PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

Auditors' Report, Annual Accounts and Directors' Report
at 31 December 2012

(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 2012 AND 2011

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

(Expressed in thousands of Euros)

	Note	2012	2011
Revenues	**2**	**861,616**	**870,452**
Services rendered		861,616	870,452
Change in inventories of finished products and work in progress		**614**	**1,524**
Self-constructed assets		**5,526**	**9,955**
Supplies		**(67,277)**	**(68,822)**
Raw materials and consumables used		(66,918)	(68,807)
Impairment of merchandise, raw materials and other supplies		(359)	(15)
Other operating income		**39,806**	**27,829**
Non-trading and other operating income		39,742	27,773
Operating grants taken to income		64	56
Personnel expenses	**2**	**(666,194)**	**(653,909)**
Salaries and wages		(513,425)	(505,077)
Employee benefits expense		(152,769)	(148,832)
Other operating expenses		**(112,006)**	**(106,152)**
External services		(88,508)	(82,363)
Taxes		(1,336)	(1,501)
Losses, impairment and changes in trade provisions	**14**	(3,682)	(2,735)
Other operating expenses		(18,480)	(19,553)
Amortisation and depreciation	**6 and 7**	**(20,384)**	**(23,764)**
Provision surpluses		**-**	**861**
Impairment and gains/(losses) on disposal of fixed assets	**2**	**(2,438)**	**(3,373)**
Losses on disposal and other		(2,438)	(3,373)
RESULTS FROM OPERATING ACTIVITIES		**39,263**	**54,601**
Finance income	**3**	**67,612**	**44,492**
Dividends		65,560	41,252
Group companies and associates		65,560	41,252
Other investment income		2,052	3,240
Group companies and associates		1,625	294
Other		427	2,946
Finance costs	**3**	**(28,363)**	**(19,279)**
Group companies and associates		(1,682)	(1,627)
Other		(26,681)	(17,652)
Change in fair value of financial instruments	**3**	**(9,412)**	**(2,002)**
Trading portfolio and other		(8,417)	(1,696)
Change in fair value of financial instruments		(995)	(306)
Exchange gains/(losses)	**3**	**1,085**	**(319)**
Impairment and losses on disposal of financial instruments	**3**	**(577)**	**(6,132)**
Impairment and losses		(35)	(6,020)
Losses on disposal and other		(542)	(112)
NET FINANCE INCOME		**30,345**	**16,760**
PROFIT BEFORE INCOME TAX		**69,608**	**71,361**
Income tax expense (income)	**20**	**1,781**	**(13,276)**
PROFIT FOR THE YEAR		**71,389**	**58,085**

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

II. BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011

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

(Expressed in thousands of Euros)

ASSETS	Note	2012	2011
NON-CURRENT ASSETS		**737,806**	**711,396**
Intangible assets	**6**	**117,437**	**113,653**
Patents, licences, trademarks and similar rights		6,644	7,039
Goodwill		90,657	91,891
Computer software		8,950	7,765
Other intangible assets		11,186	6,958
Property, plant and equipment	**7**	**45,625**	**120,523**
Land and buildings		-	46,230
Technical installations and other items		44,190	70,690
Under construction and advances		1,435	3,603
Non-current investments in group companies and associates	**9**	**502,191**	**413,517**
Equity instruments		502,191	413,517
Non-current investments	**10**	**30,806**	**30,675**
Equity instruments		24,549	24,549
Loans to third parties		291	164
Other financial assets		5,966	5,962
Deferred tax assets	**21**	**41,747**	**33,028**
CURRENT ASSETS		**345,101**	**312,961**
Non-current assets held for sale	**12**	**-**	**448**
Inventories	**13**	**18,332**	**16,883**
Goods for resale		4,815	5,514
Raw materials and other supplies		3,363	2,191
Work in progress		10,154	9,178
Trade and other receivables	**14**	**245,656**	**204,248**
Trade receivables		195,724	149,374
Trade receivables from group companies and associates		35,695	33,973
Other receivables		10,192	9,518
Personnel		607	804
Current tax assets		2,720	9,854
Public entities, other		718	725
Current investments in group companies and associates	**14**	**76,247**	**42,425**
Loans to companies		67,686	29,755
Other financial assets		8,561	12,670
Current investments		**384**	**33,717**
Equity instruments		-	1,262
Other financial assets	**10**	384	32,455
Prepayments for current assets		**1,019**	**1,201**
Cash and cash equivalents	**15**	**3,463**	**14,039**
Cash		3,463	11,539
Cash equivalents		-	2,500
TOTAL ASSETS		**1,082,907**	**1,024,357**

The accompanying notes form an integral part of the annual accounts for 2012.

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

III. BALANCE SHEETS AT 31 DECEMBER 2012 AND 2011

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

(Expressed in thousands of Euros)

EQUITY AND LIABILITIES	Note	2012	2011
EQUITY		**159,736**	**135,814**
Capital and reserves		**159,736**	**135,814**
Subscribed capital	**16**	**37,027**	**37,027**
Registered capital		37,027	37,027
Share premium	**16**	**25,472**	**25,472**
Reserves	**17**	**137,402**	**132,571**
Legal and statutory reserves		7,406	7,406
Other reserves		129,996	125,165
(Own shares and equity investments)	**16**	**(114,242)**	**(123,175)**
Profit for the year	**4**	**71,389**	**58,085**
Other equity instruments	**16**	**2,659**	**5,781**
Grants, donations and bequests received	**17**	**29**	**53**
B) NON-CURRENT LIABILITIES		**514,403**	**530,029**
Non-current provisions	**18**	**26,692**	**43,813**
Long-term employee benefits		1,615	-
Other provisions		25,077	43,813
Non-current payables	**19**	**460,892**	**437,068**
Loans and borrowings		448,308	416,189
Derivatives	**11**	4,548	3,587
Other financial liabilities		8,036	17,292
Deferred tax liabilities	**21**	**18,176**	**36,451**
Non-current accruals		**8,643**	**12,697**
CURRENT LIABILITIES		**408,768**	**358,514**
Current payables	**19**	**177,757**	**155,453**
Loans and borrowings		117,609	83,154
Derivatives	**11**	-	41
Other financial liabilities		60,148	72,258
Group companies and associates, current	**19**	**74,015**	**51,753**
Trade and other payables	**19**	**149,596**	**142,513**
Suppliers, group companies and associates		26,683	8,172
Suppliers		129	3,379
Other payables		40,189	44,901
Personnel (salaries payable)		45,980	49,193
Public entities, other		36,615	36,868
Accruals		**7,400**	**8,795**
TOTAL EQUITY AND LIABILITIES		**1,082,907**	**1,024,357**

IV. STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

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

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE

(Expressed in thousands of Euros)

	Note	2012	2011
Profit for the year	**4**	**71,389**	**58,085**
Transfers to the income statement	**17**	**(24)**	**(27)**
Grants		(34)	(56)
Tax effect		10	29
Total Recognised Income and Expense		**71,365**	**58,058**

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

V. STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

B) STATEMENT OF TOTAL CHANGES IN EQUITY

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

(Expressed in thousands of Euros)	Share capital (Nota 16)	Share premium (Nota 16)	Legal reserve (Nota 16)	Other reserves (Nota 16)	Own shares (Nota 16)	Profit for the year (Nota 4)	Other equity instruments (Nota 16)	Grants (Nota 17)	Total
BALANCE AT 1 January 2011	**37,027**	**25,472**	**7,406**	**119,453**	**(40,731)**	**55,773**	**5,016**	**-**	**209,416**
I Total recognised income and expense	-	-	-	-	-	58,085	-	(27)	58,058
II Transactions with equity holders or owners	-	-	-	5,712	(82,444)	(55,773)	-	80	(132,425)
- Distribution of dividends	-	-	-	(4,727)	-	(55,773)	-	-	(60,500)
- Transactions with own shares and equity holdings (net)	-	-	-		(82,444)	-	-	-	(82,444)
- Increase (decrease) in equity resulting from a business combination (Note 5)	-	-	-	5,693	-	-	-	80	5,773
- Other transactions with equity holders or owners	-	-	-	4,746	-	-	-	-	4,746
III Other changes in equity	-	-	-	-	-	-	765	-	765
BALANCE AT 31 DECEMBER 2011	**37,027**	**25,472**	**7,406**	**125,165**	**(123,175)**	**58,085**	**5,781**	**53**	**135,814**
I Total recognised income and expense	-	-	-	-	-	71,389	-	(24)	71,365
II 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
III Other changes in equity	-	-	-	9,693	-	-	(3,122)	-	6,571
BALANCE AT 31 DECEMBER 2012	**37,027**	**25,472**	**7,406**	**129,996**	**(114,242)**	**71,389**	**2,659**	**29**	**159,736**

The accompanying notes form an integral part of the annual accounts for 2012.

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

VI. STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

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

(Expressed in thousands of Euros)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before tax	**69,608**	**71,361**
Adjustments for:	**(22,849)**	**10,402**
a) Amortisation and depreciation (+)	20,384	23,764
b) Impairment losses (+/-)	394	8,770
c) Change in provisions (+/-)	(6,662)	(861)
d) Grants recognised in the income statement (+/-)	(64)	(56)
e) Proceeds from disposals of fixed assets (+/-)	2,438	3,373
f) Finance income (-)	(67,612)	(44,492)
g) Finance expenses (+)	28,363	19,279
h) Exchange gains/(losses)(+/-)	(1,085)	319
i) Change in fair value of financial instruments (+/-)	995	306
Changes in operating assets and liabilities	**(54,626)**	**(52,414)**
a) Inventories (+/-)	(1,808)	(4,856)
b) Trade and other receivables (+/-)	(49,060)	20,600
c) Other current assets (+/-)	-	(96)
d) Trade and other payables (+/-)	7,083	(24,675)
e) Other current liabilities (+/-)	-	13,511
f) Other non-current assets and liabilities (+/-)	(10,841)	(56,898)
Other cash flows from operating activities	**29,475**	**78,387**
a) Interest paid (-)	(28,592)	(18,106)
b) Dividends received (+)	65,560	100,746
c) Interest received (+)	2,052	4,190
d) Income tax received (paid) (+/-)	(9,545)	(8,443)
Cash flows from operating activities	**21,608**	**107,736**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments (-)	**(82,932)**	**(230,531)**
a) Group companies and associates	(61,081)	(179,612)
b) Intangible assets	(12,716)	(13,581)
c) Property, plant and equipment	(9,000)	(28,348)
e) Other financial assets	(135)	(8,990)
Proceeds from sale of investments (+)	**46,963**	**143,098**
a) Group companies and associates	20,262	64,721
b) Property, plant and equipment	72	127
c) Other financial assets	26,629	78,250
Cash flows used in investing activities	**(35,969)**	**(87,433)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from and payments for equity instruments	**11,019**	**(82,432)**
a) Acquisition of own equity instruments (-)	(17,790)	(82,444)
b) Disposal of Equity instruments (+)	28,779	-
c) Grants, donations and bequests received (+)	30	12
Proceeds from and payments for financial liability instruments	**52,260**	**78,811**
a) Issue	145,540	341,311
1. Loans and borrowings (+)	145,540	311,988
2. Other payables (+)	-	29,323
b) Redemption and repayment of	(93,281)	(262,500)
1. Loans and borrowings (+)	(46,193)	(262,500)
2. Other payables (-)	(47,088)	-
Dividends and interest on other equity instruments paid	**(59,494)**	**(57,750)**
a) Dividends (-)	(59,494)	(57,750)
Cash flows from/used in financing activities	**3,785**	**(61,371)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(10,576)**	**(41,068)**
Cash and cash equivalents at beginning of year	14,039	55,107
Cash and cash equivalents at year end	3,463	14,039

The accompanying notes form an integral part of the annual accounts for 2012.

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VII. NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 filed at 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 or 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 that are exclusive 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 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.

The Company mainly operates in Spain, nevertheless as a result of its activity related to the installation and maintenance of security equipment, devices and systems, it also operates in Poland, Greece and Italy where it has permanent commercial premises. The Prosegur Group operates internationally.

The Company is listed on the Barcelona and Madrid stock exchanges in Spain.

The Company participates in various joint ventures along with other venturers, which have been included in the annual accounts in line with the criteria explained in Note 33.15. Information on the joint ventures, which are temporary joint ventures, is presented in Note 25.

The Group is controlled by Gubel S.L., which was incorporated in Madrid and holds 50.075% of the Company’s share capital.

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 entities are disclosed in Note 9.

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 2012. The consolidated annual accounts were drawn up by the board of directors, together with these individual annual accounts, on 25 February 2013 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 2012 present consolidated profit of Euros 171,567 thousand and consolidated equity of Euros 731,800 thousand. (Euros 167,044 thousand and Euros 670,901 thousand in 2011)

2. Income and Expenses

a) Revenues

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

	Thousands of Euros			
	Domestic		World	Rest of EU
	2012	**2011**	**2012**	**2011**
Security patrol	559,894	562,400	-	-
Valuables logistics and cash management (LVGE)	152,940	159,473	-	-
Technology	144,028	147,690	4,754	889
	856,862	**869,563**	**4,754**	**889**

b) Supplies

All of the Company's purchases in 2012 and 2011 were made in Spain. In 2012 the Company has recognised impairment of Euros 359 thousand on inventories (in 2011: Euros 15 thousand) (see Note 13).

c) Personnel expenses

Details of the employee benefits expense for the years ended 31 December 2012 and 2011 are as follows:

	Thousands of Euros	
	2012	**2011**
Salaries and wages	504,821	498,611
Termination benefits	8,604	6,466
Employee benefits expense	146,858	142,864
Other employee benefits expenses	5,911	5,968
Total	**666,194**	**653,909**

The employee benefits expense includes Social Security credits amounting to Euros 3,264 thousand (Euros 5,358 thousand in 2011) 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 1,636 thousand (Euros 1,619 thousand in 2011) awarded for on-the-job training programmes.

With regards to the Spanish Supreme Court ruling on overtime rates (see Note 18), in 2012 no employee benefits expense has been recognised (in 2011 a provision of Euros 1,070 thousand was made under salaries and wages and a non-current provision of Euros 325 thousand was recognised under employee benefits expense).

The Company has also released a provision with a balancing entry under salaries and wages amounting to Euros 14,016 thousand (Euros 18,360 thousand in 2011) and has released Euros 4,867 thousand recognised under employee benefits expense (Euros 6,150 thousand in 2011). In 2012 payments of Euros 6,924 thousand have been made in relation to this ruling (Euros 16,288 thousand in 2011), and the net effect of the reversals on the income statement therefore amounts to Euros 11,959 thousand in 2012 (Euros 8,222 thousand in 2011).

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 33.12), amounting to Euros 3,876 thousand (Euros 871 thousand in 2011), of which Euros 1,615 thousand comprise cash incentives and Euros 2,261 thousand correspond to share-based incentives.

d) Gains/losses on disposal of fixed assets

	Thousands of Euros	
	2012	**2011**
Property, plant and equipment	(2,438)	(3,373)
Total	**(2,438)**	**(3,373)**

This caption mainly includes losses from disposals totalling Euros 2,510 thousand, mainly relating to alarm installations (Euros 3,422 thousand in 2011).

3. Net finance income

Details of finance income and costs are as follows:

	Thousands of Euros	
	2012	**2011**
Finance income	**67,612**	**44,492**
Dividends	65,560	41,252
Group companies and associates (Note 26)	65,560	41,252
Marketable securities and other financial instruments	2,052	3,240
- Group companies and associates	1,625	294
- Other	427	2,946
Finance costs	**(28,363)**	**(19,279)**
- Group companies and associates (Note 26)	(1,682)	(1,627)
- Other	(26,681)	(17,652)
Financial instruments	**(9,412)**	**(2,002)**
- Other gains/(losses) on other financial instruments (Note 8.1)	(7,295)	**-**
- Other gains/(losses) on derivative transactions (Note 11)	(1,122)	(1,696)
- Change in fair value of derivatives (Note 11)	(995)	(306)
Exchange gains/(losses)	**1,085**	**(319)**
Impairment and gains/(losses) on disposal of financial instruments	**(577)**	**(6,132)**
- Impairment and losses	(35)	(6,020)
- Gains/(losses) on disposal and other	(542)	(112)
NET FINANCE INCOME	**30,345**	**16,760**

a) Finance income and costs

	Thousands of Euros	
	2012	**2011**
Finance income	**67,612**	**44,492**
Dividend on investments in group companies and associates (Note 26)	65,560	41,252
Interest on loans to group companies and associates (Note 26)	1,625	294
Interest on debt securities	195	2,748
Other finance income	232	198
Finance costs	**(28,363)**	**(19,279)**
Interest on payables to group companies and associates (Note 26)	(1,682)	(1,627)
Interest on bank loans	(17,345)	(11,880)
Interest on factoring transactions (Note 14)	(2,096)	(3,136)
Other finance costs	(7,240)	(2,636)

Finance income and costs in relation to group companies reflect interest earned on current loans to group companies (see Note 26).

Interest on bank loans mainly relates to the syndicated loan (see Note 19).

Other finance costs for 2012 include 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 1,085 thousand (a loss of Euros 319 thousand in 2011) which mainly comprises the following:

- A net loss of Euros 921 thousand on a bank loan granted in Colombia in Colombian Pesos (see Note 19).
- A net loss of Euros 113 thousand on a group company loan in Mexican Pesos to the Mexican subsidiary.
- A net gain of Euros 1,295 thousand on a bank loan granted in Brazil in Brazilian Reals (see Note 19).
- A net loss of Euros 133 thousand on the debt payable as a result of the acquisition of Prosec Services Pte, Ltda in Singapore Dollars.
- A net gain of Euros 207 thousand on debt payable as a result of the acquisition of Tellex in Argentinian Pesos.
- A net gain of Euros 260 thousand on a group company loan to the subsidiary in Uruguay in Uruguayan pesos.
- A net gain of Euros 565 thousand on debt payable in Brazilian Reals due to the acquisition of the Martom Group (Brazil).
- A net loss of Euros 629 thousand on debt payable in Colombian pesos due to the acquisition of Beloura Investments.
- A net gain of Euros 165 thousand on debt payable in Brazilian Reals due to the capital increase of Prosegur Tecnología (Brazil)
- A net gain of Euros 435 thousand on other debt payable to Group companies in Argentinian pesos.

In 2011 the Euros 319 thousand loss was mainly the net result of a loss of Euros 342 thousand on a loan extended in Colombia, a gain of Euros 97 thousand on loans in Mexican pesos to the Mexican subsidiary and a loss of Euros 74 thousand on debt payable in Singapore dollars due to the acquisition of Prosec Services Pte. Ltda.

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

	Thousands of Euros	
	2012	**2011**
Impairment and losses on disposal	**(577)**	**(6,132)**
Impairment of investments in group companies	(35)	-
Impairment of investments in other companies	(542)	(6,132)

In 2012 the Company has recognised impairment of Euros 35 thousand on investments in Group companies in relation to its investment in Prosegur Activa Chile.

In 2012 other investments were purchased and sold resulting in a net loss of Euros 542 thousand (a net loss of Euros 112 thousand in 2011). Also in 2011 the Company recognised impairment of Euros 6,020 thousand in respect of Capitolotre SPA.(See Note 10).

4. 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
	2012
Basis of distribution	
Profit for the year	71,389
Total	**71,389**
Distribution	
Goodwill reserve	4,604
Voluntary reserves	838
Dividends	65,947
Total	**71,389**

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 2013 and January and April 2014. 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.

At the general meeting held on 29 May 2012, the shareholders approved the distribution of dividends amounting to Euros 62,947 thousand (Euros 0.1020 per share). When this meeting was held, share capital was divided into 617,124,640 shares. Shareholders received 50% of this dividend, or Euros 31,473 thousand, in July and October 2012. The two remaining payments, each representing 25% of the approved amount, will be made in January and April 2013. Therefore, at 31 December 2012 dividends payable of Euros 31,474 thousand have been recognised under current liabilities as other payables under trade and other payables.

As explained in Note 16, the share-split agreement was implemented on 6 July 2012 and as a result share capital comprised 617,124,640 shares with a par value of Euros 0.06 each. The gross sum of the next payments to be made in January and April 2013 would be therefore Euros 0.0255 per profit-sharing share outstanding at that date, equivalent to a net amount of Euros 0.0201 per share.

b) Dividend restrictions

Reserves and profit for the year are freely distributable except for the restrictions described in Note 16.

5. Business Combinations

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 is 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 spinoff 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 Mercantile Registry of Madrid on 19 September 2012 and approved by the managing bodies of both companies on 29 May 2012.

The spun-off company is the sole 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 33.14, 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
Holding and management of real estate assets	
Assets	
Non-current assets	**68,302**
Intangible assets	-
Property, plant and equipment	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	**59,805**
Share capital increase	29,903
Share premium	29,903
	59,805

In compliance with article 93 of chapter VIII, title VII of the Revised Spanish Income Tax Law, approved by Royal Decree Law 4/2004, details of the spin-off balance sheet for the business activity at 31 December 2011 are provided above. The latest balance sheet of the company spinning off the line of business is at 31 December 2011.

All the assets acquired by the beneficiary have been recognised at their carrying amount in the transferor's accounts.

The tax benefits used by the spun-off activity consist of accelerated depreciation on the assets contributed for 2009, 2010 and 2011 amounting to Euros 8,524 thousand.

2011

In 2011 the Company absorbed Prosegur Transportes de Valores, S.A., Prosegur Activa España, S.L.U., Prosegur Servicio Técnico, S.L.U. and Prosegur Tecnología, S.L.U., with the aim of improving the Prosegur Group's competitive position and simplifying administrative procedures and tasks.

As established in Recognition and Measurement Standard 21 of the Spanish General Chart of Accounts amended by Royal Decree 1159/2010 of 17 September 2010, the assets and liabilities acquired were measured at the carrying amounts they would have in the post-transaction consolidated annual accounts. For this purpose the Company considered the amounts included in the consolidated annual accounts prepared under EU-IRFS, which do not differ from the values that would have been obtained had the Spanish General Chart of Accounts been applied.

6. 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 2011	85,166	4,782	21,424	1,685	2,655	1,198	116,910
Business combinations	6,725	1,025	3,393	280	5,690	-	17,113
Additions	-	4,922	1,877	4,676	-	2,106	13,581
Disposals	-	(85)	(83)	(48)	(1,358)	-	(1,574)
Transfers	-	1,198	625	(1,823)	-	-	-
Balance at 31 December 2011	91,891	11,842	27,236	4,770	6,987	3,304	146,030
Business combinations	-	-	(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
Amortisation							
Balance at 1 January 2011	-	(1,809)	(14,518)	-	(1,884)	(328)	(18,539)
Business combinations	-	(771)	(2,854)	-	(5,352)	-	(8,977)
Amortisation for the year	-	(1,401)	(3,089)	-	(279)	(1,618)	(6,387)
Disposals	-	85	83	-	1,358	-	1,526
Transfers	-	(907)	907	-	-	-	-
Balance at 31 December 2011	-	(4,803)	(19,471)	-	(6,157)	(1,946)	(32,377)
Business combinations	-	-	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)
Carrying amount							
At 1 January 2011	**85,166**	**2,973**	**6,906**	**1,685**	**771**	**870**	**98,371**
At 31 December 2011	**91,891**	**7,039**	**7,765**	**4,770**	**830**	**1,358**	**113,653**
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**

a) Goodwill

Details of goodwill are as follows:

	Thousands of Euros	
	Carrying amount 2012	**Carrrying amount 2011**
CESS, S.A.	29,343	30,577
Grupo Nordés	45,587	45,587
IASA Ingenieros, S.A.U.	6,141	6,141
Prosegur Málaga, S.L.	584	584
Other	9,002	9,002
Total	**90,657**	**91,891**

The most significant balances relate to the mergers of CESS, S.A. and the Nordés Group with Prosegur Compañía de Seguridad, S.A. in 2005. The technology-related business acquired from the Nordés Group, with the exception of the aforementioned goodwill, was transferred to Nordés Prosegur Tecnología, S.L.U. in 2005. This company's name was subsequently changed to Prosegur Tecnología S.L.U., which was absorbed by Prosegur Compañía de Seguridad, S.A. in 2011. As a result of the merger transactions in 2011, the Company has incorporated the goodwill that arose on the absorption of IASA Ingenieros S.A.U. by Prosegur Tecnología S.L.U. in 2007 and the goodwill that was generated when Prosegur Málaga S.L. was merged into the Company. Subsequently, on 1 February 2007, the Company transferred the entire alarm business to Prosegur Activa España, S.L.U.

The rest of goodwill reflects mergers carried out prior to 2006.

Impairment testing of goodwill

Goodwill has been allocated to the Company's cash-generating units (CGUs) based on the business acquired and merged. For impairment testing purposes, goodwill is allocated to cash-generating units (CGUs). Goodwill is allocated to the CGUs that are expected to benefit from the business combination from which the goodwill arose.

The CGU to which the goodwill arising on the merger with CESS has been allocated is that of the acquired business, which is managed through customer portfolios, monitoring the total revenues, gross margin, etc. obtained by the Company's business in the geographical area of the merged company.

Other goodwill reflects businesses acquired and merged with the Company's own business.

Goodwill has an indefinite useful life and is not amortised. The Company performs annual impairment tests on goodwill at the end of each reporting period, or sooner if there are indications of impairment, in accordance with the accounting policy described in Note 33.3.

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. Cash flows beyond this four-year period are extrapolated using estimated growth rates. The cash flows take into consideration past experience 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:

	Nordés Group		**CESS Group**	
	2012	**2011**	**2012**	**2011**
Growth rate [1]	1.73	1.74	1.73	1.74
Discount rate [2]	5.76	7.41	5.76	7.41

[1] Weighted average growth rate used to extrapolate cash flows beyond the budgeted period.

[2] Average discount rate after tax applied to cash flow projections.

Management determined the budgeted gross margin using estimates based on past returns and the foreseeable development of the market. The weighted average growth rates are consistent with the forecasts included in industry reports. The discount rates used are pre-tax values and reflect specific risks related to the relevant segments. Using pre-tax rates makes no difference to the conclusions as to the recoverable amount of goodwill.

Impairment testing in 2012 and 2011 revealed no impairment losses.

In addition to impairment testing, Prosegur has performed the following sensitivity analysis on goodwill:

- If the EBITDA estimated by management at 31 December 2012 had been 10% lower, the Company would not have had to reduce the carrying amount of the goodwill allocated to the CGUs at that date.
- If the revised pre-tax rate used to discount cash flows had been 10% higher than estimated by management, with all other key assumptions remaining constant, it would not have been necessary to reduce the carrying amount of goodwill allocated to the CGUs at 31 December 2012.

b) Licences

Details of licences at year end are as follows:

			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**

			Thousands of Euros			
			2011			
Description and use	**Expiry date**	**Amortisation period**	**Amortisation for the year**	**Cost**	**Accumulated amortisation**	**Carrying amount**
Licences - Software	2011	3 years	368	1,600	1,600	-
Licences - Software	2015	5 years	121	484	170	314
Licences - Software	2014	5 years	542	2,167	866	1,301
Licences - Software	----	----	-	1,042	-	1,042
Licences - CRA	2011	5 years	4	714	714	-
Other	2014/2016	5 years	366	5,835	1,453	4,382
			1,401	**11,842**	**4,803**	**7,039**

c) Fully amortised intangible assets

The cost of fully amortised intangible assets in use at 31 December 2012 totals Euros 29,646 thousand (Euros 26,577 thousand in 2011).

d) Assets acquired from group companies and associates

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

	Thousands of Euros		
	2012		
Asset Description	**Cost**	**Accumulated amortisation**	**Carrying amount**
Innovation projects	4,414	1,239	3,175
	4,414	**1,239**	**3,175**

e) Assets subject to guarantees and title restrictions

At 31 December 2012 and 2011 the Company has no significant intangible assets that are subject to restrictions on title or pledged as security for liabilities.

7. Property, plant and equipment

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

	Thousands of Euros					
	Land and buildings (1)	**Technical installations and machinery**	**Other installations, equipment and furniture**	**Other property, plant and equipment**	**Under construction and advances**	**Total**
Cost						
Balance at 1 January 2011	26,274	13,614	40,842	32,101	2,302	115,133
Business combinations	467	9,169	62,103	11,236	20	82,995
Additions	2,169	1,392	10,760	4,634	9,393	28,348
Disposals	-	(218)	(7,033)	(856)	-	(8,107)
Transfers	28,965	55	1,099	1,377	(8,112)	23,384
Balance at 31 December 2011	57,875	24,012	107,771	48,492	3,603	241,753
Business combinations	(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
Depreciation						-
Balance at 1 January 2011	(10,573)	(12,172)	(15,202)	(23,294)	-	(61,241)
Business combinations	(134)	(6,510)	(30,667)	(9,813)	-	(47,124)
Depreciation for the year	(795)	(1,339)	(11,326)	(3,917)	-	(17,377)
Disposals	-	165	3,669	821	-	4,655
Transfers	(143)	-	-	-	-	(143)
Balance at 31 December 2011	(11,645)	(19,856)	(53,526)	(36,203)	-	(121,230)
Business combinations	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)
Carrying amount						
At 1 January 2011	**15,701**	**1,442**	**25,640**	**8,807**	**2,302**	**53,892**
At 31 December 2011	**46,230**	**4,156**	**54,245**	**12,289**	**3,603**	**120,523**
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**

(1) At 31 December 2011, land and buildings comprise land with a value of Euros 20,851 thousand and buildings amounting to Euros 37,024 thousand.

a) Business combinations

Disposals of business combinations comprise the spinoff of the holding and management of real estate asset line of business to Prosegur Gestión de Activos, S.L. (see Note 5).

In 2011 the additions due to business combinations reflect the assets received from the merged companies Prosegur Activa España, S.L.U., Prosegur Transporte de Valores, S.A., Prosegur Servicio Técnico, S.L.U. and Prosegur Tecnología, S.L.U.

b) Additions

Other installations, equipment and furniture

Fitting-out work and security system installations in 2012 mainly comprise those carried out in the Madrid, Las Palmas, Murcia and Cordoba branches, totalling Euros 709 thousand, while furniture additions amount to Euros 108 thousand. In 2011 the main fitting-out works were carried out in the Madrid, Barcelona, Las Palmas and Tenerife facilities and totalled Euros 3,250 thousand, with furniture totalling Euros 982 thousand.

This caption also includes alarms installed on customers' premises totalling Euros 1,691 thousand (Euros 4,891 thousand in 2011).

Under construction and advances

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.

Work in progress, which totals Euros 1,435 thousand at 31 December 2012, mainly reflects the renewal of armoured vehicles (Euros 599 thousand) and work related to the security installations and systems in the Company's facilities which amounted to Euros 836 thousand (in 2011 Euros 3,603 thousand mainly on armoured vehicles).

In September 2011 the Company completed the construction of the new offices of the branch in Quart de Poblet (Valencia). The cost was Euros 5,660 thousand which has been reclassified under buildings.

Other property, plant and equipment

During 2012 the Company has put armoured vehicles into service totalling Euros 3,204 thousand which had previously been recognised as items under construction (Euros 1,554 thousand in 2011); these comply with the Euro III standard on the emission of non-polluting particles.

c) Disposals

Disposals in the year mainly consist of customer contracts for deactivated alarm installations with a carrying amount of Euros 2,341 thousand (Euros 3,122 thousand in 2011) and Euros 97 thousand in other installations, equipment, furniture and other property, plant and equipment (Euros 300 thousand in 2011). A Euros 2,510 thousand loss was incurred on disposals in 2012 (Euros 3,422 thousand in 2011) (see Note 2).

d) Impairment losses

The Company has not recognised or reversed any impairment losses on any items of property, plant and equipment in 2012 and 2011.

e) Individually significant property, plant and equipment:

As a result of the spin-off described in Note 5, the individually significant property, plant and equipment held by the Company at 2011 year end was transferred to the Group company, Prosegur Gestión de Activos, S.L. Details of these items at 31 December 2011 are as follows:

		Thousands of Euros		
		2011		
Description of asset	**Residual useful life**	**Depreciation**	**Accumulated depreciation**	**Carrying amount**
Madrid building (Vicalvaro)	32	342	485	22,898
Valencia building	33	43	43	7,542
		385	**528**	**30,440**

f) Assets acquired from group companies and associates

The Company has not acquired assets from Group companies or associates in 2012 and 2011.

g) Fully depreciated property, plant and equipment

Fully depreciated property, plant and equipment in use at 31 December 2012 total Euros 56,728 thousand.

At 31 December 2011 there were fully depreciated buildings with an original cost of Euros 6,276 thousand which were still in use. The cost of other fully depreciated property, plant and equipment still in use was Euros 53,556 thousand.

i) Property, plant and equipment pledged as collateral

At 31 December 2012 and 2011 the Company has no property, plant and equipment subject to restrictions on title or pledged as security for liabilities.

j) Assets under operating lease

<u>Lessee</u>

The Company rents various premises, offices, industrial bays, warehouses, computer equipment, office equipment and vehicles 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	
	2012	**2011**
Lease payments	18,482	15,825
	18,482	15,825

Future minimum payments under non-cancellable operating leases are shown in Note 24.

k) 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.

8. Analysis of Financial Instruments

8.1 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 entities and associates (see Note 9) and cash and cash equivalents (see Note 15), is as follows:

a) Financial assets:

	Thousands of Euros			
	2012			
	Equity instruments	**Loans and other**	**Trade and other receivables**	**Total**
Non-current				
Assets available for sale (Note 10)	24,549	6,257	-	30,806
	24,549	**6,257**	**-**	**30,806**
Current				
Loans and receivables (Note 14)	-	76,631	242,218	318,849
	-	**76,631**	**242,218**	**318,849**
Total	**24,549**	**82,888**	**242,218**	**349,655**

	Thousands of Euros			
	2011			
	Equity instruments	**Loans and other**	**Trade and other receivables**	**Total**
Non-current				
Assets available for sale (Note 10)	24,549	6,126	-	30,675
	24,549	**6,126**	**-**	**30,675**
Current				
Loans and receivables (Note 14)	-	74,880	193,669	268,549
Assets available for sale (Note 10)	1,262	-	-	1,262
	1,262	**74,880**	**193,669**	**269,811**
Total	**25,811**	**81,006**	**193,669**	**300,486**

During 2012 the Company has decided to capitalise a loan extended to a Group company. As a result, the Company has recognised Euros 7,295 thousand under changes in the fair value of financial instruments (see Note 3) resulting from the difference between the fair value of the capitalised loan and its carrying amount.

b) Financial liabilities:

	Thousands of Euros				
	2012				
	Loans and borrowings	**Trade and other payables**	**Derivatives**	**Other financial liabilities**	**Total**
Non-current					
Debts and payables (Note 19)	448,308	-	-	8,036	456,344
Derivatives (Note 11)	-	-	4,548	-	4,548
	448,308	**-**	**4,548**	**8,036**	**460,892**
Current					
Debts and payables (Note 19)	117,609	112,981	-	134,163	364,753
	117,609	**112,981**	**-**	**134,163**	**364,753**
Total	**565,917**	**112,981**	**4,548**	**142,199**	**825,645**

	Thousands of Euros				
	2011				
	Loans and borrowings	**Trade and other payables**	**Derivatives**	**Other financial liabilities**	**Total**
Non-current					
Debts and payables (Note 19)	416,189	-	-	17,292	433,481
Derivatives (Note 11)	-	-	3,587	-	3,587
	416,189	**-**	**3,587**	**17,292**	**437,068**
Current					
Debts and payables (Note 19)	83,154	105,645	-	124,011	312,810
Derivatives (Note 11)	-	-	41	-	41
	83,154	**105,645**	**41**	**124,011**	**312,851**
Total	**499,343**	**105,645**	**3,628**	**141,303**	**749,919**

8.2. Analysis by maturity

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

a) Financial assets:

	Thousands of Euros				
	2012				
	Financial assets				
	2013	**2014**	**2015**	**Thereafter**	**TOTAL**
Investments 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 insturments	-	-	-	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 associates	35,695	-	-	-	**35,695**
- Other receivables	10,192	-	-	-	**10,192**
- Personnel	607	-	-	-	**607**
	242,218	**-**	**-**	**-**	**242,218**
Total	**318,849**	**-**	**-**	**30,806**	**349,655**

	Thousands of Euros				
	2011				
	Financial assets				
	2012	**2013**	**2014**	**Thereafter**	**TOTAL**
Investments in group companies and associates:					
Loans to companies	29,755	-	-	-	**29,755**
Other financial assets	12,670	-	-	-	**12,670**
	42,425	**-**	**-**	**-**	**42,425**
Other investments:					
Equity instruments	1,262	-	-	24,549	**25,811**
Other financial assets	32,455	-	-	6,126	**38,581**
	33,717	**-**	**-**	**30,675**	**64,392**
Trade and other receivables:					
- Trade receivables	149,374	-	-	-	**149,374**
- Trade receivables from group companies and associates	33,973	-	-	-	**33,973**
- Other receivables	9,518	-	-	-	**9,518**
- Personnel	804	-	-	-	**804**
	193,669	**-**	**-**	**-**	**193,669**
Total	**269,811**	**-**	**-**	**30,675**	**300,486**

b) Financial liabilities:

	Thousands of Euros				
	2012				
	Financial liabilities				
	2013	2014	2015	Subsequent years	TOTAL
Group companies and associates	74,015	-	-	-	**74,015**
Loans and borrowings	117,609	50,270	397,662	376	**565,917**
Derivatives (Note 11)	-	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**

	Thousands of Euros				
	2011				
	Financial liabilities				
	2012	2013	2014	Subsequent years	TOTAL
Group companies and associates	51,753	-	-	-	**51,753**
Loans and borrowings	83,154	73,129	53,060	290,000	**499,343**
Derivatives (Note 11)	41	-	-	3,587	**3,628**
Other financial liabilities	177,903	9,145	6,837	1,310	**195,195**
Total	**312,851**	**82,274**	**59,897**	**294,897**	**749,919**

9. Investments in Group Companies, Jointly Controlled Entities and Associates

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

	Thousands of Euros	
	2012	**2011**
Opening balance	**413,517**	**330,496**
Investments		
Business combinations	-	1,859
Additions	95,867	99,402
Disposals	(7,158)	(18,190)
Impairment		
Business combinations	-	(50)
Impairment losses	(35)	-
Closing balance	**502,191**	**413,517**

a) Additions

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

	Thousands of Euros	
	2012	**2011**
Prosegur, GMBH (formerly called Securlog, GMBH)	-	22,683
Beloura Investements, S.L.U.	-	19,836
Distribuidora Federal, SAC	-	5,261
General Insdustrie Argentina, S.A (GIASA)	-	374
Gemper, S. A.- Sistemas Integrales de Control	-	109
Luxpai Holdo SARL [3]	31,477	423
Prosegur Holding e Participacoes, S.A.	-	20,214
Grupo Tratamiento y Gestión de Valores SAPI de CV [3]	388	-
Pitco Asia Pacific Limited [1]	-	1
Prosec Services Pte.Ltda	329	5,563
Malcoff Holding BV [3]	20	-
Prosegur Gestion de Assets, S.L.U.	59,805	-
Prosegur Servicios Administrativos, S.A. [2]	1	-
Prosegur Tecnología em Sistemas de Segurança Electronica e Incendios Ltda.	-	5,664
Pitco Ventures, SCR Simplificada, S.A.	-	600
Prointrasn, LLC [2]	50	-
Prosegur France, S. A. [3]	1,500	-
Salcer Servicios Auxiliares, S.L. [1]	2	48
Euroval, S.A.S.	33	4,515
Prosegur Participations, S.A.S. (Sazias, S.A.) [3]	595	9,598
Seguridad Vigilada, S.A. [1]	195	3,705
S.T.M.E.C., S.L. [1]	2	48
Tellex, S.A. [3]	1,470	716
Prosegur Activa Chile, S.L.	-	34
Xiden, S.A.C.I.	-	10
Total	**95,867**	**99,402**

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

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 5. The value of the assets and liabilities contributed amount to Euros 59,805 thousand (Euros 29,953 thousand in the capital increase and Euros 29,953 thousand in share premium).

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.

On 27 December 2012 the Company subscribed the share capital increase of the French company Euroval, S.A.S. with the contribution of Euros 33 thousand, thus increasing its interest to 5% (from the previous 4.5%).

On 16 April 2012 the Company subscribed Euros 21,488 thousand of the capital increase of the Luxembourg company, Luxpai Holdo SARL, a holding company, by converting debt to equity (Euros 15,921 thousand) and the contribution of its total investments 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 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 25 September 2012 the Company subscribed the capital increase of the Dutch company Malcoff Holdings B.V. (100% owned). The capital increase amounted to Euros 20 thousand.

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.

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 .

On 26 June 2012 the Company acquired the remaining 5% of the capital of Salcer Servicios Auxiliares, S.L. for Euros 2 thousand. It had acquired 95% in 2011.

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

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

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 28 December 2012, the Company subscribed the Euros 1,470 thousand (Argentinian pesos 9,500 thousand) of the share capital increase in the Argentinian company Tellex, S.A. (a 95% holding).

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.

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.

b) Disposals

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

	Thousands of Euros	
	2012	**2011**
Prosegur, GMBH (formerly called Securlog, GMBH)	(15)	-
Prosegur Servicio Técnico, S.L.U,	-	(3)
Prosegur Servicio Tecnologia, S.L.U,	-	(16,117)
Prosegur Transporte de Valores, S.A.	-	(1,030)
General Insdustrie Argentina, S.A (GIASA)	(129)	-
Prosegur Companhía 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)	-
Cia Transportadora de Valores Prosegur Colombia,S.A.	-	(1,040)
Total	**(7,158)**	**(18,190)**

In 2012 the main disposals are 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 SARL.

Impairment

During 2012 an impairment loss of Euros 35 thousand has been recognised on the investment in Prosegur Activa Chile (see Note 3). During 2011 impairment of Euros 50 thousand was recognised on the investment in Prosegur Activa Chile.

At December 2012 the impairment losses on investments in the following group companies, jointly controlled entities and associates amounted to Euros 47,980 thousand (Euros 47,945 thousand in 2011):

	Thousands of Euros	
	2012	**2011**
PS México Compañía de Seguridad Privada, SA de CV	39,600	39,600
Rosegur Holding Corporation, S.L.	5,350	5,350
Prosegur Services SRL	1,173	1,173
Esta Service, SRL	1,740	1,740
SARL BFA	32	32
P. Activa Chile	85	50
Total	**47,980**	**47,945**

c) Investments in group companies

Details of investments in group companies are as follows:

Investments in group companies At 31 December 2012:

					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, 25	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	Lisbon	2	100%	-	100%	-	B
	Prosegur Companhía de Segurança Lda	Av. Infante Dom Enrique 326	Lisbon	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 Laurent 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	Buenos Aires	4	5%	95%	5%	95%	A
	Prosegur Tecnología Argentina, S.A. (formerly Fire Less, S. A.)	Tres Arroyos 2835	Buenos Aires	1	4%	96%	4%	96%	A
	Xiden, S.A.C.I.	Olleros 3923	Buenos Aires	1	8%	92%	8%	92%	A
	General Insdustrie Argentina, S.A (GIASA)	Herrera, 1175	Buenos Aires	1	90%	10%	90%	10%	A
	Tellex, S.A.	Rincon 1346	Buenos Aires	3	95%	5%	95%	5%	A
	Prosegur Holding, S.A.	Tres Arroyos 2835	Buenos Aires	4	10%	90%	10%	90%	A
	Prosegur Inversiones, S.A.	Tres Arroyos 2835	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

Obs: (*): These companies hold interests in other group companies within the same geographical area.
Activity: 1. Security patrol 2. VLCM **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

					2012				
					% ownership		Voting rights		
Obs.	**Company**	**Registered offices**		**Activity**	**Direct**	**Indirect**	**Direct**	**Indirect**	**Auditor**
*	Prosegur Tecnología 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 Ativos, 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	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 Compañía 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	Bucharest	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-Sur	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	Luxembourg	4	100%	-	100%	-	
	Prosegur, GMBH (formerly Securlog, GMBH)	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. Security patrol 2. VLCM **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

None of the group companies in which the Company holds an interest is listed on the stock exchange.

Investments in group companies At 31 December 2011:

					2011				
					% ownership		Voting rights		
Obs.	**Company**	**Registered offices**		**Activity**	**Direct**	**Indirect**	**Direct**	**Indirect**	**Auditor**
	Prosegur Gestion de Activos, S.L.U.	Pajaritos, 24	Madrid	7	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	7	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	5	100%	-	100%	-	A
	Prosegur Alarmas, S.A. (Prosegur Multiservicios, S.A.)	Pajaritos, 24	Madrid	3	100%	-	100%	-	B
	Seguridad Vigilada, S.A.	Pisuerga, 18	Barcelona	4	95%	-	95%	-	C
	S.T.M.E.C., S.L:	Pisuerga, 18	Barcelona	1	95%	-	95%	-	C
	Salcer Servicios Auxiliares, S.L.	Pisuerga, 18	Barcelona	1	95%	-	95%	-	C
	Beloura Investements, S.L.U.	Pajaritos, 24	Madrid	5	100%	-	100%	-	C
	Pitco Ventures, SCR Simplificada, S.A.	Pajaritos, 25	Madrid	7	100%	-	100%	-	A
	Malcoff Holding BV	Schouwburgplein, 30-34	Rotterdam	5	100%	-	100%	-	B
	Reinsurance Bussiness Solutions Ltda.	80 Harcour Street	Dublin	6	100%	-	100%	-	A
	Prosegur Distribuçao e Serviços, Lda	Av. Infante Dom Enrique 326	Lisbon	7	100%	-	100%	-	B
	Prosegur Companhía de Segurança Lda	Av. Infante Dom Enrique 326	Lisbon	4	100%	-	100%	-	A
*	Prosegur France, S. A.	84 Rue des Aceries	Saint Etienne	5	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	8	100%	-	100%	-	B
	Prosegur Centre, SARL	84 Rue des Aceries	Saint Etienne	8	100%	-	100%	-	B
	Prosegur Traitement de Valeurs EST (ex Valtis, S.A.)	2 Rue Lovoisier	Besancon	2	100%	-	100%	-	A
*	Sazias, S.A.	1267 Ave Pierre et Marie Curie-Z.L.	Saint Laurent du Var	5	100%	-	100%	-	C
	Euroval, S.A.S.	604 Avenue du Col de L´Ange	Gemenos	2	5%	95	5%	95	C
*	Armor Acquisition, S. A.	Tres Arroyos 2835	Buenos Aires	5	5%	95%	5%	95%	B
	Prosegur Tecnología Argentina, S.A. (formerly Fire Less, S. A.)	Tres Arroyos 2835	Buenos Aires	3	4%	96%	4%	96%	A
	Xiden, S.A.C.I.	Olleros 3923	Buenos Aires	3	8%	92%	8%	92%	A
	General Insdustrie Argentina, S.A (GIASA)	Herrera, 1175	Buenos Aires	3	90%	10%	90%	10%	A
	Tellex, S.A.	Rincon 1346	Buenos Aires	3	95%	5%	95%	5%	A
	Prosegur Holding, S.A.	Tres Arroyos 2835	Buenos Aires	5	10%	90%	10%	90%	B
	Prosegur Inversiones, S.A.	Tres Arroyos 2835	Buenos Aires	5	10%	90%	10%	90%	B
	Prosegur Activa Alarmes Ltda	Thomas Edison 813 Barra Funda	San Pablo	3	1%	99%	1%	99%	B

Obs: (*): These companies hold interests in other group companies within the same geographical area.
Activity: 1. Security patrol 2. VLCM **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

					2011				
					% ownership		Voting rights		
Obs.	**Company**	**Registered offices**		**Activity**	**Direct**	**Indirect**	**Direct**	**Indirect**	**Auditor**
*	Prosegur Tecnología em Sistemas de Segurança Electronica e Incendios Ltda.	Rua Barao Do Bananal, Villa Pompêia	San Pablo	3	100%	-	100%	-	A
*	Prosegur Holding e Participaçoes, S.A.	Thomas Edison 813 Barra Funda	San Pablo	4	12%	98%	12%	98%	B
	Prosegur Gestao de Efectivos, Ltda.	Thomas Edison 813 Barra Funda	San Pablo	2	100%		100%	-	B
	Prosegur Gestao de Ativos, Ltda.	Thomas Edison 813 Barra Funda	San Pablo	7	0%	100%	0%	100%	A
	Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 of. 100	Renca-Santiago	2	83%	17%	83%	17%	B
	Servicios Prosegur Ltda.	Los Gobelinos 2567 of. 100	Renca-Santiago	2	100%	-	100%	-	A
	Sociedad de Distribución Canje y Mensajeria Ltda	Los Gobelinos 2548	Renca-Santiago	7	49%	51%	49%	51%	A
	Prosegur Tecnología Chile Ltda	Lo Boza 107, Mod 3	Pudehuel - Santiago	1	100%	-	100%	-	A
	Prosegur Activa Chile, S.L.	Catedral 1009, piso 14	Santiago Centro	2	1%	99	1%	99	A
*	PS México Compañía de Seguridad Privada, SA de CV	Norte 79 B No. 77 Colonia Sector Naval 02080	México D.F.	5	95%	-	94%	-	B
*	Cia Transportadora de Valores Prosegur Colombia,S.A.	Avda de las Americas 42-25	Bogota	2	95%	5%	95%	5%	A
	Prosegur Activa Uruguay, S.A.	Bvrda. Artigas, 2629	Montevideo	3	5%	95%	5%	95%	A
	Genper, S. A Sistemas Integrales de Control	Jose Enrique Rodo, 1761	Montevideo	3	100%	-	100%	-	A
	Rosegur Cash Services	Bulevardul Ghica Tei, Nr 64-70	Bucharest	2	51%	25%	51%	25%	B
	Prosegur Tecnologia Perú, S.A.	La Chira, 103 Surco	Lima	1	100%	-	100%	-	B
	Prosegur Activa Perú, S.A.	Avda.República de Panamá, 3890-Sur	Lima	3	1%	99%	1%	99%	A
	Distribuidora Federal, SAC	Ricardo Angulo, 739-Corp.Distrito San	Lima	3	99%	1%	99%	1%	C
	Pitco Asia Pacific Limited	Suite 1201 Tower2, The Gateway, 25 C	Hong Kong	5	100%	-	100%	-	B
*	Prosec Services Pte.Ltda	111 Geyland Road	Singapore	1	100%	-	100%	-	A
	Luxpai Holdo SARL	5, Rue Guillaume Kroll, L-1882	Luxembourg	5	100%	-	100%	-	B
	Prosegur, GMBH (formerly Securlog, GMBH)	Wahlerstrasse 2a	Düsseldorf	2	100%	-	100%	-	C

Obs: (*): These companies hold interests in other group companies within the same geographical area.
Activity: 1. Security patrol 2. VLCM **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

None of the group companies in which the Company holds an interest is listed on the stock exchange.

The equity and other significant information disclosed in the individual annual accounts of these companies at 31 December 2012 are as follows:

(Thousands of Euros)

Company	Country	Carrying amount	EQUITY Share capital	EQUITY Reserves	EQUITY Other items	Operaing 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 Consultoria,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 Distribuçao 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	Rumania	230	426	-	(318)	(758)	(774)	-

(thousands of Euros)

Company	Country	Carrying amount	EQUITY Share capital	Reserves	Other items	Operaing 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 (formerly Securlog, GMBH)	Germany	22,668	1,500	25,518	(4,728)	(7,084)	(7,841)	-
Armor Adquisition, S.A.	Argentina	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 Socidad 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)	-
Cía 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 Segurnaça Electronic e Incendios, Ltda.	Brazil	23,067	20,855	-	244	(2,055)	(988)	-
Prosegur Holding e Paraticipaçoes, 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 Gestao de Efectivo, Ltda.	Brazil	-	-	-	-	-	-	-
Prosegur Gestao de Assets, Ltda.	Brazil	0	1,248	-	(58)	433	224	-
PS-Mexico Compañía 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 Peru, 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 Logigistica y Gestión de Efectivo, S.A. de C.V.	Mexico	-	16,222	3,776	-	(2,898)	(3,121)	0
TOTAL		**501,541**						**65,560**

The equity and other significant information disclosed in the individual annual accounts of these companies at 31 December 2011 are as follows:

(Thousands of Euros)

Company	Country	Carrying amount	EQUITY Share capital	EQUITY Reserves	EQUITY Other items	Operaing profit/(loss)	Profit/(loss) for the year	Dividends received
Companies in Spain:								
Prosegur Gestión de Activos, S.L.U.	Spain	50	50		(55)	(273)	(224)	-
Servimax Servicios Generales, S.A.	Spain	86	379	676		9,293	6,436	9,466
Prosegur Activa Holding, S.L.U.	Spain	5,122	2,000	400	3,122	(8)	4,154	17,063
Formación Selección y Consultoria,S.A.	Spain	120	120	24		1,206	899	2,310
Seguridad Vigilada, S.A.	Spain	3,705	751	62	(21)	(547)	(499)	-
S.T.M.E.C., S.L.	Spain	48	3	268		(305)	(308)	-
Salcer Servicios Auxiliares, S.L.	Spain	48	3	61		49	43	-
Beloura Investments, S.L.U.	Spain	19,836	3			-	-	-
Prosegur Multiservicios, S.A.	Spain	150	150	28	(10)	10	11	-
Pitco Ventures, SCR Simplificada, S.A.	Spain	600	1,200		(600)	(42)	(27)	-
ESC Servicios Generales, S.L.	Spain	6	6	501		1,008	681	1,278
Subsidiaries abroad:								
Prosegur France, S.A. (Cinieri)	France	35,224	8,774	4,380	(7,553)	1,507	(4,133)	-
Prosegur Traitement de Valeurs EST (ex Valtis, S.A.)	France	13,076	1,031	2,338	-	453	255	-
S.A.R.L. BFA	France	-	91	-	(1,102)	(295)	(348)	-
Esta Servicie, SASU	France	-	61	648	(4,209)	(2)	(2)	-
Prosegur Centre, S.R.L.	France	-	15	4	(101)	-	(2)	-
Sazias, S.A.	France	9,598	1,400	140	785	(2,240)	(56)	-
Euroval, S.A.S.	France	4,515	571	4	(644)	(156)	(162)	-
Malcoff Holding, B.V.	Holland	172,109	40	172,064	(111,360)	(13,512)	(13,512)	-
Prosegur Companhia de Segurança, Lda.	Portugal	15,784	11,007	3,519	2,645	4,342	3,455	5,000
Prosegur Distribuçao e Serviços, Lda.	Portugal	3,277	50	914	(132)	160	124	500
Reinsurance Bussiness Solutions Limited	Ireland	635	635	8,635	-	8,604	8,090	5,200
Rosegur Cash Services	Rumania	230	438	-	-	(305)	(293)	-

(thousands of Euros)

Company	Country	Carrying amount	EQUITY Share capital	Reserves	Other items	Operaing profit/(loss)	Profit/(loss) for the year	Dividends received
Luxpai Holdo, S.A.R.L.	Luxembourg	423	417	-	(10)	(62)	(14)	-
Prosegur, GMBH (formerly Securlog, GMBH)	Germany	22,683	1,500	25,518	-	-	(4,721)	-
Armor Adquisition, S.A.	Argentina	5,523	43,440	(207,084)	183,570	(24)	(100)	-
Xiden, S.A.C.I.	Argentina	2,116	42	4,607	(73)	757	465	-
Prosegur Tecnologia Argentina, S.A.	Argentina	3,003	907	3,438	(1,259)	(613)	(375)	-
General Industries Argentina, S.A. (GIASA)	Argentina	3,159	387	146	(512)	1,361	748	-
Tellex, S.A.	Argentina	5,439	119	15	1,124	(861)	(992)	-
Prosegur Holding, S.A.	Argentina	388	2,719	(11,744)	-	(31)	31	394
Prosegur Inversiones, S.A.	Argentina	44	305	(1,304)	522	(11)	(4)	41
Capacitaciones Ocupacionales Socidad Ltda.	Chile	383	483	51	(122)	(15)	(10)	-
Servicios Prosegur Ltda.	Chile	1,533	1,503	1,214	16,067	4,999	4,120	-
Sociedad de Distribución Canje y Mensajeria Ltda.	Chile	1,311	2,619	128	7,229	546	518	-
Prosegur Tecnologia Chile Ltda.	Chile	1	22	(351)	(928)	(1,027)	(879)	-
Prosegur Activa Chile, Ltda.	Chile	34	6,178	3,369	(19,417)	(2,024)	(2,353)	-
Cía Transportadora de Valores Prosegur Colombia, S.A.	Colombia	27,125	8,484	2,553	2,579	4,423	1,492	-
Prosegur Tecnologia em Sistemas de Segurnaça Electronic e Incendios, Ltda.	Brazil	23,067	23,168	-	796	(464)	(306)	-
Prosegur Holding e Paraticipaçoes, S.A.	Brazil	20,214	135,860	1,943	(3,342)	(94)	(161)	-
Prosegur Activa Alarmes, Ltda.	Brazil	0	22	-	-	-	-	-
Prosegur Gestao de Efectivo, Ltda.	Brazil	-	-	-	-	-	-	-
Prosegur Gestao de Assets, Ltda.	Brazil	0	1,497	-	-	-	(64)	-
PS-Mexico Compañía de Seguridad Privada, S.A. de CV	Mexico	0	40,075	-	(960)	509	465	-
PRO-S CIA SEGURIDAD	Mexico	0	5,311	-	(3,375)	(655)	(565)	-
Prosegur Alarmas, S.A.	Uruguay	66	16	3	3,028	10	19	-
Gemper, S.A. -Sistemas Integrales de Control (Sic-Tecnored)	Uruguay	962	177	4	36	15	1	-
Prosegur Tecnologia Peru, S.A.	Peru	228	260	-	(70)	(45)	(77)	-
Prosegur Activa Peru, S.A.	Peru	121	1,306	11	769	272	196	-
Distribuidora Federal, S.A.C.	Peru	5,261	289	52	50	99	(47)	-
Prosec Services Pte Ltd	Singapore	5,563	15	-	1,851	353	400	-
Pitco Asia Pacific Limited	China	-	-	-	-	(31)	(31)	-
TOTAL		**412,866**						**41,252**

d) Investments in jointly controlled entities

The Company holds a 50% interest in a jointly controlled entity 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.

The share capital, reserves, profit/loss for the year and other significant information disclosed in the individual annual accounts of this entity are as follows:

	Thousands of Euros						
	2012						
		EQUITY					
Company	**Carrying amount**	**Share capital**	**Reserves**	**Other items**	**Operating profit/(loss)**	**Profit/(loss) for the year**	**Dividends received**
Rosegur Holding Corporation, S. L.	650	9,077	2,990	(7,342)	(41)	(101)	-

	Thousands of Euros						
	2011						
		EQUITY					
Company	**Carrying amount**	**Share capital**	**Reserves**	**Other items**	**Operating profit**	**Profit/(loss) for the year**	**Dividends received**
Rosegur Holding Corporation, S. L.	650	9,077	2,990	(6,241)	47	(114)	-

The Company has not incurred any contingencies in relation to associates.

10. Financial Assets

a) Non-current financial assets available for sale

Movements in non-current financial assets are as follows:

	Thousands of Euros			
	Available-for-sale financial assets			
	Equity instruments	**Loans to companies**	**Other financial assets**	**Total**
Balance at 1-1-2011	**30,171**	**-**	**440**	**30,611**
Business combinations	15	-	218	233
Additions	383	164	5,529	6,076
Disposals	(6,020)	-	(87)	(6,107)
Transfers (Note 10.c)	-	-	(138)	(138)
Balance at 31-12-2011	**24,549**	**164**	**5,962**	**30,675**
Additions	-	127	8	135
Disposals	-	-	(4)	(4)
Balance at 31-12-2012	**24,549**	**291**	**5,966**	**30,806**

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

	Thousands of Euros			
	2012		**2011**	
Company	**Recoverable amount**	**% ownership**	**Recoverable amount**	**% ownership**
Unquoted securities				
Capitolotre, S.P.A .	22,627	19%	22,627	19%
Euroforum Escorial, S. A.	1,734	8%	1,734	8%
Other	188		188	
Total	**24,549**		**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 IVRI Direzione, S.P.A., 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 2012 and 2011 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 projections set out in the investee’s financial budgets. 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.
- An annual discount rate of 6% has been applied to the projections.

At 31 December 2012, Prosegur 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 not suffered impairment in 2012 (Euros 6,020 thousand in 2011).

If the EBITDA estimated by the entity had been 10% lower at 31 December 2012, with all other key assumptions remaining constant, the additional impairment loss would amount to Euros 2,836 thousand.

If the discount rate estimated by the entity at 31 December 2012 had been 10% higher, with the other key assumptions constant, the additional impairment loss would amount to Euros 1,024 thousand.

The rest of Prosegur’s 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.

b) Other non-current financial assets

At 31 December 2012 and 2011, other non-current financial assets include a deposit of Euros 5,500 thousand in connection with the acquisition of Prosegur GMBH (Germany), reflecting the amount withheld from the total purchase price of the shares to guarantee settlement of possible liabilities (see Note 19).

c) Other current financial assets

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

	Thousands of Euros			
	Dividend receivable	**Deposits**	**Other financial assets**	**Total**
Opening balance at 1.1.2011	**-**	**65,765**	**136**	**65,901**
Additions	30,118	-	2,063	32,181
Disposals	-	(65,765)	-	(65,765)
Transfers (Note 10.a)	-	-	138	-
Balance at 31.12.2011	**30,118**	**-**	**2,337**	**32,455**
Additions	115		64	179
Disposals	(30,233)		(2,017)	(32,250)
Balance at 31.12.2012	**-**	**-**	**384**	**384**

The composition, issue and maturity dates of financial assets are as follows:

			Thousands of Euros 2012	
Description	**Date of issue**	**Maturity**	**Principal**	**Balance at 31.12.12**
Fixed-term deposit	12/28/2011	1/2/2012	2,500	-
Fixed-term deposit	1/27/2012	1/30/2012	17,000	-
Fixed-term deposit	3/29/2012	3/30/2012	16,000	-
Fixed-term deposit	4/26/2012	4/27/2012	17,000	-
Fixed-term deposit	5/30/2012	5/31/2012	19,000	-
Fixed-term deposit	6/27/2012	28/06/212	17,000	-
Fixed-term deposit	7/11/2012	7/12/2012	11,000	-
Fixed-term deposit	7/30/2012	7/31/2012	21,000	
Guarantees and deposits	-	-	-	172
Other	-	-	-	212
			120,500	**384**

			Thousands of Euros 2011	
Description	**Date of issue**	**Maturity**	**Principal**	**Balance at 31.12.11**
Fixed-term deposit	4/29/2010	1/28/2011	25,000	-
Fixed-term deposit	8/2/2010	1/15/2011	40,000	-
Fixed-term deposit	3/31/2011	4/4/2011	10,000	-
Fixed-term deposit	1/17/2011	7/18/2011	15,000	-
Fixed-term deposit	1/17/2011	7/18/2011	10,000	-
Fixed-term deposit	1/17/2011	7/18/2011	15,000	-
Fixed-term deposit	1/28/2011	7/22/2011	25,000	-
Fixed-term deposit	2/14/2011	7/23/2011	20,000	-
Fixed-term deposit	6/28/2011	7/22/2011	10,000	-
Guarantees and deposits	-	-	-	2,126
Other	-	-	-	211
			170,000	**2,337**

Dividends receivable have been derecognised as they were collected during the year.

The most significant derecognition under other financial assets is the cancellation of the Euros 2,000 thousand security deposit relating to the purchase of Prosegur, GMBH, which was generated in 2011.

11. Derivative Financial Instruments

The Company uses derivative financial instruments to hedge interest rates, as set out in the risk management policy described in Note 34.

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 2012 a charge of Euros 995 thousand was recognised in profit and loss (Euros 306 thousand in 2011) reflecting changes in the fair value of derivative financial instruments (see Note 3). Losses of Euros 1,122 thousand (Euros 1,696 thousand in 2011) have been recognised on derivative transactions, settlements and sales during the year (see Note 3).

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			
		Fair values			
		Liabilities			
	Notional amount	**2012**		**2011**	
		Non-current	**Current**	**Non-current**	**Current**
Interest rate swaps	€100,000 thousand	3,856	-	3,587	-
Interest rate swaps	€37,500 thousand	344	-	-	-
Interest rate swaps	€37,500 thousand	348	-	-	-
Foreign currency swaps	€5,111 thousand	-	-	-	41
Total		**4,548**	**-**	**3,587**	**-**

Interest rate swaps

At 31 December 2012 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.

In 2012, two further interest rate swaps were arranged on a nominal amount of Euros 37,500 thousand each, which mature in February 2015.

Every quarter, the interest rate of 0.65% payable on these derivatives is exchanged for a receivable interest rate equivalent to three-month Euribor.

12. Non-current assets held for sale

In 2012 the Company has contributed these assets to the spun-off activity described in Note 5, the assets classified in this category consist of a residential property and garage received from a customer as a debt settlement.

These assets were not used by the Company and were classified under non-current assets held for sale, since it was hoped that their carrying amount would be recovered through a sales transaction rather than continued use. These assets are not depreciated.

	Thousands of Euros	
	2012	**2011**
Property, plant and equipment	-	448
Total	**-**	**448**

13. Inventories

Details of inventories are as follows:

	Thousands of Euros	
	2012	**2011**
Goods for resale	5,700	6,039
Fuel	333	254
Uniforms	2,556	1,398
Operating and other materials	473	539
Work in progress	10,154	9,178
Total	**19,216**	**17,408**
Impairment loss	(884)	(525)
Total	**18,332**	**16,883**

Work in progress includes the security system materials which have left the warehouse for installation on behalf of customers, direct labour costs and the expenses of outsourcing works not completed at year end, and is recognised in accordance with the measurement criteria for inventories.

Movement in impairment recognised in the income statement is as follows:

	Thousands of Euros	
	2012	**2011**
Opening balance	**525**	**-**
Business combinations	-	**510**
Provisions	359	97
Reversals	-	(82)
Closing balance	**884**	**525**

Impairment of inventories at the 2012 year end partly reflects materials that have entered the warehouse following recovery from dismantled installations of former customers, or which have been sent for repairs, and which are pending overhaul with a view to re-use. In 2012, these materials entered the warehouse at zero cost until they are repaired, at which point they are recognised at their recoverable amount. Impairment also reflects obsolete fire protection materials.

No inventories have been pledged as collateral to secure payables.

14. Loans and receivables

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

	Thousands of Euros	
	2012	**2011**
Loans and receivables - current		
- Loans to group companies (Note 26)	67,686	29,755
- Trade receivables	212,845	165,215
- Impairment	(17,121)	(15,841)
- Trade receivables from group companies and associates	35,695	33,973
- Other receivables from group companies (Note 26)	8,561	12,670
- Sundry receivables	10,192	9,518
- Other	991	33,259
Total	**318,849**	**268,549**

Credit risk is not concentrated in terms of trade receivables because the Company works with a large number of customers (see Note 34).

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.

Loans to group companies include a Euros 650 thousand participating loan extended to Rosegur Holding Corporation, S.L. on 31 March 2010, which earns annual interest of 6.5%, provided that the company generates a pre-tax profit. Interest takes retrospective effect from 15 October 2009, when a capital contribution was made which was eliminated when the participating loan was arranged. Repayment of the loan will begin once the borrower generates positive cash flows to settle the loan without affecting its ordinary activities, within a maximum period of one year from the contract date. Rosegur Holding Corporation, S.L. may at any time opt to capitalise the total amount repayable on the loan and the related accrued interest payable, in which case it would be immediately considered as due, liquid and payable.

In 2008, Prosegur executed guarantees of Euros 9,469 thousand relating to funds retained on deposit by a customer in Brazil, which are recognised under other receivables. The Company is currently taking the necessary legal steps for this amount to be released by the competent authorities, and no significant loss is expected. 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.

December 2012 saw the expiry of the five-year contract signed in 2007 to securitise part of Prosegur's customer portfolio, whereby receivables are sold without recourse up to a maximum of Euros 150,000 thousand.

Receivables sold are written off and the difference between their carrying amount and the amount actually received was recognised as a finance cost in the income statement (see Note 3). At 31 December 2012 receivables amounting to Euros 5,923 thousand have been written off (Euros 85,541 thousand in 2011). Total securitised receivables at 31 December 2012 amount to Euros 12,090 thousand (Euros 107,747 thousand in 2011) which includes balances received from customers pending settlement totalling Euros 6,167 thousand (Euros 22,206 thousand in 2011) (see Note 19).

In December 2012 a new agreement was entered into, which has the same characteristics as the prior agreement, to securitise a portion of the customer portfolio, that entails the sale of non-recourse invoices up to a maximum of Euros 50,000 thousand and has an extendible duration of one year. Based on the terms of the securitisation contract, the Company has concluded that the risks and rewards inherent to the receivables sold are transferred. 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. Even if collection is actually made at a later date than initially foreseen, the amount is not affected.

Receivables sold are written off and the difference between their carrying amount and the amount actually received is recognised as a finance expense in the income statement (see Note 3). At 31 December 2012 receivables amounting to Euros 11,851 thousand have been written off. At 31 December 2012, total securitised receivables amount to Euros 21,230 thousand, which includes balances received from customers and pending settlement totalling Euros 151 thousand (see Note 19).

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

	Thousands of Euros	
	2012	**2011**
Euros	318,519	267,512
US Dollar	34	622
Mexican Peso	-	415
Argentinean Peso	296	-
Total	**318,849**	**268,549**

Trade receivables that are less than one year past-due are not considered to be impaired, except customers in special insolvency situations, for which receivables are impaired, irrespective of their ageing.
The ageing analysis of trade receivables is as follows:

	Thousands of Euros	
	2012	**2011**
Not yet due	26,539	103,279
Aged up to 3 months	141,486	48,776
3 to 6 months	13,802	4,494
6 to 12 months	13,013	5,657
Over 12 months	18,005	3,009
Total	**212,845**	**165,215**

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

	Thousands of Euros	
	2012	**2011**
Opening balance	15,841	5,861
Business combinations	-	10,510
Provisions	1,280	-
Reversals	-	(530)
Closing balance	**17,121**	**15,841**

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 2012, the Company wrote off unrecoverable trade receivables of Euros 1,344 thousand to losses, impairment and changes in trade provisions (Euros 2,976 thousand in 2011).

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

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.

15. Cash and cash equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2012	**2011**
Cash in hand and at banks	3,463	11,539
Current bank deposits	-	2,500
Total	**3,463**	**14,039**

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

The average effective interest rate and term of current bank deposits is 2.32% and 1 day, respectively (1.7% and 37 days in 2011).

16. 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

The shareholders at their general meeting on 29 May 2012 approved the stock split of 10-for-1 to reduce the face value of Company shares to Euros 0.06 per share without modifying total share capital.

At 31 December 2012 the share capital of Prosegur Compañía de Seguridad, S.A. amounts to Euros 37,027,478, represented by 617,124,640 ordinary shares with a par value of Euros 0.06 (In 2011 61,712,464 ordinary shares with a par value of Euros 0.60), subscribed and fully paid, which are all listed on the Madrid and Barcelona stock exchanges.

These shares are freely transferable.

Details of the Company's shareholders are as follows:

	Number of ordinary shares	
Shareholders	**2012**	**2011**
Ms. Helena Revoredo Delvecchio [1]	309,240,330	309,240,330
Corporacion Financiera Alba, S.A. [2]	61,750,000	61,750,000
FMR LLC [3]	36,658,110	31,231,850
Ms. Mirta Giesso Cazenave [4]	34,716,130	34,716,130
Cantillon Capital Management LLC	18,821,350	18,821,350
M & G Investment Management, LTD [5]	19,362,786	-
Other	136,575,934	161,364,980
Total	**617,124,640**	**617,124,640**

1 Through Gubel, S.L. and Prorevosa, S.A.
2 Through Alba Participaciones, S.A.
3 Both directly and through AS Inversiones, S.L.
4 Investment through various funds managed.
5 Through various funds managed

(*) See Note 32.d)

At 31 December 2012, the members of the board of directors, either directly or through companies over which they exercise control, hold 345,172,890 shares (344,492,490 shares in 2011), representing 55.93% of the Company's share capital (55.82% in 2011).

b) Share premium

The share premium amounts to Euros 25,472 thousand, is freely distributable and has not changed in 2012 or 2011.

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 2011	**19,535,430**	**40,731**
Purchase of own shares	25,025,790	82,444
Balance at 31 December 2011	**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 transfers	(53,180)	(148)
Balance at 31 December 2012	**39,726,900**	**114,242**

The general meetings 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 for executive directors and management of the Company (see Note 33.12). As foreseen in the Plan regulations, a share-based incentive for executive directors and management was settled in 2012 through the conveyance of 781,140 own shares.

At the AGM held on 29 May 2012, the shareholders approved the 2014 Plan of long-term incentives for Prosegur Group executive directors and management. The 2014 Plan is generally linked to value creation during the 2012-2014 period. Part of this incentive is also conditional on the beneficiaries remaining in the Company's service for two years following the Plan period. The Plan also foresees the payment of share-based incentives to executive directors, and Company shares and cash to Prosegur management. The maximum number of shares earmarked for the 2014 Plan is 4,120,000, representing 0.668% of the Company’s present share capital.

The total obligation undertaken by Prosegur at 31 December 2012 in relation to share-based incentives established in the 2011 and 2014 Plans is recognised under other equity instruments in equity and amounts to Euros 2,659 thousand (Euros 5,781 thousand in 2011).

d) Reserves

The details of reserves are as follows:

	Thousands of Euros	
	2012	**2011**
Legal reserve		
Legal reserve	7,406	7,406
Total	7,406	7,406
Other reserves		
Voluntary reserves	106,027	104,878
Goodwill reserve	23,804	18,068
Canary Islands investment reserve	-	2,054
1983 revaluation reserve	104	104
Reserves for translation of share capital to Euros	61	61
Total	**129,996**	**125,165**

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 2011 the reserves appropriated at Prosegur Activa España, S.L.U. and Prosegur Tecnología, S.L.U., totalling Euros 162 thousand and Euros 614 thousand, respectively, were included during the merger (see Note 5).

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 33.12). Movement is as follows:

	Thousands of Euros	
	2012	**2011**
Balance at 1 January	**5,781**	**5,016**
Share-based incentive obligations accrued during the year	2,261	765
Share options exercised	(5,383)	-
Balance at 31 December	**2,659**	**5,781**

The provision for the cash portion of the commitment undertaken by the Company at 31 December 2012 in connection with the 2014 Plan is classified as non-current and amounts to Euros 1,615 thousand.

The provision for the cash portion of the commitment undertaken by the Company at 31 December 2011 in connection with the 2011 Plan was classified as current and amounted to Euros 698 thousand.

17. Grants

Movement in non-refundable grants is as follows:

	Thousands of Euros	
	2012	**2011**
Balance at 1 January	53	-
Business combinations	-	80
Grants received during the year	-	12
Transfers to non-refundable grants	(34)	(56)
Tax effect	10	17
Balance at 31 December	**29**	**53**

This grant consists of loans extended in 2005 by the Ministry of Industry and Commerce which bear 0% interest and mature in 2014.

18. Other provisions

Details of provisions and movement are as follows:

	Thousands of Euros			
	Overtime costs	**Accrued personnel**	**Liabilities and charges**	**TOTAL**
Balance at 1 January 2011	**55,510**	**-**	**30,190**	**85,700**
Business combinations	6,590	**-**	2,024	**8,614**
Charge	1,395	-	289	1,684
Applications	(16,288)	-	(26,814)	(43,102)
Reversals	(8,222)	-	(861)	(9,083)
Balance at 31 December 2011	**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**

a) Overtime costs

On 6 February 2006, the Social Chamber of the Spanish High Court dismissed the lawsuit filed by minor trade unions against articles of the security industry state collective bargaining agreement for 2005 to 2008 that set the overtime rates for security guards. The prevailing state collective bargaining agreement for security companies for 2009 to 2012 (inclusive) was signed by the employers' associations APROSER, FES, AMPES and ACAES and the trade unions UGT and USO in November 2010.

These trade unions appealed to the Social Chamber of the Spanish Supreme Court, which, on 21 February 2007, overturned the contested ruling and upheld in full the claim brought by the trade unions, declaring null and void "section 1. a) of article 42 of the State Collective Bargaining Agreement for security companies for 2005 to 2008 setting overtime rates for working days and holidays for security guards", article 42, section b) solely with regard to overtime on working days for the other professional categories and article 42, point 2, which sets a basic hourly rate for the purpose of ensuring a minimum overtime rate that is below the legal stipulation.

On 21 January 2008, the Social Chamber of the Spanish High Court issued a ruling on case 111/2007 declaring that "the basic hourly rate used to calculate the overtime rate comprises a base salary and personal supplements, extras accrued in more than one month, allowances for residence in Ceuta and Melilla, if applicable, and any security work allowances to which the employee is entitled". On 22 January 2008, the Social Chamber of the Spanish High Court issued a ruling on case 171/2007 that upheld the plea of procedural illegitimacy and declared that the legitimate procedure was to challenge the collective bargaining agreement. Motions were filed to quash these rulings on 29 January 2008 and 11 February 2008, respectively.

On 10 November 2009, the Social Chamber of the Spanish Supreme Court upheld the motions filed by some unions to quash the Social Chamber of the Spanish High Court's ruling on case 111/2007 on 21 January 2008, and dismissed the claim submitted by the employers' association APROSER. This ruling upholds the decision of 21 February 2007 on the formula to be applied to calculate overtime rates.

On 9 December 2009 the Social Chamber of the Spanish Supreme Court upheld the motion to quash the ruling passed by the Spanish High Court on 22 January 2008, on case 171/2007, which declared that the legitimate procedure was to challenge the collective bargaining agreement. It was agreed that the case would be sent back to the original court (Spanish High Court) for a new ruling to resolve the matter.

On 5 March 2010 the Spanish High Court issued a ruling dismissing the joint claim submitted by the employers' associations FES, AMPES and ACAES, also supported by APROSER. The above-mentioned employers' associations lodged an appeal against this ruling before the Spanish Supreme Court. This Court issued its ruling on 30 May 2011, dismissing the appeal and upholding the aforementioned appealed ruling.
Based on the best possible estimates, the Company has calculated the provision that would be required to cover the accrued liability claimable by employees, recognising this provision for the years elapsed from the date the collective bargaining agreement came into force (1 January 2005) until the accounting close of 31 December 2012.

This amount has been recognised as a non-current provision because the date on which the Company would have to pay the compensation depends on the outcome of each of the claims presented by employees.

In 2012, 11,731 cases were closed (8,758 until 2011), giving rise to a total payable of Euros 6,924 thousand (Euros 16,288 thousand in 2011).

In 2012 the Company paid Euros 7,155 thousand in agreements reached with some of the employees filing a claim (Euros 16,288 thousand in 2011) and income of Euros 11,959 thousand has been recognised in the income statement from the reversal of provisions made in prior years which the Company does not consider will be claimed based on the information available at 31 December 2012.

b) Accrued obligations to personnel

During the year the Company has recognised a Euros 1,615 thousand provision with a charge to profit for the year for the cash incentive accrued under the 2014 Plan (see Note 33.12). The obligation undertaken at 31 December 2012 in relation to share-based incentives established in the 2014 Plan is recognised under other equity instruments in equity.

c) Liabilities and charges

The provision for liabilities and charges comprises the following:

- Labour-related risks: Euros 3,402 thousand (Euros 2,384 thousand in 2011). The Company uses a large number of employees to carry out its principal activity, entailing work-related contingencies. These contingencies are minimised through the Company's operating, labour, security and other management policies. Provisions are recorded for all contingencies considered to be probable. Provisions for labour-related risks are calculated on a case-by-case basis, considering historical experience.

- Legal risks: Euros 1,572 thousand (Euros 2,443 thousand in 2011). The provision for legal risks mainly relates to civil claims, which are analysed on a case-by-case basis.

19. Debts and payables

Details of debts and payables are as follows:

	Thousands of Euros	
	2012	**2011**
Non-current		
- Loans and borrowings	448,308	416,189
- Other financial liabilities	8,036	17,292
Total	**456,344**	**433,481**
Current		
- Loans and borrowings	117,609	83,154
- Other financial liabilities	60,148	72,258
- Loans from group companies (Note 26)	74,015	51,753
- Payables to group companies (Note 26)	26,683	8,172
- Other payables	40,318	48,280
- Other debts	45,980	49,193
Total	**364,753**	**312,810**

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	
	2012	**2011**
Up to 6 months	565,917	499,343
6 to 12 months	74,015	51,753
Total	**639,932**	**551,096**

The carrying amount of non-current payables does not differ significantly from their fair value.

The carrying amount of current payables is similar to their fair value, as the effect of discounting is not significant. Fair values are calculated using cash flows discounted at a rate based on the interest rate for borrowings.

Details of non-current and current debt with financial institutions are as follows:

	Thousands of Euros	
	2012	**2011**
Non-current		
Syndicated loan	447,850	388,449
Other	458	27,740
Total	**448,308**	**416,189**
Current		
Syndicated loan	50,000	-
Credit facilities	48,809	79,068
Other	18,800	4,086
Total	**117,609**	**83,154**

a) Syndicated loan

In August 2010 the Company 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 loan falls due 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%

As Prosegur's net financial debt/EBITDA ratio is currently at the bottom of the scale, the interest rate is Euribor plus +1.90%. The contract stipulates that the Company may settle interest on a monthly, quarterly or half-yearly basis.

At 31 December 2012 Euros 150,000 thousand had been drawn down on the loan tranche (Euros 150,000 thousand in 2011) and the drawdowns on the credit facility totalled Euros 250,000 thousand (Euros 240,000 thousand in 2011).

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

	Thousands of Euros	
	2012	
Repayment date	Amount	Principal outstanding
February 2013	25,000	125,000
August 2013	25,000	100,000
February 2014	25,000	75,000
August 2014	25,000	50,000
February 2015	25,000	25,000
August 2015	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 2012 and 2011, 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 the Company arranged a new three-year syndicated financing facility of Euros 200,000 thousand to finance the acquisition of security sector companies. At 31 December 2012, Prosegur has drawn down Euros 100,000 thousand from the loan tranche of the syndicated loan arranged in 2012. The interest rate is pegged to Euribor plus a spread of 2.6%.

b) Other loans from financial institutions

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 Participaçoes, S.A. (see Note 9). This loan of Euros 20,577 thousand (Brazilian Reals 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 Reals. At 31 December 2011, the outstanding amount of this loan totalled Euros 20,601 thousand. 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 and 2011.

In November 2012 the loan of Euros 10,822 thousand (Colombian Pesos 28,201 million) arranged on 27 September 2011 with Banco Santander to acquire Beloura Investments, S.L.U. (see Note 9) was repaid. 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. At 31 December 2011 the outstanding debt was Euros 11,220 thousand. During 2012 the loan accrued interest of Euros 782 thousand.

c) Credit facilities

Credit facilities reflect the drawdowns of Euros 59,209 thousand (Euros 78,641 thousand in 2011) on the facilities arranged with Spanish financial institutions which have a limit of Euros 107,500 thousand. These drawdowns fall due within one year and accrue average annual interest of 2.32% (in 2011 the limit was Euros 108,700 thousand, falling due within one year and the average annual interest rate was 2.67%).

The Company has the following unused credit facilities:

	Thousands of Euros	
	2012	**2011**
Variable rate:		
Less than one year	99,209	30,059
	99,209	**30,059**

Credit facilities are subject to various interest rate reviews in 2012.

d) Other financial liabilities

Details of financial liabilities by maturity are as follows:

	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**

	Thousands of Euros							
	2011							
	2012	**2013**	**2014**	**2015**	**2016**	**Thereafter**	**Total non-current**	**Total**
Other financial liabilities	72,258	9,145	6,837	1,119	96	95	**17,292**	**89,550**

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

- Non-current amounts at 31 December 2012 total Euros 8,036 thousand and mainly comprise 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.

- At 31 December 2011 other non-current financial liabilities amounted to Euros 17,292 thousand, mainly reflecting the loans received from the Ministry of Industry under the Avanza R&D programme and the deferred payments for the purchases of Tellex, S.A. (Euros 831 thousand); Gemper, S.A. (Euros 220 thousand); Prosec Services Pte. Ltda. (Euros 1,573 thousand); Distribuidora Federal, SAC (Euros 1,036 thousand); Beloura Investments, S.L.U. (Euros 4,414 thousand); Prosegur, GmbH (Euros 5,500 thousand); and other payables to third parties (Euros 1,126 thousand).

- Other current financial liabilities at 31 December 2012 amount to Euros 60,148 thousand and mainly comprise the outstanding 2012 dividend payment of Euros 31,474 thousand that will be settled in January and April 2013 as approved by the shareholders at the general meeting. It also includes 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), Genper (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.

- Other current financial liabilities at 31 December 2011 amounted to Euros 72,258 thousand and mainly comprised the outstanding 2011 dividend payment of Euros 30,250 thousand that was settled in January and April 2012. It also includes Euros 385 thousand of loans received from the Ministry of Industry under the Avanza R&D programme and the deferred payments in relation to the purchases of the following companies: Tellex, S.A. (Euros 1,315 thousand), Giasa (Euros 598 thousand) Genper (Euros 156 thousand), Prosec Services Pte. Ltda (Euros 1,432 thousand), Distribuidora Federal, SAC (Euros 1,313 thousand), Beloura Investments, S.L.U. (Euros 4,941 thousand), Prosegur, GmbH (Euros 2,000 thousand) and other debts payable to third parties amounting to Euros 4,448 thousand.

As explained in Note 14, the Company has contracted a securitisation programme for part of its customer portfolio, whereby receivables are sold without recourse. Securitisation programme payables, which amount to Euros 15,545 thousand (Euros 22,206 thousand in 2011) are also recognised in this caption and include current payables due to amounts collected on invoices that had been sold.

e) 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 2012 totals Euros 6,399 thousand (Euros 9,008 thousand in 2011) and the related cost recognised under employee benefits expense in the income statement is Euros 1,222 thousand (Euros 6,668 thousand in 2011).

This item also includes salaries payable and accrued extraordinary salary instalments amounting to Euros 39,579 thousand (Euros 38,891 thousand in 2011).
The carrying amount of the Company's payables is denominated in the following currencies:

	Thousands of Euros	
	2012	**2011**
Euros	804,517	691,756
Argentinean Peso	1,021	3,020
US Dollar	246	-
Singapore Dollar	2,413	2,323
Colombian Peso	5,953	20,580
Brazilan Real	2,318	26,264
Peruvian Sol	1,215	2,348
Mexican Peso	3,414	-
Total	**821,097**	**746,291**

f) 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			
	2012		2011	
	Amount	%	Amount	%
Within maximum legal payment term	178,355	91%	190,659	82%
Rest	16,596	9%	41,642	18%
Total payments for the year	194,951	100%	232,301	100%
Weighted average period payments past-due (days)	113		88	
Trade payables exceeding the legal maximum payment period at year end	4,671		3,450	

20. Taxation

Details of balances with public entities are as follows:

	Thousands of Euros			
	2012		2011	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	41,747	-	33,028	-
Current tax assets	-	2,720	-	9,854
Value added tax and similar taxes	-	718	-	725
	41,747	3,438	33,028	10,579
Liabilties				
Deferred tax liabilities	18,176	-	36,451	-
Current tax liabilities	-	-	-	-
Value added tax and similar taxes	-	10,730	-	10,114
Withholdings	-	8,229	-	7,794
Social Security	-	17,656	-	18,960
	18,176	36,615	36,451	36,868

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.

At 31 December 2012 the Company has income tax assessments that it has contested and others signed in agreement (in 2011 it signed VAT and withholding tax assessments) that conclude the tax inspection of all applicable taxes in 2005, 2006 and 2007.

The Company has the years from 2008 onwards pending inspection by the tax authorities for income tax and from 2009 onwards for all other taxes.

In December 2012, as the Group's parent the Company has 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.

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

	Thousands of Euros	
	2012	**2011**
Accounting income before income tax	**69,608**	**71,361**
Permanent differences	(67,240)	(9,948)
Temporary differences:		
- originating in current year	2,347	(19,298)
- originating in prior years	(25,976)	(45,734)
Taxable income (tax loss) contributed to tax consolidation	**(21,261)**	**(3,619)**
Tax rate	30%	30%
Tax payable/(tax loss)	**(6,378)**	**(1,086)**
Deductions:		
- Double taxation	(3,072)	(9,199)
- Other deductions	(8)	(138)
- Contributions to foundations	(341)	(703)
Income tax expense/(tax recoverable)	**(9,799)**	**(11,126)**

Permanent differences to the accounting profit for 2012 reflect 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.

Permanent differences to the accounting income for 2011 reflect non-tax expenditure or income, primarily exempt dividends received from foreign subsidiaries amounting to Euros 11,135 thousand, fines and penalties of Euros 1,165 thousand, transferred intangible assets at a negative amount of Euros 1,640 thousand and contributions to foundations totalling Euros 2,038 thousand.

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

a) Positive:

- Provision for personnel expenses, amounting to Euros 5,209 thousand (Euros 1,512 thousand in 2011).
- Adjustment for impairment of investments, amounting to Euros 35 thousand (Euros 6,020 thousand in 2011).
- Provision for various liabilities, amounting to Euros 1,294 thousand (Euros 908 thousand in 2011).
- Other provisions, amounting to Euros 458 thousand (Euros 181 thousand in 2011).

b) Negative:

- Amortisation for tax purposes of unrecognised goodwill, amounting to Euros 1,328 thousand (Euros 5,975 thousand in 2011).
- Application of the tax incentive for accelerated depreciation, as provided for in Law 4/2008, amounting to Euros 3,286 thousand (Euros 23,096 thousand in 2011).
- Adjustment for impairment of investments, amounting to Euros 35 thousand.

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

a) Positive:

- Application of deferred tax incentive for accelerated depreciation for 2009, 2010 and 2011, amounting to Euros 6,228 thousand.

b) Negative:

- Reversal of the provision for liabilities, which had been adjusted in prior years, amounting to Euros 18,910 thousand (Euros 41,089 thousand in 2011).
- Reversal of the provision for employee benefits expenses, which had been adjusted in prior years, amounting to Euros 11,296 thousand. (Euros 6,091 thousand in 2011).
- Reversal of the provision for bad debts, which had been adjusted in prior years, amounting to Euros 752 thousand (Euros 2,418 thousand in 2011).
- Reversal of the provision for finance costs, amounting to Euros 555 thousand.

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 in each tax year for impairment losses on equity securities held in group companies and associates, 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 1/1/2011**	**Equity at 12/31/2011**	**% variation**	**Tax adjustment for the year**
Prosegur Activa Chile, Ltda.	1%	(10,570)	(12,457)	(19)	(35)

		Thousands of Euros			
		2011			
Investee	**% ownership**	**Equity at 1/1/2011**	**Equity at 12/31/2011**	**% variation**	**Tax adjustment for the year**
Prosegur France, S. A.	100%	8,403	4,875	(3,528)	610
Sociedad de Distribución Canje y Mensajeria Ltda	49%	11,164	10,533	(307)	(307)
Prosegur Distribuçao e Serviços, Lda	100%	1,332	955	(376)	144
PS México Compañía de Seguridad Privada, SA de CV	95%	42,806	39,579	(3,079)	497
Xiden, S.A.C.I.	8%	4,270	5,052	61	21
Capacitaciones Ocupacionales Sociedad Ltda.	83%	459	401	(48)	(48)
General Insdustrie Argentina, S.A	90%	22	769	672	71
Rosegur Cash Services	51%	444	111	(170)	(170)
Tellex, S.A.	95%	1,320	267	(1,000)	(481)
Prosegur Tecnología em Sistemas de Segurança Electronica e Incendios Ltda.	100%	22,509	24,465	1,956	(3,706)
Gemper, S. A.- Sistemas Integrales de Control	100%	51	273	222	(21)
Prosegur Tecnologia Perú, S.A.	99%	(155)	176	328	(63)
Luxpai Holdo SARL	100%	2	393	391	(14)
Capitolotre	19%	28,576	18,933	(1,835)	(1,861)
Rosegur Holding Corporation, S.L.	50%	5,827	4,725	(551)	(503)

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

In 2011, deductions amounting to Euros 9,199 thousand reflect fully deductible dividends of Euros 30,117 thousand received from Group companies, and withholdings made in other countries for sundry services, amounting to Euros 164 thousand.

The deduction for reinvestment of extraordinary profit in 2012 totals Euros 8 thousand, on a reinvestment basis of Euros 74 thousand, in accordance with article 42 of the Spanish Income Tax Law, (deduction of Euros 6 thousand, on a reinvestment basis of Euros 49 thousand in 2011). In 2012 this amount was reinvested in property, plant and equipment.

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.

Euros 2,720 thousand have been recognised under current tax assets which comprise Euros 2,616 thousand receivable for income tax in 2012 and claims for amounts overpaid in prior years as a result of the tax assessments and Euros 104 thousand for withholdings generated in the year (Euros 9,854 thousand in 2011 comprising payments on account and withholdings amounting to Euros 1,855 thousand and tax credits generated at year end totalling Euros 7,969 thousand.)

The difference in the income tax expense due to the tax credit of Euros 9,799 thousand generated by the Company and Euros 9,148 thousand recognised under deferred tax assets, credits for tax loss carryforwards (see Note 21) arises because the Company, as parent of the tax group, records the total balance of the tax credit for the tax group, including the other Group companies which include a positive amount of Euros 631 thousand and the elimination on consolidation of Euros 20 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:

		Thousands of Euros	
	Expiry date	**2012**	**2011**
Tax loss carryforwards	2029	13,022	7,296
Rights to tax deductions and credits	2030	4,321	899
		17,343	**8,195**

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

	Thousands of Euros	
Year	**2012**	**2011**
2011	24,320	24,320
2012	19,085	-
	43,405	24,320

Deductions recognised by the Group are as follows:

	Thousands of Euros	
	2012	**2011**
International double taxation	3,112	40
Reinvestment of extraordinary profit	14	6
Investments in new fixed assets in Canary Islands	117	117
Contributions under Spanish Foundations Law 49/2002	1,042	708
Volvo Ocean Race (Taxation authorities' letter)	8	-
Technological innovation (TI)	28	28
	4,321	**899**

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

	Thousands of Euros	
	2012	**2011**
Accounting profit before income tax	**69,608**	**71,361**
Permanent differences	(67,240)	(9,948)
Elimination of transactions involving own shares	(132)	-
Taxable income	**2,236**	**61,413**
Tax rate	30%	30%
Tax payable/(tax loss)	**671**	**18,424**
- Double taxation	(3,072)	(9,199)
- Contributions to foundations	(341)	(703)
- Other deductions	(8)	(138)
Income tax expense	**(2,750)**	**8,384**
- Withholdings at source	377	321
- Adjustments to deferred taxes from prior years	592	4,571
Final income tax expense (income)	**(1,781)**	**13,276**

The income tax expense is as follows:

	Thousands of Euros	
	2012	**2011**
Current tax	(563)	(6,212)
Deferred tax (Note 21)	(1,218)	19,488
	(1,781)	**13,276**

Pursuant to 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 financial and non-financial 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.

21. 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	**1/1/2012**	**Credit/debit to P/L**	**Spinoff**	**Transfers**	**Credit/debit to equity**	**12/31/2012**
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 assets	**1/1/2011**	**Credit/debit to P/L**	**Merger**	**Transfers**	**Credit/debit to equity**	**12/31/2011**
Court ruling on difference in overtime rates	16,654	(6,934)	1,977	-	-	11,697
Impairment of investments	7,114	(9)		-	-	7,105
Provisions	9,601	(460)	1,604	-	-	10,745
Tax and portfolio goodwill	3,105	(263)	584	-	-	3,426
Amortisation and depreciation of PPE and intangible assets	68	(13)	-	-	-	55
	36,542	**(7,679)**	**4,165**	**-**	**-**	**33,028**

	Thousands of Euros					
Deferred tax liabilities	**1/1/2012**	**Credit/debit to P/L**	**Spinoff**	**Transfers**	**Credit/debit to equity**	**12/31/2012**
Goodwill for tax purposes	(6,481)	(1,495)	-	1471	10	(6,495)
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)**

	Thousands of Euros					
Deferred tax liabilities	**1/1/2011**	**Credit/debit to P/L**	**Merger**	**Transfers**	**Credit/debit to equity**	**12/31/2011**
Deferred gains on sale of assets	(168)	184	(16)	-	-	-
Goodwill for tax purposes	(4,794)	(1,404)	(304)	-	21	(6,481)
Exchange differences	(2)	2	-	-	-	-
Impairment of group companies	(2,900)	(2,881)	(15)	-	-	(5,796)
Law 4/2008 accelerated amort./depr.	(8,269)	(3,491)	(4,923)	-	-	(16,683)
Other	(3,237)	(4,219)	(35)	-	-	(7,491)
	(19,370)	**(11,809)**	**(5,293)**	**-**	**21**	**(36,451)**

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.

The deferred tax liability arising on the deferred gain on the sale of assets in 2011 reflects the gain on sales made under the reinvestment regime during the same year in which the gains were generated, thereby giving rise to a deferred tax liability of Euros 1,369 thousand in 2001. The Company availed of this legislation, specifically with regard to the deferral and periodic recognition of gains, and has therefore continued to recognise the deferred tax liability recorded in prior years at 30% of the reinvested profit. As a result of this deferral, the Company reinvested the entire amount obtained from the transfer in the period between the year prior to the date on which the transferred assets were handed over or made available and three years after that date.

22. Accruals

Accruals essentially include deferred income in respect of payments arising upon the signing of the contract for the alarm centre, included in 2011 following the merger with Prosegur Activa España, S.L.U. This income is deferred over eight years, which is the Company's estimate of the average contract term. At 31 December 2012, Euros 8,643 thousand are recognised as non-current and Euros 3,869 thousand as current (Euros 12,697 thousand as non-current and Euros 5,635 thousand as current in 2011).

23. 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 other than those for which provision has already been made (see Note 18).

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	
	2012	**2011**
Commercial guarantees	32,686	46,428
Financial guarantees	57,111	98,185
	89,797	**144,613**

As explained in Note 14, in 2008 Prosegur 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.

See also comments relating to non-current provisions in Note 18.

In 2012 the Company has executed guarantees that covered the value of certain group company assets totalling Euros 3,405 thousand.

b) Contingent assets

At 31 December 2012 the Company has no contingent assets.

When Prosegur Traitement de Valeurs EST (formerly Valtis, S.A.) was acquired in 2010 there was a contingent asset consisting of a guarantee extended by the sellers for commitments undertaken; this was in the form of bank guarantees totalling Euros 1,500 thousand that expired at 31 December 2011.

24. 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	
	2012	**2011**
Property, plant and equipment	2,439	7,712
Intangible assets	1,963	157
	4,402	**7,869**

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

Intangible assets include various computer software packages currently under development.

b) Operating lease commitments

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

	Thousands of Euros					
	2012			**2011**		
	Buildings	**Motor vehicles**	**Other assets**	**Buildings**	**Motor vehicles**	**Other assets**
Less than 1 year	2,126	7,924	359	2,400	7,180	999
1 to 5 years	8,054	8,337	241	10,342	8,209	354
Over 5 years	-	1	-	-	-	-
	10,180	**16,262**	**600**	**12,742**	**15,389**	**1,353**

25. Temporary joint ventures

The Company has interests in the following joint ventures at 31 December 2012:

	Name:	**Date of incorporation**	**Purpose**	**%**
a)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE AENA BARCELONA T2 Prosegur-Servimax",	November 2008	Security services in the new south terminal, vehicle access control and perimeter control in the Barcelona airport	88%
b)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax BSM"	January 2009	Security patrol services in the Barcelona Municipal Services (BSM) depots	76%
c)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Arpegio".	June 2009	Security patrol services and security in the different developments of ARPEGIO, Areas de Promoción Empresarial, S.A.	71%
d)	Prosegur Compañía de Seguridad – Fesmi Ute 18/1982, in short "UTE Prosegur Fesmi".	September 2009	Security patrol and supplementary services for the centres of the Ferrol tow n council	42%
e)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Oficina Antifrau de Catalunya",	November 2009	Security patrol services and protection of the building, premises and other installations of the Cataluña Anti-fraud Office	83%
f)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Centro Sanitario Ceuta"	February 2010	Security patrol services and protection of the building, premises and other installations of the Ceuta Health Centres	92%
g)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Aeropuerto de San Sebastián"	November 2009	Security patrol and supplementary services in the AENA installations in the San Sebastián airport	95%
h)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Aeropuerto de Málaga",	November 2009	Security patrol and supplementary services in the Malaga International Airport installations	78%
i)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Aeropuerto de Palma de Mallorca"	November 2009	Security patrol and supplementary services in the Palma de Mallorca International Airport installations	88%
j)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Universidad Alicante"	March 2010	Security patrol services and auxiliary personnel in the Universidad de Alicante campus and installations	99%

	Name:	Date of incorporation	Purpose	%
k)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Instituto de Estudios Fiscales"	April 2010	Security patrol services and auxiliary personnel in the Instituto de Estudios Fiscales centres	90%
l)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Hospital Vall d´Hebron"	May-10	Security patrol services and auxiliary personnel in the Vall d´Hebron hospital	50%
m)	UTE Prosegur Compañía de Seguridad – Prosegur Activa España Ute Ley 18/1982, in short "UTE PCia-PAE RTVA ".	July 2010	Security patrol services and security in the Andalucia regional public radio-television netw ork centres	88%
n)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Guggenheim Bilbao".	July 2010	Security patrol and auxiliary services for the Guggenheim Museum of Bilbao	53%
o)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Corporación RTVE".	August 2010	Security patrol and auxiliary services in the different centres of RTVE	70%
p)	Prosegur Compañía de Seguridad – CLECE UTE Ley 18/1982, in short UTE CLECE PCS TEATRO KURSAAL MELILLA	May-11	Security patrol and auxiliary services in Teatro Kursaal in Melilla	10%
q)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short UTE PCS-SSG MPTMAP	March 2011	Security patrol and auxiliary services in different MPTMAP centres	85%
r)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	September 2011	Security patrol and auxiliary services in different centres of the Cataluña railw ay authorities	96%
s)	Prosegur Compañía de Seguridad – ESC Servicios Generales Ute 18/1982, in short UTE PCS ESC CETARSA	November 2011	Security patrol and auxiliary services to CETARSA	81%
t)	Prosegur Compañía de Seguridad – FERROSER Ley 18/1982, in short UTE FERROSER PCS UNIV. EUROPEA MADRID	December 2011	Security patrol and auxiliary services to the Universidad Europea de Madrid	95%

	Name:	Date of incorporation	Purpose	%
u)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ley 18/1982, in short UTE PCS SSG GENERAL MOTORS	January 2012	Security patrol and supplementary services in General Motors' factory in Zaragoza.	96%
v)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ley 18/1982, in short UTE PCS SSG UNIVERSIDAD POLITECNICA DE VALENCIA 2012	February 2012	Security patrol and supplementary services in the Universidad Politécnica, Valencia	97%
w)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ley 18/1982, in short UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU	March 2012	Security patrol and supplementary services in the Hospital de la Santa Creu, Barcelona	98%
x)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ley 18/1982, in short UTE PCS SSG Palacio de Congresos y de la Música Euskalduna Jauregia	March 2012	Security patrol and supplementary services in the Palacio de la Música Euskalduna, Bilbao	75%
y)	Prosegur Compañía de Seguridad – ESC Servicios Generales Ley 18/1982, in short UTE PCS ESC Forum Evolucion	April 2012	Security patrol and supplementary services in the Evolution Forum, Burgos	42%
z)	Prosegur Compañía de Seguridad – ESC Servicios Generales Ley 18/1982, in short UTE PCS ESC Clinica Militar Cartagena	July 2012	Security patrol and supplementary services in the Military Clinic, Cartagena	60%
aa)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ley 18/1982, in short UTE PCS SSG Hospital Vall D'Hebron II	September 2012	Security patrol and supplementary services in the Vall d' Hebron Hospital, Barcelona	50%
ab)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ley 18/1982, in short UTE PCS SSG Palau de la Música	October 2012	Security patrol and supplementary services in the Palau de la Música, Valencia	91%
ac)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ley 18/1982, in short UTE PCS SSG Aeropuerto Barcelona Lote 1	October 2012	Security patrol and supplementary services in Barcelona airport.	74%
ad)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ley 18/1982, in short UTE PCS SSG Urbanización La Finca	December 2012	Security patrol and supplementary services in the la Finca residential area, Pozuelo, Madrid.	50%

During 2012 the following temporary joint ventures in which the Company had an interest have been liquidated:

	Name:	Date of incorporation	Purpose	%	Date liquidated
ae)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short "UTE Prosegur-Nordés"	October 2006	Security patrol services, security and maintenance of security installations of the health centres in the Malaga health district	50%	February 2012
af)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Universidad Politécnica de Valencia",	December 2009	Security patrol services, security and auxiliary personnel in the Universidad Politécnica de Valencia campus and installations	99%	October 2012
ag)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute Ley 18/1982, in short "UTE Prosegur-Servimax Conservatorio Municipal Ataulfo Argenta II".	June 2010	Security patrol, security and auxiliary services in the Ataúlfo Argenta municipal conservatory in Santander	50%	October 2012
ah)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short "UTE Prosegur-Ptecnologia Ayuntamiento de Alcobendas"	July 2010	Management and security services of the collections and other valuable items of the Alcobendas municipal sports council	95%	February 2012
ai)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short "UTE Prosegur-PTecnologia ISE Andalucia".	September 2010	Security patrol and security services for the Vega del Rey de Camas (Seville) administration building	95%	October 2012
aj)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short "UTE Prosegur-PTecnologia AEAT Sevilla".	December 2010	Security services, preventive and corrective maintenance of anti-burglary, robbery and fire protection systems of the AEAT (taxation authorities) centres dependent on the Andalucia, Ceuta and Melilla local government	95%	February 2012
ak)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short UTE PCIA-PT AGENCIA VALENCIANA DE SALUD	January 2011	Security services, preventive and corrective maintenance of anti-burglary, robbery and fire protection systems of the Valencia Health Agency centres	99%	October 2012
al)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short UTE PCS-PT MINISTERIO DE JUSTICIA	March 2011	Security services, preventive and corrective maintenance of anti-burglary, robbery and fire protection systems for the Ministry of Justice	96%	February 2012

The Company has interests in the following joint ventures at 31 December 2011:

	Name:	Date of incorporation	Purpose	%
a)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short "UTE Prosegur-Nordés"	October 2006	Security patrol services, security and maintenance of security installations of the health centres in the Malaga health district	50%
b)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute Ley 18/1982, in short "UTE RTVE Prosegur-Servimax	May-08	Security patrol and auxiliary services in the different centres of RTVE. (LIQUIDATED 16/05/2011)	80%
c)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE AENA BARCELONA T2 Prosegur-Servimax",	November 2008	Security services in the new south terminal, vehicle access control and perimeter control in the Barcelona airport	88%
d)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax BSM"	January 2009	Security patrol services in the Barcelona Municipal Services (BSM) depots	76%
e)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Arpegio".	June 2009	Security patrol services and security in the different developments of ARPEGIO, Areas de Promoción Empresarial, S.A.	71%
f)	Prosegur Compañía de Seguridad – Fesmi Ute 18/1982, in short "UTE Prosegur Fesmi".	September 2009	Security patrol and supplementary services for the centres of the Ferrol town council	42%
g)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Oficina Antifrau de Catalunya",	November 2009	Security patrol services and protection of the building, premises and other installations of the Cataluña Anti-fraud Office	83%
h)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Centro Sanitario Ceuta"	February 2010	Security patrol services and protection of the building, premises and other installations of the Ceuta Health Centres	92%
i)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Aeropuerto de San Sebastián"	November 2009	Security patrol and supplementary services in the AENA installations in the San Sebastián airport	95%
j)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Aeropuerto de Málaga",	November 2009	Security patrol and supplementary services in the Malaga International Airport installations	78%

	Name:	Date of incorporation	Purpose	%
k)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Aeropuerto de Palma de Mallorca"	November 2009	Security patrol and supplementary services in the Palma de Mallorca International Airport installations	88%
l)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Universidad Politécnica de Valencia",	December 2009	Security patrol services, security and auxiliary personnel in the Universidad Politécnica de Valencia campus and installations	99%
m)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Universidad Alicante"	March 2010	Security patrol services and auxiliary personnel in the Universidad de Alicante campus and installations	99%
n)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Instituto de Estudios Fiscales"	April 2010	Security patrol services and auxiliary personnel in the Instituto de Estudios Fiscales centres	90%
o)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Hospital Vall d´Hebron"	May-10	Security patrol services and auxiliary personnel in the Vall d´Hebron hospital	50%
p)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute Ley 18/1982, in short "UTE Prosegur-Servimax Conservatorio Municipal Ataulfo Argenta II".	June 2010	Security patrol, security and auxiliary services in the Ataúlfo Argenta municipal conservatory in Santander	50%
q)	UTE Prosegur Compañía de Seguridad – Prosegur Activa España Ute Ley 18/1982, in short "UTE PCia-PAE RTVA ".	July 2010	Security patrol services and security in the Andalucia regional public radio-television network centres	88%
r)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short "UTE Prosegur-Ptecnologia Ayuntamiento de Alcobendas"	July 2010	Management and security services for the collection and other valuable items of the Alcobendas municipal sports council	95%
s)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Guggenheim Bilbao".	July 2010	Security patrol and auxiliary services for the Guggenheim Museum of Bilbao	53%
t)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short "UTE Prosegur-Servimax Corporación RTVE".	August 2010	Security patrol and auxiliary services in the different centres of RTVE	70%
u)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short "UTE Prosegur-PTecnologia ISE Andalucia".	September 2010	Security patrol and security services for the Vega del Rey de Camas (Seville) administration building	95%
v)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short "UTE Prosegur-PTecnologia AEAT Sevilla".	December 2010	Security services, preventive and corrective maintenance of anti-burglary, robbery and fire protection systems of the AEAT (taxation authorities) centres dependent on the Andalucia, Ceuta and Melilla local government	95%

	Name:	Date of incorporation	Purpose	%
w)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short UTE PCIA-PT AGENCIA VALENCIANA DE SALUD	January 2011	Security services, preventive and corrective maintenance of anti-burglary, robbery and fire protection systems of the Valencia Health Agency centres	99%
x)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short UTE PCS-PT MINISTERIO DE JUSTICIA	March 2011	Security services, preventive and corrective maintenance of anti-burglary, robbery and fire protection systems for the Ministry of Justice	96%
y)	Prosegur Compañía de Seguridad – CLECE UTE Ley 18/1982, in short UTE CLECE PCS TEATRO KURSAAL MELILLA	May-11	Security patrol and auxiliary services in Teatro Kursaal in Melilla	10%
z)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short UTE PCS-SSG MPTMAP	March 2011	Security patrol and auxiliary services in different MPTMAP centres	85%
aa)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	September 2011	Security patrol and auxiliary services in different centres of the Cataluña railway authorities	96%
ab)	Prosegur Compañía de Seguridad – ESC Servicios Generales Ute 18/1982, in short UTE PCS ESC CETARSA	November 2011	Security patrol and auxiliary services to CETARSA	81%
ac)	Prosegur Compañía de Seguridad – FERROSER Ley 18/1982, in short UTE FERROSER PCS UNIV. EUROPEA MADRID	December 2011	Security patrol and auxiliary services to the Universidad Europea de Madrid	95%

Temporary joint ventures have been included in the Company's balance sheet and income statement based on the percentage of the interest held in the joint ventures.

The balance sheet and income statement which include the joint ventures for 2012 are as follows:

	Thousands of Euros													
	a	**b**	**c**	**d**	**e**	**f**	**g**	**h**	**i**	**j**	**k**	**l**	**m**	**n**
Assets														
- Non-current assets	-	-	-	-	-	-	-	7	-	-	-	-	-	-
- Current assets	3	293	17	270	-	117	(1)	793	665	282	42	28	2	232
Total Assets	**3**	**293**	**17**	**270**	**-**	**117**	**(1)**	**800**	**665**	**282**	**42**	**28**	**2**	**232**
Liabilities														
Non-current liabilities	238	3	1	20	1	129	2	167	45	9	1	1	0	0
Current liabilities	(241)	(296)	(18)	(290)	(1)	(246)	(2)	(967)	(710)	(291)	(43)	(29)	(2)	(232)
Total Liabilities	**(3)**	**(293)**	**(17)**	**(270)**	**-**	**(117)**	**1**	**(800)**	**(665)**	**(282)**	**(42)**	**(28)**	**(2)**	**(232)**
Income	(9,013)	(1,340)	(57)	(307)	(160)	(1,279)	(226)	(8,260)	(8,445)	(1,436)	(440)	(696)	(1)	(2,052)
Expenses	9,138	1,342	58	316	161	1,339	227	8,369	8,470	1,445	440	696	1	2,052
Profit after tax	**125**	**2**	**0**	**9**	**1**	**60**	**1**	**108**	**25**	**9**	**0**	**0**	**-**	**-**

(*) Liquidated in 2012

(**) No activity started in 2012

	Thousands of Euros															
	o	**p (**)**	**q**	**r**	**s**	**t**	**u**	**v**	**w**	**x**	**y**	**z**	**aa**	**ab (**)**	**ac**	**ad (**)**
Assets																
- Current assets	882	-	70	359	103	268	146	631	443	209	17	84	842	-	1,783	-
Total Assets	**882**	**-**	**70**	**359**	**103**	**268**	**146**	**631**	**443**	**209**	**17**	**84**	**842**	**-**	**1,783**	**-**
Liabilities																
- Non-current liabilities	2	-	2	4	0	0	0	0	2	0	0	-	-	-	-	-
Current liabilities	(883)	-	(72)	(363)	(103)	(268)	(146)	(631)	(444)	(209)	(17)	(84)	(842)	-	(1,783)	-
Total Liabilities	**(882)**	**-**	**(70)**	**(359)**	**(103)**	**(268)**	**(146)**	**(631)**	**(443)**	**(209)**	**(17)**	**(84)**	**(842)**	**-**	**(1,783)**	**-**
Income	(2,328)	-	(726)	(1,211)	(517)	(544)	(644)	(1,532)	(862)	(399)	(47)	(87)	(702)	-	(1,473)	-
Expenses	2,328	-	728	1,215	517	544	644	1,532	864	399	47	87	702	-	1,473	-
Profit after tax	**0**	**-**	**2**	**3**	**0**	**0**	**0**	**0**	**2**	**0**	**0**	**-**	**-**	**-**	**0**	**-**

(*) Liquidated in 2012

(**) No activity started in 2012

The balance sheet and income statement which include the joint ventures for 2011 are as follows:

	Thousands of Euros													
	a	**b (*)**	**c**	**d**	**e**	**f**	**g**	**h**	**i**	**j**	**k**	**l**	**m**	**n**
Assets														
- Current assets	8	-	2,290	287	77	268	16	109	50	1,703	1,400	632	588	119
Total Assets	**8**	**-**	**2,290**	**287**	**77**	**268**	**16**	**109**	**50**	**1,703**	**1,400**	**632**	**588**	**119**
Liabilities														
- Non-current liabilities	-	-	113	1	1	11	1	69	1	59	20	2	1	1
- Current liabilities	(8)	-	(2,403)	(288)	(78)	(279)	(17)	(178)	(51)	(1,762)	(1,420)	(634)	(589)	(120)
Total Liabilities	**(8)**	**-**	**(2,290)**	**(287)**	**(77)**	**(268)**	**(16)**	**(109)**	**(50)**	**(1,703)**	**(1,400)**	**(632)**	**(588)**	**(119)**
Income	65	-	11,281	1,332	107	323	160	1,253	251	9,093	8,454	2,157	1,608	484
Gastos	(65)	-	(11,350)	(1,332)	(107)	(332)	(160)	(1,293)	(251)	(9,146)	(8,470)	(2,157)	(1,608)	(484)
Profit/(Loss) after tax	**-**	**-**	**(69)**	**-**	**-**	**(9)**	**-**	**(40)**	**-**	**(53)**	**(16)**	**-**	**-**	**-**

(*) Liquidated in 2011

(**) No activity started in 2011

	Thousands of Euros														
	o	**p**	**q**	**r**	**s**	**t**	**u**	**v**	**w**	**x**	**y**	**z**	**aa**	**ab (**)**	**ac (**)**
Assets															
- Current assets	532	12	10	1	413	826	27	1	198	-	180	78	379		
Total Assets	**532**	**12**	**10**	**1**	**413**	**826**	**27**	**1**	**198**	**-**	**180**	**78**	**379**	**-**	**-**
Liabilities															
- Non-current liabilities	-	1	-	-	-	1	1	1	-	-	-	-	-		
- Current liabilities	(532)	(13)	(10)	(1)	(413)	(827)	(28)	(2)	(198)	-	(180)	(78)	(379)		
Total Liabilities	**(532)**	**(12)**	**(10)**	**(1)**	**(413)**	**(826)**	**(27)**	**(1)**	**(198)**	**-**	**(180)**	**(78)**	**(379)**	**-**	**-**
Income	1,386	23	1,560	9	2,108	2,707	45	194	165	586	332	542	321		
Gastos	(1,386)	(23)	(1,560)	(9)	(2,108)	(2,708)	(46)	(195)	(165)	(586)	(337)	(542)	(321)		
Profit/(Loss) after tax	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**	**(1)**	**-**	**-**	**(5)**	**-**	**-**	**-**	**-**

(*) Liquidated in 2011

(**) No activity started in 2011

(*) No activities were commenced during the year.

26. 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, including Corporación Financiera Alba, S.A., through Alba Participaciones, S.A., with 10.01%, and AS Inversiones, S.L., which holds 5.31%.

a) Group companies, jointly controlled companies and associates

The Company's financial assets and financial liabilities with Group companies, excluding equity instruments (see note 10), are as follows:

	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 Assets, 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)
Establecimientos Permanentes	-	-	2	-	-	(6)
UTE´S	-	1	654	-	-	(182)
Otros	650	219	21	-	(2)	(3)
Total Spain	**45,571**	**3,587**	**6,176**	**(5,760)**	**(10,609)**	**(4,856)**
Foreign subsidiaries						
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	-	-	-	-
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 in Europe, as part of centralised cash management. These are denominated in Euros, accrue interest at an annual rate of 2.25% in Spain, 2.043% in France, 2.795% in Luxembourg and 2.25% in Hong Kong (in 2011 the interest rate was 3.25% in Spain, 3.3% in France, 3.25% in Luxembourg and 1.62% in Germany). Interest amounted to Euros 1,625 thousand in 2012 (Euros 401 thousand in 2011).

Payables under financial liabilities comprise current loans extended by group companies in Spain and Europe as part of central cash management. These are denominated in Euros, accrue interest at an annual rate of 2.25% in Spain, 3.25% in Ireland, 3% in Argentina, 2.25% in Peru and 2.79% in Brazil (in 2011 these rates were 3.25% in Spain, 3.25% in Ireland, 3.25% in Greece and Poland, 3.25% in Argentina and 3.5% in Peru). Interest amounted to Euros 1,682 thousand in 2012 (Euros 1,535 thousand in 2011).

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					
	2012			**2011**		
	Other payments/ collections	**Income tax**	**Receivable / (Payable)**	**Other payments/ collections**	**Income tax**	**Receivable / (Payable)**
Prosegur Gestion de Assets, S.L.U.	1,116	(173)	943	57	(98)	(41)
Servimax Servicios Generales, S.A.	(974)	2,573	1,599	(2,711)	2,535	(176)
Prosegur Activa Holding, S.L.U.	(2,135)	(2,445)	(4,580)	(1,120)	102	(1,018)
Formación, Selección y Consultoría, S.A.	(224)	510	286	(208)	382	174
Prosegur Alarmas, S.A. (*)	90	101	191	(8)	5	(3)
ESC Servicios Generales, S.L.U.	3	411	414	(478)	259	(219)
Seguridad Vigilada , S.A.	134	(148)	(14)	-	-	-
S.T.M.E.C., S.L.	4	30	34	-	-	-
SALCER Servicios Auxiliares, S.L.	18	(6)	12	-	-	-
BELOURA Investments SLU	2,076	(56)	2,020	-	-	-
Ptico Venture SCR Simplificada, S.A.	95	(166)	(71)	(3)	(12)	(15)
Total	**203**	**631**	**834**	**(4,471)**	**3,173**	**(1,298)**

(*) Prosegur Multiservicios, S.A., name in 2011

Transactions between the Company and group companies during the years are as follows:

	Thousands of Euros				
	2012				
	Income			Expenses	
	Services rendered and other income	Interest	% ownership	Services received	Interest
Prosegur Gestión de Assets, 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)
UTES	1	-	-	-	-
Otros	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 Brasil	9,264	-	5,225	1,733	(575)
Prosegur Group México	1,356	335	-	(15)	-
Prosegur Group Paraguay	2,751	-	-	-	-
Prosegur Group Uruguay	1,250	77	-	(1,870)	-
Prosegur Group Perú	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 Netherlands	-	-	33,000	-	-
Prosegur Group India	95	-	-	-	-
Prosegur Group Luxembourg	-	347	-	-	-
Prosegur Group Singapore	213	-	-	-	-
Prosegur Group Romania	345	-	-	-	-
Total	**40,504**	**1,625**	**65,560**	**(17,865)**	**(1,682)**

	Thousands of Euros				
	2011				
	Income			**Expenses**	
	Services rendered and other income	**Interest**	**% ownership**	**Services received**	**Interest**
Prosegur Gestión de Assets, S.L.U.	-	50	-	-	-
Servimax Servicios Generales, S.A.	2,532	-	9,466	(1,790)	(152)
Formación, Selección y Consultoría, S.A.	1	2	2,310	(1,778)	-
ESC Servicios Generales, S.L.	358	28	1,278	(399)	-
Prosegur Multiservicios, S.A.	15	-	-	(5)	(6)
Prosegur Activa Holding, S.L.U.	-	-	17,063	-	(875)
Joint ventures	37	-	-	-	(16)
Other	85	-	-	1	(5)
Prosegur Group Ireland	-	-	5,200	-	(361)
Prosegur Group France	1,468	197	-	(680)	-
Prosegur Group Argentina	9,294	-	435	(2,569)	(115)
Prosegur Group Brazil	4,891	-	-	(2,495)	-
Prosegur Group Mexico	736	2	-	(5)	(93)
Prosegur Group Paraguay	424	-	-	-	-
Prosegur Group Uruguay	357	-	-	(4)	-
Prosegur Group Peru	1,967	-	-	-	(4)
Prosegur Group Colombia	1,091	-	-	-	-
Prosegur Group Chile	1,739	-	-	(11)	-
Prosegur Group Portugal	2,159	-	5,500	(322)	-
Other	1,028	15	-	(19)	-
	28,182	**294**	**41,252**	**(10,076)**	**(1,627)**

Services rendered and other income fundamentally include Euros 24,898 thousand for centralised services invoices (Euros 19,167 thousand in 2011) and Euros 4,621 thousand for transfers of intangible assets (Euros 3,281 thousand in 2011). Also in 2012 Euros 7,597 thousand have been invoiced for use of the trademark.

Services rendered mainly include Euros 5,767 thousand (Euros 5,776 thousand in 2011) 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.

b) Other related parties

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 the Company at Calle Pajaritos, 24. This contract has a duration of five years, can be extended for a further five and was arranged at arm’s length. The total expense for this lease in 2012 amounts to Euros 1,256 thousand (Euros 1,267 thousand in 2011).

This agreement cannot be terminated before the expiry date during its initial term or subsequent extensions. In the event that Proactinmo, S.L. wishes to terminate the agreement during the initial term of the lease, it must pay an amount equivalent to the rentals for the remainder of the initial term. In the event that Proactinmo, S.L. wishes to terminate the agreement during an extension to the term, it must pay an amount equivalent to the rentals for the remainder of the extended term of the agreement, up to a maximum of 24 months' rentals at that date.

In 2012, the Company has provided business security services to Banca March for Euros 3,077 thousand (Euros 2,557 thousand in 2011).

Financing and investments with related parties

No deposits were made with Banca March S.A. in 2012.
In 2011, various deposits were made with Banca March, S.A. totalling Euros 75,000 thousand, which have earned total interest of Euros 669 thousand (see Note 3). At 2011 year end, Prosegur had no outstanding deposits with Banca March. However, it holds a current account with a balance of Euros 138 thousand at 31 December 2012 (Euros 220 thousand at 31 December 2011).

27. 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	
	2012	**2011**
Fixed remuneration	1,116	971
Variable remuneration	500	400
Remuneration in kind	16	16
Allowances	1,066	874
Life insurance premiums	44	37
Total	**2,742**	**2,298**

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	
	2012	**2011**
Fixed remuneration	2,183	2,387
Variable remuneration	895	962
Remuneration in kind	107	107
Life insurance premiums	16	12
Total	**3,201**	**3,468**

As well as the remuneration described in sections a) and b) above, in 2012 Prosegur has conveyed 781,140 shares (see Note 16) under the 2011 long-term incentive plan for executive directors and management personnel (Note 33.12), No shares were awarded in 2011, while cash incentives of Euros 173 thousand were paid out.

As explained in note 33.12, at the general meeting held on 27 June 2008, the shareholders approved the 2011 Plan of long-term incentives for executive directors and management of Prosegur. Subsequently, at the AGM 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 2012 include an expense of Euros 3,876 thousand in relation to the 2011 and 2014 Plans, Euros 1,615 thousand of which are cash incentives and Euros 2,261 thousand are shares.

The total commitment undertaken by the Company at 31 December 2012 in relation to the share-based incentives specified in the 2011 and 2014 Plans amounts to Euros 2,659 thousand and is recognised in equity (see Note 16).

The total commitment assumed by the Company in relation to the cash incentives specified in the 2014 Plan amounts to Euros 1,615 thousand (see Note 18).

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.

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

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

2012

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

2011

Name of board member	Name of Group company	Position
D. Christian Gut Revoredo	Prosegur Activa Holding, S.L.U.	Joint director
D. Christian Gut Revoredo	Formación, Selección y Consultoría, S.A.	Joint director
D. 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 2012.

28. Employee Information

The average headcount of the Company in 2012 and 2011, distributed by category, is as follows.

	2012	2011
Indirect personnel	1,840	2,125
Direct personnel	20,396	20,608
Total	**22,236**	**22,733**

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

	2012		2011	
	Female	Male	Female	Male
Indirect personnel	506	1,028	612	1,361
Direct personnel	3,111	17,354	3,280	17,979
Total	**3,617**	**18,382**	**3,892**	**19,340**

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

	2012		2011	
	Female	**Male**	**Female**	**Male**
Board directors	3	6	3	5
Senior management	1	15	1	15
Total	**4**	**21**	**4**	**20**

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

	2012	**2011**
Indirect personnel	48	29
Direct personnel	99	121
Total	**147**	**150**

29. Audit Fees

At the general meeting held on 28 June 2010, the shareholders appointed KPMG Auditores, S.L. as the auditors of the annual accounts of the Company and the consolidated annual accounts of the Prosegur Group from the year ended 31 December 2010 onwards.

KPMG Auditores, S.L., the auditors of the annual accounts of the Company, have invoiced the following fees and expenses for professional services during the years ended 31 December 2012 and 2011:

	Thousands of Euros	
	2012	**2011**
Audit services	279	186
Total	**279**	**186**

Audit services detailed in the above table include the total fees for services rendered in 2012 and 2011, irrespective of the date of invoice.

Other companies of the KPMG Europe, LLP Group have invoiced the following fees and expenses for professional services during the years ended 31 December 2012 and 2011:

	Thousands of Euros	
	2012	**2011**
Other services	184	241
Total	**184**	**241**

30. Environmental Information

In 2012 the Company invested in armoured vehicles that are compliant with the Euro III emission standard for non-polluting particles. This investment, recognised as an increase in the value of property, plant and equipment, totals Euros 3,204 thousand (Euros 1,554 thousand in 2011). At the 2012 reporting date Prosegur has no contingencies, legal claims or income or expenses relating to the environment.

31. Events after the reporting period

Prosegur has signed a contract dated 20 February 2013 to purchase 100% of the share capital of Brink's Deutschland GmbH, a German subsidiary of The Brink's Company through its holding Brink's Beteiligungsgesellschaft GmbH. This company, which provides securities logistics and cash management services in Germany, has an approximate turnover of Euros 47,000 thousand and around 1,000 employees. The transaction is subject to the approval of the Federal Cartel Office, which was requested by the parties on 4 February 2013.

At the date of the preparation of the annual accounts, the board of directors has not yet fully assessed the impact of the balance sheet revaluation under Law 16/2012 of 27 December 2012, which contained several tax measures aimed at consolidating public finances and boosting economic activity. If approved by the shareholders at their annual general meeting, this balance sheet revaluation would increase the tax bases of any revalued assets.

32. Basis of Presentation

a) Fair presentation

The annual accounts for 2011 have been prepared on the basis of the accounting records of the Company in accordance with prevailing legislation and the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 to present fairly the equity and financial position at 31 December 2012 and results of operations and cash flows for the year then ended, as well as the accuracy of the figures reflected in the statement of cash flows.

At year end, the Company has negative working capital of Euros 63,667 thousand. Nevertheless, the Company's directors have prepared these annual accounts on a going concern basis, as they consider that this negative working capital does not affect the Company's ability to operate as a going concern, given that the Company is the parent of the Prosegur Group which, in its consolidated annual accounts at 31 December 2012, reported positive working capital of Euros 232,769, and given its capacity to generate future cash flows in the ordinary course of its business and its subsidiaries' dividend management policy.

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:

Estimated impairment of goodwill

The Company tests goodwill for impairment annually, in accordance with the accounting policy described in Note 33.3. The recoverable amount of a cash-generating unit is determined based on its value in use, which is understood to be the present value of estimated future cash flows. This calculation requires the use of estimates.
To estimate the value in use the Company prepares forecasts of future cash flows before tax based on the budgets most recently approved by the directors. These budgets incorporate the best available estimates of income and expenses of the cash generating units using sector past experience and future expectations.

These budgets have been prepared for the next four years and future cash flows have been calculated by applying reasonable non-increasing growth rates that do not exceed the growth rates of prior years.

The Company prepares estimates for the next four years, as it considers this to be the most suitable period for activities in the sector in which it operates.

Cash flows are discounted to present value at a rate that reflects the cost of capital of the business. The Company considers the present value of money and risk premium calculations currently in general use among analysts.

If the recoverable amount is less than the carrying amount of the asset, the difference is recognised under impairment and gains/(losses) on disposal of fixed assets in the income statement.

Impairment of goodwill recognised may not be reversed.

Along with the analysis of impairment, Prosegur has also performed a sensitivity analysis on goodwill (see Note 6).

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.

Claims

Management estimates provisions for claims using information obtained from external and internal labour, legal and tax advisors, in order to make the best estimates.

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

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2012 include comparative figures for 2011, which formed part of the annual accounts approved by shareholders at the annual general meeting held on 29 May 2012.

Management has taken into consideration the share split carried out on 6 July 2012 (see Note 16) when presenting the comparative information regarding the proposed distribution of profits (see Note 4) and equity (see Note 16)

33. Accounting Principles

33.1 Intangible Assets

a) Goodwill

Goodwill is the amount by which the cost of the business combination exceeds the acquisition-date fair value of the identifiable net assets acquired. As a result, goodwill is only recognised when it has been acquired onerously and represents future economic benefits from assets that cannot be identified individually and recognised separately.

The Company's goodwill at 31 December 2012 comprises merger goodwill, recognised in the Company's balance sheet, reflecting the excess of the value of the investment in the merged company (as recognised by the Company) over the net assets and liabilities incorporated from the merged company.

Separately recognisable goodwill is not amortised, but is instead tested annually for impairment and recognised at cost less accumulated impairment losses.

For impairment testing purposes, goodwill is allocated to cash-generating units (CGUs). Goodwill is allocated to the CGUs that are expected to benefit from the business combination from which the goodwill arose.
Impairment losses on goodwill are not reversed in subsequent years.

b) Customer portfolios

Customer portfolios comprise service contracts and customer portfolios acquired by the Company from other companies. Portfolios are amortised over their estimated useful lives (five to ten years on average) and are recognised at cost less accumulated amortisation.

c) Computer software

Computer software purchased from third parties is capitalised based on the costs incurred to acquire and bring the specific software to use. These expenses are amortised over the estimated useful lives of the assets, averaging five years.

Computer software maintenance costs are charged as expenses when incurred.

d) 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 2012 the Company has a computer software licence with an indefinite useful life amounting to Euros 1,042 thousand.

33.2 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.

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.

33.3. 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.

33.4. 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 entities and associates

These investments are initially recognised at cost, which is equivalent to the fair value of the consideration paid, including for jointly controlled entities 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 entity 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.

33.5. 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.

33.6. 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.

33.7. Inventories

Inventories are measured at the lower of cost and net realisable value. When the cost of inventories exceeds net realisable value, materials are written down to net realisable value and an expense is recognised in the income statement. The previously recognised valuation adjustment is reversed against profit and loss when the circumstances that previously caused inventories to be written down no longer exist. Cost is measured as the average weighted cost.

33.8. 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.

33.9. 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.

33.10. Financial Liabilities

a) Debts and payables

This category includes trade and non-trade payables. These borrowings are classed 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.

33.11. 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.

33.12. 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 for executive directors and management of the Company. The 2011 Plan is generally linked to value creation during the 2008-2011 period and foresees the payment of share-based incentives to executive directors, and shares and cash to management. The maximum number of shares earmarked for the 2011 Plan is 3,750,000, representing 0.668% of the Company's present share capital.

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 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 16).

With regard to the cash incentives, the total commitment acquired is recognised as an expense in the income statement with a credit to non-current provisions or current liabilities on an accruals basis over the Plan assessment period.

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 for executive directors and management of the Company. The 2014 Plan is generally linked to value creation during the 2012-2014 period and foresees the payment of share-based incentives to executive directors, and shares and cash to management. The maximum number of shares earmarked for the 2014 Plan is 4,120,000, representing 0.608% 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 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 January 2016. Entitlement to incentives is assessed on the following dates:

- 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 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 16).

With regard to the cash incentives, the total commitment acquired is recognised as an expense in the income statement with a credit to non-current provisions or current liabilities on an accruals basis over the Plan assessment period.

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.

33.13. 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 23).

33.14. 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 33.19).

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 entities and associates (see Note 33.4).

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

In 2012, the holding and managing of property assets carried out by Prosegur Compañía de Seguridad, S.A. (the spun-off company) was spun off to Prosegur Gestión de Activos, S.L. (the beneficiary). (see Note 5).

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 2012.

33.15. 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 entities

Interests in jointly controlled entities are recognised in accordance with the criteria for investments in group companies, jointly controlled entities and associates (see Note 33.4).

33.16. Revenue Recognition

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

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

a) Services rendered

The Company renders security services, securities logistics and cash management services through the Prosegur Group. The services are rendered on a fixed-price contract basis, generally for renewable periods of one year.

Revenues from fixed-price contracts which, as stated, are typically generated from services, are recognised in the period in which these services are rendered, excluding taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount.

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.
The payment initially invoiced when the contract is signed for installation of the security system is deferred over eight years, the Company's estimate of the useful life of this equipment.

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.

33.17. 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.

33.18. 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.

33.19. 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.

33.20. 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.

34. Financial Risk Management

34.1. 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 and, since 2011, in the Greek and Polish markets and in 2012 in Italy (see Note 1), 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 Brazilian Real and, to a lesser extent, the Argentine Peso. 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 2012, the Company contracted financial instruments in relation to currency risk on assets, liabilities and future transactions, which are detailed in Note 11.

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			
	2012		**2011**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Euros	349,325	804,517	299,449	691,756
US Dollars	34	246	622	-
Mexican Pesos	296	3,414	415	-
Argentinean Pesos	-	1,021	-	3,020
Singapore Dollar	-	2,413	-	2,323
Colombian Pesos	-	5,953	-	20,580
Brazilian Reals	-	2,318	-	26,264
Peruvian Soles	-	1,215	-	2,348
Total	**349,655**	**821,097**	**300,486**	**746,291**

(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 2012 and 2011 the majority of the Company's borrowings at variable interest rates were denominated in Euros.

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. During 2012, the Company has contracted new exchange rate hedges (see Note 11).

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

	Thousands of Euros		
	2012		
	Total borrowings	**Hedged borrowings**	**Exposed borrowings**
Non-current (Note 19)	448,308	-	448,308
Current (Note 19)	117,609	100,000	17,609
Total borrowings	**565,917**	**100,000**	**465,917**

	Thousands of Euros		
	2011		
	Total borrowings	**Hedged borrowings**	**Exposed borrowings**
Non-current (Note 19)	416,189	-	416,189
Current (Note 19)	83,154	100,000	(16,846)
Total borrowings	**499,343**	**100,000**	**399,343**

(iii) Credit risk

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

The Company's Collections Department manages an approximate volume of 21,357 customers (22,298 in 2011) with monthly average turnover of Euros 3.4 thousand per customer (Euros 3.2 thousand in 2011). 85% of payments are made by bank transfer and the remaining 15% in notes (cheques, promissory notes etc.) (85% of payments were made by bank transfer and 15% in notes in 2011).

Details of the turnover represented by the seven main customers in 2012 and 2011 are as follows:

Counterparty	**% of Revenue 2012**	**% of Revenue 2011**
Customer 1	1.89%	2.45%
Customer 2	1.66%	2.44%
Customer 3	1.46%	2.31%
Customer 4	1.45%	1.81%
Customer 5	1.41%	1.71%
Customer 6	1.19%	1.60%
Customer 7	1.18%	1.55%

Furthermore, as explained in Note 14, in 2012 the Company contracted a securitisation programme for part of its customer portfolio whereby receivables are sold without recourse, transferring the associated credit risk. At 31 December 2012, securitised receivables amount to Euros 33,320 thousand.

(iv) Liquidity risk

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

Management monitors the Company's liquidity reserves, which comprise credit drawdowns (see Note 19) and available cash and cash equivalents (see Note 15), and are forecast based on expected cash flows.

As described in note 32.a, at 31 December 2012 the Company has negative working capital of Euros 63,667 thousand (Euros 45,553 thousand in 2011). However, as the Company is parent of the Prosegur Group, which has positive working capital of Euros 232,769 thousand, the Company's liquidity position for 2012 is based on the following:

- At 31 December 2012 the Company has cash and cash equivalents of Euros 3,463 thousand and the Prosegur Group, of which it is parent, has cash and cash equivalents of Euros 163,601 thousand, according to the consolidated annual accounts.

- At the 2012 year end, the Company and the Group had undrawn credit facilities of Euros 48,291 thousand (see Note 19) and Euros 241,525 thousand, respectively.

- Cash flows from operating activities in 2012 amount to Euros 21,608 thousand at individual level and Euros 130,529 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**	**More than 5 years**	**Total**
31 December 2012	117,609	50,270	397,662	376	565,917
31 December 2011	83,154	73,129	343,060	-	499,343

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.

34.2. Estimating 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. For the purpose of presenting financial information the fair value of financial liabilities is estimated by discounting contractual future cash flows at the current market interest rate available to the Company for similar financial instruments.

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VIII. 2012 DIRECTORS' REPORT

The Company closed the year with revenues of Euros 861,616 thousand, down 1.02% on the prior year.

This decline is mainly due to the problems faced by the Spanish economy, which have affected the sector in which the Company operates.

The policy of consolidating the Company's activity within the Prosegur Group has been maintained in 2012.

1 . Significant events

The cumulative data for 2012 includes the following significant events:

On 11 January 2012 the Company incorporated the US company Prointrans, LLC for an amount of Euros 146 thousand (US Dollars 200 thousand) of which Euros 50 thousand has been paid in (US Dollars 60 thousand).

On 16 February 2012 the Company incorporated the Mexican company Grupo Tratamiento y Gestión de Valores SAPI de CV, to develop, organise and manage companies. The Mexican company is 98% owned by the Company, with Euros 3 thousand paid in. On 17 July 2012 the Company subscribed Euros 385 thousand of the share capital increase which reduced its ownership to 80%.

On 2 April 2012 the Company incorporated the Peruvian company Prosegur Servicios Administrativos, S.A. to provide accounting, treasury, technological, IT and logistic support services, This entity is 99% owned by the Company with Euros 1 thousand paid in.

On 16 April 2012, the Company subscribed a share capital increase in the Luxembourg securities holding company Luxpai Holdo SARL, for an amount of Euros 21,488 thousand by capitalising loans (Euros 15,921 thousand) and making a contribution of 100% of its shares 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 was capitalised for an amount of Euros 8,000 thousand. On 28 December 2012 the Company subscribed an increase in share capital for an amount of Euros 1,989 thousand, by capitalising loans.

On 26 July 2012 the Company acquired the remaining 5% interest) in Seguridad Vigilada, S.A., for an amount of Euros 195 thousand, which was paid upon signing the contract. A 95% interest in this company. whose principal activity is providing security services, was acquired in 2011.

On 26 July 2012 the Company acquired the remaining 5% interest) in S.T.M.E.C., S.L., , for an amount of Euros 2 thousand, which was paid upon signing the contract A 95% interest in this company, whose principal activity is providing maintenance and repair services for ATMs was acquired in 2011..

On 26 July 2012 the Company acquired the remaining 5% interest in Salces Servicios Auxiliares, S.L. for an amount of Euros 2 thousand, which was paid upon signing the contract.   A95% interest in this company,, whose principal activity is providing auxiliary and complementary services, was acquired in 2011

On 1 August 2012 the Company span off its real estate asset holding and management activity to its fully-owned subsidiary Prosegur Gestión de Activos S.L. The value of the assets and liabilities contributed amounts to Euros 59,805 thousand (Euros 29,953 thousand increase in capital and Euros 29,953 share premium).

On 25 September 2012, the Company subscribed a share capital increase in the Dutch company Malcoff Holdings B.V. (fully-owned subsidiary), for an amount of Euros 20 thousand.

On 27 December 2012 the Company subscribed an increase in share capital in the French company Euroval, S.A.S., making a contribution of Euros 33 thousand and bringing its interest to 5% (previously 4.5%). This company's statutory activity is the transportation of funds and securities, counting of funds, the supply and maintenance of ATMs, and security services for funds, securities and valuables.

On 28 December 2012 the Company subscribed an increase in share capital in the Argentine company Tellex, S.A. (95% owned), for an amount of Euros 1,470 thousand (Pesos 9,500 thousand).

On 31 December 2012, the Company subscribed an increase in share capital in the 100%-owned French company Prosegur France, S.A. by capitalising loans of Euros 1,500 thousand.

On 31 December 2012, the Company subscribed an increase in share capital in the 100%-owned French company Prosegur Participations, S.A.S. (Sazias, S.A.) by capitalising loans of Euros 595 thousand.

Throughout the year work continued on the plan to improve budgeting techniques for the business, and improvements were also made to the techniques used to determine the main management indicators for the business.

This has allowed the Company to maintain the following policies:
a) Establishment of targets for continuous improvement.
b) Planning of strategies and alternative options.
c) Timely and correct implementation of the measures adopted through the Company's strategic planning, and constant monitoring to ensure that information systems detect any possible deviations in real time so that corrective measures can be taken.
d) Development of a competitive edge over the rest of the market.

Throughout the year Company 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 commercial management and other activities, personnel, investments and financial management.

2 .Commercial information and other activities

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 default on payment. In cases where the Company has insufficient experience of 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, and 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.

The average security patrol client is a company or public body with various locations requiring protection, such as bank branches, offices and commercial or industrial premises.

In the systems segment, clients are primarily from the industrial, commercial and financial sectors. In the fund transport segment, demand for cash management, transportation and storage services is mainly distributed between the commercial and financial sectors.

Our drive to consolidate our leading position in the majority of the markets in which we operate has been reinforced by the latest acquisitions, confirming our global vocation and commitment to the future.

Growth in domestic demand may be affected by economic uncertainty. However, the economic development of the last decade, the improvement in standards of living and the greater awareness of protection against insecurity have meant that the Company's client portfolio has been relatively recurring, with some independence from the economic cycle. The outsourcing by various economic agents of a part of their security services is also expected to continue.

In this context, strategies will continue to be developed based on offering a comprehensive range of products and services which allow us to provide tailor-made solutions to our clients.

In this regard, further emphasis will be placed on enhancing the complementary relationship between security patrol services and electronic and automated security systems, alarms and fire prevention equipment as part of a process of diversification aimed at offering end customers a comprehensive package of services.

3 .Personnel

At 2012 year end the Company headcount stood at 21,999 employees, compared to 23,232 in 2011.

One of the Company's key tools is selection of personnel. 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 the Company must not only ensure the efficiency of its professionals, but also their honesty, conscientiousness, 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 the Company.

4 .Investments

All the Company's investments are analysed by the departments for investment analysis and management controls, which estimate and examine the strategic importance, return period and yields of the investments before they are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment or expenditure. Investments in excess of Euros 600 thousand are submitted for approval by the Executive Committee.

The depreciation and amortisation charge for the year totalled Euros 20,384 thousand, with depreciation of property, plant and equipment amounting to Euros 13,086 thousand and amortisation of intangible assets amounting to Euros 7,298 thousand.

Throughout 2012 investment in property, plant and equipment totalled Euros 10,234 thousand, while investments in intangible assets amounted to Euro 12,716 thousand.

5 .Financial Management

The flexibility and diversification of the design of the financial structure in prior years, with two tranches to the syndicated loan – one a loan and the other a credit facility – and the asset securitisation programme, have demonstrated the Company's effectiveness in dealing with financial turbulence and credit crunches. In a financial market characterised by falls in the Euribor and rises in bank margins, the Company has been able to continue with its financing operations (including acquisitions of companies), benefiting from two advantages: the current low interest rates and previous bank margins.

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

The Treasury Department is responsible for identifying, proposing and implementing risk management measures, in accordance with policies approved by the Company's Executive Committee.

a) Currency risk

The Company operates mainly within Spain, although the group of which it 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 with third parties, specifically the Brazilian Real and, to a lesser extent, the Argentine Peso.

Company management has a risk management policy in place to minimise the Company's exposure to currency risk deriving from the exchange of foreign currencies with its functional currency. Currency risk arises when future transactions and recognised assets and liabilities are denominated in a foreign currency.

Since the Company, as the parent of the Prosegur Group, intends to remain in the foreign markets in which it is present in 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.

b) Credit risk

The Company is not significantly exposed to credit risk. The Company has policies to ensure that sales are only made to customers with adequate credit records.

c) Liquidity risk

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

d) Interest rate, cash flow and fair value risks

The Company is exposed to interest rate risk due to its monetary assets and liabilities.

At the 2012 year end the Company had no significant positions in financial investment assets with variable or fixed interest rates. The Company analyses its interest rate risk exposure dynamically. In 2012 the majority of the Company's financial liabilities at variable interest rates were denominated in Euros.

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

The Company, as the parent of the Prosegur Group, has contracted derivatives to cap the interest payable on part of Prosegur's financing, as well as to obtain greater flexibility in drawdown periods for the syndicated loan.

e) Hedged risks

The diversity of the risks to which the Company is exposed has led to an increasingly active policy in terms of the derivatives market to limit this exposure. The Company has hedges consisting of derivatives that limit variations in interest rates.

The Company has contracted an interest rate swap (IRS) through which it has exchanged a notional amount of Euros 100,000 at the variable 6-month Euribor rate for a rate of 2.71%, expiring in July 2014.

The Company has contracted two other interest rate swaps for a notional amount of Euros 37,500 thousand each, expiring in February 2015.

These transactions allow the company to maintain a fixed rate of interest on part of its financing, taking advantage of current historically low rates.

6 .Own shares

At their annual generating meeting on 29 May 2012 the shareholders approved a share split, reducing the par value of the Company's shares to Euros 0.06 each and simultaneously multiplying the total number of shares by ten, without any change in total share capital.

At 31 December 2012, the share capital of Prosegur Compañía de Seguridad, S.A. amounts to Euros 37,027,478, represented by 617,124,640 ordinary shares of Euros 0.06 par value each (61,712,464 ordinary shares of Euros 0.60 par value each in 2011), subscribed and fully paid. These shares are quoted on the Madrid and Barcelona Stock Exchanges.

At 31 December 2012 the Company held 39,726,900 own shares (44,561,220 shares in 2011), which represent 6.44% of the share capital (7.22% in 2011) and have a value of Euros 114,242 thousand (Euros 123,175 thousand in 2011). A portion of these own shares is earmarked for certain members of Company management.

During the year the Company has acquired 3,643,096 own shares (2011: 25,025,790 own shares), has sold 7,643,096 own shares and has transferred 834,320 shares (before the share split) as part of Plan 2011.

At the general meetings 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 Company directors or employees, either directly or as a result of a share option being exercised within remuneration schemes linked to the quoted share price.

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

7 .Environmental issues

In 2012 the Company invested in armoured vehicles that are compliant with the Euro III emission standard for particulates. This investment, recognised as an increase in the value of property, plant and equipment, totals Euros 3,204 thousand (Euros 1,554 thousand in 2011).

At 31 December 2012 the Company has no contingencies, legal claims or income and expenses relating to the environment.

8 .Research, development and technological innovation

As part of its commitment to security and innovation for its clients, Prosegur has undertaken the following projects:

a) Design and development of a platform for multi-channel information and interaction with clients, built using web technology with internet support. The platform provides maximum security based on a high performance scalable multi-factor authentication model, promoting communication and collaboration between the Company and its clients.

b) A new cash management process, based on the development of new software and techniques for planning, managing and monitoring the supply chain and for managing and maintaining the service network points.

c) Design and development of a new alarm panel combining the latest communication technologies, increasing the functionality of traditional alarm panels by incorporating new features such as automation or an internet connection.

d) Development of a global cash management system covering both the business processes and the technological platforms supporting the processes, suitable for any country.

e) 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 for system users to make decisions.

f) Development of a new mobile communication system for the inspection and security patrol process to provide to Prosegur personnel for use in their work and to resolve incidents in real time.

g) Creation of a new base concept, including development of a new construction method for walls, floors and ceiling of the vaults and perimeter walls of the bases.

h) Design and development of a new technological platform aimed at the private security business, for global planning and management of human resources and materials for each service, minimising response times and maximising the efficiency of operational management by rapidly providing detailed technical and financial information.

i) Design and development of a new presence detection and incident management system to enable efficient real-time communication between security patrols and control centres to effectively deal with incidents, improving the quality of the services provided and allowing security patrols to be located for their own safety.

j) Design and technological development of a virtual platform providing Company employees with access and the ability to manage all aspects of public corporate, professional or private information to enable fluid, transparent and reliable internal communication.

k) Design and technological development of a corporate platform to standardise and unify all of the activities related to security services provided by the Prosegur Tecnología business area.

l) Development of a new analytical planning and management process which allows for more flexible and optimised use of resources in real time and in real situations, by applying new technological communication tools and intelligent locating solutions in Prosegur's systems.

m) A new advanced comprehensive security model, including new procedures and associated technologies and facilities, applied in a pilot control centre for the retail sector.

n) Design and development of an electronic security system for Prosegur bases. New features include: efficient security-focused incorporation of equipment, design of associated usage procedures and management of the systems which control peripheral devices.

o) 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.

p) A new solution for managing all of the Company's logistic activities, from the comprehensive planning of 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.

9 .Events after the Reporting Period

The Company signed a contract on 20 February 2013 to purchase 100% of the share capital of Brink’s Deutschland GmbH, a German subsidiary of The Brink’s Company through its holding Brink’s Beteiligungsgesellschaft GmbH. This company, which provides securities logistics and cash management services in Germany, has approximate turnover of Euros 47,000 thousand and around 1,000 employees. On 1 February 2013 the parties applied for the necessary approval from the Federal Cartel Office.

IX. DECLARATION OF RESPONSIBILITY FOR AUTHORISING THE ANNUAL ACCOUNTS FOR ISSUE

At their meeting held on 25 February 2013, the Directors of Prosegur Compañía de Seguridad, S.A. authorised for issue the annual accounts (comprising the balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto) and the directors' report for the year ended 31 December 2012.

Madrid, 25 February 2013.

Ms. Helena Irene Revoredo Delvecchio
Chairwoman

Mr. Isidro Fernández Barreiro
Vice-Chairman

Mr. Christian Gut Revoredo
Managing director

Ms. Mirta María Giesso Cazanave
Director

Ms. Chantal Gut Revoredo
Director

Mr. Pedro Guerrero Guerrero
Director

Mr. Eduardo Paraja Quirós
Director

Mr. Eugenio Ruiz-Gálvez Priego
Director

Mr. Fernando Vives Ruiz
Director

X. DIRECTORS' RESPONSIBILITY OVER THE ANNUAL ACCOUNTS

The annual accounts of Prosegur Compañía de Seguridad, S.A. are the responsibility of the directors of the parent company, and have been prepared in accordance with 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 through the establishment and maintenance of 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 preparing 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 that controls may be avoided or invalidated, and can therefore provide only reasonable assurance in relation to the 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 2012. 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 preparing 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
CFO