PROSEGUR

Annual Report 2013

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Letter from the Chairman

The goal of any company is to grow, adapt to its environment and endure over time. After nearly four decades of activity, Prosegur has become a point of reference in the field of private security, with a team of over 150,000 professionals and presence in four continents.

But not only numbers define us. Companies are living organisms and therefore have souls and dreams. Our greatest priority is to make the world a safer place to live in. We protect people and their property, and ultimately, we strive to improve their quality of life.

The more advanced a society becomes, the greater its need to be safe. That is why we work with determination to meet the challenges posed by our clients. These objectives are constantly increasing, because we live in a very competitive environment in which threats are intensifying and needs are more sophisticated. We adapt our services to the realities of the different countries in which we develop our activity. And, always, with the backing of a robust business model and an organisation that seeks the highest quality and innovation.

Our team faces, every day, complex scenarios; to the extent that, sometimes, they may risk their physical integrity in order to resolve a conflict, to avoid a situation of risk or even save the life of a person at a critical moment. Their bravery and initiative, and also, their humility, are values which define them.

During this time, we have built our own culture, a way of being and acting. A unique personality conveyed by the ethical and exemplary behaviour of each of our employees. This ethos is also reflected in their involvement in the various social responsibility projects of the Prosegur Foundation, which benefited almost 35,000 people in 2013. I am sure that the fact of working for a company that is aware of its social commitment, creates a very special bond, strengthens their motivation and, most importantly, makes them feel part of a great project. I am, therefore, particularly proud of their responsibility and willingness to always go one step further.

I firmly believe that the successes of the Company, as reflected in this Annual Report, are the result of the daily efforts of each and every one of our employees. I can say that Prosegur not only has the best professionals but, above all, it has the best people.

Helena Revoredo
Chairman of Prosegur

Message from the Chief Executive Officer

It is a pleasure to present Prosegur´s Annual Report for the year 2013. Driven by a vocation for transparency, one of our core values, we want to share with you the most important events of these past twelve months. This document describes the achievements and the strategy upon which our management model is based.

In this period we have faced a particularly complicated environment. Our character has prompted us to consolidate the leadership of Prosegur and to strengthen our position as an operator of reference, on a global level, in the field of private security.

Widening our horizons

During 2013, the Company's turnover was 3,695 million euros, representing an increase of 10 per cent - in local currency - when compared with the previous year. It is thanks to the loyalty of our customers that our organic growth has also increased 7.2 per cent. Their confidence has, without a doubt, been an essential factor for achieving these results.

By region, in Latin America, despite the adverse economic environment - marked by the widespread devaluation of the currencies of the region and the rising labour costs, especially in Brazil - sales have increased, which reflects the underlying strength of our business model and the ability of our sales team.

In Europe, we have made a clear commitment to innovation by launching new services and products. In addition, the inorganic growth strategy developed in Germany consolidates our position as a reference in the area of Cash in Transit and Cash Management in this country.

In addition, our presence in the Asian-Pacific region continues to represent a milestone turning point; providing both an opportunity and experience. It is an essential market for Prosegur´s present and future growth. With the beginning of the operations in Australia, we have taken a new step in our internationalisation strategy. Through the acquisition of the second local cash in transit operator, we have incorporated a team of almost 1,000 people and 22 branches; providing services all over the country. This new development reaffirms our commitment to the region and our capabilities in this line of business.

Towards a common culture based on innovation as a differentiating element for our clients

Our size as a company grows year after year. We are a global company which requires a common corporate culture. In order to achieve this, we have Prosegur´s Policies and Processes 3P management system, which promotes the same standards of quality in all our businesses and in every market in which we operate.

Nevertheless, we bear in mind the cultural differences between countries. Therefore, we extend the best international practices, taking into account local sensitivities. Through our Centres of Excellence we identify opportunities for improvement and we share the successful best practices of each business. We thus manage to generate synergies and support the market introduction of new security solutions. Our nearly 400,000 customers are the cornerstone around which our activity revolves. In Prosegur we work with a permanent focus on innovation and on the use of technology to put forward the best proposals to our customers.

This has been a very intensive year. We have launched "Pack Series", a new security solution that complements mobile surveillance with different electronic security systems. I also want to highlight the important developments that have taken place in the control

centres and the new video and localisation services for the residential alarms market. The Company also faces new challenges for the outsourcing of cash related services in the retail and financial sectors.

We pay special attention to local management and we remain committed to the professional development of our Branch Managers. To this end, we have given continuity to the Kaizen project launched in 2012 which, based on a comparison between branches, has yielded very good results and has improved their competencies.

I would also like to mention our performance as a responsible company. The concept of compliance is key for Prosegur, especially in the field of labour regulations and tax obligations, which many organisations have abandoned during this time of crisis. With regard to this, the Company has updated its Code of Ethics and Conduct, which reflects the principles that guide the behaviour of all our professionals, in our activity and in our relationship with our stakeholders.

An exemplary human team

We protect individuals and companies by providing them high quality service based on and endorsed by our employees. We respect and nurture the talent of all the people who are part of Prosegur, a team of over 150,000 professionals.

In Prosegur, we join forces to professionalise our industry, by dignifying the important role that security plays in society and that affects the welfare of all of us. For this reason, we invest heavily in our employees. This is the only way to continue being leaders in the sector. We have various training programmes, such as Prosegur University, with more than two million hours of study.

We are aware that, every day, our workers are facing new challenges and difficult situations in the various countries in which we operate. I encourage them to continue with the same enthusiasm and dedication, and thus continue to make Prosegur a place where we are proud to work.

Commitment to value creation

During this year, we have made a special effort to improve cash flow generation, managing to increase the conversion ratio up to 186 per cent. On the other hand, total debt stands at 588 million euros, representing a reduction of 86 million euros, when compared with the previous period.

Furthermore, with the objective of optimising the funding of the Company we have completed the issuance of a five-year bond amounting to 500 million euros, with the coupon with the lowest financial cost registered in Spain so far. A fact that demonstrates the confidence of the markets in the solvency of Prosegur, also endorsed by the rating agencies that have renewed the excellent credit rating of the Company.

Throughout this journey, we have remained firm in our commitment to value creation. I really appreciate the support we received from our shareholders. All the achievements of 2013 would not have been possible without their continued support.

I assure you that we will continue working with the greatest ambition in order to improve every day. With this stimulus, we will build a solid plan for the future of Prosegur and for all of us. We are working on it. I am convinced that, together, we will continue to shape this great project that we have in common.

Christian Gut
Chief Executive Officer


PROSEGUR
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1. The value of Prosegur

1.1 The differentiating value of Prosegur

Prosegur is one of the main international companies within the private security sector and a leader in all markets in which it operates.

The distinctive capacities of the Company are based on a service adapted to the needs of the clients, provided by the best professionals and which uses the most advanced technology in its processes.

- Prosegur boasts the **best professionals in the industry.** This is possible thanks to the rigorous selection processes, to the training adapted to each job and to the commitment of the employees themselves.
- It is an innovative company. **Innovation in processes** ensures better quality of operations, both in terms of service management and customer service. On the other hand, **innovation in services and products** enables the Company to offer more efficient solutions, according to each client's specific requirements.
- The Company has a **range of integrated services** in the areas of Manned Guarding, Cash in Transit and Cash Management, Technology and Alarms. A large share of the technology applied to services is developed in-house. Also, innovation is to offer more competitive services.
- It acts according to **a global culture and vision, but with local awareness;** adapting its services to the needs and specific features of each market. The Company offers specialised and adapted services, ensuring uniform quality throughout.
- It has expanded in markets which offer a significant development potential. Its **inorganic growth model** enables it to make the most of local knowledge and take advantage of synergies in the areas of technology and innovation. The nature of the business, which requires achieving an appropriate scale to ensure profitability, advises a strategy based on company acquisition with the objective of creating value for shareholders, customers and employees.
- As a leader in the industry, **it promotes best practices,** making available to regulators the tools and knowledge for a better development of less advanced markets.

The Company has a consolidated management model which has historically been based on five transversal vectors in its activity and which are key to its industry: Customer orientation, operational excellence, comprehensive cost control and management, value creation, all supported on a strong brand. The goal of all these components is to serve the client via a team of committed professionals. In addition, this model has been recognised by various reputational indexes.

Customer focus	It is close to its clients, offering, on the basis of business know-how and market analysis, the best solution to their needs
Excellence	The pursuit of excellence in all activities and processes is part of its identity
Analytics and Accountability	The close relationship of managers with the business is one of the keys of its success, applying analytical methods to control and monitor operations, helping the decision-making processes
A strong Brand	The Brand is one of the fundamental values and puts across to clients, employees and society the values– safety and security –which represent the Company
Value Creation	The value proposal is based on integrated and innovative services, which add greater value to its clients, employees, shareholders and, therefore, to society as a whole

The only company in the private security sector among the 100 companies with the best corporate reputation

Prosegur was recognised for the third year running as one of the 100 companies with the best corporate reputation in Spain, according to the Corporate Reputation Business Monitor (Merco). The Company is the only company in the private security business which is included in the Monitor.

This report values various aspects of the Company for its classification, such as economic and financial solvency, brand value, quality of products and services, people management and commitment to the community.

One of the 30 best brands

The Company was distinguished as one of the best 30 Spanish brands, according to the study carried out by the Interbrand consulting firm.

The report values the brand at 614 million euros, which means an increase of 42 per cent since the publication of the last edition of this analysis. In this case, Prosegur is also the only company in the private security business which is included in this classification.

Interbrand highlighted the Company's leadership and continued commitment to becoming an industry leader, including on an international level.

1.2 Social cash-flow

Prosegur believes in the role performed by companies as generators of value and prosperity. Its activities help to increase the safety in the countries in which it operates, contributing towards their economic, environmental and social progress. By acting in an efficient, efficacious and profitable manner, it helps to improve quality of life in the communities in which it is present.

As societies progress, their need to become safer increases: a more developed country is a safer country. In this context, private security must adapt and offer services that meet the needs which arise in this regard.

The raison d'être of the Company is the protection of people and their property. It offers products and services which contribute towards safety and wellbeing, one of the main objectives of modern societies. Prosegur works in order to help companies in their transformation processes, minimising the risks to which they are exposed and ensuring they obtain the utmost efficiency for the management of their business.

Prosegur generates a positive economic and social impact in countries in which it operates. It helps to build safer environments for people, families and companies. It develops technology, competences and capabilities and helps generate business opportunities in the countries in which the industry is still in its infancy

The business of Prosegur creates an economic and social footprint in the communities in which it carries on its business. The Company generates various cash flows which has a knock-on effect on its employees, public administrations, suppliers of capital and society at large, which enables one to speak of social cash flow.

Growth

- 400 branches worldwide
- 5,000 armoured vehicles
- Over 150,000 professionals

Prosegur aims to be a leader in each of the markets in which it operates. In this process, management capabilities and competences are key to sustainable growth, both organic and inorganic

Management rigour

- Presence in 17 countries in four continents

Its business and management model enables the Company to replicate best practices in all markets in which it operates. A presence in different countries helps to introduce a higher level of competence and, therefore, to raise industry standards

Innovation as part of the value offering

- 9.0 M€ investment in R&D&i in 2013
- Investment quality: 0.8M€

Prosegur provides integrated and specialist services. It focuses on technology and innovation in order to maintain a differentiated value offering
All innovation projects involve a high component of software and information technology (IT), integrating new and existing systems and sources of financial control and management

Close to clients

- Sales: 3,695 M€
- Over 390,000 clients: 24,000 corporate clients, 170,000 small and medium businesses and 200,000 homes

Based on one single factor - meeting client needs -, Prosegur develops products and services. Therefore, it adapts its products to the demands of each market, ensuring it meets the level of quality required by clients

Value for employees

- Wages and salaries: 2,473 M€
- Hours of training: 2,000,000

The Company offers development opportunities and differentiated terms of employment in the industry

Value for shareholders

- Dividend: 66 M€
- EBITDA: 414 M€

The Company generates value for its shareholders. To this end, in 2013 it reformulated its cash flow generation processes in order to deal with future growth. In addition, it successfully completed the issue of five year bonds worth 500 million euros, which enabled it to refinance its debt under better terms

Meeting obligations

- Taxes: 90.5 M€

Prosegur scrupulously meets with the legal requirements in all countries in which it operates and is current with all tax payments
Furthermore, in 2013, it received government support by way of incentives, tax credits and subsidies for a total of 3.4 million euros

Responsibility to suppliers

- Supplier payments: 971.7 M€
- Number of suppliers: 37,394

The Company business generates economic activity and opportunities via the procurement processes and responsible management of the supply chain

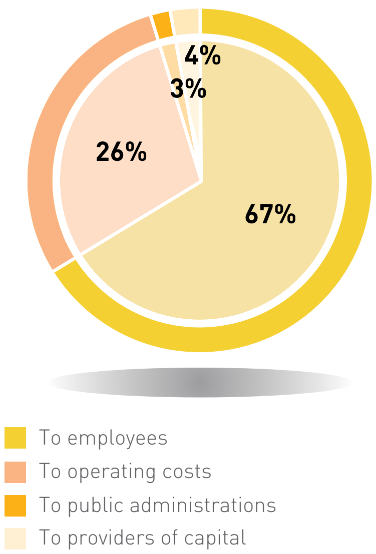
Commitment to society

- Investment in community action: 2.1 M€
- Over 34,000 direct beneficiaries of the Prosegur Foundation

The Prosegur Foundation channels all Company projects in terms of community action in education, social and labour integration of people with disabilities and encouragement of corporate volunteering

Social Cash flow (millions of euros)	2012	2013
Economic value generated (EVG)	**3,688.2**	**3,716.3**
Total revenues	3,688.2	3,716.3
Economic value distributed (EVD)	**3,518.8**	**3,676.8**
To employees	2,427.3	2,473.3
To operating costs	819.6	971.7
To public administrations	79.3	90.5
To providers of capital	190.5	139.2
To social projects	2.1	2.1
Economic value retained (EVR)	**169.4**	**39.5**
For reserves	53.9	-77.3
For amortisations	115.5	116.8

Recipients of Prosegur social cash flow



Cash, the only universal means of payment

Prosegur, via its cash management services, contributes towards preventing social exclusion. Cash is the only universal means of payment, accessible to all citizens irrespective of age, cultural level or capacity of access to banking. It requires no technical support, and allows a freer and more autonomous use of their resources. In addition, it is the means of payment which costs the least and has the lowest rate of fraud, which enables payments to be made in a safer way. It is also monitored by anti-money laundering authorities. It is the medium that best protects the freedom, privacy and independence of the individual.

The Company, the first private security company which addresses all activities related with the lifecycle of cash, is a strategic partner throughout the entire management chain. It focuses on improving its use, developing new solutions and products designed to increase the efficiency of this means of payment.

Analysis of challenges and trends in cash management

In 2013, Prosegur organised the seminar "Rediscovering the essence to innovate: a Window of Opportunity", designed to reflect on current cash management trends.

The studies presented during this event showed that cash is a fundamental means of payment in the present and in the future.

- Data show that the volume of notes in circulation has increased by 14.5 per cent over the last decade.
- Forecasts indicate that the number of ATMs in the world will continue to grow up to 3.5 million in 2017, thanks to the growth in countries such as Brazil, China or India.
- Cash accounts for 80 per cent of commercial transactions in Europe, and everything suggests that it will continue to be the most used means of payment in this region. Internationally, and despite an increase in new means of payment, it accounts for more than 70 per cent of transactions.

In addition, the Company took part in "The Future of Cash", a conference organised by the European Financial Marketing Association (EFMA), which was attended by representatives of central banks, financial institutions and other cash related agents. Trends and outlooks of the cash lifecycle were also addressed during the conference.

1.3 Results and growth prospects

One more year, the market endorsed the business and management model of Prosegur. The results in 2013 have been favourable, despite an adverse macroeconomic situation, marked by the devaluation of the main Latin American currencies and the European recession. The latter has been particularly poignant in the Mediterranean area. Thus, some private security markets such as that in Spain, have lost up to 20 per cent of their turnover in the last five years.

Given this context, the Company's performance has been positive, particularly taking the following milestones into account:

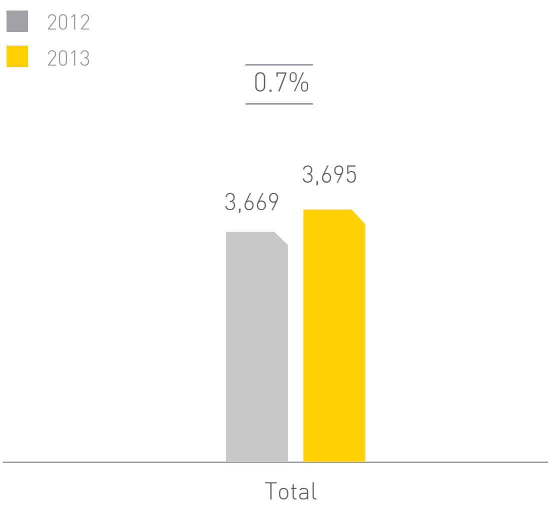
- Overall growth of sales – excluding the currency effect – of 10.1 per cent, whereas EBITDA and EBIT increased by 10.3 and 16.5 per cent respectively.
- Likewise, in Latin America sales increased by 18.7 per cent. Of note is the significant growth of the market in residential

security solutions in the region, which grew by 18.5 per cent, including the downward effect of currency devaluation.

- Strong recovery of 12.6 per cent in margins in Europe, thanks to an appropriate policy applied in Spain and the good performance of the business in Germany and France.
- Growth and consolidation in Germany as a result of the acquisition of a new company and the rapid integration of its operations.
- Expansion within the Asia-Pacific market by means of the acquisition of the second largest operator of cash in transit in Australia.
- Refinancing of the debt under better terms via the 500 million euro bond issue, which recorded the lowest coupon in the Spanish financial market to date. In addition, the Company diversified its funding sources, thus opening to financial markets.
- Excellent increase in cash generation which reached a conversion ratio of up to 186 per cent.

In 2013 sales reached 3,695 million euros, 10.1 per cent more at a constant rate. This growth is classified into: organic (+7.2 per cent), inorganic (+2.5 per cent) and exchange rate variation (-9.0 per cent).

Total sales 2013
(millions of euros)

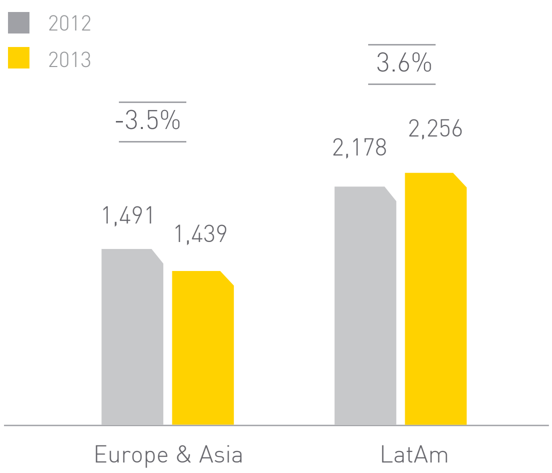


> Prosegur has achieved sales of 3,695 million euros at the end of financial year 2013. In an unfavourable macroeconomic scenario, these results confirm the solidity of the Company's business model

By geographical region, the Europe-Asia turnover dropped by 3.5 per cent over the previous year, to 1,439 million euros. This downturn was mainly due to the situation of the private security sector in Spain. Prosegur has reduced its turnover in the Spanish market by 8.1 per cent. In contrast, the Company experienced an increase in sales in Germany - of about 4 per cent - and in France - close to 7 per cent -. Prosegur continued its consolidation in China, India and Singapore, markets in which its income increased by close to 38 per cent.

In Latin America turnover grew by around 19 per cent, excluding the effect of the exchange rate, reaching 2,256 million euros. Brazil continues to be the main market, with sales of 1,074 million euros. This is followed by the Argentina area, which comprises Argentina, Paraguay and Uruguay, where Prosegur recorded total income of 717 million euros, 7.4 per cent over that in 2012.

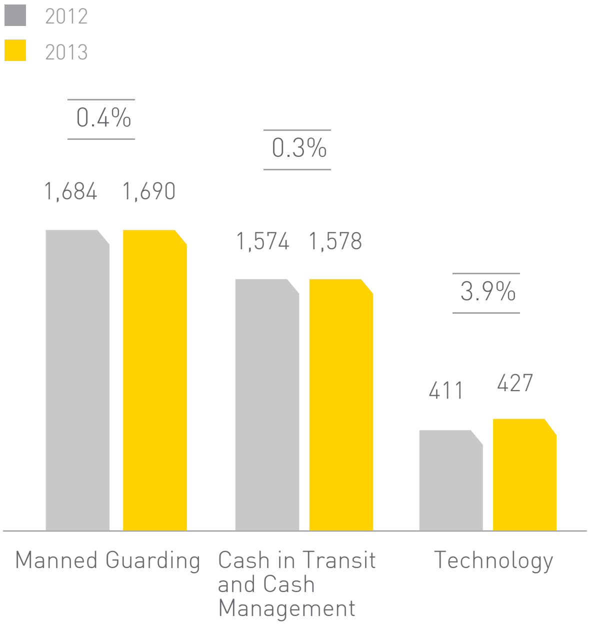
Sales in 2013 per geographical area
(millions of euros)



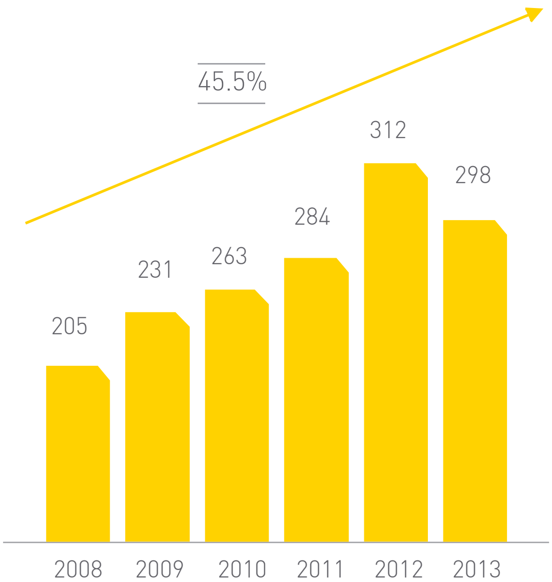
By business line, the area of Manned Guarding reached a turnover of 1,690 million euros, 0.4 per cent over that of the previous year. On its part, Cash in Transit and Cash Management recorded in the period a turnover of 1,578 million euros, 0.3 per cent over that of 2012. Lastly, Technology increased its turnover by 4 per cent, up to 427 million euros.

In 2013, the EBIT, operating earnings before interest and tax, reached 298 million euros, equal to a growth at a constant rate of 16.5 per cent over that of the previous year.

Sales in 2013 by business line
(millions of euros)



Evolution of EBIT 2008-2013
(millions of euros)



Commitment of cash generation and improvement of indebtedness

Prosegur maintains its commitment to the generation of cash to sustain future growth. In 2013, the Company increased its cash conversion rate into net profit to 186 per cent. On the other hand, the total debt was of 588 million euros, 86 million less than in 2012.

In 2013, Prosegur successfully completed the issue of five year bonds for 500 million euros. The bonds accrue a coupon of 2.75 per cent per annum, the lowest financial cost recorded in 2013.

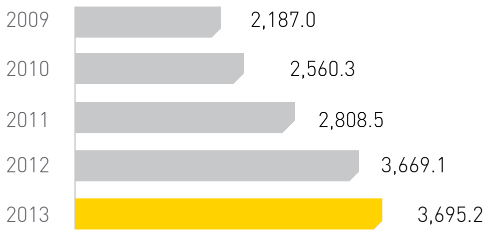
The demand for Prosegur bonds was greeted with enthusiasm by the markets. The coverage ratio was 4.8 times, exceeding the 2,400 million euros in demand. Moreover, the quality of the investors, from different markets such as Germany - 23.9 per cent - and United Kingdom - 22.4 per cent -, confirms the perception by investors of the solidity and consistency of the business model of the Company.

This was the first time that Prosegur carried out an operation like this one, for which it had the support of a number of first rate financial institutions.

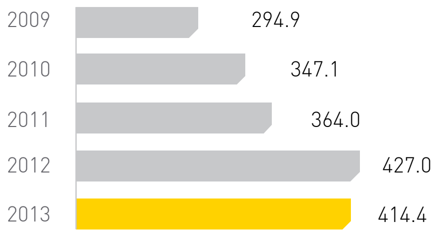
In addition, Prosegur is the only international company in the private security sector which has a credit rating as stable investment for long and short term debt - 'BBB and A-2' - issued by Standard & Poor's. The rating agency highlights the geographical diversification of the Company and its client portfolio, as well as its financial solidity, transparency and the quality of its management team.

Main figures (2013)

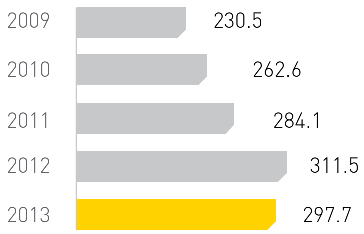
Turnover
(millions of euros)



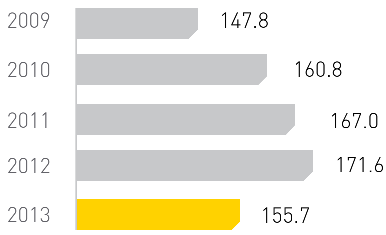
EBITDA
(millions of euros)



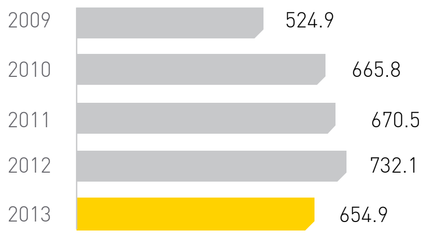
EBIT
(millions of euros)



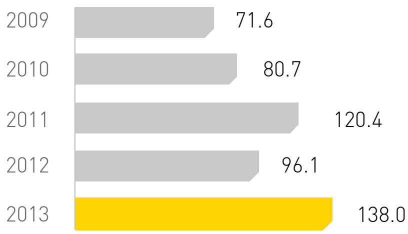
Consolidated Net profit
(millions of euros)



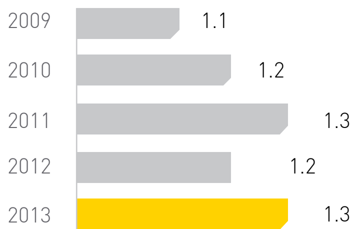
Shareholder equity
(millions of euros)



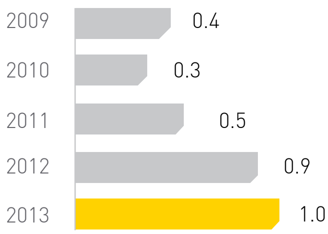
Capex
(millions of euros)



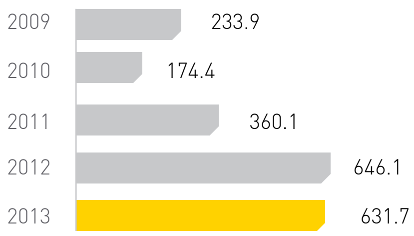
Working capital ratio
Current assets / Current liabilities



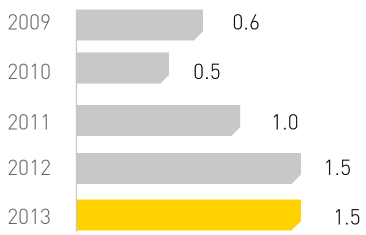
Net debt / equity



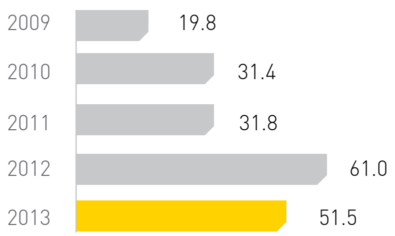
Net debt
(millions of euros)



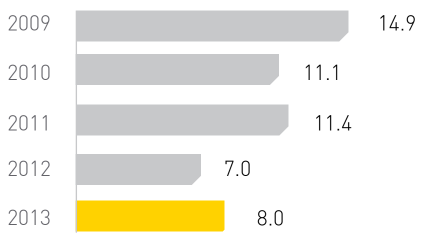
Net debt / EBITDA



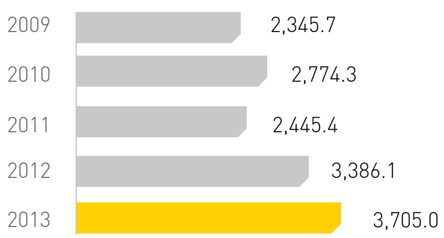
Net financial expenses
(millions of euros)



EBITDA/ Financial expenses



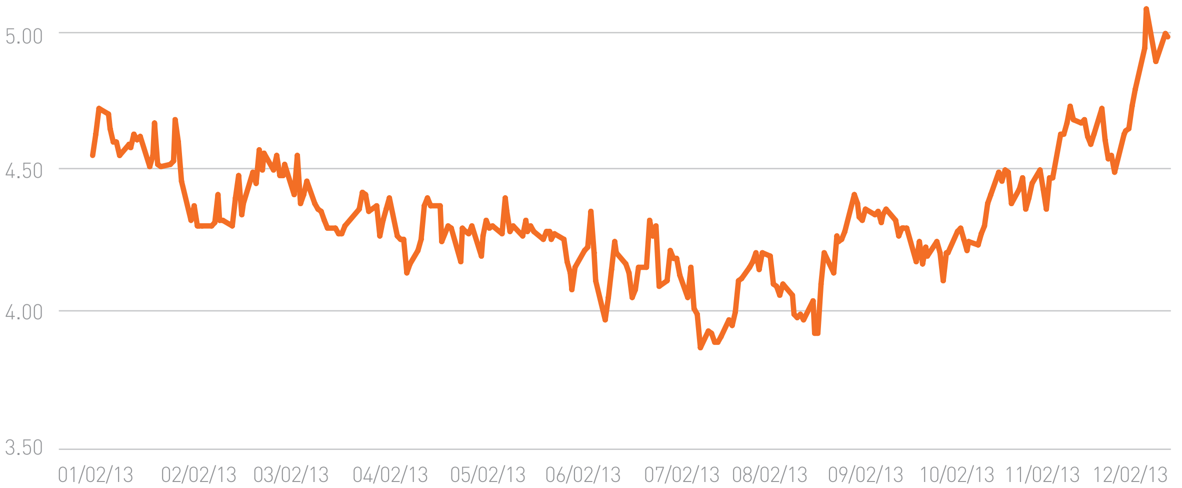
EV
(millions of euros)

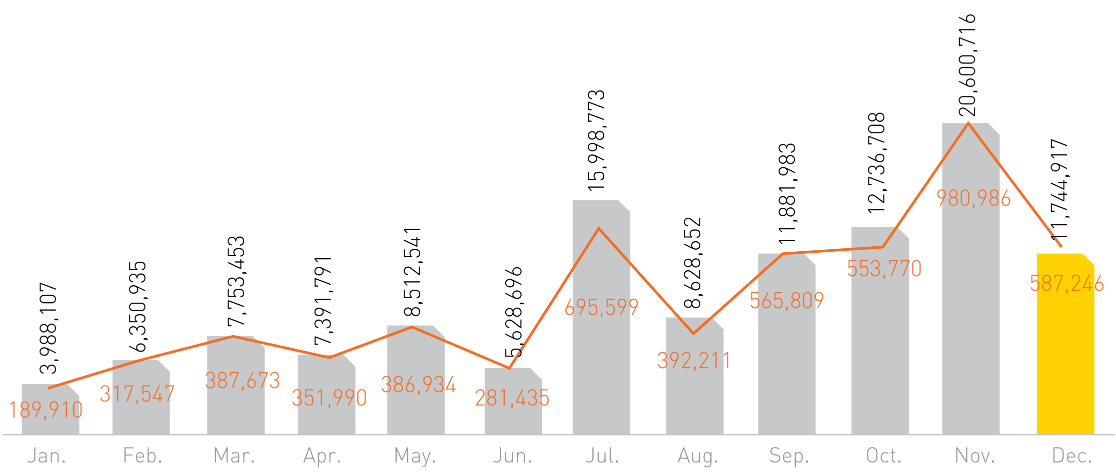


1.4 Stock market information

Amid the international macroeconomic situation and the fluctuations in the main currencies, investors value the solidity of the Prosegur business model. They value that the Company has been able to handle similar situations previously, as well as the effort made in cash generation. This is reflected in a significant increase in the share price.

In regard to the shareholding, in November Corporación Financiera Alba completed the structured capital outflow from the Company. This divestment, which has not significantly altered the share price over the year, has actually increased its liquidity.

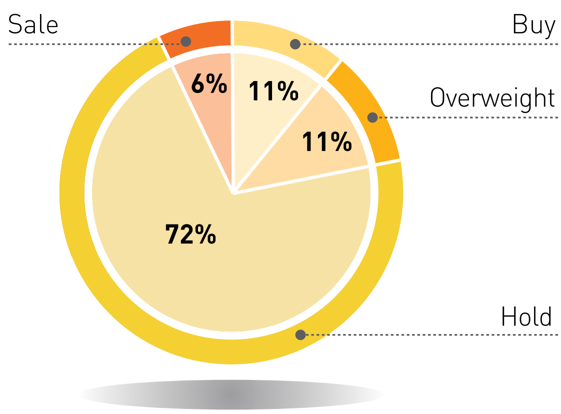




Analyst coverage

A total of 18 investment firms have monitored Prosegur's stock market performance over the year. In their recommendations, 72 per cent advised on keeping the stock, 11 per cent advised its purchase, another 11 per cent advised overweighting and only 6 per cent advised selling.

The target prices set for Prosegur ranged between 4.10 euros of Exane BNP and 5.80 euros of JB Capital Markets. At 31 December 2013, the price per share reached 4.98 euros.



Entity	Recommendation	Target price	Date of last report
Ahorro Corporación	Hold	4.20	07/26/2013
BBVA	Hold	4.26	12/17/2013
BPI	Neutral	5.10	12/16/2013
Deutsche Bank	Hold	4.15	05/07/2013
Equita	Hold	5.20	03/20/2013
Espírito Santo	Neutral	4.40	05/08/2013
Exane BNP	Neutral	4.10	05/07/2013
Fidentiis	Hold	4.10-4.37	10/11/2013
Grupo Banco Sabadell	Sell	4.32	10/02/2013
HSBC	Overweight	5.50	05/20/2013
JBCapital Markets	Buy	5.80	12/16/2013
JP Morgan	Neutral	4.36	12/16/2013
Kepler	Hold	4.15	12/17/2013
La Caixa	Buy	4.70	10/24/2013
Mirabaud	Overweight	5.10	12/19/2013
N+1	Neutral	4.60	12/16/2013
Santander	Hold	4.70	12/17/2013
UBS	Neutral	4.60	11/28/2013

Relationship with investors

Prosegur has a close relationship with its shareholders, as well as with private and institutional investors, and main stock market analysts. The Company provides information in a direct, personal and continuous manner, making use of the various communication channels. Thus, a webcast is held every quarter to announce results, and the Investors' Newsletter is sent out regularly, with specific information for investors and shareholders, as well as other monthly publications.

In 2013, Prosegur took part in the ninth edition of the MEDCAP Forum of Small and Medium Capitalisation Businesses, which Bolsas y Mercados Españoles (BME) organises in the Stock Exchange of Madrid. The aim of the forum is to present to investors, particularly non-resident investors, the evolution of Spanish companies which have proven in recent years to have made the correct effort and applied to appropriate international expansion strategies.

The Company also took part in the Spain Investor Day, organised by Exane BNP Paribas; in the XIX Iberian Conference, organised by Santander; in the Paneuropean Small Midcap Conference, organised by Deutsche Bank; in the Equita- Sim Skandi in Scandinavia; in the BBVA Iberian Conference in London; in the BPI 10th Iberian Conference in Porto and in the JB Capital New York Spanish Conference.

In total, in 2013 the department of Investor Relations held 42 meetings with analysts, 50 meetings with investors and took part in 21 roadshows.

On its part, Prosegur offered to the market its new shareholder webpage, which contains more investor information and tools and includes, among others, the following features:

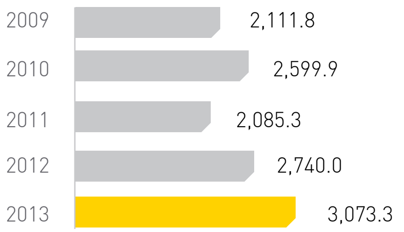
- Interactive calendar with alerts
- Comparative information with competitors, indexes, etc.
- Customisable price and trading history
- Investor calculator
- Customisable alerts for trading, close of day, significant variations, etc.
- Information on results and public ratios

Via the Shareholder Office, the Company provides personal attention and the information required by the shareholders. It also has a hotline service (+34 91 5584836), and contact email: ✉accionistas@prosegur.com

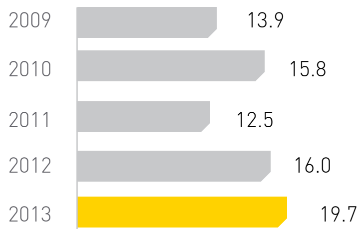
Geographical distribution of free float

Given its growth potential, Prosegur has always been able to count on the support of international investors. Its shareholding includes foreign investors which account for a very significant part of its free float.

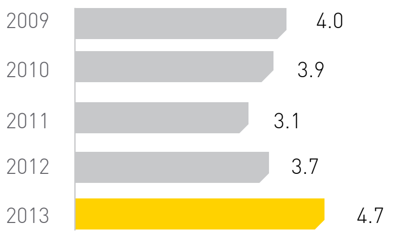
Stock market capitalisation price 31.12
(millions of euros)



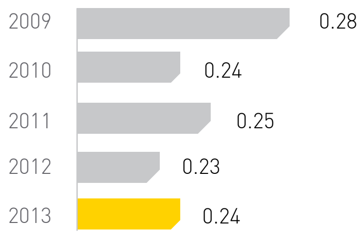
PER
(Capitalisation / Net profit)



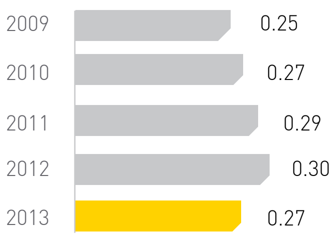
Price / Book value



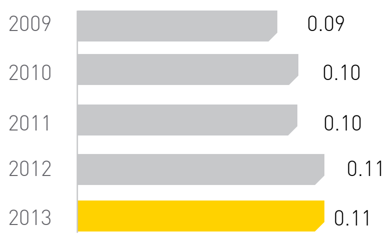
ROE (RN / FP)



EPS
(euros)



DPS
(euros)




PROSEGUR

2. Growth principles

The Prosegur model boasts a history of success built on a solid and rigorous growth strategy, sustained by financial strength. The Company's evolution has been made possible thanks to a model which promotes rigour, seriousness and excellence among its professionals; a transversal philosophy of proximity to the client; and a culture of common innovation throughout the organisation.

2.1 Growth strategy

The 2012-2014 Strategic Plan establishes demanding quantitative and qualitative objectives. The qualitative targets are grouped around three main axes: client proximity, management at branch level and becoming more multinational.

2012-2014 Strategic Plan

QUANTITATIVE OBJECTIVES	QUALITATIVE OBJECTIVES	
Growth	**Client proximity** Value of Yellow	New products Specialisation
Balance management	**Management at branch level** Transversal analysis of the business	Kaizen Projects Training of Branch Managers
Indirect cost management	**Becoming more multinational** Innovation, synergies and standardised procedures	Obtaining of the multinational value: corporate platforms, USAP, etc. Sharing best practices

Client proximity

Service excellence is the Company's priority. The security and wellbeing of the client is the focus of its activity. Progress in client management systems, both from the technology and organisational perspectives, have been in 2013 the main inroads made in this regard. Clients value Prosegur's capacity for response and adaptation to changing and dynamic needs, which also vary according to geographical area.

Client satisfaction

Prosegur has implemented a new methodology to measure client satisfaction. It uses a "client experience" approach which, using rational and emotional criteria, measures the impact of the services offered in terms of client perception.

The Company developed at study for the Alarms business in the eight countries in which this business line is operational. The system carries out a six-monthly assessment of four client experiences:

- Contracting and installation
- Review of alarm equipment
- Action on alarm call
- Customer service

The results obtained are used to identify improvement opportunities and to ascertain the impact of actions implemented. 2013 also saw the definition of the methodology for measuring client satisfaction in the areas of Manned Guarding, Cash in Transit and Cash Management and Technology.

In Argentina, the business units of Cash in Transit, Manned Guarding and Technology carry out a customer satisfaction survey once a year. In the first area, the most valued aspect in 2013 was service reliability. In Manned Guarding, treatment and service provided by the personnel and capacity of response to special requests were the most valued. The area for improvement identified was solution of claims.

In Australia, Prosegur carries out workshops with clients, in order to gain a deeper understanding of their needs. In addition, they use a tool which rates the service from 1 to 7, where 7 means excellent. The national rating of the Company currently stands at 6.1. This analysis is carried out each month, providing a means of quality control.

Within the framework of the ISO 9001 quality standard, Prosegur carries out a customer satisfaction survey in Chile. This survey covers the Commercial, Study, Operations and After-Sales areas. On its part, the 2013 customer satisfaction survey was developed in Paraguay, based on the same structure as in previous years and focusing on services provided.

In Singapore, a questionnaire is performed for several years, which allows observing the evolution of customer satisfaction.

Service quality

In 2013 Prosegur progressed in the consolidation of a model focused on client and service excellence. The Company also has quality management systems that establish annual specific targets for each business line. During this year, the main objectives included the following aspects:

Cash in Transit and Cash Management	Guarantee of service reliability Reduction in claims due to error Control of integrity of bundles
Alarms and Technology	Control of de-installations carried out in residential alarms Reduction in technical service response times Drop in abandoned calls at customer service centre
Manned Guarding	Improved customer perception of service received Increase in service coverage

For Prosegur, the peace of mind of its clients is Paramount. The Quality Policy, defined and deployed in the countries, establishes and drives a continuous improvement approach via process management that structures the 3P system

In addition, Prosegur has quality management systems in each country which have been certified by independent third parties. The Company is developing the 3P management system with a common core to all countries on the basis of existing quality systems with a range that includes all activities.

Activity certified in accordance with international standards

Country	Certification ISO9001	Other certifications
Argentina	√	ISO 22301:2012 societal security: business continuity systems IRAM 3501-1:2001. Certification of fire fighting equipment
Brazil	√	NBR 16001:2004 on Social Responsibility
Chile	√	
Colombia	√	ISO 28000:2007 on security management systems for the supply chain
France	√	
Germany	√	77200:2008 static guarding and mobile patrol services – requirements
Mexico	√	
Paraguay	√	
Peru	√	OHSAS 18001:2007 Surveillance BASC Standards Version 3-2008 RMS C-TPAT DGAC: Operator Certificate of Service Specialist Airport
Portugal	√	EN 16082:2012 on air security and aviation services NP 4413:2012 - Segurança contra incêndios - Manutenção de extintores
Singapore	√	
Spain	√	UNE 16082:2012 on air security and aviation services Technical specification: system of professional management and conduct in private security services
Uruguay	√	

In addition to the above certifications, it is worth highlighting that in Germany the Company passed the external audits required to obtain the certification by the National Cash in Transit Association.

In Argentina, Prosegur worked throughout 2013 on the business management continuity system certification under ISO 22301:2012, which aims to provide the ability to continue operations and business services in Cash in Transit in situations of natural disasters.

In Colombia the Company implemented the ISO 27001 requirements for information security management systems, applicable to the Cash in Transit business in the city of Bogotá. It also developed a security management system of the supply chain in accordance with ISO 28000:2007.

In Uruguay the Company achieved in 2013 the quality certification in all services. The units of Corporate Technology and Satellite Tracking obtained the certification UNIT ISO 9001:2008.

In addition to the above, in 2013 Prosegur developed programmes and actions to spread the culture of excellence throughout the Company. In Argentina it organised a total of 584 hours of training and workshops on quality and social responsibility, mainly addressed to middle management, leading to an increase in the degree of commitment and awareness of the quality system.

In Paraguay it formed an internal quality working group with representatives of all units with the aim of addressing the needs of quality audits.

A structure at the client's service

Throughout 2013, Prosegur carried out several changes in structure designed to offer better service to clients, among which are the following:

Chile

Consolidation of the sales team of Cash in Transit and Cash Management, providing the necessary resources for a more efficient customer service and laying the foundations for generation of new business.
Restructuring of the Customer Service area, in order to attend customer requirements in the most optimal way. Development of a new web page for online tracking of remittances, equipped with a telephone and email to capture written claims and suggestions.

Colombia

Redesign of the Customer Service area, boosting its functions and systems. The Company began the implementation of a customer service centre providing more availability and customer contact, thus unburdening the operational areas and improving response structure.
Increase in the coverage provided by the Technology unit in regard to the main four regions in the country, with consultant engineers in projects in the cities of Medellin, Cali, Barranquilla and Bucaramanga, in Colombia. This expansion enables services to be offered to customers hitherto unattended and a strengthening of national coverage available to clients.

France

Reorganisation of the department of Sales to improve administrative and operational efficiency. All the sales activity was placed under the supervision of one single management in order to maximise cross-sales.

Paraguay

The operations management area added the Customer Management area to the working team, where assistance and follow ups are recorded and claims are consolidated.

Renewing customer confidence

The differentiating value of the service offered and the value offering of Prosegur encourage clients to choose the Company and renew their confidence. Throughout 2013, some of the most important milestones were:

Australia

Kamco contract for cash management and processing at ticket dispensing machines of Victorian Rail and Tram network.

Brazil

Implementation of security system in the Mineirao football stadium, the headquarters of the Cruzeiro club and the World Cup.

Increase by 555 per cent of the sales of ATMs.

Growth of around 600 per cent in special load transport business, specialising in high added value or high accident rate products.

Chile

Contract with Watts Food Company to develop the fire prevention system in its new distribution centre in San Bernardo in Santiago de Chile.

Recovery of the mining segment in the Manned Guarding area, with commencement of service in Minera Escondida, one of the world's largest copper producers.

Development of new services for dynamic surveillance automatic tellers to prevent user fraud.

Colombia

Beginning of a new service of credit card machines installation and maintenance at a national level.

Penetration of the oil industry in the country, as well as other sectors. In 2013 Prosegur starts providing services to clients such as the Centro Nacional de Entrenamiento de la Policía Nacional de Colombia, the Concejo de Medellín or the Fiscalía General de la Nación, among others.

Germany

Offering of additional services within ATM management to attract customer loyalty.

Spain

Development of a system with low intrusion levels, efficient and effective for the handling of false alarms. The system sends an SMS informing that Prosegur has detected an alarm activation. This system prevents lost calls which may cause undue concern to the client. Clients may also elect to be alerted via a call.

Commitment to the improvement of the safety of the elderly in Portugal

In collaboration with Hope Care, responsible for the True Kare service, Prosegur completed its offering of protection and solutions designed for the elderly with a service which provides protection and company in any emergency situation, support or need for assistance.

The system works with an easy to use mobile phone, which may be connected with a card from any of the carriers in service in Portugal. By means of a GPS, True Kare is able to locate the user, define a security area and activate an alert system.

This solution is complemented with a call centre available 24/7 which ensures specialist attention adapted to each situation. Moreover, it is easily accessible via a SOS button located on the mobile telephone key panel and is linked to a web page, which may be managed by the user´s relatives.

This is available through a special offering of access to the True Kare service, which provides assistance to the elderly in daily activities.

Management at branch level

Branch Managers are a fundamental part of the Prosegur model in order to attain the qualitative targets of the 2012-2014 Strategic Plan. These professionals work closely with the clients, manage the branches and represent the Company at a local level. For Prosegur it is essential to know and promote their skills and encourage their development. Currently Prosegur has 400 branches in 17 countries.

The objectives of the Company focus on the improvement of each branch, allowing for development of local management in each country which is close to the local culture and communities and, in short, to the client.

Communication with branches is constant, ensuring that they act in line with what has been defined by management and in the Functions of the Basic Management Units of Prosegur.

In order to progress along these lines, the Company launched the Kaizen Project. This is a management model that focuses on the branch, for which it has created software tools to define targets, monitor performance indicators in branches and share best practices.

In addition, it designed a training programme based on three pillars- to train, to know and to communicate – which has enabled the consolidation of a steady and stable network of Branch Managers to work on the development of the 2012-2014 Strategic Plan.

Becoming more multinational

Prosegur is a growing company, with increases year after year in the number of employees and countries in which it is present. The Company is looking to consolidate a corporate culture that is common and uniform, built on Vision, Mission and Values and implemented on the basis of common processes and procedures.

The ultimate aim is to ensure the same level of excellence and responsibility in the commercial offering in all markets in which it carries on its business. Prosegur has defined a model of indicators in seven areas which have been specifically designed for each business line. The monitoring of these factors allows for a review of operations and regulatory compliance of each delegation and a separate assessment of their situation.

Global customer management

The Global Client Management Programme enables complete coverage of the needs of multinational clients in any part of the world, and offers an integral and global service under strict parameters of quality and excellence. The global client management model in Prosegur is based on four key factors:

- Global management of the account and the contract:
  - A single contract for all countries.
  - An adapted and gauged interlocution model.
- Continuous process improvement
  - Regular and defined follow ups focused on improvement.
  - Advanced tools for measuring efficiency and identification of improvements.
- Consistent and homogeneous service
  - Standardisation of processes and services
- Homogeneous systems of quality and effectiveness measurement.
- Communication and reporting :
  - Drafting of management and quality measurement reports.
  - Regular follow up meetings and analysis of improvements at all levels of contact.

Integration of acquisitions

Given the nature of its business, in order to grow at a good pace and achieve an appropriate scale to ensure profitability, Prosegur has an expansion policy based on company acquisitions.

In these operations, integration processes become particularly important.

The aim is for these acquired companies to quickly integrate into the Prosegur brand, as well as its values and philosophy, seeking to achieve the same management style, a common image and consistent and uniform service in all markets.

In those geographical regions where Prosegur is already present, integration is assisted by participation of local teams. Prosegur has systematised this process, having made the activity and specific knowledge one of its differentiating capabilities.

Centres of Excellence

Prosegur Centres of Excellence aim to create a horizontal structure of knowledge sharing, identification of opportunities for improvement and dissemination of good practices in all countries and businesses.

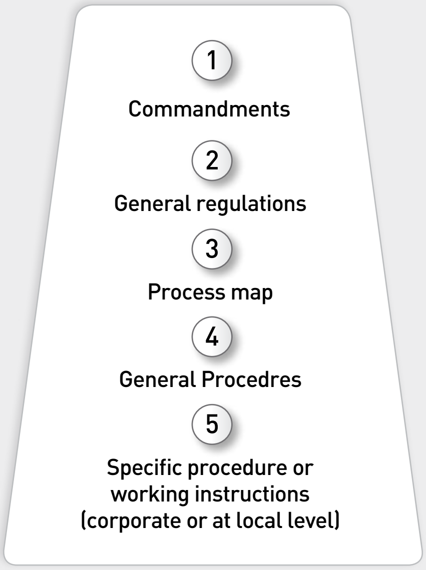
They represent a tool for communication and homogenisation among countries which brings about synergies and reduces costs. In addition, they support the sale of new services and ensure the consistency and coordination of projects in different countries.

Centres of Excellence reflect the Company's innovative effort, focusing both on the development of new security solutions and on the increase in efficiency and quality of its operations.

Prosegur Centres of Excellence

Centre	Objective
Centre of Excellence for Vaults	Improvement in efficiency of vault processes in our installations
Centre of Excellence for Traffic	Improvement in efficiency of traffic processes
Centre of Excellence for ATMs	Promotion of ATM business
Centre of Excellence for Security	Improvement in efficiency in risk management of our operations
Centre of Excellence for Fleet	Improvement in efficiency and security of our Cash in Transit operations via fleet management
Centre of Excellence for Manned Guarding	Identification, development and implementation of differentiating features which make clients perceive added value in services provided by Prosegur
Centre of Excellence for Alarms	Identification, development and implementation of differentiating features which make clients perceive added value in services provided by Prosegur
Centre of Excellence for Technology	Identification, development and implementation of differentiating features which make clients perceive added value in services provided by Prosegur

3P, "A way of being, a way of doing"



The 3P system (Prosegur's Policies and Processes) establishes a common methodology with a uniform way of working, in order to ensure high levels of quality service delivery and optimise resources. This system of common management is applicable in all geographies and all business and support areas.

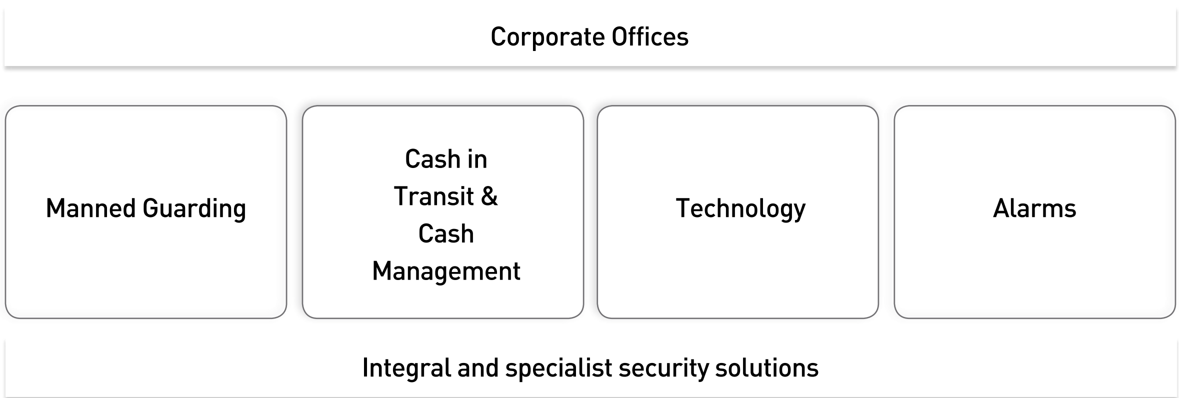
3P Policies, formalised in Commandments and Regulations, make up the basic rules or guidelines that apply to all employees in all geographic areas.

In turn, the 3P Processes define how business activities and business support activities are performed. The system is designed taking into account Prosegur's matrix organisation and geographic diversity. Thus, the 3P system establishes a common basis on which the specific part of the country is aligned and responds to the legal framework and the particular characteristics of each market. Also, the 3P system fulfils the requirements established by international standards such as ISO standards. Furthermore, 3P processes ensure compliance with specific local business laws and compliance with the particular requirements of customers, encouraging the use of process indicators to promote continuous improvement.

3P management system

2.2 Innovation and specialisation, essential values

Prosegur provides integral and specialist security solutions. From specific guarding services for homes and stores, to solutions seeking the maximum efficiency in company management. From cash in transit and overall cash management, to the design, development and installation of security systems.



Manned Guarding

Prosegur develops guarding services, security consultancy, airport security, security for big events, dynamic surveillance, geolocation and GPS tracking, protection of goods transport and mobile control centres, among others

Faced with the commoditisation of the industry, the Company strives to make guarding a more innovative business which adds greater value to the client, with professionals who are distinguished for their attitude and training and which use the most advanced technology to carry out their duties

Cash in Transit and Cash Management

Prosegur provides services throughout the value chain of cash management, from traditional transport and processing to planning, cashier personnel outsourcing or multi-agency. This business line includes the management of over 74,000 ATMs worldwide, including their planning, loading, monitoring, first and second level maintenance, tallying and other additional services. It also provides international shipping of goods such as currency, gold, jewellery and cards and shipping and custody of valuable goods.These services are supported by a network of over 400 bases and over 5,000 armoured vehicles which are equipped with the latest security technology

Technology

The Company designs, installs and maintains integrated security systems, monitored video systems and intelligent image processing, access control, anti-intrusion and perimetral detection systems, automation of buildings and facilities, special installations and system integration. It also designs, installs and maintains fire prevention systems, with and without water

Alarms

Prosegur has a broad range of products which help to improve the security and safety of families and businesses. Among other services, it offers state of the art technological solutions, personalised installation projects, risk assessment and regular checkups, technical alarms for accidents, home automation, perimetral security, immediate intervention service and location of persons and vehicles

Prosegur is a company at the cutting edge of technology. Its support of innovation and technology has gone hand in hand with the Company's business in an industry which is traditionally not very innovative.

In this regard, the Company aims to become a technological leader in order to develop new solutions, processes and tools to enable it to anticipate client requirements. Moreover, clients must perceive the differential added value of Prosegur, "the value of yellow", brought about not only by the quality of its professionals and services, but also by the technological support assisting them in the performance of their duties.

> Prosegur combines the most advanced technology with the best professionals, to provide global security solutions adapted to the needs of over 390,000 clients in the 17 countries in which it operates

In 2013, investment in Research and Development focused on the innovation of productions, processes and services and on the pursuit of efficiency in internal processes.

Products with a high degree of innovation	
Pack series	Combines dynamic surveillance with technology and has enabled the penetration of services for SMEs. This service has been added to the product range in Colombia, Peru and Singapore. In all cases, the implementation period has been a record one for the Company
Proteus	Example of technology developed by Prosegur which has become a new value added service. It consists of a container tracking service which prevents the pollution of the load via the installation of a clamp that seals the container and sends signals via GPS or PRS on route deviations, handling and other risks. This system has been successfully implemented Colombia and Peru
iTrack	System of person tracking via geolocation for physical and virtual security. Provides proof to the client that Prosegur carries out the service engaged, as well as carry out any tracking of groups of interest. This solution is used in Spain in several commercial malls
Maintenance of ATMs	Comprehensive management services for ATMs, providing greater efficiency through the Mi Prosegur tool, allowing customers to monitor their network data on availability, balances, charges and technical issues
Control Centres	Control Centres handled by highly skilled professionals to manage permanently, centralised and integrated all human and technological resources that make up the security systems. In addition, recent advances in intelligent image processing allow a priori assess risks to provide a more intelligent response to attacks
Process efficiency	
Vigia	Corporate intelligent planning tool which, using an analysis of variables such as educational profile or personal preferences, matches people and jobs, enabling better distribution of work
In situ	System that controls the entry, exit and present of the security guard in work centres. The evolution of this tool includes the addition of a biometric reader

Presence in international innovation forums

Prosegur took part in the annual ASIS 2013 conference, one of the largest conventions in the industry that took place in Chicago (United States). The Company presented its business lines, as well as its integral product range, to over 750 companies and 20,000 professionals who attended.

The latest technological innovations, products and services that are transforming this industry were displayed at this event.

INNOSEC European innovation project

Prosegur collaborates, along with another ten companies from seven European countries, in the INNOvation Management Models for SECurity Organisations (INNOSEC) project, which is developing an integral model for innovation management in the security sector.

The aim of this initiative, which is part of the Seventh Framework Programme of the European Union, is to implement a system which is in line with the specifications of security companies and operators both in public and private entities in order to respond to current needs of society.

The Company, which has an advisory role in the project, shares its experience along with the other participating companies as one of the leading companies in the security sector, will eventually implement the resulting model.

Management of security at large events

Prosegur has longstanding experience in the management of security at large events, coordinating information services, physical routing of people, protection of authorities, celebrities and installations, control of venue capacity and entry and exit of material. Highlights of 2013 include:

- Mutua Madrid Tennis Open. Prosegur was responsible for the security at the tournament. For a period of ten days and an average attendance of between 30,000 and 35,000 spectators, the Company was in charge of control of premises and access. In addition, from the control centre, it was in constant communication with the Forces of State Security and emergency units, and was responsible for transporting and safeguarding the cup.

- Rock in Rio 2013 in Brazil. Prosegur was responsible for a team of over 600 professionals and state-of-the-art technology to monitor and control accesses to the largest music and entertainment festival in the world. The novelty were the security cameras attached to the guards' jackets, allowing images to be send in real time to the monitoring centre for rapid identification of all manner of critical situations. Moreover, the Company implemented a service - Caja Fácil - which guarantees the security of cash management of commercial outlets located within the venue.
- Fórmula 1 Chinese Grand Prix. Prosegur, via its joint venture in the country, took part in the security operation at the Formula 1 Grand Prix that took place in Shanghai. Over the weekend, 1,375 guards were responsible for security at the event. With a capacity of almost 200,000 people, this is one of the largest racing events.


PROSEGUR
PROSEGUR

3. International presence

Prosegur aims to become a reference in all the markets in which it is present. Its strategy is founded on a solid geographical penetration, through a robust and financially strong business model. It is currently present in 17 countries: Argentina, Australia, Brazil, Chile, China, Colombia, France, Germany, India, Luxembourg, Mexico, Paraguay, Peru, Portugal, Singapore, Spain and Uruguay.

Thanks to the confidence of its clients and the development of new value added security solutions, Prosegur has driven organic growth in the regions in which it operates. For the Company, evolution does not mean cutting costs to the detriment of quality, but in reinventing services to adapt them to client needs and entering new market niches.

Prosegur is currently present in 17 countries in Asia, Europe, Latin America and Australia. Thanks to a strategy that combines organic and inorganic growth, it has consolidates its position of reference in the markets in which it operates

The acquisition of companies is one of the main sources of growth and creation of value for Prosegur and, consequently, a strategic element for development. By growing inorganically, it manages to strengthen its competitive position in a fast and secure way, entering new markets and broadening geographical coverage in those in which it is already present.

The Company mitigates the risk inherent to corporate acquisitions thanks to the application of a proprietary procedure which covers the transaction process and which is consistently applied in each operation. This includes financial, legal, labour and operational due diligence analysis. It defines key areas and is flexible in order to adapt to the particular characteristics of markets and regions. In any event, the risk for the Company in these operations is reduced thanks to its significant experience in this area, both in terms of number of operations and regions where these have taken place.

After years of solid growth, 2013 was a year of consolidation, where Prosegur concentrated on leveraging synergies from previous periods. However, it remains open to opportunities which meet the right criteria.

“Placa al Mérito en el Comercio” (Merit In Commerce Award)

In 2013 Prosegur received the “Placa al Mérito en el Comercio”, granted by the Ministry of the Economy and Competitiveness in Spain, in recognition of its performance, both in Spain and internationally, as well as of its growth strategy.

Over almost four decades, the Company has experienced a steady growth via international expansion and commitment to innovation.

At the same time, it has developed a solid business model which has enabled it to continue broadening its operations in new markets.

3.1 Latin America, the driver of Prosegur

Latin America is a high growth market. In this region the use of security services is concentrated in commercial, industrial and financial sectors. However, the advancement of the middle classes in these countries as a result of economic growth has also reinforced the demand for residential security services.

Argentina area – Argentina, Paraguay and Uruguay

Prosegur is the leading security company in the Argentina area and the only one offering integral solutions. Sales grew in 2013 by 7.4 per cent over the previous year.

In Argentina, the Company has a portfolio of over 66,000 clients between companies and institutions, businesses, stores and homes. It also has a fleet of over 570 armoured vehicles. On its part, Paraguay currently has over 1,300 professionals working in five delegations. Uruguay boasts a staff of over 3,000 professionals.

Brazil

Present in Brazil since 2001, Prosegur is the largest private security company in the country. It provides services in 25 states and in the Federal District and currently has a team of over 51,000 professionals.

In recent years, and following the acquisition of Nordeste Segurança and Transbank in 2012, Brazil has become the largest contributor of sales of the Company.

Chile

Prosegur is the leading private security company in Chile, with 18 branches and sub-agencies. It provides services to close to 1,500 companies and has a staff of more than 7,700 professionals.

Thanks to the constant performance of the entire business range, sales in this country in 2013 grew by 3.7 per cent over the year before.

Colombia

Present in Colombia since 2007, the 9,000 Prosegur professionals provide security services in 25 cities and 925 municipalities. Following the growth trend in Latin America, the increase in turnover in 2013 over the year before was of 2.4 per cent.

Mexico

Total Prosegur sales in Mexico improved in 2013 by 10.3 per cent over 2012. The Company currently carries out Manned Guarding, Cash in Transit and Cash Management and Technology services in this country.

Peru

Prosegur has become the leading company where attributes such as flexibility, trust, punctuality and excellence in service have led it to become the best option in the sector. In 2013 total sales grew by 2.7 per cent.

3.2 Europe, supporting specialisation and new solutions

During 2013, a visible improvement in margins in Europe took place as a result of the consolidation of the Prosegur business model, which has been able to successfully adapt to the difficult economic context.

France area – France and Luxembourg

Sales in France and Luxembourg, one of the more solid areas in Europe, increased by 6.8 per cent in 2013, having exhibited a positive trend in all business areas.

The Company has managed to become the only one in the sector providing an integral service in all private security business lines.

Germany

Germany is a market with great potential, where the Company has developed an important value added offering. Thus, the acquisition in 2012 of Securlog led to Prosegur becoming the leader in funds transfer in the country.

2013 saw the successful close of the acquisition of the Cash in Transit and Cash Management division of Brink's in Germany. The operation, approved by the German competition authority, has been subject to compliance with a number of conditions in the Berlin region.

With this new step, Prosegur has laid the foundations for stable and steady growth in the country. The Company is working towards integration of its companies in the country in order to adopt a common and uniform management model.

Prosegur's position in Germany has improved in terms of labour stability and market competitiveness and, therefore, is able to offer better prices and services to clients.

Portugal

The business of Prosegur in Portugal has been subject to the considerable recession in the economy of this country in recent years. Total income experienced a net reduction of 1.4 per cent in the year.

However, the Company continues to apply positive restructuring measures which have allowed it to overcome the situation. It currently has over 7,000 professionals and a fleet of 140 armoured vehicles. Also, invests in new vehicles and builds a new base in the city of Faro.

Spain

Prosegur is the company offering the best coverage in the private security sector in Spain. With over 23,000 professionals and 34 delegations all over the country, it focuses its effort in product promotion, the provision of new solutions and support of a specialisation strategy by business sector.

In line with the rest of Western Europe, the focus is on private security services in business areas which are less mature and in segments with greater added value, such as systems integration of systems and security consultancy.

3.3 Asia-Pacific, looking to the future

The strategy of Prosegur in the Asia-Pacific region is based on broadening geographical coverage and leading the market.

It is a region with great potential for the Company, in that it offers economic development possibilities and an incipient security sector, which provides opportunities to attract new clients with services that have been proven in other markets.

On the other hand, the region is marked by cultural and regulatory differences between the countries, which establish specific learning curves for each one. In order to overcome such difficulties, respect for local sensitivities, use of best international practices in human resources and investment in human capital are key factors.

Asia-Pacific area – Australia, China, India and Singapore

The Asia-Pacific area continues to experience a considerable increase in revenue compared to previous years. In 2013 sales in the region, where the Company has a team of over 9,200 professionals, grew by 37.6 per cent.

In China Prosegur has made a special effort in employee training, mainly to improve operations and customer loyalty.

In the Indian market, the goal is to increase the market for ATM management. The Company currently serves more than 8,000 machines in the country. It has also made a special effort to implement a management system by branch.

Additionally, Prosegur in Singapore has focused on customer loyalty and wage increase, following government guidelines.

Australia, the entry into a new continent

In 2013, Prosegur took a further step in its internationalisation strategy by strengthening its presence in the Asia-Pacific region.

The Company began its activity in Australia via the acquisition of Chubb Security Services, one of the main cash in transit operators specialising in cash management and ATM maintenance.

The total value of the investment was 95 million euros, including the debt of the acquired company. In order to finance this operation, Prosegur took out a syndicated loan in the medium term for 46 million euros.

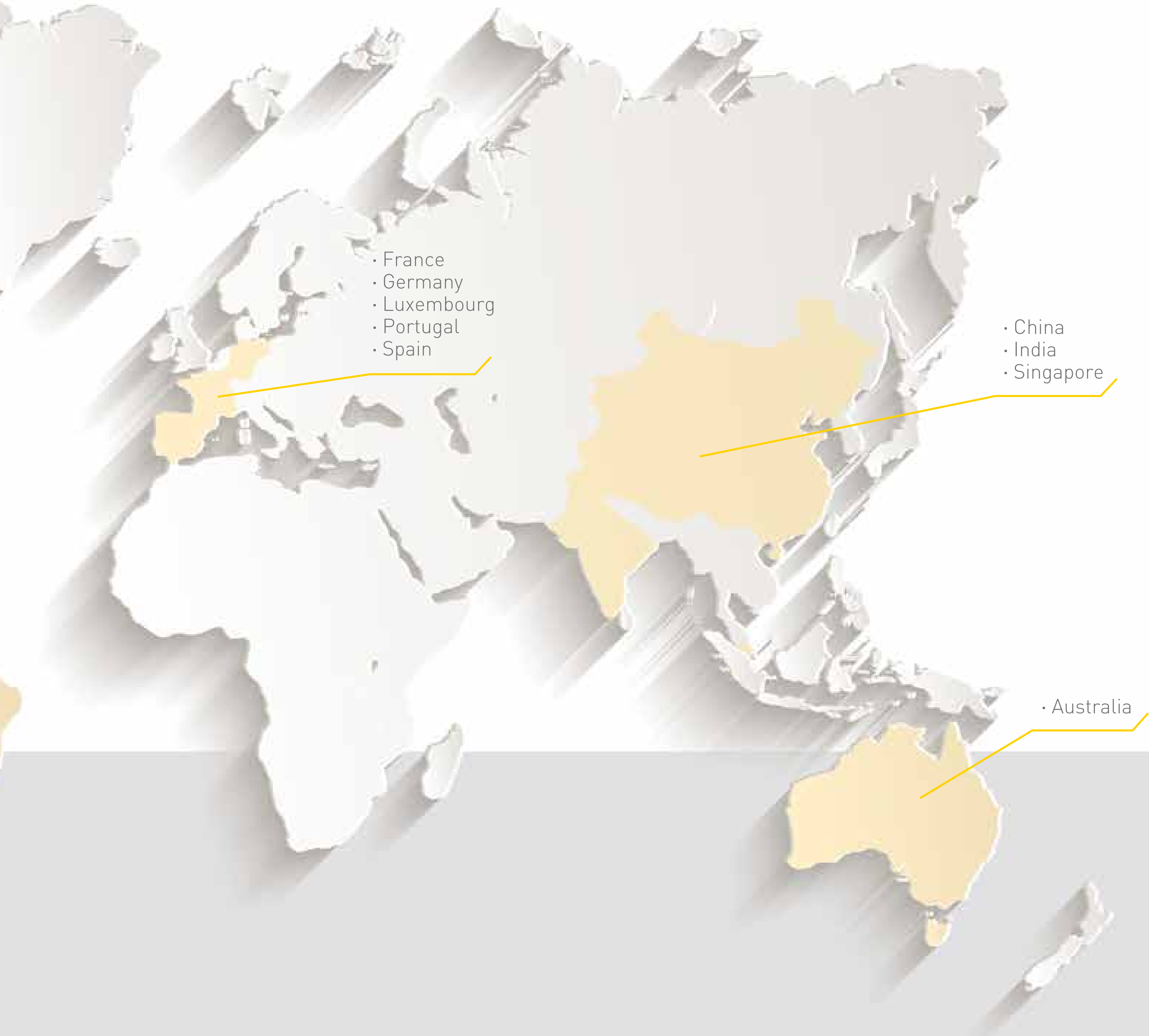
The acquired company has 22 branches all over the country, a staff of around 1,000 employees and provides services mainly in the distribution and banking sectors.

Our **international presence**

More than 400 offices in 17 countries across four continents, all speaking the same language: excellence, team work, innovation and transparency.

Number of employees
€ Accumulated turnover (Mill.€)

Country	Number of employees	€ Accumulated turnover (Mill.€)
Brazil	51,868	1,074.0
Argentina area	21,926	717.0
Peru	11,427	162.3
Colombia	9,325	126.8
Chile	7,714	143.0
Mexico	3,020	32.7



Spain
23,345
€ 866.7

Portugal
7,101
€ 145.8

France area
5,399
€ 227.9

Germany
4,201
€ 156.7

Asia-Pacific area
9,214
€ 39.4


PROSEGUR
PROSEGUR

4. Prosegur axes of development

Process of report preparation within the G4 Global Reporting Initiative framework: focusing on what is important

Prosegur aims to transmit to the markets, as well as to its clients, employees and society at large, relevant information on its performance in sustainability and social responsibility, providing greater detail in those issues which are priorities for the Company and its stakeholders.

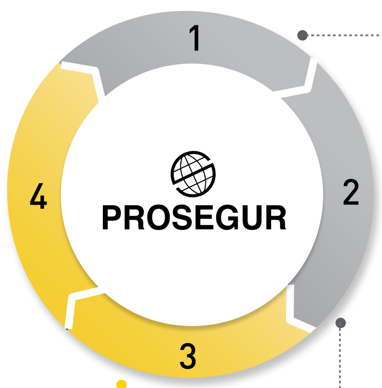
This Annual Report 2013 follows the criteria, principles and content defined in the new G4 Global Reporting Initiative (GRI) framework for preparation of annual reports on sustainability and the 'Materiality Matters' focus in that organisation, which requires carrying out a materiality analysis. The aim of the analysis is to focus on those matters of a social, environmental and/or economic nature that are relevant and which influence the decision-making by stakeholders.

Therefore, the seven general aspects of G4 – strategy and analysis, organisation profile, material aspects and coverage, stakeholder participation, annual report profile, governance and ethics and integrity – are addressed by the 2013 Annual Report and the public information on the Company. In addition, the 46 specific aspects of G4 have been subjected to materiality analysis to ensure that this report focuses on the most relevant.

Determination of materiality (G4-18 a) (G4-23)

Prosegur developed a study in order to identify which sustainability or corporate responsibility matters are more relevant for the security sector, based on the 46 specific aspects defined by GRI. For each aspect, the process followed has been:

Definition of relevant matters for Prosegur



Identification of elements which define material issues via an analysis of the various information sources:
Dow Jones Sustainability Index, Stakeholders sustainability topics, International organisations, press, stakeholder interviews

Analysis of the treatment of material issues from a competitor perspective (three companies in the security sector)

Consultation with Senior Management: definition of relevance of issues for Prosegur

Definition of materiality of priority issues in sustainability: relevance + importance for stakeholders

The materiality of the aspects was decided on the basis of a combination of internal and external factors. Thus, prioritisation is the result of:

1.. The analysis of expectations and concerns of those clients that are relevant for Prosegur, identified for this study and which address the issues inherent to the security sector as well as expectations of stakeholders. The Company has considered the following players: (G4-24)

- Stakeholders: Interviews of stakeholder representatives (investors, clients, third sector and financial analysts) and Sustainability Topics for Sectors: What do stakeholders want to know? (Global Reporting Initiative).
- International bodies: Organisation for Economic Co-operation and Development (OECD) and United Nations Global Compact (UNGC).
- Investors: Dow Jones Sustainability Index and FTSE4Good.
- Analysis of reputational risks and matters of interest appearing in the press.
- Analysis of matters discussed in their reports by the three competitors of Prosegur, on an international basis.

2.. Internal consultation, by way of interviews to the heads of Company areas, enabling identification of relevant matters by business and region, as well as validation of matters identified in the external analysis. For this edition of the Annual Report 2013, contributions have been made by the management of regions and business areas, and the areas of Product Strategy and Development, Economic-Financial, Organisation, Business Development, Global Accounts and Marketing, Internal Audit, Security, Legal, Human Resources, Communication and Institutional Relations.

Material aspects

(G4-19)

The aspects analysed in this study are those defined as specific in the G4 Guide for the Preparation of Sustainability Reports.

The materiality analysis performed enabled the definition of each aspect adapted to the reality of the business and the characteristics of Prosegur. The list of material subjects which resulted is the following:

15 material aspects

SO	Corruption
LA	Health and safety
LA	Company- employee relations
EC	Economic performance
HR	Evaluation of operations with an impact on Human Rights
LA	Employment
EN	Emissions
EC	Suppliers (local, environmental performance. Labour practices, human rights and social impact)
LA	Diversity and equality
HR	Safety practices
SO	Local communities
EN	Energy
EN	Spillage and waste
PR	Client security
EN	Products and services

EC. Economic performance indicators
EN. Environmental performance indicators
LA. Labour practices indicators
HR. Human rights performance indicators
SO. Society performance indicators
PR. Product performance indicators
(G4-19)

The seven “Prosegur development axes”

Following internal consultations, the last phase of materiality included a focus on the list of aspects selected in the external analysis. This enabled an in-depth study of what each one means for Prosegur and what their management focus is. The material aspects listed in the previous section have been grouped in what are known as “Prosegur development axes”.

The aim is to guide the readers of the 2013 Annual Report in regard to the management of the Company in each aspect, in line with the Corporate Responsibility Master Plan of Prosegur.

Prosegur development axes

1	Good governance
2	Ethics and integrity
3	Risk management
4	Extension of Prosegur responsibility in all operations
5	Employees
6	Environment
7	Social action

The Company's management model will now be shown in each section for each axis.

4.1 Good governance

The success of Prosegur and the sustainability of its business is a direct consequence of the rigour of its governance and management models. Prosegur takes as a reference the recommendations included in the Unified Code of Good Governance of the National Securities Market Commission, as well as the recommendations in this regard from the main international institutional investors.

For more information, visit the Corporate Governance Annual Report of Prosegur (www.prosegur.com).

Prosegur considers that the application of advance good governance practices is a key element to safeguard the success of the Company in the long term

Ownership structure

The shareholding structure of Prosegur reflects its solidity and stability. The share capital of Prosegur Compañía de Seguridad, S.A. is of 37,027,478.4 euros, represented by 617,124,640 shares each of a face value of 0.06 euros, belonging to one same class and series.

All shares have been fully paid up and subscribed, and are traded on the Stock Exchanges of Madrid and Barcelona (Spain). Each share carries the right to one vote and there are no legal or statutory restrictions on the exercise of the vote or on the acquisition or transfer of shares in the share capital.

The list of shareholders with a significant holding in the share capital of the Company at 31 December 2013 was as follows:

Holder	Shares controlled	Voting rights
GUBEL, S.L.	309,026,930	50.07%
AS INVERSIONES, S.L.	32,817,810	5.32%
FMR LLC	29,908,843	4.85%
CANTILLON CAPITAL MANAGEMENT LLC	18,821,350	3.05%
M & G INVESTMENT MANAGEMENT, LTD	19,362,786	3.14%
OPPENHEIMER ACQUISITION CORPORATION	21,761,746	3.53%

General Meeting of Shareholders

Prosegur Compañía de Seguridad, S.A. held its General Meeting of Shareholders, at first summons, on 29 April. The meeting took place at its corporate offices in calle Pajaritos, 24. Madrid, Spain.

Issues addressed in the General Meeting of Shareholders of 2013

Issue	Nature of issue
Examination and approval of financial statements and management report, both of Prosegur Compañía de Seguridad, S.A. and its consolidated group of companies, as well as of the proposal for application of results and the management of its Board of Directors, all relating to 2012	Economic
Shareholder remuneration: distribution of dividends from 2012 profit and unrestricted reserves	Economic
Re-election of directors	Economic/Social
Appointment of auditors	Economic
Approval of spin-off of the private security activity branch of Prosegur Compañía de Seguridad, S.A. in Spain to its 100 per cent owned subsidiary Prosegur España, S.L	Economic
Delegation of powers to enter into, interpret, remedy and execute agreements reached by the General Shareholders' Meeting	Economic
Consultation vote on the annual report on director remuneration	Economic

Board of Directors

The presence of the shareholding of Prosegur in the Board of Directors enables the management bodies, and particularly the Executive Committee, to define the strategic lines and ensure that the Company decisions are in line with the interests of its owners. A stable shareholding provides the ideal conditions to develop its project and achieve its objectives.

At 31 December 2013, the Board of Directors of Prosegur was composed of nine members: three executive and six non-executive, of which four are independent.

The responsibilities of the Chairman and the Chief Executive Officer are separate; they are different and complementary. Prosegur adopts the requirements of the main international standards on corporate governance, which recommend the separation of roles.

Name	Office in the Board	Nature of office	Executive Committee	Audit Committee	Appointment and Remuneration Committee
Ms Helena Irene Revoredo Delvecchio	Chairman	Executive	Chairman		
Mr Isidro Fernández Barreiro	Deputy Chairman	External	Member	Member	Member
Mr Christian Gut Revoredo	Chief Executive Officer	Executive	Member		
Mr Fernando Vives Ruiz	Director	External independent	Member		Member and Secretary
Ms Mirta María Giesso Cazenave	Director	External representative			
Ms Chantal Gut Revoredo	Director	Executive	Member	Member	Member
Mr Pedro Guerrero Guerrero	Director	External independent	Member	Chairman	Member
Mr Eduardo Paraja Quirós	Director	External independent			
Mr Eugenio Ruiz-Gálvez Priego	Director	External independent	Member	Member	Chairman

Balance is a key element in the composition of the Board of Directors of Prosegur, both in terms of characteristics and skills, experience and knowledge. As for independent board members, Prosegur chooses people of renown, competence and experience.

Performance and effectiveness of the Board

During 2013 the Board of Directors held a total of five meetings, with attendance of 100 per cent of its members.

The Board reserves the competence of approval of general policies and strategies of the Company, specifically: the strategic or business plan, as well as annual management objectives and budget; the investment and finance policy; the definition of the structure of the group of companies; the corporate governance policy; the corporate social responsibility policy; the remuneration policy and performance assessment of senior managers; the risk management and control policy and the dividend policy, and treasury shares, specifically the limits thereon.

In addition, and in accordance with what is set forth in the Regulations of the Board of Directors, the Chairman organises and coordinates the regular evaluation of the Board and, as the case may be, that of the first executive, with the chairmen of the Appointment and Remuneration Committee and the Audit Committee. The evaluation carried out in 2013 has not led to important changes in internal organisation nor in the procedures applicable to their activities.

Delegated Committees of the Board of Directors

Executive or Delegated Committee

The Executive or Delegated Committee is made up of at least three and no more than seven members of the Board of Directors and is chaired by the Chairman of the Board of Directors

It meets at least seven times a year. It holds the broadest powers of representation, administration, management and disposal and, in general, all those which pertain to the Board of Directors

Audit Committee

The Audit Committee is made up of at least three and no more than five members. It holds at least four ordinary meetings a year

Among the Audit Committee's responsibilities are: propose the appointment of the auditor; review the Company accounts; ensure compliance with legal requirements and proper application of accounting principles; and supervise the process of preparation and presentation of financial information

The Committee supervises the efficacy of internal control and risk management systems and examines compliance with internal codes. It also supervises a system which enables the employees to report, confidentially and anonymously, any irregularities detected within the Company

Appointment and Remuneration Committee

The Committee is made up of no less than three and no more than five members. It meets whenever the Board of Directors or the Chairman of the Board request the issue of a report or the adoption of proposals and, in any event, whenever it is deemed appropriate for the good performance of its duties

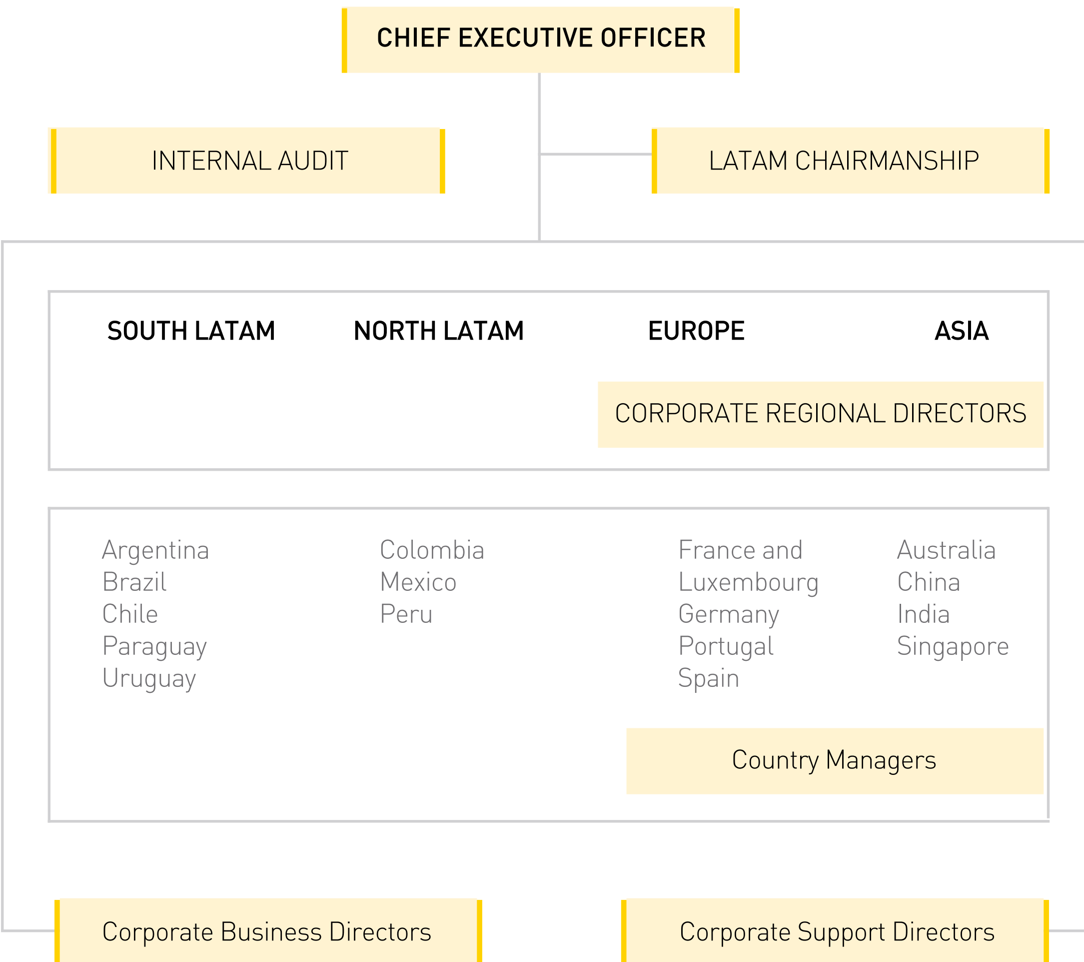
The Committee prepares and reviews the criteria which must be followed for the composition of the Board of Directors and the selection of candidates, and decides on the structure and amount of the annual remuneration of directors. In addition, it reports on any transactions which might involve or imply a conflict of interest, it examines or organises the replacement of the Chairman and informs the Board on issues related to gender diversity

Organisational structure

The organisational structure of Prosegur reflects its needs as a multinational company and the achievement of its strategic objectives. Both those in charge of support and those in charge of business share the same objectives.

The organisation, which is clearly flexible, meets a dual purpose:

- In the first place, it enables the best response to the reality of a changing environment, allowing for adaptation to the evolution of the Company in terms of size, geographical regions and complexity.
- Secondly, it helps to focus on the creation of value to meet with the growth strategy, taking advantage of transversal business know-how.



4.2 Ethics and integrity

The dedication of Prosegur staff to ethics and integrity forms part of the corporate culture and its commitment to customer service.

The rigour in the definition of mechanisms of control and prevention of irregular practices and the exercise of due control are principles which guide the operations in the Company; particularly those which entail greater risk, such as acquisitions or operations in countries with less legal stability. The interests of the managers are in line with those of the Company and its owners, which reinforces all decision-making processes.

The commitment of Prosegur to ethics and compliance is reflected in the work carried out in the area of human rights, which includes the diagnosis, establishment of commitments and communication and training of employees in this subject.

> Prosegur acts in an ethical and respectful manner, in accordance with common principles and standards

Corporate Compliance Programme

The Corporate Compliance Programme, approved by the Board of Directors, establishes control measures designed to attenuate or remove the risk of non-compliance with regulations in day to day operations.

It is overseen by a Compliance Committee which acts in an autonomous and independent manner. It reports to the Audit Committee and is made up of the Head of Internal Audit, the Corporate Director of Organisation, the Corporate Legal Director and the Corporate Compliance Officer.

The Company has compliance officers appointed in all countries, responsible for implementing the established programmes and for ensuring proper compliance with regulations. In addition, it has compliance programmes in place on matters such as money laundering, criminal responsibility of corporate persons and competition.

The Corporate Compliance Programme is particularly relevant in processes of integration of new companies, where corporate cultures must be aligned, risks must be mitigated and due diligence must be exercised.

Diagnostic work

Analysis of Company activity
Review and analysis of internal policies
Review and analysis of business processes
Analysis of possible criminal risks of the Company
Interviews with heads of all business areas
Analysis of power structure, delegation of power and governance bodies

Establishment of control measures

Drafting of policies and processes or adaptation of existing ones
Establishment of a policy of crime prevention, detection and reaction
Design of a code of conduct/ethics
Definition of duties of the Compliance Officer
Establishment of a system for anonymous reporting and internal communication
Preparation of a document of representations and warranties

Training

Training courses for employees on the most relevant aspects and processes to be applied in each specific case
Training courses for senior management and Board members
Specialised courses for compliance officer

The fight against unauthorised practices, fraud and unfair competition in the private security sector

Prosegur was particularly active in 2013 in the promotion of clear instruments to prosecute irregular conduct in the private security sector, such as unauthorised practices and fraud in the tax and labour areas. Bad practices not only negatively affect the competitiveness of companies that comply with their obligations, but also affect the rights of employees.

For this reason, the Company actively collaborates with all public bodies working on such matters in order to help prevent, detect and eradicate such practices.

Code of Ethics and Conduct

At the suggestion of the Audit Committee, on 28 October 2013 the Board of Directors approved a revised version of the Prosegur Code of Ethics and Conduct, binding for all members of the governance bodies, senior management and staff of the Company.

The Code of Ethics and Conduct provides a guideline on the behaviour and good practice of all Prosegur professionals. It reflects common standards and principles in the development of relationships with stakeholders of the Company: employees, shareholders, clients and users, suppliers and associates, authorities, public administrations and regulatory bodies, competitors and civil society in which it operates.

The Code of Ethics and Conduct applies to all companies within Prosegur and all businesses, activities and countries. It is freely available and can be accessed in the web page www.prosegur.com.

All Prosegur professionals are obliged to know, subscribe and comply with the Code of Ethics and Conduct and to help implement it. New recruits, as of the time of signing the contract, receive a copy of this document and must confirm their commitment to comply therewith.

Dissemination plan of the Code of Ethics and Conduct

Prosegur will carry out in 2014 a plan of implementation and dissemination of the Code of Ethics and Conduct which will include the following actions:

- Approval of the revised version of the Code of Ethics and Conduct by the administration bodies of all the companies in all countries in which the Company is present.
- Communication to all employees via: intranet, web, corporate magazines, bulletin boards, electronic mail, etc.
- Subscription by all employees of the Ethics and Conduct Code via several means.
- Classroom training as part of the training courses organised by the area of Regulatory Compliance and online training via courses given by the Prosegur University.
- Inclusion of the Code of Ethics and Conduct in contracting processes of suppliers and dissemination among existing suppliers.

The Code of Ethics and Conduct expressly mentions the preparation of financial report in an integral, clear and accurate way, as well as its disclosure via transparent communication channels allowing permanent access thereto by the market and especially by the shareholders and investors.

All reported violations of the Code of Ethics and Conduct will be analysed by impartial experts, who shall offer their conclusions and propose, as the case may be, any corrective actions to be applied.

In addition, since 2012 Prosegur is a signatory of the Code of Conduct and Ethics of the Ligue Internationale des Sociétés de Surveillance and also recognises the Code of Conduct and Ethics for the private security sector drawn up by the Confederation of European Security Services (CoESS).

Upright and impeccable action

One of the assets of Prosegur is the integrity and ethics of its employees, as well as discretion in managing the information to which they have access. In this regard, employment contracts include strict confidentiality clauses.

Prosegur considers very serious faults to be falsehood, disloyalty, abuse of trust or theft, both in regard to other work colleagues or the Company, or in regard to third parties related to the service. Demanding or requesting remuneration or reward from third parties, irrespective of the manner or pretext thereof, shall also be considered a serious fault.

Prosegur has several incentives programmes for indirect personnel enabling them to earn variable remuneration directly related with the compliance or achievement of set targets. These must be in line with the strategy of the Company and of the department or unit, and may be linked to the prevention of irregular practices.

Commitment to human rights

As a company of reference in the private security sector, Prosegur respects, in its practices and procedures, the rights listed in the Universal Declaration of Human Rights, adopted by the General Assembly of the United Nations. In addition, the Company supports the United Nations Global Compact, an initiative focused on the respect of ten principles of corporate conduct in human rights, employment standards, the environment and the fight against corruption.

Prosegur works towards establishing control measures and training its professionals. The Company describes its commitment to human rights in a public document which contains the responsibilities and guidelines and which includes the behaviour expected in relations with commercial partners and other relevant players. This commitment forms part of the general corporate responsibility guidelines of the Company and is in line with what is set forth in its Code of Ethics and Conduct.

In 2013 Prosegur progressed in relation to human rights via the analysis of the risk map. This diagnosis verified that the Company's human rights risks are related with the business and, consequently, are considered in other categories of the risk map.

Furthermore, the Company took part in a working group created at the beginning of 2013 by the Global Compact Network Spain. Within the framework of this collaboration, the event "Experiences in the private sector in the implementation of the United Nations Guiding Principles on Business and Human Rights" took place, sharing experiences on who companies implement policies, processes and controls in this area.

Anonymous and confidential report channel

Since 2009, Prosegur has an anonymous channel for making reports, freely accessible via its web page and from the local corporate pages in each country. The channel allows the reporting of any irregular, fraudulent or unethical conduct.

The reports are received by the Audit Director who passes them on, according to the subject and the seriousness, to the area of Security or to those responsible in the country from where the report has been made. Following the investigation, the report is presented to the Audit Committee, which will supervise the result of the report analysis process, under the protection of Internal Audit. Any reports related to fraud are investigated separately by the Security department. The conclusions of the investigation are presented at the Audit Committee meetings.

4.3 Risk management

Prosegur is aware of the risks inherent to its activity. Clients place their trust in the Company, who responds by acting under a firm commitment to integrity and compliance with the client. However, the provision of the service is not risk-free.

The commitment of Prosegur with its clients and other stakeholders carries the responsibility for ensuring the proper management of risks which might affect, among others, the balance sheet and profit of the Company. The reliability of the financial information, the transparency and the rigorous observance of the laws and rules which regulate the sector are critical for preserving reputation.

The Company is also aware of its exposure in the medium and long term due to changes in the economic cycles or in the structure and characteristics of the markets and societies in which it carries out its activities.

An efficient management of risk is key to ensuring value creation and the success of the Company. For this purpose, Prosegur has a risk management and control system implemented in all areas of activity, to analyse, control and assess the relevant factors which might affect its daily management in the achievement of its business targets. In this way it protects the interests of clients, employees and shareholders.

Prosegur considers that the efficient management of risk is key to ensuring value creation. The Company, with prudent management, is able to transform risk into business opportunities

The Prosegur risk management system

Prosegur has systems for identifying the main contingencies and to classify them according to nature and relationship with the achievement of short, medium and long term targets. This identification is

performed on a yearly basis in order to detect new items on which to act.

The Prosegur risk management system is mainly based on the COSO (Committee of Sponsoring Organisations of the Treadway Commission) standard and works together with other standards such as Basel III, inherent to the financial industry, and the ISO 31000 standard.

The maximum responsibility for risk management falls on the Board of Directors. The Audit Committee, among its basic duties, is in charge of supervising the efficacy of internal control and the risk management systems, to confirm their adaptation and integrity and review the designation and replacement of those responsible.

The Company also has a Corporate Risk Committee which reports to the Audit Committee, to identify critical risks using a risk map to analyse those which are the most relevant.

The corporate Risk Management department is the area which defines the policies, procedures and tools used in the identification and quantification of risks. It is also responsible for proposing mitigation measures and ongoing monitoring of any deviation from tolerance levels established by the Board of Directors. The Board of Directors has also delegated specific duties to the business units to encourage their proactive participation in risk management. The risk information and monitoring processes are the responsibility of the various risk management committees, which hold regular meetings. Thus, the committee for reassessment of financial risk meets monthly, those on operational and regulatory compliance meet monthly and quarterly, those of business risk on each country meet each quarter and, finally, the global risk reassessment meeting is held once a year.

On the other hand, the Audit Committee has delegated to the Internal Audit area the supervision of internal control and of risk management. This department independently assesses the operation of the risk management system to ensure it is suited to the needs of the Company. A systematic and rigorous approach is applied in the supervision of the efficiency and efficacy of the processes, the control and the governance of the system. The area verifies that risks are being properly managed; it allocates responsibilities and establishes a risk tolerance policy, using indicators and performing the necessary monitoring. Among other duties it must supervise the internal control of financial information. The Board of Directors is informed of the results of such reassessment processes.

Organisation

BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

CORPORATE MANAGEMENT AREAS

BUSINESS MANAGEMENT AREAS

AUDIT COMMITTEE

CORPORATE INTERNAL AUDIT DEPARTAMENT

RISK COMMITTEE

Strategy Management	**Strategic risks**
Financial & Economic Management	**Financial risks**
Legal Advice Department	**Legal risks**
Human Resources Management	**Human resources risks**
Business Activity Management	**Operational and compliance risks**
Regional management	**Regional business risk**
Country Management	**Country business risk**

RISK MANAGEMENT AREA

"Provides assistance to the Prosegur Management areas in the identification, definition of strategies of mitigation or transfer, measurement, assessment and continuous monitoring of operational and compliance risk"

"Independent assessment of efficiency and efficacy of the Risk Management and Internal Control System"

Risk management cycle

Schedule of risk information and monitoring

Monthly	**Information on exposure relating to:** Financial risk Operational and compliance risk Reputational risk
Quarterly	**Monitoring via Risk Committees of:** Business risk Financial risk Operational and compliance risk
Six-monthly	**Information to Board of Directors about:** Business risk Financial risk Operational and compliance risk Reputational risk
Annual	**Risk map reassessment process** **Review of Strategic Risks**

Information
Information and communication on the various exposures and annual assessment of the risk.

Risk
Identify the business risks or foresee risk scenarios, measure and analyse impact thereof for the Company.

Monitoring
Supervision and follow-up of compliance with policies, rules, procedures, information systems via internal control to ascertain whether exposure is acceptable. Continuous monitoring, remote and on-site.

Control
Propose new policies or reassess existing policies. In addition, propose necessary corrective measures based on cost-effectiveness criteria to minimise any risks identified.

	RISKS	MITIGATION STRATEGY
Strategic risks	Exposure to changes in economic cycles Business concentration in similar geographical areas	Diversification of businesses in differentiated markets Independent due diligence processes
Business risks	Unfair competition Supplier dependence	Development of new value added products and services Entry of new suppliers from international markets
Financial risks	Liquidity risk Credit risk Price risk Market risk	Currency rate hedges Individual credit limits per client Collar structures for fuel purchase Treasury planning and projection Diversification of funding sources Natural hedging of cash flows
Legal and reputational risks	Penalties for violation of legislation in matters of money laundering, private security, data protection, labour and Internal Rules and Code of Conduct	Identification of risks at an operational level and regular evaluation of control area Evaluation of proper operation of implemented controls via monitoring programmes
HR Risks	Loss of talent Scarcity of resources	Talent management programmes Programmes to dignify Prosegur personnel associated with guarding and surveillance services
Operational and Regulatory compliance risks	Thefts, break-ins, etc. Errors in operations Legal fines Business continuity	Identification of risks and design of control structures in all activities Remote and on-site monitoring programmes according to risk level Implementation of business continuity plans and recovery plans Global policies on Physical and Logical Security

Day to day risk: operational risk and regulatory compliance risk

Prosegur devotes significant effort to the management of operational and regulatory compliance risks given their impact on the commitments undertaken with stakeholders and, specifically, with the clients.

The corporate department of Risk Management carries out a programme of continuous analysis of operating processes, seeking to detect, evaluate and manage any risks that might arise. This task is carried out by over 80 professionals working in two continental platforms: one for Latin American countries and the other for Europe and Asia-Pacific.

It is worth mentioning the monitoring task carried out by the corporate department of Risk Management over control and monitoring processes of traceability of operations carried out in transport, handling and storage of cash. This activity is currently implemented in Europe as well as in Argentina, Chile, Paraguay and Uruguay. Its establishment in other Latin American countries is planned for 2014.

In 2013 over 400 operational and regulatory compliance reviews were carried out, as well as over 400 cash counts. The extent of coverage of the work plan was of an average of 1.5 delegations that underwent operational reviews in Latin America and of 0.5 in Europe. As for cash counts, the coverage was approximately of 1.8 cash counts per delegation in Latin America and of 1 cash count per delegation in Europe.

Likewise, the area devoted to regulatory risk carries out an essential role in prevention of money laundering, and is responsible for the internal organisation of the Money Laundering Prevention Unit (of the Spanish, UPBC) in Spain. The Unit is part of the regulations which obliges Prosegur to implement measures to prevent cash transport to be used for money laundering purposes.

It is worth mentioning that the Insurance Department of Prosegur is responsible for the transfer of operational risk. The insurance portfolio is made up of several global and local schemes which protect the Company and its owners and employees.

4.4 Extension of responsibility in all operations

Prosegur expects all suppliers and partners with whom it works to comply with the ethical standards and principles which the Company applies to its activities. Supplier approval processes help to reduce incidents and defaults and to achieve the desired quality. In addition it implements measures to incentivise high standards of corporate responsibility in the private security sector and throughout the supply chain.

Prosegur selects its partners with independence, objectivity and transparency, reconciling the interest in obtaining best conditions with the need to maintain stable relationships with ethical and responsible third parties

Responsibility in the supply chain

Prosegur applies economic and quality criteria to the selection of suppliers and subcontractors.

The supply chain

Prosegur has a procurement process which enables it to optimise costs, taking advantage of its negotiating capacity and the synergies in place in the various countries.

Prosegur procurement process

Selection of suppliers, negotiation of offers and awards	Description of the characteristics of the good or service to be engaged (technical specification, quality, delivery date, service-level agreement, etc.) Selection of suppliers to contact Request of at least three written offers for purchases defined in the procurement process Negotiation of offers by Procurement department, with the support of the requester of the purchase and/or business and/or functional areas involved Written documentation of results of comparison of offers and calculation of savings Once the approvals have been obtained, the supplier of the good or service in question is selected
Contracts / Framework agreements	Review of the contract or equivalent document by Legal department. In general all orders must include the General Conditions of Purchase and Contracting. The business partners and subcontractors must respect the Code of Ethics and Conduct of Prosegur

Prosegur has commercial relationships with over 30,000 suppliers. Expenditure in 2013 reached 971.7 million euros.

The Company gives priority to local suppliers in order to generate business opportunities in the areas in which it operates. Prosegur estimates that 94 per cent of purchases in Brazil and 80 per cent in Colombia are local.

In addition, the Company encourages competition among suppliers in order to obtain a better cost-quality benefit. To this end, it organises tenders for suppliers in each business to present their bids.

Supplier management

Prosegur is governed by responsible purchase criteria, objectivity and transparency in supplier selection. The Company seeks the balance between obtaining the best terms for supplies and a commitment to maintaining stable relationships with ethical and responsible suppliers.

To this end, it carries out a supplier approval process in order to ascertain whether these are apt and reliable in regard to its needs. Suppliers are classified by nature of the service or product supplied, identifying those which are of strategic value for the business.

Thus, for instance, in Argentina Prosegur carries out preliminary studies to prevent incidents with contractors who carry out their activity at Company premises. The system controls whether the personnel, equipment and vehicles involved are properly equipped to execute the tasks in hand. This helps prevent a contingency from directly or indirectly causing harm to Prosegur.

Likewise, in Colombia, it assessed and then reassessed in 2013 those suppliers whose goods or services directly affect service quality.

The supplier approval process implies presentation of administrative documentation related to legal requirements. In Paraguay, the approval and qualification of contract suppliers follows the ISO 9001 standard. Supplier approval is valid for four years, during which time the Company controls performance in regard to incidents and non-conformities in management.

In addition, Prosegur carries out a contract monitoring process and assess degree of compliance. At this phase it considers whether the product or service received has met with requirements, posing no risks to the Company, as well as that supplier performance is in line with ethical, labour and environmental criteria

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Supplier development

Prosegur works closely with its main suppliers. This means that any adjustments or improvements are discussed with the supplier on an ongoing basis. This is the case of Germany, for example. The Company meets the supplier of cash carrying sacks two or three times a year to analyse progress and potential incidents.

In Brazil, Prosegur promotes the joint development with suppliers in search of alternatives. For instance, the Company acts as the nexus between a supplier of chests in Brazil and a supplier of armoured bodywork in Argentina to produce a vehicle that is partially assembled in Argentina and finished in Brazil. Likewise, it connected a supplier of bulletproof vests in Colombia with a Brazilian textile company in order to produce in Brazil an improved version of bulletproof vests for the security guard uniforms.

The Company works with Special Employment Centres as suppliers, in order to promote the inclusion of disabled people and comply with the legislation in force. In this regard, different services such as warehouse management or promotional merchandise have been contracted.

On the other hand, the Company also develops new products and services in conjunction with innovative suppliers. These include professional and home surveillance systems, access control, remote control and geolocation of persons and goods, among others.

Commitment with the development of the industry

Prosegur is a member of industry organisations and associations in order to promote the development of the sector, improved quality standards and to drive the most suitable public policies.

Main international organisations of which it is a member
Ligue Internationale des Sociétés de Surveillance: Association of private security service companies at an international level. Non-governmental consulting body of the United Nations (UN) and the European Union.
Confederation of European Security Services (CoESS): European confederation of private security service companies
Aviation Security Services Association – International (ASSA-I): International association of airport security service companies
European Security Transport Association (ESTA): European association of companies providing services of cash in transit, cash management and handling
ATM Industry Association (ATMIA): International association of the ATM industry

At a regional and country level, the Company is also a member of key associations in the sector

Argentina
Argentine Chamber of Research and Safety Companies (CAESI)
Argentine Chamber of Cash in Transit Companies (CETCA)
Argentine Federation of Load Carriers (FADEEAC)
Chamber of Load Carrier Companies (CEAC)
Chamber of Private Security Training Centres
Australia
Australian Security Industry Association (ASIAL))
Brazil
Brazilian Cash in Transit Association (ABTV)
Brazilian Electrical and Electronic Industry Association (ABINEE)
National Federation of Surveillance, Security and Cash in Transit Companies (FENAVIST)
Chile
Association of Private Security and Cash in Transit Companies (ASEVA)
Chilean Association of Alarm System Companies (ACHEA)
Chilean Security Association (ACHS)
National Association of Security Professionals (ANASEP)
National Association of Security Companies of Chile (EMPRORSE)
Colombia
Colombian Federation of Private Security and Surveillance Companies (FEDESEGURIDAD)
National Corporation of Private Security Companies (CONASEGUR)
France
Union of Private Security Companies (USP)
Federation of Fiduciary Security Companies (FEDESFI)
Germany
National Association of the Cash In Transit Industry (BDGW)
India
Association of Cash Management of India (CLAI)
Mexico
Mexican Association of Private Security Companies (AMESP)
Paraguay
Paraguayan Company of Valuables Logistics and Security (CAPATRAVALSEP)
Paraguayan Chamber of Professional Security Companies
Peru
National Security Society of Peru (SNS)

Portugal	
Association of Private Security Companies (AES)	
Portuguese Association of Electronic Security and Fire Prevention (APSEI)	
Singapore	
Security Association of Singapore (SAS)	
Association of Certified Security Agencies (ACSA)	
Spain	
Professional Association of Private Security Companies of Spain (APROSER)	
Uruguay	
Uruguayan Chamber of Cash in Transit (CUETRACA)	
Uruguayan Chamber of Electronic Security Systems (CIPSES)	
Uruguayan Chamber of Security Companies (CUES)	

4.5 Employees

Prosegur has an ambitious team in terms of setting goals, humble enough to listen and learn, and with clear and defined values.

The Company is a generator of net and quality employment in all the markets in which it is present. At the end of 2013 it boasted 150,000 professionals.

> In the private security business, the best guarantee for a successful relationship is having the best professionals. Prosegur is aware that its human capital, made up of over 150,000 employees, is the best resource it possesses

A responsible company promoting the dignification of the sector

Prosegur is a company whose employment generation capacity is recognised in all the countries in which it operates. The Company believes that the development of its business –security– requires capable and competent professionals who are committed to regulatory compliance.

For this reason, it is firmly committed to highlighting the social value generated by its professionals. A Prosegur guard brings enormous value to a client that increasingly demands services that are highly specialised and reliable.

The Company ensures full and effective compliance with the principle of equality, reflected in its Equality Plan, observing in all cases the legislation in force in the countries in which it is operational. Likewise, it does not tolerate any form of harassment or abuse.

Prosegur maintains a stable and trustworthy relationship with the workers' legal representatives in the countries in which it is present.

Prosegur and trade unions enter into an agreement to create the European Works Council

Prosegur and the trade unions UGT, CC.OO. and USO (Spain), Verdi (Germany), CGT (France), and STAD and SITESE (Portugal) signed in 2013 an agreement to create the European Works Council.

With this agreement, the aim of the parties is to promote transnational cooperation and begin constructive dialogue on a European basis to enable consultation and information between the Company and the workers' representatives.

The creation of this committee proves the sensitivity of Prosegur regarding workers' demands and the importance it gives to maintaining constant dialogue to improve the working conditions of its employees.

A common culture

Prosegur has consolidated a corporate culture that is homogeneous, known and shared by all employees. The culture reflects the aspirations and challenges of the Company and defines the values which direct its actions. It promotes one same management style in all countries and encourages the exchange of experiences and good practices in pursuit of uniform and consistent management.

Vision. To become a worldwide reference in security, respected and admired as a leader, seeking to create a safer world.

Mission. To generate value for our clients, society and shareholders by offering integral and specialised security solutions based on the most advanced technology and the talent of the best professionals.

The Vision, Mission and Values of Prosegur are communicated to employees via the global initiative Así Somos (The way we are). This project reflects the passion, the spirit and soul of the Company.

Values.

Prosegur, for many reasons

Prosegur, por muchas razones (Prosegur, for many reasons) is a project which was begun in 2012 based on the value brought to employees in order to boost the Prosegur brand as employer and encourage pride among those who belong to the Company.

The analysis performed to launch the project identified the main differential attributes that the Company brings as a place of work, and which are an added value for its professionals. The results define Prosegur as a great company, undergoing continuous innovation, where the best employees and people work and whose ultimate goal is to build a better society in which to live.

	DIRECT	INDIRECT
A great company	Social prestige Fulfilment of commitments and conditions Possibility of working with great clients	Prestige of a large multinational company, leader in its sector Growing company
Great challenges and opportunities	Possibility of learning a profession Career opportunity working "from the bottom up"	Multiple professional opportunities Global company
Innovation	Access to state-of-the-art working tools	Opportunity to participate in cutting edge projects
The best professionals and people	Working with the best colleagues and collaborators Possibility of learning from others	Highly qualified team, the best in the industry
Contribution to society	Direct beneficiaries of the Prosegur Foundation Pride in belonging to the Company	Pride in belonging to the Company Real possibility of taking part in social volunteer programmes

In 2013, the "Prosegur, por muchas razones" project was recognised in the XI Edition of the "Premios Emprendedores y Empleo a la Innovación en Recursos Humanos", awarded in Spain by the economic newspaper Expansión, in collaboration with IE Business School.

Prosegur University

The main objective of the Prosegur University is to develop the knowledge and skills required by Company professionals in order to meet the objectives of the Strategic Plan. The University seeks to improve the qualification of direct and indirect personnel in technical areas, management, technology and management skills and competency development - such as operative excellence, customer and service orientation, quality or commercial orientation and achievement of results -.

Moreover, the Prosegur University tries to ensure that all professionals share the Values and the Culture of the Company, and that they are proud to belong to and take part in a common project.

The Prosegur University is a physical and virtual meeting point. The online campus is structured into four business faculties - Manned Guarding, Cash in Transit and Cash Management, Technology and Alarms -, a business management school and a sales school. There are currently over 150 courses available. This space provides access to every user to personalised content, as well as to a library with interactive and traditional contents.

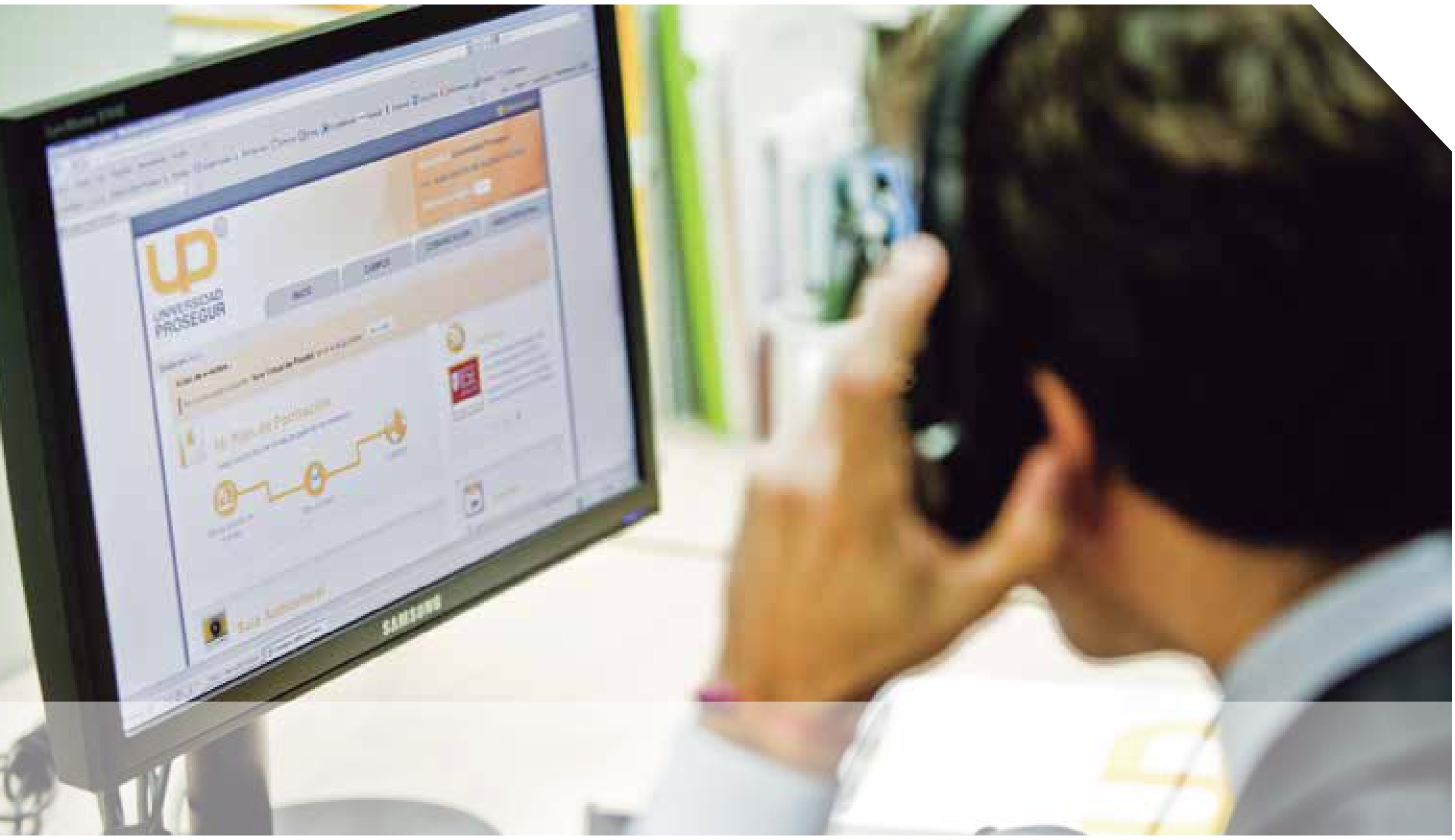
In 2013 the coverage of the online campus of the Prosegur University was extended to five new countries - Argentina, Colombia, Paraguay, Peru and Uruguay - which were added to Spain and Portugal. The Company works to extend the online campus to other markets where it is present, in order to increase the number of training hours and participants.

Each country has a person responsible for the Prosegur University. They meet every year with those from other countries to share good local training practices.

Every year over 80,000 hours of training are provided at the Prosegur University, added to the annual training programmes which each country carries out on an individual basis. In total, the training given in Prosegur, in 2013, exceeded two million hours.

Professional performance

Prosegur has a highly motivated human team and has built a culture where recognition of merit is a mark of identity. The Company has identified groups of professionals which are key for fulfilment of the goals of the Strategic Plan. In this regard, performance assessment plays a major role. Prosegur annually reviews the performance of its employees, analysing their achievements and areas for improvement.



The Company has a management system known as Summa Quatro, which is a systematised process in which the boss and the employee meet to analyse, as objectively as possible, the employee's performance over the last year. The aim is to highlight his strengths and to work in areas for improvement. Through this project, Prosegur aims to:

- Make all professionals reflect on how they perform their work.
- Encourage meetings and communication between bosses and employees to jointly analyse the work carried out and benefit team management.
- Record information on annual performance of people in terms of motivation, capabilities and knowledge, in order to best guide their development and professional career.
- Design plans for each participant for future actions: motivate, train, allocate new tasks or promote.

This Project, which was implemented in twelve countries – Argentina, Brazil, Colombia, Chile, France, Mexico, Paraguay, Peru, Portugal, Singapore, Spain and Uruguay – included over 9,000 assessments.

In addition, a full online training plan in several languages was developed, along with classroom sessions, so that both the team managers and their staff are able to implement the assessment process with the best guarantees. The employee's opinion is very important, and is thus added to the self-assessment process so that both – the boss and the employee – carry out the task, find common ground and jointly define future action plans.

Health and safety of people

One of the main objectives of Prosegur is to ensure the safety and physical integrity of its employees. The Company uses the utmost rigour and acts in line with the highest standards in terms of occupational risk prevention. The intensity of such actions is the same in all countries.

The high exposure to risk of Prosegur workers, especially those in guarding and protection, means that the identification and evaluation of risk must be an ongoing process.

The Company has software tools which enable the performance of specific assessments for each service provided and to carry out exhaustive monitoring of accident statistics, labour conditions at the delegations and any incidents which may arise.

Prosegur has health and safety committees in all areas of business. These are joint bodies and participation groups for regular and periodical consultation of occupational risk prevention matters. They meet on a quarterly basis and are formed by the heads of the delegation and the prevention delegates (appointed by and from among the workers' representatives).

Training in occupational risk prevention

Prosegur invests in specific training and advancements to guarantee that all workers work in safe environments, offering them the best training and the most advanced equipment.

The aim of training is to broaden, develop and perfect the attitude of the professionals in order to prevent occupational risks to which they are exposed as part of their daily work

Since 1999, the Company has been organising training activities in the area of occupational risk prevention, such as:

- Modules in access training courses of operational personnel.
- e-learning courses over the corporate intranet for security guards, control assistants, telephone operators-receptionists, counting personnel and office staff.
- Multi-media courses for security guards and service assistants.
- Specific courses as part of lifelong learning, which include basic concepts, general and specific risks and prevention thereof.
- Modules in the online platform of the Prosegur University.

It has also prepared specific material on matters such as electric risk prevention, road safety, occupational risk prevention in the chemical industry, low voltage electrical work, hazardous chemicals and handling firearms, among others.

4.6 Environment

Investment in technology and a business model based on efficiency enable Prosegur to progress in reducing the environmental footprint of its activities and the promotion of eco-efficiency.

The model of environmental management of the Company, integrated within the quality system and structured around compliance with legislation - both international and, above all, local -, is aimed at pollution prevention, energy efficiency and transparency. This encourages and promotes countries to meet the requirements of ISO 14001 and become certified by accredited entities.

Preservation and respect for the environment is one of the basic cornerstones of the action in Prosegur

Management of environmental aspects

Prosegur has environmental management systems in all countries to carry out the identification of risks, set goals and priorities for improvement and reduction of environmental impact for each of them.

Annually, countries develop environmental management programmes that define objectives and priorities to reduce environmental impacts. The Company conducts follow-up audits in its branches, with special attention paid to those activities with a higher environmental impact.

It is worth mentioning that in Brazil Prosegur has acquired environmental measurement equipment which enables the assessment of risk and the adoption of preventive measures.

Improvement of the recording and monitoring of environmental information in Argentina

During 2013 Prosegur developed in Argentina a matrix for assessment of significant environmental impacts. Based on the results, actions were designed to mitigate risk in the management of hazardous waste and consumption of materials, electricity and water which shall be carried out in 2014.

The Company has improved the scope of the information on power and water usage in the country. From recording consumption of gas, water and electricity at 14 plants in 2012, it now controls usage in 460 locations, all of the areas where Prosegur carries out activities in Argentina.

It has also worked on mapping the hazardous waste all over the country and has begun to record the consumption of fuel and kilometres travelled, with a monthly monitoring process on a global basis.

Responsible fleet management

The main impact of Prosegur, related to the provision of transport services, is the emission of greenhouse gases associated with the combustion of fossil fuels. In this regard, the Company is carrying out a gradual renewal of the fleet by purchasing less polluting vehicles.

In Argentina it added a total of 146 new units to the fleet, of which eleven where heavy vehicles and 135 were light vehicles. This translates into 8 per cent of vehicles with environmental improvements.

On its part, the increase of activity in Colombia enabled the Company to make an investment in more efficient vehicles which meet the Euro 3 regulations. Prosegur thus guarantees a cleaner operation with lower fuel consumption.

Regarding the use of propulsion systems or alternative fuel, of note is the use of natural gas fuelled vehicles in Colombia and of hybrid vehicles in Spain.

Additionally, in Paraguay in 2013, 100 per cent of the fleet of armoured vehicles used natural additives to improve the useful lives of the fuel filters.

Inventory of greenhouses gases

In 2013, the Company completed the pilot project for the development of greenhouse gas emission inventories in (GEI) in Colombia. The project helped determine the baseline which indicates actual performance and monitor actions implemented and targets set.

Energy efficiency

Throughout the previous year, Prosegur developed a pilot project in Spain to replace lamps with efficient LED technology. The Company obtained savings and forecasts an estimated period for return on investment of around 28 months. Prosegur implemented a similar initiative in Chile.

In Mexico it has programme of reduction of energy consumption in branches which begun at the end of 2012. The programme includes the replacement of conventional bulbs and lights, the use of LED and the installation of 220V bulbs and lights to distribute consumption in two phases. The programme has achieved energy cost savings of seven per cent.

Reduction in the use of materials and waste

In pursuit of a reduction in the use of materials and waste, Prosegur reduced its consumption of plastic in Colombia by one ton per year by recycling security bags in cash centres. It also digitised 655,362 payment documents of 17 users and 3,167 documents equal to the tenders of five bidders, avoiding having to print them on paper.

In Spain it has deployed the Waste Manager Project, an initiative based on the only two waste managers at a national level in order to attain better waste management control, as well as reduce associated costs. In addition, Prosegur has increased the number of centres associated with the Integrated Management Centre of batteries and mobile devices, of which it is a member.

Commitment to sustainability

In the provision of the service at Rock in Rio 2013, Prosegur signed a commitment with the organising firm to promote a safe and sustainable environment.

It therefore took part in the campaign "Lixo no Lixo. Rio no coraçao" (Rubbish in the rubbish. Rio in your heart), whose motto was displayed on the 173 armoured vehicles of the Company. As a result of this initiative, which aims to promote recycling and reduce waste, the professionals of Prosegur distributed among the festival attendees bags that were respectful of the environment for them to keep their belongings.

Environmental awareness

Prosegur gave in Argentina a total of 196 hours of environmental training to all new recruits, via a combined methodology of classroom and online teaching. In addition, it organised specific training activities for members of the fire prevention division on the ISO 14001 standard, and to the cash in transit personnel on the reduction of plastic and expanded polystyrene.

In Chile, environmental awareness was addressed in 2013 to employees in the fleet maintenance technical area, and was based on the management and treatment of hazardous waste in accordance with applicable environmental legislation and good practices of the Company.

Lastly, in Colombia the Company developed communication campaigns in the area of Manned Guarding via:

- Issue of messages on the radios allocated to the jobs.
- Publication of signs at the offices.
- Publication on messages on payroll slips.
- Distribution of leaflets.

In Spain Prosegur also conducted awareness campaigns among employees on good practices for the reduction in consumption and waste generation.

Good environmental practices in the supply chain

The Quality and Processes area in Prosegur, responsible for environmental function, identifies the different suppliers and/or contractors whose activity has an impact on the environment, through its homologation process.

The Company disseminates its environmental policy and good environmental practices among those suppliers with a risk of environmental impact. In turn, these must commit to providing information and training in this matter to all the employees that carry out activities for Prosegur.

In the approval process, those suppliers who have an environmental management system certified according to the ISO 14001 standard by an external and independent authority, are directly approved.

4.7 Social action projects

Prosegur considers that its leadership, as well as of a business and financial nature, must also be social. The Company, via the Prosegur Foundation, carries out projects in the areas of education, labour and social inclusion of people with disabilities and corporate volunteering.

The work carried out by the Foundation is in response to the demands made by the communities in which it operates and seeks to contribute to the creation of a more caring society with fewer inequalities.

The Prosegur Foundation currently works in Argentina, Brazil, Chile, Colombia, Paraguay, Peru, Portugal, Singapore, Spain and Uruguay

In 2013, over 34,600 people were direct beneficiaries of the 24 community projects carried out by the Prosegur Foundation.

Investment of the Prosegur Foundation

	2013
Education	1,035,195
Different Talent support	133,036
Volunteering	131,750
Promotion of culture	264,770
Other	535,248
Total	**2,100,000**

Agreement with the Spanish Association of Foundations

The signature of the agreement between the Prosegur Foundation and the Spanish Association of Foundations (AEF) aims to support the work carried out by the Institute of Strategic Analysis of Foundations (INAEF).

By signing this agreement, the Company reinforces its collaboration with the foundational sector from all angles. The Prosegur Foundation thus joins the group of patrons of the INAEF, currently comprising Fundación Banco Santander, Fundación La Caixa, Fundación Once and Fundación Telefónica, among others.

Sharing responsible management practices

The Prosegur Foundation took part in the seminar organised by the Spanish Association of Foundations (AEF) on "Good governance and management practices in corporate foundations".

During the forum, it was able to share the management model applied to its initiatives.

The event was attended by those responsible for some of the main entities in the foundational area in Spain, looking to discuss issues such as composition and operation of the board of trustees, the management of resources and projects and the development of good governance practices.

Education

The education projects carried out by the Prosegur Foundation seek to reward talent and effort (Becas Talento), to support the education of children studying in centres with few resources (Piecitos Colorados) in Latin America and to encourage the learning of languages and sport (Summer camps).

Becas Talento – Talent scholarships

For Prosegur, education is the most powerful tool for encouraging personal and social development. In 2013, the Becas Talento programme rewarded excellence, constancy and effort of more than 1,306 people in nine countries across three continents.

These study grants are provided, according to the needs of each country, to schoolchildren or university students, as well as to employees who are simultaneously working in the Company and studying.

In 2013 Colombia and Paraguay provided the first scholarships to their employees. The Prosegur Foundation also gave 60 grants to employees' children in Singapore. Since the start of this programme in the Asian country, over 250 students have received grants.

467 grants to support employees and relatives in Spain

The Prosegur Foundation provided in Spain study aid to more than 364 children of employees between the ages of 12 and 18. In addition, 78 Company professionals were awarded these scholarships towards their university studies, thus broadening their education.

The Becas Talento for university students helped 25 young people, also children of employees, with outstanding academic qualifications. Educational aid can be used to pay the registration fees of undergraduate degrees, postgraduate studies, language learning or study materials, among others.

The number of grantees in Spain in 2013 increased by 37 per cent over the year before.

Piecitos Colorados

The Cooperation and Development programme of Prosegur, Piecitos Colorados, aims to improve the overall education and quality of life of children in underprivileged areas of Latin America where the Company is present. Piecitos Colorados believes school to be the driving force. The rehabilitation of centres, the application of nutritional programmes for the schoolchildren, educational improvement and raising family awareness, help reduce dropout rates and drive progress in these communities.

Supported by the entire Company, the project continues to Colombia (Cali), Brazil (Manaos and Río de Janeiro) and Peru (Jauja), with completion of refurbishment projects in the schools in Mar del Plata (Argentina), Santa Marta and La Esmeralda (Chile) and Las Violetas (Uruguay).

Piecitos Colorados Programme in 2013

The programme in figures

4,319 schoolchildren.
32 schools.
7 countries: Argentina, Brazil, Chile, Colombia, Peru, Paraguay and Uruguay.
589 volunteers collaborating with Todos Somos Piecitos Colorados.
2,537 participants in the annual whip-round in Argentina.
16,268 indirect beneficiaries.

Nutritional training

Piecitos Colorados encourages nutritional education at the schools, promoting healthy consumption habits and better use of the resources. In order to implement the project, it entered into an agreement with the NGO Nutrition without Borders, which designed a survey on nutrition issues, the results of which have helped to paint a true picture of schools in feeding matters. The recommendations for action are contained in a Nutritional Training Guide.

In 2013, the first Nutritional Training Guide of Piecitos Colorados in Argentina was created for the schools of Jujuy, Misiones, Salta, Santiago del Estero and Tucumán. This handbook – which contains practical aspects such as the proper handling of food, food conservation or cultivating vegetable gardens and greenhouses – is supported by the Spanish Society of Community Nutrition (SENC) and its division in Latin America, the Latin American Group of Community Nutrition (GLANC).

Overall education

Piecitos Colorados promotes educational improvement at the schools via various initiatives. One of the most innovative programmes invited teachers from the Fundación Empieza por Educar (belonging to the international network Teach for All) as volunteers in the schools of Sagrada Familia in Paraguay and Aguada de Ceferino in Colombia.

The aim was to exchange experiences and share with the local teachers their methodologies for addressing aspects such as efficient classroom management, motivation and self-esteem of schoolchildren.

Teamwork

With a commitment to mutual responsibility, teachers, families and employees work together to improve conditions at the schools. The programme is helping them to progress in terms of sustainability, by means of the creation of vegetable gardens, greenhouses and animal pens; handcraft workshops and literacy programmes for parents; computer classrooms; and tree planting initiatives and environmental awareness, among others.

In 2013 the programme promoted the interaction of children with their environment, organising visits to cultural entities and local museums, as well as environmental awareness events.

Baptism flights

Some of the Argentine piecitos were able to fly in an airplane for the first time. A dream come true for schoolchildren from Tucumán, Salta, Jujuy and Zárate, who took part in baptism flights thanks to the collaboration of the LAN airline.

Todos Somos Piecitos Colorados – We are All Piecitos Colorados

The seven countries which develop this programme in Latin America have the commitment and solidarity of Prosegur volunteers to continue carrying out improvements in the schools which go beyond the classroom: construction of vertical gardens, tree planting, cultural visits, environmental and sporting events, wall painting, among others.

Piecitos Colorados, social action project of the year and best CSR practice

The Piecitos Colorados project was distinguished in the first edition of the Premios de la Red Española del Pacto Mundial as the "Best practice in corporate social responsibility". It was also recognised as "Social Action of the Year" within the framework of the International Awards for Social Responsibility granted by the Fundación Puentes del Mundo.

These awards are an encouragement to continue advancing and implementing a non-assistance based overall intervention, where each educational community works as a team with the Company, in pursuit of the education of new generations.

Summer camps

The summer camps which are held each year in Chile, Spain and Portugal, enabled 285 children of Prosegur employees aged between eight and fourteen, to learn English and natural science, and do sport.

Support to Different Talent

2013 was a year of intense work by Prosegur to promote the integration of people with intellectual disabilities. The Labour Inclusion Programme was extended to Colombia, Peru and Portugal.

Recognition of the work carried out by Prosegur in favour of labour insertion of people with disabilities

In 2013 Prosegur received the recognition from Universidad Autónoma de Madrid (UAM) and the Fundación Prodis as a company that is promoting the recruitment of people with intellectual disabilities. This award recognises companies whose solidarity has encouraged other entities to offer jobs to people with disabilities.

Moreover, the Prosegur Foundation took part as a speaker in XI National Congress of Supported Employment, organised by the Down Syndrome Foundation of Madrid, the Universidad Pontificia Comillas and the Spanish Association of Employment with Support (AESE).

These sessions served to analyse the situation of inclusion of people with disabilities and other groups at risk of exclusion from the corporate world, under the "Supported Employment" methodology, looking to encourage the exchange of good practices and share knowledge and experience in this area.

Document Digitisation Project

In 2013 Prosegur strengthened its practices in terms of employment of people with intellectual disabilities via the new Centre for Document Digitisation created in Spain. The aim of the project is a more efficient and environmentally respectful data management, by means of the digitisation of physical documentation.

The staff at the Centre is made up of 17 people with intellectual disabilities – trained by the Fundación Carmen Pardo-Valcarce -, who have digitised the documentation of the last ten years in the insurance area, as well as 9,780 files in the Human Resources department.

For 2014 there are plans to digitise 30,000 files in Spain and replication of the Project in Brazil, thus maximising the initial investment.

Also in Brazil, in collaboration with the Association of Parents and Friends of the Disabled in Sao Paulo (SP-APAE), the laundry and dry cleaning training centre for intellectually disabled persons CICLO trained 83 young people in 2013, of which 32 became employed in ordinary businesses.

Corporate Volunteering

An aim to serve and to become involved in the needs of others. This guided the 915 Prosegur volunteers in the actions of the Foundation during 2013 in Latin America and Spain.

In Brazil, Company employees celebrated the Day of the Child in Sao Paulo, accompanying physically disabled children on a fun day out. In Peru, a benefit marathon was organised in Lima, bringing runners with different talents together in support of social inclusion of people with disabilities.

In Spain, the collaboration with the Fundación Deporte y Desafío was very strong. Eight hiking events and two adapted cycling events were organised in eight cities to promote the inclusion of people with disabilities via sports and to encourage volunteering among employees and their families. In addition, the Family Volunteering Day event was held in Madrid.

Additionally, Prosegur guards work as volunteers in the Project Tu Seguridad, Nuestro Compromiso (Your safety, our commitment) implemented in collaboration with the Red Cross, sharing their time and knowledge. Thanks to the talks given to students, parents and teachers at schools in Alicante, Madrid and Sevilla over 8,600 people improved their knowledge on accident prevention and first aid.

Other actions

The teamwork carried out by the Prosegur Foundation is also reflected in social initiatives which bring it close to people and their needs.

Solidarity response

The Prosegur Foundation worked with the SEUR Foundation in their Project Tapones para una nueva vida, which seeks to improve the quality of life of underprivileged children affected by serious diseases by collecting plastic bottle tops for sale to a recycling plant.

Prosegur professionals in Spain managed to collect several tons of tops which raised 12,000 euros, used to finance the treatment required by the daughter of a Company employee.

Values such as commitment and solidarity continue to drive the work of the Foundation for the Santiago Masarnau Soup Kitchen in Madrid, providing 14,000 meals per year. In 2013 it also reinforced its collaboration thanks to the generosity of employees with Christmas contributions of food items for this soup kitchen and the Residence of the Sisters of Mother Teresa of Calcutta in Madrid.

Likewise, Prosegur employees became the Real Life Three Wise Men for 66 children living in the Children's Home of the religious order of the Sisters of San José de la Montaña and two Homes of the Sisters of the Annunciation in Madrid.

In Argentina, over 2,500 employees took part in a collection of food items for the schools of the Piecitos Colorados project located in the country. A draw carried out among all participants meant fifteen employees were able to travel to the schools to work on site to improve the schools along with their delegation colleagues.

Promoting culture

The annual publication launched by the Prosegur Foundation was devoted in 2013 to the figure Juan Sebastián Elcano and his first round the world adventure.

The entity continued to support this venture in various museums, via Collaboration Agreements entered into with some of the most important art galleries in Spain, such as the Museo Nacional del Prado, the Guggenheim Museum in Bilbao or the Museo Nacional Centro de Arte Reina Sofía.

As well as supporting the activity of these centres, the collaboration of the Prosegur Foundation enables activities to be organised for Company employees and their families. Thus, in 2013, small thematic groups continued to be organised to visit the Prado Museum, as well as the first creative workshop for children of employees held at the Guggenheim Museum in Bilbao.

Follow-up of community projects

The Prosegur Foundation closely monitors the projects it carries out, via direct observation, field visits, drafting of reports and contact with the personnel involved in the management of the initiatives.

Moreover, the entity organises quarterly meetings with all countries in order to perform a detailed follow-up of the projects and exchange good practices.

In 2013 in Spain, meetings were held with the volunteers of the Tu Seguridad, Nuestro Compromiso project to reinforce communication, share achievements and expectations of the initiative, as well as gather concerns and experiences of participating employees.

For the correct development and implementation of Piecitos Colorados, the programme has its own business plan and control procedure, as well as follow-ups by means of on-site visits at the schools carried out by local Prosegur teams and the Project coordinator in Latin America.

5. About this report

5.1 Scope of information

(G4-22)

The information included in the present Prosegur´s Annual Report refers to all activities carried out by the Company during 2013 as a company specialising in security services and in all world regions where it is present.

The data presented are consolidated and refer to the whole of the Company for the entire year, although there are some special mentions in some chapters.

In the area of human resources, staff and country data are presented for those countries where Prosegur is present and has businesses with personnel employed in such countries. The geographical scope of the information includes all the countries (Argentina, Australia, Brazil, Chile, China, Colombia, France, Germany, India, Luxembourg, Mexico, Paraguay, Peru, Portugal, Singapore, Spain and Uruguay).

5.2 Compliance with standards of reference

The Prosegur's Annual Report meets all international standards for the preparation of reports of this kind. The Company prepares the report in accordance with the latest version of the "Guide for the preparation of sustainability reports" from Global Reporting Initiative, GRI 4. Therefore, Prosegur considers that the report has been prepared in accordance with G4 at its comprehensive level.

In accordance with the recommendations of the Global Reporting Initiative, the balanced and fair presentation of the performance of the organisation requires the application of certain principles in order to determine the content of the public information presented and to guarantee the quality thereof. The consideration of the principles included in the following table ensures that the information meets the due guarantees required by such standards.

NOTE: The index of GRI contents in this report is available in digital format in the following website: www.prosegur.com/corp/Accionistas-Inversores/Informacion-financiera/Informes-anuales/

MATERIALITY MATTERS
Global Reporting Initiative™
AT THE TIME OF PUBLICATION THE G4-17 TO G4-27 DISCLOSURES WERE CORRECTLY LOCATED IN THIS G4 CONTENT INDEX AND FINAL REPORT.
2014

Principles for the preparation of this report (GRI) (G4-18 b)

Materiality. The 2013 report has considered as material all those matters which were identified in the materiality study performed during this year and which have been included in this Annual Report.

Participation of stakeholders. The Company has identified its stakeholders and their expectations, and has specified actions in order to establish two-way communication. This process is described in the chapters on stakeholder dialogue and the chapter on materiality.

Sustainability context. The report analyses the performance of the Company in terms of the economic, environmental and social demands of its social and market context. The chapters on business model, strategy and sustainable opportunities discuss these matters in detail.

Comprehensiveness. The list of contents has been defined in conjunction with the heads of the main management areas of the Company. This ensures that the essential aspects and impacts of each of the areas of activity of Prosegur over their respective contexts and their own business targets have been considered.

Quality of information disclosed (GRI) (G4-18 b)

Balance. The report clearly presents the positive and negative aspects of the performance of the organisation, allowing for a fair assessment thereof to be made.

Comparability. The information contained in this report enables the analysis of the evolution of the performance of Prosegur over time.

Precision. All the information described in the report is necessary and is presented in sufficient detail so that the Company stakeholders may properly assess its performance.

Regularity. Prosegur publishes its reports on an annual basis, as soon as the information becomes available, so that the stakeholders may have a clear view of the main milestones achieved by the Company.

Clarity. The information is present in an understandable, accessible and useful way. In order to ease comprehension, technical terminology has been avoided. Moreover, graphs, charts, tables and indicators are used to describe the most relevant impacts of the Company and assist in the interpretation of the document.

Reliability. The information contained in this 2013 Annual Report has taken into account the principles required by the AA1000 APS standards from AccountAbility, and whether what has been presented is in line with the requirements and concerns of stakeholders.

I. Performance indicators

The following table includes the main performance indicators for Prosegur for the years 2012 and 2013. The scope indicates the level of information reported for each indicator, weighted according to turnover by country. For example, Brazil, with a turnover of 1,074m Euros on a total turnover of Prosegur of 3,695.2m Euros, represents 29% of the scope in 2013.

(G4-20)

	Units	2012	Scope in 2012†	2013	Scope in 2013†
ECONOMIC INDICATORS					
Turnover	Millions of Euros	3,669.1	100.0%	3,695.2	100.0%
EBITDA	Millions of Euros	427.0	100.0%	414.4	100.0%
EBIT	Millions of Euros	311.5	100.0%	297.7	100.0%
Net Profit	Millions of Euros	171.6	100.0%	155.7	100.0%
Capex	Millions of Euros	96.1	100.0%	138.0	100.0%
Share price at 31st December	Euros	4.44	100.0%	4.98	100.0%
Capitalisation	Millions of Euros	2,740.0	100.0%	3,073.3	100.0%
Equity	Millions of Euros	732.1	100.0%	654.9	100.0%
ROE (net profit/equity)	%	23.5	100.0%	23.8	100.0%
Net debt	Millions of Euros	646.1	100.0%	631.7	100.0%
Earnings per share	Euros	0.30	100.0%	0.27	100.0%
Dividend per share	Euros	0.11	100.0%	0.11	100.0%
Finance expenses	Millions of Euros	61.0	100.0%	51.5	100.0%
EV	Millions of Euros	3,386.1	100.0%	3,705.0	100.0%
EV/EBITDA	Number of times	7.9	100.0%	8.9	100.0%
EV/EBIT	Number of times	10.9	100.0%	12.4	100.0%
Net debt/EBITDA	Number of times	1.5	100.0%	1.5	100.0%
EBITDA/Finance expenses	Number of times	7.0	100.0%	8.0	100.0%
Economic value generated	Millions of Euros	3,688.2	100.0%	3,716.3	100.0%
Sales	Millions of Euros	3,669.1		3,695.2	
Other operating income	Millions of Euros	19.1		21.1	
Economic value distributed	Millions of Euros	3,518.8	100.0%	3,676.8	100.0%
Employees	Millions of Euros	2,427.3		2,473.3	
Current Suppliers	Millions of Euros	819.6		971.7	
Public Administration	Millions of Euros	79.3		90.5	
Payments to capital providers	Millions of Euros	190.5		139.2	
Society investments	Millions of Euros	2.1		2.1	

	Units	2012	Scope in 2012†	2013	Scope in 2013†
Economic value retained	Millions of Euros	169.4	**100.0%**	39.5	**100.0%**
Reserves	Millions of Euros	53.9		-77.3	
Amortisation and depreciation	Millions of Euros	115.5		116.8	
Significant financial assistance received from government			**34.6%**		**49.3%**
Tax relief/credits	Thousands of Euros	2,209.1		2,654.4	
Subsidies	Thousands of Euros	0.0		228.9	
Investment grants, research and development grants, and other relevant types of grants	Thousands of Euros	0.0		60.1	
Monetary awards	Thousands of Euros	0.0		0.0	
Royalty holidays	Thousands of Euros	0.0		68.1	
Financial incentives	Thousands of Euros	0.0		0.0	
Other financial benefits received or receivable from any government for any operation	Thousands of Euros	0.0		427.0	
Investment in R&D	Millions of Euros	10.0	**100.0%**	9.0	**100.0%**
Investment in quality			**42.3%**		**46.0%**
Investments to improve quality	Millions of Euros	0.6		0.8	
Quality audits			**64.8%**		**94.6%**
Number of quality audits carried out	Number	158		167	
Customer satisfaction indicators			**40.8%**		**54.0%**
Number of surveys conducted to customers whose overall result is "satisfied" or "very satisfied"	Number	5,020		7,751	
Total number of surveys filled in by customers	Number	5,804		8,190	
Percentage of customers "satisfied" or "very satisfied"	%	86.5		95.0	
Customer complaints			**39.2%**		**55.0%**
Number of complaints received from customers	Number	17,738		21,574	
Number of complaints handled	Number	16,781		20,753	
Number of complaints resolved satisfactorily	Number	4,529		9,211	
ETHICS AND INTEGRITY					
Employees trained in anti-corruption policies and procedures			**100.0%**		**100.0%**
Number of employees in management positions who have received training on anti-corruption	Number	227		49	
Number of employees in non-management positions who have received training on anti-corruption	Number	4,793		11,992	

	Units	2012	Scope in 2012†	2013	Scope in 2013†
Actions taken in response to incidents of corruption			**100.0%**		**100.0%**
Total number of incidents in which employees were dismissed or disciplined for corruption	Number	232		386	
Incidents of non-compliance with regulations and voluntary codes concerning marketing communications			**69.9%**		**92.0%**
Incidents of non-compliance with regulations resulting in a fine or penalty	Number	2		102	
Incidents of non-compliance with regulations resulting in a warning	Number	0		1	
Incidents of non-compliance with voluntary codes	Number	0		0	
Total incidents	Number	2		103	
Number of complaints regarding breaches of customer privacy and losses of customer data			**66.1%**		**60.8%**
Number of complaints received from customers	Number	0		0	
Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services			**66.1%**		**89.8%**
Total value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Thousands of Euros	0.0		0.5	
Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices			**69.9%**		**64.6%**
Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Number	0		2	
Significant fines and sanctions for non-compliance with laws and regulations			**98.8%**		**93.7%**
Total monetary value of significant fines	Thousands of Euros	1,248.0		955.0	
Number of non-monetary sanctions	Number	1		10	
Cases brought through dispute resolution mechanisms	Number	0		1	
EFFICIENCY AND TECHNOLOGY					
Materials used			**69.3%**		**68.9%**
Paper	Tonnes	471.7		451.4	
Toner	Tonnes	4.7		6.3	
Plastic consumables	Tonnes	1,226.4		878.0	

	Units	2012	Scope in 2012†	2013	Scope in 2013†
Material recovery rate			**56.7%**		**61.1%**
Number of uniforms re-used each year	Number	36,265		59,904	
Number of uniforms distributed each year	Number	212,886		232,115	
Water withdrawal			**58.8%**		**61.2%**
Municipal water supplies	m3	213,080.6		286,399.1	
Water from other sources	m3	130.0		0.0	
Total	m3	213,210.6		286,399.1	
Waste managed			**59.4%**		**52.5%**
Non-hazardous waste created (t)	Tonnes	10,300.8		6,568.0	
Hazardous waste created (t)	Tonnes	448.1		606.1	
Monetary value of fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations			**59.4%**		**63.8%**
Number of environmental incidents	Number	0		0	
Number of environmental incidents penalised	Number	0		0	
Cost of significant fines	Thousands of Euros	0.0		0.0	
Environmental protection expenditures and investments			**55.3%**		**62.0%**
Environmental investment	Thousands of Euros	127.4		462.9	
Environmental expenditure	Thousands of Euros	113.9		933.9	
Environmental audits carried out			**59.9%**		**60.8%**
Environmental audits carried out	Number	12		13	
ENERGY AND CLIMATE CHANGE					
Direct and indirect energy consumption by primary energy source			**56.1%**		**94.6%**
Petrol and diesel consumption	Millions of litres	22.1		47.6	
Natural gas consumption	m3	394,778.8		477,537.9	
Electricity consumption	MWh	42,298.5		134,182.7	
Direct and indirect greenhouse gas emissions			**52.2%**		**89.4%**
Total greenhouse gas emissions	t CO2eq	60,099.9		114,500.0	
Direct greenhouse gas emissions	t CO2eq	39,512.0		91,136.8	
Indirect greenhouse gas emissions	t CO2eq	20,587.9		23,363.2	
Other significant air emissions			**25.7%**		**56.0%**
NOx emissions	Tonnes	22.9		35.8	
SOx emissions	Tonnes	0.0		2.7	
Particulate matter emissions	Tonnes	2.3		2.5	
Other gases	Tonnes	45.8		49.4	
SOCIETY					
Social projects			**100.0%**		**100.0%**
Education	Number	4		4	

		Units	2012	Scope in 2012†	2013	Scope in 2013†
Social integration		Number	5		6	
Promotion of culture		Number	4		5	
Other		Number	9		9	
Total		Number	22		24	
Project beneficiaries/participants				100.0%		100.0%
Education		Number	23,113		15,023	
Social integration		Number	407		482	
Promotion of culture		Number	2,878		3,226	
Other		Number	15,580		15,962	
Total		Number	41,978		34,693	
Social investment by area				100.0%		100.0%
Education		Euros	1,141,594.0		1,035,195.0	
Social integration		Euros	223,264.0		264,787.0	
Promotion of culture		Euros	254,770.0		264,770.0	
Other		Euros	446,524.0		535,248.0	
Total		Euros	2,066,152.0		2,100,000.0	
PERSONNEL						
EMPLOYEES						
Total workforce by gender				99.9%		99.4%
Number of male employees		Number	21,204		21,779	
Number of female employees		Number	127,479		129,028	
Workforce by region and gender				99.9%		99.4%
Argentina	Number of female employees	Number	1,398		1,448	
	Number of male employees	Number	13,846		14,337	
	Total	Number	15,244		15,785	
Australia	Number of female employees	Number	NA		332	
	Number of male employees	Number	NA		708	
Australia	Total	Number	NA		1,040	
Brazil	Number of female employees	Number	6,323		7,191	
	Number of male employees	Number	45,142		44,966	
	Total	Number	51,465		52,157	
Chile	Number of female employees	Number	1,331		1,390	
	Number of male employees	Number	6,118		6,295	
	Total	Number	7,449		7,685	
China	Number of female employees	Number	180		168	
	Number of male employees	Number	2,064		2,198	
	Total	Number	2,244		2,366	
Colombia	Number of female employees	Number	1,366		1,375	
	Number of male employees	Number	7,645		7,941	
	Total	Number	9,011		9,316	

			Units	2012	Scope in 2012[†]	2013	Scope in 2013[†]
France		Number of female employees	Number	657		699	
		Number of male employees	Number	4,303		4,572	
		Total	Number	4,960		5,271	
Germany		Number of female employees	Number	562		583	
		Number of male employees	Number	2,642		2,735	
		Total	Number	3,204		3,318	
India		Number of female employees	Number	NA		18	
		Number of male employees	Number	NA		4,395	
		Total	Number	NA		4,413	
Mexico		Number of female employees	Number	516		667	
		Number of male employees	Number	1,598		2,342	
		Total	Number	2,114		3,009	
Paraguay		Number of female employees	Number	112		103	
		Number of male employees	Number	993		1,215	
		Total	Number	1,105		1,318	
Peru		Number of female employees	Number	1,440		1,528	
		Number of male employees	Number	9,514		9,930	
		Total	Number	10,954		11,458	
Portugal		Number of female employees	Number	1,214		1,261	
		Number of male employees	Number	6,149		5,866	
		Total	Number	7,363		7,127	
Singapore		Number of female employees	Number	118		NA	
		Number of male employees	Number	944		NA	
		Total	Number	1,062		1,169	
Spain		Number of female employees	Number	5,392		4,704	
		Number of male employees	Number	21,489		18,758	
		Total	Number	26,881		23,462	
Uruguay		Number of female employees	Number	329		312	
		Number of male employees	Number	2,689		2,770	
		Total	Number	3,018		3,082	
Others		Number of female employees	Number	266		NA	
		Number of male employees	Number	2,343		NA	
		Total	Number	2,609		NA	
Workforce by kind of employment of contract and gender					**99.9%**		**99.2%**
Argentina	Female	Open-ended	Number	1,398		1,448	
		Temporary	Number	0		0	
		Total	Number	1,398		1,448	
	Male	Open-ended	Number	13,821		14,326	
		Temporary	Number	25		11	
		Total	Number	13,846		14,337	

			Units	2012	Scope in 2012†	2013	Scope in 2013†
Australia	Female	Open-ended	Number	NA		332	
		Temporary	Number	NA		0	
		Total	Number	NA		332	
	Male	Open-ended	Number	NA		708	
		Temporary	Number	NA		0	
		Total	Number	NA		708	
Brazil	Female	Open-ended	Number	6,317		7,166	
		Temporary	Number	6		25	
		Total	Number	6,323		7,191	
	Male	Open-ended	Number	45,102		44,955	
		Temporary	Number	40		11	
		Total	Number	45,142		44,966	
Chile	Female	Open-ended	Number	1,085		1,210	
		Temporary	Number	246		180	
		Total	Number	1,331		1,390	
	Male	Open-ended	Number	5,408		5,404	
		Temporary	Number	710		891	
		Total	Number	6,118		6,295	
China	Female	Open-ended	Number	180		168	
		Temporary	Number	0		0	
		Total	Number	180		168	
	Male	Open-ended	Number	2,034		2,163	
		Temporary	Number	30		35	
		Total	Number	2,064		2,198	
Colombia	Female	Open-ended	Number	1,356		1,316	
		Temporary	Number	10		59	
		Total	Number	1,366		1,375	
	Male	Open-ended	Number	7,572		7,627	
		Temporary	Number	73		314	
		Total	Number	7,645		7,941	
France	Female	Open-ended	Number	624		632	
		Temporary	Number	33		67	
		Total	Number	657		699	
	Male	Open-ended	Number	4,132		4,255	
		Temporary	Number	171		317	
		Total	Number	4,303		4,572	
Germany	Female	Open-ended	Number	471		471	
		Temporary	Number	91		112	
		Total	Number	562		583	
	Male	Open-ended	Number	2,267		2,301	
		Temporary	Number	375		434	
		Total	Number	2,642		2,735	

			Units	2012	Scope in 2012†	2013	Scope in 2013†
Mexico	Female	Open-ended	Number	516		667	
		Temporary	Number	0		0	
		Total	Number	516		667	
	Male	Open-ended	Number	1,598		2,342	
		Temporary	Number	0		0	
		Total	Number	1,598		0	
Paraguay	Female	Open-ended	Number	112		103	
		Temporary	Number	0		0	
		Total	Number	112		103	
	Male	Open-ended	Number	993		1,215	
		Temporary	Number	0		0	
		Total	Number	993		1,215	
Peru	Female	Open-ended	Number	250		499	
		Temporary	Number	1,190		1,029	
		Total	Number	1,440		1,528	
	Male	Open-ended	Number	2,567		3,557	
		Temporary	Number	6,947		6,373	
		Total	Number	9,514		9,930	
Portugal	Female	Open-ended	Number	1,120		1,059	
		Temporary	Number	94		202	
		Total	Number	1,214		1,261	
	Male	Open-ended	Number	5,760		5,421	
		Temporary	Number	389		445	
		Total	Number	6,149		5,866	
Spain	Female	Open-ended	Number	4,216		3,563	
		Temporary	Number	1,176		1,141	
		Total	Number	5,392		4,704	
	Male	Open-ended	Number	17,457		14,752	
		Temporary	Number	4,032		4,006	
		Total	Number	21,489		18,758	
Uruguay	Female	Open-ended	Number	329		312	
		Temporary	Number	0		0	
		Total	Number	329		312	
	Male	Open-ended	Number	2,689		2,770	
		Temporary	Number	0		0	
		Total	Number	2,689		2,770	
Others	Female	Open-ended	Number	266		NA	
		Temporary	Number	0		NA	
		Total	Number	266		NA	
	Male	Open-ended	Number	2,342		NA	
		Temporary	Number	1		NA	
		Total	Number	2,343		NA	

		Units	2012	Scope in 2012†	2013	Scope in 2013†
Workforce by working hours and gender				**99.9%**		**99.2%**
Female	Full-time	Number	19,398		19,579	
	Part-time	Number	1,806		2,182	
	Total	Number	21,204		21,761	
Male	Full-time	Number	121,561		117,932	
	Part-time	Number	5,918		6,701	
	Total	Number	127,479		124,633	
Total	Full-time	Number	140,959		137,511	
	Part-time	Number	7,724		8,883	
	Total	Number	148,683		146,394	
Workforce by age group				**99.9%**		**99.2%**
Under 30 years old		Number	39,709		36,710	
30-50 years old		Number	93,244		92,766	
Over 50 years old		Number	15,730		16,918	
Total workforce by employee category and age group				**99.9%**		**99.2%**
Directors						
Under 30 years old		Number	35		42	
30-50 years old		Number	668		631	
Over 50 years old		Number	109		114	
Heads						
Under 30 years old		Number	242		250	
30-50 years old		Number	3,101		2,984	
Over 50 years old		Number	630		643	
Administrative personnel						
Under 30 years old		Number	1,942		1,929	
30-50 years old		Number	4,442		4,666	
Over 50 years old		Number	622		779	
Operations personnel						
Under 30 years old		Number	37,490		34,302	
30-50 years old		Number	85,033		84,677	
Over 50 years old		Number	14,369		15,377	
Total workforce by employee category and gender				**99.9%**		**99.2%**
Directors						
Female		Number	182		176	
Male		Number	632		611	
Heads						
Female		Number	580		613	
Male		Number	3,395		3,266	

	Units	2012	Scope in 2012†	2013	Scope in 2013†
Administrative personnel					
Female	Number	3,083		3,070	
Male	Number	3,957		4,301	
Operations personnel					
Female	Number	17,359		17,918	
Male	Number	119,495		116,439	
Disabled employees			99.4%		99.4%
Number of disabled employees	Number	684		680	
Total number of employees	Number	147,621		150,807	
Disabled employees / Total number of employees	%	0.5		0.5	
Immigrant workforce			99.4%		99.4%
Total number of immigrant employees	Number	2,046		2,210	
Total number of employees	Number	145,012		150,807	
Immigrant employees	%	1.4		1.5	
Senior management hired from the local community			99.4%		99.4%
Number of senior management hired from the local community	Number	248		261	
Total number of senior managers	Number	267		288	
Senior managers hired from the local community	%	92.9		90.6	
Average salary of men and women by employee category			99.4%		97.3%
Directors					
Female	Euros	79,375.1		83,834.2	
Male	Euros	98,240.1		72,770.8	
Heads					
Female	Euros	25,024.2		33,525.0	
Male	Euros	27,336.5		33,378.4	
Administrative personnel					
Female	Euros	11,874.1		16,997.8	
Male	Euros	14,148.3		17,159.5	
Operations personnel					
Female	Euros	9,152.1		12,338.2	
Male	Euros	8,886.1		11,878.5	
Trade union representation			94.1%		93.1%
Number of employees who are members of a trade union	Number	26,108		27,694	
Total number of employees	Number	143,752		141,123	
Employees who are members of a trade union	%	18.2		19.6	

		Units	2012	Scope in 2012†	2013	Scope in 2013†
Employees covered by collective bargaining agreements				**99.7%**		**99.0%**
Number of employees covered by collective bargaining agreements		Number	119,464		119,195	
Total number of employees		Number	146,468		144,028	
Employees covered by collective bargaining agreements		%	81.6		82.8	
Training by employee category				**99.9%**		**99.2%**
Directors		Hours	7,162.5		6,375.1	
Heads		Hours	39,298.2		36,334.3	
Administrative personnel		Hours	128,548.2		150,587.5	
Operations personnel		Hours	1,993,844.7		1,763,193.4	
Total hours of training		Hours	2,168,853.7		1,956,490.3	
Average hours of training				**99.9%**		**95.3%**
Directors		Hours per employee	8.8		8.1	
Heads		Hours per employee	9.9		9.4	
Administrative personnel		Hours per employee	18.3		20.4	
Operations personnel		Hours per employee	14.6		13.1	
Training by employee gender				**95.1%**		**90.9%**
Female		Hours	295,271.4		271,364.1	
Male		Hours	1,444,608.6		1,617,237.7	
Average hours of training by gender	Female	Hours	15.0		12.5	
	Male	Hours	12.3		12.5	
Training in human rights				**63.2%**		**53.0%**
Number of employees who have received training in the field of human rights		Number	13,712		20,672	
Hours of training provided in the field of human rights		Hours	197,700.0		34,859.5	
Employees who have been trained in human rights		%	9.5		29.5	
Investment in training		Millions of Euros	8.2	**99.4%**	9.3	**99.1%**
Employees who receive regular evaluations of their performance and professional development				**99.2%**		**88.7%**
Number of employees who receive regular evaluations of their performance and professional development	Female	Number	4,178		4,895	
	Male	Number	16,200		21,999	
	Total	Number	20,378		26,894	

		Units	2012	Scope in 2012†	2013	Scope in 2013†
Employees who receive regular evaluations of their performance and professional development	Female	%	19.7		24.1	
	Male	%	12.7		18.4	
	Total	%	13.7		19.2	
Number of employees who benefited from a parental leave				**92.1%**		**90.2%**
Number of employees who benefited from a parental leave	Female	Number	834		1,026	
	Male	Number	2,740		2,798	
	Total	Number	3,574		3,824	
Number of employees who returned to work after a parental leave				**92.1%**		**90.0%**
Number of employees who returned to work after parental leave	Female	Number	757		886	
	Male	Number	2,671		2,607	
	Total	Number	3,428		3,493	
Number of employees who returned to work after a parental leave and that remained in their job after the following twelve months				**86.2%**		**83.5%**
Number of employees who returned to work after a parental leave and that remained in their job after the following twelve months	Female	Number	607		838	
	Male	Number	2,186		2,532	
	Total	Number	2,793		3,370	
New hires by gender				**99.9%**		**99.4%**
Number of new hires	Female	Number	9,841		7,017	
	Male	Number	38,282		30,946	
New hires by region				**99.9%**		**99.4%**
Number of new hires	Argentina	Number	3,677		3,425	
	Australia	Number	NA		148	
	Brazil	Number	12,652		11,441	
	Chile	Number	4,617		4,585	
	China	Number	1,518		1,205	
	Colombia	Number	293		516	
	France	Number	2,721		3,065	
	Germany	Number	312		347	
	India	Number	NA		212	
	Mexico	Number	1,208		2,374	
	Paraguay	Number	547		539	
	Peru	Number	4,860		3,911	
	Portugal	Number	582		531	

		Units	2012	Scope in 2012†	2013	Scope in 2013†
	Singapore	Number	80		NA	
	Spain	Number	12,239		4,107	
	Uruguay	Number	1,613		1,557	
	Others	Number	1,204		NA	
New hires by age group				**99.9%**		**99.4%**
Number of new hires	Employees under 30 years old	Number	24,237		18,942	
	Employees aged 30-50 years old	Number	21,717		17,273	
	Turnover of employees over 50 years old	Number	2,169		1,748	
Total employee turnover and turnover by gender				**95.4%**		**99.1%**
Female turnover		%	23.4		24.0	
Male turnover		%	19.2		19.1	
Total turnover		%	19.8		23.3	
Turnover by region				**99.7%**		**99.1%**
Turnover	Argentina	%	17.8		3.2	
	Australia	%	NA		9.4	
	Brazil	%	23.7		26.9	
	Chile	%	10.4		59.1	
	Colombia	%	42.0		38.5	
	France	%	27.5		16.7	
	Germany	%	8.4		9.3	
	India	%	NA		37.9	
	Mexico	%	59.2		49.2	
	Paraguay	%	47.8		20.2	
	Peru	%	41.0		33.2	
	Portugal		11.3		10.6	
	Spain	%	7.7		10.2	
	Uruguay	%	28.0		8.1	
	Others	%	6.7		ND	
Turnover by age group				**94.9%**		**99.1%**
Turnover of employees under 30 years old		%	29.2		30.7	
Turnover of employees aged 30-50 years old		%	17.5		19.7	
Turnover of employees over 50 years old		%	13.4		9.8	
Rate of absenteeism by gender [1]				**87.3%**		**86.3%**
Female	Total lost days due to absence (employees)	Number	210,195		242,319	
	Total number of days worked (employees)	Number	5,222,162		5,070,604	
	Rate of absenteeism	Rate	4.0		4.8	

		Units	2012	Scope in 2012†	2013	Scope in 2013†
Male	Total lost days due to absence (employees)	Number	900,714		1,095,292	
	Total number of days worked (employees)	Number	29,991,447		28,849,754	
	Rate of absenteeism	Rate	3.0		3.8	
Total	Total lost days due to absence (employees)	Number	1,110,908		1,337,611	
	Total number of days worked (employees)	Number	35,213,609		33,920,359	
	Rate of absenteeism	Rate	3.2		3.9	
Rate of absenteeism by region				**95.6%**		**86.3%**
Argentina	Total lost days due to absence (employees)	Number	206,880		208,655	
	Total number of days worked (employees)	Number	3,658,560		3,788,400	
	Rate of absenteeism	Rate	5.7		5.5	
Brazil	Total lost days due to absence (employees)	Number	353,515		655,286	
	Total number of days worked (employees)	Number	12,454,530		12,621,994	
	Rate of absenteeism	Rate	2.8		5.2	
Chile	Total lost days due to absence (employees)	Number	101,243		89,110	
	Total number of days worked (employees)	Number	2,910,306		2,766,600	
	Rate of absenteeism	Rate	3.5		3.2	
Colombia	Total lost days due to absence (employees)	Number	41,677		35,712	
	Total number of days worked (employees)	Number	2,673,342		3,093,935	
	Rate of absenteeism	Rate	1.6		1.2	
France	Total lost days due to absence (employees)	Number	86,429		94,554	
	Total number of days worked (employees)	Number	1,021,657		1,237,920	
	Rate of absenteeism	Rate	8.5		7.6	
Mexico	Total lost days due to absence (employees)	Number	9,021		9,425	
	Total number of days worked (employees)	Number	549,640		673,445	
	Rate of absenteeism	Rate	1.6		1.4	

		Units	2012	Scope in 2012†	2013	Scope in 2013†
Paraguay	Total lost days due to absence (employees)	Number	5,876		5,384	
	Total number of days worked (employees)	Number	399,312		340,582	
	Rate of absenteeism	Rate	1.5		1.6	
Portugal	Total lost days due to absence (employees)	Number	25,578		NA	
	Total number of days worked (employees)	Number	1,657,458		NA	
	Rate of absenteeism	Rate	1.5		NA	
Singapore	Total lost days due to absence (employees)	Number	11,802		NA	
	Total number of days worked (employees)	Number	315,744		NA	
	Rate of absenteeism	Rate	3.7		NA	
Spain	Total lost days due to absence (employees)	Number	250,954		238,659	
	Total number of days worked (employees)	Number	9,902,068		8,477,083	
	Rate of absenteeism	Rate	2.5		2.8	
Uruguay	Total lost days due to absence (employees)	Number	22,494		826	
	Total number of days worked (employees)	Number	745,695		920,400	
	Rate of absenteeism	Rate	3.0		0.1	
Others	Total lost days due to absence (employees)	Number	21,018		NA	
	Total number of days worked (employees)	Number	582,756		NA	
	Rate of absenteeism	Rate	3.6		NA	
HEALTH AND SAFETY						
Accident rate [2]				**95.4%**		**94.6%**
Female	Total number of accidents (employees)	Number	643		662	
	Total number of hours worked (employees)	Hours	36,922,567.1		36,504,533.2	
	Accident rate	Rate	3.5		3.6	
Male	Total number of accidents (employees)	Number	4,499		4,875	
	Total number of hours worked (employees)	Hours	186,398,244.0		214,902,073.5	
	Accident rate	Rate	4.8		4.5	

		Units	2012	Scope in 2012†	2013	Scope in 2013†
Total	Total number of accidents (employees)	Number	5,142		5,537	
	Total number of hours worked (employees)	Hours	216,971,492.1		252,931,998.7	
	Accident rate	Rate	4.7		4.4	
Lost day rate (severity rate) [3]				**95.4%**		**94.6%**
Female	Total lost days (employees)	Number	18,947		18,661	
	Total number of hours worked (employees)	Hours	36,922,567.1		36,505,009.5	
	Lost day rate by gender	Rate	102.6		102.2	
Male	Total lost days (employees)	Number	103,584		106,669	
	Total number of hours worked (employees)	Hours	186,398,244.0		214,900,609.6	
	Lost day rate by gender	Rate	111.1		99.3	
Total	Total lost days (employees)	Number	122,541		125,33	
	Total number of hours worked (employees)	Hours	216,971,492.1		252,931,011.1	
	Lost day rate by gender	Rate	113.0		99.1	
Rate of occupational disease [4]				**79.8%**		**72.6%**
Female	Total cases of occupational disease (employees)	Number	29		19	
	Total number of hours worked (employees)	Hours	34,292,631.1		32,459,593.5	
	Rate of occupational disease	Rate	0.2		0.1	
Male	Total cases of occupational disease (employees)	Number	12		48	
	Total number of hours worked (employees)	Hours	159,288,844.0		181,120,657.6	
	Rate of occupational disease	Rate	0.0		0.1	
Total	Total cases of occupational disease (employees)	Number	41		151	
	Total number of hours worked (employees)	Hours	187,232,156.1		215,105,643.1	
	Rate of occupational disease	Rate	0.0		0.1	
Fatalities				**93.7%**		**88.4%**
Number of fatalities	Female	Number	0		0	
	Male	Number	16		11	
	Total	Number	16		11	
Investment in health and safety in the workplace				**38.6%**		**32.0%**
Investment in health and safety in the workplace		Millions of Euros	1.7		1.1	

	Units	2012	Scope in 2012†	2013	Scope in 2013†
SUPPLIERS					
Total number of suppliers	Number	27,841	98.9%	37,394	94.7%
Expenses related to suppliers	Millions of Euros	745.7	99.7%	834.0	94.7%

† The scope refers to the percentage of the Company that is represented in the data that is reported in the Report. This is calculated on the basis of the turnover of the various business divisions of the Company in each country.

[1] Calculated as: (Total lost days due to absence (employees)/Total of days worked) x 100

[2]Calculated as: (Total number of accidents/Total hours worked) x 200,000.

[3] Calculated as: (Total number of lost days / Total number of hours worked) x 200,000.

[4] Calculated as: (Number of total cases of occupational diseases / Total number of hours worked) x 200,000.

CONSOLIDATED ANNUAL ACCOUNTS


PROSEGUR
PROSEGUR

Auditors' Report on the Consolidated Annual Accounts

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

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

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

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

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

KPMG Auditores, S.L.

(Signed on original in Spanish)

Bernardo Rücker-Embden
Partner

27 February 2014

I. Consolidated income statements for the years ended 31 december 2013 and 2012
(In thousands of Euros)

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

The Notes on pages 131 to 231 form an integral part of the consolidated annual accounts.

II. Consolidated statements of comprehensive income for the years ended 31 december 2013 and 2012

(In thousands of Euros)

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

The Notes on pages 131 to 231 form an integral part of the consolidated annual accounts.

III. Consolidated statements of financial position at 31 december 2013 and 2012
(in thousands of Euros)

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

The Notes on pages 131 to 231 form an integral part of the consolidated annual accounts.

IV. Consolidated statements of changes in equity for the years ended 31 december 2013 and 2012
(In thousands of Euros)

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

The Notes on pages 131 to 231 form an integral part of the consolidated annual accounts.

V. Consolidated statements of cash flows for the years ended 31 december 2013 and 2012
(in thousands of Euros)

	Note	2013	2012
Cash flows from operating activities			
Profit/(loss) for the year		**155,674**	**171,567**
Adjustments for:			
Depreciation and amortisation	11, 13	116,767	115,497
Impairment losses on non-current assets	6	863	—
Impairment losses on trade receivables	6	18,883	10,568
Impairment losses on other financial assets	7	6,600	3
Exchange (gains)/losses		—	80
Change in provisions	21	32,629	28,458
Share-based payments		512	2,261
(Gains)/losses on financial assets at fair value through profit or loss	7	(2,419)	859
Finance income	7	(17,769)	(7,473)
Finance costs	7	66,677	70,917
(Gains)/losses on disposal and sale of property, plant and equipment	6	2,244	1,451
Income tax	25	90,507	79,257
Changes in working capital, excluding the effect of acquisitions and translation differences			
Inventories		(5,279)	(6,404)
Trade and other receivables		(70,665)	(86,854)
Trade and other payables		54,010	(9,357)
Payments of provisions		(26,373)	(23,417)
Other current liabilities		657	(6,805)
Cash flows from operating activities			
Interest paid		(49,092)	(74,074)
Income tax paid		(86,984)	(130,659)
Net cash from operating activities		**287,442**	**135,875**

The Notes on pages 131 to 231 form an integral part of the consolidated annual accounts.

V. Consolidated statements of cash flows for the years ended 31 december 2013 and 2012
(in thousands of Euros)

	Note	2013	2012
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		5,714	7,729
Proceeds from sale of financial assets		16,501	6,877
Interest received		10,401	7,123
Acquisition of subsidiaries, net of cash and cash equivalents	28	(20,531)	(154,408)
Acquisition of property, plant and equipment	11	(119,773)	(79,717)
Acquisition of intangible assets	13	(17,993)	(19,251)
Acquisition of financial assets		(7,066)	(14,128)
Net cash from investing activities		**(132,747)**	**(245,775)**
Cash flows from financing activities			
Proceeds from acquisition of own shares		—	10,268
Proceeds from debentures and other marketable securities	22	500,000	—
Proceeds from loans and borrowings		90,149	252,714
Proceeds from other financial liabilities		—	1,384
Payments for the redemption of own shares and other own equity instruments		—	(14,699)
Payments for loans and borrowings		(452,548)	(98,873)
Payments for other financial liabilities		(69,294)	—
Dividends paid	9	(59,864)	(59,494)
Net cash from financing activities		**8,443**	**91,300**
Net increase/(decrease) in cash and cash equivalents		163,138	(18,600)
Cash and cash equivalents at the beginning of year		163,601	187,548
Effect of translation differences on cash held		(33,797)	(5,347)
Cash and cash equivalents at year end		**292,942**	**163,601**

The Notes on pages 131 to 231 form an integral part of the consolidated annual accounts.

VI. Notes to the consolidated financial statements at 31 december 2013

1. General Information

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

Prosegur is organised into the following geographical areas:

— Europe
— Latinoamérica (LatAm)
— Asia-Pacific

The services provided by Prosegur are distributed into the following lines of activity:

— Surveillance
— Cash in transit and cash management services
— Technology

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

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

The statutory activity of Prosegur Compañía de Seguridad, S.A. is described in article 2 of its bylaws. The main services provided by the Company are as follows:

— Security patrol and protection of premises, goods and individuals.
— The transportation, storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk.
— The installation and maintenance of security equipment, devices and systems

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

Structure of Prosegur

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

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

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

2. Basis of Presentation

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

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

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

2.1. Basis for Preparation of the Annual Accounts

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

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

2.2. Changes in the Consolidated Group

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

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

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

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

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

2.3. Comparative Information

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

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

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

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

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

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

2.4. Estimates, Assumptions and Relevant Judgements

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

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

Accounting estimates and assumptions

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

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

Relevant judgements

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

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

Determination of fair values

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

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

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

Significant measurement issues are reported to the Prosegur Audit Committee.

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

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

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

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

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

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

3. Revenues

Details of revenues are as follows:

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

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

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

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

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

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

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

5. Employee Benefits Expense

Details of the employee benefits expense are as follows:

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

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

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

6. Other Expenses

Details of other expenses are as follows:

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

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

7. Net Finance Costs

Details of the net finance cost are as follows:

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

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

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

8. Earnings per Share

Basic

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

	Euros	
	2013	**2012**
Profit for the year attributable to owners of the Parent	155,858,239	171,936.550
Weighted average ordinary shares outstanding	573,416,655	573,364,291
Basic earnings per share	**0.2718**	**0.2999**

Diluted

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

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

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

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

9. Dividends per Share

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

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

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

10. Segment Reporting

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

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

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

These geographical segments in turn include the following activity segments:

— Surveillance, mainly including patrol and protection of premises, goods and individuals.
— Cash in transit and cash management services, mainly the transportation, storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk.

— Technology, mainly the installation and maintenance of technical security systems and home alarms and other related activities.

The following ratios are used in segment reporting:

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

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

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

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

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

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

Details of revenues by segment are as follows:

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

Details of EBITDA and EBIT by segment are as follows:

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

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

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

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

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

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

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

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

Thousands of Euros	Europe		LatAm		Asia-Pacific		Not allocated to segments		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Liabilities allocated to segments	**483,548**	**433,408**	**778,960**	**920,041**	**77,148**	**9,587**	—	—	**1,339,656**	**1,363,036**
Other unallocated liabilities	—	—	—	—	—	—	**903,730**	**790,758**	**903,730**	**790,758**
Bank debts	—	—	—	—	—	—	902,090	786,210	902,090	786,210
Derivatives	—	—	—	—	—	—	1,640	4,548	1,640	4,548
	483,548	**433,408**	**778,960**	**920,041**	**77,148**	**9,587**	**903,730**	**790,758**	**2,243,386**	**2,153,794**

11. Property, Plant and Equipment

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

Thousands of Euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Under construction and advances	Total
Cost						
Balance at 1 January 2012	187,884	86,643	228,847	250,777	46,201	800,352
Translation differences	(1,558)	(2,544)	(6,280)	(8,039)	(4,413)	(22,834)
Business combinations (Note 28)	273	3,502	2,842	31,634	3,296	41,547
Additions	11,318	7,890	20,456	21,507	45,588	106,759
Disposals	(29)	(2,005)	(7,935)	(6,531)	(2,093)	(18,593)
Transfers	7,288	7,068	11,117	14,535	(40,008)	—
Balance at 31 December 2012	**205,176**	**100,554**	**249,047**	**303,883**	**48,571**	**907,231**
Translation differences	(13,091)	(13,637)	(23,194)	(38,064)	(12,202)	(100,188)
Business combinations (Note 28)	5,193	—	5,854	10,466	1,584	23,097
Additions	11,385	10,208	26,343	17,317	54,520	119,773
Disposals	—	(3,105)	(10,586)	(7,128)	(2,659)	(23,478)
Transfers	8,697	5,707	7,860	11,756	(34,020)	—
Balance at 31 December 2013	**217,360**	**99,727**	**255,324**	**298,230**	**55,794**	**926,435**

Thousands of Euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Under construction and advances	Total
Amortisation and impairment						
Balance at 1 January 2012	(39,605)	(52,082)	(138,161)	(164,532)	—	(394,380)
Translation differences	(130)	(34)	2,960	2,360	—	5,156
Disposals	79	1,393	4,135	3,806	—	9,413
Transfers	4,627	1,225	(6,026)	174	—	—
Amortisation for the year	(4,957)	(10,771)	(18,863)	(32,360)	—	(66,951)
Balance at 31 December 2012	**(39,986)**	**(60,269)**	**(155,955)**	**(190,552)**	—	**(446,762)**
Translation differences	1,191	7,573	12,982	23,771	—	45,517
Disposals	—	2,870	6,999	5,651	—	15,520
Transfers	997	1,102	(2,387)	288	—	—
Amortisation for the year	(5,337)	(10,626)	(22,543)	(29,300)	—	(67,806)
Provision for impairment recognised in profit and loss	—	—	—	(863)	—	(863)
Balance at 31 December 2013	**(43,135)**	**(59,350)**	**(160,904)**	**(191,005)**	—	**(454,394)**
Carrying amount						
At 1 January 2012	148,279	34,561	90,686	86,245	46,201	405,972
At 31 December 2012	165,190	40,285	93,092	113,331	48,571	460,469
At 1 January 2013	165,190	40,285	93,092	113,331	48,571	460,469
At 31 December 2013	174,225	40,377	94,420	107,225	55,794	472,041

Additions to property, plant and equipment recognised in 2013 amount to Euros 119,773 thousand (Euros 106,759 thousand in 2012) and mainly comprise fitting-out work in progress on bases and armoured vehicles intended for use in operating activities. These investments were essentially made in Argentina, Germany, Peru and Brazil.

Commitments for the acquisition of property, plant and equipment are detailed in Note 27.

Property, plant and equipment are measured at historical cost, with the exception of the buildings at Calle Pajaritos and Paseo de las Acacias in Madrid and the Hospitalet building in Barcelona, which were measured at market value on first-time adoption of EU-IFRS and have since been revalued. The effect of this revaluation, to reflect the deemed cost, is as follows:

	Thousands of Euros	
	2013	**2012**
Cost	39,324	39,324
Accumulated amortisation	(4,393)	(3,954)
Carrying amount	**34,931**	**35,370**

Other installations and furniture include facilities let by Prosegur to third parties under operating leases, with the following carrying amounts:

	Thousands of Euros	
	2013	**2012**
Cost	73,166	70,212
Accumulated amortisation	(50,849)	(52,053)
Carrying amount	**22,317**	**18,159**

As stated in Note 3, the income statement includes operating lease income of Euros 125,302 thousand (Euros 117,693 thousand in 2012). This amount reflects business relating to the alarm system rental activity, the associated cost of which is taken to the income statement.

In 2013, the Company placed armoured vehicles into operation for an amount of Euros 964 thousand (Euros 3,204 thousand in 2012), from work in progress, compliant with the Euro III standard on non-polluting emissions.

Property, plant and equipment acquired by Prosegur under finance leases are as follows:

	2013				
Thousands of Euros	**Land and buildings**	**Technical installations and machinery**	**Other installations and furniture**	**Other property, plant and equipment**	**Total**
Capitalised finance lease cost	11,556	9,577	282	37,235	58,650
Accumulated amortisation	(830)	(6,154)	(226)	(20,155)	(27,365)
Carrying amount	**10,726**	**3,423**	**56**	**17,080**	**31,285**

	2012				
Thousands of Euros	**Land and buildings**	**Technical installations and machinery**	**Other installations and furniture**	**Other property, plant and equipment**	**Total**
Capitalised finance lease cost	9,470	7,848	231	30,513	48,062
Accumulated amortisation	(768)	(5,696)	(203)	(18,663)	(25,330)
Carrying amount	**8,702**	**2,152**	**28**	**11,850**	**22,732**

12. Goodwill

Details of movement in goodwill are as follows:

	Thousands of Euros	
	2013	**2012**
Balance at 1 January	**529,453**	**405,914**
Additions to the consolidated group	49,270	184,441
Additions	655	—
Disposals	(25,823)	(42,653)
Translation differences	(37,596)	(18,249)
Balance at 31 December	**515,959**	**529,453**

Additions to goodwill in 2012 and 2013 derive from the following business combinations:

		2013	
	Country	**% ownership**	**Thousands of Euros**
Brinks Deutschland GMBH [1]	(Germany)	100%	20,952
Chubb Security Services Pty Ltd [1]	(Australia)	100%	28,318
			49,270

[1] Calculations relating to business combinations may be adjusted for up to a year from the acquisition date.

		2012	
	Country	**% ownership**	**Thousands of Euros**
Segura Group	Uruguay	100%	10,378
Nordeste/Transbank Group	Brazil	100%	114,664
T.C. Interplata, S.A.	Argentina	100%	9,975
Servin Seguridad, S.A.	Argentina	100%	20,464
Roytronic, S.A.	Uruguay	100%	4,712
GRP Group	France	100%	12,902
Grupo Mercurio de Transportes, S.A. C.V.	Mexico	80%	1
Imperial Dragon Security Ltd	China	45%	6,739
SIS Cash Services Private Ltd	India	49%	4,606
			184,441

Details of the estimated goodwill in the tables above and the allocation of the amounts for which measurement was completed in 2013 are provided in Note 28 (see Note 28.2).

Disposals in the year reflect adjustments to the value of the following goodwill, which was allocated provisionally in 2012 and 2011 (see Note 28):

		Thousands of Euros	
	Country	**2013**	**2012**
Segura Group (Coral Melody, S.A. and Tecnofren, S.A.)	Uruguay	(4,771)	—
T.C. Interplata, S.A.	Argentina	(2,744)	—
Servin Seguridad, S.A.	Argentina	(5,498)	—
Roytronic, S.A.	Uruguay	(1,388)	—
GRP Group	France	(4,565)	—
Imperial Dragon Security Ltd	China	(4,344)	—
SIS Cash Services Private Ltd	India	(2,513)	—
Distribuidora Federal, S.A.C.	Peru	—	(1,610)
Grupo Seguridad Vigilada	Spain	—	(1,435)
Inversiones BIV, S.A. and subsidiary	Colombia	—	(4,890)
Vimarco Servicios Generales	Colombia	—	(119)
Prover Electrônica, Ltda.	Brazil	—	(1,748)
Sazias, S.A.	France	—	(4,109)
Beloura Investments, S.L.U.	Colombia	—	(6,079)
Fiel Vigilancia e Transporte de Valores	Brazil	—	(20,915)
Aexis Security Management Pte. Ltd.	Singapore	—	(1,324)
Securlog GMBH	Germany	—	(424)
		(25,823)	**(42,653)**

Impairment testing of goodwill

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

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

	Thousands of Euros	
	2013	**2012**
Spain CGU	92,241	92,241
France CGU	39,788	44,353
Portugal CGU	13,403	13,403
Germany CGU	21,062	110
Subtotal Europe	**166,494**	**150,107**
Brazil CGU	124,504	143,874
Colombia CGU	39,906	48,805
Peru CGU	38,632	41,132
Chile CGU	47,450	40,513
Argentina CGU	42,849	62,134
Rest of LatAm CGU	19,975	27,849
Subtotal LatAm	**313,316**	**364,307**
Singapore CGU	4,154	4,490
India CGU	1,541	3,990
China CGU	2,178	6,559
Australia CGU	28,276	—
Subtotal Asia-Pacific	**36,149**	**15,039**
Total	**515,959**	**529,453**

Prosegur tests goodwill for impairment at the end of each reporting period, or earlier if there are indications of impairment, in accordance with the accounting policy described in Note 35.7.

The recoverable amount of a CGU is determined based on its value in use. These calculations are based on cash flow projections from the four-year financial budgets approved by Management, excluding the effects of possible future improvements in the return on assets. Cash flows beyond this four-year period are extrapolated using estimated growth rates. The cash flows take past experience into consideration and represent Management's best estimate of future market performance. Cash flows are discounted using a discount rate based on the weighted average cost of capital (WACC). The residual value of each CGU is generally calculated as income in perpetuity.

The key assumptions used to calculate value in use are as follows:

	2013			**2012**		
	Europe	**LatAm**	**Asia-Pacific**	**Europe**	**LatAm**	**Asia-Pacific**
Growth rate[1]	2.72%	9.05%	8.65%	1.74%	4.44%	3.94%
Discount rate[2]	7.19%	15.47%	11.41%	6.17%	13.66%	7.28%

(1) Weighted average growth rate used to extrapolate cash flows beyond the budgeted period.
(2) Weighted average discount rate after tax applied to cash flow projections.

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

31 december 2013

	Spain	Rest of Europe	Brazil	Colombia	Peru	Argentina	Rest of LatAm	Asia-Pacific
Growth rate	2.43%	3.57%	7.96%	7.48%	7.77%	13.59%	8.44%	8.65%
Discount rate	7.24%	7.04%	12.26%	9.48%	9.27%	32.45%	10.77%	11.41%

31december 2012

	Spain	Rest of Europe	Brazil	Colombia	Peru	Argentina	Rest of LatAm	Asia-Pacific
Growth rate	1.73%	1.95%	4.14%	4.50%	6.02%	4.04%	5.08%	3.94%
Discount rate	5.76%	7.40%	8.82%	8.40%	8.00%	33.84%	8.35%	7.28%

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

The discount rates used are post-tax values and reflect specific risks related to the country of operation. Using pre-tax rates would make no difference to the conclusions as to each CGU recoverable amount.

The general increase of discount rates in 2013 compared to 2012 is mainly due to the increase of country risk. An increase has also occurred in the currency risk owing to high volatility and risk of depreciation.

The growth rate has consequently increased by including the expected inflation, particularly high in LatAm countries.

No impairment losses have been recognised on goodwill in 2013.

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

	2013		2012	
	Discount rate	EBITDA	Discount rate	EBITDA
Brazil	22.46%	32.60%	22.72%	36.79%
Argentina	52.72%	21.25%	57.15%	16.84%
Spain	16.53%	39.17%	10.73%	42.86%
France	7.05%	10.98%	7.36%	20.02%
Colombia	13.34%	21.56%	9.18%	3.71%
Peru	20.50%	36.31%	17.72%	33.81%
Chile	11.82%	14.52%	9.50%	4.36%

13. Other Intangible Assets

Details and movement of other intangible assets are as follows:

Thousands of Euros	Computer software	Customer portfolios	Trademarks	Other intangible assets	Total
Cost					
Balance at 1 January 2012	72,104	175,997	11,624	7,014	266,739
Translation differences	(618)	(38,784)	(3,996)	(1,220)	(44,618)
Business combinations	779	249,373	23,690	7,839	281,681
Additions	11,872	—	—	7,379	19,251
Disposals	(336)	—	—	—	(336)
Saldo al 31 de diciembre de 2012	**83,801**	**386,586**	**31,318**	**21,012**	**522,717**
Translation differences	(7,144)	(60,549)	(6,427)	(2,115)	(76,235)
Business combinations	359	59,049	9,459	1,286	70,153
Additions	13,165	—	—	4,828	17,993
Disposals	(2,106)	(205)	—	—	(2,311)
Balance at 31 December 2013	**88,075**	**384,881**	**34,350**	**25,011**	**532,317**
Amortisation and impairment					
Balance at 1 January 2012	(35,593)	(72,577)	(8,597)	(2,771)	(119,538)
Translation differences	907	3,401	2,023	180	6,511
Disposals	14	—	—	—	14
Amortisation for the year	(9,890)	(26,357)	(8,040)	(4,259)	(48,546)
Balance at 31 December 2012	**(44,562)**	**(95,533)**	**(14,614)**	**(6,850)**	**(161,559)**
Translation differences	3,484	11,935	2,900	442	18,761
Disposals	1,121	17	—	—	1,138
Amortisation for the year	(10,853)	(26,573)	(5,909)	(5,626)	(48,961)
Balance at 31 December 2013	**(50,810)**	**(110,154)**	**(17,623)**	**(12,034)**	**(190,621)**
Carrying amount					
At 1 January 2012	36,511	103,420	3,027	4,243	147,201
At 31 December 2012	39,239	291,053	16,704	14,162	361,158
At 1 January 2013	39,239	291,053	16,704	14,162	361,158
At 31 December 2013	37,265	274,727	16,727	12,977	341,696

In 2013, additions to intangible assets were recognised due to th e allocation of fair value to the purcha-se prices of business combinations summarised in the following table:

	Thousands of Euros		
	Customer portfolios	Trademarks	Other intangible assets
Segura Group (Coral Melody, S.A. and Tecnofren, S.A.) (Uruguay)	6,553	—	—
Nordeste/Transbank Group (Brazil)	(703)	—	(97)
T.C. Interplata, S.A. (Argentina)	4,154	66	—
Servin Seguridad, S.A. (Argentina)	7,400	1,520	391
Roytronic, S.A. (Uruguay)	1,787	—	—
GRP Group (France)	6,479	367	—
Imperial Dragon Security Ltd (China)	—	5,833	506
SIS Cash Services Private Ltd (India)	1,561	1,673	486
Chubb Security Services Pty Ltd (Australia)	31,818	-	-
	59,049	**9,459**	**1.286**

The balances reflect the definitive allocation of amounts that were provisionally allocated in 2012 (see Notes 12 and 28.2).

In 2012, additions to intangible assets were recognised due to the allocation of fair value to the purchase prices of business combinations summarised in the following table:

	Thousands of Euros		
	Customer portfolios	Trademarks	Other intangible assets
Distribuidora Federal, S.A.C.	317	—	1,109
Grupo Seguridad Vigilada	1,361	—	—
Inversiones BIV, S.A. and subsidiary	5,161	476	—
Vimarco Servicios Generales	171	49	—
Prover Eletrônica, Ltda.	295	183	175
Sazias, S.A.	6,020	140	—
Grupo Integra - Colombia	9,025	119	—
Fiel Vigilancia e Transporte de Valores	12,770	2,277	380
Aexis Security Management Pte. Ltd.	1,606	—	—
Securlog GMBH	400	—	—
Nordeste/Transbank Group	212,063	20,446	6,175
Segura Group	184	—	—
	249,373	**23,690**	**7,839**

The amount corresponding to the customer portfolios, the trademarks and other intangible assets of Nordeste/Transbank reflects the definitive allocation of the goodwill generated in 2012. The rest of the balances reflect the definitive allocation of amounts that were provisionally allocated in 2011 (see Notes 12 and 28.2).

All other intangible assets reported have finite useful lives (with the exception of the "other intangible asset" from the SIS Cash Service Private LTD business combination) and are amortised at rates of between 3.33% and 50% depending on the estimated useful life. Details of the amortisation percentages of the customer portfolio and trademark are described in Notes 28 and 35.6.

No other intangible assets are subject to restrictions on title or pledged as collateral for particular transactions.

Other intangible assets are tested for impairment as described in Note 35.6. No impairment losses have been recognised or reversed in 2013.

14. Non-Current Financial Assets

Details of non-current financial assets are as follows:

	Thousands of Euros	
	2013	**2012**
Available-for-sale financial assets	19,798	26,114
Deposits and guarantees	3,720	10,743
Other non-current financial assets	1,943	478
	25,461	**37,335**

Available-for-sale financial assets

Details of available-for-sale financial assets are as follows:

	Thousands of Euros	
	2013	**2012**
Balance at 1 January	**26,114**	**25,634**
Additions	1,956	677
Disposals	(1,547)	(181)
Impairment losses	(6,600)	—
Translation differences	(125)	(16)
Balance at 31 December	**19,798**	**26,114**

Available-for-sale financial assets include the following net investments:

A december 2013

Thousands of Euros	Recoverable amount	% ownership	Investment
Capitolotre, S.P.A.	16,027	19.0%	31,647
Euroforum Escorial, S.A.	2,008	8.1%	2,008
Other investments and other assets	1,763		1,767
	19,798		**35,422**

A december 2012

Thousands of Euros	Recoverable amount	% ownership	Investment
Capitolotre, S.P.A.	22,627	19.0%	31,647
Euroforum Escorial, S.A.	1,734	8.1%	1,734
Other investments and other assets	1,753		1,756
	26,114		**35,137**

Capitolotre, S.P.A.

On 18 December 2007 Prosegur acquired 19% of the shares in the investment vehicle Capitolotre, S.P.A. This 19% interest entitles Prosegur to 33% of profit-sharing rights. Capitolotre, S.P.A. has a 77% interest in the IVRI Group, company in the Italian security sector with activities including security patrol, transport of valuables, alarm system monitoring, response services and electronic systems. As a result, Prosegur has an indirect interest of 14.6% in the IVRI Group. Prosegur's investment in Capitolotre, S.P.A. remained unchanged between the acquisition date and 31 December 2013.

Based on the accounting policy for associated entities (see Note 35.2), Prosegur considers that it does not exercise significant control over Capitolotre, S.P.A. and recognises this investment as an available-for-sale financial asset.

Following the criteria set out in Note 2.4, Prosegur has recognised its investment in Capitolotre, S.P.A. as a level three fair value.

The measurement method and unobservable inputs employed were as follows:

Measurement method	(Unobservable) inputs employed	Interrelationship between key inputs and fair value	Sensitivity analysis
Transaction multiples among comparable companies: Measurement by comparison of the prices paid in acquisitions of comparable companies in relation to their basic financial magnitudes, obtaining multipliers that may be applied as reference. Prosegur uses the EBITDA as the reference multiplier.	– Financial budgets for the business (covering a 5-year period), which determine the budgeted EBITDA (earnings before interest, taxes, depreciation and amortisation) based on past performance and the market outlook. – The weighted average growth rates (that are consistent with the forecasts included in industry reports). – Discount rate.	The estimated fair value would increase (or decrease) if: – the expected income growth was greater (lower) – labour costs decreased (increased) – The risk-adjusted discount rate was lesser (greater).	– If the EBITDA estimated by the entity was 10% lower at 31 December 2013, with all other key assumptions remaining constant, the additional impairment loss would amount to Euros 1,695 thousand. – If the discount rate estimated by the entity at 31 December 2013 had been 10% higher, with the other key assumptions remaining constant, the additional impairment loss would amount to Euros 351 thousand.

At 31 December 2013, Prosegur estimated the fair value of its investment in Capitolotre, S.P.A. based on the techniques described above, concluding that objective evidence exists to support that this investment has sustained a decrease in value estimated at Euros 6,600 thousand. In 2012 no impairment loss was recognised in the fair value of the financial asset.

Other investments

The rest of Prosegur's investments are measured at the lower value between cost and the underlying carrying amount, as they cannot be measured reliably.

In 2013 the Company participated in a capital increase of Euroforum Escorial, S.A. in an amount of Euros 524 thousand, of which Euros 250 thousand are pending payment.

At 21 March 2013, Euroforum Torrealta, S.A. approved the distribution of a dividend of Euros 1,364 thousand in favour of Prosegur Compañía de Seguridad, S.A., received on 26 March 2013. Additionally, on 29 April 2013 Euroforum Torrealta, S.A. resolved upon the distribution of voluntary reserves to its shareholders in proportion to their interest, with Euros 2,772 thousand corresponding to Prosegur Compañía de Seguridad, S.A. received on 30 April 2013.

Deposits and guarantees

At 31 December 2012, deposits and guarantees included Euros 5,500 thousand in relation to the Securlog GmbH (Germany) business combination, reflecting the amount withheld from the total purchase price of the company shares to guarantee the settlement of possible liabilities. At 31 December 2013 the aforementioned deposit was classified under current assets and during the year, the amount of the guarantee was adjusted by Euros 100 thousand.

Other non-current financial assets

Movement in other non-current financial assets is as follows:

	Thousands of Euros	
	2013	**2012**
Balance at 1 January	**478**	**584**
Additions	1,631	—
Disposals	—	(26)
Translation differences	(166)	(80)
Balance at 31 December	**1,943**	**478**

At the end of the 2013 and 2012 reporting period, this balance reflects fixed-term deposits maturing between 2016 and 2017.

15. Derivative Financial Instruments

Prosegur uses derivative financial instruments to hedge interest rates and exchange rates, as set out in the financial risk management policy described in Note 32.

Changes in the fair values of all financial instruments held by Prosegur are recognised in the income statement as they are not considered to be accounting hedges. During 2013 one credit of Euros 2,419 thousand (debit of Euros 859 thousand in 2012) was recognised in the income statement for changes in the fair value of derivative financial instruments (see Note 7). Additionally throughout the year, for transactions for settlement and sale, losses in the amount of Euros 2,288 thousand (Euros 1,122 thousand in 2012) were recognised (see Note 7).

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

Details of derivative financial instruments are as follows:

		2013		2012	
		Fair values		Fair values	
Thousands of Euros	**Notional amount**	**Assets**	**Liabilities**	**Activo**	**Liabilities**
Interest rate swap (IRS)	€100,000 thousand	—	—	—	3,857
Interest rate swap (IRS)	€37,500 thousand	—	—	—	348
Interest rate swap (IRS)	€37,500 thousand	—	—	—	343
Non-current		—	—	—	**4,548**
Interest rate swap (IRS)	€100,000 thousand	—	1,640	—	—
Forward exchange transactions	AUD 15,000 thousand	73	—	—	—
Current		**73**	**1,640**	—	—

Interest rate swaps

At 31 December 2013 the Company has one interest rate derivative financial instrument (interest rate swap) to cap the interest payable on part of Prosegur's financing.

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

In 2012, two further interest rate derivatives were arranged on a nominal amount of Euros 37,500 thousand each, with maturity in February 2015. Every quarter, the interest rate of 0.65% payable on these derivatives is exchanged for a receivable interest rate equivalent to the three-month Euribor. These derivative instruments, whose maturity was February 2015, were settled in advance.

Forward currency exchange agreements

On 23 December 2013 exchange insurance was underwritten on a par value of AUD 15,000 thousand, that exchanges Euros for Australian Dollars at a rate of 1.5318 and whose maturity is 13 January 2014.

16. Inventories

Details of inventories are as follows:

	Thousands of Euros	
	2013	**2012**
Work in progress	19,397	19,266
Goods for resale, fuel and other	25,091	22,288
Operating materials	9,832	12,945
Uniforms	4,311	6,548
	58,631	**61,047**

No inventories have been pledged as collateral to secure loans.

Work in progress reflects the construction contracts executed by Prosegur and subsequently invoiced to customers. The corresponding accounting policy is set out in Note 35.21. Prosegur has recognised sales revenue of Euros 177,230 thousand in relation with these contracts in 2013 (Euros 176,776 thousand in 2012). Prosegur has also recognised a payable to customers of Euros 11,313 thousand (Euros 8,338 thousand in 2012) because the progress billings to those customers exceed the costs incurred plus recognised profit (see Note 24).

17. Trade and Other Receivables

Details of trade and other receivables are as follows:

	Thousands of Euros	
	2013	**2012**
Customer receivables for sales and services	751,683	804,580
Less: Impairment of receivables	(59,682)	(59,019)
Trade receivables - net	692,001	745,561
Public administrations	67,637	46,892
Employee prepayments	13,966	9,497
Judicial deposits	38,482	41,803
Prepayments	35,044	43,698
Other receivables	72,605	76,696
Current	**919,735**	**964,147**

Credit risk from trade receivables is not concentrated because Prosegur works with a large number of customers distributed among the different countries in which it operates (see Note 32).

On 5 December 2013 Prosegur arranged a non-recourse factoring facility in the amount of Euros 9,595 thousand. The contract expires on 30 June 2014. The contract expressly indicates that the purchaser will not be entitled to recourse against the seller in the event of any default or delay in collection of a transferred receivable. In other words, the buyer assumes the credit risk and default risk. The amount collected in relation to a transferred receivable is calculated by discounting net cash flows based on the due date of the receivable.

Receivables sold are written off and the difference between their carrying amount and the amount actually received is recognised as a finance cost in the income statement (see Note 7). At 31 December 2013 receivables amounting to Euros 9,595 thousand were written off in connection with these contracts.

In December 2012, Prosegur arranged a non-recourse factoring facility in the amount of Euros 50,000 thousand, with the possibility of increasing this figure. This contract had a term of one year, with the ability to extend it for additional 12-month periods subject to mutual agreement between the two parties. Upon reaching its expiration date, this contract was not renewed. At 31 December 2012 receivables amounting to Euros 12,801 thousand were written off in connection with these contracts.

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

Details of past-due trade receivables, net of the corresponding impairment, are as follows:

	Thousands of Euros	
	2013	**2012**
0 to 3 months	161,795	229,901
3 to 6 months	28,228	20,466
Over 6 months	21,002	13,059
	211,025	**263,426**

Balances with maturities greater than 6 months correspond mainly to State customers, the majority of which have a maximum term of 12 months.

Movement in the impairment of receivables is as follows:

	Thousands of Euros	
	2013	**2012**
Balance at 1 January	(59,019)	(51,235)
Additions to the consolidated group	—	(1,703)
Provision for impairment	(17,048)	(12,096)
Applications and other	6,243	1,103
Reversal of unused amounts	4,400	3,708
Translation differences	5,742	1,204
Balance at 31 December	**(59,682)**	**(59,019)**

As well as the provision, in 2013 Prosegur recognised impairment losses on trade receivables amounting to Euros 6,235 thousand (Euros 2,180 thousand in 2012). The total impairment loss on trade receivables recognised in the income statement amounts to Euros 18,883 thousand (Euros 10,568 thousand in 2012).

As a general rule, impaired receivables are written off when Prosegur does not expect to recover any further amount.

No impairment losses have been incurred on the remaining trade receivables.

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

The procedures followed by Prosegur in relation to credit risk and currency risk on trade receivables are described in Note 32.1.

18. Other Financial Assets

Details of other financial assets and movement during the year are as follows:

	Thousands of Euros	
	2013	**2012**
Balance at 1 January	**5,654**	**1,552**
Additions	3,479	10,825
Disposals	(7,931)	(6,670)
Translation differences	—	(53)
Balance at 31 December	**1,202**	**5,654**

The composition and the issue and maturity dates of financial assets in 2013 and 2012 are as follows:

				Thousands of Euros
Description	Date of issue	Matures on	Principal	Balance at 31/12/2013
Fixed-term deposit	01/03/13	05/31/13	1,797	—
Fixed-term deposit	02/07/13	05/31/13	480	—
Fixed-term deposit	10/24/13	04/24/14	114	114
Fixed-term deposit	08/31/13	09/30/14	53	53
Fixed-term deposit	12/11/13	12/11/14	139	139
Other financial assets			896	896
			3,479	**1,202**

				Thousands of Euros
Description	Date of issue	Matures on	Principal	Balance at 31/12/2012
Fixed-term deposit	02/23/12	05/13/13	742	742
Fixed-term deposit	05/11/12	05/13/13	482	482
Fixed-term deposit	05/11/12	05/13/13	1,484	1,484
Fixed-term deposit	07/15/11	05/13/13	56	56
Fixed-term deposit	07/17/12	07/17/13	758	758
Fixed-term deposit	07/13/12	07/03/13	1,113	1,113
Fixed-term deposit	01/10/12	11/30/13	474	474
Other financial assets				545
			—	**5,654**

Prosegur's maximum exposure to credit risk at the reporting date is the carrying amount of these financial assets. Fixed-term deposits are exposed to default risk by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings.

19. Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2013	2012
Cash in hand and at banks	229,738	133,090
Current bank deposits	63,204	30,511
	292,942	**163,601**

The effective interest rate of current deposits in financial institutions was 5.72% (8.26% in 2012) and the average term of the deposits held during the year was 23 days (38 days in 2012).

Prosegur holds no investments in sovereign debt at the end of the reporting period and has made no such investments during the year.

During the year the Group made an investment that did not entail the use of cash and cash equivalents related to the acquisition of Chubb Security Services PTY LTD, as described in Note 28.

20. Equity

20.1. Share Capital, Share Premium and Own Shares

Details of share capital, share premium and own shares, and movement therein, are as follows:

	Number of shares (thousands)	Share capital	Share premium	Own shares	Total
Balance at 1 January 2012	**617,125**	**37,027**	**25,472**	**(123,175)**	**(60,676)**
Purchase of own shares	—	—	—	(14,699)	(14,699)
Sale of own shares	—	—	—	10,268	10,268
Share-based payments	—	—	—	2,159	2,159
Other distributions	—	—	—	148	148
Balance at 31 December 2012	**617,125**	**37,027**	**25,472**	**(125,299)**	**(62,800)**
Other distributions	—	—	—	119	119
Balance at 31 December 2013	**617,125**	**37,027**	**25,472**	**(125,180)**	**(62,681)**

Share capital

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

Details of the Company's shareholders are as follows:

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

[1] Through Gubel, S.L. and Prorevosa, S.L.U.
[2] Both directly and through AS Inversiones, S.L.
[3] Through Fidelity International Discovery Fund and other funds.
[4] Through various managed funds.
[5] Ceased to be a shareholder on 7 November 2013.

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

Share premium

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

Own shares

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

	Number of shares	Thousands of Euros
Balance at 1 January 2012	**44,561,220**	**123,175**
Purchase of shares	3,643,096	14,699
Sale of shares	(3,643,096)	(10,268)
Share-based payments	(781,140)	(2,159)
Other distributions	(53,180)	(148)
Balance at 31 December 2012	**43,726,900**	**125,299**
Other distributions	(41,416)	(119)
Balance at 31 December 2013	**43,685,484**	**125,180**

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

At the general meeting held on 27 June 2008, the shareholders approved the 2011 Plan of long-term incentives (see Note 35.17). As envisaged in the Plan, no incentive was settled in shares or in cash in 2013 (delivery of 781,140 own shares in 2012). The previous incentive plan, known as the 2011 Plan, was settled in January 2014.

Additionally, at the general meeting held on 29 May 2012, the shareholders approved the 2014 Plan for long-term incentives to Chief Executive Officer and Senior Management Personnel of the Prosegur Group. The 2014 Plan is generally linked to value creation during the 2012-2014 period, conditioned upon a length-of-service period, where appropriate, of two years in order to collect part of this incentive. The Plan also envisages the payment of share-based incentives to executive directors, and Company shares and/or cash to Chief Executive Officer and Senior Management Personnel of the Company. The maximum number of shares earmarked for the 2014 Plan is 4,120,000, representing 0.668% of the Company's present share capital.

The total obligation undertaken by Prosegur at 31 December 2013 in relation to share-based incentives established in the 2011 and 2014 Plans is recognised under other equity instruments in equity and amounts to Euros 3,171 thousand (Euros 2,659 thousand in 2012).

20.2. Other Equity Instruments

Other equity instruments reflect the total obligation undertaken by the Company in relation to share-based incentives established in the 2011 and 2014 Plans (see Note 35.17). Movement is as follows:

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

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

20.3. Cumulative Translation Differences

Details of this reserve and movement during the year are as follows:

	Thousands of Euros	
	2013	2012
Balance at 1 January	**(52,293)**	**(4,381)**
Translation differences of financial statements of foreign operations	(174,044)	(47,912)
Balance at 31 December	**(226,337)**	**(52,293)**

20.4. Cumulative Earnings and Other Reserves

The structure and movement of cumulative earnings and other reserves is as follows:

Thousands of Euros	Legal reserve	Goodwill reserve	Other reserves	Other accumulated earnings	Total
Balance at 1 January 2012	**7,406**	**18,068**	**2,219**	**702,117**	**729,810**
Total comprehensive income for the year	—	—	—	170,499	170,499
Exercise of share-based incentives	—	—	—	38	38
Acquisition/sale of own shares	—	—	—	4,421	4,421
Profit and loss distribution	—	5,736	(2,054)	(66,629)	(62,947)
Other movements	—	—	—	2,722	2,722
Balance at 31 December 2012	**7,406**	**23,804**	**165**	**813,168**	**844,543**
Total comprehensive income for the year	—	—	—	157,476	157,476
Operations with shareholders or owners	—	(28,408)	—	28,408	—
Exercise of share-based incentives	—	—	—	47	47
Profit and loss distribution	—	4,604	—	(70,551)	(65,947)
Other movements	—	—	—	4,581	4,581
Balance at 31 December 2013	**7,406**	—	**165**	**933,129**	**940,700**

Other restricted reserves at 31 December 2013 correspond to the reserve for the update of National Budget Act 83 (Euros 104 thousand) and reserves for capital adjustment to Euros (Euros 61 thousand).

The legal reserve, which amounts to Euros 7,406 thousand, was endowed in compliance with Article 274 of the revised Spanish Companies Act, which in all cases requires companies to transfer 10% of profits for the year to a legal reserve until reaching an amount equal to 20% of its share capital. The legal reserve has been fully endowed. The legal reserve is not distributable to shareholders and if it is used to offset losses for lack of any other available reserve, it must be replenished with future profits.

The proposed distribution of the parent's profit for 2013, determined in accordance with prevailing legislation and standards for the preparation of individual annual accounts, to be submitted to the shareholders for approval at their annual general meeting, is as follows:

	Thousands of Euros	
	2013	2012
Basis of allocation		
Profit for the year	66,000	71,389
	66,000	**71,389**
Allocation		
Goodwill reserve	—	4,604
Voluntary reserves	53	838
Dividends	65,947	65,947
	66,000	**71,389**

21. Provisions

The structure of the reserve and details of the movements are set forth in the following table:

Thousands of Euros	Overtime costs	Labour-related risks	Legal risks	Restructuring	Employee benefits expense	Accrued personnel obligations	Other risks	Total
Balance at 1 January 2013	**20,298**	**84,098**	**8,888**	—	**5,346**	**1,615**	**72,711**	**192,956**
Provisions recognised in profit and loss	—	39,972	5,129	—	48	294	14,082	59,525
Reversals recognised in profit and loss	(10,646)	(7,941)	(1,959)	—	—	(364)	(5,986)	(26,896)
Business combinations (Note 28)	—	—	—	36,165	5,752	—	4,702	46,619
Applications	(2,300)	(21,615)	(1,749)	—	—	—	(709)	(26,373)
Reversal recognised in equity	—	—	—	—	(2,451)	—	—	(2,451)
Transfers	—	13,460	(41)	—	—	—	(13,419)	—
Translation differences	—	(16,693)	(1,155)	—	(634)	—	(11,880)	(30,362)
Balance at 31 December 2013	**7,352**	**91,281**	**9,113**	**36,165**	**8,061**	**1,545**	**59,501**	**213,018**
Non-current	7,352	91,281	9,113	—	5,789	632	59,501	173,668
Current	—	—	—	36,165	2,272	913	—	39,350

a) Overtime costs

Provisions for the price of overtime is the result of the suit filed against the Articles of the State Collective Bargaining Agreement for Security Companies for 2005-2008, that sets overtime rates for security guards.

The final ruling pronounced by the Chamber of Social Affairs of the Spanish Supreme Court declares the invalidity of "section 1. a) of article 42 of the State Collective Bargaining Agreement for Security Companies for 2005-2008 that sets overtime rates for security guards", article 42, section b) solely with regard to overtime for other professional categories and article 42.2, which sets a basic hourly rate to ensure a minimum overtime rate that is below the legal minimum.

Likewise the Chamber of Social Affairs of the Supreme Court issued a ruling on case 111/2007 declaring that "the basic hourly rate used to calculate the overtime rate is comprised of a base salary and personal supplements, extras accrued in a period greater than one month, allowances for residence in Ceuta and Melilla, if applicable, and any security work allowances to which the employee is entitled". With regard to case 171/2007 that upheld the plea of procedural illegitimacy and declared that the legitimate procedure was to challenge the collective bargaining agreement.

Based on the best possible estimates, Prosegur has calculated the provision that would be required to cover the accrued liability claimable by employees, and recognised this provision for the period between the date on which the Collective Bargaining Agreement entered into force (1 January 2005) through the close of accounts on 31 December 2013.

This is a long-term provision, because the date on which compensation is payable by Prosegur depends on the outcome of each of the claims filed by employees.

During 2013, 3,293 proceedings were closed (11,761 in 2012), for payments in an amount of Euros 2,300 thousand corresponding to agreements formalised with a part of the plaintiff employees (Euros 7,155 thousand in 2012). Additionally deposits have been recognised in the income statement in a total amount of Euros 10,646 thousand corresponding to provisions in prior years that, on the basis of information available at the close of 2013, Prosegur believes will not be claimed.

b) Labour-related risks

The provisions for labour-related risks, that amount to Euros 91,281 thousand (Euros 84,098 thousand in 2012), are calculated on a case-by-case basis, considering Prosegur's past experience. The provision for labour-related risks mainly includes provisions for work-related causes in Brazil. The provision for labour-related risks furthermore includes retirement bonuses payable to employees amounting to Euros 3,389 thousand (Euros 2,914 thousand in 2012) and a provision in an amount of Euros 29,654 thousand (Euros 24,627 thousand in 2012) regarding the business combination realised in 2005 with Transpev.

c) Legal risks

The provisions for legal risks, that amount to Euros 9,113 thousand (Euros 8,888 thousand in 2012), correspond mainly to civil claims, which are analysed on a case-by-case basis. The settlement of these provisions is highly probable, but both the value of the final settlement as well as the moment are uncertain and depend upon the outcome of the proceedings underway.

d) Restructuring

The provisions correspond to acquiree Brinks Deutschland GMBH, which has a restructuring provision recognised that corresponds to estimates for the payment of severances for dismissal and other costs. The settlement of the provision is highly probable. While the moment of settlement is uncertain, it is highly probable that it will take place in the short term.

e) Employee benefits

Prosegur has a defined benefit plan comprising post-retirement healthcare offered to employees in Brazil compliant with local legislation. This benefit is required by Act 9656 of such country.

Additions to the consolidated group essentially comprise the Chubb Security Services PTY LTD business combination (see Note 28) for an amount of Euros 5,752 thousand and which corresponds to an insurance plan for occupational accidents.

f) Accrued obligations to personnel

These provisions contain the incentive accrued for the part in cash of the 2014 Plan (see Note 35.17). During the year, an endowment was made against the profit and loss of the year in the amount of Euros 294 thousand and a reversal with a credit to the profit and loss of the year in an amount of Euros 364 thousand. Additionally, part of this provision was recognised as current accrued obligations to personnel in an amount of Euros 913 thousand, since the maturity of this commitment will take place in 2014. The obligation undertaken at 31 December 2013 in relation to share-based incentives established in the 2014 Plan is recognised under other equity instruments in equity (see Note 20).

g) Other risks

The provision for other risks, that amounts to Euros 59,501 thousand (Euros 72,711 thousand), mainly includes Brazil and Argentina tax risks in an amount of Euros 46,988 thousand, as well as provisions from the Chubb Security Services PTY LTD business combination and other risks deriving from operations. The settlement of these provisions is highly probable, but both the value of the final settlement as well as the moment are uncertain and depend upon the outcome of the proceedings underway

22. Financial Liabilities

Details of financial liabilities are as follows:

	2013		2012	
	Non-current	**Current**	**Non-current**	**Current**
Bonds and other marketable securities	495,757	10,912	—	—
Syndicated loan	130,469	30,000	447,850	50,000
Bank loans	151,081	41,798	150,471	89,009
Finance lease payables	14,399	7,778	17,458	7,103
Credit accounts	—	42,073	—	48,879
Other payables	70,835	63,166	121,646	100,846
	862,541	**195,727**	**737,425**	**295,837**

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

Thousands of Euros	Currency	Interest rate (average)	Year of maturity	2013 Non-current	2013 Current	2012 Non-current	2012 Current
Bonds and other marketable securities	Euro	2,75%	2018	495,757	10,912	—	—
Syndicated loan	Euro	2.40%	2014-2015	130,469	30,000	447,850	50,000
Bank loans	Euro	3.16%	2014-2023	9,613	878	2,840	23,124
Bank loans	Brazilian Real	12.29%	2014-2017	69,623	14,538	139,739	48,422
Bank loans	Argentine Peso	15.43%	2014-2016	613	545	—	374
Bank loans	Australian Dollar	4.06%	2014-2016	45,068	12,985	—	—
Bank loans	Peruvian Nuevo Sol	5.86%	2014-2018	16,205	4,425	—	—
Bank loans	Other currencies	6.02%	2014-2018	9,959	8,427	7,892	17,089
Finance lease payables	Euro	5.68%	2014-2019	8,273	3,500	9,393	2,827
Finance lease payables	Brazilian Real	9.93%	2014-2017	1,552	1,860	3,528	3,481
Finance lease payables	Argentine Peso	16.23%	2014-2015	19	38	80	59
Finance lease payables	Other currencies	7.95%	2014-2017	4,555	2,380	4,457	736
Credit accounts	Euro	2.42%	2014	—	40,062	—	48,291
Credit accounts	Argentine Peso	—	2014	—	—	—	149
Credit accounts	Other currencies	10.15%	2014	—	2,011	—	439
Other payables	Euro	0.47%	2014-2019	1,706	9,393	7,599	19,030
Other payables	Brazilian Real	10.12%	2014-2017	66,479	36,925	102,490	54,640
Other payables	Argentine Peso	1.68%	2014-2023	1,280	911	4,506	6,404
Other payables	Other currencies	2.84%	2014-2017	1,370	15,937	7,051	20,772
				862,541	**195,727**	**737,425**	**295,837**

At 31 December 2013 drawdowns from credit facilities totalled Euros 42,073 thousand (Euros 48,879 thousand in 2012). Details of undrawn credit facilities are as follows:

	Thousands of Euros 2013	Thousands of Euros 2012
Maturing in less than 1 year	136,068	91,991
Maturing in more than 1 year	150,000	149,534
	286,068	**241,525**

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

Bonds and other marketable securities

On 2 April 2013 plain bonds amounting to Euros 500,000 thousand were issued, with maturity on 02 April 2018. This issue will enable deferment of maturities of part of the Prosegur debt (from 2015 to 2018) and the diversification of funding sources. The bonds are listed on the secondary market, on the Irish Stock Exchange. They accrue a coupon of 2.75% per annum payable yearly on maturity.

Debenture (Brazil)

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

The debenture was partially cancelled in advance in an amount of BRL 125,000 thousand (exchange value at the date of cancellation: Euros 47,095 thousand). The outstanding amount at 31 December 2013 comes to BRL 258,250 thousand (exchange value at 31 December 2013: Euros 79,277 thousand).

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

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

	Thousands of Euros			
	2013		2012	
Repayment date	Amount	Principal outstanding	Amount	Principal outstanding
07 March 2013	—	—	18,545	148,357
07 September 2013	—	—	9,272	139,085
07 March 2014	5,130	74,147	9,272	129,813
07 September 2014	5,130	69,017	9,272	120,540
07 March 2015	5,130	63,887	9,272	111,268
07 September 2015	15,370	48,517	27,817	83,451
07 March 2016	15,370	33,147	27,817	55,634
07 September 2016	15,370	17,777	27,817	27,817
07 March 2017	17,777	—	27,817	—

Syndicated Loan (Spain)

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

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

On 04 April 2013 the loan tranche was repaid in advance in the amount of Euros 50,000 thousand. The loan falls due in August 2015.

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

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

As Prosegur's ratio for the year 2013 has been equal to or higher than 2 but less than 2.75, the interest rate is Euribor plus 2.2%. The contract stipulates that Prosegur may settle interest on a monthly, quarterly or half-yearly basis.

At 31 December 2013, the capital drawn corresponding to the loan tranche amounts to Euros 60,000 thousand (Euros 150,000 thousand in 2012) and at 31 December 2013 the balance drawn on the credit facility amounts to Euros 100,000 thousand (Euros 250,000 thousand in 2012).

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

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

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

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

— The net financial debt/EBITDA ratio should be less than or equal to 3.
— The EBITDA/Finance Cost ratio should be greater than 5.

In February 2012 Prosegur arranged a three-year syndicated financing facility of Euros 200,000 thousand to finance the acquisition of security sector companies. The operation was structured in two tranches: a first tranche in the form of a loan, Euros 100,000 thousand, repayable at maturity (February 2015), and a second tranche in the form of a Euros 100,000 thousand credit facility.

On 02 April 2013 it was repaid in its entirety (at 31 December 2012 the capital drawn on such syndicated loan amounted to Euros 100,000 thousand corresponding to the loan tranche).

Syndicated Loan (Australia)

In December 2013 Prosegur arranged a new three-year syndicated financing facility of AUD 70,000 thousand to finance the acquisition of security sector companies. At 31 December 2013, the capital drawn on the syndicated loan comes to AUD 70,000 thousand (exchange value at the close of the year: Euros 45,068 thousand in 2012). The contract stipulates one sole repayment for the entirety thereof at maturity. The interest rate is pegged to the 1-year BBSY plus a spread of 1.65%.

Finance lease payables

Details of minimum payments under finance leases are as follows:

	Thousands of Euros	
	2013	**2012**
Less than 1 year	8,094	8,217
1 to 5 years	17,493	16,875
Over 5 years	315	3,289
Interest	(3,725)	(3,820)
	22,177	**24,561**

The main assets acquired under finance leases are armoured vehicles and cash processing machines.

Other payables

Other payables mainly relate to business combinations pending payment formed in both the present year and prior years (see Note 28). Details thereof are as follows:

	Thousands of Euros	
	2013	**2012**
Non-current		
Contingent and deferred payments for acquisitions	67,758	117,944
Other	3,077	3,702
	70,835	**121,646**
Current		
Contingent and deferred payments for acquisitions	58,668	79,167
Securitisation programme payables	230	16,625
Other	4,268	5,054
	63,166	**100,846**

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

Thousands of Euros		2013		2012	
	Currency	Non-current	Current	Non-current	Current
Fiel Vigilancia e Transporte de Valores	Brazilian Real	1,371	796	2,438	812
Prosec Pte. Ltd.	Singapore Dollar	—	1,533	1,072	1,341
Distribuidora Federal, S.A.C.	Peruvian Nuevo Sol	—	—	14	1,215
Securlog GMBH	Euros	—	5,400	5,500	—
Segura Group	Uruguayan Peso	277	2,373	2,733	2,732
Nordeste/Transbank Group	Brazilian Real	64,423	23,281	97,764	38,063
Roytronic, S.A.	Uruguayan Peso	124	351	490	736
Servin Seguridad, S.A.	Argentine Peso	—	—	3,213	3,213
Chubb Security Services Pty Ltd	Australian Dollar	—	3,221	—	—
Setha Indústria Eletrônica, Ltda	Brazilian Real	—	—	—	—
Prover Eletrônica, Ltda.	Brazilian Real	248	788	570	724
Inversiones BIV, S.A. and subsidiary	Colombian Peso	850	395	1,690	672
Vimarco Servicios Generales	Colombian Peso	—	—	—	78
Grupo Seguridad Vigilada	Euros	—	—	—	650
Grupo Integra - Colombia	Colombian Peso	—	2,666	—	5,875
Imperial Dragon Security Ltd	Hong Kong Dollar	—	4,892	550	4,297
Aexis Security Management Pte. Ltd.	Singapore Dollar	—	—	—	36
Nautiland S.A. (Punta Systems)	Uruguayan Peso	—	—	73	684
Norsegel Vigilancia e Transp. Valores	Brazilian Real	—	1,663	1,384	1,383
Genper, S.A.	Uruguayan Peso	—	106	58	382
GSM Telecom, S.A.	Uruguayan Peso	28	19	54	22
Martom Segurança Eletrônica, Ltda.	Brazilian Real	437	243	334	690
General Industries Argentina, S.A.	Argentine Peso	—	36	7	47
Tellex, S.A.	Argentine Peso	—	493	—	1,051
Preserv and Transpev	Brazilian Real	—	10,072	—	12,170
GRP Group	Euros	—	—	—	275
T.C. Interplata, S.A.	Argentine Peso	—	340	—	2,019
		67,758	**58,668**	**117,944**	**79,167**

23. Trade and Other Payables

Details of trade and other payables are as follows:

	Thousands of Euros	
	2013	**2012**
Trade payables	179,897	157,868
Accrued personnel expenses	247,587	238,470
Social Security and other taxes	194,600	192,023
Other payables	81,111	71,627
	703,195	**659,988**

Accrued personnel expenses

Prosegur's remuneration policy for indirect personnel includes a variable component determined through specifically designed incentive programmes, which aim to recognise and reward Prosegur employees' contribution to its success by achieving or surpassing targets and developing the necessary skills for excellence in their duties and responsibilities. The incentive programme directly links variable remuneration to the achievement of targets established by Prosegur management or the employee's direct superior over a given time.

Accruals with personnel include Euros 22,446 thousand relating to the incentive programme (Euros 17,353 thousand in 2012). The cost recognised under employee benefits expense in the income statement in relation to this policy amounts to Euros 48,362 thousand (Euros 46,684 thousand in 2012).

The employee benefits expense also includes salaries payable and accrued extra salary payments.

Information on late payments to suppliers. Third additional provision: "Reporting Requirement", of Act 15/2010, 5 July 2010.

Information on late payments to suppliers by Spanish consolidated companies is as follows:

	2013		2012	
	Thousands of Euros	**%**	**Thousands of Euros**	**%**
Within the maximum legal payment term	79,913	40%	178,355	91%
Other	118,269	60%	16,596	9%
Total payments for the year	**198,182**	**100%**	**194,951**	**100%**
Weighted average late payment (days)	98		113	
Late payments for which the maximum legal payment term has been exceeded at the reporting date	7,087		4,671	

The maximum legal period applicable to the Company according to Act 3/2004, 29 December, which establishes measures for combating late payments in commercial transactions and pursuant to the transitory provisions established in Act 15/2010, 5 July, was 75 days for 2012 and 60 days for 2013. The decrease in this period is the cause of the increase in 2013 of payments made outside the maximum legal period.

24. Other liabilities

Other non-current liabilities mainly include amounts corresponding to accruals with long-term maturity of alarm rental income in an amount of Euros 1,144 thousand (Euros 2,144 thousand in 2012).

The details of these are as follows:

	2013		2012	
Thousands of Euros	**Non-current**	**Current**	**Non-current**	**Current**
Revenues received in advance	1,144	27,494	2,144	18,681
Other liabilities	—	1,852	—	2,526
	1,144	**29,346**	**2,144**	**21,207**

Revenues received in advance mainly include advanced billing of alarm contracts for Euros 21,926 thousand (Euros 14,028 thousand in 2012).

25. Taxation

Prosegur Compañía de Seguridad, S.A. is the parent of a group that files consolidated income tax returns in Spain. As well as Prosegur Compañía de Seguridad, S.A., as the parent, this consolidated tax group comprises the Spanish subsidiaries that meet the requirements set out in regulations governing consolidated taxation.

Likewise, certain companies in France, all directly or indirectly owned by Prosegur, form a Consolidated Tax Group and file tax returns pursuant to legislation under the special "Intégration Fiscale" scheme under French law.

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

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

	Thousands of Euros	
	2013	**2012**
Current tax	93,436	92,153
Deferred tax	(2,929)	(12,896)
	90,507	**79,257**

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

	Thousands of Euros	
	2013	**2012**
Present year	82,907	89,626
Prior year adjustments	5,426	(1,600)
Loss without recognised deferred tax	5,103	4,127
	93,436	**92,153**

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

	Thousands of Euros	
	2013	**2012**
Deductions	(488)	(3,422)
Source and reversal of temporary differences	(8,477)	(14,411)
Tax losses	(10,448)	(11,049)
Investments	(5,391)	3,527
Goodwill for tax purposes	16,999	7,581
Other	4,876	4,878
	(2,929)	**(12,896)**

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

	Thousands of Euros	
	2013	**2012**
Profit before income tax	**246,181**	**250,824**
Tax rate	30%	30%
Result of applying tax rate to profit	73,854	75,247
Permanent differences	5,546	9,606
Effect of application of different tax rates	4,420	3,425
Adjustment of deferred taxes from prior years	(1,160)	(4,795)
Adjustment to taxes from prior years	5,104	(1,599)
Loss without deferred tax	5,426	4,127
Previously unrecognised deductions applied	(2,683)	(6,796)
Adjustment of unused tax loss carryforwards	—	(735)
Other	—	777
Income tax expense	**90,507**	**79,257**

The effective average tax rate in 2013 is 36.76% (31.60% in 2012).

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

Deferred tax assets

Thousands of Euros	1 January 2012	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	Balance at 31 December 2012	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	Balance at 31 December 2013
Amortisation and depreciation of PPE and intangible assets	**3,538**	2,074	–	–	–	20	**5,632**	2,032	–	–	(1,945)	(475)	**5,244**
Deferred alarm costs	**2,560**	(101)	–	–	–	(98)	**2,361**	(1,035)	–	–	12	(158)	**1,180**
Investments	**15,510**	1,022	–	–	–	–	**16,532**	1,335	–	–	106	(9)	**17,964**
Provision differences	**25,173**	5,002	19,036	–	–	(4,647)	**44,564**	9,900	1,737	–	6,753	(9,360)	**53,594**
Tax losses	**16,210**	11,049	–	–	7,296	(1,132)	**33,423**	10,448	–	–	(1,997)	(1,799)	**40,075**
Tax deductions	**—**	3,422	–	–	898	–	**4,320**	474	–	–	–	–	**4,794**
Overtime ruling	**11,677**	(5,316)	–	–	–	–	**6,361**	(3,871)	–	–	–	(300)	**2,190**
Goodwill for tax purposes	**25,940**	(6,636)	77,219	–	–	(13,776)	**82,747**	(16,342)	–	–	(2,614)	(11,971)	**51,820**
Other	**6,061**	96	–	741	–	(736)	**6,162**	(1,141)	–	(833)	(315)	(131)	**3,742**
	106,669	**10,612**	**96,255**	**741**	**8,194**	**(20,369)**	**202,102**	**1,800**	**1,737**	**(833)**	–	**(24,203)**	**180,603**

Deferred tax liabilities

Thousands of Euros	1 January 2012	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	Balance at 31 December 2012	Recognised in profit and loss	Business combinations	Recognised in equity	Transfers	Translation differences	Balance at 31 December 2013
Amortisation and depreciation of PPE and intangible assets	**(18,501)**	11,497	(94,857)	–	–	12,966	**(88,895)**	13,895	(22,006)	–	(1,711)	11,409	**(87,308)**
Goodwill for tax purposes	**(31,989)**	(945)	–	–	–	(45)	**(32,979)**	(657)	–	–	621	(15)	**(33,030)**
Investments	**(15,509)**	(3,527)	–	–	–	1,725	**(17,311)**	(7,592)	–	–	(20)	1,229	**(23,694)**
Deferred alarm costs	**311**	(1,480)	–	–	–	(21)	**(1,190)**	(1,430)	–	–	–	568	**(2,052)**
Deferred gains on sale of assets	**(412)**	–	–	–	–	-	**(412)**	–	–	–	–	–	**(412)**
Revaluation of assets	**(10,219)**	132	–	–	–	-	**(10,087)**	132	–	–	–	–	**(9,955)**
Other	**(6,649)**	(3,393)	(2,368)	–	7,468	1,403	**(3,539)**	(3,219)	-	-	1,110	2,716	**(2,932)**
	(82,968)	**2,284**	**(97,225)**	–	**7,468**	**16,028**	**(154,413)**	**1,129**	**(22,006)**	–	–	**15,907**	**(159,383)**

Details of total current and deferred income tax in relation to items credited or debited directly in other comprehensive income during the year are as follows:

	2013		2012	
Thousands of Euros	**Current**	**Deferred**	**Current**	**Deferred**
Actuarial gains and losses	—	(833)	—	741
	—	**(833)**	—	**741**

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

	Thousands of Euros	
	2013	**2012**
Deferred tax assets	177,147	184,470
Deferred tax liabilities	(141,368)	(137,163)
	35,779	**47,307**

Pursuant to Spanish tax legislation in force, for 2012 and 2013 the Group companies' tax loss carryforwards may only be offset up to a maximum of 25% of taxable income prior to offset. For these same periods goodwill may only be amortised up to one hundredth of its amount per year. Furthermore, for 2013 and 2014 property, plant and equipment, intangible assets and investment property may only be depreciated or amortised up to 70% of the assets' depreciation/amortisation for accounting purposes.

No deferred tax liabilities have been recognised in respect of withholdings and other taxes payable on profits not transferred by subsidiaries abroad, as these amounts are continually reinvested and, in any case, Prosegur has control over these companies' dividend distribution policies.

Deferred tax assets in respect of tax loss carryforwards are recognised provided that it is probable that sufficient taxable income will be available against which to offset the asset.

Details of tax loss carryforwards and the years until which they can be offset are as follows:

	Thousands of Euros		
Year	**Total**	**Not capitalised**	**Capitalised**
2013	1,955	1,955	—
2014	1,505	12	1,493
2015	5,869	—	5,869
Subsequent years	151,595	64,747	86,848
No time limit	16,685	1,955	14,730
	177,609	**68,669**	**108,940**

Capitalised tax losses are those for which a deferred tax asset has been recognised. These tax bases originated in Argentina, Germany, Brazil, Chile, Spain and France. The budgets approved by Management in these countries foresee the generation of future taxable income against which to apply these losses.

On 16 June 2013 the Company received notice of the start of general audit proceedings of all taxes within the statutory limit, 2008, 2009 and 2010, for Corporate Income Tax, Withholdings on Account of Non-Resident Income Tax and Withholdings on Account of Moveable Assets. Notice has likewise been given on the commencement of partial audit proceedings on Withholdings of the Tax on Income from Employment, for the same periods. Audit proceedings have likewise been extended to 2011 for Withholdings on Account of Non-Resident Income Tax and Withholdings on Account of Moveable Assets. At 31 December 2013 audit actions are still underway.

The other Group companies are subject to the local jurisdictions in the countries in which they operate. In the majority of these countries, the earliest year for which taxes are open for audit is 2008.

Due to the treatment, among others, of possible varying interpretations of current tax legislation, additional tax liabilities could arise in the event of an audit. In any event, the Directors of the Company do not consider that any such liabilities that could arise would have a significant effect on the consolidated annual accounts.

In 2013 the following corporate restructuring operations were carried out under the neutral tax regime:

— In 2013 Prosegur Compañía de Seguridad, S.A. (as the spin-off company) divested its private security activity branch in Spain in favour of Prosegur España, S.L.U. (as the beneficiary company).
— In November 2013 Digipro Procesamiento de Documentos e Valores, Ltd. merged with and into Prosegur Sistemas de Segurança, Ltd. in Brazil.

— In November 2013 Nordeste Segurança Eletrônica, Ltd. merged with and into Prosegur Activa Alarmes, S.A. in Brazil.
— In December 2013 BFA SAS merged with and into Prosegur Securite Humaine EURL in France.

26. Contingencies

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

Guarantees provided by Prosegur to third parties are as follows:

	Thousands of Euros	
	2013	**2012**
Commercial guarantees	61,157	85,357
Financial guarantees	94,433	110,701
	155,590	**196,058**

Commercial guarantees include those given to customers. Financial guarantees essentially include those relating to litigation in process totalling Euros 67,653 thousand.

In 2008, Prosegur enforced guarantees of Euros 9,469 thousand relating to funds retained on deposit by a customer in Brazil, which are recognised under other receivables. In 2012, the Federal Court for the corresponding region in southern Brazil handed down a ruling in favour of Prosegur, ordering the funds to be returned. At the 2013 year end Prosegur had initiated proceedings to apply for the funds to be legally released when a firm ruling is handed down (see Note 17).

Liquidation of subsidiaries in France

In April 2005 the accounts of Bac Sécurité, Force Gardiennage and Sécurité Européenne de L'Espace Industriel (SEEI) were deposited with the Versailles Court of Commerce and since that date these companies have been in receivership. The liquidation of these companies was completed in 2008 and they are currently being wound up. The directors do not expect significant liabilities to arise from this process.

27. Commitments

Purchase commitments for fixed assets

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

	Thousands of Euros	
	2013	**2012**
Property, plant and equipment	21,926	14,738
Other intangible assets	—	2,774
	21,926	**17,512**

Property, plant and equipment includes commitments to purchase land, buildings and installations. At 31 December 2013 Prosegur had commitments relating to buildings and to purchase land totalling Euros 18,078 thousand, mainly in Argentina, Brazil, Chile and Peru.

Operating lease commitments

Prosegur rents various premises, offices, industrial bays, warehouses and vehicles under non-cancellable operating leases.

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

31 december 2013

	Thousands of Euros		
Type	**Less than 1 year**	**1 to 5 years**	**Over 5 years**
Buildings	14,336	33,393	2,060
Vehicles	11,745	11,470	—
IT equipment	—	—	—
Other assets	—	28	—
	26,081	**44,891**	**2,060**

31 december 2012

	Thousands of Euros		
Type	**Less than 1 year**	**1 to 5 years**	**Over 5 years**
Buildings	8,695	33,444	25,900
Vehicles	16,191	24,051	248
IT equipment	75	130	—
Other assets	348	241	—
	25,309	**57,866**	**26,148**

The main operating leases on properties are as follows:

- Lease between the parent, Prosegur Compañía de Seguridad, S.A., and Proactinmo, S.L. for the building located at Calle Santa Sabina, 8 in Madrid. The total expense for this lease in 2013 amounts to Euros 1,297 thousand (Euros 1,256 thousand in 2012) (see Note 31).
- Lease held by Prosegur Brasil, S.A. for the use of operating bases in Rio de Janeiro and São Paulo. The total expense for these leases in 2013 amounts to Euros 1,593 thousand (Euros 1,923 thousand in 2012).
- Lease held by Prosegur Companhia de Segurança, Ltda. for the office building located at Avenida Berna, 54 in Lisbon. The total expense for this lease in 2013 amounts to Euros 154 thousand (Euros 170 thousand in 2012).

Operating leases on vehicles have an average duration of four years.

The expense taken to the consolidated income statement for 2013 in relation to operating leases amounts to Euros 87,120 thousand (Euros 93,724 thousand in 2012). There are no contingent rents in relation to operating leases.

Prosegur also lets installations to other parties under cancellable operating leases as part of its alarm system rental activity. Customers may cancel these contracts by giving notice, terminating the agreement immediately. The uncertainty regarding these cancellation periods does not allow for a reliable estimate of the total future collections from these operating leases.

28. Business Combinations

Details of changes in goodwill are presented in Note 12.

28.1. Goodwill included in 2013

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

Thousands of Euros	Segment allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
Subsidiaries						
Brinks Deutschland GMBH[1]	Europe	—	—	—	(20,952)	**20,952**
Chubb Security Services PTY LTD[1]	Asia - Pacific	61,385	3,247	**64,632**	36,314	**28,318**
		61,385	3,247	**64,632**	**15,362**	**49,270**

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

Goodwill is not tax-deductible.

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

Prosegur has recognised transaction costs of Euros 2,645 thousand in selling, general and administrative expenses of the consolidated income statement.

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

Thousands of Euros	Country	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
Brinks Deutschland GMBH	Germany	—	(9,002)	**(9,002)**
Chubb Security Services PTY LTD	Australia	61,385	(31,852)	**29,533**
		61,385	**(40,854)**	**20,531**

Brinks Deutschland GMBH

In Germany on 09 December 2013, Prosegur acquired 100% of the share capital of Brinks Deutschland GmbH, a security company that provides cash in transit and cash management services. The total purchase price was Euro 1, composed of a payment in cash of Euro 1.

The acquired business was added to the consolidated group on 31 December 2013. At 31 December 2013 the business combination has not provided income or profit to the consolidated income statement.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	9,002	9,002
Property, plant and equipment	5,695	5,695
Inventories	63	63
Trade and other receivables	6,120	6,120
Trade and other payables	(5,874)	(5,874)
Provisions	(36,359)	(36,359)
Current tax assets	42	42
Other intangible assets	359	359
Identifiable net assets acquired	**(20,952)**	**(20,952)**

The goodwill on this acquisition was allocated to the Europe segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur.

Chubb Security Services PTY LTD

In Australia on 16 December 2013, Prosegur acquired 100% of the share capital of Chubb Security Services PTY LTD, a company that provides cash in transit and cash management services. The total purchase price was AUD 99,532 thousand (equivalent to Euros 64,631 thousand at the acquisition date), composed of a payment in cash of AUD 94,532 thousand (equivalent to Euros 61,385 thousand at the acquisition date), and a deferred amount in guarantee of possible liabilities in the amount of AUD 5,000 thousand (equivalent to Euros 3,247 thousand at the acquisition date) due in 2014.

The acquired business was added to the consolidated group on 16 December 2013. It contributed revenues of Euros 3,970 thousand and a net gain for the year of Euros 126 thousand to the consolidated income statement for 2013.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	31,852	31,852
Property, plant and equipment	14,610	17,402
Inventories	366	366
Trade and other receivables	9,930	9,930
Trade and other payables	(36,148)	(36,148)
Provisions	(10,260)	(10,260)
Other intangible assets	—	31,818
Deferred tax	1,737	(8,646)
Identifiable net assets acquired	**12,087**	**36,314**

The goodwill was assigned to the Asian-Pacific segment and is mainly attributable to business profitability, the goodwill on this acquisition was allocated to the Asia-Pacific segment and mainly reflects the profitability of the business, future customers, human capital and the value of the company as a going concern. The intangible assets acquired comprise customer relationships (Euros 31,818 thousand) with a useful life of between 18 and 19 years.

The measurement technique used to measure the fair value of the intangible assets acquired was the "Multi-period excess earnings method", that considers the present value of net cash flows expected to be generated by customer relationships, by means of the exclusion of any cash flow relating to contributory assets.

28.2. Goodwills added in 2012 with measurement completed in 2013

Details of the net assets acquired and goodwill recognised by additions during 2012 whose measurement was completed in 2013 are as follows:

Thousands of Euros	Segment allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
Subsidiaries						
Segura Group	LatAm	5,417	5,317	**10,734**	5,127	**5,607**
Nordeste/Transbank Group	LatAm	41,346	168,505	**209,851**	94,659	**115,192**
T.C. Interplata, S.A.	LatAm	8,813	2,243	**11,056**	3,825	**7,231**
Servin Seguridad, S.A.	LatAm	10,722	7,147	**17,869**	2,903	**14,966**
Roytronic, S.A.	LatAm	2,192	2,239	**4,431**	1,107	**3,324**
GRP Group	Europe	12,898	275	**13,173**	4,836	**8,337**
Joint Ventures						
Imperial Dragon Security Ltd	Asia-Pacific	3,564	7,042	**10,606**	8,211	**2,395**
SIS Cash Services Private Ltd	Asia-Pacific	10,218	—	**10,218**	8,125	**2,093**
		95,170	192,768	**287,938**	128,793	**159,145**

Total goodwill of Euros 184,440 thousand was recognised by these additions at 31 December 2012. Differences on the completion of the fair value measurement process in 2013 mainly reflect allocations to intangible assets (see Note 13). Prosegur has not restated 2012 figures as the changes are not significant.

Tax-deductible goodwill relates to the acquisitions of Nordeste/Transbank Group and totals Euros 156,887 thousand.

Deferred payments up to 31 December 2012 included contingent considerations. Details of the main characteristics of the consideration in each business combination are provided below. At 31 December 2013 there were no contingent considerations related to these acquisitions.

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

Thousand of Euros	Country	Cash payment	Cash and cash equivalents acquired	Cash out flow for the acquisition
Segura Group	Uruguay	5,417	(661)	**4,756**
Nordeste/Transbank Group	Brazil	41,346	(13,918)	**27,428**
T.C. Interplata, S.A.	Argentina	8,813	(497)	**8,316**
Servin Seguridad, S.A.	Argentina	10,722	(783)	**9,939**
Roytronic, S.A.	Uruguay	2,192	(1)	**2,191**
GRP Group	France	12,898	(4,823)	**8,075**
Imperial Dragon Security Ltd	China	3,564	(972)	**2,592**
SIS Cash Services Private Ltd	India	10,218	(5,153)	**5,065**
		95,170	(26,808)	**68,362**

Goodwill of subsidiaries

Segura Group

On 24 February 2012 Prosegur acquired 100% of Coral Melody, S.A. and Tecnofren, S.A., companies located in Uruguay and specialised in security patrol and home alarm activities. The total purchase price was UYU 278,316 thousand (equivalent to Euros 10,734 thousand at the acquisition date), composed of a payment in cash of UYU 140,459 thousand (equivalent to Euros 5,417 thousand at the acquisition date), a deferred payment due in 2013 and 2014 in a total amount of UYU 130,857 thousand (equivalent to Euros 5,047 thousand at the acquisition date), and a deferred amount in guarantee of possible liabilities in the amount of UYU 7,000 thousand (equivalent to Euros 270 thousand at the acquisition date), that will be payable in three instalments from 2015 to 2017. Furthermore, the contract stipulates that interest will be accrued until the payment date.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	661	661
Property, plant and equipment	154	154
Trade and other receivables	1,455	1,455
Financial debt	(10)	(10)
Other intangible assets	2	6,555
Other assets and liabilities	(2,050)	(2,050)
Deferred tax	—	(1,638)
Identifiable net assets acquired	**212**	**5,127**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 6,553 thousand) with a useful life of between 13 and 15 years.

Nordeste/Transbank Group

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

— Nordeste Segurança de Valores Paraíba Ltda.
— Nordeste Segurança de Valores Alagoas Ltda.
— Nordeste Segurança de Valores Rio Grande do Norte Ltda.
— Nordeste Segurança de Valores Ceará Ltda.
— Nordeste Segurança de Valores Bahia Ltda.
— Nordeste Transporte de Valores Ltda.

— Nordeste Segurança de Valores Sergipe Ltda.
— Nordeste Segurança e Transporte de Valores Piauí Ltda.
— Transbank Segurança e Transporte de Valores Ltda.
— Digipro Processamento de Documentos e Valores Ltda.
— Nordeste Segurança Eletrônica Ltda.

These companies provide cash in transit and cash management, surveillance and home technology services. The total purchase price was BRL 482,171 thousand (equivalent to Euros 209,851 thousand at the acquisition date), composed of a payment in cash of BRL 95,000 thousand (equivalent to Euros 41,345 thousand at the acquisition date), a series of deferred payments due from 2012 through 2017, for a total amount of BRL 181,671 thousand (equivalent to Euros 79,068 thousand at the acquisition date), and a deferred amount in guarantee of possible liabilities in the amount of BRL 90,000 thousand (equivalent to Euros 39,170 thousand at the acquisition date), that will be payable in 5 instalments from 2013 to 2017. Additional a contingent consideration contract existed whose best estimate at 31 December 2012 was BRL 115,500 thousand (equivalent to Euros 50,268 thousand at the acquisition date). The contract stipulates that interest will be accrued until the payment date.

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

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	13,918	13,918
Property, plant and equipment	28,855	28,855
Other non-current assets	16,368	16,368
Trade and other receivables	48,214	48,214
Non-current liabilities	(101,769)	(101,769)
Financial debt	(77,377)	(77,377)
Other intangible assets	773	238,659
Other assets and liabilities	(60,371)	(60,371)
Deferred tax	—	(11,838)
Identifiable net assets acquired	**(131,389)**	**94,659**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition. The intangible assets acquired comprise customer relationships (Euros 211,360 thousand) with a useful life of between 9 and 18 years, trademarks (Euros 20,447 thousand) with a useful life of 4 years and other intangible assets (Euros 6,079 thousand) with a useful life of 5 years.

C. Interplata, S.A.

On 13 April 2012, Prosegur acquired in Argentina 100% of T.C. Interplata, S.A., company that specialises in cash in transit and cash management services. The total purchase price was ARS 64,412 thousand (equivalent to Euros 11,056 thousand at the acquisition date), comprised of a payment in cash of ARS 51,344 thousand (equivalent to Euros 8,813 thousand at the acquisition date), and a deferred amount in guarantee of possible liabilities in the amount of ARS 13,068 thousand initially scheduled to come due in 2013 (equivalent to Euros 2,243 at the acquisition date) plus all interest accrued through the payment date, with the exception of Euros 340 thousand withheld as guarantee.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	497	497
Property, plant and equipment	979	979
Other non-current assets	20	20
Trade and other receivables	1,169	1,169
Non-current liabilities	(473)	(473)
Financial debt	(410)	(410)
Other intangible assets	—	4,220
Other financial assets and financial liabilities	(700)	(700)
Deferred tax	—	(1,477)
Identifiable net assets acquired	**1,082**	**3,825**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 4,154 thousand) with a useful life of 12 years and trademarks (Euros 66 thousand) with a useful life of 2 years.

Servin Seguridad, S.A.

On 27 April 2012 Prosegur acquired 100% of Servin Seguridad, S.A., a company located in Argentina and specialised in surveillance services. The total purchase price was ARS 103,826 thousand (equivalent to Euros 17,869 thousand at the acquisition date), comprised of a payment in cash of ARS 62,295 thousand (equivalent to Euros 10,721 thousand at the acquisition date), a deferred payment in cash for a total of ARS 31,148 thousand (equivalent to Euros 5,361 thousand at the acquisition date), and a deferred amount in guarantee of possible liabilities in the total amount of ARS 10,383 thousand (equivalent to Euros 1,787 thousand at the acquisition date), settled in its entirety in 2013. These payments accrued interest through the date of their settlement.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	783	783
Property, plant and equipment	425	425
Other non-current assets	10	10
Trade and other receivables	10,327	10,327
Non-current liabilities	(6,338)	(6,338)
Financial debt	(1,701)	(1,701)
Other intangible assets	2	9,311
Other financial assets and financial liabilities	(6,656)	(6,656)
Deferred tax	—	(3,258)
Identifiable net assets acquired	**(3,148)**	**2,903**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 7,400 thousand) with a useful life of 12 years, trademarks (Euros 1,520 thousand) with an indefinite useful life and other intangible assets (Euros 391 thousand) with a useful life of 2 years.

Roytronic, S.A.

On 20 April 2012 Prosegur acquired 100% of Roytronic, S.A., a company located in Uruguay and specialised in the home alarms and GPS vehicle tracking activities. The total purchase price was UYU 115,878 thousand (equivalent to Euros 4,431 thousand at the acquisition date), comprised of a payment in cash of UYU 57,340 thousand (equivalent to Euros 2,193 thousand at the acquisition date), and a deferred amount in guarantee of possible liabilities payable in 4 instalments during the 2012-2014 period, for a total of UYU 58,538 thousand (equivalent to Euros 2,238 thousand at the acquisition date) plus any interest accrued through the payment date and arranged in the contract.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	1	1
Property, plant and equipment	8	8
Trade and other receivables	364	364
Financial debt	(5)	(5)
Other intangible assets	9	1,796
Other financial assets and financial liabilities	(610)	(610)
Deferred tax	—	(447)
Identifiable net assets acquired	**(233)**	**1,107**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 1,787 thousand) with a useful life of 12 years.

GRP Group

On 10 May 2012 Prosegur acquired 100% of the French company GRP Holding, S.A.R.L. and its subsidiaries:

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

These companies specialise in security patrol, access control and remote alarm management services. The total purchase price was Euros 13,173 thousand, comprising a cash payment of Euros 12,898 thousand and contingent consideration of Euros 275 thousand linked to compliance with an agreement with employees, which was settled in 2013.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	4,823	4,823
Property, plant and equipment	377	377
Other non-current assets	607	607
Trade and other receivables	8,052	8,052
Non-current liabilities	(635)	(635)
Financial debt	(3,465)	(3,465)
Other intangible assets	19	6,868
Other financial assets and financial liabilities	(9,508)	(9,508)
Deferred tax	—	(2,283)
Identifiable net assets acquired	**270**	**4,836**

The goodwill on this acquisition was allocated to the Europe segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 6,479 thousand) with a useful life of 20 years and trademarks (Euros 367 thousand) with a useful life of 1.6 years.

Goodwill of joint ventures

Imperial Dragon Security Ltd

In China, Prosegur acquired 45% of Shanghai Weldon Security Equipment Co Ltd, a security company, in July 2012. This 45% interest was acquired through the subscription of a share capital increase totalling CNY 45,513 thousand (equivalent to Euros 5,688 thousand at the acquisition date). The subscription of these shares entailed a partial payment of CNY 9,513 thousand (equivalent to Euros 1,189 thousand at the acquisition date). Additionally and as part of the same business combination, the investment vehicle Dragon Security Ltd was acquired, which holds shares in several Chinese companies, for a total price of CNY 39,344 thousand (equivalent to Euros 4,917 thousand at the acquisition date), comprised of a payment in cash of CNY 19,000 thousand (equivalent to Euros 2,375 thousand at the acquisition date) and a deferred payment in cash of CNY 21,000 thousand (equivalent to Euros 2,624 thousand at the acquisition date) due in 2012 and 2014.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	972	972
Property, plant and equipment	38	38
Trade and other receivables	3,519	3,519
Other intangible assets	—	6,339
Other financial assets and financial liabilities	(1,072)	(1,072)
Deferred tax	—	(1,585)
Identifiable net assets acquired	**3,457**	**8,211**

The goodwill on this acquisition was allocated to the Asia-Pacific segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 5,833 thousand) with a useful life of 30 years and other intangible assets (Euros 506 thousand) with a useful life of 30 years.

SIS Cash Services Private Ltd

On 9 February 2012 Prosegur acquired 49% of SIS Cash Services Private Ltd in India. This company specialises in cash in transit and cash management services. This 49% interest was acquired through the subscription of a fully paid-in share capital increase totalling INR 642,268 thousand (equivalent to Euros 10,218 thousand at the acquisition date).

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	5,153	5,153
Property, plant and equipment	1,369	1,369
Trade and other receivables	395	395
Financial debt	(1,311)	(1,311)
Other intangible assets	—	3,720
Other financial assets and financial liabilities	6	6
Deferred tax	—	(1,207)
Identifiable net assets acquired	**5,612**	**8,125**

The goodwill on this acquisition was allocated to the Asia-Pacific segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise customer relationships (Euros 1,561 thousand) with a useful life of 14 years, trademarks (Euros 1,673 thousand) with an indefinite useful life and other intangible assets (Euros 486 thousand) with an indefinite useful life.

28.3. Goodwill included in 2012

Details of the net assets acquired and goodwill recognised on business combinations during 2012 but not reviewed in 2013 are as follows:

Thousands of Euros	Segment allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
Subsidiaries						
Grupo Mercurio de Transportes, S.A. C.V.	LatAm	383	96	**479**	478	**1**
		383	96	**479**	478	**1**

The cash outflow incurred in purchasing these businesses, net of cash acquired, is as follows:

Thousands of Euros	Country	Cash payment	Cash and cash equivalents acquired	Cash outflow for the acquisition
Grupo Mercurio de Transportes, S.A. C.V.	Mexico	383	(10)	**373**
		383	(10)	**373**

Grupo Mercurio de Transportes, S.A. de C.V.

In Mexico, on 17 July 2012, Prosegur acquired 80% of the share capital of Grupo Mercurio de Transportes S.A. de C.V., a company specialising in cash in transit and cash management services. The total purchase price was MXN 7,824 thousand (equivalent to Euros 479 thousand at the acquisition date), comprised of a payment in cash of MXN 6,259 thousand (equivalent to Euros 383 thousand at the acquisition date) and a deferred payment of MXN 1,565 thousand (equivalent to Euros 96 thousand at the acquisition date) plus any interest accrued through the payment date and arranged in the contract.

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

Thousands of Euros	Carrying amount of the acquiree	Fair value
Cash and cash equivalents	10	10
Property, plant and equipment	4,462	4,462
Other non-current assets	115	115
Trade and other receivables	4,911	4,911
Non-current liabilities	(19)	(19)
Financial debt	(5,935)	(5,935)
Other intangible assets	9	9
Other assets and liabilities	(3,075)	(3,075)
Deferred tax	—	—
Identifiable net assets acquired	**478**	**478**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur.

29. Joint Ventures

At 31 December 2013, Prosegur holds interests in 11 entities with stakes in the following joint ventures:

- A venture formed with the GED venture capital fund to invest in security companies in south-eastern Europe, in which Prosegur holds a 50% interest.
- An enterprise formed with Security and Intelligence Services Ltd (SIS) to provide cash in transit and cash management services in India, in which Prosegur holds an interest of 49%.
- Weldon Security Equipment Ltd, a joint venture established to conduct surveillance activities in China, in which Prosegur holds a 45% interest.

The entities making up joint ventures are detailed in Appendix III.

The amounts presented in the table below represent Prosegur's share of the joint ventures' assets, liabilities, sales and profit and loss for the year. These amounts are included in the consolidated statement of financial position and the consolidated income statement.

	Thousands of Euros	
	2013	**2012**
Assets:		
Non-current assets	14,592	16,582
Current assets	8,380	11,338
	22,972	**27,920**
Liabilities:		
Non-current liabilities	11,046	19,742
Current liabilities	11,926	8,187
	22,972	**27,929**
Profit and loss:		
Income	19,306	17,406
Expenses	(22,152)	(17,891)
Loss for the year after tax	**(2,846)**	**(485)**

Prosegur has no contingent liabilities in relation to its interest in these joint ventures and the joint ventures themselves have no contingent liabilities.

30. Temporary Joint Ventures

The temporary joint ventures in which Prosegur participates are listed in Appendix II to these annual accounts. The amounts presented in the table below represent Prosegur's share of the temporary joint ventures' assets, liabilities, sales and profit and loss for the year. These amounts are included in the consolidated statement of financial position and the consolidated income statement.

	Thousands of Euros	
	2013	**2012**
Assets:		
Non-current assets	691	636
Current assets	7,193	8,577
	7,884	**9,213**
Liabilities:		
Non-current liabilities	—	—
Current liabilities	7,884	9,213
	7,884	**9,213**
Profit and loss:		
Income	(32,588)	44,782
Expenses	31,988	(45,131)
Loss for the year after tax	**(600)**	**(349)**

Prosegur has no contingent liabilities in relation to its participation in temporary joint ventures.

31. Related Parties

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid and holds 50.075% of the Company's share capital. The remaining 49.925% of the shares belong to various shareholders, with the main ones being AS Inversiones, S.L. with 5.32%, FMR LLC with 4.846%, Oppenheimer Acquisition Corporation with 3.526%, M&G Investment Management Ltd. with 3.138% and Cantillon Capital Management LLC with 3.050% (see Note 20).

Purchase of goods and services

In October 2005 Prosegur and Proactinmo S.L. (controlled by Gubel, S.L.) signed a lease contract for the building located at Calle Santa Sabina, 8 (Madrid), which is adjacent to a building owned by Prosegur at Calle Pajaritos, 24. This contract has a term of five years, and may be extended for an additional five and was arranged at arm's length. The total expense of Euros 1,297 thousand was incurred in relation to this contract in 2013 (Euros 1,256 thousand in 2012).

Remuneration of members of the Board of Directors and senior management personnel

1. Remuneration of members of the Board of Directors

The total remuneration accrued by members of the Board of Directors for all concepts is as follows:

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

2. Remuneration of senior management personnel

Senior management personnel are Prosegur employees who hold, de facto or de jure, senior management positions reporting directly to the Board of Directors, executive committees or managing directors on the board, including those with power of attorney that do not restrict the scope of representation thereof in areas or matters that are specific or beyond the activity comprising the entity's statutory activity.

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

	Thousands of Euros	
	2013	**2012**
Fixed remuneration	2,985	2,683
Variable remuneration	1,183	1,095
Remuneration in kind	252	107
Life insurance premiums	17	18
	4,437	**3,903**

As well as the remuneration described in sections 1) and 2), under the 2011 Plan of long-term incentives for executive directors and management personnel (see Note 35.17), in 2013 no shares were transferred and no incentive payments were made in cash. In 2012, 781,140 shares were transferred (see Note 20).

As explained in Note 35.17, at the general meeting held on 27 June 2008, the shareholders approved the 2011 Plan of long-term incentives to Chief Executive Officer and Senior Management Personnel of Prosegur. At the general meeting held on 29 May 2012, the shareholders approved the 2014 Plan, which is linked to value creation in 2012-2014 (see Note 35.17). Salaries and wages in 2013 recognise an expense of Euros 662 thousand in relation to the 2011 and 2014 Plans, of which Euros 150 are cash incentives and Euros 512 are shares.

The total commitment undertaken by Prosegur at 31 December 2013 in relation to the share-based incentives specified in the 2011 and 2014 Plans amounts to Euros 3,171 thousand and is recognised in equity (see Note 20.2).

The total commitment assumed by Prosegur in relation to the cash incentives specified in the 2014 Plan amounts to Euros 1,545 thousand at 31 December 2013 (see Notes 21 and 23).

Loans to related parties

At 31 December 2013 and 2012 Prosegur has not granted any loans to related parties. Related companies were transferred to joint ventures and are proportionately consolidated.

Investments and positions held by the members of the Board of Directors of the Parent and their related parties in other companies

Neither the members of the Board of Directors nor their related parties hold any investments or positions or conduct any activities in any company outside the Group with identical, similar or complementary statutory activities to that of the Company.

Information required by article 229 of the Spanish Companies Act

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

32. Financial Risk Management and Fair Value

32.1. Financial Risk Factors

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

The Finance Department identifies, proposes and carries out the management of these risks along with other operating units of Prosegur in accordance with policies approved by the Executive Committee.

Currency risk

Prosegur operates on an international level and is therefore exposed to exchange rate risks for currency operations. The exchange rate risk arises when future commercial transactions, equity investments, profit and loss from operating activities and financial positions are denominated in a foreign currency other than the functional currency of each one of the Prosegur companies.

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

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

However, Prosegur does hedge, either through financial instruments or by using natural hedges, the profit and loss generated and the protection of cash surpluses in those currencies that contribute significantly to Prosegur's profit and loss from operating activities.

The following provides details of Prosegur's exposure to exchange rate risks, with details on the carrying amounts of the financial instruments denominated in a foreign currency other than the functional one of each country:

At 31 december 2013

Thousands of Euros	Euro	Brazilian Real	Chilean Peso	Other currencies	Total position
Loans to related parties	33,810	—	—	—	33,810
Non-current financial assets	—	—	—	533	533
Total non-current assets	**33,810**	—	—	**533**	**34,343**
Trade and other receivables	1	—	—	6,411	6,412
Cash and cash equivalents	22,803	—	—	4,518	27,321
Total current assets	**22,804**	—	—	**10,929**	**33,733**
Financial liabilities	—	—	—	850	850
Non-current liabilities	—	—	—	**850**	**850**
Trade and other payables	1,147	794	5	6,866	8,812
Financial liabilities	—	—	—	350	350
Current liabilities	**1,147**	**794**	**5**	**7,216**	**9,162**
Net position	**55,467**	**(794)**	**(5)**	**3,396**	**58,064**

At 31 december 2012

Thousands of Euros	Euro	Brazilian Real	Argentine Peso	Peruvian Nuevo Sol	Other currencies	Total position
Loans to related parties	9,476	—	—	—	—	9,476
Non-current financial assets	—	—	—	—	1,248	1,248
Total non-current assets	**9,476**	—	—	—	**1,248**	**10,724**
Trade and other receivables	—	—	—	—	10,163	10,163
Cash and cash equivalents	14,785	—	—	—	4,303	19,088
Total current assets	**14,785**	—	—	—	**14,466**	**29,251**
Financial liabilities	—	—	—	—	33	33
Non-current liabilities	—	—	—	—	**33**	**33**
Trade and other payables	446	—	—	—	6,850	7,296
Financial liabilities	—	2,318	1,021	1,215	12,377	16,931
Current liabilities	**446**	**2,318**	**1,021**	**1,215**	**19,227**	**24,227**
Net position	**23,815**	**(2,318)**	**(1,021)**	**(1,215)**	**(3,546)**	**15,715**

Details of the main average and year-end exchange rates to Euros of the foreign currencies in which Prosegur operates are as follows:

	2013		2012	
	Average rate	Closing rate	Average rate	Closing rate
Brazilian Real	2.87	3.26	2.51	2.70
Argentine Peso	7.26	8.97	5.83	6.46
Chilean Peso	658.20	722.32	625.12	633.26
Peruvian Nuevo Sol	3.59	3.86	3.39	3.37

The strengthening (weakening) of the Euro vs the Brazilian Real, Argentine Peso, Chilean Peso and Peruvian Nuevo Sol at 31 December would increase (decrease) the profit and loss and the equity in the amounts shown below.

This analysis is based on a variation of the foreign currency exchange rate that the Group deems reasonably possible at the end of the reporting period in question (increase and decrease in the exchange rate). This analysis assumes that all other variables, particularly interest rates, remain constant.

	Exchange rate increase		Exchange rate decrease	
	Equity	P/L	Equity	P/L
31 December 2013				
Brazilian Real (10% var.)	24,834	72	(30,352)	(88)
Argentine Peso (15% var.)	37,896	(261)	(51,271)	353
Chilean Peso (10% var.)	5,536	10	(6,766)	(13)
Peruvian Nuevo Sol (10% var.)	10,184	(3,122)	(12,447)	3,816
31 December 2012				
Brazilian Real (10% var.)	21,646	211	(26,457)	(258)
Argentine Peso (15% var.)	34,020	(62)	(46,026)	84
Chilean Peso (10% var.)	5,105	—	(6,240)	—
Peruvian Nuevo Sol (10% var.)	8,859	(758)	(10,827)	926

Credit risk

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

Prosegur has formal procedures for detecting objective evidence of impairment on trade receivables. As a result thereof, It identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. Impairment on trade receivables at 31 December 2013 amounts to Euros 59,682 thousand (Euros 59,019 thousand in 2012) (see Note 17). As the credit ratings relating to trade receivables not included in this provision are sufficient, this provision is considered to cover the credit risk.

In Spain, the Collections Department manages an approximate volume of 7,451 customers with a monthly average turnover of Euros 10,588 per customer. 85% of payments are made by bank transfer and the remaining 15% in Notes (cheques, promissory notes, etc.).

Details of the percentage of total Prosegur turnover represented by the eight main customers are shown in the following table:

	2013	2012
Counterparty		
Customer 1	5.14%	4.66%
Customer 2	4.70%	3.86%
Customer 3	4.07%	3.62%
Customer 4	2.47%	2.23%
Customer 5	2.39%	2.01%
Customer 6	1.58%	1.52%
Customer 7	1.33%	0.95%
Customer 8	1.22%	0.82%

As explained in Note 17, on 5 December 2013 Prosegur took out a factoring facility for part of its customer portfolio whereby receivables are sold without recourse, transferring the associated credit risk.

Other current financial assets (see Note 18) include a fixed-term deposit. All financial assets contracted in 2013 are exposed to risk of default by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings that are not sensitive to adverse changes in the economic climate.

Liquidity risk

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

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

Prosegur's liquidity position for 2013 is based on the following:

— Cash and cash equivalents of Euros 292,942 thousand at 31 December 2013 (Euros 163,601 thousand in 2012).
— Euros 286,068 thousand available in undrawn credit facilities at 31 December 2013 (Euros 241,525 thousand in 2012).
— Cash flows from operating activities in 2013 amounting to Euros 287,442 thousand (Euros 135,876 thousand in 2012).

Details of contractual cash flows are shown in the following table:

		2013					
Thousands of Euros	Carrying amount	Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities							
Bonds and other marketable securities	506,669	568,750	13,750	—	27,500	527,500	—
Syndicated loan	160,469	161,181	15,922	15,154	130,105	—	—
Loans and borrowings	192,879	333,665	32,974	49,269	160,469	89,469	1,484
Finance lease payables	22,177	26,752	4,281	4,960	5,769	11,501	241
Credit accounts	42,073	42,667	42,107	560	—	—	—
Other payables	134,001	160,180	61,509	10,258	30,189	56,600	1,624
Trade and other payables	508,595	508,595	508,595	—	—	—	—
	1,566,863	**1,801,790**	**679,138**	**80,201**	**354,032**	**685,070**	**3,349**
Derivative financial liabilities							
Interest rate swap (IRS)	1,640	1,640	1,640	—	—	—	—
	1,640	**1,640**	**1,640**	—	—	—	—

		2012					
Thousands of Euros	Carrying amount	Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	More than 5 years
Non-derivative financial liabilities							
Syndicated loan	497,850	539,476	25,290	25,583	52,357	436,246	—
Loans and borrowings	239,480	303,267	78,517	15,626	59,041	146,412	3,671
Finance lease payables	24,561	30,956	2,540	5,070	7,264	11,829	4,253
Credit accounts	48,879	49,590	49,584	6	—	—	—
Other payables	222,492	241,088	82,573	20,477	42,619	95,003	416
Trade and other payables	467,965	467,965	467,965	—	—	—	—
	1,501,227	**1,632,342**	**706,469**	**66,762**	**161,281**	**689,490**	**8,340**
Derivative financial liabilities							
Interest rate swap (IRS)	3,857	3,857	—	—	3,857	—	—
Interest rate swap (IRS)	348	348	—	—	—	348	—
Interest rate swap (IRS)	343	343	—	—	—	343	—
	4,548	**4,548**	—	—	**3,857**	**691**	—

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

Interest rate, cash flow and fair value risks

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

The exposure of Prosegur's financial liabilities (excluding other payables) at the contract price review dates is as follows:

	6 months or less	6 to 12 months	1 to 5 years	More than 5 years	Total
At 31 December 2013					
Total financial liabilities	873,480	42,220	5,663	2,904	924,267
Total interest	8,414	1,716	1,288	1,101	12,519
	881,894	**43,936**	**6,951**	**4,005**	**936,786**
At 31 December 2012					
Total financial liabilities	771,167	9,581	24,957	5,065	810,770
Total interest	6,473	556	4,984	1,665	13,678
	777,640	**10,137**	**29,941**	**6,730**	**824,448**

Prosegur analyses its interest rate risk exposure dynamically. In 2013 the majority of Prosegur's financial liabilities at variable interest rates are denominated in Euros, Brazilian Reais and Australian Dollars.

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

Based on the different scenarios, Prosegur manages cash flow interest rate risks through variable-to-fixed interest rate swaps.

In 2013, Prosegur used interest rate swaps to provide a more flexible structure for forward drawdowns (see Note 15).

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

	Total debt	Hedged debt	Debt exposure
At 31 December 2013			
Europe	749,232	606,669	142,563
Asia-Pacific	68,102	—	68,102
LatAm	240,934	2,774	238,160
	1,058,268	**609,443**	**448,825**

	Total debt	Hedged debt	Debt exposure
At 31 December 2012			
Europe	627,431	175,000	452,431
Asia-Pacific	5,747	—	5,747
LatAm	400,084	4,960	395,124
	1,033,262	**179,960**	**853,302**

With regard to the debt hedged at 31 December 2013, Euros 506,669 thousand correspond to the simple bond (see Note 22) and Euros 100,000 thousand are deemed as hedged with the derivative financial instrument (Interest Rate Swap) described in Note 15. Additionally, fixed-rate credit facilities exist in Uruguay and Chile.

At 31 December 2013, had interest rates on bank loans and borrowings been 100 basis points higher, with the other variables remaining constant, post-tax profit would have been Euros 2,784 thousand lower, mainly because of higher borrowing costs on variable-interest loans.

Price volatility risk

As Prosegur's main activity is a service business, heavily based on human capital, there are no significant price volatility risks.

32.2. Capital Risk Management

Prosegur's capital management is aimed at safeguarding its capacity to continue operating as a going concern, in order to provide shareholder remuneration and profits for other equity holders, while maintaining an optimum capital structure and reduce its cost.

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

Like other groups in the sector, Prosegur optimises its capital structure on a gearing ratio basis. This ratio is calculated as net financial debt divided by total capital. Net financial debt is the sum of current and non-current financial liabilities (excluding other non-bank payables) plus/less net derivative financial instruments, less cash and cash equivalents, less other current financial assets, as presented in the consolidated balance sheet. Total capital is the sum of equity plus net financial debt, as presented in the consolidated balance sheet.

The gearing ratio is calculated as follows:

Thousands of Euros	**2013**	**2012**
Financial liabilities (Note 22)	1,058,268	1,033,262
Plus/less: derivative financial instruments (Note 15)	1,567	4,548
Less: other non-bank payables (Note 22)	(134,001)	(222,491)
Less: cash and cash equivalents (Note 19)	(292,942)	(163,601)
Less: other current financial assets (Note 18)	(1,202)	(5,654)
Net financial debt	631,690	646,064
Equity	654,524	731,800
Total capital	**1,286,214**	**1,377,864**
Gearing ratio	**49,11%**	**46,89%**
Net financial debt/equity ratio	96,51%	88,28%

32.3. Financial Instruments and Fair Value

Classification and fair value

The carrying amounts and fair values of financial instruments, classified by category, are as follows, including the levels of fair value. If the fair values of financial assets and liabilities not measured at fair value are not included it is because Prosegur believes that these are close to their book values owing, to a large extent, to the short-term maturities of these instruments.

31 December 2013

Thousands of Euros	Carrying amount: Available-for-sale financial assets	Loans and receivables	Financial liabilities held for trading	Debts and payables	Total	Fair value: Level 1	Level 2	Level 3	Total
Financial assets at fair value			—						
Investments and other assets	16,027	–	–	–	**16,027**	–	–	16,027	**16,027**
Derivative financial instruments	73	–	–	–	**73**	–	73	–	**73**
	16,100	**—**		–	**16,100**				
Financial assets not at fair value									
Deposits and guarantees	–	3,720	–	–	**3,720**				
Deposits	–	6,916	–	–	**6,916**				
Trade and other receivables	–	803,088	–	–	**803,088**				
Cash and cash equivalents	–	292,942	–	–	**292,942**				
	–	**1,106,666**	–	–	**1,106,666**				
Financial liabilities at fair value									
Derivative financial instruments	–	–	(1,640)	–	**(1,640)**	–	(1,640)	–	**(1,640)**
Contingent payments	–	–	(1,953)	–	**(1,953)**	–	–	(1,953)	**(1,953)**
	–	–	**(3,593)**	–	**(3,593)**				
Financial liabilities not at fair value									
Financial liabilities for debenture issues	–	–	–	(506,669)	**(506,669)**	(508,100)	–	–	**(508,100)**
Financial liabilities with banks	–	–	–	(417,598)	**(417,598)**	–	(417,289)	–	**(417,289)**
Other financial liabilities	–	–	–	(132,048)	**(132,048)**	–	(132,048)	–	**(132,048)**
Trade and other payables	–	–	–	(508,595)	**(508,595)**				
	–	–	–	**(1,564,910)**	**(1,564,910)**				

31 December 2012

Thousands of Euros	Carrying amount: Available-for-sale financial assets	Loans and receivables	Financial liabilities held for trading	Debts and payables	Total	Fair value: Level 1	Level 2	Level 3	Total
Financial assets at fair value			—						
Investments and other assets	22,627	–	–	–	**22,627**	–	–	22,627	**22,627**
	22,627	**—**		–	**22,627**				
Financial assets not at fair value									
Deposits and guarantees	–	10,743	–	–	**10,743**				
Deposits	–	9,619	–	–	**9,619**				
Trade and other receivables	–	864,060	–	–	**864,060**				
Cash and cash equivalents	–	163,601	–	–	**163,601**				
	–	**1,048,023**	–	–	**1,048,023**				
Financial liabilities at fair value									
Derivative financial instruments	–	–	(4,548)	–	**(4,548)**	–	(4,548)	–	**(4,548)**
Contingent payments	–	–	(11,271)	–	**(11,271)**	–	–	(11,271)	**(11,271)**
	–	–	**(15,819)**	–	**(15,819)**				
Financial liabilities not at fair value									
Financial liabilities for debenture issues	–	–	–	–	–				
Financial liabilities with banks	–	–	–	(810,770)	**(810,770)**				
Other financial liabilities	–	–	–	(211,221)	**(211,221)**				
Trade and other payables	–	–	–	(467,965)	**(467,965)**				
	–	–	–	**(1,489,956)**	**(1,489,956)**				

Measurement methods and inputs employed for financial instruments measured at fair value:

The following are the measurement values used to determine level 2 and 3 fair values, as well as the unobservable inputs employed and the quantitative information of each significant non-observable level 3 input and sensivity analyses:

Type	Measurement method	(Unobservable) inputs employed	Interrelationship between key inputs and fair value	Sensitivity analysis
Contingent payments	Discounted cash flows: The measurement model considers the present value of the net cash flows to be generated by the business for a 5-year period. The expected cash flows are determined considering the scenarios that may be exercised by EBITDA forecasts, the amount to be paid in each scenario and the probability of each scenario. The expected net cash flows are discounted using a risk-adjusted discount rate.	– Annual growth rate of income – EBIT	The estimated fair value would increase (or decrease) if: – the expected income growth was greater (lower) – the EBIT was greater (lower)	A 10% increase (decrease) of the EBIT could determine a maximum estimated decrease of Euros 163 thousand or maximum estimated increase by Euros 166 thousand.
Available-for-sale financial assets (Note 18)				
Derivatives	Market comparison technique: The fair value of forward exchange contracts is determined using forward exchange rates on the market at the reporting date.	N/A	N/A	N/A

Measurement methods for financial instruments not measured at fair value:

Type	Measurement method	(Unobservable) inputs employed
Financial liabilities with financial institutions	Discounted cash flows	N/A
Finance lease liabilities	Discounted cash flows	N/A
Other financial liabilities	Discounted cash flows	N/A

Transfer of assets and liabilities among the various levels

During the reporting period ending at 31 December 2013 there were no transfers of assets and liabilities among the various levels.

33. Other Information

The average headcount of Prosegur is as follows:

	2013	2012
Operations personnel	145,364	140,049
Other	9,150	8,530
	154,514	**148,579**

The average headcount of operations personnel employed by proportionately consolidated subsidiaries in 2013 is 6,543 employees (7,708 in 2012).

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

	2013	2012
Operations personnel	89	168
Indirect personnel	29	51
	118	**219**

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

	2013		2012	
	Male	Female	Male	Female
Operations personnel	126,726	18,979	126,659	18,446
Other	5,699	3,136	5,574	3,149
	132,425	**22,115**	**132,233**	**21,595**

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

	2013		2012	
	Male	**Female**	**Male**	**Female**
Board of Directors	6	3	6	3
Senior Management	16	2	16	1
	22	**5**	**22**	**4**

KPMG Auditores, S.L., the auditors of the annual accounts of Prosegur have invoiced the following fees for professional services during the year:

	Thousands of Euros	
	2013	**2012**
KPMG Auditores, S.L., audit services	332	344
KPMG Auditores, S.L., other assurance services	53	—
KPMG Auditores, S.L., other services	—	69
	385	**413**

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

Other KPMG Europe, LLP group companies have invoiced Prosegur the following fees for professional services during the year:

	Thousands of Euros	
	2013	**2012**
Audit services	143	195
Other assurance services	19	184
Tax advisory services	91	70
Other services	207	319
	460	**768**

Additionally, other KPMG International affiliates have invoiced Prosegur the following fees for professional services during the year:

	Thousands of Euros	
	2013	**2012**
Audit services	895	1.216
Other assurance services	136	—
Tax advisory services	274	202
Other services	254	180
	1,559	**1,598**

On the other hand, other auditors have invoiced Prosegur the following fees for professional services during the year:

	Thousands of Euros	
	2013	**2012**
Audit services	38	235
	38	**235**

34. Events after the Balance Sheet Date

On 10 January 2014, Prosegur has carried out the block sale of a packet of own shares accounting for 4.032% of the share capital, for a total amount of Euros 123,169.6 thousand, that is, 24,882,749 shares at Euros 4.95, to meet the requirements presented by JB Capital Markets of a limited and reduced number of institutional investors. Following this transaction, Prosegur holds 3.047% of own shares which it considers to be strategic for potential corporate operations in the future.

By means of its subsidiary Singpai Pte. Ltd., on 23 January 2014 Prosegur acquired 100% of the shares of Evtec Management Services Pte Ltd located in Singapore. This transaction represents a maximum investment for Prosegur of SGD 7,504 thousand (equivalent to Euros 4,331 thousand), including the debt of the acquired company.

By means of its subsidiary Prosegur GmbH, on 17 February 2014 Prosegur acquired 100% of the shares of Chorus Security Service GmbH & Co. KG and 100% of the shares of its general partner Chorus Security Service Verwaltungs GmbH, both companies located in Germany. This transaction represents a maximum investment for Prosegur of Euros 1,800 thousand, including the debt of the acquired company.

35. Summary of the Main Accounting Principles

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

35.1. Accounting Principles

a) Standards effective from 01 January 2013

The annual accounts for 2013 have been prepared using the same accounting principles as for 2012, except for the following standards and amendments adopted by the European Union and of mandatory application from 01 January 2013:

— Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income. Effective for annual periods beginning on or after 1 July 2012.
— IAS 19 Employee Benefits (revised). Effective for annual periods beginning on or after 01 January 2013.
— IFRS 13 Fair Value Measurement. Effective for annual periods beginning on or after 01 January 2013.
— IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. The interpretation applies to annual periods beginning on or after 1 January 2013.
— IFRS 7 Financial Instruments (Information to be disclosed). Amendment of offset itemisation of financial assets and liabilities. The standard applies to annual periods beginning on or after 1 January 2013.
— Amendments to IAS 12 - Recovery of underlying assets. Effective for annual periods beginning on or after 01 January 2013.
— Amendments to IFRS 1 - Government loans. Effective for annual periods beginning on or after 01 January 2013.
— Amendment to IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters. Effective for annual periods beginning on or after 01 January 2013.

Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income

As a result of amendments to IAS 1, the Group has amended the presentation of items of other comprehensive income in its consolidated comprehensive income statement, for the individual presentation of items that are going to be reclassified to profit or loss from those that are not going to be reclassified to profit or loss. The comparative information has consequently been restated.

IFRS 13 Fair Value Measurement

IFRS 13 establishes one sole framework for fair value measurement and breakdowns to this respect when another EU-IFRS requires or allows such fair value measurements. It standardises the definition of reasonable value as the price that would be received for selling an asset, or that would be paid for transferring a liability, in an orderly transaction among market participants on the measurement date. It replaces and broadens the reporting requirements on determinations of fair value of other EU-IFRS including IFRS 7. As a result of this, Prosegur has included additional information to this regard (see Notes 14, 15, 22 and 28).

In accordance with the transitory provisions of IFRS 13, Prosegur has applied the new guidelines to the determination of fair value prospectively and has not furnished any comparative information for the new disclosures or breakdowns. Notwithstanding the foregoing, the change has had no significant impact on the measurements of Prosegur assets and liabilities.

All other standards and amendments have had no significant impact on the Consolidated Annual Accounts of Prosegur.

b) Standards issued but not effective on 01 January 2013 and which Prosegur has adopted in advance:

- Amendments to IAS 36: elimination of the requirement to breakdown the recoverable value of CGUs with goodwill or intangible assets of significantly indefinite lives. The date of the entry into force is no later than the years commencing as of 1 January 2014. Prosegur has resolved upon the early adoption of this amendment.

c) Standards issued but not effective on 01 January 2013 and which Prosegur expects to adopt as of 01 January 2014 or later (none have been adopted in advance):

- IFRS 10 Consolidated Financial Statements. Effective for annual periods beginning on or after 01 January 2014.
- IFRS 11 Joint Arrangements. Effective for annual periods beginning on or after 01 January 2014.
- IFRS 12 Disclosure of Interests in Other Entities. Effective for annual periods beginning on or after 01 January 2014.
- IAS 27 Separate Financial Statements. Effective for annual periods beginning on or after 01 January 2014.
- IAS 28 Investments in Associates and Joint Ventures. Effective for annual periods beginning on or after 01 January 2014.
- IAS 32 Financial Instruments (Presentation). Amendment to Offsetting Financial Assets and Financial Liabilities. The standard applies to annual periods beginning on or after 01 January 2014.
- Amendment to IAS 39: Novation of derivatives and continuation of hedge accounting. Effective for annual periods beginning on or after 01 January 2014.

On the date of preparation of these consolidated annual accounts, Prosegur Management is evaluating the impact of the application of these standards and amendments on the consolidated annual accounts. With the exception of the application of IFRS 11 Joint Arrangements and on the basis of the analysis performed to date, these are not expected to have an effect on the consolidated annual accounts of Prosegur.

The application of IFRS 11 requires the analysis of the joint arrangements of the Group, to evaluate the degree of control over them and, on the basis of this, classify them as joint ventures or joint operations. Joint ventures should be recognised by the equity method, while holdings in joint operations will be performed by recognising the proportional part of the assets, liabilities, income and expenses thereof that correspond to Prosegur.

IAS 31: Joint ventures, applied in the preparation of these consolidated annual accounts, defines a joint venture as that whose authority is subject to joint control, regardless, as opposed to IFRS 11, of whether the venturers have the right to its assets and liabilities separately or simply have the right to its net assets. Holdings in joint ventures may be consolidated by proportional consolidation or measured by the participation method, and the same criterion should be applied for all Prosegur holdings in joint ventures. The Group maintains the criteria of proportional consolidation for all entities in which it shares control with the rest of the venturers.

Whereby the estimated effect of the application of IFRS 11 would entail a decrease of proportionately consolidated assets and liabilities, corresponding to the joint ventures, with the corresponding increase of accounting Investments applying the equity method in the non-current assets of the balance sheet. In the income statement the effect will correspond to a decrease of income and expenses, by the proportionally consolidated unit, with the corresponding net increase of the share in profits (or losses) for the year of those investments recognised by application of the equity method. On the basis of the analysis performed, the quantified impact is insignificant.

35.2. Consolidation Principles

Subsidiaries

Subsidiaries are all entities over which Prosegur has the power to govern the financial and operating policies, which generally comes with an interest of over half of the voting rights. The effect of any potential voting rights that are currently exercisable or convertible are considered when assessing whether Prosegur exercises control over an entity.

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

Inter-company balances and transactions and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset.

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

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

Business combinations

As permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards, Prosegur has recognised only business combinations that occurred on or after 1 January 2004, the date of transition to EU-IFRS, using the acquisition method. Entities acquired prior to that date were recognised in accordance with GAAP prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

Prosegur has applied IFRS 3 Business Combinations, revised in 2008, to transactions carried out as of 1 January 2010.

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

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

The consideration transferred excludes any payment that does not form part of the amount exchanged for the acquiree. Acquisition costs are recognised as an expense when incurred. In business combinations acquired prior to 31 December 2009, transaction costs were recognised as an integral part of the consideration given.

Prosegur recognises the assets acquired and liabilities assumed at their acquisition-date fair value. Liabilities assumed include any contingent liabilities that represent present obligations arising from past events for which the fair value can be reliably measured. Prosegur also recognises indemnification assets transferred by the seller at the same time and using the same measurement criteria applied to the item that is subject to indemnification from the acquired business, taking into consideration, where applicable, the insolvency risk and any contractual limit on the indemnity amount.

Assets and liabilities assumed are classified and designated for subsequent measurement in accordance with the contractual terms, economic conditions, operating or accounting policies and other factors that exist at the acquisition date, except for leases and insurance contracts.

The excess of the consideration given, plus the value assigned to non-controlling interests, over the value of the net assets acquired and liabilities assumed is recognised as goodwill. As appropriate, any shortfall after evaluating the consideration given and the value assigned to non-controlling interests, and after identifying and measuring the net assets acquired, is recognised in profit and loss.

If it is only possible to determine a business combination provisionally at the end of the reporting period, the identifiable net assets are initially recognised at their provisional amounts and adjustments made during the measurement period are recognised as if they had been known at that date. Comparative figures for the previous year are restated where applicable. In any event, adjustments to the provisional values only reflect information relating to facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date (see Note 28).

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

The contingent consideration is classified in accordance with the underlying contractual terms as a financial asset or financial liability, equity instrument or provision. Subsequent changes in the fair value of a financial asset or financial liability are recognised in consolidated profit or loss or other comprehensive income, provided that they do not arise from a measurement period adjustment. Contingent consideration classified as equity is not remeasured, and subsequent settlement is recognised in equity. Contingent consideration classified as a provision is subsequently recognised in accordance with the relevant measurement standard.

For business combinations carried out prior to 1 January 2010, the cost of the business combination includes contingent consideration, if this is probable at the acquisition date and can be reliably estimated. Subsequent recognition of contingent consideration or subsequent variations to contingent consideration are recognised as a prospective adjustment to the cost of the business combination.

Non-controlling interests

Non-controlling interests in subsidiaries acquired after 1 January 2004 are recognised at the acquisition date at the proportional part of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date are recognised at the proportional part of the equity of the subsidiaries at the date of first consolidation.

The consolidated profit or loss for the year and changes in equity of the subsidiaries attributable to the Group and non-controlling interests after consolidation adjustments and eliminations is determined in accordance with the percentage ownership at year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or otherwise, on preference shares with cumulative rights classified in equity accounts. However, Group and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of subsidiaries.

The excess of losses attributable to non-controlling interests incurred prior to 1 January 2010, which cannot be attributed to them as such losses exceed their interest in the equity of the subsidiary, is recognised as a decrease in equity attributable to equity holders of the parent, except when the non-controlling interests are obliged to assume part or all of the losses and are in a position to make the necessary additional investment. Profits obtained in subsequent years are allocated to equity attributable to shareholders of the parent until the non-controlling interest's share in prior years' losses is recovered.

As of 1 January 2010, profit and loss and each component of other comprehensive income are allocated to equity attributable to shareholders of the parent and to non-controlling interests in proportion to their investment, even if this results in a balance receivable from non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

Joint Ventures

Joint ventures are those in which there is a contractual agreement to share the control over an economic activity, in such a way that strategic financial and operating decisions relating to the activity require the unanimous consent of Prosegur and the remaining venturers.

Interests in joint ventures (specified as such in the contract) are proportionately consolidated. Prosegur combines, line by line, its share of the assets, liabilities, income, expenses and cash flows of the jointly controlled entity with similar items in its annual accounts.

Prosegur recognises its share in the profit or loss on the sale of Prosegur assets to jointly controlled entities along with the part corresponding to other venturers. Prosegur does not recognise its share in the profit or loss of the jointly controlled entity arising from the purchase of assets by Prosegur until the assets are sold on to an independent third party.

A loss is recognised immediately if the transaction indicates a reduction in the net realisable value of the current assets or an impairment loss. Jointly controlled entities' accounting policies are changed where necessary for consistency with the principles adopted by Prosegur.

Associates

Associates are companies over which Prosegur exercises significant influence but not control, generally holding between 20% and 50% of the voting rights. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period are considered when assessing whether an entity has significant influence. It is assumed that significant influence is not exercised when Prosegur holds a share of less than 20% of the voting rights, unless such influence can be clearly demonstrated. Evidence of significant influence usually comprises:

— Representation on the board of directors or equivalent governing body of the investee;
— Participation in policy-making processes, including participation in decisions about dividends or other distributions;
— Material transactions between the investor and the investee;
— Interchange of managerial personnel or provision of essential technical information.

Investments in associates are accounted for using the equity method and initially recognised at cost. Prosegur's investment in associates includes the goodwill (net of any accumulated impairment) identified in the acquisition.

Prosegur's share in the profit or loss of the associates from the date of acquisition is recognised in the income statement. The carrying amount of the investment is adjusted for any subsequent movements. When Prosegur's share in the losses of an associate is equal to or higher than its investment, including any doubtful receivables, it does not recognise any additional loss unless it has entered into commitments or made payments on behalf of the associate.

Unrealised gains on transactions between Prosegur and its associates are eliminated in line with Prosegur's percentage of ownership of the associate. Unrealised losses are also eliminated unless they provide evidence of an impairment loss on the transferred asset.

Jointly controlled entities' accounting policies are changed when necessary for consistency with the principles adopted by Prosegur.

Temporary Joint Ventures

Temporary joint ventures are a scheme under which business owners collaborate for a limited or unlimited period to carry out a project, service or supply.

The underlying assets and liabilities and income and expenses of temporary joint ventures are consolidated on a line-by-line basis.

35.3. Segment Reporting

A business segment is a group of assets and operations that is engaged in providing products or services and which is subject to risks and rewards that are different from those of other segments.

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and rewards that are different from those of segments operating in other economic environments.

Costs are directly allocated to each of the defined segments. Each geographical area has its own functional structure. Certain functional overheads are common to all activity segments and are distributed according to the time spent or extent of use.

35.4. Foreign Currency Transactions

Functional and presentation currency

The annual accounts of each Prosegur entity are presented in the currency of the main economic environment in which it operates ("functional currency"). The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros (unless stated otherwise), the Parent's functional and presentation currency.

Balances and transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign currency gains and losses arising on the settlement of these transactions and on the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rate are recognised in the income statement, unless they are recognised directly in equity as cash flow hedges.

Foreign exchange gains or losses relating to loans and cash and cash equivalents are recognised in the income statement under finance income or costs.

Changes in the fair value of monetary assets denominated in foreign currencies and classified as available for sale are analysed to distinguish between translation differences resulting from changes in the amortised cost of the asset and other changes in the carrying amount of the asset. Translation differences are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

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

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

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

Translation of foreign operations

Prosegur has applied the exemption permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards relating to cumulative translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are included in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyper-inflationary economy have been translated into Euros as follows:

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

On consolidation, exchange differences arising on the translation of a net investment in foreign operations, and of loans and other instruments in foreign currency designated as hedges of these investments, are recognised in the equity of the company holding the investment. When these investments are sold, the exchange differences are recognised in the income statement as part of the gain or loss on the sale.

35.5. Property, Plant and Equipment

Land and buildings mainly comprise operating divisions. Property, plant and equipment are recognised at cost less depreciation and any accumulated impairment losses, except in the case of land, which is presented at cost net of any impairment losses.

Historical cost includes all expenses directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, provided that it is probable that the future economic benefits associated with the items will flow to

Prosegur and the cost of the item can be reliably measured. The carrying amount of the replaced item is written off. Other repairs and maintenance costs are taken to the income statement when incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis to allocate the cost or revalued amount to residual value over the following estimated useful lives:

	Ratio (%)
Buildings	2 and 3
Technical installations and machinery	10 to 25
Other installations and tools	10 to 30
Furniture	10
Information technology equipment	25
Transport elements	16
Other property, plant and equipment	10 to 25

Prosegur reviews the residual values and useful lives of assets and adjusts them, if necessary, as a change in accounting estimates at the end of each reporting period.

When the carrying amount of an asset exceeds its estimated recoverable amount, it is immediately written down to the latter (see Note 35.7).

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

35.6. Intangible Assets

Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of Prosegur's share of the acquired subsidiary's identifiable net assets at the acquisition date. Goodwill is tested annually for impairment (see Note 35.7) and recognised at cost less accumulated impairment losses. Gains and losses on the sale of an entity include the carrying amount of the goodwill allocated to the sold entity.

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

Goodwill acquired since 1 January 2004 is recognised at cost of acquisition, and goodwill acquired prior to that date is recognised at the carrying amount at 31 December 2003 in accordance with Spanish accounting legislation in force at that date.

Customer portfolios

The relationships with customers that Prosegur recognises under customer portfolios are separable and based on a contractual relationship, thus meeting the requirements set out in prevailing legislation for consideration as intangible assets separate from goodwill. In general, these are customer service contracts that have been acquired from third parties or recognised in the allocation of fair values in business combinations.

Portfolios of contracts with customers are recognised at fair value on the acquisition date less amortisation and accumulated impairment losses.

The fair value allocated to customer contract portfolios acquired from third parties is the acquisition price. To determine the fair value of intangible assets allocated in business combinations in the form of customer relationships, Prosegur uses the income approach, discounting the cash flows generated by these relationships at the date of acquisition of the subsidiary. Cash flows are estimated based on the sales, operating investments and EBITDA margins projected in the company's business plans.

Prosegur amortises customer portfolios on a straight-line basis over their estimated useful lives. The useful life is estimated based on indicators such as average length of relationship with customers or the average annual customer churn rate. The useful lives allocated to these intangible assets are reviewed at the end of each reporting period. Customer portfolios have useful lives of between 5 and 22 years.

Customer portfolios are allocated to cash-generating units (CGUs) in accordance with their respective business segment and the country of operation.

At the end of each reporting period, Prosegur assesses whether the recoverable amount is affected by any impairment loss. The tests to determine whether there are indications of impairment of customer portfolios mainly consist of:

— Verifying whether events have taken place that could have a negative impact on the estimated cash flows from the contracts making up the portfolio (such as a decline in total sales or EBITDA margins).
— Updating the estimated customer churn rates to identify any changes to the periods for which customer portfolios are expected to generate revenues.

If there are indications of impairment, the recoverable amount of a customer portfolio is based on the present value of the re-estimated cash flows from the contracts over their useful lives.

If customer churn rates have risen, Prosegur re-estimates the useful lives of customer portfolios.

Trademarks and licences

Trademarks and licences are presented at historical cost. They have finite useful lives and are recognised at cost less amortisation and accumulated impairment losses. Trademarks and licences are amortised on a straight-line basis to allocate the cost over their estimate useful lives (1.6 to 30 years).

Computer software

Computer software licences are capitalised at cost of acquisition or cost of preparation of the specific software for use. These expenses are amortised over the estimated useful lives of the assets (three to five years).

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

35.7. Impairment Losses

If an event or change in circumstances indicates that the carrying amount of assets subject to amortisation or depreciation may not be recoverable, Prosegur determines whether impairment losses have been incurred. The difference between the carrying amount of the asset and its recoverable amount is recognised as an impairment loss.

The recoverable amount is the greater between the fair value of an asset less the costs to sell or other type of disposal, or the value in use. For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating unit, CGU). Prosegur reviews impaired non-financial assets other than goodwill at the end of each reporting period to assess whether the loss has been reversed.

Impairment losses on goodwill

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

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

Management determined EBITDA (earnings before interest, tax, depreciation and amortisation) based on past returns and the foreseeable development of the market.

To calculate present value, cash flows are discounted at a rate that reflects the cost of capital of the business and the geographical region in which it operates. Prosegur considers the present value of money and risk premium calculations currently in general use among analysts for the geographical area.

If the recoverable amount is less than the carrying amount of the asset, the difference is recognised under impairment losses in the consolidated income statement (see Note 12).

Impairment losses on goodwill are not reversible.

As well as testing for impairment, Prosegur performs a sensitivity analysis on goodwill which consists of verifying the impact of deviations in key assumptions on the recoverable amount of a CGU (see Note 12).

35.8. Financial Assets

Classification

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Prosegur provides money, goods or services directly to a recipient without the intention of trading the receivable. They are classified as current assets unless they mature in more than 12 months after the reporting date, in which case they are classified as non-current. Loans and receivables are generally recognised under trade and other receivables in the statement of financial position (see Note 35.11).

Available-for-sale financial assets

Prosegur classifies in this category non-derivative financial instruments that are designated as such or which do not qualify for recognition in other financial asset categories. Assets are classified as available for sale provided that these are available for sale in their present condition subject only to terms that are usual and customary for sales of such assets and that the sale is highly probable. They are classified as non-current assets unless management intends to sell the investment within 12 months after the reporting date.

Recognition and measurement

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

Available-for-sale financial assets are subsequently recognised at fair value.

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

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

Prosegur tests financial assets or groups of financial assets for impairment at the end of each reporting period. In the case of equity securities classified as available for sale, to determine whether they are impaired Prosegur considers whether a significant or prolonged decline has reduced the fair value of the securities to below cost.

If such evidence exists for available-for-sale financial assets, the cumulative loss, calculated as the difference between the acquisition cost and the present fair value less any impairment loss previously recognised, is reclassified from equity to profit or loss. Impairment losses recognised for equity instruments are not reversed through profit or loss.

35.9. Derivative Financial Instruments and Hedges

Derivatives are initially recognised at fair value on the date on which the contract is signed and their fair value is subsequently adjusted. The recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the hedged item. Prosegur designates certain derivatives as:

— hedges of the fair value of recognised assets or liabilities (fair value hedges);
— hedges of highly probable transactions (cash flow hedges); or
— hedges of a net investment in a foreign operation.

Prosegur has not applied hedge accounting in 2013 or 2012.

Derivatives that do not qualify for hedge accounting

Certain derivatives do not meet the criteria for the application of hedge accounting. Changes in the fair value of any derivative that does not qualify for hedge accounting are recognised immediately in profit or loss.

35.10. Inventories

Inventories are measured at the lower of cost and net realisable value, with the following exceptions:

— Inventories held in warehouses and uniforms are measured at weighted average cost.
— Work in progress is measured at the cost of the installation, which includes materials and spare parts used and the standard cost of the corresponding labour, which does not differ from the actual costs incurred during the year.

The net realisable value is the estimated selling price in the normal course of business less any variable costs to sell.

35.11. Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. Impairment of trade receivables is recognised if there is objective evidence that Prosegur will not collect all the amounts due under the original contractual terms. Financial difficulties affecting the debtor, the likelihood that the debtor will enter insolvency proceedings or a financial restructuring process, or a default or delay in payments are considered to indicate that a receivable is impaired. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced as the allowance account is used and the loss is taken to the income statement. When a receivable is irrecoverable, it is written off against the allowance account for receivables.

35.12. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits in financial institutions, other short-term, highly liquid investments with a maturity of three months or less and bank overdrafts. Bank overdrafts are recognised in the statement of financial position as current financial liabilities.

35.13. Share Capital

Ordinary shares are classified as equity.

When any Prosegur entity acquires shares in the Company (own shares), the consideration paid, including any incremental costs that are directly attributable to the acquisition (net of income tax), is subtracted from equity attributable to shareholders of the Company until cancellation or disposal. When these shares are sold, the consideration received, net of any incremental costs directly attributable to the sale and the corresponding income tax effect, is recognised in equity attributable to shareholders of the Company.

35.14. Provisions

Provisions for restructuring and litigation are recognised when:

i. iProsegur has a present obligation (legal or constructive) as a result of a past event.
ii. It is more probable than not that an outflow of resources will be required to settle the obligation.
iii. A reliable estimate has been made of the amount of the obligation.

Where Prosegur has a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if an outflow of resources in connection with any item included in the same class of obligations is unlikely.

Restructuring provisions include lease cancellation penalties and employee termination benefits. No provision is recognised for future operating losses.

Management estimates the provisions for future claims based on historical claims, as well as any recent trends indicating that past information on costs could differ from future claims. Management is assisted by external labour, legal and tax advisors to make the best estimates (see Note 21).

Provisions are measured at the present value of the estimated expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increases in the provision due to the passage of time are recognised as an interest expense.

35.15. Financial Liabilities

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

Financial liabilities are initially recognised at fair value less any transaction costs and are subsequently measured at amortised cost. Any difference between the funds obtained (net of arrangement costs) and the redemption amount is recognised in the income statement over the term of the liability using the effective interest method.

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

Fees and commissions paid for credit facilities are recognised as loan transaction costs provided that it is probable that Prosegur will draw down from one or all of the facilities. In this case, the fees and commissions are deferred until funds are drawn. If there is no evidence that Prosegur is likely to draw down from the credit facility, the fees and commissions are capitalised as a prepayment for liquidity services and amortised over the term of the credit facility.

35.16. Current and Deferred Tax

The income tax expense for the year comprises current tax and deferred tax. Tax is recognised in the income statement unless it is paid on items recognised directly in equity, in which case the tax is also recognised in equity.

The current tax expense is calculated in accordance with tax laws that have been enacted or substantially enacted at the reporting date in the countries in which the subsidiaries and associates operate and generate taxable income. Management regularly assesses the judgements made in tax returns where situations are subject to different interpretation under tax laws, recognising, if necessary, the corresponding provisions based on the expected tax liability.

A significant degree of judgement is required to determine the provision for income tax payable by the Group. In many transactions and calculations during the ordinary course of business, the final tax amount is uncertain. Prosegur recognises tax contingencies that it expects will arise based on estimates when it considers that additional taxes will be payable. If the tax finally paid in these cases differs from the amounts initially recognised, these differences affect income tax and the provision for deferred taxes for the year in which they were calculated.

Deferred tax is calculated using the balance sheet method, based on temporary differences that arise between the tax base of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, if deferred tax assets or liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit nor taxable income, they are not recognised.

Deferred tax assets or liabilities are measured using the tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date and are expected to be applicable when the corresponding deferred tax asset is realised or deferred tax liability is settled.

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

Deferred tax assets and liabilities are recognised in respect of the temporary differences that arise from investments in subsidiaries and associates, except where Prosegur is able to control the timing of the reversal of the temporary differences and it is probable that they will reverse in the foreseeable future.

Prosegur recognises the conversion of a deferred tax asset into Public Administration receivables when it is payable pursuant to the provisions of valid tax legislation. Likewise, the Group recognises the swap of a deferred tax asset for Public Debt securities, when the ownership thereof is acquired.

35.17. Employee Benefits

Share-based payments – 2011 Plan

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

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

The 2011 Plan has a duration of four years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The plan measures target achievement from 01 January 2008 until 31 December 2011 and length of service from 01 January 2008 until 01 January 2014. Assessment dates of the 2011 Plan are as follows:

— Preliminary assessment date: 01 May 2010
— Final assessment date: 01 May 2012
— Length-of-service bonus date: 01 January 2014

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

The fair value of the services received from employees in exchange for these shares is recognised as an expense on an accruals basis over the Plan's length-of-service assessment period, with the corresponding increase in equity. The total expense recognised over the accrual period (see Note 5) is determined based on the shares granted, measured at the reference price stipulated in the Plan. This commitment has been estimated under the assumption that the length-of-service requirement will be met (see Note 20.2).

With regard to the cash incentives, the total commitment acquired is recognised as an expense in the income statement with a credit to provisions on an accruals basis over the Plan assessment period (see Note 21).

Share-based payments – 2014 Plan

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

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

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

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

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

The fair value of the services received from employees in exchange for these shares is recognised as an expense on an accruals basis over the Plan's length-of-service assessment period, with the corresponding increase in equity. The total expense recognised over the accrual period (see Note 5) is determined based on the shares granted, measured at the reference price stipulated in the Plan. The total commitment acquired has been estimated under the assumption that the length-of-service requirement will be met (see Note 20.2).

With regard to the cash incentives, the total commitment acquired is recognised as an expense in the income statement with a credit to provisions on an accruals basis over the Plan assessment period (see Note 21).

Termination benefits

Termination benefits are recognised on the earlier date between the one on which Prosegur may no longer withdraw the offer and when restructuring costs entailing the payment of termination benefits are recognised.

In termination benefits resulting from the decision of employees to accept an offer, it is deemed that Prosegur may no longer withdraw the offer, on the earlier date between the one on which the employees accept the offer and when a restriction on the ability of Prosegur to withdraw the offer takes effect.

In the case of benefits for voluntary termination, it is considered that Prosegur can no longer withdraw the offer when the plan has been notified to affected employees and union representatives, and the actions necessary to complete it indicate that the occurrence of significant changes to the plan are improbable, the number of employees to be terminated, their employment category or duties and place of employment and the anticipated termination date are identified, and it establishes the termination benefits that the employees are going to receive in sufficient detail so that the employees are able to determine the type and amount of remuneration they will receive when terminated.

If the Group expects to settle the benefits in their entirety within twelve months of the reporting period, the liability is discounted using the market performance yield corresponding to the issue of high-quality corporate bonds and debentures.

Short-term employee remuneration

Short-term employee remuneration is remuneration to employees, other than termination benefits, whose payment is expected to be settled in its entirety within 12 months of the end of the reporting period in which the employees have rendered the services for the remuneration.

Short-term employee remuneration is reclassified as long-term, if the characteristics of the remuneration is modified or if a non-provisional change occurs in settlement expectations.

Prosegur recognises the anticipated cost of short-term remuneration as paid leave whose rights accumulate as the employees render the services granting them the right to collection. If the leaves are not cumulative, the expense is recognised as the leaves take place.

Profit-sharing plans and bonuses

Prosegur calculates the liability and expense for bonuses and profit-sharing using a formula based on EBITDA (earnings before interest, tax, amortisation and depreciation).

Prosegur recognises this cost when a present, legal or implied obligation exists as a result of past events and a reliable estimate may be made of the value of the obligation.

Remuneration of senior management

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

Defined benefit plans

In defined benefit plans Prosegur includes those financed by means of the payment of insurance premiums in which the legal or implied obligation exists to directly pay employees any benefits committed at the moment at which these are due or to proceed with the payment of additional quantities in those cases in which the insurer does not make the payment of benefits corresponding to the services rendered by the employees in current or prior years.

The liability for defined benefits recognised in the consolidated statement of financial position reflects the present value of the defined benefit obligations existing at the reporting date, less the fair value at such date of plan assets.

The present value of employee benefits depends on a number of factors determined on an actuarial basis using various assumptions. The assumptions employed to calculate the net expense (income) include the discount rate. Any change in these assumptions will affect the carrying amount of employee benefits.

In those cases in which the result obtained from the undertaking of the aforementioned operations is negative, in other words an asset arises, Prosegur recognises this up to the limit of the amount of the present value of any economic benefit available in the form of reimbursements from the plan or reductions in future contributions thereto. The economic benefit is available for Prosegur if it is realisable at any moment during the life of the plan or in the settlement of plan liabilities, even if not immediately realisable at the close of the reporting date.

Income or expense related to defined benefit plans is recognised as other employee benefits expenses and is the sum of the net current service cost and the net interest cost of the net liabilities or assets for defined benefits. The recalculation of the measurement of net liabilities or assets for defined benefits is recognised in other comprehensive income. The latter includes actuarial losses and gains, the net return on plan assets and any change in the effects of the asset limit, excluding any quantities included in the net interest on liabilities or assets. The costs of administering plan assets and all types of taxes characteristic of these, other than those included in the actuarial assumptions, are deducted from the net return of the plan assets. Amounts deferred in other comprehensive profit and loss are reclassified to accumulated earnings in the same reporting period.

The Group likewise recognises the cost of past services as an expense of the reporting period on the earlier date between the one on which the modification or reduction of the plans takes place and when the corresponding restructuring or termination benefits are recognised.

The present value of defined benefit obligations is calculated annually by independent actuaries using the projected unit credit method. The discount rate of the net asset or liability for defined benefits is calculated based on the yield on high quality corporate bonds of a currency and term consistent with the currency and term of the corresponding benefits.

Discretionary contributions of employees or third parties to defined benefit plans reduce the service cost for the reporting period in which they are received. Contributions of employees or third parties established in the terms of the plan reduce the service cost of the service periods if they are associated with the service or reduce recalculations. Changes in contributions associated with the service are recognised as a cost for a current or past service, if they are not established in the formal terms of the plan and do not derive from an implicit obligation or as actuarial losses and gains, if they are established in the formal terms of the plan or derive from an implicit obligation.

The Group does not offset assets and liabilities among different plans except in cases in which a legal right exists to offset surpluses and deficits generated by the various plans and seeks to cancel obligations by their net amounts or realise the surplus in order to simultaneously cancel plan obligations with deficits.

The defined benefit assets or liabilities are recognised as current or non-current on the basis of the period for realisation or maturity of the corresponding benefits.

35.18. Reven ue Recognition

Revenues include the fair value for the sale of goods and services, net of value added tax, discounts and returns and after eliminating intra-Group sales. Prosegur recognises revenues when the amount can be measured reliably, it is probable that the future economic benefits will flow to the entity and the specific terms are met for each of Prosegur's activities.

Revenue is recognised on an accruals basis applying the following criteria:

a) Sales of goods, mainly security installations and home alarm systems, are recognised when the product has been delivered to, and accepted by, the customer. These revenues are measured at the fair value of the corresponding receivable.
b) Sales of active security patrol, cash in transit and cash management services are recognised in the reporting period in which the services are rendered, without including taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount.
c) Revenues from the home alarm system activity are recognised in the reporting period in which the services are rendered, without including the taxes levied on these transactions, deducting any discounts included in the invoice as a lower transaction amount. In some alarm monitoring contracts, the customer does not purchase the equipment installed. Under the general alarm system rental contract, Prosegur receives an initial amount when the contract is signed and a regular instalment for the rental of the installed equipment and the services rendered. Prosegur defers the revenue received in advance when the contract is signed, taking it to the income statement over the average contract term. The average contract term is estimated based on the average annual customer churn rate.
d) Interest received is recognised over the period of the outstanding principal and considering the effective interest rate applicable. When a receivable is impaired, Prosegur reduces the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument. The discounting continues to be recognised as a reduction in the interest received. Interest on impaired loans is recognised using the effective interest method.
e) Dividends received are recognised when the right to receive payment is established.

35.19. Leases

When a Prosegur entity is the lessee

Leases of property, plant and equipment in which Prosegur assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is broken down into reductions in the payable and the finance costs, so as to produce a constant rate of interest on the remaining balance of the liability.

The lease payable, net of the corresponding finance cost, is recognised under financial liabilities. The interest within the finance cost is taken to the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability in each period. Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the useful life of the asset and the lease term when there is no possibility of Prosegur assuming ownership; otherwise, they are depreciated over the estimated useful life of the asset.

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

When a Prosegur entity is the lessor

Assets leased to third parties under operating lease contracts are recognised as property, plant and equipment. These assets are depreciated over their expected useful lives based on criteria consistent with those applied to similar assets owned by Prosegur. Lease income is recognised on a straight-line basis over the expected useful life of the asset.

35.20. Borrowing Costs

Prosegur recognises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as an increase in the value of these assets. Qualifying assets are those which require a substantial period of time before they can be used or sold.

35.21. Construction Contracts

Contract costs are recognised when incurred.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred for which recovery is probable.

When the outcome of a construction contract can be estimated reliably and the contract is likely to yield a profit, contract revenue is recognised over the duration of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Prosegur uses the stage of completion method to calculate the amount to be recognised in a certain period. The stage of completion is determined by calculating the percentage of estimated total contract costs represented by costs incurred at the reporting date. Costs incurred during the year in relation with future contract activity are excluded from the contract costs used to determine the stage of completion. These costs are recognised as inventories, prepayments or other assets, depending on their nature.

Prosegur recognises the gross receivable from customers in relation to work on all contracts in force when the costs incurred plus recognised profit (or less recognised losses) exceed the portion invoiced to date. Progress billings outstanding and retention payments are recognised under trade and other receivables.

Prosegur recognises the gross amount payable to customers in relation to work on all current contracts when the progress billings exceed the costs incurred plus recognised profit (or less recognised losses).

35.22. Non-Current Assets held for Sale

Non-current assets (or disposal groups) are classified as held for sale when the carrying amount is principally recoverable through a sale, provided that the sale is considered highly probable. The assets are recognised at the lower of the carrying amount and the fair value less costs to sell, provided that their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

35.23. Distribution of Dividends

Dividends distributed to Prosegur's shareholders are recognised as a liability in the consolidated annual accounts in the year in which the dividends are approved by the shareholders.

35.24. Environmental Issues

The cost of armoured vehicles compliant with the Euro III standard on non-polluting emissions is recognised as an increase in the carrying amount of the asset. At the 2013 reporting date Prosegur has no contingencies, legal claims or income and expenses relating to the environment.

APPENDIX I. Consolidated subsidiaries

Information at 31 December 2013

Company	Registered offices	Investment		Basis of consolidation	Activity	Auditor
		% ownership	Company holding the investment			
Prosegur España, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	4	A
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	7	A
Servimax Servicios Generales, S.A.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	1	A
Prosegur Activa Holding, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	A
Formación, Selección y Consultoría, S.A.	Santa Sabina, 8 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	7	B
Seguridad Vigilada, S.A.	C/ Pisuerga, 18 (BARCELONA)	100	Prosegur Cia de Seguridad, S.A.	a	4	A
STMEC, S.L.	C/ Pisuerga, 18 (BARCELONA)	100	Prosegur Cia de Seguridad, S.A.	a	1	B
Salcer Servicios Auxiliares, S.L.	C/ Pisuerga, 18 (BARCELONA)	100	Prosegur Cia de Seguridad, S.A.	a	1	B
Beloura Investments, S.L.U.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Alarmas, S.A.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	3	B
Pitco Ventures S.C.R.	Pajaritos, 24 (MADRID)	100	Prosegur Cia de Seguridad, S.A.	a	6	A
ESC Servicios Generales, S.L.U.	Avda. Primera, B-1 (A CORUÑA)	100	Prosegur Cia de Seguridad, S.A.	a	1	A
Prosegur International Handels GMBH	Poststrasse, 33 (HAMBURG)	100	Malcoff Holding BV	a	5	B
Prosegur GMBH (former Securlog GMBH)	Wahlerstrasse 2a, 40472 Düsseldorf	100	Prosegur Cia de Seguridad, S.A.	a	2	A
Prosegur Deutschland GMBH	Insterburger Straße 7a, D-60487 Frankfurt am Main (Germany)	100	Prosegur Cia de Seguridad, S.A.	a	2	B
Prosegur France, S.A.	84 Rue des Aceries (SAINT ETIENNE)	100	Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Securité Humaine EURL	84 Rue des Aceries (SAINT ETIENNE)	100	Prosegur France, S.A.	a	1	A
Prosegur Teleserveillance EURL	3 Allée de L'Ectronique (SAINT ETIENNE)	100	Prosegur France, S.A.	a	3	B
Prosegur Securite Nord, S.A.S.	8 Avenue Descartes (Les Plessis Robinson)	100	Prosegur France, S.A.	a	1	B
Prosegur Traitement de Valeurs SASU	Rue Rene Cassin ZI de Molina (LA TALAUDIERE)	100	Prosegur France, S.A.	a	2	A
Prosegur Traitement de Valeurs EST	2 Rue Lovoisier BP 61609 25010 Besancon Cedez 3	100	Prosegur Cia de Seguridad, S.A.	a	2	A
Prosegur Technologie SAS	84 Rue des Aceries (SAINT ETIENNE)	100	Prosegur France, S.A.	a	3	A
Prosegur Formation et Competences, SARL	8 Avenue Descartes (Les Plessis Robinson)	100	Prosegur France, S.A.	a	7	B
Esta Service, SAS	84 RUE DES ACIERIES 42000 SAINT ETIENNE (FRANCE)	100	Prosegur Cia de Seguridad, S.A.	a	8	B
Prosegur Centre SARL	84 RUE DES ACIERIES 42000 SAINT ETIENNE (FRANCE)	100	Prosegur Cia de Seguridad, S.A.	a	8	B

Information at 31 December 2013

Company	Registered offices	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
Prosegur Participations, S.A.S.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100	Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Traitemet de Valeuirs Azur, SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Logistique de Valerus Azur, SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100	Prosegur Participations, S.A.S.	a	2	A
Prosegur Traitement de Valeurs Provence SAS	604 Avenue du Col de l'Ange - ZA des Plaines de Jouques - 13420 GEMENOS	5,0	Prosegur Cia de Seguridad, S.A.	a	2	B
		95,0	Prosegur Participations, S.A.S.			
GRP Holding SARL	177, rue de Luxembourg, L - 8055 Bertrange, Luxembourg	100	Luxpai Holdo S.A.R.L.	a	5	B
Prosegur Security Luxembourg, SARL	177, rue de Luxembourg, L - 8055 Bertrange, Luxembourg	100	GRP Holding SARL	a	1	B
Prosegur Securite EST SAS	14, rue des Serruries 57070 Metz	100	Prosegur France, S.A.	a	1	B
Prosegur Securite Rubis SAS	2 Boulevard Général de Gaulle, 94270 Le Kremlin Bicêtre	100	Prosegur France, S.A.	a	1	B
Prosegur Securite Jade SAS	2 Boulevard Général de Gaulle, 94270 Le Kremlin Bicêtre	100	Prosegur Securite EST SAS	a	1	B
Prosegur Securite Opale SAS	2 Boulevard Général de Gaulle, 94270 Le Kremlin Bicêtre	100	Prosegur France, S.A.	a	1	B
Prosegur Accueil et Service SAS	14, rue des Serruries 57070 Metz	100	Prosegur France, S.A.	a	1	B
Malcoff Holdings BV	Schouwburgplein, 30-34 (ROTTERDAM)	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Reinsurance Bussiness Solutions Limited	Third Floor. The Metropolitan Building. James Joyce Street. (DUBLIN)	100	Prosegur Cia de Seguridad, S.A.	a	6	A
Luxpai Holdo S.A.R.L.	5, rue Guillaume Kroll, L-1882 Luxembourg	100	Prosegur Cia de Seguridad, S.A.	a	5	B
Pitco Reinsurance	Avenue Monterey, L-2163 Luxembourg	100	Luxpai Holdo S.A.R.L.	a	6	A
Prosegur Distribuição e Serviços, Lda.	Av. Infante Dom Henrique, 326 (LISBON)	100	Prosegur Cia de Seguridad, S.A.	a	7	B
Prosegur Companhia de Segurança, Lda.	Av. Infante Dom Henrique, 326 (LISBON)	99,53	Prosegur Cia de Seguridad, S.A.	a	4	A
		0,47	Prosegur Activa Holding, S.L.U.			
Rosegur Cash Services, S.A.	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Cod 023708, Bucharest, Romania	51,0	Prosegur Cia de Seguridad, S.A.	a	2	B
		49,0	Rosegur, S.A.			
Transportadora de Caudales de Juncadella, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	5,0	Armor Acquisition, S.A.	a	2	A
		95,0	Juncadella Prosegur Internacional, S.A.			
Armor Acquisition, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	5,0	Prosegur Cia de Seguridad, S.A.	a	5	B
		95,0	Prosegur International Handels GMBH			

Information at 31 December 2013

Company	Registered offices	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
Juncadella Prosegur Internacional, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	68,79	Armor Acquisition, S.A.	a	5	B
		31,21	Prosegur International Handels GMBH			
Prosegur Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	94,05	Juncadella Prosegur Internacional, S.A.	a	1	B
		4,95	Armor Acquisition, S.A.			
		0,95	Prosegur Inversiones Argentina, S.A.			
		0,05	Prosegur Argentina Holding, S.A.			
Prosegur Argentina Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95,0	Juncadella Prosegur Internacional, S.A.	a	5	B
		5,0	Armor Acquisition, S.A.			
Prosegur Inversora Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95,0	Juncadella Prosegur Internacional, S.A.	a	5	B
		5,0	Armor Acquisition, S.A.			
Prosegur Vigilancia Activa, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	94,05	Juncadella Prosegur Internacional, S.A.	a	1	B
		4,95	Armor Acquisition, S.A.			
		0,95	Prosegur Inversiones Argentina, S.A.			
		0,05	Prosegur Argentina Holding, S.A.			
Servicios Auxiliares Petroleros, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	94,05	Juncadella Prosegur Internacional, S.A.	a	1	B
		4,95	Armor Acquisition, S.A.			
		0,95	Prosegur Inversiones Argentina, S.A.			
		0,05	Prosegur Argentina Holding, S.A.			
Xiden, S.A.C.I.	Olleros, 3923 Ciudad de Buenos Aires	7,86	Prosegur Cia de Seguridad, S.A.	a	3	A
		92,14	Juncadella Prosegur Internacional, S.A.			
Prosegur Tecnología Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	3,85	Prosegur Cia de Seguridad, S.A.	a	3	A
		96,15	Juncadella Prosegur Internacional, S.A.			
General Industries Argentina, S.A.	Herrera, 1175 Ciudad de Buenos Aires	90,0	Prosegur Cia de Seguridad, S.A.	a	3	A
		10,0	Juncadella Prosegur Internacional, S.A.			
Tellex, S.A.	Rincón 1346. Ciudad de Buenos Aires	95,0	Prosegur Cia de Seguridad, S.A.	a	3	A
		5,0	Armor Acquisition, S.A.			
Prosegur Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90,0	Prosegur Activa Holding, S.L.U.	a	5	B
		10,0	Prosegur Cia de Seguridad, S.A.			
Prosegur Inversiones, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90,0	Prosegur Activa Holding, S.L.U.	a	5	B
		10,0	Prosegur Cia de Seguridad, S.A.			
Prosegur Activa Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90,0	Prosegur Holding, S.A.	a	3	A
		10,0	Prosegur Inversiones, S.A.			

Information at 31 December 2013

Company	Registered offices	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
Prosegur, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	94,05	Juncadella Prosegur Internacional, S.A.	a	1	B
		4,95	Armor Acquisition, S.A.			
		0,95	Prosegur Inversiones Argentina, S.A.			
		0,05	Prosegur Argentina Holding, S.A.			
T.C. Interplata, S.A.	Calle Perú 1578, Buenos Aires	5,0	Juncadella Prosegur Internacional, S.A.	a	2	B
		1,0	Prosegur Inversiones Argentina, S.A.			
		94,0	Transportadora de Caudales de Juncadella, S.A.			
Servin Seguridad, S. A.	Montevideo 666, piso 3º, oficina 302. Buenos Aires	94,05	Juncadella Prosegur Internacional, S.A.	a	1	B
		4,95	Armor Acquisition, S.A.			
		0,95	Prosegur Inversiones Argentina, S.A.			
		0,05	Prosegur Argentina Holding, S.A.			
TSR Participacões Societárias, S.A.	Tomas Edison, 1250 - Barra Funda - São Paulo - SP	100	SGCE Participações Societárias, S.A.	a	5	B
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG	100	TSR Participacões Societárias, S.A.	a	4	A
Prosegur Sistemas de Securança Ltda	Guaratã, 667 - Prado - Belo Horizonte - MG	1,0	Prosegur Brasil SA Transportadora de Valores e Segurança	a	1	A
		0,2	Prosegur Activa Alarmes Ltda.			
		98,8	TSR Participacões Societárias, S.A.			
CTP Centro de Treinamento Prosegur Ltda	Estrada Geral S/N Bairro Passa Vinte – Palhoça/SC	99,6	Prosegur Brasil SA Transportadora de Valores e Segurança	a	7	B
		0,4	Prosegur Sistemas de Securança Ltda			
Prosegur Administração de Recebíveis Ltda	Av. Thomas Edison, 813, sobre loja, Sala 02, Barra Funda, São Paulo	99,8	Prosegur Brasil SA Transportadora de Valores e Segurança	a	7	B
		0,2	Prosegur Sistemas de Securança Ltda			
Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios Ltda.	Rua Barão do Bananal, 1.301, Vila Pompéia, São Paulo	99,99	Prosegur Cia de Seguridad, S.A.	a	3	A
		0,01	TSR Participacões Societárias, S.A.			
Setha Indústria Eletrônica Ltda	Rua Alvares de Macedo, 134, E144, Parada de Lucas, Rio de Janeiro	99,6	Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios Ltda.	a	3	A
		0,4	TSR Participacões Societárias, S.A.			
Prosegur Holding e Participações	Av. Thomas Edison, 813, sobre loja, Sala 03, Barra Funda, São Paulo	39,27	Prosegur Cia de Seguridad, S.A.	a	4	B
		49,95	Juncadella Prosegur Internacional, S.A.			
		10,78	Prosegur Activa Alarmes Ltda.			

Information at 31 December 2013

Company	Registered offices	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
Prosegur Activa Alarmes Ltda.	Av. Thomas Edison, 813, 2ª andar, Barra Funda, São Paulo	13,4	Prosegur Activa Holding, S.L.U.	a	3	B
		18,5	Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios Ltda.			
		68,1	Prosegur Cia de Seguridad, S.A.			
Prosegur Gestão de Efetivos Ltda	Av. Thomas Edison, 813, sobre loja, Sala 03, Barra Funda, São Paulo	99,9	Prosegur Cia de Seguridad, S.A.	a	2	B
		0,1	TSR Participacões Societárias, S.A.			
Prosegur Gestão de Ativos Ltda.	Av. Thomas Edison, 813, 2º Andar, Sala 03, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	0,01	Prosegur Cia de Seguridad, S.A.	a	7	A
		99,99	Prosegur Gestión de Activos, S.L.			
Juncadella Prosegur Group Andina	Los Gobelinos 2567 Of. 203, Renca, Santiago	99,99	Juncadella Prosegur Internacional, S.A.	a	5	B
		0,01	Armor Acquisition, S.A.			
Capacitaciones Ocupacionales Sociedad Ltda	Los Gobelinos 2567 Of. 203, Renca, Santiago	83,07	Prosegur Cia de Seguridad, S.A.	a	2	B
		6,84	Prosegur International Handels GMBH			
		10,09	Juncadella Prosegur Group Andina			
Servicios Prosegur Ltda	Los Gobelinos 2567 Of. 203, Renca, Santiago	99,98	Prosegur Cia de Seguridad, S.A.	a	2	A
		0,01	Juncadella Prosegur Group Andina			
		0,01	Prosegur International Handels GMBH			
Sociedad de Distribución, Canje y Mensajería Ltda.	Los Gobelinos 2567 Of. 203, Renca, Santiago	48,72	Prosegur Cia de Seguridad, S.A.	a	7	B
		30,56	Juncadella Prosegur Group Andina			
		20,72	Prosegur International Handels GMBH			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567 Of. 203, Renca, Santiago	99,0	Prosegur Chile, S.A.	a	1	B
		1,0	Juncadella Prosegur Group Andina			
Empresa de Transportes Compañía de Seguridad Chile Ltda	Los Gobelinos 2567 Of. 203, Renca, Santiago	60,0	Juncadella Prosegur Group Andina	a	2	A
		40,0	Prosegur International Handels GMBH			
Prosegur Tecnología Chile Limitada	Lo Boza107, Mod. 3 Pudahuel – Santiago	99,99	Prosegur Cia de Seguridad, S.A.	a	3	A
		0,01	Prosegur Chile, S.A.			
Prosegur Activa Chile, S.L.	Catedral 1009, piso 14 - Santiago Centro	99,0	Prosegur Activa Holding, S.L.U.	a	3	A
		1,0	Prosegur Cia de Seguridad, S.A.			
Prosegur Chile, S.A.	Los Gobelinos 2567 Of. 203, Renca, Santiago	70,0	Prosegur, S.A.	a	1	B
		30,0	Prosegur International Handels GMBH			

Information at 31 December 2013

Company	Registered offices	Investment % ownership	Investment Company holding the investment	Basis of consolidation	Activity	Auditor
Prosegur Gestión de Activos Chile Ltda	Los Gobelinos 2567, Comuna de Renca, Santiago de Chile	99,0	Prosegur Gestión de Activos, S.L.	a	7	B
		1,0	Servicios Prosegur Ltda			
Compañía Transportadora de Valores Prosegur de Colombia, S.A.	Avda. de las Américas, 42-25 Bogotá	94,9	Prosegur Cia de Seguridad, S.A.	a	2	A
		5,1	Prosegur Activa Holding, S.L.U.			
Prosegur Reacaudos, SAS	Avda. de las Américas, 42-25 Bogotá	100	Compañía Transportadora de Valores Prosegur de Colombia, S.A.	a	2	B
Inversiones BIV SAS	Calle 32 nº 8A-65 Edificio BCH piso 8, Cartagena	100	Prosegur Activa Holding, S.L.U.	a	5	A
Prosegur Viglancia y Seguridad Privada Ltda	Calle 32 nº 8A-65 Edificio BCH piso 8, Cartagena	94,0	Inversiones BIV SAS	a	1	A
Prosegur Tecnología, SAS	Cra. 50 nº 71-80 Bogotá (Colombia)	100	Beloura Investments, S.L.U.	a	3	A
Prosegur GPS, SAS	Cra. 50 nº 71-80 Bogotá (Colombia)	100	Beloura Investments, S.L.U.	a	3	C
Prosegur Seguridad Electrónica, SAS	Cra. 50 nº 71-80 Bogotá (Colombia)	100	Beloura Investments, S.L.U.	a	3	A
Servimax Servicios Generales, SAS	Calle 32 nº 8A-65 Edificio BCH piso 8, Cartagena	100	Inversiones BIV, SAS	a	1	B
Servimax Servicios Temporales, SAS	Calle 32 nº 8A-65 Edificio BCH piso 8, Cartagena	100	Inversiones BIV, SAS	a	1	B
Prosegur Gestión de Activos de Colombia, SAS	Calle 13 # 42 A – 24. Bogotá	100	Prosegur Gestión de Activos, S.L.	a	7	B
Prosegur Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez – Asunción	99,0	Juncadella Prosegur Internacional, S.A.	a	4	A
		1,0	Transportadora de Caudales de Juncadella, S.A.			
Prosegur Tecnología Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez – Asunción	99,0	Juncadella Prosegur Internacional, S.A.	a	1	B
		1,0	Transportadora de Caudales de Juncadella, S.A.			
Compañía de Seguridad Prosegur, S.A.	Av. Morro Solar 1086 - Surco - Lima - Peru	52,0	Juncadella Prosegur Internacional, S.A.	a	2	A
		48,0	Transportadora de Caudales de Juncadella, S.A.			
Proseguridad, S.A.	Av. Los Próceres 250 - Surco - Lima - Peru	38,04	Juncadella Prosegur Internacional, S.A.	a	1	A
		35,11	Transportadora de Caudales de Juncadella, S.A.			
		26,85	Prosegur Cia de Seguridad, S.A.			
Prosegur Cajeros, S.A.	Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima - Peru	52,0	Juncadella Prosegur Internacional, S.A.	a	2	B
		48,0	Transportadora de Caudales de Juncadella, S.A.			
Prosegur Tecnología Perú, S.A.	Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima - Peru	99,0	Prosegur Cia de Seguridad, S.A.	a	3	B
		1,0	Prosegur Activa Holding, S.L.U.			

Information at 31 December 2013

Company	Registered offices	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
Orus, S.A.	Av. Los Próceres 250 - Surco - Lima - Peru	84,857	Proseguridad, S.A.	a	1	A
		14,286	Inversiones RB, S.A.			
		0,857	Compañía de Seguridad Prosegur, S.A.			
Orus Selva, S.A.	Caserio Palmawasi - Uchiza - Tocache - San Martin, Peru	90,0	Orus, S.A.	a	1	B
		10,0	Compañía de Seguridad Prosegur, S.A.			
Inversiones RB, S.A.	Av. Nicolás Arriola 780 Urb. Santa Catalina - La Victoria - Lima - Peru	99,0	Proseguridad, S.A.	a	5	B
		1,0	Compañía de Seguridad Prosegur, S.A.			
Prosegur Activa Peru, S.A.	Av. República de Panamá 3890 - Surquillo - Lima, Peru	99,0	Prosegur Activa Holding, S.L.U.	a	3	A
		1,0	Prosegur Cia de Seguridad, S.A.			
Prosegur Servicios Administrativos, S.A.	Av. Primavera 1050-Urbanización Chacarilla del Estanque-Santiago de Surco	1,0	Prosegur Activa Holding, S.L.U.	a	7	B
		99,0	Prosegur Cia de Seguridad, S.A.			
Prosegur Gestión de Activos, S.A.	Calle La Chira 103-Urbanización Las Gardenias-Santiago de Surco	1,0	Prosegur Activa Holding, S.L.U.	a	7	B
		99,0	Prosegur Gestión de Activos, S.L.			
Prosegur Mexico S de RL de CV	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	85,6	Prosegur Cia de Seguridad, S.A.	a	5	B
		14,4	Prosegur Activa Holding, S.L.U.			
PRO-S Compañía de Seguridad Privada, SA de C.V.	Norte 79 B No. 77 planta alta. Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Mexico S de RL de CV	a	1	B
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	55,03	Prosegur Mexico S de RL de CV	a	2	A
		44,97	Prosegur Cia de Seguridad, S.A.			
Prosegur Seguridad Privada S.A. de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Consultoría y Servicios Administrativos de RL de CV	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	100	Prosegur Mexico S de RL de CV	a	4	B
Prosegur Servicios de Seguridad Privada Electrónica, SA de CV	C/ Piña 297 Colonia Nueva Santa María. 02820 MEXICO D.F.	100	Prosegur Mexico S de RL de CV	a	2	B
Prosegur Custodias, S.A. de CV	C/ Alfredo Nobel, 21. Colonia Los Reyes Industrial. 54073 TLALNEPANTLA	100	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Tecnologia, S.A. de C.V.	Piña 297 Piso 1, Col. Hogar y Seguridad, D.F. C.P. 02820	100	Prosegur Mexico S de RL de CV	a	3	B
Grupo Tratamiento y Gestión de Valores SAPI de CV	Norte 79 B, Número 75. Col. Sector Naval Distrito Federal. C.P. 02080	80,0	Prosegur Cia de Seguridad, S.A.	a	2	A
Grupo Mercurio de Transportes SA de CV	Av. de las Granjas, 76 - Sector Naval - Azcapotzalco - 02080 MEXICO D.F.	99,99	Grupo Tratamiento y Gestión de Valores SAPI de CV	a	2	A
Compañía Ridur, S.A.	Guarani 1531 (Montevideo)	100	Juncadella Prosegur Internacional, S.A.	a	5	B

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Company	Registered offices	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
Prosegur Transportadora de Caudales, S.A.	Guarani 1531 (Montevideo)	99,92	Juncadella Prosegur Internacional, S.A.	a	2	A
		0,08	Armor Acquisition, S.A.			
Prosegur Activa Uruguay, S.A.	Bvrd. Artigas 2629 (Montevideo)	95,0	Prosegur Activa Holding, S.L.U.	a	3	A
		5,0	Prosegur Cia de Seguridad, S.A.			
Nautiland, S.A.	Martiniano Chiossi s/n - Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, SRL	Guarani 1531 (Montevideo)	99,0	Prosegur Transportadora de Caudales, S.A.	a	2	B
		1,0	Prosegur Uruguay Compañía de Seguridad, S.A.			
Genper, S.A.	Rodo Jose Enrique 1761 - Montevideo	100	Prosegur Cia de Seguridad, S.A.	a	3	A
Prosegur Uruguay Compañía de Seguridad, S.A.	Bvrd. Artigas 2629 (Montevideo)	90,0	Prosegur, S.A.	a	1	A
		10,0	Armor Acquisition, S.A.			
GSM Telecom, S.A.	Del pino, Simon 1055, Piriapolis, Maldonado	100	Prosegur Activa Uruguay, S.A.	a	3	B
Coral Melody, S.A.	Bulevar. Guarani 560 (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	1	A
Tecnofren, S.A.	Avenida Italia y Patagonia (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	1	A
Roytronic, S.A.	Guarani 1531 (Montevideo)	100	Prosegur Activa Uruguay, S.A.	a	3	B
Pitco Shanghai	North Shanxi Road 1438, Room 308, Shanghai 200060, China	100	Luxpai Holdo S.A.R.L.	a	2	C
Pitco Asia Pacific Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton RD TST-KL	100	Luxpai Holdo SARL	a	5	B
Imperial Dragon Security Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Luxpai Holdo SARL	a	5	C
Weldom Technology Co Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100	Imperial Dragon Security Ltd	a	5	C
Prosec Services Pte Ltd	111 Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	1	B
Singpai Pte Ltd	8 Cross Street #11-00, PWC Building, Singapore 048424	100	Luxpai Holdo S.A.R.L.	a	5	B
Aexis Security Management Pte. Ltd.	111 Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	1	B
Prosec Cash Services Private, Ltd Services Pte Ltd	111 Geylang Road, #01-01, Singapore 389216	100	Singpai Pte Ltd	a	2	B
Prointrans LLC	1200 Brickell Avenue, Suite 1950, Miami, Florida 33131	100	Prosegur Cia de Seguridad, S.A.	a	5	C
Prosegur Australia Holdings PTY Limited	10 Shelley Street, Sydney NSW 2000	100	Singpai Pte Ltd	a	5	B
Prosegur Australia Investments PTY Limited	10 Shelley Street, Sydney NSW 2000	100	Prosegur Australia Holdings PTY Limited	a	5	B
Chubb Security Services Pty Ltd	10 Shelley Street, Sydney NSW 2000	100	Prosegur Australia Investments PTY Limited	a	2	B

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Company	Registered offices	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	100,0	Prosegur Cia de Seguridad, S.A.	a	7	A
Servimax Servicios Generales, S.A.	Pajaritos, 24 (MADRID)	100,0	Prosegur Cia de Seguridad, S.A.	a	1	A
Prosegur Activa Holding, S.L.U.	Pajaritos, 24 (MADRID)	100,0	Prosegur Cia de Seguridad, S.A.	a	5	A
Formación, Selección y Consultoría, S.A.	Santa Sabina, 8 (MADRID)	100,0	Prosegur Cia de Seguridad, S.A.	a	7	B
Seguridad Vigilada, S.A.	C/ Pisuerga, 18 (BARCELONA)	100,0	Prosegur Cia de Seguridad, S.A.	a	4	B
STMEC, S.L.	C/ Pisuerga, 18 (BARCELONA)	100,0	Prosegur Cia de Seguridad, S.A.	a	1	B
Salcer Servicios Auxiliares, S.L.	C/ Pisuerga, 18 (BARCELONA)	100,0	Prosegur Cia de Seguridad, S.A.	a	1	B
Beloura Investments, S.L.U.	Pajaritos, 24 (MADRID)	100,0	Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Alarmas S.A.	Pajaritos, 24 (MADRID)	100,0	Prosegur Cia de Seguridad, S.A.	a	3	B
Pitco Ventures S.C.R.	Pajaritos, 24 (MADRID)	100,0	Prosegur Cia de Seguridad, S.A.	a	6	A
ESC Servicios Generales, S.L.U.	Avda. Primera, B-1 (A CORUÑA)	100,0	Prosegur Cia de Seguridad, S.A.	a	1	A
Prosegur International Handels GMBH	Poststrasse, 33 (HAMBURG)	100,0	Malcoff Holding BV	a	5	B
Prosegur GMBH (former Securlog GMBH)	Wahlerstrasse 2a, 40472 Düsseldorf	100,0	Prosegur Cia de Seguridad, S.A.	a	2	A
Prosegur France, S.A.	84 Rue des Aceries (SAINT ETIENNE)	100,0	Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Securité Humaine EURL	84 Rue des Aceries (SAINT ETIENNE)	100,0	Prosegur France, S.A.	a	1	A
Prosegur Teleserveillance EURL	3 Allée de L'Ectronique (SAINT ETIENNE)	100,0	Prosegur France, S.A.	a	3	B
Prosegur Securite Nord, S.A.S.	8 Avenue Descartes (Les Plessis Robinson)	100,0	Prosegur France, S.A.	a	1	B
Prosegur Traitement de Valeurs EURL	Rue Rene Cassin ZI de Molina (LA TALAUDIERE)	100,0	Prosegur France, S.A.	a	2	A
Prosegur Traitement de Valeurs EST	2 Rue Lovoisier BP 61609 25010 Besancon Cedez 3	100,0	Prosegur Cia de Seguridad, S.A.	a	2	A
Prosegur Technologie SAS	84 Rue des Aceries (SAINT ETIENNE)	100,0	Prosegur France, S.A.	a	3	A
SAS BFA	8 Avenue Descartes (Les Plessis Robinson)	33,5	Prosegur Cia de Seguridad, S.A.	a	3	B
		66,5	Prosegur France, S.A.			
Sarl Initiale	8 Avenue Descartes (Les Plessis Robinson)	100,0	Prosegur France, S.A.	a	7	B
Esta Service, SASU	84 RUE DES ACIERIES 42000 SAINT ETIENNE (FRANCE)	100,0	Prosegur Cia de Seguridad, S.A.	a	8	B
Prosegur Centre SARL	84 RUE DES ACIERIES 42000 SAINT ETIENNE (FRANCE)	100,0	Prosegur Cia de Seguridad, S.A.	a	8	B
Prosegur Participations, S.A.S.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100,0	Prosegur Cia de Seguridad, S.A.	a	5	A
Services Valeurs Fonds, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100,0	Prosegur Participations, S.A.S.	a	2	A
Docks y Entrepots Sazias, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	100,0	Prosegur Participations, S.A.S.	a	2	A

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Company	Registered offices	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
Euroval SAS	604 Avenue du Col de l'Ange - ZA des Plaines de Jouques - 13420 GEMENOS	5,0	Prosegur Cia de Seguridad, S.A.	a	2	B
		95,0	Prosegur Participations, S.A.S.			
GRP Holding SARL	177, rue de Luxembourg, L - 8055 Bertrange, Luxembourg	100,0	Luxpai Holdo S.A.R.L.	a	5	C
GRP Security SARL	177, rue de Luxembourg, L - 8055 Bertrange, Luxembourg	100,0	GRP Holding SARL	a	1	C
Prosegur Securite EST SAS	14, rue des Serruries 57070 Metz	100,0	GRP Holding SARL	a	1	C
Prosegur Securite Rubis SAS	2 Boulevard Général de Gaulle, 94270 Le Kremlin Bicêtre	100,0	GRP Holding SARL	a	1	C
Prosegur Securite Jade SAS	2 Boulevard Général de Gaulle, 94270 Le Kremlin Bicêtre	100,0	Prosegur Securite EST SAS	a	1	C
Prosegur Securite Opale SAS	2 Boulevard Général de Gaulle, 94270 Le Kremlin Bicêtre	100,0	GRP Holding SARL	a	1	C
Prosegur Accueil et Service SAS	14, rue des Serruries 57070 Metz	100,0	GRP Holding SARL	a	1	C
Malcoff Holdings BV	Schouwburgplein, 30-34 (ROTTERDAM)	100,0	Prosegur Cia de Seguridad, S.A.	a	5	B
Reinsurance Bussiness Solutions Limited	80 Harcourt Street (DUBLIN)	100,0	Prosegur Cia de Seguridad, S.A.	a	6	A
Luxpai Holdo S.A.R.L.	5, rue Guillaume Kroll, L-1882 Luxembourg	100,0	Prosegur Cia de Seguridad, S.A.	a	5	B
Pitco Reinsurance	Avenue Monterey, L-2163 Luxembourg	100,0	Luxpai Holdo S.A.R.L.	a	6	A
Prosegur Distribuição e Serviços, Lda.	Av. Infante Dom Henrique, 326 (LISBON)	100,0	Prosegur Cia de Seguridad, S.A.	a	7	B
Prosegur Companhia de Segurança, Lda.	Av. Infante Dom Henrique, 326 (LISBON)	99,5	Prosegur Cia de Seguridad, S.A.	a	4	A
		0,5	Prosegur Activa Holding, S.L.U.			
Rosegur Cash Services	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Cod 023708, Bucharest, Romania	51,0	Prosegur Cia de Seguridad, S.A.	a	2	B
		49,0	Rosegur, S.A.			
Transportadora de Caudales de Juncadella, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	5,0	Armor Acquisition, S.A.	a	2	A
		95,0	Juncadella Prosegur Internacional, S.A.			
Armor Acquisition, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	5,0	Prosegur Cia de Seguridad, S.A.	a	5	B
		95,0	Prosegur International Handels GMBH			
Juncadella Prosegur Internacional, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	68,8	Armor Acquisition, S.A.	a	5	B
		31,2	Prosegur International Handels GMBH			
Prosegur Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95,0	Juncadella Prosegur Internacional, S.A.	a	1	B
		5,0	Armor Acquisition, S.A.			

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Company	Registered offices	Investment % ownership	Investment Company holding the investment	Basis of consolidation	Activity	Auditor
Prosegur Vigilancia Activa, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95,0	Juncadella Prosegur Internacional, S.A.	a	1	B
		5,0	Armor Acquisition, S.A.			
Servicios Auxiliares Petroleros, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95,0	Juncadella Prosegur Internacional, S.A.	a	1	A
		5,0	Armor Acquisition, S.A.			
Xiden, S.A.C.I.	Olleros, 3923 Ciudad de Buenos Aires	7,8	Prosegur Cia de Seguridad, S.A.	a	3	A
		91,2	Juncadella Prosegur Internacional, S.A.			
Prosegur Tecnología Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	3,9	Prosegur Cia de Seguridad, S.A.	a	3	A
		96,2	Juncadella Prosegur Internacional, S.A.			
General Industries Argentina, S.A.	Herrera, 1175 Ciudad de Buenos Aires	90,0	Prosegur Cia de Seguridad, S.A.	a	3	A
		10,0	Juncadella Prosegur Internacional, S.A.			
Tellex, S.A.	Rincón 1346. Ciudad de Buenos Aires	95,0	Prosegur Cia de Seguridad, S.A.	a	3	A
		5,0	Armor Acquisition, S.A.			
Prosegur Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90.0	Prosegur Activa Holding, S.L.U.	a	5	B
		10.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Inversiones, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90.0	Prosegur Activa Holding, S.L.U.	a	5	B
		10.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Activa Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	90.0	Prosegur Holding, S.A.	a	3	A
		10.0	Prosegur Inversiones, S.A.			
Prosegur, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	95,0	Juncadella Prosegur Internacional, S.A.	a	1	A
		5,0	Armor Acquisition, S.A.			
T.C. Interplata, S.A.	Calle Perú 1578, Buenos Aires	5,0	Juncadella Prosegur Internacional, S.A.	a	2	B
		95,0	Transportadora de Caudales de Juncadella, S.A.			
Servin Seguridad, S. A.	Montevideo 666, piso 3º, oficina 302. Buenos Aires.	95,0	Juncadella Prosegur Internacional, S.A.	a	1	B
		5,0	Armor Acquisition, S.A.			
TSR Participacões Societárias, S.A.	Tomas Edison, 1250 - Barra Funda - São Paulo - SP	100,0	SGCE Participações Societárias, S.A.	a	5	B
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG	100,0	TSR Participacões Societárias, S.A.	a	4	A
Prosegur Sistemas de Securança Ltda	Guaratã, 667 - Prado - Belo Horizonte - MG	1,0	Prosegur Brasil SA Transportadora de Valores e Segurança	a	1	A
		99,0	TSR Participacões Societárias, S.A.			

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Company	Registered offices	Investment % ownership	Investment Company holding the investment	Basis of consolidation	Activity	Auditor
CTP Centro de Treinamento Prosegur Ltda	Estrada Geral S/N Bairro Passa Vinte – Palhoça/SC	99,6	Prosegur Brasil SA Transportadora de Valores e Segurança	a	7	B
		0,4	Prosegur Sistemas de Securança Ltda			
Prosegur Administração de Recebíveis Ltda	Av. Thomas Edison, 813, sobre loja, Sala 02, Barra Funda, São Paulo	99,8	Prosegur Brasil SA Transportadora de Valores e Segurança	a	7	B
		0,2	Prosegur Sistemas de Securança Ltda			
Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios Ltda.	Rua Barão do Bananal, 1.301, Vila Pompéia, São Paulo	100,0	Prosegur Cia de Seguridad, S.A.	a	3	A
		0,0	TSR Participacões Societárias, S.A.			
Setha Indústria Eletrônica Ltda	Rua Alvares de Macedo, 134, E144, Parada de Lucas, Rio de Janeiro	99,6	Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios Ltda.	a	3	A
		0,4	TSR Participacões Societárias, S.A.			
Prosegur Holding e Participações	Av. Thomas Edison, 813, sobre loja, Sala 03, Barra Funda, São Paulo	12,0	Prosegur Cia de Seguridad, S.A.	a	4	B
		88,0	Juncadella Prosegur Internacional, S.A.			
Prosegur Activa Alarmes Ltda.	Av. Thomas Edison, 813, 2ª andar, Barra Funda, São Paulo	97,0	Prosegur Activa Holding, S.L.U.	a	3	B
		2,0	Prosegur Tecnologia em Sistemas de Segurança Electrônica e Incêndios Ltda.			
		1,0	Prosegur Cia de Seguridad, S.A.			
Prosegur Gestão de Efetivos Ltda	Av. Thomas Edison, 813, sobre loja, Sala 03, Barra Funda, São Paulo	99,9	Prosegur Cia de Seguridad, S.A.	a	2	B
		0,1	TSR Participacões Societárias, S.A.			
Prosegur Gestão de Ativos Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Sala 03, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	0,0	Prosegur Cia de Seguridad, S.A.	a	7	A
		100,0	Prosegur Gestión de Activos, S.L.			
Digipro Processamento de Documentos e Valores Ltda.	Av. Amador Bueno da Veiga, 4271 - Altos - JD. Popular, São Paulo - CEP 03.653-000	100,0	Prosegur Activa Alarmes, S.A.	a	2	B
Nordeste Segurança Eletrônica Ltda.	R Professor Andra de Becerra, 931 - Salgadinho - Olinda - CEP 53.110-110	100,0	Prosegur Activa Alarmes, S.A.	a	3	B
Juncadella Prosegur Group Andina	Los Gobelinos 2567 Of. 203, Renca, Santiago	100,0	Juncadella Prosegur Internacional, S.A.	a	5	B
		0,0	Armor Acquisition, S.A.			
Capacitaciones Ocupacionales Sociedad Ltda	Los Gobelinos 2567 Of. 100, Renca, Santiago	83,1	Prosegur Cia de Seguridad, S.A.	a	2	B
		6,8	Prosegur International Handels GMBH			
		10,1	Juncadella Prosegur Group Andina			

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Servicios Prosegur Ltda	Los Gobelinos 2567, Renca, Santiago	100,0	Prosegur Cia de Seguridad, S.A.	a	2	A
		0,0	Prosegur International Handels GMBH			
Sociedad de Distribución, Canje y Mensajería Ltda.	Los Gobelinos 2548, Renca, Santiago	48,7	Prosegur Cia de Seguridad, S.A.	a	7	B
		30,6	Juncadella Prosegur Group Andina			
		20,7	Prosegur International Handels GMBH			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567, Renca, Santiago	99,0	Prosegur Chile, S.A.	a	1	B
		1,0	Juncadella Prosegur Group Andina			
Empresa de Transportes Compañía de Seguridad Chile Ltda	Los Gobelinos 2567, Renca, Santiago	60,0	Juncadella Prosegur Group Andina	a	2	A
		40,0	Prosegur International Handels GMBH			
Prosegur Tecnología Chile Limitada	Lo Boza107, Mod. 3 Pudahuel – Santiago	100,0	Prosegur Cia de Seguridad, S.A.	a	3	A
		0,0	Prosegur Chile, S.A.			
Prosegur Activa Chile, S.L.	Catedral 1009, piso 14 - Santiago Centro	99,0	Prosegur Activa Holding, S.L.U.	a	3	A
		1,0	Prosegur Cia de Seguridad, S.A.			
Prosegur Chile, S.A.	Los Gobelinos 2567, Renca, Santiago	70,0	Prosegur, S.A.	a	1	B
		30,0	Prosegur International Handels GMBH			
Prosegur Gestión de Activos Chile Ltda	Los Gobelinos 2567, Comuna de Renca, Santiago de Chile	99,0	Prosegur Gestión de Activos, S.L.	a	7	B
		1,0	Servicios Prosegur Ltda			
Compañía Transportadora de Valores Prosegur de Colombia, S.A.	Avda. de las Américas, 42-25 Bogotá	94,9	Prosegur Cia de Seguridad, S.A.	a	2	A
		5,1	Prosegur Activa Holding, S.L.U.			
Prosegur Peajes SAS	Avda. de las Américas, 42-25 Bogotá	100,0	Compañía Transportadora de Valores Prosegur de Colombia, S.A.	a	2	B
Inversiones BIV SAS	Calle 32 nº 8A-65 Edificio BCH piso 8, Cartagena	100,0	Prosegur Activa Holding, S.L.U.	a	5	A
Prosegur Vigilancia y Seguridad Privada Ltda	Calle 32 nº 8A-65 Edificio BCH piso 8, Cartagena	99,9	Inversiones BIV SAS	a	1	A
Prosegur Tecnología SAS	Av Ciudad de Quito nº 70A77, Bogotá.	100,0	Beloura Investments, S.L.U.	a	3	A
Prosegur GPS SAS	Cra. 50 nº 71-80 Bogotá (Colombia)	100,0	Beloura Investments, S.L.U.	a	3	C
Integra Monitoreo SAS	Cra. 50 nº 71-80 Bogotá (Colombia)	100,0	Beloura Investments, S.L.U.	a	3	A
Servimax Servicios Generales, SAS	Calle 32 nº 8A-65 Edificio BCH piso 8, Cartagena	100,0	Inversiones BIV SAS	a	1	B
Servimax Servicios Temporales SAS	Calle 32 nº 8A-65 Edificio BCH piso 8, Cartagena	100,0	Inversiones BIV SAS	a	1	B

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Company	Registered offices	Investment % ownership	Investment Company holding the investment	Basis of consolidation	Activity	Auditor
Prosegur Gestión de Activos de Colombia SAS	AC 13 # 42 A – 24. Bogotá	100,0	Prosegur Gestión de Activos, S.L.	a	7	B
Prosegur Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez – Asunción	99,0	Juncadella Prosegur Internacional, S.A.	a	4	A
		1,0	Transportadora de Caudales de Juncadella, S.A.			
Prosegur Tecnología Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez – Asunción	99,0	Juncadella Prosegur Internacional, S.A.	a	1	B
		1,0	Transportadora de Caudales de Juncadella, S.A.			
Compañía de Seguridad Prosegur, S.A.	Av. Morro Solar 1086 - Surco - Lima - Peru	52,0	Juncadella Prosegur Internacional, S.A.	a	2	A
		48,0	Transportadora de Caudales de Juncadella, S.A.			
Proseguridad S.A.	Av. Los Próceres 250 - Surco - Lima - Peru	52,0	Juncadella Prosegur Internacional, S.A.	a	1	A
		48,0	Transportadora de Caudales de Juncadella, S.A.			
Prosegur Cajeros, S.A.	Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima - Peru	52,0	Juncadella Prosegur Internacional, S.A.	a	2	B
		48,0	Transportadora de Caudales de Juncadella, S.A.			
Prosegur Tecnología Perú, S.A.	Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima - Peru	99,0	Prosegur Cia de Seguridad, S.A.	a	3	B
		1,0	Prosegur Activa Holding, S.L.U.			
Orus, S.A.	Av. Los Próceres 250 - Surco - Lima - Peru	84,8	Proseguridad S.A.	a	1	A
		14,3	Inversiones RB, S.A.			
		0,9	Compañía de Seguridad Prosegur, S.A.			
Orus Selva, S.A.	Caserio Palmawasi - Uchiza - Tocache - San Martin, Peru	90,0	Orus, S.A.	a	1	B
		10,0	Compañía de Seguridad Prosegur, S.A.			
Inversiones RB, S.A.	Av. Nicolás Arriola 780 Urb. Santa Catalina - La Victoria - Lima - Peru	99,0	Proseguridad S.A.	a	5	B
		1,0	Compañía de Seguridad Prosegur, S.A.			
Prosegur Activa Peru, S.A.	Av. República de Panamá 3890 - Surquillo - Lima, Peru	99,0	Prosegur Activa Holding, S.L.U.	a	3	A
		1,0	Prosegur Cia de Seguridad, S.A.			
Prosegur Servicios Administrativos, S.A.	Av. Primavera 1050-Urbanización Chacarilla del Estanque-Santiago de Surco	1,0	Prosegur Activa Holding, S.L.U.	a	7	B
		99,0	Prosegur Cia de Seguridad, S.A.			
Prosegur Gestión de Activos, S.A.	Calle La Chira 103-Urbanización Las Gardenias-Santiago de Surco	1,0	Prosegur Activa Holding, S.L.U.	a	7	B
		99,0	Prosegur Gestión de Activos, S.L.			

Information at 31 December 2012

Company	Registered offices	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
Prosegur Mexico S de RL de CV	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	85,6	Prosegur Cia de Seguridad, S.A.	a	5	B
		14,4	Prosegur Activa Holding, S.L.U.			
PRO-S Compañía de Seguridad Privada, SA de C.V.	Norte 79 B No. 77 planta alta. Colonia Sector Naval. 02080 MEXICO D.F.	100.0	Prosegur Mexico S de RL de CV	a	1	B
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	100,0	Prosegur Mexico S de RL de CV	a	2	A
Prosegur Seguridad Privada S.A. de C.V.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	100,0	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Consultoría y Servicios Administrativos de RL de CV	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	100,0	Prosegur Mexico S de RL de CV	a	4	B
Prosegur Servicios de Seguridad Privada Electrónica SA de CV	C/ Piña 297 Colonia Nueva Santa María. 02820 MEXICO D.F.	100,0	Prosegur Mexico S de RL de CV	a	2	B
Prosegur Custodias, S.A. de CV	C/ Alfredo Nobel, 21. Colonia Los Reyes Industrial. 54073 TLALNEPANTLA	100,0	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Tecnologia, S.A. de C.V.	Piña 297 Piso 1, Col. Hogar y Seguridad, D.F. C.P. 02820	100,0	Prosegur Mexico S de RL de CV	a	3	B
Grupo Tratamiento y Gestión de Valores SAPI de CV	Norte 79 B, Número 75. Col. Sector Naval Distrito Federal. C.P. 02080	80,0	Prosegur Cia de Seguridad, S.A.	a	2	A
Grupo Mercurio de Transportes SA de CV	Av. de las Granjas, 76 - Sector Naval - Azcapotzalco - 02080 MEXICO D.F.	100,0	Grupo Tratamiento y Gestión de Valores SAPI de CV	a	2	A
Compañía Ridur, S.A.	Guarani 1531 (Montevideo)	100,0	Juncadella Prosegur Internacional, S.A.	a	5	B
Prosegur Transportadora de Caudales, S.A.	Guarani 1531 (Montevideo)	99,9	Juncadella Prosegur Internacional, S.A.	a	2	A
		0,1	Armor Acquisition, S.A.			
Prosegur Activa Uruguay, S.A.	Bvrd. Artigas 2629 (Montevideo)	95.0	Prosegur Activa Holding, S.L.U.	a	3	A
		5.0	Prosegur Cia de Seguridad, S.A.			
Nautiland, S.A.	Martiniano Chiossi s/n - Maldonado	100,0	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, SRL	Guarani 1531 (Montevideo)	99,0	Prosegur Transportadora de Caudales, S.A.	a	2	B
		1,0	Prosegur Uruguay Compañía de Seguridad, S.A.			
Genper, S.A.	Rodo Jose Enrique 1761 - Montevideo	100,0	Prosegur Cia de Seguridad, S.A.	a	3	A
Prosegur Uruguay Compañía de Seguridad, S.A.	Bvrd. Artigas 2629 (Montevideo)	90,0	Prosegur, S.A.	a	1	A
		10,0	Armor Acquisition, S.A.			
GSM Telecom, S.A.	Del pino, Simon 1055, Piriapolis, Maldonado	100,0	Prosegur Activa Uruguay, S.A.	a	3	B
Coral Melody, S.A.	Guarani 1531 (Montevideo)	100,0	Prosegur Activa Uruguay, S.A.	a	1	A
Tecnofren, S.A.	Michelini, Zelmar 1121 - Maldonado	100,0	Prosegur Activa Uruguay, S.A.	a	1	A
Roytronic, S.A.	Guarani 1531 (Montevideo)	100,0	Prosegur Activa Uruguay, S.A.	a	3	B
Pitco Shanghai	North Shanxi Road 1438, Room 308, Shanghai 200060, China	100,0	Luxpai Holdo S.A.R.L.	a	2	C

Information at 31 December 2012

Company	Registered offices	Investment % ownership	Investment Company holding the investment	Basis of consolidation	Activity	Auditor
Pitco Asia Pacific Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton RD TST-KL	100,0	Luxpai Holdo SARL	a	5	B
Imperial Dragon Security Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100,0	Luxpai Holdo SARL	a	5	C
Weldom Technology Co Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	100,0	Imperial Dragon Security Ltd	a	5	C
Prosec Services Pte Ltd	111 Geylang Road, #01-01, Singapore 389216	100,0	Singpai Pte Ltd	a	1	B
Singpai Pte Ltd	80 Robinson Road #02-00 Singapore 068898	100,0	Luxpai Holdo S.A.R.L.	a	5	B
Aexis Security Management Pte. Ltd.	1 Lorong 2 Toa Payoh, #03 - 02, Yellow Pages Building, Singapore 319637	100,0	Singpai Pte Ltd	a	1	B
Prosec Cash Services Private, Ltd Services Pte Ltd	111 Geylang Road, #01-01, Singapore 389216	100,0	Singpai Pte Ltd	a	2	B
Prointrans LLC	Office 346, 13800 Coppermine Road, Herndon, 20171, VIRGINIA	100,0	Prosegur Cia de Seguridad, S.A.	a	5	C

Basis of consolidation

The circumstances considered in article 42 of the Spanish Code of Commerce are as follows:

a) The parent owns the majority of voting rights.
b) The parent has the power to appoint or dismiss the majority of the members of the governing body.
c) It may dispose, by virtue of agreements entered into with third parties, of the majority of the voting rights.
d) It has used its votes to appoint the majority of the members of the governing body who hold office at the moment when the consolidated annual accounts must be drawn up and during the two business years immediately preceding.
e) Sole administration of one or more companies by any other means.

Unless indicated otherwise, the most recent reporting period ended on 31 December 2013.

Activity

1. Activities from the surveillance business group
2. Activities from the cash in transit and cash management business group
3. Activities from the technology business group
4. Activities included in more than one business group
5. Holding company
6. Financial services
7. Auxiliary services
8. Dormant

Auditor

Audited by KPMG
Not subject to audit
Audited by other auditors

APPENDIX II. Consolidated Temporary Joint Ventures

Information at 31 December 2013

Company	Registered offices	Investment		Notes	Activity
		% ownership	Entity participating in the joint venture		
SERAT AEROPUERTO BILBAO UTE	Príncipe de Vergara, 135 28002 MADRID	40,0	EUROLIMP	(a)	0
UTE AENA BARCELONA T2 PROSEGUR-SERVIMAX	Pajaritos, 24 28007 Madrid	100,0		(d)	1
UTE PROSEGUR SERVIMAX BSM BARCELONA	Pajaritos, 24 28007 Madrid	100,0		(e)	1
UTE PROSEGUR SERVIMAX ARPEGIO	Pajaritos, 24 28007 Madrid	100,0		(f)	0
UTE PROSEGUR FESMI AYTO. FERROL	Crta. Baños de Arteijo, 12 15008 A Coruña	41,8	FESMI	(g)	1
UTE PROSEGUR SERVIMAX OFICINA ANTIFRAU CATALUNYA	Pajaritos, 24 28007 Madrid	100,0		(h)	1
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100,0		(i)	1
UTE PROSEGUR SERVIMAX AENA AEROPUERTO SAN SEBASTIAN	Pajaritos, 24 28007 Madrid	100,0		(j)	1
UTE PROSEGUR SERVIMAX AENA AEROPUERTO MALAGA	Pajaritos, 24 28007 Madrid	100,0		(k)	1
UTE PROSEGUR SERVIMAX AENA AEROPUERTO PALMA MALLORCA	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS SSG UNIVERSIDAD ALICANTE	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS SSG INSTITUTO DE ESTUDIOS FISCALES	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS SSG HOSPITAL VALL D'HEBRON	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS PAE RTVA	Pajaritos, 24 28007 Madrid	100,0		(l)	0
UTE PCS SSG GUGGENHEIM	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS SSG CORPORACION RTVE	Pajaritos, 24 28007 Madrid	100,0		(l)	0
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, 1 edif. Metropol I, 4º mod.20. Mairena de aljarafe - SEVILLA	10,0	CLECE	(l)	1
UTE PCS-SSG MPTMAP	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS ESC CETARSA	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE FERROSER PCS UNIV. EUROPEA MADRID	Príncipe de Vergara, 135 28009 MADRID	95,0	FERROVIAL	(l)	1
UTE PCS SSG GENERAL MOTORS	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS SSG UNIV. POLITECNICA DE VALENCIA 2012	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÁRIA)	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS ESC FORUM EVOLUCION DE BURGOS	Pajaritos, 24 28007 Madrid	100,0		(l)	1

Information at 31 December 2013

Company	Registered offices	Investment % ownership	Investment Entity participating in the joint venture	Notes	Activity
UTE PCS ESC CLINICA MILITAR CARTAGENA	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS SSG HOSPITAL VALL D'HEBRON	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS SSG PALAU DE LA MUSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PCS SSG AEROP. BARCELONA LOTE 1	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70,0	CSP SIGLO XXI	(l)	1
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PROSEGUR SERVIMAX HOSPITAL VALL D'HEBRON III	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE VIGILANCIA Y SEGURIDAD EN CENTROS DE INTERNAMIENTO-P-12-098	C/ Juan de Mariana, 15 28045 Madrid	11,6	Ombuds Seguridad, SA(31,25%) and other 7	(l)	1
UTE PCS SSG AUTORITAT PORTUARIA DE BARCELONA	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE ESC PCS GETXO KIROLAK	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PROSEGUR SERVIMAX EL GRECO 2014	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PROSEGUR SERVIMAX MONDELEZ	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PROSEGUR SERVIMAX AYTO. BILBAO	Pajaritos, 24 28007 Madrid	100,0		(l)	1
UTE PROSEGUR SERVIMAX EDIF. SAN SEB.-BILBAO (GOB. VASCO)	Pajaritos, 24 28007 Madrid	100,0		(l)	1
Unión Temporal Espinal CCTV	Cr 50 N0 71-80	80,0	Integra Security Sistemas, S.A.	(m)	1
Unión Temporal Congreso 2011	Cr 50 N0 71-80	99,5	Integra Security Sistemas, S.A.	(m)	1
Unión Temporal Manizales 2011	Cr 50 N0 71-80	99,5	Integra Security Sistemas, S.A.	(m)	1
Union Temporal Tecnologia Cali	Cr 50 N0 71-80	95,0	Integra Security Sistemas, S.A.	(m)	1

Information at 31 December 2012

Company	Registered offices	Investment % ownership	Investment Entity participating in the joint venture	Notes	Activity
SERAT AEROPUERTO BILBAO UTE	Príncipe de Vergara, 135 28002 Madrid	40,0	EUROLIMP	(a)	(1)
UTE PROSEGUR NORDES	Pajaritos, 24 28007 Madrid	100,0		(b)	(1)
UTE MNTO. COLEGIOS PUBLICOS	La Paz, 14 Valencia	90,0	CLECE	(c)	(0)
UTE AENA BARCELONA T2 PROSEGUR-SERVIMAX	Pajaritos, 24 28007 Madrid	100,0		(d)	(1)
UTE PROSEGUR SERVIMAX BSM BARCELONA	Pajaritos, 24 28007 Madrid	100,0		(e)	(0)
UTE PROSEGUR SERVIMAX ARPEGIO	Pajaritos, 24 28007 Madrid	100,0		(f)	(1)
UTE PROSEGUR FESMI AYTO. FERROL	Crta. Baños de Arteijo, 12 15008 A Coruña	41,8	FESMI	(g)	(1)

Information at 31 December 2012

Company	Registered offices	Investment		Notes	Activity
		% ownership	Entity participating in the joint venture		
UTE PROSEGUR SERVIMAX OFICINA ANTIFRAU CATALUNYA	Pajaritos, 24 28007 Madrid	100,0		(h)	(1)
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid	100,0		(i)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO SAN SEBASTIAN	Pajaritos, 24 28007 Madrid	100,0		(j)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO MALAGA	Pajaritos, 24 28007 Madrid	100,0		(k)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO PALMA MALLORCA	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PROSEGUR SERVIMAX UNIVERSIDAD POLIT. VALENCIA	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS SSG UNIVERSIDAD ALICANTE	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS SSG INSTITUTO DE ESTUDIOS FISCALES	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS SSG HOSPITAL VALL D'HEBRON	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS SSG CONSERVATORIO ATAULFO ARGENTA II	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS PAE RTVA	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS PT AYUNTAMIENTO ALCOBENDAS	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS SSG GUGGENHEIM	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS SSG CORPORACION RTVE	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS PT ISE ANDALUCIA	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCIA-PT AEAT SEVILLA	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCIA-PT AGENCIA VALENCIANA DE SALUD	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS-PT MINISTERIO DE JUSTICIA	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, 1 edif. Metropol I, 4º mod.20. Mairena de aljarafe - Sevilla	10,0	CLECE	(l)	(1)
UTE PCS-SSG MPTMAP	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS ESC CETARSA	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE FERROSER PCS UNIV. EUROPEA MADRID	Príncipe de Vergara, 135 28009 Madrid	95,0	FERROVIAL	(l)	(1)
ACASERVI, S.A. SALCER S.L. UTE	Avda. Diagonal, 687 08028 Barcelona	60,0	ACASERVI	(l)	(1)
UTE PCS SSG GENERAL MOTORS	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS SSG UNIV. POLITECNICA DE VALENCIA 2012	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA)	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS ESC FORUM EVOLUCION DE BURGOS	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS ESC CLINICA MILITAR CARTAGENA	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS SSG HOSPITAL VALL D'HEBRON	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UTE PCS SSG PALAU DE LA MUSICA DE VALENCIA	Pajaritos, 24 28007 Madrid	100,0		(l)	(2)
UTE PCS SSG AEROP. BARCELONA LOTE 1	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)

Information at 31 December 2012

Company	Registered offices	Investment		Notes	Activity
		% ownership	Entity participating in the joint venture		
UTE AEROPUERTO DE IBIZA	Pajaritos, 24 28007 Madrid	70,0	CSP SIGLO XXI	(l)	(1)
UTE PCS SSG LA FINCA	Pajaritos, 24 28007 Madrid	100,0		(l)	(1)
UT UNION TEMPORAL MANIZALES	Carretera 50 71-80	100,0		(m)	(1)
UNION TEMPORAL SIES 2011	Calle 21 44-18	100,0		(m)	(1)
UNION TEMPORAL ESPINAL	Carretrera 50 71-80	100,0		(m)	(1)
UNION TEMPORAL CONGRESO	Carretera 50 71-80	70,0	DISICO	(m)	(1)
UNION TEMPORAL CCVT CALI 2011	Calle 21 44-18	100,0		(m)	(1)
UNION TEMPORAL FISCALIA CCTV 2011	Carretera 50 71-80	100,0		(m)	(1)
UNION TEMPORAL TECNOLOGIA CALI	Carretera 50 71-80	100,0		(m)	(1)
UNION TEMPORAL VISE	Calle 6 No. 4-42	100,0		(m)	(1)

Notes

The purposes of the temporary joint ventures are as follows:

(a) Information, customer and airport lounge services in Bilbao Airport.
(b) Surveillance, security and maintenance services of the Malaga Health Centres.
(c) Reception and customer services in various council buildings.
(d) Reception and maintenance services in various state schools.
(e) Security patrol and auxiliary services in various centres for the RTVE broadcasting corporation.
(f) Security services in the new South Terminal, vehicle access control and perimeter control at Barcelona airport – Batch 2.
(g) Security and auxiliary services for cleaning the premises of the Barcelona City Council.
(h) Security and auxiliary services in premises of ARPEGIO in the Madrid Autonomous Region.
(i) Security and auxiliary services for El Ferrol town council.
(j) Security and auxiliary services for the anti-fraud offices of the autonomous government of Catalonia.
(k) Security and auxiliary services at Ceuta Health Centres.
(l) Security and auxiliary services for the customer.
(m) Electronic security service.

Activity

0. Actividad disuelta durante el ejercicio 2013.
1. Unión Temporal de empresas activa.
2. Unión Temporal de empresas creada en el ejercicio 2013 pero sin actividad al cierre del ejercicio.

APPENDIX III. Consolidated Joint Ventures

Information at 31 December 2013

Company	Registered offices	Investment		Basis of consolidation	Activity	Auditor
		% ownership	Company holding the investment			
Rosegur Holding Corporación, S.L.	Pajaritos, 24 Madrid	50,0	Prosegur Cia de Seguridad, S.A.	a	5	B
Rosegur, S.A.	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucharest, Romania	50,0	Through: Rosegur Holding Corporación, S.L.	a	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucharest, Romania	50,0	Through: Rosegur, S.A.	a	3	B
Rosegur Training, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucharest, Romania	50,0	Through: Rosegur, S.A.	a	7	B
SIS Cash Services Private Ltd	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	49,0	Prosegur Cia de Seguridad, S.A.	c	2	B
Shanghai Weldon Security Equipment Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	45,0	Prosegur Cia de Seguridad, S.A.	c	3	B
Shanghai Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	45,0	Through: Shanghai Weldon Security Equipment Co Ltd	c	1	B
Hangzhou Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	36,0	Through: Shanghai Weldon Security Service Co Ltd	c	1	B
Leshan Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	30,6	Through: Shanghai Weldon Security Equipment Co Ltd	c	2	B
Sichuan Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	30,6	Through: Shanghai Weldon Security Equipment Co Ltd	c	2	B
Prosegur Technological Security Solutions LLC	Abu Dhabi- Al falah Street- 211 ABDULLA HAMAD LUWAIE AL AMERI - P.O. Box 129354	49,0	Prosegur Cia de Seguridad, S.A.	c	3	C

Information at 31 December 2012

Company	Registered offices	Investment		Basis of consolidation	Activity	Auditor
		% ownership	Company holding the investment			
Rosegur Holding Corporación, S.L.	Pajaritos, 24 Madrid	50,0	Prosegur Cia de Seguridad, S.A.	a	5	A
Rosegur, S.A.	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucharest, Romania	50,0	Through: Rosegur Holding Corporación, S.L.	a	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucharest, Romania	50,0	Through: Rosegur, S.A.	a	3	B
Rosegur Training, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucharest, Romania	50,0	Through: Rosegur, S.A.	a	7	B

Information at 31 December 2012

Company	Registered offices	Investment		Basis of consolidation	Activity	Auditor
		% ownership	Company holding the investment			
SIS Cash Services Private Ltd	Annapurna Bhawan, Thelehone Exchange Road, Kurji, Patna 8000001 Buharm India	49,0	Prosegur Cia de Seguridad, S.A.	c	2	B
Shanghai Weldon Security Equipment Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	45,0	Prosegur Cia de Seguridad, S.A.	c	3	C
Shanghai Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	45,0	Through: Shanghai Weldon Security Equipment Co Ltd	c	1	C
Hangzhou Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	36,0	Through: Shanghai Weldon Security Service Co Ltd	c	1	C
Leshan Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	30,6	Through: Shanghai Weldon Security Equipment Co Ltd	c	2	C
Sichuan Weldon Security Service Co Ltd	Block 26, Lane 423 Xincun Road, Putuo District, Shanghai, China, 200065	30,6	Through: Shanghai Weldon Security Equipment Co Ltd	c	2	C
Prosegur Technological Security Solutions LLC	Abu Dhabi- Al falah Street- 211 ABDULLA HAMAD LUWAIE AL AMERI - P.O. Box 129354	49,0	Prosegur Cia de Seguridad, S.A.	c	3	C

Basis of consolidation

The circumstances considered in article 42 of the Spanish Code of Commerce are as follows:

a) The parent owns the majority of voting rights.
b) The parent has the power to appoint or dismiss the majority of the members of the governing body.
c) It may dispose, by virtue of agreements entered into with third parties, of the majority of the voting rights.
d) It has used its votes to appoint the majority of the members of the governing body who hold office at the moment when the consolidated annual accounts must be drawn up and during the two business years immediately preceding.
e) Sole administration of one or more companies by any other means.

Unless indicated otherwise, the most recent reporting period ended on 31 December 2013.

Activity:

1. Activities from the surveillance business group
2. Activities from the cash in transit and cash management business group
3. Activities from the technology business group
4. Activities included in more than one business group
5. Holding company
6. Financial services
7. Auxiliary services
8. Dormant

Auditor

A Audited by KPMG
B Not subject to audit
C Audited by other auditors

Consolidated Directors' Report for 2013

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

1. Situation of the Company

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

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

1.1. Organisational Structure

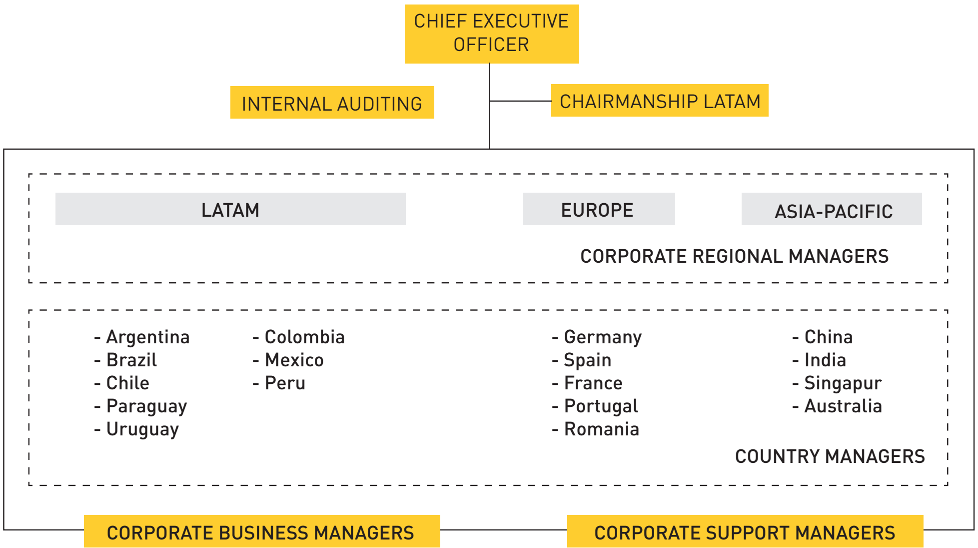
The organisational structure of Prosegur is designed with the aim of improving business processes and adding value to clients. Its flexibility allows for continuous adaptation to a changing environment and the performance of Prosegur as a corporate group. In addition, it encourages business and knowledge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

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

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

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

The organisation of Prosegur is shown in the chart below:



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

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

Changes in Group Composition

The changes in the composition of the Prosegur Group during 2013 were mainly due to the following acquisitions:

— On 9 December 2013, Prosegur acquired Brink's Deutschland GmbH. This company provides cash in transit and cash management services in Germany. This company has been consolidated since 31 December 2013. The total purchase price was Euro 1.
— On 16 December 2013, Prosegur acquired Chubb Security Services PTY Limited. This company provides cash in transit and cash management services in Australia. This company has been consolidated since 16 December 2013. The total purchase price was Euros 64.6 million.

The following business restructuring transactions were carried out in 2013:

— On 8 February 2013, the Company Prosegur España, S.L.U. was incorporated in Spain.
— On 6 March 2013, the Company Prosegur Argentina Holding, S.A. was incorporated in Argentina.
— On 6 March 2013 the Company Prosegur Inversiones Argentina, S.A. was incorporated in Argentina.
— On 1 November 2013, the merger of Nordeste Segurança Eletrônica Ltda, by Prosegur Activa Alarmes, S.A. was completed.
— On 1 November 2013 the merger by takeover of Digipro Processamento de Documentos e Valores Ltda by Prosegur Sistemas de Segurança Ltda. was completed.
— On 7 November 2013 the Company Prosegur Australia Holdings PTY Limited was incorporated in Australia.
— On 7 November 2013, the Company Prosegur Australia Investments PTY Limited was incorporated in Australia.
— On 31 December 2013 the merger by takeover of BFA SAS by Prosegur Securite Humaine EURL was completed in France.

1.2. Operation

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

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

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

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

2. Business performance and results

2.1. Key Performance Financial and Non-Financial Indicators

Financial year 2013 has experienced a growth in sales of 0.7%.

The consolidated sales of Prosegur in 2013 amount to Euros 3,695.2 million with a growth of 10.1% based on a constant exchange rate.

(Millions of Euros)		2013	2012	Variation
Sales		3,695.2	3,669.1	0.7%
EBITDA		414.4	427.0	-2.9%
	Margin	11.2%	11.6%	
Amort. PPE		-67.8	-67.0	1,1%
Amort. intangible assets		-49.0	-48.5	1.1%
EBIT		297.6	311.5	-4.4%
	Margin	8.1%	8.5%	
Net finance income		-51.5	-60.7	-15.2%
Profit before income tax		246.2	250.8	-1.9%
	Margin	6.7%	6.8%	
Tax		-90.5	-79.3	14.2%
	Tax rate	-36.8%	-31.6%	
Net result		**155.7**	**171.5**	**-9.2%**
Non-controlling interests		**-0.2**	**-0.4**	
Consolidated net result		**155.9**	**171.9**	**-9.4%**
Basic profit per share		**0.2718**	**0.2999**	

The EBITDA has increased by 10.3%, excluding the effect of depreciation against the Euro of the currencies in countries in which Prosegur operates, which reflects the increase/maintenance of margins despite the increases in labour costs in countries with a significant effect on results.

The EBIT / Sales margin of 8.1% shows the capacity of Prosegur to maintain business profitability in spite of the impact of repayments arising from the new business acquisitions.

The net consolidated result has dropped by 9.4% mainly due to the effect of depreciation against the Euro of the currencies in LatAm region and the increase in fiscal pressure in the main countries in which Prosegur is present.

Analysis of Management in 2013

Despite the challenging macroeconomic scenario both in Europe and in Latin America, financial year 2013 has closed in a satisfactory manner with results which reflect the capacity of Prosegur's integrated business model to maintain sustained growth and handle adverse economic conditions.

The objectives achieved are of even greater merit taking into account that Prosegur carries on its activity in 15 currencies other than its working currency, the Euro, and that the effect of depreciation of currencies in Latin America has had a significant negative impact on results.

One of the factors which has enabled positive results to be obtained in 2013 has been the process of optimisation of customer portfolios, mainly in countries like Spain or Portugal, which continue to experience marked stagnation of the economic situation, as well as the recession in the service sector in general and the sector of private security in particular.

The new businesses acquired in previous financial years have been integrated in full and, as a result thereof, the debt reduction and restructuring plan which was scheduled for the end of Strategic Plan 2014 has been brought forward to 2013. The success of the implementation of this process provides Prosegur with high potential to tackle new and larger corporate acquisitions. Therefore, this moment may be the start of a new stage which, on the one hand shall entail the continuation of the organic and inorganic growth policies and, on the other, the consolidation of the company's presence in Latin America and the expansion into new regions, such as Asia-Pacific.

Proof of the start of this new stage in the strategy is the entry of Prosegur into the Australian market via the acquisition of all the shares of Chubb Security Services PTY, subsidiary of United Technologies Corporation, whose business turnover is close to Euros 90 million.

In regard to the markets to which Prosegur had strategically committed in recent years and within the European region, Germany is worth highlighting in that it shows the positive effects of the efficiency measures implemented in the acquired company towards the end of 2011. It proves the excellence of the Prosegur business model in the CIT/CM area and that this model is exportable to other contexts.

This positive business trend in Germany has boosted the acquisition of a new area of activity in the country. Following the agreements reached a year ago, at 2013 year end the regulatory requirements established by the German authorities were in place to take over Brinks Deutschland GmbH, the approval of which was requested from authorities in February 2013.

The capacity to maintain the growth in markets which are already consolidated in the Latin America region has also been clearly evidenced in the year ending on 31 December 2013. The efficacy in the price updates for services provided in hyperinflationary scenarios is clear. In Brazil, the performance of jobs in the private security industry has been classified as risky, which has led to a significant increase in costs of personnel both in surveillance and CIT/CM services. Against expectations, the margins in these countries have been kept at similar levels to those of previous years.

Brazil continues to be the most important country within the Prosegur perimeter. Bearing in mind its sales turnover, its profit and number of employees, it is the most influential market on the results of Prosegur. The positioning of Brazil as an overall supplier of private security services is ideal for taking on the projects to be undertaken by this country between 2014 and 2016.

Financial year 2013 has brought about an important progress in the implementation of management key performance indicators, having updated corporate policies which have led to:

a) The establishment of continuous improvement targets.
b) Consideration of alternative strategies and options.
c) The adoption of measures required for the implementation of the strategies in place and introduction of measures designed to correct any deviations which might arise.
d) The development of competitive advantages over the rest of the market.

Throughout the year Prosegur management had up-to-date and appropriate information on clients, the market and the legal, financial and technological climate, allowing the Company to ensure that its management policies remained in line with trends.

The most significant management variables and their development throughout the year are detailed below, and include activities, commercial management, personnel, investments, operations and financial management.

Sales by Geographical Area

Prosegur's consolidated sales in 2013 amounted to Euros 3,695.2 million (Euros 3,669.1 million in 2012), a total increase of 0.7%. Of this rise 7.2% reflects pure organic growth and 2.5% inorganic growth derived from acquisitions made in 2012, offset by a 9.0% decrease due to exchange rate fluctuations.

The overall increase in sales is above the nominal GDP of countries in which Prosegur is present. This improvement is largely due to the integrated security solution model and the experience acquired in each market over the years.

Consolidated sales are distributed by geographical area as follows:

(Millions of Euros)	2013	2012	Variación
Europe	1,400.0	1,462.6	-4.3%
Asia-Pacific	39.4	28.6	37.6%
LatAm	2,255.7	2,177.8	3.6%
Total Prosegur	**3,695.2**	**3,669.1**	**0.7%**

Sales in Europe have fallen by 4.3% mainly due to the optimisation process which has been carried out in customer portfolios in Spain and Portugal.

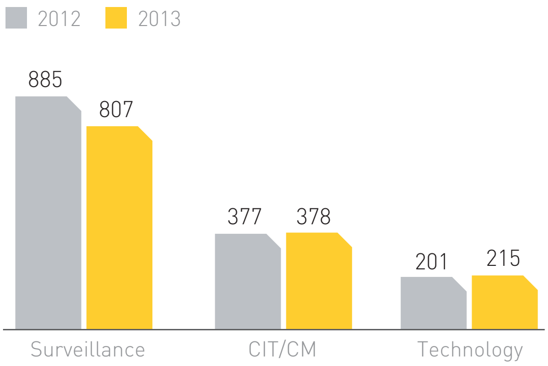
Sales in Latin America have experienced an overall increase of 3.6% over those in 2012, of which 15.4% is organic growth and 3.3% is inorganic growth. Sales during 2013 in this region have fallen by 15.1% due to the depreciation in the main currencies of the countries.

Lastly, the region of Asia-Pacific has grown by 37.6% thanks to the integration of new businesses and despite the negative impact of currency depreciation.

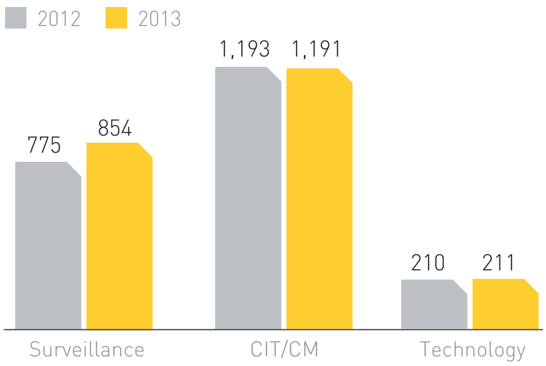
Sales by Business Area

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

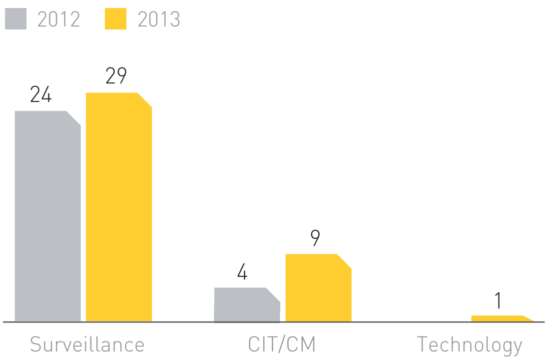
Europe sales
(Millions of Euros)



LatAm sales
(Millions of Euros)



Asia-Pacific sales
(Millions of Euros)



The distribution of aggregate consolidated sales by business area is shown below:

(Millions of euros)	2013	2012	Variation
Surveillance	1,690.2	1,684.1	0.4%
% of total	45.7%	45.9%	
CIT/CM	1,577.7	1,573.7	0.3%
% of total	42.7%	42.9%	
Technology	427.3	411.3	3.9%
% of total	11.6%	11.2%	
Total Prosegur	**3,695.2**	**3,669.1**	**0.7%**

The Surveillance business has grown by 0.4%, amounting to Euros 1,690.2 million (Euros 1,684.1 million in 2012) which accounts for 45.7% of the total income of Prosegur.

The Surveillance activity has experienced a slight drop in Europe to Euros 806.7 million (Euros 884.7 million in 2012). The drop is mostly due to the policy of optimisation of customer portfolios applied in Spain and Portugal, which has enabled margins and customer loyalty to be maintained on the basis of the quality standards offered by Prosegur.

In regard to the CIT/CM business, sales in Europe and Asia-Pacific have followed a positive trend, growing by 1.6% and reaching Euros 387.1 million (Euros 381 million in 2012). This is an important achievement bearing in mind the restructuring process that the banking industry has undergone in recent years in countries such as Spain and Portugal. In addition, it proves the solidity of the business and the differentiation of the CIT/CM services provided by Prosegur compared to the competition.

In addition, in Latin America, the CIT/CM business has reached Euros 1,190.6 million (Euros 1,192.7 million in 2012) reflecting the effect of depreciation against the Euro of the currencies in countries in which Prosegur operates

Lastly, the business of Technology has generated annual income of Euros 427.3 million in 2013 (Euros 411.3 million in 2012), 3.9% more than the year before.

The figures shown below illustrate the growth in consolidated business turnover of Prosegur over the last five years:

(Millions of Euros)	2009	2010	2011	2012	2013
Turnover	2,187.0	2,560.3	2,808.5	3,669.1	3,695.2

EBIT Margins by Geographical Area

The consolidated operating results (EBIT) in 2013 have been of Euros 297.6 million (Euros 311.5 million in 2012). The EBIT margin in 2013 has been of 8.1% (2012: 8.5%).

This margin of 8.1% becomes particularly significant in a year which has been adversely affected by the depreciation of the main currencies in the LatAm region.

The distribution of the EBIT margin by geographical area is as follows:

(Millions of Euros)	Europe	Asia-Pacific	LatAm	Prosegur
Sales	1,400.0	39.4	2,255.7	3,695.2
EBIT	48.4	0.0	249.2	297.6
Margin EBIT	3.5%	0.0%	11.0%	8,1%

As has already been mentioned, Europe and Asia-Pacific improve in absolute and relative terms whereas the LatAm region has shown a slight decline due mainly to the outstanding manpower costs which have not yet been passed on to the customers. However, an increase in the margin is expected in the first half of the following year, which will continue this recovery trend once all prices for services have been updated in Brazil and other countries in the region.

The customer portfolio optimisations carried out mainly in the European region reflect the priority objective of Prosegur to maintain high profitability margins and to guarantee return on investments. The achievement of this objective is part of the strategy of innovation and improvement of the services in pursuit of excellence thereof and in customer relations.

The table below shows the trend of the EBIT in the last five years:

(Millions of Euros)	2009	2010	2011	2012	2013
EBIT	230.5	262.6	284.1	311.5	297.6

The consolidated EBIT over sales margin has reached 8.1% in this year 2013. The upward trend of previous years has been basically halted by the depreciation of currencies over the year before, namely the Argentine Peso and the Brazilian Real.

The information regarding the allocation of Prosegur assets to each of the segments and the reconciliation between the result allocated to segments and the consolidated net result is contained in Note 10 of the Consolidated Annual Accounts.

Commercial Information

Prosegur services are sold through branches and by the Company's own sales personnel, and selective criteria are applied to minimise the risk of arrears and possible payment default. In cases where the Company has insufficient experience with a particular client, investigations and consultations are carried out using public information and objectively quantifiable risk assessments and individual analyses are performed. Once the contract has been signed, throughout the period over which the service is rendered, the client receives direct attention, enabling us to work in line with their operating requirements and financial situation, thereby reducing the risk of default.

Consequently, the client is at the centre of the business. The first objective is to meet quality standards and that the client understands he is purchasing a responsible security service with added value. The marketing is based on the idea of integrated security solutions, designed according to criteria of excellence and innovation.

The current focus of Prosegur is the provision of overall security solutions which enable industry specialisation as a strategic differentiation factor.

Prosegur continuously updates its product offering and develops new products in every business line. Examples thereof are the concept of dynamic surveillance, banking outsourcing, services via mobile devices or video surveillance from control centres.

Investments

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

During financial year 2013, amortisation and depreciation charges totalled Euros 116.8 million (Euros 115.5 million in 2012). Property, plant and equipment were Euros 67.8 million (Euros 67.0 million in 2012), computer software was Euros 10.9 million (Euros 9.9 million in 2012) and other intangible assets were Euros 38.1 million (Euros 38.6 million in 2012).

The total investments analysed by the Investment Committee in 2013 with comparative figures from 2012 are detailed below:

(Millions of Euros)	**2013**	**2012**
First Quarter	27	10.4
Second Quarter	32.5	22.8
Third Quarter	16.4	13.6
Fourth Quarter	18	24.6
Total	**93.9**	**71.4**

Throughout 2013, the Company has made investments in property, plant and equipment of Euros 119.7 million (Euros 106.7 million in 2012). In addition, investments in computer software amounting to Euros 13.2 million (Euros 11.9 million in 2012) have been made.

2.2. Environment

One of the main objectives of Prosegur is to reinforce the environmental awareness of its collaborators and reduce the environmental impact of all its activities by means of investing in technology and in efficient management models.

Prosegur has been the first private security Company in Spain to obtain ISO 14001 certification.

The main areas of activity of Prosegur in regard to environmental sustainability are:

a) Responsible fleet management. The Cash in Transit activity has one of the highest environmental impacts in Prosegur, connected with fuel consumption and vehicle exhaust emissions. A renovation of the fleet is under way, with acquisition of electrical vehicles and armoured vehicles which meet the Euro V standard. This investment, recognised as an increase in the value of property, plant and equipment, totals Euros 1.0 million (Euros 3.2 million in 2012).
b) Prosegur has occasionally taken part in projects for greenhouse gas inventory development.
c) Environmental awareness campaigns are currently under way in several countries, focusing on the reduction of solid waste from office supplies.

At 31 December 2013, Prosegur has no environmental contingencies, legal claims, income or expenses for this item.

2.3 Personnel

Taking into account the growth strategy in the last few years and on a global basis, Prosegur creates jobs in the markets where it is present.

At 2013 year end the Prosegur headcount stood at 154,540 employees (153,828 in 2012), which is 0.5% higher than the previous year.

A cornerstone of Prosegur's success as one of main security services companies in the world has traditionally been its recruitment policy. The responsibility and trust required in those who render the Company's services on client premises, operating in an area as delicate as security, mean that Prosegur must not only ensure the effectiveness of its professionals, but also their honesty, responsibility, emotional stability and psychological maturity.

It is precisely for this reason that continuous improvements are made by the human resources department to our recruitment process, enabling us to accurately assess the suitability of an individual for a position within Prosegur.

Details of the average Prosegur headcount over the past five years are as follows:

Headcount	2009	2010	2011	2012	2013
Direct	89,269	97,198	111,361	140,049	145,364
Indirect	5,638	5,657	6,924	8,530	9,150
Total Prosegur	**94,907**	**102,855**	**118,285**	**148,579**	**154,514**

The evolution of the staff headcount in relative terms over turnover in the last five years is as follows:

Number of people per million billed	2009	2010	2011	2012	2013
Direct	40.8	38	39.7	38.2	39.3
Indirect	2.6	2.2	2.5	2.3	2.5

A job performance assessment is carried out each year for each Prosegur employee. There is a system in place whereby each manager interviews his staff and objectively analyses performance, highlighting strengths and emphasizing areas for improvement.

Annual satisfaction surveys are carried out to enable Prosegur to become aware of the perception of employees of aspects related to daily tasks. Action plans are drawn up on the basis of these surveys which seek to establish policies to improve the working environment in the Group companies.

Prosegur acts in line with industry standards in occupational risk prevention. It invests in specific training and measures to ensure that employees work in safe environments and provides then with the best equipment.

Internal communication channels have been improved, particularly in recent years, with measures such as the corporate intranet, the "Gente Prosegur" in-house magazine and strategic presentations involving the participation of many employees.

The Prosegur Foundation helps to build a more caring society with less inequality and, in this regard, one of its objectives is to encourage social integration of less privileged sectors of society to bring about changes in attitude towards more caring values. For a few years now, the Company has encouraged the employment of people with intellectual disabilities, offering a more stable future through employment. The Plan for Employment of People with Intellectual Disabilities has been implemented in the more representative offices of Prosegur, adding new professionals from this group of people to the headcounts of different countries.

Below are the key indicators in the last two years showing the actions of Prosegur in regard to the encouragement of training and education of its employees and diversity and equal opportunities initiatives (the staff distribution by gender is included in Note 33 of the Consolidated Annual Accounts):

(Number of employees and millions of euros)	2013	2012
Personnel	154,540	153,828
Percentage of women	14.3%	14.0%
Percentage of women in Board of Directors	33.3%	33.3%
Disabled personnel employed in Spain	174	220
Investment in training	9.3	8.2
Accident rate	4.4	6.0
Rate of sick leave	0.06	0.07

3. Liquidity and Capital Resources

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

Prosegur calculates the net financial debt taking into account the total amount of current and non-current third party resources (excluding other non-bank debt) plus net derivative financial instruments, less cash and cash equivalents, minus other current financial assets.

The net financial debt at 31 December 2013 amounts to Euros 631.7 million (Euros 646.1 million in 2012).

3.1. Liquidity

Prosegur boasts a good level of liquidity reserves and available funding capacity to enable it to ensure and meet working capital, capital investment or inorganic growth requirements with flexibility and agility.

At 31 December 2013 the liquidity available in Prosegur is of Euros 579.0 million (Euros 405.1 million in 2012). This amount is made up of the following items:

— Balance of cash and cash equivalents amounting to Euros 292.9 million (Euros 163.6 million in 2012).
— The existing availability of non-current credit amounting to Euros 150 million pertaining to the syndicated loan arranged in 2010 (Euros 100 million in 2012).
— Other unused lines of credit amounting to Euros 136.1 million (Euros 141.5 million in 2012) acquired in a diversified manner from a broad banking pool which includes representation of the main banks in each country where the Company operates.

This liquidity amount accounts for 15.7% of consolidated annual sales (11.0% in 2012), which underpins short-term financing and the growth strategy.

The efficiency measures in in-house administrative processes implemented in the last two financial years have substantially improved the business cash flow. The profile of debt maturities of Prosegur has been brought in line with the Company's capacity to generate cash flows to meet such debts. In addition, the fulfilment of the Prosegur growth strategy will not compromise the objective of maintaining reasonable indebtedness levels.

It is important to point out that, although part of the cash flow reported at 2013 year end is subject to certain regulatory conditions arising from the geographic positioning of Prosegur, compliance with upcoming contractual obligations does not depend on distributions or payments from subsidiaries subject to insurmountable regulatory or legal restrictions. During the process of yearly budget planning, a dividend repatriation plan from subsidiaries is drawn up to maximise the tax efficiency of the consolidated Group.

The market value of the portfolio owned by the Prosegur parent Company at 31 December 2013 amounts to Euros 217.6 million.

3.2. Capital Resources

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

a) Syndicated loan entered into in Spain in 2010 amounting to Euros 400 million over five years. At 31 December 2013, the capital drawn down by way of a loan amounts to Euros 60 million and drawdowns by way of a credit facility have been made amounting to Euros 100 million.
b) Debenture issued in Brazil in 2012 whose outstanding amount at 31 December 2013 is Euros 79.2 million (exchange value: Brazilian Reais 258.3 million)
c) On 2 April 2013 ordinary bonds amounting to Euros 500 million were issued, with maturity in 2018. The bonds accrue a coupon of 2.75% per annum payable yearly and are listed on the Irish Stock Exchange. The trading price at 31 December 2013 is 2.371%.

By means of this last operation, Prosegur has refinanced most of its financial debt and maintains a policy of natural hedging of currency conversion, as it also has debt in the currencies in the countries where it is present. However, the balance between the advantages of such hedges and the increased financial cost involved is weighted.

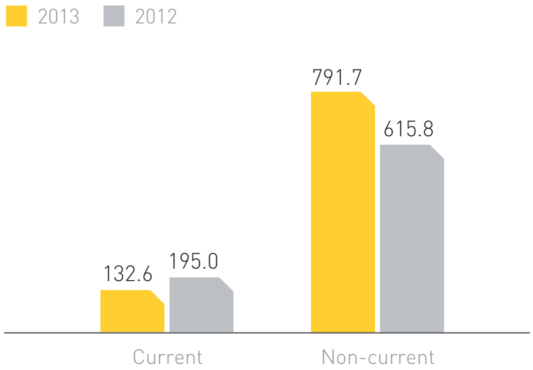
The gross financial debt includes current and non-current financial liabilities and excludes other non-banking debts and, in turn, is adjusted at the fair value of the derivative financial instruments purchased.

In consolidated terms, the non-current gross financial debt with maturities over one year has amounted at the end of 2013 to Euros 791.7 million (Euros 615.8 million in 2012), basically made up of the syndicated loan arranged in 2010, the debenture issued in Brazil in 2012 and the corporate bonds issued in 2013.

The current gross financial debt amounts to Euros 132.6 million (Euros 195.0 million in 2012).

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

Group gross financial debt
(Millons of Euros)

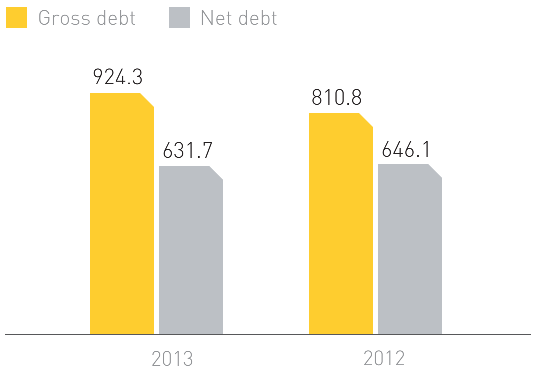


The average cost of the financial debt in 2013 has been of 4.22% (4.87% in 2012). The reduction in the average cost of the debt is an excellent sign bearing in mind that Prosegur acquires part of its funding from countries with high financing costs, in accordance with the natural hedging policy, particularly in Brazil, where the Interbank Deposit Rate (CDI) has increased over the year. This achievement has been possible thanks to the debt restructuring process carried out in 2013.

The net financial debt at 2013 year end has amounted to Euros 631.7 million (Euros 646.1 million in 2012).

Below is a comparative graph of the gross debt and the net debt in 2013 and 2012:

Evolution of group's financial debt
(Millions of Euros)



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

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

(Millions of Euros)	Less than 1 year	1 to 5 years	Over 5 years	TOTAL
Bonds and other securities	13.8	555.0	0.0	568.8
Syndicated loan	31.1	130.1	0.0	161.2
Loans and borrowings	82.2	249.9	1.5	333.7
Credit accounts	42.7	0.0	0.0	42.7
Leasing debts	9.2	17.3	0.2	26.8
Other debts	71.8	86.8	1.6	160.2
	250.7	**1,039.1**	**3.3**	**1,293.2**

In the ordinary performance of the activity, Prosegur occasionally resorts to transactions which are not reflected in the financial statements, usually under the contractual form of an operating lease and mainly in order to use high value assets such as buildings and vehicles. The payment commitments of future leases amount to Euros 73 million (Euros 109.3 million in 2012) mainly pertaining to an office building in Madrid, operations headquarters in Brazil, other business representative buildings and operating vehicles.

Prosegur calculates the leverage index as the result of dividing the net financial debt by the total capital, the latter understood to be the sum of the net financial debt and net equity. The ratio at 31 December 2013 is of 0.49 (0.47 in 2012).

The ratio of net financial debt over shareholder equity at 31 December 2013 is of 0.97 (0.88 in 2012).

The ratio of net financial debt over EBITDA is 1.52 in 2013 (1.51 in 2012). If the market value of the shareholder equity is considered at year end as an adjustment of net financial debt and third party debt from Company acquisitions are taken into account, the ratio over the EBITDA becomes 1.34 (1.58 in 2012).

3.3. Analysis of Contractual Obligations and Off-Balance Sheet Transactions

Note 27 of the Consolidated Annual Accounts includes the future minimum payments arising from operating leases contracts by maturity band.

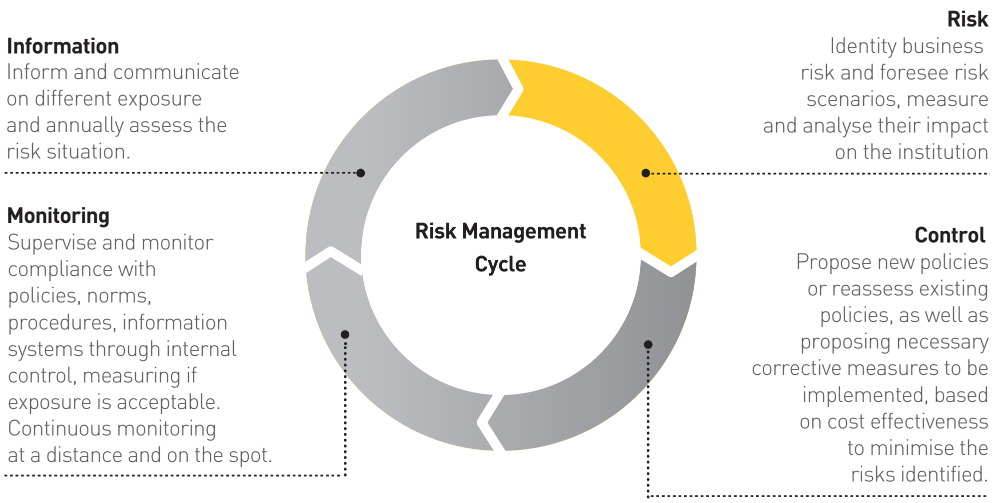
Additionally, as stated in Note 26 of the Consolidated Annual Accounts, Prosegur issues third party guarantees of a commercial and financial nature. The overall amount of guarantees issued at 31 December 2013 has reached Euros 155.6 million (Euros 196.1 million in 2012).

4. Main Risks and uncertainties

4.1. Operational Risks

The risk management cycle of Prosegur is as follows:

Monthy	**Information on exposure to:** · Financial Risk · Operational and Compliance Risk · Risk to Reputation	Quarterly	**Monitoring through Risk Committees:** · Business Risk · Financial Risk · Operational and Compliance Risk
Six-monthy	**Information to the Board of Administration:** · Business Risk · Financial Risk · Operational and Compliance Risk · Risk to Reputation	Annually	**Re-evaluation of the Risk Map** **Review of Strategic Risks**



Regulatory Risk

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

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

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

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

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

Operational Risk

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

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

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

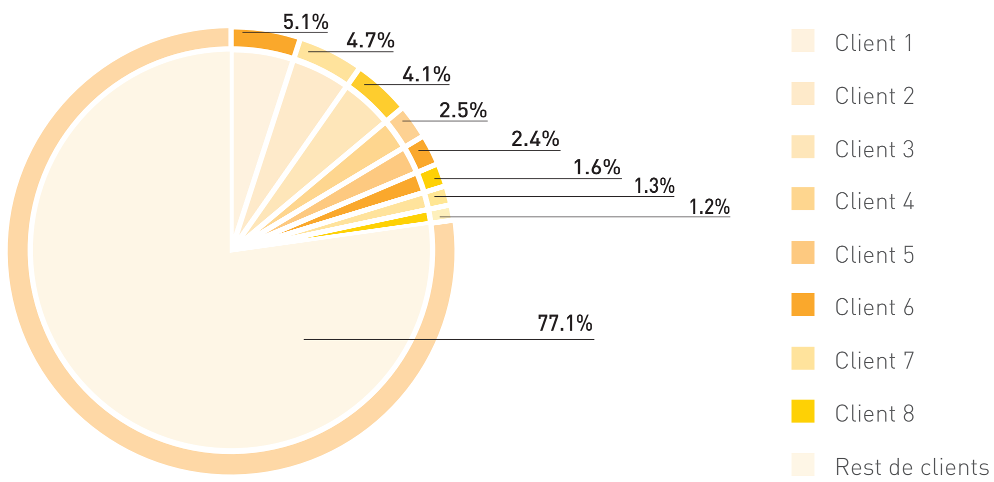
It is important to highlight the monitoring activity carried out by the Corporate Security and Risk Management Department in the processes of control and tracking of the transactions related to cash transport, handling and storage. There is also an independent service to handle claims or differences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

Prosegur has over 50 people working on two continental platforms: one for LatAm countries and another for Europe. The latter also handles services for the Asia-Pacific region, which includes research and analysis of procurement processes of other companies operating in these markets.

Client concentration

Prosegur has no significant client concentrations. Note 32 of the Consolidated Annual Accounts includes a table showing main clients' share of overall turnover of Prosegur, as shown in the following chart:

Client concentration



4.2. Financial Risks

Interest Rate Risk

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

Prosegur carries out a dynamic analysis of its exposure to interest rate risk. During financial year 2013, the financial liabilities held by Prosegur at a variable interest rate were mostly denominated in Euros, Brazilian Reais and Australian Dollars.

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

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

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

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

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

Note 32 of the Consolidated Annual Accounts includes the balances of bank loans and credits and the part of the debt which is hedged either by the Interest Rate Swap described in this paragraph or else by interest rates that are not subject to fluctuation.

Currency Risk

The natural hedge carried out by Prosegur is based on the fact that industry's investment capital needs, which vary according to business area, are in line with the generated operating cash flow and it is feasible to regulate the rhythm of investments to be made in each country on the basis of operating requirements.

During 2013, Prosegur has maintained a natural hedging policy via new investment transactions in the industry in local currency, such as the purchase of shares in the Australian entity Chubb Security Services PTY Limited, which has required a loan of AUD 70 million. In addition, debts are held in the currencies of the main countries where Prosegur operates in order to reduce exposure to exchange rate risk in the countries.

This means that although Prosegur is present in a large number of countries, the financial debt is mainly held in the following currencies: Euro, Brazilian Real and Australian Dollar. The debt in Euros accounts for 79%, that in Brazilian Reais for 9%, that in Australian Dollars for 6% and the remaining 6% is in other currencies of countries where Prosegur is present.

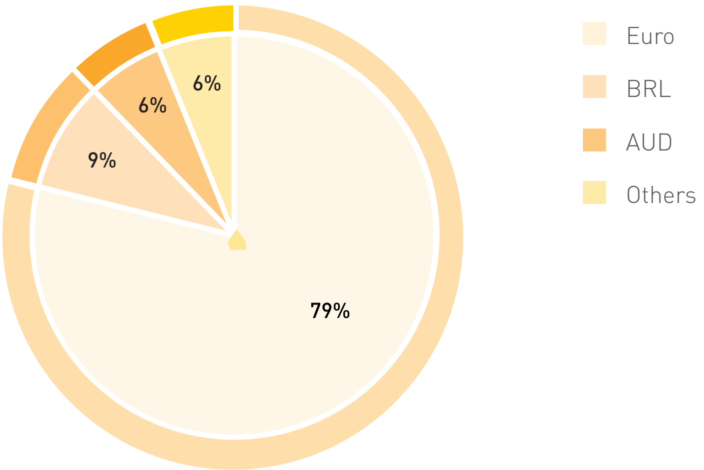
The change in the structure of the debt by currency compared to the previous year is due to corporate transactions, mainly the issue of corporate bonds, the early repayment of the loan which had been taken out in 2012 for Euros 100 million, the partial repayment of the syndicated loan of 2010 of Euros 50 million, the partial repayment of the debenture issued in Brazil in 2012 of Euros 47 million and the loan in Australian Dollars agreed as a part of the financing of investments made in that country.

Note 32 of the Consolidated Annual Accounts reflects the value of financial assets and liabilities by currency rate. This same Note includes relevant information on the currency risk exposure via the exchange rates of the main currencies affecting assets and liabilities.

At 2013 year end, Prosegur includes a derivative financial instrument in its balance sheet which acts as an Australian Dollar – Euro forward exchange contract on a notional amount of AUD 15 million.

The structure of the financial debt held by Prosegur by currency at 2013 year end is shown below:

Group financial debt



Credit Risk

The Receivables and Collections Departments in each of the countries in which Prosegur is operative carries out a risk assessment per client on the basis of basic purchase data and establishes credit limits and payment terms which are recorded in the Prosegur management systems and regularly updated. Monthly monitoring of the credit situation of the clients is carried out, making any value corrections deemed necessary on the basis of clearly established policies.

Note 32 of the Consolidated Annual Accounts includes graphs showing the share held accounted for by main clients of overall turnover of Prosegur.

As for financial investments and other transactions, these are carried out with rated institutions and financial transactions framework agreements are entered into (CMOF or ISDA). The counterparty risk limits are clearly defined in the corporate policies issued by the Financial Management Department and updated limits and credit levels are regularly published.

5. Significant events after the reporting date

On 10 January 2014, Prosegur has carried out the block sale of a packet of own shares accounting for 4.032% of the share capital for a total amount of Euros 123.2 million, that is, 24,882,749 shares at Euros 4.95, to meet the demand of JB Capital Markets for a limited and reduced group of institutional investors. Following this transaction, Prosegur has 3.047% of own shares which it considers as strategic to face potential future corporate transactions.

By means of its subsidiary Singpai Pte. Ltd., on 23 January 2014 Prosegur acquired 100% of the shares of Evtec Management Services Pte Ltd located in Singapore. This transaction represents a maximum investment for Prosegur of SGD 7.5 million (equivalent to Euros 4.3 million), including the debt of the acquired company.

By means of its subsidiary Prosegur GmbH, on 17 February 2014 Prosegur acquired 100% of the shares of Chorus Security Service GmbH & Co. KG and 100% of the shares of its general partner Chorus Security Service Verwaltungs GmbH, both companies located in Germany. This transaction represents a maximum investment for Prosegur of Euros 1,800 thousand, including the debt of the acquired company.

6. Information on the Expected Performance of the Company

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

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

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

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

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

In addition, the key objectives of Prosegur include a significant growth in the activity of alarms.

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

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

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

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

7. R&D&I

The important projects carried out in recent years distinguish the quality of the security services offered by Prosegur and prove its commitment to service innovation and excellence.

Among the projects that have been recently completed with success or which are currently in progress, we highlight the following:

a) Development of a global cash management system covering both business processes and the technological platforms supporting the processes, valid for all countries.
b) Development of a global information system to store and cross-reference data from all of the functional areas and support units, providing a comprehensive view of the business. This information would also be employed by system users to make decisions.
c) Development of an innovative technological platform focused on the private security business for the global planning and management of human and material resources associated with each service, designed to optimize efficiency in operational management based on access to fast and detailed technical and economic data.
d) Design and technological development of a corporate platform to enable all activities related to security service in the technology business area to be sustained in a homogeneous and unified way.
e) Development of a new service for banks which allows the maximum possible number of transactions to be carried out at a single counter. The new system will provide a unified view for transactions by various banks and other clients such as creditors and invoice issuers.

f) Our solution for managing all of the Company's logistic activities, from comprehensive planning these tasks to cash transport in the most secure controlled environment possible, providing a flexible, modular service which responds rapidly to unforeseen circumstances and changes in clients' needs, with guarantees of maximum security.
g) New authentication system for users of company applications allowing for all identity management and access control systems to be unified.
h) Design and development of a comprehensive security system for persons and premises via real time remote control, on-demand home video images and the use of home automation (domotics) services via a secure server.
i) New solutions for intelligent location of persons and assets in interior and exterior areas, for greater security and better resource planning.

8. Purchase and Sale of Own Shares

At 31 December 2013, the Company has 43,685,484 own shares (43,726,900 shares in 2012) accounting for 7.08% of the share capital (7.09% in 2012), at a value of Euros 125.2 million (Euros 125.3 million in 2012). Part of these shares is used to remunerate to Chief Executive Officer and Senior Management Personnel of Prosegur as part of incentive plans.

The incentive plan designed within the framework of remuneration systems linked to the traded value of the shares of the Prosegur parent company that is currently in force, was approved by the General Meetings of Shareholders held on 29 May 2012. The Board of Directors is authorised to acquire own shares up to the maximum limit set forth by Law.

The previous incentive plan, known as the 2011 Plan, was settled in January 2014. On the other hand, the maximum number of shares planned for Plan 2014, whose last delivery is scheduled for 2017, amounts to 4,120,000.

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

9. Other Significant Information

9.1. Stocks and Shares Information

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

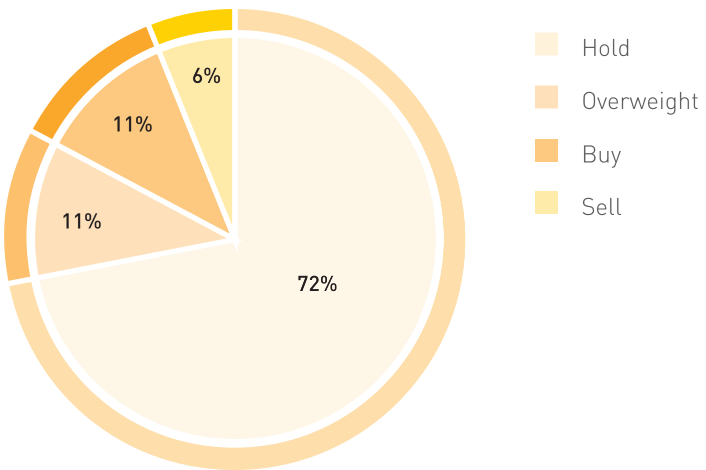
The policy of relationship with shareholders and investors of Prosegur aims to establish a direct and personal communication that is stable over time. The Company has a close relationship with its shareholders, private and institutional investors, and with the main stock analysts, to whom it provides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

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

Analyst Recommendations

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

Coverage by analysts



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

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

Main Shareholders

The shareholder structure of Prosegur reflects its solidity and stability.

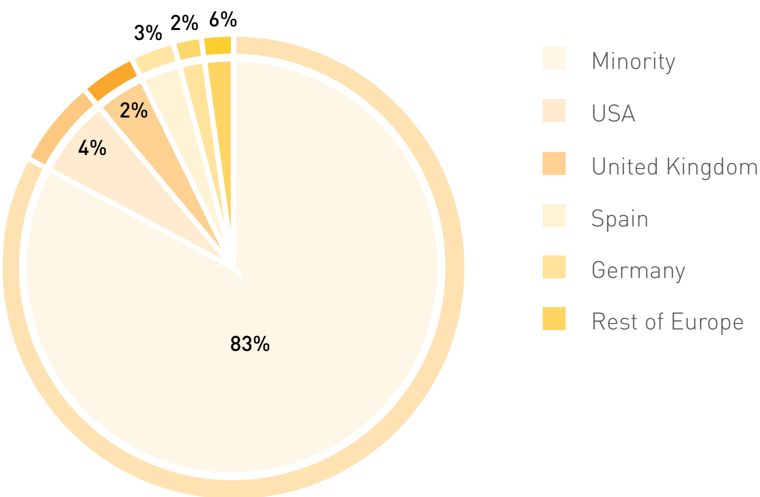
At 31 December 2013, 70.3% of the Company capital was held by significant shareholders who are also part of the Board of Directors. The remaining 29.7% was free-float.

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

Geographical distribution of floating capital

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

Geographical distribution of floating capital



9.2. Annual Report on Corporate Governance

The 2013 Prosegur Annual Report on Corporate Governance forms part of the Directors' Report and, as of the date of publication of the annual accounts, is available on the National Securities Market Commission and Prosegur websites. Such report includes Section E, which analyses the company systems for risk control and management, and Section F, which provides details on the risk control and management system in relation to the financial reporting process (SCIIF).

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL INFORMATION FOR 2013

The members of the Board of Directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the individual and consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries for 2013, authorised for issue by the Board of Directors at the meeting held on 27 February 2014 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, and that the respective individual and consolidated directors' reports provide a reliable analysis of the Company's performance and results and the position of Prosegur Compañía de Seguridad, S.A. and its consolidated group, together with the main risks and uncertainties facing the Group.

Madrid, 27 February 2014

Ms. Helena Irene Revoredo Delvecchio
Chairperson

Mr. Isidro Fernández Barreiro
Vice-Chairman

Mr. Christian Gut Revoredo
Managing Director

Ms. Mirta María Giesso Cazenave
Director

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

Mr. Pedro Guerrero Guerrero
Director

Mr. Eduardo Paraja Quirós
Director

Mr. Eugenio Ruiz-Gálvez Priego
Director

D. Fernando Vives Ruíz
Director

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

DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries are the responsibility of the directors of the parent company, and have been prepared in accordance with international financial reporting standards endorsed by the European Union.

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

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

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

Mr. Antonio Rubio Merino
Director of Finance and Economic Affairs

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED CORPORATIONS


PROSEGUR
PROSEGUR

Annual corporate governance report of listed corporations

A. Ownership structure

A.1 Complete the following table on the company's capital structure:

Date of last change	Share capital (euros)	Number of shares	Number of voting rights
06/07/2012	37,027,478.40	617,124,640	617,124,640

State whether there are different classes of shares with different associated voting rights:

No

A.2 Breakdown of the direct and indirect owners of significant shareholdings in the company at year-end, excluding members of the Board of Directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
GUBEL, S.L.	309,026,930	0	50.07%
AS INVERSIONES, S.L.	32,817,810	0	5.32%
FMR LLC	0	29,908,843	4.85%
CANTILLON CAPITAL MANAGEMENT LLC	0	18,821,350	3.05%
M & G INVESTMENT MANAGEMENT, LTD	0	19,362,786	3.14%
OPPENHEIMER ACQUISITION CORPORATION	0	21,761,746	3.53%

Name of shareholder	Through: Name of direct owner of shareholding	Number of voting rights
GUBEL, S.L.	GUBEL, S.L.	0
AS INVERSIONES, S.L.	AS INVERSIONES, S.L.	0
FMR LLC	VARIOUS FUNDS	29,908,843
CANTILLON CAPITAL MANAGEMENT LLC	VARIOUS FUNDS	18,821,350
M & G INVESTMENT MANAGEMENT, LTD	VARIOUS FUNDS	19,362,786
OPPENHEIMER ACQUISITION CORPORATION	VARIOUS FUNDS	21,761,746

State significant changes to the ownership structure in the year:

Name of shareholder	Transaction date	Description of the transaction
FMR LLC	29/05/2013	Less than 5% of share capital
OPPENHEIMER ACQUISITION CORPORATION	11/09/2013	More than 3% of share capital
CORPORACION FINANCIERA ALBA, S.A.	07/11/2013	Less than 3% of share capital

A.3 Complete the following tables showing the members of the Board of Directors of the company holding voting rights attached to shares in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
HELENA IRENE REVOREDO DELVECCHIO	0	309,026,930	50.07%
HELENA IRENE REVOREDO DELVECCHIO	0	213,400	0.04%
PEDRO GUERRERO GUERRERO	1,000	330,000	0.05%
CHRISTIAN GUT REVOREDO	885,430	0	0.14%
MIRTA MARIA GIESSO CAZENAVE	1,898,320	32,817,810	5.62%

Name of indirect owner of shareholding	Through: Name of direct owner of shareholding	Number of voting rights
HELENA IRENE REVOREDO DELVECCHIO	GUBEL, S.L.	309,026,930
HELENA IRENE REVOREDO DELVECCHIO	PROREVOSA, S.L.	213,400
PEDRO GUERRERO GUERRERO	VALORES DEL DARRO, SICAV, S.A.	330,000
CHRISTIAN GUT REVOREDO	DON CHRISTIAN GUT REVOREDO	0
MIRTA MARIA GIESSO CAZENAVE	AS INVERSIONES, S.L.	32,817,810

Total percentage of voting rights held by the Board of Directors	55.93%

Complete the following tables showing the members of the Board of Directors of the company holding voting rights attached to shares in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights	Equivalent number of shares	Equivalent number of shares
DON CHRISTIAN GUT REVOREDO	1,812,740	0	1,812,740	0.29%

A.4 Indicate, where applicable, any family relationships, or commercial, contractual or corporate ties between the holders of significant shareholdings, to the extent they are known by the company, unless they are not significant or result from the ordinary course of business:

A.5 Indicate, where applicable, any commercial, contractual or corporate relationship between the holders of significant shareholdings and the company and/or its group, unless they are not significant or result from the ordinary course of business:

Name of related parties
GUBEL, S.L.
PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

Type of relationship:
Commercial.

Brief description:
Proactinmo, S.L. (subsidiary of Gubel, S.L.) leases an office building to Prosegur for an initial period of five (5) years until 2015. Annual rent in 2013 totalled 1,297,000 euros.

A.6 State whether the company has been notified regarding the existence of shareholders' agreements affecting it in accordance with the provisions of Articles 530 and 531 of the Capital Companies Act. If so, describe them briefly and list the shareholders bound by the pact:

No

State whether the company is aware of the existence of concerted actions among its shareholders. If so, describe them briefly:

No

Expressly indicate any changes or breaches of said agreements or concerted actions occurring during the financial year:

N/A

A.7 State whether there are any persons or legal entities exercising or potentially exercising control of the company in accordance with Article 4 of the Spanish Securities Market Act. If so, say whom/which:

Yes

Name
HELENA IRENE REVOREDO DELVECCHIO

Comments
Through GUBEL,S.L.

A.8 Complete the following tables concerning the company's treasury shares:

At year-end:

Number of direct shares	Number of indirect shares *	Total % of share capital
39,685,484	4,000,000	7.08%

(*) Through:

Name of direct owner of shareholding	Number of direct shares
PROSEGUR PARAGUAY, S.A.	4,000,000
Total	39,685,484

List any significant changes occurring during the year, in accordance with the provisions of Royal Decree 1362/2007:

A.9 State the conditions and term of the mandate issued by the shareholders' meeting to the Board of Directors for issuing, buying back or transferring treasury shares.

The Ordinary General Meeting of Shareholders of Prosegur Compañía de Seguridad, S.A., held on 27 June 2011, resolved to renew the authorisation granted at the General Shareholders' Meeting (on 28 June 2010) for the derivative acquisition of treasury shares directly or via group companies, in the terms literally transcribed below:

1. To authorise the derivative acquisition of shares in Prosegur Compañía de Seguridad, S.A. by the Company and its subsidiaries pursuant to the provisions of the Capital Companies Act, in compliance with the requirements established in applicable legislation at all times and in the following conditions:

   a) The shares may be acquired directly by the Company or indirectly via its subsidiaries, in the form of sale-purchase, exchange or any other legally valid transaction.
   b) The par value of the shares acquired, plus, where applicable, that of those already held, directly or indirectly, must not exceed the maximum legally allowed at any given time.
   c) The purchase price per share shall be at least the par value and at most the market value on the day of the purchase, plus 10%.
   d) This authorisation is granted for a period of five years.

   It is expressly stated that this authorisation may be used in full or in part for the acquisition of treasury shares to be delivered or transferred to directors or employees of the Company or companies belonging to its group, either directly or as a result of their exercising option rights, all within the framework of remuneration systems linked to the market value of shares in Prosegur Compañía de Seguridad, S.A.

2. To empower the Board of Directors, with express powers to sub-delegate and, in the broadest possible terms, to exercise this authorisation and to perform the rest of the provisions contained herein.
3. To terminate, in the part not used, the authorisation granted in point five of the agenda for the Ordinary General Shareholders' Meeting held on 28 June 2010.

A.10 State whether there are any restrictions on the transferability of securities and/or on voting rights. In particular, state any kind of restriction that might hamper taking control of the company through the acquisition of its shares in the market.

No

A.11 State whether the General Shareholders' Meeting has agreed to adopt neutralisation measures in the event of a takeover bid pursuant to the provisions of Act 6/2007.

No

Where applicable, explain the measures approved and the terms in which the restrictions shall cease to be efficient:

A.12 State whether the company has issued securities that are not traded in a regulated EU market.

No

Where applicable, indicate the various classes of shares and, for each class, the rights and obligations they confer upon their holders.

B. General shareholders' Meeting

B.1 State and, where applicable, detail, whether there are differences with respect to the minimum quorum provided in the Capital Companies Act for constituting the General Meeting.

No

B.2 State and, where applicable, detail, whether there are differences with respect to the requirements provided in the Capital Companies Act for adopting shareholders' agreements:

No

Describe how they differ from the provisions envisaged in the Capital Companies Act.

B.3 State the regulations applicable to the amendment of the company's bylaws. In particular, state the majorities required to amend the bylaws, as well as, where applicable, the regulations for safeguarding shareholders' rights in the event of amendments to the bylaws.

The Board of Directors submits to the Shareholders' Meeting the proposals for amendments or additions to the bylaws, with the relevant directors' report on said amendments.

All documentation relating to changes to bylaws is made available to shareholders, when the Meeting at which said modification is to be approved is convened.

The Shareholders' Meeting announcement clearly states that shareholders are entitled to examine and obtain at the company's offices all documentation in this connection, and to request that the company provide them with this documentation immediately and at no charge.

B.4 Provide the attendance figures for the general shareholders' meetings held in the financial year to which this report refers and in the previous year:

	Attendance				
			% distance vote		
Date of general shareholders' meeting:	**% in attendance**	**% represented**	**Electronic vote**	**Other**	**Total**
29/04/2013	55.93%	21.74%	0.00%	0.00%	77.67%

B.5 State whether there is any restriction in the bylaws that establishes a minimum number of shares required for attendance to the general shareholders' meeting:

Yes

Number of shares required to attend the Shareholders' Meeting	617,125

B.6 State whether it has been agreed that certain decisions that involve structural changes to the company ("subsidiarisation", sale-purchase of essential operating assets, operations equivalent to the liquidation of the company, etc.) must be submitted for the approval of the general shareholders' meeting, even if not so expressly required by Mercantile Legislation.

Yes

B.7 Indicate the company's website address and method of online access to information regarding corporate governance and other information regarding general shareholders' meetings that must be made available to shareholders via the company's website.

Address: www.prosegur.com
Method of access to corporate governance information: Home page/Shareholders and Investors/Corporate governance, and Home page/Shareholders and Investors/General Shareholders' Meeting.

C. Structure of the Company's Management

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors as stipulated in the bylaws:

Maximum number of directors	15
Minimum number of directors	5

C.1.2 Complete the following table with the members of the Board:

Name of director	Representative	Director's position on the Board	D. First appointm.	D. last appointm.	Election procedure
HELENA IRENE REVOREDO DELVECCHIO	—	Chairperson	30/06/1997	29/04/2013	Agreement of General Shareholders' Meeting
ISIDRO FERNANDEZ BARREIRO	—	Deputy-chairperson	19/06/2002	29/04/2013	Agreement of General Shareholders' Meeting
CHRISTIAN GUT REVOREDO	—	Managing director	30/06/1997	29/04/2013	Agreement of General Shareholders' Meeting
FERNANDO VIVES RUIZ	—	Director	29/05/2012	29/05/2012	Agreement of General Shareholders' Meeting
MIRTA MARIA GIESSO CAZENAVE	—	Director	09/05/2000	29/04/2013	Agreement of General Shareholders' Meeting
CHANTAL GUT REVOREDO	—	Director	30/06/1997	29/04/2013	Agreement of General Shareholders' Meeting
PEDRO GUERRERO GUERRERO	—	Director	29/03/2005	27/06/2011	Agreement of General Shareholders' Meeting
EDUARDO PARAJA QUIROS	—	Director	26/04/2004	29/05/2012	Agreement of General Shareholders' Meeting
EUGENIO RUIZ-GALVEZ PRIEGO	—	Director	27/06/2005	27/06/2011	Agreement of General Shareholders' Meeting

Total number of directors	9

Indicate any resignations from the Board of Directors during the reporting period:

C.1.3 Complete the following tables with the members of the Board and their status:

EXECUTIVE DIRECTORS

Name of director	Committee that proposed the appointment	Position in the company
HELENA IRENE REVOREDO DELVECCHIO	APPOINTMENTS AND REMUNERATION COMMITTEE	EXECUTIVE CHAIRPERSON
CHRISTIAN GUT REVOREDO	APPOINTMENTS AND REMUNERATION COMMITTEE	MANAGING DIRECTOR
CHANTAL GUT REVOREDO	APPOINTMENTS AND REMUNERATION COMMITTEE	DIRECTOR OF INTERNATIONAL EXPANSION

Total number of executive directors	3
% of total Board	33.33%

EXTERNAL PROPRIETARY DIRECTORS

Name of director	Committee that proposed the appointment	Name of the significant shareholder who is represented or who proposed the appointment
MIRTA MARIA GIESSO CAZENAVE	APPOINTMENTS AND REMUNERATION COMMITTEE	AS INVERSIONES, S.L.

Total number of proprietary directors	1
% of total Board	11.11%

EXTERNAL INDEPENDENT DIRECTORS

Name of director:
PEDRO GUERRERO GUERRERO

Profile:
Guerrero Guerrero holds a bachelor's degree in Law from Madrid's Universidad Complutense. State Attorney, Stockbroker and Notary Public of Madrid (extended leave of absence). Previously Chairman of Sociedad Rectora de la Bolsa de Madrid and Sociedad de Bolsas. He was a founding partner and Deputy-Chairman of A.B. Asesores Bursátiles and Chairman of A.B. Gestión and A.B. Asesores Red. He is the Chairman of Bankinter, S.A., where he has been a director since 2000.

Name of director:
FERNANDO VIVES RUIZ

Profile:
Vives Ruiz holds a PhD in Law from Universidad Pontificia de Comillas (ICADE). He holds a bachelor's degree in Economics and Business from Universidad Pontificia de Comillas (ICADE). He is a Senior Partner at the J. A.

Garrigues, S.L.P. law firm. Co-Director of the Garrigues Chair for the Modernisation of Corporate Law at the Law Faculty of Universidad Pontificia de Comillas. Cooperating professor in Mercantile Law, Universidad Pontificia de Comillas (ICADE). Member of the Consultant Committee of the Spanish Securities Market Commission.

Name of director:
EDUARDO PARAJA QUIROS

Profile:
Paraja Quiros holds a bachelor's degree in Law, and an MBA from Houston University. Director of Gecina since April 2013. Director of Prosegur since 2004. Managing Director of Prosegur from 2004 to 2008. Managing Director of Metrovacesa from 2009 to 2013. Trustee of Fundación Prosegur.

Name of director:
EUGENIO RUIZ-GALVEZ PRIEGO

Profile:
Civil Engineer. MBA from Stanford University. Managing Director of the Uralita Group from 1993 and Deputy-Chairman from 1997 to 2002. Director of Ebro Foods (previously Azucarera Ebro Agrícolas and later Ebro Puleva) since 2000. Managing Director of Azucarera Ebro from 2000 to 2010. Director of Prosegur since 2005.

Total number of independent directors	4
% of total Board	44.44%

State whether any independent director receives from the company or its group any amount or benefit other than the remuneration as director, or maintains or has maintained, in the last financial year, a business relationship with the company or any company belonging to its group, either on his own behalf or as a significant shareholder, director or senior officer of a company that has maintained such a relationship.

Name of director: Fernando Vives Ruiz.

Description of the relationship: Senior Partner of J&A Garrigues, S.L.P. law firm, which recurrently and ordinarily provides legal counsel and tax advice to the Company.

Reasoned statement: Recurrently, and for many years before the appointment of Fernando Vives as a director of the Company, the law firm J&A Garrigues, S.L.P. has provided Prosegur with legal counsel and tax advice, within the ordinary course of business and in market terms. The Prosegur Group does not work solely with J&A Garrigues, S.L.P., but also receives legal counsel and tax advice from other firms. The fees received by J&A Garrigues, S.L.P. from the Prosegur Group are not material for the firm and neither do they represent a significant amount on the accounts of the Prosegur Group. Furthermore, these services are provided through partners from the firm other than Fernando Vives, whose remuneration as a partner of J&A Garrigues, S.L.P. is entirely independent and in no way linked to the amount invoiced by the firm to the Prosegur Group. Accordingly, the Board of Directors considers that the business relationship between the law firm J&A Garrigues, S.L.P. and the Prosegur Group, due to its recurrent, non-exclusive nature in the ordinary course of business, and its scant significance in the terms outlined, in no way affects the independence of Fernando Vives to discharge the duties of independent director of Prosegur.

In the event, a reasoned statement shall be included by the Board of Directors regarding the reasons why it considers that said director can discharge his duties as an independent director.

OTHER EXTERNAL DIRECTORS

Name of director	Committee that informed or proposed the appointment
ISIDRO FERNANDEZ BARREIRO	APPOINTMENTS AND REMUNERATION COMMITTEE

Total number of other external directors	1
% of total Board	11.11%

Explain why they cannot be considered to be proprietary or independent and their relationships, with either the company or its directors or its shareholders:

Name of director:
ISIDRO FERNANDEZ BARREIRO

Company, director or shareholder with which/whom they have a relationship:
CORPORACION FINANCIERA ALBA, S.A.

Reasons:
He cannot be considered to be a proprietary director due to (i) not owning a shareholding equal to or higher than the stake legally considered to be significant or having been appointed due to being a shareholder, although the shareholding does not reach said amount, and (ii) not representing any of the shareholders referred to in section (i) above. He cannot be considered an independent director because he was a proprietary director of Corporación Financiera Alba, S.A until February 2013, and the latter did not sell its entire stake in the company until 7 November 2013.

State any changes which have taken place in the status of each director during the period:

Name of director	Date of change	Previous status	Current status
ISIDRO FERNANDEZ BARREIRO	25/02/2013	Proprietary	Other External
ISIDRO FERNANDEZ BARREIRO	25/02/2013	Other External	Independent
EUGENIO RUIZ-GALVEZ PRIEGO	25/02/2013	Other External	Independent
CHANTAL GUT REVOREDO	21/11/2013	Proprietary	Executive

C.1.4 Complete the following table with information on the number of women directors in the last 4 years, and the category of directorships:

	Number of women directors				% of total directors of each category			
	Financial year 2013	Financial year 2012	Financial year 2011	Financial year 2010	Financial year 2013	Financial year 2012	Financial year 2011	Financial year 2010
Executive	2	1	1	1	66.67%	50.00%	50.00%	50.00%
Proprietary	1	2	2	2	100.00%	66.67%	66.67%	66.67%
Independent	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Other External	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	3	3	3	3	33.33%	33.33%	37.50%	37.50%

C.1.5 Explain any measures that have been implemented to try to include in the Board of Directors a number of women that provides a balanced presence of women and men.

Details of the measures	N/A

C.1.6 Detail any measures agreed by the Appointments Committee to ensure that selection procedures do not entail an implicit bias that hampers the selection of women directors, and to ensure that the company deliberately looks for and includes among the potential candidates, women who meet the professional profile required:

Details of the measures	N/A

When, despite any measures that have been implemented, the number of women directors is scant or nil, explain why:

Details of the measures	N/A

C.1.7 Explain how significant shareholders are represented on the Board of Directors.

Gubel, S.L. has one proprietary director and As Inversiones S.L. has one proprietary director. Helena Revoredo Delvecchio and Christian Gut Revoredo are executive directors proposed by Gubel S.L.

C.1.8 Explain, where applicable, why proprietary directors have been appointed at the behest of shareholders whose stake is less than 5% of share capital:

Name of shareholder:

Reason:	N/A

State whether formal requests have been denied for presence on the Board of Directors from shareholders whose shareholding is equal to or higher than others at whose request proprietary directors have been designated. In the event, explain why such requests have been denied:

No

C.1.9 State whether any directors have left their posts before the end of their term, whether they have explained their reasons to the Board of Directors and through what channels and, if they have explained their reasons in writing to the full Board, explain at least the reasons they gave:

C.1.10 Where applicable, state what powers are delegated to the Managing Director(s):

Name of director:
HELENA IRENE REVOREDO DELVECCHIO

Brief description:
The Chairperson of the Company, Executive Chairperson, has been permanently granted broad powers of management and disposal.

Name of director:
CHRISTIAN GUT REVOREDO

Brief description:
The Board of Directors has delegated all its powers to the Managing Director, except those that may not be delegated by Law, or in accordance with the Bylaws or the Rules and Regulations of the Board of Directors.

C.1.11 Where applicable, identify any members of the Board of Directors who undertake administrative or management duties in other companies that belong to the same group as the listed company:

Name of director	Registered name of the group company	Position
CHRISTIAN GUT REVOREDO	FORMACION, SELECCION Y CONSULTORIA, S.A.	JOINT ADMINISTRATOR
CHRISTIAN GUT REVOREDO	PROSEGUR ALARMAS, S.A.	JOINT ADMINISTRATOR
CHRISTIAN GUT REVOREDO	PROSEGUR ACTIVA HOLDING. S.L.U.	JOINT ADMINISTRATOR
CHRISTIAN GUT REVOREDO	PROSEGUR ESPAÑA, S.L.	JOINT ADMINISTRATOR

C.1.12 List the names, where applicable, of those directors of the company who are members of the Board of Directors of other companies listed in official securities markets other than that of the group, as notified to the company:

Name of director	Registered name of the group company	Position
HELENA IRENE REVOREDO DELVECCHIO	BANCO POPULAR ESPAÑOL, S.A.	DIRECTOR
HELENA IRENE REVOREDO DELVECCHIO	MEDIASET ESPAÑA COMUNICACIÓN, S.A.	DIRECTOR
PEDRO GUERRERO GUERRERO	BANKINTER, S.A.	CHAIRMAN
EUGENIO RUIZ-GALVEZ PRIEGO	EBRO FOODS, S.A.	DIRECTOR

C.1.13 State and, where applicable, explain, whether the company has established rules concerning the number of Boards to which its directors may belong:

No

C.1.14 Outline those of the company's general policies and strategies which the full Board has reserved the right to approve:

Investment and financing policy	YES
Definition of the structure of the group of companies	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
The strategic or business plan, and management goals and annual budgets	YES
Remuneration policy and evaluation of senior executives' performance	YES
Risk control and management policy, and periodic monitoring of internal information and control systems	YES
Dividend policy, as well as the policies and limits applying to treasury stock	YES

C.1.15 State the global remuneration of the Board of Directors:

Remuneration of the Board of Directors (thousands of euros)	2,718
Amount of global remuneration that corresponds to the pension rights accumulated by directors (thousands of euros)	0
Global remuneration of the Board of Directors (thousands of euros)	2,718

C.1.16 Identify those senior officers that are not also executive directors, and state their total remuneration accrued in the year:

Name	Position
JAVIER TABERNERO DA VEIGA	REGIONAL DIRECTOR - EUROPE
LEONARDO EZEQUIEL GUTIERREZ	DIRECTOR OF THE ALARMS DIVISION
LUIS JAVIER ORO PRADERA	DIRECTOR OF THE CASH-IN-TRANSIT DIVISION
FERNANDO ABOS PUEYO	DIRECTOR OF SECURITY SUPPORT
JOSE ANTONIO LASANTA LURI	DIRECTOR OF STRATEGY AND REGIONAL DIRECTOR - ASIA
PEDRO URQUIJO FDEZ DE ARAOZ	COMMERCIAL DIRECTOR
ANTONIO RUBIO MERINO	CHIEF FINANCIAL OFFICER
JORGE OÑORO MEDRANO	DIRECTOR OF CORPORATE DEVELOPMENT
GONZAGA HIGUERO ROBLES	REGIONAL DIRECTOR - SOUTHERN LATAM
AGUSTÍN GONZÁLEZ TUÑÓN	DIRECTOR OF INFORMATION TECHNOLOGY
FRANCISCO JAVIER POVEDA GIL	INTERNAL AUDIT DIRECTOR
JUAN MARIA DE MORA NARVÁEZ	DIRECTOR OF HUMAN RESOURCES
GUILLERMO RUIZ SAN JUAN	REGIONAL DIRECTOR - NORTH LATAM
RODRIGO ZULUETA GALILEA	CHAIRMAN - LATAM
SAGRARIO FERNÁNDEZ BARBE	LEGAL DIRECTOR
MIGUEL ÁNGEL BANDRÉS GUTIÉRREZ	DIRECTOR OF STRATEGIC RESOURCES
FEDERICO AUGUSTO MEEUS RAMIREZ	DIRECTOR OF GUARDING DIVISION
ALBERTO CROSO	DIRECTOR OF TECHNOLOGY DIVISION

Total remuneration of senior management (in thousands of euros)	4,431

C.1.17 Indicate, where applicable, the identities of the members of the Board of Directors who are, at the same time, members of the Board of Directors of companies that are significant shareholders and/or companies belonging to the same group:

Name of director	Name of significant shareholder	Position
HELENA IRENE REVOREDO DELVECCHIO	GUBEL, S.L.	CHAIRPERSON
CHRISTIAN GUT REVOREDO	GUBEL, S.L.	DIRECTOR
MIRTA MARIA GIESSO CAZENAVE	AS INVERSIONES, S.L.	CHAIRPERSON
CHANTAL GUT REVOREDO	GUBEL, S.L.	SECRETARY AND MEMBER OF THE BOARD OF DIRECTORS

Indicate, where applicable, the significant relationships other than those envisaged in the previous section, between members of the Board of Directors and significant shareholders and/or companies belonging to their group:

Name of related director:
HELENA IRENE REVOREDO DELVECCHIO

Name of related significant shareholder:
GUBEL, S.L.

Description of the relationship:
SHAREHOLDER INDIVIDUALLY HAVING CONTROL

Name of related director:
CHRISTIAN GUT REVOREDO

Name of related significant shareholder:
GUBEL, S.L.

Description of the relationship:
SHAREHOLDER WITH NON-CONTROLLING MINORITY SHAREHOLDING

Name of related director:
MIRTA MARIA GIESSO CAZENAVE

Name of related significant shareholder:
AS INVERSIONES, S.L.

Description of the relationship
SHAREHOLDER INDIVIDUALLY HAVING CONTROL

Name of related director:
CHANTAL GUT REVOREDO

Name of related significant shareholder:
GUBEL, S.L.

Description of the relationship:
SHAREHOLDER WITH NON-CONTROLLING MINORITY SHAREHOLDING

C.1.18 State whether there have been any changes in the Board of Directors' Regulation during the financial year:

No

C.1.19 Indicate the procedures for the selection, appointment, re-election, evaluation and removal of directors. List the competent bodies, the necessary steps and the criteria used in each of the procedures.

Appointment

The Company's Bylaws provide that the Board of Directors shall comprise at least five and at most fifteen members, in accordance with Recommendation 9 of the Unified Code of Good Governance, to be appointed at the General Shareholders' Meeting. Provisionally, in accordance with the Capital Companies Act and the Bylaws, the Board of Directors may cover existing vacancies through co-option.

In this regard, as a general rule, the appointment of directors at the company is subject to the decision of the General Shareholders' Meeting. Only on certain occasions, when it is indispensable due to vacancies having arisen since the General Shareholders' Meeting, in accordance with the provisions of the Capital Companies Act, may directors be appointed through co-option, and this decision is then ratified at the next General Shareholders' Meeting.

Otherwise, and in any event, the proposed appointments of directors must respect the provisions of the Rules and Regulations of the Company's Board of Directors and they must be preceded by the relevant report by the Appointments and Remuneration Committee.

In this connection, pursuant to the competencies assigned to the Appointments and Remuneration Committee, the latter must report, based on objective criteria aligned with the corporate interests, the proposed appointment, re-election and removal of Company Directors, assessing the competencies, knowledge, and experience necessary for the candidates who must fill vacancies.

Meanwhile, pursuant to the provisions of its Rules and Regulations, the Board of Directors, in exercising its powers of proposal to the General Shareholders' Meeting and of co-option to fill vacancies, shall seek to ensure that external directors constitute a majority over executive directors within the Board, and to reduce the number of executive directors to the minimum necessary in accordance with the complexity of the Company.

In any event, proposals for the re-election of directors which the Board of Directors decides to submit to the General Shareholders' Meeting must be subject to a formal process of preparation, necessarily including a report issued by the Appointments and Remuneration Committee, assessing the quality of the work and professional dedication of the directors proposed during the previous term.

Lastly, the Board of Directors and the Appointments and Remuneration Committee, within the sphere of their competencies, shall seek to ensure that the candidates are chosen from among persons of recognised solvency, competency and experience; the utmost rigour must be applied with regard to those called upon to fill positions of independent directors as provided by Article 8 of the Rules and Regulations of the Board of Directors.

Re-election

Directors are appointed for a term of three years, and may be re-elected once or more for equal periods.

Notwithstanding the above, independent directors may not remain in the post for a term of more than twelve consecutive years, unless they become proprietary, executive or other external directors.

Like proposals for appointment, proposals for the re-election of directors which the Board of Directors decides to submit to the General Shareholders' Meeting for approval must entail a formal preparation process, necessarily involving a report issued by the Appointments and Remuneration Committee, assessing the quality of the work and professional dedication of the directors proposed during the previous term.

Assessment

In accordance with the provisions of the Rules and Regulations of the Board, the chairperson shall organise and coordinate with the chairpersons of the Appointments and Remuneration and Audit Committees, the periodic assessment of the Board of Directors, and, in the event, the chief executive.

Resignation or Removal

Directors shall leave their posts at the end of the term for which they were appointed and when so decided by the General Shareholders' Meeting or Board of Directors in the exercise of powers conferred upon them by law or the Bylaws. Notwithstanding the above, the Board of Directors shall not propose the removal of any independent director except on the grounds of breach of duties and when the Appointments and Remuneration Committee has issued a report in this regard.

C.1.20 State whether the Board of Directors has assessed its activity during the period:

Yes

If so, explain to what extent the self-assessment has given rise to significant changes in its internal organisation and the procedures applicable to its activities:

Details of the changes	It has not given rise to significant changes in the internal organisation or procedures applicable to its activities.

C.1.21 Indicate the scenarios in which directors are obliged to resign.

In accordance with Article 24.2 of the Rules and Regulations of the Board, directors must offer their resignation to the Board of Directors and present their resignation formally in the following cases:

a) When they leave the executive positions associated with their appointment as directors.
b) When they are involved in any of the scenarios of incompatibility or prohibition provided by law.
c) When they are involved in legal proceedings for a suspected legal offence or in disciplinary proceedings for a serious or very serious fault, being investigated by the supervisory authorities.
d) When they are seriously disciplined by the Audit Commission as a result of having breached their obligations as directors.
e) When their remaining on the Board of Directors could jeopardise the interests of the Company or when the reasons for their appointment no longer apply (for example, when a proprietary director sells his stake in the Company).

C.1.22 State whether the duties of chief executive of the company are discharged by the Chairperson of the Board of Directors. If so, outline the measures implemented to limit the risk of accumulation of powers in a single person:

No

State and, where applicable, explain, whether rules have been established to empower the independent directors to request that the Board be convened or that new items be included on the agenda, to coordinate and reflect the concerns of the external directors and to lead the assessment by the Board of Directors.

Yes

Explanation of the rules	In accordance with the provisions of Article 10.3 of the Rules and Regulations of the Board, the Board of Directors may empower an independent director to perform the following duties: (i) ask the chairperson of the Board of Directors to convene a meeting; (ii) ask the chairperson of the Board of Directors to include new items on the agenda of business; (iii) coordinate and convey to the chairperson of the Board of Directors any concerns which external directors may have; and (iv) lead the assessment by the Board of Directors of the work of the chairperson of the Board of Directors. Notwithstanding the above, the Board of Directors has not expressly empowered any independent director to discharge such duties.

C.1.23 Are strengthened majorities, different from legal majorities, required for any kind of decision?

No

If so, describe the differences.

C.1.24 Explain whether there are specific requirements other than those relating to the directors to be appointed chairperson of the Board of Directors.

No

C.125. State whether the chairperson has a casting vote:

Yes

Matters on which the chairperson has a casting vote	According to the provisions of Article 23.6 of the Bylaws. Unless otherwise provided by the law in regard to majorities, agreements are approved by outright majority of the members of the Board of Directors attending the session. In the event of a deadlock, the chairperson has a casting vote.

C.1.26 State whether the Bylaws or Rules and Regulations of the Board of Directors establishes any limit on the age of directors:

No

C.1.27 State whether the Bylaws or the Rules and Regulations of the Board of Directors establish a term limit for independent directors, other than the one established in regulations:

Yes

Maximum term (in years)	12

C.1.28 State whether the Bylaws or the Rules and Regulations of the Board establish specific rules for delegating votes to the Board of Directors, how this is done and, in particular, the maximum number of proxies that can be held by one director, as well as whether it is compulsory to grant proxy to a director of the same category. In the event, give a brief outline of these rules.

Article 23 of the Company's Bylaws establishes that, when absent, directors may arrange to be represented at meetings of the Board of Directors by other directors via written proxy, which, to the extent possible, should contain voting instructions.

Furthermore, in accordance with the provisions of Article 19 of the Rules and Regulations of the Board, directors shall make every effort to attend meetings of the Board of Directors and, when they cannot attend personally, they shall try to ensure that their representation is conferred upon another member of the same group and includes the relevant instructions.

C.1.29 State the number of meetings held by the Board of Directors during the financial year. Where applicable, state the number of times the Board has met without the presence of its Chairperson. Include attendance with representation involving specific instructions.

Number of Board meetings	5
Number of Board meetings without the chairperson in attendance	0

State the number of meetings held in the year by the various committees of the Board of Directors:

Committee	Number of meetings
EXECUTIVE COMMITTEE	11
AUDIT COMMITTEE	6
APPOINTMENTS AND REMUNERATION COMMITTEE	2

C.1.30 State the number of meetings held by the Board of Directors with all members in attendance during the financial year. Include attendance with representation involving specific instructions:

Attendance of directors	6
% of attendance over the total number of votes during the year	100.00 %

C.1.31 State whether the individual and consolidated annual financial statements presented to the Board of Directors for approval are previously certified:

Yes

Identify, where applicable, the person or persons who have certified the company's individual and consolidated annual financial statements, for their formulation by the Board:

Name	Position
ANTONIO RUBIO MERINO	CHIEF FINANCIAL OFFICER

C.1.32 Explain, if applicable, the mechanisms established by the Board of Directors to prevent the individual and consolidated accounts it prepares from being presented at the General Shareholders' Meeting with a qualified auditor's report.

The Company's Finance Department operates stringent controls over the individual and consolidated accounts to ensure that they are in line with generally accepted accounting principles in Spain and IFRS, and all Prosegur companies are audited by the same auditor: KPMG Auditores, S.L.

Among other duties, the Audit Committee monitors relations with external auditors and, as part of these duties, must supervise the opinion in the audit report on the annual accounts to ensure that it is not qualified, holding any necessary talks with the auditors while the accounts are being prepared.

Lastly, Article 44 of the Rules and Regulations of the Board establishes that the Board of Directors shall seek to provide a final version of the accounts with no scope for qualification in the auditor's opinion. However, when the Board of Directors considers that its own criterion should prevail, it shall publicly explain the content and scope of the discrepancy.

C.1.33 Is the Secretary to the Board of Directors a director?

No

C.1.34 Describe the procedures for appointment and removal of the Secretary to the Board, stating whether the Appointments and Remuneration Committee was consulted and the appointment or removal was approved by the Board in full.

Procedure for appointment and removal	In accordance with the provisions of Article 21 of the Company's Bylaws, the Board of Directors shall appoint a Secretary who may not necessarily be a director. Furthermore, Article 12.4 of the Rules and Regulations of the Board establishes that the appointment and removal of the Secretary must be informed by the Appointments and Remuneration Committee and approved by the Board in full.

Is the Appointments and Remuneration Committee consulted on the appointment?	Yes
Is the Appointments and Remuneration Committee consulted on the removal?	Yes
Does the full Board approve the appointment?	Yes
Does the full Board approve the removal?	Yes

Does the Secretary to the Board undertake to take particular care in monitoring the good governance guidelines?

Yes

Observations	In accordance with the provisions of Article 12.3 of the Rules and Regulations of the Board, the Secretary shall at all times seek to ensure the formal and material legality of the Board's actions and that its procedures and rules of governance are upheld and regularly reviewed. Furthermore, the Secretary seeks to ensure that the Board of Directors' actions are in line with the Company's Bylaws, the Rules and Regulations of the Board and corporate good governance guidelines.

C.1.35 State whether the company has established mechanisms to maintain the independence of external auditors, financial analysts, investment banks and rating agencies.

The Audit Committee monitors the independence of external auditors, and when it considers it advisable, it requests their presence at its meetings.

In this regard, Article 44 of the Rules and Regulations of the Board establishes that the Board of Directors shall refrain from hiring the services of audit firms whose fees, for all items, are higher than five percent of its total revenues during the last financial year, and it must publicly disclose the global fees which Prosegur has paid to the audit firm for any services other than auditing.

With regard to financial analysts and investment banking, as well as rating agencies, at this time no procedure has been established to guarantee their independence, although Prosegur has always conducted itself with the utmost transparency, guided by the principles of professionalism, solvency and independence of criteria.

C.1.36 State whether, during the year, the Company has changed its external auditor. If so, identify the incoming and outgoing auditor:

No

If there was a disagreement with the outgoing auditor, describe it:

C.1.37 Indicate whether the audit firm performs work for the company and/or its group other than auditing and, if so, state the fees received for such work and those fees as a percentage of total fees billed to the company and/or its group:

Yes

	Company	Group	Total
Fees for work other than auditing (thousand euro)	317	717	2,404
Fees for work other than auditing/Total fees billed by the audit firm (%)	13.00%	30.00%	43.00%

C.1.38 State whether the audit report on the annual financial statements for the previous year contained reservations or qualifications. In the event, state the reasons given by the chairperson of the Audit Committee to explain the content and scope of said reservations or qualifications.

No

C.1.39 Indicate the number of consecutive years that the current audit firm has been auditing the financial statements of the company and/or its group. Also, state the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Company	Group
Number of consecutive years	4	4
No. of years audited by the current audit firm/No. of years that the company has been audited (%)	15.00%	15.00%

C.1.40 State whether there is a procedure to provide directors with external advice, and if so give details:

Yes

Provide details of the procedures	The procedures are described in detail in Article 27 of the Rules and Regulations of the Board. External directors may request that legal, accounting, financial advisers or other experts be hired, payable by the Company. Such requests must necessarily refer to specific problems of a certain significance and complexity which arise in the performance of the director's duties. The decision to engage the services of experts must be notified to the Chairperson and may be vetoed by the Board of Directors if it is proven that: a) it is not necessary for the proper performance by external directors of their assigned duties, b) it's cost is not reasonable in light of the importance of the problem and the assets and revenues of the Company; or c) the technical assistance required may be adequately provided by the Company's own experts.

C.1.41 State whether there is a procedure for directors to obtain the necessary information to prepare meetings with management bodies sufficiently in advance, and, if so, give details:

Yes

Provide details of the procedures	In accordance with the provisions of Article 18.2 of the Rules and Regulations of the Board, unless special circumstances so justify it in the opinion of the Chairperson, meetings must be convened with at least three days' notice and the announcement must always include the Agenda and duly summarised and prepared relevant information Moreover, Article 12.3 of the Rules and Regulations of the Board expressly states that the Secretary must provide the directors with the necessary advice and information for the proper functioning of the Board. Lastly, in accordance with the provisions of Article 26 of the Rules and Regulations of the Board, the directors shall have the broadest powers to be informed in regard to any aspect of the Company, to examine its books, records, documents and other background for corporate operations and to inspect its facilities; this entitlement extends to the company's subsidiaries, both in Spain and abroad.

C.1.42 State whether the company has established rules to oblige directors to report and, in the event, resign, in scenarios that might damage the credit and reputation of the company, and, if so, give details:

Yes

Describe the rules	In accordance with the provisions of Article 24.2 of the Rules and Regulations of the Board, directors must offer their resignation to the Board of Directors, and must formalise it, if the Board considers it appropriate, when their remaining on the Board might affect the interests of the Company.

C.1.43 State whether any member of the Board has notified the company that he/she is involved in legal proceedings or has been indicted in respect of any of the offences listed in Article 213 of the Capital Companies Act:

No

State whether or not the Board of Directors has analysed the case. If so, explain the reasoning behind the decision on whether or not the director should remain in his/her post and, where applicable, explain the Board of Directors' actions to date or planned actions.

C.1.44 List any significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

Credit agreement for 400 million euros, between Prosegur Compañía de Seguridad, S.A. and a syndicate of credit institutions, dated 4 August 2010. At 31 December 2013, the capital drawn down amounted to 60 million euros. In the event of a change of control, creditors would no longer be obliged to make the arranged amounts available to the Company and they would be entitled to request early repayment.

Issuance of bonds by Prosegur Compañía de Seguridad, S.A. on 2 April 2013, in the amount of 500 million euros, maturing on 2 April 2018. In the event of a change of control, bondholders would be entitled to request the retrospective sale of the bonds.

The syndicated loan contract for 70 million Australian dollars dated 12 December 2013. In the event of a change of control of Prosegur Compañía de Seguros, S.A., creditors would no longer be obliged to make the arranged amounts available to the Company and they would be entitled to request early repayment.

The Debenture issued in Brazil in 2012, whose outstanding balance at 31 December 2013 was 79.2 million euros. In the event of a change of control of Prosegur Compañía de Seguros, S.A., creditors may request early repayment.

C.1.45 List and provide details of any agreements between the company and its management or employees that envisage severance payments, guarantee or golden parachute clauses, when they resign or are dismissed improperly, or when the contractual relationship ends because of a takeover bid or other kind of transaction.

Number of beneficiaries: 0

Type of beneficiary:
N/A

Description of the Agreement:
N/A

State whether these contracts must be notified to and/or approved by the governing bodies of the company or its group:

	Board of Directors	General Shareholders' Meeting
Body authorising the clauses	**Yes**	**No**

Is the General Shareholders' Meeting informed about the clauses?	No

C.2 Board of Directors' committees

C.2.1 Provide details of all the committees of the Board of Directors, their members and the proportion of proprietary and independent directors they comprise:

EXECUTIVE COMMITTEE

Name	Position	Category
HELENA IRENE REVOREDO DELVECCHIO	CHAIRPERSON	Executive
EUGENIO RUIZ-GALVEZ PRIEGO	DIRECTOR	Independent
PEDRO GUERRERO GUERRERO	DIRECTOR	Independent
ISIDRO FERNANDEZ BARREIRO	DIRECTOR	Other External
CHRISTIAN GUT REVOREDO	DIRECTOR	Executive
FERNANDO VIVES RUIZ	DIRECTOR	Independent
CHANTAL GUT REVOREDO	DIRECTOR	Executive

% of executive directors	43.00%
% of proprietary directors	0.00%
% of independent directors	43.00%
% of external directors	14.00%

AUDIT COMMITTEE

Name	Position	Category
PEDRO GUERRERO GUERRERO	CHAIRPERSON	Independent
ISIDRO FERNANDEZ BARREIRO	DIRECTOR	Other External
CHANTAL GUT REVOREDO	DIRECTOR	Executive
EUGENIO RUIZ-GALVEZ PRIEGO	DIRECTOR	Independent

% of executive directors	25.00%
% of proprietary directors	0.00%
% of independent directors	50.00%
% of external directors	25.00%

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
EUGENIO RUIZ-GALVEZ PRIEGO	CHAIRPERSON	Independent
CHANTAL GUT REVOREDO	DIRECTOR	Executive
PEDRO GUERRERO GUERRERO	DIRECTOR	Independent
ISIDRO FERNANDEZ BARREIRO	DIRECTOR	Other External
FERNANDO VIVES RUIZ	SECRETARY	Independent

% of executive directors	20.00%
% of proprietary directors	0.00%
% of independent directors	60.00%
% of external directors	20.00%

C.2.2 Complete the following table with information on the number of women directors in the Board of Directors committees in the last four years:

	Number of women directors							
	Financial year 2013		Financial year 2013		Financial year 2011		Financial year 2010	
	No.	%	No.	%	No.	%	No.	%
EXECUTIVE COMMITTEE	2	28.57%	2	33.33%	2	33.33%	2	33.33%
AUDIT COMMITTEE	1	25.00%	1	25.00%	1	33.33%	1	33.33%
APPOINTMENTS AND REMUNERATION COMMITTEE	1	20.00%	1	33.33%	1	33.33%	1	33.33%

C.2.3 State whether the Audit Committee is responsible for the following duties:

Monitor the preparation and the completeness of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the proper application of accounting principles.	Yes
Review internal control and risk management systems on a regular basis, so that main risks are properly identified, managed and disclosed.	Yes
Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of internal auditing; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.	Yes
Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the company.	Yes
Make recommendations to the Board for the selection, appointment, re-appointment and removal of the external auditor, and the terms and conditions of the engagement.	Yes
Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations.	Yes
Monitor the independence of the external auditor.	Yes

C.2.4 Describe the rules of organisation and operation, and the responsibilities attributed to each committee of the Board of Directors.

APPOINTMENTS AND REMUNERATION COMMITTEE

Members: The Appointments and Remuneration Committee comprises at least three (3) and at most five (5) members of the Board of Directors.

Operation: The Board of Directors designates the chairperson of the Appointments and Remuneration Committee from among the independent directors that belong to it. The Appointments and Remuneration Committee designates the Secretary, who need not be a director or a member of the Committee.

The Appointments and Remuneration Committee meets whenever the Board of Directors or the Chairperson of the Board of Directors requests that a report be issued or proposals adopted.

In any event, it meets once a year to prepare the information regarding the remuneration of directors which the Board of Directors must approve and include in its annual public documentation.

The main competencies are those set forth in Article 26 of the Bylaws and Article 17 of the Rules and Regulations of the Board.

EXECUTIVE COMMITTEE

Members: The Executive Committee comprises at least three (3) and at most seven (7) members of the Board of Directors.

The adoption of agreements to appoint members of the Executive Committee will require the favourable vote of at least two-thirds of the Board of Directors.

Operation: The Executive Committee meets when convened by its Chairperson, and in the absence of specific rules, the rules of operation established for the Board of Directors shall apply, provided they are compatible with the nature and function of the Committee. In any event, the Executive Committee shall hold at least seven ordinary sessions per year.

Responsibilities: The Executive Committee has been granted the broadest powers of representation, administration, management and disposal, and, in general, all powers corresponding to the Board of Directors, except those that, pursuant to the law or to Articles 25 of the Bylaws and 15 of the Rules and Regulations of the Board, may not be delegated.

AUDIT COMMITTEE

Members: The Audit Committee comprises at least three (3) and at most five (5) members of the Board of Directors, and in any case must comprise a majority of non-executive directors. At least one of them must be an independent director and shall be appointed based on his/her knowledge and experience in accounting, auditing or both.

Operation: The Audit Committee may regulate its own operation; otherwise the specific rules of operation established for the Board of Directors shall apply.

The Audit Committee must hold at least four (4) ordinary sessions per year.

The main competencies are those set forth in Article 27 of the Bylaws and Article 16 of the Rules and Regulations of the Board of Directors.

C.2.5 State, where applicable, the existence of regulations of the Board of Directors' Committees, the location where they may be consulted, and any changes made during the year. State whether an annual report on the activities of each committee has been drafted voluntarily.

APPOINTMENTS AND REMUNERATION COMMITTEE

The organisation and operation of the Board of Directors' committees are regulated by the Bylaws and specifically by the Rules and Regulations of the Board of Directors; both these documents are available for consultation on the Company's website, and on the website of the Spanish Securities Market Commission (CNMV).

EXECUTIVE COMMITTEE

The organisation and operation of the Board of Directors' committees are regulated by the Bylaws and specifically by the Rules and Regulations of the Board of Directors; both these documents are available for consultation on the Company's website, and on the website of the Spanish Securities Market Commission (CNMV).

AUDIT COMMITTEE

The organisation and operation of the Board of Directors' committees are regulated by the Bylaws and specifically by the Rules and Regulations of the Board of Directors; both these documents are available for consultation on the Company's website, and on the website of the Spanish Securities Market Commission (CNMV).

C.2.6 State whether the make-up of the Executive Committee reflects the participation in the Board of the various directors in accordance with their position:

Yes

D. Related-party and intra-group transactions

D.1 Identify the competent body and explain, where applicable, the procedure for approving related-party and intra-group transactions.

Competent body to approve related-party transactions	Board of Directors

Procedure for approving related-party transactions	In no case shall the Board of Directors authorise a related-party transaction with a shareholder unless a report has previously been issued by the Appointments and Remuneration Committee, assessing the operation from the standpoints of equal treatment of shareholders and market conditions. However, Board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions: they are performed pursuant to contracts whose conditions are standardised and applied generally to many clients; they are performed at prices or tariffs established generally by whoever is acting as a supplier of the good or service in question; and the amount does not exceed one percent of the annual revenues of the Company, in accordance with the audited annual financial statements in the last complete financial year on the date of the operation in question.

Explain whether or not approval of related-party transactions has been delegated; if so, state the body or persons to which/whom it has been delegated.

Since these are transactions within the ordinary course of corporate business and are usual and recurring, a generic prior authorisation of the line of transactions and their execution from the Board of Directors will suffice, subject to a report by the Appointments and Remuneration Committee.

D.2 Provide details of transactions that are significant either because of their amount or their content, between the company or group companies and significant shareholders in the company:

Name of significant shareholder	Name of company or member of its group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
GUBEL, S.L.	PROACTINMO, S.L.	Commercial	Operating lease contracts	1,297

D.3 Provide details of transactions that are significant either because of their amount or their content, between the company or group companies and the directors or executives of the company:

Name of the administrators or directors	Name of the related party	Relationship	Nature of the transaction	Amount (thousands of euros)
HELENA IRENE REVOREDO DELVECCHIO	PROACTINMO, S.L.	Controls PROACTINMO, S.L.	Operating lease contracts	1,297
CHRISTIAN GUT REVOREDO	PROACTINMO, S.L.	Controlled by his mother PROACTINMO, S.L.	Operating lease contracts	1,297
CHRISTIAN GUT REVOREDO	PROACTINMO, S.L.	Controlled by her mother PROACTINMO, S.L.	Operating lease contracts	1,297

D.4 Provide details of transactions that are significant executed by and between the company and other companies of the same group, provided they are not removed during the process of preparing the consolidated financial statements and are not part of the company's normal business in respect of their purpose and terms.

In any event, any intra-group transaction performed with companies located in countries considered to be tax havens shall be notified:

D.5 Indicate the amount of transactions conducted with other related parties

(in thousands of euros).

D.6 Describe the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or the group and its directors, executives or significant shareholders.

To detect, determine and resolve possible conflicts of interest with directors, the Rules and Regulations of the Board of Prosegur Compañía de Seguridad, S.A. establishes certain mechanisms:

- Disclosure obligations: in accordance with Article 38 of the aforementioned Rules and Regulations, the directors must notify the Company of all the positions they hold and all the activities they perform at other companies or entities and, in general, of any other fact or situation that may prove relevant for their actions as administrator of the Company.
- Obligations to abstain: in accordance with Article 33 of the Rules and Regulations of the Board of Directors, the directors must refrain from intervening in the deliberations that affect matters in which they have a personal interest. For this purpose, directors shall also be considered to have a personal interest when the matter affects a member of their family or a company in which they perform a management role or own a significant shareholding.

Furthermore, the aforementioned article establishes that directors may not directly or indirectly perform professional or commercial transactions with the Company unless they previously report a conflict of interest, and the Board, subject to a report from the Appointments and Remuneration Committee and Regulatory Compliance Department, approves the transaction.

With regard to significant shareholders, Article 39 of the Rules and Regulations of the Board establishes that it is up to said body to be informed of any transaction by the Company with a significant shareholder and/or with any other related party in accordance with applicable regulations, and no transactions may be authorised unless a report has previously been issued by the Appointments and Remuneration Committee, assessing the transaction from the standpoints of equality of treatment of shareholders and market conditions.

D.7 Is more than one of the Group's companies listed in Spain?

No

Identify subsidiaries that are listed in Spain:

E. Control and risk management systems

E.1 Outline the scope of the Company's Risk Management System.

Prosegur considers that the efficient management of risks is key to ensure the creation of value and to guarantee the Company's success. For this purpose, it has a robust risk management and control system implemented in its various areas of activity. The Company analyses, controls and assesses the relevant factors that might affect its daily management to meet its business goals. Accordingly, it safeguards the assets and interests of customers, employees and shareholders.

Prosegur's Risk Management System works integrally and continuously, consolidating management by area, business unit, activity, subsidiaries, geographical areas and areas of support at corporate level.

E.2 State which corporate bodies are responsible for preparing and executing the Risk Management System.

The Board of Directors is responsible for the approval of the risk control and management policy, as well as the periodic monitoring of internal information and control systems.

Among the basic responsibilities of the Audit Committee are to supervise the efficiency of internal control and risk management systems, to verify their suitability and integrity and to review the designation and replacement of the persons responsible.

The corporate risk management department is the area that defines the policies, procedures and tools for their identification and quantification, as well as the proposal of measures to mitigate risk and the ongoing monitoring of any deviation from established tolerance levels.

The processes for assessing the information and monitoring critical risk management reside with the Risk Management Committees. There are various committees that meet at different intervals. The Committees for the re-evaluation of financial risks meet monthly, operational committees and regulatory compliance committees meet monthly and quarterly, business risks in each country are re-evaluated quarterly and the global re-evaluation of all risks is conducted annually.

The internal audit department conducts regular and independent evaluations of critical risk management through the application of an evaluation model of key risk indicators. The Corporate Risk Committee is informed of the results of these processes of evaluation. The Audit Committee receives the findings of the Corporate Risk Committee concerning the results of the evaluation of critical risk management and, where applicable, the action plans agreed.

E.3 State the main risks that might affect the achievement of the business goals.

Critical risks identified:

1 Transactions in highly competitive markets. Pressure on prices and margins.
2 Transactions in rapidly-evolving markets.

3 Transactions in markets with a temporary reduction in the demand for security services.
4 Inadequate management of indirect costs.
5 Transactions in highly regulated markets.
6 Incidents involving assets guarded or loss of cash
7 Adverse regulatory changes. Increase in the intervention of governments or regulators.
8 Failures or incidents in the information technology (IT) infrastructure. IT disruptions.
9 Decline in liquidity generation or in cash management.
10 Integration difficulties or other adverse situations in the integration of corporate or business acquisitions.

E.4 Identify whether the company has a risk tolerance level.

When the risk map is prepared the catalogue of risks considered to be critical is updated. In identifying, evaluating and prioritising risks, various internal and external selection criteria are taken into account:

1. Analysis of competitors.
2. Analysis of independent experts.
3. Risks linked to the main business goals managed by corporate and local divisions.
4. The main risks identified in preparing Prosegur's risk map.

Prosegur has defined a model for the evaluation and supervision of critical risk management through key risk indicators. The indicators-based evaluation model identifies significant parameters that provide a useful measure of how each risk is managed, and assigns a corporate head of risk management monitoring.

The indicators are chosen considering that (i) they may be applied consistently in all countries, (ii) they allow measurable comparisons to be made over time and between countries, and (iii) they allow the persons responsible and, in the event, the corporate risk management department to evaluate risk management and anticipate situations of non-compliance of objectives. There are reasonable limits for each indicator that are revised and updated annually, thereby establishing levels of tolerance to each risk.

E.5 Indicate what risks have materialised during the year.

Risks that have materialised during the year are circumstantial to the business model, Prosegur's activity and the markets in which it operates, mainly due to incidents involving assets guarded, so that they tend to recur in each financial year. The risk control and mitigation systems planned for these risks have worked adequately, and consequently none of them has had a significant impact either on Prosegur's activity or on its results.

E.6 Explain the response and supervision plans for the company's main risks.

As indicated in E4, Prosegur periodically and repeatedly identifies, evaluates and prioritises the risks it considers to be critical.

Identifying and prioritising critical risks is performed with a dual objective in mind:

- Controlling their management by the Corporate Risk Committee through regular and independent evaluations of the indicators of which the critical risk management evaluation model (prepared by the internal audit department) is comprised.
- Supervision of risk management and internal control systems by the Audit Committee.

Each country, business area or support area is responsible for the adequate management of each risk through the establishment of adequate response and control systems.

The Corporate Risk Committee is responsible for the proper management of critical risks and the adequacy of the actions implemented which, in the event, are determined by the persons responsible for their management.

The Audit Committee supervises (i) both the methodology and the criteria adopted for preparing the risk map, (ii) the process for identifying and prioritising critical risks, (iii) the risk evaluation models based on key risk indicators, (iv) the selection of indicators and the establishment of adequate tolerance levels, and (v) regular evaluations thereof by the internal audit department, their review by the Corporate Risk Committee and response plans which, in the event, may exist when circumstances so require.

F. Internal control and risk management systems in relation to the process of financial reporting

Describe the mechanisms that make up the control and risk management systems in relation to the process of financial reporting (ICFR) of the company.

F.1 Framework of control

State the main characteristics of, at least:

F.1.1. What bodies and/or functions are responsible for: (i) the existence and maintenance of proper and effective ICFR; (ii) its implementation; and (iii) its supervision.

Article 5 of the Rules and Regulations of the Board establishes that said body has a general supervisory function. It is Prosegur's supreme decision-making body except in matters reserved for the General Shareholders' Meeting.

For this purpose, Article 5 of the Regulations of the Board of Directors of Prosegur establishes that one of its competencies that cannot be delegated is the approval of "the Company's general policies and strategies and, in particular, the risk control and management policy, as well as the periodic monitoring of internal information and control systems."

Article 16 of the Regulations establishes that the Audit Committee shall have, among others, the responsibility to "supervise the process of preparing and presenting regulatory financial information, to supervise the efficacy of the Company's internal control and risk management systems, to verify that they are adequate and complete, and to review the appointment and removal of those responsible for them" and "to know the process of financial reporting and internal control systems and, for this purpose, identify the types and levels of risk, the measures to mitigate the impact of the risks identified and the control, reporting and risk management systems."

The Company's Finance Department implements internal control systems to ensure the reliability of financial information reported for all purposes.

F.1.2. Whether, most notably in relation to the process of financial reporting, the following elements are in place:

- Departments and/or mechanisms involved: (i) design and review of organisational structure; (ii) clear definition of lines of responsibility and authority, with adequate distribution of tasks and duties; and (iii) sufficient procedures for their proper dissemination inside the company.

  The design and review of the organisational structure and definition of the lines of responsibility and authority are proposed by the Managing Director and validated by the Appointments and Remuneration Committee.

  The responsibilities or duties, as well as the profile and competencies necessary for each post are defined by each direct superior and approved by the area managers with the help of experts from the Human Resources Department and approved by the corresponding Human Resources Division.

  The description and evaluation of the post (and therefore the review of the organisational structure, job map and job descriptions) are performed and updated when those in charge of the post notify the Human Resources Division

  This organisational structure is represented in a chart showing the relationships between the various departments, businesses and support activities belonging to Prosegur. An organisation chart of personnel, kept permanently up-to-date, is located on the corporate Intranet and accessible to personnel affected.

- Code of Conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether there are specific references to the record of operations and preparation of financial information), body in charge of analysing non-compliances and proposing corrective actions and penalties.

  Prosegur's Board of Directors approved a Code of Ethics and Conduct applicable to all companies belonging to the Prosegur group in all businesses and activities performed by Prosegur in all the countries where it operates. It is binding upon all members of the governing bodies, executives and personnel of Prosegur. The Code of Ethics and Conduct provides guidelines regarding how all Prosegur professionals should behave. It evidences the company's commitment to conduct itself at all times in line with common principles and standards in its relations with stakeholders affected by its activities: employees, shareholders, customers and users, suppliers and associates, authorities, public administrations and regulatory bodies, competitors and the civilian society in which it operates. At the proposal of the Audit Committee, on 28 October 2013, a revised version of the Code of Ethics and Conduct was approved by Prosegur's Board of Directors.

All Prosegur's professionals are obliged to know, subscribe to and comply with the Code of Ethics and Conduct, and to collaborate in facilitating its implementation, as well as to notify possible breaches of which they are aware.

The Code establishes that whomsoever, by action or omission, breaches the Code of Ethics and Conduct, shall be subject to the disciplinary measures that, in accordance with current labour regulations and internal policies and procedures, are applicable in each case. All reported breaches shall be analysed through an enquiry process conducted by a team of impartial experts led by the compliance official, who will present his/her findings and, in the event, propose any corrective measures to be implemented, notifying the persons who have identified or reported the breach.

Within the legal compliance section of the Code of Ethic and Conduct, express reference is made to the preparation of financial information in a thorough, clear and accurate manner, using the appropriate accounting records and its dissemination through transparent communication channels that enable the market, and in particular Prosegur's shareholders and investors, to permanently access it.

Likewise, the section concerning the use and protection of resources refers to the need to ensure that all economically significant transactions performed on Prosegur's behalf are listed clearly and accurately in the appropriate accounting records representing a true and fair view of the transactions performed, and that they are available to the internal and external auditors.

The Code of Ethics and Conduct is available on Prosegur's corporate website, and new recruits, on signing their employment contract, all receive a copy of the Code which they must sign.

In 2014, a plan to implement and disseminate the Code of Ethics and Conduct is to be developed, including the following actions:

— Approval of a new, revised version of the Code of Ethics and Conduct by the governing bodies of all the group companies in countries where Prosegur operates.
— Communication to all group employees through various media: Intranet, website, corporate magazines, notice Boards, e-mail, etc.
— Signing of the Code of Ethics and Conduct by all employees through various media.
— Continuing on-site training in the courses imparted by the Regulatory Compliance Department and online through courses run by Prosegur Corporate University.

- Complaints channel, allowing the audit committee to be notified of financial and accounting irregularities, in addition to potential breaches of the Code of Conduct and irregular activities within the organisation, stating, where applicable, whether this is confidential in nature.

Prosegur has a Complaints Channel which enables employees or third parties to notify of potential irregularities they are aware of, including with regard to financial and accounting matters.

The Complaints Channel consists in a form that is available on the website www.prosegur.com, which is permanently open, allowing the confidentiality required for each situation and the necessary anonymity to protect persons using it.

The Internal Audit Department confidentially manages communications received and conveys its findings to the Audit Committee.

- Training and periodic continuing learning programmes for personnel involved in preparing and revising financial information, and evaluation of ICFR, covering at least accounting standards, auditing, internal control and risk management.

Prosegur pays particular attention to continuing training and the development of its professionals for the proper performance of their functions. Specifically, personnel belonging to the Finance Department (mainly the tax and financial reporting section), and the Audit Department continually attend training sessions to keep abreast of regulatory and legal changes. In the financial year 2013, 35 people in the Company's Corporate Area took training courses covering these aspects. The main purpose of these sessions is to update knowledge of the systems that generate the financial information and the new regulatory and legal developments that take place yearly.

The Company has cooperation agreements with other organisations that allow it to constantly update the knowledge of employees involved in preparing and revising the financial information.

Prosegur's management of training processes is centralised through the Prosegur Corporate University. The University hosts the Financial Community, aimed at professionals from the 17 financial units, comprising 128 members. The main goals of the Financial Community are to standardise financial processes and to update the criteria for accounting, tax, financial and control and risk management, and international standards.

In 2013, persons involved in these tasks attended various courses on economic outlook and new accounting and tax developments.

F.2 Evaluation of financial reporting risks

State, at least:

F.2.1. The main characteristics of the risk identification process, including the risk of error or fraud, with regard to:

- Whether such a process exists and is documented.

The Finance Department identifies, using the ICFR scope matrix, the risks affecting financial reporting from the standpoint of accounting records and potential non-compliance with accounting standards, and it documents the design of controls implemented.

- Whether the process covers all the financial reporting goals (existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), and whether and how often it is updated.

The ICFR scope matrix is aimed at identifying the accounts and entries that have significant risk associated with them, whose potential impact on financial reporting is material and, which therefore require special attention. In this regard, in the process of identifying the significant accounts and breakdowns a series of quantitative variables (balance of the account) and qualitative variables (complexity of transactions; changes and complexity of regulations; need to use estimates or projections; application of judgement and qualitative importance of the information) are considered.

This ICFR scope matrix is based on the balance sheet and consolidated income statement included in the audited Consolidated Financial Statements. Said matrix is periodically updated, after the Consolidated Financial

Statements and Interim Financial Statements are prepared, and/or whenever there is a change in the consolidation scope. In 2013, the scope matrix was last updated for the content of the Interim Financial Statements at 30 June 2013.

For each of these significant accounts and breakdowns included in the scope matrix, the associated critical processes and sub-processes have been defined, and the risks that might generate errors and/or fraud in financial reporting have been identified, covering all the financial reporting objectives (existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations).

- The existence of a process of identification of the consolidation scope, considering, among other aspects, the possible existence of complex corporate structures, or instrumental or special purpose vehicles.

The Legal Department is in charge of informing the Financial Department in regard to the transactions within its sphere affecting the structure of the group and the consolidation scope.

Among the competencies of the Audit Committee is to supervise the adequate definition of the consolidation scope.

The Financial Department keeps a record of all the companies included in the consolidation scope. It determines the manner of control or influence, the legal form and the kind of direct or indirect holdings in all the companies. This is continuously updated and allows historic changes in the scope to be traced. On a monthly basis, the Financial Department determines the consolidation scope based on the companies' records, on international accounting standards and on Prosegur's internal rules concerning this matter. Changes to the consolidation scope are entered into the Group's electronic consolidation system, in which the ownership structure of the companies within the consolidation scope is kept permanently updated.

- State whether the process takes into account the effects of other risk types (operating, technological, financial, legal, reputational, environmental, etc.) to the extent they affect the financial statements.

As described in section E, Control and Risk Management Systems, Prosegur has a corporate risk map. This process to identify risks takes into account the effects of other kinds of risk (operating, financial, strategic, regulatory compliance, technological and others) which might have an adverse effect on the reliability of financial reporting.

With regard to technological risks and those relating to reporting processes, Prosegur issues reports for evaluation purposes. Corrective actions are proposed in connection with the availability and capacity of systems, security of access and the cost of availability of the information. The Information Security Department cooperates in the analysis of risks relating to IT systems, validating the controls verified by the Internal Audit Department. The Information Security Department conducts risk analyses of new technological solutions.

All input in Prosegur's IT systems is subject to internal policies linked to maintenance, completeness of information and periodic backing up.

- Which of the company's governing bodies supervises the process.

Supervision of ICFR is the responsibility of the Audit Committee.

F.3 Control activities

State, indicating their main characteristics, at least whether there are:

F.3.1. Review and authorisation procedures for financial reporting and the description of ICFR, to be published in securities markets, indicating those responsible for them, and documentation describing the flows of activities and controls (including those relating to the risk of fraud) of the various group of transactions that might have a material impact on the financial statements, including the procedure for account closure and the specific review of relevant judgements, estimates, valuations and projections.

Prosegur conducts periodic reviews of the financial information it prepares, as well as the description of ICFR, in accordance with various levels of responsibility in order to ensure information quality. The Financial Department is in charge of preparing the description of ICFR in coordination with the departments involved. This process culminates in the review by the Audit Committee and it is therefore also approved in the Annual Corporate Governance Report, validated by the full Board of Directors.

The Financial Department has described the flow of activities and controls on significant transactions which affect the financial statements. The documentation of these flows defines the applicable rules of action and the information systems used for the process of closing accounts. Personnel involved in the process of preparing financial information are continuously trained and informed with regard to the procedures for the accounting closure of Individual and Consolidated Financial Statements and Accounts. The documents detail the basic areas for preparing, reviewing and approving consolidated accounting closures and accounting closures for companies belonging to the Group.

Prosegur discloses financial information to the securities markets on a quarterly basis. The Financial Department is ultimately responsible for financial reporting. In the description of the flow of activities in the accounting closure process, the control activities to ensure the reliability of the information are defined. The corporate areas within the Financial Department analyse and supervise the information prepared. The parent company's annual financial statements, Prosegur's consolidated annual financial statements and the half-yearly financial reports are all revised by the Audit Committee prior to being prepared by the Board of Directors, in accordance with Article 16 of its Rules and Regulations.

The Audit Committee reviews any other relevant information prior to publication through the regulatory bodies.

The Board of Directors approves and, in the event, formulates the financial information presented which is later published via the Spanish Securities Markets Commission and presented publicly.

In 2013, the Financial Department documented the risk of error or fraud in financial reporting and the controls that affect all critical processes/sub-processes at Prosegur España. These processes cover the various kinds of transaction that may have a material impact on the financial statements (acquisitions, sales, personnel expenses, etc.), and the specific consolidation and reporting process.

In this connection, Prosegur has identified all the processes necessary to prepare the financial information, in which it has used relevant judgements, estimates, valuations and projections, considering all of them to be critical.

The documentation of each of these critical processes comprises:

- A description of each of the sub-processes linked to each process.
- Details of the information systems affecting sub-processes.

- Details of the internal procedures and rules approved by the Department, and regulating said sub-processes.
- Description of the key and non-key controls mitigating each of the risks identified. For each control, the following have been identified:
- Organisational structures and/or functions of persons in charge of each of the key and non-key controls identified.
- Frequency of the controls.
- Level of automation of the controls.
- Type of control: preventive or detective.

The specific review of the relevant judgements, estimates and valuations for quantifying goods, rights and obligations, revenues and expenses and any other commitments listed in the Individual and Consolidated Annual Financial Statements is performed by the Financial Department with the collaboration of the rest of Prosegur's Support Departments. Assumptions based on business performance are analysed jointly with the Business Departments.

The Chief Financial Officer and the Managing Director analyse the reports issued and approve financial information before it is presented to the Audit Committee and the Executive Committee of the Board of Directors.

F.3.2. Internal control policies and procedures concerning information systems (including control of access, tracking of changes, operation thereof, operating continuity and segregation of functions) that underpin the company's significant processes in relation to the preparation and publication of financial information.

One of the specific functions of the Risk Management Department is the continuous evaluation of the part of the internal control system linked to information systems, which include support to the issuance of financial information.

There is an Information Security Committee which is a management body comprising representatives from all the substantive areas of Prosegur.

This Committee is responsible for:

- Aligning the information security objectives with the main strategic business lines.
- Approaching Prosegur's information security as a global activity integrated within the business.
- Coordinating and approving the proposals received for projects linked to information security.
- Providing the necessary resources for developing information security initiatives.
- Identifying and evaluating security risks in respect of business needs.

The Information Security Committee monitors all these functions through a Master Plan.

Control of access to information systems is managed by assigning a personalised user name and password. Internal audits are conducted of the processes to control access to the systems at least once a year. A procedure is in place to control access to the Prosegur's data processing centre; access is restricted to authorised personnel and all access is recorded.

There is a process for managing changes in the life-cycles of soft ware; all production changes are subject to this process.

Prosegur systems and information are backed up and in a redundant infrastructure that allows business continuity. Furthermore, Prosegur has an alternative data processing centre if the main one fails.

Throughout 2014, the Group will continue to strengthen the process to control access and manage users in all the countries and systems with financial impact.

F.3.3. Internal control policies and procedures aimed at supervising the management of activities outsourced to third parties, and those aspects of evaluation, calculation or valuation commissioned to independent experts that might have a material impact on the financial statements.

The recurring activities in the process of preparation of financial information are not outsourced by Prosegur.

Prosegur requests advice from independent experts in situations of the following kind:

a) Evaluation of the tax impact of corporate restructuring transactions.
b) Tax advice for subsidiaries in preparing tax returns subject to specific regulations.
c) Estimates of the fair value of certain assets, branches of activity or businesses.
d) Verification of the efficacy of the money laundering prevention system.

The corporate Financial and Legal Departments supervise the results of accounting, legal and tax advisory services. When hiring external advisers, depending on the amounts involved, decision-making processes involve the consideration of at least three proposals from the cost and professional qualification standpoints. Prosegur only hires experts in tasks that underpin valuations, judgements or accounting calculations when they are registered with the relevant collegiate or similar bodies, and when they are from companies of recognised prestige in the market. The relevant departments of Prosegur have adequate personnel to validate the conclusions of the reports issued.

In 2013, third parties were subcontracted to conduct activities relating to "Purchase Price Allocation (PPA)" in respect of the acquisition of subsidiaries made in 2012.

F.4 Reporting and communication

State, indicating the main characteristics, whether the company has at least:

F.4.1. A specific function for defining and refreshing accounting policies (accounting policy department or area) and resolving doubts or conflicts deriving from their interpretation, maintaining a fluid communication with the persons responsible for the operations within the organisation, and an up-to-date accounting policies manual , communicated to the business units through which the company operates.

The Corporate Financial Reporting Department, which belongs to the Finance Department, is responsible for preparing, issuing, publishing and later implementing the Accounting Standards of Prosegur under the internal certification of the 3P process management system (Policies, Processes Prosegur).

Among the functions of the Corporate Financial Reporting Department is the analysis of International Accounting Standards, in order to comply with:

- The establishment of Support Standards or procedures to help personnel in relation to the process of preparing financial information.
- The analysis of transactions requiring specific accounting treatment.

- The resolution of queries regarding the application of specific accounting standards.
- The evaluation of possible future impacts on the financial statements, as a result of new developments or changes to international accounting standards.
- The list of external auditors in relation to the criteria applied, and the accounting estimates and judgements..
- The resolution of any doubt arising from the various interpretations of the standards.

Prosegur's accounting manual is updated annually. The latest version, dated December 2013, was approved by the Chief Financial Officer and distributed to all the Group's departments in January 2014.

F.4.2. Mechanisms to compile and prepare financial information with standardised formats, for application and use by all units of the company or group which support the main financial statements and the notes thereto, as well as detailed information on ICFR.

The process to compile and prepare consolidated financial information is centralised. The first phase of this process begins at the subsidiaries of the Prosegur Group, based on enterprise resource planning (ERP) platforms under the supervision of the Financial Department. Based on the subsidiaries' financial statements, and through IT systems programmed to extract and aggregate data, the individual and consolidated financial statements are compiled and analysed.

There is a periodic reporting process to obtain the necessary information for the line items of the consolidated annual accounts. Prosegur's Accounting Plan is applied at all Prosegur's subsidiaries for the purposes of compiling information for the consolidation of financial statements.

F.5 Supervision of the system's operation

State, indicating their main characteristics, at least:

F.5.1. The ICFR supervisory activities performed by the audit committee and whether the company has an internal audit function that supports the committee in its oversight of the internal control system, including ICFR. Also state the scope of the evaluation of ICFR in the year and the procedure for the person in charge of the evaluation to convey the findings, whether the company has a plan of action detailing the possible corrective measures, and whether the impact on financial reporting has been considered.

In accordance with the provisions of Article 16.3 of the Rules and Regulations of the Board of Directors, among the basic responsibilities of the Audit Committee are the following:

- To review Prosegur's accounts, ensuring the correct application of the main generally-accepted accounting principles, and to report proposed modifications to accounting principles and criteria suggested by the management of Prosegur.
- To evaluate the result of each audit and the responses of the management team to the auditors' recommendations, and to mediate in the event of a discrepancy between the two in relation to the principles and criteria applicable in preparing the financial statements, and to discuss with the accounts auditor any significant weaknesses in the internal system detected during the audit.
- To supervise the efficacy of the internal control and risk management systems, checking that they are suitable and complete.
- To supervise compliance with the audit contract, ensuring that the opinion on the annual accounts and the main content of the audit report are written clearly and accurately.

- To review any relevant information which the Board of Directors must provide to the markets and their supervisory bodies.
- To supervise the process of drawing up and presenting the regulated financial information.
- To supervise the company's internal auditing services.

Supervision of internal auditing includes, but is not limited to, approving the audit plans, determining who must execute them, evaluating the sufficiency of the work performed, revising and evaluating the results and considering their effect on the financial reporting, and monitoring corrective actions.

Prosegur has an internal audit department that is functionally dependent upon the Audit Committee. Its goals and functions include (i) assisting the Audit Committee in the objective compliance with its responsibilities, (ii) verifying the adequate management of risks, and (iii) ensuring the completeness and reliability of accounting information.
The internal audit department has prepared a programme for revision of ICFR which is executed over a three-year period and integrated in the annual work schedules submitted for approval to the Audit Committee. In 2013, the internal audit department's actions in regard to ICFR had a dual objective:

Firstly, to prepare and document standard programmes for verifying the operation and effectiveness of the internal control systems of each relevant process for ICFR. The verification programmes of the department internal auditing for each process include the identification and supervision of controls linked to risks in respect of the financial reporting of each process and the tests to verify the design and effectiveness of the controls.

And secondly, to apply the verification programmes. In 2013, significant processes were reviewed in relation to financial information in Spain and other European and Latin American subsidiaries (cash, financial assets and liabilities, personnel, stocks and work-in-progress, and consolidation and reporting).

The internal audit department verifies the state of execution of the recommendations included in its audit reports, including those concerning ICFR verification. In 2013, two half-yearly reports were issued on the state of execution of the guidelines issued to the members of the Audit Committee.

Additionally, the internal audit department conducts half-yearly evaluations of critical risk management, including financial reporting risk, based on key risk indicators, their comparison with the established limits and their performance over time. The results are presented to the Corporate Risk Committee for analysis and to the Audit Committee for supervision of their management.

F.5.2. Whether there is a discussion procedure in which the auditor (in accordance with technical auditing standards), the internal auditing function and other experts may convey to senior management and the audit committee or directors of the company any significant weaknesses in the internal control they have discovered during the review process of the annual accounts or other reviews they have been commissioned to perform. State also if there is an action plan to correct or mitigate the weaknesses observed.

The Audit Committee meets with the external auditors to review both the conclusions of their audit of the annual accounts and the findings from work on the procedures agreed regarding half-yearly financial statements. Likewise, external auditors report on any internal control weaknesses and opportunities for improvement that they may have identified during the course of their work.

The Audit Committee meets with the corporate financial department, responsible for preparing the annual financial statements and interim financial information which Prosegur provides to the markets and their supervisory bodies, in order to review and discuss any relevant matter in the process of preparing and presenting regulatory financial information.

The Audit Committee meets regularly with the internal audit department that presents the conclusions of its verification work on the operation and efficacy of ICFR procedures, the control weaknesses pinpointed, the recommendations issued and the state of execution of the action plans agreed to mitigate the weaknesses.

In 2013, the external auditor attended three Audit Committee meetings for the presentation and review of conclusions on the auditing of annual accounts, interim half-yearly financial statements and analysis of weaknesses in internal control and opportunities for improvement identified during the course of their work.

The Chief Financial Officer and the Internal Audit Director attended all six meetings of the Audit Committee in 2013.

F.6 Other significant information

Not applicable

F.7 External auditor's report

State:

F.7.1. Whether the ICFR information sent to the markets has been reviewed by the external auditor, in which case the company must include the relevant report as an annex. Otherwise, it should explain why.

Prosegur has submitted for review by the external auditor the ICFR information sent to the markets for the financial year 2013. The scope of the auditor's review procedures was in accordance with the Guidelines for Action and the model auditor's report referring to information concerning the internal control system on financial reporting of listed companies of July 2013, issued by the Spanish Auditors' Institute (Instituto de Censores Jurados de Cuentas de España).

G. Degree of implementation Corporate Governance guidelines

State the degree to which the company has adhered to the recommendations of the Unified Good Governance Code.

If any guideline is not followed or only partially followed, a detailed explanation must be included so that shareholders, investors and the market in general have enough information to assess the company's action. General explanations are not acceptable.

1. The Bylaws of listed companies should not limit the maximum number of votes that a single shareholder may cast, or contain other restrictions that hamper taking control of the company through the acquisition of its shares in the market.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

Compliant

2. When the parent company and a subsidiary of it are both listed, they both publicly and accurately define:

   a) The respective areas of activity and possible business relations between them, and those of the listed subsidiary with other companies in the group.
   b) The mechanisms in place to resolve potential conflicts of interest.

   See sections: D.4 and D.7

Not applicable

3. Although not expressly required by Mercantile Legislation, transactions implying a structural change in the company and, in particular, the following, are subject to approval at the General Shareholders' Meeting:

   a) The transformation of listed companies into holding companies, through "subsidiarisation" or the incorporation to subsidiaries of essential activities hitherto conducted by the company itself, even when the latter retains full control over them;
   b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;
   c) Operations that are equivalent to the company's liquidation.

   See section: B.6

Compliant

4. The detailed proposals of agreements to be adopted at the General Shareholders' Meeting, including information to which recommendation 27 refers, should be made public at the time of publishing the meeting notice.

Compliant

5. At the General Shareholders' Meeting there should be separate votes regarding matters that are substantially independent, so that shareholders may exercise their voting preferences separately. This rule shall apply in particular to:

   a) The appointment or ratification of directors, with separate voting on each candidate;
   b) In the case of amendments to the Bylaws, to each article or group of articles that are substantially independent.

Compliant

6. The companies allow voting to be split in order for financial intermediaries who appear as legitimate shareholders but who are acting on behalf of different clients, may issue their votes in accordance with their clients' instructions.

Compliant

7. The Board performs its functions with unity of purpose and independence of criterion, treats all shareholders equally and is guided by the interests of the company, understood as maximising, over time, the company's economic value.

It likewise ensures that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant

8. The Board undertakes, as its core mission, to approve the company's strategy and the necessary organisation for its implementation, and to supervise and ensure that management fulfils the objectives set and upholds the company's corporate purpose and interests. And, for this purpose, the entire Board of Directors reserves the powers to approve:

a) The Company's general policies and strategies, and, in particular:

i) The strategic or business plan, and management goals and annual budgets;
ii) Investment and financing policy;
iii) Definition of the structure of the group of companies;
iv) Corporate governance policy;
v) Corporate social responsibility policy;
vi) Remuneration and evaluation of senior officers;
vii) Risk control and management policy, and periodic monitoring of internal information and control systems;
viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

i) At the proposal of the company's chief executive, the appointment and, where applicable, the removal, of senior officers, and their severance clauses.
ii) Directors' remuneration, and, in the case of executives, additional remuneration for their executive functions and other conditions that must be upheld by their contracts.
iii) The financial information which, as a listed company, must be published periodically.
iv) All kinds of investments and operations which, due to their sizeable amount or special characteristics, are considered strategic, unless they must be approved by the General Shareholders' Meeting;
v) The creation or acquisition of shareholdings in special-purpose vehicles or entities with registered offices in countries or territories that are considered to be tax havens, and any other similar transaction or operation which, due to its complexity, might undermine the transparency of the group.

c) **The transactions performed by the company with directors, significant shareholders or shareholders represented on the Board, or with persons linked to them ("related-party transactions").**

However, Board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

1ª. They should be governed by standard form agreements applied on an across-the-Board basis to a large number of clients;
2ª. They should be performed at prices or rates established generally by whoever acts as the supplier of the good or service in question;
3ª. Their amount should not exceed 1% of the company's annual revenues.

It is recommended that the Board approve related-party transactions subject to a favourable report from the audit committee or, in the event, whichever other committee has been mandated to issue a report; and that directors affected, as well as not exercising or delegating their right to vote, are absent from the meeting room while the Board is discussing this matter.

It is recommended that the competencies attributed to the Board herein be non-delegable, with the exception of those mentioned in points b) and c), which may be adopted for reasons of urgency by the Executive Committee for subsequent ratification by the Board in full.

See sections: D.1 and D.6

Compliant

9. The Board should be the right size to function efficiently and with participation, meaning that it is advisable for it to have at least five and at most fifteen members.

   See section: C.1.2

Compliant

10. External directors, proprietary and independent, should occupy an ample majority of Board places, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

    See sections: A.3 and C.1.3.

Compliant

11. Among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the Board by proprietary directors and the remainder of the company's capital.

This strict proportionality criterion may be eased, so that the weighing of proprietary directors is greater than would correspond to the total percentage of capital they represent:

1º In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.
2º In companies with a significant number of shareholders represented on the Board, with no relations between them.

See sections: A.2, A.3 and C.1.3

Compliant

The votes of proprietary directors are represented proportionately despite the formal classification of Executive Directors.

12. The number of independent directors should represent at least one third of all Board members.

See section: C.1.3

Compliant

13. The nature of each director should be explained by the Board to the General Shareholders' Meeting, which should effect or ratify their appointment, and their appointment should be confirmed or, where applicable, reviewed annually in the Corporate Governance Report, subject to prior verification by the Appointments Committee. Said report should also explain why proprietary directors have been appointed at the behest of shareholders whose stake is less than 5% of share capital; and it should outline the reasons why, where applicable, formal requests have been denied for presence on the Board of Directors from shareholders whose stakes are equal to or higher than that of others at whose behest proprietary directors have been appointed.

See sections: C.1.3 and C.1.8

Compliant

14. When there are few or no women directors, the appointments committee should ensure that, when new vacancies arise:

a) The process of filling Board vacancies entails no «implicit bias against women candidates;
b) The company makes a conscious effort to include women with the target profile among the candidates for Board places.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Not applicable

15. The Chairperson, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of Board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the Board and, where appropriate, the company's chief executive, along with the chairpersons of the relevant Board committees.

    See sections: C.1.19 and C.1.41

    Compliant

16 When the chairperson of the Board of Directors is also the chief executive of the company, one of the independent directors should be empowered to request that a Board meeting be called or new items be added to the agenda of business; to coordinate and reflect the concerns of external directors; and to lead the Board's evaluation of its chairperson.

    See section: C.1.22

    Not applicable

17. The Secretary should take care to ensure that the Board's actions:

    a) **Are in line with the letter and spirit of the Law and the prevailing regulations, including those approved by regulatory authorities;**
    b) **Conform to the provisions of the Bylaws and the Rules and Regulations of the Shareholders' Meeting, the Board and any other applying to the company;**
    c) **Take into account the good governance guidelines contained in the Unified Code accepted by the company.**

    And, to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment or removal should be proposed by the Appointments Committee and approved by the Board in full; and said appointment or removal should be recorded in the Rules and Regulations of the Board of Directors.

    See section: C.1.34

    Compliant

18. The Board of Directors should meet as often as necessary to efficiently perform its duties, following the schedule of dates and matters established at the beginning of the year, and each director may propose other items for inclusion on the agenda that were not initially envisaged.

    See section: C.1.29

    Compliant

19. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

    See sections: C.1.28, C.1.29 and C.1.30

    Compliant

20. When directors or the secretary are concerned regarding a proposal or, in the case of directors, regarding the company's performance, and said concerns are not resolved at the Board meeting, the parties concerned may request that this be recorded in the minutes.

    Compliant

21. The Board in full should evaluate the following points on a yearly basis:

    a) **The quality and efficiency of the Board's operation;**
    b) **Based on a report submitted by the Appointments Committee, how well the chairperson and chief executive have carried out their duties;**
    c) **The performance of its committees on the basis of the reports furnished by them.**

    See sections: C.1.19 and C.1.20

    Compliant

22. All directors should be able to exercise their right to receive any additional information they require on matters within the Board's competence. And, unless otherwise provided by the Bylaws or the Rules and Regulations of the Board, they should be able to address their request to the chairperson or the secretary to the Board.

    See section: C.1.41

    Compliant

23. All directors should be entitled to obtain from the company all necessary advice in the performance of their duties. And the company should provide the adequate channels for exercising this right, which in special circumstances may include external advisory services paid for by the company.

    See section: C.1.40

    Compliant

24. The companies should establish an orientation programme that provides new directors with swift and sufficient knowledge of the company, and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Compliant

25. Companies should insist that directors devote the necessary time and effort to their duties to perform them efficiently and, as a result:

    a) **Directors should apprise the Appointments Committee of any other professional obligations, in case they might detract from the necessary dedication;**
    b) **Companies should lay down rules about the number of directorships their Board members can hold.**

    See sections: C.1.12, C.1.13 and C.1.17

Partially compliant

The company is compliant with section a) but it is not compliant with section b).

26. The appointment or re-election proposals of directors submitted by the Board of Directors to the General Shareholders' Meeting, and their provisional appointment by co-option, should be approved by the Board of Directors:

    a) **At the proposal of the Appointments Committee, in the case of independent directors.**
    b) **Subject to a report from the Appointments Committee in all other cases.**

    See section: C.1.3

Compliant

27. Companies should post the following director particulars on their websites, and keep them permanently updated:

    a) **Professional experience and background;**
    b) **Directorships held in other companies, listed or otherwise;**
    c) **Indication of the category of directorship, specifying, in the case of proprietary directorships, the shareholder they represent or with whom they have ties.**
    d) **The date of their first and subsequent appointments as a company director; and**
    e) **Shares held in the company and any options on the same.**

Compliant

28. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding. They should also resign when the shareholder whose interests they represent reduces its stake to such a level that its number of proprietary directors should be reduced.

    See sections: A.2, A.3 and C.1.2

Compliant

29. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except where just cause is found by the Board, based on a proposal from the Appointments Committee. In particular, just cause shall be said to exist if the director has failed to fulfil the duties inherent to his/her post or has incurred in any of the circumstances that cause him/her to cease to be independent, in accordance with the provisions of Order ECC/461/2013.

    It shall also be possible to propose the removal of independent directors as a result of takeover bids, mergers or other similar corporate operations, which imply a change in the company's capital structure, when such changes in the Board of Directors are triggered by the criterion of proportionality set forth in Recommendation 11.

    See sections: C.1.2, C.1.9, C.1.19 and C.1.27

    Compliant

30. Companies should establish rules to oblige directors to report and, in the event, resign, in scenarios that might damage the credit and reputation of the company, and, in particular, to oblige them to report to the Board any criminal proceedings for which they are indicted, as well as the subsequent developments of these proceedings.

    If a director is investigated or indicted for any of the offences listed in Article 213 of the Capital Companies Act, the Board should examine the case as soon as possible and, in light of the specific circumstances, decide whether or not the director should continue in his/her post. The Board should disclose all such determinations in the Annual Corporate Governance Report.

    See sections: C.1.42, C.1.43

    Compliant

31. All directors should clearly express their opposition when they consider a proposal submitted to the Board to be contrary to the interests of the company. The same applies, in particular to independent and other directors not affected by the potential conflict of interest, when the decision could jeopardise the interests of shareholders not represented on the Board.

    When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she should draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

    The terms of this Recommendation also apply to the Secretary to the Board; director or otherwise.

    Compliant

32. When, due to resignation or any other reason, a director leaves his/her post before the end of his/her term, he/she should explain why in a letter to all members of the Board. And, without prejudice

to its being notified as a price-sensitive information, the reason for the termination should be explained in the Annual Corporate Governance Report.

See section: C.1.9

Not applicable

33. Executive directors should receive remuneration through the delivery of shares in the company or group companies, options on shares or instruments indexed to the share price, variable remuneration linked to the performance of the company or pension systems.

    This recommendation shall not include the delivery of shares when it is conditional upon the directors holding them until they leave their post.

Compliant

34. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Compliant

35. Remuneration linked to the company's results should take into account possible qualifications in the external auditor's opinion that might detract from said results.

Not applicable

36. In the case of variable remuneration, remuneration policies should incorporate the precise necessary technical ceilings and precautions to ensure that it is in line with the professional performance of its beneficiaries and do not simply derive from the general performance of the markets or the company's business sector or other similar circumstances.

Compliant

37. When there is an executive committee, the structure of the various categories of directors should be similar to that of the Board itself and its secretary should be the secretary to the Board.

    See sections: C.2.1 and C.2.6

Compliant

38. The Board of Directors should always be informed of the matters discussed and the decisions approved by the Executive Committee and that all members of the Board of Directors should receive a copy of the minutes of the Executive Committee's meetings.

Compliant

39. As well as the Audit Committee required by the Securities Market Act, the Board of Directors should establish a Committee, or two separate Committees, for Appointments and Remuneration.

The rules governing the make-up and operation of the Audit Committee and the committee or committees of Appointments and Remuneration should be set forth in the Rules and Regulations of the Board, and include the following:

- **a) The Board should appoint the members of these committees, taking into account the knowledge, skills and experience of the directors and the mandate of each committee; it should discuss their proposals and reports, and, at the first meeting of the full Board after their meetings, these committees should give an account of their activity and the work they have done;**
- **b) These committees should comprise external directors only and should have a minimum of three members. The above is understood to be without prejudice to the attendance of executive directors or senior officers, when expressly so agreed by the members of the committee.**
- **c) Committee chairpersons should be independent directors.**
- **d) These committees may engage external advisers when they feel this is necessary for discharging their duties.**
- **e) Minutes should be kept of their meetings, a copy of which should be sent to all members of the Board.**

See sections: C.2.1 and C.2.4

Compliant

40. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Appointments Committee or, as the case may be, separate Compliance or Corporate Governance committees.

See sections: C.2.3 and C.2.4

Compliant

41. Members of the Audit Committee, and in particular its chairperson, should be appointed based on their knowledge and experience in accounting, auditing or risk management.

Compliant

42. Listed companies should have an internal auditing section which, under the supervision of the audit committee, ensures that the internal information and control systems work properly.

See section: C.2.3

Compliant

43. The head of internal auditing should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Compliant

44. Control and risk management policy should specify at least:

a) The various types of risk (operating, technological, financial, legal, reputational, etc.) to which the company is exposed, including among the financial risks, contingent liabilities and other off-balance sheet risks;
b) The establishment of the risk level the company sees as acceptable;
c) Measures in place to mitigate the impact of risk events should they occur;
d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

See section: E

Compliant

45. The Audit Committee's role should be:

1 With respect to internal control and reporting systems:

a) To ensure that the main risks identified as a result of supervising the efficacy of the company's internal control and internal auditing systems are properly managed and disseminated.
b) To monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
c) To establish and oversee a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.

2 With respect to the external auditor:

a) To receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations.
b) To monitor the independence of the external auditor, to which end:

i) The company should submit to the CNMV as price-sensitive information the change in auditor and accompany it with a statement on any disagreements with the outgoing auditor and, in the event, the content thereof.
ii) It should investigate the issues giving rise to the resignation of any external auditor.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Compliant

46. The Audit Committee may call upon any employee or executive of the company, and even ask them to testify without the presence of any other executive.

Compliant

47. The Audit Committee should notify the Board, prior to the latter's making the relevant decisions, in regard to the matters listed in Recommendation 8:

   a) **The financial information which, as a listed company, must be published periodically. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.**
   b) **The creation or acquisition of shareholdings in special-purpose vehicles or entities with registered offices in countries or territories that are considered to be tax havens, and any other similar transactions or operations that, due to their complexity, might undermine the group's transparency.**
   c) **Related-party transactions, unless the task of previously issuing a report has been attributed to a committee other than those of supervision and control.**

   See sections: C.2.3 and C.2.4

Compliant

48. The Board of Directors should strive to present the accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report and that, in the exceptional event that they do exist, both the chairperson of the audit committee and the auditors should clearly explain to the shareholders the content and scope of said reservations or qualifications.

   See section: C.1.38

Compliant

49. The majority of members of the Appointments Committee, or, if it is a single committee, the Appointments and Remuneration Committee, should be independent directors.

   See section: C.2.1

Compliant

50. In addition to the functions set forth in the aforementioned Recommendations, the Appointments Committee should undertake the following duties:

   a) **Evaluate the balance of skills, knowledge and experience on the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.**

b) **Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the Board so the handover proceeds in a planned and orderly manner.**
c) **Report on the senior officer appointments and removals which the chief executive proposes to the Board.**
d) **Report to the Board with regard to the various issues outlined in Recommendation 14 herein.**

See section: C.2.4

Compliant

51. The Appointments and Remuneration Committee should consult the chairperson and chief executive of the company, especially on matters concerning executive directors.

    And any Board member should be able to suggest directorship candidates to the Appointments Committee for its consideration.

Compliant

52. In addition to the functions set forth in the aforementioned Recommendations, the Appointments Committee should undertake the following duties:

    a) **Make proposals to the Board of Directors regarding:**

    i) **The remuneration policy for directors and senior officers.**
    ii) **The individual remuneration and other contractual conditions of executive directors.**
    iii) **The standard conditions for senior officer employment contracts.**

    b) Oversee compliance with the remuneration policy set by the company.

See sections: C.2.4

Compliant

53. The Appointments Committee should consult the chairperson and chief executive of the company, especially on matters concerning executive directors and senior officers.

Compliant

H. Other relevant information

1. If there are any relevant aspects of corporate governance in the company or group companies that have not been discussed in other sections of this report, but which it is necessary to include in order to offer more thorough and reasoned information on the structure and practices of governance in the company or its group, briefly outline them.
2. In this section any other information, clarification or nuance relating to the previous sections of the report may be included, provided they are relevant and not repetitive.

   Specifically, indicate whether the company is subject to corporate governance legislation other than Spanish legislation and, if so, include such information as is obligatory and different from the information presented herein.

3. The company may also indicate whether it has voluntarily subscribed to other international, sector-specific codes of ethics or good practices, or codes pertaining to other spheres. If applicable, the code in question must be identified and the date of subscription indicated.

   GENERAL CLARIFICATION: It is hereby certified that the data contained in this Report refer to the financial year ended on 31 December 2013, except in those matters specifically and expressly referring to another date.

   EXPLANATORY NOTE TO SECTION A.3: The number of shares in the table under the heading ´equivalent number of shares´, refers to the maximum number of shares which there is an option to receive, although the number of shares actually received will depend on compliance with the terms and conditions provided in the Long-Term Incentives Plan approved at the General Shareholders' Meeting held on 29 May 2012.

   EXPLANATORY NOTE TO SECTION A.8: On 10 January 2014, Prosegur sold a treasury shareholding representing 4.032% of its total share capital, amounting to a total of 123.16 million euros.

This Annual Corporate Governance Report has been approved by the Board of Directors of the company, at its meeting on 27/02/2014.

State whether any directors voted against or abstained from approving this Report.

No

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

Auditors' Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of Prosegur Compañía de Seguridad, S.A. for 2013.

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

To the Directors
Prosegur Compañía de Seguridad, S.A.

As requested by the Board of Directors of Prosegur Compañía de Seguridad, S.A. (the "Company") and in accordance with our proposal letter dated 30 January 2014, we have applied certain procedures to the "Information concerning the ICFR" attached in section F of the Annual Corporate Governance Report of Prosegur Compañía de Seguridad, S.A. for 2013, which summarises the Company's internal control procedures for annual financial reporting.

The Board of Directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the information concerning the ICFR attached.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures. Consequently, the scope of our evaluation of the internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the efficiency of this internal control over regulated annual financial reporting.

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the *Action Guide referring to the Auditors' Report on Information on Internal Control over Financial Reporting for listed entities*, published on the website of the Spanish Securities Market Commission (CNMV), which defines the work to be performed, the minimum scope of the work and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on its effectiveness or design or operational efficiency, with respect to the Company's annual financial reporting for 2013 described in the attached Information concerning the ICFR. Consequently, had additional procedures been applied to those defined in the Action Guide, or an audit or review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

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Moreover, as this special engagement does not constitute an audit of accounts nor is it subject to the Revised Audit Law, approved by Legislative Royal Decree 1/2011 of 1 July 2011, we do not express an audit opinion in the terms envisaged in such legislation.

The procedures applied were as follows:

1 Reading and understanding of the attached information prepared by the Company in relation to the ICFR – disclosures included in the directors' report – and evaluation of whether it covers all the information required, taking into account the minimum content described in Section F, concerning the ICFR description, of the standard Annual Corporate Governance Report pursuant to CNMV Circular 5/2013 of 12 June 2013.

2. Inquiries of personnel responsible for preparing the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.

3. Review of explanatory documentation supporting the information detailed in point 1 above, and which will mainly include that made directly available to those responsible for preparing the descriptive information on the ICFR. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit committee.

4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICFR gained as a result of the procedures performed within the framework of the audit work on the annual accounts.

5. Reading of the minutes of the meetings of the Board of Directors, audit committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to the ICFR with the information detailed in point 1 above.

6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and drawing up the information detailed in point 1 above.

As a result of the procedures applied to the Information concerning the ICFR, no inconsistencies or incidents have come to light that could affect it.

This report has been prepared exclusively within the context of the requirements laid down by Securities Market Law 24/1988 of 28 July 1988, amended by Sustainable Economy Law 2/2011 of 4 March 2011 and by CNMV Circular 5/2013 of 12 June 2013, for the purposes of the description of the ICFR in Annual Corporate Governance Reports.

KPMG Auditores, S.L.
(*Signed on original in Spanish*)

Bernardo Rücker-Embden

27 February 2014

Information on Audit Committee activities in financial year 2013

1. Introduction

Regulation

The Audit Committee of Prosegur Compañía de Seguridad was created in 2003.

Its regulation is contained in articles 27 of the Articles of Association and 16 of Board Regulations.

Responsibilities

Among the responsibilities of the Audit Committee are:

- To propose the appointment of the auditor, terms of engagement, scope of professional mandate and, as the case may be, revocation or non-renewal thereof.
- To review company accounts, ensure compliance with legal requirements and proper application of generally accepted accounting principles, as well as report on the proposals for modification of accounting criteria and principles suggested by the Management.
- To act as a communication channel between the Board of Directors and the auditors, assess the results of each audit and the responses of the management team to their recommendations.
- To supervise compliance of audit contract, ensuring that the opinion on the financial statements and main content of the audit report are drafted in a clear and accurate manner.
- To review issue prospectuses, regular financial information and any other relevant information that the Board should provide to the markets and their supervisory bodies.
- To supervise the internal audit services, with presentation each year by the head of internal audit of a working plan, incidents and activity report.
- To be acquainted with the process of financial information and internal control systems and, to this end, to identify types and levels of risk, measures to mitigate the impact of identified risks and risk control, information and management systems.
- To examine the compliance with codes of conduct, the Regulations of the Board of Directors and, in general, with the rules of corporate governance of the Company and make any proposals required for improvement.
  Specifically, the Audit Committee is responsible for receiving information and, as the case may be, to issue a report on (i) the actions and decisions made by the Regulatory Compliance Management in the performance of its duties in accordance with what is set forth in the Internal Conduct Regulations of the Company and (ii) the disciplinary measures to be applied, as the case may be, to senior executive managers of the Company.

— To establish, if deemed appropriate and, as the case may be, to supervise, a system enabling the employees to communicate, in a confidential and, if deemed appropriate, anonymous manner, any anomalies of potential significance, particularly those of a financial and accounting nature, detected within the companies.

Composition of the Committee and attendance to meetings in 2013.

The Audit Committee is a delegated committee of the Board of Directors and, therefore, is made up of Directors of the Company.

At 31 December of 2013, the composition of the Audit Committee was as follows:

Name	Type of Director
Mr Pedro Guerrero (Chairman)	Independent
Ms Chantal Gut Revoredo	Representative director (Gubel, S.L.)
Mr Isidro Fernández Barreiro	Other external
Mr Eugenio Ruiz-Gálvez Priegoo	Other external

Secretary of Committee, not member: Ms Sagrario Fernández Barbé

The Committee, in accordance with its regulation, meets whenever called by agreement of the Board of Directors, of the Committee itself or its Chairman and, at least, four times a year. Six sessions were held in 2013.

The attendance to meetings of the Audit Committee in 2013 has been as follows:

Mr Pedro Guerrero Guerrero	5 meetings
Ms Chantal Gut Revoredo	5 meetings
Mr Isidro Fernández Barreiro	5 meetings
Mr Eugenio Ruiz-Gálvez Priego	6 meetings

Depending on the agenda of the Committee, other management personnel and external advisers have also attended the meetings, among which are the external auditors who, at least twice a year, are requested to report to the Committee.

Minutes are drawn up of Audit Committee meetings which are available to all members of the Board of Directors.

2. Activities during 2013

1. Financial information

The Committee has dedicated special attention to the review, prior to the review carried out by the Executive Committee and the Board of Directors and publication, of the financial statements of the Company and the Prosegur Group, as well as of the quarterly financial information and half-yearly financial statements and the remaining information provided to the market or the supervisory bodies.

During financial year 2013 and, in particular, in the meetings of 25 February, 29 April, 24 July and 28 October, a review of the regular public information sent by the Company to the CNMV (Spanish Securities Market Commission) was carried out.

2. Accounts audit

In the meeting of 20 March it was agreed to propose to the Board of Directors that it should in turn put forward to the General Meeting of Shareholders the re-appointment of KPMG Auditores S.L. as the auditor of the individual and consolidated accounts of the Prosegur Group and the companies within the Group for financial year 2013.

The Accounts Auditors attended the meetings held on 25 February to present their conclusions on the accounts audit for 2012, on the 29 April to present the recommendations for improvement to be carried out in the areas identified during the audit performed in regard to financial year 2012, and on 24 July to present the results on agreed procedures for financial statements at 30 June 2013.

3. Codes of conduct

The Audit Committee is responsible for ensuring compliance with the codes of conduct and, in particular, corporate governance rules.

During 2013, the Audit Committee has supervised their compliance, particularly in regard to the internal conduct regulations and the Code of Ethics and Conduct. In the meeting of 28 October, the Audit Committee approved the proposal for modification and the drafting of a new Code of Ethics and Conduct to replace the former one of 2009 and to subject it to the approval of the Board of Directors.

4. Internal control and risk management

The Audit Committee is responsible, among other duties, for overseeing internal control and risk management procedures in Prosegur.

On 20 March 2013, the Internal Audit Manager presented for approval the report on 2012 activities and the working plan for 2013 drawn up (i) on the basis of the Prosegur Risk Map and (ii) in accordance with the plan of verification of internal control on financial information. The Internal Audit Manager has regularly reported on the execution of the working plan by attending the Audit Committee meetings.

Among the activities carried out by the internal audit department and supervised by the Audit Committee are the following:

— Update of the risk map for each of the businesses and countries in which Prosegur has operations.
— Conclusion of projects contained in the working plan for 2013.
— Receipt and analysis of reports and complaints received via the complaints and claims channel.
— Preparation of six-monthly follow-up reports of recommendations agreed in audits carried out. For each recommendation, a formal document of commitment to the audited area is defined, specifying an action plan, the person responsible for the execution of the plan, the scheduled date of completion and, whenever possible, the quantification of the result obtained.

The Committee has received the results of the assessment of critical risks carried out by the Risk Committee for review.