PROSEGUR COMPAÑIA DE SEGURIDAD, S.A. AND SUBSIDIARIES

Interim condensed consolidated financial statements for the six-month period ended 30 June 2011

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

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I. CONSOLIDATED INCOME STATEMENT (FUNCTION OF EXPENSES)

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

(In thousands of Euros)

	Note	Six-month period ended 30 June	
		2011	2010
Sales	5	1,316,025	1,227,875
Other operating income	5	5,812	3,888
Cost of sales	6 , 8	(1,000,775)	(930,803)
Gross profit/(loss)		**321,062**	**300,960**
Other operating expenses	6 , 8	(185,947)	(169,457)
Other net gains/(losses)	7	(8,123)	(4,616)
Earnings before interest and tax (EBIT)		**126,992**	**126,887**
Finance income	9	2,489	638
Finance expenses	9	(16,016)	(25,891)
Net finance costs	9	(13,527)	(25,253)
Share in profits/(losses) of associates		-	-
Profit/(loss) before tax		**113,465**	**101,634**
Income tax	20	(36,035)	(32,612)
Post-tax profit/(loss) of continuing operations		**77,430**	**69,022**
Profit/(loss) for the period of discontinued operations		-	-
Consolidated profit/(loss) for the period		**77,430**	**69,022**
Attributable to:			
Non-controlling interests		(110)	(175)
Owners of the parent company		77,540	69,197
			-
Earnings per share of continuing operations attributable to owners of the parent company (Euros per share)			
- Basic	16	1.29	1.16
- Diluted	16	1.29	1.15
Earnings per share of discontinued operations attributable to owners of the parent company (Euros per share)			
- Basic		-	-
- Diluted		-	-

The notes on pages 11 to 45 form an integral part of the consolidated annual accounts.

II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

(In thousands of Euros)

	Six-month period ended 30 June	
	2011	**2010**
Profit/(loss) for the period	**77,430**	**69,022**
Other comprehensive income:		
Cash flow hedges, net of tax	-	-
Translation differences on financial statements of foreign operations	(24,518)	54,161
Total comprehensive income for the period, net of tax	**52,912**	**123,183**
Attributable to:		
- Owners of the parent company	53,059	123,322
- Non-controlling interests	(147)	(139)
	52,912	**123,183**

The notes on pages 11 to 45 form an integral part of the interim condensed consolidated financial statements.

III. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

ASSETS

(In thousands of Euros)

	Note	30 June de 2011	31 December de 2010
ASSETS			
Property, plant and equipment	11	364,380	360,687
Goodwill	11	316,482	318,706
Intangible assets	11	145,415	147,949
Available-for-sale financial assets and other	12	27,569	33,331
Deferred tax assets		103,471	100,667
Derivative financial instruments	14	-	-
Non-current assets		**957,317**	**961,340**
Inventories	15	51,913	42,653
Trade and other receivables		758,255	672,743
Non-current assets held for sale		448	448
Derivative financial instruments	14	95	29
Other financial assets	12	548	128,988
Cash and cash equivalents	13	228,492	170,018
Current assets		**1,039,751**	**1,014,879**
Total assets		**1,997,068**	**1,976,219**

The notes on pages 11 to 45 form an integral part of the interim condensed consolidated financial statements.

EQUITY AND LIABILITIES

(In thousands of Euros)

	Note	30 June de 2011	31 December de 2010
EQUITY			
Share capital	16	37,027	37,027
Share premium	16	25,472	25,472
Own shares	16	(54,974)	(40,731)
Other equity instruments	16	5,086	5,016
Accumulated translation differences		(8,295)	16,186
Retained earnings and other reserves		639,920	622,880
Non-controlling interests		571	718
Total equity		**644,807**	**666,568**
LIABILITIES			
Financial liabilities	19	168,694	188,944
Derivative financial instruments	14	1,766	3,114
Deferred tax liabilities		75,944	71,201
Non-current provisions	17	140,897	173,215
Non-current liabilities		**387,301**	**436,474**
Suppliers and other payables		535,008	432,201
Current tax liabilities		52,009	55,426
Financial liabilities	19	338,082	360,416
Derivative financial instruments	14	116	238
Other liabilities and expenses		39,745	24,896
Current liabilities		**964,960**	**873,177**
Total equity and liabilities		**1,997,068**	**1,976,219**

The notes on pages 11 to 45 form an integral part of the interim condensed consolidated financial statements.

IV. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

PERIOD ENDED 30 JUNE 2011

(In thousands of Euros)

	Attributable to shareholders of the Company									
	Share capital (Note 16)	**Share premium**	**Own shares (Note 16)**	**Other equity instruments (Note 16)**	**Revaluation reserve**	**Accumulated translation differences**	**Retained earnings and other reserves**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2011	37,027	25,472	(40,731)	5,016	-	16,186	622,880	665,850	718	666,568
Total comprehensive income for the period ended 30 June 2011	-	-	-	-	-	(24,481)	77,540	53,059	(147)	52,912
Equity-settled remuneration				70				70		70
Changes in the consolidated group								-		-
Acquisition/sale of own shares			(14,243)					(14,243)		(14,243)
Dividend for 2010							(60,500)	(60,500)		(60,500)
Other movements								-		-
Balance at 30 June 2011	**37,027**	**25,472**	**(54,974)**	**5,086**	**-**	**(8,295)**	**639,920**	**644,236**	**571**	**644,807**

The notes on pages 11 to 45 form an integral part of the interim condensed consolidated financial statements.

PERIOD ENDED 30 JUNE 2010

(In thousands of Euros)

	Atribuible a los accionistas de la Sociedad									
	Share capital (Note 16)	Share premium	Own shares (Note 16)	Other equity instruments (Note 16)	Balance at 1 January 2010	Accumulated translation differences	Retained earnings and other reserves	Total	Non-controlling interests	Total equity
Balance at 1 January 2010	37,027	25,472	(40,227)	3,651	-	(17,302)	518,743	527,364	468	527,832
Total comprehensive income for the period ended 30 June 2010	-	-	-	-	-	54,125	69,197	123,322	(139)	123,183
Equity-settled remuneration			420	164			211	795		795
Changes in the consolidated group								-		-
Acquisition/sale of own shares			(924)				917	(7)		(7)
Dividend for 2009							(55,000)	(55,000)		(55,000)
Other movements								-		-
Balance at 30 June 2010	**37,027**	**25,472**	**(40,731)**	**3,815**	**-**	**36,823**	**534,068**	**596,474**	**329**	**596,803**

The notes on pages 11 to 45 form an integral part of the interim condensed consolidated financial statements.

V. CONSOLIDATED STATEMENT OF CASH FLOWS

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

(In thousands of Euros)

		Six-month period ended 30 June	
	Note	2011	2010
Cash flows from operating activities			
Profit/(loss) for the period		**77,430**	**69,022**
Adjustments for:			
Amortisation and depreciation	11	37,239	34,748
Impairment of non-current assets	7	9	-
Impairment of trade receivables		4,817	7,617
Impairment of other financial assets	9	6,020	3,003
Exchange (gains)/losses	9	(306)	528
Change in provisions	17	17,895	11,665
Share-based payments		70	885
(Gains)/losses on financial assets at fair value through profit or loss	9	(1,537)	2,928
Finance income	9	(2,489)	(638)
Finance expenses	9	10,981	18,328
(Gains)/losses on derecognition and sale of assets	7	963	1,891
Income tax		36,035	32,612
		187,127	**182,589**
Changes in operating assets and liabilities, excluding effect of acquisitions			
Inventories		(10,802)	(8,041)
Trade and other receivables		(116,032)	(32,986)
Trade and other payables		51,947	18,514
Provisions applied		(12,773)	(7,121)
Other current liabilities		14,850	12,920
Cash flows generated on operations		**114,317**	**165,875**
Interest paid		(10,800)	(10,236)
Income tax paid		(37,726)	(31,819)
Net cash flows from operating activities		**65,791**	**123,820**
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		-	502
Proceeds from the sale of financial assets		128,440	-
Interest received		2,554	844
Acquisition of subsidiaries, net of cash and equivalents	22	(5,447)	(262)
Payments for acquisition of property, plant and equipment	11	(37,195)	(25,168)
Payments for acquisition of intangible assets	11	(5,680)	(5,625)
Payments for acquisition of financial assets		(375)	(46,482)
Net cash flows from investing activities		**82,297**	**(76,191)**
Cash flows from financing activities			
Proceeds from the issue of own shares and own equity instruments		-	-
Proceeds from debt with financial institutions		30,868	86,944
Proceeds from other financial liabilities		-	-
Payments for redemption of own shares and other own equity instruments	16	(14,243)	(7)
Payments for debt with financial institutions		(75,855)	(60,143)
Payments for other financial liabilities			
Dividends paid	16	(27,500)	(25,000)
Net cash flows from financing activities		**(86,730)**	**1,794**
Net increase/(decrease) in cash and cash equivalents		61,358	49,423
Cash and cash equivalents at the start of the period		170,018	78,013
Effect of exchange differences on cash		(2,884)	9,077
Cash and cash equivalents at the end of the period		**228,492**	**136,513**

The notes on pages 11 to 45 form an integral part of the interim condensed consolidated financial statements.

VI. NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

1. General Information

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

Prosegur is organised into two geographical areas:

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

The services provided by the Group are distributed into three lines of business:

- Security patrol services
- Securities logistics and cash management services.
- Electronic security (technical security solutions and home alarm systems).

At 30 June 2011, Prosegur comprises 100 companies: the parent company, Prosegur Compañía de Seguridad, S.A., and 99 subsidiaries. Prosegur also participates, along with other entities, in six joint ventures and 27 temporary joint ventures.

The Group companies hold interests of less than 20% of the share capital of other entities. They do not exercise significant influence over these entities.

For the purposes of preparing these interim condensed consolidated financial statements, as for the preparation of the consolidated annual accounts at 31 December 2010, a group is considered to exist when the parent company has one or more subsidiaries which it controls either directly or indirectly.

Information on changes in the Group's structure during the first half of 2011 is provided in note 3.

Details of the 93 fully consolidated subsidiaries are provided in Appendix I to the notes to the consolidated annual accounts at 31 December 2010.

Details of the 27 proportionately consolidated temporary joint ventures are provided in Appendix II to the notes to the consolidated annual accounts at 31 December 2010.

Details of the six proportionately consolidated joint ventures are provided in Appendix IV to the notes to the consolidated annual accounts at 31 December 2010.

Prosegur Compañía de Seguridad, S.A., the parent company of Prosegur, is a limited liability company quoted on the Madrid and Barcelona Stock Exchanges. The Company was incorporated in Madrid on 14 May 1976. It is registered at the Companies Registry of Madrid and the Special Registry of Private Security Companies of the Spanish Ministry of Home Affairs.

The registered offices of Prosegur Compañía de Seguridad, S.A. are located at Calle Pajaritos, 24, Madrid.

The statutory activity of Prosegur Compañía de Seguridad, S.A. is described in article 2 of its bylaws and is described in note 1 to the consolidated annual accounts at 31 December 2010.

The parent company of the Group currently operates solely in Spain.

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid and holds 50.075% of the parent company's share capital.

The individual and consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. for 2010 were approved by the shareholders at their annual general meeting held on 27 June 2011.

2. Basis of presentation, estimates and accounting policies

These interim condensed consolidated financial statements of Prosegur for the six-month period ended 30 June 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting.

Pursuant to IAS 34, the interim financial report is only intended to provide an update on the content of the latest consolidated annual accounts prepared by Prosegur, focusing on new activities, events and circumstances occurring during the six-month period ended 30 June 2011, without repeating the information previously published in the consolidated annual accounts for 2010.

Therefore, to enable an adequate understanding of the information disclosed in these interim condensed consolidated financial statements, they should be read in conjunction with the consolidated annual accounts of Prosegur for the year ended 31 December 2010, which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and approved by the European Commission Regulations currently in force.

The estimates included herein are based on the best information available, and are the same as those reflected in the notes to the consolidated annual accounts for 2010.

During the six-month period ended 30 June 2011, there have been no significant changes in the estimates made at the 2010 year end.

Except as detailed in Appendix I, the accounting policies applied in the accompanying interim condensed consolidated financial statements at 30 June 2011 are consistent with those applied in the preparation of the consolidated annual accounts of Prosegur at 31 December 2010, details of which are provided in note 37 thereto.

During the six-month period ended 30 June 2011 an impairment loss of Euros 6,020 thousand was recognised on the fair value of available-for-sale financial assets (see notes 9 and 12).

The income tax expense for the six-month period ended 30 June 2011 has been calculated using the tax rate expected to apply to profit and loss for the year.

3. Changes in Group Composition

Appendix I to the consolidated annual accounts for the year ended 31 December 2010 includes relevant information on consolidated Group companies at that date.

Changes in the composition of the Group during the six-month period ended 30 June 2011 are due to the following events:

- ✓ On 18 February 2011 Prosec Services Pte. Ltd. and its subsidiary Safeway Pte. Ltd were acquired.. These companies, which are located in Singapore and specialise in providing security patrol services, were added to the consolidated group on 18 February 2011 (see note 22 for further information).

- ✓ On 30 June 2011 Distribuidora Federal SAC was acquired in Peru. This company, which specialises in the installation and maintenance of electronic security systems and fire protection, was added to the consolidated group on 30 June 2011 (see note 22 for further information).

The following mergers took place between Prosegur subsidiaries in the first half of 2011:

- ✓ On 27 June 2011, Prosegur Transportes de Valores, S.A., Prosegur Servicio Técnico, S.L., Prosegur Tecnología, S.L. and Prosegur Activa España, S.L. merged with and into Prosegur Compañía de Seguridad, S.A. in Spain. The date as of which the operations of the four absorbed companies (Prosegur Transportes de Valores, S.A., Prosegur Servicio Técnico, S.L., Prosegur Tecnología, S.L. and Prosegur Activa España, S.L.) should be considered for accounting purposes to have been carried out by the absorbing company (Prosegur Compañía de Seguridad, S.A.) is 1 January 2011.

- ✓ On 1 April 2011, Telemergencia SAC merged with and into Prosegur Activa Perú, S.A. in Peru.

Furthermore, the following companies were incorporated in the first half of 2011:

- ✓ On 13 January 2011 Prosegur Gestao de Ativos, S.A. was incorporated in Brazil.
- ✓ On 26 January 2011 Prosegur Gestao de Efetivos Ltda. was incorporated in Brazil.
- ✓ On 12 April 2011 Luxpai Holdo SARL was incorporated in Luxembourg.
- ✓ On 13 April 2011 Prosegur Peajes, SAS was incorporated in Colombia.

Finally, on 1 January 2011, Protec Humano SA de CV was dissolved in Mexico.

4. Events Occurring After the 2010 Year End

In addition to the matters mentioned in note 3 on changes in Group composition, details of the most relevant transactions and events occurring during the first half of 2011 are as follows:

Claim filed by the receiver responsible for Esabe Express, S.A.

On 17 February 2011, Prosegur, Esabe Express S.A. and the receiver responsible for Esabe entered into a transaction agreement in relation to the claim filed by the receiver responsible for Esabe Express, S.A. against Prosegur Compañía de Seguridad, S.A., Alarmselskabet Dansikrig A/S and Securitas A/B (described in detail in note 24 b to the consolidated annual accounts for 2010) reaching a settlement on all claims that arose from the legal proceedings for invalidity. Prosegur undertook to pay Esabe Express S.A. Euros 17,000 thousand in respect of all items claimed. The agreement, which had been suspended, was approved by the courts on 19 July 2011.

Upon payment of the aforementioned amount, Prosegur and Esabe Express, S.A. are fully satisfied with respect to their claims, dismiss the appeals filed with respect to the proceedings and no longer owe any amounts for any items in this regard..

The provision recorded by the Company for this lawsuit amounts to Euros 27,319 thousand at 31 December 2010 (see note 17). Other receivables include a balance of Euros 9,800 thousand at 31 December 2010, reflecting the estimated amount recoverable from the Esabe Express, S.A. bankruptcy estate. The non-current provision and the balance recorded in other receivables have been reclassified at 30 June 2011, and a current liability recognised for the amount of the transaction agreement.

Legal proceedings relating to the Windsor Building fire

In 2008, Madrid Magistrates' court no. 28 closed the criminal proceedings relating to the fire that occurred on 12 February 2005 in the Windsor Building in Madrid, in which the Company provided security patrol services, as no evidence of crime was found. This ruling was upheld by the Madrid Provincial Court.

Since that date, various affected parties have filed civil cases. Specifically, five cases were filed in 2008 (before Madrid Magistrates' Courts numbers 1, 18, 37, 44 and 46), one in 2009 (before Madrid Magistrates' Court number 35) and a further case was filed in 2010 (before Madrid Magistrates' Court number 38). All of these cases were filed to claim compensation for damages suffered as a result of the fire, with the Company listed as a defendant. The cases were brought together in a joinder with the proceedings underway before Madrid Magistrates' Court number 18, as ordinary proceedings 143/2008.

On 22 March 2011, Madrid Magistrate's Court number 18 issued ruling number 62/2011 as part of ordinary proceedings 143/2008, dismissing all claims filed against Prosegur. This ruling was declared final on 5 April 2011.

Maturity of the syndicated loan arranged in 2006

The syndicated loan taken out by Prosegur in 2006 matures on 25 July 2011. At 30 June 2011, Prosegur has drawn down Euros 31,250 thousand from the loan tranche (Euros 62,500 thousand at 31 December 2010) and Euros 200,000 thousand from the credit facility tranche (Euros 170,000 thousand at 31 December 2010).

5. Sales and Revenues

Details of sales for the periods ended 30 June 2011 and 2010 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2011	**2010**
Sale of goods	36,472	39,327
Services rendered	1,215,147	1,124,970
Operating lease income	64,406	63,578
Total sales	**1,316,025**	**1,227,875**

Details of other operating income in the income statements for the six-month periods ended 30 June 2011 and 2010 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2011	**2010**
Change in work in progress	3,690	1,701
Work carried out for assets	1,002	1,368
Other income	1,120	819
Other operating income	**5,812**	**3,888**

6. *Nature of Expenses*

Details of the main costs of sales and other operating expenses in the income statements for the six-month periods ended 30 June 2011 and 2010, by nature, are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2011	**2010**
Supplies	65,617	60,370
Employee benefits expense	863,765	809,998
Other expenses	220,101	195,144
Amortisation and depreciation	37,239	34,748
Total cost of sales and other operating expenses	**1,186,722**	**1,100,260**

7. *Other Net Gains and Losses*

Details of other net gains and losses in the income statements for the six-month periods ended 30 June 2011 and 2010 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2011	**2010**
Impairment of receivables	(4,652)	(7,476)
Impairment of non-current assets	(9)	-
Net gains/(losses) on disposal of assets	(963)	(1,891)
Other net gains/(losses)	(2,499)	4,751
Total other net gains/(losses)	**(8,123)**	**(4,616)**

8. Employee Benefits Expense

Details of the employee benefits expense for the six-month periods ended 30 June 2011 and 2010 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2011	**2010**
Salaries and wages	670,636	627,402
Termination benefits	9,902	12,295
Social Security	169,195	156,924
Other employee benefits expenses	14,032	13,377
Total employee benefits expense	**863,765**	**809,998**

As mentioned in note 17 a), the amount relating to the Spanish High Court ruling on overtime costs, recognised as employee benefits expense in the first half of 2011, is Euros 1,280 thousand (Euros 2,867 thousand in the first half of 2010). Surplus provisions of Euros 2,184 thousand have been recognised with a credit to the income statement.

As mentioned in note 37.17 to the consolidated annual accounts for the year ended 31 December 2010, at the AGM on 27 June 2008 the shareholders approved the 2011 scheme of long-term incentives for executive directors and management of Prosegur. The 2011 Plan foresees the payment of share-based incentives to executive directors, and Company shares and cash to Prosegur management. Salaries and wages reflect an expense Euros 508 thousand for the first half of 2011 in relation to the 2011 Plan, Euros 438 thousand of which are cash incentives and Euros 70 thousand are shares.

9. Net Finance Costs

Details of net finance costs for the six-month periods ended 30 June 2011 and 2010 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2011	**2010**
Interest paid	(7,679)	(5,993)
Interest received	2,489	638
Net gains/(losses) on foreign currency transactions	306	(528)
Finance expenses on lease transactions	(802)	(685)
Gains/(losses) on fair value of financial instruments	1,537	(2,928)
Other gains/(losses) on derivative transactions	(858)	(1,103)
(Impairment)/reversals of impairment of investments in equity	(6,020)	(3,003)
Other net finance income and expenses	(2,500)	(11,651)
Total net finance costs	**(13,527)**	**(25,253)**

During the first half of 2011 an impairment loss of Euros 6,020 thousand has been recognised on the fair value of available-for-sale financial assets (see note 12).

10. Segment Reporting

The Executive Committee of the board of directors is ultimately responsible for taking decisions on Prosegur's operations, reviewing the Group's internal financial information to assess performance and allocate resources.

Since 2011, the Executive Committee has analysed business at parent company level on two fronts: by geographical region and by activity. Two main segments are identified in geographical terms: Europe-Asia and Latin America (LatAm), which in turn contain the segments of activity identified as security patrol services, securities logistics and cash management services and electronic security systems.

The Executive Committee uses earnings before interest and tax (EBIT) to assess segment performance, considering that this indicator best reflects the results of the Group's different activities.

Total assets allocated to segments do not include non-current financial assets, derivative financial assets, other current financial assets or cash and cash equivalents.

Total liabilities allocated to segments do not include debt with financial institutions (except for finance lease payables) or derivative financial liabilities.

Details of sales by segment for the six-month periods ended 30 June 2011 and 2010 are as follows:

	Europe - Asia		Latam		Total Prosegur	
Thousands of Euros	at 30 June 2011	at 30 June 2010	at 30 June 2011	at 30 June 2010	at 30 June 2011	at 30 June 2010
Security patrol services	432,995	434,793	213,568	187,171	646,563	621,964
% of total	*68%*	*68%*	*31%*	*32%*	*49%*	*51%*
Logistics and cash management	101,969	103,604	407,717	352,643	509,686	456,247
% of total	*16%*	*16%*	*60%*	*60%*	*39%*	*37%*
Electronic security	100,294	103,521	59,482	46,143	159,776	149,664
% of total	*16%*	*16%*	*9%*	*8%*	*12%*	*12%*
Total sales	**635,258**	**641,918**	**680,767**	**585,957**	**1,316,025**	**1,227,875**

Details of EBIT by segment for the six-month periods ended 30 June 2011 and 2010 are as follows:

	Europe - Asia		Latam		Total Prosegur	
Thousands of Euros	at 30 June 2011	at 30 June 2010	at 30 June 2011	at 30 June 2010	at 30 June 2011	at 30 June 2010
Sales to external customers	635,258	641,918	680,767	585,957	1,316,025	1,227,875
Other net expenses	590,054	583,333	561,731	482,907	1,151,785	1,066,240
EBITDA	45,204	58,585	119,036	103,050	164,240	161,635
Amortisation and depreciation	15,484	15,508	21,755	19,240	37,239	34,748
Impairment of assets	-	-	9	-	9	-
Earnings before interest and tax (EBIT)	**29,720**	**43,077**	**97,272**	**83,810**	**126,992**	**126,887**

A reconciliation of EBIT by segment with net profit for the year attributable to the owners of the parent company is as follows:

	Thousands of Euros	
	at 30 June 2011	**at 30 June 2010**
EBIT allocated to segments	126,992	126,887
Net finance costs	(13,527)	(25,253)
Profit/(loss) before tax	113,465	101,634
Income tax	(36,035)	(32,612)
Post-tax profit/(loss) of continuing operations	77,430	69,022
Non-controlling interests	(110)	(175)
Profit/(loss) for the period attributable to owners of the parent company	**77,540**	**69,197**

Details of assets at 30 June 2011 and 31 December 2010 are as follows:

	Europe - Asia		Latam		Not allocated to segments		Total Prosegur	
Thousands of Euros	at 30 June 2011	at 31 December 2010	at 30 June 2011	at 31 December 2010	at 30 June 2011	at 31 December 2010	at 30 June 2011	at 31 December 2010
Assets allocated to segments	**709,094**	**697,936**	**1,031,270**	**945,917**	**-**	**-**	**1,740,364**	**1,643,853**
Other assets not allocated	**-**	**-**	**-**	**-**	**256,704**	**332,366**	**256,704**	**332,366**
- Other non-current financial assets	-	-	-	-	27,569	33,331	27,569	33,331
- Other current financial assets	-	-	-	-	548	128,988	548	128,988
- Cash and cash equivalents	-	-	-	-	228,492	170,018	228,492	170,018
- Derivative financial instruments	-	-	-	-	95	29	95	29
Total assets	**709,094**	**697,936**	**1,031,270**	**945,917**	**256,704**	**332,366**	**1,997,068**	**1,976,219**

Details of liabilities at 30 June 2011 and 31 December 2010 are as follows:

	Europe - Asia		Latam		Not allocated to segments		Total Prosegur	
Thousands of Euros	at 30 June 2011	at 31 December 2010	at 30 June 2011	at 31 December 2010	at 30 June 2011	at 31 December 2010	at 30 June 2011	at 31 December 2010
Liabilities allocated to segments	**491,700**	**475,470**	**442,916**	**377,166**	**-**	**-**	**934,616**	**852,636**
Other liabilities not allocated	**-**	**-**	**-**	**-**	**417,701**	**457,015**	**417,701**	**457,015**
- Other debt with financial institutions	-	-	-	-	415,819	453,664	415,819	453,664
- Derivative financial instruments	-	-	-	-	1,882	3,351	1,882	3,351
Total liabilities	**491,700**	**475,470**	**442,916**	**377,166**	**417,701**	**457,015**	**1,352,317**	**1,309,651**

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

	Sales		Non-current assets allocated to segments	
Thousands of Euros	**at 30 June 2011**	**at 30 June 2010**	**at 30 June 2011**	**at 31 December 2010**
Parent company's home territory (Spain)	473,736	483,735	255,540	247,208
Brazil	316,666	285,304	219,413	226,443
Argentina	186,125	145,672	86,357	88,550
Other countries	339,498	313,164	264,967	265,589
Total	**1,316,025**	**1,227,875**	**826,277**	**827,790**

11. Property, Plant and Equipment, Goodwill and Intangible Assets

11.1. *Property, plant and equipment*

Details of property, plant and equipment and movement during the six-month periods ended 30 June 2011 and 2010 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2011	**2010**
Cost		
Balances at start of period	724,390	647,857
Additions	37,195	25,168
Newly consolidated companies	2,038	63
Disposals	(4,115)	(12,278)
Translation differences	(17,061)	45,136
Balances at end of period	742,447	705,946
Accumulated depreciation		
Balances at start of period	(363,680)	(322,651)
Newly consolidated companies	(993)	(22)
Disposals	3,266	10,729
Provisions charged to the income statement	(24,466)	(23,539)
Translation differences	7,829	(23,164)
Balances at end of period	(378,044)	(358,647)
Impairment losses		
Balances at start of period	(23)	(194)
Disposals	-	-
Provisions charged to the income statement	(9)	-
Other transfers and other movements	-	-
Translation differences	9	(47)
Balances at end of period	(23)	(241)
Net assets		
Balances at start of period	**360,687**	**325,012**
Balances at end of period	**364,380**	**347,058**

During the first half of 2011 Prosegur invested Euros 37,195 thousand in property, plant and equipment (Euros 25,168 thousand at 30 June 2010).

These investments are primarily additions to property, plant and equipment under construction, reflecting fitting-out work on bases and armoured vehicles in Spain, Argentina and Brazil.

11.2. *Goodwill*

Details of goodwill and movement during the six-month period ended 30 June 2011 are as follows:

	Thousands of Euros
Carrying amount at 31 December 2010	**318,706**
Newly consolidated companies	7,392
Additions	-
Disposals	(7,234)
Translation differences	(2,382)
Carrying amount at 30 June 2011	**316,482**

Additions to goodwill were generated on the following business combinations in the same periods:

	Thousands of Euros
Newly consolidated companies	
Prosec Pte. Ltd.	2,399
Distribuidora Federal, S.A.C.	4,993
	7,392

Details of the estimated goodwill presented in the above table are provided in note 22.

Disposals reflect adjustments to the value of the following goodwill:

- Goodwill on the acquisition of Tellex, S.A. in 2010, adjustment of Euros 1,389 thousand. This adjustment has arisen from the verification of the fair values allocated to this business combination (see note 22).

- Goodwill on the acquisition of Telemergencia, S.A.C. in 2010, adjustment of Euros 432 thousand. This adjustment has arisen from the verification of the fair values allocated to this business combination (see note 22).

- Goodwill on the acquisition of Martom Segurança Eletronica, Ltda. in 2010, adjustment of Euros 5,413 thousand. This adjustment has arisen from the verification of the fair values allocated to this business combination (see note 22).

The 2010 figures have not been restated as these adjustments are not considered significant.

At 30 June 2011 there are no indications that the goodwill recognised may be impaired.

Details of movement in goodwill during the six-month period ended 30 June 2010 are as follows:

	Thousands of Euros
Carrying amount at 31 December 2009	**363,284**
Newly consolidated companies	847
Additions	468
Disposals	(6,166)
Translation differences	17,222
Carrying amount at 30 June 2010	**375,655**

In the same period, goodwill arising on the acquisition of 100% of Genper, S.A. was included.

Disposals reflect adjustments to the value of the following goodwill:

- Goodwill on the acquisition of Valtis, S.A. and its subsidiaries in 2009, adjustment of Euros 1,535 thousand, due to the change in the fair value of the contingent consideration.

- Goodwill on the acquisition of Orus, S.A. in 2009, adjustment of Euros 1,977 thousand, due to the verification of the fair values allocated to the business combination.

- Goodwill on the acquisition of Orus Seguridad Electrónica, S.A. in 2009, adjustment of Euros 2,654 thousand, due to the verification of the fair values allocated to the business combination.

11.3. *Intangible assets*

Details of intangible assets and movement during the six-month periods ended 30 June 2011 and 2010 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2011	**2010**
Cost		
Balances at start of period	244,094	162,931
Additions	14,385	10,256
Newly consolidated companies	30	-
Disposals	(401)	(11,676)
Translation differences	(6,019)	12,833
Balances at end of period	252,089	174,344
Accumulated amortisation		
Balances at start of period	(96,145)	(64,507)
Newly consolidated companies	-	-
Disposals	286	10,832
Provisions charged to the income statement	(12,773)	(11,209)
Translation differences	1,958	(3,511)
Balances at end of period	(106,674)	(68,395)
Impairment losses		
Balances at start of period	-	-
Disposals	-	-
Provisions charged to the income statement	-	-
Other transfers and other movements	-	-
Translation differences	-	-
Balances at end of period	-	-
Net assets		
Balances at start of period	**147,949**	**98,424**
Balances at end of period	**145,415**	**105,949**

Additions during the first half of 2011 include the intangible assets allocated upon the valuation of the business combinations, deriving from the acquisitions of Tellex, S.A. (Euros 2,160 thousand), Telemergencia, S.A.C. (Euros 963 thousand) and Martom Segurança Eletronica, Ltda. (Euros 5,582 thousand) (see note 22).

12. Financial Assets

Details of available-for-sale financial assets and other non-current financial assets at 30 June 2011 and 31 December 2010 are as follows:

	Thousands of Euros	
	30/06/2011	**31/12/2010**
Available-for-sale financial assets	27,007	32,675
Other non-current financial assets	562	656
Total non-current financial assets	**27,569**	**33,331**
Other current financial assets	**548**	**128,988**

a) Available-for-sale financial assets

The most significant component of this item at 30 June 2011 is the 19% interest in the share capital of the investment vehicle Capitolotre, S.P.A., which the Company acquired on 18 December 2007, as mentioned in note 14 to the consolidated annual accounts of Prosegur at 31 December 2010. During the first half of 2011 no purchases, sales, issues or settlements were made in relation to Prosegur's interest in Capitolotre, S.P.A.

The investment in Capitolotre, S.P.A. has been classified as a level three fair value measurement. As mentioned in the consolidated annual accounts for 2010, the valuation techniques used by Prosegur to estimate the fair value of this investment were based on projections set out in the investee's financial budgets.

At 30 June 2011 Prosegur has updated the estimated fair value of this investment using the same valuation techniques as those applied at 31 December 2010, and concludes that there is objective evidence that this investment is impaired by an estimated Euros 6,020 thousand (see note 9).

If the EBITDA estimated by the entity at 30 June 2011 were 10% lower, with all other key assumptions remaining constant, there would be no significant change in the fair value at that date.

If the discount rate estimated by the entity at 30 June 2011 had been 10% higher, with the other key assumptions constant, there would be no significant change in the fair value at that date.

b) Other non-current financial assets

This item includes a Euros 562 thousand investment in fixed-income securities which matures on 30 November 2017.

13. Cash and Cash Equivalents

Details of cash and cash equivalents at 30 June 2011 and 2010 are as follows:

	Thousands of Euros	
	30/06/2011	**31/12/2010**
Cash and banks	83,730	82,154
Current deposits in financial institutions	144,762	87,864
	228,492	**170,018**

The effective rate of interest on current bank deposits is 2.91% (2.71% at 31 December 2010) and the average term of deposits held in the first half of 2011 is 93 days (37 days at 31 December 2010).

14. Derivative Financial Instruments

During the first half of 2011 Prosegur used derivative financial instruments to hedge interest rates and currency, as set out in the risk management policy described in note 38 to the consolidated annual accounts for the year ended 31 December 2010.

Details of the derivative financial assets contracted by Prosegur at 30 June 2011 and 31 December 2010, and their fair values, are as follows:

	Thousands of Euros	
Details	**Fair value (30/06/2011)**	**Fair value (31/12/2010)**
ARS hedge	95	-
Diesel price collar	-	29
	95	**29**

Details of derivative liabilities at 30 June 2011 and 31 December 2010, including fair values, notional amounts and maturities, are as follows:

	Thousands of Euros			
			Maturity of notional	
Details	**Fair value (30/06/2011)**	**Fair value (31/12/2010)**	**2011**	**2014**
Basis Swap	116	238	31,250	-
Interest Rate Swap	1,766	3,114	-	100,000
	1,882	**3,352**	**31,250**	**100,000**

Changes in the fair values of the derivatives held by Prosegur are recognised in the income statement as they are not considered to be perfect hedges. In the first half of 2011 a charge of Euros 1,537 thousand was recognised in profit and loss reflecting changes in fair value (see note 9).

15. Inventories

Details of inventories at 30 June 2011 and 31 December 2010 are as follows:

	Thousands of Euros	
	30/06/2011	**31/12/2010**
Merchandise	32,840	31,348
Products in progress	21,592	13,249
Impairment of inventories	(2,519)	(1,944)
Total inventories	**51,913**	**42,653**

No inventories have been pledged as collateral to secure loans.

Movement in impairment in the six-month periods ended 30 June 2011 and 30 June 2010 is as follows:

	Thousands of Euros	
	30/06/2011	**30/06/2010**
Opening balance	(1,944)	(1,483)
Additions	(575)	(226)
Closing balance	**(2,519)**	**(1,709)**

16. Equity

16.1. Share capital

Share capital is divided as follows:

	Thousands	Thousands of Euros			
	Number of shares	**Ordinary shares**	**Share premium**	**Own shares**	**Total**
1 January 2010	61,712	37,027	25,472	(40,227)	22,272
31 December 2010	61,712	37,027	25,472	(40,731)	21,768
30 June 2011	61,712	37,027	25,472	(54,974)	7,525

At 30 June 2011, the share capital of Prosegur Compañía de Seguridad, S.A. amounts to Euros 37,027 thousand, represented by 61,712,464 shares of Euros 0.6 par value each, subscribed and fully paid. These shares are quoted on the Madrid and Barcelona Stock Exchanges.

16.2. *Share premium*

The share premium amounts to Euros 25,472 thousand, is freely distributable and has not changed in 2010 or the six-month period ended 30 June 2011.

16.3. *Own shares*

Details of movements in own shares in the six-month period ended 30 June 2011 are as follows:

	Number of shares	**Thousands of Euros**
Balance at 31 December 2010	1,953,543	40,731
Shares purchased	380,117	14,243
Balance at 30 June 2011	**2,333,660**	**54,974**

As mentioned in note 37.17 to the consolidated annual accounts at 31 December 2010, at the AGM on 27 June 2008 the shareholders approved the 2011 scheme of long-term incentives. No incentives were settled in own shares during the first half of 2011.

The total obligation acquired by Prosegur at 30 June 2011 in relation to share-based incentives established in the 2011 Plan is recognised under other equity instruments in equity and amounts to Euros 5,086 thousand (Euros 5,016 thousand at 31 December 2010).

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

16.4. *Dividends*

Details of dividends distributed by the parent company during the six-month periods ended 30 June 2011 and 30 June 2010 are as follows:

	Period ended 30 June 2011			Period ended 30 June 2010		
	% of nominal	Euros per share	Amount (Thousands of Euros)	% of nominal	Euros per share	Amount (Thousands of Euros)
Ordinary shares	74.27	0.45	27,500	67.52	0.41	25,000
Other shares (no voting rights, redeemable, etc.)	-	-	-	-	-	-
Total dividends paid	**74.27**	**0.45**	**27,500**	**67.52**	**0.41**	**25,000**
a) Dividends charged to profit and loss	74.27	0.45	27,500	67.52	0.41	25,000
b) Dividends charged to reserves or share premium	-	-	-	-	-	-
c) Dividends in kind	-	-	-	-	-	-

On 18 January 2011 the third instalment of the dividend for 2009 was paid, amounting to Euros 13,750 thousand (reflecting a gross amount of Euros 0.23009117 per share with voting rights, equivalent to a net amount of Euros 0.18637385 per share).

On 15 April 2011 the fourth instalment of the dividend for 2009 was paid, amounting to Euros 13,750 thousand (reflecting a gross amount of Euros 0.23054222 per share with voting rights, equivalent to a net amount of Euros 0.18673920 per share).

At the general meeting held on 27 June 2011 the shareholders approved the distribution of a Euros 60,500 thousand dividend with a charge to distributable profits for 2010. Euros 15,125 thousand of this amount, i.e. 25% (reflecting a gross amount of Euros 0.25519977 per share with voting rights, equivalent to a net amount of Euros 0.20671181 per share), will be distributed to the shareholders on 14 July 2011. The three remaining Euros 15,125 thousand payments up to the total of Euros 60,500 thousand will be distributed in October 2011, January 2012 and April 2012.

16.5. *Earnings per Share*

- ***Basic***

Basic earnings per share are calculated by dividing the profit from continuing operations attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding own shares acquired.

	30/06/2011	**30/06/2010**
Profit attributable to owners of the parent company (thousands of Euros)	77,540	69,197
Weighted average ordinary shares outstanding	59,878,698	59,746,325
Basic earnings per share (Euros per share)	**1.29**	**1.16**

- ***Diluted***

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

	30/06/2011	30/06/2010
Profit attributable to owners of the parent company (thousands of Euros)	77,540	69,197
Weighted average ordinary shares outstanding (diluted)	60,253,698	60,121,325
Diluted earnings per share (Euros per share)	**1.29**	**1.15**

16.6. *Retained Earnings and Other Reserves*

In addition to the items mentioned in note 23 to the consolidated annual accounts for the year ended 31 December 2010, the accumulated amount of unavailable reserves and retained earnings increased by Euros 7,656 thousand during the six-month period ended 30 June 2011, due to the distribution of 2010 profit to the goodwill reserve, and the Canary Island investment reserve.

17. Non-Current Provisions

Movement in non-current provisions during the six-month periods ended 30 June 2011 and 30 June 2010 is as follows:

					Thousands of Euros
	Overtime costs	**Liabilities and charges**	**Deferred income**	**Accrued obligations to personnel**	**Total**
Balance at 1 January 2011	62,100	99,189	10,312	1,614	173,215
Provisions charged to the income statement	1,280	17,252	4,752	438	23,722
Reversals credited to the income statement	(2,184)	(2,148)	(1,495)	-	(5,827)
Applications	(9,335)	(3,438)	-	-	(12,773)
Transfers to current	-	(27,796)	(5,852)	(2,052)	(35,700)
Translation differences	-	(1,740)	-	-	(1,740)
Balance at 30 June 2011	**51,861**	**81,319**	**7,717**	**-**	**140,897**

	Thousands of Euros				
	Overtime costs	Liabilities and charges	Deferred income	Accrued obligations to personnel	Total
Balance at 1 January 2010	66,215	80,394	17,173	782	164,564
Provisions charged to the income statement	2,867	29,661	-	590	33,118
Reversals credited to the income statement	-	(8,050)	(2,908)	-	(10,958)
Applications	(193)	(6,928)	-	-	(7,121)
Transfers to current	-	368	-	-	368
Translation differences	-	7,846	-	-	7,846
Balance at 30 June 2010	**68,889**	**103,291**	**14,265**	**1,372**	**187,817**

a) *Overtime costs*

Details of the legal background relating to this provision are provided in note 24 a) to the consolidated annual accounts for the year ended 31 December 2010.

On 5 March 2010 the Spanish High Court issued a ruling dismissing the joint claim submitted by the employers' associations FES, AMPES and ACAES, also supported by APROSER. The above-mentioned employers' associations lodged an appeal against this ruling before the Spanish Supreme Court. This Court issued its ruling on 30 May 2011, dismissing the appeal and upholding the aforementioned appealed ruling.

At 30 June 2011 the accumulated amount of this provision is Euros 51,861 thousand (Euros 62,100 thousand at 31 December 2010) and reflects Prosegur's best estimate. In the first half of 2011 Euros 1,280 thousand was charged to the income statement in this respect (Euros 2,867 thousand at 30 June 2010).

During the six-month period ended 30 June 2011, payments totalling Euros 9,335 thousand were made in relation to the agreements reached with certain plaintiff employees (Euros 193 thousand at 30 June 2010) and surplus provisions of Euros 2,184 thousand have been recognised as income in the income statement.

b) *Provisions for liabilities and charges*

Note 24 b) to the consolidated annual accounts for the year ended 31 December 2010 contains a description of the main legal and labour lawsuits affecting Prosegur at that date.

The most significant variation in the first half of 2011 relates to the ruling issued on the claim filed by the receiver responsible for Esabe Express, S.A. against Prosegur Compañía de Seguridad, S.A. and Alarmselskabet Dansikrig A/S and Securitas A/B (see note 4). The provision recognised by Prosegur with respect to this litigation at 31 December 2010 totalled Euros 27,319 thousand. Other receivables also included Euros 9,800 thousand reflecting the estimated amount recoverable from the Esabe Express, S.A. bankruptcy estate. The non-current provision and the balance recorded in other receivables have been reclassified at 30 June 2011, and a current liability recognised for the amount of the transaction agreement.

No significant new lawsuits were filed against Prosegur during the six-month period ended 30 June 2011.

The amount of payables deriving from lawsuits for which provision had been made under provisions for liabilities and charges at 31 December 2010 was not significant during the first half of 2011.

c) ***Accrued obligations to personnel***

As mentioned in note 37.17 to the consolidated annual accounts for the year ended 31 December 2010, at the general meeting held on 27 June 2008, the shareholders approved the 2011 Plan of long-term incentives for executive directors and management of Prosegur. The 2011 Plan foresees the payment of share-based incentives to executive directors, and Company shares and cash to Prosegur management.

During the first half of 2011 payables of Euros 2,052 thousand in this respect were reclassified as current, while cash incentives of Euros 173 thousand were paid. The total short-term commitment undertaken in relation to the cash incentives specified in the 2011 Plan amounts to Euros 1,879 thousand. At 31 December 2010 the long-term commitment totalled Euros 1,614 thousand.

18. Suppliers

Information on Late Payments to Suppliers. Third Additional Provision of Law 15/2010 of 5 July 2010: "Reporting Obligation"

Trade payables to suppliers for which the legal maximum payment period has been exceeded amount to Euros 4,171 at 30 June 2011.

19. Financial Liabilities

Details of financial liabilities at 30 June 2011 and 31 December 2010 are as follows:

	Thousands of Euros	
	30/06/2011	**31/12/2010**
Non-current		
Loans granted by financial institutions	2,820	17,920
Syndicated loan	147,857	146,875
Finance lease liabilities	6,613	9,575
Other payables	11,404	14,574
	168,694	188,944
Current		
Credit accounts	32,359	54,942
Loans granted by financial institutions	1,503	1,401
Syndicated loan	231,280	232,530
Finance lease liabilities	6,460	6,795
Other payables	66,480	64,748
	338,082	360,416
Total financial liabilities	506,776	549,360

The most significant variations during the first half of 2011 were in debt with financial institutions, as a result of drawdowns from credit facilities and repayments and drawdowns from the syndicated loan (see note 4).

During the six-month period ended 30 June 2011 there were no repayment defaults or breaches of agreement in relation to the loans and credit facilities granted to Prosegur.

In 2006 Prosegur took out a syndicated loan. At 30 June 2011, Prosegur has drawn down Euros 31,250 thousand from the loan tranche (Euros 62,500 thousand at 31 December 2010) and Euros 200,000 thousand from the credit facility tranche (Euros 170,000 thousand at 31 December 2010).

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

At 30 June 2011, Prosegur has drawn down 150,000 thousand from the loan tranche of the syndicated loan arranged in 2010 (Euros 150,000 thousand at 31 December 2010).

20. Taxation

The income tax expense is recognised in the interim accounting period based on the best estimate of the weighted average tax rate expected to apply to the annual accounting period. The income tax expense calculated for the interim accounting period could need adjusting in subsequent periods in the event of a change in estimate of the annual tax rate.

	Thousands of Euros	
	Period ended 30 June	
	2011	**2010**
Current tax	34,096	42,652
Deferred tax	1,939	-10,040
Total	**36,035**	**32,612**

	Thousands of Euros	
	Period ended 30 June	
	2011	**2010**
Income tax expense	36,035	32,612
Profit/(loss) before tax	113,465	101,634
Effective tax rate	**31.76%**	**32.09%**

21. Contingencies

Note 29 to the consolidated annual accounts for the year ended 31 December 2010 includes information on contingent assets and liabilities at that date.

No significant contingent assets or liabilities arose during the period ended 30 June 2011.

In 2008, Prosegur enforced guarantees of Euros 9,469 thousand relating to customer funds retained on deposit in Brazil. Prosegur is currently taking the necessary legal steps for this amount to be released by the competent authorities, and no significant loss is expected. In parallel with these administrative proceedings, in July 2009 Prosegur began legal proceedings to request that these funds be released. No firm ruling has been issued on the funds in question.

22. Business Combinations

Details of changes in goodwill during the first half of 2011 are presented in note 11.

Goodwill valuations completed in 2011

On 12 August 2010 Prosegur acquired 100% of Tellex, S.A., a company located in Argentina and specialised in electronic security systems, fire protection and the sale and maintenance of ATMs. The total purchase price was Argentinean Pesos 27,888 thousand (equivalent to Euros 5,460 thousand at the acquisition date), comprising a cash payment of Argentinean Pesos 10,369 thousand (equivalent to Euros 2,030 thousand at the acquisition date) and contingent consideration totalling Argentinean Pesos 17,518 thousand (equivalent to Euros 3,430 thousand at the acquisition date) payable in 2011, 2012 and 2013. The contingent consideration comprises a fixed payment linked to EBIT (earnings before interest and tax) for 2009, and a variable payment linked to EBIT generated in 2011 and 2012. The acquired business was added to the consolidated group on 12 August 2010.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	2,030
Deferred payment at fair value	3,430
Total purchase price	5,460
Fair value of identifiable net assets acquired	2,435
Goodwill at 30 June 2011	**3,025**

The assets and liabilities that arose from this acquisition are as follows:

	Thousands of Euros	
	Carrying amount of acquiree	**Fair value**
Cash and cash equivalents	35	35
Property, plant and equipment	95	95
Other non-current assets	6	6
Working capital	1,536	2,066
Non-current liabilities	(433)	(433)
Financial debt	(738)	(738)
Intangible assets	-	2,160
Deferred taxes	-	(756)
Identifiable net assets acquired	**501**	**2,435**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. The intangible assets comprise supplier contracts and are amortised over a ten-year period.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	2,030
Cash and cash equivalents of the acquiree	(35)
Cash outflow for acquisition	**1,995**

In Peru on 30 September 2010, Prosegur acquired 100% of the share capital of Telemergencia, S.A.C., a company that specialises in alarms. The total purchase price was Peruvian Sols 14,047 thousand (equivalent to Euros 3,689 thousand at the acquisition date), comprising a cash payment of Peruvian Sols 11,243 thousand (equivalent to Euros 2,953 thousand at the acquisition date) and contingent consideration of Peruvian Sols 2,804 thousand (equivalent to Euros 736 thousand at the acquisition date) payable in 2011. The contingent consideration is linked to the customer churn rate. The acquired business was added to the consolidated group on 30 September 2010.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	2,953
Deferred payment at fair value	736
Total purchase price	3,689
Fair value of identifiable net assets acquired	1,477
Goodwill at 30 June 2011	**2,212**

The assets and liabilities that arose from this acquisition are as follows:

	Thousands of Euros	
	Carrying amount of acquiree	**Fair value**
Property, plant and equipment	1,055	655
Working capital	52	45
Intangible assets	-	963
Deferred taxes	-	(186)
Identifiable net assets acquired	**1,107**	**1,477**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. The intangible assets primarily comprise customer relationships and are amortised over an 11-year period.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	2,953
Cash and cash equivalents of the acquiree	-
Cash outflow for acquisition	**2,953**

On 1 December 2010 Prosegur acquired 100% of Martom Segurança Eletrônica Ltda, a company located in Brazil and engaged in surveillance within bank branches. The total purchase price was Brazilian Reals 20,500 thousand (equivalent to Euros 9,190 thousand at the acquisition date), comprising a cash payment of Brazilian Reals 14,323 thousand (equivalent to Euros 6,421 thousand at the acquisition date), contingent consideration of Brazilian Reals 4,727 thousand (equivalent to Euros 2,119 thousand at the acquisition date), which falls due in 2011, and a further Brazilian Reals 1,450 thousand (equivalent to Euros 650 thousand at the acquisition date) deferred to secure any possible liabilities, payable in five instalments between 2011 and 2015.

The contingent consideration consists of:

- an initial payment linked to certain target ratios for debt structure and working capital, up to a maximum amount of Brazilian Reals 2,227 thousand (equivalent to Euros 998 thousand at the acquisition date).

- a second payment linked to EBIT (earnings before interest and tax) for 2011, up to a maximum amount of Brazilian Reals 2,500 thousand (equivalent to Euros 1,121 thousand at the acquisition date).

The acquired business was added to the consolidated group on 1 December 2010.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	6,421
Deferred payment at fair value	2,769
Total purchase price	9,190
Fair value of identifiable net assets acquired	8,254
Goodwill at 30 June 2011	**936**

The assets and liabilities that arose from this acquisition are as follows:

	Thousands of Euros	
	Carrying amount of acquiree	Fair value
Cash and cash equivalents	583	583
Property, plant and equipment	3,328	3,217
Working capital	(281)	(281)
Non-current liabilities	(102)	-
Financial debt	(688)	(790)
Intangible assets	1	5,582
Deferred tax assets	-	1,841
Deferred tax liabilities	-	(1,898)
Identifiable net assets acquired	**2,841**	**8,254**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. The intangible assets acquired comprise customer relationships (Euros 2,817 thousand) with a useful life of seven years, trademarks (Euros 1,956 thousand) with a useful life of three years, and other assets (Euros 808 thousand) with a useful life of five years.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	6,421
Cash and cash equivalents of the acquiree	(583)
Cash outflow for acquisition	**5,838**

Goodwill included in 2011

On 18 February 2011 Prosegur acquired 100% of Prosec Services Pte. Ltd. and its subsidiary Safeway Pte. located in Singapore. These companies specialise in providing security patrol services. The total purchase price was Singapore Dollars 6,803 thousand (equivalent to Euros 3,921 thousand at the acquisition date), comprising a cash payment of Singapore Dollars 4,966 thousand (equivalent to Euros 2,862 thousand at the acquisition date) and a number of deferred payments falling due in 2012, 2013 and 2014, totalling Singapore Dollars 1,836 thousand (equivalent to Euros 1,059 thousand at the acquisition date). There is a related contingent consideration agreement. At 30 June 2011 the cost of the business combination has not been adjusted for the contingent consideration as the adjustment cannot be measured reliably.

The contingent consideration comprises a fixed payment linked to EBIT (earnings before interest and tax) for 2011 and certain financial debt and working capital levels, and a variable payment linked to future EBIT generated in 2011, 2012 and 2013.

The acquired business was added to the consolidated group on 18 February 2011. The business contributed revenues of Euros 3,479 thousand and net profit for the year of Euros 161 thousand to the consolidated income statement for the first half of 2011. Had the business been acquired on 1 January 2011, consolidated revenues for the first half of 2011 would have been Euros 1,723 thousand higher.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	2,862
Deferred payment at fair value	1,059
Total purchase price	3,921
Provisional fair value of identifiable net assets acquired	1,522
Provisional goodwill at 30 June 2011	**2,399**

The assets and liabilities that arose from this acquisition are as follows:

	Thousands of Euros	
	Carrying amount of acquiree	Provisional fair value
Cash and cash equivalents	417	417
Property, plant and equipment	432	432
Working capital	1,397	1,397
Non-current liabilities	(724)	(724)
Identifiable net assets acquired	**1,522**	**1,522**

The goodwill on this acquisition was allocated to the Europe-Asia segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. Verification of the fair values allocated to this business combination will be completed during the current year.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	2,862
Cash and cash equivalents of the acquiree	(417)
Cash outflow for acquisition	**2,445**

On 30 June 2011, Prosegur acquired 100% of Distribuidora Federal S.A.C. in Peru. This company specialises in the installation and maintenance of electronic security systems and fire protection. The total purchase price was Peruvian Sols 21,210 thousand (equivalent to Euros 5,315 thousand at the acquisition date), comprising a cash payment of Peruvian Sols 15,526 thousand (equivalent to Euros 3,139 thousand at the acquisition date) and a number of deferred payments falling due in 2012 and 2013, totalling Peruvian Sols 8,684 thousand (equivalent to Euros 2,176 thousand at the acquisition date). There is a related contingent

consideration agreement. At 30 June 2011 the cost of the business combination has not been adjusted for the contingent consideration as the adjustment cannot be measured reliably.

The contingent consideration comprises a fixed payment linked to EBIT (earnings before interest and tax) for 2011 and certain financial debt and working capital levels, and a variable payment linked to future EBIT generated in 2011, 2012 and 2013.

The acquired business was added to the consolidated group on 30 June 2011. The business did not contribute any revenues or profits to the consolidated income statement for the first half of the year. Had the business been acquired on 1 January 2011, consolidated revenues would have been Euros 1,083 thousand higher and consolidated net profit Euros 24 thousand higher in the first half of 2011.

Details of the net assets acquired and goodwill are as follows:

	Thousands of Euros
Cash consideration	3,139
Deferred payment at fair value	2,176
Total purchase price	5,315
Provisional fair value of identifiable net assets acquired	322
Provisional goodwill at 30 June 2011	**4,993**

The assets and liabilities that arose from this acquisition are as follows:

	Thousands of Euros	
	Carrying amount of acquiree	**Provisional fair value**
Cash and cash equivalents	137	137
Property, plant and equipment	640	640
Working capital	(455)	(455)
Identifiable net assets acquired	**322**	**322**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. Verification of the fair values allocated to this business combination will be completed during the current year.

The cash outflow incurred to acquire this business, net of cash acquired, is as follows:

	Thousands of Euros
Cash consideration	3,139
Cash and cash equivalents of the acquiree	(137)
Cash outflow for acquisition	**3,002**

23. Related Party Transactions

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid and holds 50.075% of the Company's share capital. The remaining 49.93% is held by various shareholders, including Corporación Financiera Alba, S.A., through Alba Participaciones, S.A., with 10.01%, and AS Inversiones, S.L., which holds 5.31%.

Details of balances recognised in the interim consolidated statement of financial position at 30 June 2011 and the interim consolidated income statement for the six-month period ended 30 June 2011 arising on related party transactions, as required by section three of Ministry of Economy and Finance Order EHA/3050/2004 of 15 September 2004, are as follows:

	Thousands of Euros				
	Period ended 30 June 2011				
	Significant shareholders	**Directors and management personnel**	**Persons, companies or entities of the Group**	**Other related parties**	**Total**
EXPENSES AND INCOME					
Leases	622	-	-	-	622
Expenses	622	-	-	-	622
Services rendered	1,136	-	-	-	1,136
Income	1,136	-	-	-	1,136
OTHER TRANSACTIONS					
Financial assets purchased	25,000	-	-	-	25,000
Financing arrangements: credits and capital contributions (borrower)	3,661	-	-	-	3,661

Details of balances recognised in the interim consolidated statement of financial position at 30 June 2010 and the interim consolidated income statement for the six-month period ended 30 June 2010 arising on related party transactions are as follows:

	Thousands of Euros				
	Period ended 30 June 2010				
	Significant shareholders	Directors and management personnel	Persons, companies or entities of the Group	Other related parties	Total
EXPENSES AND INCOME					
Leases	558	-	-	-	558
Expenses	558	-	-	-	558
Services rendered	1,108	-	-	-	1,108
Income	1,108	-	-	-	1,108
OTHER TRANSACTIONS					
Financial assets purchased	60,000	-	-	-	60,000
Financing arrangements: credits and capital contributions (borrower)	3,543	-	-	-	3,543

Financing and investments

Banca March, S.A. which controls Corporación Financiera Alba, S.A., forms part of the syndicate of banks that granted the syndicated loan to Prosegur in 2006 (see note 19). Banca March, S.A.'s position in this loan amounts to Euros 3,661 thousand at 30 June 2011 and the full amount has been drawn down. At 31 December 2010 the aforementioned bank's position amounted to Euros 4,156 thousand, of which Euros 3,681 thousand had been drawn down.

At 30 June 2011 Prosegur has a fixed-term deposit of Euros 25,000 thousand in Banca March, which matures within the coming three months.

Goods and services purchased

In October 2005 Prosegur and Proactinmo S.L. (controlled by Gubel, S.L.) signed a lease contract for the building located at Calle Santa Sabina, 8, which is adjacent to a building owned by Prosegur at Calle Pajaritos, 24. This contract has a duration of five years, can be extended for a further five and was arranged at arm's length. A total expense of Euros 622 thousand was incurred in relation to this contract in the first half of 2011 (Euros 558 thousand at 30 June 2010).

In the first half of 2011, Prosegur provided security services to Banca March for Euros 1,136 thousand (Euros 1,108 thousand at 30 June 2010).

Remuneration of members of the board of directors and key management personnel

1. Remuneration of members of the board of directors:

The total remuneration accrued by members of the board of directors during the six-month periods ended 30 June 2011 and 2010 is as follows:

	Thousands of Euros	
Remuneration:	**30/06/2011**	**30/06/2010**
Fixed remuneration	452	745
Variable remuneration	200	200
Remuneration in kind	24	45
Allowances	411	423
Total	1,087	1,413

2. Remuneration of senior management personnel:

Senior management personnel are understood to be Prosegur employees who hold, *de facto* or *de jure*, senior management positions reporting directly to the board of directors, executive committees or managing directors, including those with power of attorney that relates to the entity's statutory activity and not restricted to specific areas or matters.

The total remuneration accrued by senior management of Prosegur during the six-month periods ended 30 June 2011 and 2010 is as follows:

	Thousands of Euros	
	30/06/2011	**30/06/2010**
Total remuneration accrued by senior management personnel	2,197	1,625

In addition to the items mentioned in sections 1) and 2) above, as explained in note 37.17 to the consolidated annual accounts for the year ended 31 December 2010 at the general meeting held on 27 June 2008, the shareholders approved the 2011 Plan of long-term incentives for executive directors and management of Prosegur. The 2011 Plan foresees the payment of share-based incentives to executive directors, and Company shares and cash to Prosegur management.

The total commitment undertaken by the Company at 30 June 2011 in relation to the share-based incentives specified in the 2011 Plan amounts to Euros 5,086 thousand and is recognised in equity (see note 16).

The total commitment undertaken by the Company at 30 June 2011 in relation to the cash incentives specified in the 2011 Plan amounts to Euros 1,879 thousand and is recognised in current payables.

Loans to related parties

At 30 June 2011 Prosegur has not granted any loans to related parties.

Investments and positions held in other companies by members of the board of directors of the parent company and their related parties

Neither the members of the board of directors nor their related parties hold any investments or positions or conduct any activities in companies with identical, similar or complementary statutory activities to that of the Company.

The members of the board of directors that hold management positions in other Prosegur companies are as follows:

Name of director	Name of Group company	Position
Mr. Christian Gut Revoredo	Prosegur Tecnología, S.L.U.	Joint director
Mr. Christian Gut Revoredo	Prosegur Transporte de Valores, S.A.	Joint director
Mr. Christian Gut Revoredo	Formación Selección y Consultoría, S.A.	Joint director
Mr. Christian Gut Revoredo	Prosegur Activa España, S.L.U.	Joint director
Mr. Christian Gut Revoredo	Prosegur Activa Holding, S.L.U.	Joint director
Mr. Christian Gut Revoredo	Prosegur Multiservicios, S.A.	Joint director

24. Average Number of Employees

The average headcount of Prosegur for the six-month periods ended 30 June 2011 and 30 June 2010 is as follows:

	Total Prosegur	
	30/06/2011	**30/06/2010**
Male	86,152	87,169
Female	17,519	15,231
Average headcount	**103,671**	**102,400**

25. Subsequent Events

On 14 July 2011 in Spain, Prosegur acquired 95% of Seguridad Vigilada, S.A. and related companies. These security companies primarily render security patrol, bodyguard, ATM maintenance and ancillary services. In 2010 the turnover of these companies was in excess of Euros 12,500 thousand, while the headcount totalled 418 employees. The agreement entails an investment of Euros 4,000 thousand.

As mentioned in note 4, the transaction agreement entered into on 17 February 2011 by Prosegur, Esabe Express S.A. and the receiver responsible for Esabe Express, S.A., in relation to the claim filed by the latter, was approved by the courts on 19 July 2011.

As mentioned in note 4, the syndicated loan contract entered into by Prosegur in 2006 expired on 25 July 2011. The Euros 31,250 thousand final instalment of the loan tranche principal has therefore been repaid. Drawdowns from the second tranche of the credit facility, amounting to Euros 200,000 thousand, have also been repaid.

APPENDIX I - Summary of the Main Accounting Principles

Standards effective from 1 January 2011 that could require changes to accounting policy and changes to presentation

- Standards effective from 1 January 2011 that could require changes to accounting policy and changes to presentation (for standards requiring a change in accounting policy, information from IAS 8.28 should be provided):

  - Amendment to IAS 32 Classification of Rights Issues. Applies to years beginning on or after 1 February 2010.

  - IAS 24 Related-Party Disclosures. Applies to years beginning on or after 1 January 2011.

  - IFRIC 14 Prepayments of a Minimum Funding Requirement. Applies to years beginning on or after 1 January 2011.

  - IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. Applies to years beginning on or after 1 July 2010.

  - IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures. Applies to years beginning on or after 30 June 2010.

  - Improvements to IFRSs issued in May 2010. Generally applicable as of 2011.

- Standards issued but not effective on 1 January 2011, which the Group expects to adopt as of 1 January 2012 or later (only standards that will have a significant impact for the Group should be included):

  - IAS 19 Employee Benefits. Applies to years beginning on or after 1 January 2013. Not yet adopted by the EU.

  - Amendments to IAS 1 – Presentation of items of other comprehensive income. Applies to years beginning on or after 1 July 2012. Not yet adopted by the EU.

  - IFRS 9 Financial Instruments. Applies to years beginning on or after 1 January 2013. Not yet adopted by the EU.

- IFRS 10 Consolidated Financial Statements. Applies to years beginning on or after 1 January 2013. Not yet adopted by the EU.

- IFRS 11 Joint Arrangements. Applies to years beginning on or after 1 January 2013. Not yet adopted by the EU.

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

The members of the board of directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the financial information selected by Prosegur Compañía de Seguridad, S.A., and the interim condensed consolidated financial statements of Prosegur Compañía de Seguridad, S.A. and subsidiaries for the first half of 2011, authorised for issue by the board of directors at the meeting held on 26 July 2011, and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, and that the respective interim directors' reports include a reliable analysis of the required information.

Madrid, 26 July 2011

Ms. Helena Irene Revoredo Delvecchio
Chairwoman

Mr. Isidro Fernández Barreiro
Vice-chairman

Mr. Christian Gut Revoredo
Managing director

(No signature due to absence) [1]
Ms. Mirta María Giesso Cazanave
Director

Ms. Chantal Gut Revoredo
Director

Mr. Pedro Guerrero Guerrero
Director

(No signature due to absence) [1]
Mr. Eduardo Paraja Quirós
Director

Mr. Eugenio Ruiz-Gálvez Priego
Director

[1] The directors Ms. Mirta María Giesso Cazanave and Mr. Eduardo Paraja Quirós were unable to attend the board meeting held on 26 July 2011 and therefore delegated their representation, expressly stating their approval of the 2011 half-yearly financial report.

Certification attesting that at their meeting held in Madrid on 26 July 2011 the board of directors of Prosegur Compañía de Seguridad, S.A. drew up the half-yearly financial report for the first half of 2011, which comprises the following documents: selected individual financial information and the interim directors' report of Prosegur Compañía de Seguridad, S.A.; selected consolidated financial information; the interim condensed consolidated financial statements and interim directors' report of Prosegur Compañía de Seguridad, S.A. and subsidiaries; and the directors' statement of responsibility. All the aforementioned documents refer to the first half of 2011 and were unanimously authorised for issue by the board of directors of the Company at their meeting held on the above-mentioned date, as required by article 35 of Law 24/1988 of 28 July 1988 governing the securities market.

The aforementioned documents, combined as a single unit, are transcribed on the preceding sheets of paper, which are numbered consecutively and printed on one side only. All sheets have been signed by the secretary to the board of directors for identification purposes and stamped with the Company stamp.

In accordance with applicable legislation in force, the directors currently comprising the board of directors of the Company have signed the last page of this document, to which I, the secretary to the board of directors, bear witness in Madrid on 26 July 2011.

Signature: Mr. Fernando Vives Ruiz
(Non-executive secretary)

Ms. Helena Irene Revoredo Delvecchio
Chairwoman

Mr. Isidro Fernández Barreiro
Vice-chairman

Mr. Christian Gut Revoredo
Managing director

(No signature due to absence) [1]
Ms. Mirta María Giesso Cazanave
Director

Ms. Chantal Gut Revoredo
Director

Mr. Pedro Guerrero Guerrero
Director

(No signature due to absence) [1]
Mr. Eduardo Paraja Quirós
Director

Mr. Eugenio Ruiz-Gálvez Priego
Director

[1] The directors Ms. Mirta María Giesso Cazanave and Mr. Eduardo Paraja Quirós were unable to attend the board meeting held on 26 July 2011 and therefore delegated their representation, expressly stating their approval of the 2011 half-yearly financial report.

PROSEGUR COMPAÑIA DE SEGURIDAD, S.A. AND SUBSIDIARIES

Interim consolidated directors' report for the six-month period ended 30 June 2011

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

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Interim consolidated directors' report for the six-month period ended 30 June 2011

1. Significant events since the 2010 close

The most relevant transactions and events for Prosegur during the first half of 2011 are summarised below:

Changes in the Group's composition

The changes in the composition of the Prosegur Group during the first half of 2011 were mainly due to the following acquisitions:

- On 18 February 2011 Prosegur acquired the company Prosec Services Pte. Ltd. and its subsidiary Safeway Pte. Ltd., located in Singapore, which specialise in providing security patrol services. These companies were purchased for a total of Euros 4.4 million, and were first consolidated on 18 February 2011.

- On 30 June 2011 Prosegur acquired the company Distribuidora Federal SAC, a company located in Peru which specialises in the installation and maintenance of electronic security and fire protection systems. The company was purchased for a total of Euros 5.3 million, and was first consolidated on 30 June 2011.

To facilitate the global range of security services offered to the Group's customers, during the first half of 2011 corporate changes were made in Spain. Prosegur Transportes de Valores, S.A., Prosegur Servicio Técnico, S.L., Prosegur Tecnología, S.L. and Prosegur Activa España, S.L. merged with and into Prosegur Compañía de Seguridad, S.A. For accounting purposes, the transactions performed by the four companies (Prosegur Transportes de Valores, S.A., Prosegur Servicio Técnico, S.L., Prosegur Tecnología, S.L. and Prosegur Activa España, S.L.) were considered to be carried out by Prosegur Compañía de Seguridad, S.A. as of 1 January 2011.

Significant events since the 2010 close

With respect to the claim filed by the receiver responsible for Esabe Express, S.A. against Prosegur Compañía de Seguridad, S.A., Alarmselskabet Dansikrig A/S and Securitas A/B on 17 February 2011, a transaction agreement was signed between Prosegur, Esabe Express S.A. and the receiver responsible for Esabe, reaching a settlement on all the claims that arose from the legal proceedings for invalidity. Prosegur undertook to pay Esabe Express S.A. Euros 17 million for all items claimed. This agreement, which had been suspended, was approved by the court on 19 July 2011.

Upon payment of the aforementioned amount, Prosegur and Esabe Express S.A. are fully satisfied with respect to their claims, dismiss the appeals filed with respect to the proceedings and no longer owe any amounts for any items in this regard.

On 22 March 2011 Madrid Magistrate's Court number 18 issued ruling number 62/2011 as part of ordinary proceedings 143/2008, dismissing all of the claims that had been filed against Prosegur with respect to the fire that occurred on 12 February 2005 in the Windsor Building in Madrid, in which the Company provided security patrol services, . This ruling was declared final on 5 April 2011.

2. Evolution of the business

2.1. *Sales by geographical area*

Prosegur's consolidated sales in the first six months of 2011 amounted to Euros 1,316 million (Euros 1,227.9 million at 30 June 2010), a total increase of 7.2%. Of this rise 6.8% reflects pure organic growth and 1.1% inorganic growth derived from purchases made in 2010, offset by a 0.7% decrease due to interest rate fluctuations.

Consolidated sales by geographical area are distributed as follows:

	Millions of Euros	
	June 2011	**June 2010**
Europe - Asia	635.3	641.9
LatAm	680.7	586.0
Total Prosegur	**1,316.0**	**1,227.9**

The most significant sales growth was seen in Latin America, with an increase of 16.2% during the first half of 2011 compared to the same period in 2010 (16.1% organic growth and 1.6% inorganic growth). This strong sales growth in the area during the first six months of 2011 was not favoured by exchange rate fluctuations compared to the same period of the prior year, leading to a reduction of 1.5%.

2.2. *Sales by business area*

The distribution of consolidated sales by business area is shown in the table below:

	Millions of Euros		
	June 2011	**June 2010**	**Growth**
Security patrol service	646.5	622.0	3.9%
% of total	*49.1%*	*50.7%*	
Logistics and cash ma	509.7	456.2	11.7%
% of total	*38.7%*	*37.2%*	
Electronic security	159.8	149.7	6.8%
% of total	*12.1%*	*12.2%*	
Total Prosegur	**1,316.0**	**1,227.9**	**7.2%**

2.3. *Margins*

Consolidated operating profit (EBIT) stood at Euros 127 million for the first half of 2011, compared to Euros 127 million at 30 June 2010. At the end of June 2011 the EBIT margin was 9.6%, down from the 10.3% seen at the same date in 2010.

The EBIT margin is distributed by geographical area as follows:

			Millions of Euros at 30 June 2011
	Europe - Asia	**LatAm**	**Prosegur**
Sales	635.3	680.7	1,316.0
EBIT	29.7	97.3	127.0
EBIT margin	4.7%	14.3%	9.6%

			Millones de euros a 30 de Junio 2010
	Europe - Asia	**LatAm**	**Prosegur**
Ventas	641.9	586.0	1,227.9
EBIT	43.1	83.8	126.9
Margen EBIT	6.7%	14.3%	10.3%

2.4. *Outlook for the second half of 2011*

The outlook for the second half of 2011 is positive, with business volume and return growth targets being maintained.

Europe and Latin America, however, are experiencing different economic climates. While the European economies continue to feel the strain of the financial crisis, with recovery set to be slow, Latin America is expected to continue with its high growth rates.

During the first six months of 2011 no events or circumstances came to light with respect to business performance that would suggest possible risks or uncertainties for the second half of the year, and no significant contingent liabilities have arisen other than those mentioned in the consolidated annual accounts at 31 December 2010.

3. Average headcount

Details of the average Prosegur headcount for the six-month periods ended 30 June 2011 and 30 June 2010 are as follows:

		Total Prosegur
	30/06/2011	**30/06/2010**
Male	86,152	87,169
Female	17,519	15,231
Average headcount	**103,671**	**102,400**

4. Investments

All Prosegur's investments are analysed by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, return period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment or expenditure. Investments in excess of Euros 0.6 million are submitted for approval by the Executive Committee.

Throughout the first half of 2011 investment in property, plant and equipment totalled Euros 37.2 million (Euros 25.2 million at 30 June 2010).

5. Financial management

Prosegur calculates net financial debt as the sum of current and non-current external resources (excluding other non-bank payables) plus net derivative financial instruments, less cash and cash equivalents, less other current financial assets.

At 30 June 2011 net financial debt totalled Euros 201.6 million (Euros 174.4 million at 31 December 2010).

The ratio of net financial debt to equity was 0.31 at 30 June 2011 (0.26 at 31 December 2010).

From a financial management perspective, the most significant actions during the first half of 2011 were as follows:

Syndicated loan

As mentioned in note 4 to the accompanying abbreviated consolidated interim financial statements at 30 June 2011, the syndicated loan contracted by Prosegur in 2006 falls due on 25 July 2011. Consequently, the principal of the loan tranche will been repaid, with a final instalment of Euros 31.3 million. The drawn-down balance corresponding to the second tranche will also be repaid, totalling Euros 200 million.

Following maturity of the loan taken out in 2006, the structure of non-current debt will be determined by the syndicated transaction contracted by Prosegur Spain in 2010, totalling Euros 400 million and with a term of five years. The transaction is divided into two tranches: the first is structured as a Euros 150 million loan repayable in half-yearly instalments, and the second is structured as a Euros 250 million credit facility. At 30 June 2011 no amounts have been drawn down from the credit tranche.

6. Own shares

Details of movements in own shares during the first half of 2011 are as follows:

	Number of shares	**Millions of Euros**
Balance at 31 December 2010	1,953,543	40.8
Shares purchased	380,117	14.2
Balance at 30 June 2011	**2,333,660**	**55.0**

At the general meeting held on 27 June 2008, the shareholders approved the 2011 Plan for long-term incentives for Prosegur executive directors and management. The 2011 Plan is generally linked to value creation during the 2008-2011 period and foresees the payment of share-based incentives to executive directors, and Company shares and cash to Prosegur management. The maximum number of shares earmarked for the 2011 Plan is 375,000, representing 0.608% of the Company's share capital at the date of these annual accounts.

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

7. Environmental issues

At 30 June 2011 Prosegur has no contingencies, legal claims or income and expenses relating to the environment.

In accordance with the Group's environmental policy, investment continues to be made in armoured vehicles that meet with the Euro III standard on the emission of non-contaminating particles.

8. Subsequent events

On 14 July 2011 Prosegur acquired 95% of Seguridad Vigilada, S.A. and its related companies in Spain. These security companies mainly render security patrol, bodyguard, ATM maintenance and ancillary services. During 2010 the turnover of these companies was in excess of Euros 12.5 million, and they have a headcount of 418 employees. The agreement entails an investment of Euros 4 million.

As indicated in note 4 to the interim condensed consolidated financial statements at 30 June 2011, the transaction agreement signed on 17 February 2011 between Prosegur, Esabe Express, S.A. and the receiver responsible for Esabe Express, S.A., relating to the claim filed by the latter, was approved by the court on 19 July 2011.

PROSEGUR COMPAÑIA DE SEGURIDAD, S.A.

Interim directors' report for the six-month period ended 30 June 2011

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

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Interim directors' report for the six-month period ended 30 June 2011

1. Significant events since the 2010 close

- ✓ With respect to the claim filed by the receiver responsible for Esabe Express, S.A. against Prosegur Compañía de Seguridad, S.A., Alarmselskabet Dansikrig A/S and Securitas A/B on 17 February 2011, a transaction agreement was signed between Prosegur, Esabe Express S.A. and the receiver responsible for Esabe, reaching a settlement on all the claims that arose from the legal proceedings for invalidity. Prosegur Compañía de Seguridad, S.A. undertook to pay Esabe Express S.A. Euros 17 million for all items claimed. The agreement, which had been suspended, was approved by the court on 19 July 2011.

  Upon payment of the aforementioned amount, Prosegur Compañía de Seguridad, S.A. and Esabe Express S.A. are fully satisfied with respect to their claims, dismiss the appeals filed with respect to the proceedings and no longer owe any amounts for any items in this regard.

- ✓ On 22 March 2011 Madrid Magistrate's Court number 18 issued ruling number 62/2011 as part of ordinary proceedings 143/2008, dismissing all of the claims that had been filed against Prosegur Compañía de Seguridad, S.A with respect to the fire that took place on 12 February 2005 in the Windsor Building in Madrid, in which the Company provided security patrol services, . This ruling was declared final on 5 April 2011.

- ✓ To facilitate the global range of security services offered to the Group's customers, during the first half of 2011 corporate changes were made. Prosegur Transportes de Valores, S.A., Prosegur Servicio Técnico, S.L., Prosegur Tecnología, S.L. and Prosegur Activa España, S.L. merged with and into Prosegur Compañía de Seguridad, S.A. For accounting purposes, the transactions performed by the four companies (Prosegur Transportes de Valores, S.A., Prosegur Servicio Técnico, S.L., Prosegur Tecnología, S.L. and Prosegur Activa España, S.L.) were considered to be carried out by Prosegur Compañía de Seguridad, S.A. as of 1 January 2011.

2. Evolution of the business

Prosegur Compañía de Seguridad, S.A. sales in the first half of 2011 totalled Euros 325 million, compared to Euros 333.3 million during the same period of 2010 (a drop of 2.5%).

The Company's sales were all made within the domestic market.

3. Personnel

Details of the average Company headcount for the six-month periods ended 30 June 2011 and 30 June 2010 are as follows:

	Total Prosegur	
	30/06/2011	**30/06/2010**
Male	20,417	15,666
Female	5,071	2,961
Average headcount	**25,488**	**18,627**

4. Investments

All Prosegur Compañía de Seguridad, S.A.'s investments are analysed by the departments for investment analysis and management controls, which estimate and examine the strategic importance, return period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment or expenditure. Investments in excess of Euros 0.6 million are submitted for approval by the Executive Committee.

Throughout the first half of 2011 investment in property, plant and equipment totalled Euros 11.9 million, the most significant of which was in the civil works in Valencia, amounting to Euros 4.6 million. Investment of Euros 2.4 million was also made in intangible assets.

During the aforementioned period amortisation/depreciation of property, plant and equipment and intangible assets totalled Euros 4.7 million and Euros 2.4 million, respectively.

5. Financial management

From a financial management perspective, the most significant actions during the first half of 2011 were as follows:

The syndicated loan contracted by Prosegur Compañía de Seguridad, S.A. in 2006 falls due on 25 July 2011. Consequently, the principal of the loan tranche will been repaid, with a final instalment of Euros 31.3 million. The drawn-down balance corresponding to the second tranche will also be repaid, totalling Euros 200 million.

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