

Annual Report

2012

Loomis is the specialist at managing its customers' flow of cash, allowing the customers to focus on their own operations.



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This is a translation of the original Swedish Annual Report. In the event of differences between the English translation and the Swedish original, the Swedish Annual Report shall prevail.

Information regarding the size and position of the market, as well as other general market data, is based on Loomis' experience and assessment, supported by both internal and external studies, unless stated otherwise.

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Group overview

» Loomis is one of the world's three largest cash handling companies. «

4

President's statement

» In the past year we took a significant step forward toward realizing our most important financial goal of an operating margin of 10 percent. «



10

Operations

» Loomis' most important mission is to manage the flow of cash in society securely and efficiently. «



Events in 2012

Increased demand for Loomis SafePoint®

Loomis in the USA has signed numerous important contracts for the Loomis SafePoint® comprehensive solution. The number of Loomis SafePoint® units installed grew by 55 percent to over 8,000 units by the end of the year.

Acquisition in Spain

After the acquisition of the Spanish company Efectivox, with its 500 employees and approximately 70 cash in transit vehicles, Loomis is able to offer cash handling services throughout the entire Spanish mainland.

Expansion into Latin America

Loomis acquired the Argentinean cash handling company Vigencia. This acquisition, which is Loomis' first outside Europe and the USA, marks the beginning of a broader expansion in Latin America.

Strong position in Sweden

In 2012 Loomis strengthened its leading position as the specialist in cash handling in Sweden by signing several new contracts, partly due to changes in the Swedish cash handling sector. This has resulted in an increase of more than SEK 200 million in annual order value for Loomis.

Continued focus on ethics and values

During the year Loomis continued to focus on the Group's values and Code of Conduct. One example of this is a company game called Loomis Good Decision Game which focuses in particular on ethical issues that can arise in everyday situations in the workplace.

Increased profitability

Thanks to Loomis' ongoing efficiency improvements, the number of profitable branches has increased from 75 to 77 percent. Loomis' operating margin has improved in each quarter compared to the corresponding quarter the previous year.

Cash management continues to grow

Cash management revenue as a percentage of Loomis' overall revenue continued to grow in 2012, partly as a result of increased demand for comprehensive solutions such as Loomis SafePoint®. Cash Management Services, which has higher profitability than Cash in Transit, accounted for 30 percent of revenue in 2012.



9.0%

The operating margin (EBITA) increased to 9.0 percent (8.3)

4.50 SEK

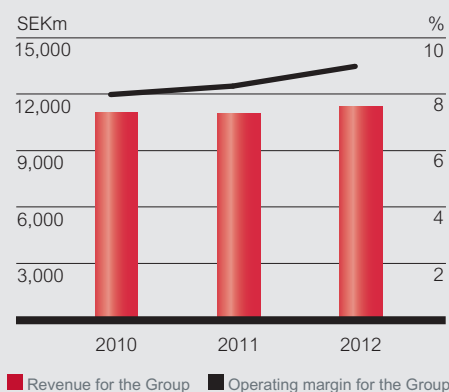
The proposed dividend for 2013 is SEK 4.50 (3.75) per share

GROUP KEY RATIOS

	2012	2011	2010
Revenue, SEK m	11,360	10,973	11,033
Revenue, Europe, SEK m	6,955	6,934	7,024
Revenue, USA, SEK m	4,405	4,039	4,009
Operating income (EBITA), SEK m	1,019	912	882
Operating margin, %	9.0	8.3	8.0
Operating income (EBIT), SEK m	988	805	866
Dividend per share, SEK	4.50 ¹⁾	3.75	3.50
Earnings per share before dilution, SEK	8.90	7.03	6.80
Cash flow from operating activities as a % of operating income (EBITA)	84	77	106
Average number of full-time employees	19,448	19,511	18,466

1) Dividend proposed to the Annual General Meeting 2013.

REVENUE AND OPERATING MARGIN (EBITA) FOR THE GROUP 2010–2012



This is Loomis

Loomis is one of the world's three largest cash handling companies and the only international player to specialize in cash handling. Loomis has operations in 16 countries.



Loomis provides cash in transit and cash management services that reduce customer costs and improve cash handling security. Loomis works with a broad range of customers, from central banks and large commercial banks to ATM operators, large retail and restaurant chains and smaller retail outlets.

Loomis' goal is to be one of the two largest players in each geographical market where the Group has operations. This goal has already been reached in most cases.

Every day

- ... Loomis makes **100,000 visits to customers**
- ... Loomis handles **50 million bills at more than 250 cash centers**
- ... Loomis transports and processes cash in the amount of **SEK 75 billion**
- ... Loomis is responsible for managing **90,000 ATMs**

Loomis' service lines



Cash in Transit (CIT)

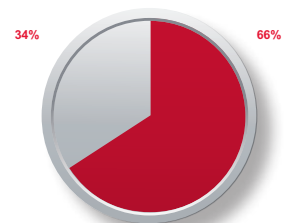
Loomis' fleet of just over 6,500 cash in transit vehicles transport SEK 75 billion in cash daily to and from stores, banks and ATMs. Loomis optimizes routes to maximize the number of stops per route and has well-established routines and state of the art equipment for the highest possible level of security. CIT accounts for approximately 70 percent of Loomis' revenue.



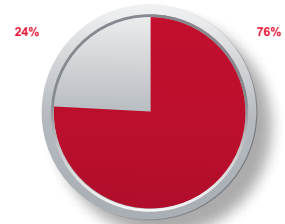
Cash Management Services (CMS)

In every 24-hour period Loomis handles bills and coins at approximately 250 cash centers belonging to the Group where cash can also be stored on behalf of customers. Efficient work procedures and modern equipment provide economies of scale in counting, packaging and authenticity verification. Loomis also provides services for analysis, planning and reporting of customer flow of cash, as well as industry-adapted comprehensive solutions for retailers. CMS accounts for approximately 30 percent of Loomis' revenue.

SHARE OF REVENUE BY SERVICE LINE 2012 EUROPE

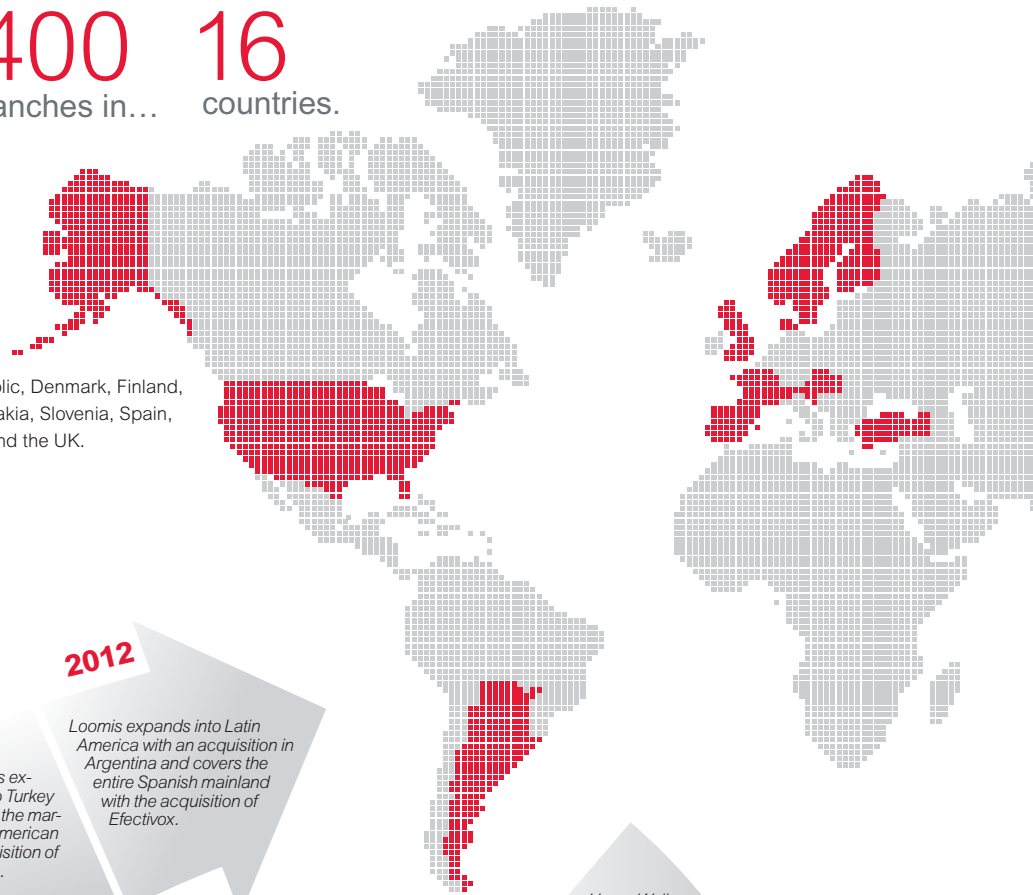


SHARE OF REVENUE BY SERVICE LINE 2012 USA



■ Cash in Transit ■ Cash Management Services

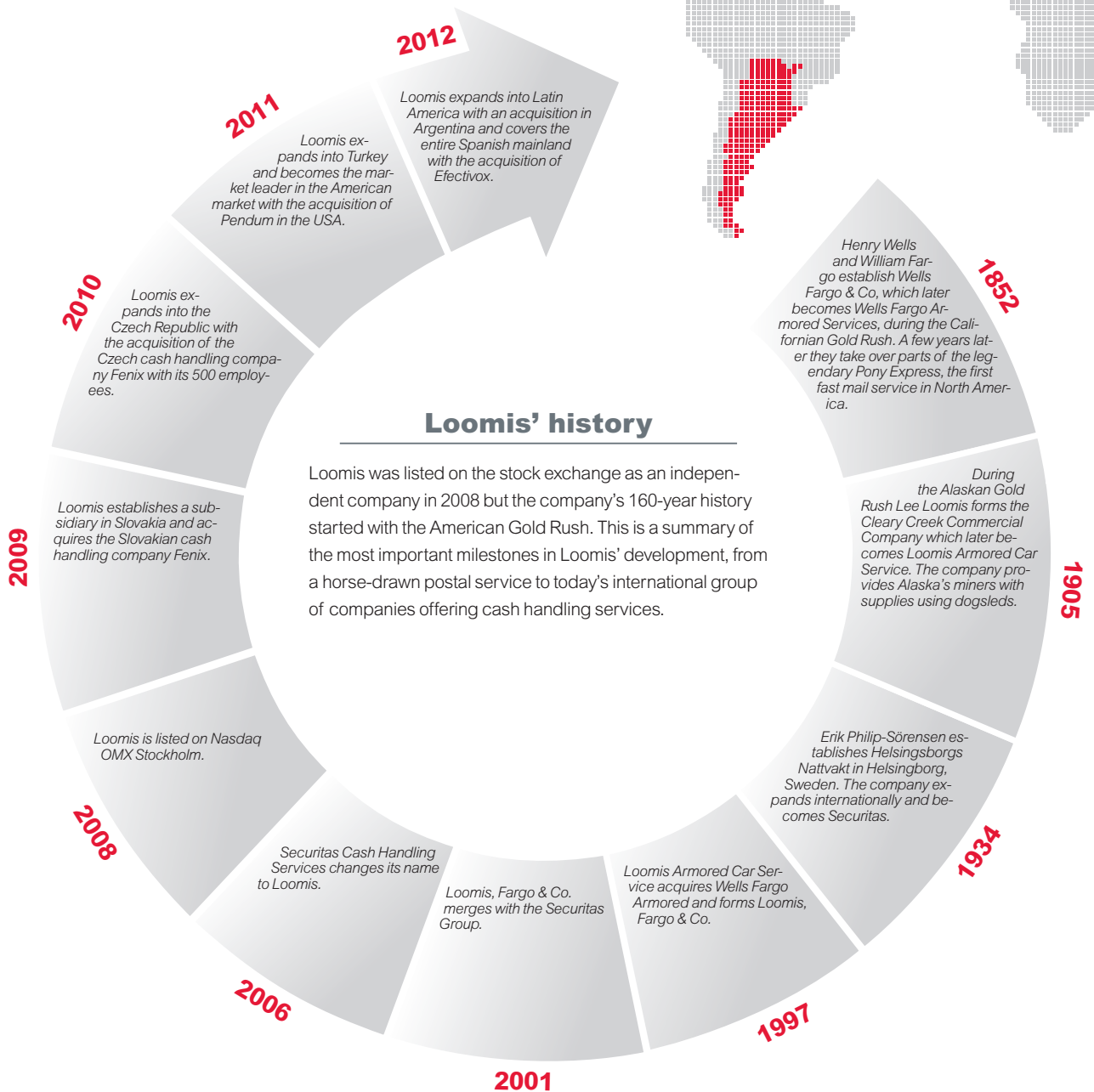
20,000 employees at... 400 branches in... 16 countries.



EUROPE: Austria, Czech Republic, Denmark, Finland, France, Norway, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the UK.

NORTH AMERICA: USA

SOUTH AMERICA: Argentina



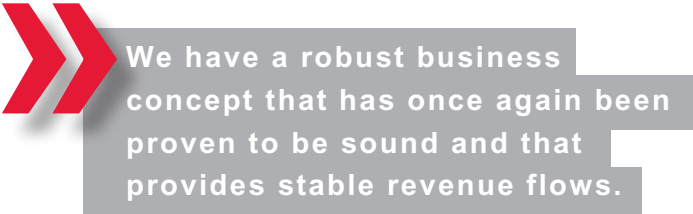
On a **steady** course!

2012 was a challenging year in many countries and for many industries. From Loomis' perspective it is clear that we have a robust business concept that has once again been proven to be sound. Our business concept provides stable revenue flows despite of the state of the economy and irrespective of the fact that our primary customer markets – banks and retailers – experienced a particularly tough climate over the past year.

In the past year we took a significant step forward toward realizing our most important financial goal of an operating margin of 10 percent by 2014 at the latest. In 2012 we achieved an operating margin of 9.0 percent (8.3).

Greater efficiency for a better operating margin

The most significant explanation for our success in maintaining a steady course, month after month, year after year, is the determination throughout our organization to improve efficiency while continuing to develop our offering and our business.



We have a robust business concept that has once again been proven to be sound and that provides stable revenue flows.

Our efforts to constantly improve and refine our routines and processes and to find new solutions for customer cooperation at our local branches make the difference, and the results are evident on our bottom line.

I would therefore like to start by expressing my heartfelt gratitude to all of our employees for the work they do every day. I travel a lot and have rarely met such a high level of activity and such great commitment from the employees than over this past financial year.

I would like to remind you of the three key areas we focus on in managing our business:

Price Loomis is the specialist in cash handling and we have a strong brand. We should charge an appropriate price for the higher quality and the expertise we offer our customers.

Branch Loomis has a decentralized organization and we delegate much of the responsibility for income and profitability to the branches. Our goal is that 85 percent of the just over 400 Loomis branches to be profitable. In 2012, 77 percent of our branches were profitable so there is still great potential for improvement.

Risk We assume and manage our customers' risks and we work constantly to provide our own employees with an ever safer working environment. We can reduce our cost of risk through our persistence in providing competence development, improving routines and processes, establishing more control functions and, not least, encouraging a strong commit-

ment to safety among all of our employees. In 2012 we had the lowest cost of risk to date.

We often hear the phrase "it's all in the details" and it is the focused and consistent efforts based on these three cornerstones at every branch, every day, all year round that show results in the long term. I am convinced that if we just continue to focus on the details, we will reach our overall financial goal of an operating margin of 10 percent on schedule.

Stable flows, despite the challenging economy

We can also clearly see how stable our business is when we consider it against the backdrop of the current market conditions, which were in general very challenging in our primary customer markets this past year.

In simpler terms, our general market conditions can be described like this: The flow of cash in society increases regardless of the economic climate. In a stronger economy with higher growth, the number of transactions increases and thereby also the amount of cash in circulation. Higher interest rates result in a desire among retailers to deposit their daily receipts into interest-bearing accounts quickly and securely, which drives our business. In a weaker economy, on the other hand, people tend to use cash to a greater extent over other forms of payment to have better control of their personal finances, which helps us keep our volumes up. Globally, the flow of cash increases at about the same rate as GDP growth.

This proves the strength of our business concept in that, since the financial crisis of 2008 until the end of 2012, our annual organic growth has been steadily balanced at +/-3 percent in the Group as a whole. In 2012 our organic growth was 0 percent.

Platform for growth

In April we acquired the cash handling company Vigencia in Argentina. The company's business is concentrated around Buenos Aires. This acquisition is not large in terms of revenue or headcount, but it is strategically important because it is our first venture in Latin America. This is a very cash-intensive part of the world with great potential and where cash management is still largely handled by the banks.

In March 2012 the competition authorities approved our acquisition of Efectivox in Spain, which was announced in December the previous year. The acquisition means that we can now geographically cover the entire Spanish mainland, which has become increasingly important as the Spanish banking market is in a rapid restructuring phase.

The acquisition of Argentinean Vigencia and Spanish Efectivox are typical examples of what we expect from future acquisitions. Efectivox adds growth in a market where we are already established and may quickly lead to increased volume and improved margins. Over the past few years we have learned a lot about how to efficiently integrate a new business into an existing one.



We regard the acquisition of Vigencia as different. We see it as gaining a footing and a platform for organic growth in a very interesting market that is cash-intensive and demonstrating significant economic growth; a market that still has a low level of outsourcing of cash management services and is therefore a market with great potential over time.

We are upholding our goal of always being number one or two in each market where we operate. Our line of business is based on having a certain scale in cash in transit operations to reach really strong profitability and on holding a strong position from which to develop the even more profitable cash management services in the way we want. In the few markets where we do not hold a leading position today, we are looking for acquisition candidates. But we do not feel any pressure to rush. They must be the right companies for the right price. We also need a solid strategy and plan in place for how to integrate each new business with ours.

Our acquisition strategy has in the past emphasized seeking acquisition candidates in Latin America and Eastern Europe. This is still the case, but as we learn more and now that we have developed good acquisition processes, we will also focus on making acquisitions in the larger European markets where we do not have a presence today.

Growth of comprehensive solutions and cash management

Over the past year we have also managed to increase the proportion of cash management services we deliver in relation to cash in transit. More customers are realizing that we can make their cash flows more efficient and reduce their costs while also improving security. This shift in service content is important as it is a way for us to further boost our profitability by enabling us to benefit from economies of scale in our cash management service line.

In the USA, a nation that is far behind the European market in terms of bank consolidation, we are now seeing pressure on the banks to improve operational efficiency. This means there is huge growth potential in the future for us when more cash

management operations will be outsourced. In 2012 we took a big step forward in offering cash management services which in 2012 represented 24 percent of our revenue in the USA.

Loomis in Spain which is perhaps the market that, besides Sweden, has come the farthest in outsourcing cash management services, has shown great flexibility over the past few years. From an income perspective, our Spanish operation has done well despite the intense financial crisis Spain is experiencing. This is largely due to a rapid increase in the percentage of comprehensive solutions we are delivering and our focusing more on retailers when the banking sector was struggling.

Loomis is well equipped

In conclusion, I would like to summarize the year by saying that we have weathered the financial storm well. The market conditions have been tough, but in various markets with different climates, we have found ways to improve our profitability and margins. We have successfully adapted our business to new conditions, increased the percentage of cash management services in our portfolio as well as the number of comprehensive solutions we deliver. Our efforts are based on clear operational goals and having the flexibility to adapt our organization to the prevailing conditions. We are increasing our market share and delivering innovative solutions to gradually improve our pricing of our services.

The challenges in 2013 are actually no different from the ones we faced the previous year. For the most part they require us to continue improving operational efficiency by always paying attention to every detail and taking advantage of opportunities that arise. Time will tell how the global economy will develop, but no matter what happens, Loomis is well equipped with an even stronger brand and an organization that is unyieldingly and skillfully steering a course toward our goal.

Stockholm, March 2013

Lars Blecko
President and CEO

Our strategy

Cash handling **specialist**

Operational excellence, an increased market presence and high-quality comprehensive solutions are Loomis' three cornerstones for good profitability and sustainable growth.

Loomis' vision

To be the undisputed specialist at managing cash in society.

Loomis' business concept

To create the most efficient flow of cash in society.

Operational goals and strategies

Operational excellence

Loomis is constantly working on improving efficiency to increase profitability. This work is ongoing throughout our organization, at both the local and Group level. Equally important as constantly improving operational efficiency is never losing focus on the thing that Loomis is entrusted to do – manage our customers' cash with the highest level of security. The three key factors in operational excellence are: the right pricing, profitable branches and optimal risk management.

Price

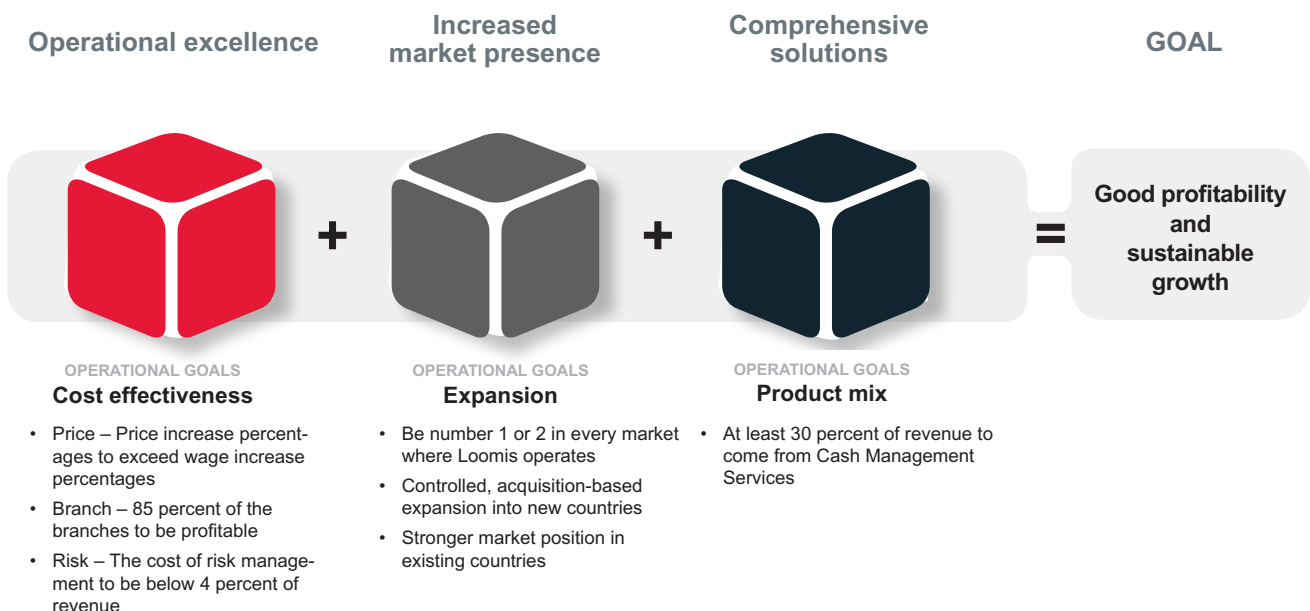
Loomis has a leading brand in the industry. According to our price strategy, Loomis is to charge the appropriate price for the high quality and expertise our customers receive. The price must also cover the cost of the risk that cash in transit

services in particular are exposed to. The employees are Loomis' most important asset and their salaries constitute a major cost item. Our price strategy therefore dictates that price increase percentages must always exceed wage increase percentages.

Branch

Loomis has a decentralized organization that enables close geographical proximity to customers and a focus on customer benefits and tailored solutions. Decentralization also means that the branches are given clear responsibility for income and profitability. Monitoring the performance of all of our branches on a monthly basis allows Loomis to focus on the least profitable ones. This strategy has resulted in a steady increase in

CORNERSTONES FOR SUSTAINABLE, PROFITABLE GROWTH



the percentage of profitable branches over the past few years. Loomis is also actively promoting knowledge exchange between the 400 local branches to constantly maintain and improve efficiency, and rewards the most profitable branches and the greatest improvements.

Risk

Handling cash is associated with risks for both employees and property. The appropriate skills and high integrity as well as a strong commitment to safety, ethics and morals are cornerstones for Loomis' employees. Risk management and security are business-critical areas that are subject to constant development and improvement, which also means that the cost of risk is reduced from year to year.

Increased market presence through acquisitions and organic growth

Loomis has set a goal of being one of the top two players in cash handling in every market where the Company has operations. A leading position provides economies of scale which means increased profitability; it strengthens our brand and increases confidence in the Company. A market leader is able to impact market development to a greater extent and help to increase the advanced services content while growing profits.

The strategy for increasing our market presence involves both organic growth and acquisitions in existing and new markets. In existing markets acquisitions increase volume, improve efficiency and strengthen our market position. In the cash in transit area there are clear synergies to gain by having more efficient routes and more stops per route, and in cash management services, increased volume leads to economies of scale at our cash centers.

Loomis' strategy of increasing market presence includes expansion into new markets. Important parameters when

assessing a new market include economic growth, the level of outsourcing and consolidation and an assessment of risk. Several markets are interesting from these perspectives. Over the next few years Loomis intends to continue its expansion in Europe and Latin America. Over the past few years, Loomis has primarily expanded into markets where the acquired operations have mainly involved pure cash in transit services and where Loomis can drive development toward greater efficiency and outsourcing of cash handling services.

Comprehensive solutions add value for customers

Comprehensive solutions are where Loomis' customer offering includes both traditional cash in transit services and cash management services such as counting, analysis, planning, reporting and authenticity and quality control of bills and coins. The integrated offering makes the flow of cash more efficient and reduces the customers' total cash handling costs while also improving security.

One example is that Loomis can offer closed systems from a store's cash register to Loomis' cash center with the Loomis SafePoint® service. Another example is that Loomis can offer banks the entire chain of services required for ATMs to function well, including sorting bills for quality, forecasting demand, replenishing ATMs, reconciliation and reporting of amounts, and technical support and service. Over the past few years comprehensive solutions and the proportion of cash management services have increased steadily, particularly in the US market which is also an important market for Loomis.

Loomis is one of the few players offering advanced services of this kind today. When providing comprehensive solutions, Loomis intensifies its relationships with customers, maintains cash in transit volumes and provides the opportunity to add services leading to higher profitability.

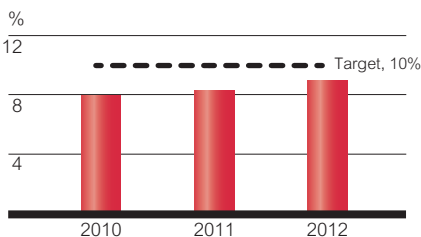
Financial goals and dividend policy

Loomis' overall goal is to create value for shareholders and other stakeholders by generating good profitability and sustainable growth. Loomis' intention is for shareholders to receive a solid return on their investment and to achieve dividend growth with dividend levels that reflect the Company's

strategy, financial position and other financial targets and risks.

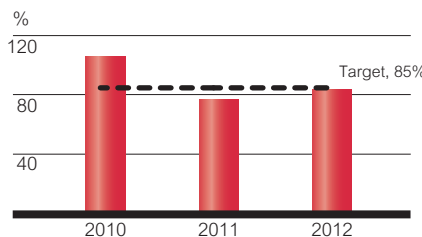
In addition to targets for operating margin, cash flow and dividend, Loomis has a net debt target of no more than 2.5 times operating income before depreciation (EBITDA).

OPERATING MARGIN (EBITA)



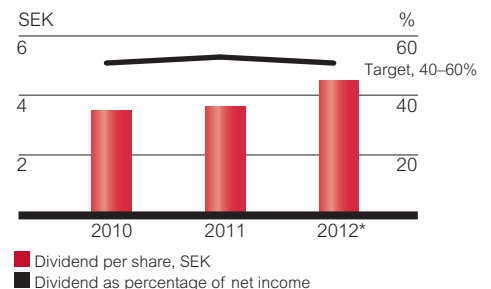
An operating margin (EBITA) of 10 percent by 2014, at the latest.

CASH FLOW



Cash flow from operating activities should amount to an equivalent of at least 85 percent of operating income (EBITA).

DIVIDEND



Annual dividend equivalent to 40–60 percent of the Group's income after tax.

*Dividend proposal for the 2013 Annual General Meeting.



Nationwide coverage in Spain

Loomis acquired the Spanish cash handling company Efectivox in the spring of 2012. The acquisition is in line with Loomis' strategy to increase its market presence in existing markets through add-on acquisitions. Efectivox was successfully integrated in just four months and Loomis can now offer cash handling services throughout the Spanish mainland.

Spain has a high level of outsourcing and the trend is growing stronger due to the country's financial situation. In an effort to cut costs, banks and retailers are increasingly outsourcing their cash handling. The Central Bank of Spain also outsources its depositing to achieve higher efficiency and security.

As the outsourcing trend continues, the Central Bank, nationwide retail chains and banks want a cash handling provider that can offer comprehensive, nationwide solutions. This is the key reason for Loomis' acquisition of Efectivox.

Entire Spanish mainland

With a market share of 44 percent, Loomis was the second largest provider of cash handling services in Spain before the acquisition of Efectivox. However, Loomis did not cover the entire Spanish mainland and covered little of the northern part of the country.

"Efectivox complemented Loomis' operations geographically. Today, we offer nationwide services with comprehensive solutions to all of our customers. This acquisition also strengthened our market position and today we have a share close to 50 percent of the Spanish market," says Mario Valls Martín, Country President Loomis Spain.

Synergies

Since the summer of 2012, Efectivox is a fully integrated part of Loomis in Spain with the same equipment and working procedures. The acquisition has generated clear synergies through increased volumes and improved efficiency by coordinating cash center operations and cash in transit vehicle routes.

"We will continue working on refining all of the procedures at the new branches and adapting them to achieve the same level of efficiency as the rest of our branches. By fully exploiting our existing infrastructure, we will be able to cut costs within the acquired operations even more in 2013," says Mario Valls Martín.

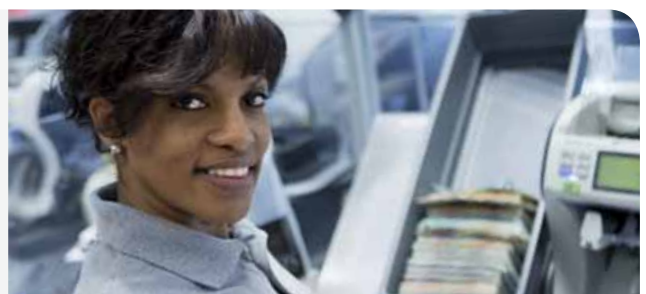
Case



Facts

Facts about Loomis in Spain

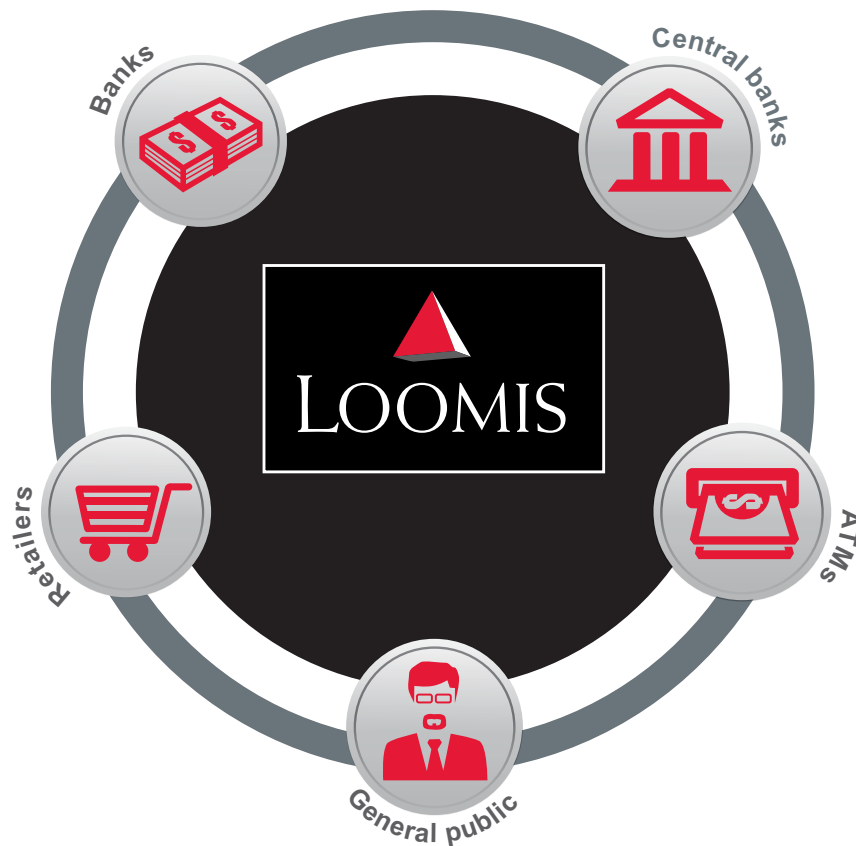
Almost 50 percent market share
2,350 employees
32 branches covering the entire mainland



Our mission

Loomis **improves the efficiency** of the flow of cash in society

The right amount of cash must be available at the right place at the right time and with the highest possible level of security. Loomis' most important mission is to manage the flow of cash in society securely and efficiently.



With skilled employees, efficient logistics and planning, technically advanced equipment, a strong focus on security and extensive experience in transporting and managing cash, Loomis ensures that the right amount of cash is available at the right place at the right time. Loomis is present throughout the cash management chain – from central banks to ATMs, banks and retail outlets.

Banks

Thanks to efficient logistics and economies of scale, Loomis is able to reduce cash handling costs for banks and improve safety for bank personnel. Loomis is also contracted as a provider of cash handling services for the banks' customers. These services include collecting daily deposits, emptying service boxes and counting cash.

Central banks

A central bank provides the banking system with cash. Loomis in turn streamlines the flow of cash and focuses cash counting to a number of cash centers.

ATMs

Loomis can assume the entire responsibility for ATMs, including replenishment, reconciliation, service and reporting. Loomis' system for forecasting cash replenishment needs is highly precise, which increases the availability of cash by ensuring that ATMs are never empty, while keeping costs down for Loomis' customers.

The general public

The general public withdraws cash from ATMs to shop for goods and services and in this way keeps cash in circulation in society.

Retailers

Loomis delivers change to retailers and collects daily receipts that are often handled at our cash centers. Efficient work methods and modern equipment lower costs and increase security. Loomis also offers comprehensive solutions tailored for the retail industry.

Our service lines

Added value for customers through lower costs and increased security

Loomis' two service lines are Cash in Transit and Cash Management Services. One of Loomis' key strategies for long-term and profitable growth is to increase the proportion of comprehensive services that integrate cash in transit and cash management to a greater extent.

Comprehensive solutions for cash handling

Cash in Transit is Loomis' biggest revenue source with 70 percent of total revenue while Cash Management Services, which accounts for 30 percent, is experiencing faster growth and higher profitability. In markets that still have a low level of outsourcing, i.e. where the banks and retailers take care of most of their cash management themselves, Cash in Transit normally accounts for a larger percentage of Loomis' revenue. In markets with a higher level of outsourcing, which is most countries in Western Europe, Loomis has a good balance between revenue from Cash in Transit and Cash Management Services.

One of Loomis' key strategies for good profitability and sustainable growth is to increase the proportion of comprehensive solutions that integrate cash in transit and cash management services. The integrated offering adds value for the customer as the benefits gained from Loomis' volume and expertise result in lower overall costs and better security. Loomis offers comprehensive solutions to banks, ATM operators and retailers.

Cash in Transit

Loomis has a fleet of approximately 6,500 cash in transit vehicles transporting cash every day to and from retail outlets, banks and ATMs. Loomis collects daily deposits, supplies customers with change and foreign currency, replenishes ATM's and carries out service and maintenance on ATMs.

Ongoing efficiency improvements and the development of routines and technical equipment ensure that the highest standards of control and security are maintained. Loomis also

optimizes its routes to maximize the number of stops per route, which increases internal efficiency while reducing the environmental impact. Loomis trains its drivers in eco-friendly driving techniques and aims to utilize energy-efficient vehicles wherever possible without ever compromising on security.

Cash in transit is in many ways the foundation for all cash handling. Using Loomis as the cash in transit service provider is often a prerequisite for Loomis to take over responsibility for a customer's cash management needs as well.

Cash Management Services

Loomis has approximately 250 cash centers where daily deposits and cash from retailers, ATMs and bank branches are transported. At these centers, in addition to actually counting the cash, Loomis carries out authenticity verification and quality control checks and packages bills and coins. Loomis also offers storage so that customers can order cash directly from the cash center when they need it.

In addition to counting services, Loomis offers analysis, planning and reporting of cash flows. Through Loomis' system customers can receive reports on an ongoing basis on the exact amount of cash collected in a day and then the corresponding amount is credited by the bank.

ADDED VALUE FOR CUSTOMERS

Loomis' comprehensive solutions add value for customers by reducing their total cash handling costs and improving security.

The customers' cash handling costs are mainly related to manual counting and handling cash, but also include the cost of logistics, analysis and planning. With Loomis' economies of scale, cash handling can be carried out more efficiently, which means cost savings for customers.

Loomis has expertise in risk management and improves security for customers by taking over and managing the customers' risk.



CUSTOMER



TOTAL COST



SECURITY

Our comprehensive solutions for retailers

Greater cash management **control** for retailers

Loomis has a growing number of customers in the retail sector – ranging from large retail and restaurant chains to convenience stores, bars, restaurants, hotels, vacation facilities and gas stations. By using Loomis' services, customers can reduce their cash management costs while improving security and control.

Loomis' comprehensive solutions combine the Company's products and services in a way that is tailored and adds value for the customer. For retailers Loomis has a specially-developed, industry-adapted comprehensive solution called Loomis SafePoint® which is rising in popularity in many markets.

Loomis SafePoint® improves security and reduces the workload for the customers' employees who no longer need to count and manage cash. Loss is reduced, as are insurance costs, when Loomis takes overall responsibility for cash from the

time the retail customer pays, until the cash is deposited on a bank account. Loomis works in close cooperation with banks which means that customers have access to the funds from the moment the cash is deposited in a Loomis SafePoint® unit. This gives the customers even better control over their cash flow.

Through an interface, the store can see all of its deposits and withdrawals in realtime and is therefore always aware how much cash is in the system, which facilitates the entire business planning process.

Case

Loomis SafePoint® improves cash flow for Cellular Sales

Cellular Sales is US mobile phone operator Verizon Wireless' largest independent distributor in the USA with 545 stores in 28 states. The company is expanding very rapidly and expects to soon have more than 1,000 stores nationwide.

Previously Cellular Sales had no common routines for cash management at the stores and many of them did not have a cash system of any kind. As a result, different stores worked with different banks and the administration of cash reconciliation was challenging. As the business grew the situation became unsustainable. Cellular Sales realized that it needed a cash management solution.



At the beginning of 2012 Cellular Sales conducted parallel pilot studies with Loomis SafePoint® and a competing solution to find the best cash management option for all of the stores. The choice was Loomis SafePoint®.

"The Loomis employees were different from the competitor's staff. Loomis solution was exceptional and everyone we talked to at the company made us feel like we were their most important customer," says James Thorne, Chief Operating Officer at Cellular Sales.

In just 90 days Loomis SafePoint® was installed in all 545 stores. Since then Cellular Sales has seen concrete results in terms of cost savings and improved account reconciliation processes. In the past it took up to 14 days before the cash was registered on the company's bank account, now it happens almost immediately.

Apart from improving the cash flow, Cellular Sales now has common procedures, which means the employees no longer need to spend unnecessary time managing cash.

"We have a unique business model and we needed Loomis to help us manage our day-to-day operations in a better way. We appreciate the partnership and hope it will grow in the future," says James Thorne.

Our offering to banks

Loomis' services **improve efficiency** for banks

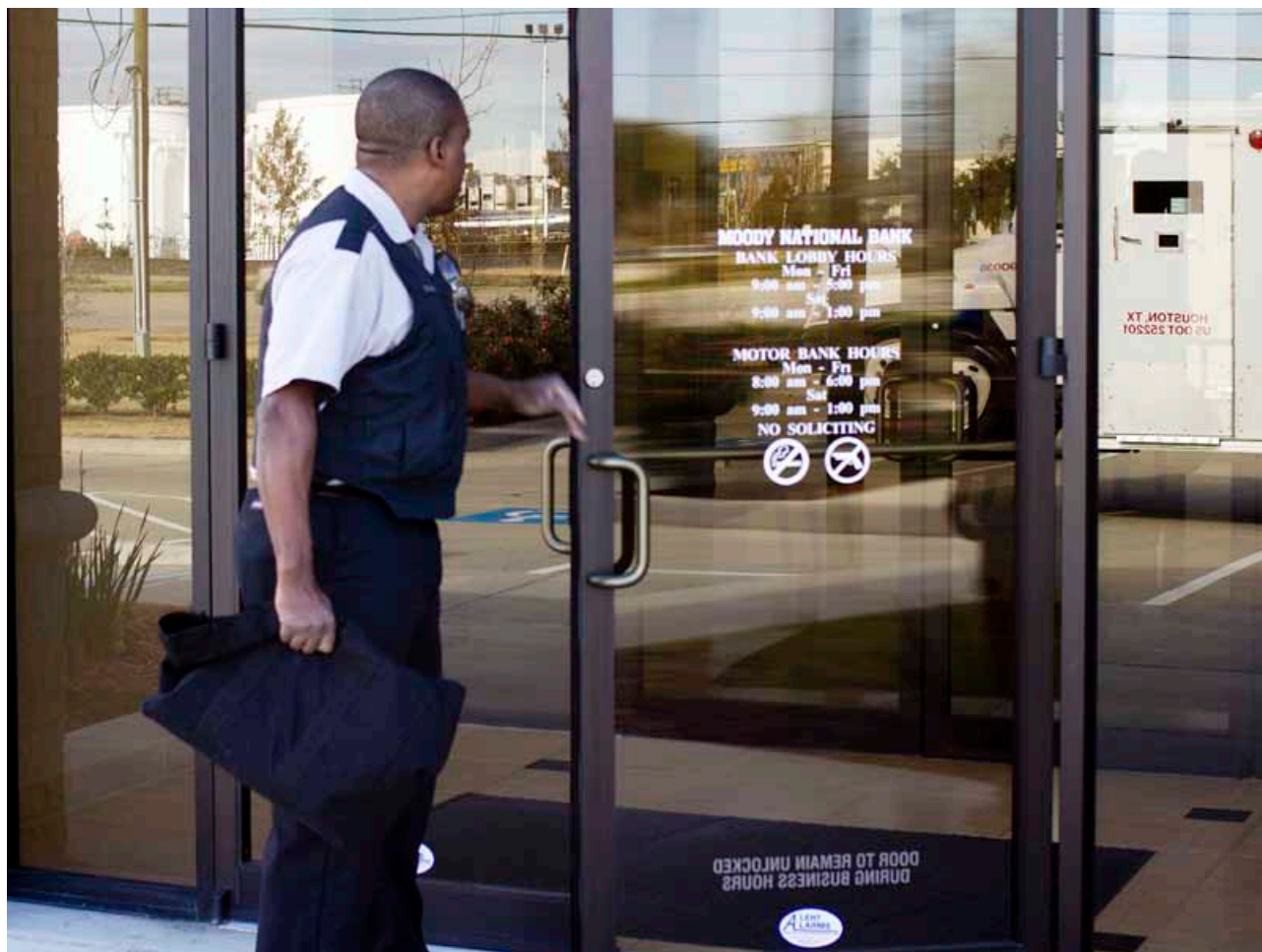
Most of Loomis' revenue comes from the banking sector. Banks are increasingly outsourcing their cash handling to cut costs and improve safety for their employees. Loomis' customers in the banking sector range from central banks to large commercial banks and small local banks.

An increasing number of banks are choosing to outsource responsibility for their cash handling operations. Loomis' cash in transit personnel collect and deliver cash to bank branches and empty the banks' cash deposit machines and service boxes. Thanks to economies of scale at its cash centers, Loomis can count, package and check bills and coins much more efficiently than bank employees are able to do. Loomis' cash centers also store cash for banks and central banks so that they can avoid the risks and costs associated with storing large amounts of cash.

As an additional step in the efficiency improvement

process, banks can outsource all of the tasks involved in managing ATMs to Loomis. This includes replenishment, reconciliation, service and reporting to the bank branch responsible for the ATMs.

To increase the general public's access to cash while also reducing costs for banks, Loomis offers a cash forecasting system for ATMs and bank branches in a number of markets. The system analyzes historical data and forecasts cash requirements at different ATMs and branches. This frees bank employees from the time-consuming task of managing cash or manually calculating cash requirements.



Total cash usage expected to rise in main markets over next decade

Future cash use in society

Loomis believes that the total use of cash will be determined more by economic growth than by the extent to which consumers use smart phones to pay instead of cash.

Developments

Ever since the general purpose payment card was introduced more than 60 years ago people have been proclaiming the demise of cash. Cash continues, though, to be the most common form of payment around the world.

Still, an increase in the use of payment cards in certain countries shows that cash, but above all checks, as payment methods are exposed to competition. A more recent development on Loomis' main markets is the number of pilot studies being conducted on new payment technology that enables smart phones to be used for payment transactions. However, many of the mobile payment innovations that provide consumers with the opportunity to use their smart phones to pay do not really cut into cash since they simply substitute one form factor, a plastic card, for another, the mobile phone.

A less favorable development for Loomis would be if the smart phone enabled the combination of a number of transaction-related services that would add value for the merchant and for the consumer. In order for development to go in this direction, merchants need to be convinced that this added value in some way helps increase their sales and or improves their profitability, and such increases and improvements need to be significant enough to make them willing to invest in new payment technology.

But, even if merchants are in favor of this, consumers still need to be convinced to use their smart phones to pay because, for any payment innovation to take off it must provide enough value to merchants and consumers alike so that both have an incentive to try something new. And, it must gain

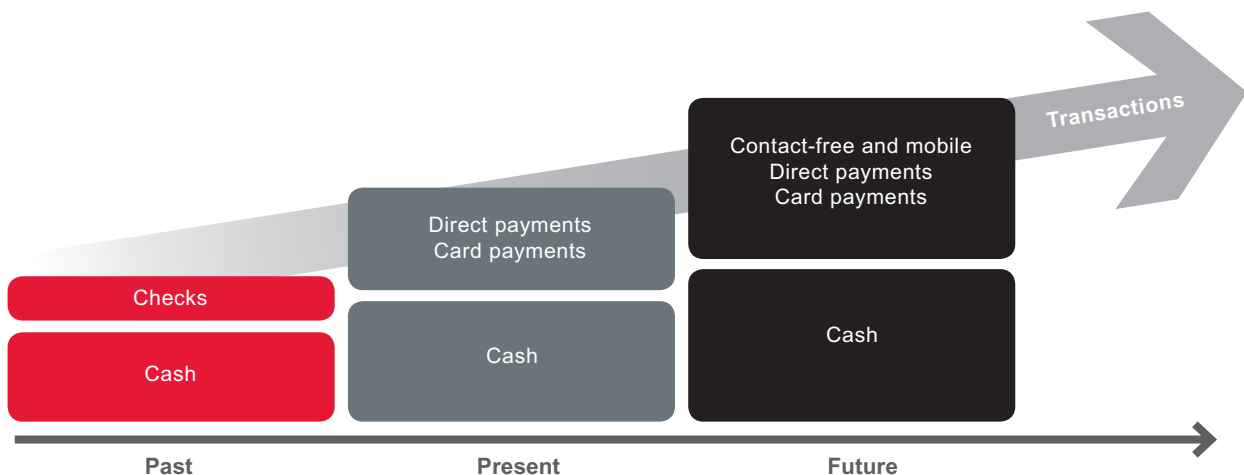
critical mass for both sides quickly: consumers will not demand mobile payments until they know that enough merchants accept them, and merchants will not implement them until a critical mass of consumers justifies the cost of doing so.

The future of cash

Loomis has engaged leading authorities of the global payments industry to advice on the effect of new payments innovation on the use of cash and to conduct an international study of its main markets. The conclusion from the study is that the decline we have seen in the percentage of cash transactions in relation to the total number of transactions over the past few years will accelerate. However, for this to happen, at least three basic conditions in addition to the ones already described need to be in place: a high penetration of smart phones across a population; no consumer concerns over security when paying with their phones; and a high percentage of consumers who actually will want to use their phones to pay.

Even if all of the above conditions are in place among merchants and consumers, total cash use will continue to grow as long as economic growth (GDP) fuels an increase in cash use faster than new payment technologies cannibalize cash transactions. This is what the trend looks like today for the next decade in all of the main markets studied by Loomis, with the exception of Sweden where the decline in total cash use is expected to continue. In light of new payment technology and mobile payment innovations, this is good news for the future use of cash and for Loomis.

CONTINUED GROWTH IN THE VOLUME OF CASH, THE WORLD'S MOST COMMON PAYMENT METHOD



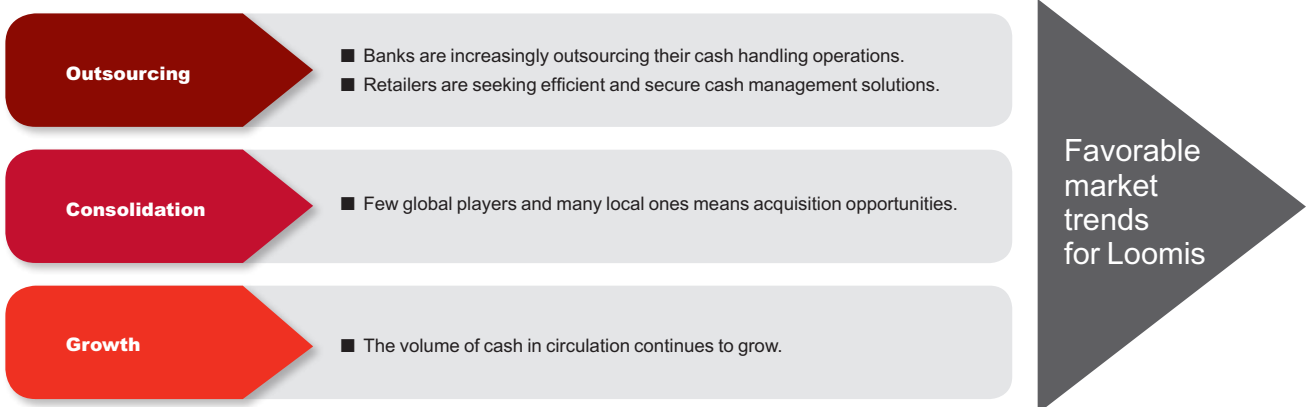


Cash handling market

Stable cash handling market

The cash handling market is stable. Loomis' growth is driven by the banks' and retailers' ongoing efforts to improve cash handling efficiency through outsourcing. It is also driven by general economic growth and Loomis' ongoing efforts to consolidate the industry through acquisitions and stronger market positions.

MARKET TRENDS



The market conditions are favorable for Loomis. The volume of cash in circulation is growing, which means good growth potential. An increasing level of consolidation means there are acquisition opportunities and the ongoing outsourcing trend increases demand for specialist expertise and comprehensive solutions.

Cash handling market

Cash is the most common payment method in the world and is the foundation for the flow of payments in society – in both a strong and a weak economy. Loomis offers cash in transit and cash management services in 16 countries. The customers are mainly in the banking sector (approximately 60 percent) and the retail sector (approximately 40 percent).

Loomis is the only international company specializing in cash handling. The cash handling market in the countries where Loomis operates is worth approximately SEK 45 billion and Loomis' share is approximately 25 percent. The full potential for cash handling services in these markets is estimated at approximately SEK 65 billion.

Driving forces in the market

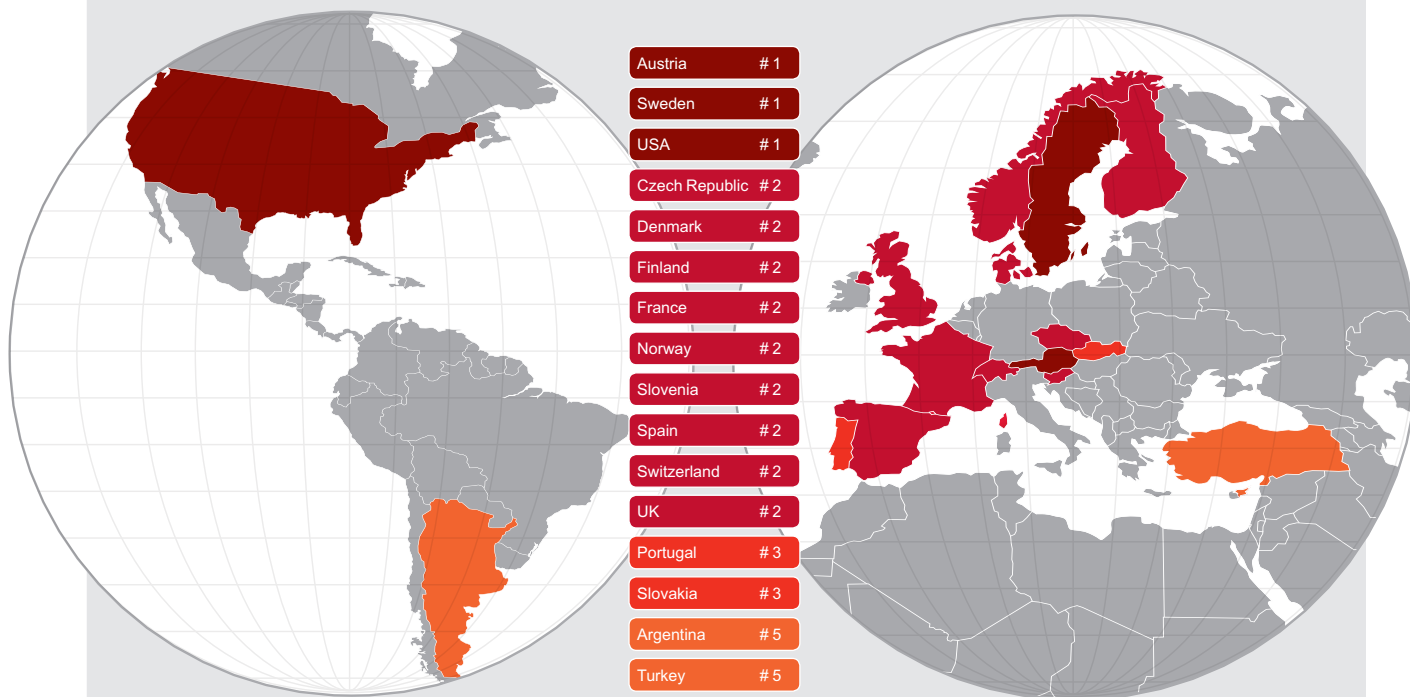
Loomis' growth is largely driven by the level of outsourcing, by a country's economic growth and by driving consolidation in the industry.

Outsourcing

The most significant factor for growth in the cash handling sector is the extent to which banks and retailers outsource their cash management to external parties. This trend is driven by a desire to reduce costs, improve security and have greater control. Thanks to economies of scale and technology development, Loomis is able to manage cash more efficiently than its customers are able to do. By outsourcing cash handling, customers reduce security risk for their own staff as well as the risk of loss, which in turn reduces insurance costs. Loomis' comprehensive solutions like Loomis SafePoint® give retailers even better control over their cash flows.

In most of Loomis' markets cash in transit is already outsourced to a great extent. Outsourcing of cash management, on the other hand, is still in different phases in different markets because banks, in particular, in certain countries traditionally consider cash management to be part of their core operations. Still, the increased pressure on banks to cut their costs means there is growth potential for Loomis.

MARKET POSITIONS 2012



Please note that the information on Loomis' market position in relation to its competitors is based on information compiled by Loomis from both internal and external sources. The sources that Loomis has based its assessment on include industry statistics, information from the independent industry association, ESTA (European Security Transport Association) and suppliers.

Economic growth

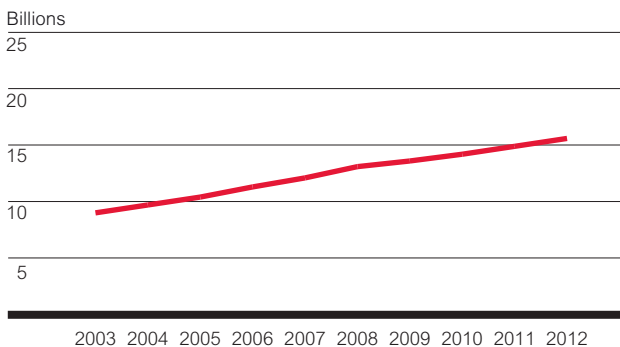
The volume of cash in a market normally grows as the economy grows. Over the past ten years the volume of cash in the USA has increased by 4 percent a year and in Europe by 7 percent.

Loomis' business is affected by the general economic climate – both in terms of retail sales and the propensity of consumers to pay in cash. In a weaker economy retail sales are lower, while consumers in general are more likely to use cash than other payment methods in a weak economy. The opposite is true in a strong economy, i.e. retail sales are higher but the percentage of cash payments in retail contexts is lower.

Consolidation

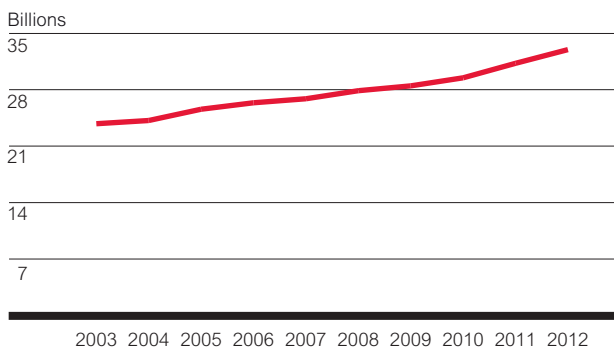
There is a trend in the cash handling market whereby a few larger and nationwide players who can exploit benefits of scale are able to grow their market share in most of the markets. Loomis aims to be number one or two in every market where the Company operates and makes acquisitions wherever necessary to further strengthen the Company's position and to drive growth.

CIRCULATION OF BILLS IN EUR



Source: The European Central Bank

CIRCULATION OF BILLS IN USD



Source: Federal Reserve

Market segment Europe

Growth in cash management in Europe

The European economy remained weak, resulting in a positive effect on demand for cash management services, while the cash in transit market was somewhat weaker.

In 2012 Loomis further strengthened its market position, e.g. through acquisitions in Spain and Argentina and by continuing to work on developing the Turkish operation acquired in 2011.

The European cash handling market

Loomis' European operation covers Austria, Czech Republic, Denmark, Finland, France, Norway, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and United Kingdom. Argentina is also included in the European segment because the Argentinean operation is reported and followed up as part of that segment.

The laws, levels of outsourcing and cash usage vary considerably in the different countries and, accordingly, the market conditions are different from country to country. However, with a decentralized organization, Loomis is able to adapt the business to each country's conditions and development.

Trends

The most obvious trends in Europe continue to be increased outsourcing of cash handling services in the bank sector and greater demand from retailers for technically advanced comprehensive solutions.

Outsourcing

The extent to which banks outsource their cash handling varies significantly among European countries. In Finland, Norway, Spain and Sweden the level of outsourcing is fairly high, while the banks in Austria, France and Switzerland outsource to a lesser extent. In countries like Argentina, Czech Republic, Denmark, Portugal, Slovakia and Turkey the banks still take care of most of their cash handling themselves. Based on many years of experience, Loomis expects outsourcing in these markets to increase as cost awareness grows.

The ongoing consolidation within the banking sector and the pressure on the banks to continue to reduce costs has led them to increasingly outsource both cash in transit and cash management.

In 2012 Loomis opened two new cash centers, one in Prague and one in Madrid, to handle the positive cash management trend. The cash center in Madrid is currently one of the biggest centers in the whole of Europe.

Earnings growth in 2012

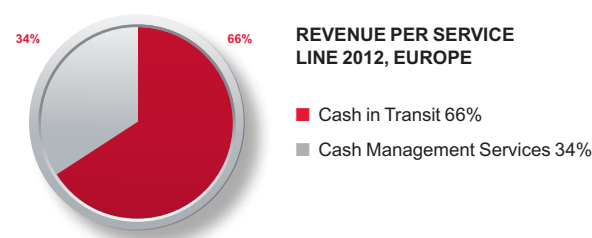
Revenue for the European segment amounted to SEK 6,955 million (6,934) in 2012. Organic growth (adjusted for exchange rate effects, acquisitions and divestitures) amounted to 0 percent and was positively affected by a more favorable market and prices remaining stable in several markets, and negatively affected by the termination of low profitability contracts within the French operation.

Operating income (EBITA) amounted to SEK 736 million (714) and the operating margin increased to SEK 10.6 percent (10.3). The improvement is mainly attributable to the restructuring work in France and the Group's continuous efforts to improve efficiency.

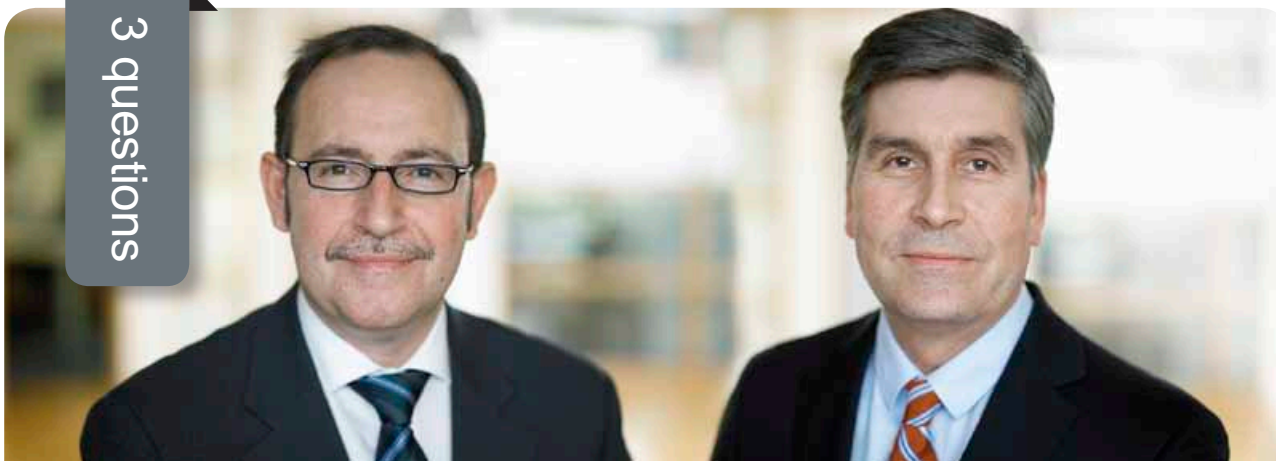
KEY RATIOS EUROPE

	2012	2011	2010
Revenue, SEK m	6,955	6,934	7,024
Real growth, %	2	3	0
Organic growth, %	0	2	0
Operating income (EBITA), SEK m ¹⁾	736	714	689
Operating margin, %	10.6	10.3	9.8

1) Earnings before interest, taxes, amortization of acquisition-related intangible fixed assets, acquisition-related costs and items affecting comparability.



3 questions



Georges Lopez Periago and Kenneth Högman

Regional President Southern Europe and Regional President Northern Europe, respectively

How would you summarize 2012?

2012 was a stable year with the same trends as in 2011. The banks continued to outsource their cash handling and more and more retailers have been demanding comprehensive solutions like Loomis SafePoint®. On the other hand, cash in transit declined slightly.

What did Loomis focus on in Europe in 2012?

We focused on securing more retail customers and providing a strong offering to banks. We integrated Efectivox in Spain and our operations in Turkey and Argentina have had a good start.

What are the most important considerations in 2013?

Continuing to do more of what we are already doing. We need to work on increasing organic growth and expanding into new markets. We will also continue focusing on improving efficiency in our organization to increase profitability. Another goal is to increase sales of Loomis SafePoint® and get more banks to outsource more of their cash handling to us.

We will also continue to develop new services in Europe, such as currency trading, Loomis Cash Shops and Loomis International Services.

Comprehensive solutions

Loomis' growth in the retail sector is driven by an increased demand for comprehensive solutions like Loomis SafePoint®. Instead of managing their cash themselves, retailers are allowing companies like Loomis to manage it for them in a faster, more efficient and secure way. As banks focus more on their own core business, Loomis is signing more and more contracts with retail companies directly without a bank as the middleman.

Loomis' position

The European cash handling market is stable with a few large players in the lead and a diminishing number of small local players. In Sweden and Austria, Loomis is the market leader and is in second place in most of the other markets.

Loomis strengthened its position in several markets in 2012. In the Czech Republic, for example, Loomis' market share increased from 30 to more than 40 percent in just over a year and a half. Following the acquisition of the Spanish company Efectivox, Loomis achieved a market share of close to 50 percent. As part of the strategy of strengthening its market position, Loomis will continue to play an active role in the consolidation of the European cash handling market.

In April Loomis acquired the Argentinean cash handling company Vigencia. This was Loomis' first acquisition outside Europe and the USA, and is the first step in a long-term expansion into the cash-intensive Latin American market.

Banks and retailers generate equal amounts of Loomis' total revenue in Europe.

Market segment USA

More outsourcing in a weak economy

The main factors characterizing the business climate in the USA in 2012 were an economy that remained weak and low interest rates. The state of the market led to a fall in demand for cash in transit services while the market for comprehensive solutions opened up and Loomis SafePoint® harvested considerable successes during the year.

Cash handling market in the USA

USA is the world's largest economy and the number of USD banknotes in circulation increased by an average of 4 percent a year between 2003 and 2012.

The US economy, like the European one, remains weak and this has led to an increase in demand for Loomis' comprehensive solutions while demand for cash in transit has fallen. As a result of the low interest rates, banks and retailers are not as concerned about getting their money into interest-bearing accounts quickly and, for the same reason, ATMs need replenishing less frequently but with larger volumes.

At the same time a growing need to control costs in the banking sector means that more and more banks are outsourcing more of their cash management operations. In the retail sector the economic situation has led to an increase in the need to control cash flow among retailers, which has increased demand for comprehensive solutions like Loomis SafePoint®.

Trends

The most obvious trends in 2012 were an increase in the level of outsourcing in the banking sector and growth in demand for comprehensive solutions among retailers.

Strong outsourcing trend

Loomis has experienced good growth over the past 3–4 years in cash management services for the banking sector, and this trend remained strong in 2012. The need for cost reductions in the banking sector has continued and, accordingly, more and more banks are demanding comprehensive solutions for both cash management and cash in transit services.

Over the past two years the use of traditional checks has declined significantly in the USA. For the banks that have up to now been managing cash and checks at their own processing centers, the decline in check volumes has resulted in higher cash management costs overall. This in turn has increased the need to outsource these services. In the USA Loomis is handling checks as well in order to take over all of the processes the banks have previously handled themselves.

In 2012 Loomis installed automatic coin counting and packaging equipment at the Company's cash centers. This has enabled Loomis to take over all cash management operations from its customers. Banks and retailers previously outsourced their coin counting and packaging to companies specializing in this service.

Earnings growth in 2012

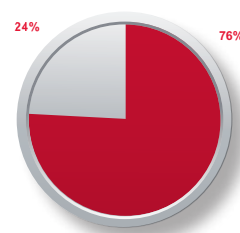
Revenue from Loomis' operation in the USA amounted to SEK 4,405 million (4,039). Real growth amounted to 5 percent (12), mainly relating to the acquisition of the cash handling operation from Pendum in 2011. Organic growth (adjusted for exchange rate effects, acquisitions and divestitures) amounted to 0 percent (0) and was affected by the fact that a number of the customers taken over in connection with the Pendum acquisition decided to diversify their providers of cash handling services.

Operating income (EBITA) amounted to SEK 400 million (295) and the operating margin was 9.1 percent (7.3). The margin improvement is mainly attributable to the integration of Pendum and the continuous efforts to cut costs and improve efficiency. The margin was also positively affected by an increase in the share of revenue from cash management services (CMS) to 24 percent (22) of the segment's total revenue.

KEY RATIOS USA

	2012	2011	2010
Revenue, SEK m	4,405	4,039	4,009
Real growth, %	5	12	-3
Organic growth, %	0	0	-3
Operating income (EBITA), SEK m ¹⁾	400	295	296
Operating margin, %	9.1	7.3	7.4

¹⁾ Earnings before interest, taxes, amortization of acquisition-related intangible fixed assets, acquisition-related costs and items affecting comparability.



REVENUE PER SERVICE LINE 2012, USA

- Cash in Transit 76%
- Cash Management Services 24%

3 questions



Jarl Dahlfors

Regional President USA

How would you summarize 2012?

An eventful year in which the trends we saw in 2011 grew stronger. Cash in transit declined but we have seen clear growth in demand for our cash management services and comprehensive solutions, which have higher margins.

What did Loomis focus on in the USA in 2012?

We continued to market Loomis' comprehensive offering combining cash management and cash in transit services to the banking sector and Loomis SafePoint® to retailers. The integration of Pendum and Oregon Armored Service which we acquired in 2011 was completed in 2012 and these companies are now fully integrated into Loomis.

What are the most important considerations in 2013?

Continuing to consolidate and improve the efficiency of our own operations to achieve higher profitability. We also need to increase sales of Loomis SafePoint® and get more banks to outsource their cash handling to us.

Comprehensive solutions for retailers

Retailers in the USA continue to demand comprehensive solutions such as Loomis SafePoint®. Strong growth in the number of units installed was maintained in 2012, keeping the same pace as in 2011. The potential market is significant and still largely unexploited, which works in Loomis' favor as a market leader in this type of tailored comprehensive solution in the US market.

Demand for Loomis SafePoint® is also driven by the retailers' desire to have better control over their cash flow, improved security and quicker access to interest on their money. Due to the low interest rates, it is mainly the large retail chains that are currently motivated by interest income, while smaller retailers usually regard control and security as the most important aspects.

Loomis' position

Loomis is the market leader in the USA with more than a quarter of the total cash handling market. Loomis will continue to play an active role in the consolidation of this market.

Banks account for more than two thirds of Loomis' revenue in the USA, while retail accounts for approximately one third. After the acquisition of Pendum in 2011 Loomis is now responsible for replenishment of approximately 70,000 ATMs in the USA.



Working on ethics – part of Loomis' culture

Having employees who act responsibly is one of the top priorities for Loomis. In addition to employees who take their responsibility seriously, Loomis' customers value integrity, confidence-instilling behavior and a high level of safety consciousness. A basic requirement is that all employees have the appropriate skills and a desire to exceed the customers' expectations.

Loomis' values and Code of Conduct form a common foundation and guide the employees in making the right decisions in their day-to-day work. Since the stock exchange listing in 2008, Loomis has worked continuously on creating a strong corporate culture based on values such as ethics, integrity and security. Loomis has developed work procedures that are based on promoting commitment among all of the employees. When Loomis began emphasizing and re-launching the company's values and Code of Conduct in 2009, a method was chosen that is based on discussion in groups involving all of the Company's employees. A similar method was used to communicate Loomis' Code of Conduct in 2010.

This method has since been developed into a company game called Loomis Good Decision Game, introduced in 2011. The game connects the Company's values, Code of Conduct and brand. In the game trained coaches hold sessions where groups of up to eight employees discuss issues such as behavior, service, ethics and safety. The game encourages discussion and gives participants an opportunity to have an impact on the organization by suggesting improvements. These are compiled by the game coaches and submitted to the management in the respective country.

In 2012 Loomis developed a new version of the game focusing in particular on ethical issues that can arise in the workplace. The new version of the game will be adapted to cover all of the Company's employees and will be introduced group-wide in 2013.

Follow-up tools

Whistle-blower

Loomis has a group-wide whistle-blower system called Loomis Integrity Line. This gives employees the chance to anonymously and through an external web interface or by phone report observations on behavior that violates Loomis' values or Code of Conduct and that could harm the Company in some way.

Your Voice

In 2012 Loomis conducted an employee survey called Your Voice completed by all of the 20,000 or so employees to measure Loomis' strengths and identify areas where improvement is needed in the Company. In addition to the strength of Loomis' culture and values, which is measured using a culture index, the study measures things like how attractive Loomis is as an employer, how satisfied the employees are and how well the communicative leadership is working.

Pilot projects – Loomis' work method

Before a new work method, e.g. relating to Loomis' values and Code of Conduct, is rolled out throughout the Group, it is evaluated as a pilot project for a period of time in one or more markets. In Norway, for example, a method is being tested in 2012 and 2013 to measure how the operations there were living up to Loomis' values and Code of Conduct. Decisions are then taken on how to implement the work method following an evaluation of the completed pilot study.

Priorities in 2013

Every year various aspects of Loomis' values and Code of Conduct are highlighted in order to ensure that they are always kept alive within the organization.

- In 2013 the employees at the local branches will start playing the company game, Good Decision Game Ethical Edition. The game focuses on ethical issues and stimulates discussion on situations that can arise in everyday situations at the workplace.

- During the year Loomis continued working on improvement areas that emerged in the employee survey, Your Voice 2012. The aim is to raise the level of employee satisfaction by increasing participation and to find ways to improve the services delivered to Loomis' customers.

Values and Code of Conduct

Values

Loomis' basic values permeate all parts of the organization. They are clear and easy to understand and apply:

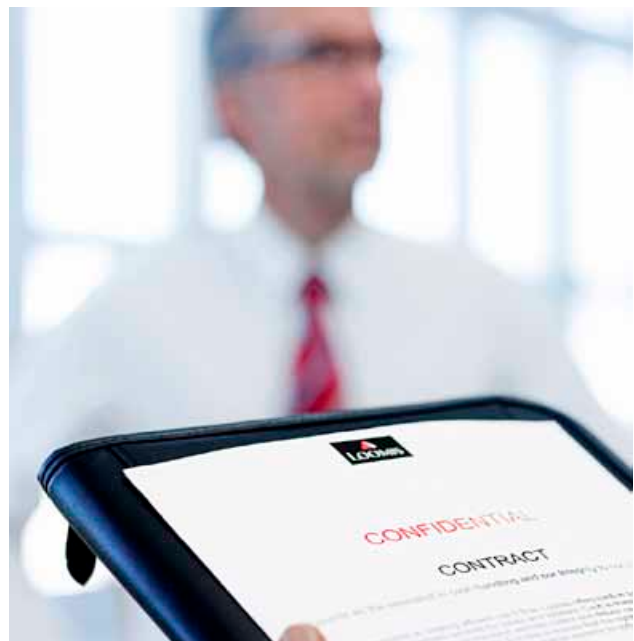
- **People:** We are committed to developing skilled employees and treat them with respect.
- **Service:** We strive for exceptional quality, innovation and added value and to exceed customer expectations.
- **Integrity:** We perform our work with honesty, vigilance and high ethics.



Code of Conduct

Loomis' Code of Conduct reflects the Company's values. It guarantees high business ethics, ensures the employees are cared for and emphasizes concern for the environment. The Code provides guidance to all Loomis employees in their daily activities and can be summarized in the following three statements:

- Loomis shall be the most attractive employer in the industry.
- Loomis shall reduce its operational environmental impact.
- Loomis shall never accept unethical behavior.



Case Sweden

Loomis in Sweden works with ethics, leadership and sustainability as a way of raising the level of commitment and satisfaction among customers and employees. A strong focus on ethics and sustainability also attracts new customers.

Ethics and sustainability lead to more satisfied customers

Loomis in Sweden works on a long-term basis with ethics and leadership. The company has its own business school offering training tailored for employees in different roles. All managers in Sweden have, for example, been trained in value-based leadership. In addition, Loomis has a well thought-out sustainability strategy which was summarized this year for the first time in a sustainability report.

“Being a service company means that our values and sustainability efforts are directly linked to business benefits. Companies are increasingly requiring an emphasis on ethics and sustainability and our efforts have, among other things, resulted in new customer accounts,” says Patrik Högberg, Country President Loomis in Sweden.

“In addition to our internal work we are helping to create a more secure society. We are, for example, participating in a number of projects aimed at young people to reduce crime in Sweden in the long term”.

Becoming Sweden’s best workplace by 2015

Since 2009, Loomis in Sweden has been measuring the satisfaction of both customers and employees in annual surveys. These surveys ensure that we are doing the right things and focusing on the right areas. Understanding the situations and unique needs of the customers and employees is essential if Loomis is to continue to develop. Results are followed up in a structured process and in concrete action plans. With every year that passes, the value of both surveys has grown. Loomis has set the bar high in this area: the goal is to be Sweden’s best workplace in the industry by 2015.



Risk management – a **success factor**

Being a specialist in cash handling requires risk management skills. Loomis' works continuously on providing training in and refining routines, structures and systematic processes to identify and manage risk. Modern equipment and a constant emphasis on values and ethics are also fundamental aspects of risk management.

Some of the risks Loomis is exposed to are directly linked to the core business, i.e. cash in transit and cash management. Loomis' customer offering consists of taking over and managing these functions and thereby, assuming risk on behalf of the customers. Other than personal injury, the main risk exposure is the loss of cash due to criminality, and poor compliance of procedures.

Good risk management is one of Loomis' most important success factors and security is one of the key values offered to the customer. The company has taken significant steps in the area of risk management and achieved tangible results. Cost of risk has decreased year by year.

Common structure, local responsibility

Although risk management strategies are determined at central level within the Loomis Group, control and operational responsibility are mainly assigned to the regional and national operations and adapted to the circumstances in each country. This allows for effective integration of risk management into the daily work. Risk management structures, processes and systems are, however, the same across all entities. The subsidiaries where Loomis operates are responsible for preparing an annual risk plan which identifies all significant and relevant risks and outlines strategies and plans to manage those risks. A thorough follow-up is conducted on national, regional and Group's central risk management levels. Reporting is also provided to Loomis' Audit Committee. At regular global risk meetings best practice is shared between countries to maintain risk awareness and a strong risk management culture. The Group's risk management is reviewed regularly by external risk and security consultants. Altogether around 150 people within Loomis work with operational risk management at Group, regional and country levels.

Ongoing risk follow-up

A risk assessment is undertaken in conjunction with the signing of each customer contract, taking into account risk and profitability. In addition, existing contracts are regularly assessed. Loomis has tools and processes in place to identify, take action on and monitor risk, such as risk matrices. The identified various risks are placed in a matrix based on two criteria: how likely it is that an event will happen and the degree of negative impact on the business operation. Matrices are created in each country and at Group level.

Employees at the center

As a service providing company Loomis always places its employees at the center. The fundamental principle for controlling the risks that the company has assumed is, through training and recruiting the right people, ensuring that all employees at all levels understand and can handle the risks associated with our business. Loomis works constantly on promoting a corporate culture characterized by high ethics and morals. Proactive risk management and constant monitoring of the external environment enable Loomis to predict possible incidents. This ensures that Loomis can provide a safe workplace and secure cash handling services for its customers.

Risk analysis before an acquisition

Local conditions determine the exposure to different risks, and thereby, the management of risk. In some countries crime and corruption is a bigger problem from a relative perspective in other countries technological process may not have come as far. Before Loomis establishes a presence in a new country, a thorough risk analysis is carried out to assess the risks that exist from an operational perspective and in the surrounding environment. In some countries the exposure to certain types of risks is so significant that Loomis chooses not to establish an operation.

Facts

Goal

Loomis only accepts controlled risks and makes every effort to prevent personal injury and financial losses, and to minimize the risks that are accepted.

Risk strategy

The Group's risk management strategy is based on two fundamental principles:

- No loss of life
- Balance between profitability and risk of theft and robbery

Corporate governance

The primary goal of Loomis' corporate governance is to create clear goals, strategies and values that effectively protect shareholders and other stakeholders by minimizing risk and that also form a solid foundation from which to generate value and meet the requirement of a good return on invested capital. To achieve this, Loomis has developed a clear and efficient structure for the allocation of responsibilities and control.

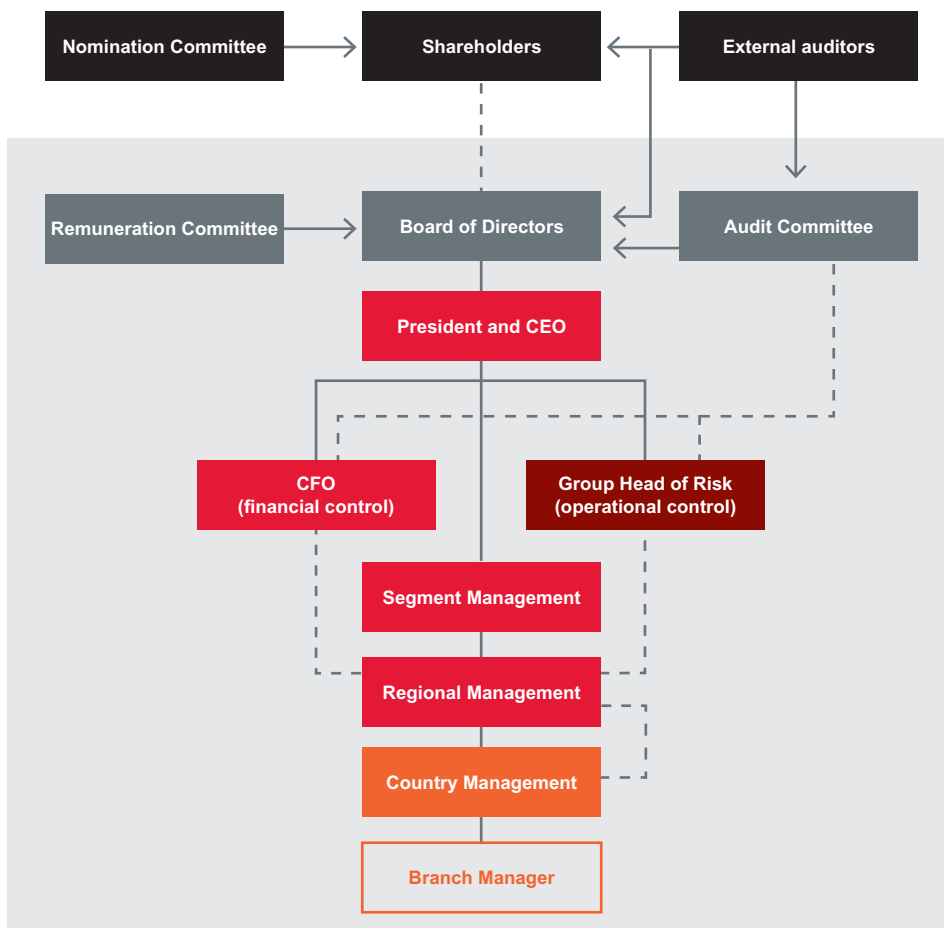
Compliance with the Swedish Corporate Governance Code

Loomis AB is a Swedish public limited liability company that has been listed on NASDAQ OMX Stockholm since 2008. In addition to the legal or other statutory requirements, Loomis applies the Swedish Corporate Governance Code (the Code). This Corporate Governance Report has been prepared in accordance with the stipulations in the Annual Accounts Act, chapter 6 § 6 and chapter 10 of the Code.

The Loomis Board of Directors consists of six members. Loomis has decided that the Audit Committee will consist of two members only, instead of three as stipulated in section 7.3 of the Code. This is one of two deviations from the Code that Loomis has decided to make. Loomis' explanation for this deviation is that it considers two members to be sufficient to manage the Company's risk and auditing issues because

those members have extensive experience in these areas from other listed companies. The other deviation relates to section 9.8 in the Code which states that the vesting period for share-related incentive programs or the period from the commencement of an agreement to the date a share may be acquired is to be no less than three years. Loomis' incentive scheme, which is described on page 27, allows shares to be acquired at the market price for a portion of the allocated bonus. These shares are allotted to employees the following year as long as they are still employed by the Group. The scheme replaces a cash-based system with immediate disbursement and is not approved as additional remuneration over and above existing incentive schemes. As such, the Board of Directors regards a two-year period from the start of the scheme and the allotment of the shares to be well-motivated and reasonable in meeting the goal of the incentive scheme.

CORPORATE GOVERNANCE ORGANIZATION



Additional information is available on the Loomis website: www.loomis.com

Shareholders

Shareholders exercise their right to vote at the general meeting of shareholders, the Company's highest decision-making body. All registered shareholders who have notified Loomis by the deadline of their intention to attend, have the right to attend the general meeting and cast votes corresponding to the number of shares they hold. Shareholders who are unable to attend in person may be represented by proxy.

Loomis AB's share capital as of December 31, 2012 consisted of 3,428,520 Class A shares and 69,583,260 Class B shares. Each Class A share entitles the holder to ten votes and each Class B share to one vote. Loomis AB's largest shareholders and ownership structure as of December 31, 2012 are shown in the table below.

LARGEST SHAREHOLDERS AS OF DECEMBER 31, 2012

	Number of Class A shares	Number of Class B shares	SHARE	
			Capital %	Votes %
Investment AB Latour ¹⁾	2,528,520	5,009,808	10.3	29.2
Melker Schörling AB ¹⁾	900,000	5,400,300	8.6	13.9
Swedbank Robur fonder	0	3,547,473	4.9	3.4
Didner & Gerge Fonder AB	0	3,444,408	4.7	3.3
Carnegie fonder	0	2,810,000	3.9	2.7
SEB Investment Management	0	2,786,329	3.8	2.7
Lannebo fonder	0	2,633,000	3.6	2.5
Afa Försäkring	0	2,204,317	3.0	2.1
SEC Finance Principal Non Lending, EMC OMNI Fund	0	1,663,522	2.3	1.6
JPM CHASE NA	0	1,656,049	2.3	1.6
10 largest shareholders	3,428,520	31,155,206	47.4	63.0
Other foreign shareholders		23,621,776	32.4	22.8
Other Swedish shareholders		14,806,278	20.3	14.2
Total	3,428,520	69,583,260²⁾	100.0	100.0

1) The main shareholders in these companies have also, from time to time, held shares through other companies directly or indirectly.

2) Includes 132,318 shares which, as a result of Loomis' 2011 incentive scheme, are held as treasury shares as of December 31, 2012.

Annual General Meeting

Resolution items for the Annual General Meeting include:

- Amendments to the Articles of Association
- Election of board members and board fees
- Discharging the board members and the President and CEO from liability
- Election of auditors
- Adoption of the income statement and the balance sheet
- Appropriation of the Company's profit or loss
- Decisions on guidelines for remuneration of the President and other members of Group management

The 2012 Annual General Meeting of Loomis AB (publ) was held on May 8, 2012 in Stockholm. Shareholders in attendance, in person or by proxy, represented 64.5 percent of the votes in the Company. The AGM was also attended by members of the Board of Directors and Group manage-

ment, as well as the auditor in charge. The AGM resolutions included guidelines for salary and other remuneration for the President and other members of Group management as outlined below.

Incentive Scheme

In accordance with the proposal from the Board of Directors, the 2012 Annual General Meeting voted in favor of an incentive scheme in line with the incentive scheme adopted at the 2011 Annual General Meeting. The 2012 AGM also resolved to authorize the Board of Directors to take decisions on acquiring the Company's treasury shares on the stock exchange and on transferring the acquired treasury shares to incentive scheme participants.

The Board of Directors has decided to propose that a similar resolution be passed at the 2013 Annual General Meeting. Similar to the 2012 Incentive Scheme, the proposed incentive scheme (Incentive Scheme 2013) will involve two thirds of variable remuneration being paid out in cash the year after it is earned. The remaining one third will be used by Loomis AB to acquire treasury shares which will be allotted to the participants at the beginning of 2015. The allotment of shares is contingent upon the employee still being employed in the Loomis Group on the last day of February 2015, other than in cases where the employee has left his/her position due to retirement, death or a long-term illness, in which case the employee will retain the right to receive bonus shares. The principle of performance measurement and other general principles that are already being applied for the existing incentive scheme will continue to apply. Loomis AB will not issue any new shares or similar instruments as a result of this incentive scheme. Instead the Company's treasury shares will be acquired through NASDAQ OMX Stockholm. The incentive scheme enables 300 of Loomis' top executives to become shareholders in Loomis AB over time and will thereby increase employee participation in Loomis' development, which will benefit all of the shareholders.

For more information on remuneration of the President and other members of Group management, see note 11.

Nomination Committee's work in preparation for the 2013 Annual General Meeting

The Nomination Committee is a body established by the Annual General Meeting and tasked with preparing for the election of members of the Board of Directors and the election of the Chairman of the Board, and presenting proposals regarding remuneration of board members and other related matters to be addressed at the upcoming Annual General Meeting. In addition, ahead of AGMs where auditors will be elected, the Nomination Committee is to consult with the Board of Directors and the Audit Committee to prepare for the election of auditors and decisions on auditors' fees and related matters. The 2012 Annual General Meeting elected the following Nomination Committee:

NOMINATION COMMITTEE

Nomination Committee member	Representing	Newly elected/re-elected	Independent of major shareholders
Jan Svensson (Chairman)	Investment AB Latour	Newly elected	No
Mikael Ekdahl	Melker Schörling AB	Re-elected	No
Marianne Nilsson	Swedbank Robur fonder	Re-elected	Yes
Per-Erik Mohlin	SEB Fonder/SEB Trygg Liv	Re-elected	Yes
Frank Larsson	Handelsbanken Fonder	Newly elected	Yes

The 2012 Annual General Meeting decided that in cases where a shareholder represented by a member of the Nomination Committee is no longer a major shareholder in the Company (based on number of votes), or where a member of the Nomination Committee is no longer employed by a major shareholder, or for any other reason chooses to resign from the Nomination Committee before the 2013 Annual General Meeting, the Nomination Committee has the right to appoint another representative for the major shareholders to replace that member. The composition of the Nomination Committee is published on Loomis' website: www.loomis.com.

The duties of the Nomination Committee are established in specific Work Procedures for Loomis AB's Nomination Committee. Two Nomination Committee meetings were held in 2012, one of which was held by phone.

Auditors

The 2010 Annual General Meeting voted to appoint PricewaterhouseCoopers AB as the external auditor for a period of four years with Anders Lundin as auditor in charge. At the 2011 AGM Patrik Adolfsen assumed the role as auditor in charge.

The auditors perform their duties in accordance with an audit plan established in consultation with the Audit Committee and the Board of Directors. The auditors attend all Audit Committee meetings and present their audit conclusions to the entire Board of Directors at the board meeting in February. The auditors also inform the Board on an annual basis about services they have provided over and above the audit, about fees for such services and about other circumstances that may call into question the independence of the auditors. The auditors also attend the Annual General Meetings and present their work, findings and conclusions. In 2012 the auditors met with the Board of Directors when no members of Group management were present.

The audit is performed in accordance with the Swedish Companies Act, the International Standards on Auditing and generally accepted auditing standards in Sweden which are based on the international auditing standards issued by the International Federation of Accountants (IFAC). The fees paid to the auditors were as follows:

SEK m	GROUP			PARENT COMPANY		
	2012	2011	2010	2012	2011	2010
Audit assignment	10	10	9	3	3	3
Auditing activities other than the audit assignment	3	1	1	2	1	1
Tax advice	5	5	3	2	1	1
Other services	3	2	2	1	1	1
Total PwC	21	18	15	8	6	6

For more information on audit fees and other fees, see note 10.

For a detailed presentation of the auditor in charge Patrik Adolfsen, see page 34.

Board of Directors*The Board's work procedures and responsibilities*

In accordance with the Swedish Companies Act, the Board of Directors is responsible for the Group's organization and administration and appoints the President and CEO, the Audit Committee and the Nomination Committee.

The Board also determines the salary and other remuneration for the President and CEO. The Board convenes at least five times a year. The Company's auditors attend the board meeting held in conjunction with the closing of the annual accounts.

The duties of the Board and division of responsibilities between board members and Group management are stipulated in the Work Procedures for the Board of Directors, a set of rules adopted by the Board every year. According to this document the Board is to take decisions on such matters as the Group's overall strategy, company acquisitions and investments in real property, and is to establish a framework for the Group's operations by approving the Group's budget. The rules include a work plan for the President and financial reporting instructions. The Rules of Procedure also contain instructions regarding an annual evaluation of the work of the Board.

Chairman of the Board

The Chairman is responsible for ensuring that the Board of Directors performs its duties in accordance with the Swedish Companies Act and other relevant laws and regulations. This includes monitoring operating activities and ensuring that all of the board members receive the information they require. The Chairman is responsible for the annual evaluation of the work of the Board and for communicating it to the Nomination Committee. The Chairman represents the Company in ownership-related matters.

Composition of the Board

Loomis' six board members elected by the Annual General Meeting are listed in the table below. Each board meeting is also attended by the Group's Executive Vice President Jarl Dahlfors, the Group's CFO Anders Haker, and, in his capacity as Secretary of the Board, Attorney Mikael Ekdahl (Mannheimer Swartling Advokatbyrå). When reporting is necessary on specific issues, other officials from the Group also attend board meetings.

Independence

A majority of the board members (5 out of 6) elected by the Annual General Meeting are regarded as independent of the Company and its management. Four out of six members are regarded as independent of the Company's major shareholders. Loomis is therefore of the opinion that the current composition of the Board of Loomis AB meets the independence requirements as set out in the Code.

All of the board members have relevant experience from other listed companies. See more on page 34.

Work of the Board in 2012

In 2012 the Board of Directors convened a total of eight meetings, one of which was a statutory meeting. Matters of importance dealt with during the year include:

- business strategy,
- interim reports and annual report,
- presentation of each country's business plan and budget for 2013 and approval of the budget for 2013,
- investments and acquisitions of operations,

COMPOSITION OF THE BOARD OF DIRECTORS

Board member	Elected	Board fees ¹⁾ (SEK)	Committee fees ¹⁾ (SEK)	ATTENDANCE			Independent of major shareholders	Independ- ent of the Company
				Board meetings (8)	Remuneration Committee (3)	Audit committee (4)		
Alf Göransson (Chairman)	2007	500,000	75,000	8	3	–	Yes	Yes
Lars Blecko (President)	2008	–	–	8	–	–	Yes	No
Signhild Arnegård Hansen	2010	250,000	–	8	–	–	Yes	Yes
Marie Ehrling	2009	250,000	75,000	8	–	4	Yes	Yes
Jan Svensson	2006	250,000	25,000	8	3	–	No	Yes
Ulrik Svensson	2006	250,000	150,000	8	–	4	No	Yes

1) Fees approved by 2012 Annual General Meeting.

- guidelines for remuneration and bonuses and other HR-related issues,
- review and adoption of the Company's policies and instructions,
- issues relating to internal control,
- audit-related issues,
- financing, and
- annual evaluation of the Board's work.

Audit Committee

The Board of Directors has appointed an Audit Committee which consists of two board members and is instructed to review all of the financial reports submitted to the Board by Group management and to submit recommendations regarding their adoption. The Audit Committee's work also includes a strong emphasis on risk management in connection with cash processing and promoting risk awareness throughout the Group. The Committee's work is governed by instructions and an appendix to the Board's Work Procedures stipulating, among other things, the Committee's purpose, responsibility, decisions it is authorized to make, composition and reporting responsibilities. The Committee's primary duties are:

- to monitor the Company's financial reporting,
- to monitor reporting procedures and issues relating to risk and insurance,
- to monitor issues relating to internal control and corporate governance,
- to monitor audit and accounting issues, and
- to monitor the independence of the auditors.

The Audit Committee is an independent body. The items above have been addressed and presented to the Board ahead of board decisions. The Audit Committee consists of board members Ulrik Svensson and Marie Ehrling, both of whom are regarded as independent of the Company and its management. At the Audit Committee the company's auditor, CEO, CFO and the Group Heads of Risk and of Financial Control participate. When reporting is required on specific matters, the Head of Business Control, the Head of Mergers and Acquisitions or the Head of Treasury participate. In 2012, the Committee held a total of four meetings.

Remuneration Committee

The Board of Directors has appointed a Remuneration Committee tasked with addressing all issues relating to salaries, variable salary components, warrants, pension benefits and other forms of compensation for Group management and, if

the Board so decides, other levels of management as well. The Remuneration Committee is also tasked with monitoring and evaluating variable remuneration programs that are ongoing or were concluded during the year for senior executives, and monitoring and evaluating the application of the guidelines for remuneration of Group management which, by law, are to be determined by the Annual General Meeting, as well as current compensation structures and compensation levels within the Company. The Committee presents its proposals to the Board of Directors ahead of board decisions. The Remuneration Committee consists of board members Alf Göransson (Chairman) and Jan Svensson. In 2012 a total of three meetings were held by the Remuneration Committee.

Loomis' Group management

Group management has overall responsibility for ensuring that Loomis' ongoing operating activities are in accordance with the strategies and long-term goals established by the Board of Directors of Loomis AB, and that risk management, governance, the organizational structure and processes are adequate. Group management consists of the President and CEO and five senior executives: Executive Vice President and Regional President USA, Regional President Northern Europe, Regional President Southern Europe, the Group's CFO and the Group's Head of Risk. For more information on Group management, please refer to page 35.

Principles for remuneration and other conditions of employment

Remuneration for the President and other members of Group management consists of a fixed salary, a variable salary component, pension benefits and other benefits. The variable component is based on results in relation to performance targets in the individual areas of responsibility (Group, region or subsidiary) and should be consistent with the interests of the shareholders. The variable salary component for the President is within the framework of the Company's Annual Incentive Plan (AIP) maximized at 60 percent of the fixed salary. For other members of Group management it is maximized at 72 percent of the fixed salary. Variable salaries in the framework of the Company's Long-Term Incentive Plan (LTIP) are not to exceed 40 percent of the fixed annual salary for the President and 50 percent for other members of Group management.

The Board of Directors' Report on Internal Control and Risk Management

According to the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is responsible for internal control and risk management. This report has been prepared in accordance with the Swedish Corporate Governance Code and with the Swedish Annual Accounts Act which addresses internal control of financial reporting. Loomis, however, considers internal control to be a broader issue and this report therefore describes some aspects of operational risk management as well.

Internal control

Loomis' internal control system is designed to manage, rather than eliminate, the risk of failing to reach business-related goals, and can only provide reasonable, not absolute, assurance that no material errors or shortcomings will arise in the Company's financial reporting.

Financial reporting – Loomis' group-wide internal control of financial reporting is managed by the financial departments of the Group and the regions. Group management and the Group's financial department have joint responsibility and are to oversee and verify that the Group has local routines in place to meet the provisions in both global and local laws and regulations, and to ensure that the financial reporting is accurate. In order to reinforce the Group's internal control, a new regional structure was implemented on January 1, 2012. This new regional structure is responsible for monitoring and guiding the countries in each region. However, responsibility for compliance with laws and regulations, adherence to the Group's routines and procedures, internal control and accurate financial reporting are the responsibility of each subsidiary and country management team.

Group management and the Group's financial department are also responsible for following up on the work of external auditors. Any observations and recommendations from the external auditors are analyzed and discussed with the subsidiary in question and any action plans are communicated to the persons responsible who then take the necessary steps which are then followed up. The results of internal control work are reported to the Audit Committee upon request.

Operational risk management – Handling cash in environments where there are criminal elements is associated with significant risk to both personnel and property. Sound operational risk management is therefore one of Loomis' most important success factors. For this reason, in addition to the process described above for internal control of financial reporting, Loomis has established a risk department to focus on operational risk management. This department has developed a strong understanding of the risks the operations are exposed to.

Understanding the risks is essential in order to assess

which business risks should be avoided entirely and which risks can be managed successfully. Loomis' employees play a crucial role in controlling and reporting on the operational risks that the Company has decided are acceptable. Loomis' operational risk management strategy is based on two fundamental principles that are easy for all of the employees to understand:

- No loss of life
- A balance between the risk of robbery or theft and profitability.

The strategy is designed to identify strengths to build upon, weaknesses that need to be addressed, and opportunities and threats that require action to be taken. It also takes into account the changes that may take place in Loomis' external environment, such as new technology or changes to laws. Each assignment is assessed using criteria such as profitability and security where commercial opportunities must be weighed against possible risks. Even if a risk is accepted, it must be monitored continuously because the external environment changes all the time. Significant business processes are documented and every risk associated with a specific process is identified and defined in a comprehensive risk register. The global risk management policy adopted by Loomis stipulates how the Group is to work actively with operational risk management in accordance with other established policies and the Company's Code of Conduct.

The Board of Directors evaluates future business opportunities and risks and draws up a strategy for the Group. Group management and the respective country management are responsible for managing operational risk. Group management has responsibility for identifying, evaluating and managing risk, and for implementing and maintaining risk control systems in line with the policies adopted by the Board of Directors. Each country management team is responsible for ensuring that there is a process in their country aimed at promoting risk awareness. Operational branch managers and the individuals in charge of risk management in each country are responsible for ensuring that risk management is an integral part of their local operation at all levels in the country's organization. The Group has an established system to manage business risk which is integrated into the Group's business planning and

result follow-up processes. In addition, reviews of business risk and risk assessment are routinely conducted throughout the Group. There are processes in place to ensure that Group management, the Audit Committee, and the Board of Directors are informed on an ongoing basis of significant risks and any risk control shortcomings. See page 25 for more information on the Group's risk management work.

Control environment

The control environment forms the foundation for internal control by creating the culture and the values based upon which Loomis operates. This part of the internal control structure includes the prevailing core values that exist, and how authority and responsibility structures are communicated and documented in governing documents such as internal policies and instructions. The Board of Directors has adopted a number of policies for areas of key importance for Loomis and these are evaluated and updated annually or as needed. The policies and governing documents adopted by Loomis are briefly described below:

- Code of Conduct which aims to ensure that the companies in the Group maintain and promote business processes that maintain the highest possible ethical standards.
- Financial Policy which contains guidelines to ensure transparent, cohesive and accurate financial reporting, proactive risk management and constant improvement of the Company's financial processes.
- Purchase procedures which provides a general framework to achieve efficient routines for significant fixed asset purchases.
- Guidelines for Relationships which outlines how relationships between employees are to be handled.
- Customer Contract Policy which specifies criteria for the content of contracts and when customer contracts must be approved by the Board of Directors.
- Risk Management Policy which provides a framework for the general structure for organizing, controlling and following up operational risks such as guidelines for the operational cash processing.
- Internet and IT Policy which contains general principles for how Group company computers, networks, software and other IT equipment are to be handled.
- Information Security Policy which provides a general framework aimed at ensuring that a reasonable level of information security is maintained in a number of key areas.
- Insider Policy which complements the current Swedish insider legislation and establishes routines for periods when trading in financial instruments issued by (or attributable to) Loomis AB is prohibited. The policy applies to all individuals who have been reported to the Swedish Financial Supervisory Authority as insiders within Loomis AB (including subsidiaries) as well as certain other categories of employees.
- Communication Policy which aims to ensure that the Company meets the requirements relating to the disclosure of information to the stock market.
- Internal Control Requirements which stipulates the important routines and control measures not stipulated in other governing documents.

The Loomis Group is a decentralized and specialized organization where managers are given clear goals and the authority to make their own decisions and develop their operations close to their customers. The delegation of decision-making authority is documented in an authorization matrix.

Risk assessment

The Group's financial and risk departments are responsible for ensuring that every subsidiary has routines aimed at promoting risk awareness. Country Presidents and individuals responsible for risk management in each country are to ensure that risk management is an integral part of the local operations at all levels in the country.

The Group has a system for managing group-wide risks. The system is constantly being developed and is integrated in the Group's business planning and performance follow-up processes, regardless of the type of risk in question. The annual risk analysis and the resulting risk register are coordinated and maintained at the Group level. In addition to this, business risk reviews and risk assessment are routinely carried out throughout the Group.

Control activities

Control activities include methods and activities to ensure

compliance with established guidelines and policies, and the accuracy and reliability of internal and external financial reports. Examples of control activities carried out within Loomis are:

Self assessment – Each operating entity within the Group regularly conducts a self assessment of insight into and adherence to the Group's key policies, guidelines and internal control requirements ("ICR"). The Group's external auditors validate the completed self assessment as regards the compliance to ICR. In order for comparisons to be made between countries and for changes to be made in specific countries, the results are compiled at the Group, regional and country levels. All reports are made available to each country management team, regional management, Group management and the Audit Committee.

Internal control activities – Over the past few years Loomis has developed methods for scrutinizing and monitoring internal control within the Group. Loomis' internal control activities consist primarily of:

- Developing and monitoring the Group's self-evaluation methods.
- Developing the Group's general policies and guidelines.
- Supporting Group management in its decisions and following up on of the external auditor's general audit plan and on important country-specific observations and recommendations.
- Being responsible for control and compliance issues for the Group and the subsidiaries.
- If necessary, conducting specific investigations and acting as project manager on behalf of Group management in compliance-related areas.
- Visiting Loomis' operations in different countries to monitor financial reporting as well as significant routines and control processes.

Financial monitoring – Local CFOs in the Group companies play a key role in creating the environment required to ensure that financial information is transparent, relevant and current. Local CFOs are responsible for ensuring that the adopted policies and guidelines are complied with and that routines for internal control of financial reporting are working efficiently in each country.

Letter of Representation – The Group has a system for the ratification of the annual financial statements whereby, at the end of the year, Country Presidents and controllers sign a Letter of Representation where they confirm that the Group's policies and guidelines have been followed and that the report package provides a true and fair representation of the financial position.

Managing and monitoring risk – In addition to operational risk management carried out by the subsidiaries and regions, the Loomis Group has a global risk department. The risk department works to prevent operational losses, such as loss of life and health as well as loss that is purely financial. The department consists of four individuals including the Head of Risk who reports to the President and CEO and the Audit Committee.

Loomis measures, reports and monitors operational risks on a regularly basis. The Group's overall risk management is also reinforced by comprehensive insurance coverage.

Information and communication

Information and communication are essential for an internal control system to be efficient. Loomis has developed routines

and an information system to provide Group management and the Board of Directors with reliable reports on the Company's performance in relation to established goals.

Monitoring activity

Loomis' Board of Directors, President and other members of Group management monitor the internal control of financial reporting. The procedures used by the Board to scrutinize the efficiency of the internal control system include:

- Discussions with Group management on risk areas identified by Group management and the risk analysis carried out.
- Addressing important issues arising from the external audit and other scrutiny/investigations.
- An Audit Committee to provide independent oversight of the effectiveness of the Group's internal control system and the financial reporting process.

Each operating entity within the Group is responsible for preparing an annual budget. Through a detailed reporting system, Group management performs a monthly follow-up of the actual results against budget, analysis of deviations, monitoring key performance indicators and forecasting activity. The reporting is also reviewed by the Board of Directors.

The Audit Committee reviews the annual report and interim reports before recommending the Board of Directors to publish these reports. The Audit Committee discusses specific and significant accounting principles as well as the estimates and assessments made when the reports are compiled. The Audit Committee also monitors the independence of the external auditors.

Stockholm, March 22, 2013

Alf Göransson
Chairman

Jan Svensson
Board member

Ulrik Svensson
Board member

Marie Ehrling
Board member

Signhild Arnegård Hansen
Board member

Lars Blecko
*President and CEO,
Board member*

Auditor's report on the Corporate Governance Statement (Translation of the Swedish original)

*To the annual meeting of shareholders of Loomis AB (publ.),
corporate identity number 556620-8095*

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2012 on pages 26–32 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Statement and, based on that reading and on our knowledge of the Company and the Group, we believe that we have sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 22, 2013

PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant

Board of Directors

Alf Göransson

Member of the Board of Loomis AB since 2007 and Chairman of the Board since 2009.

Born: 1957

Education: International Economics at the University of Gothenburg

Experience: CEO of NCC AB 2001–2007, CEO of Svedala Industri AB 2000–2001, Business Area Manager at Cardo Rail 1998–2000, President of Swedish Rail System in the Scancem Group 1993–1998.

Other appointments: Board member and President & CEO of Securitas AB. Member of the Boards of HEXPOL AB and Axel Johnson Inc., USA.

Shares in Loomis as of Dec. 31, 2012: 6,000 (privately held)

Other information: Independent



Ulrik Svensson

Member of the Board of Loomis AB since 2006.

Born: 1961

Education: MSc Business and Economics

Experience: CFO Swiss International Airlines 2003–2006, CFO Esselte Group 2000–2003, Controller/CFO for the Stenbeck Group's offshore telecom investments 1992–2000.

Other appointments: President of Melker Schörling AB. Member of the Boards of HEXAGON AB, ASSA ABLOY AB, HEXPOL AB, AAK AB and Flughafen Zürich AG.

Shares in Loomis as of Dec. 31, 2012: 1,400 (privately held)

Other information: Not independent of major shareholders.



Lars Blecko

Member of the Board of Loomis AB since 2008, President and CEO of Loomis AB since 2008.

Born: 1957

Education: MSc Karlstad University

Experience: CEO of Rottneros AB 1999–2008, Senior Vice President Sales and Marketing Cardo Rail AB, Managing Director Radiopharmaceuticals, DuPont Group in Belgium, Switzerland, Germany and UK.

Shares in Loomis as of Dec. 31, 2012: 2,550 (privately held)

Additional shares in Loomis from Incentive Scheme 2011: 2,831

Warrants in Loomis as of Dec. 31, 2012: 273,312

Other information: Not independent of the Company.



Jan Svensson

Member of the Board of Loomis AB since 2006.

Born: 1956

Education: Mechanical Engineering and MSc Business and Economics, Stockholm School of Economics

Experience: President of AB Sigfrid Stenberg which was acquired by Latour in 1993.

Other appointments: Board member and President & CEO of Investment AB Latour since January 1, 2003. Chairman of the Boards of Oxeon AB, Fagerhult AB and Nederman Holding AB. Member of the Boards of ASSA ABLOY and Tomra Systems AB.

Shares in Loomis as of Dec. 31, 2012: 2,000 (privately held)

Other information: Not independent of major shareholders.



Signhild Arnegård Hansen

Member of the Board of Loomis AB since 2010.

Born: 1960

Education: BSc Human Relations, Stockholm University, and Poppius School of Journalism

Experience: Chairman of the Board of the Confederation of Swedish Enterprise 2007–2010, Deputy Chairman of the Board of Business Europe 2008–2010, CEO of Svenska LantChips AB 1992–2006.

Other appointments: Chairman of the Boards of Svenska LantChips AB, Utah Chips Corporation, Fritt Näringsliv/Timbro and the Swedish government's Valfärdsutvecklingsråd (welfare development council). Deputy Chairman of the Board of the Swedish-American Chamber of Commerce USA. Member of the Boards of SEB AB, Dagens Industri AB, Magnora AB, the Swedish Trade Council, IFL at Stockholm School of Economics, Lund University, ESBRI, King Carl XVI Gustaf's Foundation for Young Leadership, TABD (TransAtlantic Business Dialogue) and the Swedish-American Chamber of Commerce, New York.

Shares in Loomis as of Dec. 31, 2012: 0

Other information: Independent



Marie Ehrling

Member of the Board of Loomis AB since 2009.

Born: 1955

Education: MSc Business and Economics, Stockholm School of Economics

Experience: CEO of TeliaSonera Sverige AB 2003–2006. Deputy CEO of SAS Group and Head of SAS Airlines. Information Secretary at the Ministry of Finance and the Ministry of Education and Research. Financial analyst at Fjärde AP-fonden.

Other appointments: Deputy Chairman of the Board of Nordea Bank AB. Member of the Boards of Securitas AB, Oriflame Cosmetics SA, Schibsted ASA, Axel Johnson AB, Safe Gate AB, Centre for Advanced Studies of Leadership Stockholm School of Economics, World Childhood Foundation and the Royal Swedish Academy of Engineering Sciences (IVA). Chairman of the Board of the Norwegian-Swedish Chamber of Commerce.

Shares in Loomis as of Dec. 31, 2012: 800 (privately held)

Other information: Independent



Auditor

Patrik Adolfsen, PricewaterhouseCoopers AB

Born: 1973

Authorized Public Accountant and member of Far. Auditor in charge from 2011.

Other auditing assignments: Attendo AB, Catella AB, Nordstjernan Investment AB and Securitas Sverige AB.

Shares in Loomis as of Dec. 31, 2012: 0

Address: PricewaterhouseCoopers AB, 113 97 Stockholm, Sweden.

Group Management

Lars Blecko

President and CEO

Born: 1957

Employed: 2008

Education: MSc Karlstad University.

Experience: CEO of Rottneros AB 1999–2008, Senior Vice President Sales and Marketing Cardo Rail AB, Managing Director Radiopharmaceuticals, DuPont Group in Belgium, Switzerland, Germany and England.

Other appointments: –

Shares in Loomis as of Dec. 31, 2012: 2,550 (privately held)

Additional shares in Loomis from Incentive Scheme 2011: 2,831

Warrants in Loomis as of Dec. 31, 2012: 273,312



Georges López Periago

Regional President Southern Europe

Born: 1965

Employed: 1985

Education: MSc Business and Economics, various management training courses within the Company.

Experience: Head of Loomis Spain, Regional Manager, Divisional Manager and Cash Center Manager Securitas CHS.

Other appointments: –

Shares in Loomis as of Dec. 31, 2012: 2,460

Additional shares in Loomis from Incentive Scheme 2011: 5,151

Warrants in Loomis as of Dec. 31, 2012: 71,532



Jarl Dahlfors

Executive Vice President and Regional President USA

Born: 1964

Employed: 2007

Education: MSc Business and Economics, Stockholm University.

Experience: CFO Attendo Group AB, CFO EF Education, Controller Trygg Hansa Asset Management, PriceWaterhouseCoopers.

Other appointments: –

Shares in Loomis as of Dec. 31, 2012: 155,264 (privately held)

Additional shares in Loomis from Incentive Scheme 2011: 0

Warrants in Loomis as of Dec. 31, 2012: 273,312



Martti Ojanen

Group Head of Risk

Born: 1962

Employed: 2009

Education: MSc Business and Economics, Växjö University.

Experience: Vice President Risk Management Marsh AB.

Other appointments: –

Shares in Loomis as of Dec. 31, 2012: 0

Additional shares in Loomis from Incentive Scheme 2011: 383

Warrants in Loomis as of Dec. 31, 2012: 62,885



Kenneth Högman

Regional President Northern Europe

Born: 1957

Employed: 1978

Education: Engineer, various management training courses within the Securitas Group.

Experience: Regional Manager Securitas CHS Nordic, CEO Securitas CHS Sweden.

Other appointments: –

Shares in Loomis as of Dec. 31, 2012: 5,000 (privately held)

Additional shares in Loomis from Incentive Scheme 2011: 1,295

Warrants in Loomis as of Dec. 31, 2012: 229,727



Anders Haker*

Chief Financial Officer

Born: 1961

Employed: 2012

Education: MSc Business and Economics, Uppsala University.

Experience: CFO Lundin Mining Corp., CFO Boliden AB, Controller Trelleborg Finans, PriceWaterhouseCoopers.

Other appointments: –

Shares in Loomis as of Dec. 31, 2012: 5,600 (privately held)

Additional shares in Loomis from Incentive Scheme 2011: 0

Warrants in Loomis as of Dec. 31, 2012: 0

*Member of Group Management since June 1, 2012.



The share

Loomis' Class B shares have been listed on NASDAQ OMX Stockholm's Mid Cap list since December 9, 2008.

Share price performance for Loomis and the stock exchange

The Loomis Class B share increased by 5.6 percent to SEK 104.50 in 2012. The lowest closing price was SEK 81.75 on June 4 and the highest closing price was SEK 104.50 on December 28. The market capitalization of the Class B shares amounted to SEK 7,271 million (6,889) at the end of the year. OMX Stockholm increased by 12 percent in 2012.

Loomis' total return, i.e. the share price performance including re-invested dividends of SEK 3.75 (3.50), amounted to 9.3 percent (1.5) in 2012. The NASDAQ OMX Stockholm total return, as reflected by the SIXRX total return index, amounted to 16 percent in 2012.

Turnover

In 2012 NASDAQ OMX Stockholm accounted for 43 percent (39) of the turnover with the remaining portion on other marketplaces where Markit Boat accounted for the largest portion.

In 2012 the total turnover for Loomis shares was 73.5 million (81.8) on NASDAQ OMX Stockholm and other markets. The average daily turnover was 293,807 shares per day (323,471). The turnover rate for the Class B shares amounted to 105 percent (118) in 2012.

Share capital

At the end of 2012 Loomis share capital amounted to SEK 365 million, broken down as 3.4 million A shares and 69.6 million B shares. All of the shares have a quota value of SEK 5 and an equal share of the Company's earnings and capital. Each Class A share entitles the holder to ten votes and Class B shares to one vote. The equity per share at the end of the year was SEK 49.24 (46.53). Due to Incentive Scheme 2011, Loomis acquired 79,081 treasury shares. The total amount of treasury shares as of December 31, 2012 was 132,318.

Subscription warrant program

At an extraordinary meeting of shareholders on February 16, 2009 a resolution was adopted to introduce a subscription warrant program aimed at senior executives and key individuals. A total of 75 senior executives are participating in the program. The subscription price has been set at SEK 72.50

and the subscription period is from March 1 – May 31, 2013.

The subscription warrant program, if fully subscribed and if all subscription warrants are exercised, may raise the share capital by a maximum of SEK 12,775,000. All in all, the program may result in a maximum total dilution effect of 3.38 percent in relation to capital and approximately 2.40 percent in relation to the number of votes in the case of full dilution.

Dividend and dividend policy

It is Loomis' intention to distribute a dividend to shareholders that provides a good return on their investment and represents dividend growth. At the same time the Board of Directors must adapt the dividend level to the Company's strategy, financial position, other financial objectives and risks that the Board deems relevant. Over the long term and taking into account the aforementioned, the annual dividend should correspond to approximately 40–60 percent of the Company's earnings after tax.

For the 2012 financial year Loomis' Board of Directors has proposed a dividend of SEK 4.50 (3.75) per share. The proposal represents approximately 51 percent (53) of earnings per share and a dividend yield based on the share price at the end of the year of approximately 4 percent (3).

Ownership structure

The number of shareholders as of December 31, 2012 was 17,783 (18,238). At the end of the year the ten largest shareholders controlled 47.4 percent (44.4) of the capital and 63.0 percent (60.9) of the votes. The principle shareholders, Investment AB Latour and Melker Schörling AB controlled a combined 19 percent (19) of the capital and 43 percent (43) of the votes. Swedish shareholders controlled a combined 63.1 percent (58.4) of the capital and 74.1 percent (70.8) of the votes, while foreign ownership amounted to 36.9 percent (41.6) of the capital and 25.9 percent (29.2) of the votes.

Index, abbreviation and ISIN code

The Loomis B share is listed on NASDAQ OMX Stockholm on the Nordic Mid Cap list in the Industrial Goods and Services sector. The share is traded under the abbreviation LOOMB and ISIN code SE0002683557.

LARGEST SHAREHOLDERS, DECEMBER 31, 2012

	Number of Class A shares	Number of Class B shares	Capital, %	Votes, %
Investment AB Latour ¹⁾	2,528,520	5,009,808	10.3	29.2
Melker Schörling AB ¹⁾	900,000	5,400,300	8.6	13.9
Swedbank Robur fonder	0	3,547,473	4.9	3.4
Didner & Gerge Fonder AB	0	3,444,408	4.7	3.3
Carnegie fonder	0	2,810,000	3.9	2.7
SEB Investment Management	0	2,786,329	3.8	2.7
Lannebo fonder	0	2,633,000	3.6	2.5
Afa Försäkring	0	2,204,317	3.0	2.1
SEC Finance Principal Non Lending, EMC OMNI Fund	0	1,663,522	2.3	1.6
JPM CHASE NA	0	1,656,049	2.3	1.6
10 largest shareholders	3,428,520	31,155,206	47.4	63.0
Other foreign shareholders	0	23,621,776	32.4	22.8
Other Swedish shareholders	0	14,806,278	20.3	14.2
TOTAL	3,428,520	69,583,260²⁾	100.0	100.0

1) The main shareholders in these companies have also, from time to time, held shares directly or indirectly through other companies.

2) Includes 132,318 shares which, as a result of Loomis' 2011 incentive scheme, have been held by Loomis since December 31, 2012.

OWNERSHIP STRUCTURE, DECEMBER 31, 2012

Number of shares	Number of share-holders	% of total capital	% of total votes
1-1 000	16,840	3.1	2.2
1 001-5 000	605	1.9	1.3
5 001-10 000	86	0.9	0.6
10 001-20 000	137	6.6	4.6
20 001-	115	87.6	91.3
TOTALT	17,783	100.0	100.0

KEY RATIOS

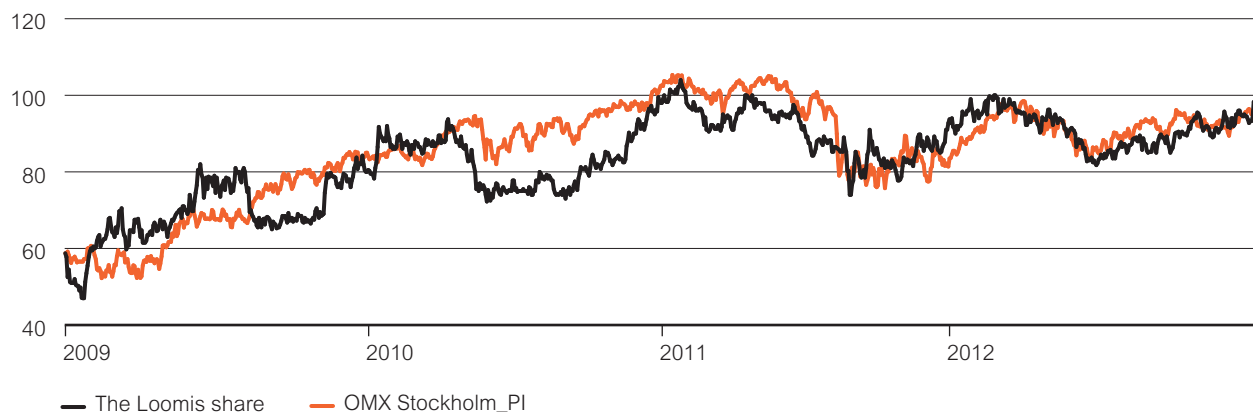
	2012	2011	2010
Earnings per share, SEK	8.90 ¹⁾	7.03	6.80
Dividend, SEK	4.50 ²⁾	3.75	3.50
P/E ratio	11.7	14.1	14.9
Equity per share, SEK	49.24	46.53	42.78
Share price, December 31, SEK	104.50	99.00	101.00

1) Number of outstanding shares amounts to 73,011,780 which includes 132,318 treasury shares as a result of Loomis' Incentive Scheme 2011.

2) The proposed dividend is SEK 4.50 per share. At the end of 2012, the dividend yield, based on the proposed dividend, amounted to 4.3 percent

SHARE PRICE PERFORMANCE 2009-2012

SEK



Administration report Loomis AB

The Board of Directors and the President of Loomis AB (publ) corporate identity number 556620-8095, registered office in Stockholm, hereby presents the annual financial statements and consolidated financial statements for the 2012 financial year.

The Group's operations

Loomis offers a complete range of comprehensive solutions in the USA, in major parts of Europe and in Argentina. The services are mainly aimed at central banks, commercial banks, retailers, other commercial enterprises and the public sector. The objective is to offer safe and efficient handling of the physical flow of cash in society. Loomis' services give the customers high-quality, cost-effective solutions and significantly reduce risk for the customers' employees.

Loomis has 160 years of experience in cash in transit and has gradually expanded its service offering to include comprehensive solutions. The Cash in Transit (CIT) service line is still the largest source of revenue for Loomis, although revenue from Cash Management Services (CMS) is growing more rapidly than revenue from CIT.

Loomis offers a comprehensive range of services in the USA and Europe, although the product mix and demand structure in the different markets vary to some extent. In Europe, CIT accounts for 66 percent (66) of revenue while CMS accounts for 34 percent (34). In the USA CIT accounts for 76 percent (78) of revenue and CMS for 24 percent (22).

Risk management is a fundamental component of all of Loomis' services. Managing risk on behalf of customers with varying requirements and protecting employees and property are key aspects of the value offered to customers. Understanding and assessing all of the risks associated with the flow of cash in society, and managing and controlling these risks are therefore key priorities for the Company. Safety is one of Loomis' most important success factors.

Loomis makes significant investments in risk management systems, but even more important is maintaining a strong risk management culture. Loomis' risk management strategy is communicated to all employees. Loomis has also more than 150 people working with risk management at the Group and locally. They work both proactively and reactively including implementing preventive measures, monitoring the external environment and carrying out crisis management. For more information on risk management, see the Risk Management section on page 25. The Group has geographical presence in Argentina, Austria, Czech Republic, Denmark, Finland, France, Ireland, Norway, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, the UK and in the USA.

Significant events during the year

Acquisitions

In December 2011, it was announced that Loomis' subsidiary in the USA had signed an agreement to acquire the shares in Oregon Armored Service Inc. The acquisition further strengthened Loomis' presence in the market in north-west USA. The company was consolidated as of January 1, 2012.

In December 2011, it was announced that Loomis' Spanish subsidiary had entered into an agreement to acquire the shares in the Spanish cash handling company Efectivox. As a result of the structural changes in the Spanish banking sector in recent years, there is now an increased requirement for cash handling companies and banks to operate on a nationwide basis. This acquisition has enabled Loomis to offer cash handling services throughout the Spanish mainland. When the acquisition was announced it was contingent upon approval from the Spanish competition authority. This approval was obtained in February 2012. The company was consolidated as of March 14, 2012.

In April 2012, it was announced that Loomis' Spanish subsidiary had signed an agreement to acquire the shares in the Argentinean cash handling company Vigencia. The company, which mainly operates in the Buenos Aires region, was taken over on April 1, 2012. The acquisition, which is Loomis' first outside Europe and the USA, marks the beginning of a broader expansion in Latin America. The company was consolidated as of April 1, 2012.

In November 2012, Loomis' subsidiary in the USA received a repayment installment of SEK 33 million of the purchase price for Pendum's cash handling operations. This repayment installment was reported as a reduction of acquisition-related costs in the statement of income. The negotiation on possible additional repayment installment had not been concluded as of the balance sheet date.

Other significant events during the year

In accordance with the decision by the Board of Directors in July 2011 and authorized by the 2011 Annual General Meeting, Loomis AB repurchased 57,876 Class B shares during the period March 28 – 30, 2012. On April 2 and on May 18, 2012 Loomis AB repurchased 17,205 and 4,000 Class B shares respectively. The repurchased shares constitute a portion of the shares that may subsequently be transferred to the participants in Incentive Scheme 2011. As of December 31, 2012 Loomis AB was holding 132,318 treasury shares.

In accordance with the Board of Directors' proposal the 2012 Annual General Meeting resolved to introduce an incentive scheme (Incentive Scheme 2012) equivalent to the scheme adopted at the 2011 Annual General Meeting. Similar to the existing incentive scheme, the proposed scheme will involve two thirds of the variable remuneration being paid out in cash the year after it is earned. The remaining third will be used by Loomis AB to repurchase shares which will be allotted to the employees no later than June 30, 2014.

On June 1, 2012 Anders Haker took over as Group CFO. Marcus Hagegård took up the post as CFO for Loomis' operations in the USA.

In the summer of 2012, Loomis' Swedish subsidiary signed a framework agreement with Swedbank. Under the agreement, which covers CMS and CIT services, Swedbank's customers will have access to cash management services, cash transport logistics and a nationwide network of service boxes. This assignment reinforces Loomis' position as the specialist in cash handling.

In September 2012, Loomis' Danish subsidiary lost a dispute with one of Denmark's large retail chains. The dispute began at the beginning of 2008 when Loomis terminated a supply contract due to non-payment by the customer. The total cost for Loomis, including Loomis' share of the court costs, amounted to SEK 20 million, of which SEK 16 million negatively affected operating income (EBITA) and SEK 4 million negatively affected net financial items.

As a result of changes in the Swedish cash handling industry, Loomis' Swedish subsidiary signed contracts in September with several new customers. The combined order value of the new contracts is approximately SEK 120 million on an annual basis. The contracts, which cover cash handling services, went into effect immediately.

In December 2012, the cooperation with bank-owned Bankomat AB in Sweden was expanded such that Loomis Sweden will manage all of the approximately 2,000 ATMs owned by Bankomat AB. The expanded agreement will run for four years and represents an annual order value of SEK 100 million. These new agreements have further strengthened Loomis' leading position as the specialist in cash handling in the Swedish market.

SEK m	2012	2011	2010	2009	2008
Consolidated statement of income					
Total revenue	11,360	10,973	11,033	11,989	11,258
Operating income before amortization (EBITA)	1,019	912	882	837	748
Net income for the year	650	513	496	500	424
Consolidated statement of cash flows					
Cash flows from operations	1,239	1,203	1,271	1,333	640
Cash flows from investing activities	-1,003	-1,533	-790	-813	-879
Cash flows from financing activities	-261	480	-586	-747	641
Cash flow for the year	-24	150	-104	-226	402
SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Consolidated balance sheet					
Capital employed	5,755	5,617	4,555	5,028	5,351
Net debt	2,161	2,220	1,432	1,899	2,375
Shareholders' equity	3,595	3,397	3,123	3,129	2,976

Revenue and income

The Group

Revenue for the full year amounted to SEK 11,360 million (10,973) and real growth was 3 percent (7). Real growth is mainly attributable to the acquisitions made in 2011 in the USA (Pendum) and Turkey, and the acquisitions in 2012 in the USA (OAS), Spain and Argentina. Organic growth amounted to 0 percent (1) and was positively affected by slightly improved market conditions in most markets. Organic growth was however negatively affected by terminated contracts in the USA (Pendum) and reduced volumes resulting from the termination of low profitability contracts in France. Changes in fuel surcharges that were passed on to customers had no significant effect on the Group's organic growth. Price increases as a percentage of revenue exceeded wage increases in percent during the period.

Operating income (EBITA), which was negatively affected by currency effects of SEK 8 million, amounted to SEK 1,019 million (912) and the operating margin was 9.0 percent (8.3). The Group's continuous efforts to improve efficiency as well as the integration of the cash handling operations acquired from Pendum had a positive impact on the operating margin. Operating income was, however, negatively affected by restructuring costs to prevent the over-capacity that would otherwise have occurred, mainly in the French operations, but also in the UK, as a result of the termination of contracts.

The Group's staff turnover remained at an acceptable level, amounting to approximately 22 percent (22).

Operating income (EBIT) amounted to SEK 988 million (805) which includes acquisition-related costs of SEK -18 million (-42) and an item affecting comparability of SEK 16 million (-44). The acquisition-related item mainly consists of costs relating to the integration of Efectivox and a repayment installment of SEK 33 million of the purchase price for Pendum's cash handling operations. The item affecting comparability is a reversal of a portion of the provision amounting to SEK 59 million made in 2007 for overtime compensation in Spain.

Net financial items amounted to SEK -56 million (-62) while income before taxes was SEK 932 million (743). Net income amounted to SEK 650 million (513) and the tax rate for the period was 30 percent (31).

The segments

Europe*

Real growth for the European operations amounted to 2 percent (3) and organic growth was 0 percent (2). The operating margin

amounted to 10.6 percent, compared to 10.3 percent the previous year.

USA

Real growth amounted to 5 percent (12) and organic growth was 0 percent (0). The operating margin amounted to 9.1 percent, compared to 7.3 percent the previous year.

Cash flow

Cash flow from operating activities amounted to SEK 1,239 million (1,203). Cash flow from investing activities amounted to SEK -1,003 million (-1,533) which includes investments in fixed assets (net) of SEK -747 million (-840) and acquisitions of SEK -256 million (693). Cash flow from financing activities amounted to SEK -261 million (480) and includes a dividend of SEK -273 million (-256).

Capital employed and financing

Loomis' operating capital employed amounted to SEK 2,316 million (2,168) which is equivalent to 20 percent (20) of revenue. The total capital employed amounted to SEK 5,755 million (5,617).

Return on capital employed amounted to 18 percent (16), the net debt was SEK 2,161 million (2,220) and the equity ratio was 40 percent (37).

In the third quarter of 2012 an annual impairment test was carried out for all cash-generating units. No cash-generating unit had a carrying amount that exceeded the recoverable amount and, accordingly, no impairment was reported in 2012.

Shareholders' equity

Shareholders' equity increased during the year by SEK 198 million to SEK 3,595 million (3,397). Income for the year of SEK 650 million and cash flow hedges of SEK 3 million increased shareholders' equity by SEK 653 million. Actuarial losses of SEK -34 million, exchange rate effects of SEK -144 million, paid dividend of SEK -273 million and share-related remuneration of SEK -4 million net reduced the amount of share capital by SEK -455 million.

The return on shareholders' equity was 18 percent (15).

Environmental impact

The Group and the Parent Company are not engaged in any operations requiring a permit under the Environmental Code.

* Argentina is included in the European segment because the operations there are reported and followed up as part of the European segment.

Employees

In 2012 the average number of full time employees was 19,448 (19,511) in sixteen countries (fifteen). The gender distribution is 29 percent (28) women and 71 percent (72) men. Due to the nature of Loomis' operations, the Group's employees assume a considerable amount of responsibility every day. Based on the demands of the Company's operations, Loomis places great emphasis on recruiting the right employees and ensuring that they receive the necessary training. All employees undergo basic training as well as subsequent, regular additional training. The training programs have been adapted to each country and region where Loomis operates. Managers at various levels are offered leadership training to support them in their roles. Loomis also places great emphasis on all employees complying with the Group's core values.

Research and development

Loomis is a service company and does not conduct any research as defined in IAS 38, Intangible assets. Work on refining and developing the Group's service offering is carried out on a continuous basis, not least as an integrated part of providing services at the customers' locations. Capitalized development costs in the Group amounted to SEK 3 million (5) as of December 31, 2012.

Parent Company

Loomis AB is a holding company with subsidiaries in Austria, Czech Republic, Denmark, Finland, France, Ireland, Norway, Slovakia, Spain, Sweden, Switzerland, Turkey, the UK and the USA. Loomis AB does not engage in any operating activities as it is only involved in providing Group management and support functions. The average number of full-time employees at the head office during the year was 17 (17).

Income after financial items amounted to SEK 73 million (333) which includes a write-down of SEK 468 million of the book-value of shares in the UK subsidiary. Income after financial items was also affected by dividends and group contributions received from subsidiaries. The corresponding dividends for 2011 were recognized as anticipated dividends in the 2010 year-end accounts and were therefore not included in the income for 2011.

In the second quarter of 2012, a total of SEK 273 million was distributed to the shareholders, representing a dividend of SEK 3.75 per share. Investments in fixed assets amounted to SEK -1 million (-0).

Uncertainties

The economic trends in 2012 negatively affected certain countries and geographical areas, and a similar impact on revenue and income in 2013 cannot be ruled out.

Changes in the general economic conditions affected the cash handling services market in a number of ways; affecting, for example, consumption levels and the proportion of cash purchases relative to credit card purchases, the risk of robbery and bad debt losses and staff turnover rates. For more information on uncertainties, see Note 4 Critical accounting estimates and assessments.

Other

Information regarding financial risk management and the use of financial instruments in risk management can be found in Note 6.

The Parent Company shares issued consist of both Class A and Class B shares. One Class A share entitles the holder to 10 votes and one Class B share to one vote. Loomis' Class B shares have been listed on the NASDAQ OMX Stockholm Mid Cap list since December 9, 2008. The main principal owners are Investment AB Latour and Melker Schörling AB. These principal owners have entered into a shareholder agreement under

which the parties intend to coordinate their actions in matters concerning the composition of the Board of Directors, dividend policy, resolutions on amendments to the Articles of Association or share capital, significant acquisitions or divestments and the appointment of the CEO. The shareholder agreement also includes a provision on pre-emption rights if either of the parties chooses to sell Class A shares. For further information on the major shareholders, refer to the section under the heading "The share" on pages 36–37.

The 2011 Annual General Meeting (AGM) resolved to authorize the Board of Directors to decide on acquiring treasury shares on the stock exchange and transferring the acquired treasury shares to participants in the incentive scheme adopted by the AGM. During the period March 28 – 30, 2012, 57,876 shares were repurchased at an average price of SEK 93.33 per share. On April 2, 2012 and May 18, 2012 an additional 17,205 and 4,000 shares respectively were repurchased at an average price of SEK 95.05 and SEK 86.25 per share respectively. As of December 31, 2012 the Company had a total of 132,318 treasury shares.

The 2012 AGM resolved to authorize the Board of Directors to decide on acquiring treasury shares on the stock exchange and on transferring the acquired treasury shares to participants in the incentive scheme adopted by the AGM.

As of December 31, 2012 there were 2,555,000 outstanding warrants of which 273,407 were held by the Company.

Significant events after the end of the year

In January 2013, it was announced that Jarl Dahlfors, Executive Vice President and Regional President USA, will be appointed as President and CEO for Loomis. Jarl Dahlfors will take up the position by no later than September 1, 2013, taking over from Lars Blecko. At the same time, Lars Blecko will become Executive Vice President and Regional President USA.

In February 2013, Loomis' UK subsidiary signed a partnership agreement with NCR, whereby NCR will take over ATM technical service operations in the UK. Under the agreement Loomis will purchase services from NCR in order to continue to offer its bank customers high quality service for their ATMs. The partnership creates competitive benefits and enables Loomis to provide a unique offering of combined services which brings opportunities for new business in the UK. In total approximately 150 technicians will have a new employer, although they will still be serving some of the same customers.

In February 2013, it was announced that Loomis' subscription warrant program 2009/2013 is about to be concluded and that, in connection with this, members of Group management will exercise approximately 283,700 warrants to subscribe for the same number of Class B shares, and that they have sold approximately 627,000 warrants to the financial institution that has been engaged to facilitate an efficient conclusion of the program for the participants. The subscription period for the shares is from March 1 to May 31, 2013 and the subscription price is SEK 72.50 per share. The total value of the shares the members of Group management intend to subscribe for is approximately SEK 20.6 million.

In February 2013, Loomis completed the first issue under its commercial paper program. The program enables Loomis to issue commercial papers up to a total amount of SEK 1,500 million. The commercial papers may be issued with a maturity of up to 12 months. The commercial paper program will supplement Loomis' core financing, diversify the Company's debt structure and allow for more flexibility in the management of debt and liquidity. Loomis expects the program to have a positive impact on the Group's net financial items. The program is being arranged by Nordea and the issuing institutes are Nordea, Danske Bank and SEB.

In March 2013, it was announced that Loomis' warrant subscription program 2009/2013 is about to be concluded and the number of B-shares will increase by approximately 2.2 million as a result of the program. The total number of shares will then be approximately 75.2 million. Of the total increase approximately 0.5 million has been subscribed for by the participants of the program and approximately 1.7 million shares have been sold in the market. The sale of the 1.7 million shares has been made through a financial institution and has been finalized. The subscription price was SEK 72.50 per share and approximately SEK 160 million of additional liquidity is brought to Loomis AB in connection with the conclusion of the warrant subscription program.

In March 2013, the negotiation on possible additional repayment of the purchase price for Pendum's cash handling operations was concluded. In the first quarter of 2013, Loomis will receive additional USD 6.3 million (approximately SEK 41 million). Similar to the first repayment of USD 4.9 million (approximately SEK 33 million) received in the fourth quarter 2012 this repayment will be recognized as acquisition-related income. Acquisition related income is not included in the operating result (EBITA). In aggregate, the total repayments amount to USD 11.2 million (approximately SEK 74 million).

The Board of Directors has decided to propose that a resolution be passed at the 2013 Annual General Meeting on an incentive scheme (Incentive Scheme 2013). Similar to the 2012 Incentive Scheme, the proposed incentive scheme will involve two thirds of the variable remuneration being paid out in cash the year after it is earned. The remaining one third will be used by Loomis AB to repurchase treasury shares which will be allotted to the participants at the beginning of 2015. The allotment of shares is contingent upon the employee still being employed within the Loomis Group on the last day of February 2015, other than in cases where the employee has left his/her position due to retirement, death or a long-term illness, in which case the employee will retain the right to receive bonus shares. The principles of performance measurement and other general principles that are already being applied for the existing incentive scheme will continue to apply. Loomis AB will not issue any new shares or similar instruments for this incentive scheme. The Company will instead acquire treasury shares through NASDAQ OMX Stockholm. The incentive scheme enables 300 of Loomis' top managers to become shareholders in Loomis AB over time and will thereby increase employee participation in Loomis' development, which will benefit all of the shareholders. To read the Board's full incentive scheme proposal, see the notice to attend the Annual General Meeting.

Outlook

The Company does not provide forecast information.

Proposed appropriation of profits

The Board of Directors has decided to propose to the Annual General Meeting ("AGM") a dividend of SEK 327,957,579 and Friday, May 10, 2013 is proposed as the record day for the dividend. It is the Board of Director's assessment that the proposed dividend will allow the Group to fulfill its obligations and make the necessary investments.

The Parent Company's and the Group's statements of income and balance sheets are subject to adoption by the Annual General Meeting of Shareholders on May 6, 2013.

The following funds are at the disposal of the AGM:

	SEK
Retained earnings	4,015,208,793
Exchange rate differences	107,965,367
Revaluation of cash flow hedges	2,749,359
Change in treasury shares	-208,095 ¹⁾
Net income for the year	16,297,313
Total	4,142,012,737

The Board of Directors proposes that the profits be appropriated as follows:

	SEK
Dividend to shareholders (SEK 4.50/share)	327,957,579 ²⁾
To be carried forward	3,814,055,158
	4,142,012,737

1) The amount comprise the net value of 79,081 repurchased shares and 70,872 allotted shares relating to Loomis' share based incentive scheme.

2) Calculated based on the number of outstanding shares as per the balance sheet date.

The Board of Director's statement on the proposed dividend

In view of the Board of Director's above proposal regarding the dividend, the Board of Directors hereby gives the following statement according to Chapter 18, § 4 of the Companies Act (2005:551).

As follows from the Board of Director's proposal regarding the appropriation of profits, profits amounting to SEK 4,142,012,737 are at the disposal of the AGM. Provided that the 2013 AGM resolves in accordance with the Board of Director's proposal on the appropriation of profits, SEK 3,814,055,158 will be carried forward. After distribution of the proposed dividend, there will be full coverage for the Company's restricted equity. The proposed dividend constitutes a total of 7 percent of the equity in the Company and 9 percent of Group's consolidated equity. Following the dividend, the equity/assets ratio will be 56 percent for the Company and 38 percent for the Group.

Shareholders' equity has not increased or decreased as a result of valuation of assets or liabilities according to Chapter 4, § 14a of the Annual Accounts Act.

The Board of Directors has considered the Company's and the Group's consolidation requirements and liquidity through a comprehensive assessment of the financial position of the Company and the Group, as well as the possibilities of the Company and the Group to discharge at sight its obligations. The proposed dividend does not jeopardize the Company's ability to make the investments that have been deemed necessary. The Company's financial position does not give rise to any other assessment other than that the Company can continue its operations and that the Company is expected to comply with its obligations in a short as well as a long term perspective. In addition to the assessment of the Company's and the Group's consolidation requirements and liquidity, the Board of Directors has also taken into consideration all other known circumstances that may have an impact on the Company's and the Group's financial position.

With reference to the above, the Board of Directors makes the assessment that the dividend is justifiable, considering the requirements that the nature, scope and risks of the operations pose on the size of the Company's and the Group's equity and equity/assets ratio as well as the Company's and the Group's consolidation requirements, liquidity and position in general.

As regards the Company's and the Group's results and position in general, please refer to the statement of income, balance sheets and statements of cash flow as well as comments and notes.

The Board of Director's proposed guidelines for remuneration to Group management

The Board of Directors of Loomis AB (publ) proposes that the Annual General Meeting 2013 ("AGM") resolves on guidelines for remuneration to Group management in accordance with the following.

Scope of the guidelines

These guidelines concern remuneration and other employment benefits to persons that are part of the Loomis Group management team, referred to below as the "management", during the time period for which the guidelines are in force. Present members of the management are Lars Blecko, Jarl Dahlfors, Anders Haker, Kenneth Högman, Georges López Periago and Martti Ojanen.

The guidelines shall apply to all agreements entered into after their adoption by the AGM and to any changes in existing agreements after this date. The Board of Directors shall have the right to deviate from the guidelines if there are particular grounds for such deviation in the individual case. The guidelines shall be subject to a yearly review.

Basic principles and the forms for remuneration

The fundamental principle is that remuneration and other terms of employment for the management shall be competitive and in accordance with market conditions in order to ensure that the Loomis Group will be able to attract and keep competent members of management.

The total remuneration to management shall consist of a fixed salary, variable remuneration, pensions and other benefits.

The Board of Directors shall, each year, consider whether to propose that the general meeting resolves upon a share or share price-based incentive scheme. The AGM 2012, adopted a resolution on an incentive scheme.

Principles regarding different types of remuneration

Fixed salary

The fixed salary for the management within the Loomis Group shall be competitive and in accordance with market conditions and shall be based on the individual executive's area of responsibility, powers, competence and experience.

Variable remuneration

In addition to a fixed salary, the management may also receive variable remuneration, which shall be based on the outcome in relation to financial goals and growth targets within the individual area of responsibility (Group, region or subsidiary) and in line with the interests of the shareholders. The variable remuneration within the scope of the Company's so called AIP (Annual Incentive Plan) shall amount to a maximum of 60 percent of the fixed annual salary for the President / CEO and a maximum of 72 percent of the fixed annual salary for other members of management. The variable remuneration within the scope of the Company's so called LTIP (Long-Term Incentive Plan) shall amount to a maximum of 40 percent of the fixed salary for the President / CEO and a maximum of 50 percent of the fixed annual salary for other members of management.

In addition to the variable remuneration above, there may be long term Incentive programs resolved upon from time to time in accordance with the Basic principles and the forms for remuneration mentioned above.

Pensions

The pension rights of the management shall be applicable as from the age of 65, at the earliest, and shall, to the extent management is not subject to pension benefits pursuant to collective agreement (ITP-plan), be provided pursuant to a fee-determined pension plan equivalent to maximum 30 percent of the fixed annual salary. For management that is not subject to collective agreement (ITP-plan), variable remuneration shall not be pension qualifying. Members of management resident outside Sweden may be offered pension programs which are competitive in the country where the employees are resident.

Terms at dismissal/resignation

At dismissal, the notice period for members of management shall amount to a maximum of 12 months with a right to redundancy payment after the end of the notice period, equivalent to a maximum of 100 percent of the fixed salary for a period not exceeding 12 months. At resignation, the notice period shall amount to a maximum of 6 months.

Other benefits

Other benefits, such as company car, special health insurance or occupational health service shall be provided to the extent this is considered customary for members of management holding equivalent positions on the employment market where the member of management is active. The total value of such other benefits shall, however, constitute a minor portion of the total remuneration received.

Preparation by the Board of Directors and decision-making in connection with matters regarding salaries and other benefits for the management

The Remuneration Committee appointed among the members of the Board of Directors prepares matters regarding salaries and other terms of employment of the management. The Committee has no authority to decide but merely presents its proposal to the Board of Directors for their adoption. Resolutions on remuneration to the President/CEO are made by the entire Board of Directors. For other members of management, the decision is made by the President/ CEO after consultation with the Remuneration Committee.

Estimated costs for variable remuneration

The cost of variable remuneration to the management according to the proposal of the Board of Directors, taking into account existing agreements and based on the present remuneration rates, may, at a maximum outcome, which presupposes that all targets on which the variable remuneration is based, amount to maximum SEK 22 million. This estimate is based on those individuals currently being part of the management. These expenses may change in case additional personnel become part of the management.

Previously determined remuneration which has not fallen due for payment

In Note 11, Personnel, the total remuneration to the management in 2012 is reported, including previous commitments which have not yet fallen due for payment.

Consolidated statement of income

SEK m	Note	2012	2011	2010
Revenue, continuing operations		10,983	10,441	10,990
Revenue, acquisitions		376	532	43
Total revenue	8, 9	11,360	10,973	11,033
Production expenses	10,11,12	-8,781	-8,556	-8,516
Gross income		2,579	2,417	2,516
Selling and administrative expenses	10,11,12	-1,560	-1,506	-1,634
Operating income (EBITA)¹⁾		1,019	912	882
Amortization of acquisition-related intangible assets	10,12,17	-28	-21	-17
Acquisition-related costs	10,15	-18	-42	0
Items affecting comparability	10	16	-44	-
Operating income (EBIT)		988	805	866
Financial income	13	16	16	3
Financial expenses	13	-73	-78	-110
Income before taxes		932	743	759
Income tax	14	-282	-230	-262
Net income for the year²⁾		650	513	496

1) Earnings Before Interest, Taxes, Amortization of acquisition-related intangible fixed assets, Acquisition-related costs and Items affecting comparability.

2) Net income for the year is entirely attributable to the owners of the Parent Company.

Data per share

SEK	Note	2012	2011	2010
Earnings per share, before dilution	3	8.90 ³⁾	7.03 ⁴⁾	6.80
Earnings per share, after dilution ⁵⁾	3	8.60	6.79	6.57
Earnings per share, fully diluted ⁶⁾	3	8.60	6.79	6.57
Dividend ⁷⁾		3.75	3.50	2.65
Number of outstanding shares (million)		73.0 ³⁾	73.0 ⁴⁾	73.0
Average number of outstanding shares (million)		73.0	73.0	73.0

3) The number of outstanding shares upon which earnings per share calculation is based is 73,011,780 which includes 132,318 shares which are held as treasury shares as of December 31, 2012. The treasury shares are for Loomis' Incentive Scheme 2011 and will, in accordance with agreements, be allotted to employees in the future.

4) The number of outstanding shares upon which earnings per share calculation is based is 73,011,780 which includes, 124,109 shares which are held as treasury shares as of December 31, 2011. The treasury shares are for Loomis' Incentive Scheme 2010 and have, in accordance with agreements, been allotted to employees.

5) The average share price was SEK 91.52 for the full-year 2012.

6) The fully diluted Earnings per share represent earnings per share as if all outstanding warrants were converted into shares. After full dilution, the number of outstanding shares would be 75.6 million.

7) Refers to dividends paid in the current financial year.

Consolidated statement of comprehensive income⁸⁾

SEK m	2012	2011	2010
Actuarial gains and losses after tax	-34	-30	-94
Exchange rate differences	-144	43	-224
Cash flow hedges	3	4	-1
Other revaluation ⁹⁾	-	-	-
Other comprehensive income and expenses for the year, net after tax	-175	17	-320
Net income for the year	650	513	496
Total comprehensive income and expenses for the year	474	530	177

8) Comprehensive income is entirely attributable to the owners of the Parent Company.

9) Relates to revaluation performed in 2012 of a contingent consideration for the acquisition of Pendum's cash handling operation. A repayment installment of the corresponding amount has been received and recycled to the statement of income and therefore, the impact on other comprehensive income is nil. The negotiation on possible additional repayment installment had not been concluded as of the balance sheet date. For 2011 and 2010 no similar revaluations were performed. For further information see Note 15 and Note 27.

See Note 27 for further reconciliation of shareholders' equity.

Consolidated balance sheet

SEK m	Note	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
ASSETS				
Fixed assets				
Goodwill	15,16	3,317	3,281	2,582
Acquisition-related intangible assets	17	153	155	87
Other intangible assets	18	93	82	66
Buildings and land	19	253	257	250
Machinery and equipment	19	2,612	2,630	2,360
Deferred tax assets	14	379	422	317
Interest-bearing financial fixed assets	20	63	63	29
Other long-term receivables	21	37	37	28
Total fixed assets		6,907	6,927	5,719
Current assets				
Accounts receivable	22	1,299	1,308	1,243
Other current receivables	23	90	77	48
Current tax assets	14	100	141	80
Prepaid expenses and accrued income	24	201	203	214
Interest-bearing financial current assets	25	10	1	19
Liquid funds	26	380	413	259
Total current assets		2,079	2,142	1,863
TOTAL ASSETS		8,986	9,069	7,582
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
<i>Capital and reserves attributable to the owners of the Parent</i>				
Share capital		365	365	365
Other capital contributed		4,441	4,441	4,441
Other reserves		100	248	206
Retained earnings including net income for the year		-1,311	-1,657	-1,888
Total shareholders' equity		3,595	3,397	3,123
Long-term liabilities				
Loans payable	28	2,566	2,671	629
Deferred tax liability	14	396	349	235
Provisions for claims reserves	29	170	185	203
Provisions for pensions and similar commitments	30	318	327	316
Other provisions	31	97	108	125
Total long-term liabilities		3,547	3,640	1,507
Current liabilities				
Loans payable	28	48	25	1,110
Accounts payable		393	429	340
Provisions for claims reserves	29	123	164	93
Current tax liabilities	14	74	169	166
Accrued expenses and prepaid income	32	911	929	937
Other provisions	31	9	30	35
Other current liabilities	33	287	285	271
Total current liabilities		1,845	2,032	2,951
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		8,986	9,069	7,582
Memorandum items				
Pledged assets		None	None	None
Contingent liabilities	34	1,348	1,149	855

Consolidated statement of changes in equity

SEK m	Attributable to the owners of the parent				
	Share capital ¹⁾	Other contributed capital	Other reserves ²⁾	Retained earnings incl. net income for the year	Total
Opening balance, January 1, 2010	365	4,441	419	-2,095	3,129
Comprehensive income					
Net income for the year	–	–	–	496	496
Other comprehensive income					
Actuarial gains and losses, net of tax	–	–	–	-94	-94
Cash flow hedges	–	–	–	-1	-1
Exchange rate differences	–	–	-224	–	-224
Total other comprehensive income	–	–	-224	-95	-320
Total comprehensive income	–	–	-224	401	177
Transactions with shareholders					
Dividend for 2009	–	–	–	-193	-193
Share-related remuneration	–	–	11	–	11
Total transactions with shareholders	–	–	11	-193	-182
Opening balance, January 1, 2011	365	4,441	206	-1,888	3,123
Comprehensive income					
Net income for the year	–	–	–	513	513
Other comprehensive income					
Actuarial gains and losses, net of tax	–	–	–	-30	-30
Cash flow hedges	–	–	–	4	4
Exchange rate differences	–	–	43	–	43
Total other comprehensive income	–	–	43	-26	17
Total comprehensive income	–	–	43	487	530
Transactions with shareholders					
Dividend for 2010	–	–	–	-256	-256
Share-related remuneration ⁴⁾	–	–	-1	–	-1
Total transactions with shareholders	–	–	-1	-256	-257
Opening balance, January 1, 2012	365	4,441	248	-1,657	3,397
Comprehensive income					
Net income for the year	–	–	–	650	650
Other comprehensive income					
Actuarial gains and losses, net of tax	–	–	–	-34	-34
Cash flow hedges	–	–	–	3	3
Exchange rate differences ³⁾	–	–	-144	–	-144
Other revaluation ⁵⁾	–	–	–	–	–
Total other comprehensive income	–	–	-144	-31	-175
Total comprehensive income	–	–	-144	619	475
Transactions with shareholders					
Dividend for 2011	–	–	–	-273	-273
Share-related remuneration ⁶⁾	–	–	-4	–	-4
Total transactions with shareholders	–	–	-4	-273	-277
Closing balance, December 31, 2012	365	4,441	100	-1,311	3,595

1) Parent Company shares issued consist of both Class A and Class B shares. Each Class A share carries ten votes and each Class B share one vote.

2) "Other reserves" refers to exchange rate differences and share-related remuneration.

3) Includes translation of hedging instruments related to net investments.

4) Refers to the expensed portion of Loomis' share-related incentive schemes, as described in Note 11, of SEK 12 million and as of December 31, 2011, 124,109 repurchased shares. Of the repurchased shares, 119,464 were repurchased for an average price of SEK 98.06/share and the remaining 4,645 were repurchased for an average price of SEK 90.00/share.

5) Refers to revaluation of contingent consideration for the acquisition of Pendum's cash handling operation. A repayment installment has since been received and recycled to the statement of income and therefore, the impact on other comprehensive income is nil. The negotiation on possible additional repayment installment had not been concluded as of the balance sheet date. For further information see Note 15 and Note 27.

6) Refers to the expensed portion of Loomis share-related incentive schemes in the statement of income, as described in Note 11, of SEK 14 million. During the year 70,872 shares were allotted to the employees under the share-related Incentive Scheme 2010, and 79,081 shares were repurchased for Incentive Scheme 2011. The shares repurchased in 2012 were repurchased for an average price of SEK 93.35/share. The total holding of repurchased shares as of December 31, 2012 was 132,318.

Consolidated statement of cash flows

SEK m	Note	2012	2011	2010
Operations				
Income before taxes		932	743	759
Items not affecting cash flow, items affecting comparability and acquisition-related restructuring costs	35	687	763	697
Income tax paid		-252	-274	-261
Change in accounts receivable		54	28	-39
Change in other operating capital employed		-182	-58	115
Cash flow from operations		1,239	1,203	1,271
Investing activities				
Investments in fixed assets	18,19	-793	-861	-715
Sales of fixed assets		46	22	7
Acquisition of operations ¹⁾	15	-256	-693	-82
Cash flow from investing activities		-1,003	-1,533	-790
Financing activities				
Dividend paid	27	-273	-256	-193
Repayments of leasing liabilities	28	-21	-6	-17
Change in interest-bearing net debt excluding liquid funds		34	741	-375
Cash flow from financing activities		-261	480	-586
Cash flow for the year		-24	150	-104
Liquid funds at beginning of year				
Exchange rate differences on liquid funds		413	259	387
Liquid funds at end of year		389	409	363

1) As of January 1, 2011, Acquisition of operations includes the cash flow effect of acquisition-related transaction costs.

Notes

NOTE 1 General information

Loomis AB (Parent Company Corporate Identity Number 556620-8095) and its subsidiary companies (referred to collectively as the Group) offer comprehensive solutions for cash handling in the US, large parts of Europe and in Argentina.

The Parent Company is a limited liability company with its registered offices in Sweden. The address of the head office is Gamla Brogatan 36–38, 111 20 Stockholm. The Parent Company is a holding company with the primary purpose of holding and administering shares in a number of subsidiaries, whilst managing and administering the Group as a whole.

These consolidated financial statements are subject to adoption by the Annual General Meeting on May 6, 2013.

NOTE 2 Summary of important accounting principles

The primary accounting principles applied in the preparation of this annual report are stated below. These principles have been applied consistently for all the years presented, unless stated otherwise. The same principles are, in general, applied in both the Parent Company and the Group. In certain cases, the Parent Company applies different principles than the Group. These are stated in Note 36.

Basis of preparation of reports

The Group applies International Financial Reporting Standards, IFRS (formerly IAS), as adopted by the European Union (EU), the Swedish Financial Reporting Board 1 Supplementary accounting rules for groups, and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the cost method, with the exception of available-for-sale financial assets and financial assets or financial liabilities valued at fair value via the statement of income (including derivatives). For information on critical estimates and assessments, refer to Note 4.

New and revised standards adopted by the Group

None of the IFRS or IFRIC interpretations which are mandatory for the first time for the financial year beginning January 1, 2012, or later, have had a significant impact on the Group.

Standards, amendments and interpretations of existing standards which have not yet entered into force and which have not been early adopted by the Group

IAS 19 Employee Benefits was amended in June 2011. The amendment means that the past service costs will be recognized immediately. Interest expense and the expected return on plan assets will be replaced by a net interest calculated using the discount rate based on the net surplus or net deficit in the defined benefit plan. The standard has been adopted by the EU and the Group is applying the amended standard for the financial year beginning on January 1, 2013. For years prior to 2013 the impact is not expected to amount to significant amounts. The cost of the defined benefit obligations is expected to increase by approximately SEK 10 million annually before tax. Furthermore, the consolidated accounts will be affected by a reclassification of the pension liability to an interest-bearing liability and included in net debt. As a result of this reclassification, the net interest will be recognized as a financial expense.

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and liabilities. IFRS 9 was published in November 2009 for financial assets and in October 2010 for financial liabilities, and replaces the sections of IAS 39 that are related to classification and mea-

surement of financial instruments. IFRS 9 states that financial assets are to be classified in two different categories: those measured at fair value or those measured at amortized cost. The classification is made at the time the financial asset is initially recognized based on the entity's business model and the nature of the contractual cash flows. In the case of financial liabilities, there are no significant changes compared to IAS 39. The Group will assess the effects of the remaining phases of IFRS 9 when they are completed by the IASB. The standard has not been adopted by the EU.

None of the other changes to standards or new interpretation notifications that have been adopted for application from the beginning of the 2013 financial year or later are expected to have any material effect on the consolidated financial statements.

Scope of the consolidated financial statements (IFRS 3)

The consolidated financial statements include the Parent Company, Loomis AB, and all subsidiaries. Subsidiaries are companies in which the Group has the right to establish financial and operating strategies with the aim of securing financial benefits in a manner typically associated with a shareholding of more than 50 percent of the voting rights. Subsidiaries are included in the consolidated financial statements as of the date on which the Group gains controlling interest over the subsidiary. A subsidiary is excluded from the consolidated financial statements as of the date on which the Group no longer exerts a controlling interest over the subsidiary.

Acquisition method (IFRS 3)

The Group applies the acquisition method for acquisitions. All payments made in the acquisition of an operation are reported at fair value on acquisition date. Revaluation of any deferred considerations and contingent considerations over and above that which was assessed at the time of the acquisition are recognized through the statement of income/statement of other comprehensive income. When final outcome is available, any effect of contingent consideration/repayment of consideration is recycled to the statement of income. Holdings without controlling interest in the acquired operations can, for each acquisition, either be valued at fair value, or at the proportional share of the acquired operations' net assets, held without a controlling interest. As of December 31, 2012, there are no non-controlling interests in the Group. The surplus arising from the difference between the purchase price and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities is reported as goodwill.

Acquisition-related costs

Loomis AB recognizes acquisition related costs attributable to transaction costs, revaluation of deferred considerations, final effect of contingent considerations/repayments, restructuring and/or integration of acquired operations in the Group as a separate item in the statement of income. The item includes acquisition related costs attributable to ongoing, completed and incomplete acquisitions. Restructuring costs are expenses reported in accordance with the specific criteria for provisions for restructuring. Provisions for restructuring are made when a detailed formal plan of action is in place and a well-founded expectation has been created by the parties concerned. No provisions are made for future operating losses. Restructuring costs may be expenses for various activities necessary in the preparation for the integration of the acquired operations into the Group, for example, severance pay, provisions for leased premises which will not be utilized or leased at a loss, as well as other lease agreements which cannot be cancelled and will not be utilized. Integration costs normally consist of activities which cannot be reported as provisions. Such activities may include a change of brand name (new logo on buildings, vehicles,

Note 2 cont.

uniforms etc.) but may also be personnel costs related to, for example, training, recruitment, relocation and travel, certain customer-related costs and other costs related to the adaptation of the acquired operations to Loomis' format. The following criteria must also be fulfilled for costs to be classified as integration costs: i) the costs must not have been applicable if the acquisition had not taken place, and ii) the cost is attributable to a project which the management have identified and monitored, either as a stage in the integration program implemented in conjunction with the acquisition, or as a direct result of an immediate review of the acquisition.

Translation of foreign subsidiaries (IAS 21)

The functional currency of each of the Group's subsidiaries, that is, the currency in which the company normally has incoming and outgoing payments, is normally determined by the primary economic environment in which the Company operates. The functional currency of the Parent Company and the presentation currency of the Group, that is, the currency in which the financial statements are presented, is the Swedish Krona (SEK). The financial statements of each foreign subsidiary are translated according to the following: each month's statement of income is translated applying the exchange rate prevailing on the last day of that month. This implies that income for each month is not affected by foreign exchange fluctuations during subsequent periods.

Balance sheets are translated using the exchange rates prevailing on each balance sheet date. The translation difference arising as a result of statements of income being translated applying average rates, while the balance sheets are translated applying the exchange rates prevailing at each balance sheet date, is reported in other comprehensive income. In cases in which loans have been raised to reduce the Group's foreign exchange/translation exposure in foreign net assets, and where these satisfy the hedge accounting requirements, the exchange rate differences on such loans are reported in the translation reserve in shareholders' equity, together with the exchange rate differences arising from the translation of foreign net assets. When a foreign operation or part thereof is sold, such exchange rate differences that have been reported in shareholders' equity are reported in the statement of income as part of the capital gains or loss on the sale.

Receivables and liabilities in foreign currency (IAS 21)

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at each transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are reported in the statement of income. Exceptions refer to transactions in which gains or losses are reported in other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of fair value gains/losses. Translation differences on non-monetary financial assets and liabilities, such as shares reported at fair value via the statement of income, are reported in the statement of income as part of fair value gains/losses. Translation differences on non-monetary financial assets, such as shares classified as available for sale, are included in the reserve for available-for-sale assets, which is included in the item Other reserves under shareholders' equity.

Intra-Group transactions (IAS 24 and IFRS 3)

Pricing of intra-Group transactions is based on normal business principles. Intra-Group receivables and liabilities, as well as transactions between companies in the Group, and any related gains/losses, are eliminated. Unrealized losses are also eliminated, but any losses are regarded as an indication of an impairment requirement for the transferred asset. All subsidiaries report to the Group in accordance with the Group's accounting principles.

Group companies are all companies owned or controlled

by Loomis AB, according to the definition provided under the scope of the consolidated financial statements above.

Revenue recognition (IAS 18)

Revenue comprises the fair value of the amount received, or the amount expected to be received, for services sold in the Group's operations. Revenue is reported exclusive of value-added tax and discounts and after elimination of intra-Group sales. The Group recognizes revenue when the amount of revenue can be measured in a reliable manner and when it is likely that future economic benefits will flow to the Group.

The Group's revenue is generated from Cash in Transit and Cash Management Services. Revenue is recognized in the period in which it is earned, on a straight-line basis over the contract period, and when the Group assesses that the criteria for revenue recognition have been met. Subscription revenue is allocated on a straight line basis over the period to which the subscription refers. Other revenue earned is recognized according to the following:

- Interest income is reported in the statement of income in the period to which it is attributable, according to the effective interest method.
- Received dividends are reported in the statement of income when the right to receive the dividend has been established.

Items affecting comparability

Items affecting comparability include events and transactions, whose effects on earnings require attention when the result for the period is compared with previous periods, such as:

- Capital gains and losses arising from the disposal of material cash-generating units.
- Material impairment losses.
- Material items of a non-recurring nature.

Provisions, impairment losses, bad debt losses or other material non-recurring items, which are reported as items affecting comparability during a certain period, are consistently accounted for in future periods through any reversals of provisions, impairment losses, bad debt losses or other material non-recurring items also being reported under items affecting comparability. During the year, SEK 16 million has been reported as items affecting comparability. The item is a reversal of a part of the provision of SEK 59 million made in 2007, attributable to overtime compensation in Spain. Items affecting comparability are reported per function in Note 10.

Segment reporting (IFRS 8)

Operating segments are reported in accordance with the internal reporting submitted to the executive management. The executive management is the function responsible for allocation of resources and for assessing the performance of the operating segment. Within the Loomis Group, the CEO has been identified as the most senior executive manager, who for reason of his thorough monitoring of the segments' financial performance, has the authority to undertake decisions concerning the allocation of resources, budget targets and financial planning.

The respective executive managements of the USA and European* business segments are responsible for following up the segments' operating income (EBITA) and items affecting comparability according to the manner in which Loomis reports its consolidated statement of income. The Group has chosen this split of segments for its reporting in Europe and the USA on the basis of similarities between European countries, with regards to important areas within, for example, operating margins, currencies and monetary policy, and laws and regulations involving cash handling, as well as customers and products. Operations in the USA are affected, to a significant degree, by various currency risks and monetary policies, as well as by laws and regulations impacting Loomis' operations, even if the actual customers and products can be considered to be similar.

*Other consists of the head office and the Parent Company,

* Argentina is included in the European segment because the operations there are reported and followed up as part of the European segment.

the risk management function and other functions managed at Group level and which are related to the Group as a whole.

Government grants and assistance (IAS 20)

Similar to other employers, Loomis is eligible for a variety of government grants relating to employees. These grants refer to training, incentives for the hiring of new personnel, reduction of working hours, etc. All grants are reported in the statement of income as a cost reduction in the same period in which the related underlying cost is reported.

Income taxes (IAS 12)

Deferred income tax is to be reported in its entirety, applying the balance sheet method on all temporary differences arising between the fiscal value of assets and liabilities and their reported amounts in the consolidated financial statements. However, deferred income tax is not reported, if it arises in conjunction with a transaction constituting the first reporting of an asset or liability which is not a business combination and which, at the time of the transaction, affects neither the reported nor the tax-related income. Deferred income tax is determined applying the tax rates and tax legislation that have been established or announced on balance sheet date, and which are expected to apply when the deferred income tax asset in question is realized or the deferred income tax liability is settled.

Deferred income tax assets are reported to the extent that it is probable that future taxable profit, against which the deferred tax asset can be offset, will arise. Deferred tax assets are valued on balance sheet date, and any potential previously non-valued deferred tax assets are reported when they are expected to be able to be utilized, and correspondingly, reduced when it is expected that these amounts, in their entirety or partly, will not be able to be utilized against future taxable income.

Deferred income tax is calculated on temporary differences arising on participations in subsidiaries and associated companies, except when the timing of the reversal of the temporary difference is controlled by the Group and it is likely that the temporary difference will not be reversed in the foreseeable future.

Current income tax expenses are calculated on the basis of the tax legislation that has been established, or substantively established, at balance sheet date in the countries in which the Parent Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Taxes are reported in the statement of income, except when the tax refers to items reported in other comprehensive income or directly as equity. In such cases, taxes are also reported in other comprehensive income, respective shareholders' equity.

Current and deferred taxes are reported directly against comprehensive income if the relevant underlying transaction or event is reported directly against comprehensive income in the period or in a previous period, if it pertains to an adjustment of an opening balance of retained earnings as the result of a change in accounting principle, or if it relates to exchange rate differences in the translation of the balance sheets of foreign subsidiaries that are reported directly against other comprehensive income.

Provisions are established for estimated taxes on dividends from subsidiaries to the Parent Company in the following year.

Statement of cash flows (IAS 7)

The statement of cash flows has been prepared in accordance with the indirect method. Liquid funds include cash and bank deposits, as well as current investments, with a maximum duration of 90 days.

Goodwill and Other Acquisition-related intangible assets (IFRS 3, IAS 36 and IAS 38)

Goodwill represents the positive difference between the consideration transferred and the fair value of the Group's share

of identifiable net assets of the acquired subsidiary/operation at the date of acquisition. As goodwill has an indefinite useful life, it is tested annually for impairment and is reported at consideration transferred less accumulated impairment losses. Gains and losses on the disposal of companies include the book value of goodwill relating to the sold company. Impairment losses on goodwill are not reversed.

Other acquisition-related intangible assets arising from acquisitions can include various types of intangible assets, such as market-related, customer-related, contract-related and technology-based intangible assets. Other acquisition-related intangible assets have a definite useful life. These assets are reported at acquisition value, less accumulated amortization and any accumulated impairment losses.

Amortization takes place on a straight-line basis over the estimated useful life of the asset. Loomis' acquisition-related intangible assets primarily refer to customer contract portfolios and the related customer relationships. The valuation of the customer contract portfolios is based on the so-called "Multiple Excess Earnings Method" (MEEM) which is a valuation model based on discounted cash flows. The valuation is based on the turnover rates and returns on the acquired portfolio at the time of the acquisition. In the model, a specific cost or required return in the form of a so-called "contributory asset charge" is applied for the assets utilized in order for the intangible asset to generate returns. Cash flows are discounted using the Weighted Average Cost of Capital (WACC), adjusted for local interest rate levels in the countries in which acquisition takes place. The useful life of customer contract portfolios and the related customer relationships are based on the turnover rate of the acquired portfolio and are between 3 and 10 years corresponding to an annual amortization of between 10 percent and 33.3 percent.

The Group has reviewed the useful life of its intangible assets in accordance with the provisions of IAS 38. This review did not give rise to any adjustments.

A deferred tax liability is calculated at the local tax rate on the difference between the book value and fiscal value of intangible assets with definite useful lives (accordingly, goodwill does not give rise to any deferred tax liability). The deferred tax liability is dissolved over the same period as the intangible asset is amortized, which entails that it neutralizes the impact of the amortization of the intangible asset on the full tax rate percentage on income after tax. This deferred tax liability is initially reported through a corresponding increase in goodwill.

Goodwill and other acquisition-related intangible assets are allocated to cash-generating units (CGU). A cash-generating unit is the smallest unit for which there are identifiable cash flows. The allocation is made to those cash generating units or groups of cash generating units, determined according to the operating segments of the Group, that are expected to profit from the acquisition generating the goodwill. This allocation is the basis for the yearly impairment testing.

The amortization of acquisition-related intangible assets is reported in the entry Amortization of acquisition-related intangible assets in the statement of income.

Other intangible assets (IAS 36 and IAS 38)

Other intangible assets, that is, intangible assets other than goodwill and acquisition-related assets, are reported if it is probable that the expected future economic benefits attributable to the asset will incur to the Group and that the cost of the asset can be reliably measured.

Other intangible assets have a definite useful life. These assets are reported at acquisition cost and are, subsequently, reported at acquisition cost less accumulated amortization and any accumulated impairment losses.

Straight-line amortization over the estimated useful life is applied for all classes of assets, as follows:

Software licenses	12.5–33.3 percent
Other intangible assets	20–33.3 percent
Tenancy rights and similar rights are amortized over the same	

Note 2 cont.

period as the underlying contract. The useful lives of assets are reviewed annually and adjusted, if appropriate.

Tangible fixed assets (IAS 16 and IAS 36)

Tangible fixed assets are reported at acquisition cost, less accumulated depreciation and any accumulated impairment losses. Acquisition cost includes expenses directly attributable to the acquisition of the asset. Additional expenses are added to the reported value of the asset or are reported as a separate asset, as appropriate, only if it is likely that the Group will benefit from the future financial benefits associated with the asset, and if the acquisition cost of the asset can be reliably calculated. The reported value of the replaced part of the asset is eliminated from the balance sheet. All other types of repairs and maintenance are reported as costs in the statement of income in the period in which they arise. Depreciation is based on historical acquisition cost and the expected useful life of the asset. The residual values and useful life of the assets are reviewed on each balance sheet date and adjusted as appropriate. An asset's reported value is written-down immediately to its recoverable amount if the asset's book value is greater than its estimated recoverable amount.

The straight-line method of depreciation, over the estimated useful life, is applied to all classes of assets, as follows:

Machinery and equipment	10–25 percent
Buildings and land improvements	1.5–4 percent
Land is not depreciated.	

Gains and losses on disposals are determined by comparing proceeds from the sales with the asset's reported value, and are reported as production expenses or selling and administrative expenses, depending on the type of asset being sold.

Impairment (IAS 36)

Assets having an indefinite useful life are not subject to depreciation/amortization and are tested annually for impairment. Assets subject to depreciation/amortization are reviewed for impairment, as a minimum, on each balance sheet date or whenever events or new circumstances indicate that the recoverable amount does not amount to at least book value. An impairment loss is reported in the amount by which the asset's book value exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realizable value and its value in use.

Value in use is measured as the present value of expected future cash flows. The calculation of value in use is based on assumptions and assessments. The primary assumptions concern organic growth, development of the operating margin, utilization of operating capital employed and the relevant WACC rate used to discount future cash flows. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Previously reported impairment losses, with the exception of impairment losses related to goodwill, are reversed only if a change has occurred regarding the assumptions forming the basis of the determination of recoverable value when the impairment loss was reported. In such cases, a reversal of the impairment loss is carried out in order to increase the book value of the impaired asset to its recoverable amount. The possible reversal of earlier impairment losses is reviewed in the case of assets other than goodwill. This review is performed at each balance sheet date. A reversal of a previous impairment loss is reported only to the extent that the new book value does not exceed what would have comprised the previous book value (after depreciation and amortization) if the impairment loss had not been reported. Impairment losses related to goodwill are not reversed.

Lease agreements (IAS 17)

Leases are classified as finance leases when the Group as the lessee, in all material respects, receives the economic benefits and bears the economic risk associated with the object of the lease. Accordingly, the object is recognized as a fixed asset in the consolidated balance sheet. The discounted present value

of the corresponding future lease payment obligation is recognized as a liability. The asset leased under the finance lease and the associated liability is recognized at the lower of the fair value of the asset and the present value of the minimum lease payments. In the consolidated statement of income the lease payments are to be apportioned between depreciation and interest on a straight-line basis over the period of use.

Operating leases where the Group is the lessee are recognized in the consolidated statement of income as operating expenses on a straight-line basis over the lease period.

In cases where the Group is the lessor, revenue is recognized as a sale in the period the object is leased. Depreciation is recognized in operating income. The economic substance of the contract does not, as a whole or in part, cause the lease to be classified as a finance lease.

Accounts receivable (IAS 39)

Accounts receivable are initially reported at fair value and, thereafter, at accrued acquisition value, using the effective interest method, less provisions for bad debt. A bad debt for impairment is established when there is objective evidence that the Group will not receive the amounts due according to the original terms of the receivables. The amount of the provision is equivalent to the difference between the asset's reported value and the present value of estimated future cash flows, discounted by the original effective interest rate. Expected and determined bad debt losses are included in the line Production expenses in the statement of income. Payments received in advance are accounted for as Other current liabilities.

Financial Instruments: Recognition and measurement (IAS 39)

A financial instrument is a contract creating a financial asset in one entity and a financial liability or equity instrument in another entity. The definition of financial instruments, thus, includes equity instruments in another entity, but also, for example, contractual rights to receive cash, such as accounts receivable. The Group classifies its financial instruments into the following categories:

- 1) Loan receivables and other receivables.
- 2) Financial assets or financial liabilities valued at fair value through the statement of income (including derivatives not designated as hedge instruments).
- 3) Other financial liabilities.
- 4) Available-for-sale financial assets and liabilities (including derivatives designated as hedge instrument).

The classification is determined on the basis of the purpose for which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition and reevaluates this classification at each reporting date. Loans payable, investments and liquid funds are recognized according to the trade date accounting principle.

1) Accounting for items designated as "Loans receivable and other receivables"

Operating receivables, including Accounts receivable, are classified as "Loans receivable and other receivables" and are valued at accrued acquisition value. In the balance sheet, they are shown as accounts receivable or liquid funds with the exception of items due more than 12 months after balance sheet date, which are shown as financial fixed assets.

2a) Accounting for items designated as "Financial assets at fair value through statement of income"

When assets in this category are held, changes in fair value are reported in the statement of income as they arise. The revaluation of derivatives held for the purpose of minimizing operating transaction risks is accounted for in operating profit or loss and derivatives held for the purpose of minimizing transaction risks in financial income and expenses are accounted for in the financial net. A financial asset is classified in this category if it is held for

trading, i.e. has been acquired with the main intention to be disposed of in the short term or if management has determined that it is to be classified in this category. The assets held by Loomis in this category are financial current assets in the balance sheet.

2b) Accounting for items designated as “Financial liabilities at fair value through statement of income”

Any liabilities classified in this category are accounted for as “financial assets at fair value through the statement of income”. As liabilities in this category are not considered material they are accounted for as current loans payable in the balance sheet.

3) Accounting for items designated as “Other financial liabilities”

This category includes loans payable and accounts payable. Liabilities in this category are initially valued at fair value and, thereafter, at accrued acquisition value, applying the effective interest rate method.

Loans payable are initially reported at the net amount received, less transaction expenses. If the fair value differs from that which is to be repaid on maturity date, loans payable are subsequently reported at accrued acquisition value, which implies that the difference is allocated to periods as an interest expense using the effective interest rate method. Loomis applies IAS 23, Borrowing costs. According to this standard, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Loomis has currently no loans relating to such investments which are the reason borrowing costs are reported in the statement of income. Loans payable, investments and liquid funds are reported according to the transaction date principle. Borrowing is classified under current liabilities, unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the balance sheet date.

4) Accounting for items classified as “Available-for-sale financial assets and liabilities”

When assets in this category are held the assets are measured at fair value. However, revaluation is recognized directly in other comprehensive income when the asset has a quoted price in an active market or its fair value can be determined in a reliable manner. If the fair value cannot be reliably determined, the asset is measured at cost. However, when there is objective evidence of impairment, an impairment loss is recognized for the asset. When assets are disposed of, the transaction is recognized in the statement of income, including previous revaluation recognized directly in other comprehensive income. This classification includes derivatives that have been identified as cash flow hedges, as well as currency swaps used to hedge net investments and which meet the requirements for hedge accounting. Hedge accounting for derivatives is described in the paragraph below. As assets in this category are not considered tangible, they are recognized as current financial assets or current liabilities in the balance sheet.

Derivative instruments and hedging transactions

Derivatives are recognized in the balance sheet on the transaction date and are measured at fair value, both initially and when subsequently revalued. The method used to recognize the gain or loss arising from revaluation depends on whether the derivative has been identified as a hedging instrument, and, if so, the nature of the item being hedged. As of the end of the year, Loomis was holding currency swaps and loans used to hedge net investments and these meet the criteria for hedge accounting.

When transactions are entered into, the Group documents the relationship between the hedging instrument and the hedged item, the risk management objective and the risk strategy. At the inception of a hedge as well as subsequently, the effectiveness of the derivative instruments is documented. Information on the fair value of various derivative instruments used for hedging can be found in Note 6. Changes in the hedge reserve in equity are described in Note 27. The entire fair value of a derivative which is a hedging instrument is classified as a fixed asset or long-

term liability when the hedged item has a term to maturity of more than 12 months, and as a current asset or current liability when the hedged item has a term to maturity of less than 12 months. Derivative instruments held for trading are always classified as current assets or current liabilities.

(a) Fair value hedges

Fair value hedges that meet the criteria for hedge accounting are revalued through profit or loss to match the revaluation of the hedged asset or liability. The Group does not currently use hedges involving fair value hedge accounting.

(b) Cash flow hedging

The effective portion of changes in fair value of a derivative instrument that is identified as a cash flow hedge and that meets the criteria for hedge accounting, is recognized in other comprehensive income. The ineffective portion is recognized directly through the statement of income and is included in operating income. Accumulated amounts in equity are reversed through the statement of income in the periods the hedged item affects the earnings. When a hedging instrument matures or is sold, or when the hedge no longer meets the criteria for hedge accounting, any remaining gains/losses remain in equity and are recognized as profit or loss at the same time as the forecast transaction is finally recognized through the statement of income (if this is not expected to be the case, the cumulative gain or loss is recognized directly through statement of income). As of the balance sheet date the Group had no cash flow hedges.

(c) Hedging net investments

A hedge of a net investment in a foreign operation is recognized in a similar way as a cash flow hedge; effective hedges are recognized in other comprehensive income and ineffective portions are recognized through the statement of income. Cumulative gains or losses in equity are recognized through the statement of income when the foreign operation is disposed of wholly or in part.

Employee benefits (IAS 19)

The Group operates, or otherwise participates in, a number of defined benefit and defined contribution pension plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate legal entity and to which it has no legal or informal obligations to pay further contributions. Defined benefit plans are pension plans providing benefits after termination of service other than those benefits provided by defined contribution plans. Calculations for the defined benefit plans are carried out by independent actuaries on an annual basis. Costs for defined benefit plans are estimated using the Projected Unit Credit method resulting in a cost distributed over the individual's period of employment. Obligations are valued at the present value of expected future cash flows applying a discount rate corresponding to the interest rate on first-class corporate bonds or government bonds with a duration that is approximately the same as that of the obligations. Plan assets are reported at fair value.

Loomis has adopted the amendment to IAS 19 regarding the principle for recognizing gains and losses resulting from changes in actuarial assumptions, experience of the plan's historical development and investment performance differing from that which has been previously estimated. These actuarial gains and losses are reported for all defined benefit plans relating to post-employment benefits in the period in which they occur. Accounting takes place via other comprehensive income on the line Actuarial gains and losses.

If accounting for a defined benefit plan results in an asset, this is reported as a net asset in the consolidated balance sheet under Other long-term receivables. If the net result is a liability, it is reported as a provision under Provisions for pensions and similar commitments. Costs related to defined benefit plans, including the interest element, are reported in operating income. Provisions for pensions and similar commitments are not included in calculated net debt.

Note 2 cont.

Expenses relating to earlier periods of service are reported directly in the statement of income unless the changes in the pension plan are conditional upon the employees remaining in employment for a specified period (earnings period). In such cases, the expenses relating to earlier periods of service are distributed on a straight-line basis over the earnings period.

Severance pay is paid when the Group terminates an employee's employment before pensionable age or when an employee accepts voluntary redundancy in return for such benefits. Severance pay is reported as an expense when the Group is demonstrably obliged to terminate employment as a result of a detailed formal plan or to pay compensation in cases of voluntary redundancy.

Share-based Remuneration (IFRS2)***Incentive scheme***

The Group has introduced an incentive scheme in which those taking part receive a bonus, of which two thirds of the total amount is paid out in cash during the year after the bonus was earned, and the remaining third being used to purchase shares at market price, which are, subsequently, allotted to employees one year after such purchase, on the condition that the employee in question remains employed by the Group. The cost for Loomis is reported in the year during which the bonus is earned via the statement of income. However, the share-related reserve is classified as a portion of equity and not as a liability. At the conclusion of the program, any deviations from the original estimates, for example, as a result of an employee leaving the Company without receiving their allotted shares, are reported in the statement of income and corresponding adjustments are made in shareholders' equity. See Note 11 for further information.

Repurchase of own shares

Share-based remuneration plans in which the remuneration is comprised of shares, as is the case of the incentive scheme explained above, are reported as follows: Repurchase of own shares reduces (net after any directly attributable transaction costs and tax effects) retained earnings. If these shares are sold at a later date, the amount received (net after any directly attributable transaction costs and tax effects) is reported in retained earnings. See Note 11 for further information.

Subscription warrant program

The Group has a subscription warrant program under which senior executives and key employees have been offered the opportunity to subscribe for warrants on market-based terms. Payment for these warrants is reported in shareholders' equity against other contributed capital. If, at any period end, subscription warrants are held by any Group companies, these are re-valued at the lower of acquisition value and market value. Revaluation effects are reported against other contributed capital. If these warrants are exercised, new shares are issued. Payments received, after deduction for any directly attributable transaction

costs, are credited to share capital (quotient value) and other contributed capital. See Note 11 for further information.

Provisions (IAS 37)

Provisions are reported when the Group has a present legal or constructive obligation as a result of past events, it is likely that an outflow of resources will be required to settle the obligation, and when a reliable estimation of this amount can be made.

Provisions regarding restructuring are made when a detailed, formal plan of measures exists and valid expectations have been raised among those who will be affected. No provisions are made for future operating losses.

Claims reserves are calculated on the basis of a combination of claims reported, and IBNR (incurred but not reported) reserves. Actuarial calculations are performed on a quarterly basis to assess the adequacy of the reserves based on open claims, estimates based on experience and historical data regarding IBNR.

Accountable funds, consignment stocks and other stocks of money

In Loomis' operations cash and other valuable items are transported according to contracts entered into with customers. Some of the transported cash, if so stipulated in the customer contract, is counted at Loomis' cash centers. The cash that is received by Loomis is on consignment unless otherwise agreed with the customer. Consignment stocks of money are reported by the other parties and not by Loomis. In cases where Loomis, according to the customer contract, assumes ownership of the cash received, it is reported as Stocks of money. These stocks are financed by specific overdraft facilities that also compensate the customer for the cash received. These overdraft facilities are used solely for this purpose and are recognized net in the stocks of money they are intended to finance. The interest cost associated with these overdraft facilities is recognized as Production expenses and not in net financial items as they are intended to finance operating activities/stocks of money.

Any cash remaining in Loomis' stocks of money of which Loomis has assumed ownership represents the funds that Loomis' has physically transported to the vault from its own liquid funds. These stocks of money are reported as Other current receivables in the balance sheet as they are not available to Loomis according to internal guidelines, but are instead used solely to finance customer transactions. Consignment stocks of money, stocks of money and overdraft facilities are separated from Loomis' own liquid funds and cash flow and are not used in Loomis' other operations. For further information see Note 23.

Other

Amounts in tables and combined amounts have been rounded off on an individual basis. Minor differences due to this rounding-off may, therefore, appear in the totals.

NOTE 3 Definitions, calculation of key ratios and exchange rates

Definitions, Statement of Income

Production Expenses

Salaries and related costs for direct personnel, the cost of equipment used in the performance of services, and all other costs directly related to the performance of invoiced services.

Selling and administrative expenses

All expenses related to sales, administration and management, including such expenses for branch offices. The branches provide the production function with administrative support and serve as a sales channel.

Operating income (EBITA)

Earnings before interest, taxes, amortization of acquisition-related intangible fixed assets, acquisition-related costs and items affecting comparability.

Operating income (EBIT)

Earnings before interest and tax.

Definitions of key ratios

Real growth, %

Increase in revenue for the period, adjusted for changes in exchange rates, as a percentage of the previous year's revenue.

Organic growth, %

Increase in revenue for the period, adjusted for acquisitions/divestitures and changes in exchange rates, as a percentage of the previous year's revenue adjusted for divestitures.

Total growth, %

Increase in revenue for the period as a percentage of the previous year's revenue.

Operating margin (EBITA), %

Earnings before interest, taxes, amortization of acquisition-related intangible fixed assets, acquisition-related costs and items affecting comparability, as a percentage of revenue.

Earnings per share, before dilution

Net income for the period in relation to the number of shares outstanding at the end of the period.

Calculation 2012: $650 / 73,011,780^{*}) \times 1,000,000 = 8.90$

Calculation 2011: $513 / 73,011,780^{**}) \times 1,000,000 = 7.03$

Calculation 2010: $496 / 73,011,780 \times 1,000,000 = 6.80$

*) Includes 132,318 shares which, as a result of the Loomis Incentive Scheme 2011, are held as treasury shares as of December 31, 2012.

**) Includes 124,109 shares which, as a result of the Loomis Incentive Scheme 2010, are held as treasury shares as of December 31, 2011.

Earnings per share, after dilution

Calculation 2012: $650 / 75,566,780 \times 1,000,000 = 8.60$

Calculation 2011: $513 / 75,566,780 \times 1,000,000 = 6.79$

Calculation 2010: $496 / 75,556,681 \times 1,000,000 = 6.57$

Earnings per share, fully diluted

Calculation 2012: $650 / 75,566,780 \times 1,000,000 = 8.60$

Calculation 2011: $513 / 75,566,780 \times 1,000,000 = 6.79$

Calculation 2010: $496 / 75,566,780 \times 1,000,000 = 6.57$

Cash flow from operating activities as a percentage of operating income (EBITA)

Cash flow for the period before financial items, income tax, items affecting comparability, acquisitions and divestitures of operations and financing activities, as a percentage of operating income (EBITA).

Return on capital employed, %

Operating income (EBITA) as a percentage of the closing balance of capital employed.

Return on shareholders' equity

Net income for the period as a percentage of the closing balance of shareholders' equity.

Net margin

Net income for the period after tax as a percentage of total revenue.

Net debt

Interest-bearing liabilities less interest-bearing assets and liquid funds.

Exchange rates used in the consolidated financial statements

	Currency	Weighted average		Weighted average		Weighted average	
		2012	Dec. 2012	2011	Dec. 2011	2010	Dec. 2010
Norway	NOK	1.16	1.17	1.16	1.15	1.18	1.15
Denmark	DKK	1.17	1.15	1.21	1.20	1.27	1.20
UK	GBP	10.70	10.53	10.36	10.67	11.09	10.41
Switzerland	CHF	7.21	7.12	7.33	7.33	6.94	7.17
USA	USD	6.72	6.51	6.46	6.89	7.20	6.70
Czech Republic	CZK	0.35	0.34	0.37	0.35	0.37	0.36
Turkey	TRY	3.75	3.64	3.77	3.66	n/a	n/a
Argentina	ARS	1.45	1.32	n/a	n/a	n/a	n/a
Other countries	EUR	8.68	8.59	9.01	8.92	9.49	8.97

NOTE 4 Critical accounting estimates and assessments

The preparation of financial statements and the application of various accounting standards are often based on assessments made by management or on estimates and assumptions that are deemed reasonable under the prevailing circumstances. These estimates and assumptions are generally based on historical experience and other factors, including expectations of future events. With different estimates and assumptions, the result could vary and by definition, the estimates will seldom equal actual outcomes.

The estimates and assumptions that Loomis deems, at December 31, 2012, to have greatest impact on its results, assets and liabilities are discussed below.

Valuation of accounts receivable and provision for bad debt losses

Accounts receivable total SEK 1,299 million (1,308 and 1,243), and, thereby, constitutes one of the largest items on the balance sheet. Accounts receivable is reported at net value, after provision for bad debt losses. The provision for bad debt losses of SEK -37 million (-34 and -26) is subject to critical estimations and assessments. Additional information on credit risk in the accounts receivable can be found in Note 6 and Note 22.

Valuation of identifiable assets and liabilities in connection with the acquisition of subsidiaries/operations

The valuation of identifiable assets and liabilities in conjunction

Note 4 cont.

with the acquisition of subsidiaries or operations, as part of the purchase price allocation, requires that items in the acquired company's balance sheet, as well as items that have not been reported in the acquired company's balance sheet, such as customer relations, should be valued at fair value. Under normal circumstances, as listed market prices are not available for the valuation of the assets and liabilities to be valued, different valuation methods must be applied. These valuation methods are based on a number of assumptions. Other items that may be difficult, both to identify and value, are contingent liabilities that may have arisen in the acquired company, such as disputes. The valuation of identifiable assets and liabilities also depends on the accounting environment in which the acquired company/operations were operational. This relates to, for example, the accounting norms according to which the financial reporting was previously prepared and, thereby, the scale of the adaptations which must be made to the Group's accounting principles, the regularity with which financial statements were prepared, as well as data of various types which may be necessary for the valuation of identifiable assets and liabilities. All balance sheet items are, in such cases, subject to certain estimates and assumptions. This also implies that a preliminary valuation may be required which is adjusted at a later date. All acquisition calculations are subject to final adjustment one year after the acquisition date, at the latest. In light of the factors stated above, Loomis has chosen, on the condition that the adjustment in question is not considered significant, neither to provide separately, for each individual acquisition, the reasons why the first reporting of the business combination is preliminary, nor to state the assets and liabilities for which the first reporting is preliminary.

Contingent considerations and deferred considerations that mature in the future are reported as part of the purchase price and is recorded based on an assessment assuming that the appropriate terms and conditions agreed upon in connection with the acquisition will be complied with. Contingent considerations and deferred considerations are reported at present value and the valuation is subject to assessment on each reporting occasion. For further information regarding acquisitions refer to Note 15. All balance sheet items are, thus, subject to estimates and assessments.

Impairment testing of goodwill and other acquisition-related intangible assets

In connection with the impairment testing of goodwill and other acquisition-related intangible assets, the book value is compared with the recoverable value. The recoverable value is determined by the greater of either an asset's net realizable value or its value in use. As under normal circumstances, no listed market prices are available to assess an asset's net realizable value, the book value is normally compared with the value in use. The calculation of the value in use is based on assumptions and assessments. The most important assumptions are organic growth, development of the operating margin, the utilization of operating capital employed and the relevant WACC rate used to discount future cash flows. All in all, this implies that the valuation of the balance sheet item Goodwill, which amounts to SEK 3,317 million (3,281 and 2,582), and of Acquisition related intangible assets, which amounts to SEK 153 million (155 and 87), is subject to critical estimates and assessments. A sensitivity analysis regarding organic growth, operating margin and WACC is provided in Note 15.

Reporting of income tax, VAT and other taxes

Reporting of income tax, VAT and other taxes is based on the applicable regulations in the countries in which the Group operates. Due to the overall complexity of all rules concerning taxation and reporting of taxes, the implementation and reporting is based on interpretations and assessments of possible outcomes.

Deferred tax is calculated on temporary differences arising between the reported amounts and the fiscal values of assets and liabilities. There are primarily two types of assumptions and assessments impacting reported deferred tax. These are assumptions and assessments to establish the reported value of various assets and liabilities, as well as those relating to future

taxable profits, to the extent that future utilization of reported and non-reported deferred tax assets are dependent on such profits, in addition to existing deferred tax liabilities. At December 31, 2012, deferred tax assets amounted to SEK 379 million (422 and 317), based on the assumptions of possible future tax deductions. Significant assessments and assumptions are also undertaken in respect of the reporting of provisions and contingent liabilities referring to tax risk. Further information on taxes is provided in Note 14.

Actuarial assessments regarding employee benefits such as pensions

Employee benefits are normally an area in which estimates and assessments are not critical. However, for defined plans, particularly as regards pension benefits, and where the payment to the employee is several years into the future, actuarial assessments are required. These calculations are based on assumptions concerning economic variables, such as the discount rate, the expected return on plan assets, salary increases, inflation rates, pension increases, but also on demographic variables, such as expected life span. All in all, this implies that the balance sheet item Provisions for pensions and similar commitments, which amounts to SEK 318 million (327 and 316), and the item Other long-term receivables, amounting to SEK 37 million (37 and 28), are subject to critical estimates and assessments. Further information on pensions and a sensitivity analysis are provided in Note 30.

Actuarial assessments regarding claims reserves

The Group is exposed to various types of risks in the day-to-day operation of its business. These operational risks can result in the need to report provisions for damages resulting from property claims and personal injuries claims from the Cash handling operations, and workers' compensation claims relating to the Group's employees. Claims reserves are calculated based on a combination of reported claims and incurred but not reported claims. Actuarial calculations are performed on a quarterly basis to assess the adequacy of the reserves based on open claims and historical data for incurred but not reported claims. Actuarial calculations are based on several assumptions. All in all, this implies that the total claims reserves, which amount to SEK 293 million (349 and 296), are subject to critical estimates and assessments. Further information is provided in Note 29.

The impact on the Group's financial position of ongoing disputes and the valuation of contingent liabilities

Over the years, the Group has made a number of acquisitions in different countries. As a result of such acquisitions, certain contingent liabilities of the acquired businesses have been assumed. Companies within the Group are also involved in a number of other legal proceedings and tax audits arising from ordinary operating activities. Further information is provided in Note 31 and Note 34.

Items affecting comparability

Items affecting comparability include events and transactions, whose effects on earnings require consideration when the result for the period is compared with previous periods, such as

- Capital gains and losses arising from disposal of material cash-generating units.
- Material impairment losses.
- Material items of a non-recurring nature.

Provisions, impairment losses, bad debt losses or other material non-recurring items, which are reported as items affecting comparability during a certain period, are consistently accounted for in future periods through reversals of provisions, impairment losses, bad debt losses or other material non-recurring items also being reported under items affecting comparability. In 2012, earnings were impacted with an item affecting comparability of SEK 16 million (–44). Further information is provided in Note 10 Operating expenses.

NOTE 5 Events after the balance sheet date

In January 2013, it was announced that Jarl Dahlfors, Executive Vice President and Regional President USA, had been appointed as President and CEO of Loomis. Jarl Dahlfors will take over this position from Lars Blecko no later than September 1, 2013. At the same time, Lars Blecko will take up the position as Executive Vice President and Regional President USA.

In February 2013, Loomis' UK subsidiary signed a partnership agreement with NCR whereby NCR will take over ATM technical service operations in the UK. Under the agreement Loomis will purchase services from NCR in order to continue to offer its bank customers high quality service for their ATMs. The partnership creates competitive benefits and enables Loomis to provide a unique offering of combined services which brings opportunities for new business in the UK. In total approximately 150 technicians will have a new employer, although they will still be serving some of the same customers.

In February 2013, Loomis announced that the warrant subscription program 2009/2013 is about to be concluded and that, in connection with this, members of Group management will exercise approximately 283,700 warrants to subscribe for the same number of Class B shares. The members of Group management have also sold approximately 627,000 warrants to the financial institution that has undertaken to facilitate an efficient conclusion of the program for the participants. The subscription period for the shares is from March 1 to May 31, 2013 and the subscription price is SEK 72.50 per share. The total value of the shares the members of Group management intend to subscribe for is approximately SEK 20.6 million.

In February 2013, Loomis completed the first issue under its Swedish commercial paper program. The program enables Loomis to issue commercial papers up to a total amount of SEK 1,500 million. The commercial papers may be issued with a term to maturity of up to 12 months. The commercial paper program will supplement Loomis' core funding, diversify the Company's debt structure and allow for more flexibility in the management of debt and liquidity. Loomis expects the program to have a positive impact on the Group's net financial items. The program is being arranged by Nordea and the issuing institutes are Nordea, Danske Bank and SEB.

In March 2013, it was announced that Loomis' warrant subscription program 2009/2013 is about to be concluded and the number of B-shares will increase by approximately 2.2 million as a result of the program. The total number of shares will then be approximately 75.2 million. Of the total increase approximately 0.5 million has been subscribed for by the participants of the program and approximately 1.7 million shares have been sold in the market. The sale of the 1.7 million shares has been made through a financial institution and has been finalized. The subscription price was SEK 72.50 per share and approximately SEK 160 million of additional liquidity is brought to Loomis AB in connection with the conclusion of the warrant subscription program.

In March 2013, the negotiation on possible additional repayment of the purchase price for Pendum's cash handling operations was concluded. In the first quarter of 2013 Loomis will receive additional USD 6.3 million (approximately SEK 41 million). Similar to the first repayment of USD 4.9 million (approximately SEK 33 million) received in the fourth quarter 2012 this repayment will be recognized as acquisition-related income. Acquisition related income is not included in the operating result (EBITA). In aggregate, the total repayments amount to USD 11.2 million (approximately SEK 74 million).

The Board of Directors has decided to propose that a resolution be passed at the 2013 Annual General Meeting regarding an incentive scheme (Incentive Scheme 2013). Similar to Incentive Scheme 2012, the proposed incentive scheme will involve two thirds of the variable remuneration being paid out in cash after the year it is earned. The remaining one third will be used by Loomis AB to acquire treasury shares which will be allotted to the employees at the beginning of 2015. The

allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2015, other than in cases where the employee has left his/her position due to retirement, death or a long-term illness, in which case the employee will retain the right to receive bonus shares. The principles of performance measurement and other general principles that are already being applied for the existing incentive scheme will continue to apply. Loomis AB will not issue any new shares or similar instruments for this incentive scheme. The Company will instead acquire treasury shares through NASDAQ OMX Stockholm. The incentive scheme enables 300 of Loomis' top managers to become shareholders in Loomis AB over time and will thereby increase employee participation in Loomis' development, which will benefit all of the shareholders. To read the Board's full incentive scheme proposal, see the notice to attend the Annual General Meeting.

NOTE 6 Financial risk management

Financial risk management

Loomis is exposed to risk associated with financial instruments, such as liquid funds, accounts receivable, accounts payable and loans. The risks related to these instruments are, primarily, the following:

- Interest rate risks associated with liquid funds and loans
- Exchange rate risks associated with transactions and recalculation of shareholder's equity
- Financing risks relating to the Company's capital requirements
- Liquidity risks associated with short-term solvency
- Credit risks attributable to financial and commercial activities
- Capital risks attributable to the capital structure
- Price risks associated with changes in raw material prices (primarily fuel)

Loomis' financial risk management is coordinated centrally by Loomis AB's Treasury function. By concentrating the risk management, as well as internal and external financing, economies of scale can be used to obtain the best possible interest rate for both investments and borrowings, currency fluctuations, and management of fixed interest rate lending.

The aim of Loomis AB's Treasury function is to support the operating activities, optimizing the level of the financial risks, manage the net debt effectively and ensure compliance with the terms of loan agreements.

The Financial Policy, established by the Board of Directors, comprises a framework for the overall risk management. As a complement to the Financial Policy, the CEO of Loomis establishes instructions for Loomis AB's Treasury function which more specifically govern the manner in which the financial risks to which Loomis is exposed are to be managed and controlled. This instruction handles the principles and limits regarding foreign exchange risks, interest rate risks, credit risks, use of derivative instruments and investment of excess liquidity. Derivatives are not used for speculative purposes, but rather only to minimize the financial risks.

Financial risk factors

Interest rate risk

Interest rate risk is the risk that Loomis' earnings will be affected by changes in market interest rates.

Loomis subsidiaries normally hedge their interest rate exposure by lending from Loomis AB's Treasury function on the basis of loans with one-year maturity or less, where permitted. The interest rates on the external loans have a maturity of three to six months. The average fixed interest term as of December 31, 2012 was about one month. A permanent change in the interest rate of +1 percent as of December 31, 2012 would have an annual effect on net financial items of SEK -22 million (-22 and -2). Loomis' borrowing amounted to SEK 2,614 million (2,696 and 1,739).

Note 6 cont.

The average interest rate on the debt during the year was 2.18 percent, excluding arrangement costs for the existing credit facility.

Exchange rate risk – Translation risk

Translation risk is the risk that the SEK value of assets and liabilities in foreign currencies will fluctuate due to changes in foreign exchange rates.

As a large number of subsidiaries operate in other countries, the Group's balance sheet and statement of income are affected by the translation of foreign currencies to SEK. This exposure gives rise to a translation risk which means that unfavorable changes in exchange rates could have a negative impact on the Group's foreign net assets when translated into SEK. Loomis' capital employed as of December 31, 2012 amounted to SEK 5,764 million (5,617 and 4,555). If the SEK had strengthened/weakened by 5 percent compared to the USD, with all other variables being the same, Loomis' shareholders' equity would have been affected in the amount of SEK 81 million (78 and 75). The corresponding figures for GBP and EUR would be SEK 16 million (17 and 17) and SEK 39 million (44 and 40) respectively. Loomis uses hedge accounting according to the principle of hedging net investments to limit translation risk where liabilities of USD 245 million and currency swaps with nominal amounts of USD 35 million constitute hedge instruments and the shares in subsidiaries are the hedged item. The ineffectiveness of the hedge during the year was SEK 0 million. The table under the capital risk section shows the amounts of the exposure to various currencies hedged with loans and currency swaps. For other currencies, loans and currency swaps constitute hedges of corresponding receivables where hedge accounting is not applied.

Exchange rate risk – Transaction risk

Transaction risk is the risk that changes in exchange rates will negatively affect the Group's earnings. The majority of Loomis' subsidiaries operate outside Sweden and there are certain risks associated with financial transactions in different currencies. These risks are limited by the fact that both costs and revenues are generated in the local currency in each market. This is also the case for loans taken in foreign currencies where the risk of adverse fluctuations in interest payments due to currency fluctuations is limited by income being generated in the same currencies. As Loomis' operations are local in nature the transaction risk is not considered a material risk. From the Group's perspective, Loomis has limited operations that involve trading in foreign currencies in cash. When currencies are traded based on purchase orders from customers, the exchange rate risk may be hedged using a forward exchange agreement. Loomis does not apply hedge accounting for these contracts and the operating income is revalued. As of the balance sheet date, the fair value of these hedges amounted to SEK 0 million (0 and 0).

Loomis has a policy of hedging transaction risk on large payments, such as dividends and insurance premiums etc. This is done via forward exchange agreements.

Financing risk

Financing risk is the risk that it will become more difficult or more expensive to finance outstanding loans. By keeping a steady maturity profile for the Group's loans, the financing risk can be reduced. The Group's goal is for no more than 25 percent of its total external loans and credit obligations to mature within the coming 12-month period.

All long-term financing as well as the majority of short-term financing in 2012 was done through Loomis' AB's Treasury function.

In February 2011 Loomis AB signed a five-year credit facility which will mature in 2016 and amounts to USD 150 million and SEK 1,000 million. The funds can be withdrawn in USD, EUR, GBP and SEK. In connection with the acquisition of Pendum's cash handing operation, Loomis AB was granted an additional credit facility in May 2011 of USD 100 million which matures in 2014. The credit facilities have the standard covenants, one of which limits the Group's net debt in relation to operating income before interest, tax, depreciation and amortization (EBITDA).

Throughout 2012 Loomis met these covenant criteria with a wide margin. In addition to these credit facilities, Loomis AB also has a bond loan which was granted by the Swedish Export Credit Corporation (SEK) in 2010. The bond loan amount is EUR 65 million and at the time of signing it had a term of 5 years. At the end of the year Loomis' had loans in USD, GBP and EUR broken down as follows

	December 31, 2012
Currency	Amount utilized (LOC m)
USD	250
GBP	13
EUR	85

The total loan facility amounted to SEK 3,187 million.

Liquidity risk

Liquidity risk is the risk that Loomis will not be able to meet its payment obligations.

Loomis' liquidity risk is managed by maintaining sufficient liquidity reserves (cash and bank balances, short-term investments and the unutilized portion of granted loan facilities) equivalent to a minimum of 5 percent of the Group's annual sales. Loomis AB's Treasury function follows up and monitors liquidity risk. Loomis held a liquidity reserve that was above the minimum limit of 5 percent in 2012, and this is expected to remain satisfactory in 2013. In accordance with directives, liquid fund investments consist primarily of deposits made in banks that have a short-term credit rating of at least A-1 according to Standard & Poor's or with an equivalent credit rating according to a similar rating institute. The assets managed by Loomis represent excess liquidity. The asset management objective is to ensure that Loomis has an appropriate amount of liquid funds. To aid this process, the subsidiaries prepare regular liquidity forecasts.

The table below shows Loomis' liquidity reserve (cash and bank balances, short-term investments and the unused portion of granted credit facilities).

SEK m	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
Liquid funds	380	413	259
Credit facilities	874	939	1,042
	1,254	1,351	1,301

The table below presents an analysis of the Group's financial liabilities and net-settled derivative instruments comprising financial liabilities specified according to the time remaining from balance sheet date to the contractual maturity date. The amounts stated in the table are the contractual discounted cash flows which are the same as nominal liabilities, as the bank loans have variable interest rates and credit margins are assessed to be the same as would be obtained with a re-financing on closing date.

SEK m	Less than 1 year	Between 1 and 5 years	More than 5 years
December 31, 2012			
External bank loans	35	2,488	–
Accounts payable and other liabilities (of which derivatives)	868 (1)	77 –	– –
	904	2,566	–
December 31, 2011			
External bank loans	5	2,587	–
Accounts payable and other liabilities (of which derivatives)	897 (15)	84 –	– –
	902	2,671	–
December 31, 2010			
External bank loans	1,095	584	–
Accounts payable and other liabilities (of which derivatives)	1,037 (8)	45 –	– –
	2,132	629	–

Credit risk

Credit risk is the risk of loss if a counterparty is unable to fulfill their commitments. Credit risk is divided into credit risk in accounts receivable and financial credit risk.

Credit risks in accounts receivable

The value of the outstanding accounts receivable was SEK 1,336 million (1,342 and 1,243). Any provisions for losses are made following individual assessment and totaled SEK 37 million (34 and 26) as of December 31, 2012. Accounts receivable do not include any significant concentrations of credit risks. The Group's Contract Policy includes rules designed to ensure that customer credit management includes credit assessment, credit limits, decision levels and management of doubtful receivables to ensure that sales are made to customers with an appropriate creditworthiness. Further information about doubtful accounts receivables can be found in Note 22.

Financial credit risk

The Group has policies in place limiting the amount of credit exposure allowed to exist with any one financial institution or other counterparty. To limit credit risks, transactions take place primarily with financial institutions with a high official credit rating and with whom Loomis has a long-term customer relationship. The largest weighted exposure for all financial instruments to a single bank on the balance sheet date was SEK 138 million (256 and 89).

The table below shows the credit values of financial assets on the balance sheet date according to Standard & Poor's or according to a similar rating institute with equivalent credit ratings:

SEK m	December 31, 2012
A -1+	32
A -1	292
Other holdings	120
Total	444

Capital risk

The goal of the Group's capital structure is to continue to generate a high return on investments for shareholders, benefits for other stakeholders and to maintain an optimal capital structure in order to keep the cost of capital at a minimum. The capital structure can be adjusted according to the needs arising, through changes in dividends to shareholders, the repurchase of shares, new share issues, or by selling off assets to decrease liabilities. Evaluations regarding capital are based on relevant key figures, such as the proportion of net debt and shareholders' equity.

The table below shows how the Group's capital employed is distributed per currency (nominated in SEK m) and its financing, as of December 31, 2012:

SEK m	EUR	GBP	USD	Other currencies	Total foreign currencies	SEK	Total
Capital employed	1,442	717	3,370	186	5,714	49	5,764
Net debt	-665	-393	-1,753	-135	-2,946	786	-2,161
Net exposure	777	323	1,618	50	2,768	835	3,603

The table below shows the manner in which the Group's capital employed is distributed per currency (nominated in SEK m) and its financing, as of December 31, 2011:

SEK m	EUR	GBP	USD	Other currencies	Total foreign currencies	SEK	Total
Capital employed	1,266	694	3,440	222	5,621	-4	5,617
Net debt	-394	-346	-1,885	-143	-2,768	548	-2,220
Net exposure	872	347	1,555	79	2,853	544	3,397

The table below shows the manner in which the Group's capital employed is distributed per currency (nominated in SEK m) and its financing, as of December 31, 2010:

SEK m	EUR	GBP	USD ¹⁾	Other currencies	Total foreign currencies	SEK	Total
Capital employed	1,321	612	2,559	146	4,638	-83	4,555
Net debt	-512	-268	-1,067	-104	-1,951	520	-1,431
Net exposure	809	344	1,492	42	2,687	437	3,124

1) Loomis applied rules which made it possible to treat long-term internal loans as investments in its subsidiaries, which affected the net debt in USD by 160 million (equivalent to SEK 1,072 million as of December 31, 2010).

Note 6 cont.

Price risk

The Group is exposed to price risks related to the purchase of certain raw materials (mainly diesel). The Group limits these risks through customer contracts containing fuel surcharges or annual general price adjustments.

Fair value of assets and liabilities

There is no difference between the book values and estimated fair values of assets and liabilities in Loomis' balance sheet. The fair value of liabilities and currency swaps that are included as hedging instruments in the hedging of net investments amounts to SEK –1,596 million and SEK 5 million respectively.

Financial instruments

Financial derivative instruments, such as forward exchange agreements and interest rate swaps, are aimed at minimizing the financial risks to which Loomis is exposed and are also used to facilitate the management of the liability portfolio. These types of instruments are never used for speculation purposes. For accounting purposes, financial instruments are classified based on the categories of valuation stipulated in IAS 39. The table below shows Loomis' financial assets and liabilities, categories of valuation and the fair value for each item. During 2013, Loomis will continue to utilize derivative instruments to limit exposure to the financial risks mentioned in this Note.

Financial Instruments; reported values by category of valuation:

SEK m	IAS 39 Category	December 31, 2012	
		Book value	Fair value
Financial assets			
Interest-bearing financial fixed assets	1	63	63
Accounts receivable	1	1,299	1,299
Interest-bearing financial current assets	2,4	10	10
Liquid funds	1	380	380
Financial liabilities			
Current loans payable	2,4	1	1
Current loans payable	3	47	47
Long-term loans payable	3	2,566	2,566
Accounts payable	3	393	393

SEK m	IAS 39 Category	December 31, 2011	
		Book value	Fair value
Financial assets			
Interest-bearing financial fixed assets	1	63	63
Accounts receivable	1	1,308	1,308
Interest-bearing financial current assets	2,4	1	1
Liquid funds	1	413	413
Financial liabilities			
Current loans payable	2,4	15	15
Current loans payable	3	10	10
Long-term loans payable	3	2,671	2,671
Accounts payable	3	429	429

Categories

- 1: Loans receivable and other receivables, including accounts receivable
- 2: Financial assets valued at fair value via statement of income
- 3: Other financial liabilities
- 4: Available-for-sale assets and liabilities

Loomis' financial instruments are valued in accordance with the following levels:

- Unadjusted listed prices on active markets for identical assets or liabilities (level 1)
- Observed data for the asset or liability other than the listed prices included in level 1, either directly in accordance with listed prices or indirectly derived from listed prices (level 2)
- Data for the asset or liability that are not based on observable market data (level 3)

SEK m	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets at fair value via profit or loss				
– Derivative instruments held for trading	–	5	–	5
Available-for-sale financial assets				
– Derivative instruments used for hedging	–	4	–	4
Total assets	–	10	–	10
Financial liabilities				
Financial liabilities valued at fair value via profit or loss				
– Derivative instruments held for trading	–	1	–	1
Available-for-sale financial liabilities				
– Derivative instruments used for hedging	–	–	–	–
Total liabilities	–	1	–	1

SEK m	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets at fair value via profit or loss				
– Derivative instruments held for trading	–	0	–	0
Available-for-sale financial assets				
– Derivative instruments used for hedging	–	1	–	1
Total assets	–	1	–	1
Financial liabilities				
Financial liabilities valued at fair value via profit or loss				
– Derivative instruments held for trading	–	1	–	1
Available-for-sale financial liabilities				
– Derivative instruments used for hedging	–	14	–	14
Total liabilities	–	15	–	15

For further information regarding funds within cash operations, see Note 23.

NOTE 7 Transactions with related parties

Related parties are considered to include members of the Parent Company's Board of Directors, Group management and family members of these individuals. Related parties are also companies in which a significant portion of the votes are directly or indirectly controlled by these individuals, or companies in which these individuals can exercise a significant influence.

Transactions with related parties refer to administrative contributions and other revenue from subsidiaries, dividends from subsidiaries, interest income and interest expenses to and from subsidiaries, as well as receivables and payables to and from subsidiaries.

For information on the Parent Company's transactions with related parties refer to Note 38. For information on personnel costs in the Group, refer to Note 11.

NOTE 8 Segment reporting

According to IFRS 8.32, Segment information is to be reported for the revenues for each service or each group of similar services. For the segment Europe, revenues from Cash in Transit account for 66 percent of total revenue and Cash Management Services account for 34 percent. For the segment USA, Cash in Transit accounts for 76 percent of total revenue and Cash Management Services for 24 percent. Loomis actually has a service offering that is packaged in different manners so that the offering to the specific customer is certain to be most advantageous for the customer. For this reason, no additional information has been provided, as such information is considered to be covered in the reporting of the different geographical regions.

The most senior executive decision maker within Loomis has been identified as the CEO. It is the CEO who is responsible for the allocation of resources and the final assessment of the operating segments' income. Results as well as the development of assets and liabilities are followed up on by the operating segments Europe* and USA respectively. The outcome from this assessment is, then, reported to the CEO. 'Other' consists of the head office and the Parent Company, the risk management function and other functions managed at Group level and which are related to the Group as a whole. The results of these operations, as well as, the assets and liabilities, are included in the column 'Other'. No sales take place between segments.

The internal monitoring of earnings and financial position is reported in accordance with the same accounting principles as applied in Loomis' external reporting.

The assessment of the earnings of the operating segments is based on operating income before amortization of acquisition-related intangible assets, acquisition related costs and items affecting comparability, according to the manner in which Loomis reports its consolidated statement of income. Interest income and interest expenses are not allocated amongst the segments, but are transferred to 'Other' as these items are affected by measures taken by the Group's Treasury function. The same applies to taxes and tax-related items, as these are handled by a group-wide function.

The operating segments' assets and liabilities are allocated according to the segment's activities and the physical location of the assets and liabilities. Shares (classified as financial assets which can be sold or financial assets assessed at fair value via the statement of income) held by the Group are not considered to comprise segment assets, but are, rather, attributable to Treasury, and have, therefore, been included in 'Other' in the table below. The Group's interest-bearing liabilities are not considered to be segment liabilities and have, therefore, been included in 'Other' in the table below.

Segment information for the financial years 2012, 2011 and 2010, which is delivered to the executive managers of Europe and the USA, concerning those segments for which information is to be provided, can be found in the table below. This table also includes disclosures concerning selected earnings measures, as well as regards assets and liabilities for the segments.

Revenue from external customers in Sweden amounts to SEK 799 million (785 and 782), in the USA to SEK 4,405 million (4,039 and 4,009), and total revenue from external customers in other countries amounts to SEK 6,156 million (6,149 and 6,242). The distribution of revenue is based on the customer's country of residence. No single customer represents more than 5 percent of the total revenue.

Total fixed assets, apart from financial instruments and deferred tax assets which are located in Sweden, amount to SEK 181 million (180 and 181), in the USA to SEK 1,148 million (1,093 and 870), and the total for the fixed assets located in other countries amounts to SEK 1,536 million (1,614 and 1,558). Furthermore, there exist no other assets in conjunction with post-employment benefits or rights according to insurance agreements.

* Argentina is included in the European segment because the operations there are reported and followed up as part of the European segment.

Note 8 cont.

SEK m	Europe			USA			Other			Eliminations			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
Revenue, continuing operations	6,783	6,844	7,001	4,201	3,597	3,989	–	–	–	–	–	–	10,983	10,441	10,990
Revenue, acquisitions	172	90	23	204	442	19	–	–	–	–	–	–	376	532	43
Total revenue	6,955	6,934	7,024	4,405	4,039	4,009	–	–	–	–	–	–	11,360	10,973	11,033
Production expenses	–5,326	–5,360	–5,435	–3,454	–3,197	–3,075	–1	1	–6	–	–	–	–8,781	–8,556	–8,516
Gross income	1,629	1,574	1,588	950	842	934	–1	1	–6	–	–	–	2,579	2,417	2,516
Selling and administrative expenses	–893	–860	–899	–551	–547	–638	–116	–99	–96	–	–	–	–1,560	–1,506	–1,634
Operating income (EBITA)	736	714	689	400	295	296	–117	–97	–102	–	–	–	1,019	912	882
Amortization of acquisition-related intangible assets	–15	–11	–10	–14	–10	–7	–	–	–	–	–	–	–28	–21	–17
Acquisition-related costs	–42	–6	0	28	–33	0	–4	–2	0	–	–	–	–18	–42	0
Items affecting comparability	16	–44	–	–	–	–	–	–	–	–	–	–	16	–44	–
Operating income (EBIT)	695	653	680	414	251	289	–121	–99	–102	–	–	–	988	805	866
Net financial income/-expenses	–	–	–	–	–	–	–56	–62	–107	–	–	–	–56	–62	–107
Income before taxes	695	653	680	414	251	289	–177	–161	–209	–	–	–	932	743	759
Income tax	–	–	–	–	–	–	–282	–230	–262	–	–	–	–282	–230	–262
Net income for the year	695	653	680	414	251	289	–460	–391	–472	–	–	–	650	513	496
Segment assets															
Goodwill	1,048	912	877	2,354	2,459	1,800	–85	–91	–94	–	–	–	3,317	3,281	2,582
Other intangible assets	163	139	126	82	97	24	–	1	3	–	–	–	245	237	153
Fixed assets	1,704	1,783	1,728	1,148	1,093	870	13	12	12	–	–	–	2,865	2,887	2,610
Accounts receivable	966	940	951	350	375	298	3	2	0	–20	–9	–5	1,299	1,308	1,243
Other segment assets	224	214	198	118	106	79	231	264	355	–246	–267	–342	328	317	290
Undistributed assets															
Deferred tax	–	–	–	–	–	–	379	422	317	–	–	–	379	422	317
Current tax assets	–	–	–	–	–	–	100	141	80	–	–	–	100	141	80
Available-for-sale financial assets	–	–	–	–	–	–	63	63	29	–	–	–	63	63	29
Other financial assets valued at fair value via statement of income	–	–	–	–	–	–	390	413	278	–	–	–	390	413	278
Total assets	4,107	3,988	3,879	4,052	4,130	3,072	1,094	1,228	979	–267	–277	–347	8,986	9,069	7,582
Segment liabilities															
Accounts payable	257	277	227	141	154	108	15	7	10	–20	–9	–5	393	429	340
Accrued expenses and deferred income	708	714	734	193	209	181	10	7	21	–	–	–	911	929	937
Provision for pensions	318	327	316	–	–	–	–	–	–	–	–	–	318	327	316
Other current liabilities	270	280	242	262	276	363	22	25	42	–246	–267	–342	308	315	306
Undistributed liabilities															
Current loans payable	–	–	–	–	–	–	48	25	1,110	–	–	–	48	25	1,110
Long-term loans payable	–	–	–	–	–	–	2,566	2,671	629	–	–	–	2,566	2,671	629
Deferred tax liabilities	–	–	–	–	–	–	396	349	235	–	–	–	396	349	235
Current tax	–	–	–	–	–	–	74	169	166	–	–	–	74	169	166
Provisions for claims reserves	–	–	–	–	–	–	293	349	296	–	–	–	293	349	296
Other provisions and long-term liabilities	–	–	–	–	–	–	85	108	125	–	–	–	85	108	125
Shareholders' equity	–	–	–	–	–	–	3,595	3,397	3,123	–	–	–	3,595	3,397	3,123
Total liabilities and shareholders' equity	1,553	1,598	1,520	596	639	653	7,104	7,108	5,757	–267	–277	–347	8,986	9,069	7,582
Other information															
Investments, net	392	512	465	352	327	242	3	1	1	–	–	–	747	840	708
Depreciation and amortization	477	456	494	265	221	207	3	2	3	–	–	–	745	679	704

NOTE 9 Allocation of revenue

Revenue

The Group's revenue is generated from a range of cash handling services. These include Cash in Transit and Cash Management Services. Revenue from Cash Management Services is reported in the period in which it is earned, as the service is executed on a straight-line basis over the contract period. See Note 8 for further details.

Financial income and expenses

Interest income and borrowing costs are reported in the statement of income in the period to which they refer. Financial income and expenses are specified in Note 13.

NOTE 10 Operating expenses

Distribution of operating expenses by type

SEK m	Note	2012	as % of revenue	2011	as % of revenue	2010	as % of revenue
Personnel costs	11	6,638	58.4	6,465	58.9	6,573	59.6
Risk, claims and insurance expenses		272	2.4	299	2.7	339	3.1
Vehicle expenses		1,239	10.9	1,174	10.7	1,120	10.2
Costs of premises		559	4.9	538	4.9	561	5.1
Costs of technical equipment		307	2.7	283	2.6	281	2.5
Items affecting comparability		-16	-0.1	44	0.4	-	-
Other expenses		1,372	12.1	1,364	12.4	1,294	11.7
Total expenses by type		10,371	91.3	10,168	92.7	10,167	92.2

Costs of employee benefits

SEK m	Note	2012	2011	2010
Salaries and bonuses	11	5,188	5,070	5,124
Social security contributions	11	1,339	1,286	1,342
Pension costs – defined benefit plans	11, 30	23	36	26
Pension costs – defined contribution plans	11, 30	88	73	81
Total costs of employee benefits		6,638	6,465	6,573

Audit fees and other fees

SEK m	2012	2011	2010
PwC			
– Audit assignments	10	10	9
– Auditing activities other than audit assignments	3	1	1
– Tax Advice	5	5	3
– Other assignments	3	2	2
Total PwC	21	18	15

Audit assignments refers to fees for the statutory audit, that is, such work that has been necessary to undertake in order to issue the audit report, and the advisory services provided in conjunction with the audit assignment.

Operational leases and rental agreements

Lease expenses relating to operational lease agreements for buildings, vehicles and machinery and equipment during the year amounted to SEK 327 million (235 and 219). The nominal value of contractual future minimum leasing fees is distributed as follows:

SEK m	2012	2011	2010
Maturity < 1 year	285	235	215
Maturity 1–5 years	661	1,137	497
Maturity > 5 years	476	377	231
Total	1,422	1,749	942

Operational lease agreements refer primarily to buildings and office premises. The total cost for these in 2012 amounted to SEK 259 million (206 and 194), of the total cost of SEK 327 million (235 and 219).

Note 10 cont.

Financial leases and rental contracts

Paid leasing fees during the year regarding financial lease agreements for buildings, vehicles and machinery and equipment amounted to SEK 30 million (22 and 21). The statement of income has been charged with SEK 4 million (4 and 2) for interest expenses attributable to financial leases. The nominal value of contractual future minimum leasing fees is distributed as follows:

SEK m	2012	2011	2010
Maturity < 1 year	25	24	10
Maturity 1–5 years	52	65	41
Maturity > 5 years	–	–	–
Total	78	89	51

Financial leasing agreements refer primarily to buildings, vehicles (primarily vehicles used for cash transport), and technical equipment. Costs for these three categories amounted to SEK 28 million, of total costs of SEK 30 million. The corresponding costs for 2011 amounted to SEK 16 million and in 2010 to SEK 17 million. For further information on financial leasing, see Notes 19 and 28. Exchange rate differences included in operating income are immaterial. Exchange rate differences in net financial income/expenses are reported in Note 13.

Amortization of acquisition-related intangible assets, acquisition-related costs and items affecting comparability classified by function

The table below shows amortization of acquisition-related intangible assets, acquisition-related costs and items affecting

comparability classified by function. Earnings for 2012 include amortization of acquisition-related intangible assets of SEK –28 million which is included in Production expenses, and Acquisition-related costs totaling SEK –18 million, which is included in Production expenses of SEK –42 million and Selling and administrative expenses of SEK 24 million respectively. Earnings for 2012 also include an item affecting comparability of SEK 16 million relating to the reversal of part of the provision of SEK 59 million made in 2007 pertaining to overtime compensation paid in Spain. This item affecting comparability is included in Production expenses in 2012. For classification by function in previous years, see annual reports for the respective years.

SEK m	2012
Revenue, continuing operations	10,983
Revenue, acquisitions	376
Total revenue	11,360
Production expenses	–8,835
Gross income	2,525
Selling and administrative expenses	–1,536
Operating income (EBIT)	988
Financial income	16
Financial expenses	–73
Income before taxes	932
Income tax	–282
Net income for the year	650

NOTE 11 Personnel

Average number of full time equivalent employees distributed by gender

	Women			Men			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Europe	3,777	3,745	3,843	8,098	7,944	7,791	11,875	11,689	11,634
USA	1,814	1,799	1,571	5,759	6,023	5,261	7,573	7,822	6,832
Total	5,591	5,544	5,414	13,857	13,967	13,052	19,448	19,511	18,466

In 2012, the total number of Board Members and Presidents was 44 (44 and 40), of which 5 (5 and 4) were women.

Personnel costs: Board of Directors and Presidents

SEK m	Social security (of which Salaries contributions pensions)			Social security (of which Salaries contributions pensions)			Social security (of which Salaries contributions pensions)			(of which bonuses)		
	2012			2011			2010			2012	2011	2010
Europe	51	15	(2)	41	8	(3)	32	10	(3)	(10)	(9)	(6)
USA	7	0	(0)	9	0	(0)	10	0	(0)	(1)	(1)	(6)
Total	58	15	(2)	50	8	(3)	42	10	(3)	(11)	(10)	(12)

Also see Note 41 regarding the Parent Company.

Personnel costs: Other employees

SEK m	Social security (of which Salaries contributions pensions)			Social security (of which Salaries contributions pensions)			Social security (of which Salaries contributions pensions)		
	2012			2011			2010		
Europe	3,053	1,004	(82)	3,076	977	(75)	3,144	1,007	(68)
USA	2,077	431	(27)	1,944	410	(31)	1,938	433	(36)
Total	5,130	1,435	(109)	5,020	1,387	(106)	5,082	1,440	(104)

Total personnel costs: Board of Directors, Presidents, and other employees

SEK m	2012			2011			2010		
	Salaries	Social security contributions	(of which pensions)	Salaries	Social security contributions	(of which pensions)	Salaries	Social security contributions	(of which pensions)
Europe	3,104	1,019	(84)	3,117	985	(78)	3,176	1,016	(71)
USA	2,084	431	(27)	1,953	410	(31)	1,948	433	(36)
Total	5,188	1,450	(111)	5,070	1,395	(109)	5,124	1,449	(107)

See Note 30 for further information on the Group's pensions and other long-term employee benefits.

Remuneration to the President, Board of Directors, and Group management

The Chairman of the Board and board members receive remuneration as determined by the Annual General Meeting. Decisions on guidelines for salaries and other remuneration for the President and other members of Group management are taken by the Annual General Meeting based on proposals from the Board of Directors.

General principles for remuneration to the Board of Directors

Remuneration for Loomis' current board members was determined by the Annual General Meeting on May 8, 2012. The board members are appointed for the period until the 2013 Annual General Meeting. The fees outlined on page 64 represent remuneration reported for the financial year. For information on fees and how they are distributed between the board members, see the table on page 64. The President does not receive any board fee.

General principles for remuneration to the President and the Group management

Remuneration for the President and the other members of Group management consists of a fixed salary, variable remuneration, pension and insurance benefits and a company car.

The variable remuneration is based on performance in relation to earnings targets within the individual area of responsibility and is individually determined for each member of the Group management. The President's variable remuneration, within the framework of the Company's Annual Incentive Plan (AIP), is maximized at 60 percent of the fixed salary and maximized at 72 percent of the fixed salary for other members of Group management. Variable remuneration within the framework of the Company's Long-Term Incentive Plan (LTIP) is not to exceed 40 percent of the fixed annual salary for the President and 50 percent of the fixed annual salary for other members of the Group management. The Regional President of USA had a separate long-term agreement whereby the variable remuneration was based on Loomis' operating income (EBITA) in the USA for the 2012 financial year. The long-term agreement's outcome represented 51 percent of the fixed salary during the period July 1, 2009 – December 31, 2012.

If notice of termination is given by the Company, the President has the right to a period of notice of twelve months and severance pay equivalent to twelve monthly salaries, provided that the termination is not due to a gross breach of contract. If the President resigns, the period of notice is six months. The period of notice for the members of the Group management varies between zero and twelve months if notice is given by Loomis and between three and six months if the member resigns.

Five of the members of the Group management have the right to receive severance pay if notice is given by the Company equivalent to between 12 monthly salaries up to (in one case) currently 39 monthly salaries which may be increased to a maximum of 42 monthly salaries, depending on the number of years of service and according to local laws. As a general rule, severance pay is not payable if the member terminates his/her employment, unless the termination is due to a gross breach of contract on the part of Loomis.

During the notice period, the President is bound by a non-competition clause, unless termination is due to a gross breach of contract on the part of Loomis. Four of the other members of Group management are bound by a non-competition clause for one or two years after termination of employment. If the member resigns, instead of receiving severance pay, the member will be compensated for the difference between the fixed monthly salary at the time of termination and the lower level of income subsequently earned by the member. Compensation in the case of resignation is only payable if the member complies with the non-competition clause.

The President is entitled to a choice of defined contribution pension plans equivalent to 30 percent of fixed salary. Loomis has no other commitments to the President with respect to pension or sick pay.

Four of the Swedish members of the Group management are entitled to pension benefits in accordance with the ITP plan which includes alternative ITP for the portion of pensionable salary exceeding 7.5 base amounts. One of these members of the Group management is covered by ITP 2 and is therefore entitled to a defined contribution pension plan where the contribution amounts to 15 percent of the pensionable fixed salary exceeding 20 base amounts. When Swedish members of Group management are posted in the USA a pension provision is made in line with the US subsidiary's pension plans.

One member of Group management has no pension plan entitlement.

Incentive Scheme

On May 8, 2012, Loomis' Annual General Meeting resolved to introduce an incentive scheme (Incentive Scheme 2012), equivalent to the scheme adopted by the 2011 Annual General Meeting. Similar to the existing incentive scheme, the proposed incentive scheme involves two thirds of the variable remuneration being paid out in cash after the year it was earned. The remaining one third is used by Loomis AB to acquire treasury shares which will be allotted to the employees no later than June 30, 2014. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February, 2014. Loomis AB will not issue any new shares or similar instruments for this incentive scheme. The Company will instead acquire treasury shares through NASDAQ OMX Stockholm in spring 2013. This procedure involves no additional costs beyond the allotted bonus costs other than changes in social security contributions. The introduction of the incentive scheme enables managers within Loomis to become shareholders in the Group over time and will thereby increase participation in Loomis' success and development, which will benefit all of the shareholders. The incentive scheme covers 300 of Loomis' persons. In 2012 the cost of the share-related portion of the incentive scheme – the portion for which shares will be acquired – amounted to SEK 14 million. See also Note 27.

Note 11 cont.

Remuneration for 2012:

SEK	Fixed salary/ Remuneration to Board of Directors	Variable Remuneration ²⁾	Other benefits	Pension costs	Other remuneration	Total
Alf Göransson, Chairman ³⁾	575,000	–	–	–	–	575,000
Ulrik Svensson, Board Member ³⁾	383,333	–	–	–	–	383,333
Marie Ehrling, Board Member ³⁾	316,667	–	–	–	–	316,667
Jan Svensson, Board Member ³⁾	275,000	–	–	–	–	275,000
Signhild Arnegård Hansen, Board Member ³⁾	250,000	–	–	–	–	250,000
Lars Blecko, President ³⁾	5,789,361	3,678,586	66,966	1,703,999	–	11,238,912
Jarl Dahlfors, Executive Vice President ^{3) 4)}	4,337,780	1,086,879	1,336,722	91,365	–	6,852,746
Other members of management, 5 in total ^{1) 3)}	9,264,284	4,822,792	491,834	1,854,689	–	16,433,599
Total	21,191,425	9,588,257	1,895,522	3,650,053	–	36,325,257

- 1) Refers to Kenneth Högman, Marcus Hagegård (for the period January 1 to May 31), Anders Haker (for the period June 1 to December 31), Martti Ojanen and Georges López Periago.
- 2) Refers to variable remuneration and long-term bonus programs. In 2013, a total of SEK 13,912 thousand is to be paid whereof SEK 7,685 thousand has been earned and expensed in prior years. The remaining amount will be paid in future years.
- 3) For holdings of shares and warrants in Loomis, refer to pages 34 and 35. For the Incentive Scheme 2011, Lars Blecko will receive 2,831 shares, Jarl Dahlfors 0 shares, Kenneth Högman 1,295 shares, Marcus Hagegård 446 shares, Martti Ojanen 383 shares and Georges López Periago 5,151 shares in 2013.
- 4) Jarl Dahlfors had an LTIP based on operating income (EBITA) in the USA for the 2012 financial year. The outcome was lower than the previous year's provision and accordingly no LTIP compensation was charged to the 2012 earnings and an adjustment has been recorded in the table below for 2011. The accumulated recognized cost for the period 2009 – 2012 thus shows the actual outcome.

Remuneration for 2011:

SEK	Fixed salary/ Remuneration to Board of Directors	Variable Remuneration ²⁾	Other benefits	Pension costs	Other remuneration	Total
Alf Göransson, Chairman ³⁾	541,667	–	–	–	–	541,667
Ulrik Svensson, Board Member ³⁾	333,333	–	–	–	–	333,333
Marie Ehrling, Board Member ³⁾	283,333	–	–	–	–	283,333
Jan Svensson, Board Member ³⁾	258,333	–	–	–	–	258,333
Signhild Arnegård Hansen, Board Member ³⁾	233,333	–	–	–	–	233,333
Lars Blecko, President ³⁾	5,592,556	752,832	89,256	1,685,144	–	8,119,788
Jarl Dahlfors, Executive Vice President ^{3) 4)}	4,031,040	1,162,800	1,418,112	101,655	–	6,713,607
Other members of management, 4 in total ^{1) 3)}	8,032,827	3,052,648	573,420	1,922,234	–	13,581,129
Total	19,306,422	4,968,280	2,080,788	3,709,033	–	30,064,523

- 1) Refers to Kenneth Högman, Marcus Hagegård (for the period of June 1 to December 31), Georges López Periago and Ashley Bailey.
- 2) Refers to variable remuneration and long-term bonus programs. In 2012, a total of SEK 1,924 thousand is to be paid. The remaining amount will be paid in future years.
- 3) For holdings of shares and warrants in Loomis, refer to pages 34 and 35. For the Incentive Scheme 2010, Jarl Dahlfors will receive 7,156 shares, Georges López Periago 4,753 shares and Ashley Bailey 3,334 shares.
- 4) Jarl Dahlfors has an LTIP based on operating income (EBITA) in the USA for the 2012 financial year. A provision has been made for the year's portion based on the expected outcome and this is included in the column under the heading Variable remuneration.

Remuneration for 2010:

SEK	Fixed salary/ Remuneration to Board of Directors	Variable Remuneration ²⁾	Other benefits	Pension costs	Other remuneration	Total
Alf Göransson, Chairman	475,000	–	–	–	–	475,000
Ulrik Svensson, Board Member	300,000	–	–	–	–	300,000
Marie Ehrling, Board Member	250,000	–	–	–	–	250,000
Jan Svensson, Board Member	225,000	–	–	–	–	225,000
Signhild Arnegård Hansen, Board Member ¹⁾	133,333	–	–	–	–	133,333
Jacob Palmstierna, Board Member ¹⁾	66,667	–	–	–	–	66,667
Lars Blecko, President	5,405,992	–	121,001	1,596,591	–	7,123,584
Jarl Dahlfors, Executive Vice President ⁴⁾	4,320,000	5,909,537	1,094,422	113,299	–	11,437,258
Other members of management, 3 in total ²⁾	6,910,571	4,341,931	672,077	1,158,192	–	13,082,771
Total	18,086,563	10,251,468	1,887,500	2,868,082	–	33,093,613

- 1) Signhild Arnegård Hansen was appointed new Board member at the Annual General Meeting on April 29, 2010. At the same time, Jacob Palmstierna resigned from the Board.
- 2) Refers to Kenneth Högman, Georges López Periago and Ashley Bailey. Christian Lerognon left the Group Management during 2010 and his remuneration is excluded from Group management.
- 3) Refers to variable remuneration and long-term bonus programs.
- 4) Jarl Dahlfors has an LTIP based on operating income (EBITA) in the USA for the 2012 financial year. A provision has been made for the year's portion based on the expected outcome and this is included in the column under the heading Variable remuneration.

For information on share and warrant holdings, other Board assignments, etc., please refer to the section on the Board and Group management, pages 34–35.

Subscription warrants

At an Extraordinary General Meeting held on February 16, 2009, a decision was made to implement a subscription warrant program for approximately 90 senior executives and key employees, through the issue and transfer of subscription warrants entitling subscription to a maximum of 2,555,000 new Class B shares in Loomis AB.

In February 2009, a total of 2,347,050 subscription warrants were issued. The price for the subscription of shares based on these warrants was set, in connection with their allotment, at SEK 72.50. The rate is based on a market valuation of the subscription warrant, including the rate of issue (SEK 8.50), and has been fixed by an independent valuation institution, applying a generally accepted model for valuation (Black & Scholes).

In December 2009, 207,950 subscription warrants were issued. The rate for subscription to shares based on these warrants was set, in connection with their allotment, at SEK 72.50. The rate is based on a market valuation of the subscription warrant, including the rate of issue (SEK 14), and has been fixed by an independent valuation institution, applying a generally accepted model for valuation (Black & Scholes).

In 2010, Loomis exercised the right in accordance with the existing warrant clause to redeem 172,086 subscription war-

rants, as warrant holders had left the Loomis Group. The valuation of the redemption amounts of the subscription warrants has been made using the Black & Scholes valuation model. Of the redeemed subscription warrants, 122,250 have been allotted at the rate SEK 18.25.

In 2011, Loomis exercised the right according to the pre-emption clause to redeem 150,820 warrants, as warrant holders had left the Loomis Group. The valuation of the redemption amounts of the subscription warrants has been made using the Black & Scholes valuation model. Of the warrants that are in storage at the beginning of 2011 as well as the redeemed subscription warrants, 171,329 have been allotted on three occasions at the rates SEK 26 (26,029), SEK 24 (10,000) and SEK 12 (135,300).

In 2012, Loomis exercised its pre-emption right to redeem 244,492 warrants as the warrant holders had left the Loomis Group. The Black & Scholes valuation model was used to determine the redemption amount for the warrants.

Subscription to shares on the basis of these warrants can take place between March 1 – May 31, 2013.

Outstanding warrants	
Opening balance as of January 1, 2012	2,555,000
Opening balance of warrants in own custody	-28,915
Return of unused warrants	-244,492
Warrants in own custody	273,407
Closing balance as of December 31, 2012	2,555,000

NOTE 12 Depreciation, amortization and impairment

SEK m	2012	2011	2010
Acquisition-related intangible assets	28	21	17
Other intangible assets	19	17	17
Buildings	17	15	15
Machinery and equipment	681	626	655
(of which for machinery and equipment attributable to financial leasing)	(17)	(18)	(36)
Total depreciation, amortization and impairment	745	679	704

Depreciation, amortization and impairment for the year are reported in the statement of income as follows:

SEK m	2012	2011	2010
Production expenses	635	575	604
Selling and administrative expenses	82	83	83
Acquisition-related intangible assets	28	21	17
Total depreciation, amortization and impairment	745	679	704

Impairment testing on Goodwill is reported in Note 15.

NOTE 13 Financial income and expenses, net

SEK m	2012	2011	2010
Interest income	13	16	3
Exchange rate differences, net ¹⁾	3	-	-
Other financial income	0	-	-
Financial income	16	16	3
Interest expenses	-66	-69	-104
(of which interest expenses for financial leasing)	(-4)	(-4)	(-3)
Bank charges	-7	-7	-5
Exchange rate differences, net ¹⁾	-	-1	-1
Other financial expenses	-	-1	0
Financial expenses	-73	-78	-110
Financial income and expenses, net	-56	-62	-107

1) Exchange rate differences included in operating income are reported in Note 10.

NOTE 14 Income tax**Statement of income****Tax expenses**

SEK m	2012	%	2011	%	2010	%
Tax on income before taxes						
– current taxes	–198	–21.3	–216	–29.0	–194	–25.6
– deferred taxes	–84	–9.0	–14	–1.9	–68	–9.0
Total tax expenses	–282	–30.3	–230	–30.9	–262	–34.6

Total tax rate on income before taxes amounted to –30.3 percent (–30.9 and –34.6 respectively). Further details regarding tax expenses are shown in the table below.

SEK m	2012	%	2011	%	2010	%
Tax based on Swedish tax rates	–245	–26.3	–195	–26.3	–200	–26.3
Difference between tax rates in Sweden and weighted tax rates for foreign subsidiaries	–16	–1.7	–31	–4.2	–81	–10.7
Non-deductible expenses/non-taxable income, net	–22	–2.3	–3	–0.4	18	2.4
Total tax expenses	–282	–30.3	–230	–30.9	–262	–34.6

In 2012, there has been no major change in tax rates in the countries in which Loomis conducts the majority of its business operations, except for the UK where the corporate tax rate was lowered by 2 percentage points as of April 1, 2012. In 2010, the tax rate was negatively impacted by a new tax legislation which was introduced in France. A tax in France, previously recognized in operating income, was replaced by a new tax that consists of two components. Loomis determined, in accordance with IAS 12, that one of these components should be classified as a tax in order to achieve comparability with similar taxes in other countries in the Group.

The corporate tax rates in the countries in which Loomis has significant business operations are as follows:

%	2012	2011	2010
USA	40	40	40
Spain	30	30	30
France	33	33	33
Sweden	26	26	26
UK	25	27	28

Balance sheet

Deferred tax assets and deferred tax liabilities were attributable to:

	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Deferred tax assets, SEK m			
Machinery and equipment	95	104	99
Pension provisions and personnel-related liabilities	170	166	157
Liability insurance related claims reserves	34	40	35
Provisions for restructuring	6	6	6
Loss carry forward	60	101	12
Other temporary differences	34	27	34
Total deferred tax assets	398	444	343
Netting	–19	–22	–26
Deferred tax assets, net	379	422	317
Deferred tax liabilities, SEK m			
Pension provisions and personnel-related liabilities	1	0	0
Machinery and equipment	215	234	140
Other temporary differences	144	97	108
Intangible fixed assets	55	40	13
Total deferred income tax liabilities	415	371	261
Netting	–19	–22	–26
Deferred tax liabilities, net	396	349	235
Deferred tax assets/tax liabilities, net	–17	73	82

Change analysis

SEK m	Machinery and equipment	Pension provisions and personnel related liabilities	Liability insurance related claims reserves	Provision for restructuring	Intangible fixed assets	Loss carry forward	Other temporary differences	Total deferred tax	Total deferred tax
								2012	2011
Deferred tax assets								444	343
Opening balance	104	166	40	6	–	101	27	444	343
Change reported in statement of income	–4	–5	–4	0	–	–36	–13	–62	74
Change due to new-tax rates	–3	–1	–	–	–	–	–	–4	0
Change due to reclassification	–	–	–	–	–	–	0	0	13
Change due to foreign currency effects	–2	–6	–2	0	–	–5	–1	–17	7
Change reported in shareholders' equity	–	16	–	–	–	–	6	23	7
Change due to acquisitions	–	–	–	–	–	–	14	14	1
Closing balance	95	170	34	6	–	60	34	398	444
Change during the year	–9	4	–6	0	–	–41	6	–46	102
Deferred tax liabilities								372	261
Opening balance	234	0	–	–	40	–	97	372	261
Change reported in statement of income	–10	0	–	–	16	–	2	9	87
Change due to new tax rates	0	–	–	–	0	–	7	7	1
Change due to reclassification	0	–	–	–	0	–	–	0	13
Change due to foreign currency effects	–12	0	–	–	–2	–	–1	–15	7
Change reported in shareholders' equity	0	–	–	–	–	–	32	32	2
Change due to acquisitions	4	–	–	–	0	–	6	10	0
Closing balance	215	1	–	–	55	–	144	415	371
Change during the year	–18	1	–	–	14	–	47	43	111

Of deferred tax assets of SEK 398 million, a total of SEK 280 million is expected to be realized within 12 months. Of deferred tax liabilities of SEK 415 million, a total of SEK 19 million is expected to be realized within 12 months.

Current tax assets/tax liabilities	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Current tax assets	100	141	80
Current tax liabilities	–74	–169	–166
Current tax assets/tax liabilities, net	25	–28	–86

Loss carry forward

Loomis' subsidiaries in Austria, the Czech Republic, Denmark, Slovakia, Slovenia, Switzerland, Turkey, the UK and USA had, as of December 31, 2012, tax loss carry forwards amounting to SEK 363 million. The total loss carry forward amount as at December 31, 2011, was SEK 854 million and as at December 31, 2010, SEK 575 million.

The Group has made the assessment that the loss carry forwards in Austria, the Czech Republic, USA and some of

the loss carry forwards in Denmark can be reclaimed, as the earnings trend is positive and the carry forwards have, therefore, been capitalized in the balance sheet. These loss carry forwards amount to a total of SEK 178 million and the value of the capitalized loss carry forwards amounts to SEK 60 million. Some of Loomis' loss carry forward amounts have time limits. Certain loss carry forwards have not, to date, been settled in the Company's tax returns.

NOTE 15 Acquisition and divestment of subsidiaries and impairment testing

Acquisitions undertaken in 2012:

SEK m	Purchase price	Goodwill	Acquisition related intangible assets	Operating capital employed	Total capital employed
Oregon Armored Service Inc., USA ⁵⁾	50 ¹⁾	32 ²⁾	3	15	50
Efectivox, Spanien ⁵⁾	180 ¹⁾	123 ³⁾	15	42	180
Vigencia, Argentina ⁵⁾	78 ¹⁾	62 ⁴⁾	11	5	78
Total	308	217	29	62	308

1) The purchase price translated to SEK million at the acquisition date. The purchase price includes recognized deferred considerations of around SEK 16 million due in 2015 if certain contractual criteria are met, e.g. regarding sales volume and earnings, as well as deferred payments of around SEK 8 million due in 2013. The deferred considerations are recognized based on the best assessment and represent the outcome if 100 percent were to be achieved.

2) Reported goodwill is primarily attributable to synergy effects. Any impairment losses recognized are not tax deductible.

3) Reported goodwill is attributable to geographical expansion and synergy effects. Any impairment losses recognized are not tax deductible.

4) Reported goodwill is attributable to geographical expansion. Any impairment losses recognized are not tax deductible.

5) The acquisition analyses are subject to final adjustment up to one year after the acquisition date.

Oregon Armored Service Inc., USA

Loomis has acquired the shares in the US company Oregon Armored Service Inc. The purchase price amounted to SEK 50 million (USD 7 million). The acquired operations were consolidated by Loomis as of January 1, 2012.

Acquisition of Oregon Armored Service Inc., USA

Summarized balance sheet as of the acquisition date, January 1, 2012.

SEK m	Fair value acquisition balance
Operating fixed assets	5
Accounts receivable	6
Other assets	4
Other liabilities	-4
Total operating capital employed	10
Goodwill	32
Other acquisition-related intangible assets	3
Other capital employed	0
Total capital employed	45
Net debt	5
Total acquired net assets	50
Purchase price paid	48
Deferred payment	2
Total purchase price	50
Purchase price paid	-48
Liquid funds in accordance with acquisition analysis	5
Total negative impact on the Group's liquid funds	-43

The acquisition of Oregon Armored Service Inc. has further strengthened Loomis' presence in the Oregon market. The acquisition has contributed approximately SEK 34 million to total revenue and approximately SEK 5 million to net income for the year.

The total transaction costs for the acquisition amount to SEK 3 million and are recognized as acquisition-related costs.

Efectivox, Spanien

Loomis' Spanish subsidiary has acquired the shares in the Spanish cash handling company Efectivox. The purchase price amounted to SEK 180 million (EUR 20 million). The acquired operations were consolidated by Loomis as of March 14, 2012.

Acquisition of Efectivox, Spanien

Summarized balance sheet as of the acquisition date, March 14, 2012.

SEK m	Fair value acquisition balance
Operating fixed assets	58
Accounts receivable	74
Other assets	-
Other liabilities	-41
Total operating capital employed	91
Goodwill	123
Other acquisition-related intangible assets	15
Other capital employed	-25
Total capital employed	204
Net debt	-24
Total acquired net assets	180
Purchase price paid	180
Total purchase price	180
Purchase price paid	-180
Total negative impact on the Group's liquid funds	-180

As a result of the structural changes in the Spanish banking sector in recent years, there is now an increased requirement for cash handling companies to operate on a nationwide basis. This acquisition has enabled Loomis to offer cash handling services throughout the Spanish mainland. The acquisition contributed approximately SEK 89 million to Loomis' total revenue and approximately SEK -31 million to net income for the year. If consolidated as of January 1, 2012, the acquisition would have contributed approximately SEK 114 million to total revenue and approximately SEK -46 million to net income for the year.

The total transaction costs for the acquisition amount to SEK 5 million and are recognized on the line "Acquisition-related costs" in the statement of income for 2011.

Vigencia, Argentina

Loomis' Spanish subsidiary has acquired the shares in the Argentinean cash handling company Vigencia. The purchase price amounted to SEK 78 million (ARS 51 million). The acquired operations were consolidated by Loomis as of April 1, 2012.

Acquisition of Vigencia, Argentina

Summarized balance sheet as of the acquisition date, April 1, 2012.

	Fair value acquisition balance
SEK m	
Operating fixed assets	2
Accounts receivable	9
Other assets	1
Other liabilities	-8
Total operating capital employed	4
Goodwill	62
Other acquisition-related intangible assets	11
Other capital employed	-5
Total capital employed	72
Net debt	6
Total acquired net assets	78
Purchase price paid	56
Deferred payment	6
Deferred consideration	16
Total purchase price	78
Purchase price paid	-56
Liquid funds in accordance with acquisition analysis	7
Total negative impact on the Group's liquid funds	-49

The operations are mainly concentrated to the Buenos Aires region. The acquisition, which is Loomis' first outside Europe and the USA, marks the start of a broader expansion in Latin America. The acquisition has contributed approximately SEK 54 million to total revenue and approximately SEK 4 million to net income for the year. If consolidated as of January 1, 2012, the acquisition would have contributed approximately SEK 69 million to total revenue and approximately SEK 4 million to net income for the year.

The total transaction costs for the acquisition amount to SEK 3 million and are recognized on the line "Acquisition-related costs."

Other acquisitions

In May 2011, Loomis acquired assets and customer contracts relating to the cash handling operations of the US company Pendum LLC. The purchase agreement contained a clause on compensation for any loss of volume from the contracts that Loomis took over. In 2012, Loomis received a repayment installment of SEK 33 million from the purchase price, equivalent to USD 4.9 million. This repayment has been reported as a reduction of the item "Acquisition-related costs" in the statement of income. Negotiation on possible additional repayment had not been concluded as of the balance sheet date.

As of December 31, 2012, the Group as a whole had deferred payments totaling SEK 10 million and deferred considerations totaling SEK 22 million. The deferred payments are due in 2013, while the deferred consideration are due in 2015 and later.

Impairment testing

For the purpose of impairment testing, assets are allocated to the lowest levels for which there are identifiable cash flows (cash generating units), i.e. by country or two neighboring coun-

tries where there are integrated operations under joint management. Goodwill as of December 31, 2012 divided between the cash generating units breaks down as follows:

	WACC, %	Goodwill, SEK m		
		Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
France	7.4 (7.7, 7.6)	319	331	333
UK	7.6 (7.1, 8.2)	153	155	151
Portugal	10.1 (13.4, 7.6)	1	1	1
Switzerland	8.2 (6.1, 6.8)	4	4	4
Spain	9.3 (9.1, 7.6)	373	263	265
Sweden	6.7 (6.6, 7.7)	11	11	11
Czech Republic	11.2 (8.0, n/a)	17	17	17
Turkey	18.0 (n/a, n/a)	26	39	-
Argentina	n/a (n/a, n/a)	60	-	-
USA	7.6 (6.9, 7.9)	2,354	2,459	1,800
Total		3,317	3,281	2,582

Goodwill is tested on an annual basis for impairment. When impairment is indicated, the impairment loss to be recognized is the amount by which the book value exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. The value in use is the present value of the estimated future cash flows. The cash flows are based on financial plans established by Group management and approved by the Board of Directors that normally cover a period of five years. Cash flows beyond this period have been extrapolated using an estimated growth rate. Wherever possible, Loomis uses external sources of information (e.g. Retail Banking Research); however, past experience is also important as there are no official indexes or similar information that can be used directly as a basis for assumptions and assessments made in connection with impairment testing.

The calculation of value in use is based on assumptions and assessments. The most important assumptions relate to organic growth, development of the operating margin, utilization of operating capital employed and the relevant WACC (weighted average cost of capital) rate used to discount future cash flows. The discount rates used are stated before tax and reflect specific risks that apply to the various cash generating units. The assumptions and assessments on which impairment testing is based are summarized below (broken down by Loomis' operating segments):

%	Estimated growth rate beyond forecasted period	WACC
Europe	2.0* (2.0, 2.0)	6.7-18.0
USA	2.0 (2.0, 2.0)	7.6

Impairment testing of all cash-generating units** was carried out in the third quarter of 2012. The results of the impairment testing showed that there are no goodwill impairment losses to be recognized.

As of the balance sheet date, a sensitivity analysis of the estimated value in use was carried out in the form of a general reduction of 0.5 percentage points of the organic growth and operating margin for the forecast period, and a general increase in the WACC of 0.5 percentage points. The sensitivity analysis did not indicate the need for an impairment loss to be recognized.

*) For all cash generating units, except Turkey, an annual estimated growth rate of 2.0 percent is used beyond the forecast period. For Turkey a rate of 5 percent is used as this is in line with the Turkish central bank's inflation target.

**) The value of the Argentinean unit was assessed in connection with the acquisition on April 1, 2012.

NOTE 16 Goodwill

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Opening balance	3,281	2,582	2,760
Acquisitions	217	569	35
Exchange rate differences	-181	130	-213
Closing accumulated balance	3,317	3,281	2,582
Opening impairment losses	-	-	-
Eliminated in conjunction with liquidation	-	-	-
Closing accumulated impairment losses	-	-	-
Closing residual value	3,317	3,281	2,582
Goodwill distributed by operating segment:			
USA	2,354	2,459	1,800
Europe	963	822	782
Total	3,317	3,281	2,582

NOTE 17 Acquisition-related intangible assets

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Opening balance	276	184	154
Acquisitions	29	79	45
Disposals/write-offs	-	-1	-
Exchange rate differences	-7	14	-15
Closing accumulated balance	298	276	184
Opening amortization	-121	-97	-89
Amortization for the year	-28	-21	-17
Exchange rate differences	4	-3	9
Closing accumulated amortization	-145	-121	-97
Closing residual value	153	155	87

Acquisition-related intangible assets consist of contract portfolios.

NOTE 18 Other intangible assets

SEK m	Licenses	Tenancy rights	Other intangible	Total
			assets	
Dec. 31, 2012				
Opening balance	192	0	2	194
Acquisitions	3	–	–	3
Capital expenditures	29	–	–	29
Disposals/write-offs	–1	–	–	–1
Reclassifications	–1	–	–	–1
Exchange rate differences	–6	0	–0	–6
Closing accumulated balance	216	0	1	218
Opening amortization	–110	0	–2	–112
Disposals/write-offs	1	–	–	1
Amortization for the year	–19	–	–	–19
Reclassifications	0	–	–	0
Exchange rate differences	5	0	0	5
Closing accumulated amortization	–123	0	–1	–125
Closing residual value	93	0	0	93

SEK m	Licenses	Tenancy rights	Other intangible	Total
			assets	
Dec. 31, 2011				
Opening balance	150	0	2	152
Capital expenditures	23	–	–	23
Disposals/write-offs	0	–	–	0
Reclassifications	18	–	–	18
Exchange rate differences	0	0	0	0
Closing accumulated balance	192	0	2	194
Opening amortization	–84	0	–2	–86
Disposals/write-offs	0	–	–	0
Amortization for the year	–17	–	–	–17
Reclassifications	–10	–	–	–10
Exchange rate differences	1	0	0	1
Closing accumulated amortization	–110	0	–2	–112
Closing residual value	82	0	0	82

SEK m	Licenses	Tenancy rights	Other intangible	Total
			assets	
Dec. 31, 2010				
Opening balance	120	1	2	123
Capital expenditures	18	–	–	18
Disposals/write-offs	0	0	–	0
Reclassifications	30	–	–	30
Exchange rate differences	–18	0	0	–18
Closing accumulated balance	150	0	2	152
Opening amortization	–80	0	–2	–82
Disposals/write-offs	0	–	–	0
Amortization for the year	–17	–	–	–17
Reclassifications	–1	–	–	–1
Exchange rate differences	13	0	0	14
Closing accumulated amortization	–84	0	–2	–86
Closing residual value	66	0	0	66

NOTE 19 Tangible fixed assets

SEK m	Buildings and land		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Opening balance	415	391	441
Acquisitions	18	1	3
Capital expenditure	12	17	7
Disposals/write-offs	-16	-1	-2
Reclassifications	10	3	-6
Exchange rate differences	-19	3	-51
Closing accumulated balance	420	415	391
Opening depreciation	-158	-141	-154
Disposals/write-offs	0	-	1
Reclassifications	-1	0	4
Depreciation for the year	-17	-15	-15
Exchange rate differences	9	-2	22
Closing accumulated depreciation	-167	-158	-141
Closing residual value	253	257	250

SEK m	Machinery and equipment		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Opening balance	7,359	6,648	6,900
Acquisitions	46	83	11
Capital expenditure	752	821	690
Disposals/write-offs	-146	-218	-284
Reclassifications	-13	-71	-23
Exchange rate differences	-283	97	-646
Closing accumulated balance	7,715	7,359	6,648
Opening depreciation	-4,729	-4,288	-4,310
Disposals/write-offs	117	190	252
Reclassifications	1	60	-3
Depreciation for the year	-681	-627	-655
Exchange rate differences	189	-64	428
Closing accumulated depreciation	-5,103	-4,729	-4,288
Closing residual value	2,612	2,630	2,360

The closing residual value of land included in Buildings and land above amounted to SEK 60 million (61 and 61).

Machinery and equipment comprises vehicles, equipment, security equipment (including alarm systems) and IT and telecom equipment. No impairment has been undertaken.

The tangible fixed assets reported above include assets made available under financial lease agreements as specified below.

There are limits on the right of disposal for assets held by Loomis through financial leases. See Note 28 for further information regarding financial lease agreements.

SEK m	Buildings		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Opening balance	45	45	51
Exchange rate differences	-2	0	-6
Closing accumulated balance	43	45	45
Opening depreciation	-18	-16	-15
Depreciation for the year	-2	-2	-3
Exchange rate differences	1	0	2
Closing accumulated depreciation	-19	-18	-16
Closing residual value	24	27	29

Financial lease agreements SEK m	Machinery and equipment		
	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Opening balance	141	225	238
Acquisitions	31	59	1
Capital expenditure	14	15	16
Disposals/write-offs	-20	-157	-6
Exchange rate differences	-4	-1	-24
Closing accumulated balance	162	141	225
Opening depreciation	-55	-190	-191
Acquisitions	0	-	-1
Disposals/write-offs	17	156	4
Depreciation for the year	-40	-22	-24
Exchange rate differences	1	1	21
Closing accumulated depreciation	-77	-55	-190
Closing residual value	85	86	35

NOTE 20 Interest-bearing financial fixed assets

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Long-term external investments	63	63	29
Total interest-bearing financial fixed assets	63	63	29

The amount consists of pension commitments (see Note 30) for which bonds have been provided as security in a total of SEK 6 million (7 and 7), and also refers to the fact that the insurance company in Ireland has deposited a portion of its assets with

an external counterparty, according to a authority directive, of SEK 57 million (55 and 25). For additional information regarding financial instruments, refer to Note 6.

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Opening balance	63	29	46
New investments/disposals	0	34	-16
Exchange rate differences	0	0	-1
Closing balance	63	63	29

NOTE 21 Other long-term receivables

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Long-term rent deposits	25	27	23
Other long-term receivables	12	10	5
Total other long-term receivables	37	37	28

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Opening balance	37	28	28
Other changes	1	9	4
Translation differences	-1	0	-4
Closing balance	37	37	28

NOTE 22 Accounts receivable

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Accounts receivable before deduction of provisions for bad debt losses	1,336	1,342	1,269
Provision for bad debt losses, net	-37	-34	-26
Total accounts receivable	1,299	1,308	1,243

Bad debt losses for the year amounted to SEK 8 million (5 and 12), net.

Note 22 cont.

Ageing analysis for overdue accounts receivable

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Maturity date <30 days	249	264	250
Maturity date 30–90 days	64	67	66
Maturity date >90 days	61	44	47
Total overdue accounts receivable	374	375	363

NOTE 23 Other current receivables

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Funds within cash processing operations (net) ¹⁾	37	37	14
Other current receivables	53	40	34
Total other current receivables	90	77	48

1) Excluding consignment stocks of money.

The item "Other current receivables" above refers primarily to current receivables relating to VAT.

As part of its cash processing operations, Loomis stores consignment stocks of money for third parties. Consignment stocks of money are reported by the other parties and not by

Loomis. To finance certain parts of its operations, Loomis uses loan financing in the form of overdraft facilities. These overdraft facilities are recognized net against stocks of money. Financing costs relating to this loan financing amount to SEK 7 million (5 and 7) and are recognized as production expenses.

Funds within cash processing operations

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Stocks of money	822	1,054	1,069
Prepayments from customers and receivables on customers	560	453	202
Liabilities related to prepayments from customers and liabilities to customers	-1,084	-864	-939
Overdraft facility related to cash processing operations	-261	-606	-317
Funds within cash processing operations (net)	37	37	14

To read a description of the Group's risk exposure relating to financial instruments, refer to Note 6.

NOTE 24 Prepaid expenses and accrued income

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Prepaid expenses for insurance and risk management	15	30	46
Prepaid rent	21	22	21
Prepaid leasing fees	1	1	1
Prepaid suppliers' invoices	1	1	7
Other prepaid expenses	156	144	127
Other accrued income	7	5	12
Total prepaid expenses and accrued income	201	203	214

NOTE 25 Interest-bearing financial current assets

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
External investments	10	1	19
Total interest-bearing financial current assets	10	1	19

A description of the Group's risk exposure relating to financial instruments can be found in Note 6.

NOTE 26 Liquid funds

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Cash and bank balances	380	413	203
Short-term bank investments	0	0	57
Total liquid funds¹⁾	380	413	259

1) Liquid funds include interest-bearing current assets with a term of less than 90 days.

NOTE 27 Shareholder's equity and comprehensive income

SEK m	Shareholders' equity attributable to the owners of the Parent Company				
	Share capital ¹⁾	Other capital contributed	Other reserves ²⁾	Retained earnings including net income for the year	Total
Opening balance, January 1, 2010	365	4,441	419	-2,095	3,129
Comprehensive income					
Net income for the year	-	-	-	496	496
Other comprehensive income					
Actuarial gains and losses	-	-	-	-132	-132
Tax effect on actuarial gains and losses	-	-	-	38	38
Cash flow hedges	-	-	-	-1	-1
Tax effect cash flow hedges	-	-	-	0	0
Exchange rate differences	-	-	-224	-	-224
Total other comprehensive income	-	-	-224	-95	-320
Total comprehensive income	-	-	-224	401	177
Transactions with shareholders					
Dividend for 2009	-	-	-	-193	-193
Share-related remuneration ⁴⁾	-	-	11	-	11
Total transactions with shareholders	-	-	11	-193	-182
Opening balance, January 1, 2011	365	4,441	206	-1,888	3,123
Comprehensive income					
Net income for the year	-	-	-	513	513
Other comprehensive income					
Actuarial gains and losses	-	-	-	-42	-42
Tax effect on actuarial gains and losses	-	-	-	12	12
Cash flow hedges	-	-	-	4	4
Exchange rate differences ³⁾	-	-	43	-	43
Total other comprehensive income	-	-	43	-26	17
Total comprehensive income	-	-	43	487	530
Transactions with shareholders					
Dividend for 2010	-	-	-	-256	-256
Share-related remuneration ⁴⁾	-	-	-1	-	-1
Total transactions with shareholders	-	-	-1	-256	-257
Opening balance, January 1, 2012	365	4,441	248	-1,657	3,397
Comprehensive income					
Net income for the year	-	-	-	650	650
Other comprehensive income					
Actuarial gains and losses	-	-	-	-50	-50
Tax effect on actuarial gains and losses	-	-	-	16	16
Cash flow hedges	-	-	-	3	3
Exchange rate differences ³⁾	-	-	-144	-	-144
Revaluation contingent consideration ⁶⁾	-	-	33	-	33
Tax effect on revalued contingent consideration ⁶⁾	-	-	-13	-	-13
Contingent consideration (net) recycled to the statement of income ⁶⁾	-	-	-20	-	-20
Total other comprehensive income	-	-	-144	-31	-175
Total comprehensive income	-	-	-144	619	475
Transactions with shareholders					
Dividend for 2011	-	-	-	-273	-273
Share-related remuneration ⁵⁾	-	-	-4	-	-4
Total transactions with shareholders	-	-	-4	-273	-277
Closing balance, December 31, 2012	365	4,441	100	-1,311	3,595

1) Parent Company shares issued consist of both Class A and Class B shares. One Class A share carries ten votes and one Class B share one vote.

2) Other reserves refer to translation differences, share-related remuneration and revaluation of contingent considerations.

3) Includes translation of hedging instruments used to hedge net investments.

4) Refers to the expensed portion of Loomis' share-related incentive schemes in the statement of income, as described in Note 11, of SEK 12 million and as of December 31, 2011, 124,109 repurchased shares. Of the repurchased shares, 119,464 shares were acquired for an average price of SEK 98.06/share and the remaining 4,645 shares were repurchased for an average price of SEK 90.00/share.

5) Refers to the expensed portion of Loomis share-related incentive schemes in the statement of income, as described in Note 11, of SEK 14 million. During the year 70,872 shares were allotted to the employees under the share-related Incentive Scheme 2010, and 79,081 shares were repurchased for Incentive Scheme 2011. The shares repurchased in 2012 were acquired for an average price of SEK 93.35/share. The total holding of repurchased shares as of December 31, 2012 was 132,318.

6) Refers to revaluation of contingent consideration for the acquisition of Pendum's cash handling operations. A repayment installment has since been received and recycled to the statement of income and therefore, the impact on other comprehensive income is nil.

The number of shares issued as of December 31, 2012 was 73,011,780 with a quotient value of 5. For more information on changes in the number of issued shares and distribution between Class A and Class B shares, see Note 51. As of December 31, 2012 Loomis was holding 273,407 of its own warrants.

NOTE 28 Loans payable and financial leases

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Long-term loans payable			
Liabilities, financial leases	66	84	45
Bank loans	1,941	2,008	1
Bond loans	558	580	583
Total long-term loans payable	2,566	2,671	629
Current loans payable			
Liabilities, financial leases	11	5	7
Derivatives	1	15	8
Bank loans	35	5	1,095
Total current loans payable	48	25	1,110
Total loans payable	2,614	2,696	1,738

Liabilities, financial leases – minimum lease payments	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Maturity < 1 year	12	5	7
Maturity 1–5 years	76	95	51
Maturity >5 years	–	–	–
Total	88	100	58
Future financial expenses for financial leases	–10	–11	–7
Total present value of liabilities for financial leases	78	89	51

Present value of liabilities for financial leases	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Maturity < 1 year	25	24	10
Maturity 1–5 years	52	65	41
Maturity >5 years	–	–	–
Total present value of liabilities for financial leases	78	89	51

NOTE 29 Provisions for claims reserves

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Long-term provisions for claims reserves	170	185	203
Short-term provision for claims reserves	123	164	93
Total provisions for claims reserves	293	349	296

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Opening balance	349	296	328
New provisions	163	272	144
Utilized amount and unutilized provisions	–204	–225	–161
Translation difference	–15	6	–15
Closing balance	293	349	296

Claims reserves are calculated based on a combination of reported claims and incurred but not reported claims. Actuarial calculations are performed on a quarterly basis to assess the adequacy of the reserves. There is a certain degree of uncertainty regarding dates for future payments. Considering this

uncertainty, it is not possible to specify any detailed information regarding the date for future payments from Claims reserves. See Notes 2 and 4 for further information.

NOTE 30 Provisions for pensions and similar commitments

The Group operates, or participates in other ways, in a number of defined benefit and defined contribution pension plans and other long-term employee benefit plans throughout the world. These plans are structured in accordance with local rules and practices. The overall cost of these plans for the Group is reported in Note 10.

UK

There is a funded defined benefit plan in the UK in which the assets are held separately from those of the employer. The plan provides benefits linked to members' service and final salary. During 2010, there was a change in legislation whereby pension benefits provided from the defined benefit plan will, in the future, be revalued prior to retirement in line with the Consumer Price Index, rather than the Retail Price Index. The impact of this change, a liability reduction of approximately SEK 24 million, was accounted for as an actuarial gain in Other comprehensive income during 2010. The defined benefit plan in the UK has, during the first quarter 2013, been closed for future accrual. The companies in the UK also participate in various defined contribution solutions.

Sweden

Blue-collar employees are covered by the SAF-LO collective pension plan, an industry-wide, multi-employer defined contribution arrangement. Professional employees are covered by the ITP plan, which is also an industry-wide, multi-employer plan based on a collective agreement. According to a statement (UFR 3) issued by the Council for Financial Reporting, the ITP plan is a multi-employer defined benefit plan. Alecta, the insurance company operating the ITP plan, has been unable to provide Loomis, or other Swedish companies, with sufficient information with which to determine its share of the total assets and liabilities of this arrangement. Consequently, this arrangement is reported as a defined contribution plan. The cost for 2012 amounts to SEK 13 million (9 and 9). The surplus in Alecta can be allocated to the insured employer and/or the insured employees. Alecta's level of consolidation was, as per December 31, 2012, a total of 129 percent (113 and 146). The level of consolidation is calculated as the fair value of plan assets as a percentage of the commitments calculated according to

Alecta's actuarial assumptions. This estimation is not in line with IAS 19.

Norway

The majority of employees are covered by a defined contribution plan. For the remainder, three defined benefit plans have, historically, been in place. Two of these plans (AFP plans) have been unfunded solutions, in which one provides a bridging pension on early retirement and the other, individual pension commitments as agreed with the Company. The AFP plan providing bridging pensions on early retirement was closed in 2010 following changes in legislation. Employees are, from January 1, 2011, covered by a new funded multi-employer AFP plan to which the Company will pay premiums. As it is not possible to separately identify the Company's share of the plan's total assets and liabilities in this arrangement, the new AFP plan is reported as a defined contribution plan in line with guidance from the Norwegian Accounting Standards Board (NRS). The funded plan, in progress, is closed to new members.

Other countries

In addition to the plans mentioned above, there are defined benefit plans in Austria, France and Switzerland.

Allocation of plan assets

The fair value of plan assets as per December 31, 2012, amounted to SEK 1,239 million (1,141 and 1,045). As per December 31, 2012, a total of 63 percent (62 and 64) of the plan assets were invested in equities, 35 percent (36 and 35) in interest bearing assets, and 2 percent (2 and 2) in other assets.

Accumulated actuarial losses

The actuarial loss for 2012 which is reported directly in other comprehensive income amounts to SEK 34 million. For 2011, an actuarial loss of SEK 30 million, and for 2010 an actuarial loss of SEK 94 million, were reported in other comprehensive income. The accumulated actuarial losses reported in this manner total, consequently, to SEK 177 million. For 2011, accumulated losses of SEK 143 million were reported, for 2010 accumulated losses of SEK 113 million and for 2009 accumulated losses of SEK 19 million.

Provisions for pensions and similar commitments, net

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Plans included in Other long-term receivables	-3	-2	-0
Plans included in Provisions for pensions and similar commitments	318	327	316
Total provisions for Pensions and similar commitments, net	315	326	316

Pension costs

SEK m	2012	2011	2010
Current service costs	36	35	29
Interest costs	65	74	63
Expected return on plan assets	-61	-73	-65
Past service costs	-8	-	-
Actuarial gains/losses	-7	-	-
Settlements and curtailments	-2	0	-1
Total pension costs	23	36	26

The table shows the total cost for defined benefit plans in 2010–2012. The total cost for defined benefit plans in 2013 is expected to amount to approximately SEK 45 million and the cash flow is

expected to amount to a net value of approximately SEK 59 million. The costs for defined contribution plans amounted to SEK 88 million (73 and 81).

Note 30 cont.

Change in provisions for pensions and similar commitments, net

SEK m	2012			2011			2010			2009			2008		
	Obligations	Plan assets	Net	Obligations	Plan assets	Net	Obligations	Plan assets	Net	Obligations	Plan assets	Net	Obligations	Plan assets	Net
Opening balance	1,467	-1,141	326	1,361	-1,045	316	1,297	-1,037	260	1,073	-841	232	1,415	-1,096	319
Current service costs	36	-	36	35	-	35	29	-	29	32	-	32	38	-	38
Interest costs	65	-	65	74	-	74	63	-	63	65	-	65	70	-	70
Expected return	-	-61	-61	-	-73	-73	-	-65	-65	-	-56	-56	-	-65	-65
Past service costs	-8	-	-8	-	-	-	-	-	-	-	-	-	-	-	-
Recognized actuarial gains/losses	-7	-	-7	-	-	-	-	-	-	-	-	-	1	-	1
Settlements and curtailments	-2	-	-2	0	-	0	-1	-	-1	-	-	-	-	-	-
Total pension costs	84	-61	23	109	-73	36	91	-65	26	97	-56	41	109	-65	43
Actuarial gains/losses – obligations	97	-	97	-7	-	-7	148	-	148	157	-	157	-268	-	-268
Actuarial gains/losses – plan assets	-	-47	-47	-	50	50	-	-17	-17	-	-89	-89	-	209	209
Total actuarial gains and losses before tax	97	-47	50	-7	50	42	148	-17	132	157	-89	69	-268	209	-59
Employer contributions	-	-77	-77	-	-74	-74	-	-72	-72	-	-72	-72	-	-69	-69
Employee contributions	7	-7	-	7	-7	-	4	-4	-	5	-5	-	6	-6	-
Benefits paid to participants	-80	80	-	-65	65	-	-48	48	-	-56	56	-	-48	48	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Translation differences	-20	14	-6	62	-57	5	-131	101	-30	21	-29	-9	-141	138	-3
Closing balance	1,554	-1,239	315	1,467	-1,141	326	1,361	-1,045	316	1,297	-1,037	260	1,073	-841	232

The actual return on the plan assets for 2012 amounted to SEK 108 million (23, 81, 145 and -143). The expected return on the plan assets has been determined based on the assumption that the return on bonds will be equal to the interest on a ten-year government bond and that the return on equities will be equal to

a return on the basis of the same interest rate plus an additional risk premium. The stipulated interest rate for each country is weighted based on the composition of the assets. Actuarial gains and losses regarding obligations include adjustments based on experience, totaling SEK -1 million (-2, 1, 16 and -41).

Funded and unfunded defined benefit obligations

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Funded plans					
Present value of funded defined benefit obligations	1,327	1,255	1,170	1,109	878
Fair value of plan assets	-1,239	-1,141	-1,045	-1,037	-841
Funded plans, net	88	114	126	72	37
Unfunded plans					
Present value of unfunded defined benefit obligations	227	212	190	188	195
Total funded and unfunded defined benefit obligations	315	326	316	260	232

The table shows the relationship between the value of funded plans and the value of provisions at year-end and at the beginning of the year.

Main actuarial assumptions as per December 31, 2012

% , per annum	UK	Eurozone	Norway	Switzerland
Discount rate	4.60 (4.80, 5.50, 5.70 and 6.30)	3.00 (4.50, 4.75, 5.00 and 5.50)	2.30 (2.60, 4.00, 4.50 and 3.80)	1.65 (2.35, n/a, n/a, and n/a)
Expected return on plan assets	5.76 (5.61, 6.68, 6.92 and 6.40)	n/a (n/a, n/a, n/a and n/a)	4.00 (4.10, 5.40, 5.70 and 5.80)	3.85 (3.85, n/a, n/a and n/a)
Salary increases	3.00 (3.10, 3.50, 2.50 and 3.50)	2.00–3.00 (2.00–2.75, 2.00–2.50, 2.00–2.25 and 2.00–2.50)	3.50 (3.50, 4.00, 4.50 and 4.00)	2.00 (2.00, n/a, n/a and n/a)
Inflation	2.20–3.00 (2.00–3.10, 3.00–3.50, 3.10 and 2.80)	2.00 (2.00–2.25, 2.00, 1.75–2.00 and 2.00)	n/a (n/a, n/a, n/a and n/a)	1.00 (1.00, n/a, n/a and n/a)
Pension increases	2.90 (2.90, 3.50, 3.10 and 2.80)	n/a (n/a, n/a, n/a and n/a)	2.50 (2.50, 3.75, 4.25 and 3.75)	0.00 (0.00, n/a, n/a and n/a)

The table shows the major actuarial assumptions as per December 31, 2012, 2011, 2010, 2009 and 2008. These assumptions are used in the valuation of the obligations of the defined benefit plans at the end of 2012, 2011, 2010, 2009 and 2008 and to determine the pension costs for 2013, 2012, 2011, 2010, 2009 and 2008.

In the UK, the discount rate is based on iBoxx UK AA 15 years +. In the Eurozone, the discount rate is based on iBoxx Euro 10 years +, with consideration given to the duration of the liabilities. In Norway, the discount rate is based on government bonds, with the addition of the adjustment for the duration of the liabilities.

As per December 31, 2012, the following assumptions were used for the primary plans within Loomis concerning mortality:

- UK – “SAPS rated up 1 year and CMI Core (2009) projection with a long term rate improvement of 1.5 percent p.a.”.
- Norway – tables in series “K 2005”. These tables have been

established for use in consultation with the Company's actuaries and reflect Loomis' view of future mortality considering future expected increases in life expectancy.

Sensitivity analysis

A reduction in the discount rate by 0.1 percentage points would increase the pension provisions and similar commitments by approximately SEK 27 million. An increase in the inflation rate by 0.1 percentage points would increase the pension provisions and similar commitments by approximately SEK 24 million. An increase in the average life expectancy by 1 year would increase the pension provision and similar commitments by approximately SEK 32 million. Changes in the discount rate and average life expectancy are accounted for as actuarial gains or losses, whereby such changes are reported directly in other comprehensive income and, therefore, do not affect the net income for the year.

NOTE 31 Other provisions

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Other long-term provisions	97	108	125
Other short-term provisions	9	30	35
Total other provisions	106	138	160

SEK m	Overtime Spain	Other	Total
Other long-term provisions			
Opening balance January 1, 2012	57	51	108
New provisions	–	21	21
Provisions utilized	–25	–3	–28
Translation differences	–4	0	–4
Closing balance December 31, 2012	28	69	97
Other short-term provisions			
Opening balance January 1, 2012	–	30	30
New provisions	–	–	–
Provisions utilized	–	–20	–20
Translation differences	–	–1	–1
Closing balance December 31, 2012	–	9	9
Total other provisions as of December 31, 2012	28	78	106

The dispute regarding overtime compensation in Spain is described in Note 34. Other provisions refer primarily to provisions related to disputes. Disputes are often lengthy processes which extend over several years. It is, therefore, not possible to give any detailed information regarding the timeline for outflows from other provisions.

NOTE 32 Accrued expenses and prepaid income

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Accrued personnel costs	785	802	719
Accrued interest expenses	6	15	15
Accrued rent charges	2	0	1
Accrued consulting fees	24	34	48
Other accrued expenses	93	78	154
Total accrued expenses and prepaid income	911	929	937

Other accrued expenses, as per the above, refer to, amongst other things, accrued insurance expenses, accrued suppliers' invoices and accrued lease expenses.

NOTE 33 Other current liabilities

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Advanced payment from customers	34	20	22
Current liabilities attributable to VAT	167	159	160
Other current liabilities	86	106	89
Total other current liabilities	287	285	271

NOTE 34 Contingent liabilities

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Securities and guarantees	1,328	1,114	1,097
Other contingent liabilities	20	35	18
Total contingent liabilities	1,348	1,149	1,115

The guarantees in 2012 were for insurance commitments for Loomis in the USA amounting to SEK 300 million (317 and 258). There is also a guarantee for the internal insurance company, Loomis Reinsurance Ltd, amounting to SEK 150 million (150 and 150). It is difficult to assess whether these contingent liabilities will result in any financial outflow.

Loomis AB has also issued guarantees to Loomis Suomi Oy, Loomis Norge AS and Loomis Sverige AB relating to bank loans for cash management operations. For further information, see Note 23.

Overtime compensation

Loomis and several other security companies in Spain paid overtime compensation to their employees in accordance with a labor agreement in effect from 2005 to 2008. In February 2007, the Supreme Court in Spain ruled that the calculation of overtime compensation according to that labor agreement was not in compliance with Spanish law. The risk that overtime compensation may be payable to security company employees in Spain has increased, as the security companies and local labor unions have not come to an agreement regarding overtime compensation. An application was submitted to a lower court in Spain to obtain specific guidelines regarding the method of calculating overtime compensation. The court's ruling, which was published in January 2008, provided guidelines for the calculation of overtime compensation. The ruling was mainly in line with the employers' view of the manner in which compensation should be calculated. The local labor unions filed an appeal against this ruling. In December 2009, the Supreme Court in Spain overturned the court's January 2008 ruling and confirmed the February 2007 ruling, and accordingly each claim was to be assessed on an individual basis. The Supreme Court, thereby, altered the basis for the calculation of overtime compensation. The Supreme Court's ruling cannot be appealed.

In the absence of final guidelines for the manner in which overtime compensation is to be calculated, Loomis decided to apply the guidelines provided by the court in January 2008 for salary payments from 2008. As regards past overtime compensation, Loomis has been awaiting the final ruling of the Supreme Court.

In 2008, an industry association initiated legal proceedings in an effort to invalidate the existing labor agreement by asserting that the previous Supreme Court ruling relating to overtime compensation created an imbalance in the labor agreement. A ruling was made in the case in November 2009. However, the

ruling did not provide a final solution as it referred back to the original ruling. In reality this means that decisions on overtime compensation must be made on an individual basis and that the court must reconcile all of the appeals if there are differences in the individual appeals.

A legal opinion, requested by the industry association in Spain of which Loomis is a member, proclaims that the timeframe for addressing legal claims for matters before 2010 expired in December 2010 due to the statute of limitations. Accordingly, no additional claims are anticipated.

The final ruling was made in March 2012 and was in line with Loomis' standpoint. Loomis will, however, be required to pay the difference between the original compensation and the amounts determined by the court in each individual case. All of the individual cases are expected to be concluded at the end of 2014.

In 2012, a reversal of SEK 16 million was made for the portion of the provision of SEK 59 million established in 2007. This partial reversal, like the original provision, was recognized as an item affecting comparability. A total of SEK 25 million has been reversed. The Company estimates that additional compensation of SEK 28 million may be payable, which is the same amount as the remaining provision as of December 31, 2012. (See Note 31.)

Loomis Denmark

A Danish customer filed a claim against Loomis Denmark after Loomis terminated an agreement with the customer. The claim, which was filed in the third quarter of 2008, originally amounted to DKK 26 million. The customer increased the claim in 2009 to DKK 40 million. In 2012, the dispute was resolved resulting in a cost for Loomis of approximately SEK 20 million.

Other legal proceedings

Over the years Loomis has made a number of acquisitions in different countries. As a result of these acquisitions, certain contingent liabilities attributable to the acquired operations have been taken over by Loomis. Risks attributable to such contingent liabilities are covered by contractual guarantee liabilities, insurances or necessary provisions.

Some companies within the Loomis Group are involved in tax audits and other legal proceedings that have arisen in the course of operations. Any liability to pay damages in conjunction with legal proceedings is not expected to have an impact on the Group's business operations or financial position.

NOTE 35 Items not affecting cash flow

SEK m	2012	2011	2010
Depreciation of tangible fixed assets and amortization of intangible assets	717	658	687
Amortization of acquisition-related intangible assets	28	21	17
Items affecting comparability	-26	43	-6
Acquisition related costs	-25	42	-
Financial items	-7	0	0
Total items not affecting cash flow, items affecting comparability and acquisition-related costs	687	763	697

Parent Company statement of income

SEK m	Note	2012	2011	2010
Other revenue	38	199	195	222
Gross income		199	195	222
Administrative expenses	40, 41	-126	-88	-84
Operating income (EBIT)		73	107	138
Result from financial investments				
Result from participations in Group companies	42	12	181	230
Financial income	43	225	800	852
Finance expenses	43	-237	-755	-793
Total result from financial investments		0	226	289
Income after financial items		73	333	427
Appropriations	44	-21	-64	-50
Income tax	45	-36	-58	-56
Net income for the year		16	211	321

Parent Company statement of comprehensive income

SEK m	2012	2011	2010
Exchange rate differences	108	-12	-66
Group contributions	-	-	66
Tax effect on Group contribution	-	-	-17
Cash flow hedges	3	4	-1
Other comprehensive income for the year, net after taxes	111	-8	-18
Net income for the year	16	211	321
Total comprehensive income for the year	127	203	303

Parent Company balance sheet

SEK m	Note	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
ASSETS				
Fixed assets				
Machinery and equipment	46	1	1	1
Shares in subsidiaries	47	6,209	6,676	3,446
Interest-bearing long-term receivables from subsidiaries	38	1,145	901	2,987
Other fixed assets		0	0	4
Total fixed assets		7,355	7,578	6,438
Current assets				
Current receivables from subsidiaries	38, 48	122	127	297
Interest-bearing current receivables from subsidiaries	38	215	311	513
Other current receivables	49	2	7	6
Current tax assets	45	24	0	9
Prepaid expenses and accrued income	50	16	18	47
Interest-bearing financial current assets		0	0	56
Liquid funds		96	229	35
Total current assets		475	692	963
TOTAL ASSETS		7,830	8,271	7,401
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	51			
<i>Restricted equity</i>				
Share capital		365	365	365
Total restricted shareholders' equity		365	365	365
<i>Non-restricted equity</i>				
Other capital contributed		5,521	5,521	5,521
Retained earnings		-1,395	-1,443	-1,489
Net income for the year		16	211	321
Total non-restricted shareholders' equity		4,142	4,289	4,353
Total shareholders' equity		4,507	4,654	4,718
Untaxed reserves	52	217	196	132
Long-term liabilities				
Loans payable	39, 47	2,488	2,564	583
Other long-term liabilities, external	39	9	8	-
Deferred tax liabilities	45	16	-	-
Current liabilities				
Current liabilities to subsidiaries	38	28	84	8
Loans payable	38	499	693	576
Interest-bearing current liabilities, external	39	28	0	1,186
Accounts payable	39	3	6	9
Current tax liabilities	45	0	18	127
Other current liabilities	39	1	17	8
Accrued expenses and prepaid income	39, 53	34	30	54
Total liabilities		3,106	3,617	2,551
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		7,830	8,271	7,401
Memorandum items				
Pledged assets		None	None	None
Contingent liabilities	38	1,189	964	965

Parent Company statement of cash flows

SEK m	Note	2012	2011	2010
Operations				
Income after financial items		73	333	427
Items not affecting cash flow	54	0	-226	-289
Financial items received		22	808	686
Financial items paid		-143	-755	-620
Income tax paid		30	-164	-41
Dividends received		370	222	212
Change in other operating capital employed		20	156	-285
Cash flow from operations		372	374	91
Investing activities				
Investments in fixed assets	46	-1	-0	-0
Shares in subsidiaries		-78	-38	-17
Cash flow from investing activities		-79	-38	-17
Financing activities				
Investments in other financial fixed assets		-243	-975	413
Decrease/increase in current financial investments		0	57	120
Decrease/increase in liabilities		-34	910	-597
Group contributions received		124	66	74
Dividend paid		-273	-256	-193
Cash flow from financing activities		-426	-198	-183
Cash flow for the year		-133	138	-112
Liquid funds at beginning of year		229	91	203
Liquid funds at end of year¹⁾		96	229	91

1) Liquid funds include interest-bearing financial current assets with maturity shorter than 90 days.

Parent Company statement of changes in equity

SEK m	Share capital ^{1, 3)}	Other contributed capital ^{2, 4)}	Retained earnings including Net Income for the year ^{4, 5)}	Total
Opening balance, January 1, 2010	365	5,521	-1,277	4,609
Comprehensive income				
Net income for the year	–	–	321	321
Other comprehensive income				
Exchange rate differences	–	–	-66	-66
Group contribution	–	–	66	66
Tax effect on Group contribution	–	–	-17	-17
Cash flow hedges	–	–	-1	-1
Total other comprehensive income	–	–	-18	-18
Total comprehensive income	–	–	303	303
Transactions with shareholders				
Dividend for 2009	–	–	-193	-193
Total transactions with shareholders	–	–	-193	-193
Opening balance, January 1, 2011	365	5,521	-1,168	4,718
Comprehensive income				
Net income for the year	–	–	211	211
Other comprehensive income				
Exchange rate differences	–	–	-12	-12
Cash flow hedges	–	–	4	4
Total other comprehensive income	–	–	-8	-8
Total comprehensive income	–	–	203	203
Transactions with shareholders				
Purchase of treasury shares ⁵⁾	–	–	-12	-12
Dividend for 2010	–	–	-256	-256
Total transactions with shareholders	–	–	-268	-268
Opening balance, January 1, 2012	365	5,521	-1,233	4,654
Comprehensive income				
Net income for the year	–	–	16	16
Other comprehensive income				
Exchange rate differences	–	–	108	108
Cash flow hedges	–	–	3	3
Total other comprehensive income	–	–	111	111
Total comprehensive income	–	–	127	127
Transactions with shareholders				
Change in treasury shares ⁶⁾	–	–	0	0
Dividend for 2011	–	–	-273	-273
Total transactions with shareholders	–	–	-273	-273
Closing balance, December 31, 2012	365	5,521	-1,379	4,507

1) For information on the number of issued shares refer to Note 51.

2) Includes statutory reserves amounting to SEK 20 thousand.

3) Parent Company shares issued consist of both Class A and Class B shares. Each Class A share carries 10 votes and each Class B share carries 1 vote. For information on distribution refer to Note 51.

4) Retained earnings are comprised of Other capital contributed and Retained earnings including net income for the year.

5) As of December 31, 2011, the Company held 124,109 Class B treasury shares, intended for later distribution to employees in accordance with the Incentive Scheme 2010. Of these shares, 119,464 were repurchased for an average price of SEK 98.06/share and the remaining 4,645 shares were repurchased for an average price of SEK 90.00/share.

6) As of December 31, 2012, the Company held 132,318 Class B treasury shares, intended for later distribution to employees in accordance with the Incentive Scheme 2011. Of these shares, 79,081 were repurchased for an average price of SEK 93.35/share.

NOTE 36 Summary of important accounting principles

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Standard RFR 2 (RFR) 2 Accounting for Legal Entities. The Parent Company thereby applies the same accounting principles as the Group, where relevant, except in the cases stipulated below. Differences between the Parent Company's and the Group's accounting principles arise as a result of the limited applicability of IFRS for the Parent Company, due to the regulations of the Swedish Annual Accounts Act, the Swedish Act on the Safeguarding of Pension Commitments, etc., and due to the alternatives stipulated in RFR 2.

IAS 17 Leases

Financial leases cannot be accounted for at legal entity level, as specific rules on taxation are not available or are not complete. At legal entity level, therefore, financial leases can be reported according to the requirements for operational lease agreements.

IAS 19 Employee Benefits

The Parent Company are not, according to the Swedish Act on the Safeguarding on Pension Commitments, etc, able to report any defined contribution plans as defined benefit plans at legal entity level. Pension solutions either fall within the framework of the ITP plan insured via Alecta, which is described in the Group's accounting principles, or, in all material aspects, comprise other defined contribution plans.

Anticipated dividend

An anticipated dividend from a subsidiary is reported as income in the Parent Company if the Parent Company has the sole right to decide on the amount of the dividend and if the Parent Company determined the level of the dividend prior to publication of its financial statements, and has ensured that the dividend does not exceed the subsidiary's dividend capacity. No anticipated dividend has been reported for 2012 and 2011.

Financial instruments

The Parent Company applies the exception in RFR 2 Accounting for legal entities, paragraph 71, which means that the Parent Company, primarily, with the exception of the financial instruments described below, assesses all financial instruments based on their acquisition cost according to the Swedish Annual Accounts Act. The Parent Company also applies the exception in RFR 2 paragraph 11, which means that no information is provided in accordance with IFRS 7 or IAS 1 paragraph 124 A-124 C. In accordance with the Swedish Annual Accounts Act, Chapter 4, paragraph 14a, the Parent Company reports derivative instruments at fair value. Fair value is equivalent to the market value, calculated on the basis of current market listings as at balance sheet date. In addition, the Parent Company applies the exception in RFR 2 paragraph 72. This means that the Parent Company does not apply the rules on assessment and recognition regarding any indemnity agreements benefiting subsidiaries. In accordance with RFR 2, the Parent Company, instead, applies IAS 37, Provisions, contingent liabilities and contingent assets.

Receivables with maturities greater than 12 months after the balance sheet date are reported as fixed assets, and other receivables as current assets. Receivables are reported in the

amounts at which they are expected to be received, on the basis of individual assessment.

Hedge accounting

The Parent Company hedges some net investments in subsidiaries through external loans and currency swaps. The liabilities and other items used for the purpose of hedging are revalued at every the year-end closing and the translation effect is recognized in other comprehensive income. If a hedge is discontinued or if the hedging relationship is fully or partly discontinued, the translation of the hedging instrument is recognized in equity until such time as the subsidiary is divested, while translation after the hedge is discontinued through the statement of income. In accordance with IAS 12, the related deferred tax is recognized directly in other comprehensive income. Current tax is only recognized when the translation reserve is realized, which is assumed to be when the subsidiary is divested.

IAS 21 Effects of changes in foreign exchange rates

Paragraph 32 in IAS 21 states that exchange rate differences constituting a portion of a reporting entity's net investments in a foreign operation shall be reported via the statement of income in the separate financial statements of the reporting company. RFR 2 p. 43 states that such exchange rate differences should, instead, be reported directly in shareholders' equity in accordance with the Swedish Annual Accounts Act, Chapter 4, paragraph 14d. Loomis follows this paragraph in RFR 2 and reports exchange rate differences that fulfill the criteria for net investments, that is, loans for which settlement is neither planned nor likely to occur, via the translation reserve in shareholders' equity.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been translated to SEK at the rate prevailing on the balance sheet date and the difference between the acquisition cost and the value on the balance sheet date has been recognized in the statement of income. Receivables in foreign currencies constituting a portion of the Company's net investments in foreign subsidiaries are also assessed using the rate prevailing on balance sheet date. Exchange rate differences on these receivables are eliminated from the statement of income and are reported directly in shareholders' equity in the balance sheet.

Group contributions

UFR 2 Group contributions and shareholder contributions has been withdrawn by the Swedish Financial Reporting Board. Loomis has applied the amendment for financial years beginning on January 1, 2011 or later, the reporting for these periods is undertaken in accordance with RFR 2 paragraph 2 as well as RFR 2 paragraph 3. This means that Group contributions submitted from the Parent Company to subsidiaries are reported as an increase in participations in subsidiaries and that a review of whether an impairment requirement exists for such participations is undertaken in conjunction with the reporting. Group contributions which the Parent Company receives from subsidiaries are accounted for applying the same principles as those applied to ordinary dividends from subsidiaries, i.e. as results from participations in Group companies.

NOTE 37 Events after the balance sheet date

See information about the Group in Note 5.

NOTE 38 Transactions with related parties

Subsidiaries in the Group, Board members in the Company's Board of Directors, the Group management, as well as close family members to these individuals are regarded as related parties. Related parties are also companies in which a significant portion of votes are directly or indirectly controlled by these individuals, or companies in which these individuals can exercise a significant influence.

Transactions with related parties refer to administration contributions and other revenue from subsidiaries, dividends from subsidiaries, interest income and interest expenses from and to subsidiaries, as well as receivables and liabilities to and from subsidiaries.

Transactions with other companies within the Loomis Group are listed in the tables below:

Income from other companies within the Loomis Group

SEK m	2012	2011	2010
Administration contributions	199	195	222
Interest income	43	106	164
Group contributions	122	125	–

Expenses related to other companies within the Loomis Group

SEK m	2012	2011	2010
Interest expenses	8	11	4

Receivables from other companies within the Loomis Group

SEK m	Dec.31, 2012	Dec.31, 2011	Dec.31, 2010
Interest-bearing long term receivables from subsidiaries	1,145	901	2,987
Current receivables from subsidiaries	122	127	297
Interest-bearing current receivables from subsidiaries	215	311	513
Prepaid expenses and accrued income	–	3	–

NOTE 39 Financial risk management

There is no difference between the book values and estimated fair values of assets and liabilities in Loomis AB's balance sheet. The fair value of liabilities and currency swaps that are included as hedging instruments in the hedging of net investments amounts to SEK –1,596 million and SEK 5 million respectively. The table below presents an analysis of the Parent Company's financial liabilities classified according to the time remaining from the balance sheet date until the contractual maturity date. The amounts shown in the table refer to contractual non-discounted cash-flows.

Loomis AB uses hedge accounting according to the principle of hedging net investments to limit translation risk where liabilities of USD 245 million and currency swaps with nominal amounts of USD 35 million constitute hedge instruments and the shares in subsidiaries is the hedged item. The ineffectiveness of the hedge during the year was SEK 0 million. For other currencies, loans and currency swaps constitute hedges of corresponding receivables where hedge accounting is not applied

For further information regarding the Parent Company's financial risk management refer to Note 6.

Liabilities to other companies within the Loomis Group

SEK m	Dec.31, 2012	Dec.31, 2011	Dec.31, 2010
Current liabilities to subsidiaries	28	84	8
Interest-bearing current liabilities to subsidiaries	499	693	576

All transactions with related parties are executed based on market conditions.

Contingent liabilities regarding related parties

SEK m	Dec.31, 2012	Dec.31, 2011	Dec.31, 2010
Guarantee commitments banking facilities	607	626	629
Guarantee commitments rent	0	0	0
Other contingent liabilities	582	338	336
Total contingent liabilities	1,189	964	965

Contingent liabilities mainly relate to payment and adequacy guarantees to subsidiaries. It is difficult to assess whether these contingent liabilities will result in any financial outflow.

Loomis AB has a policy to support subsidiaries, if circumstances require such support. For further information, refer to Note 6.

In addition to the guarantee commitments reported in the table above, Letters of Comfort have been issued on behalf of subsidiaries within the Group.

December 31, 2012	Less than 1 year	Between 1 and 5 years	More than 5 years
External bank loans	28	2,488	–
Other external liabilities, deferred consideration	–	9	–
Accounts payable and other liabilities	38	–	–
	66	2,497	–

December 31, 2011	Less than 1 year	Between 1 and 5 years	More than 5 years
External bank loans	–	2,564	–
Other external liabilities, deferred consideration	–	8	–
Accounts payable and other liabilities	53	–	–
	53	2,572	–

December 31, 2010	Less than 1 year	Between 1 and 5 years	More than 5 years
External bank loans	1,186	583	–
Accounts payable and other liabilities	72	–	–
	1,258	583	–

NOTE 40 Administrative expenses**Distribution of expenses by type**

SEK m	Note	2012	2011	2010
Depreciation, amortization and impairment	46	0	0	0
Personnel expenses	41	54	41	33
Vehicle expenses		1	1	1
Costs of premises		4	3	3
Costs of technical equipment		6	6	6
Consulting expenses		28	15	22
Administrative expenses		12	12	9
Other expenses		22	10	10
Total expenses by type		126	88	84

Personnel expenses

SEK m	Note	2012	2011	2010
Salaries and bonuses	41	36	25	22
Social security expenses	41	12	10	6
Pension costs – defined contribution plans	41	6	6	5
Total personnel expenses		54	41	33

Audit fees and other fees

SEK m	2012	2011	2010
PwC			
– Audit assignment	3	3	3
– Auditing activities other than audit assignment	2	1	1
– Tax Advice	2	1	1
– Other assignments	1	1	1
Total PwC	8	6	6

Audit assignment refers to fees for the statutory audit, that is, such work that has been necessary to issue the audit report.

Also included is audit advice provided in conjunction with the audit assignment.

NOTE 41 Personnel**Average number of full time equivalent employees: distribution by gender**

	2012	2011	2010
Number of employees	17	17	15
(of whom men)	(11)	(10)	(9)

Total salary expenses: Board, President and Other employees

SEK m	2012			2011			2010		
	Salaries	Social security contributions	(of which pension)	Salaries	Social security contributions	(of which pension)	Salaries	Social security contributions	(of which pension)
Board and President	11	5	(2)	8	5	(2)	7	5	(2)
Other employees	25	13	(4)	17	11	(4)	15	6	(3)
Total	36	18	(6)	25	16	(6)	22	11	(5)

In 2012 the President received variable remuneration amounting to SEK 4 million. The variable remuneration to the President amounted to SEK 1 million in 2011 and in 2010 the President did not receive any variable remuneration.

The remuneration to the President constitutes fixed salary, variable remuneration, pension and insurance benefits, and a company car. The variable remuneration is capped at 100 per-

cent of the fixed salary. The President's pension and absence due to illness benefits correspond to 30 percent of the fixed salary. In the event of termination of the employment agreement on the part of the Company, the President is entitled to twelve months' notice and to severance pay corresponding to twelve months' salary. Further information on remuneration to members of Group management is shown in Note 11.

NOTE 42 Result from participations in Group companies

SEK m	2012	2011	2010
Dividends	370	-4	230
Gain on sale of shares in subsidiaries	-	60	-
Write-down of shares in subsidiaries	-480	-	-
Group contributions	122	125	-
Total result from participations in Group companies	12	181	230

In 2012 and 2011, anticipated dividend has not been reported from subsidiaries.

Gain on sale of shares in subsidiaries in 2011, relates to intra-group sales of a subsidiary.

Pricing of transactions between Parent Company and subsidiaries are undertaken according to business principles. These transactions have Loomis AB, registration number 556620-8095, as a parent company.

NOTE 43 Result from other financial investments

Financial income

SEK m	2012	2011	2010
Interest income	53	141	167
Exchange rate differences	172	659	685
Total financial income	225	800	852

Financial expenses

SEK m	2012	2011	2010
Interest expenses	-64	-75	-82
Exchange rate differences	-169	-676	-687
Other financial expense	-4	-4	-24
Total financial expenses	-237	-755	-793
Financial income and expenses, net	-11	45	59

NOTE 44 Appropriations

SEK m	2012	2011	2010
Allocation to tax allocation reserve, Tax 2011	-	-	-75
Reversal of tax allocation reserve, Tax 2010	-	-	25
Allocation to tax allocation reserve, Tax 2012	-	-64	-
Reversal of tax allocation reserve, Tax 2011	25	-	-
Allocation to tax allocation reserve, Tax 2013	-46	-	-
Total appropriations	-21	-64	-50

NOTE 45 Tax on income for the year**Statement of income**

Tax expenses

SEK m	2012	%	2011	%	2010	%
Tax on income before taxes						
– current tax expense	–44	–45.1	–57	–17.1	–68	–18.1
– tax as a result of changed tax assessment	8	8.8	–1	–0.3	–5	–0.2
– deferred tax expenses	–	–	–	–	17	4.6
Total tax expenses	–36	–36.3	–58	–17.4	–56	–13.7

The Swedish corporate tax rate amounted to 26.3 percent. The total tax rate on income before taxes amounted to –36.3 percent (–17.4 and –13.7).

Difference between statutory Swedish tax rate and actual tax expenses for the Parent Company

SEK m	2012	%	2011	%	2010	%
Tax based on Swedish tax rate	–26	–26.3	–71	–26.3	–99	–26.3
Taxes attributable to previous periods	8	8.8	–	–	–5	–1.6
Foreign taxes	–	–	–1	–0.3	–	–
Non-deductible expenses/non-taxable income, net	–18	–18.8	14	9.2	48	14.2
Total tax expenses	–36	–36.3	–58	–17.4	–56	–13.7

Non-taxable income for 2012 consists of a write-down of shares and dividends from subsidiaries. Non-taxable income for 2011 consists primarily of income from sales of shares and for 2010 non-taxable income consists primarily of anticipated dividends.

Balance Sheet

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Deferred tax assets/tax liabilities			
Tax on foreign exchange effects reported directly in shareholders' equity	–16	–	–
Total deferred tax assets/tax liabilities, net	–16	–	–
Statement of changes in deferred tax assets			
Opening balance	–	–	2
Change in items reported in shareholders' equity	–	–	–2
Closing balance	–	–	0
Changes during the year	–	–	–2
Statement of changes in deferred tax liabilities			
Opening balance	–	–	–
Change in items reported in shareholders' equity	16	–	–
Closing balance	16	–	–
Changes during the year	16	–	–
Current tax assets/tax liabilities			
Current tax assets	24	0	9
Current tax liabilities	0	–18	–127
Current tax assets/tax liabilities, net	24	–18	–118

NOTE 46 Machinery and equipment

SEK m	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
Opening balance	1	2	2
Investments	1	0	0
Disposals	0	-1	-0
Closing accumulated balance	2	1	2
Opening depreciation	-0	-1	-1
Depreciation for the year	-0	-0	-0
Disposals	0	1	0
Closing accumulated depreciation	-1	-0	-1
Closing residual value balance	1	1	1

NOTE 47 Shares in subsidiaries

Subsidiary	Corporate Identification number	Registered office	Share of equity %	Book value (SEK m)
Loomis Norge Holding AS	984912277	Norway	100	34
Loomis Sverige AB	556191-0679	Sweden	100	69
Loomis Schweiz SA	539636	Switzerland	100	4
Loomis Holding UK Ltd	2586369	UK	100	364
Loomis Österreich GmbH	FN 104649x	Austria	99	114
Loomis Holder Spain SL	B-83379685	Spain	100	870
Loomis Suomi Oy	1773520-6	Finland	100	171
Loomis Holding France	498543222	France	100	558
Loomis Holding US, Inc.	47-0946103	USA	100	689
Loomis Danmark A/S	10082366	Denmark	100	86
Loomis Reinsurance Ireland Ltd	152439	Ireland	100	110
Loomis International Services GmbH	FN 320790	Austria	100	7
Loomis Slovensko, s.r.o.	44 557 302	Slovakia	100	14
Loomis Czech Republic a.s.	26110709	Czech Republic	100	30
Loomis Güvenlik Hizmetleri AS	539774	Turkey	58	29 ¹⁾
Loomis UK Finance Company Ltd	7834722	UK	100	3,060
Total shares in subsidiaries				6,209

Shares in subsidiaries

SEK m	2012	2011	2010
Opening balance, January 1	6,676	3,446	3,420
Acquisition of shares	-	1	18
Disposal of shares	-	-421	-
Capital contribution	12	3,650	8
Write-downs	-480	-	-
Closing balance, December 31	6,209	6,676	3,446

Change in participation in subsidiaries during 2012 is primarily a result of a write-down of the book value of shares in the UK subsidiary and the change in 2011 is primarily a result of an internal restructuring.

1) Shares in subsidiaries and Other long term liabilities, external for 2011 have been adjusted by SEK 14 million.

NOTE 48 Current receivables from subsidiaries

The amount consists primarily of group contributions from Loomis Sverige AB.

NOTE 49 Other current receivables

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Other current receivables	2	7	6
Total other current receivables	2	7	6

NOTE 50 Prepaid expenses and accrued income

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Prepaid insurance premiums	0	11	15
Accrued interest income	13	5	31
Other items	3	2	1
Total prepaid expenses and accrued income	16	18	47

NOTE 51 Changes in shareholders' equity

Year	Event	Number of shares	Increase in share capital
2004	Number of shares, January 1, 2004	100,000	100,000
2006	Bonus issue	364,958,897	364,958,897
2008	Bonus issue	3	3
2008	Reverse Split 1:5	-292,047,120	-
Total		73,011,780	365,058,900

Parent Company shares issued consists of both Class A and Class B shares. Each Class A share carries ten votes and each Class B share one vote. The distribution between the A and B shares as of December 31, 2012 is as follows:

Class of shares	Voting rights	Number of shares outstanding
A	10	3,428,520
B	1	69,583,260*
Total shares outstanding		73,011,780

* Includes 132,318 shares which, as a result of Loomis' Incentive scheme 2011, are held as treasury shares as of December 31, 2012.

Shareholders with more than 10 percent of the votes

The major shareholders are Investment AB Latour, which holds 10.3 percent of the capital and 29.2 percent of the votes, and Melker Schörling AB, which holds 8.6 percent of the capital and 13.9 percent of the votes. The major shareholders also hold, from time to time, an indirect ownership through other companies.

These shareholders have entered into a shareholders' agreement, according to which the parties aim to coordinate their actions with respect to the composition of the Board, the divi-

dent policy, resolutions concerning changes in the articles of association or share capital, significant acquisitions or transfers, and the appointment of the CEO, and which also contains an agreement concerning pre-emptive rights should either party dispose of Class A shares. Apart from this, the Board of Loomis is not aware of any other shareholders' agreements, or any other agreements between shareholders in the Company aimed at exercising collective influence over the Company.

NOTE 52 Untaxed reserves

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Tax allocation reserve, 2010	57	57	57
Tax allocation reserve, 2011	50	75	75
Tax allocation reserve, 2012	64	64	-
Tax allocation reserve, 2013	46	-	-
Total untaxed reserves	217	196	132

NOTE 53 Accrued expenses and prepaid income

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Accrued personnel costs	18	9	5
Accrued consultancy fees	3	1	4
Accrued interest expenses	7	15	15
Other accrued expenses	6	5	30
Total accrued expenses and prepaid income	34	30	54

NOTE 54 Items not affecting cash-flow

SEK m	2012	2011	2010
Financial income	-225	-800	-852
Financial expenses	237	755	793
Result from participations in Group companies	-12	-181	-230
Amortization and depreciation	0	0	0
Total items not affecting cash-flow	0	-226	-289

The Parent Company's and the Group's statements of income and balance sheets are subject to adoption at the Annual General Meeting on May 6, 2013.

The Board of Directors and the President certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and provide a true and fair view of the financial position and performance of the Group. The annual report has been prepared in accordance with generally accepted

accounting principles, and provides a true and fair view of the financial position and performance of the Parent Company.

The administration report for the Group and Parent Company provides a true and fair view of the development of the activities, financial position, and performance of the Group and Parent Company, and describes the significant risks and uncertainties faced by the Parent Company and companies which form part of the Group.

Stockholm, March 22, 2013

Alf Göransson
Chairman

Jan Svensson
Board Member

Ulrik Svensson
Board Member

Marie Ehrling
Board Member

Signhild Arnegård Hansen
Board Member

Lars Blecko
*President and CEO,
Board Member*

Our audit report was presented on March 22, 2013
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant

Auditor's report (translation of the Swedish original)

To the annual meeting of the shareholders of Loomis AB (publ),
corporate identity number 556620-8095

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Loomis AB for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 38–93.

Responsibilities of the Board of Directors and the CEO and President ("President") for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with

the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Loomis AB for the year 2012.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 22, 2013
PricewaterhouseCoopers AB

Patrik Adolfsen
Authorized Public Accountant

Five year overview

Revenue and income, summary

SEK m	2012	2011	2010	2009	2008
Revenue, continuing operations	10,983	10,441	10,990	11,934	10,899
Revenue, acquisitions	376	532	43	55	360
Total revenue	11,360	10,973	11,033	11,989	11,258
<i>Real growth, %</i>	3	7	-1	-2	-1
<i>Organic growth, %</i>	0	1	-1	-3	3
Operating income (EBITA)	1,019	912	882	837	748
<i>Operating margin (EBITA), %</i>	9,0	8,3	8,0	7,0	6,6
Operating income (EBIT)	988	805	866	821	733
<i>Operating margin (EBIT), %</i>	8,7	7,3	7,8	6,8	6,6
Financial income	16	16	3	15	35
Financial expenses	-73	-78	-110	-130	-199
Income before taxes	932	743	759	706	569
Income tax	-282	-230	-262	-206	-145
Net income for the year	650	513	496	500	424

Statement of cash flows, additional information

SEK m	2012	2011	2010	2009	2008
Operating income (EBITA)	1,019	912	882	837	748
Depreciation	717	658	687	752	675
Change in accounts receivable	54	28	-39	85	79
Change in other operating working capital and other items	-182	-58	115	-82	-231
Cash flow from operating activities before investments	1,607	1,540	1,645	1,592	1,271
Investments in fixed assets, net	-747	-840	-708	-803	-829
Cash flow from operating activities	860	700	938	789	442
<i>Cash flow from operating activities as % of operating income (EBITA)</i>	84	77	106	94	59
Financial items paid and received	-63	-62	-107	-109	-168
Income tax paid	-252	-274	-261	-147	-6
Free cash flow	545	364	569	533	268
Cash flow effect of items affecting comparability	-10	-1	-6	-3	-457
Divestiture of operations	-	-	-	-	1
Acquisition of operations	-289	-667	-82	-9	-52
Acquisition-related costs, paid and received	-10	-26	-	-	-
Dividend paid	-273	-256	-193	-164	-245
Group contributions paid	-	-	-	-	-182
Shareholder contributions received	-	-	-	-	900
Repayments of leasing liabilities	-21	-6	-17	-38	-43
Change in interest-bearing net debt, excluding liquid funds	34	741	375	-545	210
Cash flow for the year	-24	150	-104	-226	402

Financial position and return, summary

SEK m	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008
Goodwill	3,317	3,281	2,582	2,760	2,965
Tangible fixed assets	2,865	2,887	2,610	2,878	2,967
Interest-bearing fixed assets	63	63	29	46	60
Other fixed assets	662	696	498	449	447
Interest-bearing current assets	10	1	19	3	355
Other current assets	2,069	2,141	1,844	2,018	2,119
TOTAL ASSETS	8,986	9,069	7,582	8,153	8,913
Shareholders' equity	3,595	3,397	3,123	3,129	2,976
Interest-bearing long-term liabilities	2,566	2,671	629	1,480	72
Other long-term liabilities	981	969	879	820	808
Interest-bearing current liabilities	48	25	1,110	855	2,987
Other current liabilities	1,796	2,007	1,841	1,870	2,070
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	8,986	9,069	7,582	8,153	8,913
<i>Equity ratio, %</i>	<i>40</i>	<i>37</i>	<i>41</i>	<i>38</i>	<i>33</i>
Interest-bearing net debt, SEK m	2,161	2,220	1,432	1,899	2,375
Capital employed, SEK m	5,755	5,617	4,555	5,028	5,351
<i>Return on capital employed, %</i>	<i>18</i>	<i>16</i>	<i>19</i>	<i>17</i>	<i>14</i>
<i>Return on shareholders' equity, %</i>	<i>18</i>	<i>15</i>	<i>16</i>	<i>16</i>	<i>14</i>

Share Data

	2012	2011	2010	2009	2008
Number of outstanding shares, million	73.0 ¹⁾	73.0 ²⁾	73.0	73.0	73.0
Earnings per share before dilution, SEK	8.90 ¹⁾	7.03 ²⁾	6.80	6.85	5.80
Earnings per share after dilution, SEK	8.60	6.79	6.57	6.85	n/a
Shareholders' equity per share, SEK	49.24	46.54	42.77	42.85	40.76

1) Number of outstanding shares amounts to 73,011,780 which includes 132,318 shares which, as a result of Loomis' Incentive Scheme 2011, are held as treasury shares as of December 31, 2012.

2) Number of outstanding shares amounts to 73,011,780 which includes 124,109 shares which, as a result of Loomis' Incentive Scheme 2010, are held as treasury shares as of December 31, 2011.

Quarterly Data

Statement of Income

SEK m	Oct–Dec 2012	Jul–Sep 2012	Apr–Jun 2012	Jan–Mar 2012	Full year 2012	Oct–Dec 2011	Jul–Sep 2011	Apr–Jun 2011	Jan–Mar 2011	Full year 2011
Revenue, continuing operations	2,798	2,734	2,787	2,665	10,983	2,723	2,681	2,548	2,489	10,441
Revenue, acquisitions	55	53	111	158	376	158	201	135	37	532
Total revenue	2,852	2,788	2,898	2,822	11,360	2,881	2,882	2,683	2,526	10,973
<i>Real growth, %</i>	2	0	3	9	3	8	9	7	1	7
<i>Organic growth, %</i>	0	-2	-1	3	0	2	1	2	0	1
Production expenses	-2,150	-2,131	-2,278	-2,222	-8,781	-2,223	-2,243	-2,100	-1,991	-8,556
Gross income	702	657	620	600	2,579	659	639	584	535	2,417
<i>Gross margin, %</i>	24.6	23.6	21.4	21.3	22.7	22.9	22.2	21.8	21.2	22.0
Selling and administrative expenses	-393	-384	-395	-388	-1,560	-393	-367	-389	-357	-1,506
<i>Selling & admin, %</i>	-13.8	-13.8	-13.6	-13.7	-13.7	-13.6	-12.7	-14.5	-14.1	-13.7
Operating income (EBITA)	310	272	225	212	1,019	266	273	195	179	912
<i>Operating margin (EBITA), %</i>	10.9	9.8	7.8	7.5	9.0	9.2	9.5	7.3	7.1	8.3
Amortization of acquisition-related intangible assets	-7	-8	-7	-6	-28	-7	-6	-5	-4	-21
Acquisition-related costs	30	-14	-30	-5	-18	-6	-5	-23	-7	-42
Items affecting comparability	-	-	16	-	16	9	-	-53	-	-44
Operating income (EBIT)	333	251	204	201	988	262	262	114	168	805
<i>Operating margin (EBIT), %</i>	11.7	9.0	7.0	7.1	8.7	9.1	9.1	4.2	6.7	7.3
Financial income	7	2	5	2	16	5	4	4	3	16
Financial expenses	-19	-19	-22	-13	-73	-20	-19	-20	-19	-78
Income before taxes	321	234	188	190	932	247	247	98	152	743
Income tax	-99	-70	-56	-57	-282	-67	-82	-32	-49	-230
Net income for the period	222	164	131	133	650	180	165	65	-103	513

Revenue and operating income by segment, summary

SEK m	Oct–Dec 2012	Jul–Sep 2012	Apr–Jun 2012	Jan–Mar 2012	Full year 2012	Oct–Dec 2011	Jul–Sep 2011	Apr–Jun 2011	Jan–Mar 2011	Full year 2011
Loomis Europe										
Revenue	1,762	1,710	1,764	1,720	6,955	1,778	1,813	1,713	1,630	6,934
<i>Real growth, %</i>	2	0	2	5	2	4	4	4	1	3
<i>Organic growth, %</i>	0	-2	-2	3	0	3	2	3	0	2
Operating income (EBITA)	219	206	158	152	736	204	218	151	141	714
<i>Operating margin (EBITA), %</i>	12.4	12.1	9.0	8.8	10.6	11.5	12.0	8.8	8.7	10.3
Loomis USA										
Revenue	1,091	1,077	1,134	1,102	4,405	1,104	1,069	971	896	4,039
<i>Real growth, %</i>	1	-1	3	18	5	17	18	13	1	12
<i>Organic growth, %</i>	0	-2	-1	3	0	1	0	0	-1	0
Operating income (EBITA)	125	92	95	88	400	89	75	67	63	295
<i>Operating margin (EBITA), %</i>	11.5	8.5	8.4	8.0	9.1	8.1	7.0	6.9	7.1	7.3

Statement of cash flows, additional information

SEK m	Oct–Dec 2012	Jul–Sep 2012	Apr–Jun 2012	Jan–Mar 2012	Full year 2012	Oct–Dec 2011	Jul–Sep 2011	Apr–Jun 2011	Jan–Mar 2011	Full year 2011
Operating income (EBITA)	310	272	225	212	1,019	266	273	195	179	912
Depreciation	179	181	183	173	717	169	169	159	162	658
Change in accounts receivable	51	16	34	–47	54	54	–28	22	–20	28
Change in other operating working capital and other items	–5	116	–174	–120	–182	69	68	–67	–128	–58
Cash flow from operating activities before investments	534	585	269	218	1,607	557	482	308	193	1,540
Investments in fixed assets, net	–222	–223	–142	–161	–747	–323	–205	–195	–116	–840
Cash flow from operating activities	313	362	127	58	860	234	277	113	77	700
<i>Cash flow from operating activities as a % of operating income (EBITA)</i>	<i>101</i>	<i>133</i>	<i>56</i>	<i>27</i>	<i>84</i>	<i>88</i>	<i>102</i>	<i>58</i>	<i>43</i>	<i>77</i>
Financial items paid and received	–11	–26	–8	–18	–63	–8	–21	–9	–25	–62
Income tax paid	–70	–9	–97	–76	–252	–45	–43	–79	–108	–274
Free cash flow	232	328	22	–36	545	181	213	26	56	364
Cash flow effect of items affecting comparability	–0	–3	–7	–0	–10	–0	–0	–0	–0	–1
Acquisition of operations	–3	–7	–76	–203	–289	–13	–6	–641	–7	–667
Acquisition-related costs, paid and received	29	–9	–29	–1	–10	–0	–6	–19	–	–26
Dividend paid	–	–	–273	–	–273	–	–	–256	–	–256
Repayments of leasing liabilities	–0	–7	–5	–9	–21	–3	–4	4	–4	–6
Change in interest-bearing net debt excluding liquid funds	–142	–237	274	139	34	–65	–60	818	49	741
Cash flow for the period	116	64	–94	–110	–24	100	137	–68	–19	150

Balance sheet, summary

SEK m	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011	Mar. 31, 2011
Goodwill	3,317	3,310	3,505	3,360	3,281	3,276	3,041	2,465
Tangible fixed assets	2,865	2,822	2,919	2,891	2,887	2,789	2,646	2,490
Interest-bearing fixed assets	63	62	62	141	63	60	59	78
Other fixed assets	662	657	712	692	696	645	595	491
Interest-bearing current assets	10	17	3	7	1	1	2	9
Other current assets	2,069	2,113	2,217	2,263	2,141	2,148	2,028	1,911
TOTAL ASSETS	8,986	8,980	9,417	9,354	9,069	8,917	8,371	7,444
Shareholders' equity	3,595	3,371	3,341	3,446	3,397	3,214	2,977	3,149
Interest-bearing long-term liabilities	2,566	2,729	3,096	2,689	2,671	2,642	2,496	1,644
Other long-term liabilities	981	926	971	937	969	953	864	799
Interest-bearing current liabilities	48	29	52	169	25	58	72	95
Other current liabilities	1,796	1,924	1,958	2,112	2,006	2,051	1,962	1,757
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	8,986	8,980	9,417	9,354	9,069	8,917	8,371	7,444

Notice of Annual General Meeting

The shareholders of Loomis AB are hereby invited to attend the Annual General Meeting (“AGM”) to be held at 5 p.m. CET on Monday May 6, 2013 at Grönwaldsalen, Stockholms Konserthus, Kungsgatan 43, Stockholm. Registration for the AGM begins at 4 p.m. CET.

Notice of attendance

Shareholders wishing to attend the AGM must be recorded in the share register maintained by Euroclear Sweden AB (previously VPC AB), made as of Monday, April 29, 2013, and must notify the Company of their intention to participate in accordance with one of the following alternatives:

Via mail: Loomis AB, “Årsstämma”, PO Box 7839,
103 98 Stockholm, Sweden
Via telephone: +46-8-402 90 72
Via Loomis’ website: www.loomis.com

Registration shall take place no later than on Monday April 29, 2013, preferably before 4 p.m. CET.

On giving notice of attendance, the shareholder shall state his or her name, personal identity number (registration number), address and telephone number. Proxy forms are available on the Company’s website, www.loomis.com, and will be sent to shareholders contacting the Company and submitting their address. Any proxy or representative for a legal entity shall submit papers providing authorization from the legal entity in question prior to the AGM. As confirmation of the notification, Loomis AB will send an entry card to be presented at registration for the AGM.

In order to participate in the proceedings of the AGM, owners with nominee-registered shares must request their bank or broker to have their shares temporarily owner-registered with Euroclear Sweden AB. Such registration must be made as of Monday, April 29, and the banker or broker should, therefore, be notified in due time prior to this date.

Reporting dates for interim reports 2013

January – March	May 6, 2013
January – June	August 1, 2013
January – September	November 6, 2013

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