

**PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES**

**INTERIM FINANCIAL STATEMENTS**  
Interim financial statements for 3Q10



**JANUARY – SEPTEMBER 2010**

€ million			
<b>CONSOLIDATED RESULTS</b>	<b>3Q10</b>	<b>3Q09</b>	<b>% Chg.</b>
<b>Turnover</b>	<b>1,875.7</b>	<b>1,594.6</b>	<b>17.6%</b>
<b>EBITDA</b>	<b>251.1</b>	<b>220.5</b>	<b>13.9%</b>
<i>Margin</i>	<i>13.4%</i>	<i>13.8%</i>	
Depreciation	(57.0)	(55.0)	
<b>EBIT</b>	<b>194.1</b>	<b>165.5</b>	<b>17.3%</b>
<i>Margin</i>	<i>10.3%</i>	<i>10.4%</i>	
Financial results	(28.3)	(16.2)	
<b>PBT</b>	<b>165.8</b>	<b>149.3</b>	<b>11.1%</b>
<i>Margin</i>	<i>8.8%</i>	<i>9.4%</i>	
Taxes	(54.0)	(47.2)	
<b>Net profit</b>	<b>111.8</b>	<b>102.1</b>	<b>9.5%</b>
Minority interests	(0.3)	(0.7)	
<b>Consolidated results</b>	<b>112.1</b>	<b>102.8</b>	<b>9.0%</b>
<i>Margin</i>	<i>6.0%</i>	<i>6.4%</i>	

- Revenue advanced 17.6% vs. 2009, with pure organic growth of 6.3%
- EBIT rose 17.3% vs. 2009
- Extraordinary finance costs in the period totalled €13.5 million
- On August 4, 2010 the company signed a €400 million syndicated loan agreement
- During the period, the company acquired Genper, S.A. in Uruguay and Tellex, S.A. in Argentina

## **PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES**

### **INTERIM FINANCIAL STATEMENTS (JANUARY-SEPTEMBER 2010)**

(Million Euro)

#### **1. BUSINESS PERFORMANCE**

Main highlights for the period January to September 2010 of consolidated P&L accounts are as follows:

##### **a) Turnover**

Prosegur's consolidated revenues through 30 September has reached €1,875.7 million, 17.6% increase on the €1,594.6 million obtained in the same period of 2009. Of total growth, pure organic growth accounted for 6.3%, inorganic growth related to acquisitions carried out in 2009 and 2010 accounted for 4.8% while positive exchange rate effect accounted for 6.5%.

The following changes in Prosegur's consolidation scope affected Company's turnover:

- In France: Valtis Group companies started being consolidated in March 2009. Revenues provided by these companies in January and February 2010 totalled €2.5 million. In December 2009 a client portfolio was acquired contributing in €8.4 million to revenues of the first nine months of 2010.
- In Argentina: General Industries Argentina, S.A. (GIASA) began consolidating in February 2009. Revenue contributed by this company in January 2010 totalled €0.6 million.
- In Brazil: Setha Indústria Eletrônica Ltda. and Centuria Sistemas de Segurança, Ltda. began consolidating in February 2009. January 2010 revenue contribution from both amounted to €1 million. Norsergel Vigilância e Transporte de Valores, S.A. began being consolidated in July 2009. Revenue contribution by this company in the first six months of 2010 totalled €52.6 million.
- In Chile: Equipos y Sistemas Automáticos de Protección, Ltda. (Segmatic) began to be consolidated in July 2009. Revenue from the company in the first half of 2010 was €3 million.

- In Peru: Orus Group companies began consolidating in July 2009. Revenue contributed by these companies in the first six months of 2010 totalled €17.8 million.
- In Uruguay: Nautiland, S.A. (Punta Systems) began consolidating in March 2009. Revenue in January and February 2010 totalled €0.3 million. Genper, S.A. began consolidating in May 2010. Reported revenue for the period May to September 2010 amounted to €0.3 million.

Turnover distribution by business segment can be broken down as follows:

€ million			
<b>TURNOVER</b>	<b>3Q10</b>	<b>3Q09</b>	<b>% Chg.</b>
<b>Corporate Security</b>	<b>1,768.0</b>	<b>1,493.4</b>	<b>18.4%</b>
<i>% of total</i>	<i>94.3%</i>	<i>93.7%</i>	
<b>Residential Security</b>	<b>107.7</b>	<b>101.2</b>	<b>6.4%</b>
<i>% of total</i>	<i>5.7%</i>	<i>6.3%</i>	
<b>Total Group</b>	<b>1,875.7</b>	<b>1,594.6</b>	

Prosegur's Corporate security revenues distributed by geographical area can be broken down as follows:

€ million			
<b>SALES</b>	<b>3Q10</b>	<b>3Q09</b>	<b>% Chg.</b>
<b>Europe</b>	<b>891.0</b>	<b>868.8</b>	<b>2.6%</b>
<i>% of total</i>	<i>50.4%</i>	<i>58.2%</i>	
<b>LatAm</b>	<b>877.0</b>	<b>624.6</b>	<b>40.4%</b>
<i>% of total</i>	<i>49.6%</i>	<i>41.8%</i>	
<b>Total Corporate Security</b>	<b>1,768.0</b>	<b>1,493.4</b>	

Prosegur's Residential security revenues distributed by geographical area can be broken down as follows:

€ million			
<b>SALES</b>	<b>3Q10</b>	<b>3Q09</b>	<b>% Chg.</b>
<b>Europe</b>	<b>73.6</b>	<b>74.6</b>	<b>-1.3%</b>
<i>% of total</i>	<i>68.3%</i>	<i>73.7%</i>	
<b>LatAm</b>	<b>34.1</b>	<b>26.6</b>	<b>28.2%</b>
<i>% of total</i>	<i>31.7%</i>	<i>26.3%</i>	
<b>Total Residential Security</b>	<b>107.7</b>	<b>101.2</b>	

**b) Margins**

Consolidated EBIT for the first nine months of 2010 increased 17.3% to €194.1 million compared to €165.5 million in the previous year. The EBIT margin for the same period was up 10.3%, compared to previous year's figure of 10.4%.

The EBIT margin by business segment is as follows:

€ million			
<b>EBIT margin</b>	<b>3Q10</b>	<b>3Q09</b>	<b>% Chg.</b>
<b>Corporate Security</b>	<b>175.1</b>	<b>144.9</b>	<b>20.8%</b>
<i>Margin</i>	<i>9.9%</i>	<i>9.7%</i>	
<b>Residential Security</b>	<b>19.0</b>	<b>20.6</b>	<b>-7.8%</b>
<i>Margin</i>	<i>17.6%</i>	<i>20.4%</i>	
<b>Total Group</b>	<b>194.1</b>	<b>165.5</b>	

Corporate Security EBIT by area can be broken down as follows:

€ million			
EBIT margin	3Q10	3Q09	% Chg.
<b>Europe</b>	<b>44.4</b>	<b>57.6</b>	<b>-22.9%</b>
<i>Margin</i>	<i>5.0%</i>	<i>6.6%</i>	
<b>LatAm</b>	<b>130.7</b>	<b>87.3</b>	<b>49.7%</b>
<i>Margin</i>	<i>14.9%</i>	<i>14.0%</i>	
<b>Total Corporate Security</b>	<b>175.1</b>	<b>144.9</b>	

**c) Financial results**

Net financial result for the period January to September 2010 totalled €28.3 million, an increase of €12.1 million compared to the same period in 2009. These can be broken down as follows:

- Net financial expenses were €10.4 million compared to €10.3 million for the same period in 2009, an increase of €0.1 million.
- Net financial expenses due to exchange rate differences and changes in the value of derivatives amounted to €4.4 million to September 30, 2010, deducing €1.5 million in comparison to 2009 (€5.9 million).
- Non recurrent financial costs in the first nine months of 2010 arose due to:
  - Legal interest totalling €10.5 million on repayment of the principal being demanded by the Esabe Express, S.A bankruptcy trusteeship.
  - Impairment losses totalling €3 million.

**d) Net profit**

Consolidated net profit for the period January to September 2010 totalled €112.1 million, a 9% increase on the previous year figure of €102.8 million.

The tax rate rose 1% to 32.6% in the same period compared to 31.6% the previous year, as a result of good evolution of the business in Latam, with higher tax rates than Europe.

## **2. SIGNIFICANT EVENTS AND TRANSACTIONS**

The following significant events and transactions occurred in the first nine months of 2010:

### **Syndicated loan agreement**

On August 4, 2010 the company signed a €400 million syndicated loan agreement. The operation has been syndicated among ten Spanish and international financial institutions and was coordinated by Banco Santander, with Barclays Capital, BNP Paribas, La Caixa, Natixis, Intesa SanPaolo, Bankinter, Banco Popular, Banesto and BBK also participating.

The operation is divided into two parts: a €150 million loan and a €250 million credit facility, with a five year amortization period in both cases. The credit facility will be repaid in a single installment at maturity of the operation, while the loan repayments will be semi-annual with a two-year grace period. The interest rate is variable referenced to Euribor rate plus a margin rate indexed to Net Debt/EBITDA ratio of the borrower at each moment. All other terms and conditions are standard for this type of market transactions.

At September 30, 2010 the company had not disposed any amount. On October 4, 2010 the company drew down the €150 million loan tranche.

With regard to the syndicated financing agreement signed in 2006, at September 30, 2010 the amount pending amortization for the loan tranche totalled €62.5 million while the amount drawn down from the credit facility amounted to €200 million.

### **Lawsuit by bankruptcy trusteeship of Esabe Express, S.A.**

In regard to the lawsuit by the bankruptcy trusteeship of Esabe Express, S.A. against Prosegur Compañía de Seguridad, S.A. and Alarmselskabet Dansikrig A/S and Securitas A/B (for further details see Note 21 b) of the 2009 consolidated financial statements), on May 5, 2010 Madrid's Court of First Instance number 34 sentenced Prosegur Compañía de Seguridad, S.A. to reimburse to the bankruptcy assets of Esabe Express, S.A. €13 million plus legal interest dating back to February 4, 1992, resulting in a total estimated amount (including principal and interest) of €27.3 million.

On July 16, 2010 the company appealed this ruling in the Madrid Provincial Court. However, without prejudice to any future actions, if this ruling against Prosegur Compañía de Seguridad, S.A. is upheld, the Company could seek to recover the outstanding amount of its loan to Esabe Express in the bankruptcy proceedings with the right to claim the amount resulting from said proceedings. According to

the information available at the present time concerning the bankruptcy assets of Esabe Express, S.A. (which could change as the process advances), the recoverable amount could total €9.9 million, of which €6 million corresponds to the principal and €3.9 millions to legal interests.

The provision booked by the Company for this lawsuit at December 31, 2009 totalled €9.8 million and was raised to €27.3 million at September 30, 2010. Therefore, €9.9 million relating to the estimated amount recoverable from the bankruptcy assets of Esabe Express, S.A. have been booked under other receivables. During the period January to September 2010, €2.8 million in operating costs were booked for this item, lower than the previous year, while higher financial costs, €10.5 million, was booked.

### **Acquisition of subsidiaries**

Changes to Prosegur structure between January and September 2011 are largely due to the following acquisitions:

- On April 28, 2010 Prosegur acquired 100% of Genper, S.A. of Uruguay. This specialist security company offers fire protection devices, electronic security systems and centralised control systems. The total acquisition price was 23.6 million Uruguayan pesos (equivalent to €0.9 million) and the company began consolidating on May 1, 2010.
- On August 12, 2010 Prosegur acquired 100% of Tellex, S.A. of Argentina. The company develops electronic security systems and fire protection and also sells and maintains ATMs. The total acquisition price was 20.7 million Argentinean pesos (equivalent to €4.2 million) and the company began consolidating on September 1, 2010.

### **3. CONSOLIDATED FINANCIAL INFORMATION**

The consolidated financial information has been prepared in accordance with applicable International Financial Reporting Standards (IFRS) at September 30, 2010. These standards were applied in both 2009 and 2010.



€ million		
<b>CONSOLIDATED BALANCE SHEET</b>	<b>09/30/10</b>	<b>12/31/09</b>
<b>Non-current assets</b>	<b>932.5</b>	<b>880.8</b>
Property, plant and equipment	334.9	325.0
Goodwill	320.1	363.3
Intangible assets	148.3	98.4
Non-current financial assets	36.6	38.1
Other non-current assets	92.6	56.0
<b>Current assets</b>	<b>908.6</b>	<b>703.8</b>
Inventories	42.2	29.9
Receivables	682.0	594.8
Other current assets	0.5	0.5
Derivative financial instruments	-	-
Cash and cash equivalents	183.9	78.6
<b>TOTAL ASSETS</b>	<b>1,841.1</b>	<b>1,584.6</b>
<b>Equity</b>	<b>615.5</b>	<b>527.8</b>
Share capital	37.0	37.0
Treasury shares	(37.1)	(40.2)
Retained earnings and other reserves	615.6	531.0
<b>Non-current liabilities</b>	<b>299.6</b>	<b>406.5</b>
Borrowings	24.4	173.2
Other financial liabilities	16.0	22.3
Derivative financial instruments	3.8	1.8
Other non-current liabilities	255.4	209.2
<b>Current liabilities</b>	<b>926.0</b>	<b>650.3</b>
Borrowings	327.5	137.6
Other financial liabilities	59.6	62.3
Derivative financial instruments	0.1	-
Trade and other payables	443.3	375.2
Other current liabilities	95.5	75.2
<b>EQUITY AND LIABILITIES</b>	<b>1,841.1</b>	<b>1,584.6</b>

The main changes in the consolidated balance sheet at September 30, 2010 compared to year end 2009 are as follows:

**a) Capex**

Capex in the period January to September 2010 totalled €46.3 million.

**b) Goodwill**

Movements in goodwill to September 2010 relate to the finalisation of the valuation of business combinations carried out in 2009 and changes in the consolidation scope. In the period January to September 2010, no losses arising from goodwill impairment were recorded.

**c) Intangible assets**

Movements in these assets during the first nine months of 2010 mainly relate to the allocation of intangible assets arising from the finalisation of the valuation of business combinations carried out in 2009.

**d) Equity**

The main variations in equity during the period to September 30, 2010 arose under net profit and the reserve due to conversion differences.

**e) Net debt**

Prosegur calculates net debt as the total amount of borrowings (current and non-current) plus/minus net derivative financial instruments, minus cash and cash equivalents, and minus other current financial assets.

Net debt at September 30, 2010 amounted to €171.9 million, €62 million less than at December 31, 2009 (€233.9 million).

At September 30, 2010 current liabilities arising from borrowings related mainly to the syndicated loan agreement signed in 2006, maturing in July 2011 which totals €262.5 million.

€ million	
<b>CONSOLIDATED CASH FLOW STATEMENT</b>	<b>09/30/10</b>
Profit/(loss)	165.8
Adjustments to profit/(loss)	85.3
Tax on profit	(54.0)
Changes in working capital	(17.5)
Interest payments	(9.1)
<b>OPERATING CASH FLOW</b>	<b>170.5</b>
Acquisition of property, plant and equipment	(46.3)
Payments for acquisition of subsidiaries	(12.4)
Dividend payments	(38.8)
Other flows from financing activities	(11.0)
<b>CASH FLOW FROM INVESTMENT/FINANCING</b>	<b>(108.5)</b>
<b>TOTAL NET CASH FLOW</b>	<b>62.0</b>
<b>INITIAL NET DEBT (12/31/09)</b>	<b>(233.9)</b>
Net increase/(decrease) in cash	62.0
<b>FINAL NET DEBT (09/30/10)</b>	<b>(171.9)</b>