1.0	Transportadora de Caudales de Juncadella, S.A.			
Prosegur Tecnología Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez – Asunción	99.0	Juncadella Prosegur Internacional, S.A.	a	1	B
		1.0	Transportadora de Caudales de Juncadella, S.A.			
Compañía de Seguridad Prosegur, S.A.	Av. Morro Solar 1086 - Surco - Lima - Peru	52.0	Juncadella Prosegur Internacional, S.A.	a	2	A
		48.0	Transportadora de Caudales de Juncadella, S.A.			
Proseguridad S.A.	Av. Los Próceres 250 - Surco - Lima - Peru	52.0	Juncadella Prosegur Internacional, S.A.	a	1	A
		48.0	Transportadora de Caudales de Juncadella, S.A.			
Prosegur Cajeros, S.A.	Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima - Peru	52.0	Juncadella Prosegur Internacional, S.A.	a	2	B
		48.0	Transportadora de Caudales de Juncadella, S.A.			
Prosegur Tecnología Perú, S.A.	Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima - Peru	99.0	Prosegur Cia de Seguridad, S.A.	a	3	B
		1.0	Prosegur Activa Holding, S.L.U.			
Orus, S.A.	Av. Los Próceres 250 - Surco - Lima - Peru	84.8	Proseguridad S.A.	a	1	A
		14.3	Inversiones RB, S.A.			
		0.9	Compañía de Seguridad Prosegur, S.A.			
Orus Selva, S.A.	Caserío Palmawasi - Uchiza - Tocache - San Martín, Peru	90.0	Orus, S.A.	a	1	B
		10.0	Compañía de Seguridad Prosegur, S.A.			
Inversiones RB, S.A.	Av. Nicolás Arriola 780 Urb. Santa Catalina - La Victoria - Lima - Peru	99.0	Proseguridad S.A.	a	5	B
		1.0	Compañía de Seguridad Prosegur, S.A.			
Prosegur Activa Peru, S.A.	Av. República de Panamá 3890 - Surquillo - Lima, Peru	99.0	Prosegur Activa Holding, S.L.U.	a	3	A
		1.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Servicios Administrativos, S.A.	Av. Primavera 1050-Urbanización Chacarilla del Estanque-Santiago de Surco	1.0	Prosegur Activa Holding, S.L.U.	a	7	B
		99.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Gestión de Activos, S.A.	Calle La Chira 103-Urbanización Las Gardenias-Santiago de Surco	1.0	Prosegur Activa Holding, S.L.U.	a	7	B
		99.0	Prosegur Gestión de Activos, S.L.			

Information at 31 December 2012

Company	Registered offices	Investment		Basis of consolidation	Activity	Auditor
		% ownership	Company holding the investment			
Prosegur Mexico S de RL de CV	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	85.6	Prosegur Cia de Seguridad, S.A.	a	5	B
		14.4	Prosegur Activa Holding, S.L.U.			
PRO-S Compañía de Seguridad Privada, SA de C.V.	Norte 79 B No. 77 planta alta. Colonia Sector Naval. 02080 MEXICO D.F.	100.0	Prosegur Mexico S de RL de CV	a	1	B
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	100.0	Prosegur Mexico S de RL de CV	a	2	A
Prosegur Seguridad Privada S.A. de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100.0	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Consultoria y Servicios Administrativos de RL de CV	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	100.0	Prosegur Mexico S de RL de CV	a	4	B
Prosegur Servicios de Seguridad Privada Electrónica SA de CV	C/ Piña 297 Colonia Nueva Santa Maria. 02820 MEXICO D.F.	100.0	Prosegur Mexico S de RL de CV	a	2	B
Prosegur Custodias, S.A. de CV	C/ Alfredo Nobel, 21. Colonia Los Reyes Industrial. 54073 TLALNEPANTLA	100.0	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Tecnologia, S.A. de C.V.	Piña 297 Piso 1, Col. Hogar y Seguridad, D.F. C.P. 02820	100.0	Prosegur Mexico S de RL de CV	a	3	B
Grupo Tratamiento y Gestión de Valores SAPI de CV	Norte 79 B, Número 75. Col. Sector Naval Distrito Federal. C.P. 02080	80.0	Prosegur Cia de Seguridad, S.A.	a	2	A
Grupo Mercurio de Transportes SA de CV	Av. de las Granjas, 76 - Sector Naval - Azcapotzalco - 02080 MEXICO D.F.	100.0	Grupo Tratamiento y Gestión de Valores SAPI de CV	a	2	A
Compañía Ridur, S.A.	Guarani 1531 (Montevideo)	100.0	Juncadella Prosegur Internacional, S.A.	a	5	B
Prosegur Transportadora de Caudales, S.A.	Guarani 1531 (Montevideo)	99.9	Juncadella Prosegur Internacional, S.A.	a	2	A
		0.1	Armor Acquisition, S.A.			
Prosegur Activa Uruguay, S.A.	Bvrd. Artigas 2629 (Montevideo)	95.0	Prosegur Activa Holding, S.L.U.	a	3	A
		5.0	Prosegur Cia de Seguridad, S.A.			
Nautiland, S.A.	Martiniano Chiossi s/n - Maldonado	100.0	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, SRL	Guarani 1531 (Montevideo)	99.0	Prosegur Transportadora de Caudales, S.A.	a	2	B
		1.0	Prosegur Uruguay Compañía de Seguridad, S.A.			
Genper, S.A.	Rodo Jose Enrique 1761 - Montevideo	100.0	Prosegur Cia de Seguridad, S.A.	a	3	A
Prosegur Uruguay Compañía de Seguridad, S.A.	Bvrd. Artigas 2629 (Montevideo)	90.0	Prosegur, S.A.	a	1	A
		10.0	Armor Acquisition, S.A.			
GSM Telecom, S.A.	Del pino, Simon 1055, Piriapolis, Maldonado	100.0	Prosegur Activa Uruguay, S.A.	a	3	B
Coral Melody, S.A.	Guarani 1531 (Montevideo)	100.0	Prosegur Activa Uruguay, S.A.	a	1	A
Tecnofren, S.A.	Michelini, Zelmar 1121 - Maldonado	100.0	Prosegur Activa Uruguay, S.A.	a	1	A
Roytronic, S.A.	Guarani 1531 (Montevideo)	100.0	Prosegur Activa Uruguay, S.A.	a	3	B
Pitco Shanghai	North Shanxi Road 1438, Room 308, Shanghai 200060, China	100.0	Luxpai Holdo S.A.R.L.	a	2	C
Pitco Asia Pacific Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton RD TST-KL	100.0	Luxpai Holdo SARL	a	5	B
Imperial Dragon Security Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100.0	Luxpai Holdo SARL	a	5	C
Weldom Technology Co Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100.0	Imperial Dragon Security Ltd	a	5	C
Prosec Services Pte Ltd	111 Geylang Road, #01-01, Singapore 389216	100.0	Singpai Pte Ltd	a	1	B
Singpai Pte Ltd	80 Robinson Road #02-00 Singapore 068898	100.0	Luxpai Holdo S.A.R.L.	a	5	B
Aexis Security Management Pte. Ltd.	1 Lorong 2 Toa Payoh, #03 - 02, Yellow Pages Building, Singapore 319637	100.0	Singpai Pte Ltd	a	1	B
Prosec Cash Services Private, Ltd Services Pte Ltd	111 Geylang Road, #01-01, Singapore 389216	100.0	Singpai Pte Ltd	a	2	B
Prointrans LLC	Office 346, 13800 Coppermine Road, Herndon, 20171, VIRGINIA	100.0	Prosegur Cia de Seguridad, S.A.	a	5	C

Basis of consolidation:

The circumstances considered in article 42 of the Spanish Code of Commerce are as follows:

a) The parent owns the majority of voting rights.
b) The parent has the power to appoint or dismiss the majority of the members of the governing body.
c) It may dispose, by virtue of agreements entered into with third parties, of the majority of the voting rights.
d) It has used its votes to appoint the majority of the members of the governing body who hold office at the moment when the consolidated annual accounts must be drawn up and during the two business years immediately preceding.
e) Sole administration of one or more companies by any other means.

Unless indicated otherwise, the most recent reporting period ended on 31 December 2013.

Activity:

1. Activities from the surveillance business group
2. Activities from the cash in transit and cash management business group
3. Activities from the technology business group
4. Activities included in more than one business group
5. Holding company
6. Financial services
7. Auxiliary services
8. Dormant

Auditor:

Audited by KPMG
Not subject to audit
Audited by other auditors

APPENDIX II. – Consolidated Temporary Joint Ventures

Information at 31 December 2013

Company	Registered offices	Investment		Notes	Activity
		% ownership	Entity participating in the joint venture		
SERAT AEROPUERTO BILBAO UTE	Principe de Vergara, 135 28002 MADRID	40.0	EUROLIMP	a	0
UTE AENA BARCELONA T2 PROSEGUR-SERVIMAX	Pajaritos, 24 28007 Madrid	100.0		(d)	1
UTE PROSEGUR SERVIMAX BSM BARCELONA	Pajaritos, 24 28007 Madrid	100.0		(e)	1
UTE PROSEGUR SERVIMAX ARPEGIO	Pajaritos, 24 28007 Madrid	100.0		(f)	0
UTE PROSEGUR FESMI AYTO. FERROL	Crta. Baños de Arteijo, 12 15008 A Coruña	41.8	FESMI	(g)	1
UTE PROSEGUR SERVIMAX OFICINA ANTIFRAU CATALUNYA	Pajaritos, 24 28007 Madrid	100.0		(h)	1
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100.0		(i)	1
UTE PROSEGUR SERVIMAX AENA AEROPUERTO SAN SEBASTIAN	Pajaritos, 24 28007 Madrid	100.0		(j)	1
UTE PROSEGUR SERVIMAX AENA AEROPUERTO MALAGA	Pajaritos, 24 28007 Madrid	100.0		(k)	1
UTE PROSEGUR SERVIMAX AENA AEROPUERTO PALMA MALLORCA	Pajaritos, 24 28007 Madrid	100.0		(l)	1
UTE PCS SSG UNIVERSIDAD ALICANTE	Pajaritos, 24 28007 Madrid	100.0		(l)	1
UTE PCS SSG INSTITUTO DE ESTUDIOS FISCALES	Pajaritos, 24 28007 Madrid	100.0		(l)	1
UTE PCS SSG HOSPITAL VALL D'HEBRON	Pajaritos, 24 28007 Madrid	100.0		(l)	1
UTE PCS PAE RTVA	Pajaritos, 24 28007 Madrid	100.0		(l)	0
UTE PCS SSG GUGGENHEIM	Pajaritos, 24 28007 Madrid	100.0		(l)	1

Information at 31 December 2013

Company	Registered offices	Investment		Notes	Activity
		% ownership	Entity participating in the joint venture		
UTE PCS SSG CORPORACION RTVE	Pajaritos, 24 28007 Madrid	100.0		(I)	0
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, 1 edif. Metropol I, 4º mod.20. Mairena de aljarafe - SEVILLA	10.0	CLECE	(I)	1
UTE PCS-SSG MPTMAP	Pajaritos, 24 28007 Madrid	100.0		(I)	1
UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	Pajaritos, 24 28007 Madrid	100.0		(I)	1
UTE PCS ESC CETARSA	Pajaritos, 24 28007 Madrid	100.0		(I)	1
UTE FERROSER PCS UNIV. EUROPEA MADRID	Principe de Vergara, 135 28009 MADRID	95.0	FERROVIAL	(I)	1
UTE PCS SSG GENERAL MOTORS	Pajaritos, 24 28007 Madrid	100.0		(I)	1
UTE PCS SSG UNIV. POLITECNICA DE VALENCIA 2012	Pajaritos, 24 28007 Madrid	100.0		(I)	1
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA)	Pajaritos, 24 28007 Madrid	100.0		(I)	1
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100.0		(I)	1
UTE PCS ESC FORUM EVOLUCION DE BURGOS	Pajaritos, 24 28007 Madrid	100.0		(I)	1
UTE PCS ESC CLINICA MILITAR CARTAGENA	Pajaritos, 24 28007 Madrid	100.0		(I)	1
UTE PCS SSG HOSPITAL VALL D'HEBRON	Pajaritos, 24 28007 Madrid	100.0		(I)	1
UTE PCS SSG PALAU DE LA MUSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100.0		(I)	1
UTE PCS SSG AEROP. BARCELONA LOTE 1	Pajaritos, 24 28007 Madrid	100.0		(I)	1
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70.0	CSP SIGLO XXI	(I)	1
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100.0		(I)	1

Information at 31 December 2013

Company	Registered offices	Investment		Notes	Activity
		% ownership	Entity participating in the joint venture		
UTE PROSEGUR SERVIMAX HOSPITAL VALL D'HEBRON III	Pajaritos, 24 28007 Madrid	100.0		(l)	1
UTE VIGILANCIA Y SEGURIDAD EN CENTROS DE INTERNAMIENTO-P-12-098	C/ Juan de Mariana, 15 28045 Madrid	11.6	Ombuds Seguridad, SA(31,25%) and other 7	(l)	1
UTE PCS SSG AUTORITAT PORTUARIA DE BARCELONA	Pajaritos, 24 28007 Madrid	100.0		(l)	1
UTE ESC PCS GETXO KIROLAK	Pajaritos, 24 28007 Madrid	100.0		(l)	1
UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA	Pajaritos, 24 28007 Madrid	100.0		(l)	1
UTE PROSEGUR SERVIMAX EL GRECO 2014	Pajaritos, 24 28007 Madrid	100.0		(l)	1
UTE PROSEGUR SERVIMAX MONDELEZ	Pajaritos, 24 28007 Madrid	100.0		(l)	1
UTE PROSEGUR SERVIMAX AYTO. BILBAO	Pajaritos, 24 28007 Madrid	100.0		(l)	1
UTE PROSEGUR SERVIMAX EDIF. SAN SEB.-BILBAO (GOB. VASCO)	Pajaritos, 24 28007 Madrid	100.0		(l)	1
Unión Temporal Espinal CCTV	Cr 50 N0 71-80	80.0	Integra Security Sistemas, S.A.	(m)	1
Unión Temporal Congreso 2011	Cr 50 N0 71-80	99.5	Integra Security Sistemas, S.A.	(m)	1
Unión Temporal Manizales 2011	Cr 50 N0 71-80	99.5	Integra Security Sistemas, S.A.	(m)	1
Union Temporal Tecnologia Cali	Cr 50 N0 71-80	95.0	Integra Security Sistemas, S.A.	(m)	1

Information at 31 December 2012

Company	Registered offices	Investment		Notes	Activity
		% ownership	Entity participating in the joint venture		
SERAT AEROPUERTO BILBAO UTE	Príncipe de Vergara, 135 28002 MADRID	40.0	EUROLIMP	(a)	(1)
UTE PROSEGUR NORDES	Pajaritos, 24 28007 Madrid	100.0		(b)	(1)
UTE MNTO. COLEGIOS PUBLICOS	La Paz, 14 Valencia	90.0	CLECE	(c)	(0)
UTE AENA BARCELONA T2 PROSEGUR-SERVIMAX	Pajaritos, 24 28007 Madrid	100.0		(d)	(1)
UTE PROSEGUR SERVIMAX BSM BARCELONA	Pajaritos, 24 28007 Madrid	100.0		(e)	(0)
UTE PROSEGUR SERVIMAX ARPEGIO	Pajaritos, 24 28007 Madrid	100.0		(f)	(1)
UTE PROSEGUR FESMI AYTO. FERROL	Crta. Baños de Arteijo, 12 15008 A Coruña	41.8	FESMI	(g)	(1)
UTE PROSEGUR SERVIMAX OFICINA ANTIFRAU CATALUNYA	Pajaritos, 24 28007 Madrid	100.0		(h)	(1)
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100.0		(i)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO SAN SEBASTIAN	Pajaritos, 24 28007 Madrid	100.0		(j)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO MALAGA	Pajaritos, 24 28007 Madrid	100.0		(k)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO PALMA MALLORCA	Pajaritos, 24 28007 Madrid	100.0		(l)	(1)
UTE PROSEGUR SERVIMAX UNIVERSIDAD POLIT. VALENCIA	Pajaritos, 24 28007 Madrid	100.0		(l)	(1)
UTE PCS SSG UNIVERSIDAD ALICANTE	Pajaritos, 24 28007 Madrid	100.0		(l)	(1)
UTE PCS SSG INSTITUTO DE ESTUDIOS FISCALES	Pajaritos, 24 28007 Madrid	100.0		(l)	(1)

Information at 31 December 2012

Company	Registered offices	Investment		Notes	Activity
		% ownership	Entity participating in the joint venture		
UTE PCS SSG HOSPITAL VALL D'HEBRON	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)
UTE PCS SSG CONSERVATORIO ATAULFO ARGENTA II	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)
UTE PCS PAE RTVA	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)
UTE PCS PT AYUNTAMIENTO ALCOBENDAS	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)
UTE PCS SSG GUGGENHEIM	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)
UTE PCS SSG CORPORACION RTVE	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)
UTE PCS PT ISE ANDALUCIA	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)
UTE PCIA-PT AEAT SEVILLA	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)
UTE PCIA-PT AGENCIA VALENCIANA DE SALUD	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)
UTE PCS-PT MINISTERIO DE JUSTICIA	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, 1 edif. Metropol I, 4° mod.20. Mairena de aljarafe - SEVILLA	10.0	CLECE	(I)	(1)
UTE PCS-SSG MPTMAP	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)
UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)
UTE PCS ESC CETARSA	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)
UTE FERROSER PCS UNIV. EUROPEA MADRID	Príncipe de Vergara, 135 28009 MADRID	95.0	FERROVIAL	(I)	(1)
ACASERVI, S.A. SALCER S.L. UTE	AVDA. DIAGONAL,687 08028 BARCELONA	60.0	ACASERVI	(I)	(1)
UTE PCS SSG GENERAL MOTORS	Pajaritos, 24 28007 Madrid	100.0		(I)	(1)

Information at 31 December 2012

Company	Registered offices	Investment		Notes	Activity
		% ownership	Entity participating in the joint venture		
UTE PCS SSG UNIV. POLITECNICA DE VALENCIA 2012	Pajaritos, 24 28007 Madrid	100.0		(l)	(1)
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA)	Pajaritos, 24 28007 Madrid	100.0		(l)	(1)
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100.0		(l)	(1)
UTE PCS ESC FORUM EVOLUCION DE BURGOS	Pajaritos, 24 28007 Madrid	100.0		(l)	(1)
UTE PCS ESC CLINICA MILITAR CARTAGENA	Pajaritos, 24 28007 Madrid	100.0		(l)	(1)
UTE PCS SSG HOSPITAL VALL D'HEBRON	Pajaritos, 24 28007 Madrid	100.0		(l)	(1)
UTE PCS SSG PALAU DE LA MUSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100.0		(l)	(2)
UTE PCS SSG AEROP. BARCELONA LOTE 1	Pajaritos, 24 28007 Madrid	100.0		(l)	(1)
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70.0	CSP SIGLO XXI	(l)	(1)
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100.0		(l)	(1)
UT UNION TEMPORAL MANIZALES	CARRETERA 50 71-80	100.0		(m)	(1)
UNION TEMPORAL SIES 2011	CALLE 21 44-18	100.0		(m)	(1)
UNION TEMPORAL ESPINAL	CARRETERA 50 71-80	100.0		(m)	(1)
UNION TEMPORAL CONGRESO	CARRETERA 50 71-80	70.0	DISICO	(m)	(1)
UNION TEMPORAL CCVT CALI 2011	CALLE 21 44-18	100.0		(m)	(1)
UNION TEMPORAL FISCALIA CCTV 2011	CARRETERA 50 71-80	100.0		(m)	(1)
UNION TEMPORAL TECNOLOGIA CALI	CARRETERA 50 71-80	100.0		(m)	(1)
UNION TEMPORAL VISE	CALLE 6 No. 4-42	100.0		(m)	(1)

Notes:

The purposes of the temporary joint ventures are as follows:

(a) Information, customer and airport lounge services in Bilbao Airport.
(b) Surveillance, security and maintenance services of the Malaga Health Centres.
(c) Reception and customer services in various council buildings.
(d) Reception and maintenance services in various state schools.
(e) Security patrol and auxiliary services in various centres for the RTVE broadcasting corporation.
(f) Security services in the new South Terminal, vehicle access control and perimeter control at Barcelona airport – Batch 2.
(g) Security and auxiliary services for cleaning the premises of the Barcelona City Council.
(h) Security and auxiliary services in premises of ARPEGIO in the Madrid Autonomous Region.
(i) Security and auxiliary services for El Ferrol town council.
(j) Security and auxiliary services for the anti-fraud offices of the autonomous government of Catalonia.
(k) Security and auxiliary services at Ceuta Health Centres.
(l) Security and auxiliary services for the customer.
(m) Electronic security service.

Activity:

0. Activity wound up in 2013.
1. Active Joint Venture.
2. Joint Venture of companies created in 2013 but with no activity at the end of the reporting period.

APPENDIX III. – Consolidated Joint Ventures

Information at 31 December 2013

Company	Registered offices	Investment		Basis of consolidation	Activity	Auditor
		% ownership	Company holding the investment			
Rosegur Holding Corporación, S.L.	Pajaritos, 24 Madrid	50.0	Prosegur Cia de Seguridad, S.A.	a	5	A
Rosegur, S.A.	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucharest, Romania	50.0	Through: Rosegur Holding Corporación, S.L.	a	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucharest, Romania	50.0	Through: Rosegur, S.A.	a	3	B
Rosegur Training, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucharest, Romania	50.0	Through: Rosegur, S.A.	a	7	B
SIS Cash Services Private Ltd	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	49.0	Prosegur Cia de Seguridad, S.A.	c	2	B
Shanghai Weldon Security Equipment Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	45.0	Prosegur Cia de Seguridad, S.A.	c	3	
Shanghai Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	45.0	Through: Shanghai Weldon Security Equipment Co Ltd	c	1	
Hangzhou Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	36.0	Through: Shanghai Weldon Security Service Co Ltd	c	1	
Leshan Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	30.6	Through: Shanghai Weldon Security Equipment Co Ltd	c	2	
Sichuan Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	30.6	Through: Shanghai Weldon Security Equipment Co Ltd	c	2	
Prosegur Technological Security Solutions LLC	Abu Dhabi- Al falah Street- 211 ABDULLA HAMAD LUWAIE AL AMERI - P.O. Box 129354	49.0	Prosegur Cia de Seguridad, S.A.	c	3	C

Information at 31 December 2012

Company	Registered offices	Investment		Basis of consolidation	Activity	Auditor
		% ownership	Company holding the investment			
Rosegur Holding Corporación, S.L.	Pajaritos, 24 Madrid	50.0	Prosegur Cia de Seguridad, S.A	a	5	A
Rosegur, S.A	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucharest, Romania	50.0	Through: Rosegur Holding Corporación, S.L.	a	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucharest, Romania	50.0	Through: Rosegur, S.A	a	3	B
Rosegur Training, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucharest, Romania	50.0	Through: Rosegur, S.A	a	7	B
SIS Cash Services Private Ltd	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	49.0	Prosegur Cia de Seguridad, S.A	c	2	B
Shanghai Weldon Security Equipment Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	45.0	Prosegur Cia de Seguridad, S.A	c	3	C
Shanghai Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	45.0	Through: Shanghai Weldon Security Equipment Co Ltd	c	1	C
Hangzhou Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	36.0	Through: Shanghai Weldon Security Service Co Ltd	c	1	C
Leshan Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	30.6	Through: Shanghai Weldon Security Equipment Co Ltd	c	2	C
Sichuan Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	30.6	Through: Shanghai Weldon Security Equipment Co Ltd	c	2	C
Prosegur Technological Security Solutions LLC	Abu Dhabi- Al falah Street- 211 ABDULLA HAMAD LUWAIE AL AMERI - P.O. Box 129354	49.0	Prosegur Cia de Seguridad, S.A	c	3	C

Basis of consolidation:

The circumstances considered in article 42 of the Spanish Code of Commerce are as follows:

a) The parent owns the majority of voting rights.
b) The parent has the power to appoint or dismiss the majority of the members of the governing body.
c) It may dispose, by virtue of agreements entered into with third parties, of the majority of the voting rights.
d) It has used its votes to appoint the majority of the members of the governing body who hold office at the moment when the consolidated annual accounts must be drawn up and during the two business years immediately preceding.
e) Sole administration of one or more companies by any other means.

Unless indicated otherwise, the most recent reporting period ended on 31 December 2013.

Activity:

1. Activities from the surveillance business group
2. Activities from the cash in transit and cash management business group
3. Activities from the technology business group
4. Activities included in more than one business group
5. Holding company
6. Financial services
7. Auxiliary services
8. Dormant

Auditor:

Audited by KPMG
Not subject to audit

Audited by other auditors

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES

Consolidated Directors' Report for 2013

Contents

Consolidated Directors' Report for 2013

This Directors' Report has been prepared according to the recommendations contained in the Guidelines for preparation of management reports of listed companies published by the Spanish National Securities Market Commission.

1. Situation of the Company

Prosegur is a multinational group whose holding company is Prosegur Compañía de Seguridad, S.A. (hereinafter, the Company), that provides global and integral security solutions adapted to the needs of our clients.

Prosegur provides private security services in the following countries: Spain, Portugal, France, Germany, Romania, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Mexico, Colombia, Singapore, India, China and Australia.

1.1 Organisational Structure

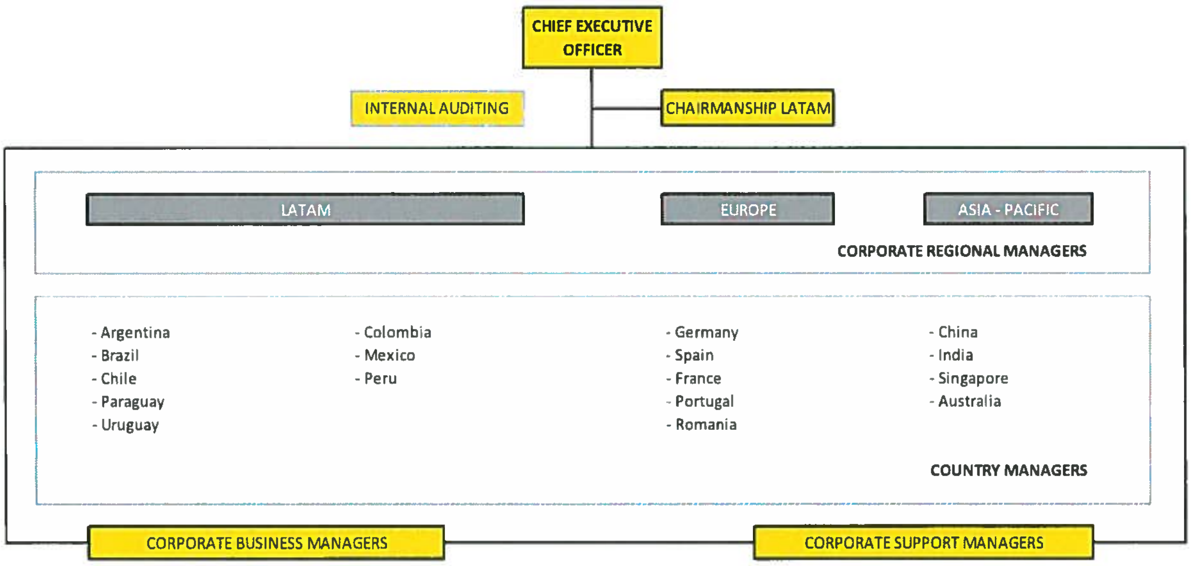
The organisational structure of Prosegur is designed with the aim of improving business processes and adding value to clients. Its flexibility allows for continuous adaptation to a changing environment and the performance of Prosegur as a corporate group. In addition, it encourages business and knowledge sharing across the board and keen awareness of customer needs.

In order to strengthen the focus on the customer and build an agile and efficient structure, geography is the main axis of the organisation, and is represented by the Regional Corporate Offices: LatAm, Europe and Asia-Pacific.

The Corporate Business Management Departments, under umbrella of Business Strategy and Development Management, are in charge of the design of security solutions for the clients and cover the main business lines: Surveillance, Cash in Transit and Cash Management and Technology.

The corporate tasks are overseen by the Corporate Support Management covering the areas of Finance, Organisation and Corporate Responsibility, Business Development and Global Accounts and Marketing.

The organisation of Prosegur is shown in the chart below:



The representative power of the parent Company of the Group falls on the Board of Directors collectively and by majority decision. The Board has broad powers to manage the activities of the companies, with the sole exception of matters which pertain to the General Meeting of Shareholders or which are not included in the corporate purpose.

The delegate committees of the Board of Directors are the Executive Committee, the Audit Committee and the Appointment and Remuneration Committee. The Executive Committee has been conferred the broadest powers of administration, management, disposal and all responsibilities which pertain to the Board of Directors except those which are non-transferable under legal or statutory provision. The responsibilities of the Audit Committee include the proposal of designation of an auditor, the review of Prosegur accounts, overseeing compliance with legal requirements and application of generally accepted accounting principles. On its part, the Appointment and Remuneration Committee drafts and reviews the criteria which must be followed in the composition of the Board of Directors and the selection of members. It also regularly carries out remuneration reviews.

Changes in Group Composition

The changes in the composition of the Prosegur Group during 2013 were mainly due to the following acquisitions:

- On 9 December 2013, Prosegur acquired Brink's Deutschland GmbH. This company provides cash in transit and cash management services in Germany. This company has been consolidated since 31 December 2013. The total purchase price was Euro 1.
- On 16 December 2013, Prosegur acquired Chubb Security Services PTY Limited. This company provides cash in transit and cash management services in Australia. This company has been consolidated since 16 December 2013. The total purchase price was Euros 64.6 million.

The following business restructuring transactions were carried out in 2013:

- On 8 February 2013, the Company Prosegur España, S.L.U. was incorporated in Spain.
- On 6 March 2013, the Company Prosegur Argentina Holding, S.A. was incorporated in Argentina.
- On 6 March 2013 the Company Prosegur Inversiones Argentina, S.A. was incorporated in Argentina.
- On 1 November 2013, the merger of Nordeste Segurança Eletrônica Ltda, by Prosegur Activa Alarmes, S.A. was completed.
- On 1 November 2013 the merger by takeover of Digipro Processamento de Documentos e Valores Ltda by Prosegur Sistemas de Segurança Ltda. was completed.
- On 7 November 2013 the Company Prosegur Australia Holdings PTY Limited was incorporated in Australia.
- On 7 November 2013, the Company Prosegur Australia Investments PTY Limited was incorporated in Australia.
- On 31 December 2013 the merger by takeover of BFA SAS by Prosegur Securite Humaine EURL was completed in France.

1.2 Operation

The organisation of Prosegur focuses on value creation and aims to apply the growth strategy of Prosegur which, in turn, is based on a solid model built on financial strength.

The approval and implementation of the 2012-2014 Strategic Plan requires the determination and fulfilment of demanding targets based on the growth model and built around three cornerstones:

- Close relationship with the customer.
- Management at branch level.
- Multinational nature.

Financial year 2013 has witnessed the consolidation of the synergies inherent in the growth process of the previous year and part of the financial debt has already been refinanced. Prosegur is able to continue implementing this growth strategy, of both an organic and an inorganic nature, and maintains its capacity for taking on new corporate acquisitions.

2. Business Performance and Results

2.1 Key Performance Financial and Non-Financial Indicators

(Millions of Euros)		2013	2012	Variation
Sales		3,695.2	3,669.1	0.7%
EBITDA		*414.4*	*427.0*	-2.9%
	Margin	*11.2%*	*11.6%*	
Amort. PPE		-67.8	-67.0	*1.1%*
Amort. intangible assets		-49.0	-48.5	1.1%
EBIT		*297.6*	*311.5*	*-4.4%*
	Margin	*8.1%*	*8.5%*	
Net finance income		-51.5	-60.7	*-15.2%*
Profit before income tax		*246.2*	*250.8*	*-1.9%*
	Margin	*6.7%*	*6.8%*	
Tax		-90.5	-79.3	*14.2%*
	Tax rate	*-36.8%*	*-31.6%*	
Net result		**155.7**	**171.5**	**-9.2%**
Non-controlling interests		**-0.2**	**-0.4**	
Consolidated net result		**155.9**	**171.9**	**-9.4%**
Basic profit per share		**0.2718**	**0.2999**	

Financial year 2013 has experienced a growth in sales of 0.7%.

The consolidated sales of Prosegur in 2013 amount to Euros 3,695.2 million with a growth of 10.1% based on a constant exchange rate.

The EBITDA has increased by 10.3%, excluding the effect of depreciation against the Euro of the currencies in countries in which Prosegur operates, which reflects the increase/maintenance of margins despite the increases in labour costs in countries with a significant effect on results.

The EBIT / Sales margin of 8.1% shows the capacity of Prosegur to maintain business profitability in spite of the impact of repayments arising from the new business acquisitions.

The net consolidated result has dropped by 9.4% mainly due to the effect of depreciation against the Euro of the currencies in LAtam region and the increase in fiscal pressure in the main countries in which Prosegur is present.

Analysis of Management in 2013

Despite the challenging macroeconomic scenario both in Europe and in Latin America, financial year 2013 has closed in a satisfactory manner with results which reflect the capacity of Prosegur's integrated business model to maintain sustained growth and handle adverse economic conditions.

The objectives achieved are of even greater merit taking into account that Prosegur carries on its activity in 15 currencies other than its working currency, the Euro, and that the effect of depreciation of currencies in Latin America has had a significant negative impact on results.

One of the factors which has enabled positive results to be obtained in 2013 has been the process of optimisation of customer portfolios, mainly in countries like Spain or Portugal, which continue to experience marked stagnation of the economic situation, as well as the recession in the service sector in general and the sector of private security in particular.

The new businesses acquired in previous financial years have been integrated in full and, as a result thereof, the debt reduction and restructuring plan which was scheduled for the end of Strategic Plan 2014 has been brought forward to 2013. The success of the implementation of this process provides Prosegur with high potential to tackle new and larger corporate acquisitions. Therefore, this moment may be the start of a new stage which, on the one hand shall entail the continuation of the organic and inorganic growth policies and, on the other, the consolidation of the company's presence in Latin America and the expansion into new regions, such as Asia-Pacific.

Proof of the start of this new stage in the strategy is the entry of Prosegur into the Australian market via the acquisition of all the shares of Chubb Security Services PTY, subsidiary of United Technologies Corporation, whose business turnover is close to Euros 90 million.

In regard to the markets to which Prosegur had strategically committed in recent years and within the European region, Germany is worth highlighting in that it shows the positive effects of the efficiency measures implemented in the acquired company towards the end of 2011. It proves the excellence of the Prosegur business model in the CIT/CM area and that this model is exportable to other contexts.

This positive business trend in Germany has boosted the acquisition of a new area of activity in the country. Following the agreements reached a year ago, at 2013 year end the regulatory requirements established by the German authorities were in place to take over Brinks Deutschland GmbH, the approval of which was requested from authorities in February 2013.

The capacity to maintain the growth in markets which are already consolidated in the Latin America region has also been clearly evidenced in the year ending on 31 December 2013. The efficacy in the price updates for services provided in hyperinflationary scenarios is clear. In Brazil, the performance of jobs in the private security industry has been classified as risky, which has led to a significant increase in costs of personnel both in surveillance and CIT/CM services. Against expectations, the margins in these countries have been kept at similar levels to those of previous years.

Brazil continues to be the most important country within the Prosegur perimeter. Bearing in mind its sales turnover, its profit and number of employees, it is the most influential market on the results of Prosegur. The positioning of Brazil as an overall supplier of private security services is ideal for taking on the projects to be undertaken by this country between 2014 and 2016.

Financial year 2013 has brought about an important progress in the implementation of management key performance indicators, having updated corporate policies which have led to:

a) The establishment of continuous improvement targets.
b) Consideration of alternative strategies and options.
c) The adoption of measures required for the implementation of the strategies in place and introduction of measures designed to correct any deviations which might arise.
d) The development of competitive advantages over the rest of the market.

Throughout the year Prosegur management had up-to-date and appropriate information on clients, the market and the legal, financial and technological climate, allowing the Company to ensure that its management policies remained in line with trends.

The most significant management variables and their development throughout the year are detailed below, and include activities, commercial management, personnel, investments, operations and financial management.

Sales by Geographical Area

Prosegur's consolidated sales in 2013 amounted to Euros 3,695.2 million (Euros 3,669.1 million in 2012), a total increase of 0.7%. Of this rise 7.2% reflects pure organic growth and 2.5% inorganic growth derived from acquisitions made in 2012, offset by a 9.0% decrease due to exchange rate fluctuations.

The overall increase in sales is above the nominal GDP of countries in which Prosegur is present. This improvement is largely due to the integrated security solution model and the experience acquired in each market over the years.

Consolidated sales are distributed by geographical area as follows:

(Millions of Euros)	2013	2012	Variation
Europe	1,400.0	1,462.6	-4.3%
Asia-Pacific	39.4	28.6	37.6%
LatAm	2,255.7	2,177.8	3.6%
Total Prosegur	**3,695.2**	**3,669.1**	**0.7%**

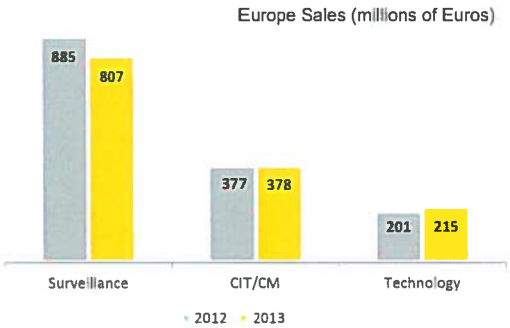
Sales in Europe have fallen by 4.3% mainly due to the optimisation process which has been carried out in customer portfolios in Spain and Portugal.

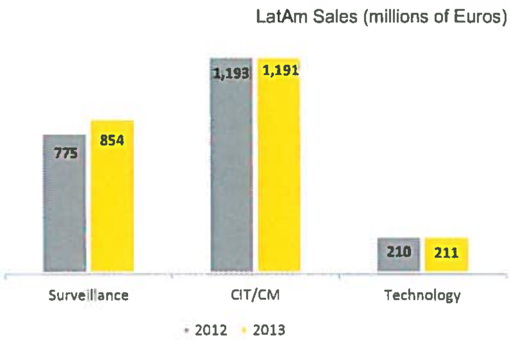
Sales in Latin America have experienced an overall increase of 3.6% over those in 2012, of which 15.4% is organic growth and 3.3% is inorganic growth. Sales during 2013 in this region have fallen by 15.1% due to the depreciation in the main currencies of the countries.

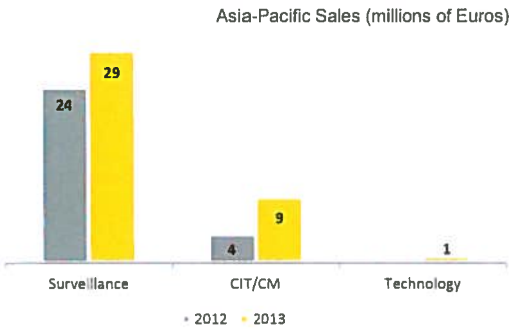
Lastly, the region of Asia-Pacific has grown by 37.6% thanks to the integration of new businesses and despite the negative impact of currency depreciation.

Sales by Business Area

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







The distribution of aggregate consolidated sales by business area is shown below:

(Millions of Euros)	2013	2012	Variation
Surveillance	1,690.2	1,684.1	0.4%
% of total	*45.7%*	*45.9%*	
CIT/CM	1,577.7	1,573.7	0.3%
% of total	*42.7%*	*42.9%*	
Technology	427.3	411.3	3.9%
% of total	*11.6%*	*11.2%*	
Total Prosegur	**3,695.2**	**3,669.1**	**0.7%**

The Surveillance business has grown by 0.4%, amounting to Euros 1,690.2 million (Euros 1,684.1 million in 2012) which accounts for 45.7% of the total income of Prosegur.

The Surveillance activity has experienced a slight drop in Europe to Euros 806.7 million (Euros 884.7 million in 2012). The drop is mostly due to the policy of optimisation of customer portfolios applied in Spain and Portugal, which has enabled margins and customer loyalty to be maintained on the basis of the quality standards offered by Prosegur.

In regard to the CIT/CM business, sales in Europe and Asia-Pacific have followed a positive trend, growing by 1.6% and reaching Euros 387.1 million (Euros 381 million in 2012). This is an important achievement bearing in mind the restructuring process that the banking industry has undergone in recent years in countries such as Spain and Portugal. In addition, it proves the solidity of the business and the differentiation of the CIT/CM services provided by Prosegur compared to the competition.

In addition, in Latin America, the CIT/CM business has reached Euros 1.190.6 million (Euros 1,192.7 million in 2012) reflecting the effect of depreciation against the Euro of the currencies in countries in which Prosegur operates

Lastly, the business of Technology has generated annual income of Euros 427.3 million in 2013 (Euros 411.3 million in 2012), 3.9% more than the year before.

The figures shown below illustrate the growth in consolidated business turnover of Prosegur over the last five years:

(Millions of Euros)	2009	2010	2011	2012	2013
Turnover	2,187.0	2,560.3	2,808.5	3,669.1	3,695.2

EBIT Margins by Geographical Area

The consolidated operating results (EBIT) in 2013 have been of Euros 297.6 million (Euros 311.5 million in 2012). The EBIT margin in 2013 has been of 8.1% (2012: 8.5%).

This margin of 8.1% becomes particularly significant in a year which has been adversely affected by the depreciation of the main currencies in the LatAm region.

The distribution of the EBIT margin by geographical area is as follows:

(Millions of Euros)	Europe	Asia - Pacific	LatAm	Prosegur
Sales	1,400.0	39.4	2,255.7	3,695.2
EBIT	48.4	0.0	249.2	297.6
Margin EBIT	*3.5%*	*0.0%*	*11.0%*	*8.1%*

As has already been mentioned, Europe and Asia-Pacific improve in absolute and relative terms whereas the LatAm region has shown a slight decline due mainly to the outstanding manpower costs which have not yet been passed on to the customers. However, an increase in the margin is expected in the first half of the following year, which will continue this recovery trend once all prices for services have been updated in Brazil and other countries in the region.

The customer portfolio optimisations carried out mainly in the European region reflect the priority objective of Prosegur to maintain high profitability margins and to guarantee return on investments. The achievement of this objective is part of the strategy of innovation and improvement of the services in pursuit of excellence thereof and in customer relations.

The table below shows the trend of the EBIT in the last five years:

(Millions of Euros)	2009	2010	2011	2012	2013
EBIT	230.5	262.6	284.1	311.5	297.6

The consolidated EBIT over sales margin has reached 8.1% in this year 2013. The upward trend of previous years has been basically halted by the depreciation of currencies over the year before, namely the Argentine Peso and the Brazilian Real.

The information regarding the allocation of Prosegur assets to each of the segments and the reconciliation between the result allocated to segments and the consolidated net result is contained in Note 10 of the Consolidated Annual Accounts.

Commercial Information

Prosegur services are sold through branches and by the Company's own sales personnel, and selective criteria are applied to minimise the risk of arrears and possible payment default. In cases where the Company has insufficient experience with a particular client, investigations and consultations are carried out using public information and objectively quantifiable risk assessments and individual analyses are performed. Once the contract has been signed, throughout the period over which the service is rendered, the client receives direct attention, enabling us to work in line with their operating requirements and financial situation, thereby reducing the risk of default.

Consequently, the client is at the centre of the business. The first objective is to meet quality standards and that the client understands he is purchasing a responsible security service with added value. The marketing is based on the idea of integrated security solutions, designed according to criteria of excellence and innovation.

The current focus of Prosegur is the provision of overall security solutions which enable industry specialisation as a strategic differentiation factor.

Prosegur continuously updates its product offering and develops new products in every business line. Examples thereof are the concept of dynamic surveillance, banking outsourcing, services via mobile devices or video surveillance from control centres.

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.

During financial year 2013, amortisation and depreciation charges totalled Euros 116.8 million (Euros 115.5 million in 2012). Property, plant and equipment were Euros 67.8 million (Euros 67.0 million in 2012), computer software was Euros 10.9 million (Euros 9.9 million in 2012) and other intangible assets were Euros 38.1 million (Euros 38.6 million in 2012).

The total investments analysed by the Investment Committee in 2013 with comparative figures from 2012 are detailed below:

(Millions of Euros)	2013	2012
First Quarter	27	10.4
Second Quarter	32.5	22.8
Third Quarter	16.4	13.6
Fourth Quarter	18	24.6
Total	**93.9**	**71.4**

Throughout 2013, the Company has made investments in property, plant and equipment of Euros 119.7 million (Euros 106.7 million in 2012). In addition, investments in computer software amounting to Euros 13.2 million (Euros 11.9 million in 2012) have been made.

2.2 Environment

One of the main objectives of Prosegur is to reinforce the environmental awareness of its collaborators and reduce the environmental impact of all its activities by means of investing in technology and in efficient management models.

Prosegur has been the first private security Company in Spain to obtain ISO 14001 certification.

The main areas of activity of Prosegur in regard to environmental sustainability are:

a) Responsible fleet management. The Cash in Transit activity has one of the highest environmental impacts in Prosegur, connected with fuel consumption and vehicle exhaust emissions. A renovation of the fleet is under way, with acquisition of electrical vehicles and armoured vehicles which meet the Euro V standard. This investment, recognised as an increase in the value of property, plant and equipment, totals Euros 1.0 million (Euros 3.2 million in 2012).

b) Prosegur has occasionally taken part in projects for greenhouse gas inventory development.

c) Environmental awareness campaigns are currently under way in several countries, focusing on the reduction of solid waste from office supplies.

At 31 December 2013, Prosegur has no environmental contingencies, legal claims, income or expenses for this item.

2.3 Personnel

Taking into account the growth strategy in the last few years and on a global basis, Prosegur creates jobs in the markets where it is present.

At 2013 year end the Prosegur headcount stood at 154,540 employees (153,828 in 2012), which is 0.5% higher than the previous year.

A cornerstone of Prosegur's success as one of main security services companies in the world has traditionally been its recruitment policy. The responsibility and trust required in those who render the Company's services on client premises, operating in an area as delicate as security, mean that Prosegur must not only ensure the effectiveness of its professionals, but also their honesty, responsibility, emotional stability and psychological maturity.

It is precisely for this reason that continuous improvements are made by the human resources department to our recruitment process, enabling us to accurately assess the suitability of an individual for a position within Prosegur.

Details of the average Prosegur headcount over the past five years are as follows:

Headcount	2009	2010	2011	2012	2013
Direct	89,269	97,198	111,361	140,049	145,364
Indirect	5,638	5,657	6,924	8,530	9,150
Total Prosegur	**94,907**	**102,855**	**118,285**	**148,579**	**154,514**

The evolution of the staff headcount in relative terms over turnover in the last five years is as follows:

Number of people per million billed	2009	2010	2011	2012	2013
Direct	40.8	38	39.7	38.2	39.3
Indirect	2.6	2.2	2.5	2.3	2.5

A job performance assessment is carried out each year for each Prosegur employee. There is a system in place whereby each manager interviews his staff and objectively analyses performance, highlighting strengths and emphasizing areas for improvement.

Annual satisfaction surveys are carried out to enable Prosegur to become aware of the perception of employees of aspects related to daily tasks. Action plans are drawn up on the basis of these surveys which seek to establish policies to improve the working environment in the Group companies.

Prosegur acts in line with industry standards in occupational risk prevention. It invests in specific training and measures to ensure that employees work in safe environments and provides then with the best equipment.

Internal communication channels have been improved, particularly in recent years, with measures such as the corporate intranet, the "Gente Prosegur" in-house magazine and strategic presentations involving the participation of many employees.

The Prosegur Foundation helps to build a more caring society with less inequality and, in this regard, one of its objectives is to encourage social integration of less privileged sectors of society to bring about changes in attitude towards more caring values. For a few years now, the Company has encouraged the employment of people with intellectual disabilities, offering a more stable future through employment. The Plan for Employment of People with Intellectual Disabilities has been implemented in the more representative offices of Prosegur, adding new professionals from this group of people to the headcounts of different countries.

Below are the key indicators in the last two years showing the actions of Prosegur in regard to the encouragement of training and education of its employees and diversity and equal opportunities initiatives (the staff distribution by gender is included in Note 33 of the Consolidated Annual Accounts):

(Number of employees and millions of Euros)	2013	2012
Personnel	154,540	153,828
Percentage of women	*14.3%*	*14.0%*
Percentage of women in Board of Directors	*33.3%*	*33.3%*
Disabled personnel employed in Spain	174	220
Investment in training	9.3	8.2
Accident rate	4.4	6.0
Rate of sick leave	0.06	0.07

3. Liquidity and Capital Resources

In a context where there is still a considerable restriction on credit, during 2013 Prosegur has continued to enter into strategic financing transactions seeking to optimise financial debt, to control debt ratios and to meet growth targets.

Prosegur calculates the net financial debt taking into account the total amount of current and non-current third party resources (excluding other non-bank debt) plus net derivative financial instruments, less cash and cash equivalents, minus other current financial assets.

The net financial debt at 31 December 2013 amounts to Euros 631.7 million (Euros 646.1 million in 2012).

3.1 Liquidity

Prosegur boasts a good level of liquidity reserves and available funding capacity to enable it to ensure and meet working capital, capital investment or inorganic growth requirements with flexibility and agility.

At 31 December 2013 the liquidity available in Prosegur is of Euros 579.0 million (Euros 405.1 million in 2012). This amount is made up of the following items:

- Balance of cash and cash equivalents amounting to Euros 292.9 million (Euros 163.6 million in 2012).
- The existing availability of non-current credit amounting to Euros 150 million pertaining to the syndicated loan arranged in 2010 (Euros 100 million in 2012).
- Other unused lines of credit amounting to Euros 136.1 million (Euros 141.5 million in 2012) acquired in a diversified manner from a broad banking pool which includes representation of the main banks in each country where the Company operates.

This liquidity amount accounts for 15.7% of consolidated annual sales (11.0% in 2012), which underpins short-term financing and the growth strategy.

The efficiency measures in in-house administrative processes implemented in the last two financial years have substantially improved the business cash flow. The profile of debt maturities of Prosegur has been brought in line with the Company's capacity to generate cash flows to meet such debts. In addition, the fulfilment of the Prosegur growth strategy will not compromise the objective of maintaining reasonable indebtedness levels.

It is important to point out that, although part of the cash flow reported at 2013 year end is subject to certain regulatory conditions arising from the geographic positioning of Prosegur, compliance with upcoming contractual obligations does not depend on distributions or payments from subsidiaries subject to insurmountable regulatory or legal restrictions. During the process of yearly budget planning, a dividend repatriation plan from subsidiaries is drawn up to maximise the tax efficiency of the consolidated Group.

The market value of the portfolio owned by the Prosegur parent Company at 31 December 2013 amounts to Euros 217.6 million.

3.2 Capital Resources

The structure of the non-current financial debt comprises the following agreements:

a) Syndicated loan entered into in Spain in 2010 amounting to Euros 400 million over five years. At 31 December 2013, the capital drawn down by way of a loan amounts to Euros 60 million and drawdowns by way of a credit facility have been made amounting to Euros 100 million.

b) Debenture issued in Brazil in 2012 whose outstanding amount at 31 December 2013 is Euros 79.2 million (exchange value: Brazilian Reais 258.3 million)

c) On 2 April 2013 ordinary bonds amounting to Euros 500 million were issued, with maturity in 2018. The bonds accrue a coupon of 2.75% per annum payable yearly and are listed on the Irish Stock Exchange. The trading price at 31 December 2013 is 2.371%.

By means of this last operation, Prosegur has refinanced most of its financial debt and maintains a policy of natural hedging of currency conversion, as it also has debt in the currencies in the countries where it is present. However, the balance between the advantages of such hedges and the increased financial cost involved is weighted.

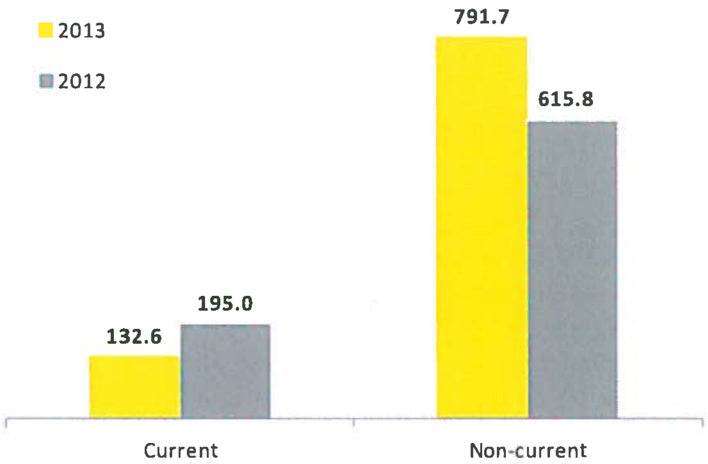
The gross financial debt includes current and non-current financial liabilities and excludes other non-banking debts and, in turn, is adjusted at the fair value of the derivative financial instruments purchased.

In consolidated terms, the non-current gross financial debt with maturities over one year has amounted at the end of 2013 to Euros 791.7 million (Euros 615.8 million in 2012), basically made up of the syndicated loan arranged in 2010, the debenture issued in Brazil in 2012 and the corporate bonds issued in 2013.

The current gross financial debt amounts to Euros 132.6 million (Euros 195.0 million in 2012).

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

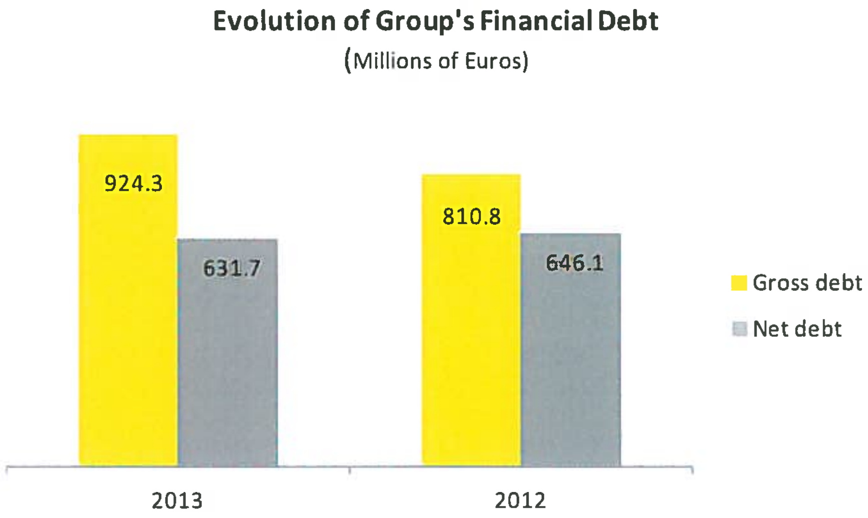
Group Gross Financial Debt
(Millions of Euros)



The average cost of the financial debt in 2013 has been of 4.22% (4.87% in 2012). The reduction in the average cost of the debt is an excellent sign bearing in mind that Prosegur acquires part of its funding from countries with high financing costs, in accordance with the natural hedging policy, particularly in Brazil, where the Interbank Deposit Rate (CDI) has increased over the year. This achievement has been possible thanks to the debt restructuring process carried out in 2013.

The net financial debt at 2013 year end has amounted to Euros 631.7 million (Euros 646.1 million in 2012).

Below is a comparative graph of the gross debt and the net debt in 2013 and 2012:



No significant changes are expected in financial year 2014 in relation to the structure of shareholder equity and capital or in relation to the relative cost of capital resources in comparison to the financial year ending 31 December 2013.

The following table shows the maturities of contractual obligations at 31 December 2013:

(Millions of Euros)	Less than 1 year	1 to 5 years	Over 5 years	TOTAL
Bonds and other securities	13.8	555.0	0.0	568.8
Syndicated loan	31.1	130.1	0.0	161.2
Loans and borrowings	82.2	249.9	1.5	333.7
Credit accounts	42.7	0.0	0.0	42.7
Leasing debts	9.2	17.3	0.2	26.8
Other debts	71.8	86.8	1.6	160.2
	250.7	**1,039.1**	**3.3**	**1,293.2**

In the ordinary performance of the activity, Prosegur occasionally resorts to transactions which are not reflected in the financial statements, usually under the contractual form of an operating lease and mainly in order to use high value assets such as buildings and vehicles. The payment commitments of future leases amount to Euros 73 million (Euros 109.3 million in 2012) mainly pertaining to an office building in Madrid, operations headquarters in Brazil, other business representative buildings and operating vehicles.

Prosegur calculates the leverage index as the result of dividing the net financial debt by the total capital, the latter understood to be the sum of the net financial debt and net equity. The ratio at 31 December 2013 is of 0.49 (0.47 in 2012).

The ratio of net financial debt over shareholder equity at 31 December 2013 is of 0.97 (0.88 in 2012).

The ratio of net financial debt over EBITDA is 1.52 in 2013 (1.51 in 2012). If the market value of the shareholder equity is considered at year end as an adjustment of net financial debt and third party debt from Company acquisitions are taken into account, the ratio over the EBITDA becomes 1.34 (1.58 in 2012).

3.3 Analysis of Contractual Obligations and Off-Balance Sheet Transactions

Note 27 of the Consolidated Annual Accounts includes the future minimum payments arising from operating leases contracts by maturity band.

Additionally, as stated in Note 26 of the Consolidated Annual Accounts, Prosegur issues third party guarantees of a commercial and financial nature. The overall amount of guarantees issued at 31 December 2013 has reached Euros 155.6 million (Euros 196.1 million in 2012).

4. Main Risks and Uncertainties

4.1 Operational Risks

The risk management cycle of Prosegur is as follows:

Regulatory Risk

The main regulatory risks are those related to legislation on Money Laundering, Data Protection, Labour and Compliance of Internal Rules and Code of Conduct.

Prosegur dedicates a special effort to the management of operational and regulatory compliance risks, as these have an impact on the commitments assumed with stakeholders and, particularly, with the clients.

The regulatory risks are diminished via the identification of the risk at an operational level, regular assessment of the area of control and using programmes to monitor the proper working order of controls in place.

The Corporate Security and Risk Management Department implements a continuous programme of analysis of all of the operational processes, for detection, assessment and proper management of all risks which might arise therefrom. The impact of this function is passed on directly to Company services.

Likewise, the Corporate Security and Risk Management Department plays a vital role in prevention of money laundering, and is responsible for the internal organisation of the Prevention of Money Laundering Unit (UPBC) in Spain. The Unit has been created in response to the regulations which oblige Prosegur to implement control measures designed to prevent the shipping of funds for money laundering purposes. Prosegur further complies with all current central bank regulations in this regard.

Operational Risk

The Prosegur risk management system is mainly based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) system and is completed with standards applied in the main clients in the financial sector, such as the Basel III and ISO 31000 standards. The Board of Directors is ultimately responsible for risk management which it performs via the Risk Committee.

Among the business risks are unfair competition and supplier dependency. In order to reduce such risks, new value added services are continuously being developed. Moreover, the addition of new suppliers from international markets is encouraged.

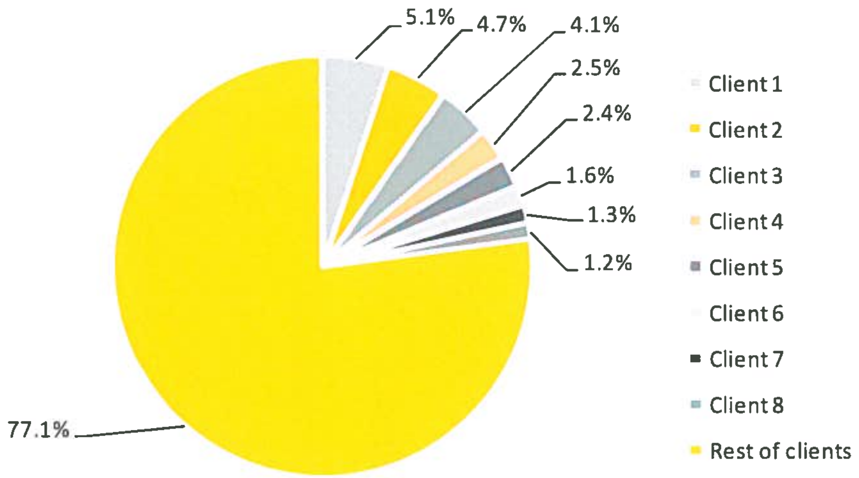
Operational risks are those related to robberies and assaults, errors in transactions, legal penalties and, as a result thereof, the risk of business continuity. There are formal programmes and policies designed to control these types of risks.

It is important to highlight the monitoring activity carried out by the Corporate Security and Risk Management Department in the processes of control and tracking of the transactions related to cash transport, handling and storage. There is also an independent service to handle claims or differences in cash management activities, helping identify best practices and defining procedures to minimise the chance of losses.

Prosegur has over 50 people working on two continental platforms: one for LatAm countries and another for Europe. The latter also handles services for the Asia-Pacific region, which includes research and analysis of procurement processes of other companies operating in these markets.

Client Concentration

Prosegur has no significant client concentrations. Note 32 of the Consolidated Annual Accounts includes a table showing main clients' share of overall turnover of Prosegur, as shown in the following chart:



4.2 Financial Risks

Interest Rate Risk

Prosegur is exposed to interest rate risk as a result of the monetary assets and liabilities in its balance sheet.

Prosegur carries out a dynamic analysis of its exposure to interest rate risk. During financial year 2013, the financial liabilities held by Prosegur at a variable interest rate were mostly denominated in Euros, Brazilian Reais and Australian Dollars.

Various scenarios are simulated taking into account the refinancing, renewal of current positions, alternative funding and hedges. Based on these scenarios, Prosegur calculates the effect on the result of a given fluctuation in interest rate. The same interest rate variation is used for all currencies in each simulation. The scenarios are only simulated for liabilities held in the more relevant positions at a variable interest.

Based on the various scenarios, Prosegur manages the interest rate risk of cash flows using floating-to-fixed interest rate swaps.

Prosegur has purchased an interest rate derivative financial instrument (interest rate swap) in order to fix the maximum interest rate of part of the Prosegur financing.

Every six months, each 25 July and each 25 January, this derivative financial instrument exchanges a payable interest rate of 2.71% for an interest rate equivalent to the six-month Euribor on a notional amount of Euros 100 million and maturity on April 2014.

During 2013, two interest rate swaps amounting to a notional amount of Euros 37.5 million each and maturing in February 2015 were subject to early cancellation.

Note 32 of the Consolidated Annual Accounts includes the balances of bank loans and credits and the part of the debt which is hedged either by the Interest Rate Swap described in this paragraph or else by interest rates that are not subject to fluctuation.

Currency Risk

The natural hedge carried out by Prosegur is based on the fact that industry's investment capital needs, which vary according to business area, are in line with the generated operating cash flow and it is feasible to regulate the rhythm of investments to be made in each country on the basis of operating requirements.

During 2013, Prosegur has maintained a natural hedging policy via new investment transactions in the industry in local currency, such as the purchase of shares in the Australian entity Chubb Security Services PTY Limited, which has required a loan of AUD 70 million. In addition, debts are held in the currencies of the main countries where Prosegur operates in order to reduce exposure to exchange rate risk in the countries.

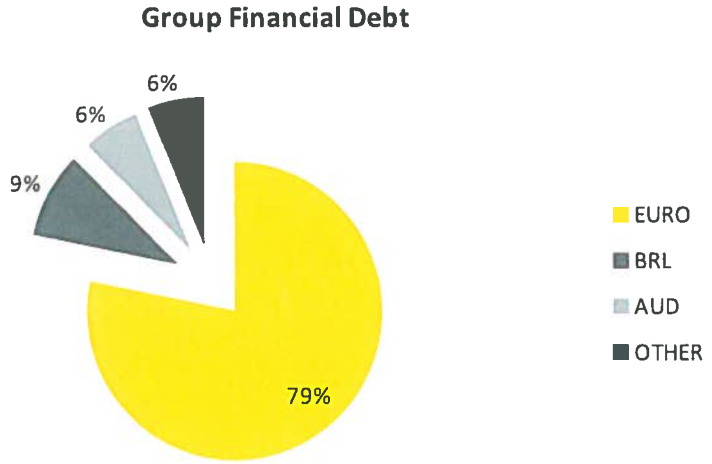
This means that although Prosegur is present in a large number of countries, the financial debt is mainly held in the following currencies: Euro, Brazilian Real and Australian Dollar. The debt in Euros accounts for 79%, that in Brazilian Reais for 9%, that in Australian Dollars for 6% and the remaining 6% is in other currencies of countries where Prosegur is present.

The change in the structure of the debt by currency compared to the previous year is due to corporate transactions, mainly the issue of corporate bonds, the early repayment of the loan which had been taken out in 2012 for Euros 100 million, the partial repayment of the syndicated loan of 2010 of Euros 50 million, the partial repayment of the debenture issued in Brazil in 2012 of Euros 47 million and the loan in Australian Dollars agreed as a part of the financing of investments made in that country.

Note 32 of the Consolidated Annual Accounts reflects the value of financial assets and liabilities by currency rate. This same Note includes relevant information on the currency risk exposure via the exchange rates of the main currencies affecting assets and liabilities.

At 2013 year end, Prosegur includes a derivative financial instrument in its balance sheet which acts as an Australian Dollar – Euro forward exchange contract on a notional amount of AUD 15 million.

The structure of the financial debt held by Prosegur by currency at 2013 year end is shown below:



Credit Risk

The Receivables and Collections Departments in each of the countries in which Prosegur is operative carries out a risk assessment per client on the basis of basic purchase data and establishes credit limits and payment terms which are recorded in the Prosegur management systems and regularly updated. Monthly monitoring of the credit situation of the clients is carried out, making any value corrections deemed necessary on the basis of clearly established policies.

Note 32 of the Consolidated Annual Accounts includes graphs showing the share held accounted for by main clients of overall turnover of Prosegur.

As for financial investments and other transactions, these are carried out with rated institutions and financial transactions framework agreements are entered into (CMOF or ISDA). The counterparty risk limits are clearly defined in the corporate policies issued by the Financial Management Department and updated limits and credit levels are regularly published.

5. Significant Events after the Reporting Date

On 10 January 2014, Prosegur has carried out the block sale of a packet of own shares accounting for 4.032% of the share capital for a total amount of Euros 123.2 million, that is, 24,882,749 shares at Euros 4.95, to meet the demand of JB Capital Markets for a limited and reduced group of institutional investors. Following this transaction, Prosegur has 3.047% of own shares which it considers as strategic to face potential future corporate transactions.

By means of its subsidiary Singpai Pte. Ltd., on 23 January 2014 Prosegur acquired 100% of the shares of Evtec Management Services Pte Ltd located in Singapore. This transaction represents a maximum investment for Prosegur of SGD 7.5 million (equivalent to Euros 4.3 million), including the debt of the acquired company.

By means of its subsidiary Prosegur GmbH, on 17 February 2014 Prosegur acquired 100% of the shares of Chorus Security Service GmbH & Co. KG and 100% of the shares of its general partner Chorus Security Service Verwaltungs GmbH, both companies located in Germany. This transaction represents a maximum investment for Prosegur of Euros 1,800 thousand, including the debt of the acquired company.

6. Information on the Expected Performance of the Company

Within the countries in the LatAm region, the currencies in the main countries are thought to still be subject to depreciation during 2014. This expected negative impact would be offset by the potential development of the region and the capacity of Prosegur to gain customer loyalty and provide the best services.

The excellent results obtained in the past by the sales teams in the LatAm region in regard to the capacity to pass on the prices to clients within an economic context undergoing a gradual maturity process allows for optimism during financial year 2014.

Thanks to the experience gained in each of these markets over the years, Prosegur has developed a business model which is successful in any economic context which will enable margins to be maintained and even increased.

In this regard, the profitability of the surveillance business in LatAm is expected to grow, although it will require a portfolio optimisation exercise similar to that carried out in certain countries in Europe.

The optimistic forecasts of Prosegur in regard to organic growth in the region are based on the reinforcement of internal control procedures which guarantee the efficiency in the various businesses. The implementation of corporate control policies has brought about improvement and growth in cash generation in 2013. This proves the success of the business model based on management leadership, customer focus, excellence in operations and business planning and control.

In addition, the key objectives of Prosegur include a significant growth in the activity of alarms.

On its part, the economic environment of the European region has been undergoing stagnation for some years. In this situation, Prosegur has managed to successfully implement client portfolio efficiency and optimisation policies. Thanks to Prosegur's ability to adapt to the situation and having carried out a selective reduction in turnover involving the exclusion of less profitable contracts, solid foundations have been laid to deal with the coming years during which a positive trend of margins and the achievement of fair growth rates are expected.

The Asia-Pacific region is the key to entering high growth potential markets and the diversification of risks and opportunities. The recent acquisition of the second operator in the Australian market in cash in transit and cash management is a good example thereof. This operation has provided Prosegur with a strong position in the Australian market via 26 offices and over 20 centres authorised by the Reserve Bank of Australia. The strategy of Prosegur in this region will focus on the expansion to other complementary services in the markets in which it is already operating.

Given these premises, Prosegur is in an optimum position to continue with its inorganic growth project without compromising the level and ratios of the level of debt.

To summarise, Prosegur is facing important challenges in the coming years, which include meeting the expectations of maintaining the trend of recovery of margins in Europe as a result of an integrated business model whose capacity for adaptation to unfavourable conditions has been amply proven. In addition, the growth rate targets are maintained thanks to the new and traditional markets which will enable Prosegur to continue to be a world leader in security, creating value for its employees, its clients and its shareholders.

7. R&D&i

The important projects carried out in recent years distinguish the quality of the security services offered by Prosegur and prove its commitment to service innovation and excellence.

Among the projects that have been recently completed with success or which are currently in progress, we highlight the following:

a) Development of a global cash management system covering both business processes and the technological platforms supporting the processes, valid for all countries.

b) Development of a global information system to store and cross-reference data from all of the functional areas and support units, providing a comprehensive view of the business. This information would also be employed by system users to make decisions.

c) Development of an innovative technological platform focused on the private security business for the global planning and management of human and material resources associated with each service, designed to optimize efficiency in operational management based on access to fast and detailed technical and economic data.

d) Design and technological development of a corporate platform to enable all activities related to security service in the technology business area to be sustained in a homogeneous and unified way.

e) Development of a new service for banks which allows the maximum possible number of transactions to be carried out at a single counter. The new system will provide a unified view for transactions by various banks and other clients such as creditors and invoice issuers.

f) Our solution for managing all of the Company's logistic activities, from comprehensive planning these tasks to cash transport in the most secure controlled environment possible, providing a flexible, modular service which responds rapidly to unforeseen circumstances and changes in clients' needs, with guarantees of maximum security.

g) New authentication system for users of company applications allowing for all identity management and access control systems to be unified.

h) Design and development of a comprehensive security system for persons and premises via real time remote control, on-demand home video images and the use of home automation (domotics) services via a secure server.

i) New solutions for intelligent location of persons and assets in interior and exterior areas, for greater security and better resource planning.

8. Purchase and Sale of Own Shares

At 31 December 2013, the Company has 43,685,484 own shares (43,726,900 shares in 2012) accounting for 7.08% of the share capital (7.09% in 2012), at a value of Euros 125.2 million (Euros 125.3 million in 2012). Part of these shares is used to remunerate to Chief Executive Officer and Senior Management Personnel of Prosegur as part of incentive plans.

The incentive plan designed within the framework of remuneration systems linked to the traded value of the shares of the Prosegur parent company that is currently in force, was approved by the General Meetings of Shareholders held on 29 May 2012. The Board of Directors is authorised to acquire own shares up to the maximum limit set forth by Law.

The previous incentive plan, known as the 2011 Plan, was settled in January 2014. On the other hand, the maximum number of shares planned for Plan 2014, whose last delivery is scheduled for 2017, amounts to 4,120,000.

On 10 January 2014, Prosegur has carried out the block sale of a packet of 24,882,749 shares, accounting for 4.032% of the share capital, for a total amount of Euros 123.2 million.

9. Other Significant Information

9.1 Stocks and Shares Information

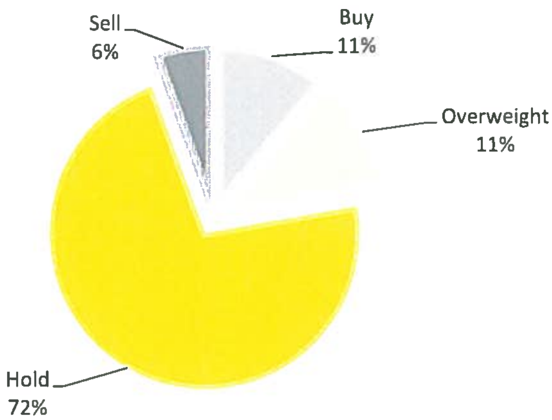
Prosegur focuses on creating value for its shareholders. The improvement in results and transparency, as well as in rigour and credibility, form the basis of the Company's actions.

The policy of relationship with shareholders and investors of Prosegur aims to establish a direct and personal communication that is stable over time. The Company has a close relationship with its shareholders, private and institutional investors, and with the main stock analysts, to whom it provides detailed information on an ongoing basis.

In order to meet this commitment to transparency, Prosegur uses various available communications channels, such as the webcast held each quarter to announce results or the creation of the Investors' Newsletter, added to the publication of other monthly information bulletins with specific contents for the investment community.

Analyst Recommendations

The recommendations of the investment firms that focus on Prosegur are as follows:



At 31 December 2013, the price of each Prosegur share closed Euros 4.98.

The Company share prices have experienced a positive annual growth of 9.45%, reaching its maximum closing price per year during December 2013.

Main Shareholders

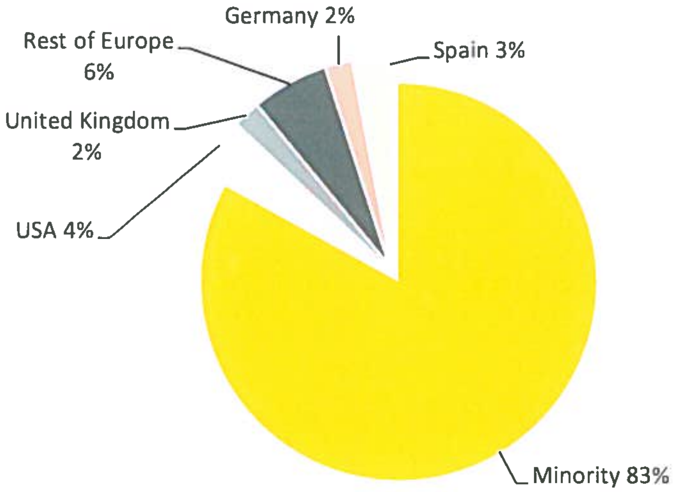
The shareholder structure of Prosegur reflects is solidity and stability.

At 31 December 2013, 70.3% of the Company capital was held by significant shareholders who are also part of the Board of Directors. The remaining 29.7% was free-float.

The strong presence of shareholders in the Board of Directors enables the management bodies, and especially the Executive Committee, to define the strategic guidelines and make decisions in line with the interests of all shareholders. This solid and stable shareholding, made up mostly of significant shareholders and institutional investors, provides Prosegur with the ideal conditions for developing its project and achieving its objectives.

Geographical Distribution of Floating Capital

At an international level, and given its growth potential, Prosegur has always had a high level of acceptance among investors. For this reason, its shareholding includes foreign investors which account for a very considerable part of its free-float.



9.2 Annual Report on Corporate Governance

The 2013 Prosegur Annual Report on Corporate Governance forms part of the Directors' Report and, as of the date of publication of the annual accounts, is available on the National Securities Market Commission and Prosegur websites. Such report includes Section E, which analyses the company systems for risk control and management, and Section F, which provides details on the risk control and management system in relation to the financial reporting process (SCIIF).

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL INFORMATION FOR 2013

The members of the Board of Directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the individual and consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries for 2013, authorised for issue by the Board of Directors at the meeting held on 27 February 2014 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, and that the respective individual and consolidated directors' reports provide a reliable analysis of the Company's performance and results and the position of Prosegur Compañía de Seguridad, S.A. and its consolidated group, together with the main risks and uncertainties facing the Group.

Madrid, 27 February 2014

Ms. Helena Irene Revoredo Delvecchio
Chairperson

Mr. Isidro Fernández Barreiro
Vice-Chairman

Mr. Christian Gut Revoredo
Managing Director

Ms. Mirta María Giesso Cazenave
Director

(Not signed due to absence) [1]
Ms. Chantal Gut Revoredo
Director

Mr. Pedro Guerrero Guerrero
Director

Mr. Eduardo Paraja Quirós
Director

Mr. Eugenio Ruiz-Gálvez Priego
Director

Mr. Fernando Vives Ruíz
Director

[1] Ms. Chantal Gut Revoredo was unable to attend the meeting of the board of directors held on 27 February 2014, having appointed a representative and expressly stated her approval of the Annual Financial Report for 2013.

DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries are the responsibility of the directors of the parent company, and have been prepared in accordance with international financial reporting standards endorsed by the European Union.

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

The Company evaluated its internal control system at 31 December 2013. Based on this evaluation, the directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by management, and that the financial records are reliable for the purposes of drawing up the annual accounts.

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

Mr. Antonio Rubio Merino
Director of Finance and Economic Affairs