Annual Report

2013

Contents

Financial calendar for 2014

Interim Report January–March	**May 6**
Interim Report January–June	**July 31**
Interim Report January–September	**November 6**
Year-End Report for 2014	**February 4, 2015**

Annual General Meeting 2014

The Annual General Meeting 2014 will be held at 5 p.m. CET on Tuesday, May 6, 2014 at Grünewald-salen, Stockholms Konserthus, Stockholm. Read more on page 25.

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.

Key ratios

Operating margin (EBITA), %

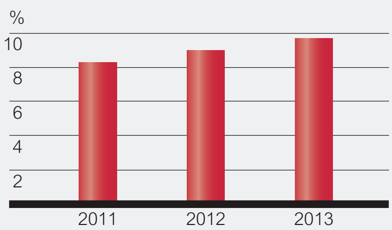
9.7%

Proposed dividend per share, SEK

5.00

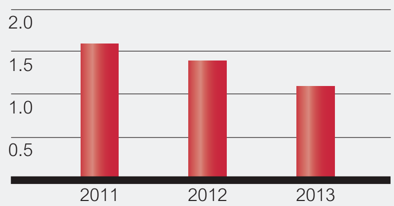
Loomis' financial goals

OPERATING MARGIN (EBITA)



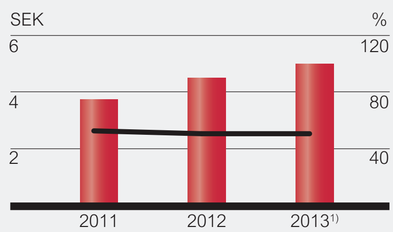
An operating margin (EBITA) of 10 percent by 2014 at the latest.

NET DEBT/EBITDA



Net debt of no more than 2.5.

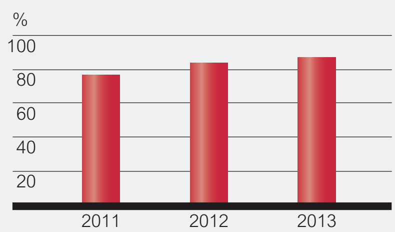
ANNUAL DIVIDEND



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

1) Dividend proposed to the Annual General Meeting 2014.

CASH FLOW FROM OPERATING ACTIVITIES IN PERCENT OF EBITA



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

Group key ratios

	2013	2012	2011
Revenue, SEK m	11,364	11,360	10,973
Revenue, Europe, SEK m	7,005	6,955	6,934
Revenue, USA, SEK m	4,359	4,405	4,039
Operating income (EBITA), SEK m	1,099	1,019	912
Operating margin, %	*9.7*	*9.0*	*8.3*
Operating income (EBIT), SEK m	1,085	988	805
Dividend per share, SEK	5.00[2)]	4.50	3.75
Earnings per share before dilution, SEK	9.83	8.90	7.03
Cash flow from operating activities as a % of operating income (EBITA)	*87*	*84*	*77*
Average number of full-time employees	19,442	19,448	19,511

2) Dividend proposed to the Annual General Meeting 2014.

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.

About **Loomis**

Loomis is one of the world's leading cash handling companies and performs an important function in society by streamlining the flow of cash and making sure that the right amount of cash is in the right place at the right time.

Loomis manages bills and coins between banks, consumers, retail outlets and restaurants at a lower cost and with a substantially higher level of security than individual outlets or bank branches can achieve themselves. Every day Loomis employees make 100,000 customer visits, transporting and processing bills and coins with a total value of SEK 75 billion in 16 countries.

Loomis' goal is to be one of the two largest players in each geographical market where the Group has operations, and has so far achieved this in 12 out of 16 markets.

160 years of **history**

Loomis' roots go right back to the American Gold Rush 160 years ago. Major milestones in Loomis' history are shown on the right.

1852

USA

Wells Fargo & Co is established during the Californian Gold Rush. Later the company becomes co-owner of the legendary Pony Express, the first fast mail service in North America.

1905

USA

Lee Loomis starts a company that provides Alaska's miners with supplies using dogsleds. In 1925 this becomes the Loomis Armored Car Service, which uses the first armored cash in transit vehicle.

1934

Helsingborg, Sweden

Helsingsborgs Nattvakt, later to become Securitas, is established.

Loomis’ service lines

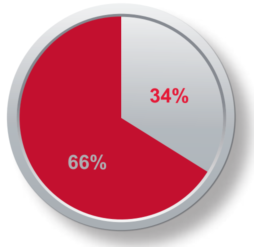
Cash in Transit (CIT)

Loomis transports cash to and from stores, banks and ATMs. Routes are optimized to maximize the number of stops per route. Carefully established routines for CIT vehicles and equipment raise the level of security. CIT accounts for approximately 70 percent of Loomis’ revenue.

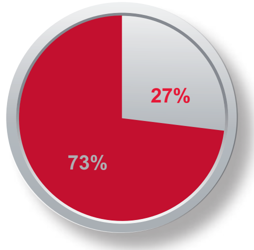
Cash Management Services (CMS)

Loomis counts, quality controls and packages bills and coins in the Company’s cash centers. Efficient work processes and modern equipment provide economies of scale in cash management. Cash is stored in the centers’ secure vaults. Loomis provides services for analysis, forecasting and reporting of customer flow of cash, as well as customized comprehensive solutions for retailers. CMS accounts for approximately 30 percent of Loomis’ revenue.

SHARE OF REVENUE BY SERVICE LINE 2013 **EUROPE**



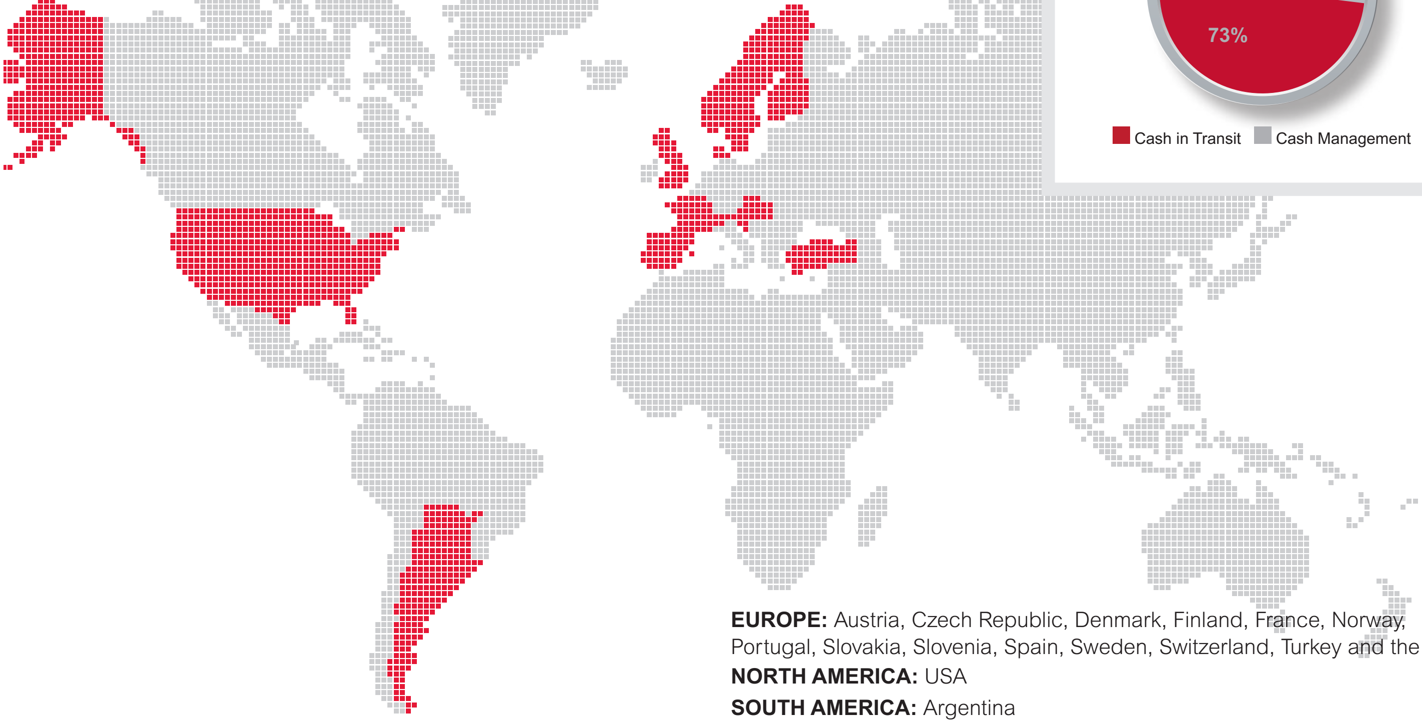
SHARE OF REVENUE BY SERVICE LINE 2013 **USA**



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

1997 – USA

After a number of years of acquisitions, restructuring and major changes, the company Loomis, Fargo & Co is established. Four years later it merges with Securitas.

2008 – Sweden

The Securitas Cash Handling Services division, which a couple of years earlier had changed its name to Loomis, is listed on the NASDAQ OMX exchange in Stockholm. In the subsequent two years the business expands into Slovakia and the Czech Republic and a number of complementary acquisitions are made in various markets.

2011 – USA

Loomis acquires Pendum in the USA, thereby becoming the US market leader.

2012–2013 – Latin America and Europe

Loomis acquires operations in Argentina and takes its first steps into a new continent. Acquisition of complementary operations in Spain and Slovakia.

Jarl Dahlfors, President & CEO

2013 was another strong year for Loomis. Profits continued to develop positively, and we won a number of large and strategically important contracts. We can feel secure that we have a strong business model that generates stable income flows and an organization that time after time has shown itself to be capable of adapting to changed conditions in the market and of developing our offering. Now it is time to look forward and set new goals.

Market – Europe

Loomis's position in Europe is extremely strong, with the Company being number one or number two in most countries where the Company has operations.

Market – USA

The banking sector accounts for 75 percent of Loomis' revenue in the USA. US banks are also beginning to outsource their cash management to a greater degree, which Loomis sees as a promising development.

Employees

The professional skills of Loomis' employees and their ability to build confidence among Loomis' customers represent an important competitive advantage. Loomis aims to be the most attractive employer in the industry, in order to attract and retain the best employees.

Time for **new goals!**

2013 was another strong year for Loomis. Profits continued to develop positively, and we won a number of large and strategically important contracts. We can feel secure that we have a strong business model that generates stable income flows and an organization that time after time has shown itself to be capable of adapting to changed conditions in the market and of developing our offering. Now it is time to look forward and set new goals.

On September 1, I took over as President and CEO of Loomis. Prior to that I had spent seven years first as Chief Financial Officer and most recently as Regional President USA and Executive Vice President of the Group. This responsibility is now being shouldered by my predecessor, Lars Blecko.

The switch presents both Lars and I with new and motivating challenges, while being a fairly undramatic change for Loomis. Lars and I have worked side by side on developing Loomis' operations ever since the Company was first listed in 2008.

Operating margin consistently up during five challenging years

In 2013 we celebrated five years as a listed company. The five-year period we have just been through has not been without its challenges in the world around us. Ever since the financial crisis began in 2008, we have been living with great uncertainty and turbulence in the global economy. Loomis' primary customer markets, banking and retail, have been hard hit in many of the countries where we have operations.

Not least because of this, I see our own development during these first five years as a listed company as proof that we have a sustainable business model and that we have a well-functioning organization capable of adding value over the long term. We are well on the way to achieving our financial goals within the time scale set. Among other things, this means that we have significantly increased our operating margin over the five years that have passed since the Company was listed.

In other words, I have the honor of being entrusted to take the helm of a strong company that is sticking to the course marked out for it. Our financial key ratios have improved year after year, despite a battering from the economy, and we will shortly be arriving at our intended destination on schedule.

An inspiring task

There could hardly be a better time, therefore, to take over as captain of the ship and have the opportunity to set a new course for Loomis' development. It is a task that is both inspiring and challenging. Since I have been with the Company for a long time and know the Company well, I am convinced that we can do much more and can do things even better!

"What binds Loomis' flat and highly decentralized organization together is what we call 'the Loomis model'. This is based on a number of key principles for how we organize and manage the business based on our business processes."

Extensive work is currently in progress to formulate what form the next steps in Loomis' development will take. We have decided that the analyses and plans must be complete by the autumn. In the same breath, I would also say that we do not foresee any major change in strategy. As mentioned, Loomis is a thriving, vital company with a sustainable business model. There is therefore no reason to set off in a completely different direction. The focus will remain on improving our efficiency and profitability combined with increased growth ambitions.

A highly decentralized organization

Allow me to refresh your memory regarding some of the main cornerstones of our company. Our core business, cash handling, depends on conditions in the local markets where we are present and operate. Laws, regulations and traditions regarding how cash management and cash in transit services are to be performed sometimes differ greatly between different countries and regions.

Loomis has chosen to construct a flat, highly decentralized organization in which responsibility for income and profitability is delegated to our nearly 400 branches in 16 countries. It is in these branches that our daily operations are run and developed. Experience tells us that clearly decentralized responsibility promotes entrepreneurship, motivation and a focus on delivering added value for customers and on building solid, long-term relationships with employees, customers and the world around us. It also means decisions can be made faster and that people have the power to act when a situation arises.

Consequently, Loomis' overall group-wide organization remains small. In simple terms, the main functions of the Group are to take care of governance, support, and of risk control and financial monitoring of regions, countries and branches.

Since the Company's listing, we have gradually pushed forward with decentralizing the organization and have improved our governance and monitoring of branch operations –

yet we still see great potential for further work in these areas. Our decentralized organizational model has also been a key to both cutting costs and creating commitment and business-mindedness throughout the organization.

One goal that we report on to show progress in this area is that 85 percent of our nearly 400 branches are to be profitable. In 2013, 79 percent of the branches were profitable compared with 70 percent in 2008. Conditions vary from one branch to another, partly due to geographical location and the structure of the customer base, but all of them – without exception – could become more efficient and more profitable.

High degree of specialization

Through a high degree of specialization we can quickly streamline and develop new technology and new services that enable us to effectively lower the costs of our customers' cash management, make sure that their money quickly gets into accounts that pay interest and increase their security. The price we charge for our services must cover our costs of risk and must reflect our specialist expertise, our high quality and our strong brand.

The way we reduce our own costs of risk is to continually carry on long-term work on improving our routines, processes and control functions in order to identify, measure and manage risks. An important "first line of defense" is the fact that our employees have a strong feel for security and act according to our basic values. The aim is to ensure a safer work environment for our employees and to create a balance between profitability and the risk of robbery and theft.

Over time, our targeted work has resulted in continual reductions in the cost of risk more or less year on year. 2013 was a good year, but costs were somewhat higher than in 2012 – our best year to date. The most important thing, however, is that the long-term trend is in the right direction.

"The Loomis model" evolves further

Almost all my professional life I have worked on developing service companies. If I have learnt anything about how to run such businesses, it is firstly the importance of having clear management and a simple, understandable model for how to work, and secondly, effective ways of measuring, monitoring and managing the business operations.

What binds Loomis' flat and highly decentralized organization together is what we call "the Loomis model". This is based on a number of key principles for how we organize and manage the business based on our business processes. The whole of the Loomis model rests securely on our values and our Code of Conduct. These provide guidance at all levels of the Company and make it clear how we work and what methods we use.

Transparency promotes development

We do a lot of measuring at Loomis. We continually monitor and assess how each individual branch is performing by tracking how a number of key indicators develop over time. Each branch is ranked, and key indicators are compared between different branches. This creates a high degree of transparency and clarity throughout the organization and, not least, it generates opportunities to learn from each other how the business can be developed and how we can work more smartly and more efficiently. The transparency leaves little room for poor excuses. Instead it provides plenty of opportunity for constructive feedback and makes it clear to everyone how to continually plot a course towards our goals.

The Loomis model works very well and we track the development of the business in many different respects over time, giving us opportunity to trim, pick over and polish up in whatever way is necessary in order to reach the goals we have set.

I am convinced that the Loomis model, our very clear and transparent organization and our culture of measuring and monitoring relevant key indicators are major reasons why the branches are consistently raising their game and improving their performance all the time. The operating margin has been improved, our market positions have been enhanced and we have been able to exploit new business opportunities. At Loomis, we work on the basis that you can't improve unless you first measure. There is still a lot left to do in order to develop these aspects further.

At the end of 2013 the members of the Group management started work to see how we can develop the Loomis model further and inject new impetus in order to document and implement it fully throughout the organization. This type of task has to be carried out at regular intervals; otherwise, principles and processes have a tendency to be reinterpreted over time.

Enhancing our market position

For a number of years we have invested significant resources in building up a network of excellent cash centers. The aim has been to make ourselves ready to take over an even greater part of our customers' cash management, which has higher margins than cash in transit. This work produced good results in 2013.

New major contracts were signed during the year. I can mention, for example, that in Norway we were appointed by DNB, the country's largest bank, to manage the bank's cash handling services – both cash in transit and cash management services – and have been entrusted with managing nearly 900 cash management units. The contract is for three years and is the largest single contract that Loomis has signed since the Company was listed.

During the year we also won a large and strategically very important contract in the USA, when we signed a contract with one of the largest US banks to take over its cash management function in a number of locations. This is definitely an important breakthrough for us in the US cash management market.

The aim to achieve a greater share of cash management services in the USA is something we have been working on for a long time. The USA is lagging behind Europe in this respect and, based on our strong market position, Loomis has driven the trend in the USA towards increased outsourcing and built up an infrastructure to cope with this type of commitment. I would venture to claim that today we are "outstanding" in the US market for these types of services. We benefit from the knowledge that we have built up in a number of European markets. There is very great growth potential for us here.

"Today we are the number one or number two player in 12 of the 16 markets where we operate. When we eventually close the books for 2014 I hope that we will be able to add more markets to the list and that we will have enhanced our position in yet another market through organic growth or via complementary acquisitions."

Strategically important contracts

Also pleasing is the fact that our relatively newly acquired operations in Turkey won a number of prestigious contracts during the year. The strategically most important is a contract with HSBC that runs for a number of years and covers the bank's cash in transit and cash management. This is the first time that Loomis has taken responsibility for the entire cash handling services of a large customer in Turkey, and also represents an important step towards becoming a nationwide player in Turkey.

There are many other contracts in a number of countries that contributed in various ways to enhancing our market position during the year. Ever increasing confidence from our customers is contributing to our organic growth.

By increasingly offering comprehensive solutions that include both cash in transit and cash management services – the latter providing a higher margin – we can improve our results further. Our goal for the Group is to continually increase the share of revenue that comes from cash management services. In 2013 these accounted for 27 percent of total revenue in the USA and 34 percent in Europe.

Increased focus on acquisitions

At the beginning of December we acquired the cash handling operations of G4S in Slovakia. As a result, we now have a nationwide network in Slovakia and a leading position in the country. The latter is one of our stated aims, since our business is based on economies of scale and on generating long-term opportunities to develop the whole of our business in the way we wish.

Today we are the number one or number two player in 12 of the 16 markets where we operate. When we eventually close the books for 2014, I hope that we will be able to add more markets to that list and that we will have enhanced our position in yet another market through organic growth or via complementary acquisitions.

While making this clear statement of intent, I would also like to point out that there is no urgency about this. Acquisitions are something to be done with a cool head, using a careful process to identify the right company at the right price. In addition, we always demand that there must be a well thought-out idea and strategy going forward and that we can clearly see the Loomis model being implemented effectively.

Good market conditions

So what do the general market conditions look like for our type of business in the long and the short term? As mentioned earlier, various players' willingness and opportunities for increased outsourcing of cash management services are a central and important aspect of our continued development.

The possibility that banks will outsource all or parts of their cash management to other players depends largely on both regulations and traditions in the area, and differs greatly between individual markets. In recent years the willingness to outsource cash management services has increased substantially as a result of a clear desire by both banks and retail outlets to achieve faster and more secure cash management. The banks' ambitions in recent years have been further reinforced by the pressure on them to cut costs. The general trend towards a greater proportion of outsourcing is therefore clearly something that works in our favor.

Naturally, our short-term results are also impacted by the state of the economy in general. The volume of cash in society increases in line with economic growth. Over the past ten years the volume of cash in the USA has increased by around 4 percent a year, and since the introduction of the euro the volume of cash in Europe has increased by 7 percent a year. More means of payment are launched, but cash remains the most common payment method around the world and is used for considerably more than half of all transactions. Cash is also a cheaper payment method than cards for most types of transactions. We can therefore ignore the rumor of the imminent demise of cash as a payment method – a rumor that appears in the media from time to time and is supported by the card companies.

However, it is reasonable to assume that the share of transactions in which cash is used as the payment method will reduce over time. It is equally reasonable to assume that this development will contribute to greater willingness among banks and retail companies to outsource their cash management to companies that offer Loomis' type of services. We can look forward to these developments with confidence, provided that we can steer the business towards more cash management services when the number of bills and coins circulating in society reduces in the longer term.

Time to look to the future

All of this means that the market conditions are right for Loomis. Loomis' challenge remains to make sure it offers its customers efficient and secure cash handling services that allow them to focus on their own business. We can then gradually enhance our market position and our brand further and identify new business opportunities going forward. At the heart of Loomis is its daily operations at its nearly 400 branches in 16 markets, and here the key to success is a continued focus on efficiency and profitability.

We can look back on a successful 2013. Everyone working for Loomis should be happy and proud of this, but now it is time to look to the future.

During my first few months as President and CEO I have spent a lot of time traveling around and meeting managers, employees and customers in many of our markets. I have been given an amazing reception, for which I would like to give you all my warmest thanks.

On my travels I have also seen exactly what I wanted to see, which is an incredibly strong will to be part of taking Loomis to the next level. Let us make our way there together!

Stockholm, March 2014

Jarl Dahlfors
President and CEO

Events in 2013

Loomis in the USA wins large cash management contract, April 8

One of the USA's largest banks appointed Loomis' US subsidiary to take responsibility for its cash management operations in four locations. In this assignment the bank branches' cash will be managed at Loomis' cash centers instead of in the banks' own vaults. The assignment fits in well with Loomis' global initiative to increase the share of cash management in its services. Loomis' comprehensive solutions mean we can take care of our customers' complete cash handling, both cash in transit and cash management services.

Prestigious cash handling contract in Turkey, May 28

Loomis' Turkish subsidiary signed an agreement with HSBC in Turkey for cash handling services. Under the agreement, which initially covers a three-year period, Loomis will provide cash to around 260 bank branches and around 470 ATMs in 16 cities. The agreement is strategically important since it is the first major cash handling assignment in Turkey.

Loomis in Norway wins large cash handling contract, June 10

DNB, Norway's largest bank, has appointed Loomis' Norwegian subsidiary to manage all of the bank's cash handling services in Norway for three years. The assignment covers cash in transit, cash management services and responsibility for managing 880 cash management units. The total annual contract value is expected to exceed NOK 100 million. It is the single largest contract the Group has secured since being listed in 2008.

Changes in Loomis' Group management, November 13

Johannes Bäckman was appointed as Head of Growth at the Loomis Group. To further develop Loomis' business, Kenneth Högman becomes Regional President Northern Europe and Patrik Högberg has been appointed as Regional President Nordics. Patrik will also remain Country President of Loomis in Sweden. Both are members of the Group management and report to President and CEO Jarl Dahlfors.

Loomis acquires cash handling operations in Slovakia, December 2

In line with its strategy to be a market leader in local markets, Loomis acquired the cash handling operations of G4S in Slovakia. As a result of the acquisition Loomis is now the market leader in Slovakia. The purchase price was around SEK 18 million.

Vision, goals and strategy

Loomis creates the most efficient flow of cash in society. With its specialist expertise, strong values and state-of-the-art equipment, Loomis delivers high-quality cash handling services. Clear operational goals combined with a flat, efficient organization mean that Loomis is well on the way to achieving all its financial targets for 2014.

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.

Values

Loomis' 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.

Operational goals

Loomis' three basic strategies for good profitability and sustainable growth are operational excellence, an increased market presence and high-quality comprehensive solutions. A number of measurable operational goals are linked to each strategy.

Operational goals	Developments during the year
OPERATIONAL EXCELLENCE The Group uses three key factors in its work on operational excellence: the right pricing, profitable branches and optimal risk management. These are described in more detail below.	
Price The price must reflect Loomis' specialist expertise, strong brand and high quality and must also cover the costs of risk. One of the goals is that price increase percentages must always exceed wage increase percentages.	The Group's price increases as a percentage of revenue exceeded wage increases in percent during the year.
Branch Loomis has a highly decentralized organization in which nearly 400 branches in 16 countries operate as independent profit centers. Different branches work in different circumstances and Loomis' group-wide goal is therefore that 85 percent of the branches are to be profitable.	In 2013, 79 percent of the branches were profitable, compared with 70 percent in 2008; the trend is clearly positive. There remains great potential for further improvements in the future.
Risk Risk management and security are business-critical areas for Loomis. The goal is for the cost of risk management to be below 4 percent of revenue.	Work on developing risk management has resulted in a downward trend in the cost of risk. For 2013, the cost of risk was 2.7 percent of revenue.
INCREASED MARKET PRESENCE Loomis has a strong market presence and is ready for an increased focus on growth. The strategy involves both organic growth and acquisitions in existing and new markets. Loomis aims to: • Be number 1 or 2 in every market where the Group operates. • Expand into new countries through a controlled acquisition strategy. • Strengthen its market position in existing countries.	• Loomis has strengthened its market position in a number of countries and is now also number 1 in Norway and Slovakia. • In December, Loomis acquired the cash handling operations of G4S in Slovakia, making Loomis the market leader with a nationwide network. • For a number of years Loomis has invested in developing processes and investing in modern cash centers in order to be capable of handling very large contracts. During the year Loomis won a number of contracts of significant size, particularly in the USA, Sweden, Norway and Turkey, which further strengthened its position in the market.
HIGH-QUALITY COMPREHENSIVE SOLUTIONS Loomis' comprehensive solutions, which integrate cash in transit services with cash management services, place Loomis in a good position to increase its profitability. These comprehensive solutions streamline the flow of cash and reduce the customer's total costs of handling cash, while at the same time increasing the level of security. Loomis' goal is for at least 30 percent of revenue to come from cash management services.	Over the past few years the proportion of cash management services has increased steadily, particularly in the US market, which is also a very important market for Loomis. The proportion of Loomis' total revenues accounted for by cash management services continues to increase and amounted to 31 percent in 2013, compared with 30 percent in 2012.

Loomis in numbers

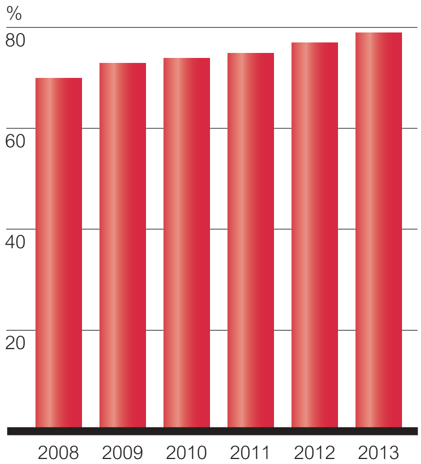
- Approximately **20,000** employees in **16** countries
- Approximately **400** branches, of which around 250 are full-service units offering cash centers and cash in transit, while 150 are cash in transit units
- Approximately **6,000** vehicles
- Approximately **20,000** Loomis SafePoint® units
- Approximately **95,000** ATMs managed

Focus on branches

Loomis' business and organizational model is centered on the Company's branches. Responsibility for results and profitability lies with the managers of each branch and are followed up on an ongoing basis at close intervals. Loomis' work to improve the efficiency of the least profitable branches has resulted in a continual increase in the percentage of branches that are profitable.

The branches have significant authority, and the responsibility for creating and maintaining good relations with customers lies with the managers and employees. This gives rise to local initiatives and ideas. Experience has shown Loomis that decisions made close to the market combined with responsibility for profits results in better business.

PERCENTAGE OF PROFITABLE BRANCHES

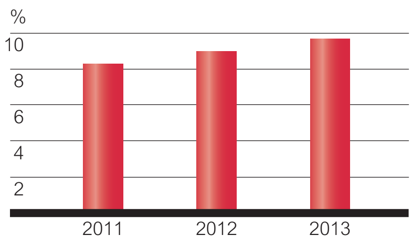


Financial goals

Loomis' overall goal is to create value for shareholders and other stakeholders by generating good profitability and sustainable growth. Loomis' goal 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.

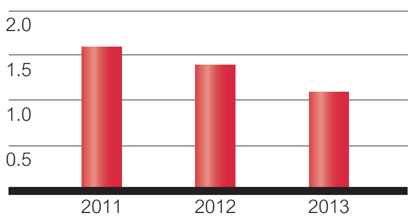
In addition to targets for operating margin, cash flow and dividend, Loomis has a net debt target of no more than 2.5 times operating income before depreciation (EBITDA).

OPERATING MARGIN (EBITA)



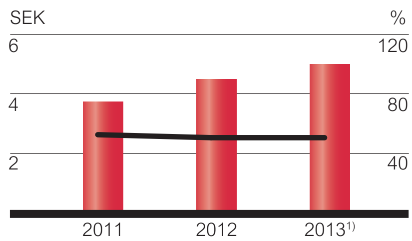
An operating margin (EBITA) of 10 percent by 2014, at the latest.

NET DEBT/EBITDA



Net debt of no more than 2.5.

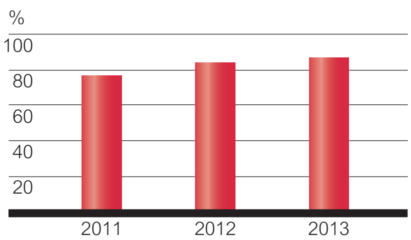
ANNUAL DIVIDEND



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

1) Dividend proposed to the Annual General Meeting 2014.

CASH FLOW FROM OPERATING ACTIVITIES IN PERCENT OF EBITA

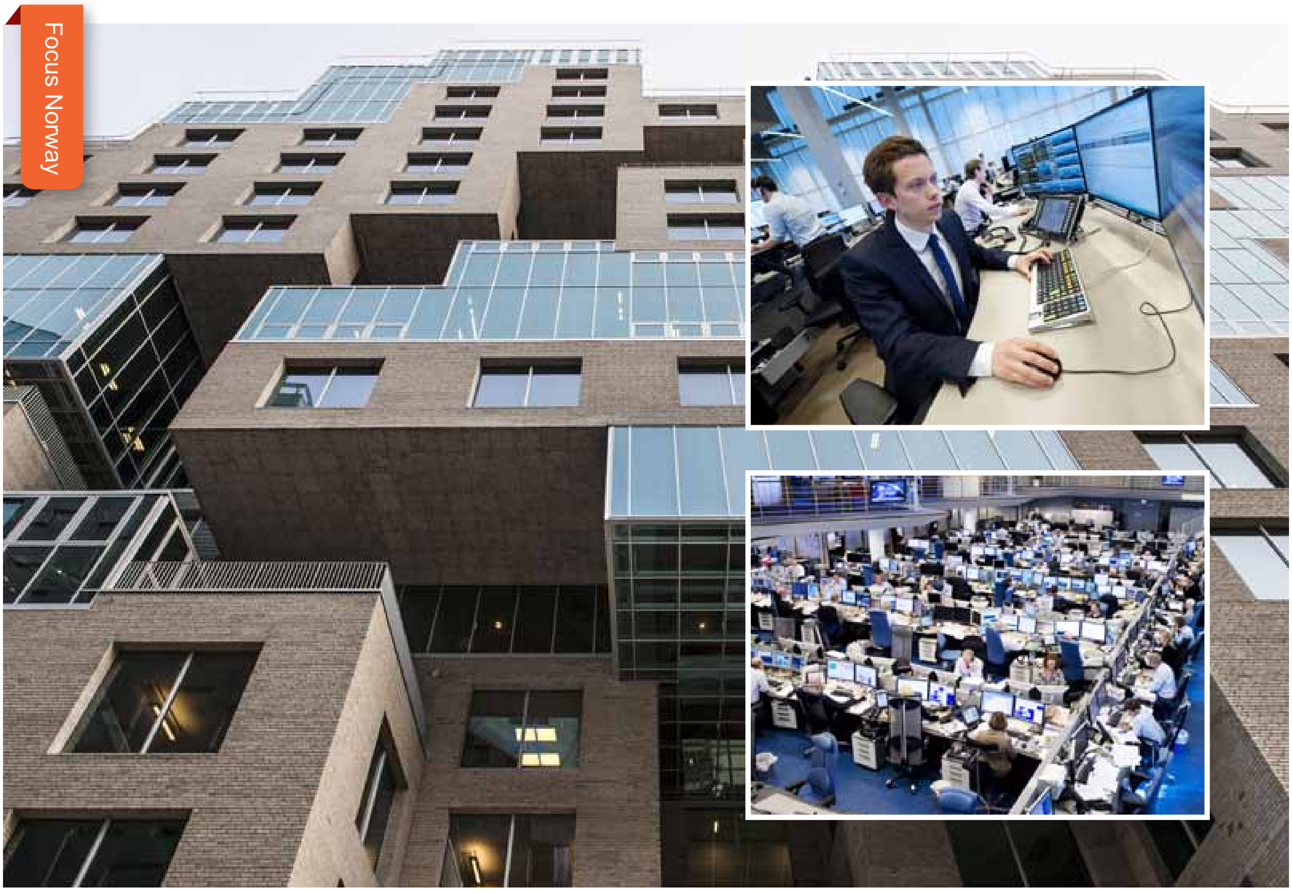


Cash flow from operating activities should amount to an equivalent of at least 85 percent of operating income (EBITA).

DNB Norway **outsources** its entire cash flow **to Loomis**

During the year, Loomis won its largest single order to date since the Company was listed in 2008, when DNB – Norway's biggest bank – outsourced the management of its entire cash flow to Loomis in Norway.

Focus Norway



DNB Bjørvika, Oslo. Market analyst Magnus Vie Sundal. The trading floor, DNB markets.

The agreement is groundbreaking because it includes not just cash in transit and cash management, but also total responsibility for the bank's ATMs and has been designed to allow Loomis to share in the bank's efficiency gains.

A comprehensive supplier

DNB was looking for a supplier that was capable of taking over its entire cash flow – everything from cash in transit and cash management to total responsibility for the bank's machines; and a supplier that was able to ensure high availability of cash without unnecessary costs.

As a result, Loomis developed a number of new solutions. DNB has 880 cash management units in total, of which more than 300 are ATMs. Most of the machines are linked up with Loomis' monitoring center that is used both to carry out maintenance and to optimize cash flow.

Efficiency gains

The agreement was developed in close cooperation between Loomis and DNB, and is innovative in many ways. In this partnership, both DNB and Loomis will share in the gains that arise when DNB's entire cash flow is optimized by streamlining storage, refilling and maintenance of the machines.

> *“DNB selected Loomis because of its modern security solutions for cash in transit, industrialized production systems and the added value that Loomis can provide, says Petter Orning, head of DNB's branch network.”*

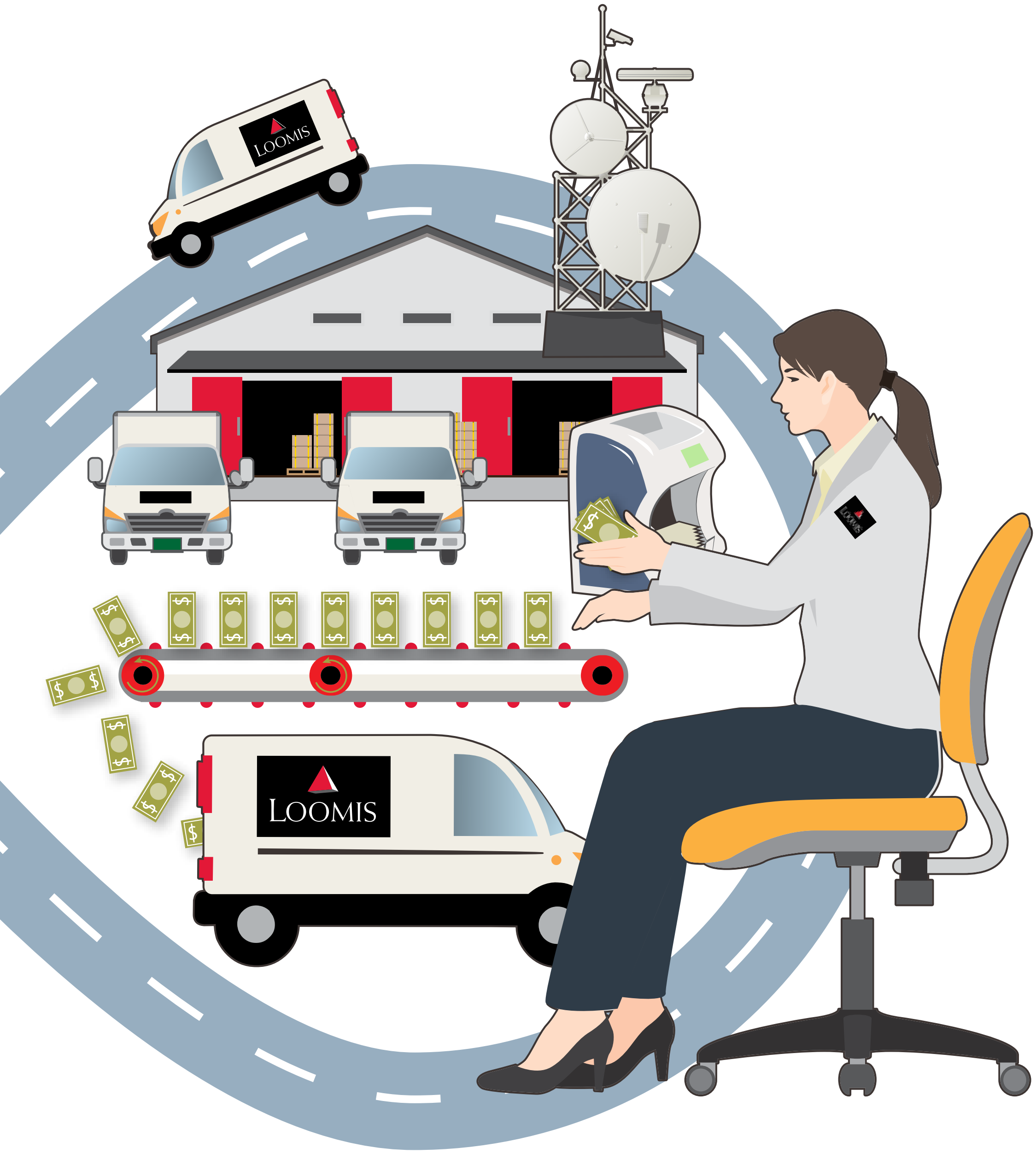
Loomis helps **cash circulate more quickly and more securely** in society

1 Loomis' task is to secure the supply of cash in society. Cash in transit teams make sure that ATMs are refilled and that bank branches and retail outlets have the quantities of cash that they need.

2 The general public then withdraws cash from ATMs and bank branches to spend in retail outlets and restaurants.

3 Loomis collects daily receipts and cash from retail outlets, restaurants, service boxes, deposit boxes and Loomis SafePoint® units and …

Cash is the most common payment method in the world. Bills and coins circulate between consumers, banks, retail outlets and restaurants. With economies of scale in its cash centers, secure CIT vehicles and a workforce specialized in risk management, Loomis reduces customers' costs and increases the security of their cash management.



4 ... transports them to the cash centers, where Loomis employees use modern equipment to count and quality-assure bills and coins with industrial efficiency.

5 The funds are then deposited in the customers' bank accounts. The bills and coins are packaged and recirculated out in society as quickly as possible.

Loomis' offering

Loomis offers cash in transit (CIT), cash management services (CMS) and comprehensive solutions which integrate CIT with CMS. Loomis also offers customized solutions for retail outlets and for maintenance of ATMs, as well as analysis, forecasting and reporting of customers' cash flow.

Loomis is driving outsourcing

In certain markets bank branches still carry out their own cash management, and Loomis is engaged only to provide secure cash in transit services. Management by the banks is often more small-scale and less efficient than can be achieved by Loomis' working methods and equipment. In these markets, Loomis is driving the trend towards more and more banks outsourcing both cash in transit and cash management.

State-of-the-art cash center in Madrid

Loomis' branch in Madrid offers cash in transit and cash management services to a region with a population in excess of eight million, which is 17 percent of Spain's population.

The new cash center in Madrid was opened in 2012 and has the highest capacity of any of the Group's approximately 250 cash centers. It can process up to 3 million bills and 20 million coins every day. The cash center was built to cope with expansion of the operations over the coming 10–15 years.

The branch serves to 1,200 banks and retail outlets with 19,000 different points of service in total. Over 80 percent of Loomis' customers in Madrid have been with the Company for more than ten years.

The heart

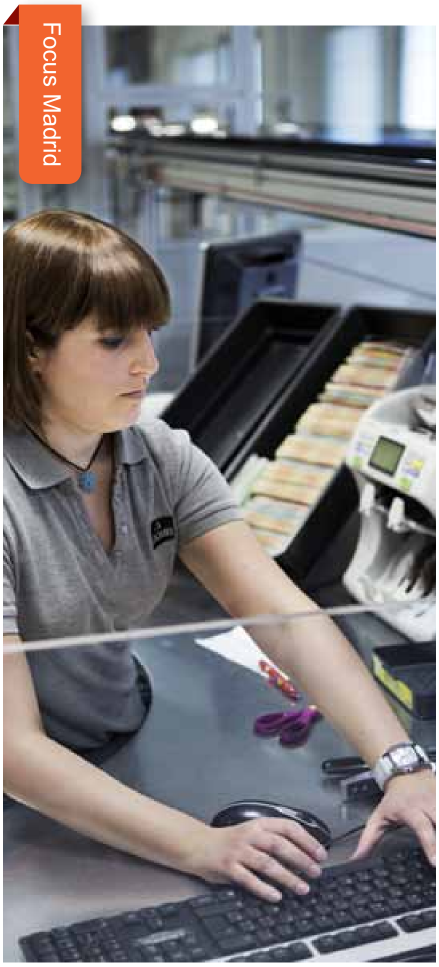
The operational area is the heart of the cash center. Loomis employees use state-of-the-art machines and the latest technology for counting, authenticity, verification, quality control, depositing in client accounts, treasury control and cash preparation for the Spanish central bank.

Security

The building is equipped with the latest security technology to provide maximum security for Loomis' employees and clients, including 300 cameras and 207 security doors.

Facts:

- The center is up and running 24 hours a day 365 days of the year with 520 Loomis employees working in three shifts.
- 95 armored vehicles.



24 hours a day 365 days a year

Organic growth for Loomis in Denmark

With 18.5 percent growth, Loomis in Denmark has shown how to exploit the growth opportunities that exist in the Danish market.

More customers for Loomis

In Denmark, a large number of local bank branches have closed in recent years. For Loomis, this means that retail companies are increasingly contracting Loomis to manage their daily receipts and change.

"As more and more companies and businesses find they have a longer journey to the bank and are unable to get change or deposit their daily receipts, Loomis has taken the opportunity to assist them with cash handling services. Representatives from Loomis visited potential customers to find out their specific needs, resulting in a large number of new customers," says Jan Schjoetz, Country President for Loomis in Denmark.

Demand for comprehensive solutions

One of the areas in focus in Denmark is innovation. Innovative solutions developed by Loomis in Denmark include applications that allow customers to track their cash flow clearly and order change when needed, and security boxes with dynamic cash collection that report directly to the customers' accounts departments.

Offering more innovative and customized solutions allows Loomis to expand the services it provides from cash in transit only to also include cash management, thereby driving Loomis' growth and profitability. When Loomis takes complete responsibility it adds value for the customers – both financially and through Loomis taking over the risk.

Growth potential

Loomis is one of the largest players in the Danish cash handling market. At present, the value of total outsourcing in Denmark is estimated at approximately DKK 400 million, but the potential is substantially greater since large areas of cash handling in Denmark are still taken care of by the banks and by companies owned by the banks.

"We have great confidence in the future. New standard requirements for cash handling will shortly be introduced in Denmark, and in that aspect we are way ahead of the competition. Our hopes are high that we will increase our market share in the years ahead as the market demands more outsourcing contracts," concludes Jan Schjoetz.

Facts:

Number of employees:	**99**
Number of branches:	**2**
Number of cash centers:	**2**
Revenue in 2013:	**DKK 92 million**
Growth (%) since 2012:	**18,5**

Focus Denmark

Sergey Goryachev / Shutterstock.com

Greater efficiency and **security drive Loomis' business**

The cash handling market is growing and changing, but differs greatly from one country to another. In a growing number of countries, bank and retailers are outsourcing all their cash handling to external parties. In other countries, banks and retailers still carry out these tasks themselves. The driving forces are the same, however: to reduce costs and increase security.

Despite the fact that we have been through a period of turbulence on the financial markets and lower economic growth, the market for cash handling services continues to grow. Cash is the most common payment method in the world and is the foundation for the world's flow of payments – in both a strong and a weak economy. In by far the majority of markets where Loomis operates, the volume of cash is growing in line with the economy. The main factor driving Loomis' business is the fact that both banks and retailers are more inclined to outsource these operations – for a number of reasons, including cost efficiency and increased security requirements.

Banking sector: major restructuring

The banking sector accounts for approximately 60 percent of Loomis' revenue. In the wake of the recent financial crisis, the banking sector has been forced to make major structural changes. For Loomis' bank customers the main driving forces for outsourcing cash handling are lower costs, reduced risk and increased focus on their core business.

Cost cutting requirements

The main driving force behind the trend in cash handling in the banking sector is cost. The situation in recent years, with lower economic growth, stricter regulation and fiercer competition, has meant that banks have reviewed their costs and have closed many of their branches around the world. Outsourcing the management of daily deposits, ATMs, vaults and transport reduces the banks' costs of handling, transporting and stocking cash.

Increased safety consciousness

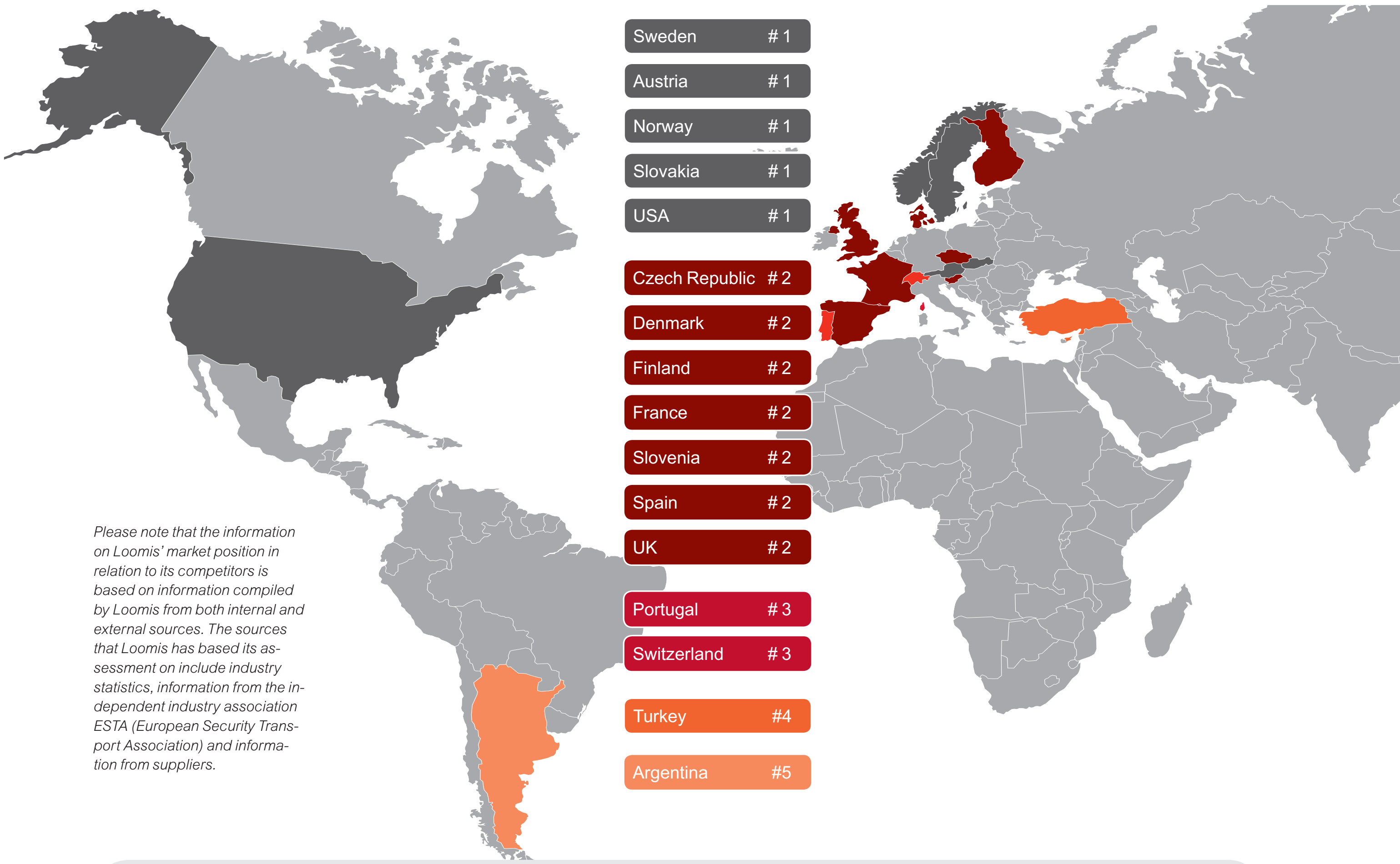
Cash handling is by definition associated with considerable risks. Loomis is generally seeing a greater level of safety consciousness among its customers. Keeping cash in their own vaults and having bank personnel handle and transport cash involves an obvious security risk. In contrast, having a specialized external party take care of cash handling reduces both the bank's risk of its staff being subject to threats and the risk of robbery and loss.

Focus on core business

In line with increased efficiency requirements and tougher competition, more and more banks are beginning to focus more on their core business and on their end customers. Being able to offer their customers cash is part of their promise to customers, but the actual handling and transport can be taken care of more efficiently by an external party with economies of scale and better security.

Banks can increase the level of service to their customers and ensure a secure, regular supply of cash for their customers by letting Loomis take responsibility for maintaining their ATMs.

MARKET POSITIONS 2013



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 information from suppliers.

Retail sector: focus on cash flow

Approximately 40 percent of Loomis' revenue comes from the retail sector. Loomis has a growing number of customers in the retail sector – ranging from large retail and restaurant chains to convenience stores, bars, hotels, vacation facilities and gas stations. Despite the lower economic growth in recent years that has characterized a number of the countries where Loomis has operations, consumption has remained at a high level thanks to low interest rates and, in some countries, economic stimulus programs.

The general uncertainty of recent years has made it even more important for retailers to keep their cash flow under control, and technological developments have created new ways of doing this. Like the banking sector, the retail sector is also characterized by a general increase in efficiency requirements and greater safety consciousness.

Control of cash flow and more efficient cash management

Loomis is seeing a clear trend in all its markets towards an increased need for control over daily receipts within the retail sector. Customers are increasingly demanding forecasting tools for change, automation of cash management and, not least, the option of immediate access to their daily receipts – for example, by implementing Loomis SafePoint®. Outsourcing and automating cash management increase the individual store's efficiency, since it enables store staff to spend less time on cash management and more time on customer service.

Reduced risk

Awareness of risk has grown in the restaurant and retail sector in recent years, and this is often a major reason behind the decision to outsource cash handing to a specialist that takes over and has the right knowledge concerning how to control risks. Closed systems and automated cash management reduce the costs of losses and increase security at the same time.

Stable cash management market in Europe

The financial crisis in Europe has brought both challenges and business opportunities for Loomis. The banking sector has been under increased pressure to reduce costs, while in the retail sector interest in cash management services continues to grow – all of which enhances Loomis' market position, thanks to a service offering that is at the forefront of technical development.

Loomis' position in Europe

The European cash handling market is led by a few large international players and a shrinking number of small local players. The trend towards an increasing proportion of cash management relative to cash in transit works in Loomis' favor due to the Company's competitive service offering in cash management, as well as in integrated comprehensive solutions that combine cash management and cash in transit. Loomis holds a strong position in Europe, where the Company is number one or two in nearly every country where the Company has operations.

Cash in transit and cash management services

Cash in transit accounted for 66 percent of Loomis' revenue in Europe in 2013. Cash management services, which are more profitable than cash in transit, accounted for 34 percent of revenue, in line with 2012.

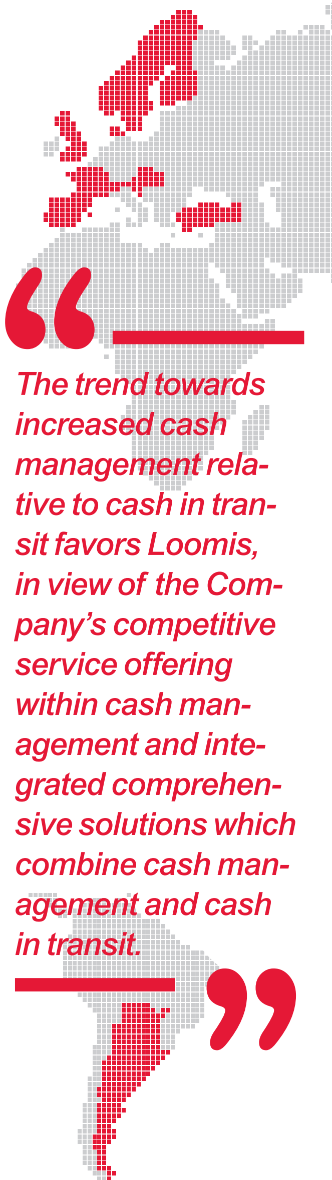
Banking sector

The banking sector accounts for around half of Loomis' revenue in Europe (plus Argentina). The financial crisis in southern Europe in particular is noticeable mainly in cash in transit, with a large number of bank branches having been closed. The banks' increased focus on profitability means that there is increasing demand for outsourcing solutions. Although there are large differences between the countries of Europe, the banking sector is generally more mature in Europe than in the USA and European banks outsource a greater proportion of their cash handling than do US banks. Loomis' experience is that outsourcing will gradually increase in line with growing cost consciousness.

Retail sector

The European retail sector, which accounts for around half of Loomis' revenue in Europe, has not been affected by the economic downturn in recent years to the same extent as the banking sector. Discount stores and discount chains have grown, at the expense of other retail outlets. General pressure on costs has meant increased demand for outsourcing of cash management solutions as part of reducing costs and allowing the Company to focus on its own business.

In addition to the general trends in the sector, i.e. mainly safety and cost consciousness, Loomis' cash in transit operations in the retail sector have also been favored by the fact that banks have reduced the number of local branches. Fewer bank branches means greater distances between branches, which in turn means that retail customers prefer to outsource cash in transit to an external party than allow their own employees to transport daily receipts over a long distance.



"The trend towards increased cash management relative to cash in transit favors Loomis, in view of the Company's competitive service offering within cash management and integrated comprehensive solutions which combine cash management and cash in transit."

The cash handling market in Europe
Loomis' European operations cover Austria, the Czech Republic, Denmark, Finland, France, Norway, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the UK. Argentina is also reported as part of the Europe segment.

A question to Kenneth Högman, Regional President Northern Europe:

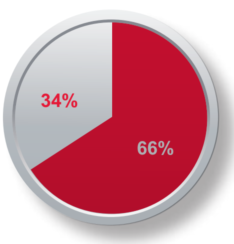
What stands out about Loomis' development in Europe in 2013?
The most important factor in 2013 was that our customers – particularly banks and financial institutions – continued to hunt for cost savings. They are looking for ways to save everywhere right now and this makes them start to question why they should manage their cash themselves instead of outsourcing it to an external party. Obviously, this generates interesting opportunities for Loomis. Another factor driving demand in the retail sector is a desire to minimize risk to their own personnel.

A question to Patrik Högberg, Regional President Nordics:

Can you tell us about any particularly significant contract in 2013?
In addition to the DNB contract in Norway, changes in the Swedish market resulted in great opportunities for us. In Sweden, the five largest banks have brought together ownership, maintenance and development of their ATMs in a single company, Bankomat AB, which is today Loomis' largest individual customer in Sweden. We worked very closely with Bankomat during the migration of the machines from the banks to Bankomat, which involved replacing certain hardware and transitioning to common platforms for IT and software. Today we are Bankomat's sole provider for refilling cash in the machines, and we now serve the majority of Sweden's ATMs. It is a very significant business for us and it shows that we really play a role in society.

A question to Georges Lopez Periago, Regional President Southern Europe:

What are your highest priorities in 2014?
Loomis is a decentralized organization and each country has its own priorities based on market conditions. Our priorities include growing Loomis SafePoint® in several countries, but we will also continue to invest in our cash centers in preparation for increased pressure in cash management going forward. We are constantly working on standardizing our own processes and routines, at the same time as we must adapt to local regulations and conditions.



SHARE OF REVENUE BY SERVICE LINE 2013, EUROPE

- Cash in Transit
- Cash Management Services

KEY RATIOS EUROPE

	2013	2012	2011
Revenue, SEK m	7,055	6,955	6,934
Real growth, %	*2*	*2*	*3*
Organic growth, %	*2*	*0*	*2*
Operating income (EBITA), SEK m[1)]	794	736	714
Operating margin, %	*11.3*	*10.6*	*10.3*

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

Loomis' international presence gives it a **strong competitive edge** in the USA

Following a number of years of weaker growth, the US economy – in which cash is by far the most common payment method – is starting to pick up again. For Loomis, the number of cash management assignments continues to increase and there is increasing demand from banks for more advanced services.

Loomis' position in the USA

Loomis is the leading cash handling player in the USA. The Company's long experience of advanced cash management solutions in more mature European markets gives it a strong competitive edge as the US market matures and customers demand more sophisticated services.

Cash in transit and cash management services

At 73 percent, cash in transit accounts for a considerably greater proportion of Loomis' revenue in the USA than in Europe (where cash in transit accounts for 66 percent of revenue). Cash management services, which is where the greatest growth is to be found, account for 27 percent of revenue. This represents an increase of 10 percentage points in five years.

Banking sector

The banking sector accounts for 75 percent of Loomis' revenue in the USA. From having outsourced only cash in transit, more and more banks are now also engaging Loomis to carry out automated counting, authenticity verification, quality control, packaging and storage of cash. The main driving force is the cost savings that Loomis can offer. A number of banks that were previously restrictive as regards outsourcing their cash management are now starting to contract this out to Loomis in order to focus on their core business.

Loomis sees the fact that US banks are also increasingly starting to outsource their cash management as promising, since the USA is considerably behind Europe in this respect.

Loomis' strong position in the banking sector is also a competitive advantage in terms of its offering to the retail sector. Through contracts with banks, the Loomis SafePoint® solution means that customers' cash deposited in the units is instantly credited to the customers' bank accounts.

"A number of banks that were previously restrictive as regards outsourcing their cash management are now starting to contract this out to Loomis in order to focus on their core business."

The cash handling market in the USA
Cash is by far the most common payment method in the USA and the volume of cash in circulation is increasing steadily by 2–3 percent a year.

Retail sector

The retail sector accounts for 25 percent of Loomis' revenue in the USA. In the retail sector, Loomis is seeing a trend towards individual retail outlets being reluctant to deal with cash, both because of the risk of robbery and loss and because of a need for better control over their cash flow. The number of installed Loomis SafePoint® units – which give customers a closed, secure system for all their cash management and cash in transit – has continued to grow. Another strong driver behind this development is that customers can improve their cash flow since the funds are deposited immediately in their bank accounts.

Questions to Lars Blecko, Regional President USA:

What stands out about Loomis' development in the USA in 2013?
It's great to see that we are increasingly benefiting from the fact that we are an international company with a presence in many markets. We have really succeeded in exploiting this as a strong competitive advantage when our customers demand more advanced services in cash management, where we have a unique service offering. We are seeing the same trend among international banks and major retail chains.

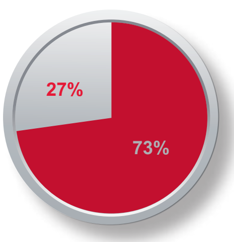
Is there a particular contract that you would like to highlight?
One strategically important contract that we won – and that we are very proud of – was from one of the largest US banks, to take over their cash management in four locations. The bank previously kept the cash in its own vaults, but it has now been moved to Loomis' cash centers. This shows that the investments we have made in our modern facilities are producing results.

What will be the most important thing in 2014?
We will continue driving our business in the same direction. In the retail sector we will focus on growing Loomis SafePoint®, and in the banking sector we will continue to drive the positive outsourcing trend seen in 2013. Overall, more focus on cash management services relative to cash in transit.

KEY RATIOS FOR THE USA

	2013	2012	2011
Revenue, SEK m	4,359	4,405	4,039
Real growth, %	*2*	*5*	*12*
Organic growth, %	*2*	*0*	*0*
Operating income (EBITA), SEK m[1)]	414	400	295
Operating margin, %	*9.5*	*9.1*	*7.3*

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



SHARE OF REVENUE BY SERVICE LINE 2013, USA

- Cash in Transit
- Cash Management Services

Union Bank **chose Loomis** for cash management services

With assets under management of more than USD 100 billion, Union Bank is a full-service commercial bank operating 418 retail branches in California, Washington and Oregon, as well as commercial branches in six states across the USA and two internationally.

A partner for cash management services

As Union Bank a few years back initiated an expansion strategy to grow outside its current operational area, it needed a partner to provide cash management services in areas not supported by Union Bank. Loomis was selected as a new partner based on recommendations from one of Union Bank's own customers. As a result of the agreement with Union Bank, in 2012 Loomis opened a cash center in Florida, and has since expanded so that it now has 21 Loomis cash centers in various US locations which handle daily receipts for Union Bank's customers. The scope of services provided by Loomis today includes all cash management service offerings, cash deposits and orders, order processing of daily receipts, coin verification and wrapping, analysis, forecasting and reporting of cash flow, as well as Loomis SafePoint®.

"Loomis was added as a partner for the Bank based upon their national presence and ability to serve our business needs. Their consistent performance has been complimented by their team's professionalism, ability to execute and commitment to our Bank," says David Negrete, Senior Vice President, Commercial Cash Services Operations Manager at Union Bank.

Enables expansion

The outsourcing agreements have been driven by several factors. Firstly, the outsourcing enables geographic expansion beyond the bank's current operational area and hence drives revenue opportunities. Secondly, outsourcing internal cash management not only reduces costs and increases flexibility for Union Bank, it is also an important part of the bank's financial business continuity planning.

"Our business is growing, particularly in markets where we do not currently have a branch. Outsourcing helped us expand our presence without investing in additional brick-and-mortar," says Steve Dellasega, Vice President, Senior Product Manager at Union Bank.

Many of Union Bank's national clients appreciate having a common process and bank account for all their locations. The ability to easily consolidate daily receipts each night into a single Union Bank account appears very attractive for the Bank's clients as well, and is something that was made possible by the decision to outsource the cash management services to Loomis.

Every day ...
Loomis employees make 100,000 visits to customers.

Every day ...
Loomis transports bills and coins in 16 countries.

Every day ...
Loomis handles cash totaling SEK 75 billion.

Skills and leadership provision are the **key for Loomis**

Professional employees who inspire confidence, a strong corporate culture and the development of key skills and leadership are vital to Loomis' future growth.

Loomis uses a number of group-wide tools and programs for skills development and to secure future leaders, including the Loomis Performance Management Program (PMP), the Loomis Future Leaders process for identifying talent, the Loomis Good Decision Game and follow-up tools such as the employee survey Your Voice.

Employees are the most important thing

The professional skills of Loomis' employees and their ability to build confidence among Loomis' customers represent an important competitive advantage. Loomis aims to be the most attractive employer in the industry, in order to attract and retain the best employees.

The employee survey, Your Voice, is a tool for measuring employee satisfaction, leadership and the strength of Loomis' culture and values. The Group has a common follow-up process for improvement areas and this involves all the employees in various activities. Participation and involvement create commitment and motivation, as can also be seen in the results.

In Sweden, where Loomis has worked on Your Voice and follow-up activities for many years, there is now a clearly measurable correlation between profitability on the one hand and changes in the employee satisfaction and leadership index on the other.

Securing leadership for growth

Good leadership is one of the keys to Loomis' successful development. Loomis Future Leaders – Loomis' process for securing leadership and succession planning – aims to develop and retain good employees, and to make sure that there are leaders for key positions as the Company grows.

During the year Loomis invested in IT-based system support, the Loomis Talent Management System (LTM System), to further secure succession planning and make sure that talent is nurtured to meet the Company's future needs.

Skills development and leadership provision take place mainly within each country, but also through active learning and benchmarking between different countries in the Group.

How to put ethics into practice

In view of the risk inherent in Loomis' operations, ethics and values are highly important issues for Loomis. The Loomis Good Decision Game – Ethical Edition brings together the Company's values and Code of Conduct, with a focus on ethical issues in daily work. The game encourages discussion and suggestions for improvements that are fed back to the management in the local markets.

Activities implemented in 2013

- Follow-up activities resulting from the employee survey Your Voice in 2012, and implementation of Your Voice 2013. For the second year running, all employees of the Loomis Group took part.
- Piloting of system support (LTM System) for Loomis Future Leaders – Loomis' process for leadership development and succession planning – in Sweden, Norway, Denmark, the UK, the USA and at Loomis HQ.
- The Loomis Good Decision Game – Ethical Edition was played by all management teams and in certain countries also by other professional employees of the Company.

Priority activities in 2014

- Follow-up activities resulting from the employee survey Your Voice 2013, and implementation of Your Voice 2014.
- Development of a group-wide specification of requirements for leadership development that can then be adapted to each local market.
- System support (LTM System) for Loomis Future Leaders – Loomis' process for leadership development and succession planning – to be implemented throughout the Group during 2014 and 2015.
- Implementation of a coordination project to further secure the quality of recruitment work throughout the Group in order to define group-wide recruitment requirements more clearly.
- The Loomis Good Decision Game – Ethical Edition to be played by those employees who did not do so in 2013.

Code of Conduct and whistle-blower

Loomis has a Code of Conduct that is based on the Company's values of People, Service and Integrity. The Code of Conduct provides all Loomis' employees with guidance for daily operations. All new employees are given training in the values, the Code of Conduct and the follow-up tools that Loomis has.

The Code of Conduct can be summed up in three points:

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

Each individual employee is responsible for his or her own compliance with the principles of the Code of Conduct.

Loomis has a group-wide whistle-blower system called Loomis Integrity Line, which gives employees the chance to anonymously report observations on behavior that violates Loomis' values or Code of Conduct.

Through local commitments Loomis takes **responsibility for the world around it**

Loomis' task of securing the supply of cash in society involves taking responsibility for ethics, security and climate impact. Its role as one of the world's largest cash handling companies demands long-term sustainability work that creates confidence among our employees and customers. At Loomis, the branches are the heart of our business – but we also care about the world we work in and the people we meet.

In 2013, Loomis continued its work on sustainability with training and activities for its 20,000 employees around the world. Here are some examples of Loomis' sustainability activities in various countries.

Eco-driving in France

An important element of Loomis' sustainability work is to reduce the Group's climate impact. During the year, therefore, Loomis trained 300 drivers in France in environmentally friendly driving techniques. Training drivers to drive in an eco-friendly way reduces fuel consumption by 10 to 15 percent, which has both financial and environmental benefits. In addition, Loomis works to optimize its transport routes in order to shorten journeys and reduce carbon dioxide emissions. Loomis' vehicle fleet comprises vehicles that meet the strictest emissions requirements according to the emissions standard in force, without compromising on employees' security or the protection of our customers' cash.

Spontaneous sport in Botkyrka

For the second year running, Loomis is working in partnership with Botkyrka municipality to the south of Stockholm to reduce crime in the area. The project involves promoting and supporting "organized spontaneous sport", by giving youngsters aged 12–20 a safe, fun physical activity to do on Friday and Saturday evenings. The aim is to improve public health and, through good leadership, to set an example that has a crime prevention effect.

Among other things, the partnership involves Loomis employees taking part in "organized spontaneous sport" and building up relationships with the youngsters. The results have been very positive, with around a thousand young people taking part in sports activities each week, and graffiti and vandalism in the area have reduced substantially since the scheme was introduced.

Carbon Trust certification

Since 2011, all CIT vehicles belonging to Loomis in the UK have been Carbon Trust certified, which means that Loomis has committed to reducing carbon dioxide emissions by 5 percent over a five-year period. Through a strategic partnership with the Carbon Trust, Loomis in the UK has since developed a strategy for integrating, communicating and implementing carbon management within the Company. As part of this strategy, Loomis in the UK has undertaken to reduce electricity consumption at all its branches throughout the country. To make sure that all this is implemented, "Green Champions" have been appointed within the organization – tasked with reviewing, improving and driving environmental issues throughout Loomis in the UK.

This major commitment has produced results. In 2013, Loomis' reduction in carbon dioxide emissions was measured as 2.8 percent, which exceeds the target set for the year.

CARBON TRUST REDUCING CO2

Risk management is part of **Loomis' core business**

Loomis takes over the customer's risks associated with managing and transporting cash. This is a major task that Loomis is entrusted with. Good risk management at all levels and in every operation is therefore an absolute necessity if we are to earn our customer's confidence.

Loomis' two service lines, Cash in Transit and Cash Management Services, are directly associated with a number of risks. In addition to the risk of personal injury, there is also the risk of the loss of cash due to criminality or poor compliance with cash management procedures. Loomis strives to continually improve its risk management and has made considerable investments that have produced noticeable results. In 2013, the cost of risk management was somewhat higher than in 2012 – but the long-term trend is clearly downward, as is the frequency of incidents.

Ongoing follow-up of risks

In view of the exposure to risk that cash handling involves, risk assessment is an obvious element of each new contract – and all the more so when expanding into a new market. A risk assessment is undertaken for each individual assignment and in conjunction with the signing of each new customer contract, with business opportunities and profitability being weighed up against risk. If the risks are too high, Loomis will decline the assignment. Once an identified risk has been accepted, it is followed up on an ongoing basis, since circumstances may change in the course of the journey.

Loomis has tools and processes in place to identify, take action on and monitor risk. The various identified 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 should the event occur. Risk matrices are created in each country and at Group level.

Central management with local responsibility

A total of around 150 people at Loomis work on operational risk management at Group, regional and country level. Risk management is carried out centrally within the Loomis Group and all the local operations have common structures, processes and systems for their work. Since Loomis is a decentralized organization, however, in which the local branches have responsibility and authority for daily operations, the actual control functions and the operational responsibility lie with these.

Reporting and follow-up

Risk management is about identifying significant and relevant risks in the operations and making sure that the right conditions are in place to manage these. The work is based on an annual risk plan that is drawn up by Loomis' subsidiaries out in the countries where operations take place. The risk plans are followed up systematically and meticulously on a quarterly basis, both within each local subsidiary and at regional and Group level.

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.

Proactive risk work for a safer workplace

The safety of our employees is a main focus of risk management. Employees who handle cash in various ways work according to meticulous security routines, so as to minimize the risks to which they are exposed. Employees at all levels must understand and be able to manage the risks associated with their particular operations. A focus on recruiting the right employees and having good training programs are other ways in which Loomis can minimize all kinds of risk.

Since Loomis' work involves cash handling, ethics are even more important at Loomis than in many other sectors. Proactive risk management and constant monitoring of the external environment enable Loomis to predict possible incidents. This ensures that Loomis can provide a safer workplace and more secure cash handling services for its customers.

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.

Notice of **Annual General Meeting**

The shareholders of Loomis AB (publ) are hereby invited to attend the Annual General Meeting ("AGM") to be held at 5 p.m. CET on Tuesday May 6, 2014 at Grünewaldsalen, Stockholms Konserthus, Stockholm (entrance at Kungsgatan 43). Registration for the AGM begins at 4 p.m. CET.

Grünewaldsalen, Stockholms Konserthus

Reporting dates

Loomis will publish the following financial reports for 2014:

Interim Report January–March
May 6

Interim Report January–June
July 31

Interim Report January–September
November 6

Year-End Report for 2014
February 4, 2015

Notice of attendance

Shareholders wishing to attend the AGM must be recorded in the share register maintained by Euroclear Sweden AB (previously VPC AB), at latest as of Tuesday, April 29, 2014, 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 Tuesday April 29, 2014, preferably before 4 p.m. CET.

On giving notice of attendance, the shareholder shall state his or her name, personal identity number (company 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 Tuesday, April 29, 2014 and the banker or broker should, therefore, be notified in due time prior to this date.

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 46 percent to SEK 152.50 in 2013. The lowest closing price was SEK 100.50 on January 4 and the highest closing price was SEK 161.00 on November 6–8. The market capitalization of the Class B shares amounted to SEK 10,957 million (7,271) at the end of the year. OMX Stockholm increased by 23.7 percent in 2013.

Loomis' total return, i.e. the share price performance including re-invested dividends of SEK 4.50 (3.75), amounted to 50.2 percent (9.3) in 2013. The NASDAQ OMX Stockholm total return, as reflected by the SIXRX total return index, amounted to 25.15 percent in 2013.

Turnover

In 2013, NASDAQ OMX Stockholm accounted for 50 percent (43) of the turnover with the remaining portion on other marketplaces, where Boat accounted for the largest portion.

The total turnover of Loomis shares in 2013 was 64.1 million (73.5) on NASDAQ OMX Stockholm and other markets. The average daily turnover was 258,364 shares per day (293,807). The turnover rate for the Class B shares amounted to 89 percent (105) in 2013.

Share capital

At the end of 2013, Loomis' share capital amounted to SEK 376 million, broken down as 3.4 million A shares and 71.8 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 55.32 (47.57). Due to Incentive Scheme 2012, Loomis acquired 71,869 treasury shares during the year. The total number of treasury shares as of December 31, 2013 was 121,863.

Subscription warrant program

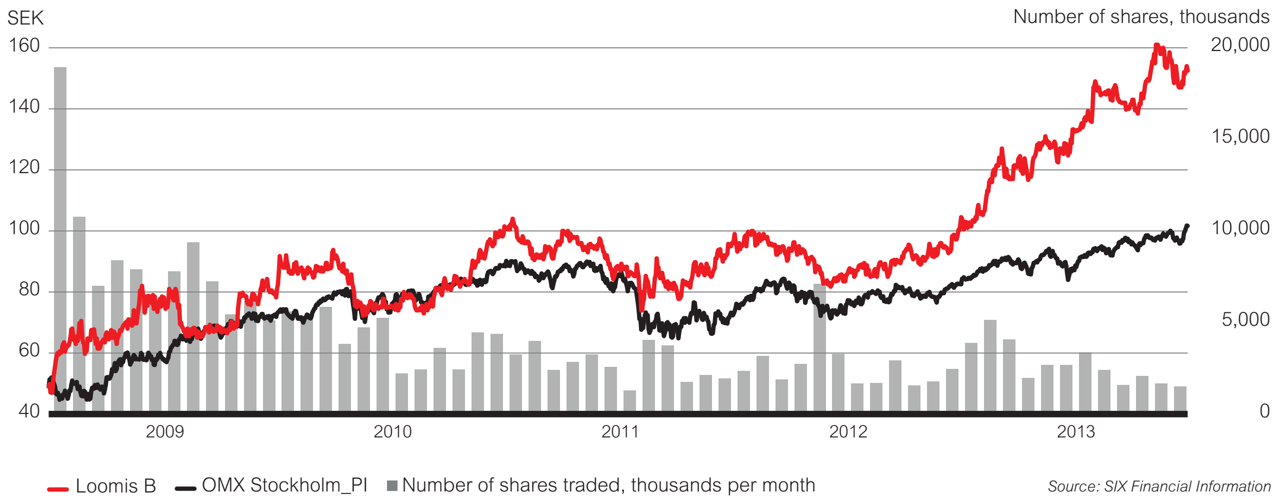
In March 2013, it was announced that Loomis' warrant subscription program 2009/2013 was about to be concluded. As a result of the conclusion process, the number of Class B shares increased in March by 2,219,479 and Loomis AB received SEK 160 million in connection with the new share issue. In July 2013 the warrant subscription program was concluded, resulting in an increase in July in the number of Class B shares of 48,570 and an additional SEK 4 million for Loomis AB. As of December 31, 2013, Loomis AB's share capital was SEK 376,399,145. The number of shares in the Company is 75,279,829 of which 3,428,520 are Class A shares carrying ten votes each, and 71,851,309 are Class B shares carrying one vote each. The total number of votes in Loomis AB (publ) after the conclusion of the warrant program is 106,136,509. The subscription period for the shares was March 1 to May 31, 2013 and the subscription price was SEK 72.50 per share.

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 2013 financial year Loomis' Board of Directors has proposed a dividend of SEK 5.00 (4.50) per share. The proposal represents approximately 51 percent (51) of earnings per share and a dividend yield based on the share price at the end of the year of approximately 3 percent (4).

SHARE PRICE PERFORMANCE 2009–2013



Source: SIX Financial Information

Ownership structure

The number of shareholders as of December 31, 2013 was 16,003 (17,783). At the end of the year the ten largest shareholders controlled 53.6 percent (47.4) of the capital and 67.1 percent (63.0) of the votes. The principle shareholders, Investment AB Latour and Melker Schörling AB, controlled a combined 18.4 percent (19) of the capital and 42.1 percent (43) of the votes. Swedish shareholders controlled a combined 49.2 percent (63.1) of the capital and 64.0 percent (74.1) of the votes, while foreign ownership amounted to 50.8 percent (36.9) of the capital and 36.0 percent (25.9) 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.

OWNERSHIP STRUCTURE, DECEMBER 31, 2013

Number of shares	Number of shareholders	% of total capital	% of total votes
1–1,000	15,269	*2.5*	*1.8*
1,001–5,000	433	*1.3*	*0.9*
5,001–10,000	63	*0.6*	*0.4*
10,001–100,000	152	*8.0*	*5.7*
100,001–	86	*87.6*	*91.2*
TOTAL	**16,003**	***100.0***	***100.0***

KEY RATIOS

	2013	2012	2011
Earnings per share before dilution, SEK	9.83[1)]	8.90[2)]	7.03[3)]
Earnings per share after dilution, SEK	9.78	8.60	6.79
Dividend, SEK	5.00[4)]	4.50	3.75
P/E ratio	15.5	11.7	14.1
Equity per share after dilution, SEK	55.32	47.57	44.96
Share price, December 31, SEK	152.50	104.50	99.00

1) The average number of outstanding shares which constitutes the basis for calculation of earnings per share before dilution is 75,279,829. The average number includes 121,863 shares that are being held as treasury shares as of December 31, 2013 for Loomis' Incentive Scheme 2012. According to agreements, the shares will be allotted to employees in the future.
2) The average number of outstanding shares which constitutes the basis for calculation of earnings per share before dilution is 73,011,780 which includes 132,318 shares that were held as treasury shares as of December 31, 2012. The treasury shares were for Loomis' Incentive Scheme 2011 and, according to agreements, have been allotted to employees.
3) The average number of outstanding shares which constitutes the basis for calculation of earnings per share before dilution is 73,011,780 which includes 124,109 shares that were held as treasury shares as of December 31, 2011. The treasury shares were for Loomis' Incentive Scheme 2010 and, according to agreements, have been allotted to employees.
4) The proposed dividend is SEK 5.00 per share. At the end of 2013, the dividend yield – based on the proposed dividend – amounted to 3.2 percent.

LARGEST SHAREHOLDERS, DECEMBER 31, 2013

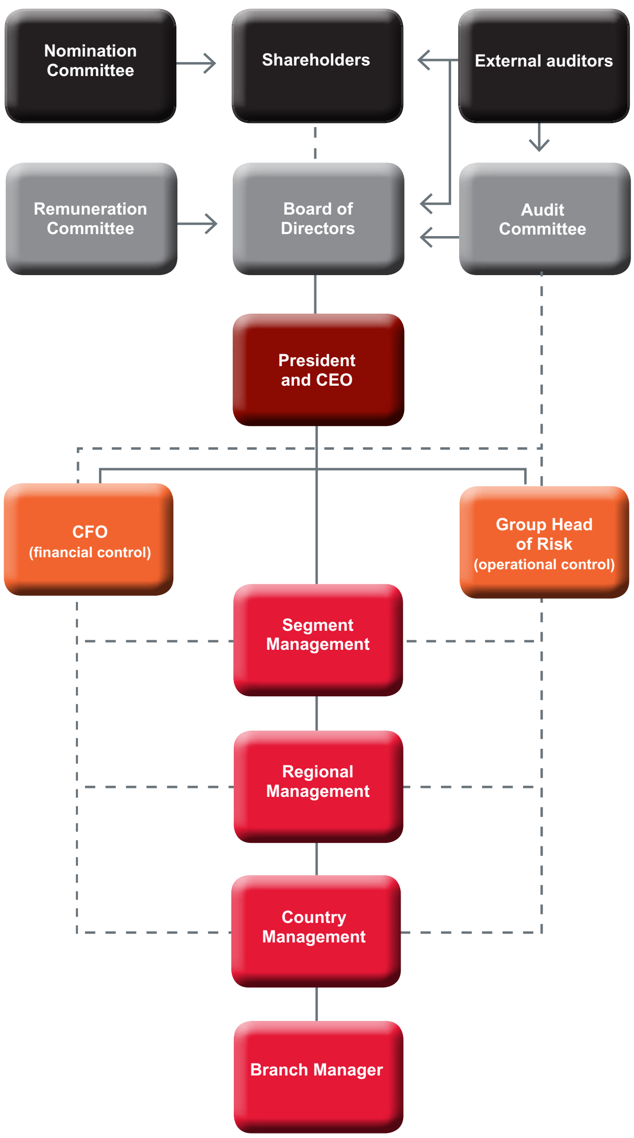
	Number of Class A shares	Number of Class B shares	Capital, %	Votes, %
Investment AB Latour [1)]	2,528,520	5,009,808	*10.0*	*28.5*
Melker Schörling AB[1)]	900,000	5,400,300	*8.4*	*13.6*
JPM CHASE NA	0	7,510,675	*10.0*	*7.1*
Didner & Gerge Fonder AB	0	5,177,408	*6.9*	*4.9*
SSB CLIENT OMNIBUS AC OM07 (15 PCT)	0	3,221,999	*4.3*	*3.0*
SEB Investment Management	0	2,856,935	*3.8*	*2.7*
Swedbank Robur Fonder	0	2,530,135	*3.4*	*2.4*
STATE STREET BANK-SEC FINANCE, PRINCIPAL	0	1,833,655	*2.4*	*1.7*
Fjärde AP-fonden	0	1,687,008	*2.2*	*1.6*
Carnegie fonder	0	1,679,312	*2.2*	*1.6*
10 largest shareholders	**3,428,520**	**36,907,235**	**53.6**	***67.1***
Other foreign shareholders	0	25,666,551	*34.1*	*24.2*
Other Swedish shareholders	0	9,277,523	*12.3*	*8.7*
TOTAL	**3,428,520**	**71,851,309[2)]**	***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 121,863 shares that are being held as treasury shares as of December 31, 2013 for Loomis' Incentive Scheme 2012.

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.

CORPORATE GOVERNANCE ORGANIZATION



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 (the Board) consists of five 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 29, 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 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.

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, 2013 consisted of 3,428,520 Class A shares and 71,851,309 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, 2013 are shown in the table below.

LARGEST SHAREHOLDERS AS OF DECEMBER 31, 2013

			SHARE	
	Number of Class A shares	**Number of Class B shares**	**Capital %**	**Votes %**
Investment AB Latour[1]	2,528,520	5,009,808	*10.0*	*28.5*
Melker Schörling AB[1]	900,000	5,400,300	*8.4*	*13.6*
JPM CHASE NA	0	7,510,675	*10.0*	*7.1*
Didner & Gerge Fonder AB	0	5,177,408	*6.9*	*4.9*
SSB CLIENT OMNIBUS AC OM 07 (15 PCT)	0	3,221,999	*4.3*	*3.0*
SEB Investment Management	0	2,856,935	*3.8*	*2.7*
Swedbank Robur Fonder	0	2,530,135	*3.4*	*2.4*
STATE STREET BANK-SEC FINANCE, PRINCIPAL	0	1,833,655	*2.4*	*1.7*
Fjärde AP-fonden	0	1,687,008	*2.2*	*1.6*
Carnegie fonder	0	1,679,312	*2.2*	*1.6*
10 largest shareholders	**3,428,520**	**36,907,235**	***53.6***	***67.1***
Other foreign shareholders	0	25,666,551	*34.1*	*24.2*
Other Swedish shareholders	0	9,277,523	*12.3*	*8.8*
Total	**3,428,520**	**71,851,309[2]**	***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 121,863 shares which, as a result of Loomis' 2012 incentive scheme, are held as treasury shares as of December 31, 2013.

Annual General Meeting

Resolution items for the Annual General Meeting (AGM) include:

- Amendments to the Articles of Association
- Election of board members and board fees
- Discharging the board members and the President 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 2013 AGM of Loomis AB (publ) was held on May 6, 2013 in Stockholm. Shareholders in attendance, in person or by proxy, represented 66.4 percent of the votes in the Company. The AGM was also attended by members of the Board and Group management, 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, the 2013 AGM voted in favor of an incentive scheme in line with the incentive scheme adopted at the 2012 AGM. The 2013 AGM also resolved that Loomis AB will enter into a share swap agreement with a third party under which the third party acquires Loomis shares in its own name and transfers them to the incentive scheme participants.

The Board has decided to propose that a similar resolution be passed at the 2014 AGM. Similar to Incentive Scheme 2013, the proposed incentive scheme (Incentive Scheme 2014) 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 in the form of Class B shares in Loomis AB which will be allotted to the participants at the beginning of 2016. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2016, 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. To enable Loomis to allot these shares, it is proposed that Loomis AB enters into a share swap agreement with a third party under which the third party acquires the Loomis shares in its own name and transfers them to the incentive scheme participants. The incentive scheme enables around 300 of Loomis' key employees 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 2014 AGM

The Nomination Committee is a body established by the AGM and tasked with preparing for the election of members of the Board 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 AGM. In addition, ahead of AGMs where auditors will be elected, the Nomination Committee is to consult with the Board and the Audit Committee to prepare for the election of auditors and decisions on auditors' fees and related matters. The 2013 AGM 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	Re-elected	No
Mikael Ekdahl	Melker Schörling AB	Re-elected	No
Marianne Nilsson	Swedbank Robur fonder	Re-elected	Yes
Johan Strandberg	SEB Fonder	Newly elected	Yes
Henrik Didner	Didner & Gerge fonder	Newly elected	Yes

The 2013 AGM 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 2014 AGM, 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 2013.

Auditors

The 2010 AGM 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 Adolfson 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. The auditors attend all Audit Committee meetings and present their audit conclusions to the entire Board 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 AGM and present their work, findings and conclusions. In 2013 the auditors met with the Audit Committee 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:

	GROUP			PARENT COMPANY		
SEK m	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
Audit assignment	11	10	10	2	3	3
Auditing activities other than the audit assignment	1	3	1	1	2	1
Tax advice	4	5	5	1	2	1
Other services	2	3	2	1	1	1
Total PwC	**18**	**21**	**18**	**5**	**8**	**6**

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

For a detailed presentation of the auditor in charge Patrik Adolfson, see page 35.

The Board

The Board's work procedures and responsibilities

In accordance with the Swedish Companies Act, the Board 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, 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 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' five board members elected by the AGM are listed in the table on page 31. Each board meeting is also normally attended by the President, Vice President, the Group's CFO 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

All of the board members elected by the AGM are regarded as independent of the Company and its management. Two of five 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 35.

Work of the Board in 2013

In 2013 the Board convened a total of ten 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 2014 and approval of the budget for 2014,
- Investments and acquisitions of operations,
- Guidelines for remuneration and bonuses and other HR-related issues,
- Issues relating to internal control,
- Audit-related issues,
- Financing, and
- Annual evaluation of the Board's work.

Audit Committee

The Board 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

COMPOSITION OF THE BOARD OF DIRECTORS

				ATTENDANCE				
Board member	Elected	Board fees[1] (SEK)	Committee fees[1] (SEK)	Board meetings (10)[2]	Remuneration Committee meetings (2)	Audit Committee meetings (5)	Independent of major shareholders	Independent of the Company
Alf Göransson (Chairman)	2007	500,000	75,000	10	2	–	No	Yes
Lars Blecko[3]	2008	–	–	5	–	–	Yes	No
Ingrid Bonde	2013	250,000	–	5	–	–	Yes	Yes
Marie Ehrling[3]	2009	–	–	5	–	2	Yes	Yes
Signhild Arnegård Hansen[3]	2010	–	–	4	–	–	Yes	Yes
Jan Svensson	2006	250,000	25,000	10	2	–	No	Yes
Ulrik Svensson	2006	250,000	150,000	10	–	5	No	Yes
Cecilia Daun Wennborg	2013	250,000	75,000	4	–	3	Yes	Yes

1) Fees approved by 2013 AGM. The fees relate to remuneration during the period between the 2013 AGM and the 2014 AGM. For fees expensed in 2013, see Note 11.
2) Of which four were held by circulation.
3) Lars Blecko, Signhild Arnegård Hansen and Marie Ehrling declined to stand for re-election at the 2013 AGM. Information on Lars Blecko relates to his time as a board member.

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,
- Reporting procedures and issues relating to risk and insurance,
- Issues relating to internal control and corporate governance,
- Audit and accounting issues, and
- 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 (Chairman) and Cecilia Daun Wennborg, both of whom are regarded as independent of the Company and its management. At the Audit Committee the company's auditor, President, CFO and the Head of Financial Control & Treasury participate. When reporting is required on specific matters, the Group Head of Risk, Head of Business Control or the Head of Mergers & Acquisitions participate. In 2013, the Committee held a total of five meetings one of which was held by phone. For the period up to the 2013 AGM, the Audit Committee consisted of Ulrik Svensson and Marie Ehrling.

Remuneration Committee

The Board 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 AGM, as well as current compensation structures and compensation levels within the Company. The Committee presents its proposals to the Board ahead of board decisions. The Remuneration Committee consists of board members Alf Göransson (Chairman) and Jan Svensson. In 2013 a total of two 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 Loomis AB, and that risk management, governance, the organizational structure and processes are adequate. Group management currently consists of the President and CEO and seven senior executives: Executive Vice President and Regional President USA, Regional President Nordics, Regional President Northern Europe, Regional President Southern Europe, the Group's CFO, the Group's Head of Risk and Head of Growth. For more information on Group management, please refer to page 36.

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 remuneration, pension benefits and other benefits. The variable remuneration 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 remuneration 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 remuneration 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. For the proposal of the Board on guidelines for remuneration to Group management with regards to agreements entered into after the AGM 2014, please refer to page 41.

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. Loomis has a regional structure which 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 (the Board) 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. 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 are informed on an ongoing basis of significant risks and any risk control shortcomings. See page 24 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 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.
- **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 requirements on internal control. The Group's external auditors validate the completed self assessment.

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 Country Presidents and 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 three individuals including the Group 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 with reliable reports on the Company's performance in relation to established goals.

Monitoring activity

Loomis' Board, President and the Group's CFO 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 presented to the Board.

The Audit Committee reviews the annual report and interim reports before recommending the Board 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.

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, 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, 2013: 6,000 (privately held)

Other information: Not independent of major shareholders.

Ulrik Svensson
Member of the Board of Loomis AB since 2006.

Born: 1961

Education: Bachelor of Science in 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, 2013: 1,400 (privately held)

Other information: Not independent of major shareholders.

Ingrid Bonde
Member of the Board of Loomis AB since 2013.

Born: 1959

Education: Master of Business Administration, Stockholm School of Economics.

Experience: President and CEO of AFM Pensionsförsäkring AB 2008-2012, Director-General of the Swedish Financial Supervisory Authority 2003–2008, worked at the Swedish National Debt Office 1996-2002, Vice President Finance at SAS 1991–1996.

Other appointments: Deputy CEO and CFO at Vattenfall.

Shares in Loomis as of Dec. 31, 2013: 1,940 (privately held)

Other information: Independent of major shareholders.

Jan Svensson
Member of the Board of Loomis AB since 2006.

Born: 1956

Education: Mechanical Engineering and Bachelor of Science in 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, 2013: 2,000 (privately held)

Other information: Not independent of major shareholders.

Cecilia Daun Wennborg
Member of the Board of Loomis AB since 2013.

Born: 1963

Education: Bachelor of Science in Business and Economics, Stockholm University.

Experience: Deputy CEO of Ambea AB, CEO of Carema Vård och Omsorg AB, CFO of Ambea AB and Carema Vård och Omsorg AB, Deputy CEO at Skandiabanken, Head of Swedish Operations at Skandia and CEO of Skandia Link.

Other appointments: Board member in inter alia Ikano Bank AB, Eniro AB, Carnegie Fonder AB, Proffice AB, Getinge AB, ICA Gruppen AB and Sophiahemmet.

Shares in Loomis as of Dec. 31, 2013: 1,400 (privately held)

Other information: Independent of major shareholders.

All of the board members are regarded as independent of the Company and its management.

Auditor

Patrik Adolfson

PricewaterhouseCoopers AB

Born: 1973

Authorized Public Accountant and member of Far.

Auditor in charge from 2011.

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

Shares in Loomis as of Dec. 31, 2013: 0

Address: PricewaterhouseCoopers AB, 113 97 Stockholm, Sweden.

Group management

Jarl Dahlfors
President and CEO

Born: 1964

Employed: 2007

Education: Bachelor of Science in Business and Economics, Stockholm University.

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

Other appointments: Chairman of the Board of ESTA, the European Security Transport Association.

Shares in Loomis as of Dec. 31, 2013: 100,000 (privately held)

Additional shares in Loomis from Incentive Scheme 2012: 3,104

Patrik Högberg
Regional President Nordics

Born: 1968

Employed: 2009

Education: Master of Business Administration, Stockholm University.

Experience: President Norstedts Juridik and President Svensk Kassaservice.

Other appointments: –

Shares in Loomis as of Dec. 31, 2013: 2,681 (privately held)

Additional shares in Loomis from Incentive Scheme 2012: 1,303

Lars Blecko
Executive Vice President and Regional President USA

Born: 1957

Employed: 2008

Education: Master of Science, Karlstad University.

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

Other appointments: –

Shares in Loomis as of Dec. 31, 2013: 63,889 (privately held including shares held by related parties)

Additional shares in Loomis from Incentive Scheme 2012: 10,000

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, 2013: 55 544 (privately held)

Additional shares in Loomis from Incentive Scheme 2012: 3,407

Johannes Bäckman
Head of Growth

Born: 1964

Employed: 2013

Education: Master of Science in Business, Stockholm School of Economics, Chinese and Thai from Universities in Stockholm, Lund and Beijing.

Experience: Corporate Development Director, Managing Director South East Asia and Director of Mergers and Acquisitions, Xylem Inc.

Other appointments: –

Shares in Loomis as of Dec. 31, 2013: 0

Additional shares in Loomis from Incentive Scheme 2012: 0

Martti Ojanen
Group Head of Risk

Born: 1962

Employed: 2009

Education: Master of Science in Business and Economics, Växjö University.

Experience: Vice President Risk Management Marsh AB.

Other appointments: –

Shares in Loomis as of Dec. 31, 2013: 20,161 (privately held)

Additional shares in Loomis from Incentive Scheme 2012: 1,374

Anders Haker
Chief Financial Officer

Born: 1961

Employed: 2012

Education: Bachelor of Science in Business and Economics, Uppsala University.

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

Other appointments: –

Shares in Loomis as of Dec. 31, 2013: 5,600 (privately held)

Additional shares in Loomis from Incentive Scheme 2012: 1,644

Georges López Periago
Regional President Southern Europe

Born: 1965

Employed: 1985

Education: Master of Science in Business and Economics, various management courses within the Company.

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

Other appointments: –

Shares in Loomis as of Dec. 31, 2013: 14,554 (privately held)

Additional shares in Loomis from Incentive Scheme 2012: 5,508

Stockholm, March 21, 2014

Alf Göransson
Chairman

Ingrid Bonde
Board member

Cecilia Daun Wennborg
Board member

Jan Svensson
Board member

Ulrik Svensson
Board member

Auditor's report on the Corporate Governance Report

(Translation of the Swedish original)

To the Annual General 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 Report for the year 2013 on pages 28–37 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report 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 Report 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 Report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 21, 2014

PricewaterhouseCoopers AB

Patrik Adolfson
Auktoriserad revisor

Administration Report Loomis AB

The Board of Directors (the Board) and the President of Loomis AB (publ) corporate identity number 556620-8095, registered office in Stockholm, hereby present the annual financial statements and consolidated financial statements for the 2013 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 Europe* and in the USA, 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 73 percent (76) of revenue and CMS for 27 percent (24).

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 24. 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 2013 Loomis acquired the shares in the Slovakian company G4S Cash Solutions (SK) a.s. The acquisition makes Loomis the market leader in Slovakia. The business was consolidated by Loomis as of December 2, 2013.

Other significant events during the year

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 took up the post on September 1, 2013, taking over from Lars Blecko who took up the position as Executive Vice President and Regional President USA on the same date.

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 completed a first issue under a commercial paper program. The program enables Loomis to issue commercial papers up to a total 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 supplements Loomis' core financing, diversifies the Company's debt structure and allows for more flexibility in the management of debt and liquidity. The program has had a positive impact on the Group's net financial expense for 2013.

In March 2013, it was announced that Loomis' warrant subscription program 2009/2013 was about to be concluded. As a result of the conclusion process, the number of Class B shares increased in March by 2,219,479 and Loomis AB received SEK 160 million in connection with the new share issue. In July 2013, the warrant subscription program was concluded, resulting in an increase in the number of Class B shares of 48,570 and an additional SEK 4 million for Loomis AB. As of December 31, 2013, Loomis AB's share capital was SEK 376,399,145. The number of shares in the Company is 75,279,829 of which 3,428,520 are Class A shares carrying ten votes each, and 71,851,309 are Class B shares carrying one vote each. The total number of votes in Loomis AB (publ) after the conclusion of the warrant program is 106,136,509. The subscription period for the shares was March 1 to May 31, 2013 and the subscription price was SEK 72.50 per share.

In March 2013, negotiations were concluded concerning a possible additional repayment of the purchase price for the acquisition of Pendum's cash handling operation. The negotiations resulted in a payment to Loomis of an additional USD 6.3 million (approximately SEK 41 million) in the first quarter of 2013. Similar to the first repayment of USD 4.9 million (around SEK 33 million) which was received in the fourth quarter of 2012, this repayment was also reported as acquisition-related revenue. Acquisition-related revenue is not included in operating income (EBITA). Combined, the repayments amount to USD 11.2 million (approximately SEK 74 million).

During the period March 20 – 22, 2013 and as of May 16, 2013, Loomis AB repurchased a total of 71,869 Class B shares. The repurchased shares constitute a portion of the shares that will later be transferred to participants in Incentive scheme 2012. As of December 31, 2013, Loomis AB held 121,863 Class B treasury shares.

In April 2013, Loomis' US subsidiary secured a contract with one of USA's largest banks to take over its cash management operations at four locations, including two of the bank's major units in Houston and San Diego. Under this assignment the bank branches' cash will be processed at Loomis' cash centers instead of in the banks' own vaults. The assignment began in June 2013 and has an annual order value of approximately USD 7 million. The order value for 2013 amounts to approximately USD 3 million.

At the Annual General Meeting (AGM) on May 6, 2013, Ingrid Bonde and Cecilia Daun Wennborg were elected as new board members. The 2013 AGM also voted in favor of the Board's proposal to introduce an incentive scheme (Incentive Scheme 2013) which will involve two thirds of the participants' variable remuneration being paid out in cash in the year after it is earned, with the remaining one third being in the form of Class B shares in Loomis AB which will be allotted at the beginning of 2015.

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

SEK m	2013	2012	2011	2010	2009
Consolidated statement of income					
Total revenue	11,364	11,360	10,973	11,033	11,989
Operating income before amortization (EBITA)[1)]	1,099	1,019	912	882	837
Net income for the year	736	650	513	496	500
Consolidated statement of cash flows					
Cash flows from operations	1,302	1,239	1,203	1,271	1,333
Cash flows from investing activities	–709	–1,003	–1,533	–790	–813
Cash flows from financing activities	–641	–261	480	–586	–747
Cash flow for the year	**–48**	**–24**	**150**	**–104**	**–226**
SEK m	**Dec. 31, 2013**	**Dec. 31, 2012**	**Dec. 31, 2011**	**Dec. 31, 2010**	**Dec. 31, 2009**
Consolidated balance sheet					
Capital employed	6,290	6,070	5,943	4,871	5,288
Net debt	2,125	2,475	2,545	1,748	2,160
Shareholders' equity	4,165	3,595	3,397	3,123	3,129

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

To enable Loomis to allot these shares, the AGM resolved that Loomis AB will enter into a share swap agreement with a third party under which the third party will acquire the Loomis shares in its own name and transfer them to the incentive scheme participants.

In May 2013, it was announced that Loomis' Turkish subsidiary had signed a three-year agreement with HSBC for cash in transit and cash management services. Under the agreement, which initially covers a three-year period, Loomis will provide cash to approximately 260 bank branches and approximately 470 ATMs in 16 cities. The agreement means that Loomis, for the first time, will be responsible for the entire cash management operation for a large customer in Turkey. It also represents an important step for Loomis towards being a nationwide operator in Turkey. It was also announced that Loomis' Turkish subsidiary had won several prestigious contracts in 2013, including a two-year contract with Istanbul Ulasim, Istanbul's subway system. Under this agreement, Loomis will supply ticket machines and turnstiles along five subway lines with cash and will also be responsible for cash processing. The Turkish subsidiary has also secured an expanded contract with ING in Turkey. The renewed contract covers more than 200 of ING's bank branches and spans three years. The combined annual contract value for HSBC, Istanbul Ulasim and ING is approximately SEK 40 million.

In June 2013, Loomis' Norwegian subsidiary was appointed by DNB, Norway's largest bank, to manage all of the bank's cash handling services in Norway. The assignment covers cash in transit (CIT), cash management services (CMS) and responsibility for managing 880 machines, more than 300 of which are ATMs. The contract covers a period of three years and includes an option for DNB to extend the contract for an additional two years. The total annual contract value is expected to exceed NOK 100 million and the contract went into effect on September 1, 2013. The contract, which is strategically important and makes Loomis the market leader in Norway, is the single largest contract the Group has secured since the Company was listed on the stock exchange in 2008.

In November 2013, it was announced that Johannes Bäckman,Head of Growth, and Patrik Högberg, Regional President Nordics have joined Loomis Group management.

Revenue and income

The Group

Revenue for 2013 amounted to SEK 11,364 million (11,360) and both real growth and organic growth amounted to 2 percent (3 and 0 respectively). Revenue was positively affected by new assignments that started in both Europe and the USA in the latter part of 2012 and in 2013, but this was partially offset by the decline in revenue following the cancelation of low profitability contracts in France and the UK in 2012.

The operating income (EBITA) amounted to SEK 1,099 (1,019) million and the operating margin improved to 9.7 percent (9.0). At comparable exchange rates the income improvement was SEK 92 million. The continuous Group-wide efforts to achieve improved efficiency, positive organic growth and an increase in the proportion of revenue from cash management services are the main explanations for the positive earnings growth.

The Group's staff turnover remained at an acceptable level of 22 percent (22).

Operating income (EBIT) amounted to SEK 1,085 million (988), which includes acquisition-related costs and revenue totaling SEK 28 million (–18) and an item affecting comparability of SEK –14 million (16). The acquisition-related item of SEK 28 million includes a repayment installment of SEK 41 million (33) of the purchase price for Pendum's cash handling operations and the item affecting comparability is to a large extent attributable to a write-down of the book value of an operation within the European segment.

Income before taxes of SEK 1,038 million (932) includes a net financial expense of SEK –47 million (–56). The improvement is mainly attributable to lower average net debt and lower interest rate levels. Due to the inclusion of the defined benefit pension liability in net debt from the beginning of 2013, the net financial position was negatively affected by SEK –9 million.

The tax expense for the year amounted to SEK 302 million (282), which represents a tax rate of 29 percent (30).

The segments

*Europe**

Real growth for the European operations amounted to 2 percent (2) and organic growth was 2 percent (0). The operating margin amounted to 11.3 percent, compared to 10.6 percent the previous year.

USA

Real growth amounted to 2 percent (5) and organic growth was 2 percent (0). The operating margin amounted to 9.5 percent, compared to 9.1 percent the previous year.

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

Cash flow

Cash flow from operating activities amounted to SEK 1,302 million (1,239). Cash flow from investing activities amounted to SEK –709 million (–1,003) which includes investments in fixed assets (net) of SEK –720 million (–747) and acquisitions of SEK 12 million (–256). Cash flow from financing activities amounted to SEK –641 million (–261) and includes a dividend of SEK –338 million (–273).

Capital employed and financing

Loomis' operating capital employed amounted to SEK 2,834 million (2,631) which is equivalent to 25 percent (23) of revenue. The total capital employed amounted to SEK 6,290 million (6,070). Return on capital employed amounted to 17 percent (17), the net debt was SEK 2,125 million (2,475) and the equity ratio was 45 percent (40).

In the secoond quarter of 2013 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 2013.

Shareholders' equity

Shareholders' equity increased during the year by SEK 570 million to SEK 4,165 million (3,595). Income for the year of SEK 736 million, exchange rate effects of SEK 17 million and an new share issue of SEK 164 million increased shareholders' equity by SEK 917 million. Actuarial losses of SEK –9 million, and paid dividend of SEK –338 million reduced the amount of share capital by SEK –347 million. The return on shareholders' equity was 18 percent (18).

Environmental impact

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

Employees

In 2013 the average number of full time employees was 19,442 (19,448) in 16 countries (16). The gender distribution was 29 percent (29) women and 71 percent (71) 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 1 million (3) as of December 31, 2013.

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 18 (17).

Income after financial items amounted to SEK 609 million (73). The improvement compared with previous year is mainly due to the SEK 468 million write-down in 2012 of the book value of the shares in the UK subsidiary. The write-down was made to bring the carrying amounts in the Parent Company in line with the carrying amounts in the Group and for this reason the writedown had no effect in the Group's statement of income or balance sheet.

In the second quarter of 2013, a total of SEK 338 million was distributed to the shareholders, representing a dividend of SEK 4.50 per share. Investments in fixed assets amounted to SEK 0 million (–1).

Uncertainties

The economic trends in 2013 negatively affected certain countries and geographical areas, and a similar impact on revenue and income in 2014 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's 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, 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 26–27.

The 2012 AGM resolved to authorize the Board 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 (Incentive Scheme 2012). During the period March 20–22, 2013, 67,819 shares were repurchased at an average price of SEK 117.96 per share. On May 16, 2013 an additional 4,050 shares were repurchased at an average price of SEK 130.34 per share. As of December 31, 2013, the Company had a total of 121,863 treasury shares.

To enable the allotment of shares in Loomis AB required by the incentive scheme adopted at the 2013 AGM (Incentive Scheme 2013), the 2013 AGM resolved that Loomis AB will enter into a share swap agreement with a third party. Under the agreement, the third party will acquire Loomis AB shares in its own name and transfer them to the incentive scheme participants. Loomis AB will thus not issue any new shares or similar instruments as a result of Incentive Scheme 2013.

Significant events after the end of the year

The Board has decided to propose that a resolution be passed at the 2014 AGM on an incentive scheme (Incentive Scheme 2014). Similar to Incentive Scheme 2013, 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 in the form of Class B shares in Loomis AB which will be allotted to the participants at the beginning of 2016. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2016, 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 as a result of this incentive scheme. To enable Loomis to allot these shares, it is proposed that Loomis AB enters into a share swap agreement with a third party under which the third party acquires the Loomis shares in its own name and transfers them to the incentive scheme participants. The incentive scheme enables around 300 of Loomis' key employees 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 of the AGM.

Outlook

The market for cash handling services continues to grow and in by far the majority of markets where Loomis operates, the volume of cash is growing in line with the economy. Increased interest among customers in reviewing the risks to their own personnel is also expected to drive Loomis' business, while at the same time Loomis is able to manage the flow of cash more efficiently, resulting in cost savings for customers. The Company does not provide forecast information for 2014.

Proposed appropriation of profits

The Board has decided to propose to the AGM a dividend of SEK 375 789 830[1)] and Friday, May 9, 2014 is proposed as the record day for the dividend. It is the Board'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 AGM on May 6, 2014.

The following funds are at the disposal of the AGM:

	SEK
Retained earnings	3,804,001,848
Exchange rate differences	7,785,960
Change in treasury shares	–2,033,243[1)]
New share issue through exercise of subscription warrants	152,198,808[2)]
Net income for the year	493,819,073
Total	**4,455,772,446**

The Board proposes that the profits be appropriated as follows:

	SEK
Dividend to shareholders (SEK 5.00/share)	375,789,830[3)]
To be carried forward	4,079,982,616
Total	**4,455,772,446**

1) The amount refers fo the net value of 71,869 repurchased shares relating to Loomis Incentive Scheme 2012 and 82,324 allotted shares relating to Loomis' Incentive Scheme 2011.

2) Relates to new shares issued under the subscription warrant program for senior executives and key employees instituted at the Extraordinary General Meeting held on February 16, 2009.

3) Calculated based on the number of outstanding shares on the balance sheet date.

The Board's statement on the proposed dividend

In view of the Board's above proposal regarding the dividend, the Board hereby gives the following statement according to Chapter 18, § 4 of the Companies Act (2005:551). As follows from the Board's proposal regarding the appropriation of profits, profits amounting to SEK 4,455,772,446 are at the disposal of the AGM. Provided that the 2014 AGM resolves in accordance with the Board's proposal on the appropriation of profits, SEK 4,079,982,616 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 8 percent of the equity in the Company and 9 percent of Group's consolidated equity. Following the dividend, the equity/assets ratio will be 59 percent for the Company and 43 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 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 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 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's proposed guidelines for remuneration to Group management

The Board of Loomis AB (publ) proposes that the 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, Johannes Bäckman, Jarl Dahlfors, Anders Haker, Patrik Högberg, 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 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 shall, each year, consider whether to propose that the general meeting resolves upon a share or share price-based incentive scheme. The AGM 2013, 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 and CEO and a maximum of 80 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 and 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 schemes 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 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 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 for their adoption. Resolutions on remuneration to the President and CEO are made by the entire Board. For other members of management, the decision is made by the President and 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, taking into account existing agreements and based on the present remuneration rates, may, at a maximum outcome, which presupposes that all targets which the variable remuneration is based on are met, amount to maximum SEK 29 million. This estimate is based on those individuals currently being part of the management. The costs may change in case additional persons will 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 2013 is reported, including previous commitments which have not yet fallen due for payment.

Consolidated statement of income

SEK m	Note	2013	2012	2011
Revenue, continuing operations		11,321	10,983	10,441
Revenue, acquisitions		43	376	532
Total revenue	8, 9	**11,364**	**11,360**	**10,973**
Production expenses	10,11,12	–8,730	–8,781	–8,556
Gross income		**2,634**	**2,579**	**2,417**
Selling and administrative expenses	10,11,12	–1,534	–1,560	–1,506
Operating income (EBITA)[1)]		**1,099**	**1,019**	**912**
Amortization of acquisition-related intangible assets	10,12,17	–28	–28	–21
Acquisition-related costs	10,15	28	–18	–42
Items affecting comparability	10	–14	16	–44
Operating income (EBIT)		**1,085**	**988**	**805**
Financial income	13	13	16	16
Financial expenses	13	–60	–73	–78
Income before taxes		**1,038**	**932**	**743**
Income tax	14	–302	–282	–230
Net income for the year[2)]		**736**	**650**	**513**

1) Earnings Before Interest, Taxes, Amortization of acquisition-related intangible fixed assets, Acquisition-related costs and revenue 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	2013	2012	2011
Earnings per share, before dilution	3	9.83[3)]	8.90[4)]	7.03[5)]
Earnings per share, after dilution	3	9.78	8.60	6.79
Dividend[6)]		4.50	3.75	3.50
Number of outstanding shares (million)		75.3	73.0	73.0
Average number of outstanding shares (million)		74.8[3)]	73.0[4)]	73.0[5)]

3) The average number of outstanding shares, which constitutes the basis for calculation of earnings per share before dilution, is 74,838,476, which includes 121,863 shares that are being held as treasury shares as of December 31, 2013. The treasury shares are for Loomis' Incentive Scheme 2012 and will, in accordance with agreements, be allotted to employees in the future.
4) The average number of outstanding shares, which constitutes the basis for calculation of earnings per share before dilution, is 73,011,780, which includes 132,318 shares that were held as treasury shares as of December 31, 2012. The treasury shares were for Loomis' Incentive Scheme 2011 and have, in accordance with agreements, been allotted to employees.
5) The average number of outstanding shares, which constitutes the basis for calculation of earnings per share before dilution, is 73,011,780, which includes 124,109 shares that were held as treasury shares as of December 31, 2011. The treasury shares were for Loomis' Incentive Scheme 2010 and have, in accordance with agreements, been allotted to employees.
6) Refers to dividends paid in the current financial year.

Consolidated statement of comprehensive income[7)]

SEK m	2013	2012	2011
Net income for the year	**736**	**650**	**513**
Other comprehensive income			
Items that will not be reclassified to the statement of income			
Actuarial gains and losses after tax	–9	–34	– 30
Items that may be reclassified to the statement of income			
Exchange rate differences	17	–144	43
Cash flow hedges	–	3	4
Other revaluation[8)]	–	–	–
Other comprehensive income and expenses for the year, net after tax	**8**	**–175**	**17**
Total comprehensive income and expenses for the year	**744**	**474**	**530**

7) Comprehensive income is entirely attributable to the owners of the Parent Company.
8) Relates to revaluation of a contingent consideration for the acquisition of Pendum's cash handling operations. A repayment installment of SEK 33 million was received in 2012 and has been recycled to the statement of income, and an additional repayment installment of SEK 41 million was received in 2013 and has been recycled to the statement of income, which is why the impact on other comprehensive income is nil. Negotiations have been concluded and no further repayments will be received. For 2011 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, 2013	Dec. 31, 2012	Dec. 31, 2011
ASSETS				
Fixed assets				
Goodwill	15,16	3,346	3,317	3,281
Acquisition-related intangible assets	17	126	153	155
Other intangible assets	18	93	93	82
Buildings and land	19	261	253	257
Machinery and equipment	19	2,711	2,612	2,630
Deferred tax assets	14	322	379	422
Interest-bearing financial fixed assets[1)]	20	61	66	65
Other long-term receivables[1)]	21	125	34	35
Total fixed assets		**7,045**	**6,907**	**6,927**
Current assets				
Accounts receivable	22	1,315	1,299	1,308
Other current receivables	23	116	90	77
Current tax assets	14	153	100	141
Prepaid expenses and accrued income	24	296	201	203
Interest-bearing financial current assets	25	10	10	1
Liquid funds	26	333	380	413
Total current assets		**2,222**	**2,079**	**2,142**
TOTAL ASSETS		**9,267**	**8,986**	**9,069**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	27			
Capital and reserves attributable to the owners of the Parent				
Share capital		376	365	365
Other capital contributed		4,594	4,441	4,441
Other reserves		117	100	248
Retained earnings including net income for the year		–922	–1,311	–1,657
Total shareholders' equity		**4,165**	**3,595**	**3,397**
Long-term liabilities				
Loans payable	28	1,574	2,566	2,671
Deferred tax liability	14	412	396	349
Provisions for claims reserves	29	171	170	185
Provisions for pensions and similar commitments	30	275	318	327
Other provisions	31	92	97	108
Total long-term liabilities		**2,523**	**3,547**	**3,640**
Current liabilities				
Loans payable	28	680	48	25
Accounts payable		404	393	429
Provisions for claims reserves	29	135	123	164
Current tax liabilities	14	80	74	169
Accrued expenses and prepaid income	32	929	911	929
Other provisions	31	42	9	30
Other current liabilities	33	309	287	285
Total current liabilities		**2,579**	**1,845**	**2,032**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**9,267**	**8,986**	**9,069**
Memorandum items				
Pledged assets		None	None	None
Contingent liabilities	34	1,953	1,348	1,149

1) As of the beginning of the 2013 financial year the defined benefit pension obligation is included in net debt. To reflect this change the comparative figures have been adjusted.

Consolidated statement of changes in equity

	Attributable to the owners of the Parent				
SEK m	Share capital[1]	Other contributed capital	Other reserves[2]	Retained earnings incl. net income for the year	Total
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[3]	–	–	43	–	43
Total other comprehensive income	**–**	**–**	**43**	**–26**	**17**
Total comprehensive income	**–**	**–**	**43**	**487**	**530**
Transactions with shareholders					
Dividend	–	–	–	–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	–	–	–	–273	–273
Share-related remuneration[6]	–	–	–4	–	–4
Total transactions with shareholders	**–**	**–**	**–4**	**–273**	**–277**
Opening balance, January 1, 2013	**365**	**4,441**	**100**	**–1,311**	**3,595**
Comprehensive income					
Net income for the year	–	–	–	736	736
Other comprehensive income					
Actuarial gains and losses, net of tax	–	–	–	–9	–9
Exchange rate differences[3]	–	–	17	–	17
Other revaluation[5]	–	–	–	–	–
Total other comprehensive income	**–**	**–**	**17**	**–9**	**8**
Total comprehensive income	**–**	**–**	**17**	**727**	**744**
Transactions with shareholders					
New share issue through exercise of warrants	11	153	–	–	164
Dividend	–	–	–	–338	–338
Share-related remuneration[7]	–	–	0	–	0
Total transactions with shareholders	**11**	**153**	**0**	**–338**	**–174**
Closing balance, December 31, 2013	**376**	**4,594**	**117**	**–922**	**4,165**

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 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 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.

5) Relates to revaluation of a contingent consideration for the acquisition of Pendum's cash handling operations. A repayment installment of SEK 33 million was received in 2012 and has been recycled to the statement of income, and an additional repayment installment of SEK 41 million was received in 2013 and has been recycled to the statement of income, which is why the impact on other comprehensive income is nil. Negotiations have been concluded and no further repayments will be received. 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.

7) 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 82,324 shares were allotted to the employees under the share-related Incentive Scheme 2011, and 71,869 shares were repurchased for Incentive Scheme 2012. Of the repurchased shares, 10,000 shares were repurchased for an average price of SEK 117.45/share, 35,000 shares were repurchased for an average price of SEK 117.30/share, 22,819 shares were repurchased for an average price of SEK 119.19/share and the remaining 4,050 shares were repurchased for an average price of SEK 130.34/share. The total holding of repurchased shares as of December 31, 2013 was 121,863.

Consolidated statement of cash flows

SEK m	Note	2013	2012	2011
Operations				
Income before taxes		1,038	932	743
Items not affecting cash flow, items affecting comparability and acquisition-related restructuring costs	35	762	687	763
Income tax paid		–319	–252	–274
Change in accounts receivable		6	54	28
Change in other operating capital employed		–186	–182	–58
Cash flow from operations		**1,302**	**1,239**	**1,203**
Investing activities				
Investments in fixed assets	18,19	–748	–793	–861
Sales of fixed assets		28	46	22
Acquisition of operations[1]	15	–12	–256	–693
Cash flow from investing activities		**–709**	**–1,003**	**–1,533**
Financing activities				
Dividend paid	27	–338	–273	–256
Repayments of leasing liabilities	28	–40	–21	–6
Change in interest-bearing net debt excluding liquid funds		–512	34	741
Commercial paper issued		248	–	–
Cash flow from financing activities		**–641**	**–261**	**480**
Cash flow for the year		**–48**	**–24**	**150**
Liquid funds at beginning of year		**380**	**413**	**259**
Exchange rate differences on liquid funds		1	–8	3
Liquid funds at end of year		**333**	**380**	**413**

1) Acquisition of operations includes the cash flow effect of acquisition-related 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 office in Stockholm. 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 administrating shares in a number of subsidiaries, whilst managing and administrating the Group as a whole.

These consolidated financial statements are subject to adoption by the Annual General Meeting on May 6, 2014.

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's 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

Below are the standards that the Group is applying for the first time for the financial year beginning January 1, 2013, and that have had a significant impact on the Group's financial reporting. IAS 1 Presentation of Financial Statements has been amended with respect to other comprehensive income. The most significant change in the revised IAS 1 is the requirement for items reported in "Other comprehensive income" to be presented in two groups. The items are grouped according to whether they will or will not be reclassified to the statement of income (reclassification adjustments).

As of January 1, 2013, the Group applies the revised IAS 19 Employee Benefits. As a result of the revision, past service costs will be recognized immediately. Interest expenses and the expected return on plan assets will be replaced by net interest calculated applying the discount rate based on the net surplus or net deficit in the defined benefit plan. For years prior to 2013 the change does not result in any significant change in amounts; consequently, statements presented previously have not been adjusted and no opening statement of financial position is reported. Furthermore, pension liability has been reclassified as an interest-bearing liability and is, therefore, included in net debt. As a result of this reclassification, net interest is recognized as a financial expense.

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

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and liabilities. IFRS 9 was published in November 2010 for financial assets and in October 2011 for financial liabilities, and replaces the sections of IAS 39 that are related to classification and measurement 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 2014 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, 2013, 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

Note 2 cont.

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, 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 after 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 other reserves 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 2013, SEK –14 million has been reported as an Item affecting comparability. The item is to a large extent attributable to a write-down of the book value of an operation within the European segment. 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, 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.

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 amorti-

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

Note 2 cont.

zation 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 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 than12 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

Note 2 cont.

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 a continuous 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.

Similar to previous years, Loomis recognize 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 lines related to 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 Interest-bearing financial fixed assets. If the net result is a liability, it is reported as a provision under Provisions for pensions and similar commitments. Provisions for pensions and similar commitments are included in the calculated net debt and costs related to defined benefit plans, including the interest element, are reported in financial expenses/income.

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 Group 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
In 2013 the Group's subscription warrant program has been concluded. The program offered senior executives and key employees the opportunity to subscribe for warrants on market-based terms. Payment for these warrants has been reported in shareholders' equity against other contributed capital. If, at any period end, subscription warrants have been held by any Group companies, these have been revalued at the lower of acquisition value and market value. Revaluation effects have been reported against other contributed capital. If these warrants have been exercised, new shares have been issued. Payments received, after deduction for any directly attributable transaction costs, have been 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 continuous 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. 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 branches. 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 revenue 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 revenue and items affecting comparability, as a percentage of revenue.

Earnings per share, before dilution
Net income for the period in relation to the average number of shares outstanding at the end of the period.
Calculation 2013: 736 / 74,838,476*) x 1,000,000 = 9.83
Calculation 2012: 650 / 73,011,780**) x 1,000,000 = 8.90
Calculation 2011: 513 / 73,011,780***) x 1,000,000 = 7.03

*) Includes 121,863 shares which, as a result of the Loomis Incentive Scheme 2012, are held as treasury shares as of December 31, 2013.

**) 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 2013: 736 / 75,279,829 x 1,000,000 = 9.78
Calculation 2012: 650 / 75,566,780 x 1,000,000 = 8.60
Calculation 2011: 513 / 75,566,780 x 1,000,000 = 6.79

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 2013	Dec. 31, 2013	Weighted average 2012	Dec. 31, 2012	Weighted average 2011	Dec. 31, 2011
Norway	NOK	1.10	1.06	1.16	1.17	1.16	1.15
Denmark	DKK	1.17	1.20	1.17	1.15	1.21	1.20
UK	GBP	10.21	10.67	10.70	10.53	10.36	10.67
Switzerland	CHF	7.06	7.27	7.21	7.12	7.33	7.33
USA	USD	6.52	6.48	6.72	6.51	6.46	6.89
Czech Republic	CZK	0.33	0.33	0.35	0.34	0.37	0.35
Turkey	TRY	3.38	3.04	3.75	3.64	3.77	3.66
Argentina	ARS	1.17	0.99	1.45	1.32	n/a	n/a
Other countries	EUR	8.68	8.92	8.68	8.59	9.01	8.92

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, 2013, 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 1,315 million (1,299 and 1,308), 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 –33 million (–37 and –34) 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 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.

Deferred considerations and contingent 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. Deferred considerations and contingent 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 3,346 million (3,317 and 3,281), and of Acquisition related intangible assets, which amounts to SEK 126 million (153 and 155), 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, 2013, deferred tax assets amounted to SEK 322 million (379 and 422), 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 payments 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, salary increases, inflation rates, pension increases, but also on demographic variables, such as expected life span. The balance sheet item Provisions for pensions and similar commitments, amounts to SEK 275 million (318 and 327), and the item Interest-bearing financial fixed assets includes recievables related to pensions amounting to SEK 0 million (–3 and –2). 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 continuous 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 306 million (293 and 349), 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.

NOTE 5 Events after the balance sheet date

The Board of Directors has decided to propose that a resolution be passed at the 2014 Annual General Meeting on an incentive scheme (Incentive Scheme 2014). Similar to Incentive Scheme 2013, 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 in the form of Class B shares in Loomis AB which will be allotted to the participants at the beginning of 2016. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2016, 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 as a result of this incentive scheme. To enable Loomis to allot these shares, it is proposed that Loomis AB enters into a share swap agreement with a third party under which the third party acquires the shares in its own name and transfers them to the participants. The incentive scheme enables around 300 of Loomis' key employees 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 of Directors' full incentive scheme proposal, see the notice of 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, 2013 was about two months. A permanent change in the interest rate of +1 percent as of December 31, 2013 would have an annual effect on net financial items of SEK –23 million (–26 and –27). Loomis' borrowing amounted to SEK 2,529 million (2,614 and 2,696). The average interest rate on the debt during the year was 1.53 percent (2.18 and 2.67), excluding arrangement costs for the existing credit facility. For information regarding the assumptions relating to the defined benefit obligation, see Note 30.

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, 2013 amounted to SEK 6,290 million (6,070 and 5,943). 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 87 million (81 and 76). The corresponding figures for GBP and EUR would be SEK 15 million (16 and 16) and SEK 45 million (38 and 29) respectively. Loomis uses hedge accounting according to the principle of hedging net investments to limit translation risk where liabilities of USD 195 million (245 and 210) and currency swaps with nominal amounts of USD 85 million (35 and 70) constitute hedge instruments and the shares in subsidiaries are the hedged item. The ineffectiveness of the hedge during the year was SEK 0 million (0 and 0).

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 2013 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 2013 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 matures in 2015. Furthermore, Loomis has during 2013 established a commercial paper program. The program enables Loomis to issue commercial papers up to a total amount of SEK 1,500 million. As at December 31, 2013 Loomis had issued commercial papers of a total amount of SEK 248 million.

At the end of the year Loomis' had loans in USD, GBP and EUR broken down as follows:

Currency	December 31, 2013 Amount utilized (LOC m)
EUR	65
SEK	248
USD	195

The total loan facility amounted to SEK 3,199 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 revenue. 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 2013, and this is expected to remain satisfactory in 2014. 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, 2013	Dec 31, 2012	Dec 31, 2011
Liquid funds	333	380	413
Credit facilities	1,317	874	939
Total	**1,650**	**1,254**	**1,351**

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. The commercial papers issued are classified as long-term liabilities since the commercial paper program requires a long-term back-up facility.

SEK m **December 31, 2013**	Less than 1 year	Between 1 and 5 years	More than 5 years
External bank loans	668	1,438	–
Accounts payable and other liabilities	918	411	–
(of which derivatives)	(0)	–	–
Total	**1,585**	**1,849**	–

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

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 1,349 million (1,336 and 1,342). Any provisions for losses are made following individual assessment and totaled SEK 33 million (37 and 34) as of December 31, 2013. 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 111 million (138 and 259).

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	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011
A -1+	26	32	30
A -1	277	292	390
Other holdings	90	120	50
Total	**393**	**444**	**476**

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.

Note 6 *cont.*

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, 2013:

SEK m	EUR	GBP	USD	Other currencies	Total foreign currencies	SEK	Total
Capital employed	1,838	715	3,415	330	6,298	–8	6,290
Net debt	–937	–415	–1,684	–260	–3,297	1,171	–2,125
Net exposure	**901**	**300**	**1,731**	**69**	**3,002**	**1,163**	**4,165**

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	1,657	763	3,370	230	6,020	49	6,070
Net debt	–889	–440	–1,753	– 180	–3,261	786	–2,475
Net exposure	**768**	**323**	**1,618**	**50**	**2,759**	**836**	**3,595**

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, 2011:

SEK m	EUR	GBP	USD	Other currencies	Total foreign currencies	SEK	Total
Capital employed	1,473	777	3,440	256	5,947	–4	5,943
Net debt	–891	–440	–1,930	–180	–3,463	918	–2,545
Net exposure	**582**	**316**	**1,510**	**76**	**2,483**	**914**	**3,397**

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 –1,263 million (–1,596 and –1,448) and SEK 4 million (4 and –11) 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 2014, 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:

		December 31, 2013	
SEK m	IAS 39 Category	Book value	Fair value
Financial assets			
Interest-bearing financial fixed assets	1	61	61
Accounts receivable	1	1,315	1,315
Interest-bearing financial current assets	2,4	10	10
Liquid funds	1	333	333
Financial liabilities			
Current loans payable	2,4	0	0
Current loans payable	3	680	680
Long-term loans payable	3	1,849	1,849
Accounts payable	3	404	404

		December 31, 2012	
SEK m	IAS 39 Category	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 (level1)
- 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	Level 1	Level 2	Level 3	December 31, 2013 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	–	0	–	0
Available-for-sale financial liabilities				
– Derivative instruments used for hedging	–	–	–	–
Total liabilities	**–**	**0**	**–**	**0**

SEK m	Level 1	Level 2	Level 3	December 31, 2012 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	Level 1	Level 2	Level 3	December 31, 2011 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 2 and 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. In accordance with IFRS, transactions with pension funds that have links to the Group are also to be regarded as related party transactions. There are pension funds for Loomis' defined benefit pension plans. For more information on Loomis' defined benefit pension plans, refer to Note 30.

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

Loomis has operations in a number of countries, with country presidents being responsible for each country. A regional structure is being developed in which regional presidents supervise a number of countries and provide support to the respective country president. Regional presidents within Europe report to the CEO, and regional presidents in the USA report to the head of the USA segment. The services that Loomis delivers, existing customer categories, market conditions and political circumstances are similar within the geographical territories where Loomis conducts its operations. 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, based on the organization described above. The outcome from this assessment is then reported to the CEO.

The segment "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, their assets and liabilities, are included in the column 'Other'.

According to IFRS 8.32, segment information is to be reported for the revenues from each service or each group of similar services. For the segment Europe, revenues from Cash in Transit account for 66 percent (66 and 66) of total revenue and Cash Management Services account for 34 percent (34 and 34). For the segment USA, Cash in Transit accounts for 73 percent (76 and 78) of total revenue and Cash Management Services for 27 percent (24 and 22). Loomis has a service offering that is packaged in different ways 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. 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 restructuring 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 principle is applied 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. 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 2013, 2012 and 2011 that 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, and also asssets and liabilities for the segments.

Revenue from external customers in Sweden amounts to SEK 967 million (799 and 785), in the USA to SEK 4,359 million (4,405 and 4,039), and total revenue from external customers in other countries amounts to SEK 6,038 million (6,156 and 6,149). 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 located in Sweden, apart from financial instruments and deferred tax assets, amount to SEK 187 million (181 and 180), in the USA to SEK 1,176 million (1,148 and 1,093), and the total for the fixed assets located in other countries amounts to SEK 1,609 million (1,536 and 1,614). Furthermore, no other assets exists 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.

	Europe			USA			Other			Eliminations			Total		
SEK m	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
Revenue, continuing operations	6,962	6,783	6,844	4,359	4,201	3,597	–	–	–	–	–	–	11,321	10,983	10,441
Revenue, acquisitions	43	172	90	–	204	442	–	–	–	–	–	–	43	376	532
Total revenue	**7,005**	**6,955**	**6,934**	**4,359**	**4,405**	**4,039**	**–**	**–**	**–**	**–**	**–**	**–**	**11,364**	**11,360**	**10,973**
Production expenses	–5,345	–5,326	–5,360	–3,385	–3,454	–3,197	0	–1	1	–	–	–	–8,730	–8,781	–8,556
Gross income	**1,660**	**1,629**	**1,574**	**974**	**950**	**842**	**0**	**–1**	**1**	**–**	**–**	**–**	**2,634**	**2,579**	**2,417**
Selling and administrative expenses	–866	–893	–860	–560	–551	–547	–109	–116	–99	–	–	–	–1,534	–1,560	–1,506
Operating income (EBITA)	**794**	**736**	**714**	**414**	**400**	**295**	**–109**	**–117**	**–97**	**–**	**–**	**–**	**1,099**	**1,019**	**912**
Amortization of acquisition-related intangible assets	–15	–15	–11	–13	–14	–10	–	–	–	–	–	–	–28	–28	–21
Acquisition-related costs	–11	–42	–6	37	28	–33	1	–4	–2	–	–	–	28	–18	–42
Items affecting comparability	–14	16	–44	–	–	–	–	–	–	–	–	–	–14	16	–44
Operating income (EBIT)	**755**	**695**	**653**	**437**	**414**	**251**	**–107**	**–121**	**–99**	**–**	**–**	**–**	**1,085**	**988**	**805**
Financial income	–	–	–	–	–	–	13	16	16	–	–	–	13	16	16
Financial expenses							–60	–73	–78				–60	–73	–78
Income before taxes	**755**	**695**	**653**	**437**	**414**	**251**	**–154**	**–177**	**–161**	**–**	**–**	**–**	**1,038**	**932**	**743**
Income tax	–	–	–	–	–	–	–302	–282	–230	–	–	–	–302	–282	–230
Net income for the year	**755**	**695**	**653**	**437**	**414**	**251**	**–456**	**–460**	**–391**	**–**	**–**	**–**	**736**	**650**	**513**
Segment assets															
Goodwill	1,096	1,048	912	2,341	2,354	2,459	–91	–85	–91	–	–	–	3,346	3,317	3,281
Other intangible assets	151	163	139	68	82	97	–	–	1	–	–	–	219	245	237
Fixed assets	1,785	1,704	1,783	1,176	1,148	1,093	12	13	12	–	–	–	2,972	2,865	2,887
Accounts receivable	983	966	940	343	350	375	4	3	2	–15	–20	–9	1,315	1,299	1,308
Other segment assets	384	224	214	161	118	106	172	231	264	–180	–246	–267	537	328	317
Undistributed assets															
Deferred tax assets	–	–	–	–	–	–	322	379	422	–	–	–	322	379	422
Current tax assets	–	–	–	–	–	–	153	100	141	–	–	–	153	100	141
Interest-bearing financial fixed assets	–	–	–	–	–	–	61	63	63	–	–	–	61	63	63
Other financial assets valued at fair value via statement of income	–	–	–	–	–	–	343	390	413	–	–	–	343	390	413
Total assets	**4,399**	**4,107**	**3,988**	**4,089**	**4,052**	**4,130**	**974**	**1,094**	**1,228**	**–195**	**–267**	**–277**	**9,267**	**8,986**	**9,069**
Segment liabilities															
Accounts payable	247	257	277	164	141	154	8	15	7	–15	–20	–9	404	393	429
Accrued expenses and prepaid income	754	708	714	168	193	209	7	10	7	–	–	–	929	911	929
Provision for pensions	275	318	327	–	–	–	–	–	–	–	–	–	275	318	327
Other current liabilities	312	270	280	195	262	276	34	22	25	–180	–246	–267	361	308	315
Undistributed liabilities															
Current loans payable	–	–	–	–	–	–	680	48	25	–	–	–	680	48	25
Long-term loans payable	–	–	–	–	–	–	1,574	2,566	2,671	–	–	–	1,574	2,566	2,671
Deferred tax liabilities	–	–	–	–	–	–	412	396	349	–	–	–	412	396	349
Current tax liabilities	–	–	–	–	–	–	80	74	169	–	–	–	80	74	169
Provisions for claims reserves	–	–	–	–	–	–	306	293	349	–	–	–	306	293	349
Other provisions and long-term liabilities	–	–	–	–	–	–	81	85	108	–	–	–	81	85	108
Shareholders' equity	–	–	–	–	–	–	4,165	3,595	3,397	–	–	–	4,165	3,595	3,397
Total liabilities and shareholders' equity	**1,588**	**1,553**	**1,598**	**527**	**596**	**639**	**7,347**	**7,104**	**7,108**	**–195**	**–267**	**–277**	**9,267**	**8,986**	**9,069**
Other information															
Investments, net	411	392	512	309	352	327	0	3	1	–	–	–	720	747	840
Depreciation and amortization	489	477	456	295	265	221	2	3	2	–	–	–	786	745	679

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	2013	as % of revenue	2012	as % of revenue	2011	as % of revenue
Personnel costs	11	6,386	*56.5*	6,638	*58.4*	6,465	*58.9*
Risk, claims and insurance expenses		302	*2.7*	272	*2.4*	299	*2.7*
Vehicle expenses		1,214	*10.7*	1,239	*10.9*	1,174	*10.7*
Costs of premises		567	*5.0*	559	*4.9*	538	*4.9*
Costs of technical equipment		339	*3.0*	307	*2.7*	283	*2.6*
Items affecting comparability		14	*0.1*	–16	*–0.1*	44	*0.4*
Other expenses		1,457	*12.5*	1,372	*12.1*	1,364	*12.4*
Total expenses by type		**10,279**	***90.5***	**10,371**	***91.3***	**10,168**	***92.7***

Costs of employee benefits

SEK m	Note	2013	2012	2011
Salaries and bonuses	11	5,030	5,188	5,070
Social security contributions	11	1,287	1,339	1,286
Pension costs – defined benefit plans	11, 30	–9	23	36
Pension costs – defined contribution plans	11, 30	78	88	73
Total costs of employee benefits		**6,386**	**6,638**	**6,465**

Audit fees and other fees

SEK m	2013	2012	2011
PwC			
– Audit assignments	11	10	10
– Auditing activities other than audit assignments	1	3	1
– Tax advice	4	5	5
– Other assignments	2	3	2
Total PwC	**18**	**21**	**18**

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 336 million (327 and 235). The nominal value of contractual future minimum leasing fees is distributed as follows:

SEK m	2013	2012	2011
Maturity < 1 year	303	285	235
Maturity 1–5 years	622	661	1,137
Maturity > 5 years	410	476	377
Total	**1,335**	**1,422**	**1,749**

Operational lease agreements refer primarily to buildings and office premises. The total cost for these in 2013 amounted to SEK 272 million (259 and 206), of the total cost of SEK 336 million (327 and 235).

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 40 million (30 and 22). The statement of income has been charged with SEK 3 million (4 and 4) for interest expenses attributable to financial leases. The nominal value of contractual future minimum leasing fees is distributed as follows:

SEK m	2013	2012	2011
Maturity < 1 year	39	25	24
Maturity 1–5 years	82	52	65
Maturity > 5 years	12	–	–
Total	**133**	**78**	**89**

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 35 million, of total costs of SEK 40 million. The corresponding costs for 2012 amounted to SEK 28 million and in 2011 to SEK 16 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 2013 include amortization of acquisition-related intangible assets of SEK –28 million which is included in Production expenses, and acquisition-related costs totaling SEK 28 million which is included in Production expenses of SEK –7 million and Selling and administrative expenses of SEK 35 million respectively. Earnings for 2013 also include an item affecting comparability of SEK –14 million to a large extent attributable to a write-down of book values in an operation within the European segment. This item affecting comparability is included in Production expenses in 2013. 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. Earnings for 2011 include amortization of acquisition-related intangible assets of SEK –21 million which is included in Production expenses in the table below, and acquisition-related costs totaling SEK –42 million, which is included in Production expenses of SEK –26 million and Selling and administrative expenses of SEK –16 million respectively. Earnings for 2011 also include two items affecting comparability totaling SEK –44 million. One of the items affecting comparability, of SEK –53 million derives from prior periods and is related to the incorrect valuation of assets and liabilities in the Austrian subsidiary. Classification by function of this item is not possible. The other item affecting comparability of SEK 9 million is included in Production expenses in 2011 and derives from a partial reversal of the original provision of SEK 59 million made during 2007 and resulting from overtime compensation in Spain.

SEK m	2013	2012	2011
Revenue, continuing operations	11,321	10,983	10,441
Revenue, acquisitions	43	376	532
Total revenue	**11,364**	**11,360**	**10,973**
Production expenses	–8,779	–8,835	–8,594
Gross income	**2,585**	**2,525**	**2,379**
Selling and administrative expenses	–1,499	–1,536	–1,522
Items affecting comparability	–	–	–53
Operating income (EBIT)	**1,085**	**988**	**805**
Financial income	13	16	16
Financial expenses	–60	–73	–78
Income before taxes	**1,038**	**932**	**743**
Income tax	–302	–282	–230
Net income for the year	**736**	**650**	**513**

NOTE 11 Personnel

Average number of full time equivalent employees distributed by gender

	Women			Men			Total		
Number	2013	2012	2011	2013	2012	2011	2013	2012	2011
Europe	3,710	3,777	3,745	8,091	8,098	7,944	11,801	11,875	11,689
USA	1,987	1,814	1,799	5,654	5,759	6,023	7,641	7,573	7,822
Total	**5,697**	**5,591**	**5,544**	**13,745**	**13,857**	**13,967**	**19,442**	**19,448**	**19,511**

In 2013, the total number of board members and Presidents was 44 (44 and 44), of which 4 (5 and 5) were women.

Personnel costs: Board of Directors and Presidents

	Salaries	Social security contributions	(of which pensions)	Salaries	Social security contributions	(of which pensions)	Salaries	Social security contributions	(of which pensions)	(of which bonuses)		
SEK m		2013			2012			2011		2013	2012	2011
Europe	51	12	(3)	51	15	(2)	41	8	(3)	(11)	(10)	(9)
USA	8	0	(0)	7	0	(0)	9	0	(0)	(1)	(1)	(1)
Total	**59**	**12**	**(3)**	**58**	**15**	**(2)**	**50**	**8**	**(3)**	**(12)**	**(11)**	**(10)**

Also see Note 41 regarding the Parent Company.

Personnel costs: Other employees

	Salaries	Social security contributions	(of which pensions)	Salaries	Social security contributions	(of which pensions)	Salaries	Social security contributions	(of which pensions)
SEK m		2013			2012			2011	
Europe	2,984	969	(81)	3,053	1,004	(82)	3,076	977	(75)
USA	1,987	414	(24)	2,077	431	(27)	1,944	410	(31)
Total	**4,971**	**1,383**	**(105)**	**5,130**	**1,435**	**(109)**	**5,020**	**1,387**	**(106)**

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

	Salaries	Social security contributions	(of which pensions)	Salaries	Social security contributions	(of which pensions)	Salaries	Social security contributions	(of which pensions)
SEK m		2013			2012			2011	
Europe	3,035	981	(84)	3,104	1,019	(84)	3,117	985	(78)
USA	1,995	414	(24)	2,084	431	(27)	1,953	410	(31)
Total	**5,030**	**1,395**	**(108)**	**5,188**	**1,450**	**(111)**	**5,070**	**1,395**	**(109)**

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 6, 2013. The board members are appointed for the period until the 2014 Annual General Meeting. The fees outlined on page 65 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 65. 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 twelve monthly salaries up to (in one case) currently 41 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. Five 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.

Five 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 6, 2013, Loomis' Annual General Meeting resolved to introduce an incentive scheme (Incentive Scheme 2013), equivalent to the scheme adopted by the 2012 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 will be in the form of shares in Loomis AB, which will be allotted to the employees no later than June 30, 2015. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February, 2015. To enable the allotment of shares in Loomis AB, the 2013 Annual General Meeting resolved that Loomis AB will enter into a share swap agreement with a third party. Under the agreement, the third party will acquire Loomis AB shares in its own name and transfer them to the incentive scheme participants. Loomis AB will thus not issue any new shares or similar instruments as a result of Incentive Scheme 2013. The introduction of the incentive scheme enables Loomis' key employees to become shareholders in Loomis AB over time and will thereby increase employee participation in Loomis' development, which will benefit all of the shareholders. The incentive scheme covers around 300 of Loomis' employees. In 2013 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.

Remuneration for 2013:

SEK	Fixed salary/ Remuneration to Board of Directors	Variable remuneration [1]	Other benefits	Pension costs	Other remuneration	Total
Alf Göransson, Chairman [2]	575,000	–	–	–	–	575,000
Ulrik Svensson, board member [2]	400,000	–	–	–	–	400,000
Jan Svensson, board member [2]	275,000	–	–	–	–	275,000
Cecilia Daun Wennborg, board member [2]	216,667	–	–	–	–	216,667
Ingrid Bonde, board member [2]	166,667	–	–	–	–	166,667
Marie Ehrling, board member [2]	108,333	–	–	–	–	108,333
Signhild Arnegård Hansen, board member [2]	83,333	–	–	–	–	83,333
Jarl Dahlfors, President [2] [3]	4,965,432	1,560,960	1,413,753	694,160	–	8,634,305
Lars Blecko, Executive Vice President [2] [3]	5,942,432	3,980,160	1,039,974	1,171,749	–	12,134,315
Other members of management, 6 in total [2] [4]	11,505,413	2,623,097	2,407,423	2,246,987	–	18,782,920
Total	**24,238,277**	**8,164,217**	**4,861,150**	**4,112,896**	**–**	**41,376,540**

1) Refers to variable remuneration and long-term bonus programs. In 2014, a total of SEK 5,298 thousand is to be paid. The remaining amount will be paid in future years.

2) For holdings of shares and warrants in Loomis, refer to pages 35 and 36. For the Incentive Scheme 2012, Jarl Dahlqvist will receive 3,104 shares, Lars Blecko 10,000 shares, Kenneth Högman 3,407 shares, Anders Haker 1,644 shares, Martti Ojanen 1,374 shares and Georges López Periago 5,508 shares in 2014.

3) Lars Blecko held the position as President during the period January 1 to August 31. Jarl Dahlfors took over the position as President as of September 1.

4) Refers to Kenneth Högman, Anders Haker, Martti Ojanen, Johannes Bäckman (for the period November 4 to December 31) Patrik Högberg (for the period November 1 to December 31) and Georges López Periago.

Note 11 cont.

Remuneration for 2012:

SEK	Fixed salary/ Remuneration to Board of Directors	Variable remuneration 1)	Other benefits	Pension costs	Other remuneration	Total
Alf Göransson, Chairman 2)	575,000	–	–	–	–	575,000
Ulrik Svensson, board member 2)	383,333	–	–	–	–	383,333
Marie Ehrling, board member 2)	316,667	–	–	–	–	316,667
Jan Svensson, board member 2)	275,000	–	–	–	–	275,000
Signhild Arnegård Hansen, board member 2)	250,000	–	–	–	–	250,000
Lars Blecko, President 2)	5,789,361	3,678,586	66,966	1,703,999	–	11,238,912
Jarl Dahlfors, Executive Vice President 2) 3)	4,337,780	1,086,879	1,336,722	91,365	–	6,852,746
Other members of management, 5 in total 2) 4)	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 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.
2) For holdings of shares and warrants in Loomis, refer to pages 35 and 36. 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.
3) 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.
4) 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.

Remuneration for 2011:

SEK	Fixed salary/ Remuneration to Board of Directors	Variable remuneration 1)	Other benefits	Pension costs	Other remuneration	Total
Alf Göransson, Chairman 2)	541,667	–	–	–	–	541,667
Ulrik Svensson, board member 2)	333,333	–	–	–	–	333,333
Marie Ehrling, board member 2)	283,333	–	–	–	–	283,333
Jan Svensson, board member 2)	258,333	–	–	–	–	258,333
Signhild Arnegård Hansen, board member 2)	233,333	–	–	–	–	233,333
Lars Blecko, President 2)	5,592,556	752,832	89,256	1,685,144	–	8,119,788
Jarl Dahlfors, Executive Vice President 2) 3)	4,031,040	1,162,800	1,418,112	101,655	–	6,713,607
Other members of management, 4 in total 2) 4)	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 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.
2) For holdings of shares and warrants in Loomis, refer to pages 35 and 36. For the Incentive Scheme 2010, Jarl Dahlfors will receive 7,156 shares, Georges López Periago 4,753 shares and Ashley Bailey 3,334 shares.
3) 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.
4) Refers to Kenneth Högman, Marcus Hagegård (for the period of June 1 to December 31), Georges López Periago and Ashley Bailey.

For information on share and warrant holdings, other board assignments, etc., please refer to the section on the Board of Directors and Group management, pages 35–36.

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

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 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 redeemed subscription warrants, 122,250 have been allotted at the rate SEK 18.25.

In 2011, Loomis exercised the right according to the preemption 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.

During 2013 the 2009/2013 warrant subscription program was concluded, resulting in the issue of 2,268,049 new Class B shares at a subscription price of SEK 72.50 per share and an additional SEK 164 million for Loomis AB. The current Group management exercised 283,736 warrants to subscribe for an equal number of Loomis Class B shares and sold 677,300 warrants to a financial institution.

NOTE 12 Depreciation, amortization and impairment

SEK m	2013	2012	2011
Acquisition-related intangible assets	28	28	21
Other intangible assets	21	19	17
Buildings	15	17	15
Machinery and equipment	721	681	626
(of which for machinery and equipment attributable to financial leasing)	(22)	(17)	(18)
Total depreciation, amortization and impairment	**786**	**745**	**679**

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

SEK m	2013	2012	2011
Production expenses	675	635	575
Selling and administrative expenses	82	82	83
Acquisition-related intangible assets	28	28	21
Total depreciation, amortization and impairment	**786**	**745**	**679**

Impairment testing on Goodwill is reported in Note 15.

NOTE 13 Financial income and expenses, net

SEK m	2013	2012	2011
Interest income	11	13	16
Exchange rate differences, net[1]	2	3	–
Other financial income	–	0	–
Financial income	**13**	**16**	**16**
Interest expenses	–50	–66	–69
(of which interest expenses for financial leasing)	(–3)	(–4)	(–4)
Bank charges	–10	–7	–7
Exchange rate differences, net[1]	–	–	–1
Other financial expenses	0	–	–1
Financial expenses	**–60**	**–73**	**–78**
Financial income and expenses, net	**–47**	**–56**	**–62**

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

NOTE 14 Income tax

Statement of income

Tax expense

SEK m	2013	%	2012	%	2011	%
Tax on income before taxes						
– current taxes	–192	*–18.4*	–198	*–21.3*	–216	*–29.0*
– deferred taxes	–111	*–10.7*	–84	*–9.0*	–14	*–1.9*
Total tax expense	**–302**	***–29.1***	**–282**	***–30.3***	**–230**	***–30.9***

Total tax rate on income before taxes amounted to –29.1 percent (–30.3 and –30.9 respectively). Further details regarding tax expense are shown in the table below.

SEK m	2013	%	2012	%	2011	%
Tax based on Swedish tax rate	–228	*–22.0*	–245	*–26.3*	–195	*–26.3*
Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries	–81	*–7.8*	–16	*–1.7*	–31	*–4.2*
Non-deductible expenses/non-taxable income, net	7	*0.6*	–22	*–2.3*	–3	*–0.4*
Total tax expense	**–302**	***–29.1***	**–282**	***–30.3***	**–230**	***–30.9***

In 2013, there has, except for in Sweden, been no major change in corporate income tax rates in the countries in which Loomis conducts the majority of its business operations. The corporate income tax rate in Sweden was lowered by 4.3 percentage points to 22 percent with effect from January 1, 2013. The corporate income tax rate in the UK was also reduced in 2013 and is 23 percent from April 1, 2013.

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

%	*2013*	*2012*	*2011*
USA	*40*	*40*	*40*
Spain	*30*	*30*	*30*
France	*33*	*33*	*33*
Sweden	*22*	*26*	*26*
UK	*23*	*25*	*27*

Balance sheet

Deferred tax assets and deferred tax liabilities were attributable to:

Deferred tax assets, SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Machinery and equipment	91	95	104
Pension provisions and employee-related liabilities	149	170	166
Liability insurance related claims reserves	33	34	40
Provisions for restructuring	6	6	6
Loss carryforwards	27	60	101
Other temporary differences	33	34	27
Total deferred tax assets	**339**	**398**	**444**
Netting	–17	–19	–22
Deferred tax assets, net	**322**	**379**	**422**

Deferred tax liabilities, SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Machinery and equipment	192	215	234
Pension provisions and employee-related liabilities	–	1	0
Intangible fixed assets	72	55	40
Other temporary differences	165	144	97
Total deferred income tax liabilities	**429**	**415**	**371**
Netting	–17	–19	–22
Deferred tax liabilities, net	**412**	**396**	**349**
Deferred tax assets/tax liabilities, net	**–90**	**–17**	**73**

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
Deferred tax assets								2013	2012
Opening balance	**95**	**170**	**34**	**6**	**–**	**60**	**34**	**398**	**444**
Change reported in statement of income	5	–22	–1	0	–	–35	1	**–53**	–62
Change due to new-tax rates	–10	–2	–	–	–	–	0	**–12**	–4
Change due to reclassification	–	–	–	–	–	–	–	**–**	0
Change due to foreign currency effects	1	2	0	0	–	2	–9	**–5**	–17
Change reported in shareholders' equity	–	1	–	–	–	–	–	**1**	23
Change due to acquisitions	–	–	–	–	–	–	8	**8**	14
Closing balance	**91**	**149**	**33**	**6**	**–**	**27**	**33**	**339**	**398**
Change during the year	**–4**	**–21**	**–1**	**0**	**–**	**–33**	**–0**	**–59**	**–46**
Deferred tax liabilities									
Opening balance	**215**	**1**	**–**	**–**	**55**	**–**	**144**	**415**	**372**
Change reported in statement of income	–23	–1	–	–	17	–	53	**47**	9
Change due to new tax rates	0	0	–	–	–	–	0	**0**	7
Change due to reclassification	–	–	–	–	–	–	–	**–**	–
Change due to foreign currency effects	0	0	–	–	0	–	–9	**–9**	–15
Change reported in shareholders' equity	0	–	–	–	–	–	–24	**–24**	32
Change due to acquisitions	0	–	–	–	–	–	1	**1**	10
Closing balance	**192**	**–**	**–**	**–**	**72**	**–**	**165**	**429**	**415**
Change during the year	**–24**	**–1**	**–**	**–**	**17**	**–**	**21**	**14**	**43**

Of deferred tax assets of SEK 339 million, a total of SEK 221 million is expected to be realized within 12 months. Of deferred tax liabilities of SEK 429 million, a total of SEK 18 million is expected to be realized within 12 months.

Current tax assets/tax liabilities	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Current tax assets	153	100	141
Current tax liabilities	–80	–74	–169
Current tax assets/tax liabilities, net	**72**	**25**	**–28**

Loss carryforwards

Loomis' subsidiaries in Austria, the Czech Republic, Denmark, Slovakia, Slovenia, Switzerland, Turkey, and the UK had, as of December 31, 2013, tax loss carryforwards amounting to SEK 264 million. The total loss carryforwards as of December 31, 2012, was SEK 363 million and as of December 31, 2011, SEK 854 million.

The Group has made the assessment that the tax loss carryforwards in Austria, the Czech Republic, Switzerland and some of the tax loss carryforwards in Denmark and Turkey can be utilized and the tax loss carryforwards have, therefore, been capitalized in the balance sheet. These tax loss carryforwards amount to SEK 107 million and the value of the capitalized tax loss carryforwards is SEK 27 million. Some of Loomis' loss carryforwards have time limits. Certain loss carryforwards have not, to date, been settled in the Companys' tax returns.

NOTE 15 Acquisition and divestment of subsidiaries and impairment testing

Acquisitions undertaken in 2013:

SEK m	Purchase price	Goodwill	Acquisition-related intangible assets	Operating capital employed	Total capital employed
G4S Cash Solutions (SK) a.s.[1]	18[2]	0[3]	–	18	18
Total					

1) The acquisition analysis is subject to final adjustment up to one year after the acquisition date.
2) The purchase price translated to SEK million at the acquisition date.
3) The reported goodwill is primarily attributable to achieving synergy effects and geographic expansion. Any impairment losses are not tax deductible.

G4S Cash Solutions (SK) a.s.

Loomis acquired the cash handling operations of the company G4S Cash Solutions (SK) a.s. in Slovakia. The purchase price amounted to SEK 18 million (EUR 2 million). The acquired operations were consolidated by Loomis as of December 2, 2013.

Acquisition of G4S Cash Solutions (SK) a.s., Slovakia

Summarized balance sheet as of the acquisition date, December 2, 2013.

SEK m	Fair value acquisition balance
Operating fixed assets	30
Accounts receivable	8
Other assets	9
Other liabilities	–20
Total operating capital employed	**27**
Goodwill	0
Other acquisition-related intangible assets	0
Other capital employed	–9
Total capital employed	**19**
Net debt	–1
Total acquired net assets	**18**
Purchase price paid	18
Total purchase price	**18**
Purchase price paid	–18
Liquid funds in accordance with acquisition analysis	0
Total negative impact on the Group's liquid funds	–18

The acquisition of G4S Cash Solutions (SK) a.s. in Slovakia has strengthened Loomis' presence in the local market and made Loomis the market leader in Slovakia. The acquisition has contributed approximately SEK 5 million to total revenue and approximately SEK 0 million to net income for the year. If consolidated as of January 1, 2013, the acquisition would have contributed approximately SEK 60 million to total revenue and approximately SEK –4 millon to net income for the year.

The total transaction costs for the acquisition amount to SEK 2 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. A further repayment installment of SEK 41 million, equivalent to USD 6.3 million, was received in 2013. Both repayments have been reported as a reduction of the item "Acquisiton-related costs" in the statement of income. Negotiations on possible additional repayments has been concluded and no further repayments will be received.

As of December 31, 2013, the Group as a whole had deferred payments totaling SEK 6 million and deferred considerations totaling SEK 29 million. The deferred payments are due in 2014, while the deferred considerations 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 countries where there are integrated operations under joint management. Goodwill as of December 31, 2013 divided between the cash generating units breaks down as follows:

		Goodwill, SEK m		
	WACC, %	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
France	*8.7 (7.4, 7.7)*	331	319	331
UK	*7.0 (7.6, 7.1)*	155	153	155
Portugal	*8.8 (10.1, 13.4)*	1	1	1
Switzerland	*8.0 (8.2, 6.1)*	4	4	4
Slovakia	*9.0 (n/a, n/a)*	0	–	–
Spain	*8.7 (9.3, 9.1)*	387	373	263
Sweden	*6.4 (6.7, 6.6)*	11	11	11
Czech Republic	*9.5 (11.2, 8.0)*	17	17	17
Turkey	*15.6 (18.0, n/a)*	37	26	39
Argentina	*26.7 (n/a, n/a)*	63	60	–
USA	*7.2 (7.6, 6.9)*	2,341	2,354	2,459
Total		**3,346**	**3,317**	**3,281**

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[1] (2.0, 2.0)*	*6.4–26.7*
USA	*2.0 (2.0, 2.0)*	*7.2*

1) For all cash generating units, except Turkey and Argentina, an annual estimated growth rate of 2.0 percent is used beyond the forecast period. For Turkey and Argentina a rate of 5 percent is used.

Impairment testing of all cash-generating units was carried out in the second quarter of 2013. 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. A reduction of 0.5 percentage points in the operating margin would give rise to goodwill impairment of SEK 1 million in total for a cash generating unit in the Europe segment. Other than this, the sensitivity analysis indicated that none of the adjustments individually generates a need for an impairment loss to be recognized in any cash generating unit.

NOTE 16 Goodwill

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Opening balance	3,317	3,281	2,582
Acquisitions	0	217	569
Exchange rate differences	29	–181	130
Closing accumulated balance	**3,346**	**3,317**	**3,281**
Opening impairment losses	–	–	–
Impairment losses for the year	–	–	–
Closing accumulated impairment losses	**–**	**–**	**–**
Closing residual value	**3,346**	**3,317**	**3,281**
Goodwill distributed by operating segment:			
USA	2,341	2,354	2,459
Europe	1,006	963	822
Total	**3,346**	**3,317**	**3,281**

NOTE 17 Acquisition-related intangible assets

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Opening balance	298	276	184
Acquisitions	–	29	79
Disposals/write-offs	–	–	–1
Exchange rate differences	3	–7	14
Closing accumulated balance	**301**	**298**	**276**
Opening amortization	–145	–121	–97
Amortization for the year	–28	–28	–21
Exchange rate differences	–2	4	–3
Closing accumulated amortization	**–175**	**–145**	**–121**
Closing residual value	**126**	**153**	**155**

Acquisition-related intangible assets consist of contract portfolios.

NOTE 18 Other intangible assets

Dec. 31, 2013	Licenses	Tenancy rights	Other intangible assets	Total
SEK m				
Opening balance	216	0	1	**218**
Acquisitions	0	–	–	**0**
Capital expenditures	21	–	–	**21**
Disposals/write-offs	–1	–	–	**–1**
Exchange rate differences	5	0	0	**5**
Closing accumulated balance	**241**	**0**	**1**	**243**
Opening amortization	–123	0	–1	**–125**
Disposals/write-offs	1	–	–	**1**
Amortization for the year	–21	–	–	**–21**
Exchange rate differences	–5	0	0	**–5**
Closing accumulated amortization	**–148**	**0**	**–1**	**–149**
Closing residual value	**93**	**0**	**0**	**93**

Dec. 31, 2012	Licenses	Tenancy rights	Other intangible assets	Total
SEK m				
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**

Dec. 31, 2011	Licenses	Tenancy rights	Other intangible assets	Total
SEK m				
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**

NOTE 19 Tangible fixed assets

	Buildings and land		
SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Opening balance	420	415	391
Acquisitions	4	18	1
Capital expenditure	20	12	17
Disposals/write-offs	–5	–16	–1
Reclassifications	–1	10	3
Exchange rate differences	11	–19	3
Closing accumulated balance	**448**	**420**	**415**
Opening depreciation	–167	–158	–141
Disposals/write-offs	1	0	–
Reclassifications	–	–1	0
Depreciation for the year	–15	–17	–15
Exchange rate differences	–5	9	–2
Closing accumulated depreciation	**–187**	**–167**	**–158**
Closing residual value	**261**	**253**	**257**

	Machinery and equipment		
SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Opening balance	7,715	7,359	6,648
Acquisitions	26	46	83
Capital expenditure	800	752	821
Disposals/write-offs	–229	–146	–218
Reclassifications	2	–13	–71
Exchange rate differences	81	–283	97
Closing accumulated balance	**8,395**	**7,715**	**7,359**
Opening depreciation	–5,103	–4,729	–4,288
Disposals/write-offs	204	117	190
Reclassifications	0	1	60
Depreciation for the year	–721	–681	–627
Exchange rate differences	–64	189	–64
Closing accumulated depreciation	**–5,684**	**–5,103**	**–4,729**
Closing residual value	**2,711**	**2,612**	**2,630**

The closing residual value of land included in Buildings and land above amounted to SEK 62 million (60 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.

	Buildings		
SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Opening balance	43	45	45
Exchange rate differences	2	–2	0
Closing accumulated balance	**45**	**43**	**45**
Opening depreciation	–19	–18	–16
Depreciation for the year	–2	–2	–2
Exchange rate differences	–1	1	0
Closing accumulated depreciation	**–22**	**–19**	**–18**
Closing residual value	**23**	**24**	**27**

Note 19 cont.

Financial lease agreements	Machinery and equipment		
SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Opening balance	162	141	225
Acquisitions	1	31	59
Capital expenditure	130	14	15
Disposals/write-offs	–21	–20	–157
Exchange rate differences	1	–4	–1
Closing accumulated balance	**273**	**162**	**141**
Opening depreciation	–77	–55	–190
Acquisitions	0	0	–
Disposals/write-offs	16	17	156
Depreciation for the year	–65	–40	–22
Exchange rate differences	–1	1	1
Closing accumulated depreciation	**–127**	**–77**	**–55**
Closing residual value	**146**	**85**	**86**

NOTE 20 Interest-bearing financial fixed assets

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Long-term external investments	61	66	65
Total interest-bearing financial fixed assets	**61**	**66**	**65**

The amount consists of pension commitments (see Note 30) for which bonds have been provided as security in a total of SEK 4 million (6 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 (57 and 55). For additional information regarding financial instruments, refer to Note 6.

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Opening balance	66	65	29
New investments/disposals	–5	1	36
Exchange rate differences	0	0	0
Closing balance	**61**	**66**	**65**

NOTE 21 Other long-term receivables

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Long-term rent deposits	28	25	27
Other long-term receivables	98	9	9
Total other long-term receivables	**125**	**34**	**35**

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Opening balance	34	35	28
Other changes	90	0	7
Translation differences	1	–1	0
Closing balance	**125**	**34**	**35**

Other changes include a deposit of SEK 65 million in respect of an ongoing tax audit in Spain.

NOTE 22 Accounts receivable

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Accounts receivable before deduction of provisions for bad debt losses	1,349	1,336	1,342
Provision for bad debt losses, net	–33	–37	–34
Total accounts receivable	**1,315**	**1,299**	**1,308**

Bad debt losses for the year amounted to SEK 6 million (8 and 5), net.

Ageing analysis for overdue accounts receivable

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Maturity date <30 days	237	249	264
Maturity date 30–90 days	67	64	67
Maturity date >90 days	68	61	44
Total overdue accounts receivable	**372**	**374**	**375**

NOTE 23 Other current receivables

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Funds within cash processing operations (net)[1]	42	37	37
Other current receivables	74	53	40
Total other current receivables	**116**	**90**	**77**

1) Excluding consignment stocks of money.

The item “Other current receivables” above refers to a large extent 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 13 million (7 and 5) and are recognized as production expenses.

Funds within cash processing operations

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Stocks of money	1,206	822	1 054
Prepayments from customers and receivables on customers	745	560	453
Liabilities related to prepayments from customers and liabilities to customers	–1,134	–1,084	–864
Overdraft facility related to cash processing operations	–776	–261	–606
Funds within cash processing operations (net)	**42**	**37**	**37**

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, 2013	Dec. 31, 2012	Dec. 31, 2011
Prepaid expenses for insurance and risk management	48	15	30
Prepaid rent	25	21	22
Prepaid leasing fees	2	1	1
Prepaid suppliers’ invoices	2	1	1
Other prepaid expenses	213	156	144
Other accrued income	7	7	5
Total prepaid expenses and accrued income	**296**	**201**	**203**

NOTE 25 Interest-bearing financial current assets

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
External investments	10	10	1
Total interest-bearing financial current assets	**10**	**10**	**1**

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, 2013	Dec. 31, 2012	Dec. 31, 2011
Cash and bank balances	333	380	413
Short-term bank investments	–	0	0
Total liquid funds[1)]	**333**	**380**	**413**

1) Liquid funds include interest-bearing current assets with a term of less than 90 days.

NOTE 27 Shareholder's equity and comprehensive income

	Shareholders' equity attributable to the owners of the Parent Company				
SEK m	Share capital [1)]	Other capital contributed	Other reserves [2)]	Retained earnings including net income for the year	Total
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	–	–	–	–256	–256
Share-related remuneration[4)]	–	–	–1	–	–1
Total transactions with shareholders	**–**	**–**	**–1**	**–256**	**–257**
Closing balance, December 31, 2011	**365**	**4,441**	**248**	**–1,657**	**3,397**

	Shareholders' equity attributable to the owners of the Parent Company				
SEK m	Share capital [1]	Other capital contributed	Other reserves [2]	Retained earnings including net income for the year	Total
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[5]	–	–	33	–	33
Tax effect on revalued contingent consideration[5]	–	–	–13	–	–13
Contingent consideration (net) recycled to the statement of income[5]	–	–	–20	–	–20
Total other comprehensive income	**–**	**–**	**–144**	**–31**	**–175**
Total comprehensive income	**–**	**–**	**–144**	**619**	**475**
Transactions with shareholders					
Dividend	–	–	–	–273	–273
Share-related remuneration[6]	–	–	–4	–	–4
Total transactions with shareholders	**–**	**–**	**–4**	**–273**	**–277**
Opening balance, January 1, 2013	**365**	**4 441**	**100**	**–1,311**	**3,595**
Comprehensive income					
Net income for the year	–	–	–	736	736
Other comprehensive income					
Actuarial gains and losses	–	–	–	–11	–11
Tax effect on actuarial gains and losses	–	–	–	1	1
Exchange rate differences[3]	–	–	17	–	17
Revaluation contingent consideration[5]	–	–	41	–	41
Tax effect on revalued contingent consideration[5]	–	–	–17	–	–17
Contingent consideration (net) recycled to the statement of income[5]	–	–	–24	–	–24
Total other comprehensive income	**–**	**–**	**17**	**–9**	**8**
Total comprehensive income	**–**	**–**	**17**	**727**	**744**
Transactions with shareholders					
New share issue through exercise of warrants	11	153	–	–	164
Dividend	–	–	–	–338	–338
Share-related remuneration[7]	–	–	0	–	0
Total transactions with shareholders	**11**	**153**	**0**	**–338**	**–174**
Closing balance, December 31, 2013	**376**	**4,594**	**117**	**–922**	**4,165**

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 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.

5) Relates to revaluation of a contingent consideration for the acquisition of Pendum's cash handling operations. A repayment installment of SEK 33 million was received in 2012 and has been recycled to the statement of income, and an additional repayment installment of SEK 41 million was received in 2013 and has been recycled to the statement of income, which is why the impact on other comprehensive income is nil. Negotiations have been concluded and no further repayments will be received. For 2011 no similar revaluations were performed.

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 acquired for an average price of SEK 93.35/share. The total holding of repurchased shares as of December 31, 2012 was 132,318.

7) 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 yer 82,324 shares were allotted to the employees under the share-related Incentive Scheme 2011, and 71,869 shares were repurchased for Incentive Scheme 2012. Of the repurchased shares, 10,000 shares were repurchased for an average price of SEK 117.45/share, 35,000 shares were repurchased for an average price of SEK 117.30/share, 22,819 shares were repurchased for an average price of SEK 119.19/share and the remaining 4,050 shares were repurchased for an average price of SEK 130.34/share. The total holding of repurchased shares as of December 31 2013, was 121,863.

The number of shares issued as of December 31, 2013 was 75,279,829 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, 2013 Loomis was no own warrants.

NOTE 28 Loans payable and financial leases

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Long-term loans payable			
Liabilities, financial leases	121	66	84
Bank loans	625	1,941	2,008
Bond loans	580	558	580
Commercial paper	248	–	–
Total long-term loans payable	**1,573**	**2,566**	**2,671**
Current loans payable			
Liabilities, financial leases	12	11	5
Derivatives	0	1	15
Bank loans	668	35	5
Total current loans payable	**680**	**48**	**25**
Total loans payable	**2,253**	**2,614**	**2,696**

Liabilities, financial leases – minimum lease payments	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Maturity < 1 year	12	12	5
Maturity 1–5 years	113	76	95
Maturity >5 years	18	–	–
Total	**143**	**88**	**100**
Future financial expenses for financial leases	–10	–10	–11
Total present value of liabilities for financial leases	**133**	**78**	**89**

Present value of liabilities for financial leases	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Maturity < 1 year	39	25	24
Maturity 1–5 years	82	52	65
Maturity >5 years	12	–	–
Total present value of liabilities for financial leases	**133**	**78**	**89**

NOTE 29 Provisions for claims reserves

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Long-term provisions for claims reserves	171	170	185
Short-term provision for claims reserves	135	123	164
Total provisions for claims reserves	**306**	**293**	**349**

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Opening balance	293	349	296
New provisions	159	163	272
Utilized amount and unutilized provisions	–145	–204	–225
Translation difference	–1	–15	6
Closing balance	**306**	**293**	**349**

Claims reserves are calculated based on a combination of reported claims and incurred but not reported claims. Actuarial calculations are performed on a continuous 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 Note 2 and Note 4 for further information.

NOTE 30 Provisions for pensions and similar commitments

The Group operates, or participates, in a number of defined benefit and defined contribution pension plans and other long-term employee benefit plans. These plans are structured in accordance with local rules and practices. The overall cost of these plans for the Group is detailed in Note 10.

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.

In 2013 the cost for defined contribution plans amounted to SEK 78 million (88 and 73).

Defined benefit pension plans

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 a continuous 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.

Summary of defined benefit plans

The defined benefit obligation and plan assets are composed by country as follows:

Funded and unfunded benefit obligations

	Dec. 31, 2013				Dec. 31, 2012				Dec. 31, 2011			
	France	UK	Other countries	Total	France	UK	Other countries	Total	France	UK	Other countries	Total
Funded plans												
Present value of funded defined benefit obligations	–	1,308	116	1,424	–	1,198	129	1,327	–	1,146	109	1,255
Fair value of plan assets	–	–1,299	–84	–1,383	–	–1,152	–87	–1,239	–	–1,063	–78	–1,141
Funded plans, net	–	9	32	41	–	46	42	88	–	84	30	114
Unfunded plans												
Present value of unfunded benefit obligations	217	–	16	234	209	–	18	227	194	–	17	212
Total funded and unfunded benefit obligations	**217**	**9**	**49**	**275**	**209**	**46**	**60**	**315**	**194**	**84**	**48**	**326**

Below is a description of the most material defined benefit pension plans:

UK

The Loomis UK Pension scheme represents approximately 79 percent of the Group's total commitments in respect of Defined benefit obligations as of December 31, 2013. The plan is a funded defined benefit plan in which the assets are held separately from those of the employer. Under the Loomis UK pension scheme, employees are entitled to annual pensions paid directly from the scheme on retirement which are calculated as a percentage of the member's final pensionable salary multiplied by number of years of service. In payment, the pension is increased annually with increases typically being linked to inflation capped at a certain level. Benefits are also payable on death and following other events such as withdrawing from the scheme.

The scheme is administrated by a board of Trustees which is legally separated from the Company. The board of Trustees are composed of representatives both from the employer and employees and is chaired by an Independent Trustee. The board of Trustees are required by law to:

- Act in the best interest of all beneficiaries of the scheme
- Ensure the scheme is operated in accordance with its Rules and statutory requirements i.e the general law of trusts and specific UK law applying to pension schemes, including Acts of Parliament and regulations.
- Be responsible for the investment strategy of the scheme's assets and
- Be responsible for the day-to-day administration of the benefits.

The board of Trustees rely on professional advice to help them meet the requirements stated above.

Under UK Regulations, the company and the board of Trustees must agree what contributions should be paid into the scheme after receiving advice from an actuary.

The UK pension scheme is required to perform a funding valuation every third year. The latest funding valuation of the scheme was carried out by a qualified actuary as at April 5, 2011 and showed a deficit of GBP 10 million (assets of GBP 98 million and liabilities of GBP 108 million). To help plug this deficit, the Company agreed to pay the following contributions:

- GBP 258 thousand per month from April 5, 2010 to December 31, 2011
- GBP 265 thousand per month from January 1, 2012 to December 31, 2013
- GBP 150 thousand per month from January 1, 2013 to December 31, 2015 increasing on each January 1, by 3 percent.

The scheme has, since March 3, 2013 been closed for future accrual.

The Company and the board of Trustees are working together to help ensure the UK scheme's investment risk are reduced as and when appropriate. This includes holding a diversified asset portfolio to ensure there is no concentrated risk in one market, asset class or region.

Loomis AB has also provided a guarantee of GBP 50 million to the pension scheme to further show its commitment to meet any obligations that the scheme provides to its members.

Note 30 *cont.*

Loomis UK also participates in various defined contribution pension plans.

France

In France there are two unfunded plans, a Retirement indemnity plan that represents approximately 12 percent of the Group's total commitments in respect of Defined benefit obligations as of December 31, 2013 and a Jubilee award plan that represents approximately 1 percent of the total commitments. The retirement indemnity plan provides a one-off lump sum retirement benefit to employees who retire from Loomis with five or more years' service. The size of the benefit is based on an employee's years of service, their salary at retirement and their role at the company.

The requirement for a one-off retirement indemnity is a legal obligation. The benefit from the plan is fixed by a collective bargaining agreement governed by industry representatives. A Council tribunal deals with any disputes between the employer and employees over the benefit payments. Benefits are paid directly by the company as and when they arise. The plan is open to future accrual and new members.

The Jubilee award plan is an unfunded arrangement and is paid to employees upon completion of a certain number of years of service.

Other countries

In addition to the plans mentioned above, there are funded defined benefit plans in Norway and Switzerland that represent approximately 5 percent and 2 percent respectively of the Group's total commitments in respect of Defined benefit obligations as of December 31, 2013. There are also unfunded defined benefit plans in Austria and Norway. The unfunded plans in Austria and Norway that represent for approximately 1 percent and less than 1 percent respectively of the Group's total commitments as of December 31, 2013.

Sweden

Blue-collar employees of the Group in Sweden are covered by the SAF-LO collective pension plan, which was negotiated by the parties in the labor market for persons employed in the private sector under collective agreements. The plan is a multi-employer defined contribution arrangement. Professional employees of the Group are instead covered by the ITP plan, which is a collectively agreed plan for professional employees within the private sector. A number of years back ITP was split into ITP1 and ITP2. ITP1 is a multi-employer defined contribution plan. ITP2 is a defined benefit plan which, according to a statement (UFR 3) issued by the Swedish Financial Reporting Board, is a multi-employer defined benefit plan. Alecta, a mutual insurance company that manages the pension plan's benefits, is unable to provide Loomis, or other Swedish companies, with sufficient information with which to determine an individual company's share of the total commitment and its plan assets. Consequently, the ITP pension plan that is secured by insurance with Alecta is reported as a defined contribution plan. The cost for 2013 amounts to SEK 11 million (13 and 9). The cost for 2014 is expected to be at a similar level. Alecta's surplus may be distributed to the policy holders and/or the insured. At the end of 2013, Alecta's surplus in the form of the collective consolidation level amounted to 148 percent (129 and 113). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's actuarial assumptions, which do not accord with IAS 19 IAS 19.

Membership Summary

As of December 31, 2013 the present value of the defined benefit obligation was comprised as follows:

	Dec.31, 2013		
	France	UK	Other countries
Liability Active members *(% of total obligation)*	*100.0*	*25.1*	*89.0*
Liability Deferred members *(% of total obligation)*	*–*	*41.7*	*–*
Liability Pensioner members *(% of total obligation)*	*–*	*33.2*	*11.0*
	100.0%	***100.0%***	***100.0%***
Pension plan duration (years)	14	20	25

Financial disclosures

The amounts recognised in the balance sheet are as follows:

Provisions for pensions and similar commitments, net

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Plans included in Interest-bearing financial fixed assets	–	–3	–2
Plans included in Provisions for pensions and similar commitments	275	318	327
Total provisions for pensions and similar commitments, net	**275**	**315**	**326**

The table below shows the total cost for defined benefit plans in 2011–2013.

Pension costs

SEK m	2013	2012	2011
Current service costs	24	34	33
Administration costs (excluding investment related expenses for funded plans)	6	3	3
Net interest cost/gain (–)	9	2	0
Recognized actuarial gains (–)/losses	0	–7	0
Past service costs/credits (–)	–39	–9	0
Total pension costs	**0**	**23**	**36**

Income related to past service that is recognized in 2013 relates to a curtailment gain of SEK 39 million resulting from the fact that the UK scheme was closed for future accrual. Income relating to past service that was recognized in 2012 relates mainly to a reversal of a historic provision for social security contributions related to the French Jubilee Award pension plan.

The movement in the net defined benefit obligation during 2011–2013 is as follows:

Change in provisions for pensions and similar commitments, net

SEK m	Obligations 2013	Plan assets 2013	Net 2013	Obligations 2012	Plan assets 2012	Net 2012	Obligations 2011	Plan assets 2011	Net 2011
Opening balance	**1,554**	**–1,239**	**315**	**1,467**	**–1,141**	**326**	**1,361**	**–1,045**	**316**
Current service costs	24	0	24	34	0	34	33	0	33
Administration costs (excluding investment related expenses for funded plans)	6	0	6	3	0	3	3	0	3
Net interest cost/gain (–)	66	–56	9	65	–62	2	73	–73	0
Recognized actuarial gains (–)/losses	0	0	0	–7	0	–7	0	0	0
Past service costs/credits (–)	–39	0	–39	–9	0	–9	0	0	0
Total pension costs	**56**	**–56**	**0**	**85**	**–62**	**23**	**109**	**–73**	**36**
Actuarial gains (–) and losses due to experience	10	0	10	–3	0	–3	–5	0	–5
Actuarial gains (–) and losses from changes in financial assumptions	88	0	88	67	0	67	1	0	1
Actuarial gains (–) and losses from changes in demographic assumptions	4	0	4	33	0	33	–4	0	–4
Return on plan assets, excluding amounts included in Net interest cost/gain (–)	0	–91	–91	0	–46	–46	0	50	50
Total actuarial gains (–) and losses before tax	**101**	**–91**	**11**	**97**	**–46**	**50**	**–7**	**50**	**42**
Employer contributions	0	–50	–50	0	–77	–77	0	–72	–72
Employee contributions	4	–4	0	7	–7	0	7	–7	0
Benefits paid to participants	–63	63	0	–76	76	0	–61	61	0
Administration costs paid over the year	–6	0	–6	–5	4	0	–3	1	–3
Reclassifications	–6	5	–1	0	0	0	0	0	0
Translation differences	16	–11	6	–20	14	–6	62	–57	5
Closing balance	**1,658**	**–1,383**	**275**	**1,554**	**–1,239**	**315**	**1,467**	**–1,141**	**326**

The contribution for 2014 is expected to be approximately SEK –56 million.

Assumptions and sensitives

The significant actuarial assumptions used as of balance sheet day were as follows:

Main actuarial assumptions as per December 31 (%)	Dec. 31, 2013 UK	Dec. 31, 2013 France	Dec. 31, 2013 Other	Dec. 31, 2012 UK	Dec. 31, 2012 France	Dec. 31, 2012 Other	Dec. 31, 2011 UK	Dec. 31, 2011 France	Dec. 31, 2011 Other
Discount rate	*4.50*	*3.50*	*2.10–3.30*	*4.60*	*3.00*	*1.65–3.00*	*4.80*	*4.50*	*2.35–4.50*
Salary increases	*n/a*	*2.00*	*2.00–3.75*	*3.00*	*2.00*	*2.00–3.50*	*3.10*	*2.00*	*2.00–3.50*
Inflation	*2.50–3.50*	*2.00*	*1.00*[1]	*2.20–3.00*	*2.00*	*1.00*[1]	*2.00–3.10*	*2.00*	*1.00*[1]
Pension increases	*3.30*	*n/a*	*0.00–2.75*[2]	*2.90*	*n/a*	*0.00–2.50*[2]	*2.90*	*n/a*	*0.00–2.50*[2]

1) The Inflation assumption only applies to some of the “Other” countries. In Austria and Norway this assumption is not applicable and no assumption is disclosed.

2) The pension increases assumption only applies to some of the “Other” countries. In Austria this assumption is not applicable and no assumption is disclosed.

Note 30 *cont.*

These assumptions are used in the valuation of the obligations of the defined benefit plans at the end of 2013, 2012 and 2011 and to determine the pension costs for 2014, 2013 and 2012. 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.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. The mortality tables used in France and UK as follows:

Mortality table

	2013	2012	2011
France	INSEE 2009–2011	INSEE 2008–2010	INSEE 2007–2009
UK	S1 All pensioners table, YOB (+1), CMI Core 2009 projections, 1.0% long term improvement rate	S1 All pensioners table, YOB (+1), CMI Core 2009 projections, 1.0% long term improvement rate	PA 92 series with allowance for future improvements, and the medium cohort effect with a 1% underpin p.a

For the UK, the above assumptions mean the following average remaining life expectancy for a person retiring at the age of 65:

	Dec. 31, 2013
Life expectancy at 65 for a pensioner currently aged 65:	
Men	21.2
Women	23.4
Life expectancy at 65 for a pensioner currently aged 45:	
Men	22.6
Women	24.9

No average life expectancy in years are given for France as this is not a key assumption due to the nature of the plan (lump sum arrangement).

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is shown in the table below. The table shows the impact on the Defined benefit obligation in SEK millions. The Defined benefit obligation is decreasing when showing a negative (–) sign, whereas a positive (+) sign increases the obligation.

Sensitivity analysis

SEK m	Dec. 31, 2013
0.1% increase in discount rate	–30
0.1% decrease in discount rate	30
0.1% increase in inflation rate	27
0.1% decrease in inflation rate	–26
1 year increase in life expectancy	36

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to changes in significant actuarial assumptions the same method, the Projected Unit Credit method, has been applied as when calculating the pension liability recognised in the balance sheet. The method and types of assumptions used in preparing the sensitivity analysis have not been changed compared to previous year. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change.

Plan assets

Plan assets are comprised as follows:

	Dec. 31, 2013				Dec. 31, 2012				Dec. 31, 2011			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Equities												
UK	240	–	240	*17.3*	203	–	203	*16.4*	196	–	196	*17.2*
Other European countries	69	2	71	*5.2*	75	2	77	*6.2*	66	2	67	*5.9*
North America	259	–	259	*18.7*	211	–	211	*17.0*	177	–	177	*15.5*
Asia	60	–	60	*4.3*	45	–	45	*3.6*	51	–	51	*4.5*
Emerging markets	36	–	36	*2.6*	29	–	29	*2.4*	24	–	24	*2.1*
Other	36	–	36	*2.6*	45	–	45	*3.6*	32	–	32	*2.8*
Total equities	**701**	**2**	**702**	***50.8***	**609**	**2**	**611**	***49.3***	**546**	**2**	**548**	***48.0***
Fixed index government bonds												
UK	262	–	262	*18.9*	227	–	227	*18.3*	230	–	230	*20.1*
Other European countries	12	–	12	*0.9*	13	–	13	*1.0*	11	–	11	*1.0*
North America	0	–	0	*0.0*	0	–	0	*0.0*	0	–	0	*0.0*
Other	0	–	0	*0.0*	0	–	0	*0.0*	0	–	0	*0.0*
Total fixed index government bonds	**275**	**–**	**275**	***19.9***	**240**	**–**	**240**	***19.4***	**242**	**–**	**242**	***21.1***
Corporate bonds												
UK	168	–	168	*12.1*	166	–	166	*13.4*	147	–	147	*12.9*
Other European countries	30	–	30	*2.1*	31	–	31	*2.5*	27	–	27	*2.4*
North America	0	–	0	*0.0*	0	–	0	*0.0*	0	–	0	*0.0*
Other	5	–	5	*0.4*	7	–	7	*0.5*	5	–	5	*0.5*
Total corporate bonds	**203**	**–**	**203**	***14.7***	**203**	**–**	**203**	***16.4***	**180**	**–**	**180**	***15.8***
Property												
Other European countries	7	8	15	*1.1*	3	13	17	*1.3*	2	13	14	*1.2*
Other	0	–	0	*0.0*	0	–	0	*0.0*	0	–	0	*0.0*
Total property	**8**	**8**	**16**	***1.1***	**4**	**13**	**17**	***1.4***	**2**	**13**	**15**	***1.3***
Cash	**3**	**6**	**9**	***0.6***	**5**	**0**	**6**	***0.5***	**9**	**0**	**9**	***0.8***
Other[1)]	**178**	**0**	**178**	***12.9***	**163**	**0**	**163**	***13.2***	**147**	**0**	**147**	***12.9***
Total plan assets	**1,366**	**16**	**1,383**	***100.0***	**1,223**	**16**	**1,239**	***100.0***	**1,126**	**15**	**1,141**	***100.0***

1) Refers primarily to The Standard Life GARS fund, an absolute return vehicle that implements its positions using both physical assets and derivates. The fund has in the prior annual reports been categorized as equity since the return is similar to what is expected from an equity fund.

Note 30 cont.

Risks

Through its defined benefit pension plans the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility (Relevant to funded plans, ie plans in UK, Norway and Switzerland)	The majority of the scheme liabilities are calculated using a discount rate set with reference to investment grade bond yield curves. If return on scheme assets underperform the discount rate this will create a deficit. In total the schemes holds 51 percent of the total plan assets in equities which are expected to outperform liability matching bonds. Returns on equities are expected to be volatile relative to liability matching bonds thus introducing volatility and risk into the funding position.
Changes in yields (Relevant to UK, France and Switzerland)	A decrease in the discount rate will increase the scheme liabilities, although this will for funded plans, be partially offset by an increase in the value of the scheme's bond holdings.
Inflation risk (Relevant to UK and Switzerland)	The majority of the pension obligations are linked to inflation, and higher inflation in insolation will lead to higher liabilities although, in most cases, caps on the level of inflationary increases are in place to protect the scheme against inflation. A majority of the assets are equity based where valuations have little predictable sensitivity to inflation meaning that an increase in inflation will be expected to increase the deficit.
Life expectancy (Relevant to UK, Switzerland and Norway)	The obligations in some countries provide benefits for the life of the Member and/or their dependants, so increases in life expectancy will result in an increase in the scheme liabilities. In some countries, the benefit provided at retirement is a lump sum payment and therefore increases in life expectancy do not impact liabilities in these countries.
Legislative risk	Governments may consult on certain aspects on benefits. If changes are implemented by the Governments, the Company will reflect its impact on the accounting liabilities at the appropriate time.

NOTE 31 Other provisions

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Other long-term provisions	92	97	108
Other short-term provisions	42	9	30
Total other provisions	**134**	**106**	**138**

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Other long-term provisions			
Opening balance	97	108	125
New provisions	9	21	15
Provisions utilized	–16	–28	–31
Translation differences	2	–4	–1
Closing balance	**92**	**97**	**108**
Other short-term provisions			
Opening balance	9	30	35
New provisions	33	–	28
Provisions utilized	0	–20	–33
Translation differences	0	–1	0
Closing balance	**42**	**9**	**30**
Total other provisions	**134**	**106**	**138**

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, 2013	Dec. 31, 2012	Dec. 31, 2011
Accrued personnel costs	781	785	802
Accrued interest expenses	5	6	15
Accrued rent charges	2	2	0
Accrued consulting fees	25	24	34
Other accrued expenses	116	93	78
Total accrued expenses and prepaid income	**929**	**911**	**929**

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, 2013	Dec. 31, 2012	Dec. 31, 2011
Advanced payment from customers	32	34	20
Current liabilities attributable to VAT	166	167	159
Other current liabilities	110	86	106
Total other current liabilities	**309**	**287**	**285**

NOTE 34 Contingent liabilities

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Securities and guarantees	1,943	1,328	1,114
Other contingent liabilities	9	20	35
Total contingent liabilities	**1,953**	**1,348**	**1,149**

The guarantees in 2013 refer to, amongst other things to a guarantee of SEK 533 million (527 and 267) related to the defined benefit pension plan in the UK and guarantees for insurance commitments for Loomis in the USA amounting to SEK 295 million (300 and 317). There is also a guarantee for the internal reinsurance 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.

Note 34 cont.

In total, SEK 25 million,of the original provision of SEK 59 million has been reversed through the statement of income in 2011 and 2012.

Other legal proceedings

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.

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.

NOTE 35 Items not affecting cash flow

SEK m	2013	2012	2011
Depreciation of tangible fixed assets and amortization of intangible assets	758	717	658
Amortization of acquisition-related intangible assets	28	28	21
Items affecting comparability	7	–26	43
Acquisition-related costs and revenue	–28	–25	42
Financial income	0	1	0
Financial expenses	–2	–8	0
Total items not affecting cash flow, items affecting comparability and acquisition-related costs and revenue	**762**	**687**	**763**

Parent Company statement of income

SEK m	Note	2013	2012	2011
Other revenue	38	292	199	195
Gross income		**292**	**199**	**195**
Administrative expenses	40, 41	–138	–126	–88
Operating income (EBIT)		**154**	**73**	**107**
Result from financial investments				
Result from participations in Group companies	42	460	12	181
Financial income	43	374	225	800
Financial expenses	43	–379	–237	–755
Total result from financial investments		**455**	**0**	**226**
Income after financial items		**609**	**73**	**333**
Appropriations	44	–73	–21	–64
Income tax	45	–42	–36	–58
Net income for the year		**494**	**16**	**211**

Parent Company statement of comprehensive income

SEK m	2013	2012	2011
Net income for the year	494	16	211
Other comprehensive income			
Items that may be reclassified to the statement of income			
Exchange rate differences	8	108	–12
Cash flow hedges	0	3	4
Other comprehensive income for the year, net after taxes	**8**	**111**	**–8**
Total comprehensive income for the year	**502**	**127**	**203**

Parent Company balance sheet

SEK m	Note	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
ASSETS				
Fixed assets				
Machinery and equipment	46	1	1	1
Shares in subsidiaries	47	6,253	6,209	6,676
Interest-bearing long-term receivables from subsidiaries	38	1,172	1,145	901
Total fixed assets		**7,426**	**7,355**	**7,578**
Current assets				
Current receivables from subsidiaries	38, 48	123	122	127
Interest-bearing current receivables from subsidiaries	38	306	215	311
Other current receivables	49	2	2	7
Current tax assets	45	18	24	0
Prepaid expenses and accrued income	50	21	16	18
Liquid funds		70	96	229
Total current assets		**541**	**475**	**692**
TOTAL ASSETS		**7,967**	**7,830**	**8,271**
SHARHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	51			
Restricted equity				
Share capital		376	365	365
Total restricted shareholders' equity		**376**	**365**	**365**
Non-restricted equity				
Other capital contributed		5,673	5,521	5,521
Retained earnings		–1,711	–1,395	–1,443
Net income for the year		494	16	211
Total non-restricted shareholders' equity		**4,456**	**4,142**	**4,289**
Total shareholders' equity		**4,832**	**4,507**	**4,654**
Untaxed reserves	52	**290**	**217**	**196**
Long-term liabilities				
Loans payable, external	39, 47	2,086	2,488	2,564
Other long-term liabilities, external	39	14	9	8
Deferred tax liabilities	45	18	16	–
Current liabilities				
Current liabilities to subsidiaries	38	11	28	84
Loans payable to subsidiaries	38	640	499	693
Interest-bearing current liabilities, external	39	1	28	0
Accounts payable	39	5	3	6
Current tax liabilities	45	0	0	18
Other current liabilities	39	33	1	17
Accrued expenses and prepaid income	39, 53	37	34	30
Total liabilities		**2,844**	**3,106**	**3,617**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**7,967**	**7,830**	**8,271**
Memorandum items				
Pledged assets		None	None	None
Contingent liabilities	38	1,810	1,189	964

Parent Company statement of cash flows

SEK m	Note	2013	2012	2011
Operations				
Income after financial items		609	73	333
Items not affecting cash flow	54	–455	0	–226
Financial items received		1	22	808
Financial items paid		–3	–143	–755
Income tax paid		–38	30	–164
Dividends received		337	370	222
Change in other operating capital employed		60	20	156
Cash flow from operations		**511**	**372**	**374**
Investing activities				
Investments in fixed assets	46	–	–1	–0
Shares in subsidiaries		–32	–78	–38
Cash flow from investing activities		**–32**	**–79**	**–38**
Financing activities				
Investments in other financial fixed assets		–27	–243	–975
Decrease/increase in current financial investments		5	0	57
Decrease/increase in liabilities		–669	–34	910
Commercial paper issued		248	–	–
Group contributions received		122	124	66
Dividend paid		–338	–273	–256
Own shares		–9	0	0
New share issue		163	0	0
Cash flow from financing activities		**–505**	**–426**	**–198**
Cash flow for the year		**–26**	**–133**	**138**
Liquid funds at beginning of year		**96**	**229**	**91**
Liquid funds at end of year[1)]		**70**	**96**	**229**

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, 6, 7)	Total
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 shares5)	–	–	–12	–12
Dividend	–	–	–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 shares6)	–	–	0	0
Dividend	–	–	–273	–273
Total transactions with shareholders	**–**	**–**	**–273**	**–273**
Opening balance, January 1, 2013	**365**	**5,521**	**–1,379**	**4,507**
Comprehensive income				
Net income for the year	–	–	494	494
Other comprehensive income				
Exchange rate differences	–	–	8	8
Cash flow hedges	–	–	0	0
Total other comprehensive income	**–**	**–**	**8**	**8**
Total comprehensive income	**–**	**–**	**502**	**502**
Transactions with shareholders				
Change in treasury shares6)	–	–	–2	–2
Dividend	–	–	–338	–338
New share issue through the exercise of warrants	11	152	–	163
Total transactions with shareholders	**11**	**152**	**–340**	**–177**
Closing balance, December 31, 2013	**376**	**5,673**	**–1,217**	**4,832**

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.

7) As of December 31, 2013, the Company held 121,863 Class B treasury shares, intended for later distribution to employees in accordance with the Incentive Scheme 2012. Of these shares, 71,869 were repurchased for an average price of SEK 118,66/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 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.

IAS 39 and IFRS 7 Financial instruments
The Parent Company applies the exception in RFR 2 regarding IFRS 7, paragraph 1, 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 regarding IAS 39 paragraph 2. 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 is revalued 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 paragraph 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	2013	2012	2011
Administration contributions	292	199	195
Interest income	32	43	106
Group contributions	123	122	125

Expenses related to other companies within the Loomis Group

SEK m	2013	2012	2011
Interest expenses	7	8	11

Receivables from other companies within the Loomis Group

SEK m	Dec.31, 2013	Dec.31, 2012	Dec.31, 2011
Interest-bearing long-term receivables from subsidiaries	1,172	1,145	901
Current receivables from subsidiaries	–	122	127
Interest-bearing current receivables from subsidiaries	306	215	311
Prepaid expenses and accrued income	–	–	3

Liabilities to other companies within the Loomis Group

SEK m	Dec.31, 2013	Dec.31, 2012	Dec.31, 2011
Current liabilities to subsidiaries	11	28	84
Interest-bearing current liabilities to subsidiaries	640	499	693

All transactions with related parties are executed based on market conditions.

Contingent liabilities regarding related parties

SEK m	Dec.31, 2013	Dec.31, 2012	Dec.31, 2011
Guarantee commitments banking facilities	714	607	626
Other contingent liabilities	1,096	582	338
Total contingent liabilities	**1,810**	**1,189**	**964**

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.

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 –1,263 million (–1,596) and SEK 4 million (4) respectively.

The adjoining table 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 195 million (245) and currency swaps with nominal amounts of USD 85 million (35) constitute hedge instruments and the shares in subsidiaries is the hedged item. The ineffectiveness of the hedge during the year was SEK 0 million (0). 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.

December 31, 2013	Less than 1 year	Between 1 and 5 years	More than 5 years
External bank loans	648	1,438	–
Other external liabilities, deferred consideration	–	14	–
Accounts payable and other liabilities	38	–	–
Total	**686**	**1,452**	–

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	–	–
Total	**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	–	–
Total	**53**	**2,572**	**–**

NOTE 40 Administrative expenses

Distribution of expenses by type

SEK m	Note	2013	2012	2011
Depreciation, amortization and impairment	46	0	0	0
Personnel expenses	41	56	54	41
Vehicle expenses		1	1	1
Costs of premises		3	4	3
Costs of technical equipment		8	6	6
Consulting expenses		16	28	15
Administrative expenses		8	12	12
Other expenses		46	22	10
Total expenses by type		**138**	**126**	**88**

Personnel expenses

SEK m	Note	2013	2012	2011
Salaries and bonuses	41	35	36	25
Social security expenses	41	12	12	10
Pension costs – defined contribution plans	41	9	6	6
Total personnel expenses		**56**	**54**	**41**

Audit fees and other fees

SEK m	2013	2012	2011
PwC			
– Audit assignment	2	3	3
– Auditing activities other than audit assignment	1	2	1
– Tax advice	1	2	1
– Other assignments	1	1	1
Total PwC	**5**	**8**	**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

	2013	2012	2011
Number of employees	18	17	17
(of whom men)	(11)	(11)	(10)

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

	Salaries	Social security contributions	(of which pension)	Salaries	Social security contributions	(of which pension)	Salaries	Social security contributions	(of which pension)
SEK m	2013			2012			2011		
Board and President	12	6	(2)	11	5	(2)	8	5	(2)
Other employees	23	14	(6)	25	13	(4)	17	11	(4)
Total	**35**	**21**	**(9)**	**36**	**18**	**(6)**	**25**	**16**	**(6)**

In 2013 the President received variable remuneration amounting to SEK 2 million. The variable remuneration to the President amounted to SEK 4 respectively 1 million in 2012 and in 2011.

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 percent 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	2013	2012	2011
Dividends	337	370	–4
Gain on sale of shares in subsidiaries	–	–	60
Write-down of shares in subsidiaries	–	–480	–
Group contributions	123	122	125
Total result from participations in Group companies	**460**	**12**	**181**

In 2012 a write-down of shares in the UK subsidiary was made.

Gain on sale of shares in subsidiaries in 2011, relates to intragroup 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	2013	2012	2011
Interest income	42	53	141
Exchange rate differences	332	172	659
Total financial income	**374**	**225**	**800**

Financial expenses

SEK m	2013	2012	2011
Interest expenses	–44	–64	–75
Exchange rate differences	–330	–169	–676
Other financial expense	–5	–4	–4
Total financial expenses	**–379**	**–237**	**–755**
Financial income and expenses, net	**–5**	**–11**	**45**

NOTE 44 Appropriations

SEK m	2013	2012	2011
Reversal of tax allocation reserve, Tax 2011	–	25	–
Allocation to tax allocation reserve, Tax 2012	–	–	–64
Allocation to tax allocation reserve, Tax 2013	–	–46	–
Allocation to tax allocation reserve, Tax 2014	–73	–	–
Total appropriations	**–73**	**–21**	**–64**

NOTE 45 Tax on income for the year

Statement of income

Tax expense

SEK m	2013	%	2012	%	2011	%
Tax on income before taxes						
– current tax expense	-49	*–9.1*	–44	*–45.1*	–57	*–17.1*
– tax as a result of changed tax assessment	6	*1.2*	8	*8.8*	–1	*–0.3*
Total tax expense	**–42**	***–7.9***	**–36**	***–36.3***	**–58**	***–17.4***

The Swedish corporate income tax rate was 22 percent in 2013 and 26.3 percent in 2012 and 2011. The total tax rate on income before taxes amounted to –7.9 percent (–36.3 and –17.4).

Difference between statutory Swedish tax rate and actual tax expense for the Parent Company

SEK m	2013	%	2012	%	2011	%
Tax based on Swedish tax rate	–118	*–22.0*	–26	*–26.3*	–71	*–26.3*
Taxes attributable to previous periods	6	*1.2*	8	*8.8*	–	–
Foreign taxes	–	–	–	–	–1	*–0.3*
Non-deductible expenses/non-taxable income, net	69	*12.9*	–18	*–18.8*	14	*9.2*
Total tax expense	**–42**	***–7.9***	**–36**	***–36.3***	**–58**	***–17.4***

Non-deductible expenses/non-taxable income in 2013 consist primarily of non-taxable dividends from subsidiaries. In 2012, non-deductible expenses primarily consisted of a write-down of shares in subsidiaries, whilst non-taxable income primarily consisted of dividends from subsidiaries. In 2011, non-taxable income primarily consisted of income from sale of shares in subsidiaries.

Balance sheet

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Deferred tax assets/tax liabilities			
Tax on foreign exchange effects reported directly in shareholders' equity	–18	–16	–
Total deferred tax assets/tax liabilities, net	**–18**	**–16**	**–**
Statement of changes in deferred tax assets			
Opening balance	–	–	–
Change in items reported in shareholders' equity	–	–	–
Closing balance	**–**	**–**	**–**
Changes during the year	**–**	**–**	**–**
Statement of changes in deferred tax liabilities			
Opening balance	–16	–	–
Change in items reported in shareholders' equity	–2	–16	–
Closing balance	**–18**	**–16**	**–**
Changes during the year	**–2**	**–16**	**–**
Current tax assets/tax liabilities			
Current tax assets	18	24	0
Current tax liabilities	0	0	–18
Current tax assets/tax liabilities, net	**18**	**24**	**–18**

NOTE 46 Machinery and equipment

SEK m	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011
Opening balance	2	1	2
Investments	–	1	0
Disposals	–	0	–1
Closing accumulated balance	**2**	**2**	**1**
Opening depreciation	–1	–0	–1
Depreciation for the year	–0	–0	–0
Disposals	–	0	1
Closing accumulated depreciation	**–1**	**–1**	**–0**
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*	127
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*	40
Loomis UK Finance Company Ltd	7834722	UK	*100*	3,060
Loomis SK, a.s.	36 394 238	Slovakia	*100*	20
Total shares in subsidiaries				**6,253**

Shares in subsidiaries

SEK m	2013	2012	2011
Opening balance, January 1	6,209	6,676	3,446
Acquisition of shares	20	–	1
Disposal of shares	–	–	–421
Capital contribution	24	12	3,650
Write-downs	–	–480	–
Closing balance, December 31	**6,253**	**6,209**	**6,676**

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.

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, 2013	Dec. 31, 2012	Dec. 31, 2011
Other current receivables	2	2	7
Total other current receivables	**2**	**2**	**7**

NOTE 50 Prepaid expenses and accrued income

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Prepaid insurance premiums	5	0	11
Accrued interest income	13	13	5
Other items	3	3	2
Total prepaid expenses and accrued income	**21**	**16**	**18**

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	–
2013	New share issue	2,268,049	11,340,245
Total		**75,279,829**	**376,399,145**

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, 2013 is as follows:

Class of shares	Voting rights	Number of shares outstanding
A	10	3,428,520
B	1	71,851,309[1)]
Total shares outstanding		**75,279,829**

1) Includes 121,863 shares which, as a result of Loomis' Incentive scheme, are held as treasury shares as of December 31, 2013.

Shareholders with more than 10 percent of the votes

The major shareholders are Investment AB Latour, which holds 10.0 percent of the capital and 28.5 percent of the votes, and Melker Schörling AB, which holds 8.4 percent of the capital and 13.6 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 of Directors, the dividend 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, 2013	Dec. 31, 2012	Dec. 31, 2011
Tax allocation reserve, 2010	57	57	57
Tax allocation reserve, 2011	50	50	75
Tax allocation reserve, 2012	64	64	64
Tax allocation reserve, 2013	46	46	–
Tax allocation reserve, 2014	73	–	–
Total untaxed reserves	**290**	**217**	**196**

NOTE 53 Accrued expenses and prepaid income

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Accrued personnel costs	22	18	9
Accrued consultancy fees	0	3	1
Accrued interest expenses	5	7	15
Other accrued expenses	10	6	5
Total accrued expenses and prepaid income	**37**	**34**	**30**

NOTE 54 Items not affecting cash-flow

SEK m	2013	2012	2011
Financial income	–374	–225	–800
Financial expenses	379	237	755
Result from participations in Group companies	–460	–12	–181
Amortization and depreciation	0	0	0
Total items not affecting cash-flow	**–455**	**0**	**–226**

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, 2014.

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 21, 2014

Alf Göransson
Chairman

Ingrid Bonde
Board member

Cecilia Daun Wennborg
Board member

Jan Svensson
Board member

Ulrik Svensson
Board member

Jarl Dahlfors
President and CEO

Our audit report was presented on March 21, 2014
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant

Auditor's Report (translation of the Swedish original)

To the Annual General 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 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 38–98.

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 2013 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 2013 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 2013.

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 Presidents be discharged from liability for the financial year.

Stockholm, March 21, 2014
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant

Five year overview

Revenue and income, summary

SEK m	2013	2012	2011	2010	2009
Revenue, continuing operations	11,321	10,983	10,441	10,990	11,934
Revenue, acquisitions	43	376	532	43	55
Total revenue	**11,364**	**11,360**	**10,973**	**11,033**	**11,989**
Real growth, %	*2*	*3*	*7*	*–1*	*–2*
Organic growth, %	*2*	*0*	*1*	*–1*	*–3*
Operating income (EBITA)	**1,099**	**1,019**	**912**	**882**	**837**
Operating margin (EBITA), %	*9.7*	*9.0*	*8.3*	*8.0*	*7.0*
Operating income (EBIT)	**1,085**	**988**	**805**	**866**	**821**
Operating margin (EBIT), %	*9.5*	*8.7*	*7.3*	*7.8*	*6.8*
Financial income	13	16	16	3	15
Financial expenses	–60	–73	–78	–110	–130
Income before taxes	**1,038**	**932**	**743**	**759**	**706**
Income tax	–302	–282	–230	–262	–206
Net income for the year	**736**	**650**	**513**	**496**	**500**

Statement of cash flows, additional information

SEK m	2013	2012	2011	2010	2009
Operating income (EBITA)	**1,099**	**1,019**	**912**	**882**	**837**
Depreciation	758	717	658	687	752
Change in accounts receivable	6	54	28	–39	85
Change in other operating working capital and other items	–186	–182	–58	115	–82
Cash flow from operating activities before investments	**1,677**	**1,607**	**1,540**	**1,645**	**1,592**
Investments in fixed assets, net	–720	–747	–840	–708	–803
Cash flow from operating activities	**957**	**860**	**700**	**938**	**789**
Cash flow from operating activities as % of operating income (EBITA)	*87*	*84*	*77*	*106*	*94*
Financial items paid and received	–49	–63	–62	–107	–109
Income tax paid	–319	–252	–274	–261	–147
Free cash flow	**590**	**545**	**364**	**569**	**533**
Cash flow effect of items affecting comparability	–7	–10	–1	–6	–3
Acquisition of operations	–29	–289	–667	–82	–9
Acquisition-related costs, paid and received	40	–10	–26	–	–
Dividend paid	–338	–273	–256	–193	–164
Repayments of leasing liabilities	–40	–21	–6	–17	–38
Change in interest-bearing net debt, excluding liquid funds	–264	34	741	375	–545
Cash flow for the year	**–48**	**–24**	**150**	**–104**	**–226**

Financial position and return, summary

SEK m	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
Goodwill	3,346	3,317	3,281	2,582	2,760
Tangible fixed assets	2,972	2,865	2,887	2,610	2,878
Interest-bearing fixed assets[1)]	61	66	65	29	50
Other fixed assets[1)]	666	660	695	498	446
Interest-bearing current assets	10	10	1	19	3
Other current assets	2,212	2,069	2,141	1,844	2,018
TOTAL ASSETS	**9,267**	**8,986**	**9,069**	**7,582**	**8,153**
Shareholders' equity	4,165	3,595	3,397	3,123	3,129
Interest-bearing long-term liabilities[1)]	1,849	2,883	2,998	945	1,744
Other long-term liabilities[1)]	674	663	642	563	555
Interest-bearing current liabilities	680	48	25	1,110	855
Other current liabilities	1,899	1,796	2,007	1,841	1,870
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES	**9,267**	**8,986**	**9,069**	**7,582**	**8,153**
Equity ratio, %	*45*	*40*	*37*	*41*	*38*
Interest-bearing net debt, SEK m	2,125	2,475	2,545	1,748	2,160
Capital employed, SEK m	6,290	6,070	5,943	4,871	5,288
Return on capital employed, %	*17*	*17*	*15*	*18*	*16*
Return on shareholders' equity, %	*18*	*18*	*15*	*16*	*16*

1) As of the beginning of the 2013 financial year the defined benefit pension obligation is included in net debt. To reflect this change the comparative figures have been adjusted.

Share Data

	2013	2012	2011	2010	2009
Number of outstanding shares, million	75.3[1)]	73.0[2)]	73.0[3)]	73.0	73.0
Earnings per share before dilution, SEK	9.83[1)]	8.90[2)]	7.03[3)]	6.80	6.85
Earnings per share after dilution, SEK	9.78	8.60	6.79	6.57	6.85
Shareholders' equity per share, SEK	55.32	49.24	46.53	42.78	42.85

1) The average number of outstanding shares, which constitutes the basis for calculation of earnings per share before dilution, is 74,838,476, which includes 121,863 shares which, as a result of Loomis' Incentive Scheme 2012, were held as treasury shares as of December 31, 2013.

2) The average number of outstanding shares, which constitutes the basis for calculation of earnings per share before dilution, is 73,011,780, which includes 132,318 shares which, as a result of Loomis' Incentive Scheme 2011, were held as treasury shares as of December 31, 2012.

2) The average number of outstanding shares, which constitutes the basis for calculation of earnings per share before dilution, is 73,011,780, which includes 124,109 shares which, as a result of Loomis' Incentive Scheme 2010, were held as treasury shares as of December 31, 2011.

Quarterly Data

Statement of Income

SEK m	Oct–Dec 2013	Jul–Sep 2013	Apr–Jun 2013	Jan–Mar 2013	Full year 2013	Oct–Dec 2012	Jul–Sep 2012	Apr–Jun 2012	Jan–Mar 2012	Full year 2012
Revenue, continuing operations	2,923	2,897	2,832	2,668	11,321	2,798	2,734	2,787	2,665	10,983
Revenue, acquisitions	5	–	–	38	43	55	53	111	158	376
Total revenue	**2,928**	**2,897**	**2,832**	**2,706**	**11,364**	**2,852**	**2,788**	**2,898**	**2,822**	**11,360**
Real growth, %	*3*	*4*	*2*	*–1*	*2*	*2*	*0*	*3*	*9*	*3*
Organic growth, %	*3*	*4*	*2*	*–2*	*2*	*0*	*–2*	*–1*	*3*	*0*
Production expenses	–2,238	–2,209	–2,172	–2,111	–8,730	–2,150	–2,131	–2,278	–2,222	–8,781
Gross income	**690**	**688**	**660**	**595**	**2,634**	**702**	**657**	**620**	**600**	**2,579**
Gross margin, %	*23.6*	*23.8*	*23.3*	*22.0*	*23.2*	*24.6*	*23.6*	*21.4*	*21.3*	*22.7*
Selling and administrative expenses	–395	–378	–384	–378	–1,534	–393	–384	–395	–388	–1,560
Selling & admin, %	*–13.5*	*–13.0*	*–13.5*	*–14.0*	*–13.5*	*–13.8*	*–13.8*	*–13.6*	*–13.7*	*–13.7*
Operating income (EBITA)	**295**	**311**	**276**	**218**	**1,099**	**310**	**272**	**225**	**212**	**1,019**
Operating margin (EBITA), %	*10.1*	*10.7*	*9.8*	*8.0*	*9.7*	*10.9*	*9.8*	*7.8*	*7.5*	*9.0*
Amortization of acquisition-related intangible assets	–7	–7	–7	–7	–28	–7	–8	–7	–6	–28
Acquisition-related costs	–2	–0	–7	36	28	30	–14	–30	–5	–18
Items affecting comparability	–	–	–14	–	–14	–	–	16	–	16
Operating income (EBIT)	**286**	**303**	**248**	**247**	**1,085**	**333**	**251**	**204**	**201**	**988**
Operating margin (EBIT), %	*9.8*	*10.5*	*8.8*	*9.1*	*9.5*	*11.7*	*9.0*	*7.0*	*7.1*	*8.7*
Financial income	4	4	4	2	13	7	2	5	2	16
Financial expenses	–16	–13	–17	–15	–60	–19	–19	–22	–13	–73
Income before taxes	**274**	**294**	**236**	**234**	**1,038**	**321**	**234**	**188**	**190**	**932**
Income tax	–77	–87	–69	–69	–302	–99	–70	–56	–57	–282
Net income for the period	**197**	**207**	**166**	**165**	**736**	**222**	**164**	**131**	**133**	**650**

Revenue and operating income by segment, summary

SEK m	Oct–Dec 2013	Jul–Sep 2013	Apr–Jun 2013	Jan–Mar 2013	Full year 2013	Oct–Dec 2012	Jul–Sep 2012	Apr–Jun 2012	Jan–Mar 2012	Full year 2012
Loomis Europe										
Revenue	1,831	1,800	1,733	1,641	7,005	1,762	1,710	1,764	1,720	6,955
Real growth, %	*3*	*4*	*2*	*–1*	*2*	*2*	*0*	*2*	*5*	*2*
Organic growth, %	*3*	*4*	*2*	*–3*	*2*	*0*	*–2*	*–2*	*3*	*0*
Operating income (EBITA)	219	246	181	148	794	219	206	158	152	736
Operating margin (EBITA), %	*12.0*	*13.7*	*10.4*	*9.0*	*11.3*	*12.4*	*12.1*	*9.0*	*8.8*	*10.6*
Loomis USA										
Revenue	1,097	1,098	1,099	1,065	4,359	1,091	1,077	1,134	1,102	4,405
Real growth, %	*2*	*4*	*2*	*0*	*2*	*1*	*–1*	*3*	*18*	*5*
Organic growth, %	*2*	*4*	*2*	*0*	*2*	*0*	*–2*	*–1*	*3*	*0*
Operating income (EBITA)	107	87	127	93	414	125	92	95	88	400
Operating margin (EBITA), %	*9.8*	*7.9*	*11.6*	*8.7*	*9.5*	*11.5*	*8.5*	*8.4*	*8.0*	*9.1*

Statement of cash flows, additional information

SEK m	Oct–Dec 2013	Jul–Sep 2013	Apr–Jun 2013	Jan–Mar 2013	Full year 2013	Oct–Dec 2012	Jul–Sep 2012	Apr–Jun 2012	Jan–Mar 2012	Full year 2012
Operating income (EBITA)	295	311	276	218	1,099	310	272	225	212	1,019
Depreciation	195	190	187	186	758	179	181	183	173	717
Change in accounts receivable	42	32	–63	–5	6	51	16	34	–47	54
Change in other operating working capital and other items	51	17	3	–256	–186	–5	116	–174	–120	–182
Cash flow from operating activities before investments	**582**	**549**	**403**	**143**	**1,677**	**534**	**585**	**269**	**219**	**1,607**
Investments in fixed assets, net	–262	–181	–192	–86	–720	–222	–223	–142	–161	–747
Cash flow from operating activities	**321**	**368**	**211**	**57**	**957**	**313**	**362**	**127**	**58**	**860**
Cash flow from operating activities as a % of operating income (EBITA)	*109*	*119*	*76*	*26*	*87*	*101*	*133*	*56*	*27*	*84*
Financial items paid and received	–12	–11	–10	–15	–49	–11	–26	–8	–18	–63
Income tax paid	–69	–131	–88	–31	–319	–70	–9	–97	–76	–252
Free cash flow	**239**	**227**	**112**	**11**	**590**	**232**	**328**	**22**	**–36**	**545**
Cash flow effect of items affecting comparability	–4	–1	–1	–0	–7	–0	–3	–7	–0	–10
Acquisition of operations	–19	–3	–5	–2	–29	–3	–7	–76	–203	–289
Acquisition-related costs, paid and received	–	–0	–1	41	40	29	–9	–29	–1	–10
Dividend paid	–	–	–338	–	–338	–	–	–273	–	–273
Repayments of leasing liabilities	–16	–6	–9	–9	–40	–0	–7	–5	–9	–21
Change in interest-bearing net debt excluding liquid funds	–259	–63	–142	201	–264	–142	–237	274	139	34
Cash flow for the period	**–60**	**154**	**–385**	**242**	**–48**	**116**	**64**	**–94**	**–110**	**–24**

Balance sheet, summary

SEK m	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012
Goodwill	3,346	3,296	3,414	3,291	3,317	3,310	3,505	3,360
Tangible fixed assets	2,972	2,779	2,807	2,711	2,865	2,822	2,919	2,891
Interest-bearing fixed assets[1)]	61	71	86	67	66	65	63	143
Other fixed assets[1)]	666	620	585	606	660	654	712	690
Interest-bearing current assets	10	19	3	1	10	17	3	7
Other current assets	2,212	2,234	2,132	2,385	2,069	2,113	2,217	2,263
TOTAL ASSETS	**9,267**	**9,020**	**9,027**	**9,060**	**8,986**	**8,980**	**9,417**	**9,354**
Shareholders' equity	4,165	3,914	3,837	3,880	3,595	3,371	3,341	3,446
Interest-bearing long-term liabilities[1)]	1,849	2,042	2,088	2,457	2,883	3,035	3,461	3,016
Other long-term liabilities[1)]	674	590	598	639	663	621	605	611
Interest-bearing current liabilities	680	677	719	383	48	29	52	169
Other current liabilities	1,899	1,796	1,785	1,701	1,796	1,924	1,958	2,112
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**9,267**	**9,020**	**9,027**	**9,060**	**8,986**	**8,980**	**9,417**	**9,354**

1) As of the beginning of the 2013 financial year the defined benefit pension obligation is included in net debt. To reflect this change the comparative figures have been adjusted.

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