PROSEGUR COMPAÑIA DE SEGURIDAD, S.A. AND SUBSIDIARIES

Consolidated Annual Accounts and Directors' Report
for the year ended 31 December 2011

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

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I. CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(In thousands of Euros)

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

	Notes	2011	2010
Revenues	3	2,808,531	2,560,344
Other operating income		11,283	6,196
Costs to sell	4 , 5	(2,123,588)	(1,914,048)
Gross profit		**696,226**	**652,492**
Other operating expenses	4 , 5	(398,094)	(376,950)
Other net losses	6	(14,036)	(12,926)
Results from operating activities (EBIT)		**284,096**	**262,616**
Finance income		6,378	4,587
Finance expenses		(38,128)	(35,993)
Net finance costs	7	(31,750)	(31,406)
Profit before income tax		**252,346**	**231,210**
Income tax	25	(85,302)	(70,800)
Profit after tax from continuing operations		**167,044**	**160,410**
Profit/(loss) for the year from discontinued operations		-	-
Consolidated profit for the year		**167,044**	**160,410**
Attributable to:			
Owners of the parent company		167,430	160,785
Non-controlling interests		(386)	(375)
Earnings per share from continuing operations attributable to owners of the parent company (Euros per share)			
- Basic	8	2.85	2.69
- Diluted	8	2.83	2.67

The notes on pages 10 to 92 form an integral part of the consolidated annual accounts.

II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(In thousands of Euros)

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

	2011	2010
Profit for the year	**167,044**	**160,410**
Other comprehensive income:		
Available-for-sale financial assets	-	-
Translation differences for foreign operations	(20,532)	33,715
Total comprehensive income, net of taxes	**146,512**	**194,125**
Attributable to:		
- Owners of the parent company	146,863	194,441
- Non-controlling interests	(351)	(316)
	146,512	**194,125**

The notes on pages 10 to 92 form an integral part of the consolidated annual accounts.

III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2011 AND 2010

(In thousands of Euros)

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

	Note	2011	2010
ASSETS			
Property, plant and equipment	11	405,972	360,687
Goodwill	12	405,914	318,706
Other intangible assets	13	147,201	147,949
Non-current investments	14	33,985	33,331
Deferred tax assets	25	106,669	100,667
Non-current assets		**1,099,741**	**961,340**
Inventories	16	54,643	42,653
Trade and other receivables	17	793,656	629,736
Current tax assets	25	53,976	43,007
Non-current assets held for sale		448	448
Derivative financial instruments	15	-	29
Other financial assets	18	1,552	128,988
Cash and cash equivalents	19	187,548	170,018
Current assets		**1,091,823**	**1,014,879**
Total assets		**2,191,564**	**1,976,219**
EQUITY AND LIABILITIES			
Share capital	20	37,027	37,027
Share premium	20	25,472	25,472
Own shares	20	(123,175)	(40,731)
Other own equity instruments	20	5,781	5,016
Translation differences	20	(4,381)	16,186
Retained earnings and other reserves	20	729,810	622,880
Equity attributable to equityholders of the parent company		**670,534**	**665,850**
Non-controlling interests		367	718
Total equity		**670,901**	**666,568**
LIABILITIES			
Financial liabilities	22	466,186	188,944
Derivative financial instruments	15	3,587	3,114
Deferred tax liabilities	25	82,968	71,201
Provisions	21	138,198	173,215
Non-current liabilities		**690,939**	**436,474**
Trade and other payables	23	543,440	432,201
Current tax liabilities	25	61,916	55,426
Financial liabilities	22	196,315	360,416
Derivative financial instruments	15	41	238
Other current liabilities	24	28,012	24,896
Current liabilities		**829,724**	**873,177**
Total liabilities		**1,520,663**	**1,309,651**
Total equity and liabilities		**2,191,564**	**1,976,219**

The notes on pages 10 to 92 form an integral part of the consolidated annual accounts.

IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(In thousands of Euros)

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

	Equity attributable to equityholders of the parent company							
	Share capital (note 20)	Share premium (note 20)	Own shares (note 20)	Other own equity instruments (note 20)	Translation differences (note 20)	Retained earnings and other reserves (note 20)	Non-controlling interests	Total equity
Balance at 1 January 2010	37,027	25,472	(40,227)	3,651	(17,470)	516,427	468	525,348
Total comprehensive income for the year	-	-	-	-	33,656	160,785	(316)	194,125
Changes in investments in subsidiaries	-	-	-	-	-	(460)	566	106
Accrued share incentive plan obligations	-	-	-	1,945	-	-	-	1,945
Share incentives exercised	-	-	420	(580)	-	211	-	51
Acquisition/Sale of own shares	-	-	(924)	-	-	917	-	(7)
Dividends	-	-	-	-	-	(55,000)	-	(55,000)
Balance at 31 December 2010	**37,027**	**25,472**	**(40,731)**	**5,016**	**16,186**	**622,880**	**718**	**666,568**
Total comprehensive income for the year	-	-	-	-	(20,567)	167,430	(351)	146,512
Changes in investments in subsidiaries	-	-	-	-	-	-	-	-
Accrued share incentive plan obligations	-	-	-	765	-	-	-	765
Acquisition/Sale of own shares	-	-	(82,444)	-	-	-	-	(82,444)
Dividends	-	-	-	-	-	(60,500)	-	(60,500)
Balance at 31 December 2011	**37,027**	**25,472**	**(123,175)**	**5,781**	**(4,381)**	**729,810**	**367**	**670,901**

The notes on pages 10 to 92 form an integral part of the consolidated annual accounts.

V. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(In thousands of Euros)

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

	2011	2010
Cash flows from operating activities		
Profit for the year	**167,044**	**160,410**
Adjustments for:		
Amortisation and depreciation	79,408	83,251
Impairment losses on non-current assets	71	1,183
Impairment losses on trade receivables	11,925	14,327
Impairment losses on other financial assets	6,020	3,017
Exchange gains	(25)	(89)
Change in provisions	30,934	29,605
Share-based payments	765	1,945
Loss on financial assets at fair value through profit or loss	306	1,587
Finance income	(3,140)	(2,609)
Finance expenses	30,867	23,711
Loss on disposal and sale of property, plant and equipment	1,606	2,443
Income tax	85,302	70,800
Changes in working capital, excluding the effect of acquisitions and translation differences		
Inventories	(11,990)	(11,320)
Trade and other receivables	(186,030)	(66,490)
Trade and other payables	102,845	32,459
Payments of provisions	(45,450)	(31,763)
Other current liabilities	3,116	(7,839)
Cash flows from operating activities		
Interest paid	(23,561)	(16,143)
Income tax paid	(87,303)	(87,086)
Net cash from operating activities	**162,710**	**201,399**
Cash flows used in investing activities		
Proceeds from sale of property, plant and equipment	10,496	5,700
Proceeds from sale of financial assets	129,570	59,027
Interest received	4,152	2,215
Acquisition of subsidiaries. net of cash and cash equivalents	(66,671)	(11,029)
Acquisition of property, plant and equipment	(100,438)	(70,583)
Acquisition of intangible assets	(22,727)	(10,922)
Acquisition of financial assets	(2,060)	(184,096)
Net cash used in investing activities	**(47,678)**	**(209,688)**
Cash flows from/(used in) financing activities		
Proceeds from debt with financial institutions	330,842	236,394
Proceeds from other financial liabilities	-	6,844
Payments for the redemption of own shares and other own equity instruments	(82,444)	(7)
Payments for debt with financial institutions	(279,097)	(83,231)
Payments for other financial liabilities	(7,523)	(12,813)
Dividends paid	(57,750)	(52,500)
Net cash from/(used in) financing activities	**(95,972)**	**94,687**
Net increase/(decrease) in cash and cash equivalents	19,060	86,398
Cash and cash equivalents at beginning of year	170,018	78,013
Cash effect of translation differences	(1,530)	5,607
Cash and cash equivalents at year end	**187,548**	**170,018**

The notes on pages 10 to 92 form an integral part of the consolidated annual accounts.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. General information

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

Prosegur is organised into two geographical areas:
- Europe-Asia
- Latin America (LatAm)

The services provided by the Group are distributed into the following lines of activity:
- Security patrol services
- Securities logistics and cash management services
- Technology.

Prosegur is controlled by Gubel S.L., which has its registered offices in Madrid and holds 50.075% of the share capital of Prosegur Compañía de Seguridad, S.A.

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

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

The statutory activity of Prosegur Compañía de Seguridad, S.A. is described in article 2 of its bylaws. The main services provided by the Company are as follows:
- Security patrol and protection of premises, goods and individuals.
- The transportation, storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- The installation and maintenance of security equipment, devices and systems.

These consolidated annual accounts were drawn up by the directors on 27 February 2012 and are pending approval by the shareholders at their general meeting. However, the directors consider that these consolidated annual accounts will be approved with no changes.

Structure of Prosegur

At the end of 2011, Prosegur comprises 114 companies: the parent company, Prosegur Compañía de Seguridad, S.A., and 113 subsidiaries. Prosegur also participates, along with other entities, in four business ventures and 34 temporary joint ventures.

Details of the fully consolidated subsidiaries are provided in Appendix I.

Details of temporary joint ventures, which are consolidated by recognising the underlying assets and liabilities and Prosegur's share of income and expenses on a line-by-line basis, are provided in Appendix II.

Details of proportionately consolidated joint ventures are provided in Appendix III.

Prosegur holds interests of less than 20% in the share capital of other entities. It does not exercise significant influence over these entities.

Details of the principles applied to prepare the Prosegur consolidated annual accounts and define the consolidated group are provided in note 34.2.

2. Basis of Presentation

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Prosegur Compañía de Seguridad, S.A. and consolidated entities. The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter EU-IFRS) and other applicable financial reporting regulations to present fairly the consolidated equity and consolidated financial position of Prosegur Compañía de Seguridad, S.A. and subsidiaries at 31 December 2011, as well as the consolidated results from its operations and consolidated cash flows for the year then ended.

Prosegur adopted EU-IFRS on 1 January 2004. The policies set out in note 34 have been applied consistently throughout the reporting periods presented in these consolidated annual accounts.

The preparation of consolidated annual accounts in accordance with EU-IFRS requires management to make certain critical accounting estimates. Judgement is also required when applying the Company's accounting policies. The areas entailing a greater degree of judgement or complexity, or where the assumptions and estimates are significant to the consolidated annual accounts, are disclosed in note 36.

2.1. Changes in the consolidated group

The most significant changes to the consolidated group in 2011 are acquisitions of subsidiaries, details of which are provided in note 28.

In addition, the following companies were incorporated or wound up in 2011:

- On 1 January 2011, Protec Humano SA de CV was wound up in Mexico.
- On 13 January 2011 Prosegur Gestao de Ativos, S.A. was incorporated in Brazil.
- On 26 January 2011 Prosegur Gestao de Efetivos Ltda. was incorporated in Brazil.
- On 12 April 2011 Luxpai Holdo SARL was incorporated in Luxembourg.
- On 13 April 2011 Prosegur Peajes, SAS was incorporated in Colombia.
- On 8 June 2011 Asia Pacific Ltd was incorporated in Hong Kong.
- On 15 June 2011 Singpai Pte. Ltd was incorporated in Singapore.
- On 22 July 2011 Pitco Ventures, SCR was incorporated in Spain.

Furthermore, the following mergers took place between subsidiaries in 2011:

- Prosegur Transportes de Valores, S.A., Prosegur Servicio Técnico, S.L., Prosegur Tecnología, S.L. and Prosegur Activa España, S.L. merged with and into Prosegur Compañía de Seguridad, S.A. in Spain in 2011.
- On 1 April 2011, Telemergencia SAC merged with and into Prosegur Activa Perú, S.A. in Peru.

2.2. Comparative information

The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity and the notes thereto for 2011 include comparative figures for the prior year.

The prior year's comparative segment reporting figures have been regrouped into new segments (see note 10).

3. Revenues and Other Revenues

Details of revenues are as follows:

	Thousands of Euros	
	2011	**2,010**
Services rendered	2,607,454	2,362,531
Goods sold	83,399	78,225
Operating leases	117,678	119,588
Total revenue	**2,808,531**	**2,560,344**

Operating lease revenues are generated by alarm system rentals. As explained in note 34.18, when a customer rents a system, the Company receives an initial amount which is taken to the income statement over the average contract duration and a regular payment for the rental of the equipment and the service provided.

See note 10 for further information on revenues by segment and geographical area.

Details of other revenues in the consolidated income statement are as follows:

	Thousands of Euros	
	2011	**2010**
Changes in work in progress	3,771	1,184
Work carried out by the company for assets	4,471	3,481
Other operating income	3,041	1,531
Total other revenues	**11,283**	**6,196**

4. Costs to Sell and Other Operating Expenses

The main costs to sell and other operating expenses in the consolidated income statement are as follows:

		Thousands of Euros	
		2011	2010
Supplies		141,225	123,416
Employee benefits expense	(Note 5)	1,669,853	1,503,049
Operating leases		39,724	35,704
Supplies and external services		133,175	129,693
Other expenses		139,611	122,186
Total costs to sell		**2,123,588**	**1,914,048**
Supplies		2,419	1,933
Employee benefits expense	(Note 5)	159,590	155,643
Operating leases		21,658	20,085
Supplies and external services		78,971	72,222
Other expenses		56,048	43,816
Amortisation and depreciation		79,408	83,251
Total other operating expenses		**398,094**	**376,950**

Total supplies in the consolidated income statement for 2011 amount to Euros 143,644 thousand (Euros 125,349 thousand in 2010).

5. Employee Benefits Expense

Details of the employee benefits expense are as follows:

	Thousands of Euros	
	2011	2010
Salaries and wages	1,376,905	1,249,024
Social Security	361,519	323,913
Other employee benefits expenses	69,528	56,175
Termination benefits	21,491	29,580
Total employee benefits expenses	**1,829,443**	**1,658,692**

As described in note 21, as a result of a Spanish High Court ruling on overtime costs, in 2011 the employee benefits expense has been increased by Euros 1,395 thousand (Euros 5,616 thousand in 2010), with a charge to non-current provisions, and decreased by Euros 8,222 thousand (Euros 8,319 thousand in 2010) reflecting the release of provisions recognised in prior years, mainly due to agreements reached this year.

Salaries and wages include the expense accrued in relation to the 2011 long-term incentive plan for executive directors and management (see note 34.17), amounting to Euros 871 thousand (Euros 2,777 thousand in 2010).

6. Other Net Gains and Losses

Details of other net gains and losses are as follows:

		Thousands of Euros	
		2011	**2010**
Impairment losses on trade receivables	(Note 17)	(11,925)	(14,327)
Impairment losses on non-current assets	(Notes 12 & 13)	(71)	(1,183)
Net losses on the disposal of property, plant and equipment		(1,606)	(2,443)
Other net gains/(losses)		(434)	5,027
Total net losses		**(14,036)**	**(12,926)**

Other net gains/losses in the consolidated income statement for 2011 include a net gain of Euros 861 thousand (Euros 2,800 thousand in 2010) arising from the adjustment of the provision for the lawsuit from the receiver responsible for Esabe Express, S.A. (see note 21).

7. Net Finance Expenses

Details of the net finance expense are as follows:

	Thousands of Euros	
	2011	**2010**
Interest paid:		
- Loans from financial institutions	(14,037)	(7,822)
- Loans from other entities	(1,620)	(454)
- Securitisation programme	(3,787)	(3,082)
- Finance leases	(1,709)	(1,516)
	(21,153)	(12,874)
Interest received:		
- Cash equivalents	2,858	2,516
- Loans and other investments	282	93
	3,140	2,609
Net gains/(losses) on foreign currency transactions	(935)	89
Losses on the fair value of derivative financial instruments	(306)	(1,587)
Other losses on transactions with derivative financial instruments	(1,696)	(2,038)
Impairment losses on investments in equity instruments	(6,020)	(3,017)
Other finance income	3,238	1,889
Other finance expenses	(8,018)	(16,477)
	(13,737)	(21,141)
Net finance costs	**(31,750)**	**(31,406)**
Total finance income	**6,378**	**4,587**
Total finance expenses	**(38,128)**	**(35,993)**
	(31,750)	**(31,406)**

During 2011 an impairment loss of Euros 6,020 thousand has been recognised on the fair value of available-for-sale financial assets (see note 14).

Other finance expenses for 2010 included interest on the costs of the lawsuit from the receiver responsible for Esabe Express, S.A. amounting to Euros 10,837 thousand (see note 21).

8. Earnings per Share

Basic

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding own shares acquired (see note 20).

	Euros	
	2011	**2010**
Profit for the year attributable to owners of the parent company	167,429,554	160,784,090
Weighted average of ordinary shares outstanding	58,753,169	59,749,854
Basic earnings per share	**2.85**	**2.69**

Diluted

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

	Euros	
	2011	**2010**
Profit for the year attributable to owners of the parent company	167,429,554	160,784,090
(Diluted) weighted average of ordinary shares outstanding	59,128,169	60,124,854
Diluted earnings per share	**2.83**	**2.67**

The adjustment to the weighted average number of ordinary shares outstanding reflects the possible 375,000 shares outstanding as a result of the 2011 Plan (see note 34.17).

9. Dividends per Share

At the general meetings held on 27 June 2011 and 28 June 2010, the shareholders approved the distribution of dividends amounting to Euros 60,500 thousand (Euros 0.98 per share) and Euros 55,000 thousand (Euros 0.89 per share), respectively. When these meetings were held, share capital was divided into 61,712,464 shares. Shareholders received 50% of this dividend, or Euros 30,250 thousand, in July and October 2011. The two remaining payments, each representing 25% of the approved amount, will be made in January and April 2012. At 31 December 2011 dividends payable of Euros 30,250 thousand have therefore been recognised under current liabilities as other payables within trade and other payables.

The board of directors will propose the distribution of a dividend of Euros 1.02 per share, or a total maximum amount of Euros 62,947 thousand (considering that share capital is currently represented by 61,712,464 shares), to the shareholders at their general meeting. This dividend will be distributed to shareholders as four payments, in July and October 2012 and January and April 2013. Each payment is calculated as Euros 0.255 per outstanding share at the payment date. The portion of the maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves.

Nevertheless, if the number of shares changes between two payment dates as a result of a share capital increase or reduction, the total maximum amount of the dividend at each payment date (Euros 15,737 thousand) should be divided by the new number of outstanding shares.

10. Segment Reporting

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

During the year, Prosegur entered the Asian market by purchasing two companies in Singapore (see note 28). As these companies' activities are not yet significant, they are analysed in conjunction with the European market. Furthermore, due to a number of mergers carried out in 2011 (see note 2) and changes in the management of activity segments, the Executive Committee has regrouped the Group's activity segments, which have increased from two (business and home security) to three (security patrol; securities logistics and cash management; and technology). Comparative figures for the prior year have been adapted to these new activity segments.

Two main segments are identified in geographical terms:

- Europe-Asia, which includes the following countries: Spain, France, Portugal, Romania and, since 2011, Germany and Singapore.
- LatAm (Latin America), which includes the following countries: Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay.

Since 2011, these geographical segments have included the following activity segments:

- Security patrol, mainly including patrol and protection of premises, goods and individuals.
- Securities logistics and cash management services, principally the transportation, storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- Technology, mainly the installation and maintenance of technical security systems and home alarms and other related activities.

The following ratios are used in segment reporting:

- EBITDA: consolidated earnings before interest, taxes, depreciation and amortisation.
- EBIT: consolidated earnings before interest and taxes.

The Executive Committee uses EBIT to assess segment performance, considering that this indicator best reflects the results of the group's different activities.

Prosegur is not highly dependent on any particular customers (see note 35).

Inter-segment transactions are carried out at arm's length.

Total assets allocated to segments do not include other current and non-current financial assets, derivative financial assets and cash and cash equivalents, as these are managed at Prosegur group level.

Total liabilities allocated to segments do not include derivative financial liabilities and debt with financial institutions except for finance lease payables, as these are managed at Prosegur group level.

Details of revenues by segment are as follows:

	Europe - Asia		LatAm		Total	
Thousands of Euros	2011	2010	2011	2010	2011	2010
Security patrol	874,557	880,549	482,762	396,307	1,357,319	1,276,856
% of total	64%	69%	36%	31%	48%	50%
Valuables Logistics and Cash Mgt. (VLCM)	212,887	210,569	885,427	756,743	1,098,314	967,312
% of total	19%	22%	81%	78%	39%	38%
Technology	203,328	207,101	149,570	109,075	352,898	316,176
% of total	58%	66%	42%	34%	13%	12%
Total sales	**1,290,772**	**1,298,219**	**1,517,759**	**1,262,125**	**2,808,531**	**2,560,344**

Details of EBIT by segment are as follows:

	Europe - Asia		LatAm		Total	
Thousands of Euros	2011	2010	2011	2010	2011	2010
Sales to external customers	1,290,772	1,298,219	1,517,759	1,262,125	2,808,531	2,560,344
Other net expenses	(1,194,067)	(1,173,856)	(1,250,889)	(1,039,438)	(2,444,956)	(2,213,294)
EBITDA	96,705	124,363	266,870	222,687	363,575	347,050
Amortisation and depreciation	(31,386)	(31,843)	(48,022)	(51,408)	(79,408)	(83,251)
Impairment losses on property, plant and	-	-	(71)	(1,183)	(71)	(1,183)
EBIT	**65,319**	**92,520**	**218,777**	**170,096**	**284,096**	**262,616**

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

	Thousands of Euros	
	2011	2010
EBIT allocated to segments	284,096	262,616
Net financial costs	(31,750)	(31,406)
Profit before tax	252,346	231,210
Income tax	(85,302)	(70,800)
Pre-tax profit from continuing operations	167,044	160,410
Non-controlling interest	(386)	(375)
Profit for the year attributable to owners of the parent company	**167,430**	**160,785**

Details of assets allocated to segments and a reconciliation with total assets are as follows:

	Europe - Asia		LatAm		Not allocated to segments		Total	
Thousands of Euros	2011	2010	2011	2010	2011	2010	2011	2010
Assets allocated to segments	**776,929**	**697,936**	**1,191,550**	**945,917**	**-**	**-**	**1,968,479**	**1,643,853**
Other unallocated assets	**-**	**-**	**-**	**-**	**223,085**	**332,366**	**223,085**	**332,366**
Other non-current financial assets	-	-	-	-	33,985	33,331	33,985	33,331
Other current financial assets	-	-	-	-	1,552	128,988	1,552	128,988
Cash and cash equivalents	-	-	-	-	187,548	170,018	187,548	170,018
Derivative financial instruments	-	-	-	-	-	29	-	29
	776,929	**697,936**	**1,191,550**	**945,917**	**223,085**	**332,366**	**2,191,564**	**1,976,219**

Details of liabilities allocated to segments and a reconciliation with total liabilities are as follows:

	Europe - Asia		LatAm		Not allocated to segments		Total	
Thousands of Euros	2011	2010	2011	2010	2011	2010	2011	2010
Liabilities allocated to segments	**473,717**	**475,470**	**509,495**	**377,166**	**-**	**-**	**983,212**	**852,636**
Other unallocated liabilities	**-**	**-**	**-**	**-**	**537,451**	**457,015**	**537,451**	**457,015**
Other debt with financial institutions	-	-	-	-	533,823	453,663	533,823	453,663
Derivatives	-	-	-	-	3,628	3,352	3,628	3,352
	473,717	**475,470**	**509,495**	**377,166**	**537,451**	**457,015**	**1,520,663**	**1,309,651**

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

	Revenue		Non-current assets allocated to segments	
Thousands of Euros	2011	2010	2011	2010
Parent company country of residence (Spain)	953,163	975,300	281,933	246,760
Brazil	683,571	605,252	241,310	226,443
Argentina	426,546	330,782	99,110	88,550
Other countries	745,251	649,010	336,734	265,589
	2,808,531	**2,560,344**	**959,087**	**827,342**

11. Property, Plant and Equipment

Details of property, plant and equipment and movement are as follows:

Thousands of Euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Under construction and advances	Total
Cost						
Balance at 1 January 2010	139,332	64,017	194,214	221,746	29,494	648,803
Translation differences	3,606	4,925	6,107	17,231	1,711	33,580
Business combinations (Note 28)	-	2,662	151	1,650	58	4,521
Additions	3,956	6,222	13,762	11,519	35,124	70,583
Disposals	(74)	(494)	(14,666)	(19,276)	(648)	(35,158)
Transfers	16,497	875	8,765	5,011	(31,148)	-
Balance at 31 December 2010	163,317	78,207	208,333	237,881	34,591	722,329
Translation differences	(746)	(3,624)	(3,317)	(8,763)	(1,552)	(18,002)
Business combinations (Note 28)	6,071	3,125	4,556	3,634	36	17,422
Additions	8,570	8,072	15,052	22,426	46,318	100,438
Disposals	(4,318)	(1,112)	(9,729)	(5,947)	(729)	(21,835)
Transfers	14,990	1,975	13,952	1,546	(32,463)	-
Balance at 31 December 2011	187,884	86,643	228,847	250,777	46,201	800,352

Thousands of Euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Under construction and advances	Total
Depreciation and impairment losses						
Balance at 1 January 2010	(32,561)	(39,342)	(106,724)	(144,219)	-	(322,846)
Translation differences	(697)	(2,556)	(3,569)	(11,335)	-	(18,157)
Disposals	55	494	9,022	18,675	-	28,246
Transfers	169	129	(1,506)	1,208	-	-
Depreciation for the year	(3,013)	(5,496)	(18,818)	(21,558)	-	(48,885)
Balance at 31 December 2010	(36,047)	(46,771)	(121,595)	(157,229)	-	(361,642)
Translation differences	(38)	1,961	1,821	5,776	-	9,520
Disposals	22	217	4,388	5,106	-	9,733
Transfers	(200)	889	(3,805)	3,116	-	-
Depreciation for the year	(3,342)	(8,378)	(18,899)	(21,301)	-	(51,920)
Provision for impairment losses recognised in profit and loss	-	-	(71)	-	-	(71)
Balance at 31 December 2011	(39,605)	(52,082)	(138,161)	(164,532)	-	(394,380)
Carrying amount						
At 1 January 2010	106,771	24,675	87,490	77,527	29,494	325,957
At 31 December 2010	127,270	31,436	86,738	80,652	34,591	360,687
At 1 January 2011	127,270	31,436	86,738	80,652	34,591	360,687
At 31 December 2011	148,279	34,561	90,686	86,245	46,201	405,972

Additions to property, plant and equipment recognised in 2011 amount to Euros 100,438 thousand (Euros 70,583 thousand in 2010) and mainly comprise fitting-out work in progress on bases and armoured vehicles intended for use in operating activities. These investments have mainly been made in Spain, Argentina and Brazil. Additions also include the renewal of IT servers due to the expiry of the contract with T-Systems ITC Iberia, S.A.

Commitments for the acquisition of property, plant and equipment are detailed in note 27.

Details of items of property, plant and equipment not used in ordinary activities are as follows:

	31 December 2011		
Thousands of Euros	**Cost**	**Accumulated depreciation**	**Carrying amount**
Land and buildings	21,200	(452)	20,748
Technical installations and machinery	2,058	(1,505)	553
	23,258	(1,957)	21,301

	31 December 2010		
Thousands of Euros	**Cost**	**Accumulated depreciation**	**Carrying amount**
Land and buildings	21,200	(431)	20,769
Technical installations and machinery	2,058	(1,257)	801
	23,258	(1,688)	21,570

Property, plant and equipment are measured at historical cost, with the exception of the Pajaritos and Acacias buildings in Madrid and the Hospitalet building in Barcelona, which were measured at market value on first-time adoption of EU-IFRS The effect of this revaluation is as follows:

	Thousands of Euros	
	2011	**2010**
Cost	39,324	39,324
Accumulated depreciation	(3,515)	(3,075)
Carrying amount	**35,809**	**36,249**

Other installations and furniture include items let by Prosegur to third parties under operating leases, details of which are as follows (see note 3):

	Thousands of Euros	
	2011	**2010**
Cost	66,887	79,881
Accumulated depreciation	(52,429)	(46,259)
Carrying amount	**14,458**	**33,622**

As stated in note 3, the income statement includes operating lease income of Euros 117,678 thousand (Euros 119,588 thousand in 2010). This amount reflects all business relating to the alarm system rental activity , the associated cost of which is taken to profit and loss.

Armoured vehicles compliant with the Euro III regulation on non-polluting emissions were put into operation in 2011, with a value of Euros 1,554 thousand (Euros 185 thousand in 2010). These assets were previously recognised as property, plant and equipment under construction.

Property, plant and equipment contracted by Prosegur under finance leases are as follows:

	Thousands of Euros	
	2011	**2010**
Cost	41,409	45,722
Accumulated depreciation	(22,446)	(23,031)
Carrying amount	**18,963**	**22,691**

12. Goodwill

Details of movement in goodwill are as follows:

	Thousands of Euros	
	2011	**2010**
Opening balance	**318,706**	**300,827**
Additions to the consolidated group	94,308	13,880
Additions	-	469
Disposals	(7,236)	(1,535)
Provision for impairment losses recognised in profit and loss	-	(1,183)
Translation differences	136	6,248
Closing balance	**405,914**	**318,706**

Additions to goodwill were generated on the following business combinations in 2011:

		2011	
	Country	Percentage ownership	Thousands of Euros
Prosec Pte. Ltd.	Singapore	100%	1,671
Distribuidora Federal, S.A.C. [1]	Peru	100%	4,973
Grupo Seguridad Vigilada [1]	Spain	95%	4,017
Inversiones BIV, S.A. y filial [1]	Colombia	99.9%	14,864
Vimarco Servicios Generales [1]	Colombia	100%	967
GSM Telecom, S.A. [1]	Uruguay	100%	200
Prover Electronica, Ltda. [1]	Brazil	100%	2,254
Sazias, S.A. [1]	France	100%	14,422
Grupo Integra - Colombia [1]	Colombia	100%	18,600
Fiel Vigilancia e Transp. Valores [1]	Brazil	100%	27,904
Aexis Security Management Pte. Ltd. [1]	Singapore	100%	3,901
Securlog GMBH [1]	Germany	100%	535
			94,308

(1) Calculations relating to business combinations may be adjusted for up to a year from the acquisition date.

Details of the estimated goodwill presented in the above table are provided in note 28.

Disposals in 2011 reflect adjustments to the value of the following goodwill, which was allocated provisionally in 2010 (see note 28):

	Thousands of Euros
Tellex, S.A. (Argentina)	(1,390)
Telemergencia, S.A.C (Peru)	(433)
Marton Segurança Eletronica, Ltda. (Brazil)	(5,413)
	(7,236)

In 2010 goodwill was generated on the following business combinations:

		2010	
	Country	Percentage ownership	Thousands of Euros
Genper, S.A.	Uruguay	100%	471
Tellex, S.A.	Argentina	100%	4,415
Telemergencia S.A.C.	Peru	100%	2,645
Martom Segurança Eletrônica Ltda.	Brazil	100%	6,349
			13,880

Additions of Euros 469 thousand in 2010 reflect an adjustment to the goodwill recognised on the acquisition of Equipos y Sistemas Automáticos de Protección, Ltda. in 2009 as a result of changes in the fair value of the contingent consideration.

Disposals of Euros 1,535 thousand in 2010 reflect an adjustment to the goodwill recognised on the acquisition of Valtis, S.A. and subsidiaries in 2009 to reflect changes in the fair value of the contingent consideration.

Impairment testing of goodwill

Goodwill has been allocated to Prosegur's cash-generating units (CGUs) in accordance with their respective country of operation. For impairment testing purposes, goodwill is allocated to cash-generating units (CGUs). Goodwill is allocated to the CGUs that are expected to benefit from the business combination from which the goodwill arose.

A summary of the CGUs to which goodwill has been allocated, by country, is as follows:

	Thousands of Euros	
	2011	**2010**
Spain CGU	93,677	89,659
France CGU	35,559	21,137
Portugal CGU	13,403	13,404
Germany CGU	535	-
Singapore CGU	5,626	-
Subtotal Europe-Asia	**148,800**	**124,200**
Brazil CGU	69,978	46,922
Colombia CGU	56,072	21,123
Peru CGU	42,539	36,229
Chile CGU	40,231	40,575
Argentina CGU	35,793	37,494
Rest of LatAm CGU	12,501	12,163
Subtotal LatAm	**257,114**	**194,506**
Total	**405,914**	**318,706**

Prosegur performs annual impairment tests on goodwill at the end of each reporting period, or earlier if there are indications of impairment, in accordance with the accounting policy described in note 34.7.

The recoverable amount of a CGU is determined based on its value in use. These calculations are based on cash flow projections from the four-year financial budgets approved by management. Cash flows beyond this four-year period are extrapolated using estimated growth rates. Flows take into account past experience and represent management's best estimate of future market performance. Cash flows are discounted using a discount rate based on the weighted average cost of capital (WACC). The residual value of each CGU is generally calculated as income in perpetuity.

The key assumptions used to calculate value in use are as follows:

	2011		2010	
	Europe-Asia	**Latam**	**Europe-Asia**	**Latam**
Growth rate [1]	1.72%	4.31%	1.58%	4.08%
Discount rate [2]	8.70%	12.09%	7.43%	11.09%

[1] Weighted average growth rate used to extrapolate cash flows beyond the budgeted period.
[2] Weighted average discount rate after tax applied to cash flow projections.

Details of the key assumptions relating to the most significant CGUs are as follows:

31 December 2011

	Spain	**Rest of Europe**	**Brazil**	**Colombia**	**Peru**	**Argentina**	**Rest of LatAm**
Growth rate	1.74%	1.67%	4.16%	4.49%	5.72%	5.72%	4.49%
Discount rate	7.41%	11.83%	9.66%	8.49%	8.08%	8.08%	8.49%

31 December 2010

	Spain	**Rest of Europe**	**Brazil**	**Colombia**	**Peru**	**Argentina**	**Rest of LatAm**
Growth rate	1.56%	1.67%	4.14%	4.51%	5.72%	3.00%	4.71%
Discount rate	7.22%	8.22%	9.69%	9.59%	9.76%	15.97%	9.50%

Management has determined the budgeted gross margin based on past experience and the market outlook.

The discount rates used are after tax and reflect specific risks related to the country of operation. Using pre-tax rates would make no difference to the conclusions as to each CGU's recoverable amount.

The fluctuation in the discount rates between 2011 and 2010 reflect specific risks related to the countries in question.

No impairment losses have been recognised on goodwill in 2011.

In 2010 Prosegur recognised an impairment loss of Euros 1,183 thousand on the goodwill allocated to the "Rest of LatAm" CGU in relation to Mexico. The discount rate used to make this estimate at 31 December 2010 was 9.51% (12.60% in 2009). Except for goodwill, no other type of asset incurred impairment losses.

In addition to impairment testing, Prosegur has performed the following sensitivity analysis on goodwill:

- If the EBITDA estimated by management at 31 December 2011 had been 10% lower, Prosegur would not have had to reduce the carrying amount of the goodwill allocated to the CGUs at that date.

- If the revised post-tax rate used to discount cash flows had been 10% higher than estimated by Prosegur management, with all other key assumptions remaining constant, it would not have been necessary to reduce the carrying amount of goodwill allocated to the CGUs at 31 December 2011.

13. Other Intangible Assets

Details of other intangible assets and movement are as follows:

Thousands of Euros	Computer software	Customer portfolios	Trademarks	Other intangible assets	Total
Cost					
Balance at 1 January 2010	44,627	171,283	9,144	1,218	226,272
Translation differences	1,805	15,772	1,145	193	18,915
Business combinations	-	291	-	-	291
Additions	10,129	-	-	793	10,922
Disposals	(4,000)	(8,305)	-	-	(12,305)
Balance at 31 December 2010	52,561	179,041	10,289	2,204	244,095
Translation differences	(1,513)	(9,588)	(621)	(306)	(12,028)
Business combinations	1,162	6,544	1,956	2,969	12,631
Additions	20,580	-	-	2,147	22,727
Disposals	(686)	-	-	-	(686)
Balance at 31 December 2011	72,104	175,997	11,624	7,014	266,739
Amortisation and impairment losses					
Balance at 1 January 2010	(23,181)	(42,806)	(1,910)	(85)	(67,982)
Translation differences	(896)	(3,447)	(503)	(26)	(4,872)
Disposals	3,587	7,487	-	-	11,074
Amortisation for the year	(7,885)	(23,012)	(2,976)	(493)	(34,366)
Balance at 31 December 2010	(28,375)	(61,778)	(5,389)	(604)	(96,146)
Translation differences	792	3,036	147	54	4,029
Disposals	67	-	-	-	67
Amortisation for the year	(8,077)	(13,835)	(3,355)	(2,221)	(27,488)
Balance at 31 December 2011	(35,593)	(72,577)	(8,597)	(2,771)	(119,538)
Carrying amount					
At 1 January 2010	21,446	128,477	7,234	1,133	158,290
At 31 December 2010	24,186	117,263	4,900	1,600	147,949
At 1 January 2011	24,186	117,263	4,900	1,600	147,949
At 31 December 2011	36,511	103,420	3,027	4,243	147,201

In 2011, additions to intangible assets were recognised due to the allocation of fair value to the purchase prices of the following business combinations:

	Thousands of Euros		
	Customer portfolios	**Trademarks**	**Other intangible assets**
Tellex, S.A.	-	-	2,160
Telemergencia, S.A.C.	963	-	-
Martom Segurança Eletrônica Ltda.	2,817	1,956	809
Prosec Pte. Ltd.	2,764	-	-
	6,544	**1,956**	**2,969**

The balances under Tellex, S.A., Telemergencia, S.A.C. and Martom Segurança Electrônica Ltda. reflect the definitive allocation of amounts that were provisionally allocated in 2010 (see notes 12 and 28). The customer portfolio figure for Prosec, Pte. Ltd. reflects the definitive allocation of the goodwill generated in 2011.

Additions to intangible assets were recognised in 2010 due to the allocation of fair value to the purchase price of the business combination resulting from the acquisition of Genper, S.A. for Euros 291 thousand (see note 28).

In October 2008 Prosegur formed a business combination with Telefónica Asistencia y Seguridad, S.A. (Telemergencia) in Chile, acquiring a portfolio of customers with monitored alarm systems and other business-related assets. In 2009 this business combination was allocated a fair value of Chilean Pesos 13,739 million (equivalent to Euros 15,511 thousand at the acquisition date) and a useful life of six years, based on the average annual customer churn rate at the acquisition date. During 2010 Prosegur updated the average customer churn rate, as a result of which the expected useful life of this portfolio should now be three years. The carrying amount of the customer portfolio at 31 December 2011 is Euros 5,628 thousand (Euros 6,780 thousand in 2010).

Useful lives have been defined for all other intangible assets reported, which are amortised at rates of between 5.5% and 33% depending on their estimated useful lives.

No other intangible assets are subject to restrictions on title or pledged as security for particular transactions.

Other intangible assets are tested for impairment as described in note 34.6. No impairment losses have been recognised or reversed in 2011.

14. Non-Current Financial Assets

Details of non-current financial assets are as follows:

	Thousands of Euros	
	2011	**2010**
Available-for-sale financial assets	25,634	31,265
Deposits and guarantees	7,767	1,410
Other non-current financial assets	584	656
	33,985	**33,331**

Available-for-sale financial assets

Details of available-for-sale financial assets are as follows:

	Thousands of Euros	
	2011	**2010**
Balance at 1 January	31,265	33,503
Business combinations	2	-
Additions	1,125	963
Disposals	(760)	(162)
Impairment losses	(6,020)	(3,017)
Translation differences	22	(22)
Balance at 31 December	**25,634**	**31,265**
At 31 December		
Cost or valuation	34,657	34,335
Impairment losses	(9,023)	(3,070)
	25,634	**31,265**

Available-for-sale financial assets include the following net investments:

Thousands of Euros	**Recoverable amount**	**Percentage ownership**	**Investment**
Capitolotre,S.P.A.	22,627	19.0%	31,647
Euroforum Escorial, S.A.	1,734	8.1%	1,734
Other investments and other assets	1,273		1,266
	25,634		**34,647**

Thousands of Euros	**Recoverable amount**	**Percentage ownership**	**Investment**
Capitolotre,S.P.A.	28,647	19.0%	31,647
Euroforum Escorial, S.A.	1,370	8.1%	1,370
Other investments and other assets	1,248		1,318
	31,265		**34,335**

On 18 December 2007 Prosegur acquired 19% of the shares in the investment vehicle Capitolotre, S.P.A. This 19% interest entitles Prosegur to 33% of profit-sharing rights. Capitolotre, S.P.A. has a 77% interest in IVRI Direzione, S.P.A., the leading company in the Italian security sector with activities including security patrol, transport of valuables, alarm system monitoring, response services and electronic systems. As a result, Prosegur has an indirect investment of 14.6% in the IVRI Group. Prosegur's investment in Capitolotre, S.P.A. remained unchanged between the acquisition date and 31 December 2011.

Based on the accounting policy regarding associates (see note 34.2), Prosegur considers that it does not exercise significant influence over Capitolotre, S.P.A. and has classified this investment as an available-for-sale financial asset.

Following the criteria set out in note 35.4, Prosegur has classified its investment in Capitolotre, S.P.A. as a level three fair value measurement.

The valuation techniques used by Prosegur to estimate the fair value of this investment were based on projections set out in the investee's financial budgets. The key assumptions used in this calculation were as follows:

- The financial budgets used for the calculation cover a period of five years.
- The weighted average growth rates used in these projections are consistent with the forecasts included in industry reports.
- Budgeted EBITDA (earnings before interest, taxes, depreciation and amortisation) is based on past experience and the market outlook.
- An annual discount rate of 8% has been applied to the projections.

At 31 December 2011, Prosegur has estimated the fair value of its investment in Capitolotre, S.P.A. based on the techniques described above, concluding that there is objective evidence that this investment is impaired by an estimated Euros 6,020 thousand (Euros 3,000 thousand in 2010).

If the EBITDA estimated by the entity were 10% lower at 31 December 2011, with all other key assumptions remaining constant, the additional impairment loss would amount to Euros 2,500 thousand.

If the discount rate estimated by the entity at 31 December 2011 had been 10% higher, with the other key assumptions constant, the additional impairment loss would amount to Euros 700 thousand.

The rest of Prosegur's investments are recognised at the lower of cost and the carrying amount, as they cannot be measured reliably.

Deposits and guarantees

At 31 December 2011, deposits and guarantees include Euros 5,500 thousand in relation to the Securlog GmbH (Germany) business combination, reflecting the amount withheld from the total purchase price of the shares to guarantee settlement of possible liabilities (see note 28).

Other non-current financial assets

Movements in other non-current financial assets are as follows:

	Thousands of Euros	
	2011	**2010**
Balance at 1 January	**656**	**3,194**
Additions	-	-
Disposals	(97)	(94)
Transfers	-	(2,500)
Translation differences	25	56
Balance at 31 December	**584**	**656**

At the 2011 and 2010 year ends, this balance reflects fixed-term deposits maturing on 30 November 2017.

15. Derivative Financial Instruments

Prosegur uses derivative financial instruments to hedge interest rates and exchange rates, as set out in the risk management policy described in note 35.

Changes in the fair values of all of the financial instruments held by Prosegur are taken to the income statement as they are not considered to be accounting hedges. In 2011 a charge of Euros 306 thousand was recognised in profit and loss (Euros 1,587 thousand in 2010) reflecting changes in the fair value of derivative financial instruments (see note 7). Losses of Euros 1,696 thousand (Euros 2,038 in 2010) have been recognised on derivative transactions, settlements and sales during the year (see note 7).

The total fair value of a derivative is recognised under non-current assets or liabilities if the notional amount matures in more than twelve months or under current assets or liabilities if the notional amount matures within twelve months.

Details of derivative financial instruments are as follows:

		2011		2010	
		Fair values		Fair values	
Thousands of Euros	Notional amount	Assets	Liabilities	Assets	Liabilities
Interest rate swap (IRS)	€100,000 thousand	-	3,587	-	3,114
Non-current		**-**	**3,587**	**-**	**3,114**
Basis swap	€125,000 thousand	-	-	-	238
Diesel price collar	USD 5,064 TM	-	-	29	-
Foreign currency swaps	ARS 5,111 thousand	-	41	-	-
Current		**-**	**41**	**29**	**238**

The main features of derivative financial instruments are as follows:

a) Interest rate swaps

At 31 December 2011 the Company has an interest rate derivative (interest rate swap) to cap the interest payable on part of Prosegur's financing.

Every six months, on 25 July and 25 January, this derivative exchanges a payable interest rate of 2.71% for a receivable interest rate equivalent to the six-month Euribor on a nominal amount of Euros 100,000 thousand, which matures in April 2014.

In 2010 the Company also had a basis swap, which exchanged a payable interest rate equivalent to the six-month Euribor - 0.325%, settled every six months on 25 July and 25 January, for a receivable interest rate equivalent to the one-month Euribor, settled monthly, on the outstanding nominal amount of the syndicated loan contracted in 2006. As repayment of the principal of this syndicated loan was completed on 25 July 2011 on payment of the final instalment of Euros 32,250 thousand, this derivative has been settled.

b) Foreign currency swaps

In 2011 Prosegur arranged an exchange rate derivative to hedge variations in its cash surplus caused by fluctuations in the Argentine Peso.

If the average exchange rate exceeded Argentine Pesos 5.87 to the Euro, Prosegur received a payment offsetting this depreciation, whereas if the average rate fell below Argentine Pesos 5.87 to the Euro, Prosegur was required to settle the difference. This derivative hedged a maximum amount of Argentine Pesos 30,000 thousand and expired in 2011. It is still pending settlement.

b) Diesel price collar

Prosegur previously contracted a derivative financial instrument on the price of diesel with the aim of maintaining fuel costs within a certain range. This instrument expired in January 2011.

16. Inventories

Details of inventories are as follows:

	Thousands of Euros	
	2011	**2010**
Work in progress	18,605	13,249
Goods for resale, fuel and others	17,243	10,189
Operating materials	13,388	14,548
Uniforms	5,407	4,667
	54,643	**42,653**

No inventories have been pledged as collateral to secure loans.

Work in progress reflects the construction contracts executed by Prosegur and subsequently invoiced to customers. The corresponding accounting policy is set out in note 34.21. Prosegur has recognised sales revenue of Euros 132,915 thousand in relation with these contracts in 2011 (Euros 115,350 thousand in 2010). Prosegur has also recognised a payable to customers of Euros 6,128 thousand (Euros 3,074 in 2010) because the partial amount invoiced to those customers exceeds the costs incurred plus recognised profit (see note 24).

17. Trade and Other Receivables

Details of trade and other receivables are as follows:

	Thousands of Euros	
	2011	**2010**
Trade receivables	661,562	529,832
Less: Provision for impairment of receivables	(51,235)	(41,253)
Trade receivables - net	610,327	488,579
Other receivables	144,550	111,019
Prepayments	38,779	30,138
	793,656	**629,736**
Non-current	**-**	**-**
Current	**793,656**	**629,736**

Credit risk is not concentrated in terms of trade receivables because Prosegur works with a large number of customers in the different countries in which it operates (see note 35).

In December 2007, Prosegur signed a five-year contract to securitise part of its customer portfolio, whereby receivables are sold without recourse up to a maximum of Euros 150,000 thousand (Euros 150,000 thousand in 2010). Based on the terms of the securitisation contract, Prosegur has concluded that the risks and rewards inherent to the receivables sold have been transferred. The contract expressly indicates that the purchaser will not be entitled to recourse against the seller in the event of any default or delay in collection of a transferred receivable. In other words, the buyer assumes the credit risk and bad debt risk. The amount collected in relation to a transferred receivable is calculated by discounting net cash flows based on the date on which the receivable falls due. Even if collection is actually made at a later date than initially established, the amount is not affected.

Receivables sold are written off and the difference between their carrying amount and the amount actually received is recognised as a finance expense in the income statement (see note 7). At 31 December 2011 receivables amounting to Euros 98,799 thousand have been written off (Euros 87,978 thousand in 2010). At 31 December 2011, total securitised receivables amount to Euros 126,070 thousand (Euros 117,413 thousand in 2010). This total includes amounts payable by Prosegur as they were collected on invoices that were sold (see note 22).

Other receivables include various different recoverable tax balances amounting to Euros 38,919 thousand (Euros 20,925 thousand in 2010). Prosegur has also recognised court deposits totalling Euros 28,115 thousand (Euros 24,783 thousand in 2010). This amounts are mainly to secure claims settlements in some of the countries in which it operates, in accordance with prevailing local legislation. This caption also includes advances to personnel totalling Euros 9,288 thousand (Euros 5,363 thousand in 2010) and a Euros 2,000 thousand deposit made to secure the purchase of Securlog GmbH (see note 28).

In 2008, Prosegur enforced guarantees of Euros 9,469 thousand relating to funds retained on deposit by a customer in Brazil, which are recognised under other receivables. Prosegur is currently taking the necessary legal steps for this amount to be released by the competent authorities.

As stated in note 21, at 31 December 2010 other receivables include a balance of Euros 9,800 thousand at 31 December 2010, reflecting the estimated amount recoverable from the Esabe Express, S.A. bankruptcy estate. This amount has been written off due to the agreement reached in 2011.

Details of trade receivables by due date, net of the corresponding impairment, are as follows:

	Thousands of Euros	
	2011	**2010**
0 to 3 months	523,087	433,639
3 to 6 months	32,840	26,235
Over 6 months	54,400	28,705
	610,327	**488,579**

Movement in the impairment of receivables is as follows:

	Thousands of Euros	
	2011	**2010**
Opening balance	(41,253)	(33,838)
Provision for impairment of receivables	(13,637)	(13,389)
Applications and other	863	2,345
Reversal of unused amounts	2,792	3,629
Balance at 31 December	**(51,235)**	**(41,253)**

As well as the provision, in 2011 Prosegur recognised impairment losses on trade receivables amounting to Euros 1,080 thousand (Euros 4,567 thousand in 2010). The total impairment loss on trade receivables recognised in profit and loss amounts to Euros 11,925 thousand (Euros 14,327 thousand in 2010).

As a general rule, impaired receivables are written off when Prosegur does not expect to recover any further amount.

No impairment losses have been incurred on the rest of trade receivables.

Prosegur's maximum exposure to credit risk at the reporting date is the fair value of the receivables in each of the above-mentioned categories. Prosegur does not hold any collateral to secure receivables.

The procedures followed by Prosegur in relation to credit risk and currency risk on trade receivables are described in note 35.1.

18. Other Financial Assets

Details of other financial assets and movement during the year are as follows:

	Thousands of Euros	
	2011	**2010**
Balance at 1 January	128,988	552
Additions	96,580	183,330
Transfers	-	2,500
Interest	2,484	1,633
Disposals	(226,500)	(59,027)
Balance at 31 December	**1,552**	**128,988**

The composition, issue and maturity dates of financial assets are as follows:

				Thousands of Euros
Description	**Date of issue**	**Matures on**	**Principal**	**Balance at 31/12/2011**
Fixed-term deposit	26/11/2009	26/05/2011	2,500	-
Fixed-term deposit	29/04/2010	28/01/2011	25,000	-
Fixed-term deposit	02/08/2010	15/01/2011	40,000	-
Fixed-term deposit	30/09/2010	28/01/2011	10,000	-
Fixed-term deposit	04/10/2010	28/01/2011	40,000	-
Fixed-term deposit	18/10/2010	28/01/2011	10,000	-
Fixed-term deposit	01/01/2011	31/12/2011	580	-
Fixed-term deposit	17/01/2011	18/07/2011	40,000	-
Fixed-term deposit	25/01/2011	26/07/2011	4,500	-
Fixed-term deposit	28/01/2011	27/07/2011	25,000	-
Fixed-term deposit	22/02/2011	22/07/2011	20,000	-
Fixed-term deposit	26/07/2011	31/12/2011	5,000	-
Fixed-term deposit	26/07/2011	26/01/2012	1,500	1,500
Other financial assets				52
			224,080	**1,552**

				Thousands of Euros
Description	**Date of issue**	**Matures on**	**Principal**	**Balance at 31/12/2010**
Fixed-term deposit	26/11/2009	26/05/2011	2,500	2,500
Fixed-term deposit	26/02/2010	26/11/2010	2,500	-
Fixed-term deposit	18/03/2010	25/06/2010	40,000	-
Fixed-term deposit	24/03/2010	23/12/2010	15,000	-
Fixed-term deposit	29/04/2010	28/01/2011	25,000	25,000
Fixed-term deposit	30/06/2010	29/10/2010	390	-
Fixed-term deposit	30/06/2010	20/12/2010	440	-
Fixed-term deposit	02/08/2010	15/01/2011	40,000	40,000
Fixed-term deposit	30/09/2010	28/01/2011	10,000	10,000
Fixed-term deposit	04/10/2010	28/01/2011	40,000	40,000
Fixed-term deposit	18/10/2010	28/01/2011	10,000	10,000
Other financial assets				476
Accrued interest				1,012
			185,830	**128,988**

Prosegur's maximum exposure to credit risk at the reporting date is the carrying amount of these financial assets. Fixed-term deposits are exposed to default risk by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings.

19. Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2011	**2010**
Cash in hand and at banks	119,244	82,154
Current bank deposits	68,304	87,864
	187,548	**170,018**

The effective rate of interest on current bank deposits is 2.88% (2.71% in 2010) and the average term of deposits held is 53 days (37 days in 2010).

Prosegur holds no investments in sovereign debt at 31 December 2011 and has made no such investments during the year.

20. Equity

20.1. Share capital, share premium and own shares

Details of share capital, share premium and own shares and movement are as follows:

	Number of shares (thousands)	Share capital	Share premium	Own shares	Total
Balance at 1 January 2010	**61,712**	**37,027**	**25,472**	**(40,227)**	**22,272**
Purchase of own shares	-	-	-	(2,202)	(2,202)
Sale of own shares	-	-	-	1,278	1,278
Share-based payments – 2011 Plan	-	-	-	420	420
Balance at 31 December 2010	**61,712**	**37,027**	**25,472**	**(40,731)**	**21,768**
Purchase of own shares	-	-	-	(82,444)	(82,444)
Sale of own shares	-	-	-	-	-
Share-based payments – 2011 Plan	-	-	-	-	-
Balance at 31 December 2011	**61,712**	**37,027**	**25,472**	**(123,175)**	**(60,676)**

Share capital

At 31 December 2011, the share capital of Prosegur Compañía de Seguridad, S.A. amounts to Euros 37,027 thousand, represented by 61,712,464 shares of Euros 0.6 par value each, subscribed and fully paid. These shares are quoted on the Madrid and Barcelona Stock Exchanges.

Details of the Company’s shareholders are as follows:

	Number of shares	
Shareholders	**2011**	**2010**
Ms. Helena Revoredo Delvecchio (1)	30,924,033	30,924,033
Corporación Financiera Alba, S.A. (2)	6,175,000	6,175,000
Ms. Mirta Giesso Cazenave (3)	3,471,613	3,471,613
FMR LLC (4)	3,123,185	3,123,185
Cantillon Capital Management (5)	1,882,135	-
BNP Paribas, S.A. (6)	1,087,820	1,902,934
Other	15,048,678	16,115,699
	61,712,464	**61,712,464**

(1) Through Gubel, S.L. and Prorevosa, S.A.
(2) Through Alba Participaciones, S.A.
(3) Both directly and through AS Inversiones, S.L.
(4) Through Fidelity International Discovery Fund and other funds
(5) Through 15 managed funds.
(6) Ceased to hold a significant interest on 15 February 2011.

At 31 December 2011, the members of the board of directors, either directly or through companies over which they exercise control, hold 34,449,249 shares (34,449,249 shares in 2010), representing 55.82% of the Company’s share capital (55.82% in 2010).

Share premium

The share premium amounts to Euros 25,472 thousand, is freely distributable and has not changed in 2011 or 2010.

Own shares

Details of movements in own shares in 2011 and 2010 are as follows:

	Number of shares	Thousands of Euros
Balance at 1 January 2010	**1,974,146**	**40,227**
Purchase of shares	61,824	2,202
Sale of shares	(61,824)	(1,278)
Share-based payments (2011 Plan)	(20,603)	(420)
Balance at 31 December 2010	**1,953,543**	**40,731**
Purchase of shares	2,502,579	82,444
Balance at 31 December 2011	**4,456,122**	**123,175**

At the general meetings held on 27 June 2011 and 28 June 2010, the shareholders authorised the acquisition of own shares up to the legal maximum. All or part of these own shares may be granted or transferred to the directors of the Company or Prosegur employees, either directly or as a result of a share option being exercised within remuneration schemes linked to the quoted share price.

Share-based incentives amounting to 20,603 own shares, measured at a weighted average cost of Euros 420 thousand, were granted in 2010 under Prosegur's 2011 Plan of long-term incentives for executive directors and management (see note 34.17). This led to movements of Euros 580 thousand in other equity instruments.

20.2. Other equity instruments

Other equity instruments reflect the total obligation acquired by the Company in relation to share-based incentives established in the 2011 Plan (see note 34.17). Movements are as follows:

	Thousands of Euros	
	2011	2010
Opening balance	**5,016**	**3,651**
Share-based incentive obligations accrued during the year	765	1,945
Share options exercised	-	(580)
Closing balance	**5,781**	**5,016**

20.3. Accumulated translation differences

Details of this reserve and movement during the year are as follows:

	Thousands of Euros	
	2011	2010
Opening balance	**16,186**	**(17,470)**
Translation differences for foreign operations	(20,567)	33,656
Closing balance	**(4,381)**	**16,186**

20.4. Retained earnings and other reserves

Retained earnings and other reserves, which amount to Euros 729,810 thousand at 31 December 2011 (Euros 622,880 in 2010) include profit for the year of Euros 167,430 thousand (Euros 160,785 thousand in 2010), freely distributable reserves of Euros 536,845 thousand (Euros 443,020 thousand in 2010) and other non-distributable reserves amounting to Euros 25,534 thousand (Euros 19,076 thousand in 2010).

Movements in non-distributable reserves in 2011 mainly reflect the distribution of profit for 2010, which included the appropriation of Euros 5,602 thousand to the goodwill reserve.

The legal reserve, which amounts to Euros 7,405 thousand, has been appropriated in compliance with article 274 of the Revised Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve has been fully appropriated. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

The goodwill reserve, which amounts to Euros 18,068 thousand, is appropriated in compliance with article 273.4 of the Spanish Companies Act, which requires companies to transfer profits equivalent to 5% of goodwill (recognised by the parent company) to a non-distributable reserve until this reserve reaches an amount equal to goodwill (recognised by the parent company). In the absence of profit, or if profit is not sufficient, freely-distributable reserves should be appropriated to this reserve. The reserve shall be restricted for as long as this situation prevails.

There are also restrictions on the distribution of the reserve for the redenomination of share capital to Euros, which totals Euros 61 thousand.

The proposed distribution of the parent company’s profit for 2011, determined in accordance with prevailing legislation and standards for the preparation of individual annual accounts, to be submitted to the shareholders for approval at their annual general meeting, is as follows:

Thousands of Euros	2011
Basis of allocation	
Profit for the year	58,085
Voluntary reserves	8,544
Canary Islands investment reserve	2,054
	68,683
Allocation	
Goodwill reserve	5,736
Dividends	62,947
	68,683

21. Provisions

Details of provisions and movement are as follows:

Thousands of Euros	Overtime costs	Liabilities and charges	Deferred income	Accrued personnel obligations	Total
Balance at 1 January 2011	**62,100**	**99,189**	**10,312**	**1,614**	**173,215**
Provisions recognised in profit and loss	1,395	38,602	-	-	**39,997**
Reversals recognised in profit and loss	(8,222)	(841)	-	-	**(9,063)**
Additions to the consolidated group	430	175	-	-	**605**
Disposals from consolidated group	-	-	-	-	**-**
Applications	(16,288)	(10,471)	(830)	-	**(27,589)**
Transfers to current provisions	-	(27,796)	(4,053)	(1,614)	**(33,463)**
Translation differences	-	(5,504)	-	-	**(5,504)**
Balance at 31 December 2011	**39,415**	**93,354**	**5,429**	**-**	**138,198**

Thousands of Euros	Overtime costs	Liabilities and charges	Deferred income	Accrued personnel obligations	Total
Balance at 1 January 2010	**66,215**	**80,394**	**17,173**	**782**	**164,564**
Provisions recognised in profit and loss	5,616	52,687	-	832	**59,135**
Reversals recognised in profit and loss	(8,319)	(10,374)	-	-	**(18,693)**
Additions to the consolidated group	-	535	-	-	**535**
Disposals from consolidated group	-	-	-	-	**-**
Applications	(1,412)	(30,351)	-	-	**(31,763)**
Transfers to current provisions	-	-	(6,861)	-	**(6,861)**
Translation differences	-	6,298	-	-	**6,298**
Balance at 31 December 2010	**62,100**	**99,189**	**10,312**	**1,614**	**173,215**

a) *Overtime costs*

On 6 February 2006, the Social Chamber of the Spanish High Court dismissed the lawsuit filed by minor trade unions against articles of the security industry state collective bargaining agreement for 2005 to 2008 that set the overtime rates for security guards. The prevailing state collective bargaining agreement for security companies for 2009 to 2012 (inclusive) was signed by the employers' associations APROSER, FES, AMPES and ACAES and the trade unions UGT and USO in November 2010.

These trade unions appealed to the Social Chamber of the Spanish Supreme Court, which, on 21 February 2007, overturned the contested ruling and upheld in full the claim brought by the trade unions, declaring null and void "section 1. a) of article 42 of the State Collective Bargaining Agreement for security companies for 2005 to 2008 setting overtime rates for security guards", article 42, section b) solely with regard to overtime for the other professional categories and article 42, point 2, which sets a basic hourly rate for the purpose of ensuring a minimum overtime rate that is below the legal stipulation.

On 21 January 2008, the Social Chamber of the Spanish High Court issued a ruling on case 111/2007 declaring that "the basic hourly rate used to calculate the overtime rate comprises a base salary and personal supplements, extras accrued in more than one month, allowances for residence in Ceuta and Melilla, if applicable, and any security work allowances to which the employee is entitled". On 22 January 2008, the Social Chamber of the Spanish High Court issued a ruling on case 171/2007 that upheld the plea of procedural illegitimacy and declared that the legitimate procedure was to challenge the collective bargaining agreement. Motions were filed to quash these rulings on 29 January 2008 and 11 February 2008, respectively.

On 10 November 2009, the Social Chamber of the Spanish Supreme Court upheld the motions filed by some unions to quash the Social Chamber of the Spanish High Court's ruling on case 111/2007 on 21 January 2008, and dismissed the claim submitted by the employers' association APROSER. This ruling upholds the decision of 21 February 2007 on the formula to be applied to calculate overtime rates.

On 9 December 2009 the Social Chamber of the Spanish Supreme Court upheld the motion to quash the ruling passed by the Spanish High Court on 22 January 2008, on case 171/2007, which declared that the legitimate procedure was to challenge the collective bargaining agreement. It was agreed that the case would be sent back to the original court (Spanish High Court) for a new ruling to resolve the matter.

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

The affected Prosegur companies are therefore required to pay compensation to the employees who have presented claims, for the difference between their entitlement and overtime pay already received. After analysing the Supreme Court's decision and based on the best possible estimates, Prosegur management has calculated the provision that would be required to cover any accrued liability that might be claimed by employees, and recognised this provision for the period between the date on which the collective bargaining agreement entered into force (1 January 2005) and the close of accounts on 31 December 2011. This amount has been recognised as a non-current provision because the date on which compensation is payable by Prosegur depends on the outcome of each of the claims presented by employees.

In 2011, 8,758 cases were closed (840 in 2010), giving rise to a total payable of Euros 16,288 thousand (Euros 1,412 thousand in 2010).

In 2011 Prosegur has recognised a Euros 1,395 thousand increase in personnel expenses (Euros 5,616 thousand in 2010) with a charge to a non-current provision reflecting the liability accrued at 31 December 2011. In 2011 this provision has been released with a credit to personnel expenses amounting to Euros 8,222 thousand (Euros 8,319 thousand in 2010), reflecting amounts provided for in prior years that, based on information available at 31 December 2011, Prosegur considers will not be claimed.

b) ***Provisions for liabilities and charges***

The provision for liabilities and charges in 2011 comprises the following:

- Legal risks: Euros 5,997 thousand (Euros 34,009 thousand in 2010). The provision for legal risks mainly relates to civil claims, which are analysed on a case-by-case basis.

- Labour-related risks: Euros 51,797 thousand (Euros 43,229 thousand in 2010). Provisions for labour-related risks are calculated on a case-by-case basis, considering Prosegur's historical experience. The provision for labour-related risks includes retirement bonuses payable to employees amounting to Euros 2,397 thousand (Euros 2,208 thousand in 2010). This provision also includes Brazilian Reals 36,986 thousand (Euros 16,455 thousand) relating to the business combination formed with Transpev in 2005 (see note 22).

- Other risks: Euros 35,560 thousand (Euros 21,951 thousand in 2010). These provisions mainly reflect operations-related risks.

The main case of litigation currently underway is the following:

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

On 8 January 1996 Prosegur was notified of a court declaratory judgement on the claim for Euros 13,024 thousand plus interest filed by the receiver responsible for Esabe Express, S.A. The Danish company Alarmselskabet Dansikring A/S, part of the Swedish security group Securitas, was named as co-defendant.

In its ruling 515/2007 of 3 May 2007, upholding the Madrid regional court decision of 29 March 2000, the Spanish Supreme Court dismissed, for formal reasons, the claim against Prosegur from the receiver of Esabe Express, S.A., due to litispendence, when the legal claim was filed, with regard to the retrospective bankruptcy date of Esabe Express, S.A.

In effect, the retrospective bankruptcy date of Esabe Express, S.A. was not ultimately determined until 17 May 2005, the date on which the Supreme Court ruled as inadmissible the appeal filed against the Madrid regional court ruling of 28 June 2001, upholding the decision of 2 December 1998 by Madrid Magistrate's Court 34, which accepted 1 May 1991 as the retrospective bankruptcy date.

Once the retrospective bankruptcy date was set at an earlier date than the events that led to the claim against Prosegur, the formal barrier was removed for the court to consider the grounds for that claim.

On 5 September 2008 the receiver of Esabe Express, S.A. filed a new claim against Prosegur Compañía de Seguridad, S.A. and Alarmselskabet Dansikring A/S and Securitas A/B. The receiver petitioned the court to declare null and void the payment of Euros 13,024 thousand made to Prosegur by Esabe Express, S.A. through Alarmselskabet Dansikiring A/S, on the grounds that this payment was made subsequent to the retrospective bankruptcy date (1 May 1991). Consequently, Prosegur was asked to return the above-mentioned amount plus interest to the bankruptcy estate of Esabe Express, S.A. Prosegur issued a response to the corresponding court (Magistrate's Court 34) contesting the claim, taking an opposing view to events to that set out by the plaintiff Esabe Express, S.A. and seeking dismissal of the claim.

On 5 May 2010 Madrid Magistrate's Court 34 upheld the claim and ordered Prosegur Compañía de Seguridad, S.A. to reimburse the bankruptcy estate of Esabe Express, S.A. for Euros 13,024 thousand plus interest accrued on the sum since 4 February 1992, giving an estimated total of Euros 27,661 thousand at 31 December 2010 (including principal and interest). The aforementioned ruling dismissed the argument put forward by the receiver in its claim that the Company's credit was qualified as subordinated, deferring the qualification of the aforementioned credit until the corresponding bankruptcy proceedings. Depending on the recognition of the Company's credit in the bankruptcy proceedings, the Company could request inclusion in the proceedings with respect to its credit against Esabe Express, S.A., with the right to collect the corresponding amount resulting from the aforementioned proceedings.

On 16 July 2010 an appeal was filed at the Madrid regional court against the aforementioned ruling by Madrid Magistrate's Court 34. In any case, and notwithstanding any other possible steps that may be taken, if the ruling against Prosegur Compañía de Seguridad, S.A. is upheld, the Company may request inclusion in the proceedings with respect to its credit against Esabe Express, S.A., with the right to collect the corresponding amount resulting from the aforementioned bankruptcy proceedings.

On 17 February 2011, Prosegur, Esabe Express S.A. and the receiver responsible for Esabe signed a transaction agreement, reaching a settlement on all the claims that arose from the legal proceedings for invalidity. Prosegur has undertaken to pay Esabe Express S.A. Euros 17,000 thousand in respect of all items claimed. The agreement, which had been suspended, was approved by the courts on 19 July 2011.

Upon payment of the aforementioned amount in 2011, Prosegur and Esabe Express S.A. were fully satisfied with respect to their claims, dismissed the appeals filed with respect to the proceedings and no longer owed any amounts for any items in this regard.

The provision recorded by the Company for this lawsuit amounted to Euros 27,661 thousand at 31 December 2010. In the prior year other receivables included a balance of Euros 9,800 thousand (see note 17), reflecting the estimated amount recoverable from the Esabe Express, S.A. bankruptcy estate. In 2011 this balance has been written off due to the payment of the amount stated in the transaction agreement.

This settlement has been recognised as a Euros 861 thousand reduction in expenses in the consolidated income statement for 2011.

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

The provision for cash incentives under Prosegur's 2011 long-term incentive plan for executive directors and management (see note 34.17) has been classified as current accruals with personnel in trade and other payables (see note 23), as this commitment will fall due in 2012.

d) ***Deferred income***

This provision reflects deferred revenues from alarm system hire contracts that will be taken to income in the long term, amounting to Euros 5,429 thousand (Euros 10,312 thousand in 2010). Deferred revenues that will be taken to income in the short term are recognised under other current liabilities (see note 24).

22. Financial Liabilities

Details of financial liabilities are as follows:

	Thousands of Euros	
	2011	**2010**
Non-current		
Loans with financial institutions	42,418	17,920
Syndicated loan	388,449	146,875
Finance lease payables	5,874	9,575
Other payables	29,445	14,574
	466,186	**188,944**
Current		
Credit facilities	84,921	54,942
Loans with financial institutions	18,035	1,401
Syndicated loan	-	232,530
Finance lease payables	5,913	6,795
Other payables	87,446	64,748
	196,315	**360,416**
Total financial liabilities	**662,501**	**549,360**

The annual weighted average interest rate applicable to financial liabilities (except for other payables) in 2011 is 3.95% (2.39% in 2010).

Details of loans from financial institutions by maturity date are as follows:

	Thousands of Euros		
	Up to 12 months	**1 to 5 years**	**Total**
At 31 December 2011			
Total loans with financial institutions	18,035	42,418	**60,453**
Syndicated loan	-	388,449	**388,449**
At 31 December 2010			
Total loans with financial institutions	1,401	17,920	**19,321**
Syndicated loan	232,530	146,875	**379,405**

At 31 December 2011, drawdowns from credit facilities total Euros 84,921 thousand, with a remaining available balance of Euros 127,795 thousand (Euros 341,131 thousand in 2010). Details of undrawn credit facilities are as follows:

	Thousands of Euros	
	2011	**2010**
Maturing in less than one year	67,795	91,131
Maturing in more than one year	60,000	250,000
	127,795	**341,131**

Credit facilities are subject to various interest rate reviews in 2012.

Syndicated loan

The principal and interest of the syndicated loan arranged by Prosegur in 2006 were repaid in full on maturity on 25 July 2011. At 31 December 2010, drawdowns from tranche A in the form of a loan amounted to Euros 62,500 thousand and drawdowns from tranche B in the form of a loan totalled Euros 170,000 thousand.

This syndicated loan was also subject to compulsory covenants, namely ratios involving different statement of financial position and income statement variables. In 2010 Prosegur complied with these covenants. The interest rate applied in 2011 and 2010 was the Euribor plus a spread of 0.30%.

In August 2010 Prosegur signed a new five-year syndicated loan contract amounting to Euros 400,000 thousand. Ten financial institutions participated in this transaction, coordinated by the Banco de Santander. The purpose of this loan is to meet the group’s general financing requirements, including, but not limited to, the repayment of the syndicated loan arranged in 2006.

The loan was divided into two tranches: a tranche in the form of a Euros 150,000 thousand loan, repayable half-yearly, and a second tranche in the form of credit of Euros 250,000 thousand. The loan falls due in August 2015.

The terms of this loan stipulate that the interest rate is indexed to the Euribor plus a spread that varies depending on the following ratio:

Net financial debt/EBITDA	**Annual margin**
2.75 or above	2.60%
Between 2 and 2.75	2.20%
Between 1.5 and 2	1.90%
Less than 1.5	1.70%

As Prosegur’s net financial debt/EBITDA ratio is currently at the bottom of the scale, the interest rate is Euribor plus 1.70%. The contract stipulates that Prosegur may settle interest on a monthly, quarterly or half-yearly basis.

In 2011, Prosegur has drawn down Euros 150,000 thousand from the loan tranche (Euros 150,000 thousand in 2010) and Euros 240,000 thousand from the credit tranche, which presented no drawdowns at 31 December 2010.

The contract states that the instalments of the loan tranche should be paid at the following dates:

	Thousands of Euros	
Repayment date	**Amount**	**Principal outstanding**
4 February 2013	25,000	125,000
4 August 2013	25,000	100,000
4 February 2014	25,000	75,000
4 August 2014	25,000	50,000
4 February 2015	25,000	25,000
4 August 2015	25,000	-

This loan is secured by collateral from Prosegur's main subsidiaries in Spain, France, Portugal, Argentina and Brazil.

The covenant ratios stipulated in the contract, which have been met in both 2011 and 2010, are as follows:

- The net financial debt/EBITDA ratio should be less than or equal to 3.
- The EBITDA/finance expense ratio should be higher than 5.

Finance lease payables

Details of minimum payments under finance leases are as follows:

	Thousands of Euros	
	2011	**2010**
Less than 1 year	5,913	6,795
1 to 5 years	5,874	9,575
Over 5 years	-	-
	11,787	**16,370**

The main assets contracted under finance leases are armoured vehicles and cash processing machines.

Other payables

Other payables mainly relate to business combinations formed in both the present year and prior years (see note 28). Details of other payables are as follows:

	Thousands of Euros	
	2011	**2010**
Non-current		
Deferred payments relating to acquisitions	23,299	14,533
Other	6,146	41
	29,445	**14,574**
Current		
Deferred payments relating to acquisitions	56,393	28,384
Securitisation programme payables	27,271	29,435
Other	3,782	6,929
	87,446	**64,748**

At 31 December 2011, the most significant deferred and contingent payments relating to acquisitions made in prior years are as follows:

- In relation to the business combination formed in Brazil in 2005 when Prosegur acquired assets from Transpev, there is a current liability of Brazilian Reals 32,650 thousand (Euros 13,436 thousand) reflecting a deferred payment withheld to secure possible contingencies. Based on a better estimate of the risk presented by these contingencies, Prosegur has recognised a provision for the difference between this estimate and the deferred payment, totalling Brazilian Reals 39,986 thousand (Euros 16,455 thousand), as stated in note 21.
- In relation to the acquisition of Norsergel Vigilancia e Transporte de Valores, S.A. in Brazil during 2009, Prosegur has a non-current liability with a present value of Brazilian Reals 2,644 thousand (Euros 1,088 thousand) and a current liability of Brazilian Reals 5,285 thousand (Euros 2,175 thousand).
- In relation to the acquisition of Setha Indústria Eletrônica Ltda. in 2009, Prosegur has a current liability with a present value of Brazilian Reals 5,176 thousand (Euros 2,130 thousand).
- In relation to the acquisition of Equipos y Sistemas Automáticos de Protección, Ltda. (Segmatic) in Chile during 2009, Prosegur has a current liability of Chilean Pesos 869 million (Euros 1,294 thousand).
- In relation to the acquisition of Tellex,S.A. in Argentina during 2010, Prosegur has a non-current liability with a present value of Argentine Pesos 5,263 thousand (Euros 950 thousand) and a current liability of Argentine Pesos 5,728 thousand (Euros 1,034 thousand).
- In relation to the acquisition of Martom Segurança Eletronica, Ltda. in Brazil during 2010, Prosegur has a current liability of Brazilian Reals 4,143 thousand (Euros 1,705 thousand).

At 31 December 2011, the other amounts recognised under deferred and contingent payments in relation to acquisitions mainly reflect the present value of deferred payments relating to business combinations formed in 2011, which are described in note 28. The most significant of these relate to the acquisitions of Fiel Vigilancia e Transporte de Valores, Securlog, GmbH. and the Integra Group, which have given rise to a combined liability totalling Euros 39,791 thousand.

As explained in note 17, Prosegur has contracted a securitisation programme for part of its customer portfolio, whereby receivables are sold without recourse. Securitisation programme payables, which amount to Euros 27,271 thousand (Euros 29,435 thousand in 2010) include amounts payable because they were collected on invoices that were sold.

Details of other payables by maturity are as follows:

	Thousands of Euros	
	2011	**2010**
Less than 1 year	87,446	64,748
1 to 5 years	29,445	14,574
Over 5 years	-	-
Total	**116,891**	**79,322**

23. Trade and Other Payables

Details of trade and other payables are as follows:

	Thousands of Euros	
	2011	**2010**
Trade payables	143,371	113,119
Accrued personnel costs	196,214	160,119
Social security and other taxes	147,255	110,492
Other payables	56,600	48,471
	543,440	**432,201**

Accrued personnel costs

Prosegur's remuneration policy for indirect personnel includes a variable component determined through specifically designed incentive programmes, which aim to recognise and reward Prosegur employees' contribution to its success by achieving or surpassing set targets and developing the necessary skills for excellence in their duties and responsibilities. The incentive programme directly links variable remuneration to the achievement of targets established by Prosegur management or the employee's direct superior over a given time.

Accruals with personnel include Euros 20,400 thousand relating to the incentive programme (Euros 15,916 thousand in 2010). The cost recognised under employee benefits expense in the income statement in relation to this policy amounts to Euros 36,112 thousand (Euros 31,434 thousand in 2010).

The employee benefits expense also includes salaries payable and accrued extra salary payments.

At 31 December 2011, this caption also includes the total short-term obligation of Euros 1,546 thousand acquired by Prosegur in relation to cash incentives under its 2011 long-term incentive plan for executive directors and management (see note 34.17). These incentives will be settled in 2012.

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

Details of late payments to suppliers by consolidated Spanish companies are as follows:

	2011	
	Thousands of Euros	%
Within the maximum legal period	199,574	83%
Other	41,913	17%
Total payments for the year	241,487	100%
Weighted average period of late payments (days)	88	
Late payments exceeding the maximum legal limit at the balance sheet date	3,470	

At 31 December 2010 payables to suppliers totalling Euros 6,889 thousand exceeded the legal payment period.

24. Other Current Liabilities

Details of other current liabilities are as follows:

	Thousands of Euros	
	2011	**2010**
Prepaid income	25,569	23,604
Other expenses	2,443	1,292
	28,012	**24,896**

Prepaid income includes deferred alarm system rental revenues due to be taken to income in the short term, which amount to Euros 7,567 thousand (Euros 7,756 thousand in 2010). Amounts due to be taken to income in the long term are recognised under provisions for liabilities and charges (see note 21).

Prepaid income also reflects the gross amount of Euros 6,128 thousand payable to construction contract customers where the partial amount invoiced exceeds the costs plus recognised profit (Euros 3,074 thousand in 2010). Details of the receivable from customers recognised in cases where the costs incurred plus recognised profit exceed the partial amount invoiced are provided in note 16.

25. Taxation

Prosegur Compañía de Seguridad, S.A. is the parent company of a group that files consolidated income tax returns in Spain. As well as Prosegur Compañía de Seguridad, S.A., as the parent, this consolidated tax group comprises the Spanish subsidiaries that meet the requirements set out in regulations governing consolidated taxation.

Certain companies in France, all directly or indirectly owned by Prosegur, file consolidated tax returns under the "Intégration Fiscale" scheme under French law. Certain Brazilian companies also file consolidated tax returns in Brazil.

The rest of Prosegur's subsidiaries file tax returns in accordance with prevailing tax legislation in the countries in which they operate.

The calculation of the income tax expense, based on pre-tax profit for the year, is as follows:

	Thousands of Euros	
	2011	**2010**
Profit before income tax	**252,346**	**231,210**
Tax rate	30%	30%
Result of applying tax rate to profit	75,704	69,363
Permanent differences	12,981	7,275
Effect of application of different tax rates	233	6,578
Adjustment of deferred taxes from prior years	(879)	(7,579)
Adjustment to taxes from prior years	2,463	2,671
Loss without deferred tax	2,161	2,930
Deductions	(11,180)	(2,274)
Differences due to investments in Spain	3,190	(5,667)
Recognition of unused tax loss carryforwards	(88)	(2,664)
Other	717	167
Income tax expense	**85,302**	**70,800**

The effective average tax rate in 2011 is 33.8% (30.6% in 2010).

Details of the income tax expense, distinguishing between current tax and deferred tax, are as follows:

	Thousands of Euros	
	2011	**2010**
Current income tax expense	82,824	81,735
Deferred income tax expense	2,478	(10,935)
	85,302	**70,800**

The main items making up the current tax expense are as follows:

	Thousands of Euros
	2011
Present year	78,201
Prior year adjustments	2,462
Previously unrecognised tax credits	2,161
Previously unrecognised tax deductions	-
	82,824

The main items making up the deferred tax expense are as follows:

	Thousands of Euros
	2011
Source and reversal of temporary differences	2,872
Tax losses	(11,619)
Investments	9,416
Goodwill for tax purposes	(2,266)
Other	4,075
	2,478

The composition of deferred tax assets and liabilities and movement during the year are as follows:

Thousands of Euros	**1 January 2010**	Recognised in profit and loss	Business combinations	Recognised in equity	Applications	Translation differences	**Balance at 31 December 2010**	Recognised in profit and loss	Business combinations	Recognised in equity	Translation differences	**Balance at 31 December 2011**
Amortisation and depreciation	**626**	530	-	-	-	40	**1,196**	2,221	132	-	(11)	**3,538**
Deferred alarm costs	**3,319**	(116)	-	-	-	42	**3,245**	(638)	-	-	(47)	**2,560**
For provision differences	**23,841**	15,605	-	-	(311)	2,267	**41,402**	1,065	-	-	(1,784)	**40,683**
Tax losses	**741**	3,873	-	-	-	53	**4,667**	11,617	-	-	(74)	**16,210**
Overtime ruling	**19,845**	(1,280)	-	-	-	-	**18,565**	(6,888)	-	-	-	**11,677**
Goodwill for tax purposes	**21,594**	970	(74)	-	-	2,516	**25,006**	982	1,840	-	(1,888)	**25,940**
Other	**5,609**	976	-	-	-	1	**6,586**	(525)	-	-	-	**6,061**
	75,575	**20,558**	**(74)**	**-**	**(311)**	**4,919**	**100,667**	**7,834**	**1,972**	**-**	**(3,804)**	**106,669**

Thousands of Euros	**1 January 2010**	Recognised in profit and loss	Business combinations	Recognised in equity	Applications	Translation differences	**Balance at 31 December 2010**	Recognised in profit and loss	Business combinations	Recognised in equity	Translation differences	**Balance at 31 December 2011**
Amortisation and depreciation	**(7,584)**	(7,553)	-	-	-	(314)	**(15,451)**	246	(3,441)	-	145	**(18,501)**
Goodwill for tax purposes	**(35,769)**	(1,255)	-	-	6,992	(3,060)	**(33,092)**	1,284	-	-	(181)	**(31,989)**
For investments	**(5,243)**	(1,046)	-	-	-	(93)	**(6,382)**	(9,416)	-	-	289	**(15,509)**
Deferred alarm revenues	**(814)**	707	-	-	-	(38)	**(145)**	442	-	-	14	**311**
Deferred gains on sale of assets	**(412)**	-	-	-	-	-	**(412)**	-	-	-	-	**(412)**
Revaluation of assets	**(11,006)**	132	-	-	-	-	**(10,874)**	679	-	-	(24)	**(10,219)**
Other	**(4,261)**	(610)	-	-		26	**(4,845)**	(3,547)	-	-	1,743	**(6,649)**
	(65,089)	**(9,625)**	**-**	**-**	**6,992**	**(3,479)**	**(71,201)**	**(10,312)**	**(3,441)**	**-**	**1,986**	**(82,968)**

No deferred tax liabilities have been recognised in respect of withholdings and other taxes payable on profits not transferred by subsidiaries abroad, with the exception of some Latin American subsidiaries as these amounts are continually reinvested and, in any case, Prosegur has control over these companies' dividend distribution policies.

Deferred tax assets in respect of tax loss carryforwards are recognised provided that it is probable that sufficient taxable income will be available against which to offset the asset. Details of tax loss carryforwards and the years until which they can be offset are as follows:

	Thousands of Euros		
Year	**Total**	**Not capitalised**	**Capitalised**
2011	2,605	-	2,605
2012	4,038	-	4,038
2013	11,485	-	11,485
Subsequent years or no time limit	60,984	23,875	37,109
	79,112	**23,875**	**55,237**

Capitalised tax losses are those for which a deferred tax asset has been recognised. These losses originated in Argentina, Chile, Portugal and Uruguay. The budgets approved by management in these countries foresee the generation of future taxable income against which to apply the deferred tax assets.

In 2011, Prosegur Transporte de Valores, S.A., Prosegur Activa España, S.L., Prosegur Servicio Técnico, S.L. and Prosegur Tecnología, S.L. (the absorbed companies) merged with and into Prosegur Compañía de Seguridad, S.A. (the absorbing company). The purpose of this merger was to improve Prosegur's competitive position and to simplify administrative procedures. This merger availed of the special tax regime regulated by Chapter VIII, Title VIII of Law 43/1995.

At 31 December 2011 the taxation authorities commenced an inspection of all applicable taxes for 2006 and 2007, as well as 2005 in the case of income tax. Additional VAT and personal income tax assessments have been signed, while the income tax inspection is still underway at year end.

Due to the treatment permitted by fiscal legislation of certain transactions, additional tax liabilities could arise from this inspection. In any case, the Company's directors do not consider that any such liabilities that could arise would have a significant effect on these consolidated annual accounts of Prosegur.

The other group companies are subject to the legal jurisdictions in the countries in which they operate. In the majority of these countries, the earliest year for which taxes are open for inspection is 2006.

26. Contingencies

Prosegur has contingent liabilities for bank and other guarantees related with its normal business operations that are not expected to give rise to any significant liabilities.

Guarantees provided by Prosegur to third parties are as follows:

	Thousands of Euros	
	2011	**2010**
Commercial guarantees	72,047	74,518
Financial guarantees	117,234	87,646
	189,281	**162,164**

Commercial guarantees include those given to customers. Financial guarantees were mainly extended in relation to litigation in process, and also include other amounts deposited to secure future payments by the business combinations formed during the year or in prior years, with a balance of Euros 160 thousand at the end of 2011 (Euros 1,283 thousand in 2010).

As explained in note 17, in 2008 Prosegur enforced guarantees of Euros 9,469 thousand relating to funds retained on deposit by a customer in Brazil. Prosegur is currently taking the necessary legal steps for this amount to be released by the competent authorities.
In 2008, Madrid Magistrates' court no. 28 closed the criminal proceedings relating to the fire that broke out on 12 February 2005 in the Windsor Building in Madrid, in which the Company provided security patrol services, as no evidence of crime was found. This ruling was upheld by the Madrid Provincial Court. Various affected parties filed five civil cases in 2008 (before Madrid Magistrates' Courts numbers 1, 18, 37, 44 and 46) and one in 2009 (before Madrid Magistrates' Court number 35) claiming compensation for damages suffered as a result of the fire, in which the Company is listed as a defendant. On 27 February 2009, it was agreed that the ordinary proceedings underway before Madrid Magistrates' courts numbers 37, 44 and 46 should be brought together in a joinder before Madrid Magistrates' Court number 18. On 2 November 2009 it was agreed that the proceedings underway before Madrid Magistrates' Courts numbers 1 and 35 be brought together in a joinder before Court number 18. Subsequently, on 3 March 2010 a new claim against the Company and other defendants was admitted through a court order issued by Madrid Magistrates' Court number 38. This last procedure was also included in the joinder before court 18 through a court order issued by this court on 21 May 2010 and admitted by a court order from court number 38 on 15 June 2010.

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

See also comments relating to provisions in note 21 and other current liabilities in note 24.

Liquidation of subsidiaries in France

In April 2005 the accounts of Bac Sécurité, Force Gardiennage, and Sécurité Européenne de L'Espace Industriel (SEEI) were deposited with the Versailles Court of Commerce and since that date these companies have been in receivership. The liquidation of these companies was completed in 2008 and they are currently being wound up. The directors do not expect significant liabilities to arise from this process.

27. Commitments

Purchase commitments for property, plant and equipment and intangible assets

Investments committed but not made at year end are as follows:

	Thousands of Euros	
	2011	**2010**
Property, plant and equipment	20,089	13,647
Other intangible assets	709	722
	20,798	**14,369**

Property, plant and equipment includes commitments to purchase land, buildings and installations. At 31 December 2011 Prosegur has a major purchase commitment relating to civil works in A Coruña, amounting to Euros 6,400 thousand. Furthermore, the Group has construction commitments in Argentina totalling Euros 5,709 thousand. Other intangible assets include computer software packages currently under development.

Operating lease commitments

Prosegur rents various premises, offices, industrial bays, warehouses and vehicles under non-cancellable operating leases.

Total future minimum payments under non-cancellable operating leases are as follows:

At 31 December 2011	Thousands of Euros		
Type	**Less than 1 year**	**1 to 5 years**	**Over 5 years**
Buildings	11,093	46,352	24,866
Vehicles	15,380	19,171	308
Information technology equipment	578	16	-
Other assets	970	2,539	-
	28,021	**68,078**	**25,174**

At 31 December 2010	Thousands of Euros		
Type	**Less than 1 year**	**1 to 5 years**	**Over 5 years**
Buildings	10,409	33,358	11,614
Vehicles	11,241	15,183	-
Information technology equipment	1,132	-	-
Other assets	377	595	-
	23,159	**49,136**	**11,614**

The main operating leases on properties are as follows:

- Lease contract between the parent company, Prosegur Compañía de Seguridad, S.A., and Proactinmo, S.L. for the building located at Calle Santa Sabina, 8, Madrid. A total expense of Euros 1,267 thousand was incurred in relation to this contract in 2011 (Euros 1,188 thousand in 2010) (see note 31).
- Operating leases held by Prosegur Brasil, S.A. for the use of operating bases in Rio de Janeiro and Sao Paulo. The total expense for this lease in 2011 amounts to Euros 1,749 thousand (Euros 1,009 thousand in 2010).
- Lease held by Prosegur Companhia de Segurança, Ltda. for the office building located at Avenida Berna, 54, Lisbon. The total expense for this lease in 2011 amounts to Euros 189 thousand (Euros 219 thousand in 2010).

Operating leases on vehicles have an average duration of four years.

The expense taken to the consolidated income statement for 2011 in relation to operating leases amounts to Euros 61,382 thousand (Euros 55,789 thousand in 2010). There are no contingent rents in relation to operating leases.

Prosegur also lets installations to other parties under cancellable operating leases as part of its alarm system hire activity. Customers may cancel these contracts by giving notice, which terminates the agreement with immediate effect. The uncertainty regarding these cancellation periods does not allow the total future collections from these operating leases to be reliably estimated.

Other commitments

On 19 September 2011 Prosegur settled the payment commitment of Euros 4,047 thousand recognised at 31 December 2010 in relation to the IT service outsourcing contract with T-Systems ITC Iberia, S.A.

This contract was terminated on the same date, extinguishing any future payment commitment with this supplier.

28. Business Combinations

Details of changes in goodwill are presented in note 12.

1. Goodwill included in 2011

Details of the net assets acquired and goodwill recognised on business combinations during the year are as follows:

Thousands of Euros	Segment allocated	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets acquired	**Goodwill**
Prosec Pte. Ltd.	Europe-Asia	2,860	2,703	**5,563**	3,892	**1,671**
Distribuidora Federal, S.A.C. [(1)]	LatAm	3,139	2,176	**5,315**	342	**4,973**
Grupo Seguridad Vigilada [(1)]	Europe-Asia	2,400	1,600	**4,000**	(17)	**4,017**
Inversiones BIV, S.A. y filial [(1)]	LatAm	12,970	5,038	**18,008**	3,144	**14,864**
Vimarco Servicios Generales [(1)]	LatAm	1,397	155	**1,552**	585	**967**
GSM Telecom, S.A. [(1)]	LatAm	90	110	**200**	-	**200**
Prover Electronica, Ltda. [(1)]	LatAm	1,157	1,773	**2,930**	676	**2,254**
Sazias, S.A. [(1)]	Europe-Asia	11,613	2,500	**14,113**	(309)	**14,422**
Grupo Integra - Colombia [(1)]	LatAm	10,905	8,931	**19,836**	1,236	**18,600**
Fiel Vigilancia e Transp. Valores [(1)]	LatAm	2,115	23,265	**25,380**	(2,524)	**27,904**
Aexis Security Management Pte. Ltd. [(1)]	Europe-Asia	4,459	531	**4,990**	1,089	**3,901**
Securlog GMBH [(1)]	Europe-Asia	15,183	7,500	**22,683**	22,148	**535**
		68,288	56,282	**124,570**	30,262	**94,308**

(1) Calculations relating to business combinations are provisional and may be adjusted for up to a year from the acquisition date.

The cash outflow incurred to acquire these businesses, net of cash acquired, is as follows:

Thousands of Euros	Country	Cash payment	Cash and cash equivalents acquired	**Cash outflow in the acquisition**
Prosec Pte. Ltd.	Singapore	2,860	(73)	**2,787**
Distribuidora Federal, S.A.C.	Peru	3,139	(157)	**2,982**
Grupo Seguridad Vigilada	Spain	2,400	(368)	**2,032**
Inversiones BIV, S.A. y filial	Colombia	12,970	(2,783)	**10,187**
Vimarco Servicios Generales	Colombia	1,397	(154)	**1,243**
GSM Telecom, S.A.	Uruguay	90	-	**90**
Prover Electronica, Ltda.	Brazil	1,157	(78)	**1,079**
Sazias, S.A.	France	11,613	(250)	**11,363**
Grupo Integra - Colombia	Colombia	10,905	(1,573)	**9,332**
Fiel Vigilancia e Transp. Valores	Brazil	2,115	(567)	**1,548**
Aexis Security Management Pte. Ltd.	Singapore	4,459	(657)	**3,802**
Securlog GMBH	Germany	15,183	(11,157)	**4,026**
		68,288	(17,817)	**50,471**

Prosec Pte. Ltd.

On 18 February 2011 Prosegur acquired 100% of Prosec Pte. Ltd and its subsidiary Safeway Pte. Ltd in Singapore. These companies specialise in providing security patrol services. The total purchase price was Singapore Dollars 9,656 thousand (equivalent to Euros 5,563 thousand at the acquisition date), comprising a cash payment of Singapore Dollars 4,966 thousand (equivalent to Euros 2,860 thousand at the acquisition date) and a number of deferred payments falling due in 2012, 2013 and 2014, totalling Singapore Dollars 4,690 thousand (equivalent to Euros 2,703 thousand at the acquisition date). The contingent consideration comprises a fixed payment linked to EBIT (earnings before interest and tax) for 2010 and certain financial debt and working capital levels, and a variable payment linked to future EBIT generated in 2011, 2012 and 2013.

The acquired business was added to the consolidated group on 18 February 2011. It contributed revenues of Euros 9,359 thousand and profit for the year of Euros 374 thousand to the consolidated income statement for 2011. Had the business been acquired on 1 January 2011, consolidated revenues for 2011 would have been Euros 1,723 thousand higher.

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

Thousands of Euros	Carrying amount of the acquired entity	Fair value
Cash and cash equivalents	73	73
Property, plant and equipment	457	457
Working capital	1,687	1,687
Non-current liabilities	(141)	(141)
Financial debt	(478)	(478)
Other intangible assets	-	2,764
Deferred tax liabilities	-	(470)
Identifiable net assets acquired	**1,598**	**3,892**

The goodwill on this acquisition was allocated to the Europe-Asia segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. The intangible assets acquired comprise customer relationships (Euros 2,764 thousand) and are amortised over a 10-year period.

Distribuidora Federal, S.A.C.

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

The contingent consideration comprises a fixed payment linked to EBIT (earnings before interest and tax) for 2010 and certain financial debt and working capital levels, and a variable payment linked to future EBIT generated in 2011, 2012 and 2013.

The acquired business was added to the consolidated group on 30 June 2011. It contributed revenues of Euros 2,784 thousand and a net loss for the year of Euros 47 thousand to the consolidated income statement for 2011. Had the business been acquired on 1 January 2011, consolidated revenues would have been Euros 1,915 thousand higher and consolidated net profit for the year Euros 45 thousand higher.

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

Thousands of Euros	Carrying amount of the acquired entity	Provisional fair value
Cash and cash equivalents	157	157
Property, plant and equipment	109	109
Other non-current assets	47	47
Working capital	29	29
Identifiable net assets acquired	**342**	**342**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. At 31 December 2011 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

Seguridad Vigilada Group

In Spain on 14 July 2011 Prosegur acquired 95% of Seguridad Vigilada, S.A. and its related companies, which specialise in security patrol, bodyguard, ATM maintenance and ancillary services. As it also acquired a purchase option on the remaining 5% which is highly likely to be exercised, Prosegur has considered the acquisition of 100% of this company in the business combination. The exercise price of this option, totalling Euros 200 thousand at the acquisition date, has been recognised as a financial liability. The total purchase price was Euros 4,000 thousand, comprising a cash payment of Euros 2,400 thousand and a number of deferred payments falling due in 2012 and 2013, totalling Euros 1,600 thousand.

The acquired business was added to the consolidated group on 14 July 2011. It contributed revenues of Euros 6,146 thousand and profit for the year of Euros 393 thousand to the consolidated income statement for 2011. Had the business been acquired on 1 January 2011, consolidated revenues would have been Euros 6,489 thousand higher and consolidated profit for the year Euros 1,143 thousand lower.

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

Thousands of Euros	Carrying amount of the acquired entity	Provisional fair value
Cash and cash equivalents	368	368
Property, plant and equipment	87	87
Other intangible assets	2	2
Other non-current assets	11	11
Working capital	(55)	(55)
Non-current liabilities	(430)	(430)
Identifiable net assets acquired	**(17)**	**(17)**

The goodwill on this acquisition was allocated to the Europe-Asia segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. At 31 December 2011 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

Inversiones BIV, S.A.S and its subsidiary Vigilantes Marítima Comercial, Ltda.

On 2 August 2011 Prosegur acquired 99.9% of Inversiones BIV, S.A.S. and its subsidiary Vigilantes Marítima Comercial, Ltda. located in Colombia. The latter company specialises in providing security patrol services. The total purchase price was Colombian Pesos 45,653,000 thousand (equivalent to Euros 18,008 thousand at the acquisition date), comprising a cash payment of Colombian Pesos 32,881,000 thousand (equivalent to Euros 12,970 thousand at the acquisition date) and a number of deferred payments falling due over the five-year period from 2012 to 2016, totalling Colombian Pesos 12,772,000 thousand (equivalent to Euros 5,038 thousand at the acquisition date), as well as interest accrued up to the date of payment, as agreed in the contract.

The acquired business was added to the consolidated group on 2 August 2011. It contributed revenues of Euros 18,527 thousand and profit for the year of Euros 526 thousand to the consolidated income statement for 2011. Had the business been acquired on 1 January 2011, consolidated revenues would have been Euros 30,110 thousand higher and consolidated profit for the year Euros 248 thousand lower.

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

Thousands of Euros	Carrying amount of the acquired entity	Provisional fair value
Cash and cash equivalents	2,783	2,783
Property, plant and equipment	3,093	3,093
Working capital	663	663
Non-current liabilities	(178)	(178)
Financial debt	(3,217)	(3,217)
Identifiable net assets acquired	**3,144**	**3,144**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. At 31 December 2011 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

Vimarco Servicios Generales

On 7 September 2011 Prosegur acquired 100% of Vimarco Servicios Generales, Ltda. and Vimarco Servicios Temporales, Ltda located in Colombia. These companies specialise in providing ancillary services and temporary staff. The Group acquired this interest through the holding company Inversiones BIV, S.A.S. The total purchase price was Colombian Pesos 4,000 thousand (equivalent to Euros 1,552 thousand at the acquisition date), comprising a cash payment of Colombian Pesos 3,600,000 thousand (equivalent to Euros 1,397 thousand at the acquisition date) and contingent consideration totalling Colombian Pesos 400,000 thousand (equivalent to Euros 155 thousand at the acquisition date) payable in 2012 and 2013. The contract also stipulates that interest will be accrued until the payment date.

The acquired business was added to the consolidated group on 7 September 2011. It contributed revenues of Euros 1,560 thousand and Euros 526 thousand, as well as a net loss for the year of Euros 76 thousand, to the consolidated income statement for 2011. Had the business been acquired on 1 January 2011, consolidated revenues would have been Euros 2,873 thousand higher and consolidated net profit for the year Euros 178 thousand higher.

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

Thousands of Euros	Carrying amount of the acquired entity	Provisional fair value
Cash and cash equivalents	154	154
Property, plant and equipment	91	91
Working capital	348	348
Non-current liabilities	(8)	(8)
Identifiable net assets acquired	**585**	**585**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. At 31 December 2011 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

GSM Telecom, S.A.

On 16 September 2011 Prosegur acquired 100% of GSM Telecom, S.A., a company located in Uruguay and specialised in the home alarms activity. The total purchase price was Uruguayan Pesos 5,532 thousand (equivalent to Euros 200 thousand at the acquisition date), comprising a cash payment of Uruguayan Pesos 2,490 thousand (equivalent to Euros 90 thousand at the acquisition date) and contingent consideration totalling Uruguayan Pesos 3,043 thousand (equivalent to Euros 110 thousand at the acquisition date) payable in five instalments between 2012 and 2015. The acquired business was added to the consolidated group on 16 September 2011.

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. At 31 December 2011 the verification of the fair values allocated to this business combination has not yet been completed.

Prover Eletronica, Ltda.

On 16 September 2011 Prosegur acquired 100% of Prover Eletronica, Ltda, a company located in Brazil and specialised in electronic security systems. The total purchase price was Brazilian Reals 7,338 thousand (equivalent to Euros 2,930 thousand at the acquisition date), comprising a cash payment of Brazilian Reals 2,897 thousand (equivalent to Euros 1,157 thousand at the acquisition date), a contingent consideration of Brazilian Reals 3,240 thousand (equivalent to Euros 1,294 thousand at the acquisition date), to be settled in two payments in 2012 and 2013, and a further Brazilian Reals 1,200 thousand (equivalent to Euros 479 thousand at the acquisition date) deferred to secure any possible liabilities, payable in four instalments between 2014 and 2017. The contract also stipulates that interest will be accrued until payment falls due.

This contingent consideration consists of a variable price linked to future EBIT (earnings before interest and taxes) generated in 2011 and 2012.

The acquired business was added to the consolidated group on 16 September 2011. It contributed revenues of Euros 1,064 thousand and a net loss for the year of Euros 119 thousand to the consolidated income statement for 2011. Had the business been acquired on 1 January 2011, consolidated revenues would have been Euros 3,608 thousand higher and consolidated profit for the year Euros 142 thousand lower.

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

Thousands of Euros	Carrying amount of the acquired entity	Provisional fair value
Cash and cash equivalents	78	78
Property, plant and equipment	292	292
Other non-current assets	22	22
Working capital	307	307
Non-current liabilities	(23)	(23)
Identifiable net assets acquired	**676**	**676**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. At 31 December 2011 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

Sazias, S.A.

In France on 27 September 2011 Prosegur acquired 100% of Sazias, S.A. and its subsidiaries Services Valeurs Fonds, S.A., Docks y Entrepots Sazias, S.A. and Euroval, S.A.S. These companies specialise in securities logistics and cash management services. The total purchase price was Euros 14,113 thousand, comprising a cash payment of Euros 11,613 thousand and a deferred payment withheld as a guarantee totalling Euros 2,500 thousand.

The acquired business was added to the consolidated group on 27 September 2011. It contributed revenues of Euros 4,828 thousand and a net loss for the year of Euros 469 thousand to the consolidated income statement for 2011. Had the business been acquired on 1 January 2011, consolidated revenues would have been Euros 16,356 thousand higher and consolidated profit for the year Euros 1,854 thousand lower.

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

Thousands of Euros	Carrying amount of the acquired entity	Provisional fair value
Cash and cash equivalents	250	250
Property, plant and equipment	1,374	1,374
Other intangible assets	105	105
Other non-current assets	327	327
Working capital	(1,532)	(1,532)
Financial debt	(833)	(833)
Identifiable net assets acquired	**(309)**	**(309)**

The goodwill on this acquisition was allocated to the Europe-Asia segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. At 31 December 2011 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

Integra Group

On 28 September 2011 Prosegur acquired 100% of Integra Security Systems, S.A., Servicios Integrados de Tecnología GPS de Colombia, S.A.S. and Integra Monitoreo, S.A.S., companies located in Colombia and specialised in security technology and centralised control systems. The Group acquired this interest through the holding company Beloura Investments, S.L.U. The total purchase price was Colombian Pesos 51,294,567 thousand (equivalent to Euros 19,836 thousand at the acquisition date), comprising a cash payment of Colombian Pesos 28,200,755 thousand (equivalent to Euros 10,905 thousand at the acquisition date) and contingent consideration totalling Argentine Pesos 23,093,812 thousand (equivalent to Euros 8,931 thousand at the acquisition date) payable in 2012 and 2013.

This contingent consideration is linked to future EBIT (earnings before interest and taxes) generated in 2011 and 2012.

The acquired business was added to the consolidated group on 28 September 2011. It contributed revenues of Euros 4,713 thousand and a net loss for the year of Euros 358 thousand to the consolidated income statement for 2011. Had the business been acquired on 1 January 2011, consolidated revenues would have been Euros 10,632 thousand higher and consolidated net profit for the year Euros 1,711 thousand higher.

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

Thousands of Euros	Carrying amount of the acquired entity	Provisional fair value
Cash and cash equivalents	1,573	1,573
Property, plant and equipment	138	138
Other intangible assets	195	195
Working capital	2,855	2,855
Non-current liabilities	(1,899)	(1,899)
Financial debt	(1,626)	(1,626)
Identifiable net assets acquired	**1,236**	**1,236**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. At 31 December 2011 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

Fiel Vigilancia e Transporte de Valores

In Brazil on 31 October 2011, Prosegur acquired 100% of the share capital of Fiel Vigilancia e Transporte de Valores, a company that provides security patrol services, securities logistics and cash management services. The total purchase price was Brazilian Reals 60,000 thousand (equivalent to Euros 25,380 thousand at the acquisition date), comprising a cash payment of Brazilian Reals 5,000 thousand (equivalent to Euros 2,115 thousand at the acquisition date), contingent consideration of Brazilian Reals 35,000 thousand (equivalent to Euros 14,805 thousand at the acquisition date), which falls due in 2012, and a further Brazilian Reals 20,000 thousand (equivalent to Euros 8,460 thousand at the acquisition date) deferred to secure any possible liabilities, which is payable in various instalments between 2012 and 2016 and bears interest as agreed in the contract.

The contingent consideration is linked to certain debt and working capital ratios.

The acquired business was added to the consolidated group on 31 October 2011. It contributed revenues of Euros 4,364 thousand and net profit for the year of Euros 259 thousand to the consolidated income statement for 2011. Had the business been acquired on 1 January 2011, consolidated revenues would have been Euros 23,299 thousand higher and consolidated net profit for the year Euros 3,575 thousand lower.

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

Thousands of Euros	Carrying amount of the acquired entity	Provisional fair value
Cash and cash equivalents	567	567
Property, plant and equipment	1,884	1,884
Working capital	(3,537)	(3,537)
Financial debt	(1,438)	(1,438)
Identifiable net assets acquired	**(2,524)**	**(2,524)**

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. At 31 December 2011 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

Aexis Security Management Pte. Ltd.

On 15 December 2011 Prosegur acquired 100% of Aexis Security Management Pte. Ltd. in Singapore. This company specialises in providing security patrol services. The total purchase price was Singapore Dollars 8,393 thousand (equivalent to Euros 4,990 thousand at the acquisition date), comprising a cash payment of Singapore Dollars 7,500 thousand (equivalent to Euros 4,459 thousand at the acquisition date) and contingent consideration totalling Singapore Dollars 893 thousand (equivalent to Euros 531 thousand at the acquisition date) payable in three instalments between 2012 and 2013.

The acquired business was added to the consolidated group on 15 December 2011. The business did not contribute any revenues or profits to the consolidated income statement for 2011. Had the business been acquired on 1 January 2011, consolidated revenues would have been Euros 2,870 thousand higher and consolidated net profit for the year Euros 205 thousand higher.

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

Thousands of Euros	Carrying amount of the acquired entity	Provisional fair value
Cash and cash equivalents	657	657
Property, plant and equipment	55	55
Working capital	2,003	2,003
Financial debt	(1,626)	(1,626)
Identifiable net assets acquired	**1,089**	**1,089**

The goodwill on this acquisition was allocated to the Europe-Asia segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. At 31 December 2011 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are, therefore, to be considered provisional until this process has been completed.

Securlog GmbH

In Germany on 29 December 2011, Prosegur acquired 100% of the share capital of Securlog GmbH, a company that provides securities logistics and cash management services. The total purchase price was Euros 22,683 thousand, comprising a cash payment of Euros 15,183 thousand and a contingent consideration of Euros 2,000 thousand and a further Euros 5,500 thousand deferred to secure any possible liabilities, which bears interest as agreed in the contract.

The contingent consideration is linked to certain net effective cash ratios.

The acquired business was added to the consolidated group on 29 December 2011. The business has not contributed any revenues or profits to the consolidated income statement for the year ended 31 December 2011. Had the business been acquired on 1 January 2011, consolidated revenues would have been Euros 146,662 thousand higher and consolidated net profit for the year Euros 4,721 thousand lower.

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

Thousands of Euros	Carrying amount of the acquired entity	Provisional fair value
Cash and cash equivalents	11,157	11,157
Property, plant and equipment	10,353	10,353
Other intangible assets	860	860
Working capital	88	88
Financial debt	(310)	(310)
Identifiable net assets acquired	**22,148**	**22,148**

The goodwill on this acquisition was allocated to the Europe-Asia segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. At 31 December 2011 Prosegur has not yet completed the process of verifying the fair values allocated to this business combination. The fair values presented are therefore to be considered provisional until this process has been completed.

2. Goodwill generated in 2010 with measurement completed in 2011

Details of the net assets acquired and goodwill recognised on business combinations during 2010 and completed in 2011 are as follows:

Thousands of Euros	Segment allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets acquired	**Goodwill**
Tellex, S.A.	LatAm	2,030	3,430	5,460	2,435	**3,025**
Telemergencia, S.A.C.	LatAm	2,953	736	3,689	1,477	**2,212**
Martom Segurança Eletrônica Ltda.	LatAm	6,421	2,769	9,190	8,254	**936**
		11,404	6,935	18,339	12,166	**6,173**

Total goodwill of Euros 13,409 thousand was recognised on these business combinations at 31 December 2010. Differences on the completion of the verification of the fair valuesin 2011 mainly reflect allocations to intangible assets (see note 13). Prosegur has not restated 2010 figures as the changes are not significant.

The cash outflow incurred to acquire these businesses, net of cash acquired, is as follows:

Thousands of Euros	Cash payment	Cash and cash equivalents acquired	**Cash outflow in the acquisition**
Tellex, S.A. (Argentina)	2,030	(35)	**1,995**
Telemergencia, S.A.C. (Peru)	2,953	-	**2,953**
Martom Segurança Eletrônica Ltda. (Brazil)	6,421	(583)	**5,838**
	11,404	(618)	**10,786**

Tellex, S.A.

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

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

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

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. The intangible assets comprise supplier contracts and are amortised over a 10-year period.

Telemergencia, S.A.C.

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

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

Thousands of Euros	Carrying amount of the acquired entity	Fair value
Cash and cash equivalents	-	-
Property, plant and equipment	1,055	655
Working capital	72	45
Other intangible assets	-	963
Deferred tax liabilities	-	(186)
Identifiable net assets acquired	**1,127**	**1,477**

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

Martom Segurança Eletrônica Ltda.

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

The contingent consideration consists of:

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

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

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

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

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

The goodwill on this acquisition was allocated to the LatAm segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of this acquisition. The intangible assets acquired comprise customer relationships (Euros 2,817 thousand) with a useful life of seven years, trademarks (Euros 1,956 thousand) with a useful life of three years, and other assets (Euros 809 thousand) with a useful life of five years.

3. Goodwill included in 2010

Details of the net assets acquired and goodwill recognised on business combinations during 2010 but not reviewed in 2011 are as follows:

Thousands of Euros	Segment allocated	Cash payment	Deferred amount at fair value	Total purchase price	Fair value of identifiable net assets acquired	**Goodwill**
Genper, S.A.	LatAm	371	370	741	270	**471**
		371	370	741	270	**471**

The cash outflow incurred to acquire these businesses, net of cash acquired, is as follows:

Thousands of Euros	Cash payment	Cash and cash equivalents acquired	**Cash outflow in the acquisition**
Genper, S.A. (Uruguay)	371	(128)	**243**
	371	(128)	**243**

On 28 April 2010 Prosegur acquired 100% of Genper, S.A., a company located in Uruguay and specialised in security services (fire protection, technology and centralised control systems). The total purchase price was Uruguayan Pesos 18,907 thousand (equivalent to Euros 741 thousand at the acquisition date), comprising a cash payment of Uruguayan Pesos 9,442 thousand (equivalent to Euros 371 thousand at the acquisition date) and three items of contingent consideration totalling Uruguayan Pesos 9,466 thousand (equivalent to Euros 370 thousand at the acquisition date) payable in 2011, 2012 and 2013. This contingent consideration is linked to future EBIT (earnings before interest and taxes) generated in 2011 and 2012.

The acquired business was added to the consolidated group on 30 April 2010. It contributed revenues of Euros 1,219 thousand and a net loss for the year of Euros 35 thousand to the consolidated income statement for 2010. Had the business been acquired on 1 January 2010, consolidated revenues would have been Euros 326 thousand higher and consolidated net profit for the year Euros 26 thousand higher.

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

Thousands of Euros	**Carrying amount of the acquired entity**	**Fair value**
Cash and cash equivalents	128	128
Property, plant and equipment	43	43
Working capital	(119)	(119)
Other intangible assets	-	291
Deferred tax liabilities	-	(73)
Identifiable net assets acquired	**52**	**270**

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

29. Joint Ventures

The Group holds a 50% interest in a joint venture with the GED venture capital fund, the purpose of which is to invest in security companies in south-eastern Europe.

The entities making up this joint venture are detailed in Appendix III.

The amounts presented in the table below represent Prosegur's 50% share of the joint venture's assets, liabilities, sales and loss for the year. These amounts are included in the consolidated statement of financial position and the consolidated income statement:

	Thousands of Euros	
	2011	**2010**
Assets:		
Non-current assets	1,263	853
Current assets	1,751	2,671
	3,014	**3,524**
Liabilities:		
Non-current liabilities	1,269	2,107
Current liabilities	1,745	1,417
	3,014	**3,524**
Profit and loss:		
Income	8,388	9,446
Expenses	(9,440)	(9,470)
Loss for the year after tax	**(1,052)**	**(24)**

Prosegur has no contingent liabilities in relation to its interest in this joint venture and the joint venture itself has no contingent liabilities.

30. Temporary Joint Ventures

The temporary joint ventures in which Prosegur participates are listed in Appendix II to these annual accounts. The amounts presented in the table below represent Prosegur's 50% share of the temporary joint ventures' assets, liabilities, sales and loss for the year. These amounts are included in the consolidated statement of financial position and the consolidated income statement:

	Thousands of Euros	
	2011	**2010**
Assets:		
Non-current assets	282	81
Current assets	10,912	8,025
	11,194	**8,106**
Liabilities:		
Non-current liabilities	-	-
Current liabilities	11,194	8,106
	11,194	**8,106**
Profit and loss:		
Income	50,172	37,989
Expenses	(50,368)	(38,075)
Loss for the year after tax	**(196)**	**(86)**

Prosegur has no contingent liabilities in relation to its participation in temporary joint ventures.

31. Related Parties

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid and holds 50.075% of the Company's share capital. The remaining 49.925% is held by various shareholders, including Corporación Financiera Alba, S.A., through Alba Participaciones, S.A., with 10.01%, and AS Inversiones, S.L., which holds 5.31% (see note 20).

Details of transactions with related parties are as follows:

Financing and investments

Banca March, S.A., which controls Corporación Financiera Alba, S.A., formed part of the syndicate of banks that granted the syndicated loan to Prosegur in 2006 (see note 22). Banca March, S.A.'s position in this loan amounted to Euros 4,156 thousand at 31 December 2010, of which Euros 3,681 thousand had been drawn down at that date.

Since the expiry of the syndicated loan contract on 25 July 2011, Banca March, S.A. has not been party to any financing contract with the Group.

Furthermore, during the year Prosegur has placed a number of deposits with Banca March, S.A. totalling Euros 75,000 thousand (Euros 105,000 thousand in 2010), which have earned total interest of Euros 669 thousand (Euros 852 thousand in 2010). At the 2011 year end, Prosegur has no outstanding deposits with Banca March. However, it holds a current account with a balance of Euros 220 thousand at 31 December 2011.

Goods and services

In October 2005 Prosegur and Proactinmo S.L. (controlled by Gubel, S.L.) signed a lease contract for the building located at Calle Santa Sabina, número 8, Madrid, which is adjacent to a building owned by Prosegur at Calle Pajaritos, número 24. This contract has a duration of five years, can be extended for a further five and was arranged at arm's length. A total expense of Euros 1,267 thousand was incurred in relation to this contract in 2011 (Euros 1,188 thousand in 2010).

In 2011, the Company has provided security patrol, securities logistics and cash management services to Banca March for Euros 2,557 thousand (Euros 2,413 thousand in 2010).

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

1. Remuneration of members of the board of directors:

The total remuneration accrued by members of the board of directors is as follows:

	Thousands of Euros	
	2011	**2010**
Fixed remuneration	971	1,560
Variable remuneration	400	400
Remuneration in kind	16	44
Allowances	874	851
Life insurance premiums	37	49
	2,298	**2,904**

2. Remuneration of senior management personnel:

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

The total remuneration accrued by senior management personnel of Prosegur is as follows:

	Thousands of Euros	
	2011	**2010**
Fixed remuneration	2,830	2,426
Variable remuneration	1,024	955
Remuneration in kind	160	125
Life insurance premiums	12	5
	4,026	**3,511**

As well as the remuneration described in sections 1) and 2), under the 2011 long-term incentive plan for executive directors and management personnel (see note 34.17), in 2011 Prosegur has paid cash incentives to executive directors and senior management personnel amounting to Euros 173 thousand (Euros 673 thousand in 2010) and no shares have been transferred, whereas 20,603 shares were transferred in 2010 (see note 20).

Executive directors and senior management personnel represent Euros 5,001 thousand of the total commitment of Euros 5,781 thousand acquired by Prosegur in relation to share-based incentives at 31 December 2011 (see note 20).

Executive directors and senior management represent Euros 766 thousand of the total commitment of Euros 1,546 thousand acquired by Prosegur in relation to cash incentives at 31 December 2011 (see note 21).

Loans to related parties

At 31 December 2011 Prosegur has not granted any loans to related parties. Related party companies were transferred to joint ventures and are proportionately consolidated.

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

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

Information required by article 229 of the Spanish Companies Act

As required by article 229 of the Spanish Companies Act, which was introduced by Royal Decree Law 1/2010 of 2 July 2010, the members of the board of directors declare that they have not been involved in any direct or indirect conflicts of interest with the Company in 2011.

32. Other information

The average headcount of Prosegur is as follows:

	2011	**2010**
Operations personnel	111,361	97,198
Other	6,924	5,657
	118,285	**102,855**

The average headcount of operations personnel employed by proportionately consolidated subsidiaries in 2011 is 2,680 employees (2,973 in 2010).

The average headcount of personnel employed in Spain with a disability of 33% or more, by category, is as follows:

	2011	2010
Operations personnel	167	132
Indirect personnel	30	29
	197	**161**

This distribution by gender of Prosegur employees at 31 December 2011 and 2010 is as follows:

	2011		2010	
	Male	**Female**	**Male**	**Female**
Operations personnel	101,295	15,792	84,856	13,730
Other	4,881	2,776	3,687	2,090
	106,176	**18,568**	**88,543**	**15,820**

The distribution by gender of the board of directors and senior management personnel of Prosegur is as follows:

	2011		2010	
	Male	**Female**	**Male**	**Female**
Board of directors	5	3	5	3
Senior management	17	1	16	1
	22	**4**	**21**	**4**

KPMG Auditores, S.L., the auditors of the annual accounts of Prosegur, have invoiced the Company the following fees and expenses for professional services during the years ended 31 December 2011 and 2010:

	Thousands of Euros	
	2011	**2010**
KPMG Auditores, S.L., audit services	309	285
KPMG Auditores, S.L., other services	-	80
	309	**365**

Audit services detailed in the above table include the total fees for services rendered in 2011 and 2010, irrespective of the date of invoice.

Other companies forming part of the KPMG Europe, LLP Group invoiced Prosegur the following fees and expenses for professional services during the years ended 31 December 2011 and 2010:

	Thousands of Euros	
	2011	**2010**
Other assurance services	241	-
	241	**-**

Other entities affiliated with KPMG International have invoiced Prosegur the following fees and expenses for professional services during the years ended 31 December 2011 and 2010:

	Thousands of Euros	
	2011	**2010**
Audit services	798	595
Other assurance services	682	323
Tax advisory services	85	38
Other services	-	34
	1,565	**990**

Finally, other auditors have invoiced Prosegur the following fees and expenses for professional services during the year ended 31 December 2011:

	Thousands of Euros
	2011
Audit services	174
	174

33. Subsequent Events

In May 2011, Prosegur agreed to form a joint venture with Security and Intelligence Services (SIS), with respective stakes of 49% and 51%. This joint venture, subject to approval by the pertinent authorities, would be based in India and provide securities logistics and cash management services. As part of this agreement, on 9 February 2012 Prosegur invested approximately Euros 10,000 thousand in a share capital increase by SIS Cash Services Pvt. Ltd. Co. This company has 2,300 employees and generated turnover of approximately Euros 6,000 thousand for the year ended March 2011.

34. Summary of the Main Accounting Principles

The main accounting principles used in the preparation of these consolidated annual accounts are described in this section. These principles have been applied on a consistent basis throughout the reporting periods presented.

34.1. Accounting principles

a) Standards effective from 1 January 2011

The annual accounts for 2011 have been prepared using the same accounting principles as for 2010, except for the standards and amendments adopted by the European Union mentioned below, which are obligatory as of 1 January 2011:

- Amendment to IAS 32 Financial Instruments: Presentation - Classification of Rights Issues. Effective for annual periods beginning on or after 1 February 2010. The changes to this standard, which have no impact on Prosegur, are as follows:
    - Rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed price stated in any currency are to be classed as equity instruments provided that the entity offers the rights, options or warrants *pro rata* to all of its existing owners of the same class of own non-derivative equity instruments.

- Amendment to IAS 24 Related Party Disclosures, entailing changes to IFRS 8 Operating Segments. Effective for annual periods beginning on or after 1 January 2011. The changes to this standard, which have no significant impact on Prosegur, are as follows:
    - The definition of a related party has been revised.
    - Under certain circumstances, entities are exempt from disclosing information on transactions with public entities or government-related entities that are also related parties.
    - Disclosure requirements on major customers have been changed for government-controlled entities.

- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement. Effective for annual periods beginning on or after 1 January 2011. The changes to this interpretation, which have no significant impact on Prosegur, are as follows:

    - An unintended consequence of this interpretation in cases where an entity subject to a minimum funding requirement makes an early payment of contributions, where under certain circumstances the entity making such a prepayment would be required to recognise an expense, has been removed. In the case where a defined benefit plan is subject to a minimum funding requirement the amendment to IFRIC 14 prescribes to treat this prepayment, like any other prepayment, as an asset.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. The adoption of this interpretation entails changes to IFRS1 First-time Adoption of International Financial Reporting Standards. Effective for annual periods beginning on or after 1 July 2010. The changes to this interpretation, which have no impact on Prosegur, are as follows:

    - The issue of an entity's equity instruments to a creditor to extinguish all or part of a financial liability is deemed consideration paid. These equity instruments shall be recognised initially at fair value, unless this cannot be reliably measured, in which case they shall be measured to reflect the fair value of the financial liability extinguished.

- Amendments to IFRS 1: Limited exemption from comparative IFRS 7 disclosures for first-time adopters. These amendments in turn entail changes to IFRS 7 Financial Instruments: Disclosures. Effective for annual periods beginning on or after 30 June 2010. The changes to this interpretation, which have no significant impact on Prosegur, are as follows:

    - Realising that the relief regarding restatement of comparative disclosures in IFRS 7 concerning fair value measurements and liquidity risk if those comparative periods end before 31 December 2009 is not available to entities that apply EU-IFRS for the first time, the aim of the amendment to IFRS 1 is to provide for an optional relief for those entities.

- Improvements to IFRSs issued in May 2010, affecting IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13. These generally take effect from 2011 onwards and have not had any major effect on the preparation of this year's consolidated annual accounts.

b) Standards issued but not effective on 1 January 2011, which Prosegur expects to adopt as of 1 January 2012 or later (none have been adopted early):

- Amendment to IFRS 7 - disclosures for derecognition of financial assets, which changes the disclosure requirements for transfers of financial assets where the entity maintains a continuing involvement in the transferred asset. Effective for annual periods beginning on or after 1 July 2011.

At the date of authorisation of these consolidated annual accounts, Prosegur management is assessing the effect that application of this standard will have on Prosegur's financial statements, although no significant impact is expected.

c) Standards or interpretations issued and pending adoption by the European Union that may affect Prosegur:

- IFRS 9 Financial Instruments. Effective for annual periods beginning on or after 1 January 2015.
- IFRS 10 Consolidated Financial Statements. Effective for annual periods beginning on or after 1 January 2013.
- IFRS 11 Joint Arrangements. Effective for annual periods beginning on or after 1 January 2013.
- IFRS 12 Disclosure of Interests in Other Entities. Effective for annual periods beginning on or after 1 January 2013.
- IFRS 13 Fair Value Measurement. Effective for annual periods beginning on or after 1 January 2013.
- IAS 27 Consolidated and Separate Financial Statements. Effective for annual periods beginning on or after 1 January 2013.
- IAS 28 Investments in Associates and Joint Ventures. Effective for annual periods beginning on or after 1 January 2013.
- Amendment to IAS 12 - Recovery of Underlying Assets. Effective for annual periods beginning on or after 1 January 2012.
- Amendment to IAS 1 – Presentation of items of other comprehensive income. Effective for annual periods beginning on or after 1 July 2012.
- Amendment to IAS 19 Employee benefits. Effective for annual periods beginning on or after 1 January 2013.
- Amendment to IFRS 7 Disclosures - offsetting financial assets and financial liabilities. Effective for annual periods beginning on or after 1 January 2013.
- Amendment to IAS 32 Financial Instruments: Presentation - offsetting financial assets and financial liabilities. Effective for annual periods beginning on or after 1 January 2014.

At the date of authorisation of these consolidated annual accounts, Prosegur management is assessing the effect that application of these standards will have on Prosegur's financial statements, although no significant impact is expected. The changes introduced by IFRS 9 will affect financial instruments and future transactions involving these instruments from 1 January 2015 onwards.

34.2. Consolidation principles

Subsidiaries

Subsidiaries are all entities over which Prosegur has the power to govern the financial and operating policies, which generally comes with an interest of over half of the voting rights. The effect of any potential voting rights that are currently exercisable or convertible, are considered when assessing whether Prosegur exercises control over an entity.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from the date on which Prosegur obtains control, until the date that control ceases.

Inter-company balances and transactions and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset.

Subsidiaries' accounting policies are changed where necessary for consistency with the principles adopted by Prosegur.

The annual accounts or financial statements of consolidated subsidiaries have the same reporting date and are for the same reporting period as the financial statements of the parent company.

Business combinations

As permitted by IFRS 1: First-time Adoption of International Financial Reporting Standards, Prosegur has recognised only business combinations that occurred on or after 1 January 2004, the date of transition to EU-IFRS, using the acquisition method. Entities acquired prior to that date were recognised in accordance with accounting principles prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

Prosegur has applied IFRS 3 Business Combinations (revised 2008) to transactions completed since 1 January 2010.

Prosegur applies the acquisition method for business combinations. The acquisition date is the date on which Prosegur obtains control of the acquiree.

The consideration given for the business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, and equity instruments issued and any consideration contingent on future events or the fulfilment of certain conditions, in exchange for control of the acquiree.

The consideration given excludes any payment that does not form part of the amount exchanged to acquire the business. Transaction costs are recognised as an expense when incurred. In business combinations acquired prior to 31 December 2009, transaction costs were recognised as an integral part of the consideration given.

At the acquisition date, the assets acquired and liabilities assumed are recognised at fair value. The liabilities acquired include contingent liabilities provided that they represent present obligations arising from past events and their fair value can be measured reliably. Prosegur also recognises any compensation granted by the seller using the measurement criteria applicable to the item for which compensation has been received, considering any bad debt risk or contractual limit on the compensation amount.

The assets acquired and liabilities assumed are classified and designated for subsequent measurement based on the contract terms, economic conditions, accounting and operating policies and any other circumstances that exist at the acquisition date, excluding lease and insurance contracts.

Any consideration given plus the value allocated to non-controlling interests in excess of the net of assets acquired and liabilities assumed is recognised as goodwill. Any shortfall, following assessment of the consideration given, the values allocated to non-controlling interests and the identification and measurement of the net assets acquired, is recognised in the income statement.

If it is only possible to determine the business combination provisionally at the end of the reporting period, the identifiable net assets are initially recorded at their provisional amounts, recognising the adjustments made over the valuation period as if they had been known at that date and, where applicable, adjusting comparative figures for the prior period. In any event, adjustments to provisional amounts only reflect information obtained about facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date (see note 28).

The potential benefits of the acquiree's income tax loss carryforwards and other deferred tax assets that are not recognised as they do not qualify for recognition at the acquisition date are accounted for as income tax benefits, unless they are measurement period adjustments.

The contingent consideration is classified as a financial asset, financial liability, equity instrument or provision, depending on the underlying contract terms. Subsequent changes to the fair value of a financial asset or financial liability are taken to profit or loss or other comprehensive income, unless they are measurement period adjustments. If the contingent consideration is classified as an equity instrument, it is not subsequently revalued and the settlement is also recognised directly in equity. If the contingent consideration is classified as a provision, the corresponding measurement criteria apply to subsequent recognition.

For business combinations formed prior to 1 January 2010, the cost of the business combination includes contingent consideration if this is probable at the acquisition date and can be reliably measured. Subsequent contingent consideration or changes to existing consideration are recognised as a prospective adjustment to the cost of the business combination.

Non-controlling interests

Non-controlling interests in subsidiaries acquired after 1 January 2004 are recognised at the acquisition date at the proportional part of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date were recognised at the proportional part of the equity of the subsidiaries at the date of first consolidation.

The consolidated profit or loss for the year and changes in equity of the subsidiaries attributable to the Group and non-controlling interests after consolidation adjustments and eliminations is determined in accordance with the percentage ownership at year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or otherwise, on preference shares with cumulative rights classified in equity accounts. However, Group and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of subsidiaries.

The excess of losses attributable to non-controlling interests incurred prior to 1 January 2010, which cannot be attributed to them as such losses exceed their interest in the equity of the subsidiary, is recognised as a decrease in equity attributable to equity holders of the parent, except when the non-controlling interests are obliged to assume part or all of the losses and are in a position to make the necessary additional investment. Profits obtained in subsequent years are allocated to equity attributable to equity holders of the parent until the non-controlling interest's share in prior years' losses is recovered.

From 1 January 2010, the results and each component of other comprehensive income are allocated to equity attributable to equity holders of the parent and to non-controlling interests in proportion to their investment, even if this results in a balance receivable from non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

Joint ventures

Joint ventures are those in which there is a contractual agreement to share the control over an economic activity, in such a way that strategic financial and operating decisions relating to the activity require the unanimous consent of Prosegur and the remaining venturers.

Interests in joint ventures (specified as such in the contract) are proportionately consolidated. Prosegur combines, line by line, its share of assets, liabilities, income, expenses and cash flows of the jointly controlled entity with similar items in its annual accounts.

Prosegur recognises its share in the profit or loss on the sale of Prosegur assets to jointly controlled entities along with the part corresponding to other venturers. Prosegur does not recognise its share in the profit or loss of the jointly controlled entity arising from the purchase of assets by Prosegur until the assets are sold on to an independent third party.

A loss is recognised immediately unless the transaction indicates a reduction in the net realisable value of the current assets or an impairment loss. Jointly controlled entities' accounting policies are changed where necessary for consistency with the principles adopted by Prosegur.

Associates

Associates are companies over which Prosegur exercises significant influence but not control, generally holding between 20% and 50% of the voting rights. Any potential voting rights that are exercisable or convertible at the end of each reporting period are considered when assessing whether Prosegur has significant influence. It is assumed that significant influence is not exercised when Prosegur holds a share of less than 20% of the voting rights, unless such influence can be clearly demonstrated. Evidence of significant influence usually comprises:

- Representation on the board of directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Material transactions between the investor and the investee;
- Interchange of managerial personnel or provision of essential technical information.

Investments in associates are accounted for using the equity method and initially recognised at cost. Prosegur's investment in associates includes goodwill (net of any accumulated impairment) identified in the acquisition.

Prosegur's share in the profit or loss of the associates from the date of acquisition is recognised in the income statement. The carrying amount of the investment is adjusted for any subsequent movements. When Prosegur's share in the losses of an associate is equal to or higher than its investment, including any doubtful receivables, Prosegur does not recognise any additional loss unless it has entered into commitments or made payments on behalf of the associate.

Unrealised gains on transactions between Prosegur and its associates are eliminated in line with Prosegur's percentage ownership of the associate. Unrealised losses are also eliminated unless they provide evidence of an impairment loss on the transferred asset.

Jointly controlled entities' accounting policies are changed when necessary for consistency with the principles adopted by Prosegur.

Temporary joint ventures

Temporary joint ventures are a scheme under which business owners collaborate for a limited or unlimited period to carry out a project, service or supply.

The underlying assets and liabilities and income and expenses of temporary joint ventures are consolidated on a line-by-line basis.

34.3. Segment reporting

A business segment is a group of assets and operations that is engaged in providing products or services and which is subject to risks and rewards that are different from those of other segments.

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and rewards that are different from those of segments operating in other economic environments.

Costs are directly allocated to each of the defined segments. Each geographical area has its own functional structure. Certain functional overheads are common to all activity segments and are distributed according to the time spent or extent of use.

34.4. Foreign currency transactions

Functional and presentation currency

The annual accounts of each Prosegur entity are presented in the currency of the main economic environment in which it operates ("functional currency"). The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros (unless stated otherwise), the parent company's functional and presentation currency.

Balances and transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign currency gains and losses arising on the settlement of these transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies at the closing exchange rate are recognised in profit or loss, unless they are recognised directly in equity as cash flow hedges.

Foreign exchange gains or losses relating to loans and cash and cash equivalents are recognised in the income statement under finance income or expenses.

Changes in the fair value of monetary assets denominated in foreign currencies and classified as available-for-sale are analysed to distinguish between translation differences resulting from changes in the amortised cost of the asset and other changes in the carrying amount of the asset. Translation differences are recognised in profit and loss, and other changes to the carrying amount are recognised in equity.

Translation differences on non-monetary items, such as equity instruments at fair value through profit or loss, are recognised as changes in fair value. Translation differences on non-monetary items such as equity instruments classified as available-for-sale financial assets recognised in the revaluation reserve in equity.

Differences on translation of deferred tax assets and liabilities denominated in foreign currencies and deferred income taxes are included in profit or loss.

In the consolidated statement of cash flows, foreign currency transaction cash flows have been translated into Euros at the exchange rates prevailing at the dates the cash flows occur. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as effect of exchange rate fluctuations on cash and cash equivalents.

Details of the average and year-end exchange rates to Euros of the foreign currencies in which Prosegur operates are as follows:

	2011		**2010**	
	Average	Year-end	Average	Year-end
US Dollar	1.39	1.29	1.32	1.34
Romanian Leu	4.24	4.32	4.29	4.26
Singaporean Dollar	1.75	1.68	1.73	0.58
Argentine Peso	5.72	5.54	5.23	5.29
Braziilian Real	2.33	2.43	2.24	2.23
Chilean Peso	672.76	671.79	626.41	625.35
Mexican Peso	17.29	18.07	16.39	16.52
Paraguayan Guaraní	5,837.97	5,795.05	6,070.30	6,135.48
Peruvian Nuevo Sol	3.84	3.49	3.73	3.74
Uruguayan Peso	26.86	25.75	26.42	26.86
Colombian Peso	2,568.64	2,513.66	2,541.35	2,557.46

Translation of foreign operations

Prosegur has applied the exemption permitted by IFRS 1, First-time Adoption of International Financial Reporting Standards, relating to accumulated translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are recognised in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

i. Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative balances, are translated at the closing rate at the date of the statement of financial position;
ii. Income and expenses are translated at the average monthly exchange rate;
iii. All resulting exchange differences are recognised as translation differences in other comprehensive income.

On consolidation, exchange differences arising on the translation of a net investment in foreign operations, and of loans and other instruments in foreign currency designated as hedges of these investments, are recognised in the equity of the company holding the investment. When these investments are sold, the exchange differences are recognised in the income statement as part of the gain or loss on the sale.

34.5. Property, plant and equipment

Land and buildings mainly comprise operating divisions. Property, plant and equipment are recognised at cost, less depreciation and any accumulated impairment losses, except in the case of land, which is presented net of impairment losses.

Historical cost includes costs that are directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, provided that it is probable that the future economic benefits associated with the items will flow to Prosegur and the cost of the item can be reliably measured. The carrying amount of the replaced item is derecognised. Other repairs and maintenance costs are taken to the income statement when incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis to allocate the cost or revalued amount to residual value over the following estimated useful lives:

	Years of useful life
Buildings	2 to 3
Technical installations and machinery	10 to 25
Other installations and equipment	10 to 30
Furniture	10
Computer equipment	25
Motor vehicles	16
Other property, plant and equipment	10 to 25

Prosegur reviews the residual values and useful lives of assets and adjusts them, if necessary, as a change in accounting estimates at the end of each reporting period.

When the carrying amount of an asset exceeds its estimated recoverable amount, it is immediately written down to the latter (see note 34.7).

Gains and losses on the sale of property, plant and equipment are calculated as the difference between the consideration received and the carrying amount of the asset, and are recognised in profit and loss.

34.6. Intangible assets

Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of Prosegur's share of the acquired subsidiary's identifiable net assets at the acquisition date. Goodwill is tested annually for impairment (see note 34.7) and recognised at cost less accumulated impairment losses. Gains and loss on the sale of an entity include the carrying amount of the goodwill allocated to the sold entity.

For impairment testing purposes, goodwill is allocated to cash-generating units (CGUs). Goodwill is allocated to the CGUs that are expected to benefit from the business combination from which the goodwill arose.

Goodwill acquired since 1 January 2004 is recognised at cost of acquisition, and goodwill acquired prior to that date is recognised at the carrying amount at 31 December 2003 in accordance with Spanish accounting legislation prevailing at that date.

Customer portfolios

The relationships with customers that Prosegur recognises under customer portfolios are separable and based on a contractual relationship, thus meeting the requirements set out in prevailing legislation for consideration as separate intangible assets from goodwill. In general, these are customer service contracts that have been acquired from third parties or recognised in the allocation of fair values in business combinations.

Portfolios of contracts with customers are recognised at fair value on the acquisition date less amortisation and accumulated impairment losses.

The fair value allocated to customer contract portfolios acquired from third parties is the acquisition price. To determine the fair value of intangible assets allocated to business combinations in the form of relationships with customers, Prosegur uses the income approach, discounting the cash flows generated by these relationships at the date of acquisition of the subsidiary. Cash flows are estimated based on sales projections, operating investments and EBITDA margins presented in the company's business plans.

Prosegur amortises customer portfolios on a straight-line basis over their estimated useful lives. The useful life is estimated based on indicators such as average length of relationship with customers or the average annual customer churn rate. The useful lives allocated to these intangible assets are reviewed at the end of each reporting period. Customer portfolios have useful lives of between three and eighteen years.

Customer portfolios are allocated to cash-generating units (CGUs) in accordance with their respective business segment and the country of operation.

At the end of each reporting period, Prosegur assesses whether the recoverable amount is affected by any impairment loss. The tests to determine whether there are indications of impairment of customer portfolios mainly consist of:

- Verifying whether events have taken place that could have a negative impact on estimated cash flows from the contracts making up the portfolio, total sales or margins (EBITDA).
- Updating the estimated customer churn rates to identify any changes to the periods for which customer portfolios are expected to generate revenues.

If there are indications of impairment, the recoverable amount of a customer portfolio is based on the present value of the re-estimated cash flows from the contracts over their useful lives.

If customer churn rates have risen, Prosegur re-estimates the useful lives of customer portfolios.

Trademarks and licences

Trademarks and licences are presented at historical cost. They have finite useful lives and are recognised at cost less amortisation and accumulated impairment losses. Trademarks and licences are amortised on a straight-line basis to allocate the cost over their estimated useful lives (two to four years).

Computer software

Computer software licences are capitalised at cost of acquisition or cost of preparation of the specific software for use. These expenses are amortised over the estimated useful lives of the assets (three to five years).

Computer software maintenance or development costs are charged as expenses when incurred.

34.7. Impairment losses

If an event or change in circumstances indicates that the carrying amount of assets subject to amortisation or depreciation may not be recoverable, Prosegur determines whether impairment losses have been incurred. An impairment loss is recognised as the difference between the carrying amount of the asset and its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating unit, CGU). Prosegur reviews impaired non-financial assets other than goodwill at the end of each reporting period to assess whether the loss has been reversed.

Impairment losses on goodwill

Goodwill has been allocated to Prosegur's cash-generating units (CGUs) in accordance with their respective country of operation. Goodwill is allocated to CGUs for impairment testing purposes. Goodwill is allocated to the CGUs that are expected to benefit from the business combination from which the goodwill arose.

The recoverable amount of a CGU is determined based on its value in use. This calculation requires the use of estimates (see note 36) in which businesses acquired during the present year have not been considered.

The recoverable amount is the higher of market value less costs to sell and value in use, which is understood to be the present value of estimated future cash flows. To estimate the value in use Prosegur prepares forecasts of future cash flows before tax based on the budgets most recently approved by management. These budgets incorporate the best available estimates of income and expenses of the cash generating units using sector past experience and future expectations. These budgets have been prepared for the next four years, and future cash flows have been calculated by applying non-increasing estimated growth rates that do not exceed the average long-term growth rate for the security business in which the CGU operates.

Management determined EBITDA (earnings before interest, tax, depreciation and amortisation) based on past returns and the foreseeable development of the market.

To calculate present value, cash flows are discounted at a rate that reflects the cost of capital of the business and the geographical region in which it operates. Prosegur considers the present value of money and risk premium calculations currently in general use among analysts for the geographical area.

If the recoverable amount is less than the carrying amount of the asset, the difference is recognised under impairment losses in the consolidated income statement (see note 12).

Impairment losses on goodwill are not reversible.

As well as testing for impairment, Prosegur performs a sensitivity analysis on goodwill which consists of verifying the impact on the recoverable amount of a CGU of deviations in key assumptions (see note 12).

34.8. Financial assets

Classification:

Financial assets are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset set out in IAS 32 Financial Instruments - Presentation.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, separating those initially designated from those held for trading, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. Financial assets are classified into different categories based on the nature of the instruments and Prosegur's intentions on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Prosegur provides money, goods or services directly to a recipient without the intention of trading the receivable. The assets are classified as current unless they mature in more than 12 months after the reporting date, in which case they are classified as non-current. Loans and receivables are generally recognised under trade and other receivables in the statement of financial position (see note 34.11).

Available-for-sale financial assets

Prosegur classifies in this category non-derivative financial instruments that are designated as such or which do not qualify for recognition in other financial asset categories. Assets are classified as available for sale provided that these are available for sale in their present condition subject to terms that are usual and customary for sales of such assets and that the sale is highly probable. They are classified as non-current assets unless management intends to sell the investment within 12 months after the reporting date.

Recognition and measurement:

Acquisitions and disposals of financial assets are recognised on the trade date, i.e. the date on which Prosegur commits to acquire or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not recognised at fair value through profit or loss. Investments are derecognised when they expire or the contractual rights to the cash flows from the financial asset have been transferred and Prosegur has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are subsequently recognised at fair value.

Loans and receivables are measured at amortised cost using the effective interest method.

Unrealised gains and losses arising from changes in the fair value of non-monetary assets classified as available for sale are recognised in equity. When assets classified as available for sale are sold or incur irreversible impairment losses, the accumulated adjustments in fair value are included in the income statement as gains or losses on the assets.

Prosegur tests financial assets or groups of financial assets for impairment at the end of each reporting period. To determine whether available-for-sale investments are impaired, Prosegur considers whether a significant or prolonged decline has reduced the fair value of the investment to below its cost.

If such evidence exists for available-for-sale financial assets, the cumulative loss, calculated as the difference between the acquisition cost and the present fair value less any impairment loss previously recognised, is reclassified from equity to profit or loss. Impairment losses recognised for equity instruments are not reversed through profit or loss.

34.9. Derivative financial instruments and hedges

Derivatives are initially recognised at fair value on the date on which the contract was signed and their fair value is subsequently adjusted. The recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the hedged item. Prosegur designates certain derivatives as:

- hedges of the fair value of recognised assets or liabilities (fair value hedges);
- hedges of highly probable transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation.

Prosegur has not applied hedge accounting in 2011 or 2010.

Derivatives that do not qualify for hedge accounting

Certain derivatives do not meet the criteria for the application of hedge accounting. Changes in the fair value of any derivative that does not qualify for hedge accounting are recognised immediately in profit or loss.

34.10. Inventories

Inventories are measured at the lower of cost and net realisable value, with the following exceptions:

- Inventories held in warehouses and uniforms are measured at weighted average cost.

- Work in progress is measured at the cost of the installation, which includes materials and spare parts used and the standard cost of the corresponding labour, which does not differ from the actual costs incurred during the year.

The net realisable value is the estimated selling price in the normal course of business less any variable costs to sell.

34.11. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. Impairment of trade receivables is recognised if there is objective evidence that Prosegur will not collect all the amounts due under the original contractual terms. Financial difficulties affecting the debtor, the likelihood that the debtor will enter insolvency proceedings or a financial restructuring process, or a default or delay in payments are considered to indicate that a receivable is impaired. The provision for impairment is the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced as the allowance account is used and the loss is taken to the income statement. When a receivable is irrecoverable, it is written off against the allowance account for receivables.

34.12. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits in financial institutions, other short-term, highly liquid investments with a maturity of three months or less and bank overdrafts. Bank overdrafts are recognised in the statement of financial position as current financial liabilities.

34.13. Share capital

Ordinary shares are classed as equity.

When any Prosegur entity acquires shares in the Company (own shares), the consideration paid, including any additional costs that are directly attributable to the acquisition (net of income tax), is subtracted from equity attributable to shareholders of the Company until cancellation or disposal. When these shares are sold, the consideration received, net of any additional costs that directly attributable to the sale and the corresponding income tax effect, is recognised in equity attributable to shareholders of the Company.

34.14. Provisions

Provisions for restructuring and litigation are recognised when:

i. Prosegur has a present obligation (legal or tacit) as a result of a past event.
ii. It is more probable than not that an outflow of resources will be required to settle the obligation.
iii. A reliable estimate can be made of the amount of the obligation.

When Prosegur has a number of similar obligations, the likelihood that an outflow of resources will be necessary to settle them is determined considering the obligations as a whole. A provision is recognised even if an outflow of resources is unlikely compared to any item included in the same class of obligations.

Restructuring provisions include lease cancellation penalties and employee termination benefits. No provision is made for future losses from operating activity.

Provisions are measured at the present value of the estimated expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increases in the provision due to the passage of time are recognised as an interest expense.

34.15. Financial liabilities

Financial liabilities are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definitions of a financial liability set out in IAS 32 Financial Instruments - Presentation.

Financial liabilities are initially recognised at fair value less any transaction costs. They are subsequently measured at amortised cost. Any difference between the funds obtained (net of arrangement costs) and the consideration paid is recognised in the income statement over the term of the liability using the effective interest method.

Liabilities are classified as current unless Prosegur has an unconditional right to defer settlement for at least twelve months after the reporting date.

Fees and commissions paid for credit facilities are recognised as loan transaction costs provided that it is probable that Prosegur will draw down from one or all of the facilities. In this case, the fees and commissions are deferred until funds are drawn. If there is no evidence that it is probable that Prosegur will draw down from the credit facility, the fees and commissions are capitalised as a prepayment for liquidity services and amortised over the term of the credit facility.

34.16. Current and deferred tax

The income tax expense for the year comprises current tax and deferred tax. Tax is taken to the income statement unless it is paid on items recognised directly in equity, in which case the tax is also recognised in equity.

The current tax expense is calculated in accordance with tax laws that have been enacted or substantially enacted at the reporting date in the countries in which the subsidiaries and associates operate and generate taxable income. Management regularly assesses the judgements made in tax returns where situations are subject to different interpretation under tax laws, recognising, if necessary, the corresponding provisions based on the expected tax liability.

Deferred tax is calculated using the balance sheet method, based on temporary differences that arise between the tax base of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, if deferred tax assets or liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit nor taxable income, they are not recognised.

Deferred tax assets or liabilities are measured using the tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date and are expected to be applicable when the corresponding deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised provided that it is probable that sufficient taxable income will be generated against which the temporary differences can be offset.

Deferred tax assets and liabilities are recognised in respect of the temporary differences that arise from investments in subsidiaries and associates, except where Prosegur is able to control the timing of the reversal of the temporary differences and it is probable that they will reverse in the foreseeable future.

34.17. Employee benefits

Share-based payments – 2011 Plan

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

Under the 2011 Plan, recipients are entitled to a bonus over several years, 50% cash and 50% in parent company shares. A reference price of Euros 28.14 per share was determined at the beginning of the Plan. The receipt of this incentive depends on various performance and length-of-service requirements.

The 2011 Plan has a duration of four years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the two subsequent years. The plan measures target achievement from 1 January 2008 until 31 December 2011 and length of service from 1 January 2008 until 1 January 2014. Entitlement to incentives is assessed on the following dates:

- Preliminary assessment date: 1 May 2010
- Final assessment date: 1 May 2012
- Length-of-service bonus date: 1 January 2014

A mixed accounting treatment is applied, comprising both a cash settlement and a share-based settlement.

The fair value of the services received from employees in exchange for these shares is recognised as an expense on an accruals basis over the Plan's length-of-service assessment period, with the corresponding increase in equity. The total expense recognised over the accrual period (see note 5) is determined based on the shares granted, measured at the reference price stipulated in the Plan. This commitment has been estimated under the assumption that the length-of-service requirement will be met (see note 20.2).

With regard to the cash incentives, the total commitment acquired is recognised as an expense in the income statement with a credit to provisions on an accruals basis over the Plan assessment period (see note 21).

Termination benefits

Termination benefits are paid to employees as a result of Prosegur's decision to terminate employment before the normal retirement age or when the employee accepts voluntary redundancy in exchange for these benefits. Prosegur recognises these benefits when it has demonstrably committed to terminating the employment of current employees, in accordance with a detailed formal plan with no possibility of withdrawal, or to granting termination benefits in an offer of voluntary redundancy. Benefits that will not be paid within twelve months after the reporting date are discounted at their present value.

Profit-sharing plans and bonuses

Prosegur calculates the liability and expense for bonuses and profit-sharing using a formula based on EBITDA (earnings before interest, tax, amortisation and depreciation).

Remuneration of directors

As well as profit-sharing plans, Prosegur has incentive plans for senior management linked to the achievement of certain targets set by the corresponding remuneration committees. At the end of the reporting period, provision has been made for these plans based on Prosegur management's best possible estimate of the extent to which targets will be met.

34.18. Revenue recognition

Revenues include the fair value for the sale of goods and services, net of value added tax, discounts and returns and after eliminating intra-group sales. Prosegur recognises revenues when the amount can be measured reliably, it is probable that the future economic benefits will flow to the entity and the specific terms are met for each of Prosegur's activities.

Revenue is recognised on an accruals basis applying the following criteria:

a) Sales of goods, mainly security installations and home alarm systems, are recognised when the product has been delivered to, and accepted by, the customer. These revenues are measured at the fair value of the corresponding receivable.

b) Sales of active security patrol, securities logistics and cash management services are recognised in the reporting period in which the services are rendered, without including taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount.

c) Revenues from the home alarm system activity are recognised in the reporting period in which the services are rendered, without including the taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount. In some alarm monitoring contracts, the customer does not purchase the equipment installed. Under the general alarm system rental contract, Prosegur receives an initial amount when the contract is signed and a regular instalment for the rental of the installed equipment and the services rendered. Prosegur defers the revenue received in advance when the contract is signed, taking it to the income statement over the average contract term. The average contract term is estimated based on the average annual customer churn rate.

d) Interest received is recognised over the period of the outstanding principal and considering the effective interest rate applicable. When a receivable is impaired, Prosegur writes down the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument. The discounting continues to be recognised as a reduction in the interest received. Interest on impaired loans is recognised using the effective interest method.

e) Dividends received are recognised when the right to receive payment is established.

34.19. Leases

When a Prosegur entity is the lessee

Leases of property, plant and equipment in which Prosegur assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is broken down into reductions in the payable and the finance expense, thereby maintaining a constant interest rate on the outstanding debt. The lease payable, net of the corresponding finance expense, is recognised under financial liabilities. The interest within the finance expense is taken to the income statement over the lease term in order to establish a regular interest rate on the outstanding debt in each period. Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the useful life of the asset and the lease term when there is no possibility of Prosegur assuming ownership; otherwise, they are depreciated over the estimated useful life of the asset.

Leases in which the lessor retains a significant part of the risks and rewards of ownership are classified as operating leases. Lease payments under an operating lease (net of any incentive received) are recognised as an expense on a straight-line basis over the lease term.

When a Prosegur entity is the lessor

Assets leased to third parties under operating lease contracts are recognised as property, plant and equipment. These assets are depreciated over their expected useful lives based on criteria consistent with those applied to similar assets owned by Prosegur. Lease income is recognised on a straight-line basis over the expected useful life of the asset.

34.20. Borrowing costs

Prosegur recognises borrowing costs directly attributable to the purchase, construction or production of qualifying assets as an increase in the value of these assets. Qualifying assets are those which require a substantial period of time before they can be used or sold.

34.21. Construction contracts

Contract costs are recognised when incurred.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

When the outcome of a construction contract can be estimated reliably and the contract is likely to yield a profit, contract revenue is recognised over the duration of the contract. When the costs of the contract are likely to exceed the total revenue therefrom, the expected losses are recognised as an expense immediately.

Prosegur uses the stage of completion method to calculate the amount to be recognised in a certain period. The stage of completion is determined by calculating the percentage of estimated total contract costs represented by costs incurred at the reporting date. Costs incurred during the year in relation with future contract activity are excluded from the contract costs used to determine the stage of completion. These costs are recognised as inventories, prepayments or other assets, depending on their nature.

Prosegur recognises the gross receivable from customers in relation to work on all contracts in force when the costs incurred plus recognised profit (or less recognised losses) exceed the portion invoiced to date. The outstanding portion invoiced to date and retention payments are recognised under trade and other receivables.

Prosegur recognises the gross amount payable to customers in relation to work on all current contracts when the portion invoiced to date exceeds the costs incurred plus recognised profit (or less recognised losses).

34.22. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale when the carrying amount is principally recoverable through a sale, provided that the sale is considered highly probable. The assets are recognised at the lower of the carrying amount and the fair value less costs to sell, provided that their carrying amount is principally recoverable through a sales transaction rather than continued use.

34.23. Distribution of dividends

Dividends distributed to the Company's shareholders are recognised as a liability in the consolidated annual accounts in the year in which the dividends are approved by the shareholders.

34.24. Environmental issues

The cost of armoured vehicles compliant with the Euro III standard on non-polluting emissions is recognised as an increase in the carrying amount of the asset. At 31 December 2011 the Company has no contingencies, legal claims or income and expenses relating to the environment.

35. Financial Risk Management

35.1. Financial risk factors

Prosegur's activities are exposed to currency risk, interest rate risk, price risk, credit risk and liquidity risk. Prosegur's global risk management programme aims to reduce these risks using a variety of methods, including financial instruments.

The Finance Department identifies, proposes and carries out the management of these risks along with other operating units of Prosegur in accordance with policies approved by the Executive Committee.

Currency risk

Prosegur operates internationally and is therefore exposed to currency risk when operating with foreign currencies, especially with regard to the Argentine Peso, Brazilian Real, Chilean Peso, Peruvian Sol and, to a lesser extent, the Colombian Peso, Mexican Peso, Uruguayan Peso and Paraguayan Guaraní. Currency risk arises when future commercial transactions, equity investments, results from operating activities and financial positions are presented in a foreign currency other than Prosegur's functional currency.

To control the risk arising in these operations, Prosegur's policy is to use appropriate instruments to balance and neutralise the risks associated with monetary in- and outflows, considering market expectations.

As Prosegur intends to remain in the foreign markets in which it is present in the long term, it does not hedge equity investments, assuming the risk relating to the translation to Euros of the assets and liabilities denominated in foreign currencies.

However, Prosegur does hedge, either through financial instruments or by using natural hedges, the profit and loss generated and the protection of cash surpluses in those currencies that contribute significantly to Prosegur's results from operating activities.

The value of the financial assets and financial liabilities, along with receivables from and payables to public entities, prepayments and revenues received in advance, by currency, is as follows:

Thousands of Euros	Euro	Brazilean Real	Argentine Peso	Chilean Peso	Peruvian Sol	Other currencies	**Total position**
Non-current financial assets	32,109	116	1,148	74	18	520	33,985
Total non-current assets	**32,109**	**116**	**1,148**	**74**	**18**	**520**	**33,985**
Trade and other receivables	310,057	209,578	121,701	28,417	16,623	44,194	730,570
Other current financial assets	1,552	-	-	-	-	-	1,552
Cash and cash equivalents	46,589	41,656	53,277	6,075	1,115	38,836	187,548
Total current assets	**358,198**	**251,234**	**174,978**	**34,492**	**17,738**	**83,030**	**919,670**
Financial liabilities	456,385	4,725	1,147	(56)	361	3,624	466,186
Derivative financial instruments	3,587	-	-	-	-	-	3,587
Non-current liabilities	**459,972**	**4,725**	**1,147**	**(56)**	**361**	**3,624**	**469,773**
Trade and other payables	130,576	30,503	19,477	21,114	11,386	7,114	220,170
Financial liabilities	132,605	46,540	6,192	3,395	1,526	6,057	196,315
Derivative financial instruments	41	-	-	-	-	-	41
Current liabilities	**263,222**	**77,043**	**25,669**	**24,509**	**12,912**	**13,171**	**416,526**
Net position	**(332,887)**	**169,582**	**149,310**	**10,113**	**4,483**	**66,755**	**67,356**

At 31 December 2010

Thousands of Euros	Euro	Brazilean Real	Argentine Peso	Chilean Peso	Peruvian Sol	Other currencies	**Total position**
Non-current financial assets	31,779	130	1,020	-	65	337	33,331
Total non-current assets	**31,779**	**130**	**1,020**	**-**	**65**	**337**	**33,331**
Trade and other receivables	285,373	154,274	91,389	23,064	15,737	23,460	593,297
Other current financial assets	128,988	-	-	-	-	-	128,988
Derivative financial instruments	29	-	-	-	-	-	29
Cash and cash equivalents	78,172	26,530	36,521	1,073	7,689	20,033	170,018
Total current assets	**492,562**	**180,804**	**127,910**	**24,137**	**23,426**	**43,493**	**892,332**
Financial liabilities	157,158	11,691	1,200	15,746	-	3,149	188,944
Derivative financial instruments	3,114	-	-	-	-	-	3,114
Non-current liabilities	**160,272**	**11,691**	**1,200**	**15,746**	**-**	**3,149**	**192,058**
Trade and other payables	116,318	23,550	23,853	3,909	4,408	11,827	183,865
Financial liabilities	312,242	38,160	1,418	4,107	11	4,478	360,416
Derivative financial instruments	238	-	-	-	-	-	238
Current liabilities	**428,798**	**61,710**	**25,271**	**8,016**	**4,419**	**16,305**	**544,519**
Net position	**(64,729)**	**107,533**	**102,459**	**375**	**19,072**	**24,376**	**189,086**

Had the non-functional currencies weakened by 10% against the Euro, the impact on the Company's equity would total Euros 59,780 thousand.

At 31 December 2011, had the currencies weakened by 10% against the Euro, with the other variables remaining constant, post-tax profit would have been Euros 14,692 thousand lower, mainly as a result of losses and gains on translating the net financial position of cash and cash equivalents denominated in foreign currencies.

Credit risk

Prosegur is not significantly exposed to credit risk. Bad debts are not a significant factor in the sector in which it operates. Independent credit ratings of customers are used if available. Otherwise, the Credit Control Department assesses each customer's credit rating, considering financial position, past experience and other factors. Individual credit limits are established based on internal and external ratings in accordance with the limits set by the Finance Department. Credit limits are regularly monitored.

Prosegur has formal procedures for detecting objective evidence of impairment of trade receivables. It identifies significant delays in payments and the methods to follow to estimate the impairment loss based on an individual analysis by business area. Impairment of trade receivables at 31 December 2011 amounts to Euros 51,235 thousand (see note 17). As the credit ratings relating to trade receivables not included in this provision are sufficient, this provision is considered to cover the credit risk.

In Spain, the collections department manages an approximate volume of 8,000 customers with monthly average turnover of Euros 9,700 per customer. 85% of payments are made by bank transfer and the remaining 15% in notes (cheques, promissory notes, etc.).

Details of the percentage of total Prosegur turnover represented by the eight main customers are as follows:

	2011	2010
Counterparty		
Customer 1	4.68%	4.49%
Customer 2	4.48%	4.47%
Customer 3	3.83%	3.60%
Customer 4	2.25%	2.29%
Customer 5	2.20%	1.89%
Customer 6	1.97%	1.84%
Customer 7	1.95%	1.73%
Customer 8	1.04%	1.15%

As explained in note 17, in 2007 Prosegur contracted a securitisation programme for part of its customer portfolio whereby receivables are sold without recourse, transferring the associated credit risk.

Other current financial assets (see note 18) include a fixed-term deposit. All financial assets contracted in 2011 are exposed to risk of default by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings that are not sensitive to adverse changes in the economic climate.

Liquidity risk

A prudent policy to managing liquidity risk is based on having sufficient cash and marketable securities, as well as sufficient short-, medium- and long-term financing through credit facilities, to reach Prosegur's business targets safely, efficiently and on time. The group's Treasury Department aims to maintain liquidity and sufficient availability to guarantee Prosegur's business operations.

Management monitors Prosegur's liquidity reserves, which comprise credit drawdowns (see note 22) and available cash and cash equivalents (see note 19), and are forecast based on expected cash flows.

Prosegur's liquidity position for 2012 is based on the following:

- At 31 December 2011, available cash and cash equivalents amount to Euros 187,548 thousand.
- At 31 December 2011, Euros 127,795 thousand is available from undrawn credit facilities.
- Cash flows from operating activities in 2011 amount to Euros 162,710 thousand (Euros 201,399 thousand in 2010). Despite the decline on 2010, Prosegur continues to demonstrate its capacity for generating significant and recurrent operating cash flows.

The table below presents an analysis of the financial liabilities that will be settled for the net amount, grouped by maturities based on the period remaining from the reporting date until contractual maturity dates. The amounts presented in this table reflect the cash flows stipulated in the contracts.

	Less than 1 year	1 to 2 years	2 to 5 years	Total
At 31 December 2011				
Bank loans	18,035	12,771	418,096	448,902
Credit facilities	84,921	-	-	84,921
Finance leases	5,913	3,042	2,832	11,787
Other payables	87,446	11,518	17,927	116,891
	196,315	**27,331**	**438,855**	**662,501**
At 31 December 2010				
Bank loans	233,931	15,333	149,462	398,726
Credit facilities	54,942	-	-	54,942
Finance leases	6,795	5,103	4,472	16,370
Other payables	64,748	11,010	3,564	79,322
	360,416	**31,446**	**157,498**	**549,360**

Finally, systematic forecasts are prepared for cash generation and requirements, allowing Prosegur to determine and monitor its liquidity position on an ongoing basis.

Interest rate, cash flow and fair value risks

Prosegur is exposed to interest rate risk due to its monetary assets and liabilities.

The exposure of Prosegur's financial liabilities (excluding other payables) at the contract review dates are as follows:

	6 months or less	6 to 12 months	1 to 5 years	Total
At 31 December 2011				
Total financial liabilities	484,017	13,301	48,292	545,610
Total interest	2,126	2,086	11,848	16,060
	486,143	**15,387**	**60,140**	**561,670**
At 31 December 2010				
Total financial liabilities	418,463	24,080	27,495	470,038
Total interest	3,489	761	6,684	10,934
	421,952	**24,841**	**34,179**	**480,972**

Prosegur analyses its interest rate risk exposure dynamically. In 2011 the majority of Prosegur's financial liabilities at variable interest rates were denominated in Euros.

Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. Based on these scenarios, Prosegur calculates the effect of a certain variation in interest rates on profit and loss. For each simulation, the same interest rate variation is used for all currencies. The scenarios are only analysed for the liabilities that represent the most significant positions in which a variable interest rate is paid.

Based on the different scenarios, Prosegur manages cash flow interest rate risks through variable-to-fixed interest rate swaps.

In 2011, Prosegur has used interest rate swaps to provide a more flexible structure for drawing down funds (see note 15).

Details of loans and borrowings, indicating the portion considered to be hedged, either at a fixed rate or using derivatives, are as follows:

At 31 December 2011	**Total debt**	**Hedged debt**	**Debt exposure**
Europe	519,605	127,743	391,862
LatAm	14,218	7,216	7,002
	533,823	**134,959**	**398,864**

At 31 December 2010	**Total debt**	**Hedged debt**	**Debt exposure**
Europe	427,930	100,000	327,930
LatAm	25,738	14,433	11,305
	453,668	**114,433**	**339,235**

Hedged debt at 31 December 2011 includes Euros 100,000 thousand considered to be hedged by the derivative financial instrument (interest rate swap) described in note 15. Fixed-rate loans have also been arranged to finance investments in France and Colombia.

At 31 December 2011, had interest rates on bank loans and borrowings been 100 basis points higher, with the other variables remaining constant, post-tax profit would have been Euros 2,975 thousand lower, mainly because of higher borrowing costs on variable-interest loans.

Price volatility risk

As Prosegur's main activity is a service business, which is heavily based on human capital, there are no significant price volatility risks. In 2011 Prosegur has used collar structures to limit the impact of the cost of diesel used in its fleet of armoured vehicles.

35.2. Capital risk management

Prosegur's capital management is aimed at safeguarding the group's capacity to continue operating as a going concern, with the aim of providing shareholder remuneration and benefiting other equity holders, while maintaining an optimum capital structure to reduce the cost of capital.

To maintain and adjust the capital structure, Prosegur can adjust the amount of dividends payable to shareholders, reimburse capital, issue shares or dispose of assets to reduce debt.

Like other groups in the sector, Prosegur controls its capital structure on a leverage ratio basis. This ratio is calculated as net financial debt divided by total capital. Net financial debt is the sum of current and non-current financial liabilities (excluding other non-bank payables) plus/less net derivative financial instruments, less cash and cash equivalents, less other current financial assets, as presented in the consolidated statement of financial position. Total capital is the sum of equity plus net financial debt, as presented in the consolidated statement of financial position.

The leverage ratio is as follows:

Leverage ratio

Thousands of Euros	2011	2010
Financial liabilities (Noea 22)	662,501	549,360
Plus/less: derivative financial instruments (Note 15)	3,628	3,323
Less: other non-bank debt (Note 22)	(116,891)	(79,322)
Less: cash and cash equivalents (Note 19)	(187,548)	(170,018)
Less: Other current financial assets (Note 18)	(1,552)	(128,988)
Net financial debt	360,138	174,355
Equity	670,901	666,568
Total share capital	**1,031,039**	**840,923**
Leverage ratio	**34.93%**	**20.73%**

35.3. Financial instruments by category

The carrying amounts and fair values of financial instruments, classified by category, are as follows:

	2011		2010	
	Carried at:		Carried at:	
Thousands of Euros	Cost or amortised cost	Fair value	Cost or amortised cost	Fair value
ASSETS				
Available-for-sale financial assets				
Investments and other assets	-	25,634	-	31,265
Loans and receivables				
Deposits and guarantees	7,767	-	1,410	-
Deposits	584	-	656	-
Total non-current assets	**8,351**	**25,634**	**2,066**	**31,265**
Available-for-sale financial assets				
Derivative financial instruments	-	-	-	29
Loans and receivables				
Trade and other receivables	706,670	-	573,309	-
Other financial assets	1,552	-	128,988	-
Cash and cash equivalents	187,548	-	170,018	-
Total current assets	**895,770**	**-**	**872,315**	**29**

Thousands of Euros	2011 Carried at: Cost or amortised cost	2011 Carried at: Fair value	2010 Carried at: Cost or amortised cost	2010 Carried at: Fair value
LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	-	3,587	-	3,114
Debts and payables				
Financial liabilities	442,887	23,299	174,411	14,533
Total non-current financial liabilities	**442,887**	**26,886**	**174,411**	**17,647**
Financial liabilities held for trading				
Derivative financial instruments	-	41	-	238
Debts and payables				
Trade and other payables	191,998	-	158,811	-
Financial liabilities	139,922	56,393	332,032	28,384
Total current financial liabilities	**331,920**	**56,434**	**490,843**	**28,622**
Total net financial instruments	**129,314**	**(57,686)**	**209,127**	**(14,975)**

The fair values of financial assets and financial liabilities (trade and other receivables, trade and other payables and other current financial assets and financial liabilities) are similar to their carrying amounts because the majority of these instruments fall due in the short term.

The fair values of bank loans, finance leases and other non-current financial assets and financial liabilities are estimated by discounting future cash flows using available rates for debt with similar terms, credit risk and maturity, and are very similar to their carrying amounts.

35.4. Estimating fair value

The fair value of financial instruments traded on an active market (such as derivatives quoted on stock exchanges and investments acquired for trading) is based on market prices at the reporting date. The market price used by Prosegur for financial assets is the current buying price. The appropriate market price for financial liabilities is the current asking price.

The fair value of financial instruments not traded on an active market is determined using valuation techniques. Prosegur uses various methods and makes assumptions based on market conditions existing at each reporting date. Market prices for similar instruments are used to measure non-current payables. To determine the fair value of the remaining financial instruments, Prosegur uses other techniques such as discounted estimated cash flows. The fair value of interest rate swaps is the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange rates on the market at the reporting date.

Prosegur classifies fair value using a fair value hierarchy that ranks the inputs used by importance. The levels of this fair value hierarchy are as follows:

- Level 1: (unadjusted) quoted prices on an active market for identical assets or liabilities.
- Level 2: inputs other than the quoted prices included in level 1 that can be observed for the asset or liability either directly (such as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs used for the asset or liability that are not supported by observable market data (unobservable inputs).

The level of fair value measurement within this hierarchy is based on the lowest level of inputs that is relevant to the measurement as a whole. For this purpose, the relevance of an input is assessed with regard to the entire measurement. If the fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that measurement is classified as level three. Assessing the relevance of a particular input to measure fair value as a whole requires judgement, considering the specific factors of the asset or liability.

The nominal amount of receivables and payables less estimated credit adjustments is considered to be similar to their fair value. For the purpose of presenting financial information the fair value of financial liabilities is estimated by discounting contractual future cash flows at the current market interest rate available to Prosegur for similar financial instruments.

A breakdown of financial assets and financial liabilities measured at fair value in accordance with IFRS 7 is as follows:

	2011			
Thousands of Euros	Fair value	Level 1	Level 2	Level 3
Investments and other assets	25,634	-	-	25,634
Non-current assets	**25,634**	**-**	**-**	**25,634**
Derivatives	3,587	-	3,587	-
Other financial liabilities	23,299	-	-	23,299
Non-current liabilities	**26,886**	**-**	**3,587**	**23,299**
Derivatives	41	-	41	-
Other financial liabilities	56,393	-	-	56,393
Current liabilities	**56,434**	**-**	**41**	**56,393**

	2010			
Thousands of Euros	Fair value	Level 1	Level 2	Level 3
Investments and other assets	31,265	-	-	31,265
Non-current assets	**31,265**	**-**	**-**	**31,265**
Derivatives	29	-	29	-
Current assets	**29**	**-**	**29**	**-**
Derivatives	3,114	-	3,114	-
Other financial liabilities	14,533	-	-	14,533
Non-current liabilities	**17,647**	**-**	**3,114**	**14,533**
Derivatives	238	-	238	-
Other financial liabilities	28,384	-	-	28,384
Current liabilities	**28,622**	**-**	**238**	**28,384**

36. Relevant Accounting Estimates and Judgements

Estimates and judgements are evaluated constantly and based on historical experience and other factors, including expectations of future events that are considered reasonable given the circumstances.

Although estimates are calculated by Prosegur's directors based on the best information available at year end, future events may require changes to these estimates in subsequent years. Any effect on the consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

The estimates and judgements that present significant risk of a material adjustment to the carrying amounts of assets and liabilities in the subsequent reporting period are as follows:

Estimated impairment of goodwill

Prosegur tests goodwill for impairment annually, in accordance with the accounting policy described in note 34.7. The recoverable amount of a cash-generating unit (CGU) is determined based on its value in use. This calculation requires the use of estimates.

The recoverable amount is the higher of market value less costs to sell and value in use, which is understood to be the present value of estimated future cash flows. To estimate the value in use Prosegur prepares forecasts of future cash flows before tax based on the budgets most recently approved by management. These budgets incorporate the best available estimates of income and expenses of the cash generating units using sector past experience and future expectations.

These budgets have been prepared for the next four years, and future cash flows have been calculated by applying reasonable non-increasing growth rates that do not exceed the growth rates of prior years. Prosegur prepares estimates for the next four years as it considers this to be the most suitable period for activities in the sector in which it operates.

Cash flows are discounted to present value at a rate that reflects the cost of capital of the business and the geographical region in which it operates. Prosegur considers the present value of money and risk premium calculations currently in general use among analysts for the geographical area.

If the recoverable amount is less than the carrying amount of the asset, the difference is recognised under impairment losses in the consolidated income statement

Impairment losses on goodwill are not reversible.

Along with the analysis of impairment, Prosegur has also performed a sensitivity analysis on goodwill (see note 12).

Income tax

Prosegur is subject to income tax in various jurisdictions. A significant degree of judgement is required to determine the provision for income tax payable by the group. In many transactions and calculations during the ordinary course of business, the final tax amount is uncertain. Prosegur recognises tax contingencies that it expects to arise based on estimates when it considers that additional taxes will be payable. If the tax finally paid in these cases differs from the amounts initially recognised, these differences affect income tax and the provision for deferred taxes for the year in which they were calculated.

Based on the estimates made, management does not consider that any additional taxes will be required this year.

Fair value of derivatives or other financial instruments

The fair values of financial instruments not traded on an active market are measured using valuation techniques. Prosegur uses its judgement to select methods and make assumptions based mainly on market conditions existing at each reporting date.

Claims

Management estimates the provisions for future claims based on historical claims, as well as any recent trends indicating that past information on costs could differ from future claims. Management is assisted by external labour, legal and tax advisors to make the best estimates.

Employee benefits

The present value of employee benefits depends on a number of factors determined using various assumptions. The assumptions employed to calculate the net expense (income) include the discount rate. Any change in these assumptions will affect the carrying amount of employee benefits.

Prosegur determines the appropriate discount rate at each reporting date. This is the interest rate that should be used to determine the present value of the expected future cash outflows necessary to settle the obligation. To determine the appropriate discount rate, Prosegur considers the interest rates of corporate bonds of a currency and term consistent with the currency and term of the employee benefit obligations.

Other key assumptions used to measure these employee benefit obligations are partly based on present market conditions.

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APPENDIX I. – Consolidated Subsidiaries

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

Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Basis of consolidation	Activity	Auditor
			% ownership	Company holding the investment			
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	50	100.0	Prosegur Cia de Seguridad, S.A.	a	7	A
Servimax Servicios Generales, S.A.	Pajaritos, 24 (MADRID)	86	100.0	Prosegur Cia de Seguridad, S.A.	a	1	A
Prosegur Activa Holding, S.L.U.	Pajaritos, 24 (MADRID)	5,122	100.0	Prosegur Cia de Seguridad, S.A.	a	5	A
Formación Selección y Consultoría S.A.	Santa Sabina, 8 (MADRID)	120	100.0	Prosegur Cia de Seguridad, S.A.	a	7	B
Seguridad Vigilada, S.A.	C/ Pisuerga, 18 (BARCELONA)	3,705	95.0	Prosegur Cia de Seguridad, S.A.	a	4	C
S.T.M.E.C., S.L.	C/ Pisuerga, 18 (BARCELONA)	48	95.0	Prosegur Cia de Seguridad, S.A.	a	1	C
Salcer Servicios Auxiliares, S.L.	C/ Pisuerga, 18 (BARCELONA)	48	95.0	Prosegur Cia de Seguridad, S.A.	a	1	C
Beloura Investments, S.L.U.	Pajaritos 24 (MADRID)	19,851	100.0	Prosegur Cia de Seguridad, S.A.	a	5	C
Prosegur Multiservicios, S.A.	Pajaritos, 24 (MADRID)	150	100.0	Prosegur Activa España, S.A.	a	3	B
Pitco Ventures, SCR Simplificada, S.A.	Pajaritos, 24 (MADRID)	600	100.0	Prosegur Cia de Seguridad, S.A.	a	7	A
ESC Servicios Generales, S.L.	Avda. Primera, B-1 (A CORUÑA)	6	100.0	Prosegur Cia de Seguridad, S.A.	a	1	A
Prosegur International Handels GMBH	Poststrabe, 33 (HAMBURG)	34,829	100.0	Malcoff Holding BV	a	5	B
Securlog, GMBH	Wahlerstrasse 2a, 40472 Düsseldorf	22,683	100.0	Prosegur Cia de Seguridad, S.A.		2	C
Malcoff Holding, B.V.	Schouwburgplein, 30-34 (ROTTERDAM)	172,109	100.0	Prosegur Cia de Seguridad, S.A.	a	5	B
Reinsurance Bussiness Solutions Limited	80 Harcourt Street (DUBLIN)	635	100.0	Prosegur Cia de Seguridad, S.A.	a	6	A
Prosegur Distribuçao e Serviços, Lda.	Av.Infante Dom Henrique, 326 (LISBON)	3,277	100.0	Prosegur Cia de Seguridad, S.A.	a	7	B
Prosegur Companhia de Segurança, Lda.	Av.Infante Dom Henrique, 326 (LISBON)	15,784	100.0	Prosegur Cia de Seguridad, S.A.	a	4	A
Prosegur France, S.A. (Cinieri)	84 Rue des Aceries (SAINT ETIENNE)	35,224	100.0	Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Securité Humaine EURL	84 Rue des Aceries (SAINT ETIENNE)	3,532	100.0	Prosegur France, S.A.	a	1	A
Prosegur Teleserveillance EURL	3 Alle de L´ectronique (SAINT ETIENNE)	808	100.0	Prosegur France, S.A.	a	3	B
Jean Jaures SCI	Rue Rene Cassin ZI de Molina (LA TALAUDIERE)	61	100.0	Prosegur France, S.A.	a	7	B
Prosegur SAS	8 Avenue Descartes (Les Plessis Robinson)	150	100.0	Prosegur France, S.A.	a	1	B
Prosegur Traitement de Valeurs EURL	Rue Rene Cassin ZI de Molina (LA TALAUDIERE)	593	100.0	Prosegur France, S.A.	a	2	A
Prosegur Traitement de Valeurs EST (Ex-Valtis, S.A.)	2 Rue Lovoisier BP 61609 25010 Besancon Cedez 3	13,078	100.0	Prosegur Cia de Seguridad, S.A.	a	2	A
Prosegur Technologie SAS	84 Rue des Aceries (SAINT ETIENNE)	1,524	100.0	Prosegur France, S.A.	a	3	A

Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment % ownership	Investment Company holding the investment	Basis of consolidation	Activity	Auditor
SAS BFA	8 Avenue Descartes (Les Plessis Robinson)	-	33.5	Prosegur Cia de Seguridad, S.A.	a	3	B
		1	65.5	Prosegur France, S.A.			
Sarl Initiale	8 Avenue Descartes (Les Plessis Robinson)	1	100.0	Prosegur France, S.A.	a	7	B
Esta Service, SASU	84 RUE DES ACIERIES 42000 SAINT ETIENNE (FRANCE)	-	100.0	Prosegur Cia de Seguridad, S.A.	a	8	B
Prosegur Centre SARL	84 RUE DES ACIERIES 42000 SAINT ETIENNE (FRANCE)	-	100.0	Prosegur Cia de Seguridad, S.A.	a	8	B
Sazias SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	9,618	100.0	Prosegur Cia de Seguridad, S.A.	a	5	C
Services Valeurs Fonds SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	915	100.0	Sazias SA	a	2	C
Docks y Entrepots Sazias SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	610	100.0	Sazias SA	a	2	C
Euroval SAS	604 Avenue du Col de l'Ange - ZA des Plaines de Jouques - 13420 GEMENOS	4,515	4.5	Prosegur Cia de Seguridad, S.A.	a	2	C
		704	95.5	Sazias SA			
Transportadora de Caudales de Juncadella SA	Tres Arroyos 2835 Ciudad de Buenos Aires	-	5.0	Armor Acquisition SA	a	2	A
		-	95.0	Juncadella Prosegur Internacional S.A.			
Armor Acquisition SA	Tres Arroyos 2835 Ciudad de Buenos Aires	5,523	5.0	Prosegur Cia de Seguridad, S.A.	a	5	B
		22,148	95.0	Prosegur International handels GMBH			
Juncadella Prosegur Internacional S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	12,653	68.8	Armor Acquisition SA	a	5	B
		7,801	31.2	Prosegur International handels GMBH			
Prosegur Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	84	95.0	Juncadella Prosegur Internacional S.A.	a	1	B
		1	5.0	Armor Acquisition SA			
Prosegur Vigilancia Activa, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	154	95.0	Juncadella Prosegur Internacional S.A.	a	1	A
		8	5.0	Armor Acquisition SA			
Servicios Auxiliares Petroleros, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	1,369	95.0	Juncadella Prosegur Internacional S.A.	a	1	A
		72	5.0	Armor Acquisition SA			
Xiden, S.A.C.I.	Olleros, 3923 Ciudad de Buenos Aires	2,116	7.9	Prosegur Cia de Seguridad, S.A.	a	3	A
		4,397	92.1	Juncadella Prosegur Internacional S.A.			
Prosegur Tecnología Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	3,003	3.9	Prosegur Cia de Seguridad, S.A.	a	3	A
		4,203	96.2	Juncadella Prosegur Internacional S.A.			
General Industries Argentina, S.A.	Herrera, 1175 Ciudad de Buenos Aires	3,159	90.0	Prosegur Cia de Seguridad, S.A.	a	3	A
		241	10.0	Juncadella Prosegur Internacional			
Tellex, S.A.	Rincón 1346. Ciudad de Buenos Aires	5,439	95.0	Prosegur Cia de Seguridad, S.A.	a	3	A
		200	5.0	Armor Acquisition SA			

Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment % ownership	Investment Company holding the investment	Basis of consolidation	Activity	Auditor
Prosegur Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	3,488	90.0	Prosegur Activa Holding S.L.U.	a	5	B
		388	10.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Inversiones, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	392	90.0	Prosegur Activa Holding S.L.U.	a	5	B
		44	10.0	Prosegur Cia de Seguridad, S.A.			
Prosegur Activa Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	0	90.0	Prosegur Holding, S.A.	a	3	A
		0	10.0	Prosegur Inversiones, SA			
Prosegur, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	10,546	95.0	Juncadella Prosegur Internacional S.A.	a	1	A
		800	5.0	Armor Acquisition SA			
Compañía Ridur SA	Guarani 1531 (Montevideo)	909	100.0	Juncadella Prosegur Internacional S.A.	a	5	B
Prosegur Transportadora de Caudales SA	Guarani 1531 (Montevideo)	1,339	99.9	Juncadella Prosegur Internacional S.A.	a	2	A
		1	0.1	Armor Acquisition SA			
Prosegur Activa Uruguay, S.A.	Bvrd.Artigas 2629 (Montevideo)	1,254	95.0	Prosegur Activa Holding S.L.U.	a	3	A
		66	5.0	Prosegur Cia de Seguridad, S.A.			
Nautiland, SA	Martiniano Chiossi s/n - Maldonado	259	100.0	Prosegur Activa Uruguay, S.A.	a	3	B
Blindados, SRL	Guarani 1531 (Montevideo)	164	99.0	Prosegur Transportadora de Caudales SA	a	2	B
		5	1.0	Prosegur Uruguay Compañía de Seguridad, S.A.			
Genper, S.A.	Rodo Jose Enrique 1761 - Montevideo	962	100.0	Prosegur Cia de Seguridad, S.A.	a	3	A
Prosegur Uruguay Compañía de Seguridad, S.A.	Bvrd.Artigas 2629 (Montevideo)	494	90.0	Prosegur, S.A.	a	1	A
		12	10.0	Armor Acquisition SA			
GSM Telecom SA	Del pino, Simon 1055, Piriapolis, Maldonado	0	100.0	Prosegur Activa Uruguay, S.A.	a	3	C
TSR Participacoes Societarias SA	Tomas Edison, 1250 - Barra Funda - São Paulo - SP	127,410	100.0	Prosegur Holding e Participaçoes, S.A.	a	5	B
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG	91,402	100.0	TSR Participacoes Societarias SA	a	4	A
Prosegur Sistemas de Securanca Ltda	Guaratã, 667 - Prado - Belo Horizonte - MG	0	1.0	Prosegur Brasil SA Transportadora de Valores e Segurança	a	1	A
		0	99.0	TSR Participacoes Societarias SA			

Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
CTP Centro de Treinamento Prosegur Ltda	Estrada Geral S/N Bairro Passa Vinte – Palhoça/SC	0	99.6	Prosegur Brasil SA Transportadora de Valores e Segurança	a	7	B
		0	0.4	Prosegur Sistemas de Securanca Ltda			
Prosegur Administraçao de Recebiveis Ltda	AV. Thomas Edison, 813, sobre loja, Sala 02, Barra Funda, Sao Paulo	0	99.8	Prosegur Brasil SA Transportadora de Valores e Segurança	a	7	B
		1	0.2	Prosegur Sistemas de Securanca Ltda			
Prosegur Tecnología en Sistemas de Segurança Electrônica e Incendios Ltda.	Rua Barão do Bananal, 1.301, Vila Pompéia, São Paulo	23,067	99.9	Prosegur Cia de Seguridad, S.A.	a	3	A
		2	0.1	TSR Participacoes Societarias SA			
Setha Indústria Eletrônica Ltda.	Rua Alvares de Macedo, 134, E144, Parada de Lucas, Rio de Janeiro	6,657	99.6	Prosegur Tecnología en Sistemas de Segurança Electrônica e Incendios Ltda..	a	3	A
		37	0.4	TSR Participacoes Societarias SA			
Prosegur Holding e Participaçoes, S.A.	Av. Thomas Edison, 813, SL 03, Barra Funda, São Paulo	20,214	12.0	Prosegur Cia de Seguridad, S.A.	a	4	B
		67,768	88.0	Juncadella Prosegur Internacional S.A.			
Prosegur Activa Alarmes Ltda.	Av. Thomas Edison, 813, 2ª andar, Barra Funda, São Paulo	20	97.0	Prosegur Activa Holding, S.L.U.	a	3	B
		0	2.0	Prosegur Tecnología en Sistemas de Segurança Electrônica e Incendios Ltda.			
		0	1.0	Prosegur Cia de Seguridad, S.A.			
Martom Seguranca Electronica Ltda	Estrada da Boiada, numero 2344, piso superior, sala 02 – ciudad Nova Vinhedo, São Paulo	5,061	100.0	Prosegur Tecnología en Sistemas de Segurança Electrônica e Incendios Ltda.	a	3	A
Prosegur Gestao de Efetivos Ltda	Av. Thomas Edison, 813, SL 03, Barra Funda, São Paulo	45	99.9	Prosegur Cia de Seguridad, S.A.	a	2	B
		0	0.1	TSR Participacoes Societarias SA			
Prosegur Gestao de Ativos Ltda.	Av. Thomas Edison, nº 813, 2º Andar, Sala 03, Bairro Barra Funda, Cidade de São Paulo, Estado de São Paulo	0	0.1	Prosegur Cia de Seguridad, S.A.	a	7	A
			99.9	Prosegur Gestión de Activos S.L.U.			
Prover Eletro Eletronica Ltda	Estrada do Rosario, nº 93, Bairro Jardim Primavera, Cidade de Duque de Caixas, Estado do Rio de Jaineiro	3,023	100.0	Prosegur Tecnología en Sistemas de Segurança Electrônica e Incendios Ltda.	a	3	C
Fiel Vigilancia e transporte de valores Ltda.	TR Feb, nº 193, Bairro Sao Braz, Cidade de Belem, Estado do Pará	38,240	100.0	Prosegur Brasil SA Transportadora de Valores e Segurança	a	4	B
Juncadella Prosegur Group Andina	Los Gobelinos 2567 Of. 203, Renca, Santiago	10,499	100.0	Juncadella Prosegur Internacional S.A.	a	5	B
Capacitaciones Ocupacionales Sociedad Ltda	Los Gobelinos 2567 Of. 100, Renca, Santiago	383	83.1	Prosegur Cia de Seguridad, S.A.	a	2	B
		20	6.8	Prosegur International handels GMBH			
		48	10.1	Juncadella Prosegur Group Andina			
Servicios Prosegur Ltda	Los Gobelinos 2567, Renca, Santiago	1,533	100.0	Prosegur Cia de Seguridad, S.A.	a	2	A
Sociedad de Distribución Canje y Mensajeria Ltda.	Los Gobelinos 2548, Renca, Santiago	1,311	48.7	Prosegur Cia de Seguridad, S.A.	a	7	A
		0	30.6	Juncadella Prosegur Group Andina			
		265	20.7	Prosegur International handels			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567, Renca, Santiago	1,169	99.0	Prosegur Chile, S.A.	a	1	A
		0	1.0	Juncadella Prosegur Group Andina			

Information at 31 December 2011

<table>
<tr><th rowspan="2">Company</th><th rowspan="2">Registered offices</th><th rowspan="2">Carrying amount (in thousands of Euros)</th><th colspan="2">Investment</th><th rowspan="2">Basis of consolidation</th><th rowspan="2">Activity</th><th rowspan="2">Auditor</th></tr>
<tr><th>% ownership</th><th>Company holding the investment</th></tr>
<tr><td rowspan="2">Empresa de Transportes Compañía de Seguridad Chile Ltda</td><td rowspan="2">Los Gobelinos 2567, Renca, Santiago</td><td>3730</td><td>60.0</td><td>Juncadella Prosegur Group Andina</td><td rowspan="2">a</td><td rowspan="2">1</td><td rowspan="2">A</td></tr>
<tr><td>998</td><td>40.0</td><td>Prosegur International handels GMBH</td></tr>
<tr><td>Prosegur Tecnología Chile Limitada</td><td>Lo Boza107, Mod. 3 Pudahuel – Santiago</td><td>1</td><td>100.0</td><td>Prosegur Cia de Seguridad, S.A.</td><td>a</td><td>1</td><td>A</td></tr>
<tr><td rowspan="2">Prosegur Activa Chile S.L.</td><td rowspan="2">Catedral 1009, piso 14 - Santiago Centro</td><td>3,406</td><td>99.0</td><td>Prosegur Activa Holding, S.L.U.</td><td rowspan="2">a</td><td rowspan="2">2</td><td rowspan="2">A</td></tr>
<tr><td>34</td><td>1.0</td><td>Prosegur Activa España S.L.U.</td></tr>
<tr><td rowspan="2">Prosegur Chile, S.A.</td><td rowspan="2">Los Gobelinos 2567, Renca, Santiago</td><td>1,047</td><td>70.0</td><td>Prosegur, S.A.</td><td rowspan="2">a</td><td rowspan="2">1</td><td rowspan="2">A</td></tr>
<tr><td>563</td><td>30.0</td><td>Prosegur International handels GMBH</td></tr>
<tr><td rowspan="2">Prosegur Paraguay SA</td><td rowspan="2">C/ Artigas, esq. Concepción Leyes de Chávez- Asunción</td><td>0</td><td>99.0</td><td>Juncadella Prosegur Internacional S.A.</td><td rowspan="2">a</td><td rowspan="2">1</td><td rowspan="2">A</td></tr>
<tr><td>0</td><td>1.0</td><td>Transportadora de Caudales de Juncadella SA</td></tr>
<tr><td rowspan="2">Prosegur Tecnología Paraguay, SA</td><td rowspan="2">C/ Artigas, esq. Concepción Leyes de Chávez- Asunción</td><td>9</td><td>99.0</td><td>Juncadella Prosegur Internacional S.A.</td><td rowspan="2">a</td><td rowspan="2">1</td><td rowspan="2">A</td></tr>
<tr><td>0</td><td>1.0</td><td>Transportadora de Caudales de Juncadella SA</td></tr>
<tr><td rowspan="2">Compañía de Seguridad Prosegur SA</td><td rowspan="2">Av. Morro Solar 1086 - Surco - Lima - Peru</td><td>0</td><td>52.0</td><td>Juncadella Prosegur Internacional S.A.</td><td rowspan="2">a</td><td rowspan="2">1</td><td rowspan="2">A</td></tr>
<tr><td>0</td><td>48.0</td><td>Transportadora de Caudales de Juncadella SA</td></tr>
<tr><td rowspan="2">Proseguridad SA</td><td rowspan="2">Av. Los Próceres 250 - Surco - Lima - Peru</td><td>3,118</td><td>52.0</td><td>Juncadella Prosegur Internacional S.A.</td><td rowspan="2">a</td><td rowspan="2">1</td><td rowspan="2">A</td></tr>
<tr><td>3,377</td><td>48.0</td><td>Transportadora de Caudales de Juncadella SA</td></tr>
<tr><td rowspan="2">Prosegur Cajeros SA</td><td rowspan="2">Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima-Peru</td><td>0</td><td>52.0</td><td>Juncadella Prosegur Internacional S.A.</td><td rowspan="2">a</td><td rowspan="2">1</td><td rowspan="2">B</td></tr>
<tr><td rowspan="2">0</td><td>48.0</td><td>Transportadora de Caudales de Juncadella SA</td></tr>
<tr><td>Prosegur Tecnología Perú SA</td><td>Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima-Peru</td><td>100.0</td><td>Prosegur Cia de Seguridad, S.A.</td><td>a</td><td>1</td><td>B</td></tr>
<tr><td rowspan="3">Orus, S.A.</td><td rowspan="3">Av. Los Próceres 250 - Surco - Lima - Peru</td><td>2,037</td><td>84.8</td><td>Proseguridad SA</td><td rowspan="3">a</td><td rowspan="3">1</td><td rowspan="3">A</td></tr>
<tr><td>247</td><td>14.3</td><td>Inversiones RB, SA</td></tr>
<tr><td>20</td><td>0.9</td><td>Compañía de Seguridad Prosegur SA.</td></tr>
<tr><td rowspan="2">Orus Selva, SA</td><td rowspan="2">Caserio Palmawasi - Uchiza - Tocache - San Martin, Peru</td><td>185</td><td>90.0</td><td>Orus, S.A.</td><td rowspan="2">a</td><td rowspan="2">1</td><td rowspan="2">B</td></tr>
<tr><td>5</td><td>10.0</td><td>Compañía de Seguridad Prosegur SA.</td></tr>
</table>

Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
Inversiones RB, SA	Av. Nicolás Arriola 780 Urb. Santa Catalina - La Victoria - Lima - Peru	3,230	99.0	Proseguridad SA	a	5	B
		33	1.0	Compañía de Seguridad Prosegur SA.			
Prosegur Activa Peru, SA	Av. República de Panamá 3890 - Surquillo - Lima, Peru	8,403	99.0	Prosegur Activa Holding, S.L.U	a	3	A
		121	1.0	Prosegur Activa España S.L.U			
Distribuidora Federal S.A.C.	Calle Ricardo Angulo Nº739, Corpac, Distrito de San Isidro	5,188	99.0	Prosegur Cia de Seguridad, S.A.	a	3	C
		54	1.0	Prosegur Activa Holding, S.L.U			
Compañía Transportadora de Valores Prosegur de Colombia, S.A.	Avda. De las Américas, 42-25 Bogotá	27,125	94.9	Prosegur Cia de Seguridad, S.A.	a	2	A
		1,040	5.1	Prosegur Activa Holding, S.L.U			
Prosegur Peajes SAS	Avda. De las Américas, 42-25 Bogotá	0	100.0	Compañía Transportadora de Valores Prosegur de Colombia, S.A.	a	2	B
Inversiones BIV SAS	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	14,701	100.0	Prosegur Activa Holding, S.L.U	a	5	B
Vigilantes Marítima Comercial Ltda	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	4,479	100.0	Inversiones BIV SAS	a	1	C
Security Systems SAS	Av Ciudad de Quito No. 70A77 de Bogotá.	485	100.0	Beloura Investments S.L.U.	a	3	C
GPS de Colombia SAS	Cra. 50 No. 71-80 Bogotá (Colombia)	369	100.0	Beloura Investments S.L.U.	a	3	C
Integra Monitoreo SAS	Cra. 50 No. 71-80 Bogotá (Colombia)	1,038	100.0	Beloura Investments S.L.U.	a	3	C
Vimarco Servicios Generales Ltda	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	796	100.0	Inversiones BIV SAS	a	1	C
Vimarco Servicios Temporales Ltda	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	796	100.0	Inversiones BIV SAS	a	1	C
Prosegur Mexico S de RL de CV	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	0	95.4	Prosegur Cia de Seguridad, S.A.	a	5	B
PRO-S Compañía de Seguridad Privada, SA de C.V.	Norte 79 B No. 77 planta alta. Colonia Sector Naval. 02080 MEXICO DF	5,311	100.0	Prosegur Mexico S de RL de CV	a	1	B
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	22,850	100.0	Prosegur Mexico S de RL de CV	a	2	A
Prosegur Seguridad Privada S.A. de CV.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	2,734	100.0	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Consultoría y Servicios Administrativos de RL de CV	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	33	100.0	Prosegur Mexico S de RL de CV	a	4	B
Prosegur Servicios de Seguridad Privada Electrónica SA de CV	C/ Piña 297 Colonia Nueva Santa María. 02820 MEXICO D.F.	33	100.0	Prosegur Mexico S de RL de CV	a	2	B
Prosegur Custodias, S.A. de CV	C/ Alfredo Nobel, 21. Colonia Los Reyes Indistrual. 54073 TLALNEPANTLA	8,463	100.0	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Tecnologia, SA de C.V.	Piña 297 Piso 1, Col. Hogar y Seguridad, D.F. C.P. 02820	141	100.0	Prosegur Mexico S de RL de CV	a	3	B
Rosegur Cash Services	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Cod 023708, Bucuresti, Romania	230	51.0	Prosegur Cia de Seguridad, S.A.	a	2	B
		214	49.0	Rosegur, S.A.			
Pitco Asia Pacific Ltd	Suite 1201 Tower 2, The Gateway,	1	100.0	Prosegur Cia de Seguridad, S.A.	a	5	B

Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Basis of consolidation	Activity	Auditor
			% ownership	Company holding the investment			
Luxpai Holdo S.A.R.L.	5, rue Guillaume Kroll, L-1882 Luxembourg	423.0	100.0	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosec Services Pte Ltd	111Geylang Road, #01-01, Singapore 389216	5237.0	100.0	Prosegur Cia de Seguridad, S.A.	a	1	A
Safeway Services Pte Ltd	111Geylang Road, #01-01, Singapore 389216	109.0	100.0	Prosec Services Pte Ltd	a	1	A
Singpai Pte Ltd	80 Robinson Road #02-00 Singapore 068898	346	100.0	Luxpai Holdo S.A.R.L.	a	5	B
Aexis Security Management Pte. Ltd	1 Lorong 2 Toa Payoh, #03 - 02, Yellow Pages Building, Singapore 319637	4,413	100.0	Luxpai Holdo S.A.R.L.	a	1	C

Basis of consolidation:

The circumstances considered in article 42 of the Spanish Code of Commerce are as follows:

a) The parent company owns the majority of voting rights.
b) The parent company has the power to appoint or remove the majority of the members of the board of directors
c) The parent company could own over half of the voting rights by virtue of an agreement with other investors.
d) The majority of members of the board of directors at the date on which the consolidated annual accounts are authorised for issue and in the two immediately preceding reporting periods were appointed solely with the parent company's votes.
e) Sole administration of one or more companies by any other means.

Unless indicated otherwise, the most recent reporting period ended on 31 December 2011.

Activity:

1. Activities from the security patrol business group
2. Activities from the securities logistics and cash management business group
3. Activities from the technology business group
4. Activities included in more than one business group
5. Holding company
6. Financial services
7. Auxiliary services
8. Idle

Auditor:

A Audited by KPMG
B Not subject to audit
C Audited by other auditors

Information at 31 December 2010

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment % ownership	Investment Company holding the investment	Basis of consolidation	Activity	Auditor
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	50	100.0	Prosegur Cia de Seguridad, S.A.	a	7	B
Servimax Servicios Generales, S.A.	Pajaritos, 24 (MADRID)	86	100.0	Prosegur Cia de Seguridad, S.A.	a	1	A
Prosegur Activa Holding, S.L.U	Pajaritos, 24 (MADRID)	5,122	100.0	Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Activa España S.L.U	Pajaritos, 24 (MADRID)	4,615	100.0	Prosegur Activa Holding, S.A.	a	3	A
Prosegur Servicio Técnico, S.L.U	Pajaritos, 24 (MADRID)	3	100.0	Prosegur Cia de Seguridad, S.A.	a	3	B
Formación Selección y Consultoría S.A.	Santa Sabina, 8 (MADRID)	120	100.0	Prosegur Cia de Seguridad, S.A.	a	7	B
Prosegur Transporte de Valores, S.A.	Pº de las Acacias, 51 (MADRID)	1,030	100.0	Prosegur Cia de Seguridad, S.A.	a	2	A
Prosegur Multiservicios S.A.	Pajaritos, 24 (MADRID)	150	100.0	Prosegur Activa España, S.A.	a	3	B
Prosegur Tecnología, S.L.U.	Avda. Primera, B-1 (A CORUÑA)	16,117	100.0	Prosegur Cia de Seguridad, S.A.	a	3	A
ESC Servicios Generales, S.L.U.	Avda. Primera, B-1 (A CORUÑA)	6	100.0	Prosegur Cia de Seguridad, S.A.	a	1	A
Prosegur International Handels GMBH	Poststrabe, 33 (HAMBURG)	34,829	100.0	Malcoff Holding BV	a	5	B
Malcoff Holdings BV	Schouwburgplein, 30-34 (ROTTERDAM)	172,109	100.0	Prosegur Cia de Seguridad, S.A.	a	5	B
Reinsurance Bussiness Solutions Limited	80 Harcourt Street (DUBLIN)	635	100.0	Prosegur Cia de Seguridad, S.A.	a	6	A
Prosegur Distribuçao e Serviços, Lda.	Av.Infante Dom Henrique, 326 (LISBON)	3,277	100.0	Prosegur Cia de Seguridad, S.A.	a	7	B
Prosegur Companhia de Seguranca, Lda	Av.Infante Dom Henrique, 326 (LISBON)	15,784	100.0	Prosegur Cia de Seguridad, S.A.	a	4	A
Prosegur France, S.A.	84 Rue des Aceries (SAINT ETIENNE)	35,224	100.0	Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Securité Humaine EURL	84 Rue des Aceries (SAINT ETIENNE)	3,532	100.0	Prosegur France, S.A.	a	1	A
Prosegur Teleserveillance EURL	3 Alle de L´ectronique (SAINT ETIENNE)	808	100.0	Prosegur France, S.A.	a	3	B
Jean Jaures SCI	Rue Rene Cassin ZI de Molina (LA TALAUDIERE)	61	100.0	Prosegur France, S.A.	a	7	B
Prosegur SAS	8 Avenue Descartes (Les Plessis Robinson)	150	100.0	Prosegur France, S.A.	a	1	B
Prosegur Traitement de Valeurs EURL	Rue Rene Cassin ZI de Molina (LA TALAUDIERE)	593	100.0	Prosegur France, S.A.	a	2	A
Valtis, S.A.	2 Rue Lovoisier BP 61609 25010 Besancon Cedez 3	13,078	100.0	Prosegur Cia de Seguridad, S.A.	a	2	A
Valtis Rhone Alpes, S.A.	10 Rue Jean Gay (Lyon)	169	100.0	Valtis, S.A.	a	1	B
Prosegur Technologie SAS	84 Rue des Aceries (SAINT ETIENNE)	1,524	100.0	Prosegur France, S.A.	a	1	A

Information at 31 December 2010

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
SAS BFA	8 Avenue Descartes (Les Plessis Robinson)	0	33.5	Prosegur Cia de Seguridad, S.A.	a	3	B
		1	65.5	Prosegur France, S.A.			
Sarl Initiale	8 Avenue Descartes (Les Plessis Robinson)	1	100.0	Prosegur France, S.A.	a	7	B
Esta Service, SASU	84 RUE DES ACIERIES 42000 SAINT ETIENNE (FRANCE)	0	100.0	Prosegur Cia de Seguridad, S.A.	a	8	B
Prosegur Services SARL	84 RUE DES ACIERIES 42000 SAINT ETIENNE (FRANCE)	0	100.0	Prosegur Cia de Seguridad, S.A.	a	8	B
Transportadora de Caudales de Juncadella SA	Tres Arroyos 2835 Ciudad de Buenos Aires	0	5.0	Armor Acquisition SA	a	2	A
		0	95.0	Juncadella Prosegur Internacional S.A.			
Armor Acquisition SA	Tres Arroyos 2835 Ciudad de Buenos Aires	5,523	5.0	Prosegur Cia de Seguridad, S.A.	a	5	A
		22,148	95.0	Prosegur International handels GMBH			
Juncadella Prosegur Internacional S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	12,990	68.8	Armor Acquisition SA	a	5	A
		11,675	31.2	Prosegur International handels GMBH			
Prosegur Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	85	95.0	Juncadella Prosegur Internacional S.A.	a	1	A
		2	5.0	Armor Acquisition SA			
Prosegur Vigilancia Activa, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	18	95.0	Juncadella Prosegur Internacional S.A.	a	1	A
		1	5.0	Armor Acquisition SA			
Servicios Auxiliares Petroleros, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	870	95.0	Juncadella Prosegur Internacional S.A.	a	1	A
		46	5.0	Armor Acquisition SA			
Xiden, S.A.C.I.	Olleros, 3923 Ciudad de Buenos Aires	2,101	8.8	Prosegur Cia de Seguridad, S.A.	a	3	A
		3,920	91.2	Juncadella Prosegur Internacional S.A.			
Prosegur Tecnología Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	3,003	4.3	Prosegur Cia de Seguridad, S.A.	a	3	A
		3,898	95.7	Juncadella Prosegur Internacional S.A.			
General Industries Argentina, S.A.	Herrera, 1175 Ciudad de Buenos Aires	2,786	90.0	Prosegur Cia de Seguridad, S.A.	a	3	A
		345	10.0	Juncadella Prosegur Internacional S.A.			
Tellex, S.A.	Rincón 1346. Ciudad de Buenos Aires	4,723	95.0	Prosegur Cia de Seguridad, S.A.	a	3	A
		193	5.0	Armor Acquisition SA			

Information at 31 December 2010

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment % ownership	Investment Company holding the investment	Basis of consolidation	Activity	Auditor
Prosegur Holding, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	3,488	90.0	Prosegur Activa Holding S.L.U.	a	5	A
		388	10.0	Prosegur Activa España S.L.U.			
Prosegur Inversiones, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	392	90.0	Prosegur Activa Holding S.L.U.	a	5	A
		44	10.0	Prosegur Activa España S.L.U.			
Prosegur Activa Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	0	90.0	Prosegur Holding, S.A.	a	3	A
		0	10.0	Prosegur Inversiones, SA			
Prosegur, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	6,199	95.0	Juncadella Prosegur Internacional S.A.	a	1	A
		576	5.0	Armor Acquisition SA			
Compañía Ridur SA	Guarani 1531 (Montevideo)	925	100.0	Juncadella Prosegur Internacional S.A.	a	5	B
Prosegur Transportadora de Caudales SA	Guarani 1531 (Montevideo)	1,021	99.9	Juncadella Prosegur Internacional S.A.	a	2	A
		1	0.1	Armor Acquisition SA			
Transportadora de Caudales Silviland	Guarani 1531 (Montevideo)	0	100.0	Prosegur Transportadora de Caudales SA	a	8	B
Prosegur Activa Uruguay, S.A.	Bvrd.Artigas 2629 (Montevideo)	1,254	95.0	Prosegur Activa Holding S.L.U.	a	3	A
		66	5.0	Prosegur Activa España S.L.U.			
Nautiland, SA	Martiniano Chiossi s/n - Maldonado	2,935	100.0	Prosegur Activa Uruguay, S.A.	a	3	A
Blindados, SRL	Guarani 1531 (Montevideo)	448	99.0	Prosegur Transportadora de Caudales SA	a	2	B
		5	1.0	Prosegur Uruguay Compañía de Seguridad, S.A.			
Genper, S.A.	Rodo Jose Enrique 1761 - Montevideo	853	100.0	Prosegur Cia de Seguridad, S.A.	a	3	A
Prosegur Uruguay Compañía de Seguridad, S.A.	Bvrd.Artigas 2629 (Montevideo)	735	90.0	Prosegur, S.A.	a	1	A
		47	10.0	Armor Acquisition SA			
TSR Participacoes Societarias SA	Tomas Edison, 1250 - Barra Funda - São Paulo - SP	60,633	76.0	Juncadella Prosegur Internacional S.A.	a	5	A
		41,353	24.0	Prosegur Holding e Participaçoes, S.A.			
Prosegur Brasil SA Transportadora de Valores e Segurança	Guaratã, 633 - Prado - Belo Horizonte - MG	109,711	100.0	TSR Participacoes Societarias SA	a	4	A
Prosegur Sistemas de Securanca Ltda	Guaratã, 667 - Prado - Belo Horizonte - MG	0	1.0	Prosegur Brasil SA Transportadora de Valores e Segurança	a	1	A
		0	99.0	TSR Participacoes Societarias SA			

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Company	Registered offices	Carrying amount (in thousands of Euros)	Investment % ownership	Investment Company holding the investment	Basis of consolidation	Activity	Auditor
CTP Centro de Treinamento Prosegur Ltda	Estrada Geral S/N Bairro Passa Vinte – Palhoça/SC	0	99.6	Prosegur Brasil SA Transportadora de Valores e Segurança	a	7	B
		0	0.4	Prosegur Sistemas de Securanca Ltda			
Prosegur Administraçao de Recebiveis Ltda	AV. Thomas Edison, 813, sobre loja, Sala 02, Barra Funda, Sao Paulo	0	99.8	Prosegur Brasil SA Transportadora de Valores e Segurança	a	7	B
		1	0.2	Prosegur Sistemas de Securanca Ltda			
Prosegur Tecnología en Sistemas de Segurança Electrônica e Incendios Ltda.	Rua Barão do Bananal, 1.301, Vila Pompéia, São Paulo	17,403	100.0	Prosegur Cia de Seguridad, S.A.	a	3	A
Setha Indústria Eletrônica Ltda.	Rua Alvares de Macedo, 134, E144, Parada de Lucas, Rio de Janeiro	7,219	99.6	Prosegur Tecnología en Sistemas de Segurança Electrônica e Incendios Ltda..	a	3	A
		29	0.4	TSR Participacoes Societarias SA			
Prosegur Holding e Participaçoes, S.A.	Av. Thomas Edison, 813, SL 03, Barra Funda, São Paulo	198	100.0	Juncadella Prosegur Internacional S.A.	a	4	A
Prosegur Activa Alarmes Ltda.	Av. Thomas Edison, 813, 2ª andar, Barra Funda, São Paulo	20	97.0	Prosegur Activa Holding, S.L.U.	a	3	B
		0	2.0	Prosegur Tecnología en Sistemas de Segurança Electrônica e Incendios Ltda.			
		0	1.0	Prosegur Cia de Seguridad, S.A.			
Martom Seguranca Electronica Ltda	Estrada da Boiada, numero 2344, piso superior, sala 02 – ciudad Nova Vinhedo, São Paulo	9,190	100.0	Prosegur Tecnología en Sistemas de Segurança Electrônica e Incendios Ltda.	a	3	A
Juncadella Prosegur Group Andina	Los Gobelinos 2567 Of. 203, Renca, Santiago	0	100.0	Juncadella Prosegur Internacional S.A.	a	5	A
Capacitaciones Ocupacionales Sociedad Ltda	Los Gobelinos 2567 Of. 100, Renca, Santiago	383	83.1	Prosegur Cia de Seguridad, S.A.	a	2	A
		20	6.8	Prosegur International handels GMBH			
		44	10.1	Juncadella Prosegur Group Andina			
Servicios Prosegur Ltda	Los Gobelinos 2567, Renca, Santiago	1,533	100.0	Prosegur Cia de Seguridad, S.A.	a	2	A
Sociedad de Distribución Canje y Mensajeria Ltda.	Los Gobelinos 2548, Renca, Santiago	1,311	48.7	Prosegur Cia de Seguridad, S.A.	a	7	A
		0	30.6	Juncadella Prosegur Group Andina			
		265	20.7	Prosegur International handels GMBH			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567, Renca, Santiago	1,075	99.0	Prosegur Chile, S.A.	a	1	A
		0	1.0	Juncadella Prosegur Group Andina			

Information at 31 December 2010

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
Empresa de Transportes Compañía de Seguridad Chile Ltda	Los Gobelinos 2567, Renca, Santiago	3,430	60.0	Juncadella Prosegur Group Andina	a	1	A
		998	40.0	Prosegur International handels GMBH			
Prosegur Tecnología Chile Limitada	Lo Boza107, Mod. 3 Pudahuel – Santiago	1	100.0	Prosegur Cia de Seguridad, S.A.	a	1	A
Prosegur Activa Chile S.L.	Catedral 1009, piso 14 - Santiago Centro	0	99.0	Prosegur Activa Holding, S.L.U.	a	2	A
		0	1.0	Prosegur Activa España S.L.U.			
Prosegur Chile, S.A.	Los Gobelinos 2567, Renca, Santiago	1,066	70.0	Prosegur, S.A.	a	1	A
		563	30.0	Prosegur International handels GMBH			
Prosegur Paraguay SA	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	0	99.0	Juncadella Prosegur Internacional S.A.	a	1	A
		0	1.0	Transportadora de Caudales de Juncadella SA			
Prosegur Tecnología Paraguay, SA	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	9	99.0	Juncadella Prosegur Internacional S.A.	a	1	A
		0	1.0	Transportadora de Caudales de Juncadella SA			
Compañía de Seguridad Prosegur SA	Av. Morro Solar 1086 - Surco - Lima - Peru	0	52.0	Juncadella Prosegur Internacional S.A.	a	1	A
		0	48.0	Transportadora de Caudales de Juncadella SA			
Proseguridad SA	Av. Los Próceres 250 - Surco - Lima - Peru	0	52.0	Juncadella Prosegur Internacional S.A.	a	1	A
		0	48.0	Transportadora de Caudales de Juncadella SA			
Prosegur Cajeros SA	Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima-Peru	17	52.0	Juncadella Prosegur Internacional S.A.	a	1	B
		16	48.0	Transportadora de Caudales de Juncadella SA			
Prosegur Tecnología Perú SA	Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima-Peru	228	99.0	Prosegur Cia de Seguridad, S.A.	a	1	B
		0	1.0	Prosegur Tecnología, S.L.U.			
Orus, S.A.	Av. Los Próceres 250 - Surco - Lima - Peru	5,284	84.8	Proseguridad SA	a	1	A
		891	14.3	Inversiones RB, SA			
		56	0.9	Compañía de Seguridad Prosegur SA.			
Orus Selva, SA	Caserio Palmawasi - Uchiza - Tocache - San Martin, Peru	8,985	90.0	Orus, S.A.	a	1	B
		998	10.0	Compañía de Seguridad Prosegur SA.			

Information at 31 December 2010

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment: % ownership	Investment: Company holding the investment	Basis of consolidation	Activity	Auditor
Inversiones RB, SA	Av. Nicolás Arriola 780 Urb. Santa Catalina - La Victoria - Lima - Peru	2,711	99.0	Proseguridad SA	a	5	B
		27	1.0	Compañía de Seguridad Prosegur SA.			
Prosegur Activa Peru, SA	Av. República de Panamá 3890 - Surquillo - Lima, Peru	8,403	99.0	Prosegur Activa Holding, S.L.U	a	3	A
		84	1.0	Prosegur Activa España S.L.U			
Telemergencia, SAC	Av. República de Panamá 3890 - Surquillo - Lima, Perú	3,674	99.0	Prosegur Activa Holding, S.L.U	a	3	B
		37	1.0	Prosegur Activa España S.L.U			
Compañía Transportadora de Valores Prosegur de Colombia, S.A.	Avda. De las Américas, 42-25 Bogotá	27,125	94.9	Prosegur Cia de Seguridad, S.A.	a	2	A
		1,040	5.1	Prosegur Transporte de Valores, S.A.			
Prosegur Mexico S de RL de CV	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	0	95.4	Prosegur Cia de Seguridad, S.A.	a	5	B
PRO-S Compañía de Seguridad Privada, SA de C.V.	Norte 79 B No. 77 planta alta. Colonia Sector Naval. 02080 MEXICO D.F.	4,034	100.0	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	16,349	100.0	Prosegur Mexico S de RL de CV	a	2	A
Prosegur Seguridad Privada S.A. de CV.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	2,172	100.0	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Consultoría y Servicios Administrativos de RL de CV	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	32	100.0	Prosegur Mexico S de RL de CV	a	4	A
Prosegur Servicios de Seguridad Privada Electrónica SA de CV	C/ Piña 297 Colonia Nueva Santa María. 02820 MEXICO D.F.	32	100.0	Prosegur Mexico S de RL de CV	a	2	B
Prosegur Custodias, S.A. de CV	C/ Alfredo Nobel, 21. Colonia Los Reyes Indistrual. 54073 TLALNEPANTLA	2,641	100.0	Prosegur Mexico S de RL de CV	a	1	A
Protec Humano, SA de C.V.	Avda Cuitlahuac 3435 - San Bernabe. 02830 MEXICO D.F.	1	50.0	Prosegur Mexico S de RL de CV	a	8	B
		0	50.0	PRO-S Compañía de Seguridad Privada, SA de C.V.			
Prosegur Tecnologia, SA de C.V.	Piña 297 Piso 1, Col. Hogar y Seguridad, D.F. C.P. 02820	109	100.0	Prosegur Mexico S de RL de CV	a	3	B
Rosegur Cash Services	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Cod 023708, Bucuresti, Romania	230	51.0	Prosegur Cia de Seguridad, S.A.	a	2	B
		109	49.0	Rosegur, S.A.			
Pitco Asia Pacific Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong	0	100.0	Prosegur Cia de Seguridad, S.A.	a	5	B

Basis of consolidation:

The circumstances considered in article 42 of the Spanish Code of Commerce are as follows:

f) The parent company owns the majority of voting rights.
g) The parent company has the power to appoint or remove the majority of the members of the board of directors
h) The parent company could own over half of the voting rights by virtue of an agreement with other investors.
i) The majority of members of the board of directors at the date on which the consolidated annual accounts are authorised for issue and in the two immediately preceding reporting periods were appointed solely with the parent company's votes.
j) Sole administration of one or more companies by any other means.

Unless indicated otherwise, the most recent reporting period ended on 31 December 2010.

Activity:

1. Activities from the security patrol business group
2. Activities from the securities logistics and cash management business group
3. Activities from the technology business group
4. Activities included in more than one business group
5. Holding company
6. Financial services
7. Auxiliary services
8. Idle

Auditor:

A Audited by KPMG
B Not subject to audit
C Audited by other auditors

APPENDIX II – Consolidated Temporary Joint Ventures

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

Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment: % ownership	Investment: Entity participating in the joint venture	Notes	Activity
SERAT AEROPUERTO BILBAO UTE	Principe de Vergara, 135 28002 MADRID	1.0	40.0	EUROLIMP	(a)	(1)
UTE PROSEGUR NORDES	Pajaritos, 24 28007 Madrid		100.0		(b)	(1)
UTE EDIFICIOS MUNICIPALES	La Paz, 14 Valencia	5.4	90.0	CLECE	(c)	(0)
UTE MNTO. COLEGIOS PUBLICOS	La Paz, 14 Valencia	5.4	90.0	CLECE	(d)	(1)
UTE RTVE PROSEGUR-SERVIMAX	Pajaritos, 24 28007 Madrid		100.0		(e)	(0)
UTE AENA BARCELONA T2 PROSEGUR-SERVIMAX	Pajaritos, 24 28007 Madrid		100.0		(f)	(1)
UTE PROSEGUR SERVIMAX BSM BARCELONA	Pajaritos, 24 28007 Madrid		100.0		(g)	(1)
UTE PROSEGUR SERVIMAX ARPEGIO	Pajaritos, 24 28007 Madrid		100.0		(h)	(1)
UTE PROSEGUR FESMI AYTO. FERROL	Crta. Baños de Arteijo, 12 15008 A Coruña		41.8	FESMI	(i)	(1)
UTE PROSEGUR SERVIMAX OFICINA ANTIFRAU CATALUNYA	Pajaritos, 24 28007 Madrid		100.0		(j)	(1)
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid		100.0		(k)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO SAN SEBASTIAN	Pajaritos, 24 28007 Madrid		100.0		(l)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO MALAGA	Pajaritos, 24 28007 Madrid		100.0		(m)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO PALMA MALLORCA	Pajaritos, 24 28007 Madrid		100.0		(n)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO PALMA MALLORCA	Pajaritos, 24 28007 Madrid		100.0		(n)	(1)
UTE PROSEGUR SERVIMAX UNIVERSIDAD POLIT. VALENCIA	Pajaritos, 24 28007 Madrid		100.0		(o)	(1)
UTE PCS SSG UNIVERSIDAD ALICANTE	Pajaritos, 24 28007 Madrid		100.0		(p)	(1)

Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Notes	Activity
			% ownership	Entity participating in the joint venture		
UTE PCS SSG INSTITUTO DE ESTUDIOS FISCALES	Pajaritos, 24 28007 Madrid		100.0		(q)	(1)
UTE PCS SSG HOSPITAL VALL D'HEBRON	Pajaritos, 24 28007 Madrid		100.0		(r)	(1)
UTE PCS SSG CONSERVATORIO ATAULFO ARGENTA II	Pajaritos, 24 28007 Madrid		100.0		(s)	(1)
UTE PCS PAE RTVA	Pajaritos, 24 28007 Madrid		100.0		(t)	(1)
UTE PCS PT AYUNTAMIENTO ALCOBENDAS	Pajaritos, 24 28007 Madrid		100.0		(u)	(1)
UTE PCS SSG GUGGENHEIM	Pajaritos, 24 28007 Madrid		100.0		(v)	(1)
UTE PCS SSG CORPORACION RTVE	Pajaritos, 24 28007 Madrid		100.0		(w)	(1)
UTE PCS PT ISE ANDALUCIA	Pajaritos, 24 28007 Madrid		100.0		(x)	(1)
UTE PCIA-PT AEAT SEVILLA	Pajaritos, 24 28007 Madrid		100.0		(y)	(1)
UTE PCIA-PT AGENCIA VALENCIANA DE SALUD	Pajaritos, 24 28007 Madrid		100.0		(z)	(1)
UTE PCS-PT MINISTERIO DE JUSTICIA	Pajaritos, 24 28007 Madrid		100.0		(aa)	(1)
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria, 1 edif. Metropol I, 4º mod.20. Mairena de aljarafe - SEVILLE		10.0	CLECE	(bb)	(1)
UTE PCS-SSG MPTMAP	Pajaritos, 24 28007 Madrid		100.0		(cc)	(1)
UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	Pajaritos, 24 28007 Madrid		100.0		(dd)	(1)
UTE PCS ESC CETARSA	Pajaritos, 24 28007 Madrid		100.0		(ee)	(1)
UTE FERROSER PCS UNIV. EUROPEA MADRID	Principe de Vergara, 135 28009 Madrid		95.0		(ff)	(1)
ACASERVI,S.A. SALCER S.L. UTE	AVDA. DIAGONAL,687 08028 BARCELONA		60.0	ACASERVI	(gg)	(1)

Notes:

The purposes of the temporary joint ventures are as follows:

(a) Information, customer and airport lounge services in Bilbao Airport
(b) Security and maintenance services at security facilities in Malaga health centres.
(c) Reception and customer services in various council buildings
(d) Reception and maintenance services in various state schools
(e) Security patrol and auxiliary services in various centres for the RTVE broadcasting corporation
(f) Security services in the new South Terminal, vehicle access control and perimeter control at Barcelona airport – Batch 2
(g) Security and auxiliary services in Barcelona city council cleaning service premises
(h) Security and auxiliary services in premises of ARPEGIO in the Madrid Autonomous Region
(i) Security and auxiliary services for El Ferrol town council
(j) Security and auxiliary services for the anti-fraud offices of the autonomous government of Catalonia
(k) Security and auxiliary services at Ceuta Health Centre
(l) Security and auxiliary services at San Sebastián airport
(m) Security and auxiliary services at Malaga airport
(n) Security and auxiliary services at Palma de Mallorca airport
(o) Security and auxiliary services at the Universidad Politécnica de Valencia
(p) Security and auxiliary services at the Universidad de Alicante
(q) Security and auxiliary services in the Instituto de Estudios Fiscales
(r) Security and auxiliary services at the Vall D'Hebron hospital in Barcelona
(s) Security and auxiliary services at the Ataulfo Argenta Municipal Conservatory
(t) Security and auxiliary services for Radio Televisión Andaluza
(u) Security and auxiliary services for Alcobendas town council
(v) Security and auxiliary services at the Guggenheim Museum in Bilbao
(w) Security and auxiliary services in various centres for the RTVE broadcasting corporation
(x) Security and auxiliary services for the Andalusia ISE (infrastructures and educational services body)
(y) Security and auxiliary services in the Seville taxation authorities
(z) Security services, repair and maintenance of anti-intrusion and anti-theft systems and fire prevention in public health centres in Valencia.
(aa) Security services, repair and maintenance of anti-intrusion and anti-theft systems and fire prevention in the Spanish Ministry of Justice.
(bb) Security and auxiliary services at the Teatro Kursaal in Melilla.
(cc) Security and auxiliary services for various Spanish Ministry of Territorial Policy (MPTMAP) centres
(dd) Security and auxiliary services in various centres for the railways department of the Catalonia regional government
(ee) Security and auxiliary services for CETARSA
(ff) Security and auxiliary services at the Universidad Europea de Madrid
(gg) Security and auxiliary services for motorways operated by the ACESA concession

Information at 31 December 2010

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Notes	Activity
			% ownership	Entity participating in the joint venture		
SERAT AEROPUERTO BILBAO UTE	Principe de Vergara, 135 28002 MADRID	1.0	40.0	EUROLIMP	(a)	(1)
UTE PROSEGUR TECNOLOGIA	Pajaritos, 24 28007 Madrid		100.0		(b)	(1)
UTE EDIFICIOS MUNICIPALES	La Paz, 14 Valencia		90.0	CLECE	(c)	(1)
UTE MNTO. COLEGIOS PUBLICOS	La Paz, 14 Valencia	5.4	90.0	CLECE	(d)	(1)
UTE PROSEGUR-SERVIMAX CONSERVATORIO MUNICIPAL ATAULFO ARGENTA	Pajaritos, 24 28007 Madrid		100.0		(e)	(0)
UTE RTVE PROSEGUR-SERVIMAX	Pajaritos, 24 28007 Madrid		100.0		(f)	(1)
UTE AENA BARCELONA T2 PROSEGUR-SERVIMAX	Pajaritos, 24 28007 Madrid		100.0		(g)	(1)
UTE PROSEGUR SERVIMAX BSM BARCELONA	Pajaritos, 24 28007 Madrid		100.0		(h)	(1)
UTE PROSEGUR SERVIMAX ARPEGIO	Pajaritos, 24 28007 Madrid		100.0		(i)	(1)
UTE PROSEGUR FESMI AYTO. FERROL	Crta. Baños de Arteijo, 12 15008 A Coruña		41.8	FESMI	(j)	(1)
UTE PROSEGUR SERVIMAX OFICINA ANTIFRAU CATALUNYA	Pajaritos, 24 28007 Madrid		100.0		(k)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO SAN SEBASTIAN	Pajaritos, 24 28007 Madrid		100.0		(l)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO MALAGA	Pajaritos, 24 28007 Madrid		100.0		(m)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO PALMA MALLORCA	Pajaritos, 24 28007 Madrid		100.0		(n)	(1)
UTE PROSEGUR SERVIMAX UNIVERSIDAD POLIT. VALENCIA	Pajaritos, 24 28007 Madrid		100.0		(o)	(1)
UTE PROSEGUR SERVIMAX CENTRO SANITARIO DE CEUTA	Pajaritos, 24 28007 Madrid		100.0		(p)	(1)

Information at 31 December 2010

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Notes	Activity
			% ownership	Entity participating in the joint venture		
UTE PROSEGUR SERVIMAX INSTITUTO ESTUDIOS FISCALES	Pajaritos, 24 28007 Madrid		100.0		(s)	(1)
UTE PROSEGUR SERVIMAX HOSPITAL VALL D`HEBRON	Pajaritos, 24 28007 Madrid		100.0		(t)	(1)
UTE PROSEGUR SERVIMAX CONSERVATORIO ATAULFO ARGENTA II	Pajaritos, 24 28007 Madrid		100.0		(u)	(1)
UTE PROSEGUR PROTECCION ACTIVA ESPAÑA RADIO TV. ANDALUZA	Pajaritos, 24 28007 Madrid		100.0		(v)	(1)
UTE PROSEGUR PROSEGUR TECNOLOGIA AYTO. ALCOBENDAS	Pajaritos, 24 28007 Madrid		100.0		(w)	(1)
UTE PROSEGUR SERVIMAX GUGGENHEIM	Pajaritos, 24 28007 Madrid		100.0		(x)	(1)
UTE PROSEGUR SERVIMAX RTVE II	Pajaritos, 24 28007 Madrid		100.0		(y)	(1)
UTE PROSEGUR PROSEGUR ISE ANDALUCIA	Pajaritos, 24 28007 Madrid		100.0		(z)	(1)
UTE PROSEGUR PROSEGUR AEAT SEVILLA	Pajaritos, 24 28007 Madrid		100.0		(aa)	(2)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO GETAFE	Pajaritos, 24 28007 Madrid		100.0		(bb)	(1)

Notes:

The purposes of the temporary joint ventures are as follows:

(a) Information, customer and airport lounge services in Bilbao Airport
(b) Security and maintenance services in Malaga health centres
(c) Reception and customer services in various council buildings
(d) Reception and maintenance services in various state schools
(e) Auxiliary and security services in the Ataulfo Argenta Municipal Conservatory
(f) Security patrol and auxiliary services in various centres for the RTVE broadcasting corporation
(g) Security services in the new South Terminal, vehicle access control and perimeter control at Barcelona airport – Batch 2
(h) Security and auxiliary services in Barcelona city council cleaning service premises
(i) Security and auxiliary services in premises of ARPEGIO in the Madrid Autonomous Region
(j) Security and auxiliary services for El Ferrol town council
(k) Security and auxiliary services for the anti-fraud offices of the autonomous government of Catalonia
(l) Security and auxiliary services at San Sebastián airport
(m) Security and auxiliary services at Malaga airport
(n) Security and auxiliary services at Palma de Mallorca airport

(o) Security and auxiliary services at the Universidad Politécnica de Valencia
(p) Security and auxiliary services at Ceuta Health Centre
(q) Security and auxiliary services at the Universidad de Alicante
(r) Security and auxiliary services for Correos (Spanish postal service)
(s) Security and auxiliary services in the Instituto de Estudios Fiscales
(t) Security and auxiliary services at the Vall D'Hebron hospital in Barcelona
(u) Security and auxiliary services at the Ataulfo Argenta Municipal Conservatory
(v) Security and auxiliary services for Radio Televisión Andaluza
(w) Security and auxiliary services for Alcobendas town council
(x) Security and auxiliary services at the Guggenheim Museum in Bilbao
(y) Security and auxiliary services in various centres for the RTVE broadcasting corporation
(z) Security and auxiliary services for the Andalusia ISE (infrastructures and educational services body)
(aa) Security and auxiliary services in the Seville taxation authorities
(bb) Security and auxiliary services in Getafe airport, Madrid

APPENDIX III – Consolidated Joint Ventures

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

Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Basis of consolidation	Activity	Auditor
			% ownership	Company holding the investment			
Rosegur Holding Corporación S.L.	Pajaritos, 24 Madrid	3,000	50.0	Prosegur Cia de Seguridad, S.A.	a	5	A
Rosegur, S.A.	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	5,692	50.0	A través de: Rosegur Holding Corporacion, S.L.	a	4	A
Rosegur Fire, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	0	45.0	A través de: Rosegur, S.A	a	3	B
Rosegur Training, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	0	45.0	A través de: Rosegur, S.A	a	7	B

Information at 31 December 2010

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Basis of consolidation	Activity	Auditor
			% ownership	Company holding the investment			
Rosegur Holding Corporación S.L.	Pajaritos, 24 Madrid	650	50.0	Prosegur Cia de Seguridad, S.A.	a	5	B
Rosegur, S.A.	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	2,142	50.0	A través de: Rosegur Holding Corporacion, S.L.	a	4	C
Security Dragon Star, SRL	B-dul Traian nr. 1 B Baia Mare. Maramures	0	50.0	A través de: Rosegur, S.A	a	1	B
Rosegur Services, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	0	50.0	A través de: Rosegur Holding Corporacion, S.L	a	1	C
Rosegur Fire, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	0	45.0	A través de: Rosegur, S.A	a	3	B
Rosegur Training, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Bucuresti, Romania	0	45.0	A través de: Rosegur, S.A	a	7	B

Basis of consolidation:

The circumstances considered in article 42 of the Spanish Code of Commerce are as follows:

a) The parent company owns the majority of voting rights.
b) The parent company has the power to appoint or remove the majority of the members of the board of directors.
c) The parent company could own over half of the voting rights by virtue of an agreement with other investors.
d) The majority of members of the board of directors at the date on which the consolidated annual accounts are authorised for issue and in the two immediately preceding reporting periods were appointed solely with the parent company's votes.
e) Sole administration of one or more companies by any other means.

Unless indicated otherwise, the most recent reporting period ended on 31 December 2010.

Activity:

1. Activities from the security patrol business group
2. Activities from the securities logistics and cash management business group
3. Activities from the technology business group
4. Activities included in more than one business group
5. Holding company
6. Financial services
7. Auxiliary services
8. Idle

Auditor:

A Audited by KPMG
B Not subject to audit
C Audited by other auditors

PROSEGUR COMPAÑIA DE SEGURIDAD, S.A. AND SUBSIDIARIES

Consolidated Directors' Report for 2011

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

Contents

Consolidated Directors' Report for 2011

37. Most significant events in 2011

The most relevant transactions and events for Prosegur in 2011 are summarised below:

Changes in the composition of the Group

Changes in the composition of the Prosegur Group in 2011 were mainly due to the following acquisitions:

- ✓ On 18 February 2011 Prosegur acquired Prosec Services Pte. Ltd. and its subsidiary, Safeway Pte. Ltd., two Singaporean companies specialising in the provision of surveillance services. The total price of the acquisition was Euros 5.6 million. These companies were first consolidated on 18 February 2011.

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

- ✓ On 14 July 2011 Prosegur acquired Seguridad Vigilada, S.A. and its related companies in Spain. These companies render security surveillance, close protection services, ATM maintenance and ancillary services. The total price of the acquisition was Euros 4 million. These companies were first consolidated on 14 July 2011.

- ✓ On 2 August 2011 Inversiones BIV, S.A.S. and its subsidiary, Vigilantes Marítima Comercial, Ltda., were acquired in Colombia. These companies provide security surveillance services. The total price of the acquisition was Euros 18 million. These companies were first consolidated on 2 August 2011.

- ✓ On 7 September 2011 Vimarco Servicios Generales, Ltda. and Vimarco Servicios Temporales, Ltda. were acquired in Colombia. These companies specialise in providing auxiliary services and temporary loans of employees. The total price of the acquisition was Euros 1.6 million. These companies were first consolidated on 7 September 2011.

- ✓ On 16 September 2011 Prosegur acquired GSM Telecom, S.A., a company located in Uruguay specialising in residential alarms. The total price of the acquisition was Euros 0.2 million. This company was first consolidated on 16 September 2011.

- ✓ On 16 September 2011 Prosegur acquired Prover Electronica, Ltda., a company located in Brazil that specialises in electronic security systems. The total price of the acquisition was Euros 2.9 million. This company was first consolidated on 16 September 2011.

- ✓ On 27 September 2011 Prosegur acquired Sazias, S.A., and its subsidiaries in France. These companies specialise in securities logistics and cash management services. The total price of the acquisition was Euros 14.1 million. These companies were first consolidated on 27 September 2011.

- ✓ On 28 September 2011 Prosegur acquired Integra Security Systems, S.A., Servicios Integrados de Tecnología GPS de Colombia, S.A.S. and Integra Monitoreo, S.A.S., in Colombia. These companies provide technological security solutions and centralised control systems. The total price of the acquisition was Euros 19.8 million. These companies were first consolidated on 28 September 2011.

- ✓ On 31 October 2011, Prosegur acquired Fiel Vigilancia e Transporte de Valores, a Brazilian company that provides security surveillance services, securities logistics and cash management services. The total price of the acquisition was Euros 25.4 million. This company was first consolidated on 31 October 2011.

- ✓ On 15 December 2011 Prosegur acquired Aexis Security Management, Pte. Ltd., a Singapore-based company specialising in security surveillance services. The total price of the acquisition was Euros 5 million. This company was first consolidated on 15 December 2011.

- ✓ On 29 December 2011, Prosegur acquired SecurLog GmbH, a German company that provides securities logistics and cash management services. The total price of the acquisition was Euros 22.7 million. This company was first consolidated on 29 December 2011.

In order to facilitate the global range of security services offered to the Group's customers, corporate changes were made in Spain in 2011. These consisted of the merger by absorption of Prosegur Transportes de Valores, S.A., Prosegur Servicio Técnico, S.L., Prosegur Tecnología, S.L. and Prosegur Activa España, S.L. by Prosegur Compañía de Seguridad, S.A.

Furthermore, on 1 April 2011, Telemergencia SAC merged with and into Prosegur Activa Perú, S.A., in Peru.

Other events in 2011

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

Upon payment of the aforementioned amount in 2011, Prosegur and Esabe Express S.A. are fully satisfied with respect to their claims. The parties have dismissed the appeals filed with respect to the proceedings, and no longer owe any amounts for any items in this regard.

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

38. Management principles

Prosegur performed satisfactorily in 2011, a year in which the economy presented important strategic and management challenges. We are fully committed to our growth strategy, which will consolidate and reinforce Prosegur’s leadership in the majority of the markets in which we were already present. We have strengthened our position in Europe through our entry into the German market and our business development activities in France. The acquisition of two companies in Singapore and the signature of a strategic agreement in India represent Prosegur's introduction into the Asian market. These moves confirm Prosegur’s global aspirations, product diversification and commitment to the future.

Throughout the year we continued to work on our plan to improve budgeting techniques for each line of business, and we continue to develop the techniques used to determine the main management indicators for each business.

This has allowed the Company to maintain the following policies throughout 2011:

a) Establishment of targets for continuous improvement.
b) Planning of strategies and alternative options.
c) Timely and correct implementation of the measures adopted through the Company's strategic planning, and constant monitoring to ensure that information systems detect any possible deviations in real time so that corrective steps can be taken.
d) Development of a competitive edge over the rest of the market.

Throughout the year Prosegur management had up-to-date and adequate information on clients, the market and the legal, financial and technological climate, allowing the Company to ensure that its management policies remained in line with trends.

At the end of 2011, the Board of directors approved Plan 2014, which sets out the general guidelines of a strategic plan to create value between 2012 and 2014.

The most significant management variables and their development throughout the year are detailed below and include activities, commercial management, personnel, investments, operations and financial management.

39. Business performance

Sales by geographical area

Prosegur's consolidated sales in 2011 amounted to Euros 2,808.5 million (Euros 2,560.3 million in 2010), a total increase of 9.7%. Of this rise, 9% reflects pure organic growth, 2.6% inorganic growth derived from purchases made in 2010 and 2011, offset by a 1.9% decrease attributable to exchange-rate fluctuations.

Consolidated sales by geographical area are distributed as follows:

(Millions of Euros)	2011	2010	Variation
Europe - Asia	1,290.8	1,298.2	-0.6%
LatAm	1,517.8	1,262.1	20.3%
Total Prosegur	**2,808.5**	**2,560.3**	**9.7%**

The most significant sales growth in 2011 occurred in Latin America, with an increase of 20.3% (20.6% organic growth and 3.6% inorganic growth). This strong sales growth in the region in 2011 was not favoured by exchange rate fluctuations compared to the same period of 2010, which offset the aforementioned growth by 3.9%.

Sales by business area

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

(Millions of Euros)	2011	2010	Variation
Surveillance	1,357.3	1,276.9	6.3%
Percentage of total	*48.3%*	*45.5%*	
VLCM	1,098.3	967.3	13.5%
Percentage of total	*39.1%*	*34.4%*	
Technology	352.9	316.2	11.6%
Percentage of total	*12.6%*	*11.3%*	
Total Prosegur	**2,808.5**	**2,560.3**	**9.7%**

In 2011 the fastest-growing line of business in absolute terms was securities logistics and cash management (VLCM), which had accumulated sales of Euros 1,098.3 million (Euros 967.3 million in 2010), an increase of 13.5% including organic and inorganic growth. Revenues from surveillance totalled Euros 1,357.3 million (Euros 1,276.9 million in 2010), 6.3% more than in the previous year, with growth generated both organically and inorganically. The technology line of business had annual revenues of Euros 352.9 million in 2011 (Euros 316.2 million in 2010), 11.6% more than last year, including organic and inorganic growth.

Growth in consolidated Prosegur turnover over the past five years is reflected in the following table:

(Millions of Euros)	**2011**	**2010**	**2009**	**2008**	**2007**
Sales	2,808.5	2,560.3	2,187.0	2,051.7	1,841.8

Margins

Consolidated operating profit (EBIT) in 2011 stood at Euros 284.1 million (Euros 262.6 million in 2010) while the EBIT margin was 10.1% (10.3% in 2010).

The EBIT margin is distributed by geographical area as follows:

(Millions of Euros)	**Europe-Asia**	**LatAm**	**Prosegur**
Sales	1,290.8	1,517.8	2,808.5
EBIT	65.3	218.8	284.1
EBIT margin	*5.1%*	*14.4%*	*10.1%*

One of Prosegur's core objectives is to maintain high profitability to ensure investor return, enabling the Company to continue with its ambitious investment and service improvement policies, all the while striving for excellence in the services it renders and its client relations.

The following table shows the significant EBIT growth seen over the past five years:

(Millions of Euros)	**2011**	**2010**	**2009**	**2008**	**2007**
EBIT	284.1	262.6	230.5	205.0	161.9

The constant annual growth rate shows an average accumulated variation in operating profit of 15.3%.

40. Commercial information

Prosegur services are sold through branches and by the Company's own sales personnel, and selective criteria are applied to minimise the risk of arrears and possible payment default. In cases where the Company has insufficient experience with a particular client, investigations and consultations are carried out using public information, and objectively quantifiable risk assessments and individual analyses are performed. Once the contract has been signed, and throughout the period over which the service is rendered, the client receives direct attention, enabling us to work in line with their operating requirements and financial situation, thereby reducing the risk of default.

The main clients who contract corporate security services are financial entities, industrial and commercial businesses and public institutions.

41. Personnel

At 2011 year end Prosegur's headcount stood at 124,744 employees (104,363 in 2010), 19.5% higher than in the previous year.

A cornerstone of Prosegur's success as one of Europe's main services companies has traditionally been its recruitment policy. The responsibility and trust required in those who render the Company's services on client premises, operating in an area as delicate as security, mean that Prosegur must not only ensure the effectiveness of its professionals, but also their honesty, responsibility, emotional stability and psychological maturity.

It is precisely for this reason that continuous improvements are made by the human resources department to our recruitment process, enabling us to accurately assess the suitability of an individual for a position within Prosegur.

Details of the average Prosegur headcount over the past five years are as follows:

Personnel	**2011**	**2010**	**2009**	**2008**	**2007**
Direct	111,361	97,198	89,269	81,755	78,223
Indirect	6,924	5,657	5,638	4,620	3,760
Total Prosegur	**118,285**	**102,855**	**94,907**	**86,375**	**81,983**

Headcount compared to turnover (in relative terms) over the past five years is reflected in the following table:

No. of employees per Euros 1 million in sales	**2011**	**2010**	**2009**	**2008**	**2007**
Direct	39.7	38	40.8	39.8	42.5
Indirect	2.5	2.2	2.6	2.3	2

42. Investments

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

Amortisation and depreciation charges totalled Euros 79.5 million in 2011 (Euros 83.3 million in 2010). These include Euros 52 million on property, plant and equipment (Euros 48.9 million in 2010); Euros 8.1 million on computer software (Euros 7.9 million in 2010); and Euros 19.4 million on other intangible assets (Euros 26.5 million in 2010).

The total investments analysed by the Investment Committee in 2011 with comparative figures from 2010 are detailed below:

(Millions of Euros)	**2011**	**2010**
First Quarter	26.7	14.8
Second Quarter	37.6	12.8
Third Quarter	25.9	27.1
Fourth Quarter	37.4	23.8
Total	**127.6**	**78.5**

Investment in property, plant and equipment in 2011 totalled Euros 100 million (Euros 70.6 million in 2010). Furthermore, investments in software in 2011 totalled Euros 20.5 million (Euros 10.1 million in 2010).

43. Forecasts and trends

In an economic climate like the present, with a great deal of uncertainty, forecasts of any kind are a difficult task. In some countries where Prosegur operates there is limited visibility regarding the outlook for the main macroeconomic variables.

It is also important to note that the economic scenarios that Europe and Latin America face are different. The European economies are continuing to suffer severely in 2012 under the impact of the financial crisis. Their recovery is expected to be slow, and it is still unclear whether all countries in the region will enjoy an economic recovery this year. Latin America, however, was not as affected as more developed countries and growth is expected to return, above all in those countries with sound fiscal and financial policies.

Although changes in economies and their main variables have an impact on the security sector, there are industry drivers that play a much larger role in determining the future of the market. Such factors as the volume of security services that are subcontracted, growth in banking, a higher number of major companies and multinationals, more bank branches and ATMs and, in general, improvements in well-being and wealth for all social classes, are major indicators that are relevant to the future of the security industry.

Improvements in some of the above-mentioned drivers, combined with Prosegur's continuous innovation, pursuit of excellence and implementation of cross-selling policies puts us in a privileged position in the current climate. Prosegur’s goal for 2012 is to maintain growth and improve on its margins from recent years. This is a major challenge which Prosegur is ready to meet.

44. Financial management

The financial crisis that erupted in 2008 along with the sovereign debt crisis in Europe, which became exacerbated in 2010 and 2011, and tightening core capital requirements for financial institutions have continued to make it difficult for Spanish institutions to obtain liquidity in the international wholesale markets. As a result, the credit available to companies has become tighter and more expensive in recent years.

Against this backdrop, Prosegur secured a new syndicated loan in 2010 which allowed it to repay a loan dating from 2006 which fell due in July 2011, as well as covering part of the Company's strategic needs.

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

Net financial debt as at 31 December 2011 amounts to Euros 360.1 million (Euros 174.4 million in 2010).

The ratio of net financial debt to equity was 0.54 at 31 December 2011 (0.26 in 2010), while the ratio of net financial debt to EBITDA was 0.99 in 2011 (0.50 in 2010).

Financial structure

As mentioned in note 22 to the consolidated annual accounts at 31 December 2011, the syndicated financing contract signed in 2006 matured on 25 July 2011. As a result, Prosegur has repaid Euros 31.3 million of the loan tranche and Euros 200 million of the credit facility.

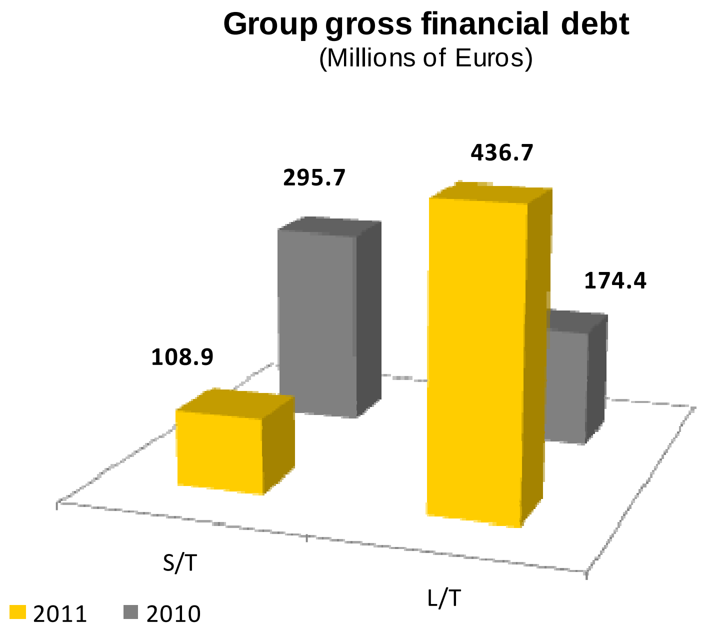
Following maturity of the loan taken out in 2006, the structure of non-current debt will be determined by the syndicated transaction contracted by Prosegur Spain in 2010, totalling Euros 400 million and with a term of five years. The loan is divided into two tranches: a tranche in the form of a Euros 150 million loan, repayable semi-annually after a two-year grace period, and a second tranche in the form of a credit facility of Euros 250 million. At 31 December 2011, Euros 150 million of the loan tranche and Euros 240 million of the credit facility had been drawn down.

Gross financial debt includes current and non-current financial liabilities (excluding other non-bank debt) plus/less any derivative financial instruments.

In consolidated terms, gross non-current financial debt maturing in over one year stood at Euros 436.7 million at the end of 2011 (Euros 174.4 million in 2010), supported mainly by the syndicated loan signed in 2010 and by various loans in Colombian pesos and Brazilian reals used to finance several business acquisitions in those countries.

Current net financial debt was Euros 108.9 million at the end of 2011 (Euros 295.7 million in 2010). The decline in current financial liabilities is the result of repayment of the credit facility tranche of the syndicated loan contract signed in 2006.

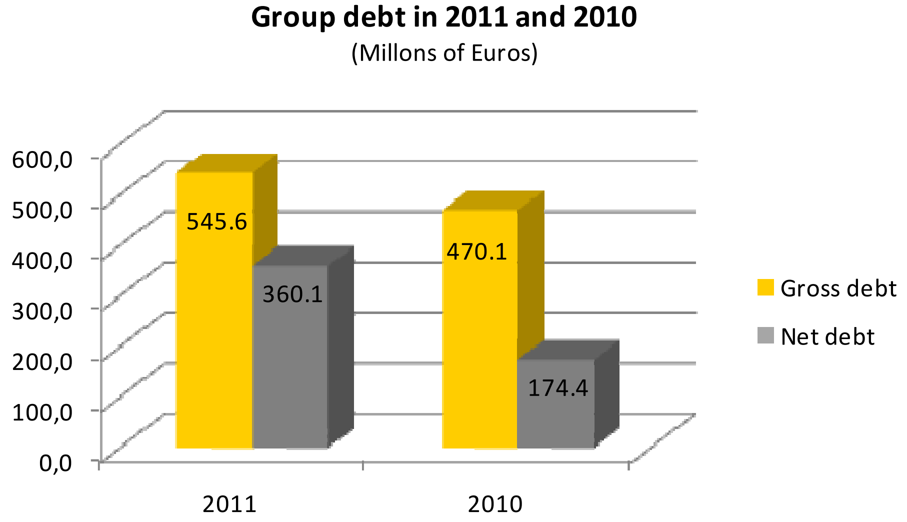
The current and non-current maturities of gross financial debt are distributed as follows:



The average annual interest rate for 2011 was approximately 3.95% (2.39% in 2010). The increase in the average cost of debt stems mainly from the rise in the spreads on the new syndicated loan contract signed in 2010 and other credit facilities obtained.

Net financial debt was Euros 360.1 million at the end of 2011 (Euros 174.4 million in 2010).

A comparison of gross debt and net debt in 2011 and 2010 is as follows:



Liquidity

It is Prosegur policy to keep large reserves of liquidity or available contracted financing to ensure flexibility and rapidity in meeting the Company's working capital or inorganic growth requirements.

At 31 December 2011 Prosegur had available liquidity of Euros 315.3 million (Euros 511.1 million in 2010). This figure comprises:

- Cash and cash equivalents amounting to Euros 187.5 million (Euros 170.0 million in 2010).
- Non-current credit available (over one year) totalling Euros 10 million, relating to the syndicated loan arranged in 2010 (Euros 250 million in 2010).
- Other available credit facilities totalling Euros 117.8 million (Euros 91.1 million in 2010) diversified in a wide banking pool featuring the top banks from each country where Prosegur operates.

This liquidity represents 11.2% of annual consolidated sales (20% in 2010), which underpins short-term financing and the policy of strategic acquisitions.

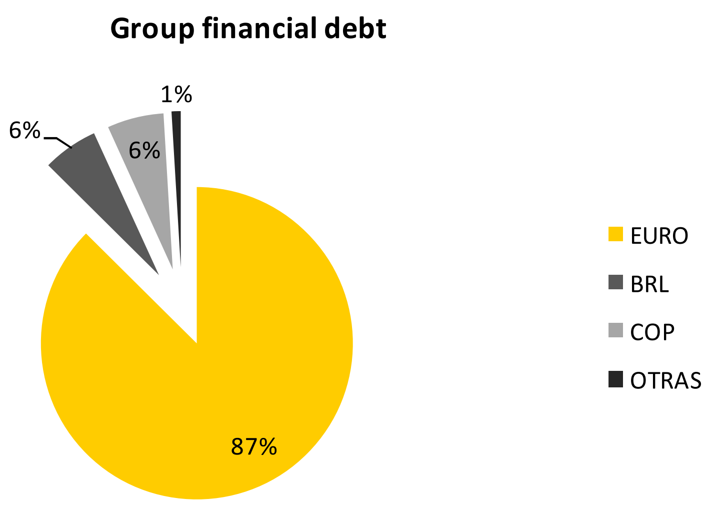
Currency risk

Prosegur policy is to make its business investments in local currency, thereby minimising its exposure to currency risk. The capital expenditure required in the industry, which varies by business area, is in line with the operating cash flow generated. It is therefore possible to time the investments made in each country based on operating requirements.

Although Prosegur operates in a large number of countries, its financial debt is basically in three currencies: Euros, Brazilian reals and Colombian pesos. Of this debt, 87% is in Euros, 6% in Brazilian reals, another 6% in Colombian pesos, and 1% in Prosegur's other currencies.

Changes in the debt structure by currency from the previous year are the result of corporate transactions carried out by Prosegur's parent company, mainly relating to a Euros 400 million syndicated loan and other loans secured to finance investments abroad. It has not been necessary to raise financing in foreign currencies due to high cash flow in Latin American countries.

At the end of 2011 Prosegur's financial debt was distributed by currencies as follows:



Risk hedging

In 2011, Prosegur subscribed a derivative financial instrument to hedge currency risk in Argentine pesos in order to diminish the risk of loss of value of the cash surplus due to exchange rate fluctuations. In order to hedge its exposure to this and other currency risk, Prosegur uses natural hedging techniques as much as possible. Consequently, the cash generated in Latin American countries is converted into Euros as soon as definite cash surpluses are confirmed.

Prosegur has had two interest rate derivatives, an interest rate swap (IRS) and a basis swap, to cap the interest payable on part of its financing, as well as to obtain greater flexibility in drawdown periods for the syndicated loan contracted in 2006.

The IRS exchanges a payable rate of 2.71% for a receivable rate of the 6-month Euribor based on a face value of Euros 100 million and maturity in April 2014.

The basis swap exchanged a payable rate of the 6-month Euribor less 0.325% for a receivable rate of the 1-month Euribor, settled monthly on the repayable principal of the 2006 syndicated loan. The last payment made was the final instalment on the syndicated loan, so this financial derivative instrument has been cancelled.

The collar on diesel fuel prices that Prosegur had taken out as protection against fluctuations in fuel prices in previous years expired in January 2011.

45. Own shares

At 31 December 2011 the Company holds 4,456,122 own shares (1,953,543 shares in 2010), which represent 7.22% of share capital (3.17% in 2010) and have a value of Euros 123.2 million (Euros 40.7 million in 2010). A part of these shares is earmarked for certain members of Prosegur management. In 2011 the Company purchased 2,502,579 own shares.

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

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

46. Environmental issues

At 31 December 2011 Prosegur has no contingencies, legal claims or income and expenses relating to the environment.

In accordance with the Group's environmental policy, investment continues to be made in armoured vehicles that meet with the Euro III standard on the emission of non-contaminating particles. This investment, which is recognised as an increase in property, plant and equipment, amounts to Euros 1,554 thousand (Euros 185 thousand in 2010).

47. Research and development

As part of its commitment to security and innovation for its customers, the Company is undertaking the following projects:

a) Design and development of a new platform for the Private Security business, to be used for global planning and management of human resources and materials relating to each service. It will include the definition of an optimised comprehensive procedure that will minimise time requirements and maximise operating management efficiency in this line of business, by making detailed technical and financial information more easily available. This project was developed in 2011 and will be completed in 2012. It has been financed by the Centre for Technological and Industrial Development (CDTI) sub-program for the promotion of innovation and technological development.

b) The initial stage of the design and construction of a first prototype for an automated client cash management station. The development of an automated system shortens cash handling time, as well as reducing possible errors in preparing stacks of bills for dispatch to clients. This project will be carried out during 2012 and is being financed by the Centre for Technological and Industrial Development (CDTI) sub-program for the promotion of innovation and technological development.

48. Subsequent events

In May 2011, Prosegur signed a joint venture agreement with Security and Intelligence Services (SIS) that is subject to approval by the relevant authorities in India. Under the agreement, the companies will hold shares of 49% and 51%, respectively, in a securities logistics and cash management joint venture based in India. On the basis of this agreement, on 9 February 2012 Prosegur made an investment of approximately Euros 10 million by increasing share capital in SIS Cash Services Pvt. Ltd. Co. The company with which Prosegur has reached this agreement has a 2,300-strong workforce, as well as reported sales of approximately Euros 6 million for the year ended March 2011.

STATEMENT OF RESPONSIBILITY FOR THE 2011 ANNUAL FINANCIAL REPORT

The members of the board of directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of their knowledge, the individual and consolidated annual accounts for 2011, which were authorised for issue at their board meeting on 27 February 2012 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, and that the individual and consolidated directors' reports contain a reliable analysis of the performance, results and position of Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, as well as a description of the main risks and sources of uncertainty.

Madrid, 27 February 2012

Ms. Helena Irene Revoredo Delvecchio
Chairwoman

Mr. Isidro Fernández Barreiro
Vice-chairman

Mr. Christian Gut Revoredo
Managing director

Ms. Mirta María Giesso Cazenave
Director

Ms. Chantal Gut Revoredo
Director

Mr. Pedro Guerrero Guerrero
Director

Mr. Eduardo Paraja Quirós
Director

Mr. Eugenio Ruiz-Gálvez Priego
Director

DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries are the responsibility of the directors of the parent company, and have been prepared in accordance with international financial reporting standards endorsed by the European Union.

The directors are responsible for the completeness and objectivity of the annual accounts, including the estimates and judgements included therein. They fulfil their responsibility mainly through the establishment and maintenance of accounting systems and other regulations, supporting them adequately using internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are safe, that transactions are performed in accordance with the authorisations and regulations laid down by management and that accounting records are reliable for the purposes of drawing up the annual accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of avoiding or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the annual accounts and the protection of assets. However, the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system at 31 December 2011. Based on this evaluation, the directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by management, and that the financial records are reliable for the purposes of drawing up the annual accounts.

Independent auditors are appointed by the shareholders at their annual general meeting to audit the annual accounts, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The Company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Mr. Antonio Rubio Merino
Director of Finance and Economic Affairs