PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

Auditors’ Report, Annual Accounts and Directors’ Report
at 31 December 2011

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

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PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

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

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

(Expressed in thousands of Euros)

	Note	2011	2010 (*)
Revenues	2	**870,452**	**676,696**
Services rendered		870,452	676,696
Change in inventories of finished products and work in progress		**1,524**	**-**
Self-constructed assets		**9,955**	**793**
Supplies		**(68,822)**	**(7,045)**
Raw materials and consumables used		(68,807)	(7,045)
Impairment of merchandise, raw materials and other supplies		(15)	-
Other operating income		**27,829**	**33,992**
Non-trading and other operating income		27,773	33,930
Operating grants taken to income		56	62
Personnel expenses	2	**(653,909)**	**(556,313)**
a) Salaries and wages		(505,077)	(430,224)
b) Employee benefits expense		(148,832)	(126,089)
Other operating expenses		**(106,152)**	**(96,474)**
a) External services		(82,363)	(81,343)
b) Taxes		(1,501)	(602)
c) Losses, impairment and changes in trade provisions	15	(2,735)	(843)
d) Other operating expenses		(19,553)	(13,686)
Amortisation and depreciation		**(23,764)**	**(14,534)**
Provision surpluses		**861**	**6,414**
Impairment and gains/(losses) on disposal of fixed assets	2	**(3,373)**	**10**
a) Gains/(losses) on disposal and other		(3,373)	10
RESULTS FROM OPERATING ACTIVITIES		**54,601**	**43,539**
Finance income	3	**44,492**	**60,125**
a) Dividends		41,252	56,918
a1) Group companies and associates		41,252	56,918
a2) Other		-	-
b) Other investment income		3,240	3,207
b1) Group companies and associates		294	1,198
b2) Other		2,946	2,009
Finance expenses	3	**(19,279)**	**(20,843)**
a) Group companies and associates		(1,627)	(1,607)
b) Other		(17,652)	(19,236)
Change in fair value of financial instruments	3	**(2,002)**	**(3,625)**
a) Trading portfolio and other		(1,696)	(2,038)
b) Change in fair value of financial instruments		(306)	(1,587)
Exchange gains/(losses)	3	**(319)**	**527**
Impairment and gains/(losses) on disposal of financial instruments	3	**(6,132)**	**(22,600)**
a) Impairment and losses		(6,020)	(22,600)
b) Gains/(losses) on disposal and other		(112)	-
NET FINANCE EXPENSE/INCOME		**16,760**	**13,584**
PROFIT/(LOSS) BEFORE INCOME TAX		**71,361**	**57,123**
Income tax expense	21	**(13,276)**	**(1,350)**
PROFIT/(LOSS) FOR THE YEAR		**58,085**	**55,773**

(*) *Restated balances (Note 33.d)*

The accompanying notes form an integral part of the annual accounts for 2011.

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

II. BALANCE SHEETS AT 31 DECEMBER 2011 AND 2010

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

(Expressed in thousands of Euros)

ASSETS	Note	2011	2010 (*)
A) NON-CURRENT ASSETS		**711,396**	**573,153**
Intangible assets	**6**	**113,653**	**98,371**
1. Patents, licences, trademarks and similar rights		7,039	2,973
2. Goodwill		91,891	85,166
3. Computer software		7,765	6,906
4. Other intangible assets		6,958	3,326
Property, plant and equipment	**7**	**120,523**	**53,892**
1. Land and buildings		46,230	15,701
2. Technical installations and other items		70,690	35,889
3. Under construction and advances		3,603	2,302
Investment property	**8**	**-**	**23,241**
1. Land		-	11,969
2. Buildings		-	11,272
Non-current investments in group companies and associates	**10**	**413,517**	**330,496**
1. Equity instruments		413,517	330,496
Non-current investments	**11**	**30,675**	**30,611**
1. Equity instruments		24,549	30,171
2. Loans to third parties		164	-
2. Other financial assets		5,962	440
Deferred tax assets	**22**	**33,028**	**36,542**
B) CURRENT ASSETS		**312,961**	**371,062**
Non-current assets held for sale	**13**	**448**	**448**
Inventories	**14**	**16,883**	**1,229**
1. Goods for resale		5,514	**-**
1. Raw materials and other supplies		2,191	1,229
1. Work in progress		9,178	-
Trade and other receivables	**15**	**204,248**	**161,871**
1. Trade receivables		149,374	107,023
2. Trade receivables from group companies and associates		33,973	34,762
3. Other receivables		9,518	19,322
4. Personnel		804	719
5. Current tax assets		9,854	1
6. Public entities, other		725	44
Current investments in group companies and associates	**15**	**42,425**	**85,467**
1. Loans to companies		29,755	79,500
2. Other financial assets		12,670	5,967
Current investments		**33,717**	**65,931**
1. Equity instruments		1,262	**-**
4. Derivatives	**12**	-	30
5. Other financial assets	**11**	32,455	65,901
Prepayments for current assets		**1,201**	**1,009**
Cash and cash equivalents	**16**	**14,039**	**55,107**
1. Cash		11,539	4,996
2. Cash equivalents		2,500	50,111
TOTAL ASSETS (A + B)		**1,024,357**	**944,215**

(*) (Expressed in thousands of Euros) (Note 33.d)

The accompanying notes form an integral part of the annual accounts for 2011.

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

II. BALANCE SHEETS AT 31 DECEMBER 2011 AND 2010

(Expressed in thousands of Euros)

EQUITY AND LIABILITIES	Note	2011	2010 (*)
A) EQUITY		**135,814**	**209,416**
Capital and reserves		**135,814**	**209,416**
Subscribed capital	**17**	**37,027**	**37,027**
1. Registered capital		37,027	37,027
Share premium	**17**	**25,472**	**25,472**
Reserves	**17**	**132,571**	**126,859**
1. Legal and statutory reserves		7,406	7,406
2. Other reserves		125,165	119,453
(Own shares and equity investments)	**17**	**(123,175)**	**(40,731)**
Profit/(Loss) for the year	**4**	**58,085**	**55,773**
Other equity instruments	**17**	**5,781**	**5,016**
Grants, donations and bequests received	**18**	**53**	**-**
B) NON-CURRENT LIABILITIES		**530,029**	**260,249**
Non-current provisions		**43,813**	**86,636**
1. Long-term employee benefits	**17**	-	936
2. Other provisions	**19**	43,813	85,700
Non-current payables	**20**	**437,068**	**154,243**
1. Debt with financial institutions		416,189	146,875
2. Derivatives	**12**	3,587	3,114
3. Other financial liabilities		17,292	4,254
Deferred tax liabilities	**22**	**36,451**	**19,370**
Non-current accruals		**12,697**	**-**
C) CURRENT LIABILITIES		**358,514**	**474,550**
Current provisions		**-**	**365**
Current payables	**20**	**155,453**	**330,250**
1. Debt with financial institutions		83,154	278,093
2. Derivatives	**12**	41	238
3. Other financial liabilities		72,258	51,919
Group companies and associates, current	**20**	**51,753**	**31,752**
Trade and other payables	**20**	**142,513**	**111,591**
1. Suppliers, group companies and associates		8,172	14,817
3. Suppliers		3,379	
3. Other payables		44,901	19,827
4. Personnel (salaries payable)		49,193	41,073
5. Current tax liabilities		-	4,798
6. Public entities, other		36,868	31,076
Accruals		**8,795**	**592**
TOTAL EQUITY AND LIABILITIES (A + B + C)		**1,024,357**	**944,215**

(*) Restated balances (Note 33.d)

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

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE

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

(Expressed in thousands of Euros)

	Note	2011	2010 (*)
A) PROFIT FOR THE YEAR	**4**	**58,085**	**55,773**
B) TRANSFERS TO THE INCOME STATEMENT	**18**	**(27)**	
TOTAL RECOGNISED INCOME AND EXPENSE (A +B + C)		**58,058**	**55,773**

(*) Restated balances (Note 33.d)

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

B) STATEMENTS OF TOTAL CHANGES IN EQUITY

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

(Expressed in thousands of Euros)	Share capital (Note 17)	Share premium (Note 17)	Legal reserve (Note 17)	Other reserves (Note 17)	Own shares (Note 17)	Profit for the year (Note 4)	Other equity instruments (Note 17)	Grants (Note 18)	Total
CLOSING BALANCE IN 2009	**37,027**	**25,472**	**7,406**	**98,653**	**(40,227)**	**74,168**	**3,651**	**-**	**206,150**
Adjustments for changes in criteria	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT THE BEGINNING OF 2010	**37,027**	**25,472**	**7,406**	**98,653**	**(40,227)**	**74,168**	**3,651**	**-**	**206,150**
I Total recognised income and expense	-	-	-	-	-	55,773	-	-	55,773
II Transactions with equity holders or owners	-	-	-	20,800	(504)	(74,168)	-	-	(53,872)
- Distribution of dividends	-	-	-	19,168	-	(74,168)	-	-	(55,000)
- Transactions with own shares and equity holdings (net)	-	-	-	1,128	(504)	-	-	-	624
- Increase (decrease) in equity resulting from a business combination (Note 5)	-	-	-	504	-	-	-	-	504
III Other changes in equity	-	-	-	-	-	-	1,365	-	1,365
CLOSING BALANCE IN 2010 (*)	**37,027**	**25,472**	**7,406**	**119,453**	**(40,731)**	**55,773**	**5,016**	**-**	**209,416**
Adjustments for changes in criteria	-	-	-	-	-	-	-	-	-
ADJUSTED BALANCE AT THE BEGINNING OF 2011	**37,027**	**25,472**	**7,406**	**119,453**	**(40,731)**	**55,773**	**5,016**	**-**	**209,416**
I Total recognised income and expense	-	-	-	-	-	58,085	-	(27)	58,058
II Transactions with equity holders or owners	-	-	-	5,712	(82,444)	(55,773)	-	80	(132,425)
- Distribution of dividends	-	-	-	(4,727)	-	(55,773)	-	-	(60,500)
- Transactions with own shares and equity holdings (net)	-	-	-		(82,444)	-	-	-	(82,444)
- Increase (decrease) in equity resulting from a business combination (Note 5)	-	-	-	5,693	-	-	-	80	5,773
- Other transactions with equity holders or owners (Note 5)	-	-	-	4,746	-	-	-		4,746
III Other changes in equity	-	-	-	-	-	-	765	-	765
CLOSING BALANCE IN 2011	**37,027**	**25,472**	**7,406**	**125,165**	**(123,175)**	**58,085**	**5,781**	**53**	**135,814**

(*) Restated balances Note 33.d)

The accompanying notes form an integral part of the annual accounts for 2011.

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

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

		2011	2010 (*)
A)	**CASH FLOWS FROM OPERATING ACTIVITIES**		
1.	**Profit for the year before tax**	**71,361**	**57,123**
2.	**Adjustments for:**	**10,402**	**38**
	a) Amortisation and depreciation (+)	23,764	14,534
	b) Valuation allowances for impairment losses (+/-)	8,770	23,443
	c) Change in provisions (+/-)	(861)	355
	d) Grants recognised in the income statement (+/-)	(56)	(62)
	e) Proceeds from disposals of fixed assets (+/-)	3,373	(10)
	f) Finance income (-)	(44,492)	(60,125)
	g) Finance expenses (+)	19,279	20,843
	h) Exchange gains/(losses)(+/-)	319	(527)
	i) Change in fair value of financial instruments (+/-)	306	1,587
	j) Other income and expenses (+/-)	-	-
3.	**Changes in operating assets and liabilities**	**(52,414)**	**(2,255)**
	a) Inventories (+/-)	(4,856)	(315)
	b) Trade and other receivables (+/-)	20,600	(2,197)
	c) Other current assets (+/-)	(96)	147
	d) Trade and other payables (+/-)	(24,675)	1,223
	e) Other current liabilities (+/-)	13,511	187
	f) Other non-current assets and liabilities (+/-)	(56,898)	(1,300)
4.	**Other cash flows from operating activities**	**78,387**	**86,506**
	a) Interest paid (-)	(18,106)	(11,287)
	b) Dividends received (+)	100,746	96,529
	c) Interest received (+)	4,190	2,774
	d) Income tax received (paid) (+/-)	(8,443)	(1,510)
5.	**Cash flows from/used in operating activities (1 + 2 + 3 + 4)**	**107,736**	**141,412**
B)	**CASH FLOWS FROM INVESTING ACTIVITIES**		
6.	**Payments for investments (-)**	**(230,531)**	**(208,064)**
	a) Group companies and associates	(179,612)	(124,800)
	b) Intangible assets	(13,581)	(6,541)
	c) Property, plant and equipment	(28,348)	(11,297)
	d) Non-current assets held for sale	-	(401)
	e) Other financial assets	(8,990)	(65,025)
7.	**Proceeds from sale of investments (+)**	**143,098**	**465**
	a) Group companies and associates	64,721	350
	b) Property, plant and equipment	127	115
	c) Other financial assets	78,250	-
8.	**Cash flows used in investing activities (7 – 6)**	**(87,433)**	**(207,599)**
C)	**CASH FLOWS FROM FINANCING ACTIVITIES**		
9.	**Proceeds from and payments for equity instruments**	**(82,432)**	**56**
	a) Acquisition of own equity instruments (-)	(82,444)	(2,202)
	b) Disposal of Equity instruments (+)	-	2,196
	c) Grants, donations and bequests (+)	12	62
10.	**Proceeds from and payments for financial liability instruments**	**78,811**	**170,515**
	a) Issue	341,311	235,394
	1. Debt with financial institutions (+)	311,988	235,394
	2. Other debts (+)	29,323	-
	b) Redemption and repayment of	(262,500)	(64,879)
	1. Debt with financial institutions (-)	(262,500)	(62,500)
	2. Other payables (-)	-	(2,379)
11.	**Dividends and interest on other equity instruments paid**	**(57,750)**	**(52,500)**
	a) Dividends (-)	(57,750)	(52,500)
12.	**FCash flows from/used in financing activities (9 + 10 + 11)**	**(61,371)**	**118,071**
D)	**EFFECT OF EXCHANGE RATE FLUCTUATIONS**	**-**	**-**
E)	**NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (5+8+12+D)**	**(41,068)**	**51,884**
	Cash and cash equivalents at beginning of period	55,107	3,223
	Cash and cash equivalents at end of period	14,039	55,107

(*) Restated balances (Note 33.d)

The accompanying notes form an integral part of the annual accounts for 2011.

VI. NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011

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

1. General information

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. (hereinafter the Company or Prosegur), the parent company of the Prosegur Group, has its registered offices at Calle Pajaritos 24 in Madrid. The Company was incorporated on 14 May 1976 and is filed at the Companies Registry of Madrid as the first inscription on page 32,805, section 3, sheet 22 of volume 4,237.

The Company's statutory activity is described in article 2 of its bylaws. Pursuant to Private Security Law 23/1992 of 30 July 1992, and without infringing on the activities assigned to the state security forces, the Company provides the following services throughout Spain:

1. Security patrol and protection of goods, premises, shows, competitions or conventions.
2. The protection of certain individuals subject to prior authorisation.
3. The storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value, the expectations they generate or the associated risk, notwithstanding any activities that are exclusive to financial institutions.
4. The transportation and distribution of the aforementioned objects using, where necessary, vehicles with characteristics regulated by the Spanish Ministry of Home Affairs to avoid confusion with those used by the armed forces or state security forces.
5. The installation and maintenance of security equipment, devices and systems.
6. The operation of centres in which alarm signals are received, verified, broadcast and reported to state security forces, as well the provision of response services in circumstances that do not require a response by the state security forces.
7. Planning of security activities and related advisory services.
8. Security patrol services and the protection of rural property by countryside security guards.

The Company's statutory activity does not include activities expressly restricted by law to entities that comply with special requirements not met by the Company, particularly financial brokerage activities that are restricted by financial legislation governing collective investment undertakings and the securities market law and supplementary provisions applicable to collective investment undertakings.

Although the Company mainly operates in Spain, it is also has a permanent commercial presence in Poland and Greece as a result of the merger with Prosegur Tecnología, S.L.U. in 2011 (see note 5). The Prosegur Group operates internationally.

The Group is controlled by Gubel S.L., which was incorporated in Madrid and holds 50.075% of the Company's share capital.

The directors have chosen to apply the provision included in article 43 of the Spanish Code of Commerce and to file consolidated annual accounts for Prosegur Compañía de Seguridad, S.A. prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and approved by the European Commission Regulations in force at 31 December 2011. The consolidated annual accounts were drawn up by the directors, together with these individual annual accounts, on 27 February 2012 and are pending approval by the shareholders at their general meeting, after which they will be filed at the Companies Registry of Madrid.

2. Income and Expenses

a) Revenues

Details of revenues by category of activity and geographical area are as follows:

	Thousands of Euros			
	Domestic		Rest of EU	
	2011	**2010**	**2011**	**2010**
Security patrol	562,400	579,236	-	-
Valuables logistics and cash management (LVGE)	159,473	96,258	-	-
Technology	147,690	1,202	889	-
	869,563	**676,696**	**889**	**-**

b) Supplies

All of the Company's purchases in 2011 and 2010 were made in Spain. In 2011 the Company has recognised impairment of Euros 15 thousand on inventories (see note 14).

c) Personnel expenses

Details of the employee benefits expense at 31 December 2011 and 2010 are as follows:

	Thousands of Euros	
	2011	**2010**
Salaries and wages	498,611	423,690
Termination benefits	6,466	6,535
Employee benefits expense	142,864	121,247
Other employee benefits expenses	5,968	4,841
Total	**653,909**	**556,313**

The employee benefits expense includes Social Security credits amounting to Euros 5,358 thousand (Euros 5,114 thousand in 2010) granted during the year in return for promoting indefinite employment contracts and traineeships, as set out in prevailing legislation, as well as a further credit of Euros 1,619 thousand (Euros 1,392 thousand in 2010) awarded for on-the-job training programmes.

In relation with a Spanish Supreme Court ruling on overtime costs (see note 19), the Company has reversed a Euros 18,360 thousand provision against salaries and wages (Euros 6,754 thousand in 2010) and a further Euros 6,150 thousand provision against employee benefits expense (Euros 2,347 thousand in 2010). In 2011 payments of Euros 16,288 have been made in relation to this ruling (Euros 1,300 thousand in 2010), and the net effect of the reversals on the income statement therefore amounts to Euros 8,222 thousand in 2011 (Euros 7,801 thousand in 2010). The Company has also recognised provisions of Euros 1,070 thousand (Euros 3,492 thousand in 2010) under salaries and wages and Euros 325 thousand (Euros 1,341 thousand in 2010) in employee benefits expense to reflect the difference in overtime for which provision has been made.

d) Gains/(losses) on disposal of fixed assets

	Thousands of Euros	
	2011	**2010**
Property, plant and equipment	(3,373)	10
Total	**(3,373)**	**10**

Gains/(losses) on disposal and other include a gain of Euros 49 thousand, mainly on the sale of other property, plant and equipment (Euros 57 thousand on the sale of motor vehicles in 2010).

This caption also includes losses on disposal totalling Euros 3,422 thousand, mainly relating to alarm installations (Euros 47 thousand in 2010).

3. Net finance income

Details of finance income and expenses are as follows:

	Thousands of Euros	
	2011	**2010(*)**
Finance income	**44,492**	**60,125**
Dividends	41,252	56,918
Group companies and associates (note 27) (*) restated (note 33.d)	41,252	56,918
Marketable securities and other financial instruments	3,240	3,207
- Group companies and associates	294	1,198
- Other	2,946	2,009
Finance expenses	**(19,279)**	**(20,843)**
- Group companies and associates (note 27)	(1,627)	(1,607)
- Other	(17,652)	(19,236)
Financial instruments (note 12)	**(2,002)**	**(3,625)**
- Other gains/(losses) on derivative operations	(1,696)	(2,038)
- Change in fair value of derivatives	(306)	(1,587)
Exchange differences	**(319)**	**527**
Impairment and gains/(losses) on disposal of financial instruments	**(6,132)**	**(22,600)**
- Impairment and losses	(6,020)	(22,600)
- Gains/(losses) on disposal and other	(112)	-
NET FINANCE INCOME	**16,760**	**13,584**

a) Finance income and expenses

	Thousands of Euros	
	2011	**2010**
Finance income	**44,492**	**60,125**
Dividend on investments in group companies and associates (note 27) (*) restated (note 33.d)	41,252	56,918
Interest on loans to group companies and associates (note 27)	294	1,198
Interest on debt securities	2,748	1,928
Other finance income	198	81
Finance expenses	**(19,279)**	**(20,843)**
Interest on payables to group companies and associates (note 27)	(1,627)	(1,607)
Interest on bank loans	(11,880)	(5,666)
Interest on factoring operations (note 15)	(3,136)	(2,252)
Other finance expenses	(2,636)	(11,318)

Finance income and expenses in relation to group companies reflect interest earned on current loans to group companies (see note 27).

Interest on bank loans mainly relates to the syndicated loan (see note 20).

Other finance expenses for 2010 include interest on the costs of the lawsuit from the receiver responsible for Esabe Express, S.A. amounting to Euros 10,837 thousand (see note 19).

b) Exchange gains/losses

The Company has incurred a net exchange loss of Euros 319 thousand (net gain of Euros 527 thousand in 2010) which mainly comprises the following:

- A net loss of Euros 342 thousand on a bank loan granted in Colombia in Colombian Pesos (see note 20).
- A net gain of Euros 97 thousand on a group company loan with the Company's Mexican subsidiary, denominated in Mexican Pesos.
- A net loss of Euros 74 thousand on debt relating to the acquisition of Prosec Services Pte, Ltda in Singapore Dollars.

The Euros 527 thousand net exchange gain earned in 2010 is mainly due to income of Euros 921 thousand earned on loans to the Company's Brazilian and Mexican subsidiaries denominated in Brazilian Reals and Mexican Pesos, respectively. These loans were repaid at year end (see note 27). This caption also included a loss of Euros 301 thousand on the repayment of debt to Transporsec (Colombia) and a loss of Euros 116 thousand on a credit facility denominated in Mexican Pesos.

c) Impairment and gains/(losses) on disposal of financial instruments:

	Thousands of Euros	
	2011	**2010**
Impairment and losses on disposal	**(6,132)**	**(22,600)**
Impairment of investments in group companies	-	(19,600)
Impairment of investments in other companies	(6,132)	(3,000)

No impairment losses have been recognised on investments in group companies in 2011 (impairment of Euros 19,600 thousand on the investment in PS-México Compañía de Seguridad Privada, S.A. de C.V. in 2010).

In 2011 impairment losses on investments reflect the Euros 6,020 thousand loss on Capitolotre SPA (Euros 3,000 thousand in 2010) (see note 11).

In 2011 the Company has incurred a net loss of Euros 112 thousand on acquisitions and sales of other investments.

4. Profit for the year

a) Distribution of Profit

On the date these annual accounts are authorised for issue, the directors will propose to the shareholders at their general meeting that profit for the year be distributed as follows:

	Thousands of Euros
	2011
Basis of distribution	
Profit for the year	58,085
Voluntary reserves	8,544
Canary Island investment reserve	2,054
Total	**68,683**
Application	
Goodwill reserve	5,736
Dividends	62,947
Total	**68,683**

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.

At the general meeting held on 27 June 2011 the shareholders approved the distribution of a Euros 60,500 thousand dividend with a charge to distributable profits for 2010. This dividend was partly paid in July (25%) and October 2011 (25%) and the remainder will be distributed in January (25%) and April 2012 (25%).

b) Dividend restrictions

Reserves and profit for the year are freely distributable except for the restrictions described in note 17.

5. Business Combinations

2011

In 2011, Prosegur Transporte de Valores, S.A., Prosegur Activa España, S.L.U., Prosegur Servicio Técnico, S.L.U. and Prosegur Tecnología, S.L.U. (the absorbed companies) merged with and into Prosegur Compañía de Seguridad, S.A. (the absorbing company). The purpose of this merger was to improve the Prosegur Group's competitive position and to simplify administrative procedures.

The merger project was prepared, signed and approved by the governing bodies of the absorbed and absorbing companies on 27 June 2011 and was filed with the Madrid and A Coruña Companies Registries on 4 October 2011 and 30 September 2011, respectively.

Prior to the merger agreement, on 23 May 2011 the Company acquired 100% of the share capital of Prosegur Activa España, S.L.U. from Prosegur Activa Holding, S.L.U. for Euros 94,230 thousand. The Company also purchased a 0.01% stake in the share capital of Prosegur Transporte de Valores, S.A. from Formación, Selección y Consultoría, S.A.

Subsequently, on 29 June 2011, Prosegur Activa Holding, S.L.U. distributed a dividend of Euros 89,614 thousand. As these are transactions under common control, the Company recognised this dividend as a Euros 4,746 thousand dividend in kind under reserves, reflecting the measurement in the consolidated annual accounts of the assets and liabilities acquired by the Company and the carrying amount of the investment in Prosegur Activa Holding, S.L.U.

As the absorbed companies are fully and directly owned by the absorbing company, there is no exchange of shares by the absorbed companies.

Note 10 details the registered offices and statutory activities of Prosegur Transporte de Valores, S.A., Prosegur Servicio Técnico, S.L.U. and Prosegur Tecnología, S.L.U. and the Company's percentage ownership of these companies prior to the merger. Prosegur Activa España, S.L.U. has its registered offices at Calle Pajaritos 24, Madrid. Its statutory activity consists of security patrol services, the protection of goods and individuals, the operation of centres in which alarm signals are received, verified, broadcast and reported, as well as the planning of security activities and related advisory services.

As established in Recognition and Measurement Standard 21 of the Spanish General Chart of Accounts amended by Royal Decree 1159/2010 of 17 September 2010, the assets and liabilities acquired were measured at the values they would present in the post-transaction consolidated annual accounts.

As stated in note 34.15, the Company has considered that the elements forming the acquired business, including amounts deferred in recognised income and expense and the consolidated amounts reflected in the consolidated annual accounts prepared under EU-IFRS, do not differ from the figures that would have been obtained (that is, the values of the merged companies according to their individual accounts) had the Standards for the Preparation of Consolidated Annual Accounts approved by Royal Decree 1159/2010 of 17 September 2010 been applied. The amounts recognised are as follows:

	Thousands of Euros				
	Prosegur Activa España, S.L.U.	Prosegur Transporte de Valores, S.A.	Prosegur Servicio Técnico, S.L.U.	Prosegur Tecnología, S.L.U.	**Total**
Assets					
Non-current assets	**26,944**	**15,499**	**17**	**9,187**	**51,647**
Intangible assets	1,642	85	1	6,408	**8,136**
Property, plant and equipment	22,545	12,775	16	535	**35,871**
Investment property	-	-	-	-	**-**
Investments in group companies, associates and jointly controlled entities	769	1,040	-	-	**1,809**
Investments	169	1	-	1,496	**1,666**
Deferred tax assets	1,819	1,598	-	748	**4,165**
Current assets	**19,419**	**82,997**	**1,257**	**49,488**	**153,161**
Trade and other receivables	4,194	20,798	888	39,504	**65,384**
Other financial assets	12,352	131	-	-	**12,483**
Inventories	1,943	110	-	8,760	**10,813**
Cash and cash equivalents	918	61,901	1	861	**63,681**
Investments in group companies	-	-	375	329	**704**
Prepayments	12	57	(7)	34	**96**
Total assets	**46,363**	**98,496**	**1,274**	**58,675**	**204,808**
Liabilities					
Grants	**-**	**-**	**-**	**80**	**80**
Non-current liabilities	**21,876**	**7,240**	**-**	**965**	**30,081**
Provisions	3,466	5,101	-	47	8,614
Non-current payables	-	-	-	692	692
Loans and borrowings	-	-	-	-	**-**
Deferred tax liabilities	2,928	2,139	-	226	5,293
Non-current accruals	15,482	-	-	-	15,482
Finance lease payables		-	-	-	**-**
Current liabilities	**15,124**	**86,088**	**1,551**	**39,678**	**142,441**
Current payables	8	2,808	-	206	3,022
Group companies	504	60,165	-	10,966	71,635
Trade and other payables	9,014	23,115	1,551	26,715	60,395
Other liabilities	-	-	-	-	-
Current accruals	5,598	-	-	1,791	**7,389**
Total liabilities	**37,000**	**93,328**	**1,551**	**40,723**	**172,602**
Carrying amount of assets contributed in the merger	**9,363**	**5,168**	**(277)**	**17,952**	**32,206**
Cost of the investment	**9,363**	**1,030**	**3**	**16,117**	**26,513**
Total cost of the business combination	**9,363**	**1,030**	**3**	**16,117**	**26,513**
Merger reserve	**-**	**4,138**	**(280)**	**1,835**	**5,693**

In this merger, raised to a public deed, the Company availed of the special tax regime specified in chapter VIII, title VII of the Revised Spanish Income Tax Law, approved by Royal Decree Law 4/2004.

In compliance with article 93 of chapter VIII, title VII of the Revised Spanish Income Tax Law, approved by Royal Decree Law 4/2004, details of the absorbed companies' latest balance sheets (at 31 December 2010) are provided above.

In 2010 the absorbed companies Prosegur Transporte de Valores, S.A. and Prosegur Activa España, S.L.U. received tax benefits of Euros 5,954 thousand due to accelerated depreciation and Euros 4,383 thousand for maintaining employment.

2010

In 2010 the Company acquired 100% of Prosegur Activa Portugal, Ltda from Prosegur Activa Holding, S.L.U. for Euros 39,611 thousand. In turn, Prosegur Activa Holding, S.L.U. distributed a dividend of Euros 54,009 thousand, equivalent to the sum of the fair value of Prosegur Activa Portugal, Ltda. and Prosegur Activa Holding S.L.U.'s accumulated profit of Euros 14,398 thousand. As these are transactions under common control, the Company recognised this dividend as a Euros 504 thousand dividend in kind under reserves, reflecting the value of the net assets of Prosegur Activa Portugal, Ltda. in the Prosegur Group's consolidated annual accounts and finance income in the form of dividends equivalent to the distribution of Prosegur Activa Holding, S.L.U.'s reserves through a cash payment of Euros 14,398 thousand.

6. Intangible Assets

Details of intangible assets and movement are as follows:

	Thousands of Euros						
	Goodwill	**Licences**	**Computer software**	**Computer software in progress**	**ustomer portfolio**	**Other intangible assets**	**Total**
Cost							
Balance at 1 January	85,166	2,551	19,280	319	2,655	405	110,376
Additions	-	1,680	2,151	1,917	-	793	6,541
Disposals	-	-	(7)	-	-	-	(7)
Transfers	-	551		(551)	-	-	-
Balance at 31 December 2010	85,166	4,782	21,424	1,685	2,655	1,198	116,910
Business combinations	6,725	1,025	3,393	280	5,690	-	17,113
Additions	-	4,922	1,877	4,676	-	2,106	13,581
Disposals	-	(85)	(83)	(48)	(1,358)	-	(1,574)
Transfers	-	1,198	625	(1,823)	-	-	-
Balance at 31 December 2011	91,891	11,842	27,236	4,770	6,987	3,304	146,030
Amortisation							
Balance at 1 January 2010	-	(659)	(11,049)	-	(1,546)	(27)	(13,281)
Amortisation for the year	-	(1,150)	(3,476)	-	(338)	(301)	(5,265)
Disposals	-	-	7	-	-	-	7
Balance at 31 December 2010	-	(1,809)	(14,518)	-	(1,884)	(328)	(18,539)
Business combinations	-	(771)	(2,854)	-	(5,352)	-	(8,977)
Amortisation for the year	-	(1,401)	(3,089)	-	(279)	(1,618)	(6,387)
Disposals		85	83	-	1,358	-	1,526
Transfers	-	(907)	907	-	-	-	-
Balance at 31 December 2011	-	(4,803)	(19,471)	-	(6,157)	(1,946)	(32,377)
Carrying amount							
At 1 January 2010	**85,166**	**1,892**	**8,231**	**319**	**1,109**	**378**	**97,095**
At 31 December 2010	**85,166**	**2,973**	**6,906**	**1,685**	**771**	**870**	**98,371**
At 1 January 2011	**85,166**	**2,973**	**6,906**	**1,685**	**771**	**870**	**98,371**
At 31 December 2011	**91,891**	**7,039**	**7,765**	**4,770**	**830**	**1,358**	**113,653**

a) Goodwill

Details of goodwill are as follows:

	Thousands of Euros	
	Carrying amount at 31-12-2011	**Carrying amount at 31-12-2010**
CESS, S.A.	30,577	30,577
Nordés Group	45,587	45,587
IASA Ingenieros, S.A.U.	6,141	-
Prosegur Málaga, S.L.	584	-
Other	9,002	9,002
Total	**91,891**	**85,166**

As a result of the merger transaction described in note 5, during the year the Company has incorporated the goodwill that arose on the merger of IASA Ingenieros S.A.U. with and into Prosegur Tecnología S.L.U. in 2007 and the goodwill that arose when Prosegur Málaga S.L. merged with and into the Company. Subsequently, on 1 February 2007, the Company transferred the entire alarm business to Prosegur Activa España, S.L.U.

The rest of goodwill reflects mergers carried out prior to 2006.

The most significant balances relate to the mergers of CESS, S.A. and the Nordés Group with Prosegur Compañía de Seguridad, S.A. in 2005. The technology business acquired from the Nordés Group, with the exception of the aforementioned goodwill, was transferred to Nordés Prosegur Tecnología, S.L.U. in 2005. This company's name was subsequently changed to Prosegur Tecnología S.L.U., which merged with and into Prosegur Compañía de Seguridad, S.A. in 2011 (see note 5).

Impairment testing of goodwill

Goodwill has been allocated to the Company's cash-generating units (CGUs) based on the business acquired and merged.

The CGU to which the goodwill arising on the merger with CESS has been allocated is that of the acquired business, which is managed through customer portfolios, monitoring the total revenues, gross margin, etc. obtained by the Company's business in the geographical area of the merged company.

Other goodwill reflects businesses acquired and merged with the Company's own business.

Goodwill has an indefinite useful life and is not amortised. The Company performs annual impairment tests on goodwill at the end of each reporting period, or sooner if there are indications of impairment, in accordance with the accounting policy described in note 34.4.

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. The flows take into consideration 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:

	Nordés Group		**CESS Group**	
	2011	**2010**	**2011**	**2010**
Growth rate [1]	1.7	1.6	1.7	1.6
Discount rate [2]	7.4	7.2	7.4	7.2

[1] Weighted average growth rate used to extrapolate cash flows beyond the budgeted period.

[2] Average discount rate after tax applied to cash flow projections.

Management determined the budgeted gross margin using estimates based on past returns and the foreseeable development of the market. The weighted average growth rates are coherent with the forecasts included in industry reports. The discount rates used are post-tax values and reflect specific risks related to the relevant segments. Using pre-tax rates would make no difference to the conclusions as to the recoverable amount of goodwill.

Impairment testing in 2011 and 2010 revealed no impairment losses.

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

- If the EBITDA estimated by management at 31 December 2011 had been 10% lower, the Company would not have had to reduce the carrying amount of the goodwill allocated to the CGUs at that date.
- If the revised pre-tax rate used to discount cash flows had been 10% higher than estimated by 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.

b) Licences

Details of licences at year end are as follows:

	Thousands of Euros						
	2011						
Description and use	**Expiry date**	**Amortisation period**	**Amortisation for the year**	**Cost**	**Accumulated amortisation**	**Impairment losses**	**Carrying amount**
Licences - comp. softwa	2011	3 years	368	1,600	1,600	-	-
Licences - comp. softwa	2015	5 years	121	484	170	-	314
Licences - comp. softwa	2014	5 years	542	2,167	866	-	1,301
Licences - comp. softwa	-	-	-	1,042	-		1,042
Licences - CRA	2011	5 years	4	714	714	-	-
Other	2014/2016	5 years	366	5,835	1,453	-	4,382
			1,401	**11,842**	**4,803**	**-**	**7,039**

	Thousands of Euros						
	2010						
Description and use	**Expiry date**	**Amortisation period**	**Amortisation for the year**	**Cost**	**Accumulated amortisation**	**Impairment losses**	**Carrying amount**
Licences - comp. softwa	2011	3 years	592	1,600	1,232	-	368
Licences - comp. softwa	2015	5 years	49	484	49	-	435
Licences - comp. softwa	2014	5 years	311	2,167	324	-	1,843
Other	2014	5 years	198	531	204	-	327
			1,150	**4,782**	**1,809**	**-**	**2,973**

c) Fully amortised intangible assets

The cost of fully amortised intangible assets in use at 31 December 2011 totals Euros 26,577 thousand (Euros 11,618 thousand in 2010).

d) Assets pledged as collateral and subject to restrictions on title

At 31 December 2011 and 2010 the Company has no significant intangible assets that are subject to restrictions on title or pledged as security for liabilities.

7. Property, Plant and Equipment

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

	Thousands of Euros					
	Land and buildings (1)	**Technical installations and machinery**	**Other installations, equipment and furniture**	**Other property, plant and equipment**	**Under construction and advances**	**Total**
Cost						
Balance at 1 January 2010	38,225	13,286	38,705	31,566	9,463	131,245
Additions	18	406	3,734	1,643	5,496	11,297
Disposals	-	(78)	(2,635)	(1,293)	(19)	(4,025)
Transfers	(11,969)	-	1,038	185	(12,638)	(23,384)
Balance at 31 December 2010	26,274	13,614	40,842	32,101	2,302	115,133
Business combinations	467	9,169	62,103	11,236	20	82,995
Additions	2,169	1,392	10,760	4,634	9,393	28,348
Disposals	-	(218)	(7,033)	(856)	-	(8,107)
Transfers	28,965	55	1,099	1,377	(8,112)	23,384
Balance at 31 December 2011	57,875	24,012	107,771	48,492	3,603	241,753
Depreciation						-
Balance at 1 January 2010	(10,041)	(11,763)	(13,188)	(21,043)	-	(56,035)
Depreciation for the year	(532)	(487)	(4,596)	(3,511)	-	(9,126)
Disposals	-	78	2,582	1,260	-	3,920
Balance at 31 December 2010	(10,573)	(12,172)	(15,202)	(23,294)	-	(61,241)
Business combinations	(134)	(6,510)	(30,667)	(9,813)	-	(47,124)
Depreciation for the year	(795)	(1,339)	(11,326)	(3,917)	-	(17,377)
Disposals	-	165	3,669	821	-	4,655
Transfers	(143)	-	-	-	-	(143)
Balance at 31 December 2011	(11,645)	(19,856)	(53,526)	(36,203)	-	(121,230)
Carrying amount						
At 1 January 2010	**28,184**	**1,523**	**25,517**	**10,523**	**9,463**	**75,210**
At 31 December 2010	**15,701**	**1,442**	**25,640**	**8,807**	**2,302**	**53,892**
At 1 January 2011	**15,701**	**1,442**	**25,640**	**8,807**	**2,302**	**53,892**
At 31 December 2011	**46,230**	**4,156**	**54,245**	**12,289**	**3,603**	**120,523**

(1) At 31 December 2011, land and buildings comprise land with a value of Euros 20,851 thousand (Euros 7,314 thousand in 2010) and buildings amounting to Euros 37,024 thousand (Euros 18,960 thousand in 2010).

a) Business combinations

Additions due to business combinations reflect the assets received from the merged companies Prosegur Activa España, S.L.U., Prosegur Transporte de Valores, S.A., Prosegur Servicio Técnico, S.L.U. and Prosegur Tecnología, S.L.U. Details of this merger are provided in note 5.

b) Additions

Land and buildings

In 2011 the Company acquired land in A Coruña for Euros 1,300 thousand and a building in Jaén for Euros 770 thousand. In 2010 the Company acquired land in Quart de Poblet (Valencia) for Euros 1,888 thousand.

Due to the merger described in note 5, the Company has reclassified Euros 23,241 thousand reflecting land and a building in the Vicálvaro Industrial Estate (Madrid) from investment property to property, plant and equipment. In 2010 these assets were rented to the group company Prosegur Transportes de Valores, S.A., which merged with the Company in 2011.

Other installations, equipment and furniture

Fitting-out work and security system installations in 2011 mainly comprise those carried out in the Madrid, Barcelona, Las Palmas and Tenerife branches, totalling Euros 3,250 thousand, while furniture additions amount to Euros 982 thousand. In 2010 the main fitting-out works were carried out in the Madrid and Tarragona facilities and totalled Euros 2,784 thousand.

This caption also includes alarms installed on customers' premises totalling Euros 4,891 thousand.

Under construction and advances

In September 2011 the Company completed the construction of the Valencia branch's new headquarters on land in Quart de Poblet (Valencia). Accordingly, Euros 5,660 thousand has been reclassified to buildings. In September 2010, the Company completed construction of the Madrid branch's new headquarters on the Vicálvaro Industrial Estate in Madrid. These construction works and land were reclassified to investment property in 2010, as they were held to earn rentals (see note 8). As a result of the merger carried out in 2011, they were reclassified to property, plant and equipment in that year.

Work in progress, which totals Euros 3,603 thousand at 31 December 2011, mainly reflects the renewal of armoured vehicles for Euros 3,366 thousand (Euros 1,019 thousand for works in the Valencia branch in 2010). In 2010 the Company had commitments totalling Euros 3,886 thousand relating to armoured vehicles (see note 25).

Other property, plant and equipment

During 2011 the Company has brought into service armoured vehicles totalling Euros 1,554 thousand that were previously recognised as property, plant and equipment under construction (Euros 185 thousand in 2010). These vehicles are compliant with the Euro III emission standard for particulates and in 2010 gave rise to an income tax credit of Euros 3 thousand.

c) Disposals

Disposals during the year mainly reflect installation contracts for alarms that have been deactivated, with a carrying amount of Euros 3,122 thousand, and other installations, equipment and furniture and other property, plant and equipment amounting to Euros 300 thousand. A Euros 3,422 thousand loss was incurred on disposals in 2011 (see note 2).

The most significant assets disposed of in 2010 had a carrying amount of zero at the disposal date.

d) Impairment losses

The Company has not recognised or reversed any impairment losses on any items of property, plant and equipment in 2011 and 2010.

e) Individually significant property, plant and equipment

Details of residual depreciation, depreciation for the year, accumulated depreciation and the carrying amount of individually significant items of property, plant and equipment at 31 December are as follows:

		Thousands of Euros		
		2011		
Description of asset	**Residual useful life**	**Depreciation**	**Accumulated depreciation**	**Carrying amount**
Madrid building (Vicalvaro)	32	342	485	22,898
Valencia building	33	43	43	7,542
		385	**528**	**30,440**

		Thousands of Euros		
		2010		
Description of asset	**Residual useful life**	**Depreciation**	**Accumulated depreciation**	**Carrying amount**
Madrid building (Vicalvaro)	33	143	143	23,240
Valencia building	34	-	-	1,904
		143	**143**	**25,144**

f) Assets acquired from group companies and associates

Details of property, plant and equipment acquired from group companies are as follows:

	Thousands of Euros					
	2011			2010		
	Cost	**Accumulated depreciation**	**Carrying amount**	**Cost**	**Accumulated depreciation**	**Carrying amount**
Installations	-	-	-	2,252	(120)	2,132

In 2010 security systems were purchased from the group company Prosegur Tecnología S.L.U., which merged with the Company in 2011 (see note 5).

g) Fully depreciated property, plant and equipment

Buildings with an original cost of Euros 6,276 thousand (Euros 6,108 thousand in 2010) are fully depreciated and still in use at 31 December 2011. The cost of other fully depreciated property, plant and equipment still in use is Euros 53,556 thousand (Euros 24,920 thousand in 2010).

h) Property, plant and equipment not used in ordinary activities

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

	Thousands of Euros					
	2011			2010		
	Cost	**Accumulated depreciation**	**Total**	**Cost**	**Accumulated depreciation**	**Total**
Installations at calle Paseo de las Acacias, 51 - Madrid	2,057	(1,506)	551	1,469	(514)	955
	2,057	**(1,506)**	**551**	**1,469**	**(514)**	**955**

i) Property, plant and equipment pledged as collateral

At 31 December 2011 and 2010 the Company has no property, plant and equipment subject to restrictions on title or pledged as security for liabilities.

j) Property, plant and equipment under finance leases

<u>Lessee</u>

The Company rents various premises, offices, industrial bays, warehouses, computer equipment, office equipment and vehicles under non-cancellable operating leases.

Operating lease payments have been recognised as an expense under other operating expenses, external services as follows:

	Thousands of Euros	
	2011	**2010**
Lease payments	15,825	10,272
	15,825	10,272

The total future minimum sublease payments expected to be received under non-cancellable subleases are as follows:

	Thousands of Euros	
	2011	**2010**
Future minimum sublease payments receivable	-	65
	-	65

Future minimum payments under non-cancellable operating leases are shown in note 25.

Lessor

As a result of the merger carried out in 2011 (see note 5), at 31 December 2011 the Company has no fixed assets leased to third parties under operating leases. In 2010 the Company leased industrial bays, offices and armoured vehicles to group companies.

Future minimum payments receivable under non-cancellable operating leases are as follows:

	Thousands of Euros	
	2011	**2010**
Less than 1 year	-	5,898
	-	5,898

k) Insurance

The Company has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

8. Investment Property

Details of investment property and movement are as follows:

	Thousands of Euros		
	2011		
	Land	**Buildings**	**Total**
Cost			
Balance at 1 January 2010	-	-	-
Transfers	11,969	11,415	23,384
Balance at 31 December 2010	11,969	11,415	23,384
Transfers	(11,969)	(11,415)	(23,384)
Balance at 31 December 2011	-	-	-
Depreciation			
Balance at 1 January 2010	-	-	-
Depreciation for the year	-	(143)	(143)
Balance at 31 December 2010	-	(143)	(143)
Transfers		143	143
Balance at 31 December 2011	-	-	-
Carrying amount			
At 1 January 2010	**-**	**-**	**-**
At 31 December 2010	**11,969**	**11,272**	**23,241**
At 1 January 2011	**11,969**	**11,272**	**23,241**
At 31 December 2011	**-**	**-**	**-**

In 2010 investment property comprised an estate and a building located on the Vicálvaro Industrial Estate (Madrid), which were leased to the group company Prosegur Transporte de Valores, S.A. Following the merger of the Company and Prosegur Transporte de Valores, S.A. in 2011 (see note 5), the assets recognised under investment property in 2010 were reclassified to property plant and equipment.

9. Analysis of Financial Instruments

9.1 Analysis by category

The carrying amount of each category of financial instrument specified in the significant accounting policy on financial instruments, except investments in group companies, jointly controlled entities and associates (see note 10) and cash and cash equivalents (see note 16), is as follows:

a) Financial assets:

		Thousands of Euros				
		2011				
		Equity instruments	**Loans and other**	**Trade and other receivables**	**Derivatives**	**Total**
Non-current						
Assets available for sale	(Note 11)	24,549	6,126	-	-	30,675
		24,549	**6,126**	**-**	**-**	**30,675**
Current						
Loans and receivables	(Note 15)	-	74,880	193,669	-	268,549
Assets available for sale	(Note 11)	1,262	-	-	-	1,262
		1,262	**74,880**	**193,669**	**-**	**269,811**
Total		**25,811**	**81,006**	**193,669**	**-**	**300,486**

		Thousands of Euros				
		2010				
		Equity instruments	**Loans and other**	**Trade and other receivables**	**Derivatives**	**Total**
Non-current						
Assets available for sale	(Note 11)	30,171	440	-	-	30,611
		30,171	**440**	**-**	**-**	**30,611**
Current						
Loans and receivables	(Note 15)	-	151,368	161,826	-	313,194
Derivatives (Note 12)		-	-	-	30	30
		-	**151,368**	**161,826**	**30**	**313,224**
Total		**30,171**	**151,808**	**161,826**	**30**	**343,835**

b) Financial liabilities:

	Thousands of Euros				
	2011				
	Debt with financial institutions	**Trade and other payables**	**Derivatives**	**Other financial liabilities**	**Total**
Non-current					
Debts and payables (Note 20)	416,189	-	-	17,292	433,481
Derivatives (Nota 12)	-	-	3,587	-	3,587
	416,189	**-**	**3,587**	**17,292**	**437,068**
Current					
Debts and payables (Note 20)	83,154	105,645	-	124,011	312,810
Derivatives (Note 12)	-	-	41	-	41
	83,154	**105,645**	**41**	**124,011**	**312,851**
Total	**499,343**	**105,645**	**3,628**	**141,303**	**749,919**

	Thousands of Euros				
	2010				
	Debt with financial institutions	**Trade and other payables**	**Derivatives**	**Other financial liabilities**	**Total**
Non-current					
Debts and payables (Note 20)	146,875	-	-	4,254	151,129
Derivatives (Note 12)	-	-	3,114	-	3,114
	146,875	**-**	**3,114**	**4,254**	**154,243**
Current					
Debts and payables (Note 20)	278,093	75,717	-	83,671	437,481
Derivatives (Note 12)	-	-	238	-	238
	278,093	**75,717**	**238**	**83,671**	**437,719**
Total	**424,968**	**75,717**	**3,352**	**87,925**	**591,962**

9.2. Analysis by maturity

Details of financial instruments with fixed or determinable maturity, by year of maturity, are as follows:

a) Financial assets:

	Thousands of Euros				
	2011				
	Financial assets				
	2012	**2013**	**2014**	**Thereafter**	**TOTAL**
Investments in group companies and associates:					
Loans to companies	29,755	-	-	-	**29,755**
Other financial assets	12,670	-	-	-	**12,670**
	42,425	**-**	**-**	**-**	**42,425**
Investments:					
Equity instruments	1,262	-	-	24,549	**25,811**
Other financial assets	32,455	-	-	6,126	**38,581**
	33,717	**-**	**-**	**30,675**	**64,392**
Trade and other receivables:					
- Trade receivables	149,374	-	-	-	**149,374**
- Trade receivables from group companies	33,973	-	-	-	**33,973**
- Other receivables	9,518	-	-	-	**9,518**
- Personnel	804	-	-	-	**804**
	193,669	**-**	**-**	**-**	**193,669**
Total	**269,811**	**-**	**-**	**30,675**	**300,486**

	Thousands of Euros				
	2010				
	Financial assets				
	2011	**2012**	**2013**	**Thereafter**	**TOTAL**
Investments in group companies and associates:					
Loans to companies	79,500	-	-	-	**79,500**
Other financial assets	5,967	-	-	-	**5,967**
	85,467	**-**	**-**	**-**	**85,467**
Other investments:					
Equity instruments	-	-	-	30,171	**30,171**
Derivatives (Note 12)	30	-	-	-	**30**
Other financial assets	65,901	-	-	440	**66,341**
	65,931	**-**	**-**	**30,611**	**96,542**
Trade and other receivables:					
- Trade receivables	107,023	-	-	-	**107,023**
- Trade receivables from group companies	34,762	-	-	-	**34,762**
- Other receivables	19,322	-	-	-	**19,322**
- Personnel	719	-	-	-	**719**
	161,826	**-**	**-**	**-**	**161,826**
Total	**313,224**	**-**	**-**	**30,611**	**343,835**

b) Financial liabilities:

	Thousands of Euros				
	2011				
	Financial liabilities				
	2012	**2013**	**2014**	**Thereafter**	**TOTAL**
Group companies and associates	51,753	-	-	-	**51,753**
Debt with financial institutions	83,154	73,129	53,060	290,000	**499,343**
Derivatives (Note 12)	41	-	-	3,587	**3,628**
Other financial liabilities	177,903	9,145	6,837	1,310	**195,195**
Total	**312,851**	**82,274**	**59,897**	**294,897**	**749,919**

	Thousands of Euros				
	2010				
	Financial liabilities				
	2011	**2012**	**2013**	**Thereafter**	**TOTAL**
Group companies and associates	31,752	-	-	-	**31,752**
Debt with financial institutions	278,093	-	50,000	96,875	**424,968**
Deriviatives (note 12)	238	-	-	3,114	**3,352**
Other financial liabilities	127,636	1,229	1,397	1,628	**131,890**
Total	**437,719**	**1,229**	**51,397**	**101,617**	**591,962**

10. Investments in Group Companies, Jointly Controlled Entities and Associates

Details of investments in group companies, jointly controlled entities and associates, and movement, are as follows:

	Thousands of Euros	
	2011	**2010**
Opening balance	**330,496**	**326,128**
<u>Investments</u>		
Business combinations	1,859	**-**
Additions	99,402	27,342
Disposals	(18,190)	(3,374)
<u>Impairment</u>		
Business combinations	(50)	-
Valuation allowances for impairment losses	-	(19,600)
Closing balance	**413,517**	**330,496**

a) Additions

Increases in investments in group companies, jointly controlled entities and associates are as follows:

	Thousands of Euros	
	2011	**2010**
Securlog GmbH [1]	22,683	-
Beloura Investments, S.L.U. [1]	19,836	-
Distribuidora Federal SAC [1]	5,261	-
General Industries Argentina, S.A.	-	11
Genper, S.A.	109	852
GIASA	374	-
Luxpai Holdo Sarl [1]	423	-
Prosegur Holding e Participaçoes, S.A. [3]	20,214	-
Pitco Asia Pacific Limited [2]	1	-
Prosec Services Pte. Ltda [1]	5,563	-
Prosegur Companhía de Segurança Lda	-	504
Prosegur Gestion de Activo, S.L.	-	50
Prosegur Tecnologia em Sistemas de Segurança Electronica e Incendios Ltda [3]	5,664	8,508
Prosegur Tecnología Peru S.A.	-	228
PS México Compañía de Seguridad Privada, SA de CV	-	11,809
Ptico Ventures, SCR Simplificada, S.A. [2]	600	-
Rosegur Cash Service	-	230
Salcer Servicios Auxiliares, S.L. [1]	48	-
Euroval S.A.S [1]	4,515	-
Sazias, S.A. [1]	9,598	-
Seguridad Vigilada, S.A. [1]	3,705	-
S.T.M.E.C., S.L. [1]	48	-
Tellex, S.A.	716	4,724
Prosegur Activa Chile, S.A. [3]	34	-
Xiden, S.A.C.I.	10	426
Total	**99,402**	**27,342**

[1] Acquisitions in the year
[2] Companies incorporated in the year
[3] Share capital increases in the year

On 28 December 2011, the Company acquired all the shares of the German company Securlog, GmbH, which specialises in securities logistics services. The purchase price was Euros 22,683 thousand, of which Euros 7,500 thousand comprised guarantees (non-current guarantees of Euros 5,500 thousand and current guarantees of Euros 2,000 thousand). As a result, the Company recognised non-current payables of Euros 5,500 thousand and current payables of Euros 2,000 thousand.

On 28 September 2011, the Company acquired all the shares of the Spanish equity securities holding and management firm Beloura Investments, S.L. (Integra Group) for Euros 19,836 thousand. A current deferred payment of Euros 4,651 thousand and a non-current deferred payment of Euros 4,280 thousand (which falls due in September 2013) were outstanding at year end.

On 30 June 2011, the Company acquired a 99% interest in the Peruvian company Distruibuidora Federal, SAC, the statutory activity of which is the sale, installation and export of products, and maintenance services for communications, security, signalling and other systems. The price paid amounted to Euros 5,261 thousand (20,998 thousand new Peruvian Sols). An amount of Euros 3,108 thousand was paid upon signing the contract, and the Company recognised a current payable of Euros 1,247 thousand and a non-current payable of Euros 906 thousand (falling due in 2012 and 2013, respectively).

On 13 January 2011, the Company acquired the Luxembourgish company Luxpai Holdo Sarl, a securities holding company, for Euros 18 thousand. Share capital was increased by Euros 45 thousand and Euros 360 thousand in September and October 2011, respectively.

On 15 December 2011, the Company subscribed the Euros 20,214 thousand (Brazilian Reals 50,000 thousand) share capital increase in the Brazilian company Prosegur Holding e Participaçoes, S.A., thereby becoming a shareholder with a 12% interest.

In December 2011, the Company subscribed the Euros 5,664 thousand (Brazilian Reals 13,747 thousand) share capital increase in the Brazilian company Prosegur Tecnología em Sistemas de Seguraná Electronica e Incendios, Ltda.

On 18 July 2011, the Company incorporated Pitco Ventures, SCR under the simplified regime for an amount of Euros 1,200 thousand, of which Euros 600 thousand were paid in. The remaining 50% is to be paid in one or more instalments within three years of the date of incorporation. The company's statutory activity is the holding of temporary investments in non-financial, non-property companies.

On 21 February 2011, the Company acquired all the shares of Prosec Services Pte. Ltda. with registered office in Singapore, the statutory activity of which consists of unarmed security patrol services. The purchase price was Euros 5,563 thousand (Singapore Dollars 9,656 thousand). An amount of Euros 2,860 thousand was paid upon signing the contract, and a current payable of Euros 1,281 thousand and a non-current payable of Euros 1,422 thousand (of which Euros 667 thousand fall due in 2013 and Euros 755 thousand in 2014) were outstanding at 31 December 2011.

On 27 September 2011, the Company acquired a 4.5% interest in the French company Euroval, S.A.S. for Euros 4,515 thousand. This company's statutory activity is the transportation of funds and securities, counting of funds, the supply and maintenance of ATMs, and security services for funds, securities and valuables.

On 27 September, the Company acquired all the shares of the French company Sazias, S.A. for Euros 9,598 thousand. This company's statutory activity is essentially the holding of securities and interests in other companies.

On 14 July 2011, the Company acquired a 95% interest in Salcer Servicios Auxiliares, S.L. for Euros 48 thousand, of which Euros 30 thousand were paid upon signing the contract. Deferred payments of Euros 8 thousand and Euros 10 thousand fall due in 2012 and 2013, respectively, and the Company has a purchase option on the remaining 5% interest to be exercised prior to 31 July 2012.

On 14 July 2011, the Company acquired a 95% interest in Seguridad Vigilada, S.A. for Euros 3,705 thousand, of which Euros 2,340 thousand were paid upon signing the contract. Deferred payments of Euros 585 thousand and Euros 780 thousand fall due in 2012 and 2013, respectively, and the Company has a purchase option on the remaining 5% interest to be exercised prior to 31 July 2012.

On 14 July 2011, the Company acquired a 95% interest in S.T.M.E.C., S.L. for Euros 48 thousand, of which Euros 30 thousand were paid upon signing the contract. Deferred payments of Euros 8 thousand and Euros 10 thousand fall due in 2012 and 2013, respectively, and the Company has a purchase option on the remaining 5% interest to be exercised prior to 31 July 2012.

On 6 May 2011 a payment of Euros 716 thousand was paid to the former shareholders of Tellex, S.A. for the adjustments to the first and second deferred payments provided for in the contract.

On 6 May 2011 a payment of Euros 10 thousand was paid to the former shareholders of Xiden, S.A. for the adjustment to the last deferred payment provided for in the contract.

On 28 April 2010 the Company acquired 100% of Genper, S.A., a company located in Uruguay and specialised in security services (fire protection, electronic security systems 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 and with a present value at 31 December 2010 of Euros 313 thousand) payable in 2011, 2012 and 2013. A contribution of Euros 168 thousand was made subsequent to the acquisition.

On 12 August 2010 the Company acquired 95% 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 purchase price was Argentine Pesos 23,851 thousand (equivalent to Euros 4,724 thousand at the acquisition date), comprising a cash payment of Argentine Pesos 9,851 thousand (equivalent to Euros 1,951 thousand at the acquisition date) and contingent consideration totalling Argentine Pesos 14,000 thousand (equivalent to Euros 2,273 thousand at the acquisition date) payable in 2011, 2012 and 2013. The remaining 5% was purchased by another Prosegur Group Company.

In 2010 the Company acquired 100% of Prosegur Activa Portugal, Ltda from Prosegur Activa Holding, S.L.U. for Euros 39,611 thousand. In turn, Prosegur Activa Holding, S.L.U. distributed a dividend of Euros 54,009 thousand, equivalent to the sum of the fair value of Prosegur Activa Portugal, Ltda. and Prosegur Activa Holding S.L.U.'s accumulated profit of Euros 14,398 thousand. Since the transactions are under common control, the Company recognised an addition of Euros 504 thousand under investments in group companies, a dividend in kind under reserves for the same amount, and finance income in respect of dividends through a cash payout of Euros 14,398 thousand.

b) Disposals

Decreases in investments in group companies, jointly controlled entities and associates are as follows:

	Thousands of Euros	
	2011	**2010**
Prosegur Tecnología Argentina, S.A. (Fire Less, S.A.)	-	(839)
Prosegur Servicio Técnico, S.L.U.	(3)	-
Prosegur Tecnología, S.L.U.	(16,117)	-
Prosegur Transporte de Valores, S.A.	(1,030)	-
Rosegur Holding Corporation, S.L.	-	(1,000)
Prosegur Traitement de Valeurs EST (ex Valtis, S.A.S.)	-	(1,535)
Compañía Transportadora de Valores Prosegur Colombia, S.A.	(1,040)	-
Total	**(18,190)**	**(3,374)**

Investments derecognised in 2011 essentially reflect merged group companies (see note 5).

On 29 September 2011, the Company sold its 5.1% interest in Compañía Trasportadora de Valores Prosegur Colombia, S.A., acquired in the merger with Prosegur Transporte de Valores, S.A. in 2011, to Prosegur Activa Holding, S.L.U. No gain or loss was recognised in the Company's income statement in connection with this disposal.

On 31 March 2010, the shareholders of Rosegur Holding Corporation, S.L. agreed that the total amount they had paid in to increase the share capital approved at their general meeting on 15 June 2009 should be considered as a participating loan (see note 15).

In 2010 the Company recorded a decrease of Euros 839 thousand in the 90% interest in Prosegur Tecnología Argentina, S.A. it had purchased in 2007. Of this decrease, Euros 661 thousand reflected the elimination of the share capital increase and Euros 178 thousand was an adjustment to the purchase price.

Impairment

As a result of the merger with Prosegur Activa España, S.L.U. (see note 5), in 2011 impairment of Euros 50 thousand was recognised on the investment in Prosegur Activa Chile (see note 3). During 2010 impairment of Euros 19,600 thousand was recognised on the investment in PS México Compañía de Seguridad Privada, S.A. de CV.

At 31 December 2011 the investments in the following group companies, jointly controlled entities and associates were impaired for Euros 47,945 thousand (Euros 47,895 thousand in 2010):

	Thousands of Euros	
	2011	**2010**
PS México Compañía de Seguridad Privada, SA de CV	39,600	39,600
Rosegur Holding Corporation, S.L.	5,350	5,350
Prosegur Services SRL	1,173	1,173
Esta Service, SRL	1,740	1,740
SARL BFA	32	32
P. Activa Chile	50	-
Total	**47,945**	**47,895**

c) Investments in group companies

Details of investments in group companies are as follows:

Investments in group companies at 31 December 2011:

					2011				
					% ownership		Voting rights		
Obs.	**Company**	**Registered offices**		**Activity**	**Direct**	**Indirect**	**Direct**	**Indirect**	**Auditor**
	Prosegur Gestion de Activos, S.L.U.	Pajaritos, 24	Madrid	7	100%	-	100%	-	A
	Servimax Servicios Generales, S. A.	Pajaritos, 24	Madrid	1	100%	-	100%	-	A
	Formación Selección y Consultoría, S. A.	Santa Sabina, 8	Madrid	7	100%	-	100%	-	B
	ESC Servicios Generales, S.L.U.	Avda. Primera B-1	A Coruña	1	100%	-	100%	-	A
	Prosegur Activa Holding, S.L.U.	Pajaritos, 24	Madrid	5	100%	-	100%	-	A
	Prosegur Multiservicios, S.A.	Pajaritos, 24	Madrid	3	100%	-	100%	-	B
	Seguridad Vigilada, S.A.	Pisuerga, 18	Barcelona	4	95%	-	95%	-	C
	S.T.M.E.C., S.L:	Pisuerga, 18	Barcelona	1	95%	-	95%	-	C
	Salcer Servicios Auxiliares, S.L.	Pisuerga, 18	Barcelona	1	95%	-	95%	-	C
	Beloura Investements, S.L.U.	Pajaritos, 24	Madrid	5	100%	-	100%	-	C
	Pitco Ventures, SCR Simplificada, S.A.	Pajaritos, 25	Madrid	7	100%	-	100%	-	A
	Malcoff Holding BV	Schouwburgplein, 30-34	Rotterdam	5	100%	-	100%	-	B
	Reinsurance Bussiness Solutions Ltda.	80 Harcour Street	Dublin	6	100%	-	100%	-	A
	Prosegur Distribuçao e Serviços, Lda	Av. Infante Dom Enrique 326	Lisbon	7	100%	-	100%	-	B
	Prosegur Companhía de Segurança Lda	Av. Infante Dom Enrique 326	Lisbon	4	100%	-	100%	-	A
*	Prosegur France, S. A.	84 Rue des Aceries	Saint Etienne	5	100%	-	100%	-	A
	SARL BFA	8 Avenue Descartes	Les Plessis Robinson	3	34%	66%	34%	66%	B
*	Esta Service, SASU	84 Rue des Aceries	Saint Etienne	8	100%	-	100%	-	B
	Prosegur Centre, SARL	84 Rue des Aceries	Saint Etienne	8	100%	-	100%	-	B
	Prosegur Traitement de Valeurs EST (ex Valtis, S.A.)	2 Rue Lovoisier	Besancon	2	100%	-	100%	-	A
*	Sazias, S.A.	1267 Ave Pierre et Marie Curie-Z.L.	Saint Laurend du Var	5	100%	-	100%	-	C
	Euroval, S.A.S.	604 Avenue du Col de L´Ange	Gemenos	2	5%	95	5%	95	C
*	Armor Acquisition, S. A.	Tres Arroyos 2835	Buenos Aires	5	5%	95%	5%	95%	B
	Prosegur Tecnología Argentina, S.A. (anteriormente Fire Less, S. A.)	Tres Arroyos 2835	Buenos Aires	3	4%	96%	4%	96%	A
	Xiden, S.A.C.I.	Olleros 3923	Buenos Aires	3	8%	92%	8%	92%	A
	General Insdustrie Argentina, S.A (GIASA)	Herrera, 1175	Buenos Aires	3	90%	10%	90%	10%	A
	Tellex, S.A.	Rincon 1346	Buenos Aires	3	95%	5%	95%	5%	A
	Prosegur Holding, S.A.	Tres Arroyos 2835	Buenos Aires	5	10%	90%	10%	90%	B
	Prosegur Inversiones, S.A.	Tres Arroyos 2835	Buenos Aires	5	10%	90%	10%	90%	B
	Prosegur Activa Alarmes Ltda	Thomas Edison 813 Barra Funda	San Pablo	3	1%	99%	1%	99%	B

Obs: (*): These companies hold interests in other group companies within the same geographical area.
Activity: 1. Security patrol 2. VLCM **3.** Technology **4.** Two or more activities **5.** Holding company **6:** Financial services **7**: Auxiliary services **8**: Dormant
Auditor: **A.** Auditeda by KPMG **B.** Not subject to audit **C**. Other

					2011				
					% ownership		Voting rights		
Obs.	Company	Registered offices		Activity	Direct	Indirect	Direct	Indirect	Auditor
*	Prosegur Tecnología em Sistemas de Segurança Electronica e Incendios Ltda.	Rua Barao Do Bananal, Villa Pompêia	San Pablo	3	100%	-	100%	-	A
*	Prosegur Holding e Participaçoes, S.A.	Thomas Edison 813 Barra Funda	San Pablo	4	12%	98%	12%	98%	B
	Prosegur Gestao de Efectivos, Ltda.	Thomas Edison 813 Barra Funda	San Pablo	2	100%		100%	-	B
	Prosegur Gestao de Activos, Ltda.	Thomas Edison 813 Barra Funda	San Pablo	7	0%	100%	0%	100%	A
	Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 of. 100	Renca-Santiago	2	83%	17%	83%	17%	B
	Servicios Prosegur Ltda.	Los Gobelinos 2567 of. 100	Renca-Santiago	2	100%	-	100%	-	A
	Sociedad de Distribución Canje y Mensajeria Ltda	Los Gobelinos 2548	Renca-Santiago	7	49%	51%	49%	51%	A
	Prosegur Tecnología Chile Ltda	Lo Boza 107, Mod 3	Pudehuel - Santiago	1	100%	-	100%	-	A
	Prosegur Activa Chile, S.L.	Catedral 1009, piso 14	Santiago Centro	2	1%	99	1%	99	A
*	PS México Compañía de Seguridad Privada, SA de CV	Norte 79 B No. 77 Colonia Sector Naval 02080	México D.F.	5	95%	-	94%	-	B
*	Cia Transportadora de Valores Prosegur Colombia,S.A.	Avda de las Americas 42-25	Bogota	2	95%	5%	95%	5%	A
	Prosegur Activa Uruguay, S.A.	Bvrda. Artigas, 2629	Montevideo	3	5%	95%	5%	95%	A
	Genper, S. A Sistemas Integrales de Control	Jose Enrique Rodo, 1761	Montevideo	3	100%	-	100%	-	A
	Rosegur Cash Services	Bulevardul Ghica Tei, Nr 64-70	Bucharest	2	51%	25%	51%	25%	B
	Prosegur Tecnologia Perú, S.A.	La Chira, 103 Surco	Lima	1	100%	-	100%	-	B
	Prosegur Activa Perú, S.A.	Avda.República de Panamá, 3890-Suri	Lima	3	1%	99%	1%	99%	A
	Distribuidora Federal, SAC	Ricardo Angulo, 739-Corp.Distrito San	Lima	3	99%	1%	99%	1%	C
	Pitco Asia Pacific Limited	Suite 1201 Tower2, The Gateway, 25 C	Hong Kong	5	100%	-	100%	-	B
*	Prosec Services Pte.Ltda	111 Geyland Road	Singapore	1	100%	-	100%	-	A
	Luxpai Holdo SARL	5, Rue Guillaume Kroll, L-1882	Luxembourg	5	100%	-	100%	-	B
	Securlog, GMBH	Wahlerstrasse 2a	Düsseldorf	2	100%	-	100%	-	C

Obs: (*): These companies hold interests in other group companies within the same geographical area.
Activity: **1. Security patrol 2. VLCM 3. Technology 4. Two or more activities 5. Holding company 6: Financial services 7: Auxiliary services 8: Dormant**
Auditor: **A.** Auditeda by KPMG **B.** Not subject to audit **C**. Other

No group companies in which the Company holds an interest are listed on the stock exchange.

Investments in group companies at 31 December 2010:

					2010				
					% ownership		Voting rights		
Obs.	**Company**	**Registered offices**		**Activity**	**Direct**	**Indirect**	**Direct**	**Indirect**	**Auditor**
	Prosegur Gestion de Activos, S. L.U.	Pajaritos, 24	Madrid	7	100%	-	100%	-	A
	Servimax Servicios Generales, S. A.	Pajaritos, 24	Madrid	1	100%	-	100%	-	A
	Formación Selección y Consultoría, S. A.	Santa Sabina, 8	Madrid	7	100%	-	100%	-	B
	Prosegur Transportes de Valores, S. A.	Pº de las Acacias, 51	Madrid	2	100%	-	100%	-	A
	ESC Servicios Generales, S. L.	Avda. Primera B-1	A Coruña	1	100%	-	100%	-	A
	Prosegur Tecnología, S. L.U.	Avda. Primera B-1	A Coruña	3	100%	-	100%	-	A
*	Prosegur Activa Holding, S. L.U.	Pajaritos, 24	Madrid	5	100%	-	100%	-	A
	Prosegur Servicio Técnico, S.L.U.	Pajaritos, 24	Madrid	3	100%	-	100%	-	B
	Malcoff Holding BV	Schouwburgplein, 30-34	Rotterdam	5	100%	-	100%	-	A
	Reinsurance Bussiness Solutions Ltda.	80 Harcour Street	Dublin	6	100%	-	100%	-	A
	Prosegur Distribuçao e Serviços, Lda	Av. Infante Dom Enrique 326	Lisbon	7	100%	-	100%	-	B
	Prosegur Companhía de Segurança Lda	Av. Infante Dom Enrique 326	Lisbon	4	100%	-	100%	-	A
*	Prosegur France, S. A.	84 Rue des Aceries	Saint Etienne	5	100%	-	100%	-	A
	SARL BFA	8 Avenue Descartes	Les Plessis Robinson	3	34%	66%	34%	66%	B
*	Esta Service, SASU	84 Rue des Aceries	Saint Etienne	8	100%	-	100%	-	B
	Prosegur Services SARL	84 Rue des Aceries	Saint Etienne	8	100%	-	100%	-	B
*	Valtis, S.A.	2 Rue Lovoisier	Besancon	2	100%	-	100%	-	A
*	Armor Acquisition, S. A.	Tres Arroyos 2835	Buenos Aires	5	5%	95%	5%	95%	B
	Prosegur Tecnología Argentina, S.A. (anteriormente Fire Less, S. A.)	Tres Arroyos 2835	Buenos Aires	3	4%	96%	4%	96%	A
	Xiden, S.A.C.I.	Olleros 3923	Buenos Aires	3	9%	89%	9%	89%	A
	General Insdustrie Argentina, S.A (GIASA)	Herrera, 1175	Buenos Aires	3	90%	10%	90%	10%	A
	Tellex, S.A.	Rincon 1346	Buenos Aires	3	95%	5%	95%	5%	A
	Prosegur Activa Alarmes Ltda	Thomas Edison 813 Barra Funda	San Pablo	3	1%	99%	1%	99%	B

Obs: (*): These companies hold interests in other group companies within the same geographical area.
Activity: 1. Security patrol 2. VLCM 3. Technology 4. Two or more activities 5. Holding company 6: Financial services 7: Auxiliary services 8: Dormant
Auditor: A. Auditeda by KPMG **B.** Not subject to audit **C**. Other

Investments in group companies at 31 December 2010:

					2010				
					% ownership		**Voting rights**		
Obs.	**Company**	**Registered offices**		**Activity**	**Direct**	**Indirect**	**Direct**	**Indirect**	**Auditor**
	Prosegur Tecnología em Sistemas de Segurança Electronica e Incendios Ltda.	Rua Barao Do Bananal, Villa Pompêia	San Pablo	3	100%	-	100%	-	A
	Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 of. 100	Renca-Santiago	2	83%	17%	83%	17%	A
	Servicios Prosegur Ltda.	Los Gobelinos 2567 of. 100	Renca-Santiago	2	100%		100%	-	A
	Sociedad de Distribución Canje y Mensajeria Ltda	Los Gobelinos 2548	Renca-Santiago	7	49%	51%	49%	51%	A
	Prosegur Tecnología Chile Ltda	Los Gobelinos 2567 off. 100	Renca-Santiago	1	100%	-	100%	-	A
*	PS México Compañía de Seguridad Privada, SA de CV	Norte 79 B No. 77 Colonia Sector Naval 02080	México D.F.	1	95%	-	94%	-	B
	Genper, S. A Sistemas Integrales de Control	Jose Enrique Rodo, 1761	Montevideo	3	100%	-	100%	-	A
	Rosegur Cash Services	Bulevardul Ghica Tei, Nr 64-70	Bucharest	2	51%	25%	51%	25%	B
	Prosegur Tecnologia Perú, S.A.	La Chira, 103 Surco	Lima	1	99%	1%	99%	1%	B
	Pitco Asia Pacific Limited		Hong Kong	5	100%	-	-	-	B

Obs: (*): These companies hold interests in other group companies within the same geographical area.
Activity: 1. Security patrol 2. VLCM 3. Technology 4. Two or more activities 5. Holding company 6: Financial services 7: Auxiliary services 8: Dormant
Auditor: A. Auditeda by KPMG **B.** Not subject to audit **C**. Other

No group companies in which the Company holds an interest are listed on the stock exchange.

The equity and other significant information disclosed in the individual annual accounts of these companies at 31 December 2011 are as follows:

(Thousands of Euros)

Company	Country	Carrying amount	EQUITY Share capital	EQUITY Reserves	EQUITY Other items	Operaing profit/(loss)	Profit/(loss) for the year	Dividends received
Companies in Spain:								
Prosegur Gestión de Activos, S.L.U.	Spain	50	50		(55)	(273)	(224)	-
Servimax Servicios Generales, S.A.	Spain	86	379	676		9,293	6,436	9,466
Prosegur Activa Holding, S.L.U.	Spain	5,122	2,000	400	3,122	(8)	4,154	17,063
Formación Selección y Consultoria,S.A.	Spain	120	120	24		1,206	899	2,310
Seguridad Vigilada, S.A.	Spain	3,705	751	62	(21)	(547)	(499)	-
S.T.M.E.C., S.L.	Spain	48	3	268		(305)	(308)	-
Salcer Servicios Auxiliares, S.L.	Spain	48	3	61		49	43	-
Beloura Investments, S.L.U.	Spain	19,836	3			-	-	-
Prosegur Multiservicios, S.A.	Spain	150	150	28	(10)	10	11	-
Pitco Ventures, SCR Simplificada, S.A.	Spain	600	1,200		(600)	(42)	(27)	-
ESC Servicios Generales, S.L.	Spain	6	6	501		1,008	681	1,278
Subsidiaries abroad:								
Prosegur France, S.A. (Cinieri)	France	35,224	8,774	4,380	(7,553)	1,507	(4,133)	-
Valtis, S.A.	France	13,076	1,031	2,338	-	453	255	-
S.A.R.L. BFA	France	-	91	-	(1,102)	(295)	(348)	-
Esta Servicie, SASU	France	-	61	648	(4,209)	(2)	(2)	-
Prosegur Centre, S.R.L.	France	-	15	4	(101)	-	(2)	-
Sazias, S.A.	France	9,598	1,400	140	785	(2,240)	(56)	-
Euroval, S.A.S.	France	4,515	571	4	(644)	(156)	(162)	-
Malcoff Holding, B.V.	Holland	172,109	40	172,064	(111,360)	(13,512)	(13,512)	-
Prosegur Companhia de Segurança, Lda.	Portugal	15,784	11,007	3,519	2,645	4,342	3,455	5,000
Prosegur Distribuçao e Serviços, Lda.	Portugal	3,277	50	914	(132)	160	124	500
Reinsurance Bussiness Solutions Limited	Ireland	635	635	8,635	-	8,604	8,090	5,200
Rosegur Cash Services	Romania	230	438	-	-	(305)	(293)	-

(Thousands of Euros)

Company	Country	Carrying amount	EQUITY Share capital	Reserves	Other items	Operaing profit/(loss)	Profit/(loss) for the year	Dividends received
Luxpai Holdo, S.A.R.L.	Luxembourg	423	417	-	(10)	(62)	(14)	-
Securlog, GMBh	Germany	22,683	1,500	25,518	-	-	(4,721)	-
Armor Adquisition, S.A.	Argentina	5,523	43,440	(207,084)	183,570	(24)	(100)	-
Xiden, S.A.C.I.	Argentina	2,116	42	4,607	(73)	757	465	-
Prosegur Tecnologia Argentina, S.A.	Argentina	3,003	907	3,438	(1,259)	(613)	(375)	-
General Industries Argentina, S.A. (GIASA)	Argentina	3,159	387	146	(512)	1,361	748	-
Tellex, S.A.	Argentina	5,439	119	15	1,124	(861)	(992)	-
Prosegur Holding, S.A.	Argentina	388	2,719	(11,744)	-	(31)	31	394
Prosegur Inversiones, S.A.	Argentina	44	305	(1,304)	522	(11)	(4)	41
Capacitaciones Ocupacionales Socidad Ltda.	Chile	383	483	51	(122)	(15)	(10)	-
Servicios Prosegur Ltda.	Chile	1,533	1,503	1,214	16,067	4,999	4,120	-
Sociedad de Distribución Canje y Mensajeria Ltda.	Chile	1,311	2,619	128	7,229	546	518	-
Prosegur Tecnologia Chile Ltda.	Chile	1	22	(351)	(928)	(1,027)	(879)	-
Prosegur Activa Chile, Ltda.	Chile	34	6,178	3,369	(19,417)	(2,024)	(2,353)	-
Cía Transportadora de Valores Prosegur Colombia, S.A.	Colombia	27,125	8,484	2,553	2,579	4,423	1,492	-
Prosegur Tecnologia em Sistemas de Segurnaça Electronic e Incendios, Ltda.	Brazil	23,067	23,168	-	796	(464)	(306)	-
Prosegur Holding e Paraticipaçoes, S.A.	Brazil	20,214	135,860	1,943	(3,342)	(94)	(161)	-
Prosegur Activa Alarmes, Ltda.	Brazil	0	22	-	-	-	-	-
Prosegur Gestao de Efectivo, Ltda.	Brazil	-	-	-	-	-	-	-
Prosegur Gestao de Activos, Ltda.	Brazil	0	1,497	-	-	-	(64)	-
PS-Mexico Compañía de Seguridad Privada, S.A. de CV	Mexico	0	40,075	-	(960)	509	465	-
PRO-S CIA SEGURIDAD	Mexico	0	5,311	-	(3,375)	(655)	(565)	-
Prosegur Alarmas, S.A.	Uruguay	66	16	3	3,028	10	19	-
Gemper, S.A. -Sistemas Integrales de Control (Sic-Tecnored)	Uruguay	962	177	4	36	15	1	-
Prosegur Tecnologia Peru, S.A.	Peru	228	260	-	(70)	(45)	(77)	-
Prosegur Activa Peru, S.A.	Peru	121	1,306	11	769	272	196	-
Distribuidora Federal, S.A.C.	Peru	5,261	289	52	50	99	(47)	-
Prosec Services Pte Ltd	Singapore	5,563	15	-	1,851	353	400	-
Pitco Asia Pacific Limited	China	-	-	-	-	(31)	(31)	-
TOTAL		**412,866**						**41,252**

The equity and other significant information disclosed in the individual annual accounts of these companies at 31 December 2010 are as follows:

(Thousands of Euros)

Company	Country	Carrying amount	EQUITY Share capital	EQUITY Reserves	EQUITY Other items	Operaing profit/(loss)	Profit/(loss) for the year	Dividends received
Companies in Spain:								
Prosegur Gestion de Activos, S. L.U.		**50**	50	-	-	(79)	(55)	-
Servimax Servicios Generales, S. A.		**86**	379	76	(1,907)	8,740	6,027	7,363
Formación Selección y Consultoría, S. A.		**120**	120	24	751	903	659	-
Prosegur Transportes de Valores, S. A.		**1,030**	1,127	226	(7,844)	16,192	11,660	25,085
ESC Servicios Generales, S. L.U.		**6**	6	1	429	988	668	-
Prosegur Tecnología, S. L.U.		**16,117**	16,117	1,559	1,310	(1,323)	(1,034)	-
Prosegur Activa Holding, S. L.		**5,123**	2,000	400	(11,706)	(30)	27,738	14,398
Prosegur Servicio Técnico, S.L.U.		**3**	3	-	(13)	(386)	(267)	-
subsidiaries abroad:								
Malcoff Holding BV	Holland	**172,109**	40	172,064	(97,889)	(13,551)	(13,471)	-
Reisurance Bussiness Solutions Limited	Ireland	**635**	635	6,555	-	8,537	7,280	-
Prosegur Distribuçao e Serviços, Lda	Portugal	**3,277**	50	1,414	(290)	193	158	-
Prosegur Companhía de Segurança Lda	Portugal	**15,784**	11,007	3,092	(1,553)	8,089	8,532	10,000
Prosegur France, S. A.	France	**35,225**	8,774	7,182	(7,900)	340	77	-
SARL BFA	France	-	91	-	(1,079)	7	(23)	-
Esta Service, SASU	France	-	61	648	(4,205)	(3)	(3)	-
Prosegur Services SARL	France	-	15	4	(995)	(1)	(1)	-
Valtis, S.A.S	France	**13,078**	1,031	2,476	-	4	(137)	-
Armor Acquisition, S. A.	Argentina	**5,523**	45,553	29,483	124,271	(62)	(267)	72
Fire Less, S. A.	Argentina	**3,003**	952	3,123	(877)	(189)	(444)	-
Xiden, S.A.C.I.	Argentina	**2,101**	44	(4,298)	(105)	701	33	-
General Industrie Argentina, S.A. (GIASA)	Argentina	**2,786**	406	153	(474)	324	(63)	-
Tellex, S.A.	Argentina	**4,724**	125	16	343	1,350	836	-
Prosegur Tecnología em Sistemas de Segurança Electronica e Incendios Ltda	Brazil	**17,403**	19,082	-	1,503	(785)	(635)	-
Prosegur Active Alarmes, Ltda	Brazil	**-**	23	-	-	-	-	-
Capacitaciones Ocupacionales Sociedad Ltda.	Chile	**383**	518	54	(151)	(152)	20	-
Servicios Prosegur Ltda.	Chile	**1,533**	1,614	1,303	12,243	5,123	4,284	-
Sociedad de Distribución Canje y Mensajeria Ltda	Chile	**1,311**	2,812	137	6,075	2,694	2,444	-
Prosegur Tecnología Chile Ltda..	Chile	**1**	24	(377)	109	(2,842)	(1,103)	-
PS- Mexico Compañía de Seguridad Privada, S. A. de CV	Mexico	**-**	43,857	-	(475)	(549)	(576)	-
Cia Transportadora de Valores Prosegur Colombia,S.A.	Colombia	**27,125**	8,335	3,232	-	3,527	2,533	-
Genper, S. A.	Uruguay	**852**	170	2	35	(53)	(1)	-
Rosegur Cash Services	Romania	**230**	444	-	-	(11)	-	-
Prosegur Tecnologia Perú	Peru	**228**	242	-	(167)	113	101	-
Pitco Asia Pacific Limited	Hong Kong	**-**	-	-	-	-	-	-
TOTAL		**329,846**						**56,918**

d) Investments in jointly controlled entities

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

Company	Registered offices	Activity	% ownership Direct	% ownership Indirect	Voting rights Direct	Voting rights Indirect
Rosegur Holding Corporation, S. L.	Pajaritos, 24 Madrid	Holding	50%	0%	50%	0%

This company is not listed on the stock market.

The share capital, reserves, profit/loss for the year and other significant information disclosed in the individual annual accounts of this entity are as follows:

	Thousands of Euros						
	2011						
		EQUITY					
Company	Carrying amount	Share capital	Reserves	Other items	Operating profit	Profit/(loss) for the year	Dividends received
Rosegur Holding Corporation, S. L.	650	9,077	2,990	(6,241)	47	(114)	-

	Thousands of Euros						
	2010						
		EQUITY					
Company	Carrying amount	Share capital	Reserves	Other items	Operating profit	Profit/(loss) for the year	Dividends received
Rosegur Holding Corporation, S. L.	650	9,077	2,990	(6,087)	42	(41)	-

The Company has not incurred any contingencies in relation to associates.

11. Financial Assets

a) Non-current financial assets available for sale

Movements in non-current financial assets are as follows:

	Thousands of Euros			
	Available-for-sale financial assets			
	Equity instruments	Loans to companies	Other financial assets	Total
Balance at 1-1-2010	**32,808**	**-**	**402**	**33,210**
Additions	363	-	38	401
Disposals	(3,000)	-	-	(3,000)
Balance at 31-12-2010	**30,171**	**-**	**440**	**30,611**
Business combinations	15		218	233
Additions	383	164	5,529	6,076
Disposals	(6,020)	-	(87)	(6,107)
Transfers (Note 11.c)		-	(138)	(138)
Balance at 31-12-2011	**24,549**	**164**	**5,962**	**30,675**

Details of available-for-sale equity instruments are as follows:

	Thousands of Euros			
	2011		**2010**	
Company	**Recoverable amount**	**% ownership**	**Recoverable amount**	**% ownership**
Unquoted securities				
Capitolotre, S.P.A .	22,627	19%	28,647	19%
Euroforum Escorial, S. A.	1,734	8%	1,370	8%
Other	188		154	
Total	**24,549**		**30,171**	

On 18 December 2007, the Company acquired an interest in the investment vehicle Capitolotre, S.P.A., which entitles it to 19% of the voting rights and 33% of the 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 of this investment in Capitolotre, S.P.A., the Company has a 14.6% controlling interest in the IVRI Group. During 2011 and 2010 no purchases, sales, issues or settlements were made in relation to the Company's interest in Capitolotre, S.P.A.

The Company 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.

The valuation techniques used 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, the Company 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.

Prosegur's maximum exposure to credit risk at the balance sheet date is the fair value of these assets. All assets are denominated in Euros.

b) Other non-current financial assets

At 31 December 2011, other non-current financial assets include a deposit of Euros 5,500 thousand in connection with the acquisition of Securlog GmbH (Germany), reflecting the amount withheld from the total purchase price of the shares to guarantee settlement of possible liabilities (see note 20).

c) Other current financial assets

Movement in other current financial assets during the years was as follows:

	Thousands of Euros			
	Dividend receivable	**Deposits**	**Other financial assets**	**Total**
Opening balance at 1.1.2010	**-**	**-**	**-**	**-**
Additions	-	120,694	136	120,830
Interest	-	1,481	-	1,481
Disposals	-	(56,410)	-	(56,410)
Balance at 31.12.2010	**-**	**65,765**	**136**	**65,901**
Additions	30,118	-	2,063	32,181
Interest	-	-	-	-
Disposals	-	(65,765)	-	(65,765)
Transfers (Note 11.a)	-		138	138
Balance at 31.12.2011	**30,118**	**-**	**2,337**	**32,455**

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

			Thousands of Euros	
			2011	
Description	**Date of issue**	**Matures on**	**Principal**	**Balance at 31.12.11**
Fixed-term deposit	29/04/2010	28/01/2011	25,000	-
Fixed-term deposit	02/08/2010	15/01/2011	40,000	-
Accrued interest	31/03/2011	04/04/2011	10,000	-
Fixed-term deposit	17/01/2011	18/07/2011	15,000	-
Fixed-term deposit	17/01/2011	18/07/2011	10,000	-
Fixed-term deposit	17/01/2011	18/07/2011	15,000	-
Fixed-term deposit	28/01/2011	22/07/2011	25,000	-
Fixed-term deposit	14/02/2011	23/07/2011	20,000	-
Fixed-term deposit	28/06/2011	22/07/2011	10,000	-
Guarantees and deposits	-	-	-	2,126
Other	-	-	-	211
			170,000	**2,337**

			Thousands of Euros	
			2010	
Description	**Date of issue**	**Matures on**	**Principal**	**Balance at 31/12/2010**
Fixed-term deposit	29/04/2010	28/01/2011	25,000	25,000
Fixed-term deposit	02/08/2010	15/01/2011	40,000	40,000
Accrued interest	-	-	-	765
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	30/06/2010	29/10/2010	390	-
Fixed-term deposit	30/06/2010	20/12/2010	440	-
Guarantees and deposits	-	-	-	103
Other	-	-	-	33
			120,830	**65,901**

Derecognitions of deposits in 2011 reflect the fixed-term deposits that matured during the year.

Additions to other financial assets in 2011 essentially comprise the guarantee deposit of Euros 2,000 thousand for the acquisition of Securlog, GmbH. Additions of Euros 120,830 thousand in 2010 mainly reflect deposits made in Banca March, S.A. during the year (see note 27).

12. Derivative financial instruments

The Company 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 the Company 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 3). 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 3).

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:

		Thousands of Euros			
		2011			
		Fair values			
	Notional amount	**Assets**		**Liabilities**	
		Non-current	**Current**	**Non-current**	**Current**
Interest rate swaps	€100,000 thousand	-	-	3,587	-
Foreign currency swaps	ARS 5,111 thousand	-	-	-	41
Total		**-**	**-**	**3,587**	**41**

		Thousands of Euros			
		2010			
		Fair values			
	Notional amount	**Assets**		**Liabilities**	
		Non-current	**Current**	**Non-current**	**Current**
Interest rate swaps	€100,000 thousand	-	-	3,114	-
Diesel price collar	USD5,064 **TM**	-	30	-	-
Basis swap	€125,000 thousand	-	-	-	238
Total		**-**	**30**	**3,114**	**238**

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

This derivative hedged a maximum amount of Argentine Pesos 30,000 thousand and expired in 2011. It is still pending settlement.

c) Diesel price collar

The Company 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.

13. Non-current Assets Held for Sale

The Company has classified a house and garage, received as settlement for a trade receivable, as held for sale.

These assets are not used by the Company and are classified under non-current assets held for sale, since their carrying amount is expected to be recovered through a sales transaction rather than continued use. These assets are not depreciated.

	Thousands of Euros	
	2011	**2010**
Property, plant and equipment	448	448
Total	**448**	**448**

14. Inventories

Details of inventories are as follows:

	Thousands of Euros	
	2011	**2010**
Goods for resale	6,039	-
Fuel	254	102
Uniforms	1,398	496
Operating and other materials	539	631
Work in progress	9,178	-
Total	**17,408**	**1,229**
Impairment	(525)	**-**
Total	**16,883**	**1,229**

The increase in inventories on the prior year derives from the merger operation carried out (see note 5).

Work in progress includes the security system materials which have left the warehouse for installation on behalf of customers, direct labour costs and the expenses of outsourcing works not completed at year end, and is recognised in accordance with the measurement criteria for inventories.

Movement in impairment recognised in the income statement is as follows:

	Thousands of Euros	
	2011	**2010**
Opening balance	**-**	**-**
Business combianations	510	**-**
Provisions	97	-
Reversals	(82)	-
Closing balance	**525**	**-**

Impairment of inventories at the 2011 year end partly reflects materials that have entered the warehouse following recovery from dismantled installations of former customers, or which have been sent for repairs, and which are pending overhaul with a view to re-use. In 2011, these materials are incorporated at the warehouse at zero cost until they are repaired, at which point they are recognised at their recoverable amount. Impairment also reflects obsolete fire protection security materials.

No inventories have been pledged as collateral to secure payables.

15. Loans and receivables

Details of loan and receivables at 31 December are as follows:

	Thousands of Euros	
	2011	**2010**
Loans and receivables - current		
- Loans to group companies (Note 27)	29,755	79,500
- Trade receivables	165,215	112,884
- Impairment	(15,841)	(5,861)
- Trade receivables from group companies and associates	33,973	34,762
- Other receivables from group companies (Note 27)	12,670	5,967
- Sundry receivables	9,518	19,322
- Other	33,259	66,620
Total	**268,549**	**313,194**

Credit risk is not concentrated in terms of trade receivables because the Company works with a large number of customers (see note 35).

Loans and receivables are measured at their nominal amount, which does not differ significantly from their fair value, as these items are current and the effect of discounting the cash flows is therefore not significant.

Loans to group companies include a Euros 650 thousand participating loan extended to Rosegur Holding Corporation, S.L. on 31 March 2010, which earns annual interest of 6.5%, provided that the company generates a pre-tax profit. Interest takes retrospective effect from 15 October 2009, when a capital contribution was made which was eliminated when the participating loan was arranged. Repayment of the loan will begin once the borrower generates positive cash flows to settle the loan without affecting its ordinary activities, within a maximum period of one year from the contract date. Rosegur Holding Corporation, S.L. may at any time opt to capitalise the total amount repayable on the loan and the related accrued interest payable, in which case it would be immediately considered as due, liquid and payable.

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. The Company is currently taking the necessary legal steps for this amount to be released by the competent authorities, and no significant loss is expected. The Company ultimately has guarantees from group companies that would enable it to recover the full amount of the credit, even in the event of an unfavourable outcome.

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. Based on the terms of the securitisation contract, the Company 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 3). At 31 December 2011 receivables amounting to Euros 85,541 thousand have been written off (Euros 71,559 thousand in 2010). At 31 December 2011, total securitised receivables amount to Euros 107,747 thousand (Euros 92,324 thousand in 2010). This total includes balances of Euros 22,206 thousand collected from customers and pending settlement (Euros 20,765 in 2010) (see note 20).

The carrying amounts of loans and receivables are denominated in the following currencies:

	Thousands of Euros	
	2011	**2010**
Euros	267,512	313,194
US Dollar	622	-
Mexican Peso	415	-
Total	**268,549**	**313,194**

Trade receivables that are less than one year past-due are not considered to be impaired, except customers in special insolvency situations, for which receivables are impaired, irrespective of their ageing.

The ageing analysis of trade receivables is as follows:

	Thousands of Euros	
	2011	**2010**
Not yet due	103,279	90,915
Aged up to 3 months	48,776	15,107
3 to 6 months	4,494	2,408
6 to 12 months	5,657	2,244
Over 12 months	3,009	2,210
Total	**165,215**	**112,884**

Movements in the provision for impairment of trade receivables are as follows:

	Thousands of Euros	
	2011	**2010**
Opening balance	5,861	6,045
Business combinations	10,510	-
Provisions	-	1,633
Reversals	(530)	(1,817)
Closing balance	**15,841**	**5,861**

Impairment of trade receivables is recognised under losses, impairment and changes in trade provisions in the income statement. Impaired receivables are usually written off when the Company does not expect to recover any further amount. In 2011, the Company charged trade receivables of Euros 2,976 thousand that were considered to be unrecoverable directly to losses, impairment and changes in trade provisions (Euros 396 thousand in 2010).

The Company's other loans and receivables have not been impaired.

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

16. Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2011	**2010**
Cash in hand and at banks	11,539	4,996
Current bank deposits	2,500	50,111
Total	**14,039**	**55,107**

Cash in hand and at banks essentially reflects cash at banks at each year end.

The average effective interest rate and term of current bank deposits is 1.7% and 37 days, respectively (2.7% and 37 days in 2010).

17. Share Capital, Share Premium and Own Shares

Details of equity and movement during the year are shown in the statement of changes in equity.

a) Share capital

At 31 December 2011, the share capital of Prosegur Compañía de Seguridad, S.A. amounts to Euros 37,027,478, represented by 61,712,464 ordinary shares of Euros 0.6 par value each, subscribed and fully paid. These shares are quoted on the Madrid and Barcelona Stock Exchanges.

These shares are freely transferable.

Details of the Company's shareholders are as follows:

	Number of ordinary shares	
Shareholders	**2011**	**2010**
Ms. Helena Revoredo Delvecchio [1]	30,924,033	30,924,033
Corporacion 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
Total	**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.

b) Share premium

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

c) Own shares

Details of movements in own shares are as follows:

	Number of shares	Thousands of Euros
Balance at 31 December 2009	**1,974,146**	**40,227**
Purchase of own shares	61,824	2,202
Sale of own 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 own 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 Company directors or 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 the Company's 2011 Plan of long-term incentives for executive directors and management (see note 34.13). This led to movements of Euros 580 thousand in other equity instruments.

d) Reserves

Details of reserves are as follows:

	Thousands of Euros	
	2011	**2010(*)**
Legal reserve		
Legal reserve	7,406	7,406
Total	7,406	7,406
Other reserves		
Restated voluntary reserves (*) (Note 33.d)	104,878	107,678
Goodwill reserve	18,068	11,610
Canary Islands investment reserve	2,054	
1983 revaluation reserve	104	104
Reserves for translation of share capital to Euros	61	61
Total	125,165	119,453

Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the 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 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.

At year end, the Company had appropriated to this reserve the minimum amount required by law.

Voluntary reserves

These reserves are freely distributable.

Goodwill reserve

The goodwill reserve has been appropriated in compliance with article 273.4 of the Spanish Companies Act, which requires companies to transfer profits equivalent to 5% of goodwill to a non-distributable reserve until this reserve reaches an amount equal to recognised goodwill. In the absence of profit, or if profit is not sufficient, freely distributable reserves should be appropriated to this reserve.

In 2011 the reserves appropriated at Prosegur Activa España, S.L.U. and Prosegur Tecnología, S.L.U., totalling Euros 162 thousand and Euros 614 thousand, respectively, were included during the merger operation described in note 5.

1983 revaluation reserve

This reserve arises from balances revalued in accordance with the aforementioned law applied by the Company and is subject to restrictions on distribution.

Differences on translation of share capital to Euros

This reserve arises from the translation of share capital from Pesetas to Euros. This reserve is not distributable.

e) 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 34.13). Movements are as follows:

	Thousands of Euros	
	2011	**2010**
Balance at 1 January 2010	**5,016**	**3,651**
Share-based incentive obligations accrued during the year	765	1,945
Share options exercised	-	(580)
Balance at 31 December 2010	**5,781**	**5,016**

The current provision relating to the cash portion of the commitment undertaken by the Company at 31 December 2011 in connection with the 2011 Plan amounts to Euros 698 thousand (non-current provision of Euros 936 thousand in 2010).

18. Grants

Movement in non-refundable grants is as follows:

	Thousands of Euros
	2011
Balance at 1 January	-
Business combinations	80
Grants received during the year	12
Transfers to non-refundable grants	(56)
Tax effect	17
Balance at 31 December	**53**

As a result of the merger operation described in note 5, during the year a grant of Euros 53 thousand was included in connection with the interest-free loans extended by the Spanish Ministry of Industry, Tourism and Trade in 2005, which fall due in 2014.

19. Other provisions

Details of provisions and movement are as follows

	Thousands of Euros		
	Overtime costs	**Liabilities and charges**	**TOTAL**
Balance at 1 January 2010	**59,778**	**15,336**	**75,114**
Charge	4,833	21,268	26,101
Applications	(1,300)	-	
Reversals	(7,801)	(6,414)	(14,215)
Balance at 31 December 2010	**55,510**	**30,190**	**85,700**
Business combinations	6,590	2,024	8,614
Charge	1,395	289	1,684
Applications	(16,288)	(26,814)	(43,102)
Reversals	(8,222)	(861)	(9,083)
Balance at 31 December 2011	**38,985**	**4,828**	**43,813**

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 Company is 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, 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 the Company depends on the outcome of each of the claims presented by employees.

In 2011, 8,758 cases were closed (765 until 2010), giving rise to a total payable of Euros 16,288 thousand (Euros 1,300 thousand in 2010).

In 2011 Prosegur has recognised a Euros 1,395 thousand increase in personnel expenses (Euros 4,833 thousand in 2010) with a charge to a non-current provision discounting 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 7,602 thousand in 2010), reflecting amounts provided for in prior years that, based on information available at 31 December 2011, the Company considers will not be claimed.

b) Liabilities and charges

The provision for liabilities and charges comprises the following:

- Labour-related risks: Euros 2,384 thousand (Euros 1,464 thousand in 2010). The Company uses a large number of employees in carrying out its principal activity, entailing work-related contingencies. These contingencies are minimised through the Company's operating, labour, security and other management policies. Provisions are recorded for all contingencies considered to be probable. Provisions for labour-related risks are calculated on a case-by-case basis, considering historical experience.

- Legal risks: Euros 2,443 thousand (Euros 28,726 thousand in 2010). The provision for legal risks mainly relates to civil claims, which are analysed on a case-by-case basis.

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 the Company 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 the Company, 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 the Company 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, the Company was asked to return the above-mentioned amount plus interest to the bankruptcy estate of Esabe Express, S.A. The Company 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 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 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, the Company, 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. The Company undertook to pay Esabe Express S.A. Euros 17,000 thousand in respect of all items claimed. The agreement, which had been suspended, was approved by the courts on 19 July 2011.

Upon payment of the aforementioned amount in 2011, the Company 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 amounts 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 15), 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 income statement for 2011.

20. Debts and payables

Details of debts and payables are as follows:

	Thousands of Euros	
	2011	**2010**
Non-current		
- Loans from financial institutions	416,189	146,875
- Other financial liabilities	17,292	4,254
Total	**433,481**	**151,129**
Current		
- Loans from financial institutions	83,154	278,093
- Other financial liabilities	72,258	51,919
- Loans from group companies (Note 27)	51,753	31,752
- Payables to group companies (Note 27)	8,172	14,817
- Other payables	48,280	19,827
- Other debts	49,193	41,073
Total	**312,810**	**437,481**

The exposure of the Company's debts and payables to fluctuations in interest rates and the contractual price review dates are as follows:

	Thousands of Euros	
	2011	**2010**
Up to 6 months	499,343	424,968
6 to 12 months	51,753	31,752
Over 12 months	-	-
Total	**551,096**	**456,720**

The carrying amount of non-current payables does not differ significantly from their fair value.

The carrying amount of current payables is similar to their fair value, as the effect of discounting is not significant. Fair values are calculated using cash flows discounted at rate based on the interest rate for borrowings.

Details of non-current and current debt with financial institutions are as follows:

	Thousands of Euros	
	2011	**2010**
Non-current		
Syndicated loan	388,449	146,875
Other	27,740	-
Total	**416,189**	**146,875**
Current		
Syndicated loan	-	232,530
Credit facilities	79,068	45,563
Other	4,086	-
Total	**83,154**	**278,093**

a) Syndicated loan

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

This syndicated loan was also subject to compulsory covenants, namely ratios involving different balance sheet and income statement variables. In 2011 and 2010 the Company complied with these covenants.

The interest rate applied to this loan in 2011 is Euribor plus 0.3% (Euribor plus 0.3% in 2010). The contract stipulates that the Company may settle interest on a monthly, quarterly or half-yearly basis. In 2011 and 2010 interest was paid on a monthly basis.

In August 2010 the Company 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 Company's general financing requirements, including, but not limited to, the repayment of the aforementioned 2006 syndicated loan.

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 the Company may settle interest on a monthly, quarterly or half-yearly basis.

At 31 December 2011, the Company 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	
	2011 / 2010	
Repayment date	**Amount**	**Principal outstanding**
February 2013	25,000	125,000
August 2013	25,000	100,000
February 2014	25,000	75,000
August 2014	25,000	50,000
February 2015	25,000	25,000
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.

b) Other loans from financial institutions

On 1 December 2011, the Company arranged a loan with Banco Itaú BBA International, S.A. to finance the share capital increase of Prosegur Holding e Participaçoes, S.A. (see note 10). This loan of Euros 20,577 thousand (Brazilian Reals 50,000 thousand) was arranged in a single instalment and falls due on 16 December 2013. Interest at the Brazilian overnight interbank deposit rate (CDI) is accrued every six months on the amount payable in Brazilian Reals. At 31 December 2011, the outstanding amount of this loan totalled Euros 20,601 thousand.

The contract is also subject to compulsory covenants, namely ratios involving different balance sheet and income statement variables. In 2011 Prosegur complied with these covenants.

On 27 September 2011 the Company arranged a loan of Euros 10,882 thousand (Colombian Pesos 28,201 million) with Banco Santander to purchase Beloura Investments, S.L.U. (see note 10). This loan falls due on 28 September 2014, is repayable in quarterly instalments and bears interest at a fixed annual rate of 8.23% on the outstanding principal in Colombian Pesos. At the 2011 year end, the outstanding amount of this loan totalled Euros 11,220 thousand.

c) Credit facilities

Credit facilities reflect drawdowns of Euros 78,641 thousand from credit facilities arranged with Spanish financial institutions with a limit of Euros 108,700 thousand. These drawdowns fall due within one year and accrue average annual interest of 2.67% on the balance drawn down at 31 December 2011 (in 2010: drawdowns of Euros 43,204 thousand with a limit of Euros 86,200 thousand falling due within one year, with average annual interest of 1.99%).

The Company has the following unused credit facilities:

	Thousands of Euros	
	2011	**2010**
Variable rate:		
Less than one year	30,059	40,637
	30,059	**40,637**

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

d) Other financial liabilities

Details of financial liabilities by maturity are as follows:

	Thousands of Euros							
	2011							
	2012	**2013**	**2014**	**2015**	**2016**	**Thereafter**	**Total non-current**	**Total**
Other financial liabilities	**72,258**	9,145	6,837	1,119	96	95	**17,292**	**89,550**

	Thousands of Euros							
	2010							
	2011	**2012**	**2013**	**2014**	**2015**	**Thereafter**	**Total non-current**	**Total**
Other financial liabilities	**51,919**	1,229	1,393	194	194	1,244	**4,254**	**56,173**

The most significant other financial liabilities at 31 December are as follows:

- At 31 December 2011 other non-current financial liabilities amount to Euros 17,292 thousand, mainly reflecting the loans received from the Ministry of Industry under the Avanza R&D programme and the deferred payments for the purchases of Tellex, S.A. (Euros 831 thousand); Genper, S.A. (Euros 220 thousand); Prosec Services Pte. Ltda. (Euros 1,573 thousand); Distribuidora Federal, SAC (Euros 1,036 thousand); Beloura Investments, S.L.U. (Euros 4,414 thousand); Securlog, GmbH (Euros 5,500 thousand); and other payables to third parties (Euros 1,126 thousand).
- At 31 December 2010 other non-current financial liabilities comprised Euros 2,183 thousand mainly reflecting the loans received from the Ministry of Industry under the Avanza R&D programme and the deferred payments for the purchase of Tellex, S.A. (Euros 1,821 thousand).
- At 31 December 2011 other current financial liabilities amount to Euros 72,258 thousand, basically reflecting the loans received from the Ministry of Industry under the Avanza R&D programme and the deferred payments for the purchases of Tellex, S.A. (Euros 1,315 thousand); Giasa (Euros 598 thousand); Genper (Euros 156 thousand); Prosec Services Pte. Ltda. (Euros 1,432 thousand); Distribuidora Federal, SAC (Euros 1,313 thousand); Beloura Investments, S.L.U. (Euros 4,941 thousand); Securlog, GmbH (Euros 2,000 thousand); and other payables to third parties (Euros 4,448 thousand) (the Nordés Group (Euros 1,118 thousand); Tellex, S.A. (Euros 981 thousand) and Giasa (Euros 800 thousand) in 2010) (see note 10).
- At 31 December 2011 other current financial liabilities reflect the outstanding dividend of Euros 30,250 thousand for 2010, which will be distributed in January and April 2012, as approved by the shareholders at their annual general meeting (in 2010: outstanding dividend of Euros 27,500 thousand for 2009, which was distributed in January and April 2011, as approved by the shareholders at their annual general meeting) (see note 4).

As explained in note 15, the Company has contracted a securitisation programme for part of its customer portfolio, whereby receivables are sold without recourse. Securitisation programme payables, which amount to Euros 22,206 thousand (Euros 20,765 thousand in 2010) are also recognised in this caption and include current payables because they were collected on invoices that were sold.

e) Other payables

Other payables comprise salaries payable that have been accrued by different Company personnel.

The Company’s remuneration policy for indirect personnel includes a variable component determined through specifically designed incentive programmes, which aim to recognise and reward Company 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 management or the employee’s direct superior over a given time.

The associated liability at 31 December 2011 totals Euros 9,008 thousand (Euros 6,098 thousand in 2010) and the cost recognised under employee benefits expense in the income statement in relation to this policy amounts to Euros 6,668 thousand (Euros 5,284 thousand in 2010).

This item also includes salaries payable and accrued extraordinary salary instalments amounting to Euros 38,891 thousand (Euros 34,975 thousand in 2010).

The carrying amount of the Company's payables is denominated in the following currencies:

	Thousands of Euros	
	2011	**2010**
Euros	691,756	584,685
Argentinean Peso	3,020	3,597
Uruguayan Peso	-	328
Singaporean Dollar	2,323	-
Colombian Peso	20,580	-
Brazilan Real	26,264	-
Peruvian Sol	2,348	-
Total	**746,291**	**588,610**

f) 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 are as follows:

	Balances settled and payments outstanding at the balance sheet date	
	2011	
	Importe	**%**
Within the maximum legal period	190,659	82%
Other	41,642	18%
Total payments for the year	232,301	100%
Weighted average period of late payments (days)	88	
Late payments exceeding the maximum legal limit at the balance sheet date	3,450	

At 31 December 2010 payables to suppliers totalling Euros 6,433 thousand exceeded the legal payment period.

21. Taxation

Details of balances with public entities are as follows:

	Thousands of Euros			
	2011		**2010**	
	Non-current	**Current**	**Non-current**	**Current**
Assets				
Deferred tax assets	33,028	-	36,542	-
Current tax assets	-	9,854	-	1
Value added tax and similar taxes	-	725	-	44
Other	-	-	-	-
	33,028	10,579	36,542	45
Liabilties				
Deferred tax liabilities	36,451	-	19,370	-
Current tax liabilities	-	-	-	4,798
Value added tax and similar taxes	-	10,114	-	9,599
Withholdings	-	7,794	-	6,142
Social Security	-	18,960	-	15,335
	36,451	36,868	19,370	35,874

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

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 the annual accounts.

The Company has open to inspection by the Spanish taxation authorities all taxes since 2008.

A reconciliation of the accounting profit and taxable income/tax loss is as follows:

	Thousands of Euros	
	2011	**2010**
Accounting profit before income tax	**71,361**	**57,123**
Permanent differences	(9,948)	(11,703)
Temporary differences:		
- originating in current year	(19,298)	(1,062)
- originating in prior years	(45,734)	18,949
Taxable income contributed to tax consolidation	**(3,619)**	**63,307**
Tax rate	30%	30%
Tax payable/(tax loss)	**(1,086)**	**18,992**
Deductions:		
- Double taxation (restated)	(9,199)	(15,142)
- Other deductions	(138)	(571)
- Contributions to foundations	(703)	(121)
Income tax expense/(tax recoverable)	**(11,126)**	**3,158**

Permanent differences to the accounting profit for 2011 reflect non-tax expenditure or income, primarily exempt dividends received from foreign subsidiaries amounting to Euros 11,135 thousand, fines and penalties of Euros 1,165 thousand, transferred intangible assets at a negative amount of Euros 1,640 thousand and contributions to foundations totalling Euros 2,038 thousand.

Permanent differences to the accounting profit for 2010 reflect non-tax expenditure or income, including exempt dividends received from foreign subsidiaries amounting to Euros 10,072 thousand, appropriations to the Canary Islands investment reserve totalling Euros 2,054 thousand, fines of Euros 803 thousand and contributions to foundations totalling Euros 1,701 thousand.

The main temporary difference adjustments to accounting profit originating in the year that are deductible in subsequent years are as follows:

a) Positive:

- Provision for personnel expenses, amounting to Euros 1,512 thousand (Euros 3,488 thousand in 2010).
- Adjustment for impairment of investments, amounting to Euros 6,020 thousand (Euros 18,912 thousand in 2010).
- Provision for various liabilities, amounting to Euros 908 thousand (Euros 4,294 thousand in 2010).
- Provision for bad debts, amounting to Euros 597 thousand (Euros 942 thousand in 2010).
- Provision for finance expenses, amounting to Euros 555 thousand.
- Other provisions, amounting to Euros 181 thousand.

b) Negative:

- Amortisation for tax purposes of unrecognised goodwill, amounting to Euros 5,975 thousand (Euros 7,210 thousand in 2010).
- Application of the tax incentive for accelerated depreciation/amortisation, as provided for in Law 4/2008, amounting to Euros 23,096 thousand (Euros 17,795 thousand in 2010).

The main temporary difference adjustments to accounting profit originating in prior years are as follows:

a) Positive:

- Application of deferred tax incentive for accelerated depreciation/amortisation for 2009 and 2010, amounting to Euros 5,241 thousand.

b) Negative:

- Reversal of the provision for liabilities which had been adjusted in prior years, amounting to Euros 41,089 thousand (Euros 2,305 thousand in 2010).
- Reversal of the provision for personnel expenses, which had been adjusted in prior years, amounting to Euros 6,091 thousand (Euros 5,194 thousand in 2010).
- Reversal of the provision for bad debts, which had been adjusted in prior years, amounting to Euros 2,418 thousand.

Negative tax adjustments for valuation adjustments to investees are calculated as the difference between equity at the beginning and the end of the year in proportion with the investment. Positive tax adjustments for valuation adjustments to investees reflect the impairment of investees for accounting purposes recognised in profit or loss.

Negative tax adjustments in this respect during 2010 are as follows:

		Thousands of Euros			
		2010			
Investee	**Interest held**	**Equity at 01/01/2010**	**Equity at 31/12/2010**	**% variation**	**Tax adjustment for the year**
PS México Compañía de Seguridad Privada, SA de CV	95.41%	27,840	42,806	14.279	(3,688)

In 2011, deductions amounting to Euros 9,199 thousand reflect wholly deductible dividends of Euros 30,117 thousand received from group companies, and withholdings made in other countries for sundry services, amounting to Euros 164 thousand.

In 2010, deductions amounting Euros 15,142 thousand derived mainly from wholly deductible dividends of Euros 25,937 thousand received from group companies, and withholdings made in other countries for interest (Euros 275 thousand) and for sundry services (Euros 813 thousand).

The deduction for reinvestment of extraordinary profit in 2011 totals Euros 6 thousand, on a reinvestment basis of Euros 49 thousand, in accordance with article 42 of the Spanish Income Tax Law (deduction of Euros 7 thousand, on a reinvestment basis of Euros 104 thousand in 2010). The amount was reinvested in property, plant and equipment during 2011.

The Company has a tax deduction of Euros 132 thousand for technological innovation.

The Company, as parent, and its subsidiaries Servimax Servicios Generales, S.A., Prosegur Transportes de Valores, S.A. (absorbed in 2011) and Formación, Selección y Consultoría, S.A. have filed consolidated tax returns since 2001, pursuant to Chapter VII of Spanish Income Tax Law 43/1945 of 27 December 1945 (Official State Gazette (BOE) 28/10/1995). The following companies have since joined the consolidated tax group: in 2002, Prosegur Multiservicios, S.A.; in 2005, Prosegur Tecnología, S.L.U. (formerly Nordés Prosegur Tecnología, S.L.U.) (absorbed in 2011) and ESC Servicios Generales, S.L.; in 2006, Prosegur Activa Holding, S.L.U. and Prosegur Activa España, S.L.U. (absorbed in 2011); in 2009, Prosegur Servicio Técnico, S.L.U. (absorbed in 2011); in 2010, Prosegur Gestión de Activos, S.L.U.; and in 2011, Pitco Ventures, SCR Simplificada, S.A.

The difference in the income tax expense due to tax income of Euros 11,125 thousand (income tax expense of Euros 3,158 thousand in 2010) and the amount of Euros 9,854 thousand recognised under current tax assets (current tax liabilities of Euros 4,798 thousand in 2010) arises because the Company, as parent of the tax group, records the total balance payable by the tax group, including other group companies amounting to Euros 3,173 thousand (Euros 12,076 thousand in 2010), net of payments on account and withholdings in the year totalling Euros 1,886 thousand (Euros 10,436 thousand in 2010) and Euros 15 thousand recoverable in connection with 2009 income tax.

Details of the income tax expense for the year are as follows:

	Thousands of Euros	
	2011	**2010**
Accounting profit before income tax	**71,361**	**57,123**
Permanent differences	(9,948)	(11,703)
Elimination of transactions involving own shares		(301)
Taxable income	**61,413**	**45,119**
Tax rate	30%	30%
Tax payable	**18,424**	**13,536**
Deductions:		
- Double taxation (restated)	(9,199)	(15,142)
- Contributions to foundations	(703)	(121)
- Other deductions	(138)	(571)
Income tax expense	**8,384**	**(2,298)**
- Withholdings at source	321	1,149
- Adjustments to deferred taxes from prior years	4,571	2,499
Final income tax expense (income)	**13,276**	**1,350**

The income tax expense is as follows:

	Thousands of Euros	
	2011	**2010**
Current tax	(11,126)	3,158
Deferred tax (Note 22)	19,488	(2,957)
Other adjustments	4,914	1,149
	13,276	**1,350**

Current income tax is calculated by applying a 30% tax rate to taxable income, net of deductions applied in the year, which in 2011 amounted to Euros 10,040 thousand (Euros 27,717 thousand in 2010). Current income tax also includes other adjustments totalling Euros 173 thousand (in 2010: Euros 1,044 thousand, reflecting withholdings on interest at source) and deductions of Euros 4,741 thousand applied to the income tax expense for 2010 settled in 2011, which were not included in the initial tax provision (in 2010: deductions of Euros 105 thousand, applied to the income tax expense for 2009 settled in 2010, and not included in the initial provision).

22. Deferred tax

Tax assets and tax liabilities are offset when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Gross movement in deferred tax is as follows:

	Thousands of Euros				
Deferred tax assets	**01/01/2011**	**Credit/debit to P/L and applications**	**Merger**	**Credit/debit to equity**	**31/12/2011**
Ruling on difference in value of overtime	16,654	(6,934)	1,977	-	11,697
Impairment of investments	7,114	(9)		-	7,105
Provisions	9,601	(460)	1,604	-	10,745
Tax and portfolio goodwill	3,105	(263)	584	-	3,426
Amortisation and depreciation of PPE and intangible assets	68	(13)	-	-	55
	36,542	**(7,679)**	**4,165**	**-**	**33,028**

	Thousands of Euros			
Deferred tax assets	**01/01/2010**	**Credit/debit to P/L and applications**	**Credit/debit to equity**	**31/12/2010**
Ruling on difference in	17,934	(1,280)	-	16,654
Impairment of investments	2,469	4,645	-	7,114
Provisions	6,674	2,927	-	9,601
Tax and portfolio goodwill	3,379	(274)	-	3,105
Amortisation and depreciation of PPE and intangible assets	91	(23)	-	68
	30,547	**5,995**	**-**	**36,542**

	Thousands of Euros				
Deferred tax liabilities	**01/01/2011**	**Credit/debit to P/L and applications**	**Merger**	**Credit/debit to equity**	**31/12/2011**
Deferred gains on sale of assets	(168)	184	(16)	-	-
Goodwill for tax purposes	(4,794)	(1,404)	(304)	21	(6,481)
Exchange differences	(2)	2	-	-	-
Impairment of group companies	(2,900)	(2,881)	(15)	-	(5,796)
Law 4/2008 accelerated amort./depr.	(8,269)	(3,491)	(4,923)	-	(16,683)
Other	(3,237)	(4,219)	(35)	-	(7,491)
	(19,370)	**(11,809)**	**(5,293)**	**21**	**(36,451)**

	Thousands of Euros			
Deferred tax liabilities	**01/01/2010**	**Credit/debit to P/L and applications**	**Credit/debit to equity**	**31/12/2010**
Deferred gains on sale of assets	(376)	208	-	(168)
Goodwill for tax purposes	(2,632)	(2,162)	-	(4,794)
Exchange differences	(27)	25	-	(2)
Impairment of group companies	(9,850)	6,950	-	(2,900)
Law 4/2008 accelerated	(3,447)	(4,822)	-	(8,269)
Other	-	(3,237)	-	(3,237)
	(16,332)	**(3,038)**	**-**	**(19,370)**

The deferred tax liability arising on the deferred gain on sale of assets reflects the gain on sales made under the reinvestment regime during the same year in which the gains were generated, thereby giving rise to a deferred tax liability of Euros 1,369 thousand in 2001. The Company has availed of this legislation, specifically with regard to the deferral and periodic recognition of gains, and has therefore continued to recognise the deferred tax liability recorded in prior years at 30% of the reinvested profit. As a result of this deferral, the Company has reinvested the entire amount obtained from the transfer in the period between the year prior to the date on which the transferred assets were handed over or made available and three years after that date. In future income tax returns the Company should make the corresponding positive adjustments to accounting profit for tax periods ending in the seven years following the end of the tax period in which the reinvestment term expires.

The Company has generated a deferred tax liability in accordance with the eleventh additional provision of Revised Spanish Income Tax Law 4/2008, which regulates eligibility to apply accelerated depreciation for investments in new items of property, plant and equipment and investment property for the purposes of economic activity that are made available to the taxable entity during the tax periods beginning in 2009 and 2010, provided that, during the 24 months after the start of the tax period in which the acquired assets are brought into service, the Company's average workforce remains consistent with the average headcount of the prior 12 months.

The Company has opted to depreciate the property, plant and equipment during the same year in which they come into operation.

23. Accruals

Accruals essentially include deferred income in respect of payments arising upon the signing of the contract for the alarm centre, following the merger with Prosegur Activa España, S.L.U. (see note 5). This income is deferred over eight years, which is the Company's estimate of the average contract term. At 31 December 2011, non-current and current accruals amounted to Euros 12,697 thousand and Euros 5,635 thousand, respectively.

24. Contingencies

a) Contingent liabilities

The Company has contingent liabilities from litigation arising in the ordinary course of business which are not expected to give rise to significant liabilities other than those for which provision has already been made (see note 19).

The Company 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.

Financial guarantees were mainly extended in relation to litigation in process, and also include other amounts deposited to secure future payments.

Guarantees provided by the Company to third parties at year end are as follows:

	Thousands of Euros	
	2011	**2010**
Commercial guarantees	46,428	78,834
Financial guarantees	98,185	45,637
	144,613	**124,471**

As explained in note 15, in 2008 Prosegur enforced guarantees of Euros 9,469 thousand relating to funds retained on deposit by a customer in Brazil. The Company is currently taking the necessary legal steps for this amount to be released by the competent authorities.

The Company ultimately has guarantees from group companies that would enable it to recover the full amount of the credit, even in the event of an unfavourable outcome.

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 the Company. This ruling was declared final on 5 April 2011.

See also comments relating to non-current provisions in note 19.

The Company has guarantees for the value of certain group company assets totalling Euros 3,400 thousand.

b) Contingent assets

When Prosegur Traitement de Valeurs EST (formerly Valtis, S.A.) was acquired in 2010, a contingent asset existed as a guarantee extended by the sellers for the commitments undertaken, in the form of bank guarantees for a total amount of Euros 1,500 thousand, which expired in 31 December 2011.

25. Commitments

a) Purchase and sale commitments for property, plant and equipment and intangible assets

Investments committed at year end but not recognised on the balance sheet are as follows:

	Thousands of Euros	
	2011	**2010**
Property, plant and equipment	7,712	6,805
Intangible assets	157	722
	7,869	**7,527**

Property, plant and equipment include commitments to purchase armoured vehicles, installations and furniture.

Intangible assets include various computer software packages currently under development.

b) Operating lease commitments

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

	Thousands of Euros					
	2011			**2010**		
	Buildings	**Motor vehicles**	**Other assets**	**Buildings**	**Motor vehicles**	**Other assets**
Less than 1 year	2,400	7,180	999	1,862	4,058	299
1 to 5 years	10,342	8,209	354	6,949	4,920	459
Over 5 years	-	-	-	2,366	-	-
	12,742	**15,389**	**1,353**	**11,177**	**8,978**	**758**

In 2010 the Company assumed commitments with the company T-SYSTEM as a result of subcontracting operating services from its information technology department. Minimum payments at 31 December 2010 totalled Euros 4,070 thousand.

26. Temporary joint ventures

The Company has interests in the following joint ventures at 31 December 2011:

	Name:	Date of incorporation	Purpose	%
a)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short, "UTE Prosegur-Nordés"	October 2006	Security patrol services, security and maintenance of security installations of the health centres in the Malaga health district	50%
b)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute Ley 18/1982, in short, "UTE RTVE Prosegur-Servimax	May 2008	Security patrol and auxiliary services in different Spanish public radio-television network (RTVE) centres (Joint venture wound up on 16-05-2011)	80%
c)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE AENA BARCELONA T2 Prosegur-Servimax",	November 2008	Security services in the new south terminal, vehicle access control and perimeter control in the Barcelona airport	88%
d)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax BSM"	January 2009	Security patrol services in the Barcelona Municipal Services (BSM) depots	76%
e)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Arpegio".	June 2009	Security patrol services and security in the different developments of ARPEGIO, Areas de Promoción Empresarial, S.A.	71%
f)	Prosegur Compañía de Seguridad – Fesmi Ute 18/1982, in short, "UTE Prosegur Fesmi".	September 2009	Security patrol and supplementary services for the centres of the Ferrol town council	42%
g)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Oficina Antifrau de Catalunya",	November 2009	Security patrol services and protection of the building, premises and other installations of the Cataluña Anti-fraud Office	83%
h)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Centro Sanitario Ceuta"	February 2010	Security patrol services and protection of the building, premises and other installations of the Ceuta Health Centres	92%
i)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Aeropuerto de San Sebastián"	November 2009	Security patrol and supplementary services in the AENA installations in the San Sebastián airport	95%
j)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short,"UTE Prosegur-Servimax Aeropuerto de Málaga",	November 2009	Security patrol and supplementary services in the Malaga International Airport installations	78%

	Name:	Date of incorporation	Purpose	%
k)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Aeropuerto de Palma de Mallorca"	November 2009	Security patrol and supplementary services in the Palma de Mallorca Internatioal Airport installations	88%
l)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Universidad Politécnica de Valencia".	December 2009	Security patrol services, security and auxiliary personnel in the Universidad Politécnica de Valencia campus and installations	99%
m)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Universidad Alicante"	March 2010	Security patrol services and auxiliary personnel in the Universidad de Alicante campus and installations	99%
n)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Instituto de Estudios Fiscales"	April 2010	Security patrol services and auxiliary personnel in the Instituto de Estudios Fiscales centres	90%
o)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Hospital Vall d´Hebron"	May 2010	Security patrol services and auxiliary personnel in the Vall d´Hebron hospital	50%
p)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute Ley 18/1982, in short, "UTE Prosegur-Servimax Conservatorio Municipal Ataulfo Argenta II".	June 2010	Security patrol, security and auxiliary services in the Ataúlfo Argenta municipal conservatory in Santander	50%
q)	UTE Prosegur Compañía de Seguridad – Prosegur Activa España Ute Ley 18/1982, in short, "UTE PCia-PAE RTVA ".	July 2010	Security patrol services and security in the Andalucia regional public radio-television network centres	88%
r)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short, "UTE Prosegur-Ptecnologia Ayuntamiento de Alcobendas"	July 2010	Management and security services for the collection and other valuable items of the Alcobendas municipal sports council	95%
s)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Guggenheim Bilbao".	July 2010	Security patrol and auxiliary services for the Guggenheim Museum of Bilbao	53%
t)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Corporación RTVE".	August 2010	Security patrol and auxiliary services in the different centres of RTVE	70%
u)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short, "UTE Prosegur-PTecnologia ISE Andalucia".	September 2010	Security patrol and security services for the Vega del Rey de Camas (Seville) administration building	95%
v)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short, "UTE Prosegur-PTecnologia AEAT Sevilla".	December 2010	Security services and preventive and corrective maintenance of anti-burglary and robbery and fire protection systems of the AEAT (taxation authorities) centres dependent on the Andalucia, Ceuta and Melilla local	95%

	Name:	Date of incorporation	Purpose	%
w)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short, UTE PCIA-PT AGENCIA VALENCIANA DE SALUD	January 2011	Security services and preventive and corrective maintenance of anti-burglary and robbery and fire protection systems of the Valencia Health Agency centres	99%
x)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short, UTE PCS-PT MINISTERIO DE JUSTICIA	March 2011	Security services and preventive and corrective maintenance of anti-burglary and robbery and fire protection systems for the Ministry of Justice	96%
y)	Prosegur Compañía de Seguridad – CLECE UTE Ley 18/1982, in short, UTE CLECE PCS TEATRO KURSAAL MELILLA	may-11	Security patrol and auxiliary services in Teatro Kursaal in Melilla	10%
z)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, UTE PCS-SSG MPTMAP	March 2011	Security patrol and auxiliary services in different MPTMAP centres	85%
aa)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, UTE PCS-SSG FERROCARRILS DE LA GENERALITAT CATALUNYA	September 2011	Security patrol and auxiliary services in different centres of the Cataluña railway authorities	96%
ab)	Prosegur Compañía de Seguridad – ESC Servicios Generales Ute 18/1982, in short, UTE PCS ESC CETARSA	November 2011	Security patrol and auxiliary services to CETARSA	81%
ac)	Prosegur Compañía de Seguridad – FERROSER Ley 18/1982, in short, UTE FERROSER PCS UNIV. EUROPEA MADRID	December 2011	Security patrol and auxiliary services to the Universidad Europea de Madrid	95%

The Company had interests in the following joint ventures at 31 December 2010:

	Name:	Date of incorporation	Purpose	%
a)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short, "UTE Prosegur-Nordés"	October 2006	Security patrol services, security and maintenance of security installations of the health centres in the Malaga health district	50%
b)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute Ley 18/1982, in short, "UTE Prosegur-Servimax Conservatorio Municipal Ataulfo Argenta".	February 2008	Auxiliary, security patrol and security services in the Ataúlfo Argenta municipal conservatory in Santander (**JV** wound up in 2010).	15%
c)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute Ley 18/1982, in short, "UTE RTVE Prosegur-Servimax	May 2008	Security patrol and auxiliary services in the differenct centres of RTVE	80%
d)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales 18/1982, in short, "UTE Prosegur-Servimax AENA".	November 2008	Security patrol and auxiliary services in the Getafe airport (Madrid) (**JV** wound up in 2010).	70%
e)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE AENA BARCELONA T2 Prosegur-Servimax",	November 2008	Security services in the new south terminal, vehicle access control and perimeter control in the Barcelona airport	88%
f)	Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax BSM"	January 2009	Security patrol services in the Barcelona Municipal Services (BSM) depots	76%
g)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Arpegio".	June 2009	Security patrol services and security in the different developments of ARPEGIO, Areas de Promoción Empresarial, S.A.	71%
h)	Prosegur Compañía de Seguridad – Fesmi Ute 18/1982, in short, "UTE Prosegur Fesmi".	September 2009	Security patrol and supplementary services for the centres of the Ferrol town council	42%
i)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Oficina Antifrau de Catalunya",	November 2009	Security patrol services and protection of the building, premises and other installations of the Cataluña Anti-fraud Office	83%
j)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Centro Sanitario Ceuta"	February 2010	Render security patrol services and protection of the building, premises and other installations of the Ceuta Health Centres	92%
k)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Aeropuerto de San Sebastián"	November 2009	Security patrol and supplementary services in the AENA installations in the San Sebastián airport	95%
l)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Aeropuerto de Málaga",	November 2009	Security patrol and supplementary services in the Malaga International Airport installations	78%

	Name:	Date of incorporation	Purpose	%
m)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Aeropuerto de Palma de Mallorca"	November 2009	Security patrol and supplementary services in the Palma de Mallorca International Airport installations	88%
n)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Universidad Politécnica de Valencia",	December 2009	Security patrol services, security and auxiliary personnel in the Universidad Politécnica de Valencia campus and installations	99%
o)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Universidad Alicante"	March 2010	Security patrol services and auxiliary personnel in the Universidad de Alicante campus and installations	99%
p)	UTE Prosegur Compañía de Seguridad – Prosegur Transportes de Valores Ute 18/1982, in short, "UTE Prosegur-PTV Correos"	April 2010	Security patrol and auxiliary personnel services for the Postal Service (Correos) centres (**JV** wound up during the year)	64%
q)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Instituto de Estudios Fiscales"	April 2010	Security patrol services and auxiliary personnel in the Instituto de Estudios Fiscales centres	90%
r)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Hospital Vall d´Hebron"	May 2010	Security patrol services and auxiliary personnel in the Vall d´Hebron hospital	50%
s)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute Ley 18/1982, in short, "UTE Prosegur-Servimax Conservatorio Municipal Ataulfo Argenta II".	June 2010	Security patrol, security and auxiliary services in the Ataúlfo Argenta municipal conservatory in Santander	50%
t)	UTE Prosegur Compañía de Seguridad – Prosegur Activa España Ute Ley 18/1982, in short, "UTE PCia-PAE RTVA ".	July 2010	Security patrol services and security in the Andalucia regional public radio-television network centres	88%
u)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short, "UTE Prosegur-Ptecnologia Ayuntamiento de Alcobendas"	July 2010	Management and security services for the collection and other valuable items of the Alcobendas municipal sports council	95%
v)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Guggenheim Bilbao".	July 2010	Security patrol and auxiliary services for the Guggenheim Museum of Bilbao	53%
w)	UTE Prosegur Compañía de Seguridad – Servimax Servicios Generales Ute 18/1982, in short, "UTE Prosegur-Servimax Corporación RTVE".	August 2010	Security patrol and auxiliary services in the different centres of RTVE	70%
x)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short, "UTE Prosegur-PTecnologia ISE Andalucia".	September 2010	Security patrol and security services for the Vega del Rey de Camas (Seville) administration building	95%
y)	Prosegur Compañía de Seguridad – Nordés Prosegur Tecnología Ute Ley 18/1982, in short, "UTE Prosegur-PTecnologia AEAT Sevilla".	December 2010	Security services and preventive and corrective maintenance of anti-burglary and robbery and fire protection systems of the AEAT (taxation authorities) centres dependent on the Andalucia, Ceuta and Melilla local government	95%

Temporary joint ventures are proportionately consolidated in the balance sheet and income statement.

The integrated balance sheet and income statement of joint ventures for 2011 are as follows:

	Thousands of Euros													
	a	**b (*)**	**c**	**d**	**e**	**f**	**g**	**h**	**i**	**j**	**k**	**l**	**m**	**n**
Assets														
Current assets	8	-	2,290	287	77	268	16	109	50	1,703	1,400	632	588	119
Total assets	**8**	**-**	**2,290**	**287**	**77**	**268**	**16**	**109**	**50**	**1,703**	**1,400**	**632**	**588**	**119**
Liabilities														
Non-current liabilities	-	-	113	1	1	11	1	69	1	59	20	2	1	1
Curreint liabilities	(8)	-	(2,403)	(288)	(78)	(279)	(17)	(178)	(51)	(1,762)	(1,420)	(634)	(589)	(120)
Total liabilities	**(8)**	**-**	**(2,290)**	**(287)**	**(77)**	**(268)**	**(16)**	**(109)**	**(50)**	**(1,703)**	**(1,400)**	**(632)**	**(588)**	**(119)**
Income	65	-	11,281	1,332	107	323	160	1,253	251	9,093	8,454	2,157	1,608	484
Expenses	(65)	-	(11,350)	(1,332)	(107)	(332)	(160)	(1,293)	(251)	(9,146)	(8,470)	(2,157)	(1,608)	(484)
Profit after tax	**-**	**-**	**(69)**	**-**	**-**	**(9)**	**-**	**(40)**	**-**	**(53)**	**(16)**	**-**	**-**	**-**

(*) Wound up in 2011
(**) No activity carried out in 2011

	Thousands of Euros														
	o	**p**	**q**	**r**	**s**	**t**	**u**	**v**	**w**	**x**	**y**	**z**	**aa**	**ab (**)**	**ac (**)**
Assets															
Current assets	532	12	10	1	413	826	27	1	198	-	180	78	379		
Total assets	**532**	**12**	**10**	**1**	**413**	**826**	**27**	**1**	**198**	**-**	**180**	**78**	**379**	**-**	**-**
Liabilities															
Non-current liabilities	-	1	-	-	-	1	1	1	-	-	-	-	-		
Curreint liabilities	(532)	(13)	(10)	(1)	(413)	(827)	(28)	(2)	(198)	-	(180)	(78)	(379)		
Total liabilities	**(532)**	**(12)**	**(10)**	**(1)**	**(413)**	**(826)**	**(27)**	**(1)**	**(198)**	**-**	**(180)**	**(78)**	**(379)**	**-**	**-**
Income	1,386	23	1,560	9	2,108	2,707	45	194	165	586	332	542	321		
Expenses	(1,386)	(23)	(1,560)	(9)	(2,108)	(2,708)	(46)	(195)	(165)	(586)	(337)	(542)	(321)		
Profit after tax	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**	**(1)**	**-**	**-**	**(5)**	**-**	**-**	**-**	**-**

(*) Wound up in 2011

(**) No activity carried out in 2011

The integrated balance sheet and income statement of joint ventures for 2010 are as follows:

	Thousands of Euros											
	a	**b(*)**	**C**	**d(*)**	**e**	**f**	**g**	**h**	**i**	**j**	**k**	**l**
Assets												
Current assets	26	-	2	-	2,121	255	76	270	-	106	49	809
Total assets	**26**	**-**	**2**	**-**	**2,121**	**255**	**76**	**270**	**-**	**106**	**49**	**809**
Liabilities												
Non-current liabilities	-	-	2	-	45	1	-	3	-	30	-	6
Curreint liabilities	(26)	-	(4)	-	(2,166)	(256)	(76)	(273)	-	(136)	(49)	(815)
Total liabilities	**(26)**	**-**	**(2)**	**-**	**(2,121)**	**(255)**	**(76)**	**(270)**	**-**	**(106)**	**(49)**	**(809)**
Income	87	-	934	-	12,095	1,294	106	326	166	968	249	8,012
Expenses	(87)	-	(934)	-	(12,135)	(1,294)	(106)	(328)	(166)	(998)	(249)	(8,018)
Profit after tax	**-**	**-**	**-**	**-**	**(40)**	**-**	**-**	**(2)**	**-**	**(30)**	**-**	**(6)**

(*) Wound up in 2010
(**) No activity carried out in 2010

	Thousands of Euros												
	m	**n**	**o**	**p (*)**	**q**	**r**	**s**	**t**	**u**	**v**	**w**	**x**	**y (**)**
Assets													
Current assets	1,288	208	68	-	107	453	17	779	6	438	922	5	-
Total assets	**1,288**	**208**	**68**	**-**	**107**	**453**	**17**	**779**	**6**	**438**	**922**	**5**	**-**
Liabilities													
Non-current liabilities	5	1	-	-	-	-	-	-	-	-	-	-	-
Curreint liabilities	(1,293)	(209)	(68)	-	(107)	(453)	(17)	(779)	(6)	(438)	(922)	(5)	-
Total liabilities	**(1,288)**	**(208)**	**(68)**	**-**	**(107)**	**(453)**	**(17)**	**(779)**	**(6)**	**(438)**	**(922)**	**(5)**	**-**
Income	7,777	1,590	1,113	-	330	722	15	684	5	587	924	4	-
Expenses	(7,782)	(1,591)	(1,113)	-	(330)	(722)	(15)	(684)	(5)	(587)	(924)	(4)	-
Profit after tax	**(5)**	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(*) Wound up in 2010
(**) No activity carried out in 2010

(*) No activities were commenced during the year.

27. Other Related Party Transactions

The Company is the ultimate parent of the Prosegur Group and 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%.

a) Group companies, jointly controlled entities and associates

The Company's financial assets and financial liabilities with group companies, excluding equity instruments (see note 10), are as follows:

	Thousands of Euros					
	2011					
	Financial assets			Financial liabilities		
	Current			Current		
	Loans	Receivables	Other financial assets	Payables	Suppliers	Other financial liabilities
Group companies in Spain						
Prosegur Gestión de Activos, S.L.	2,189	-	41	-	-	-
Servimax Servicios Generales, S.A.	-	2,345	-	(6,911)	(352)	-
Prosegur Activa Holding, S.L.U.	1,405	-	-	-	-	-
Formación, Selección y Consultoría, S.A.	-	-	174	(2,515)	(338)	-
Prosegur Multiservicios, S.A.	-	4	-	(172)	-	-
ESC Servicios Generales, S.L.	660	356	220	-	(84)	-
Joint Ventures	-	-	9,603	(16)	-	(8,974)
Other	167	147	1,911	(746)	(79)	(1,216)
Total Spain	**4,421**	**2,852**	**11,949**	**(10,360)**	**(853)**	**(10,190)**
Subsidiaries abroad						
Prosegur Group Ireland	-	-	-	(10,561)	-	-
Prosegur Group France	18,552	1,468	295	-	(339)	-
Prosegur Group Portugal	-	1,715	17	-	(93)	-
Prosegur Group Argentina	-	12,544	129	(14,115)	(4,280)	(1,736)
Prosegur Group Brazil	-	7,037	-	-	(2,525)	(1,786)
Prosegur Group Chile	-	1,770	5	-	(9)	-
Prosegur Group Peru	-	2,319	50	(3,004)	(15)	-
Prosegur Group Uruguay	-	319	32	-	(2)	-
Prosegur Group Mexico	416	1,113	11	(1)	(5)	-
Prosegur Group Colombia	-	1,096	-	-	(1)	-
Prosegur Group Paraguay	-	427	-	-	-	-
Other	6,366	1,313	182	-	(50)	-
Total	**29,755**	**33,973**	**12,670**	**(38,041)**	**(8,172)**	**(13,712)**

	Thousands of Euros					
	2010					
	Financial assets			**Financial liabilities**		
	Current			**Current**		
	Loans	**Receivables**	**Other financial assets**	**Payables**	**Suppliers**	**Other financial liabilities**
Group companies in Spain						
Prosegur Gestión de Activos, S.L.	-	-	-	(10)	(64)	(23)
Servimax Servicios Generales, S.A.	-	4,340	-	(499)	659	(678)
Prosegur Activa Holding, S.L.U.	3,438	-	-	-	-	(1,032)
Prosegur Activa España, S.L.U.	-	1,537	502	(12,353)	20	-
Formación, Selección y Consultoría, S.A.	-	-	33	(1,498)	(268)	-
Prosegur Transportes de Valores, S.A.	59,358	14,253	712	-	(13,141)	-
Prosegur Multiservicios, S.A.	-	-	-	(166)	-	(7)
ESC Servicios Generales, S.L.	460	501	46	-	(63)	-
Prosegur Tecnología, S.L.U.	10,775	1,870	-	-	(625)	(302)
Prosegur Servicio Técnico, S.L.U.	-	18	-	(359)	-	(17)
Joint ventures	-	-	3,917	(3,831)	-	-
Other	650	-	-	-	-	-
Total Spain	**74,681**	**22,519**	**5,210**	**(18,716)**	**(13,482)**	**(2,059)**
Subsidiaries abroad						
Prosegur Group Ireland	-	-	-	(8,398)	-	-
Prosegur Group France	3,720	2,508	232	-	(639)	(124)
Prosegur Group Portugal	66	1,911	77	-	(87)	-
Prosegur Group Argentina	341	2,779	130	-	(384)	(584)
Prosegur Group Brazil	268	2,192	4	-	(54)	(1,845)
Prosegur Group Chile	156	595	161	-	(3)	-
Prosegur Group Peru	254	759	109	-	(15)	-
Prosegur Group Uruguay	-	129	1	-	(1)	-
Prosegur Group Mexico	-	948	30	-	(145)	(26)
Prosegur Group Colombia	14	281	13	-	(3)	-
Prosegur Group Paraguay	-	59	-	-	(4)	-
Other	-	82	-	-	-	-
Total	**79,500**	**34,762**	**5,967**	**(27,114)**	**(14,817)**	**(4,638)**

Loans under financial assets reflect current loans to group companies in Europe, as part of centralised cash management. These loans are denominated in Euros, accrue interest of 3.25% in Spain, 3.3% in France, 3.25% in Luxembourg and 1.62% in Germany (2.75% in Spain, 4.085% in France and 2.25% in Ireland in 2010) and total Euros 401 thousand in 2011 (Euros 1,198 thousand in 2010).

Payables under financial liabilities comprise current loans extended by group companies in Spain and Europe as part of central cash management. These loans are denominated in Euros, accrue interest of 3.25% in Spain, 3.25% in Ireland, 3.25% in Greece and Poland, 3.25% in Argentina and 3.5% in Peru (2.75% in Spain, 2.25% in Ireland and 2.75% in France in 2010) and total Euros 1,535 thousand in 2011 (Euros 1,607 thousand in 2010).

Receivables and suppliers mostly reflect the outstanding balances relating to invoices for centralised services issued to and received from, respectively, group companies.

Details of current accounts with group companies (other financial assets and other financial liabilities), which include payments and collections of balances payable to/receivable from each consolidated tax group company, are as follows:

	Thousands of Euros					
	2011			2010		
	Other payments/collections	**Income tax**	**Receivable / (payable)**	**Other payments/collections**	**Income tax**	**Receivable / (payable)**
Prosegur Gestion de Activos	57	(98)	(41)	1	(24)	(23)
Servimax Servicios Generales, S.A.	(2,711)	2,535	(176)	(3,359)	2,681	(678)
Prosegur Activa Holding, S.L.U.	(1,120)	102	(1,018)	(808)	(224)	(1,032)
Prosegur Activa España, S.L.U.	-	-	-	(5,322)	5,824	502
Formación, Selección y Consultoría, S.A.	(208)	382	174	(249)	282	33
Prosegur Transportes de Valores, S.A.	-	-	-	(2,543)	3,255	712
Prosegur Multiservicios, S.A.	(8)	5	(3)	(3)	(4)	(7)
ESC Servicios Generales, S.L.	(478)	259	(219)	(260)	306	46
Prosegur Tecnología, S.L.U.	-	-	-	(395)	93	(302)
Prosegur Servicio Técnico, S.L.U.	-	-	-	96	(113)	(17)
Ptico Venture SCR Simplificada, S.A.	(3)	(12)	(15)	-	-	-
Total	**(4,471)**	**3,173**	**(1,298)**	**(12,842)**	**12,076**	**(766)**

Transactions between the Company and group companies during the years are as follows:

	Thousands of Euros				
	2011				
	Income			Expenses	
	Services rendered and other income	**Interest**	**Interest in share capital**	**Services received**	**Interest**
Prosegur Gestión de Activos, S.L.U.	-	50	-	-	-
Servimax Servicios Generales, S.A.	2,532	-	9,466	(1,790)	(152)
Formación, Selección y Consultoría, S.A.	1	2	2,310	(1,778)	-
ESC Servicios Generales, S.L.	358	28	1,278	(399)	-
Prosegur Multiservicios, S.A.	15	-	-	(5)	(6)
Prosegur Activa Holding, S.L.U.	-	-	17,063	-	(875)
Joint Ventures	37	-	-	-	(16)
Other	85	-	-	1	(5)
Prosegur Group Ireland	-	-	5,200	-	(361)
Prosegur Group France	1,468	197	-	(680)	-
Prosegur Group Argentina	9,294	-	435	(2,569)	(115)
Prosegur Group Brazil	4,891	-	-	(2,495)	-
Prosegur Group Mexico	736	2	-	(5)	(93)
Prosegur Group Paraguay	424	-	-	-	-
Prosegur Group Uruguay	357	-	-	(4)	-
Prosegur Group Peru	1,967	-	-	-	(4)
Prosegur Group Colombia	1,091	-	-	-	-
Prosegur Group Chile	1,739	-	-	(11)	-
Prosegur Group Portugal	2,159	-	5,500	(322)	-
Other	1,028	15	-	(19)	-
Total	**28,182**	**294**	**41,252**	**(10,076)**	**(1,627)**

	Thousands of Euros				
	2010				
	Income			**Expenses**	
	Services rendered and other income	**Interest**	**Interest in share capital**	**Services received**	**Interest**
Prosegur Transportes de Valores, S.A.	15,827	-	25,085	(23,724)	(163)
Servimax Servicios Generales, S.A.	4,031	-	7,363	(371)	(130)
Formación, Selección y Consultoría, S.A.	1	-	-	(1,479)	(37)
ESC Servicios Generales, S.L.	468	17	-	(354)	-
Prosegur Multiservicios, S.A.	-	-	-	(2)	(5)
Prosegur Servicio Técnico, S.L.U.	18	-	-	(5)	(7)
Prosegur Activa Holding, S.L.U. (reexpresado)	-	-	14,398	-	(126)
Prosegur Activa España, S.L.U.	1,814	-	-	(1,151)	(989)
Prosegur Tecnología, S.L.U.	1,664	227	-	(1,870)	-
Prosegur Group Portugal	2,067	-	10,000	(244)	-
Prosegur Group Chile	595	-	-	(3)	-
Reinsuranse Business Solutions Ltda.	-	-	-	-	(150)
Prosegur Group France	2,502	108	-	(521)	-
Prosegur Group Argentina	2,601	-	72	-	-
Prosegur Group Brazil	2,041	544	-	-	-
Prosegur Group Mexico	667	270	-	-	-
Prosegur Group Paraguay	74	-	-	-	-
Prosegur Group Uruguay	114	-	-	(1)	-
Prosegur Group Peru	673	32	-	(16)	-
Prosegur Group Colombia	255	-	-	-	-
Prosegur Group Romania	160	-	-	(186)	-
TOTAL	**35,572**	**1,198**	**56,918**	**(29,927)**	**(1,607)**

Services rendered and other income fundamentally include Euros 19,167 thousand for centralised services invoices (Euros 21,075 thousand in 2010) and Euros 3,281 thousand for transfers of intangible assets (Euros 3,377 thousand in 2010).

An amount of Euros 5,232 thousand was recognised in 2010 for leases of property and armoured vehicles.

Services received basically comprise Euros 5,776 thousand for centralised services invoices received (Euros 8,626 thousand in 2010). This item also included Euros 861 thousand for leases of armoured vehicles in 2010.

Interest income and borrowing costs reflect the amounts accrued on the aforementioned current loans extended to and by group companies.

b) Other related parties

<u>Goods and services</u>

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

This agreement cannot be terminated before the expiry date during its initial term or subsequent extensions. In the event that Proactinmo, S.L. wished to terminate the agreement during the initial term of the lease, it must pay an amount equivalent to the rentals for the remainder of the initial term. In the event that Proactinmo, S.L. wished to terminate the agreement during an extension to the term, it must pay an amount equivalent to the rentals for the remainder of the extended term of the agreement, up to a maximum of 24 months' rentals at that date.

In 2011, the Company has provided business security services to Banca March for Euros 2,557 thousand (Euros 2,413 thousand in 2010).

Financing and investments with related parties

Banca March, S.A. which controls Corporación Financiera Alba, S.A., formed part of the syndicate of banks that granted the syndicated loan to the Company in 2006 (see note 20). 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 Prosegur.

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) (see note 3). 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.

28. Remuneration of Directors and Senior Management Personnel

a) 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
Total	**2,298**	**2,904**

b) Remuneration of senior management personnel

Senior management personnel are Company 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 the Company is as follows:

	Thousands of Euros	
	2011	**2010**
Fixed remuneration	2,387	1,726
Variable remuneration	962	698
Remuneration in kind	107	104
Life insurance premiums	12	5
Total	**3,468**	**2,533**

As well as the remuneration described in sections a) and b), under the 2011 long-term incentive plan for executive directors and management personnel (see note 34.13), in 2010 Prosegur paid cash incentives to executive directors and senior management personnel amounting to Euros 492 thousand, and transferred 20,603 shares (see note 17).

Executive directors and senior management personnel represent Euros 5,001 thousand of the total commitment of Euros 5,781 thousand acquired by the Company in relation to share-based incentives at 31 December 2011 (see note 17).

Executive directors and senior management personnel represent Euros 3,917 thousand of the total commitment of Euros 5,016 thousand acquired by the Company in relation to share-based incentives at 31 December 2010 (see note 17).

The total commitment undertaken by the Company at 31 December 2011 in relation to the cash incentives specified in the 2011 Plan amounts to Euros 698 thousand (Euros 936 thousand in 2010). This entire balance comprises incentives for senior management personnel of the Company.

c) Investments and positions held by the directors in other similar companies

The directors declare that they hold no investments or management positions in any non-group companies with identical, similar or complementary statutory activities to that of the Company.

The directors also declare that they have not carried out any functions, either on their own behalf or on behalf of third parties, in companies with identical, similar or complementary statutory activities to that of the Company.

The members of the board of directors that hold management positions in other group companies at 31 December are as follows:

2011

Name of board member	Name of group company	Position
Mr. Christian Gut Revoredo	Prosegur Activa Holding, S.L.U.	Joint director
Mr. Christian Gut Revoredo	Formación, Selección y Consultoría, S.A.	Joint director
Mr. Christian Gut Revoredo	Prosegur Multiservicios, S.A.	Joint director

2010

Name of board member	Name of group company	Position
Mr. Christian Gut Revoredo	Prosegur Tecnología, S.L.U.	Joint director
Mr. Christian Gut Revoredo	ESC, Servicios Generales, S.L.	Joint director
Mr. Christian Gut Revoredo	Formación, Selección y Consultoría, S.A.	Joint director
Mr. Christian Gut Revoredo	Prosegur Activa España, S.L.U.	Joint director
Mr. Christian Gut Revoredo	Prosegur Activa Holding, S.L.U.	Joint director
Mr. Christian Gut Revoredo	Prosegur Multiservicios, S.A.	Joint director
Mr. Christian Gut Revoredo	Prosegur Transportes de Valores, S.A.	Joint director
Mr. Christian Gut Revoredo	Servimax Servicios Generales, S.A.	Joint director

d) 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.

29. Employee Information

The average headcount of the Company in 2011 and 2010, distributed by category, is as follows.

	2011	2010
Indirect personnel	2,125	959
Direct personnel	20,608	17,902
Total	**22,733**	**18,861**

At year end the distribution by gender of Company personnel is as follows:

	2011		2010	
	Female	**Male**	**Female**	**Male**
Indirect personnel	612	1,361	314	663
Direct personnel	3,280	17,979	2,822	15,816
Total	**3,892**	**19,340**	**3,136**	**16,479**

The year-end (and average) distribution by gender of the board of directors and senior management personnel is as follows:

	2011		2010	
	Female	**Male**	**Female**	**Male**
Directors	3	5	3	5
Senior management	1	15	1	16
Total	**4**	**20**	**4**	**21**

The average number of Company employees with a disability rating of 33% or more, by category, is as follows.

	2011	2010
Indirect personnel	29	17
Direct personnel	121	57
Total	**150**	**74**

30. Audit Fees

At the general meeting held on 28 June 2010, the shareholders appointed KPMG Auditores, S.L. as the auditors of the annual accounts of the Company and the consolidated annual accounts of the Prosegur Group from the year ended 31 December 2010 onwards.

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

	Thousands of Euros	
	2011	**2010**
Audit services	186	153
Total	**186**	**153**

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 of the KPMG Europe, LLP Group have invoiced the following fees and expenses for professional services during the years ended 31 December 2011 and 2010:

	Thousands of Euros	
	2011	**2010**
Other services	241	83
Total	**241**	**83**

31. Environmental Information

In 2011 the Company invested in armoured vehicles that are compliant with the Euro III emission standard for particulates. This investment, recognised as an increase in the value of property, plant and equipment, totals Euros 1,554 thousand (Euros 185 thousand in 2010). The Company recorded an income tax credit of Euros 3 thousand in 2010. At 31 December 2011 the Company has no contingencies, legal claims or income and expenses relating to the environment.

32. Subsequent Events

No events have occurred since 31 December 2011 that could have a significant impact on these annual accounts.

33. Basis of Presentation

a) Fair presentation

The annual accounts for 2011 have been prepared on the basis of the accounting records of the Company in accordance with prevailing legislation and the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 to present fairly the equity and financial position at 31 December 2011 and results of operations and cash flows for the year then ended, as well as the accuracy of the figures reflected in the statement of cash flows.

At year end, the Company has negative working capital of Euros 45,553 thousand. Nevertheless, the Company's directors have prepared these annual accounts on a going concern basis, as they consider that this negative working capital does not affect the Company's ability to operate as a going concern, given that the Company is the parent of the Prosegur Group which, in its consolidated annual accounts at 31 December 2011, reported positive working capital of Euros 262,099, and given its capacity to generate future cash flows in the ordinary course of its business and its subsidiaries' dividend management policy.

b) Critical issues regarding the valuation and estimation of uncertainties

Preparation of the annual accounts requires the Company to make certain estimates and judgements concerning the future. These are evaluated constantly and based on historical experience and other factors, including expectations of future events that are considered reasonable under certain circumstances.

Although estimates are calculated by the Company’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 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

The Company tests goodwill for impairment annually, in accordance with the accounting policy described in note 34.4. The recoverable amount of a cash-generating unit is determined based on its value in use, which is understood to be the present value of estimated future cash flows. This calculation requires the use of estimates.

To estimate the value in use the Company prepares forecasts of future cash flows before tax based on the budgets most recently approved by the directors. 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.

The Company 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. The Company considers the present value of money and risk premium calculations currently in general use among analysts.

If the recoverable amount is less than the carrying amount of the asset, the difference is recognised under impairment and gains/(losses) on disposal of fixed assets in the income statement.

Impairment of goodwill recognised may not be reversed.

Along with the analysis of impairment, Prosegur has also performed a sensitivity analysis on goodwill (see note 6).

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. The Company uses its judgement to select methods and make assumptions based mainly on market conditions existing at each reporting date. The Company uses discounted cash flow analyses for certain available-for-sale financial assets that are not quoted on an active market.

Claims

Management estimates provisions for claims using information obtained from external and internal labour, legal and tax advisors, in order to make the best estimates.

c) Functional and presentation currency

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company's functional and presentation currency, rounded off to the nearest thousand.

d) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2011 include comparative figures for 2010, which formed part of the annual accounts approved by shareholders at the annual general meeting held on 27 June 2011.

The Company has amended its presentation of the 100% interest in Prosegur Activa Portugal, Ltda. acquired from Prosegur Activa Holding, S.L.U. (see note 10). This has entailed the recognition of a reduction of Euros 39,107 thousand in reserves and finance income of Euros 54,009 thousand, since there may be a degree of inconsistency in the recognition of the transaction, based on the interpretations published after the annual accounts for 2010 were authorised for issue (queries published in issue 85 of the Official Gazette of the Spanish Accounting and Auditing Institute (BOICAC) on the application of Recognition and Measurement Standard 21, including query 12 on the accounting treatment of dividends delivered by the transferor in the form of business). To bring the presentation of these items more into line with the latest interpretations would require the recognition of a dividend in kind of Euros 504 thousand under reserves, equivalent to the value of the net assets of Prosegur Activa Portugal, Ltda. in the consolidated annual accounts of the Prosegur Group, and finance income from dividends equivalent to the distribution of the reserves of Prosegur Activa Holding, S.L.U. through a cash payout of Euros 14,398 thousand. Application of this criterion has resulted in an increase in reserves and a decrease in finance income in an amount of Euros 39,611 thousand.

34. Accounting Principles

34.1 Intangible assets

a) Goodwill

Goodwill is the amount by which the cost of the business combination exceeds the acquisition-date fair value of the identifiable net assets acquired. As a result, goodwill is only recognised when it has been acquired onerously and represents future economic benefits from assets that cannot be identified individually and recognised separately.

The Company's goodwill at 31 December 2011 comprises merger goodwill, recognised in the Company's balance sheet, reflecting the excess of the value of the investment in the merged company (as recognised by the Company) over the net assets and liabilities to be incorporated from the merged company.

Separately recognisable goodwill is not amortised, but is instead tested annually for impairment and recognised at cost less accumulated impairment losses.

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.

Impairment losses on goodwill are not reversed in subsequent years.

b) Customer portfolios

Customer portfolios comprise service contracts and customer portfolios acquired by the Company from other companies. Portfolios are amortised over their estimated useful lives (five to ten years on average) and are recognised at cost less accumulated amortisation.

c) Computer software

Computer software purchased from third parties is capitalised based on the costs incurred to acquire and bring the specific software to use. These expenses are amortised over the estimated useful lives of the assets, averaging five years.

Computer software maintenance costs are charged as expenses when incurred.

d) Licences

Licences have finite useful lives and are recognised at cost less accumulated amortisation and impairment. Trademarks and licences are amortised on a straight-line basis to allocate the cost over their estimated useful lives of between three and five years.

At 31 December 2011 the Company has a computer software licence with an indefinite useful life amounting to Euros 1,042 thousand.

34.2 Property, plant and equipment

Property, plant and equipment are recognised at cost of acquisition or production, less accumulated depreciation and any accumulated impairment.

Costs incurred to extend, modernise or improve property, plant and equipment are only recorded as an increase in the value of the asset when the capacity, productivity or useful life of the asset is increased and it is possible to ascertain or estimate the carrying amount of the assets that have been replaced in inventories.

The cost of major repairs is capitalised and depreciated over their estimated useful life, while recurring maintenance costs are charged to the income statement during the year in which they are incurred.

Depreciation of property, plant and equipment, with the exception of land that is not depreciated, is calculated systematically on a straight-line basis over the estimated useful lives of the assets based on the actual decline in value and use.

The Company uses the following depreciation rates:

	Depreciation rate
Buildings	2% to 3%
Technical installations	10% to 25%
Machinery and equipment	10% to 30%
Furniture	10%
Computer equipment	25%
Motor vehicles	16%
Other property, plant and equipment	10% to 25%

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at each balance sheet date.

When an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is written down immediately to the recoverable amount.

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

34.3. Investment property

Investment property comprises property which is earmarked totally or partially to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business.

The Company measures and recognises investment property using the policy for property, plant and equipment.

The Company uses the following depreciation rates:

	Depreciation rate
Buildings	2% to 3%

34.4. Impairment losses on non-financial assets

Assets with indefinite useful lives, such as goodwill and certain licences, are not amortised, but are instead tested for impairment on an annual basis.

Assets subject to amortisation or depreciation are tested for impairment whenever an event or change in circumstances indicates that their carrying amount might not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets, other than goodwill, for which impairment losses have been recognised, are tested at each balance sheet date in case the loss has reversed.

34.5. Financial assets

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The assets are classified as current unless they mature in more than 12 months after the balance sheet date, in which case they are classified as non-current. Loans and receivables are generally recognised under loans to companies and trade and other receivables in the balance sheet.

These financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortised cost, recognising accrued interest at the effective interest rate, which is the discount rate that matches the instrument's carrying amount with all estimated cash flows to maturity. Nevertheless, trade receivables falling due in less than one year are carried at their face value on both initial recognition and subsequent measurement, provided the effect of not updating is immaterial.

Loans with interest contingent on the borrower achieving a milestone such as obtaining profits, or calculated by reference to the financial performance of the borrower, are measured at cost, plus the attributable interest. In these cases, transaction costs are recognised on a straight-line basis over the term of the loan.

At least at year end, the necessary impairment losses are recognised when there is objective evidence that all the amounts receivable will not be collected.

The impairment loss is calculated as 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 upon initial recognition. Impairment losses are recognised and reversed in profit and loss.

b) Financial assets held for trading

An asset is classified as a financial asset held for trading if it is acquired principally for the purpose of selling it in the near term, forms part of a portfolio of identified financial instruments that are managed together for short-term profit-taking or is a derivative financial instrument, except for financial guarantee contracts or designated hedging instruments.

These financial assets are recognised at fair value both on initial recognition and on subsequent measurement and any changes in fair value are recognised in the income statement. Transaction costs directly attributable to the acquisition are recognised in the income statement.

c) Investments in equity instruments of group companies, jointly controlled entities and associates

Investments in group companies, jointly controlled entities and associates are initially recognised at the fair value of the consideration given including, for jointly controlled entities and associates, the transaction costs incurred, and are subsequently measured at cost net of any accumulated impairment. The cost of investments in group companies acquired prior to 1 January 2010 includes transaction costs. However, for investments made prior to classification as a group company, jointly controlled entity or associate, the cost of the investment is considered to be the carrying amount immediately before this classification. Amounts previously recognised in equity remain in equity until the investment is derecognised.

If there is objective evidence that the carrying amount is not recoverable, the amount of the impairment loss is measured as the difference between the carrying amount and the recoverable amount, the latter of which is understood as the higher of the fair value less costs to sell and the present value of estimated future cash flows from the investment. Unless there is better evidence of the recoverable amount of the investment, when estimating the impairment of these types of assets, the investee's equity is taken into consideration, corrected for any unrealised gains existing at the measurement date. Impairment losses are recognised and reversed in profit and loss.

d) Available-for-sale and other non-current financial assets

This category comprises debt securities and equity instruments that are not included in the aforementioned categories. Available-for-sale financial assets are classified as non-current assets unless management intends to derecognise the investment within twelve months after the balance sheet date.

Available-for-sale financial assets are measured at fair value and any changes are recognised directly in equity until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recorded in equity is recognised in profit or loss, provided that the fair value can be determined. Otherwise, it is recognised at cost less any impairment losses.

An available-for-sale financial asset is impaired if there is objective evidence that the estimated future cash flows are reduced or delayed, in the case of acquired debt instruments, or the carrying amount of the asset is uncollectible, in the case of equity instruments. The impairment of these assets is the difference between the cost or amortised cost less any impairment previously recognised in the income statement, and the fair value on the date of measurement. Impairment of equity instruments that are measured at cost because their fair value cannot be determined is calculated in the same way as for investments in group companies, jointly controlled entities and associates.

If there is objective evidence of impairment, the Company recognises in the income statement the accumulated losses previously recognised in equity as a result of a decrease in the fair value of the assets. Impairment losses on equity instruments recognised in the income statement are not reversed through the income statement.

The fair values of quoted investments are based on current purchase prices. If the market for a financial instrument is not active (and in the case of unquoted securities), the Company establishes fair value using valuation techniques including the use of recent transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making maximum use of observable market data and relying as little as possible on subjective considerations of the Company.

e) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new asset obtained less any new liability assumed and any cumulative gain or loss deferred in recognised income and expense, is recorded in profit or loss.

34.6. Financial derivatives

Financial derivatives are recognised at fair value both on initial recognition and subsequent measurement. 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 hedge.

Gains and losses on the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement.

The Company currently has no financial derivatives that qualify for hedge accounting.

34.7. Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits at banks and financial instruments that are convertible to cash and have a maturity of three months or less from the date of acquisition, provided that there is no significant risk of changes in value and that they form part of the Company’s usual cash management policy.

34.8. Inventories

Inventories are measured at the lower of cost and net realisable value. When the cost of inventories exceeds net realisable value, materials are written down to net realisable value and an expense is recognised in the income statement. The previously recognised valuation adjustment is reversed against profit and loss when the circumstances that previously caused inventories to be written down no longer exist. Cost is measured as the average weighted cost.

34.9. Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is expected to be recovered through a sales transaction rather than continued use. This criterion is considered to be met only when sale is highly probable and the asset is available for immediate sale in its current condition within a period of one year after the classification date. These assets are not amortised or depreciated and are recognised at the lower of their carrying amount and fair value less costs to sell.

34.10. Equity

The share capital of the Company is represented by ordinary shares.

The cost of issuing new shares or options is recognised directly in equity as a decrease in reserves.

The consideration paid by the Company in the acquisition of own shares, including any directly attributable costs, is deducted from equity until the shares are cancelled, reissued or disposed of. If these shares are subsequently sold or reissued, any amount received, net of any incremental costs directly attributable to the transaction, is recognised in equity.

34.11. Financial liabilities

a) Debts and payables

This category includes trade and non-trade payables. These borrowings are classed as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

The payables are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. The effective interest rate is the discount rate that matches the instrument’s carrying amount with the expected future flow of payments to the maturity date of the liability.

Nevertheless, trade payables falling due in less than one year without a contractual interest rate are carried at their face value on both initial recognition and subsequent measurement, provided the effect of not discounting flows is not significant.

If existing payables are renegotiated but the lender has not changed and the present value of future cash flows, including net fees paid, differs by less than 10% from the present value of future cash payments for the original liability, calculated using the same method, the liability is not considered to be substantially modified.

b) Financial liabilities held for trading

Financial liabilities held for sale are all financial liabilities that are incurred principally for the purpose of repurchasing them in the near term, form part of a portfolio of identified financial instruments that are managed together for short-term profit-taking or are derivative financial instruments, except for financial guarantee contracts or designated hedging instruments.

These financial liabilities are recognised at fair value both on initial recognition and subsequent measurement and any changes in fair value are recognised in the income statement. Transaction costs directly attributable to the issue are recognised in the income statement.

34.12. Current and deferred tax

The income tax expense (income) for the year comprises current tax and deferred tax.

The current and deferred tax expense (income) is recognised in the income statement. However, the tax effect of items recognised directly in equity is recorded in equity.

Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are calculated using the liability method on the basis of the temporary differences that arise between the tax base of assets and liabilities and their carrying amount. 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 that have been enacted or substantially enacted at the balance sheet 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.

34.13. Employee benefits

a) 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 the Company. 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 shares and cash to 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 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 following two 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 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 17).

With regard to the cash incentives, the total commitment acquired is recognised as an expense in the income statement with a credit to non-current provisions or current liabilities on an accruals basis over the Plan assessment period.

b) Termination benefits

Termination benefits are paid to employees as a result of the Company's decision to terminate employment before the normal retirement age or when the employee accepts voluntary redundancy in exchange for these benefits. The Company recognises these benefits when it has demonstrably committed to terminating the employment of employees, in accordance with a detailed formal plan with no possibility of withdrawal, or to granting termination benefits in an offer of voluntary redundancy.

c) Profit-sharing plans and bonuses

The Company calculates the liability and expense for bonuses using a formula based on EBITDA (earnings before interest, tax, depreciation and amortisation) when these are contractually binding or where past practice has given rise to implicit obligations.

d) Remuneration of directors

As well as profit-sharing plans, the Company 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 management's best possible estimate of the extent to which targets will be met.

34.14. Provisions and contingent liabilities

Provisions for possible restructuring costs and/or litigation are recognised when the Company has a present obligation (legal or tacit) as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

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. Any adjustments made to update the provision are recognised as a finance expense when accrued.

Provisions expiring in one year or less, the financial effect of which is immaterial, are not discounted.

Reimbursements from third parties of the expenditure required to settle a provision are recognised as a separate asset provided that it is virtually certain that the reimbursement will be received.

Possible obligations arising from past events, the materialisation of which is contingent on one or more future events beyond the control of the consolidated entities, are considered contingent liabilities. These contingent liabilities are not recognised in the accounts but are disclosed in the notes (see note 24).

34.15. Business combinations

In accordance with the third transitional provision of Royal Decree 1514/2007, the Company has only recognised business combinations that occurred on or after 1 January 2008, the date of transition to the Spanish General Chart of Accounts, using the acquisition method. Business combinations that occurred 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.

Business combinations carried out since 1 January 2010 are recognised by applying the acquisition method established in Recognition and Measurement Standard 19 of the Spanish General Chart of Accounts amended by article 4 of Royal Decree 1159/2010, which approves the standards for the preparation of consolidated annual accounts and amends the Spanish General Chart of Accounts.

The Company applies the acquisition method for business combinations, except for mergers, spin-offs and non-monetary contributions of a business between group entities.

Mergers, spin-offs and non-monetary contributions between group companies are recognised using the criteria applicable to related party transactions (see note 34.20).

Business combinations arising as a result of the acquisition of shares or equity holdings in a company are recognised using the criteria applicable to investments in group companies, jointly controlled entities and associates (see note 34.5).

The acquisition date is the date on which the Company obtains control of the acquiree.

In 2011, Prosegur Transporte de Valores, S.A., Prosegur Activa España, S.L.U., Prosegur Servicio Técnico, S.L.U. and Prosegur Tecnología, S.L.U. (the absorbed companies) merged with and into Prosegur Compañía de Seguridad, S.A. (the absorbing company) (see note 5).

The Company has considered the elements forming the acquired business, including amounts deferred in recognised income and expense and the consolidated amounts reflected in the consolidated annual accounts prepared under International Financial Reporting Standards as adopted by the European Union (EU-IFRS), where the consolidated information does not differ from that which would have been obtained by applying the Standards for the Preparation of Consolidated Annual Accounts approved by Royal Decree 1159/2010 of 17 September 2010. Any accounting differences arising due to application of the above criteria are recognised in reserves.

The transaction date for accounting purposes is the first day of the year, 1 January 2011.

34.16. Joint ventures

a) Jointly controlled operations and assets

The Company recognises its share of jointly controlled assets and jointly incurred liabilities, as well as the assets that it controls and the liabilities that it incurs due to the joint venture.

The Company also recognises its share of the revenue generated and the expenses incurred by the joint venture in the income statement, as well as the expenses incurred in relation to its interest in the joint venture.

Unrealised gains and losses arising from reciprocal transactions have been eliminated in proportion to the interest held by the Company in joint ventures, as have reciprocal assets, liabilities, income and expenses and cash flows.

b) Jointly controlled entities

Interests in jointly controlled entities are recognised in accordance with the criteria for investments in group companies, jointly controlled entities and associates (see note 34.5).

34.17. Revenue recognition

Revenue is recognised at the fair value of the consideration receivable and reflects the amounts to be collected for goods handed over and services rendered in the ordinary course of the Company's activities, less returns, rebates, discounts and value added tax.

The Company recognises revenue when the amount can be reliably estimated, it is probable that the future economic benefits will flow to the Company and the specific conditions are met for each of the activities, as described below. The Company's estimates are based on historical results, taking into account customer type, transaction type and specific contractual terms.

a) Services rendered

The Company renders security patrol services, securities logistics and cash management services through the Prosegur Group. The services are rendered on a fixed-price contract basis, generally for renewable periods of one year.

Revenues from fixed-price contracts which, as stated, are typically generated from services, are recognised in the period in which these services are rendered, excluding taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount.

Initial estimates of revenues are reviewed where circumstances so require. These reviews may result in an increase or reduction in the estimated revenues and costs, and are recognised in profit or loss for the period in which the circumstances giving rise to the review become known to management.

The payment initially invoiced when the contract is signed for installation of the security system is deferred over eight years, the Company's estimate of the useful life of this equipment.

b) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company writes the carrying amount down to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument, and carries the discount as a reduction in interest received. Interest received on impaired loans is recognised using the effective interest method.

c) Dividends

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

34.18. Leases

a) Operating leases - lessee

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

b) Operating leases – lessor

Assets leased to third parties under operating lease contracts are recognised as fixed assets in the balance sheet. In the case of the Company, these assets comprise property and other assets for shared use with the lessees (other group companies), which have been recognised under property, plant and equipment. These assets are depreciated over their expected useful lives based on criteria consistent with those applied to similar assets. Lease income is recognised on a straight-line basis over the lease term.

34.19. Foreign currency 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.

34.20. Related party transactions

Transactions between group companies, except those related to mergers, spin-offs and non-monetary contributions, are initially recognised at the fair value of the consideration given or received. If the agreed price differs from the fair value, the difference is recognised based on the economic substance of the transaction. Transactions are subsequently measured in accordance with applicable standards.

34.21. Grants

Grants are recorded in recognised income and expense when they have been officially awarded, the conditions attaching to them have been met and there is reasonable assurance that they will be received.

Monetary grants are measured at the fair value of the sum received, whilst non-monetary grants received are accounted for at the fair value of the asset received.

Grants awarded to finance specific expenses are recognised as income when the financed expenses are accrued.

35. Financial Risk Management

35.1. Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk. The Company's risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's business.

The Company uses hedges to mitigate certain risks. Risk management is controlled by the Company's Treasury Department, which identifies, proposes and carries out the hedging instructions approved by the Company's Executive Committee.

(i) Currency risk

The Company operates mainly within Spain and, since 2011, in the Greek and Polish markets (see note 1), whilst the Prosegur Group, of which the Company is parent, operates internationally. As a result, the Company is exposed to currency risk when operating with its subsidiaries in foreign currencies and through the assets and liabilities contracted in foreign currencies from third parties, specifically the Brazilian Real and, to a lesser extent, the Argentine Peso. Currency risk is associated with recognised assets and liabilities denominated in foreign currency.

Management has a currency risk management policy to control the risk arising from the exchange of foreign currencies to its functional currency to minimise the Company's exposure. Currency risk arises when future transactions or recognised assets and liabilities are presented in a currency other than the parent company's functional currency.

When so required by its policies and market expectations, the Company uses forward contracts approved and contracted by the Treasury Department in the corresponding market to control currency risk arising on commercial transactions and recognised assets and liabilities. The Treasury Department is responsible for managing the net position of each foreign currency by entering into external or local forward currency contracts, depending on their competitiveness and appropriateness.

During 2011, the Company contracted financial instruments in relation to currency risk on assets, liabilities and future transactions, which are detailed in note 12.

Since the Company, as parent of the Prosegur Group, intends to remain in the foreign markets in which it is present in the long term or permanently, it does not hedge the currency risk related to equity investments in those markets.

The value of the financial assets and liabilities attributable to the Company at 31 December, by type of currency, is as follows:

	Thousands of Euros			
	2011		**2010**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Euro	299,449	691,756	343,835	588,037
US Dollar	622	-	-	-
Mexican Peso	415	-	-	-
Argentinean Peso	-	3,020	-	3,597
Singaporean Dollar	-	2,323	-	328
Colombian Peso	-	20,580		
Brazilian Real	-	26,264		
Peruvian Sol	-	2,348	-	-
Total	**300,486**	**746,291**	**343,835**	**591,962**

(ii) Interest rate, cash flow and fair value risks

As the Company does not have a significant amount of assets remunerated at variable interest rates, income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates.

Interest rate risk mainly arises from non-current borrowings. Borrowings at variable interest rates expose the Company to cash flow interest rate risks. Fixed-interest borrowings expose the Company to fair value interest rate risks. In 2011 and 2010 the majority of the Company's borrowings at variable interest rates were denominated in Euros.

The Company analyses its interest rate risk exposure dynamically. Management performs a simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges. Based on these scenarios, the Company calculates the effect of a certain variation in interest rates on profit and loss. 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, the Company manages cash flow interest rate risks through interest rate swaps. During 2011, the Company has contracted new exchange rate hedges (see note 12).

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

	Thousands of Euros		
	2011		
	Total debt	**Hedged debt**	**Debt exposure**
Non-current (Note 21)	416,189	-	416,189
Current (Note 21)	83,154	100,000	(16,846)
Total debt	**499,343**	**100,000**	**399,343**

	Thousands of Euros		
	2010		
	Total debt	**Hedged debt**	**Debt exposure**
Non-current (Note 21)	146,875	-	146,875
Current (Note 21)	278,093	100,000	178,093
Total debt	**424,968**	**100,000**	**324,968**

(iii) Credit risk

The Company is not significantly exposed to credit risk. Bad debts are practically non-existent or 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.

The Company's Collections Department manages an approximate volume of 22,298 customers (5,650 in 2010) with monthly average turnover of Euros 3.2 thousand per customer (Euros 10 thousand in 2010). 85% of payments are made by bank transfer and the remaining 15% in notes (cheques, promissory notes etc.) (80% of payments were made by bank transfer and 20% in notes in 2010).

Details of the turnover represented by the seven main customers in 2011 and 2010 are as follows:

Counterparty	**% turnover 2011**	**% turnover 2010**
Customer 1	2.45%	3.95%
Customer 2	2.44%	2.32%
Customer 3	2.31%	2.19%
Customer 4	1.81%	2.00%
Customer 5	1.71%	1.81%
Customer 6	1.60%	1.69%
Customer 7	1.55%	1.68%

Furthermore, as explained in note 15, in 2007 the Company contracted a securitisation programme for part of its customer portfolio whereby receivables are sold without recourse, transferring the associated credit risk. At 31 December 2011, securitised receivables amount to Euros 107,747 thousand (Euros 92,324 thousand in 2010).

(iv) Liquidity risk

The Company applies a prudent policy to cover its liquidity risks, based on having sufficient cash and marketable securities as well as sufficient financing through credit facilities to settle market positions. Given the dynamic nature of its underlying business, the Company's Treasury Department aims to be flexible with regard to financing through drawdowns on committed credit facilities.

Management monitors the Company's liquidity reserves, which comprise credit drawdowns (see note 20) and available cash and cash equivalents (see note 16), and are forecast based on expected cash flows.

As described in note 33.a, at 31 December 2011 the Company has negative working capital of Euros 44,855 thousand (Euros 103,488 thousand in 2010). However, as the Company is parent of the Prosegur Group, which has positive working capital of Euros 262,099 thousand, the Company's liquidity position for 2011 is based on the following:

- At 31 December 2011 the Company has cash and cash equivalents of Euros 14,039 thousand and the Prosegur Group, of which it is parent, has cash and cash equivalents of Euros 187,549 thousand, according to the consolidated annual accounts.

- At the 2011 year end, the Company and the Group had undrawn credit facilities of Euros 30,059 thousand (see note 20) and Euros 127,795 thousand, respectively.

- Cash flows from operating activities in 2011 amount to Euros 107,736 thousand at individual level and Euros 162,710 thousand at group level. This demonstrates the Company's and Group’s 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 balance sheet date until contractual maturity dates. The amounts presented in this table reflect the cash flows stipulated in the contracts.

	Thousands of Euros				
	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
31 December 2011	83,154	73,129	343,060	-	499,343
31 December 2010	278,093	-	146,875	-	424,968

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

(v) Price volatility risk

As the Company is a service business heavily based on human capital, there are no significant price volatility risks.

35.2. 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 balance sheet date. The market price used by the Company 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. The Company uses various different measures and makes assumptions based on market conditions existing at each balance sheet date. Market prices for similar instruments are used to measure non-current payables. To determine the fair value of the remaining financial instruments, the Company 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 balance sheet date.

The nominal amount of receivables and payables less estimated credit adjustments is considered to be similar to their fair values. 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 the Company for similar financial instruments.

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