



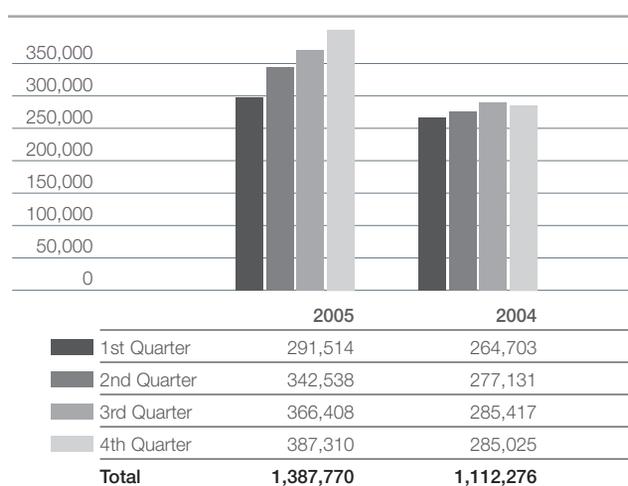
ANNUAL REPORT **2005**

A N E W S E C U R I T Y


PROSEGUR

PROSEGUR IN NUMBERS

// Evolution of 2005 revenues (thousands of €)



// Listed share price. Daily evolution 2005



// Sales by country

	2005	2004
Spain	755,256	608,873
France	98,069	96,579
Italy	26,249	27,149
Portugal	113,260	100,951
Argentina	102,835	79,172
Paraguay	5,987	4,330
Uruguay	10,198	8,341
Brazil	182,652	106,344
Chile	62,465	50,736
Peru	30,392	25,363
Bolivia	409	1,066
Panama	-	3,371

// Average workforce

	2005
Spain	22,924
Portugal	5,860
France	3,850
Italy	760
Brazil	14,633
Argentina	8,696
Chile	5,063
Peru	3,530
Uruguay	1,548
Paraguay	357
Bolivia	89
Panama	-



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LETTER FROM THE CHIEF EXECUTIVE OFFICER



Dear Shareholder:

In this, the year of Prosegur's 30th anniversary, it gives me great pleasure to inform you of our corporate management during the year 2005 by presenting you with this annual report. Over the past three decades, Prosegur has been at the forefront of security market development in every country and region in which it operates. Today, we can proudly affirm that our ability to reinvent our business on a daily basis is the secret behind our status as an international company on the cutting edge of this sector. I have no doubt that this same virtue of constant evolution will also be the cornerstone of our future.

2005, a year of intense activity...

Throughout this year, we have concentrated our efforts on adapting the company to the new market environment it now faces. We have designed a new customer-oriented organisation, differentiating between corporate and residential customers. We want to have a close relationship with our customers, meet all of their security needs and become their strategic partner. As a result, the new organisation places a strong emphasis on the geographic factor, enhanced by the launch of our Global Accounts, which already serve over thirty customers worldwide.

At the same time, we have defined a range of products and services that go far beyond the traditional services of guarding, cash-in-transit, etc., with a strong commitment to technology and electronic security and fire protection systems. An expression of this commitment is the acquisition of Grupo Nordés, a leading name in the Spanish market of security and fire protection systems.

This activity has been supplemented with active participation in the consolidation of the sector and reinforcement of our position as a leading company through acquisitions. These include the purchase of CESS/ ESC in Spain, Transpev and Preserve in Brazil and Dragon Star, which has served to introduce our company in the Romanian security market. Finally, in 2005 we wound up our operations in northern France, Bolivia and Panama.

The launch of our new corporate image has been carried out with the sole purpose of transmitting this new concept of security that we are developing both to our employees, internally, and to our customers and society in general, externally.

... that has produced good results.

Although the benefits of a large part of our efforts will be reaped in upcoming years, their impact has already been felt in the year 2005. In this sense, sales of the Group increased by 25 percent, amounting to a total of 1.388 billion euros. This increase is due to a solid 11.8 percent organic growth, as well as the positive impact of our acquisitions. Additionally, operating profit (EBIT) grew by 7.9 percent, and net profits increased by 89.2 percent, amounting to a total of 65.3 million euros.

Although every country generally showed good progress, I would like to highlight the advances in Latin America; with a 42 percent increase in sales, this market now represents almost 30 percent of the Group's total revenues.

A solid project for a promising future

The sector's international prospects are bright. In the most advanced markets, progress is accompanied by an improved standard of living, which leads to heightened security awareness. In developing countries, despite political and economic uncertainties, the sector is progressing toward a higher level of sophistication and professionalism, which is clearly beneficial for leading companies.

Despite this promising outlook, we face numerous challenges in the future. Management of the new customer-oriented business model, integration of acquired companies, and a solid commitment to electronic security systems are just a few of them. We accept these challenges with enthusiasm and the firm decision to maintain our commitment to quality and excellence, defending our position as market leaders in this sector. In this sense, the Competency Centres launched around the world, designed to

generate and pass on best practices in critical aspects of our business, will play an important role.

In addition, we will continue to analyse potential opportunities for expansion and growth of the Group in new markets as well as those in which we already operate. We will continue to work on consolidating our position in the markets of Eastern Europe and Mexico, where we have recently initiated operations.

This project could not be carried out without the excellent team of individuals that Prosegur has built up over the past 30 years, who share and exhibit the company values. I would like to take the opportunity to thank all of our employees for their efforts and ask that they continue working to build the Prosegur of the next 30 years.

We are convinced that the strength of our business and the development of our defined strategy will allow us to continue improving our results, which will in turn be reflected in the value of our company shares.

An exciting road lies ahead, and I invite you to join us on the journey to success.



Eduardo Paraja Quirós
Chief Executive Officer

MILESTONES 2005



Reinforced leadership

As part of its strategy to become a leader in the markets in which it operates, Prosegur purchased the Compañía Europea de Servicios de Seguridad (CESS) and Servicios Generales (ESC) in Spain. In Brazil, it acquired Preserve Segurança e Transporte de Valores LTDA and Transpev Transporte de Valores y Segurança.

Opening new markets

Prosegur entered the Romanian market with the acquisition of Dragon Star Guard S.A., a company with over 3,000 employees throughout the entire country. The investment was a joint venture purchase made together with the venture capital group GED, with whom it hopes to do further business in Eastern Europe.

New corporate image

In order to reflect the new corporate culture characterised by its innovative spirit, Prosegur has renovated its corporate identity. The new image includes a new design of the tilted globe symbol, which represents a forward-moving company, and the S for security wrapped around it, representing the importance of teamwork.

New product portfolio

In 2005, the company adopted a new business approach and restructured the product portfolio to offer comprehensive solutions and anticipate customers' needs. The figure of an account manager has been introduced to act as a personal, specialised contact working more closely with customers. The Global Accounts Programme was also launched in 2005.



Technology advances

The Prosegur Group's strong commitment to technology development led to a merger with Grupo Nordés in Spain. Nordés is the leading name in security and fire protection systems, with over 1,000 employees. The result of this merger was the creation of the company Nordés-Prosegur Tecnología.

Human capital

At Prosegur, people are what really matter, which is why the quality of its workforce is a top priority for the company. In 2005, various initiatives were introduced as an expression of the Managing by Convincing model, a new management style that seeks to promote behavioural changes and encourage positive attitudes.

Competency centres

With the goal of ensuring that all Group employees spread and share their knowledge, promoting innovation and extending best practices, the international Competency Centres have been created. These include the Fleet Management, Traffic/Transport, Vault and Prosegur World Centres.

New alarm system offers

Prosegur Alarms has redirected its corporate strategy and launched the new Premium, Elite and Exclusive services – three categories designed exclusively for the residential security sector. These products offer different security levels according to each customer's needs, but all three provide significant added value.

Prosegur values

Prosegur offers its customers much more than products and services – it offers an operating method based on eight values that define its standards.





01 Proactive initiative

Prosegur has renovated its business approach in order to continue moving forward. Prosegur's objective is to anticipate customers' needs and offer comprehensive solutions.

In 2006, Prosegur will celebrate its 30th anniversary – three decades characterised by its employees' vision of the future, that have helped Prosegur become the leading private security firm in Spain, Portugal and Latin America. The new challenge is to maintain its position at the head of the industry, which is why the company evolves on a daily basis with more resources and ever greater efficiency. In 2005, Prosegur adopted a new business approach and restructured its portfolio of products and services. The goal is to offer comprehensive security solutions, adapted to the particular needs of each customer.

A SOLUTION **FOR EACH SECTOR**

In order to offer tailor-made solutions, Prosegur's customers are divided into different sectors. During 2005, this classification system



has been consolidated and the company's internal organisation has changed accordingly, so that each customer now has a contact person specialised in their particular sector.

To this end, the figure of the account manager was introduced. The account manager personally advises each customer regarding the best way to employ human and material resources.

The current structure of the customer portfolio is as follows:

Public Administration: national, regional or local, such as government ministries, town councils, etc.

Distribution and logistics: wholesalers, urgent transport, mail and parcel services, logistics distributors and central markets, among others.

Energy - Utilities: water, gas, electricity, oil; nuclear power, trans-

formation and co-generation plants, etc.

Finance: banks, savings banks, financial institutions, insurance companies, mutual funds, etc. banks, savings banks, financial institutions, insurance companies, mutual funds, etc.

Retail: shopping centres, large retail outlets, supermarkets, entertainment centres, commercial chains, etc.

Industry: industrial complexes, production and manufacturing plants, and the automobile, food, telecommunications, pharmaceutical, chemical, and publishing and media industries, among others.

Real Estate: residential estates, buildings, industrial parks, building contractors, developers, hotels, hospitals or private residences.

Services: service companies not linked to large production complexes.

Transport: airports, railways, undergrounds, stations, ports, etc.

Prosegur specialists plan specific proposals to offer customers greater benefits and efficiency.

A WIDE RANGE OF SERVICES

The Prosegur Group offers services to large corporations, public institutions, individuals and small-and medium-sized enterprises (SMEs).

Security & Training Consultancy: a service made to order.

Good management begins with excellent planning. Therefore, Prosegur's security and training consultancy services seek to offer customers the best protection with the highest returns. A team of specialists creates a detailed study of the company's level of vulnerability in order to plan comprehensive, individualised security solutions, in accordance with the physical and financial needs of the customer. The company develops security master plans, audits, self-protection and emergency plans, among others. Over 400 industry leading companies have already put their trust in the Prosegur Group consultants.

In addition, the Group designs seminars and training courses in which its experience and knowledge are placed at the customers' disposal. Every programme is adapted to different levels, according to the objectives of each organisation. Any aspects of property and personal security that interest the customer are covered in these programmes, such as self-protection measures for executives, employee security,

building protection, etc. In 2005, Prosegur carried out approximately one hundred actions in this area, including security reports, audits, courses and self-protection plans.

Active Surveillance: using the latest technology

Internal and external rounds of private buildings, mobile patrols in outdoor areas and large private properties, dynamic coordinated surveillance, call systems and quick response to emergencies, scheduled technical inspections... Prosegur combines the best professional team with the latest technology to offer every kind of active security solution. Over 70,000 professionals and more than 4,600 vehicles are watching out for the security of its customers. Over 1,000 professionals with years of experience in the area of personal protection, who are constantly undergoing training and improving their skills, handle special services with the assurance of 24-hour availability and total discretion. Customers can request multilingual bodyguards, early warning services to scout out destinations, advance escorts for convoys, and many other services carried out in constant coordination with national police forces.

The company also has an Automatic Presence Control System – a completely computerised switchboard that confirms that services are being provided according to the conditions of the customer contract, and that the person providing these services has not detected a breach of security. This system is operated by telephone in over one hundred locations, and follows parameters such as time intervals and identification codes.

The Prosegur Group also offers a wide range of solutions for **access control**. Using the Nordés-Prosegur Tecnología network, the company carries out detailed studies of the facilities and evaluates basic factors, such as the number of employees, opening hours or restricted-access areas in order to come up with the best proposal for each individual case. These solutions include state-of-the-art technology, such as market. To these tools, we add the innovative Nordés-Prosegur Tecnología intelligent image processing systems. A team of engineers evaluates the risks and physical conditions of each area to design the most appropri-



ate closed-circuit television system based on TCP/IP protocols. These applications include various digital recording systems, IP cameras, intrusion, access control, fire protection and intercom and PA systems, which together provide complete security coverage.

Telemonitoring and Telesurveillance: remote-control security

For everyone from large corporations and public organisations to SMEs and individuals, the Prosegur Group provides the most advanced telemonitoring and telesurveillance services on the market, adapted to suit the specific needs of each customer according to size and business activity. Over 250,000 homes and 10,000 businesses worldwide are connected to the Group's control centres and Alarm Reception Centres.

The Operation and Management specialists of the Prosegur Group control centres work both from the company's own premises and the customer's. They work around the clock to monitor any event or alarm that the customer wishes to be notified of, using Prosegur's Advanced Technology Centre. The Group's professionals are highly qualified to determine the protocols of procedure in the event of any incident detected by the control centres. They can take action at a distance and directly notify the police, or they can send a qualified professional to the site to take the steps agreed upon with the customer.

Large organisations are also offered the services of engineering, design and installation of Nordés-Prosegur Tecnología control centres. These systems use cutting-edge technology, such as security alarm monitoring, temperature control systems, remote locking mechanisms for building accesses, or location of stolen vehicles, location and monitoring of transport fleets, people (**intruder alerts or exit alarms in restricted areas**) and objects (**artworks, jewellery, etc.**).

Home Security: For residences and SMEs, the Group offers the specialised services of Prosegur Alarms, a comprehensive service that covers the whole security cycle for its residential customers. In 2005, Prosegur Alarms launched its Premium, Elite and Exclusive services, which offer monitoring services 24 hours a day, 365 days a year. With Prosegur Elite, the customer is offered Activity Control, a system that

From corporations and public organisations to individuals or small businesses, the Group provides the most advanced solutions on the market, tailored to each customer's specific needs.

creates a record at the Alarm Reception Centre (ARC) each and every time the home is entered or exited, identifying the person who enters or exits by means of a user code. This service also includes on-line access, via the company's private website (www.proseguralarmas.es), to detailed information about each protected building or site. In addition, customers can add the Key Custody option to their security package, which includes intervention of company security guards when an incident occurs. Customers also have access to the state of their security systems, the record of registered events at their homes (entry and exit of service personnel), as well as details of the actions taken by Prosegur to handle all incidents. This product also includes a communications monitoring exercise, or check, every five days to verify the state of the customer's telecommunications systems. This process gives customers the added assurance of knowing that their systems are properly connected to the ARC at all times. With the Prosegur Exclusive package, the system is checked daily.

All alarm systems include the option of partial configuration, allowing the inhabitants to move freely through certain areas while the system is activated.

Anti-Intrusion Protection: specialised solutions

Prosegur's anti-intrusion security systems are designed to discreetly protect facilities, detect any incident while the alarm is armed and sound a warning both on-site and at the Alarm Reception Centre. To

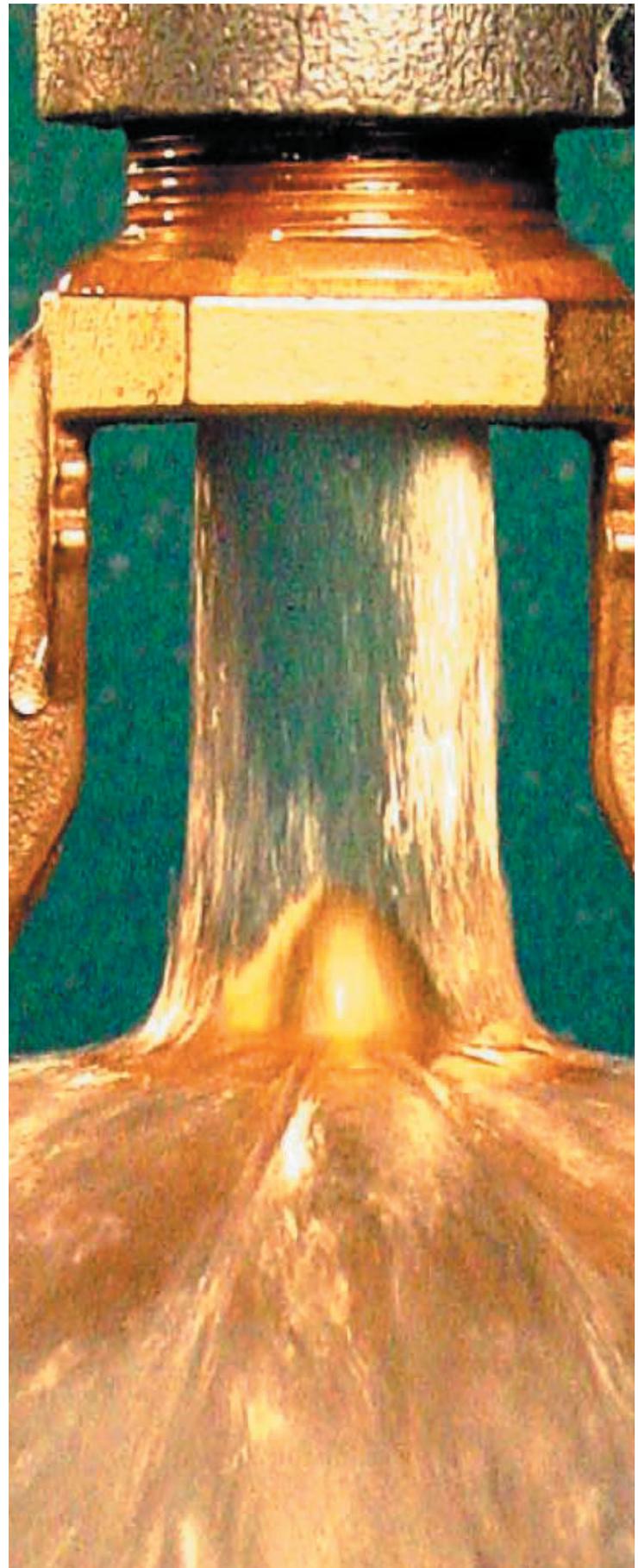
this end, the Group offers a wide variety of security options that cover the needs of both large and small organisations. Nordés-Prosegur Tecnología offers large facilities an engineering consultancy service, which includes a detailed analysis of vulnerable areas in order to determine the most appropriate protection measures: infrared barriers, microwave barriers, motion sensors, sensor cables, mechanical safety doors, pressure detectors, containment doors, etc.

On the cutting-edge of fire protection systems

Each facility presents a unique challenge with regard to fire protection measures. The objective is to provide customers with total coverage. Therefore, Nordés-Prosegur Tecnología offers a wide range of fire prevention and security services that cover personal safety, environmental protection and protection of assets. The active protection systems detect and/ or extinguish fires by using a combination of mechanical, electrical and electronic techniques. First of all, a personalised analysis is made for each new project and customer. The company uses its knowledge and experience in the field of developing holistic technical solutions and applies them to the:

- Basic project.
- Detailed engineering study.
- Material requirements.
- Procedures and processes.
- The necessary technical documentation for meeting legal requirements, handled according to our strict Quality Control System.

Prevention is the basis of every fire protection system. The detection and alarm systems, whether for fires (back-up and analogue) or gases, are the first link in this chain. Selecting an appropriate detection system allows the fire to be located quickly without human intervention, enabling the system to take direct and immediate action against the fire, and minimises the risk of material damages and personal injuries. Nordés-Prosegur Tecnología researches all new technology on the market in order to offer our customers the most advanced solutions:



Nordés Prosegur Tecnología is the leading name in security system engineering and fire protection systems. It aims to be the technology link in the customer's chain of security values.

// Extinguishing fires

with the latest technology

The company has the latest computerised tools for studying and optimising fire-extinguishing systems, which minimises costs and installation time. It also analyses and studies every present and future possibility in order to design a project that will cover fire protection needs over the long-term.

- Heat detectors.
- Lineal and optical smoke detectors.
- Flame detectors.
- Special continuous air-aspiration detectors.
- Gas detectors (carbon monoxide, hydrogen, etc.)

Each of Nordés-Prosegur Tecnología's systems is designed to ensure maximum security, according to the customer's needs.

- Automatic water sprinkler fire-extinguishing systems.
- Water spray fire-extinguishing systems.
- Water mist fire-extinguishing systems.
- Foam-water fire-extinguishing systems (low, medium and high dispersion).
- Water supplies and storage for fire-extinguishing systems.
- Fire extinguishing pressure pumps.
- Networks of fully equipped fire hoses.
- External networks of fire hydrants and detectors.
- Fire extinguishers.
- Dry powder fire extinguishers.
- Chemical gas extinguishing systems.

Cash Management: your money in good hands

Prosegur is the first private security company to combine transport and handling in a single service; the company uses its computer systems to ensure the close monitoring and traceability of cash-in-transit. In Spain, Prosegur has over 45 cash control vaults, and over 900 employees specialised in money handling. The same service is also provided in Argentina, Brazil, Uruguay, Paraguay, Chile, Peru, Portugal and France. This service is provided by means of 3,010 cash processing machines, which in 2005 handled almost 9.2 million notes – in other words, a volume equivalent to 5.3 Olympic pools or the surface area of 12,843 football fields.

Prosegur was the first company in Europe to offer daily, detailed reports of the state of customer operations, such as the amount of

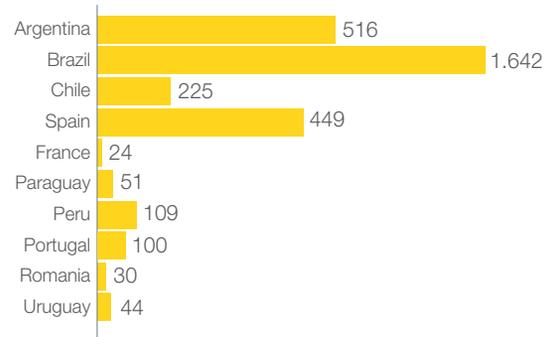
cash picked up and distributed or the balance, with complete information on point of origin, quantity and quality. Moreover, in Spain the company handles all cash shipments for the Bank of Spain using the Auxiliary Deposits System (ADS) – unique in all of Europe. The company introduced the first ADS in Spain in March 2005, and this system now serves 24 operating centres. Its methods for sorting and storing cash and its remote-controlled locks have set the standard for the entire sector.

As a special service for SMEs, Prosegur offers a complete cash pick-up service for merchants located in shopping centres. This includes everything from collecting cash to depositing it in each business's bank account. To adapt to the unique characteristics of each centre, the Group offers different solutions – from the basic Secure Area (a drop safe that is filled with envelopes containing cash, with the amounts indicated on the envelopes) to the Collection Point, comprised of machines in a completely secure location within the shopping centre, guarded by Prosegur professionals.

Cash machine management, a complete service

Prosegur is a forerunner in the integral management of automated cash machines for leading banks. It handles every operational aspect of an automated cash machine: planning deposits and restocking cash, counting and processing, technical assistance and maintenance of cash machines and removal of retained cards. It is the leading company in Spain and currently provides complete management services for 3,500 cash machines. The computerised and organisational structure of the Group allows it to offer each business a service tailored to its needs. Prosegur offers everything from repair and replacement of faulty cash machine parts to software and firmware updates, including maintenance of an adequate supply of spare parts. It even accepts the responsibility of cash availability and average balance reductions. An added benefit is that the company presents the customers with daily and/ or monthly reports which reflect every machine intervention, time invested, and information on the activities carried out at each unit.

// Armoured Vehicles 2005



// Prize for Proactive Initiative

in vault improvement

During the first International Conference held by Prosegur in 2005, the Vault Competency Centre received the Prize for Proactive Initiative in recognition of its ability to be proactive. Its primary achievements were:

- Automation of vaults in Santiago de Chile.
- Change in the design of the vaults in Montevideo and Asunción.
- Implementation of new recording devices and processing tables in Lima.
- Process to introduce the Competency Centre model for vaults in Brazil.

Prosegur has introduced a new system that allows real time monitoring of fleets, automatic route planning and process traceability.

Valuables logistics

More than 2,400 armoured cars belonging to the Prosegur Group cover over 81 million kilometres a year worldwide – equivalent to 2,020 trips around the world, or twice the distance from Earth to Venus. The objective is to guarantee the best transport service of market funds and valuables, offered by professionals who collect, transport and safeguard notes and coins, lottery tickets, cheques and drafts, collections, official exams, jewellery, artwork, valuable furs, etc. The company offers its customers the Secure Area – integral services including a safe, alarm and scheduled cash collections for businesses and shop chains, franchises and branches. It also offers a permanent custody service for valuables, items and keys. In addition to maximum quality, Prosegur provides maximum security – the armoured cars can be located at all times by GPS tracking systems that offer a direct means of communication with the vehicle.

In 2005, a new system was introduced that allows real-time control of shipments, automatic route planning for armoured cars, and tracking of the entire process. This system allows routes to be modified in real time and provides quicker and more reliable delivery by cutting down on waiting periods, guaranteeing punctuality and providing the customer with information regar-

ding the exact times of collection or delivery. In addition, Prosegur has reinforced the vehicles' passive and active security features far beyond legal requirements, making them the best-protected armoured cars in Europe.

HALLMARK PROJECTS

Prosegur's ability to foresee the needs of its customers and offer specialised solutions has allowed the company to successfully complete several significant projects in the year 2005.

The Portuguese airport triangle, under control

Since winning the international public bid called by the Portuguese national airport authority in May 2005, Prosegur is responsible for guaranteeing the safety of travellers in the airports of Faro, Lisbon and Porto. Over 750 Prosegur professionals handle passenger and luggage checkpoints, the scanner systems and the supervision of access to restricted areas. The employees who provide these services are given one hundred hours of security guard training and forty hours of training in airport security regulations.

The Lisbon-Dakar Rally, more secure in 2005

Prosegur was responsible for ensuring the security of the 2005 Lisbon-Dakar race in the Portuguese section. During the almost 4,500 hours that the rally lasted, the company provided the organisers with a team consisting of four automobiles, one motorcycle, innovative electronic security equipment and a mobile security post.

Protection of the world's largest gold mine

In 2005, the company began to provide security services for Barrick Gold Corporation in Argentina, where it currently exploits the largest gold mine in the world. The site is located in San Juan Province, at an altitude of 4,500 metres in the Andes Mountains. Prosegur guards the base installations and the mine, and also transports the gold ore once extracted.

Complete service for FASA in Chile

The pharmacy company FASA, with over 250 outlets in Chile, hired Prosegur in 2005 to provide the services of cash transportation, money collection, supply chain management, coin sorting and preparation and key custody.

Maximum security at Lima Airport

One hundred and twenty Prosegur professionals have begun to work at the Jorge Chávez International Airport of Lima. The company provides security services for national and foreign airlines in the terminals, loading areas and on the tarmac, and also provides courier escorts. In addition, Prosegur handles the security checkpoints for people, vehicles and luggage.

Mining and the Brazilian rainforest

The MBR mining company has hired the services of 180 Prosegur security guards to protect their iron ore mine pit in Brazil. The Group has also designed a security system for rainforest preservation on behalf of the Brazilian company Suzano. 130 security guards are currently actively employed on this project, and 100 more will be added in 2006.

Spearheading fire protection systems at Barajas Airport

Three years of work were needed to install the exclusive fire protection system in the new terminal of Barajas Airport in Madrid. This system, designed by Nordés-Prosegur Tecnología, will ensure the safety of 15 million passengers every year in a 280,000-square-metre area. The analogue addressable detection system consists of 13 central stations connected by a network, which manages all its various components. The entire system is designed to blend in perfectly with the building's vanguard architecture style.

Complete 'turnkey' security for Iberia

Iberia's airplane maintenance and repair centre in La Muñoz, Madrid, has been fitted with a new security system designed by Nordés-Prosegur Tecnología, which includes equipment,

communications infrastructure and training programmes. These buildings now have a closed-circuit television (CCTV) security system, based on an infrastructure of Internet protocol (IP) cameras and communications; an automated vehicle recognition system; identification cards for individuals; and an anti-intrusion system in restricted areas, as well as many other security features. The plan also included a training programme for the Iberia personnel that would be responsible for managing the security system from the central control room.

Transport of the new Airbus in France

Beginning in November 2005 and for a period of three years, Prosegur will be safeguarding the process of transporting the parts of the new Airbus (EADS Group) A380 airplane. Prosegur's offices in Bordeaux and Toulouse coordinate the secure transport by road of the components from the ports of Pauillac and Langon to the factory in Lagardère, Toulouse. Service includes placing security guards at the two ports both day and night, protecting the lorry convoy and guarding the lorry parking areas while en route.

02 Leadership

The Prosegur Group is the leading security company in Spain, Portugal and Latin America. Its constant commitment to innovation reinforces its position as a market leader.

With over 1.388 billion euros in turnover in 2005, the Prosegur Group is one of only eight companies in this sector with revenue of over 1 billion euros per year and representing more than 20 percent of the entire world security market. In total, sales in this sector (made up of 85,000 different companies) amounted to approximately 87.6 billion euros in the year 2005.

The company strategy is to always be at the top in each market in which it operates. To this end, in 2005 the Group made a series of investments destined to launch Prosegur in geographic areas with potential for growth, consolidate the company's current position and use acquisitions to expand in new directions.



THE COMPANY CONTINUES GROWING AROUND THE WORLD

The Prosegur Group has strengthened its position in Spain with the acquisition of the Compañía Europea de Servicios de Seguridad (CESS) and Servicios Generales (ESC). Together, these companies employ more than 4,500 people and are well established in Catalonia, Madrid, the eastern coastal region and Andalusia. They also do a significant amount of business in Galicia, Asturias, Cantabria, the Basque Country and the Canary Islands. The two companies became part of the Prosegur Group on 1 October 2005.

Additionally, in consideration of its commitment to the latest technology advances, the Group has absorbed

the Grupo Nordés security systems firm in Spain. Nordés is the leading name in security engineering and specialises in designing, installing and maintaining comprehensive security and fire protection systems, with a staff of over 1,000 employees.

In the Southeast Europe market, the company signed an agreement in September with the GED venture capital group to invest in Eastern Europe. The first result of this agreement was the purchase of the Romanian security firm Dragon Star Guard, SA. This company, which operates throughout Romania, employs over 3,000 workers.

In order to strengthen its position in Latin America (particularly Brazil), between March and April 2005 Prosegur also acquired the assets of Preserve Segurança e Transporte de Va-

Prosecur systems come with the guarantee of having been tested previously at one of the company's 600 worldwide offices.

// **Efficiency** in information systems

■ The Company has introduced the TIBCO software platform in order to carry out a comprehensive plan that will make its information systems more homogeneous and efficient. The various tools acquired—intended to facilitate the real time integration of multiple types of data sources, applications and processes— will allow Prosecur to increase the efficiency of its businesses, reinforce the existing technology infrastructure and obtain returns on previous investments.

lores LTDA (in Sao Paulo), and Transpev Transporte de Valores y Segurança (in Sao Paulo, Rio de Janeiro and Minas Gerais). This step has served to consolidate the company's leadership position in the three Brazilian states. The purchased assets included the transfer of customer contracts, 331 armoured cars and more than six operation bases.

On the other hand, Prosecur pulled out of Panama (in January 2005) and Bolivia (in June 2005), because these markets did not fit in with the Group's leadership strategy.

SPEARHEADING PROCEDURES

Prosecur has spent 30 years innovating in the field of security to stay one step ahead of market demands. With this objective in mind, in 2005 the Company invested 60 million euros in procedure innovations and improvements. In addition, the Prosecur systems come with the guarantee of having been tested previously at one of the company's 600 worldwide offices, thus achieving maximum performance and efficiency before products are launched on the market.

In line with its commitment to the latest advances in the field of telecommunications, in 2005 Prosecur introduced a new Wide Area Network (WAN) system. The system has improved performance of Prosecur's computer applications, as well as making internal connections faster (by duplicating speed) between the 70 different Spanish offices. It also allows deploying new applications, such as e-learning. Prosecur commissioned Peribit Network, a multinational leader in the field of network architecture, for the implementation of this platform.

This commitment to innovation has also been reinforced by the creation of Nordés-Prosecur Tecnología, the result of the merger

at the end of 2005 of Prosegur and the companies of Grupo Nordés, thus combining their experience and capacity as leading companies in their industry. The mission of this new company is to be the technology link in the value chain of values of the security industry. Nordés-Prosegur Tecnología is now a leader in security and fire protection systems engineering. The services it offers include security systems, intelligent image processing, access control, anti-intrusion systems, intercom and PA systems, fire protection, control centres and the integration and maintenance of security systems.

PROSEGUR AROUND THE WORLD

ARGENTINA

In 2005, the Prosegur Group's sales totalled 102.8 million euros in Argentina, where it employs 9,270 people and has a fleet of 516 armoured cars and 163 light vehicles. The increase in banking activity, the Group's entry into new sectors (such as the oil and mining industries and large developments), and the rising demand for alarm contracts, all served to boost the company's sales. The private security market has also benefited from improvements in the economy; with a nine percent increase in GDP, the economic recovery has shown a cumulative 32 percent growth over the last 13 quarters. Internal demand and investment, which went up 21 percent, also played an important part.

The security sector was also affected by the toughened Security Law of the Autonomous City of Buenos Aires, which added the requirement of a technical director to provide monitored alarm services and demanded that security guards should have at least a secondary school education. This modification benefited the Prosegur Group, because it meant that companies were forced to revise their contracting policies and turn to better-prepared security firms. In this market in 2005, the company had a 72.1 percent

■ Prosegur Argentina in numbers

Turnover	102.8 million €
Workforce	9,270 employees
Armoured cars	516
Light vehicles	163

// Investments in Argentina

■ Throughout the year, Prosegur also made various improvements to its infrastructures and technology systems in Argentina. Notably, the sum of 3,455 million euros was invested in the construction and improvement of inland transport offices. In addition, Prosegur purchased 37 new armoured vehicles and replaced units for a total of 5.9 million euros, and spent another 2 million euros on money processing equipment.

■ Prosegur Brazil in numbers

Turnover	182.6 million €
Workforce	16,985 employees
Armoured cars	1,642
Light vehicles	857



To strengthen its position in Brazil, Prosegur has purchased the assets of Preserve Segurança e Transporte de Valores and Transpev Transporte de Valores y Segurança.

// Award for Prosegur Brazil

■ In 2005, Prosegur Brazil won the Top of Mind Award, presented by the Fénix Central de Negócios consultancy firm, in recognition of its excellent policies in the area of human resources. The Company was chosen from over 2,000 candidates.

market share in transport, a 5.8 percent share in security guard services and a 25 percent market share in alarms.

Prosegur's technology base was reinforced by the introduction of the Siebel CRM application, the integration of Uruguay's Alarm Reception Centre and call centre with the centres in Argentina, the migration to IP technology of the Customer Care call centre communications, and the introduction of new online solutions for call centre management, among other undertakings.

BRAZIL

The Group's turnover during 2005 in this market, where it has a 5.1 percent market share, reached a total of 182.6 million euros. The acquisition of the companies Preserve Segurança e Transporte de Valores LTDA and Transpev Transporte de Valores y Segurança increased the total number of employees to 16,958, with a fleet of 1,642 armoured cars and 857 light vehicles, and also provided important operating synergies.

In an attempt to make the most of its technology resources, in 2005 the Group carried out a series of improvements in the central cash machine monitoring centre, sanctions control, theoretical margin control, control of back-up measures in operating centres and presence control for internal employees.

The private security sector, which registered a total of 4.3 million euros in sales in 2005, was affected by the sluggish economy, which registered a mere 2.3 percent growth rate as opposed to 4.9 percent in 2004, as well as the pressure to cut prices in this sector. A new Security Law is currently being studied in Brazil.

CHILE

2005 was a good year for the Chilean economy. Substantial advances were made in commercial integration with the rest of the world, public infrastructures took a huge step forward, and an excellent institutional framework was created for the management of public finances. GDP increased by 6.3 percent and inflation was around 2.5 percent. These prime economic conditions favoured the expansion of Prosegur, which experienced an 11.1 percent nominal growth (8.6 percent actual growth).

The Group serves 21 percent of the private security market in Chile, which moves 300 million euros per year. Prosegur is the leading security firm in transport (with a 53 percent market share), the second in security guard services (with a 7 percent market share) and fourth in courier services.

The new restrictions imposed by Law-Decree 1226 have forced Prosegur to continue with modifications in the system of salary payments, which has resulted in small sales losses because some customers have not been able to make the necessary improvements due to investment required. In this country, the company employs 5,072 people and owns a fleet of 225 armoured cars and 258 light vehicles. In 2005, sales reached 62.4 million euros.

■ Prosegur Chile in numbers

Turnovers	62.4 million €
Workforce	5,072 employees
Armoured cars	225
Light vehicles	258

// Technology advances in Chile

■ Prosegur Chile has also invested significant sums in technology improvements. These include an e-learning platform to offer distance training, a courier operations system that allows drivers and supervisors to send information to the control centre using Bluetooth technology, a cash machine control system and the acquisition of equipment and software for creating internal security credentials.

■ Prosegur Spain in numbers

Turnover	755.2 million €
Workforce	24,269 employees
Armoured cars	449
Light vehicles	1,031

// New services in Spain

■ In 2005, the Group's range of services was enhanced in Spain with the introduction of fire protection services and solutions— a result of the acquisition of Nordés— and with the worldwide promotion of security consultancy and technical security engineering services as strategic growth activities. At the same time, the traditional range of services has been redesigned to create a wider variety of products that are more customer-oriented. The launch of new security solutions will increase the company's penetration in new markets, such as comprehensive cash machine management in the banking sector or intelligent image processing systems for the retail sector.

In the year 2005, Prosegur explored new markets in this country. In the area of courier services, the company began to work with the distribution industry, with excellent results – total sales went up by 10 percent. In transportation, the company ventured into the business of cash administration for toll highways (which has turned out to be very profitable) and the administration of cash collection centres for basic service customers. In addition, the systems business unit was introduced and the Administered Safekeeping of Documents (ASD) service was improved by digitalising documents.

SPAIN

Spain continues to have the highest growth rate in the European Union. This translates into greater economic activity, which obviously affects the security sector as well (in Spain, this sector is regulated by Law 23/1992 and the Private Security Regulation passed at the end of 2001). The market is faced with a shortage of labour and more professionalised customers, who are now more aware of their unique security needs. In general, the demand for security has risen, especially for more specialised services and security guards with specific skills or experience.

In 2005, private security moved 2.922 billion euros in sales in Spain, of which Prosegur's share was 755.2 million euros. Prosegur continues to be the industry leader, with a 25.8 percent market share. In Spain, Prosegur has approximately 24,269 employees, and a fleet of 449 armoured vehicles and 1,031 light vehicles (2004 data). The Alarms division opened three new offices in 2005: one in Torrevieja, to cover the southern part of the province of Alicante; one in Seville, to centralise services provided in the provinces of Seville, Huelva and Cordoba; and one in Las Matas (Madrid), to provide service to the northwest zone of the province of Madrid.



In France each Prosegur business area has experienced growth, despite the fact that corporate investment levels have dropped.



■ Prosegur France in numbers

Turnover	98 million €
Workforce	2,500 employees
Armoured cars	24
Light vehicles	19

// Software integrated in Prosegur France

- In 2005, the Company finished implementing an integrated invoicing system for security guard services (Sip 2000) and began to implement a money transport software programme that includes a module for tracking cash, another for automated invoicing, and a third for payrolls.

FRANCE

The French economy only experienced a 1.4 percent GDP growth in 2005, despite the 2.1 percent increase in consumer spending. The balance of trade registered an important deficit and corporate investments decreased, although this did not affect the company's growth in France.

The private security sector in France moves 4.213 billion euros per year, 2.3 percent of which corresponds to the Prosegur Group. In this country, the company employs 2,500 people and has a fleet of 24 armoured cars and 19 light vehicles. In 2005, the company turnover was 98 million euros.

Every area has experienced slow growth, and this past year the Group decided to discontinue operations in the northern part of the country. At present, this decision has not had any effect on sales at other offices in France. This decrease in activity was accompanied by an effective cost-reduction policy to adapt the existing framework to the new business landscape.

ITALY

The Italian economy grew by a mere 0.1 percent in 2005, in keeping with the growth experienced by this country over the past four years. However, Prosegur Italy was not affected by this negative economic trend.

The security sector, regulated by the Private Security Law of 1940, is very fragmented because of strict regulations – security companies are required to obtain a license for each prefecture (city-province) in which they operate. This requirement means that companies have to rely on local support structures rather than adopt a nationwide business approach. Currently, the sector registers a turnover of approximately 2 billion euros, and Prosegur's market share is nearly 0.7 percent.

In Italy, Prosegur employs 770 people and owns 74 light vehicles. In 2005, sales reached 26.2 million euros.

PARAGUAY

During 2005, both internal and external factors acted as important pillars of growth for the Paraguayan economy. Some of the internal factors include the comfortable exchange rate stability, the political scene and the macroeconomic equilibrium achieved thanks to the fulfilment of the quantitative goals established in the stand-by agreement with the International Monetary Fund. Nevertheless, economic activity did experience a deceleration. This was reflected in the GDP rate, which was lower in 2005 than the 4.1 percent rate in 2004. External factors included the steady growth and macroeconomic stability that the region still maintains.

■ Prosegur Italy in numbers

Turnover	26.2 million €
Workforce	770 employees
Armoured cars	-
Light vehicles	74

// Business reorientation in Italy

■ The Company's performance during the last six months of 2005 was excellent. This was due to a readjustment of the operating structure, a reinforced marketing approach (focusing more on consultancy and less on sales), and a streamlined cost-control process. In addition, Prosegur has established closer ties to the public sector, which accounts for 40 percent of the Italian security services market.

■ Prosegur Paraguay in numbers

Turnover	5.9 million €
Workforce	376 employees
Armoured cars	51
Light vehicles	50

// Improved services in Paraguay

■ Always eager to improve customer services, in Paraguay the Company invested 34,423 euros to include digital recording in the cash counting process. It also introduced software that allows customers to check total treasury balances, and some are already using software to check invoice transactions.

The Paraguayan security sector generates a trade volume of 29,021,597 euros. Prosegur is the leading brand in the country, with a 22 percent market share (86.5 percent in valuables logistics and 1.8 percent in active surveillance services). Law 2421/04 on Fiscal Adaptation, in effect since 2005, has benefited the Company because it reduces the tax rate payable on corporate income. The improved payment conditions have allowed the Company to begin to work with the public sector.

In Paraguay, Prosegur employs 376 people and owns a fleet of 51 armoured vehicles and 50 light vehicles. Turnover in 2005 reached 5.9 million euros. The company invested 84,812 euros in remodeling work on different branch offices throughout the year 2005.

PERU

2005 was a dynamic year for the Peruvian economy. Despite the social problems caused by the nation's unresolved structural difficulties, investment levels actually increased. The consumer price index grew by 1.49 percent and the GDP increased by 5.8 percent. Progress of the financial sector and the creation of several shopping centres have had a positive impact on the company. Prosegur holds 19.4 percent of the Peruvian security services market and is the leading provider of cash transportation services, with a 51 percent market share. In security guard services, the company is fourth in Peru, although it is the top provider in Lima (the only city in which it operates). Prosegur has a workforce of 3,600 employees and a fleet of 109 armoured cars and 84 light vehicles. In 2005, Prosegur Peru's total turnover was 30.3 million euros.

In 2005, Prosegur Peru redesigned the cash processing vault in Lima. It introduced worktables with adequate machinery and a digital recording service, and it modified the treasury system

The progress of the financial sector and the creation of several shopping centres have benefited Prosegur Peru's business activity.

■ Prosegur Peru in numbers

Turnover	30.3 million €
Workforce	3,600 employees
Armoured cars	109
Light vehicles	84

processes. It also introduced new management technology with the implementation of the Auras financial system and computer applications for controlling the productivity of transport personnel, scheduling air shipments or registrations, cancellations and modifications in transport services.

The company also integrated personnel access control into the weapon control and roadmap systems, and introduced an application to assess performance and record digital signatures.

In the area of Valuables Logistics, Prosegur also made improvements such as expanding the GPS system in the armoured cars of five different branches, installing CENCON lock systems nationwide and Lagard lock systems for transfer boxes in Lima, using a new kind of steel that allows for more usable cargo space when building armoured cars, improving the armoured plates' resistance and quality, and a new frontal design for the lorries.

Other technology improvements made in 2005 include the installation of fibre optic cable for the administrative department in Lima, network communication between offices, development of containment door control in six branches and six new areas of Lima, implementation

// Awards for Prosegur Peru

■ Prosegur Peru's activities earned four awards in 2005: the Business Leadership Award, for being the leading name in security services, granted by the Chamber of Industry and Commerce and the Holding of Private Companies of Peru; the Peruvian Golden Sash of Public Opinion (POP) for 14 consecutive years of the best customer service; Certificate for the Top Company in Peru, in recognition of the company and its managers, which confirms Prosegur Peru's status in the market; and the 2005 International Prize for Business Quality, awarded by the College of Journalists of Peru in recognition of Prosegur's management policies in favour of the nation's development.

■ Prosegur Portugal in numbers

Turnover	113.2 million €
Workforce	6,387 employees
Armoured cars	100
Light vehicles	250

// Leader in Portugal

■ Prosegur is the leader in Portugal's security sector, where it has an 18 percent market share (total market sales are estimated at 613 million euros). With 6,387 employees, it is the seventh largest employer in the country. Its fleet consists of 250 light vehicles, 100 armoured cars and 50 motorcycles. With 17 offices distributed across the country, Prosegur Portugal provides security services to almost 40,000 private customers and 900 companies.

of the corporate digital security network to link security mechanisms to the control centre, migration from an analogue to a digital recording system in the treasury area in Lima, migration to digital CCTV recording and transmission in five branches, installation of biometric access control equipment in one branch, design of new storage space for security systems, digital process recorders and system servers at one branch, installation of an environmentally-friendly fire extinguishing system and updating of polygraph software.

PORTUGAL

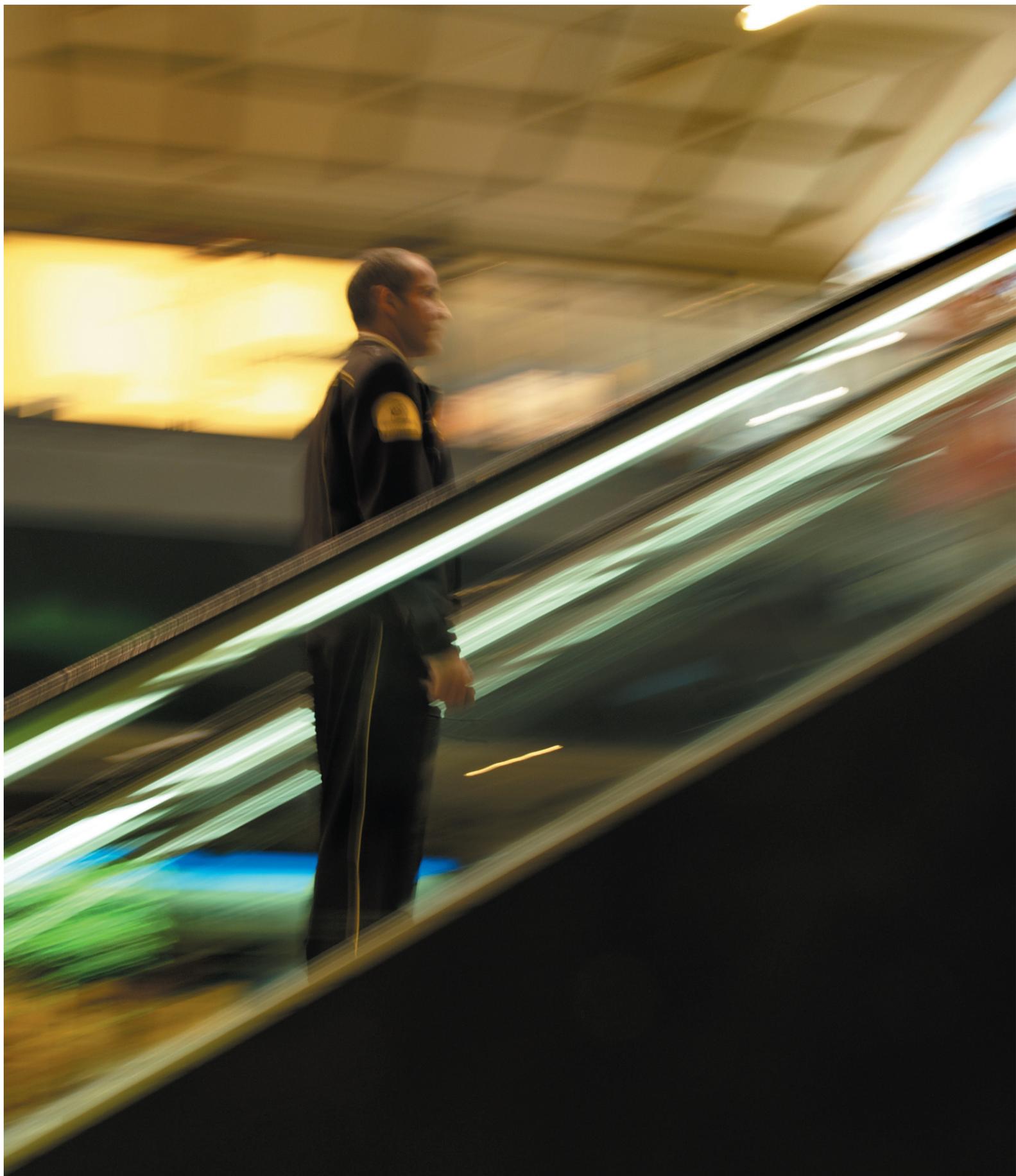
The Portuguese economy continued experiencing difficulties in 2005, which is reflected in all the macroeconomic indicators and a GDP growth of less than 1 percent. This climate has negatively affected corporations, which has in turn led to a decrease in the demand for services.

Even so, Prosegur Portugal increased its sales by 11 percent, bringing the total up to 113.2 million euros, through organic growth based on gaining new contracts and renewing existing ones.

ROMANIA

Prosegur has entered the Romanian security service market alongside the venture capital group GED, with whom it anticipates making further investments in Eastern Europe.

Romania company's first investment in this region, made effective in August 2005 with the purchase of Dragon Star Guard. This nation, with a 5 percent annual growth rate, hopes to enter the European Union in 2007. It has 21.6 million inhabitants with a very modern concept of private security. The security sector is underdeveloped, but it is growing at an annual rate of between 15 and 20 percent. Legislators are currently debating a new law on security survei-



Romania constitutes the Prosegur Group's first investment in Eastern Europe. It anticipates further acquisitions in this region, in alliance with the venture capital group GED.

■ Prosegur Romania in numbers

Turnover	-
Workforce	3,000 employees
Armoured cars	30
Light vehicles	150

llance and the protection of objects, assets, valuables and persons. Currently, the private security market moves around 160 million euros, and Dragon Star is the second company in the sector with a 6 percent market share. The widespread practice of hiring private companies to compensate for the absence of police or military presence, as well as the privatisation of the financial system with the subsequent need for outside services, leave the doors of business possibilities wide open to Prosegur.

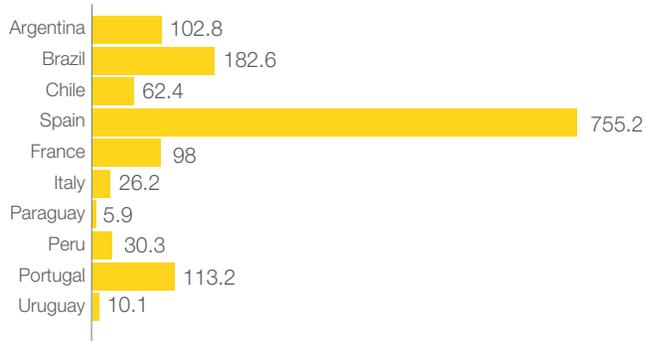
URUGUAY

In 2005, the Uruguayan economy experienced a dynamic boost, with a 6.6 percent GDP growth. This rate constituted a record for the Uruguayan economy, since the highest recorded GDP rate until now was under 4 percent. The service sector experienced a lesser growth rate of 4.56 percent, but Prosegur actually showed a rate higher than that of the general economy and significantly higher than the rest of the sector, with a 14 percent nominal variance (18.5 percent in active security services, 13 percent in alarms and 10 percent in cash transport logistics).

/// A rising sector in Romania

■ Romanian public institutions are hiring private security companies to provide the services they once handled themselves, which is driving the demand for security. In this country, the company has 3,000 employees, 30 armoured cars and 150 light vehicles. In 2005, sales reached a total of 10.2 million euros.

// 2005 Turnover (millions €)



The new circumstances created by the Tripartite Council of Salaries brought about union conflicts in the cash transport logistics sector, which were eventually resolved.

The private security sector in Uruguay moves 45,480,220 euros per year. Prosegur is the leading company, with a 24 percent market share. It employs 1,609 people and has a fleet of 44 armoured cars and 30 light vehicles. In 2005, sales reached 10.1 million euros.

In 2005, the company strove to improve customer relation management. The evaluations carried out show a positive increase in the degree of customer satisfaction, which is now at a very acceptable level.

■ Prosegur Uruguay in numbers

Turnover	10.1 million €
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Workforce	1,609 employees
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Armoured cars	44
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Light vehicles	30
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//Technology investment

in Uruguay

■ Prosegur Uruguay has also implemented a series of technology measures, such as investment in management software, renovation of computer equipment (an investment equal to 28,957 euros) and specific, individualised training to improve performance.

03 Customer Focus

Close communication with customers is essential to create security services adapted to their individual needs.

Prosegur looks at security through the customers' eyes in order to offer them comprehensive solutions adapted to their particular circumstances. Therefore, one of its priorities is establishing a closer relationship with them by means of continuous and open communication. The objective is to anticipate their needs with customised solutions.

A SINGLE CONTACT

In 2005, the new position of account manager was created, a single contact with extensive customer knowledge, which allows adapting Prosegur's resources to fit the specific interests of each customer and design a personalised plan for the customer's business.



NEW ORGANISATION

Prosegur has restructured the Operations and Sales Areas. Instead of reporting to the offices in their geographic area, they are now organised into five areas according to type of activity: Industry, Distribution and Logistics; Transport and Energy; Finances, Real Estate and Services; Retail and Public Administrations; and Personal Protection and Special Services, which includes Residential Services.

In this way, all company professionals are specialised in specific sectors. Prosegur professionals are in constant communication with customers, which allows them to detect in advance any potential issues and come up with the most appropriate solutions for each case.

CUSTOMISED SERVICES

The specialisation of human resources and continuous innovation make it possible for Prosegur to offer new, customised products. The company also encourages meetings and workshops with businesses in every sector, as well as associations and trade groups, to discuss and discover new proposals and improvements. These collaborative efforts in 2005 have generated several global solutions in the area of customised security services for different sectors.

A new inspection form designed for shopping centres was created to gain more insight into customers' impressions. The company also introduced preliminary screening of security guards to determine their experience and professional skills, thus ensuring that the best person is assigned to each post.



The process includes ad hoc training programmes. The Integral Collection Management service was also launched to meet the cash needs of businesses located in these shopping centres. Additionally, works of art have benefited from the application of a new technology based on radio frequency identification systems (RFIP), which until now were used for other purposes (such as detection of stolen goods).

In the banking sector, the Integral Cash Machine Management service was launched. This service maximises the availability of cash machine networks and optimises cash stock, providing constant updates on their status via the corporate website. The objective is to have a single provider handle all services and integral management of the customer's cash machine network.

GLOBAL SECURITY FOR MULTINATIONALS

In response to the needs of multinational companies, more and more of which are demanding specialised partners that can handle every aspect of security, Prosegur has created the Global Accounts Programme. This area offers coordinated security management and allows multinationals to rely on the same company in every country in which they operate. The result is a service with more standard and efficient quality.

For this purpose, Prosegur professionals perform an in-depth analysis of the company, taking into account its geographic locations, the applicable legislation in each country, its financial situation and

the security technical requirements. This study allows developing a unique model for each customer, with a personal account manager in every market who is responsible for coordinating all services. To coordinate the work of all the account managers in one country and maintain unified criteria, Prosegur has created the position of Global Account Coordinator. In this way, the programme provides the customer with comprehensive, unified and specialised management that can provide improved security services and cost savings. Prosegur provides each customer with personalised reports and guarantees the most demanding levels of availability and service provision, as well as the possibility of adding new products as necessary.

A BETTER RELATIONSHIP WITH THE CUSTOMER

Prosegur's advanced customer relationship management (CRM) makes it possible to have access to all service-related information. In 2005, the company also introduced an integrated computerised sales management system, which allows the company to work at full potential thanks to an efficient customer management and information tool. From better time management that adjusts timetables to meet customer expectations, to an improved analysis of the customer's security needs, CRM is now a solidly established reality.

TRANSPARENT GUARD SERVICE

Thanks to the GAPVI application, customers can automatically manage security guard details. This application also provides customers with complete information on security guards, how many hours they are on duty, their professional backgrounds, etc.

AWARD FOR FLEXIBILITY AND ADAPTATION

Ford awarded Prosegur Argentina with the prize for Best Supplier of the Year in 2005. The distinction honours Prosegur's efforts to

The Global Accounts Programme offers multinationals coordinated management of their security and a single advisor in every country.

provide the automobile company with a quality service adapted to meet their unique needs. At the awards ceremony in December, Enrique Alemany, president of Ford Argentina, emphasised Prosegur's flexibility and ability to adapt.

IN CONSTANT EVOLUTION

Fuelled by its desire to offer customers the best possible service, Prosegur has initiated a series of projects for developing tools that it plans to implement in the future. These projects represent another step forward in its customer focus philosophy:

■ **The Sales and Marketing project**, a part of the CRM system, aims to harmonize the sales processes and act as a marketing and sales tool for the sales department.

■ In order to channel incidents and claims generated on a daily basis in every Prosegur work centre and along the various transport routes, the **Incident and Claims Management project** is currently being developed.

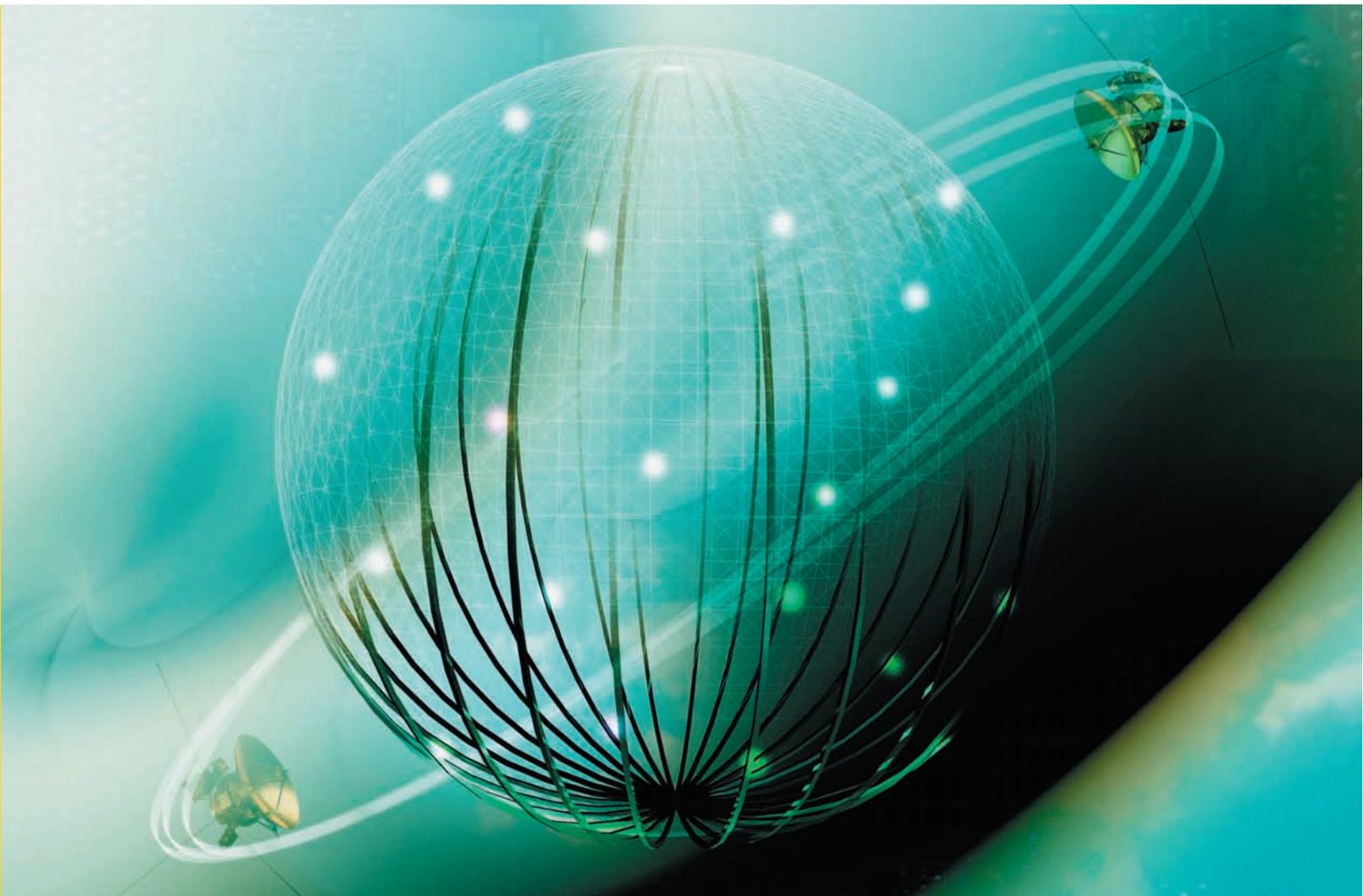
■ One of the company's most ambitious projects is **Prosegur World**: a large Internet portal where customers will be able to consult all information regarding the services they have requested and interact directly with the company.

04 Excellence

At Prosegur, excellence means continually striving for quality in every process, from customer relations and service design to personnel recruitment and training.

Determined to guarantee excellence in every service it provides, the Prosegur Group strives to achieve maximum quality in all internal and external processes. It also strives to seek out new tools and management models for every area in which it operates.

In this continual quest for quality, Prosegur was the first Spanish private security firm to list its shares in the stock market, the first to apply the EFQM Business Excellence Model, the first to obtain ISO 14001:2004 certification (in environmental management), the first to offer its customers the integral cash machine service (which covers the technical and operating needs of financial institutions, and for which the first centre for cash machine management and control was created in 2001), and the first to enforce a strict hiring process that enabled the company to profile candidates according to sector specialisation and business area.



In 2002, Prosegur began the process for achieving Business Excellence according to the EFQM model (European Foundation for Quality Management), which measures the capacity of organisations to attain and maintain outstanding results for their stakeholders.

The Prosegur Group's focus on excellence is based on eight core concepts:

- Customer focus.
- Leadership and constancy of purpose.
- Management by processes and facts.
- People development.
- Continuous innovation and improvement.
- Focus on performance.

- Partnership development.
- Corporate social responsibility.

To evaluate how far it has come on the road to excellence in the year 2005, Prosegur carried out a self-evaluation that has allowed the company to compare the increase in process efficiency, the rise in customer and employee satisfaction, and the Group's commitment to the societies in which it operates.

WITH AN OFFICIAL SEAL OF APPROVAL

Prosegur has obtained the UNE-EN ISO 9000 quality certification for its business operations. To standardise procedures, the Comptrolling department monitors each branch and office in accordance with appli-

cable legislation and the Group's internal regulations and quality standards. In addition, the Group has created a Quality Manual, which establishes the guidelines to follow when providing services.

To guarantee the quality of services provided, the Group has obtained ISO 9001:2000 certifications in the following countries:

Argentina: In November 2005, the company once again passed the audit that certified the quality of its guarding and alarm services.

Chile: In 2005, the Courier service obtained the suppliers and service quality endorsement certification, obtaining a 96 percent rating, through the company SGS.

Spain: In 2005, the company Bureau Veritas was chosen, by virtue of its excellent reputation and international presence, to certify the quality of the security guard services offered by Prosegur Compañía de Seguridad S.A. and Servimax Servicios Generales S.A. Monthly quality campaigns were also carried out with regard to the mobile unit, the guards' outward appearance, the analysis of service incidents and the service organisation files. AENOR has certified that the transport and cash handling activities meet the 9001:2000 standards. The Nordés-Prosegur Tecnología services have obtained the ISO 9001:2000 certification, the K9E Register of Contractors and Unespa-Cepreven qualification granted by the Insurers Union. In addition, Nordés is qualified to accept projects that must meet the strict NFPA or FM standards.

France: In 2005, the certifications of Prosegur Sécurité Humaine and Prosegur Systèmes were renewed.

Italy: The company's Integrated Services are quality certified.

Peru: The Quality Management System for guarding services, introduced in accordance with the ISO 9001:200 standard, was verified by the certification company CERPER. In addition, it possesses the Certificate of Specialised Airport Service Operator, granted by the Ministry of Transport and Communications.

Portugal: Prosegur was the first security company to obtain a certification of quality in this country – first the ISO 9002:1994, and later the ISO 9001:2000. In 2005, the Quality Management System renewed its certification.

Uruguay: The company's security and alarm services are certified.

With the Adapted Quality project, customers participate in the process of designing the services they contract

CUSTOMISED CUSTOMER COMMITMENT

For Prosegur, excellence is also about providing customised services for each customer and committing to see them through. For this reason, the company has designed its Customer-Adapted Quality project, a quality improvement tool that was initially applied in Chile and spread to the rest of the countries in which the Group operates in 2005, with the exception of France and Italy (where it is currently being introduced). This model allows the company and the customer to determine the desired quality objectives and the continuous evaluation process, in five stages:

- Undertaking of security assessment for each customer to determine the pillars of successful service.
- Identification of goals to be achieved.
- Definition of reliable and quantifiable indicators to evaluate results.
- Establishment of specific dates and persons responsible for each indicator.
- Continuous follow-up.

This method allows Prosegur to determine the degree of customer satisfaction by using objective criteria and react to any issues. The customers, in their turn, enjoy the advantage of participating in designing the quality of services they contract.

RECRUITMENT AND TRAINING

The Prosegur Group is aware that its professionals are one of the cornerstones of quality. Therefore, it employs a rigorous recruitment process and offers specialised training focused on the customer's needs. In order to promote the recruitment of qualified individuals, in 2005 the company initiated the Recruitment and Training programme, which seeks to apply the latest technology and management techniques to the process of recruiting professionals.

The Internet is an important recruitment tool, as are the agreements with professional security training centres accredited by the Spanish Ministry of the Interior, the agreement signed with the Ministry of Defence allowing company speakers to talk to graduating security guards, and advertisements in newspapers, on the radio, etc. A team of psychologists then analyses the human and professional profile of each candidate according to his or her competencies.

Before starting work, security guards go through a comprehensive training programme that goes beyond the legal requirements applicable in the countries where Prosegur operates. There, they acquire the socio-professional, technical, legal and customer care knowledge that they will need for their jobs.

Prosegur also has a Multimedia Training System, which serves to evaluate the future professional performance of guards and facilitates learning. This system presents the candidate with conditions that simulate real work conditions; while the Recruitment and Training department evaluates his or her development and determines the time that each student spends on each exercise, progress and overall results. Once the security guard is on the job, he or she is assigned a mentor who will help throughout the initial adaptation process

CONSTANT FOLLOW-UP

In order to channel all information on its security systems—from public institutions, private businesses up to Prosegur offices—online and in real time, and thus immediately solve any issues that may arise, the company has introduced the Prior Programme in Spain. Designed using the latest technology, the programme is based on a computer application installed in the PDAs of every security operation manager to inform of any incident, such as a change in the schedule. This system allows Prosegur to optimise its management of human resources. Trials have already begun in eight work centres in Madrid, and the programme is expected to expand in 2006 with the distribution of 1,200 PDAs throughout Spain.

PROCESS IMPROVEMENT

As an expression of its commitment to innovation and excellence, in 2005 Prosegur launched the Eureka project, which seeks the constant improvement of operating processes and the development of new business models that are better suited to the needs of customers. A team of professionals with years of experience in processes and security, in coordination with the sales and operations departments, works to detect opportunities for improvement and searches for alternative solutions and their implementation, as well as their full integration in the company's regular business activities.

Four initiatives were developed in 2005 which will become commercial and operating realities in 2006. Two of them are proposals for improving operating processes for cash management at Prosegur's operations bases. The other two are solutions for cash management at bank branches and for improving the company's offer of cash management services in retail outlets.

05 Teamwork

Prosegur has established competency centres to drive a unified workforce characterised by professional respect, participation and the desire to cooperate.

In 2005, Prosegur opened its competency centres in order to create a horizontal structure of shared knowledge, identify opportunities for improvement and best practices in order to extend them to every country where Prosegur operates, encourage innovation, leverage synergies and drive efficiency. There are eight competency centres, each focused on a key business issue. The country manager and supervisor in each nation lead these centres to ensure maximum coordination.

QUALITY MADE-TO-MEASURE

The Quality Control Competency Centre was set up by Prosegur as part of its constant quest for operating excellence. Its purpose is to evolve the company's concept of quality. The centre



creates a model of quality measurement based on the opinions of the customers themselves, through open communications. In this way, the parameters are determined by the needs of the customer, and the customer decides what kind of quality should be demanded of Prosegur's services.

AN INTERNET WINDOW

Prosegur has taken another step forward in the area of online services. In addition to the private access micro-site already available on Prosegur's corporate website, where companies can monitor the status of their services, the company has also created Prosegur World. The goal of this competency centre is to provide an Internet tool that will allow customers to consult information, operate, obtain invoicing history, modify the cha-



The competency centres consolidate knowledge to make the most of new technology

racteristics of an engaged service, etc. This ambitious project is currently in the development stage.

TRAFFIC, UNDER CONTROL

Optimising routes, loading and unloading processes, security and all other operations of Prosegur's armoured vehicles is the objective of the Traffic Competency Centre. Throughout 2005, this centre designed and began to implement a technology platform that will increase quality and efficiency, reduce service costs and strengthen commitment to punctuality.

FLEET IMPROVEMENT

The Fleet Management Competency Centre, which is responsible for signing contracts with vehicle providers, has defined a unique armoured vehicle design for every Prosegur office. It has also selected a manufacturing site that offers the company better conditions.

OPTIMISING CASH MANAGEMENT

The Vault Competency Centre was created to unify the processes and infrastructures involved in the cash management service. Its achievements include the introduction of a system called 'E-treasury' in Argentina, which allows the treasury to be connected online to centralised information, thus standardising the money counting processes in vaults throughout the country. This design improves quality and resources and makes each process more secure.

SPECIALISED TRAINING

The Recruitment, Training and Motivation Competency Centre works to unify Prosegur's human resources management worldwide. Key elements of this process include guaranteeing specialised training in every country and creating equal-opportunity career plans for every employee.

AWARDS FOR TEAMWORK

During the company's first international conference held in 2005, Prosegur Peru received the 2005 Teamwork Prize in recognition of its unified workforce characterised by their compatibility and professional respect, participation and desire to cooperate, as well as commitment to a shared project. Its main achievements in 2005 were:

- Launch of a novel 'Prosegur Locale' in the region of Balnearios de Asia (Peru), providing excellent business opportunities.
- Development of a system for evaluating leadership teams.
- Achieving the highest margins (gross and EBITA) of all the Prosegur Group.

// Cash machines

in prime condition

- The Cash Machine Management Centre was created to offer customers a complete cash machine management service in the best conditions. Its objective is to analyse, improve and standardise the processes involved in this service.

// Maximum security

- The Security Competency Centre is in charge of designing, analysing and controlling all of Prosegur's security mechanisms – everything from points of access to the facilities where some of the services provided to customers are carried out.

06 Transparency

New technologies allow a free and constant flow of information between customers and the company. Prosegur thus provides services characterised by transparency and rapid response.

Knowing that transparency is the key to building trust both internally and externally, the company has introduced the latest technology tools for sharing and transmitting information and knowledge in a clear and open manner.

AUTOMATIC PRESENCE CONTROL

To make sure that security guards are at their assigned work centres on time and to confirm that the service is being provided exactly according to the contract conditions, Prosegur devised its Automatic Presence Control System. This tool works from an automated call reception switchboard connected to a central computer. Each security guards periodically reports on his whereabouts with a personal code that immediately verifies his identity. If an incident



occurs, the switchboard sends a signal to the Prosegur Control Centre, where any irregularity is immediately resolved. In addition to offering customers a guarantee that the contract services are provided correctly, this tool also allows Prosegur to evaluate the performance of its workforce and offer better personal protection for the security guards on duty in risky locations.

COMPUTERISED ACTION

The NOVI computer system facilitates internal invoicing processes and eliminates bureaucratic errors. This programme records the hours worked by each guard and reported to customers. It makes operating service planning easier, and allows Prosegur to respond more effectively to urgent or unforeseen requests.

// **Traceability** of incidents and claims

- In 2005, Prosegur introduced the Customer Incidents and Claims Management Project. The purpose of this project is to organise such incidents in order to follow up on them and design solutions to avoid similar problems in the future. This system is the result of combining NOVI technology with the innovative Customer Relationship Management application.

// Optimising supplier selection

■ The Procurement Department attempts to guarantee the best choices of suppliers for the company by applying the principle of maximum transparency to its decision-making criteria. To this end, and in addition to normal established procedures, its decisions are submitted to an Investment Committee for approval.

Innovative computer systems allow Prosegur to connect directly to the cash machine network in order to estimate cash needs.

COMPLETE CASH MACHINE MANAGEMENT

Prosegur's innovative computer solutions and its extensive experience in managing and transporting money are the bases of the Complete Cash Machine Management System, which in 2005 went one step further with the Complete Cash Management service.

Prosegur is the first company in Europe and Latin America to combine transport and money handling in a single service. Prosegur's technology systems guarantee the monitoring and tracking of money shipments, cash machine restocking, control of the balance, drawing up accounts for each operation and maintenance of the cash machine itself (replacing lights, signs and adhesives, etc.).

Its advanced technology allows Prosegur to connect directly to the bank's cash machine network and decide on the necessary actions at any given moment. Using innovative computer systems, it estimates the optimum amount of cash and the best times for restocking depleted funds, according to the criteria established by the bank and the records of withdrawals at each cash machine.

The cash management process also includes the creation of monthly or daily reports on technical and maintenance incidents for each cash machine and the time it took to resolve them.

Additionally, a new tool was introduced in 2005 that allows customers to consult the status of their cash machine networks on the Prosegur website.

Customers can also decide on the amount of cash to be delivered to each cash machine via the web page, or they can leave it up to Prosegur.

DIGITAL RECORDING OF MONEY HANDLING

To guarantee maximum security levels in money handling operations, Prosegur uses the latest technology in high-resolution digital video, which offers images of the entire process performed in the vault: opening money sacks, counting and incident detection.

The goal is to provide an accurate record of all documents and money being handled.

In 2005, the Group hired the company NICE Systems to integrate its high-resolution digital video systems with the more than 1,000 CCTV cameras already installed in every Prosegur national centre. This step effectively incorporated the latest security technology in the company's cash management service, which includes the process of counting money in its vaults.

This new system provides a precise record of all documents and money being processed.

The project is being carried out in collaboration with a NICE Systems partner, Alava Ingenieros, which has the benefit of local experience. This company is currently helping the Prosegur Department of Surveillance Technology to install these systems in every company centre in Spain.

The recordings are available to customers. Upon filing a request at the Prosegur website, the images will be forwarded to them directly by e-mail.

The primary objective of complete cash machine management is to centralise all services under a single provider

// Internal support project

- To encourage internal transparency, Prosegur introduced the Support Units Project in 2005. The objective is to provide all Prosegur employees, in any country, with access to the central support units – Administration, Human Resources, etc. – and the ability to keep up with changes in the organisation. An area in the Group Intranet, where every department with its respective team members is listed, has been created for this very purpose.

07 Brand

Prosegur has renovated its corporate identity to reflect the company's new business culture. Implementation began in 2005 in Spain and will be completed in 2006 in the other 11 countries where the Group operates.

Today, Prosegur is a company characterised by its spirit of constant innovation, its commitment to customers and the specialised ongoing training it offers its employees – and always guided by the principle of maximum quality. In 2005, the company decided to renovate its corporate image to reflect this new business culture.

A NEW IMAGE

The new identity is an evolution of the anagram that has represented Prosegur for 30 years. The key elements that have helped to consolidate the company's image have not been altered – the characteristic yellow background and the name in black lettering. However, the symbol has been updated – the globe remains, but its design is now more agile and easier to read. The



globe is tilted to symbolise dynamism and progress, the reflection of a company constantly on the move. It also includes the S for security, intended to emphasise Prosegur's mission—to provide comprehensive security solutions with services specifically designed for each customer—and the S is wrapped around the world of security to underscore the value of teamwork of Prosegur's nearly 70,000 professionals.

PROGRESSIVE IMPLEMENTATION

The new identity was first introduced in Spain. Significant coordination and planning efforts were invested in the establishment of the new image, and over the course of 2005 the new image has progressively taken root in Prosegur's over 1,000 light

vehicles, its nearly 500 armoured vehicles and the hundreds of offices across the country. Nor can we neglect to mention the 24,000+ Prosegur security guards working in Spain, whose uniforms were also modified to improve design and quality and bear the new logo. Before redesigning the uniforms, over 1,700 employees (auxiliary service staff, receptionists and security guards) were surveyed in order to create a uniform that meets the needs of employees.

The new image is also present in the company's communication materials in Spain. The websites www.prosegur.es and www.prosegur.com have been redesigned according to the new identity guidelines, with a careful balance between brand image and user friendliness to make it more practical and dynamic and add more contents and information. The graphic layouts of the company

The decision to change the image was validated when Interbrand ranked Prosegur as the seventh most valuable brand of the Iberian Peninsula.

// One of the top 10 valuable brands

The validity of Prosegur's decision to switch to the new corporate image was confirmed in 2005, when the company was included in the exclusive Interbrand ranking as one of the most valuable Spanish brands in the entire Iberian Peninsula. Prosegur occupied a place of honour in seventh position, ahead of other well-known names such as MAPFRE and Pascual. To determine the ranking, Interbrand analyses each company's 2004 results and its 2005-2009 financial projections, as well as other factors such as brand property protection and geographic distribution.

magazine Gente Prosegur and the publication for large corporate customers, Magazine Prosegur, have also been updated.

The progressive establishment of the new image in the 12 countries where Prosegur operates will continue throughout the year 2006.

WIDESPREAD DISSEMINATION

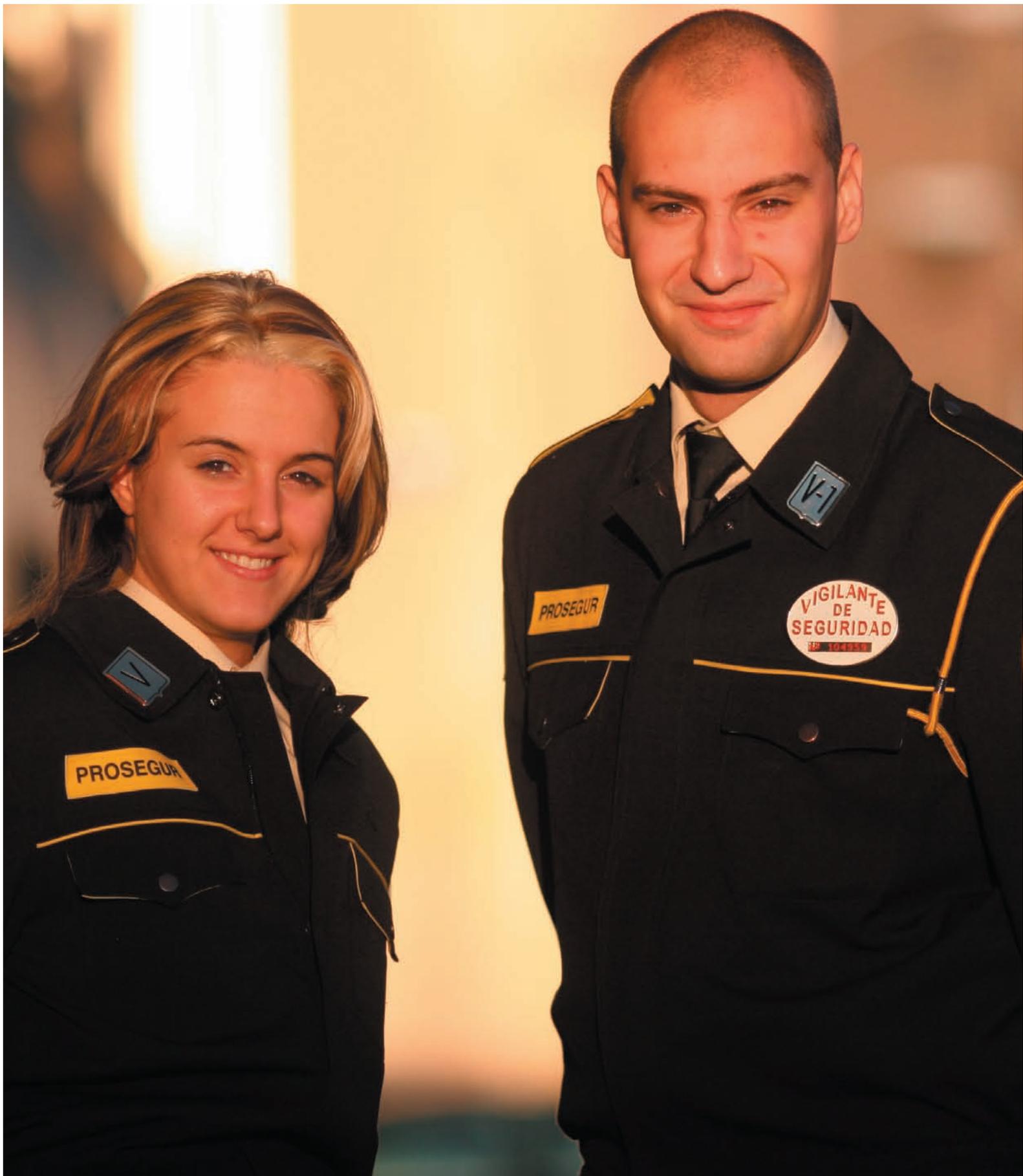
With the goal of making its brand known at every level of society and reinforcing the concepts of teamwork and leadership associated with its name, in 2005 Prosegur actively promoted various sporting events, such as:

X International Show-Jumping Competition. The Prosegur Group was present at this horsemanship contest, held in July 2005 at the Casa Novas Equestrian Centre in Larín (A Coruña). The company sponsored one of the twelve phases in which competitors were awarded points.

Copa del Rey tennis final in Valladolid. The final tennis match of the Copa del Rey, played on 18 December in the Pisuegra sports complex of Valladolid, was also sponsored by Prosegur.

International tennis tournaments. In 2005, Prosegur sponsored other tennis championships around the world: the ATP Bellsouth Open By Rosen, in Viña del Mar (Chile), in January; the ATP of Buenos Aires (Argentina), in February; the Brazil Open, in Costa Sauipe (Brazil), also in February; and the Open Estoril (Portugal), in May.

Masters Series of Madrid In addition to providing security services, the company also sponsored this event, held in October 2005 in the Madrid Arena. Over 120,500 spectators attended this event.



08 Creating Value: Investor Report

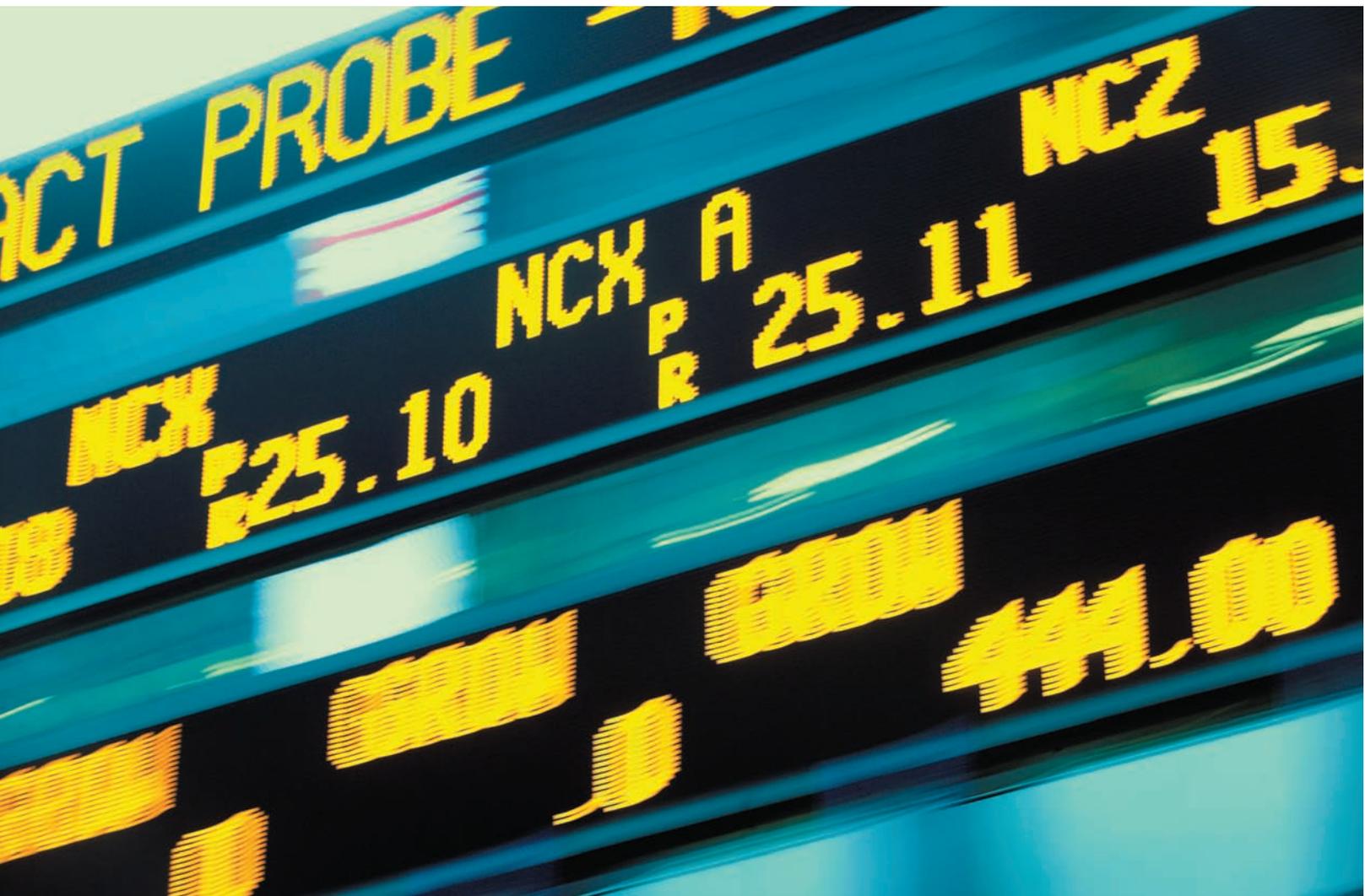
Maximising the size of the company by continually seeking to create value is one of the objectives that inspires the activity of the Prosegur Group.

The shareholder 'dashboard' provides key data for investors in our company:

SHAREHOLDER DASHBOARD

■ Ratios

Price/ Book value	3.7
Price/ Net earnings	18.3
EV/ Sales	1.02
EV/ EBITDA	9.32



■ Covenants

Net debt/ Equity	0.71
Net debt/ EBITDA	1.49
EBITDA/ Financial expenses	9.13

■ Data per share (euros)

Book value	5.22
Net earnings	1.06

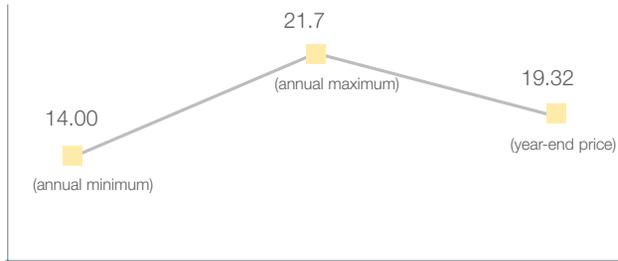
■ Dividends

Dividends per share 2005	0.33
Yield	2.3%
Pay-out 2005	31.1%

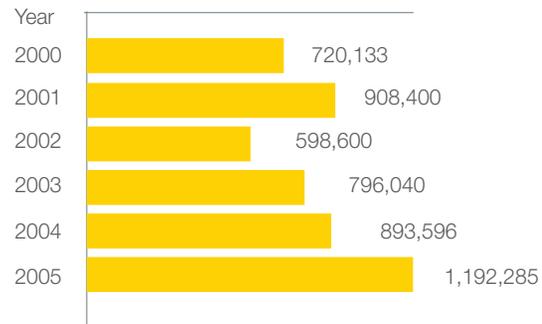
■ Shares

Capitalisation (millions of euros)	1,192.3
Shares (millions)	61.7
Free float	39%

// Share price in 2005



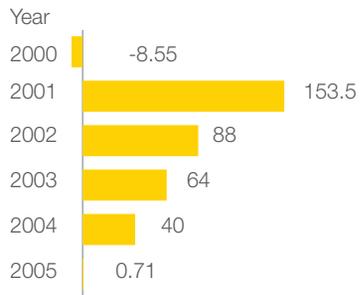
// Evolution of market capitalisation (in thousands of euros)



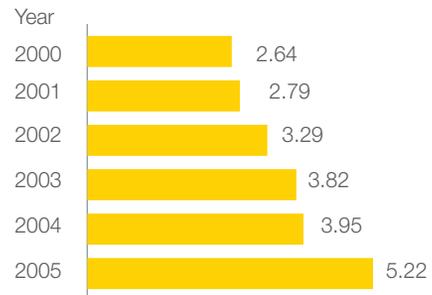
■ Analysts who follow the company's evolution

Ahorro Corporación	Germán García	ggarcia@ahorrocorporacion.com
Banesto Bolsa	Juan A. Tuesta	jatuesta@notes.banesto.es
BBVA	Javier Martínez de Olcoz	jamartinez@grupobbva.com
BPI	Joaquín García Romanillos	joaquin.garcia.romanillos@bpi.pt
Caja Madrid	María Cebollero	mcebollf@cajamadrid.es
Chevreaux	Isabel Carvallo	icarvallo@chevreux.com
Citigroup	Dario Vila	dario.vila@citigroup.com
Deutsche Bank	Aleksandar Stojanovski	aleksandar.stojanovski@db.com
Dexia	Javier Hombria	jhombria@ibequities.com
Dresdner Kleinwort Wassertein	Andrew Brooke	andrew.brooke@drkw.com
EspírituSantoResearch	Jaime Escribano	jescribano@esinvestment.es
Fidentis	Juan Canovas	jcc@fidentis.com
Fortis Bank	Jaime Semelas	jaime.semelas@betacapital.es
Grupo Santander	Julián de Unamuno	junamuno@gruposantander.com
Ibersecurities	Mario Lodos	mario.lodos@ibersecurities.es
Kepler	José Ruiz	jose.ruiz@kepler-equities.com
UBS	Ignacio Carvajal	ignacio.carvajal@ubs.com

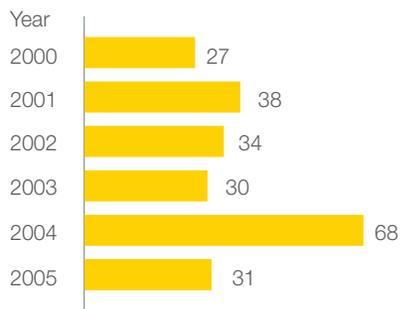
// Debt/ Equity



// Book value per share (in euros)



// Pay-out (%)



// Daily share prices in 2005



■ Capital increases carried out by the company

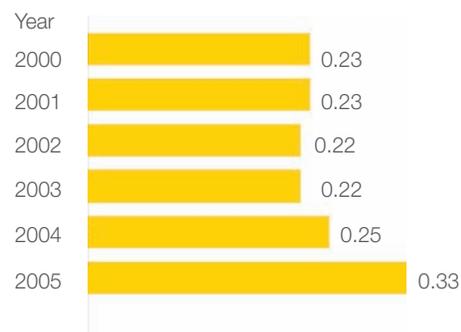
Final shares	Final capital	Capital issued	Proportion	Subscription price	Date	Amount	Shares issued
1,300,000	3,91	0,97	1x4	3, 47	Feb 87	1,127.8	325,000
1,625,000	4,88	1,63	1x3	0,00	Nov 87	0,0	541,000
2,166,667	6,51	3,26	1x2	24,04	Jul 88	26,043.3	1,083,333
3,250,000	9,77	5,85	3x5	6,01	Nov 88	11,719.5	1,950,000
5,200,000	15,62	15,63	1x1	0,00	Dec 88	0,0	5,200,000
10,400,000	31,25	4,81	2x13	7,51	May 93	12,016.0	1,600,000
12,000,000*	36,06	split	5x1	0,00	Oct 96	0,0	48,000,000
60,000,000	36,00	1.03		0,60	Jan 02	1,027.4	1,712,454
61,712,464	37,03						

(*) On 10 October 1996, par value of shares was split going from 3.01 euros (500 pesetas) to 0.60 euros (100 pesetas), while total share capital remained unchanged at 36.06 million euros (6 billion pesetas). As a consequence of this operation, the number of outstanding shares increased from 12 to 60 million, with all the same rights and properly represented by book entries. Because this operation only involved a share split, shareholders were not required to make any payments.

SHAREHOLDER RETURNS

The Prosegur Group's objective is to obtain the maximum share value for its shareholders each year. The Group has achieved this goal by creating added value for the company, which is reflected in the share price, and by distributing dividends.

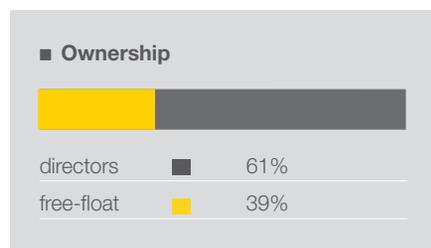
// Dividends (in euros)



OWNERSHIP STRUCTURE

One of the Prosegur Group's salient features is its stability, which is clearly reflected in the structure of share ownership. The solid shareholder representation on the Board of Directors allows the governing bodies, particularly the Steering Committee, to propose and debate strategies and make decisions with the full backing of a majority of shareholders.

The Prosegur Group has long been perceived as an attractive option by overseas investors, who consider its growth potential to be exceptional in a market as steady as Spain's. As a result, the Group's shareholders include a number of foreign investors who own a significant portion of our free float.



	Number of shareholders	%	Number of shares	%
Over 100,000	46	1%	55,492,442	90%
Over 10,000	122	4%	3,963,536	6%
1 to 10,000	3,273	95%	2,256,486	4%
Total	3,441	100%	61,712,464	100%

INVESTORS RELATIONS

The Prosegur Group keeps in close and permanent contact with its shareholders through various channels:

- a) Over 5,000 copies of our annual report have been distributed in various languages.
- b) The Group submits quarterly reports to the Spanish Stock

Exchange and the Spanish Securities Market Commission.

- c) The Group took a road-show to London in October 2005.
- d) Over 200 personal meetings have been held with institutional investors and market analysts.
- e) Via the Prosegur website: <http://www.prosegur.com>

Commitment

Being and acting responsibly with our surroundings. Prosegur is firmly committed to the environment, society, the employees of the Group, and, of course, its customers.



Prosegur



01 Commitment to the environment

Prosegur is the first Spanish company in the sector to obtain the ISO 14001:2004 environment certification, in recognition of its efforts to minimise the impact of its activities on the environment.

Prosegur expresses its commitment to the environment by promoting an improved and more efficient use of resources and the minimisation of environmental impact during the course of its business activities. This commitment goes far beyond mere compliance with applicable legislation that affects the Group's activities, and it is based on the development of continuous improvements.

As a result of these efforts, the security guard division has obtained the ISO 14001:2004 environmental certification in Spain. The company is the first Spanish private security company to receive this certification, issued by BVQI-España (the Spanish affiliate of Bureau Veritas).

The Company is working to obtain similar certification in other countries.



RESPECTING THE ENVIRONMENT A MATTER OF PRINCIPLE

Aware of the importance of respect for the environment as a key to business success, the company has also introduced an Integrated Quality and Environmental Management System, which is audited periodically and is based on the following principles:

- **Designing and implementing security services that** comply with applicable legislation and are suited to meet the customers' needs.
- **Periodically defining and revising objectives and goals** with regard to quality and the environment.
- **Using the best practices possible** when carrying out its activities to prevent pollution.

- **Constantly revising and improving** the Integrated Management System.

- **Optimising the use of natural resources,** energy and raw materials that are necessary for its operations.

- **Disseminating these commitments** and policies at every level of the company and to customers, suppliers and the general public.

The company's environmental responsibility extends to its suppliers as well: when selecting outside sources, the Group's Procurement Department considers their quality and environment certifications. All the new vans acquired in 2005 meet the EURO3 standard, which regulates vehicle emissions, and all electronic devices purchased are made of recyclable plastic.

All new vans purchased in 2005 meet the EURO3 European standard, which regulates the level of vehicle emissions

A JOINT COMMITMENT

Prosegur has created an Environment Management Manual to spread information about its commitment to the environment and gain employee engagement. The document, which can be downloaded on the Internet, describes a series of procedures for guaranteeing the maintenance of the Integrated Quality and Environment System, as well as a series of operating procedures regarding services provided to customers.

The company also periodically distributes information on environment best practices to its employees, as well as tips and recommendations on working together on environment management.

These means are used to increase awareness among the workforce of the need to make better use of resources (paper, electricity and water). Some specific measures to promote better management include signing agreements with companies that recycle toner and dangerous waste (like fluorescent lamps), reaching agreements with cleaning crews to use the municipal paper and plastic waste bins, using printers with energy saving features, using recycled paper, etc.

MEASURABLE RESULTS

In 2005, various initiatives introduced the previous year in Spain were consolidated, such as:

- Replacement of white paper with recycled paper.
- Replacement of original computer consumables with recycled ones.
- Installation of containers for recycling toner cartridges.
- Setting photocopiers on energy-saving mode when not in use.
- Agreements with cleaning crews to deposit paper and plastic recyclable waste in the special bins provided by the Town Council.

These measures have significantly and quantifiably improved the efficient use of natural resources.

■ In 2005, Prosegur set itself the goal of reducing paper consumption by 5 percent, which turned out to be a very conservative objective. Calculated consumption per employee shows that the company went from 1.85 kilos per person in 2004 to 1.33 kilos in 2005, which represents a reduction of over 20 percent.

■ With regard to electrical energy conservation, the company has saved 6 percent more than in 2004 and has consumed 8 percent less water.

In Peru, a selective waste collection system was introduced (for paper and cardboard, plastic, oil, tyres, etc.) and white paper has been replaced with recycled paper for the coin rolls. With regard to energy conservation, metal halide reflector lamps are now used instead of the traditional iodide lamps, and the period of time during which air conditioners are used had been reduced.

The company is also working on a project to create its own power substation, which would increase energy conservation.

Prosegur has created an Environment Management Manual to promote involvement of all employees, which can be downloaded on the Internet

In Chile, light vehicles all have the green seal, which guarantees the use of pollution-reducing technology. The new vans meet the EURO2 emission reduction standard.

PROSEGUR, PRO-NATURE

As part of its commitment to sustainable development, Prosegur works with different institutions to disseminate information on best environment practices.

In Spain, the company has joined forces with the Canal de Isabel II in Madrid for the campaign El reto del Agua (The Water Challenge) to increase awareness on the need to save water. Prosegur has offered the use of its internal and external online communications to spread the message and tips included on the website www.elretodelagua.com to as many people as possible.

In Portugal, to mitigate the devastating effects of the multiple forest fires that swept across the nation in 2005, Prosegur donated 1,500 trees to the Town Council of Pombal, one of the hardest-hit areas. In addition, the company also donated 5,000 euros to the Bombeiros Voluntários (voluntary firemen) of this town, to be invested in the economic and environment recovery of the area.



02 Commitment to society

The company's desire to contribute to social and cultural development finds an outlet in the activities promoted by the Prosegur Foundation, the only organisation of its kind within the security sector.

The Prosegur Group strives to join and actively participate in the societies in which it operates and contribute to their social and cultural development. With this aim, the company was the first security firm to create an institution such as the Prosegur Foundation, born in 1983. The Foundation's mission is to promote social integration, help the disadvantaged and support scientific research and young musical and artistic talent. Its initiatives complement the activities carried out by the Group.

To reinforce its social commitment, in 2005 Prosegur joined the United Nations Global Compact. This is an ethics commitment initiative with the mission of convincing businesses in every nation to adopt ten principles of conduct and action in the areas of Human Rights, Labour, the Environment and Anti-Corruption, as an integral part of their corporate strategy and operations.



TOWARD SOCIAL INTEGRATION

The Prosegur Foundation collaborates with the Fundación Deporte y Desafío (Sport & Challenge Foundation) to organise open-air activities and programmes for young people with disabilities. During the summer of 2005, children and adults with mental, physical and sensory disabilities were able to participate in these programmes.

Working with the Apracor Foundation, the Prosegur Foundation has also founded a Special Employment Centre to promote labour integration of persons with some disability.

In Chile, the Foundation has become involved in the project 'A Roof for Chile', which builds houses for needy people in the poorest regions of the country. This project also offers students who are children of

The mission of the Foundation is to promote social integration, help the disadvantaged, and support scientific research and young artistic and musical talent

Prosegur employees anywhere in the world the possibility of lending a hand in the construction of these houses.

SUPPORT FOR RESEARCH

Since 2001, the Prosegur Foundation has supported scientific research by sponsoring the studies on the origin of man conducted at the Pleistocene-period archaeological sites in the hills of Atapuerca in Burgos. The wealth of these prehistoric sites and their relevance to the discovery of the origin of man led the UNESCO to declare the area a World Heritage Site.

SUPPORT FOR CULTURE

Over the years, the Foundation has continued to collaborate with the Prince of Asturias Foundation, which provides awards to scientific, technical, cultural, social and human achievements of individuals and institutions around the world. Additionally, the Prosegur Foundation offers grants for professionals from Latin America through the Carolina Foundation. This agreement is also a means of strengthening Prosegur's close ties to Latin America.

PROMOTING MUSIC AND ART

The Prosegur Foundation supports young musical talents, thanks to a standing agreement with the Isaac Albéniz Foundation within the Reina Sofía Advanced School of Music. 10 percent of musicians now playing in the great orchestras of Europe were educated at this school. The Albéniz Foundation also participates in the organisation of the Paloma O'Shea International Prizes (the most prestigious music awards in Spain). In addition, this year the Prosegur Foundation once again sponsored the activities of the Palau de la Música Catalana in Barcelona.

As part of its commitment to spread artistic knowledge, the Foundation supports the Board of Trustees of the Reina Sofía Museum and the Salvador Dalí Museum Foundation. It is also a member of the Friends of the Prado Museum Foundation, which promotes and encourages all cultural activities related to the Prado Museum's mission.

THE PROSEGUR GROUP AND SOCIAL INITIATIVES

In addition to the Foundation's activities, the Group as a corporation contributes to different social initiatives in the countries where it operates. These contributions are made possible by the support and participation of the Company's employees.

In Chile, Prosegur sponsors social and recreational activities organised by the Senior Citizen Programme of the town of Renca, which serves the poorest population segments. It also makes donations to the Hermanitas de los Pobres Home for the Elderly and the Ronald McDonald Children's Charities.

Prosegur Uruguay has worked with national authorities to plan and carry out socio-cultural activities and to promote labour reintegration of disadvantaged individuals. It has also been active in the area of corporate social responsibility in 2005, donating work clothing and supporting dining halls run by different NGOs that work with at-risk children and youths, and making donations to public schools and anti-drug organisations.

In Argentina, there is a corporate volunteer programme manned by Prosegur employees in different areas, which undertake social activities. In 2005, a new group was created to carry out a school sponsorship programme. A donation of nappies was also made to the Padre Aguilera Children's Home and a food collection campaign was organised in Patagonia for the Mamá Margarita and Campana

de Palo homeless children's centres. Finally, toys and nappies were donated to the Hospital Maternal Infantil (Mothers & Children's Hospital) on the Atlantic coast.

In Peru, the Company provides free cash management services for the Peruvian Red Cross, the National Institute of Neoplastic Diseases (INEN) and the Pro-Child Association (Aprodin). It also works with the Ministry of the Interior to deliver clothes to the Initial Education Programme for Children without Schooling, and with the local police stations to paint their sports fields. The company also sends large quantities of paper waste to the Rag and Bone Men of Emmaus and the City of Paper, charitable organisations that help marginalised and abandoned children. The paper is recycled by these organisations and sold to obtain funds for their cause.

Prosegur Portugal, a member of the Group for Reflection and Support for Corporate Citizenship, comprised of the 40 largest corporations in the country, signed the Millennium Project in September 2005. This project's primary objectives are to eradicate famine and extreme poverty, achieve universal primary education, promote gender equality and empower women, reduce child mortality, combat AIDS, malaria and other diseases, and ensure environmental sustainability.

03 Commitment to employees

The quality of its professionals is a priority for Prosegur. The company is committed to specialised training and the development of a career plan within the company.

Human capital is one of the pillars of the Prosegur Group. The company invests significant resources in promoting training and career development of its employees, in order to offer its customers the most highly qualified team of professionals. In 2005, the channels of internal communication and programmes to promote workforce motivation and facilitate professional advancement were strengthened. The goal is to discover their true potential, meet their expectations and enhance their satisfaction.

TOWARD A GREATER WORKFORCE INVOLVEMENT

The company knows that human resources are the key to ensuring the success of the new strategies and business approach



adopted in 2005. With the goal of promoting the company's reorientation and the employees' commitment to the Prosegur Group values, in 2005 various initiatives were introduced in the context of Managing by Convincing.

This is a new company management model that attempts to determine the objectives and goals of each business unit, capitalise on the information to generate positive attitudes and master the critical success factors that facilitate work processes. It also seeks to deal with problems in a spirit of collaboration and identify existing weaknesses in order to correct them with the benefit of experience provided by the Prosegur Group.

PROMOTING PROFESIONAL DEVELOPMENT

Throughout 2005, the Group introduced various tools designed to enhance the professional career and working conditions of its employees. This goal is addressed from the moment a new worker joins the company. To facilitate adaptation, once the training course is finished, the employee is given a Welcome Manual. This manual is a guide to the Prosegur Group with eminently practical information about telephone numbers for employee issues, operating structure, organisation of tutorials, queries and advice on the uniform and company services. In 2005, 3,000 copies of a new updated version were published in Spain.

The company also supports internal promotion as an important incentive for the workforce. When seeking to fill a vacancy,

The company supports internal promotion as a workforce incentive. When seeking to fill a vacancy, company employees are given priority.

company employees are given priority. This is why internal communications channels were improved in 2005, in order to ensure the spread of information regarding promotions and to help employees apply for new positions that become available. The company has also promoted the Potential Development Programme, designed to detect human and professional progress in employees and assign them responsibilities of increasing importance. Individual plans are created to ensure the best fit of each professional to their post.

Part of this policy of professional development is the possibility of continuing one's career in another country via the International Relocation Programme. In 2005, this programme involved 18 employees from Spain, Argentina and Portugal who relocated to Spain, Argentina, Brazil, Chile and France. This programme provides specific training on language and cultural differences, as well as various tools to help employees adapt to their new assignment.

The programme offers various incentives, and relocations are given a long and careful deliberation and confirmed 6 months in advance. In order to encourage sharing of experiences and information in this area, the Prosegur Group became a founding partner of the Spanish Expatriation Forum (FEEX) in 2003, an association with the mission of informing on the best practices in this matter.

TOWARD SMOOTH INTERNAL COMUNICATIONS

Prosegur's new corporate culture is committed to transparent communications as the best way to understand the concerns and motivations of each employee. The results of this strategy are reflected in some of the actions proposed in the Internal Communications Plan, which is designed to encourage workforce unity and generate channels through which employees can

Job creation (average teamforce)

Country	2005	2004	Variance (%)
Spain	22.924	18.815	22
Portugal	5.860	5.036	16
France	3.850	4.933	-22
Italy	760	766	-1
Brazil	14.633	10.631	38
Argentina	8.696	7.704	13
Chile	5.063	4.881	4
Peru	3.530	3.016	17
Uruguay	1.548	1.417	9
Paraguay	357	354	1
Bolivia	89	179	-50
Group Total	67.310	57.732	17

voice their opinions. One part of this Plan included the Prosegur Conventions held in 2005 in three Spanish cities (Madrid, Bilbao and Barcelona) and in France, Argentina, Chile and Peru, where the new corporate culture was officially presented.

The company's new organisation, its positioning in the market and sector trends were all presented at these conventions under the theme Together, we all win. In total, over 1,000 employees attended these events. Various meetings with structure personnel, team leaders, vault and traffic managers, security guards and money handlers were also held with the intention of listening to their suggestions and, at the same time, passing on the corporate objectives.

In 2005, the Group's internal communications methods were updated and reinforced. On the one hand, the Employee Portal was improved. The intranet now displays the new corporate identity and has a clearer and simpler layout, with more dynamic and practical information. Here, employees can access company news, check job vacancies and obtain all the information needed to do their job.

The house organ Gente Prosegur that the Group publishes for its employees in Spain was also redesigned to reflect the company's new image and offer information in a simpler and more convenient format. In December, a similar publication was launched in Chile. In Portugal, the house organ Gente Prosegur is published every four months. Prosegur also has house organs in Uruguay, Peru and Brazil, which provide information on the Group's market status, training, prevention, social benefits, etc.

The Group also has other ways of communicating internal information.

In Spain, employees can reach the Employee Care Centre (ECC) by dialling a toll-free number, by fax or by post to handle different issues, such as requesting uniforms, changing payment information, asking for an advance, registering for courses or resolving any queries.



// Pioneer in the creation of training centres

■ The Group is a pioneer in the creation of internal training centres. It currently has 23 training facilities in the 12 countries where it operates. These centres are also used to evaluate student development.

Periodic company breakfasts with the chief executive officer also offer employees the chance to voice their concerns, obtain first-hand information about the progress of the company and share points of view.

Breakfast participants are chosen at random from every office and in representation of every different job position. In the year 2005, seven such breakfast meetings were held.

COMMITMENT TO ONGOING TRAINING

For Prosegur, training is an investment that provides it with the most qualified employees. For employees, it is a source of motivation and a tool for rising in the company ranks.

The objective is to provide all professionals with specialised, updated training so that they can carry out their duties with the highest quality and the best resources.

Some of these programmes were:

■ The Management and Team Motivation Training Programme for Middle Management. Designed for service managers and operations coordinators, the objective is to increase their negotiation and sales skills and improve their management capacity. Around 200 people participated.

■ Programme for account managers and sales teams. Its goal is to encourage cooperation, coordination and teamwork, and it is delivered by the Advanced School of Marketing and Sales Management (ESIC), attached to the Rey Juan Carlos University.

■ The School for Prosegur Team Leaders. Lasting 144 hours, this course teaches participants about teamwork, communica-

tion and persuasion, leadership and team management, activity planning and organisation, analysis and development of colleagues, and customer care. 49 team leaders graduated from the class held from February 2004 through October 2005.

■ **Advanced Customer Management Programme.** This programme was introduced in May 2005 to spread the company's new sales policies and adapt to the needs of customers.

■ **Specialised multimedia training by sectors,** such as Cash Management, Security in Industrial Areas or Security in Transport Centres.

■ **In addition, other courses are periodically offered:** radio equipment operators, legal area, protection and human relations, security operations and arms, information and control systems, etc.

IMPROVED QUALITY OF LIFE

The Prosegur Group is committed to introducing measures that improve the quality of life of its employees in the countries where it operates, above and beyond legal requirements.

In Spain, Prosegur provides health insurance, life/ disability insurance and full pay in case of illness. It also offers financial aid for disabilities, the education of children of employees and enrolment of employees in non-Prosegur courses.

In Peru, a Family Medical Programme has been created with discounted rates in associated clinics and pharmacies, through which the company agrees to pay 70 percent of the total cost. In the case of an employee's death, the immediate family receives a Lifetime Minimum Salary, which varies depending on the employee's years of service.

The company also offers loans for amounts up to two monthly wages and a Scholarship Programme for children of employees

For Prosegur, training is an investment that provides it with the most qualified employees. For employees, it is a source of motivation

in primary and secondary school (grant decisions are influenced by the employee's performance evaluation and his/ her socio-economic status). Additionally, it offers personal loans for school supplies and uniforms, and school packages for 5 to 16-year-old children of employees.

In Argentina grants for graduate or postgraduate studies are awarded for studies related to the employee's job. In 2005, a total of 35,000 dollars was distributed among eight different grant recipients.

In Chile, university grants are given to children of employees, loans for emergency situations, vouchers for primary and secondary school students through a clearinghouse, health care, free disease detection and prevention services, and co-payment of employee meals.

04 Commitment to customers

Constant innovation and the quest for business excellence inspire the Group's relationship with its customers. Its goal is to become their strategic partner in matters of security.

In order to achieve this goal, the company maintains a constant dialogue with its customers, based on smooth and transparent communications. But above all, Prosegur strives to offer its customers the very best quality by engaging in constant innovation and the permanent quest for corporate excellence.

A RECOGNISED COMMITMENT

This principle has earned the Prosegur Group the recognition of companies it works for. According to a survey taken of 2,000 customers in Spain to ascertain their level of satisfaction, 81 percent rated the customer service as excellent, and 79 percent stated that they were very satisfied with the company. As a result, the net satisfaction rate is above 72.7 percent. Prosegur Argentina received the Best Supplier



Award from Ford in recognition of Prosegur's flexibility and ability to adapt, according to the statement made by Enrique Alemany, president of Ford Argentina, at the awards ceremony.

CONSTANTLY IN TOUCH

The Group has a Customer Management Centre that provides 24/7 service. Customers can easily resolve incidents or request information by telephone, e-mail or fax. The professionals on staff are equipped to handle any unforeseen situations or questions with the greatest possible speed and Centre of Prosegur Alarms in Portugal was awarded the trophy for the Best Call Centre at the seventh edition of the Expo Call Center & CRM Solutions, held in Lisbon. The call centre, with 45 professionals handling an average of 2,000 calls per day, displayed

98.1 percent efficiency in handling calls and an average waiting time of 24 seconds efficiency. When necessary, requests are passed on to the corresponding department to ensure that it is handled correctly.

Most queries, however, are resolved the first time around. 80 percent of the 400,000 calls received at the Prosegur Customer Management Centre in Spain were handled without having to pass them on to another area, and in an average time of four minutes. In the case of incidents passed on to other departments, the average solution time was 48 hours. Most of the calls (60 percent) were regarding general topics (how to work equipment, technical difficulties, etc.); 20 percent were questions about invoicing; 10 percent requested information about new products or services; and the remaining 10 percent dealt with administrative procedures. This same service is also offered in other countries. In 2005, the Customer Care Centre of Prosegur

The Group has a Customer Care Centre that provides 24/7 service and can be contacted by telephone, e-mail or fax.

// Member of the major associations

of the sector

The Prosegur Group has joined a variety of associations and forums in both the security industry and other areas of interest, for the purpose of promoting the sharing of experiences and knowledge that enhance the quality of services offered to customers.

- Professional Association of Private Security Service Companies (Aproser).
- Spanish Association of Private Security Companies (AES).
- European Confederation of Security Companies (CoESS).
- European Aviation Security Agency (EASA)
- Spanish Association of Shopping Centres (AECC).
- European Security Transport Association (ESTA).
- Spanish Association of Commercial Coding (AECOC).

Alarms in Portugal was awarded the trophy for the Best Call Centre at the seventh edition of the Expo Call Center & CRM Solutions, held in Lisbon. The call centre, with 45 professionals handling an average of 2,000 calls per day, displayed 98.1 percent efficiency in handling calls and an average waiting time of 24 seconds.

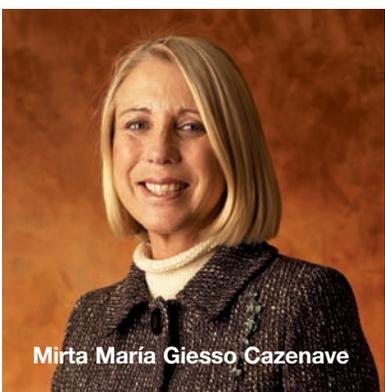
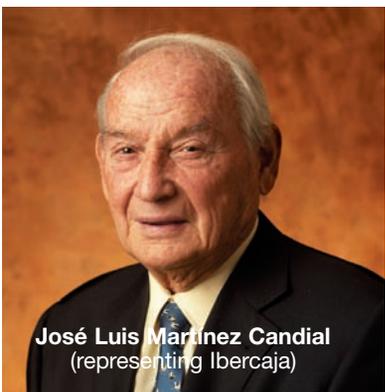
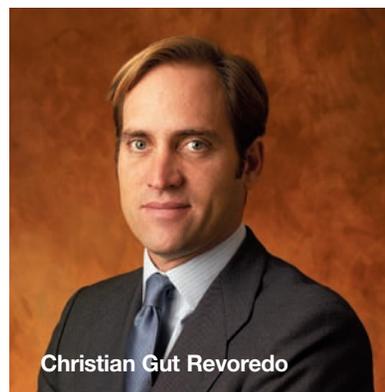
PROMOTING DE COMMUNICATION TOOLS

In 2005, the Group improved its paper and online communications tools. It redesigned the graphics and contents of the *Magazine Prosegur*, which is sent every four months to customers. The design is simpler, with new sections where the spotlight is on customers through interviews, business cases and first-person accounts of the security solutions introduced in their companies. The new magazine includes sections such as *Sin Barreras* (Without Barriers) or *Cómo evitarlo* (How to Avoid...), where interviews with important figures and experts in the security field appear, as well as analyses of different situations in which systems were breached and suggestions on how the incidents could have been avoided. Another new segment is *En Acción* (In Action), where customers or company employees talk about their perspective on sports such as mountain climbing or scuba diving. In December 2005, the company launched *Código Prosegur* (Code Prosegur) for residential and SME customers of Prosegur Alarms in Spain. This magazine provides quarterly updates on general and specific security issues.

With regard to online communications, the company updated its corporate website www.prosegur.com in 2005 to make it more practical, dynamic and user-friendly. This renovation was also carried out to reflect the Group's new image, product portfolio and corporate values. The menu was simplified to make the site easier to use, so that visitors can quickly gain access to all the different information areas. On the web site, customers have access to an exclusive area where they can monitor the status of the different services contracted in real time.



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BOARD OF DIRECTORS

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Members

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EXECUTIVE COMMITTEE

President

Ms. Helena Revoredo Delvecchio

Members

Mr. Isidro Fernández Barreiro

Mr. Christian Gut Revoredo

Ms. Chantal Gut Revoredo

Mr. Eduardo Paraja Quirós

Mr. Eugenio Ruiz-Gálvez Priego

Secretary to the Committee (not a member)

Mr. Fernando Vives

Head offices

Spain

Pajaritos, 24
28007 Madrid
Tel: +34 91 589 81 00/91 589 85 00
Fax: +34 91 589 84 80

Alarms:

Doctor Esquerdo, 136
28007 Madrid
Tel: +34 91 589 81 31
Fax: +34 91 589 84 76

National Training Centre:

Pajaritos, 22
28007 Madrid
Tel: +34 91 589 81 00/91 589 85 00
Fax: +34 91 589 58 70

France

88, Avenue du Général Frère
69008 Lyon
Tel.: + 33 2 30 67 75 72
Fax: + 33 2 30 67 75 71

Italy

Via Archimede, 12/14
Segarte – Milán 20090
Tel.: +39 02 21 89 01
Fax: + 39 02 26 92 88 50

Portugal

Avenida Infante D. Enrique, 326
1849-006 Lisboa
Tel: +351 21 36 22 00
Fax: +351 21 836 22 05

Alarms:

Tel: +351 21 836 24 11
Fax: +351 21 836 24 14

Argentina

Gral. Julio A. Roca 4530
Florida (B1604BZR)
Provincia de Buenos Aires
Tel.: +54 11 4709 8000
Fax: +54 11 4709 8031

Alarms:

Tel.: +54 11 4709 8080
Fax: +54 11 4709 8008

Brazil

R. Thomas Edison, 1250
Barra Funda – 01140-001
Sao Paulo
Tel.: +55 11 2101 3876
Fax: +55 11 2101 44 93

Chile

Coronel Agustín López
Alcázar No 488
Independencia,
Santiago de Chile
TEL.: +56 2 431 60 00
FAX: + 56 2 431 60 61

Paraguay

Avda. Artigas esq. María
Concepción
Leyes de Chaves; Asunción
Tel.: +595 21 21 42 55
Fax: +595 21 21 29 69

Peru

La Chira, 103
Urb. Santa Teresa de las Gardenias
Surco, Lima 33
Tel.: +51 1 610 34 00
Fax: +51 1 610 34 06

Romania

Dragon Star
Calea Plevnei, nr. 137 A
Sector 6
Bucarest
Tel.: +4021 318 2424
Fax: 4021 311 4505

Uruguay

Boulevard Artigas, 2629
Montevideo 11800
Tel.: +598 2 200 14 14
Fax: +598 2 204 10 40

Alarms

Boulevard Artigas, 2629
Montevideo 11800
Tel.: +598 2 200 14 14
Fax: + 598 2 204 10 40



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