

Europe

Latin America

Asia



Annual Report 2011


PROSEGUR

2011



Annual Report



PROSEGUR

Singapore.

Country where Prosegur
offers Surveillance services





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PROSEGUR
Annual Report 2011

Annual Report





Annual Report

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Christian Gut
CEO

Message from the CEO

I once again have the pleasure of presenting our annual report. We intend, with this document, to inform you of the Company's activities throughout 2011, and familiarise all those groups interested in Prosegur with our business and management model. In these efforts at transparency and self-assessment, we are sharing the analysis of our achievements, an evaluation of what we do, and the identification of the challenges, uncertainties and areas in which we must make progress.

It is our hope that through reading this report you will gain a greater understanding of our philosophy and way of understanding security.

At Prosegur we work to protect individuals and assets important to our clients and to society. A task for which the trust our clients place in our rigour, honesty and professionalism is paramount. This trust is an asset which may only be built up by keeping an eye on the future, with long-term planning and short-term execution.

Commitment to innovation is essential for the Company. It allows us to put onto the market products and services which meet the needs of our clients more efficiently. Our sector demands a clear understanding of the real interests of companies to provide the quality responses expected of associate partner such as Prosegur. In an uncertain macroeconomic

context such as the current one, these aspects take on particular relevance.

**The rigour,
honesty and
professionalism
of the people
who make
up Prosegur
is essential
to earning
client
trust**

We grow to be closer to our clients

The initiatives which our Company is putting into effect are aimed at building a more secure world for individuals, families and organisations. To this end, we have formulated a Global Specialisation Plan, a project which includes comprehensive security solutions tailored to particular sectors, and which boasts the most advanced technology.

We want to provide our clients with an ever-improving service, wherever they are, adding value and improving our portfolio of services. The trust that our customers place in us is the motor of growth in the markets in which we are present.

One of the elements that set us apart is consistency in our

Our added value lies in innovation, the skills of our professional employees and our ability to offer the highest levels of quality in a range of services and geographic areas

services. We work closely with the client, through teams with first-hand knowledge of their needs, and which set out and offer those solutions best suited to their circumstances. We maximise innovation, which allows us to continuously improve in order to meet the demands of our clients and exceed their expectations. These are the factors which drive our growth and which are hidden behind the added value of the Prosegur brand; what we at the Company call "the value of yellow".

We are proud of the trust placed in us by more than 28,000 corporate clients, 126,000 companies and nearly 182,000 homes around the world. We have 320 regional offices spread across three continents and dispose of a fleet of 3,800 armoured vehicles. Our client portfolio is a mark of excellence throughout those markets in which we operate; approximately 80% of the 500 major Spanish and Latin American companies have chosen us as their security partner.

The profits achieved encourage us to keep on progressing

In 2011 our sales went up 9.7%, reaching 2,809m Euros, representing 9% organic growth. EBITDA levels reached 364m Euros, 4.7% up on the previous year. Against a backdrop of particular uncertainty in Europe, Latin

American business became the motor of growth at the Company.

Despite this context, there has been a marked increase in costs, especially labour, which has forced us to launch various improvement initiatives and thus make every effort to be more efficient. Faced with this situation, we have combined our organic business growth with acquisitions carried out to focus our efforts on cash management.

Organic growth at our Company reached 9% in 2011

We would also like to highlight our desire to complete our portfolio of services in those countries in which we operate. To do so we have carried out 12 acquisitions at a total cost of 125m Euros, which brought 66m to our 2011 turnover, and an added 14,000 to the Prosegur workforce. These operations have allowed us to enter strategic markets of great potential, such as Asia (to be exact Singapore and India), and have given us a privileged position in cash management in markets as important as Germany. Furthermore, they have strengthened our market-leading position in Latin



America. A good indication of this is Colombia, where we have diversified the services offered to our clients.

One piece of breaking news is that following the close of the 2011 financial year we finalised a highly important acquisition for us; the purchase of Nordeste Segurança and Transbank in Brazil, which bring on board a turnover of 345m Euros and 21,000 more employees to help offer our clients a comprehensive service.

The know-how and capabilities developed by Prosegur over recent years have been fundamentally aimed at

detecting opportunities and completing handover processes efficiently, speedily and without surprises.

We contribute to improving the societies in which we work

We are convinced of the need for public opinion to know more about the role we play. In our day-to-day life we all have the chance to come across people who look out for our security or that of our families. For that reason, one of Prosegur's challenges is to help society to understand, evaluate and appreciate the social function of security professionals, bestowing



**Prosegur
highlights the
importance of the
social function
represented
by cash**

the respect that is due to the efforts and performance that they provide to their clients every day.

Today we are one of the major employers in the countries in which we operate, in terms of number of persons and job creation rate. Employment generated by us reached levels in excess of 124,000 employees at the end of 2011.

Security is necessary for solid and sustainable development. In fact, the existence of a consolidated private security sector which acts as a complement to the State Security Forces and Corps is a

clear indicator of a society's level of advancement. Departing from that premise, we have created new services in Surveillance and Technology which support the efforts of these public authority institutions.

Furthermore, we would like to highlight the important function of cash in the current climate. It is the means of payment at a basic level both for businesses as well as private individuals. It is easy to carry and to count, it requires no technical support, it helps many people to monitor their spending more accurately, and to carry out a freer, more autonomous and inclusive use

of their resources. As such, we invest in enabling cash to become a more efficient form of payment and, consequently, improve our clients' value chain.

Piecitos Colorados gives aid to 30 schools in seven countries, benefiting more than 3,000 children

We are aware of our responsibilities as a Company

At Prosegur we contribute to social and economic progress through responsible, advanced and efficient management which puts the stress on talent and technology. It is as such, and under the auspices of our highest Government body, that we have set out a programme of initiatives aimed at the mid- and long-term in the field of Corporate Responsibility, and starts with this comprehensive report, which for the second year running we have carried out in accordance with Global Reporting Initiative indicators.

Our efforts in social, environmental and ethical areas have been considerable. The work carried out by our Foundation in 2011 has been intense. The second phase of the *Piecitos Colorados* project was launched, one of the Foundation's most important initiatives, which is committed to education as a vehicle for societal development. More than

30,000 people have benefited from the Company's Social Action.

People concerned with the peace of mind and quality of life of their clients

Prosegur's value is no more than that of the people who make up the company. I believe that our team is the best in our sector. From the longest-standing employee to the latest Company recruit.

I want to express my thanks for the efforts and dedication of all our security professionals who, working 365 days of the year, have an enormous impact on the well-being and peace of mind of millions of people. Their efforts, commitment and dedication have made Prosegur a great enterprise. The trust placed in us is, therefore, theirs.



Key figures

Prosegur aspires to be the security services provider par excellence in all the markets in which it operates.

2,809m Euros sales in 2011 (+9,7%)

284m Euros EBIT in 2011 (+ 8,2%)

124,744 employees at the end of 2011

+28,000 corporate clients

+126,000 businesses and shops

+182,000 homes and individuals

+3,800 armoured vehicles

Leader in those markets in which it operates

Introduction

1.1 2011 Review

A sector with great potential for global growth...

The global business volume in the private security sector stands at approximately 150,000m Euros, according to various market reports. This analysis points to significant growth forecasts in emerging markets, estimating that countries such as Brazil, Russia, India and China will represent 22% of world market growth up to 2014.

Prosegur is one of the world's major companies in the private security sector in terms of market capitalisation, and the one presenting the greatest levels of growth in recent years.

By the end of 2011, Prosegur was operating in 15 countries: eight in Latin America, five in Europe and two in Asia

The Company's process of globalisation means that, at the end of 2011, Prosegur is operating in 15 countries: eight in Latin America, five in Europe and two in Asia. Greater presence on the global stage enables Prosegur to respond to

the requirements of its clients, which are also involved in processes of globalisation.

With the acquisitions carried out by Prosegur in 2011, the Company has reinforced its dominance in Latin America at the same time as entering new and attractive markets

In 2011 the Company completed 12 acquisitions at a cost of 125m Euros, reinforcing its dominance in Latin America and entering three new markets. These figures highlight the fact that, despite the moments of uncertainty being experienced in Europe, there are business opportunities to be explored. Prosegur continues to grow, invest and generate employment.

It is as such that the purchase of SecurLog, a German enterprise specialising in valuable logistics, for a total of 22.7m Euros and with a 2011 turnover of 147m Euros is highly significant, making Prosegur the funds transfer market leader in Germany, the biggest market in Europe.

Management at Prosegur is based on excellence of service, innovation, familiarity with the client and the most professional of employees

Another important milestone in 2011 was Prosegur's entry into Asia as a strategic region. At the beginning of the year it acquired Prosec, an enterprise dedicated to surveillance activities in Singapore. Later, the Company's market position was strengthened with the acquisition of Aaxis. Also during this year, Prosegur signed a joint venture with SIS, one of India's major security groups, for the creation of a company which would develop Cash in Transit (CIT) business in the country. By entering the markets in India and Singapore Prosegur is laying down foundations for future growth.

Over recent years, Prosegur has complemented its organic growth with acquisitions that enable it to consolidate business in the rest of the countries in which it operates. It is as such that one should emphasise that the countries in which Prosegur operates only make up 15% of the global security market.

Prosegur's growth strategy is largely founded on joining new markets in which to offer its services, and which will strengthen its position. As such, the Company will continue to commit to globalisation.

... a leading Company thanks to its global portfolio of services...

Prosegur is the market leader in comprehensive security solutions, providing global services which

meet all its clients' needs. In the countries in which it operates, it has a standardised approach to the provision of services. A client working with Prosegur in locations as diverse as Brazil or Singapore will be provided with a common service proposal adapted to the local requirements and legal system, and will benefit from the many years of experience built up by the Company.

Specifically, Prosegur meets its clients' needs through the Global Clients Programme, founded on the Company's commitment to five key aspects in its activities: global account management; continued improvement of processes; communication; efficiency, and specialisation.

... an approach focused on the client and technologically advanced...

Prosegur's main differential value lies in a range of innovative solutions combining cutting-edge technology with the best security professionals. This is one of the Company's distinctive characteristics. "The value of yellow" is the idea that encapsulates the philosophy and spirit with which Prosegur approaches the client to offer competitive advantages providing value through security.

To generate increased added value and spot new opportunities,

“The value of yellow”, thereby encapsulates the quality with which Prosegur provides its clients with security services

Prosegur is committed to specialisation and offering services more suited to the specific needs of each client.

Through the Global Specialisation Plan, Prosegur scrutinises the branches and segments of activities of its clients in order to develop services and products from a position of specific knowledge of its sectors, as a clear market differentiation.

Prosegur invested more than 9m Euros in Research and Development in 2011. The Company, which boasts substantial technological resources and an R&D&I policy, continuously develops tools to improve processes and new solutions that will enable it to anticipate client needs.

**What is Prosegur's differential value?
A portfolio of services founded on specialisation, technology and innovation**

... an excellent team of professionals...

Prosegur pays particular attention to its policies for managing Human Resources. The Company takes on security professionals with great potential, who are selected through rigorous recruitment processes. Without doubt, having the best employees has consolidated the company as one of the main

international operators of security services.

Furthermore, Prosegur carries out programmes to assess its employees in order to achieve excellence and continuous improvement in its management team.

Prosegur sets out to make surveillance a more sophisticated business, raising standards and generating greater respect both for the sector and the profession

The fact that the services carried out by the Company are developed mainly at the client offices means that Prosegur employees are particularly committed to meeting their needs. This is a case of the best human team, working in all earnest, responsibly and maturely, to resolve any disputes that might arise as a result of the undertaking of their daily duties.

Continuous improvement in the selection processes to apply the greatest possible precision to choosing the ideal person for an employment post has been a constant priority at Prosegur. For that reason, the Company is evolving from a system founded on competencies towards another which is focused on Prosegur's values, ensuring the standardisation of its processes and bringing on board talent which shares the company philosophy.



Prosegur continues to generate employment and, at a time of economic uncertainty such as is the current one, increased its workforce by 19.5% in 2011

Training is one of the key and strategic elements of Human Resources management. The courses available through the different units, such as the *Universidad Corporativa de Prosegur* (Prosegur Corporate University) and the *Centro Nacional de Formación* (National Training Centre), aim to improve skill levels and development on the part of the human capital and strengthen the culture and values of the Company.

We should stress that despite the difficult economic context, Prosegur continued to generate employment in 2011, increasing its workforce by 19.5%, to exceed 124,000 employees. Prosegur is one of the most important Spanish multinationals in terms of numbers of employees and employment generation.

... and a solid and robust financial structure.

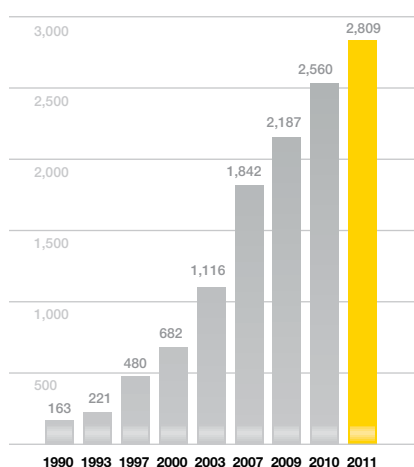
The 2011 financial year has once again served to demonstrate the solid

structure of the Prosegur finances. Despite the numerous purchases carried out, the net financial debt ratio with respect the company's own resources was, at the end of the 2011 financial year, 0.5, compared to 0.3 in 2010, and the net financial debt ratio with respect the EBITDA was 1.0 in 2011, compared to 0.5%. Given that historically the Company has set a ceiling for net financial debt ratio with respect EBITDA at 2.5, one can conclude that the Company continues to present a prudent financial structure.

Prosegur is the lead protagonist in a success story, with an annual growth rate in double figures

Prosegur is the lead protagonist in a success story based on its contribution to the progress of the

Sales. Year-on-year growth 1990-2011 (m Euros).



societies in which it operates. For 20 years the Company has been growing at an average annual rate of 15%. This course is the fruit of the efforts and capabilities of an enterprise boasting the very best in security professionals.

Its solid financial grounding allows Prosegur to continue with its strategy of acquisitions, to thereby improve the profitability of the Company in the future.

1.2 Goals for 2011 and progress made

In the 2010 Annual Report, Prosegur outlined some of the main challenges facing the Company for the 2011 financial year. In Table 1 we illustrate the

progress made in each of the areas considered.

1.3 Organisational structure

One of the priorities at Prosegur is to focus the entire organisation on sales and efficiency, making the most of underlying knowledge of the different businesses, and extracting the best practices. Prosegur is a flexible enterprise, whose structure adapts to the evolution of the size, geographic location and complexity of each of the markets in which it operates, and thereby provides the upmost in services.

Prosegur's organisational structure, which is in continuous evolution, ensures that all Company employees are on track with the business

Table 1 Challenges and Progress in 2011

Challenge	Progress in 2011
■ To maintain sales volumes with regard to 2010.	■ Prosegur increased sales in 2011 by 9.7%.
■ To continue consolidating the Latin American business model.	■ Prosegur reinforced its dominance in Latin America, carrying out major acquisitions in Brazil, Colombia, Peru and Uruguay.
■ In Spain, to reduce operational consumption of plastic (8%), paper (8%) and toner (2%). To lower atmospheric emissions from vehicle fleet.	■ Prosegur worked to optimize these indicators. Best practices in the printing of documents have been efficient, and consumption of toner has gone down.
■ To drive projects involving the labour-market integration of persons with intellectual disabilities in Latin America.	■ In 2011 Prosegur, in collaboration with the São Paulo Association of Parents and Friends of the Disabled, opened a Training Centre for Persons with Intellectual Disabilities in Brazil.
■ To drive the talent management programme.	■ In 2011 the Human Resources department launched its strategy for talent management, with actions aimed at all Company employees.
■ To introduce a homogeneous and responsible corporate culture.	■ During the 2011 financial year, Prosegur worked on the image, culture and management style at the Company, in accordance with Prosegur's values, which are its hallmark.

Despite the context of uncertainty, Prosegur's profits highlight and vouch for the fact that this success story has only just begun

and the client. It is as such that both support managers as well as business managers share the same objectives.

We should highlight the creation of a new Integration Unit, the aim of which lies in ensuring the optimal incorporation of companies acquired through processes of inorganic growth which, along with the new Corporate Commercial Management team, locates the client at the heart of the organisation.

The Company has made considerable progress in setting out Prosegur's Policies and Procedures for structuring itself as an authentic,

cohesive multinational and for ensuring that, along increasingly decentralised lines presenting substantial geographical dispersion with regards activities, the execution of all processes has its own action procedure. This initiative allows for increased levels of efficiency and efficacy in mitigating risks, eliminating inefficiencies, avoiding surprises and safeguarding high levels of quality in all Prosegur's activities.

1.4 Results and outlook

In spite of a macro-economic landscape characterised by a



serious international financial crisis, the Company has exceeded the objectives set. This improvement in profits takes shape through a combination of organic and inorganic growth as the fruit of the Company's untiring vocation for globalisation.

In 2011, Prosegur strengthened its position as market leader in the majority of the countries where it provides its services, offering more products to more clients. Geographic diversity has been a decisive factor in continuing

to create value. The varying acquisitions carried out have meant a cultural transformation for the Company, converting it into the cash management enterprise *par excellence* in Germany, and have meant an expansion of operations into Asia.

We illustrate in Table 2 the geographic distribution of Prosegur's sales in 2011.

By business segments, the distribution can be seen in Table 3.

Table 2 Geographic distribution of Prosegur's sales

(m Euros)	2011	2010	Variation
Europa & Asia	1,291	1,298	-0.6%
Latin America	1,518	1,262	20.3%
Total	2,809	2,560	9.7%

Table 3 Distribution by business segment

(m Euros)	2011	2010	Variation
Surveillance	1,357	1,277	6.3%
CIT	1,098	967	13.5%
Technology	353	316	11.6%
Total	2,809	2,560	9.7%

Despite the economic crisis, the security sector has experienced a marked growth in recent years

Sales in the 2011 financial year rose to 2,809m Euros (up on 2,560m Euros in 2010) which means an increase of 9.7% on the year before. This figure is made up of: organic growth (+9%), inorganic growth (+2.6%) and exchange rate (-1.9%). The negative variation in exchange rate is due, largely, to the devaluation of the Argentinean peso.

The business area with the greatest growth in absolute figures during 2011 was Cash in Transit (CIT), which returned an accumulated turnover of 1,098m Euros, meaning an increase of 13.5%, including organic and inorganic growth. On the other hand, Surveillance returned annual earnings of 1,357m Euros in the 2011 financial year, 6.3% up on 2010, including both organic and inorganic growth. In 2011 Technology showed a turnover of 353m Euros, an 11.6% increase on the previous year.

By geographic area, Europe and Asia saw their business figures fall 0.6%, with a turnover of 1,291m Euros. However, the

positive performance of Latin American business managed to make up for the effects of the recession in southern Europe. Latin America showed sales increases of 20.3%, reaching 1,518m Euros, compared to 1,262m Euros in 2010.

Prosegur maintained healthy levels of profitability in 2011. The operative pre-interests and taxes figures (EBIT) came in at 284m Euros, up 8.2% on the 263m Euros of 2010. With regards relative margins, in 2011 the EBIT margin fell 0.2 percentage points from 2010 levels, standing at 10.1%.

Table 4 illustrates the upward EBIT trend over the past five years.

1.5 Goals for 2012

The quest for excellence and the introduction of cross-selling commercial policies makes it possible to tackle the current climate from a privileged position. Prosegur's objective for 2012 is to continue on

Table 4 EBIT trend

(m Euros)	2007	2008	2009	2010	2011
EBIT	162	205	231	263	284

**Prosegur's
objective for 2012
is to continue on
a path of growth
and maintain the
margins of recent
years**

a path of growth, and maintain its margins, despite the specificities of the current period in Europe with regards to the application of salary commitments adopted in past years.

Although the economic climate continues to present significant challenges, Prosegur is committed to creating value in 2012. In recent years, the Company has worked

to successfully meet ambitious quantitative and qualitative objectives. The following table illustrates the main objectives established by senior directors at Prosegur for the 2012 financial year, which are based on enhancing client service, extracting the benefits of being a multinational and strengthening regional branches.

2012 Objectives

Enhance client service

- Maintain a commitment to innovation in the improvement of client efficiency.
- Continue with the strategy of sector specialisation to anticipate client needs.
- Reinforce quality initiatives to improve service level.

Extract the benefits of being a multinational

- Undertake prudent risk management.
- Active management of financial resources.
- Implement Policies and Procedures across the whole Company.
- Maintain a high percentage level of compliance with the recommendations of the Unified Code of Good Corporate Governance.
- Continue actions to integrate people with disabilities and develop projects within communities to improve knowledge on security.

Strengthen regional branches

- Maximise employee talent at the Company under the leadership of team managers at each regional office.
- Implement the second stage of *Piecitos Colorados* in the countries in which the first has been completed (infrastructure), leveraging the proximity to our branches.
- Train delegates as the focal point of management.



- Founded in 1976
- World leader in private security
- Only company in the sector listed on the Spanish stock exchange
- More than 124,000 employees at the end of 2011
- More than 320 regional branches
- Earnings in excess of 2,800m Euros
- Client total: 336,000. More than 28,000 enterprises and institutions, 126,000 businesses and shops, and 182,000 homes and individuals
- More than 3,800 armoured vehicles
- More than 30,000 individuals benefit from the Prosegur Foundation

Success story

2.1 Consistent model

Prosegur is a multinational company which provides comprehensive and specialised security solutions, boasting the latest technology and the talent of the best security professionals, tailored to the demands and requirements of our clients. The Company is committed to a corporate culture which puts familiarity with the client first, along with innovation and excellence. In 2011 the Company operated in Argentina, Brazil, Chile, Colombia, France, Germany, India, Mexico, Paraguay, Peru, Portugal, Romania, Singapore, Spain and Uruguay.

In 2011 Prosegur invested more than 9m Euros in research and development

Prosegur sees technological innovation as the way to improve value for its clients and as a tool to feed future growth. In this way it can provide comprehensive services to all kinds of clients.

The Prosegur brand, a strategic asset

The brand is an intangible, but strategic, asset as a differentiating element in the trajectory, reputation and value of a company.

The Prosegur model, which is based on the quest for excellence, continued innovation, and providing those solutions required by the client, has led the Company to become the standard-bearer in comprehensive and specialised security solutions

It is as such that Interbrand rates Prosegur as one of the most prominent and recognised brands in Spain. The ranking has the Company in 15th place and values the brand almost 11% higher than two years ago, when the last study was carried out.

The main aspects which have been evaluated in this report are: globalisation, innovation, new technologies and adapting to new consumer patterns.

Recognition as one of the most highly valued brands confirms the success of the Prosegur brand



The recognition and knowledge of the Prosegur brand is fundamental to the firm commitment it has to its clients, employees and society in general, and becomes a strategic asset by engaging the more than 124,000 security professionals who make up the Company's workforce.

During 2011 the Company worked to strengthen its strategy concerning the management and communication of the mission, vision and values associated with the Prosegur brand.

2.2 Business Lines

Through its three business lines (Surveillance, Cash in Transit, and Technology) Prosegur has become a global standard-bearer for its sector. The Company provides its services with all the assurance of a leading enterprise.

For each business line, Prosegur provides the following services:

Surveillance

Description

The Surveillance department undertakes security consultancy services, airport security, security at major events, continuous surveillance, dynamic surveillance, geo-location and GPS monitoring, protection for the transportation of goods or mobile control centres. All of these services share the same clearly-defined and differentiating corporate philosophy within the sector: to combine the best in human capital with the most advanced technology, to provide the best personalised security solutions tailored to the demands and requirements of each client.

Prosegur aims to maximise the client's value chain. The objective of the surveillance services lies in attention to the good running of the client processes.

During the 2011 financial year, the Company made substantial progress aimed at providing intelligent security solutions. To this end it developed a series of tools aimed at maximising client value, optimising employees.

Surveillance is carried out by individuals. Training is vital here. Prosegur has developed exhaustive training plans in all the countries where it operates. The Company has formulated procedures, profiles and training for each speciality of service provided. Prosegur's aim is to make a more sophisticated business of surveillance, raising standards and generating greater respect both for the sector and for the profession.

Sales

1,357m Euros

Employee numbers (direct workforce)

85,381

Cash in Transit (CIT)

Description

Cash in Transit activities take in the whole value chain of cash management, an essential element for an efficient, free and open economy. Efficient, because cash is the fastest and cheapest form of payment; free, because it is the only one that guarantees individual rights regarding privacy; and open, because it allows for the economic integration of all individuals, even those most excluded sectors of the population.

Through this business line, Prosegur ensures the supply of cash points/ATMs, balances cash flow at bank branches and safeguards the delivery and collection of money in distribution processes.

Prosegur's services enable the optimisation of costs and improve availability in the ATM network. Currently the Company is providing second-level ATM maintenance services. For instance, through the "*Mi Prosegur*" tool, the client may supervise the network of ATMs in real time. Information concerning availability, statements, latest movements or technical incidents is mapped out cartographically.

We should emphasize that the market is faced with the fourth wave of bank outsourcing, which allows Prosegur to become responsible for everything related to bank counter/teller or ATM cash at banking organisations.

Furthermore, in processes of distribution significant improvements have been made to provide advanced and intelligent cash automation solutions.

Prosegur's fleet of more than 3,800 armoured vehicles boasts the most advanced features in passive and active security measures, which positions the Company as one of the most advanced in the sector. Prosegur's armoured vehicles are also fitted with GPS, GPRS, RFID and Bluetooth technology which ensure their security and provide real-time information regarding their location and any details relevant to the client.

The Company is a pioneer in satellite monitoring its fleet of vehicles and in integrated ATM management.

Sales	Employee numbers (direct workforce)
1,098m Euros	29,783

Technology

Description

The Technology business line includes Corporate and Home Security Technology.

Corporate Technology brings together design, installation and maintenance of integrated security systems and protection against fire. It undertakes the following services: Electronic Security Systems, Systems for Protection against Fire, Advanced Security-Control Centre Services, Alarm Control Headquarters and System Integration.

Furthermore, Prosegur boasts a wide range of products which contribute to improving the security and peace of mind of families and small businesses.

The Company provides cutting-edge technology, personalised installation projects, risk assessment and regular check-ups, technical alarms for break-downs, home automation, perimeter security, immediate intervention services, the locating of persons and vehicles, and more.

Sales	Employee numbers (direct workforce)
353m Euros	3,423

Our services in key markets



ENTERPRISES AND INSTITUTIONS

- | | |
|---|-------------------------------|
| ■ Consultancy | ■ Electronic Security Systems |
| ■ Active Surveillance | ■ Fire Protection |
| ■ Cash in Transit - Financial Clients | ■ Control Centres |
| ■ Cash in Transit - Non-financial Clients | ■ Auxiliary Services |



BUSINESSES AND SHOPS

- Complete Commerce



HOMES AND INDIVIDUALS

- | | |
|-------------------|--------------------------------------|
| ■ Complete Home | ■ Vehicle Location / Alarms Services |
| ■ People Location | ■ Personal Protection |

The close relationship that Prosegur maintains with its clients allows the Company to stand out from its rivals

2.3 Sector Specialisation

Nothing can be left to chance in the private security sector. Everything must be correctly studied, analysed and in perfect synch with the client in order for it to be possible to provide a service of the highest quality and efficiency.

Prosegur strives to anticipate client requirements and provide the best security solutions. Each project is thought out with the benefit of the client in mind.

To this end, in 2011 Prosegur developed a Global Specialisation Plan. With the aim of generating greater added value and identifying new opportunities, the Company is

committed to specialisation in order, so doing, to meet client requirements with tailor-made solutions. All of this without losing sight of the essence of the business: to comply with the levels of quality promised to the client.

The Sector Specialisation strategy consists of:

- Making the security of our clients into a part of the value chain of their businesses and activities.
- Considering the client to be the centre of decisions.
- Gaining greater knowledge of their requirements and, in particular, greater expertise in the sectors in which their activities are undertaken.

Sector specialisation is the way that Prosegur provides the best solutions with a more tailor-made service

- Formulating solutions in accordance with the positioning of Prosegur; integration, innovation and excellence.
- Building a more solid and lasting relationship with all clients and, in

particular, identifying continuous business opportunities.

Prosegur has developed areas of specialisation in the following sectors:

Sector specialisation at Prosegur

AIRPORTS
AND AIR TRANSPORTATION



HOSPITALS
AND HEALTHCARE CENTRES



RAILWAY
INFRASTRUCTURE



HISTORICAL
HERITAGE



BANKING AND FINANCIAL
ORGANISATIONS



ENERGY
AND UTILITIES



SHOPPING
CENTRES



RETAIL



INDUSTRY



SPORTS FACILITIES AND EVENTS



PORTS





Creating value for shareholders is one of Prosegur's priority objectives. The whole organisation is aimed at optimising profits, as well as their transparency, rigour and reliability

2.4. The value of Prosegur: key financial and stock market information

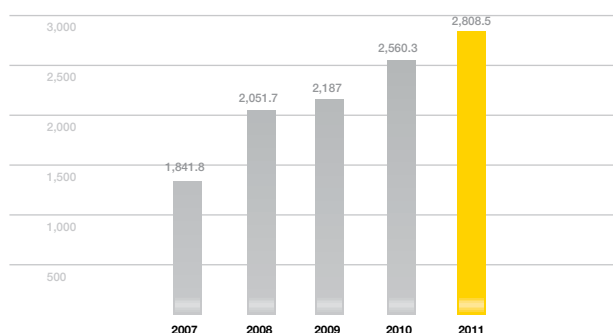
From 2007-2011, the Company's globalisation has enabled sales to increase at a rate of 13% a year, EBIT at 19%, and net profit at 17%. The Company has also created value for shareholders, whose earnings have grown 11% per year.

In 2011 the net profit of each consolidated share rose 4.1%, reaching 2.85 Euros per share. However, dividends rose by more than 10%, reaching 1 Euro per share, which allows us, once again, to keep increasing shareholder profits.

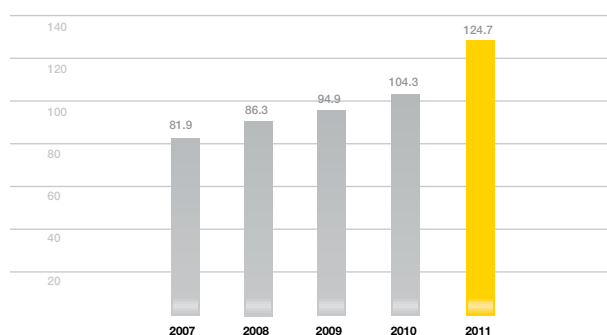
2011 was characterised by permanent uncertainty in the securities markets. The debate is on-going regarding the ability of the economies of the developed countries to consolidate the recovery begun in 2010 and return to a sustainable growth path. There is no doubt that the unstable climate conditions have significantly impacted on the volatile and mainly negative evolution of prices in the securities markets.

Prosegur's stock market value has been affected by this situation, experiencing a drop in value of approximately 20%, in line with the falls registered on the IBEX35 Index and on the General Madrid Stock Market Index.

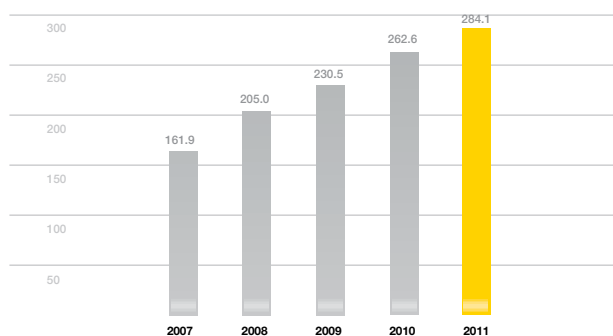
Turnover (m Euros).



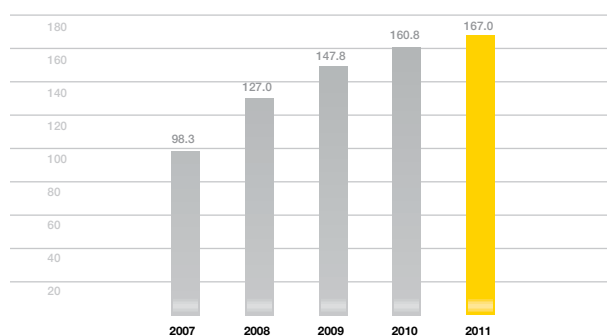
Workforce (thousands of employees).



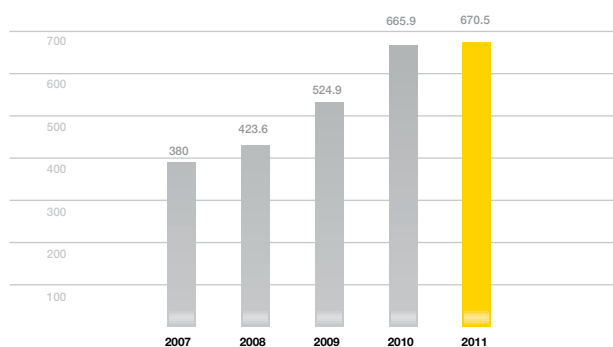
EBIT (m Euros).



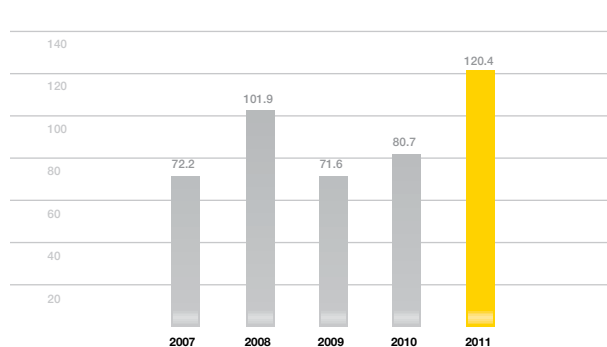
Consolidated Net Profit (m Euros).



Equity (m Euros).

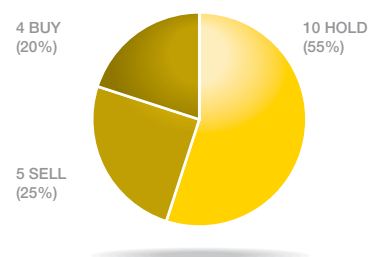


Capex (m Euros).



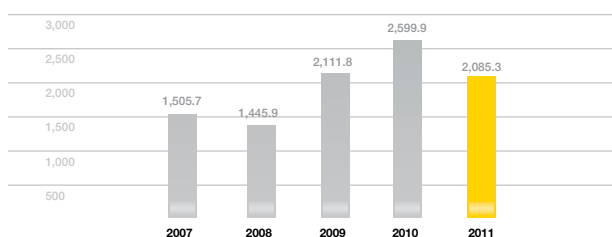
Analyst Coverage

20 investment houses (three more than at the end of 2010) followed Prosegur's movements on the stock market. In their recommendations, 20% urged buying stock, 55% were neutral and the other 25% urged to sell. The target prices fixed for Prosegur ranged from 32 Euros from Ahorro Corporación to 46.14 Euros from Mirabaud. As of 31 December 2011, the Prosegur share price stood at 33.79 Euros.

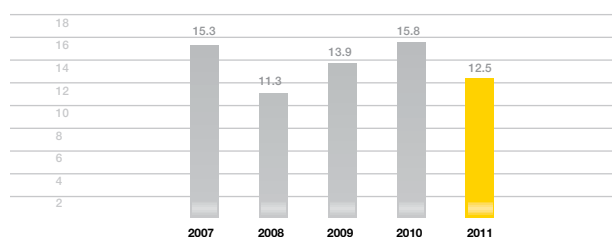


Organisation	Analyst	Recommendation	Target Price	Date latest report
Ahorro Corporación	Rafael Cavanillas	Sell	32.00	27/10/2011
BBVA	Isabel Carballo	Market Perform	35.40	09/10/2011
Banco Sabadell	María Cebollero	Sell	38.63	29/11/2011
Santander	Patricia López	Hold	38.00	23/09/2011
BPI	Joaquín García Romanillos	Accumulate	41.00	05/09/2011
Bankia	David Cabeza	Hold	37.60	27/10/2011
Credit Suisse	Eugene Klerk	Underperform	35.68	23/06/2011
Deutsche Bank	José Francisco Ruiz	Hold	32.00	27/10/2011
Exane BNP	Francisco Ruiz	Neutral	36.00	27/10/2011
Fidentiis	Juan Cánovas	Hold	32.80-34.40	14/10/2011
JP Morgan	Robert Plant	Overweight	43.00	27/10/2011
La Caixa	Borja Pagoaga	Buy	39.00	04/11/2011
Mirabaud	Gonzalo Sanz Martin	Overweight	46.14	20/04/2011
N+1	Pedro Balçao	Neutral	36.20	27/10/2011
Equita	Gianmarco Bonacina	Hold	39.00	28/07/2011
Cheuvreux	Iñigo Egusquiza	Underperform	38.70	20/10/2011
Espíritu Santo	Nuno Estacio	Neutral	36.00	25/10/2011
UBS	Ignacio Carvajal	Neutral	36.00	28/07/2011
Banesto	Alfredo del Cerro	Sell	35.20	28/09/2011
Kepler Capital Markets	Joaquín García-Romanillos	Hold	44.00	14/03/2011

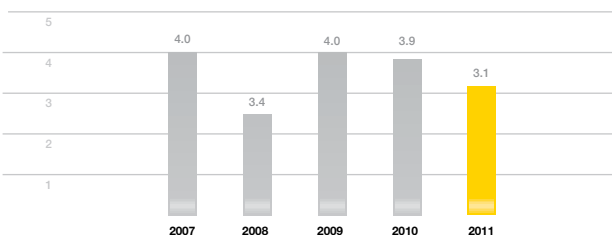
Market capitalisation - Share price at 31/12 (m Euros).



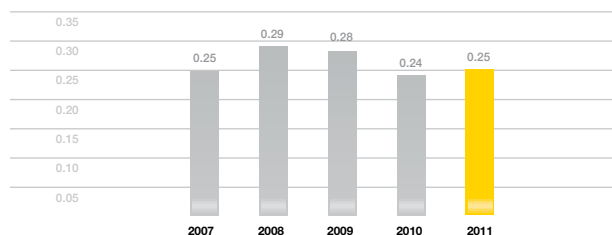
PER - Capitalisation/Net profit.



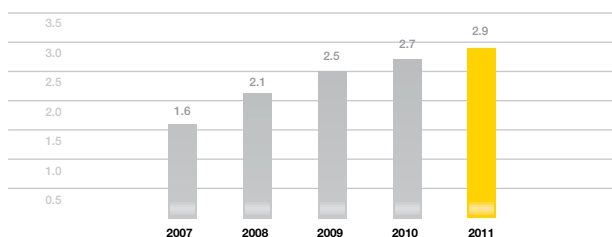
Capitalisation/Book Value.



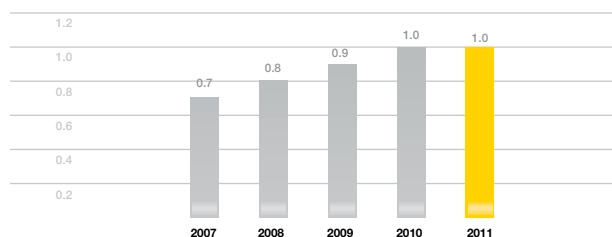
Net profit/Equity.



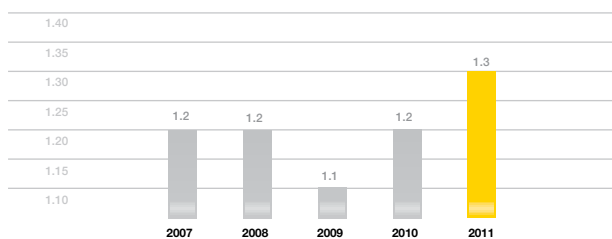
Net profit per share (Euros).



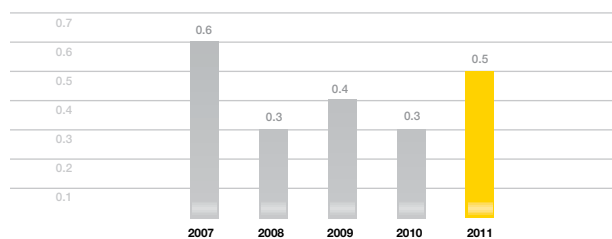
Dividend per share (Euros).



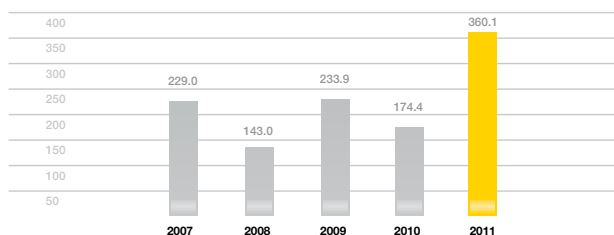
Current ratio (Current Assets/Current Liabilities).



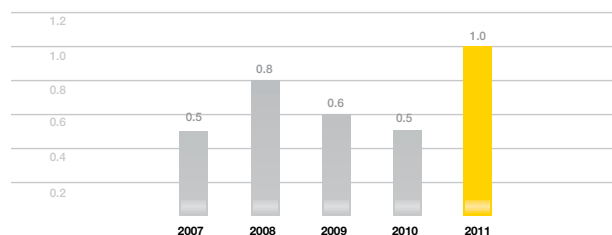
Net debt / Equity.



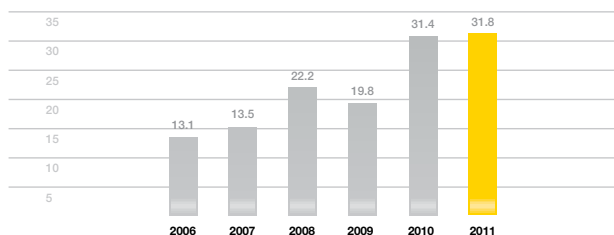
Net Debt (m Euros).



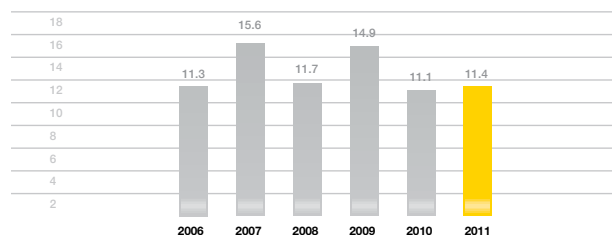
Net Debt / EBITDA.



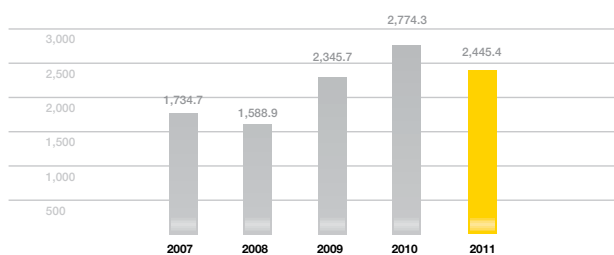
Finance Expenses.



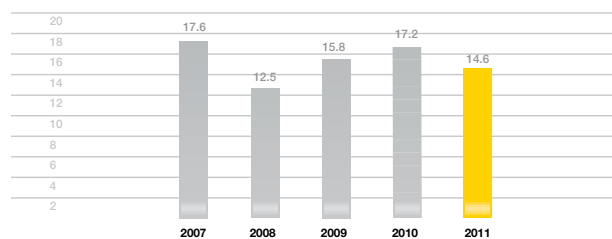
EBITDA/ Finance Expenses.



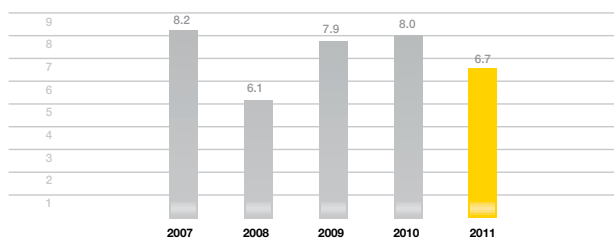
EV



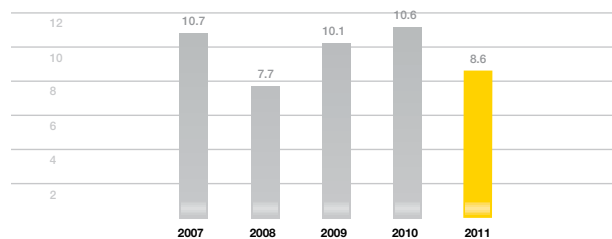
EV/Net Profit



EV / EBITDA



EV / EBIT





The policy regarding the relationship with shareholders and investors at Prosegur continues to build on direct, personal and stable communication over time. The Company maintains close ties with its shareholders and private and institutional investors, and with the major market analysts, to whom it constantly provides exhaustive figures.

To meet this commitment, Prosegur is maximising all possible channels of communication, through which it may establish closer working relations between the Company and the financial markets: these include webcasts and roadshows.

As such, in 2011 Prosegur carried out four tele-conferences to present

the Company's quarterly figures and organised six roadshows. Furthermore, it held 256 meetings with institutional investors and 23 with analysts.

Through Prosegur's shareholder help and information service (Shareholder Helpdesk) the Company provides permanent help and information to its private shareholders through various channels, in order to meet their requests and facilitate the information they require. Shareholders have at their disposal a helpdesk phone number (+34 91 5584836), as well as a Company contact email: accionistas@prosegur.com

Main shareholders

The shareholder structure at Prosegur reflects its solidity and stability.

As of 31 December 2011, 65% of the Company's capital was in the hands of significant shareholders, most of which also figure as members of the Board of Directors. The remaining 35% was floating capital.

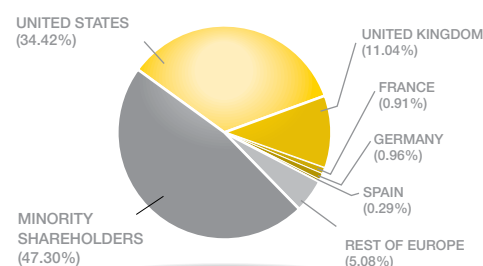
The dominant presence of shareholders on the Board of

Directors allows the Management Bodies, and the Executive Committee in particular, to set out strategic lines and make decisions in synch with the interests of all shareholders. The solidity and stability of this predominant body of shareholders, consisting primarily of significant shareholders and institutional investors, avails Prosegur of the ideal conditions to engage in its projects and meet its objectives.

Name or trading name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
GUBEL, S.L.	30,902,693	21,340	50.110
CORPORACIÓN FINANCIERA ALBA, S.A.	0	6,175,000	10.006
AS INVERSIONES, S.L.	3,281,781	0	5.318
FMR LLC	0	3,123,185	5.061
CANTILLON CAPITAL MANAGEMENT LLC	1,882,135	0	3.050

Geographic distribution of floating capital

Internationally, and given its growth potential, Prosegur has always enjoyed great success among its investors. For this reason, its shareholding body is made up of foreign investors who make up a highly significant part of its floating capital, whose geographic distribution is as follows:



The private security industry grows in tandem with the economic development of societies and social awareness of security

2.5 The Company and its sector

Security: an individual right and desire

Private security has plotted a lengthy course through history. Traditionally, the public was responsible for upholding its own security and that of the communities where it lived. Slowly, States started to play a vital role in guaranteeing their citizens' right to security. But private security companies are also key protagonists when it comes to safeguarding this right, establishing synergies with State Forces and Security Corps.

A recent study by the Confederation of European Security Services (CoESS) estimates that more than 1.5m private security professionals work for something in excess of 30,000 European companies. The same institution put the number of private security companies in Spain at around 1,200.

In countries such as Germany, the US and the UK, the number of employees in the sector's companies exceeds that of staff working in State Forces and Security Corps. However, in Spain there is approximately one private security professional to each two members of State Forces and Security Corps.

The existence of a modern and robust private security sector is

necessary to ensure societies' development. Progress brings with it the growth in commerce, the volume of economic transactions and, in short, it increases a society's wealth in general. Prosperity, the fruit of economic market development drives the aspiration to obtain higher levels of security. Security sector companies respond to society's desire for security as a complement to the efforts made by the State.

The social function of cash

Through its cash management services, Prosegur fulfils a top-level social and economic function, given that its market presence contributes to avoiding social exclusion and facilitates the carrying out of payments more securely.

The use of cash is the lowest-cost means of payment, and also speeds up economic activity, trade and the generation of wealth. Furthermore, it is the only universal means of payment, which all citizens may use regardless of age, cultural level or degree of access to banking. Along with these earlier advantages, the use of cash nowadays generates another vital benefit, that of trust. In these crisis-stricken times, cash is a safe haven asset, and to be able to save it and use it generates consumer confidence.



Cash is the only universal means of payment, cost free, which all citizens may use, regardless of age, cultural level or degree of access to banking

In addition, we should stress that cash is a means of payment with a far lower rate of fraud. The number of forged notes in the Eurozone in 2011 was 606,000, just 0.01% of the total of all notes in circulation.

Generally speaking, measures limiting cash payments are harmful to the economy and society. Firstly, they generate a drop in competitiveness, which leads to higher inflation and the loss of employment linked to trade. Secondly, they involve higher costs. Lastly, the replacement of this means of payment forces millions of citizens to turn to other means which they do not currently use and, on occasions, do not understand, leading to a resultant cost in terms of social exclusion, if one takes into account the fact

that not everyone is in a position to dispose of a current account.

Against this backdrop, through its cash management services Prosegur guarantees freedoms and helps the most underprivileged, thereby promoting social cohesion.

Prosegur's participation in the drafting of standards

Prosegur is a member, among others, of the Confederation of European Security Services (CoESS) and the Professional Association of Spanish Private Security Companies (APROSER in the Spanish acronym), through which it has actively participated in the formulation of important European sector standards.

Airport and Aviation Security Services

Prosegur, in association with AENA, Iberia and the trade union confederation UGT, has collaborated on the drafting of the EN 16082 Airport and Aviation Security Services Standard, which sets out the quality criteria that may be demanded by clients and public and private contractors, in the provision of security services in the policy framework of European civil aviation.

The standard applies to security services for civil aviation, airports, airlines, aircraft and services associated with airports supplied contractually, and consists of a series of requisites for private security companies, which concern organisational structure, staff management and the undertaking of operations. Furthermore, it also covers criteria of quality standards that may be demanded in the provision of civil aviation security services.

This European standard is a guideline for the choice, attributing, assigning and post-contractual monitoring of the most appropriate supplier.

Supply Chain Security

Prosegur, in its dual role of security service provider and company managing international logistic services (Cash in Transit), is a participatory and consultative party in a Project Committee established to develop one or more standards in Supply Chain Operational Management (SCS – Supply Chain Solutions), and the necessary security measures, matching them with the security requirements of the varying national and European public authorities.

The future of one or more standards in this area of application is founded on the search for synergies with other existing European security standards (for instance maritime or aviation security), and will take into account the interconnections between the differing systems of merchandise shipment and freight flow.

Societal and Citizen Security

As a security services provider, Prosegur collaborates on a Project Committee whose aim is to empower and increase the capabilities of public and private entities to provide a response to, and recover from, a broad range of threats and damages, which might lead to serious, unpredictable and far-reaching consequences for Societal and Citizen Security.

Those standards set out by this Committee will enable both private and public bodies to obtain a rough model and shared approach for all relevant manageable elements: human, organisational, technical and functional interoperability, crisis management or that of destabilising events, as well as the capacity for continued business operations at local, regional, national and European levels.

Given that Citizen and Societal Security is a horizontal priority that applies to all private considerations in the EU, the CEN/TC 391 Project provides the ideal working forum to bring together efforts and initiatives that other CEN projects or other commissions may be undertaking in more specialised areas of security (Critical Infrastructures, Maritime, Airports, the Transportation of passengers and so on).

Security Service Providers – Terminology

By belonging to APROSER and CoESS, Prosegur has actively participated in the project to draft the CEN/BT/TF 167 European standard, which led to the EN 15602:2008 "Security Service Providers – Terminology" standard.

This norm establishes standardised terminology and definitions for various areas and segments of Private Security, including: training, staff selection, static and dynamic surveillance (patrols), key holding, events security, door security systems, staff protection and public order services.

Collaboration with organisations

Prosegur is involved in a large number of sector organisations and associations, both in the corporate field as well as in the national context, to promote improvements in quality standards. Below we list some of the most prominent international organisations in which the Company participates:

- Ligue Internationale des Sociétés de Surveillance: An Association of surveillance services companies at international level. A non-governmental consultative body at the UN and EU.
- The Confederation of European Security Services (CoESS): The European confederation of private security companies.
- The Aviation Security Services Association – International (ASSA-I): The international association of airport security companies.
- The European Security Transport Association (ESTA): A European association of service providers in the transfer of securities and the management and handling of cash.
- The ATM Industry Association (ATMIA): An international association for the ATM industry.



Prosegur
innovates
in adapting
technology to
the services it
provides

Committing to innovation

Innovation is an intrinsic element in Prosegur's activities which enables the Company to provide unique services with a level of operative excellence which contributes a high level of added value to its clients. The Company's R&D&I activities are fundamentally focused on two areas: innovation in its products, processes and services; and the development of solutions that are tailored to the specific problems of each client.

A commitment to innovation and technology has constituted one of the hallmarks of the Prosegur business model since it was founded in 1976, through enabling the development of innovation in processes and products which provide competitive advantages in terms of, for instance, greater added value for clients or increased efficiency in processes or activities.

Innovation at Prosegur means having access to the best technology and developing a new model of security, as well as improving processes and tools to make them increasingly efficient and better moulded to client requirements through best practices in human resource recruitment, training and motivation. Innovation enables Prosegur to take complete control of its operations, avoiding mistakes and guaranteeing high standards of quality in all

processes. Proof of this are the systems of satellite monitoring of vehicle fleets and the comprehensive management of ATMs.

In recent years, within Prosegur's R&D&I policy, the spotlight has focused on the development of tools for managing cash in processing centres, and in the security of its armoured vehicles. In the field of product development, those actions aimed at optimising cash planning for the financial sector are of particular importance. Each of the security systems that is designed and developed is previously validated in one of the Company's offices in Europe or Latin America. In this way the highest levels of performance and efficiency are ensured before the system is introduced.

True to this philosophy, Prosegur has developed new products and systems such as:

- Technical signal monitoring systems using the TCP/IP protocol.
- Time management software.
- Integration of access monitoring systems with CCTV and intruder entry systems.
- Telemetry protocols for integration with TCP/IP video servers.
- Access monitoring systems with corporate management applications.



Prosegur's objectives in the field of innovation and technological development consist of developing new products and services, optimising operational security and increasing operational efficiency

- Office planning for bank clients.
- Development of a new model of active surveillance.

But Prosegur's concept of innovation doesn't stop there. To ensure that the knowledge acquired by different departments is applied throughout the Company, Prosegur has created Centres of Excellence, with the aim of establishing a horizontal structure for the dissemination of knowledge, the identification of opportunities for improvement, and the popularisation of best practices throughout all countries and businesses in which Prosegur operates.

In 2011 the Company made advances in the use of these centres as a tool for communication and standardisations between countries, to cut costs and increase knowledge.

With regard to the years to come, Prosegur will continue to work in the development of new solutions in the business lines of Cash in Transit, Active Surveillance and Technology.

Stand-out R&D&I projects

The development of an operational platform for active surveillance in security companies (VIGIA)

In 2011, the Centre for Industrial Technological Development (CDTI in the Spanish abbreviation) granted a loan for the development of the VIGIA research and development project. CDTI is a public corporate body charged with the management and development of technological innovation policy at Spain's Ministry of Economy and Competitiveness, whose task it is, among other functions, to participate through the awarding of preferential loans to technological development and industrial design programmes and projects. The project approved of by this body includes the definition and development, in-house and to-measure, of a technological platform aimed at the private security business, for the global planning and management of human and material resources associated with each service, and in each country, in which Prosegur operates. This initiative facilitates the sole monitoring and analysis of all the necessary information for optimal service provision. The new platform will provide management based on parameter-based rules of a global nature, and will also lend support to local variables, facilitating a unique shared active approach for all operations in the surveillance field.

The development of innovation management models for organisations dedicated to security activities (INNOSEC)

In 2011 Prosegur participated for the first time in the 7th Framework Programme, the most important initiative aimed at civil research in the European Union. The Company was granting funding for the development of innovation management models for organisation dedicated to security activities (INNOSEC Project).

The 7th Framework Programme, FP7, has a budget of 53,000m Euros over six years (2008-13) to finance the R&D developed by the most pioneering European Union organisations. The project is structured around various key sectors including Security and ICT, in which Prosegur occupies a dominant position in terms of global innovation.

Along with another ten other organisations from seven European countries, the Company will collaborate in carrying out a unique and innovative modular system, which will remain valid in the event of future adjustments, as a consequence of technical and technological developments.



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Prosegur's strategic model

Prosegur's strategic model has proved one of its keys to success. And the Company has a history to back it up which is built on a solid model.

In 2011, Prosegur came to the end of its Strategic Plan 2008-11, the aim of which was to grow as a multinational, consolidating the business model by diversifying into products and new areas, and take advantage of the Company's financial strength, while continuing to work closely with its clients and standing out by its levels of excellence. Despite the macroeconomic climate, Prosegur has met all the objectives it set itself; with a sales growth of 52% and increased multinational presence, it has moved from operating in 11 to 15 countries in four years. All of this has contributed to its dominant market position and broadened its range of products, enabling it to now provide its clients with a differentiated comprehensive security service, a key to the success of the business model, and possible thanks to:

- The financial robustness of the Company, which has enabled Prosegur to complement its organic growth with 30 acquisitions since 2008, and 12 in the past year alone
- The quality and talent of the human team, which has grown in numbers from 82,000 to 124,000 security professionals.

Based on these foundations, in 2011 Prosegur carried out a strategic analysis to establish which would be the objectives of the

next strategic period (2012-14), and started work to these ends. The Company intends to make a Strategic Presentation to the markets in May 2012 to explain to investors what will be the main approaches in this upcoming period.

A market leader

Prosegur is looking to become a sector leader in each of the markets in which it operates, and offer its clients the highest quality comprehensive service in each one. On entering a new market, the Company analyses the commercial viability of all its products and services, in order, thus, to be able to apply its business model, thereby meeting two of the Company's strategic priorities for the future: 1) place the client at the heart of any strategy, and 2) be more multinational, extract and share best practices to provide the client with a service.

During 2011 the Company made significant progress reinforcing its dominance in the markets in which it operates. It also carried out the necessary acquisitions to enable it to enter markets with high potentials for growth. With the Strategic Plan 2008-11, it was able to become a market leader in Brazil, Colombia, Peru and Portugal.

In Latin America, Prosegur's dominance extends to all products in order to get ahead of the rest of the

In 2011 significant progress was made to reinforce the Company's dominance in those markets in which it operates, as well as acquisitions to enter markets with high potential for growth

market. In Europe, on the other hand, the focus of its dominance is aimed at working towards specialisation and innovation. True to this approach, Prosegur develops specific and tailor-made services for client groups or sectors which have shared security requirements.

A humble and ambitious team

Prosegur is aware that it owes large part of what differentiates it from its rivals to its magnificent team of security professionals; solid, competent and committed. Prosegur's workforce makes up an extremely well-prepared team, capable of tackling any challenges the future holds.

Universidad Prosegur vouches for the importance the Company gives to the professional training and development of its workforce in the interests of guaranteeing compliance with the Prosegur strategic plan

Prosegur focuses its efforts on instilling a culture of leadership and self-improvement in its team, which is combined with the building up of a profile of professionals who are receptive to constructive criticism

and whose progress is founded on their achievements, boosted by the continuous training provided by the Company. For this reason, Prosegur is highly demanding in its employee evaluations, in order to attract the very best. Proof of this would be the high levels of professionalism shown by its management team, which has become another of Prosegur's hallmarks.

We should highlight that in its 2011 analysis, Merco Personas ratifies Prosegur as the leading employer within the sector, and reaffirms its position in the labour market as one of the most desirable companies in which to work. This positive assessment on the part of an external organism drives the Company's vocation to keep working even harder to make Prosegur an increasingly innovative Company with a commitment to employee satisfaction.

A model of success

Prosegur's model is based on five keys ideas, as identified by the Company management, and which have been a constant in Prosegur's operations, setting it apart from its rivals. In 2011 Prosegur reinforced its model for the creation of value, focused on client requirements and innovation.

Client focused

The Company works on getting to know its clients well, the analysing and planning of specific proposals, tailored to their requirements, and establishing a long-term close relationship with clients, in order to anticipate their requirements.

In 2011 Prosegur endeavoured to:

- Provide the client with tailor-made security solutions.
- Maximise the potential arising from the growth in outsourcing.
- Add new products to the range of services.
- Improve retention rates.
- Put the focus on specialisation.

Furthermore, the department of international clients was boosted and a commercial intelligence unit was created.

Management monitoring

Prosegur boasts a management monitoring model which provides differential information in decision-making, by the continuous revising and monitoring of operations, and the application of analytical techniques to each business, evaluating operational and financial variables.

In 2011 Prosegur made important progress in management, with the aim of achieving greater informational standardisation. This year was the first year of complete Oracle information in all countries.

Excellence

Prosegur works to ensure excellence in all processes, in its human team and use of technology.

In 2011 the Company focused on globalisation, entering new markets. Positive results were achieved in terms of best practices originating in the varying Centres of Excellence.

Creating value

Prosegur's objective is the creation of value, offering improved and more innovative services in order, thereby, to improve the Company in terms of the value it can create for the client, for employees, for shareholders and, fundamentally, for society at large.

Brand

For clients, employees and society, the brand communicates the values that represent the Company.

During 2011 efforts were made to bolster management strategy and disseminate those values associated with the Prosegur brand, one of our main assets. In fact, the Interbrand Report ranks the company in 15th place in its appraisal.

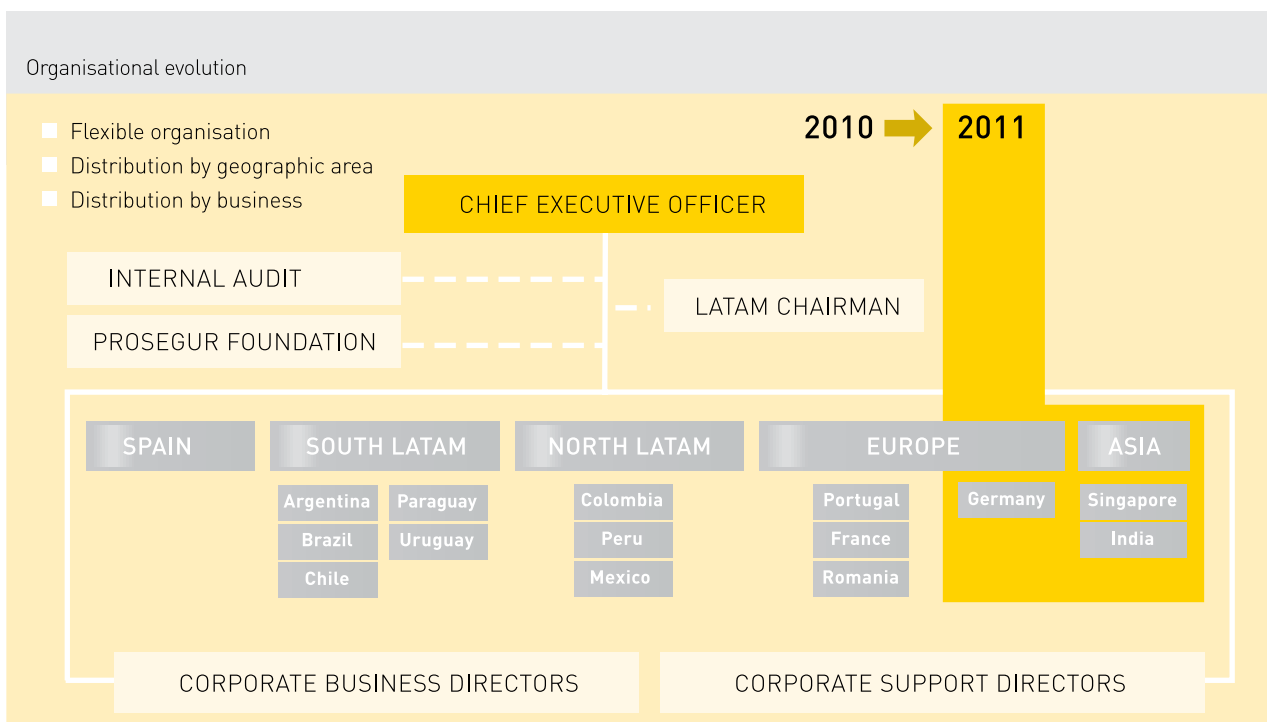
Benefitting from accumulated experience in international expansion and providing new services to current clients are two key issues for Prosegur

By applying these elements, Prosegur is working to fulfil its objective as a company that "creates value for its clients, for its employees, for its shareholders and for society in general".

Firstly, its flexibility enables it to respond to the realities presented by a changing world. Secondly, it makes it easier to focus on the creation of value to comply with its growth strategy.

Organisation, the most flexible element

The way Prosegur is organised meets a two-fold objective.



Organisational evolution

Furthermore, the company has made substantial progress in becoming more multinational, with organisational transformation, something that is key to meeting Prosegur's strategic objectives.

The implementation of across-the-board initiatives, such as Prosegur's Policies and Procedures, and the Centres of Excellence, plays an important role in growing as an efficient multinational.

One should emphasize that another of Prosegur's strategic objectives consists of being increasingly client-focussed. To this end, the Company has created a Corporate Sales Management Team (mentioned throughout the report) which puts the client at the heart of the organisation. Furthermore, a new department of Integration has been formed which, along with the Department of Corporate Development, has the objective of lending support to the Company's inorganic growth processes.

Integration of acquisitions

In 2011 Prosegur created a new unit to support processes of inorganic growth in the Company. The aim here lies in helping business to plan, execute and carry out the monitoring of the integration of companies acquired by Prosegur, in order to:

- Complete the administrative hand-over of the undertaking as efficiently and quickly as possible.
- Undertake the taking charge and improvement of operational and commercial processes with the aim of maximising synergies.

This team is responsible for minimising risks in the integration process, and ensures that critical issues are taken into account in the integration process, given that a large proportion of the value of a new acquisition is related to this decisive moment, in which no detail should be ignored.



3.1 Growth drivers

Prosegur's success story is the fruit of the combination of organic and inorganic growth.

Organic growth

Innovation, the development of new services and improved services, and dialogue with the client, these are the keys to organic growth at Prosegur.

In 2011 the Company extended its market share thanks to positive organic growth in the Latin American market, compensating for the effects of the recession in the south of Europe.

Acquisitions in current markets: the hallmark of a market leader

Prosegur joins with companies that perform well and that match its long-term strategy. It is as such that in 2011, in terms of sales volumes, acquisitions carried out by Prosegur in Brazil, Colombia and France were highly significant. In Brazil in particular, a market in which Prosegur is already a leader, the company acquired Fiel, a surveillance and cash management company, with earnings of 4.4m Euros in the last financial year. In Colombia three companies have been acquired, the sales of which reached 60m Euros in 2011, thereby positioning the Company as the leading sector enterprise in the country. These operations confirm

Prosegur's commitment, and its belief that there are still good market opportunities for consolidation and, as such, for increasing its market share.

Towards the creation of new services

Prosegur's aim is to broaden the portfolio of services provided by the Company, making use of proven knowledge in those fields in which it is already active. As we highlighted earlier, Prosegur strives to offer all its services and products as soon as it enters a new country, and thereby offer a complete range of services and products in the new market.

Its significant commitment to innovation and the considerable investment Prosegur makes in the security field make up the basis of the Company's success, by improving and developing a value proposition as regards the client. We should emphasize that the growing trend to outsource calls for new security solutions, which contribute to improving organic growth in the different countries where the Company operates. In this context, Prosegur is prepared to steal a march on the market, providing intelligent and comprehensive security solutions. Among those new products and services that stand out are those related to dynamic surveillance, maintenance of second-level ATMs, analysis and advanced risk consultancy, outsourcing of banking services, and access monitoring.

Towards new markets

Prosegur identifies opportunities and signs agreements in attractive markets. As such, for instance, one might highlight the entry into such significant markets as Singapore or Germany.

The Company focuses its growth strategy on:

- Significant markets in terms of volume and growth.
- Markets in which security is deemed a differentiating factor.
- Markets in which Prosegur may occupy a dominant position.
- Markets in which the Company may undertake a value creation strategy.

3.2 Priority corporate initiatives

In 2011 Prosegur made considerable progress in implementing across-the-board initiatives, an activity of particular relevance to the future


success of the Company as a multinational. To be an increasing global company is one of its main strategic aims.

Mission, Vision and Values

In 2011 the Company promoted the knowledge of Prosegur's Mission, Vision and Values, with the objective of reinforcing a common culture which might be known and shared by all employees. The purpose was that of going in depth into a home-grown style, a form of living the company, which would allow all employees to work together in such a way as to achieve improved results.

Corporate culture reveals aspirations and challenges along with certain values which guide the way the Company operates.

Prosegur's Mission, Vision and Values define its company identity, key to building up this project.

Mission	Vision	Values
To generate value for our clients, society and shareholders, by offering comprehensive and specialised security solutions using the most advanced technology and the talents of the best security professionals.	To be the global security company <i>par excellence</i> , respected and admired as a leader, with the aim of building a safer world.	 <p>PROACTIVITY VALUE CREATION CUSTOMER FOCUS TRANSPARENCY EXCELLENCE LEADERSHIP TEAM WORK BRAND</p>



Centres of Excellence

Prosegur's Centres of Excellence allow the company to undertake a process of continual improvement through the identification of best practices, in order to disseminate them and introduce them throughout the organisation.

The Centres of Excellence reflect the innovative efforts the Company makes on two fronts; the development of new security solutions, and the increase of operational efficiency and quality levels.

Prosegur has various Centres of Excellence, each with specific objectives and their own functions: the Vault Centre of Excellence, the Traffic Centre of Excellence, the ATM Centre of Excellence, the Solution Development Centre of Excellence, the Security Centre of Excellence, the Fleet Centre of Excellence and the Surveillance Centre of Excellence.

Furthermore, 2011 newcomers included:

- **Client Centre of Excellence:** identifies best practices in commercial terms within the organisation, and exports them to other markets, while simultaneously developing new products which provide specialised responses to client requirements.
- **Human Resources Centre of Excellence:** with the aim of creating value through individuals, sharing best practices and putting the diverse situations employees face into a shared pot.
- **Piecitos Colorados Centre of Excellence:** with the aim of exchanging best practices and successful models in those schools where the Development Cooperation programme is established.

Prosegur's Policies and Procedures

In 2011 the Company made significant progress in setting out Prosegur's Policies and Procedures, with the aim of defining day-to-day activity in each and every country in which it operates, in each business area in which it provides a service to clients, and through the corporate management's overseeing activity. Prosegur's increasingly decentralised structure and its growing geographical dimensions call for the development of a shared approach to doing things, with the objective of minimising risks, avoiding surprises and guaranteeing high standards of quality in all processes.

These 18 policies and 250 procedures constitute an action framework to lend cohesion to the running of the Company. They also provide precise guidance and a source of efficiency for the undertaking of activities.

Furthermore, they identify the mission and objectives of each area, while setting out their functions and a standardised approach to fulfilling them. In short, an effective way of guaranteeing operational excellence, monitoring risks and avoiding procedural surprises.

For 2012 there are plans to establish a training and communication plan in order to facilitate their introduction and to guarantee the management of change.

Global clients

The Global Clients Programme ensures that the requirements of the clients are met in any part of the world, and provides a comprehensive and global service within strict parameters of quality and excellence. Prosegur's global client management model is founded on four key factors:

Global Account and Contract Management

- A framework contract which regulates client relationships for all countries.
- A dialogue model that is adjusted and tailored globally and locally.

Consistent and Standardised Service

- Standardisation of processes and services in search for best practices.
- Standardised quality and efficiency measuring systems.

Continuous Improvement of Processes

- Regular and defined monitoring aimed at continuous improvement.
- Advanced tools to measure excellence and to identify progress.

Communication and Feedback

- Drafting of management reports and quality controls.
- Regular meetings to monitor and analyse progress at each level of dialogue.

Global Purchases

Prosegur has a global purchasing process which enables it to optimize costs, benefitting from its bargaining abilities and from existing synergies between the different countries where the Company operates.

Common IT platforms

Prosegur boasts a unique system for planning business resources, has a standardised, quick and reliable approach to managing its IT systems, and facilitates the integration of new companies.

Universidad Prosegur

Universidad Prosegur is a corporate university providing training programmes (by attendance and online) which allows for the sharing of knowledge and feedback which the Company has amassed regarding the sector and the business. It provides employees with specialised, dynamic and attractive training to develop the skills and knowledge that the individuals need, and thereby guarantees compliance with the Organisation's strategic plan.

Universidad Prosegur complements Prosegur's Strategic Plan and looks to improve direct and indirect staff qualifications in technical, administrative and technological areas, as well as management skills and the development of excellence, such as operative excellence, client and service focus, quality, and the focus on results and sales.

This institution works to ensure that all employees share Prosegur's values and culture with a passion, and that they feel like active participants in a project that they are proud to be part of.

Among the different activities undertaken, we would highlight corporate training, the aim of which is to lend support to business lines and to different countries. To this end, having analysed the Company's existing training requirements, a catalogue of courses will be drafted, divided into three areas:

- Knowledge
- School of values
- Training in technical skills

Much more
than training



Talent Plan

Prosegur has formulated a Talent Plan to complement the Company strategy. Through this initiative, the organization ensures its employees are prepared, committed and that they live Prosegur's attitudes and skills. This ensures the business's continuity, and that of its model, and creates growth and development opportunities for all those who work in the company.



3.3 Stakeholders

Employees

Team managers are those who carry out Human Resources management on a daily basis, focusing on the strengths of each employee, aware that the ability, experience, commitment and motivation of the more than 124,000 employees at Prosegur are fundamental when it comes to providing the client with the best service.

Despite the troubled economic climate and the market crisis, Prosegur has continued in its commitment to growth and hiring staff. The Company expanded its workforce by 19.5% in 2011, which highlights the role Prosegur plays as a major generator of employment.

Total workforce: 124,744 employees at the end of 2011

Occupational accident rate: 6%

Investment in occupational health and safety: 26m Euros

Total number of hours of training given: 1,693,125



Society

Prosegur is part of the United Nations Global Compact, and channels its social and cultural action through the Fundación Prosegur (Prosegur Foundation).

Work carried out by Prosegur in 2011 won the "Best Practices Award in Internal Communications in the field of Corporate Social Responsibility", awarded by the *Observatorio de Comunicación Interna* (Internal Communications Observatory), for the *Picitos Colorados* programme.

Total investment in the community: 2.1m Euros

Number of countries in which the Foundation is present: 10

Number of social projects: 23

Number of beneficiaries: 30,436



Clients

One of Prosegur's strategic priorities lies in being more client-focused. To this end, in 2011 the Company created the Corporate Sales Management Team, including Corporate Marketing Management, the objective of which lies in putting the client at the heart of the organisation.

Through the Global Specialisation Plan, Prosegur makes an in-depth analysis of the branches and segments of client management activity, and develops services and products with specific knowledge of their needs. Prosegur provides comprehensive and intelligent security solutions, customised to client demands. In addition, a Corporate Consultancy Management Team has been created.

In 2011 Prosegur also made considerable progress getting to know its clients and their contexts, developing a standardised and international Customer Relationship Management (CRM) plan, a client satisfaction and loyalty model, and made significant efforts at monitoring through a commercial control panel. The close relationship that Prosegur maintains with its clients is an element of clear market differentiation.

Prosegur has continued to pursue its objective of building closer relationships with clients in the larger markets where it is not operative, deploying sales teams in countries such as China and the US.

More than 336,000 clients

Total number of corporate clients: More than 28,000

Total of private and business clients: More than 126,000 businesses and shops; and more than 182,000 homes and individuals



Suppliers

Prosegur implements measures to promote high levels of corporate responsibility in its supply chain, aware of the impact that the performance of its suppliers has on the Company. Prosegur thus applies ethical, labour, economic and quality-based criteria when choosing suppliers and subcontractors.

In addition, Prosegur attempts to give priority to local suppliers, in order to exert a positive impact on society.

Total number of suppliers: More than 14,000

Total supplier-related costs: 613m Euros



Shareholders

Prosegur maintains a close link with its shareholders, with both private and institutional investors, and with the main market analysts, to whom it continuously provides exhaustive information.

The Company makes sure it understands its main shareholders' issues and concerns, and through its Investor Relations Department it carries out public presentations focused on publicising the Company's results and business model.

Through Prosegur's shareholder help and information service (Shareholder Helpdesk) the organisation provides a permanent information and help service to its shareholders, through various channels, either by email or telephone, with the purpose of responding to their requests and facilitating the information they require.

Dividend per share: 1.02 Euros

Profit per share: 2.85 Euros

Quorum percentage attendance at
General Shareholders Meeting: 78.98

4.1% increase in profit generated in
2011





Markets

In 2011 the Company was operating in five European countries (France, Germany, Portugal, Romania and Spain), a further eight in Latin America (Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay) and two in Asia (India and Singapore). This international presence makes Prosegur one of the world's major companies in the security sector, responding to the needs and requirements of global clients.

**In 2011
Prosegur was
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Organic growth in current markets is based on the development of new products and services, economies of scale and a continuous commitment to innovation. In new markets, growth is founded on the power and course of the Prosegur brand, the team's experience and its differentiated strategy as an engine for future growth.

Inorganic growth, meanwhile, is based on the value of acquisitions, which provide a greater platform for development, relevant synergies, attractive evaluations

and easy handovers. In new markets, the Company keeps its eye open for good opportunities in enterprises that present all the desired characteristics. Prosegur keeps a file of potential companies that may be strategically attractive.

During recent years, Prosegur has managed to position itself as the security company *par excellence* in most of the countries in which it operates. To do so the Company has shown a commitment to inorganic growth. The opportunities it has spotted over recent financial years have led Prosegur to acquire 30 companies since 2008. These purchases have been successfully carried out thanks to the department in charge of acquisitions which has at its disposal a team of professionals with considerable experience in business development.

It is important to emphasize that Latin America is a high-growth market which offers the possibility of greater consolidation. The rise in EBIT (28.6%) in 2011 was largely due to organic growth, but also to inorganic growth. In this region the use of security services is focused on commercial, industrial and financial sectors. However, the development of a middle class has increased demand in the residential market, with high levels of growth forecast for the future.



The Spanish market, meanwhile, has been affected more than was expected, due to the exceptional scenario of the real-estate sector crisis. In general, it is forecast that the demand for security services in Eastern Europe will grow in less mature business sectors, and in those segments presenting greater added

value, such as system integration and security consulting. With the European acquisitions carried out in 2011, Prosegur has become a leading cash management company in Germany, the biggest market in Europe, as well as strengthening its position in France, which has one of the most robust financial markets on the Continent.

In 2011 Prosegur also carried out its first Asian acquisitions: Singapore and India. In the latter, along with SIS (one of the region's main security groups), Prosegur reached an agreement for the creation of a company to undertake Cash in Transit activities in the country. The alliance between the two companies was formalised as a joint venture, according to which they had a 49% and 51% share respectively.

The Indian security market is one of the biggest in the world, although currently it is highly fragmented and characterised by its great dynamism, with growth rates of more than 20%.

Outlook

Prosegur predicts considerable growth in emerging countries, especially in Latin America, where the Company expects to report extremely positive levels of growth in line with nominal GDP. As such, Prosegur is looking to reinforce its position as a leader in the region. Although the situation in Spain and Portugal is more complicated, the Company is looking to counter the negative effect of the recession through a commitment to developing comprehensive services and solutions, as well as through its broad knowledge of the sector.

PROSEGUR IN EACH MARKET

Argentina	1	Paraguay	1
Brazil	1	Peru	1
Chile	1	Portugal	1
Colombia	1	Romania	2
France	3	Singapore	4
Germany	1	Spain	1
India	5*	Uruguay	1
Mexico	3 - 10		

(*Only CIT)

SPAIN

Total turnover 2011: 953m Euros

Employees 28,133

Prosegur in the market In order to strengthen its position as a leading security company, Prosegur has focused its value proposition on its portfolio of comprehensive solutions. The Company covers more of the country than any other undertaking, with more than 50 regional offices across the nation. In 2011 it acquired 95% of Seguridad Vigilancia, a company which provides surveillance services, and which had a turnover of 12.6m Euros in the 2011 financial year.

Outlook The Spanish security market is one of the most concentrated global markets. However, growth is forecast in the area of monitoring and alarms and home security. Prosegur is looking to counter the negative effects of the recession affecting the south of Europe by developing comprehensive security solutions and through its knowledge of the sector.

BRAZIL

Total turnover 2011: 684m Euros

Employees 30,563

Prosegur in the market As the sole company covering the entire country, Prosegur has consolidated its position as a leading Surveillance, CIT and Technology service provider. In 2011 it acquired two companies, Fiel and Prover, for around 30m Euros, strengthening Prosegur's position in Brazil.

Outlook There are significant growth forecasts. It is estimated that emerging countries will make up 22% of market growth in 2009-14. Demand will be driven by accelerated growth in the construction industry, and by the population's growing purchasing power.

ARGENTINA

Total turnover 2011: 427m Euros

Employees 14,488

Prosegur in the market Prosegur has strengthened its position as a leader in the area of CIT while at the same time organically building a solid platform in the field of Surveillance.

Outlook It is forecast that demand for security services in Central and South America will grow by 9.7% up to 2014. Demand will be driven by favourable economic conditions and increased urban development.

FRANCE

Total turnover 2011: 167m Euros

Employees 3,821

Prosegur in the market Prosegur has strengthened its position in France, providing Surveillance, CIT and Technology services. The Company has acquired cash management company Sazias, which had a turnover of 16.4m Euros in the 2011 financial year.

Outlook Certain significant players have left the market, which means there is now a chance to fill the gap. It is forecast that sector earnings will rise by 3.5% per year.

PORTUGAL

Total turnover 2011: 152m Euros

Employees 7,590

Prosegur in the market Prosegur has consolidated its position in Portugal as a leading company providing CIT, Surveillance, Technology and Alarms services.

Outlook There has been a higher level of growth in the area of electronic systems than in the rest of the market, and although there have been considerable moves towards consolidation, there is still room for improvement. Prosegur is looking to counter the negative effects of the recession affecting the south of Europe through the development of comprehensive security solutions and through its knowledge of the sector.

GERMANY*

Total turnover 2011: 147m Euros

**As of 31 December, the combination of businesses had not registered either earnings or profits in the consolidated results account.*

Employees 3,143

Prosegur in the market In 2011 Prosegur acquired SecurLog, the leading company in the German CIT services market for 22.7m Euros. With 31 regional offices and more than 3,000 employees, SecurLog is the sole cash management company operating across the whole of Germany, and this enabled Prosegur to strengthen this area of activity and continue to commit to its market-leading strategy along all lines of business.

Outlook Germany constitutes the largest economy and population in western Europe. It is the biggest security services market in western Europe and the third in the world behind the US and Japan. It is forecast that sector earnings will increase by more than 10% by 2014.

PERU

Total turnover 2011: 125m Euros

Employees 11,404

Prosegur in the market Prosegur operates across almost the entire country of Peru, and following the acquisition of Orus in 2009 the Company is the leading service provider in CIT, Surveillance, Technology and Alarms. In 2011 it acquired Distribuidora Federal, a technology and fire prevention systems company, for 5.3m Euros.

Outlook As with the Peruvian economy, the market has grown quickly. A rise in demand for security services is forecast in South and Central America of 9.7% a year until 2014.

CHILE

Total turnover 2011: 116m Euros

Employees 7,539

Prosegur in the market Prosegur has consolidated its position as a leading service provider for CIT, Surveillance, Technology and Home Security.

Outlook Despite being a mature market, there are still openings for organic and inorganic growth. Demand is set to be boosted by favourable economic conditions and increased urban development.

COLOMBIA

Total turnover 2011: 68m Euros

Employees 8,547

Prosegur in the market Since its entry into the Colombian market in 2007 through the acquisition of Thomas Greg & Sons, Prosegur has consolidated its position in the country. In 2011 it acquired three companies for approximately 40m Euros, becoming one of the leading security companies in Colombia.

Outlook The market in Colombia has considerable potential thanks to favourable economic conditions as well as the growing presence of multinationals.

URUGUAY

Total turnover 2011: 42m Euros

Employees 2,346

Prosegur in the market Prosegur has consolidated its position as a leading Logistics, Cash Management and Active Surveillance company. In 2011, and with the aim of strengthening its position in the field of Technology, Prosegur acquired GSM Telecom, an alarms company.

Outlook It is forecast that demand will grow due in large part to the population's increased purchasing power and to foreign investment. Factors that will have a positive impact include new urban developments and the growing presence of multinationals.

PARAGUAY

Total turnover 2011: 31m Euros

Employees 1,050

Prosegur in the market Prosegur has consolidated its position as a leading service provider in Logistics, Cash Management, Fire Protection, Electronic Security, Access Monitoring, Anti-intruder Protection and Active Surveillance.

Outlook It is forecast that demand will grow due to foreign investment, the privatisation of State-owned industries, increases in the undertaking of infrastructure projects, and the population's increased purchasing power.

MEXICO

Total turnover 2011: 25m Euros

Employees 1,767

Prosegur in the market Prosegur operates in the areas of Surveillance, Cash Management and Technology, and is looking to consolidate itself in this new market.

Outlook The country's social and economic conditions mean that growth of more than 14% per year is forecast.

SINGAPORE

Total turnover 2011: 9m Euros

Employees 1,378

Prosegur in the market In Singapore in 2011 Prosegur acquired the unarmed surveillance company Prosec, which had earnings of 9.4m Euros during the financial year. For Prosegur this operation meant the start of a new era with the arrival on a continent in which the Company was not yet operating. In December 2011 Prosegur acquired Axis Surveillance, increasing its market share in the country.

Outlook Singapore presents a high level of intensity in its use of services compared with other developed countries. This trend reflects the position of this country as a commercial hub. The significant purchasing power of the population places it in a more favourable position to be able to afford security services than in other parts of the region.

ROMANIA

Total turnover 2011: 8m Euros

Employees 2,975

Prosegur in the market Prosegur provides CIT, Surveillance and Technology services and is working to strengthen its position in the country.

Outlook The market is highly fragmented with more than 1,300 companies. However, there are only three multinationals. It is forecast that demand for security services in the region will rise by 14.1% a year until 2014.



Management Model

The Company's commitment to ethics and responsibility are made evident in all activities and all spheres where it operates. Prosegur's priority is to get ahead of the risks to which it is exposed in order to manage them correctly. Prosegur is a responsible company, committed to complying with its obligations.

One of Prosegur's priorities is to improve the sector's standards

At times, Prosegur's employees are exposed to difficult conditions to protect what their clients value.

Due to the particular nature of the business, the Company is especially committed to the safety of its employees. The Company's aim is to be close to them, support them in their everyday work and do for them as much as they do for the clients.

It is important to Prosegur that society values the social role played by its employees sufficiently. To this end, the Company is thoroughly committed to garnering greater respect for the profession. Prosegur carries out specific actions aimed at heightening the security guard profession by implementing training plans through the *Universidad Prosegur*.

Similarly, the Company's aim is also for all employees to behave in exemplary fashion wherever they carry out their duties.

Prosegur has fulfilled its role as an agent that generates quality employment. At the end of 2011, the Company employed a workforce amounting to more than 124,000 employees, contributing to develop the local economy in its sphere of influence. The aim is to go further, to generate profits in communities and to create value for society and its surroundings, supporting disadvantaged groups. The Fundación Prosegur is the main tool to this end.

5.1 Culture of responsibility

Responsible management must be part of a company's corporate culture. Prosegur is a company dedicated to protecting the wellbeing and safety of people and their assets. The company's contribution is essential to the development of society by creating a safer environment.

5.2 Health and safety

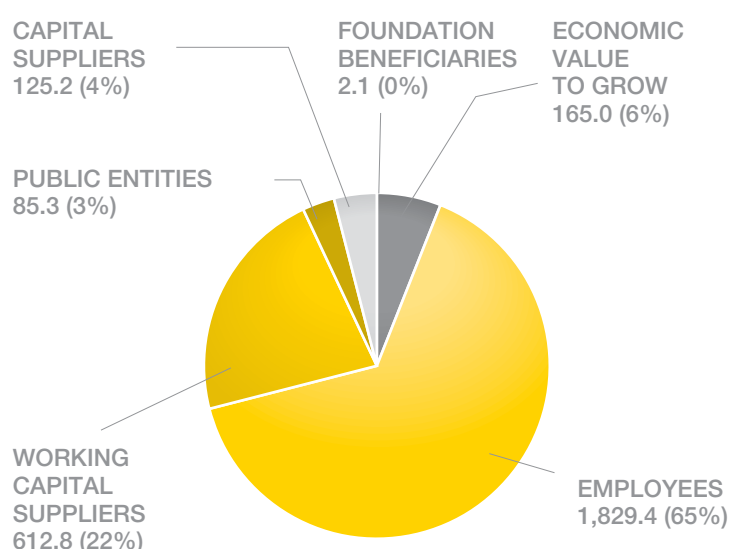
Business approach

Prosegur is rigorous in safeguarding the physical health and safety of its employees, in line with maximum standards regarding occupational risk prevention in

Prosegur helps protect a world in motion. Its leadership is in the fields of business and finance, but it is also sustainable. The Company wishes to set an example in the communities where it works and to be considered as security company par excellence in the sector. Working under the highest standards of ethics and integrity is an element that helps the company strengthen the loyalty of its clients

Direct and indirect Economic Value (m Euros)

Economic value generated	2,819.8
Sales	2,808.5
Other operating income	11.3
Economic value distributed	2,654.8
Employees	1,829.4
Working capital suppliers	612.8
Public entities	85.3
Capital suppliers	125.2
Foundation beneficiaries	2.1
Economic value to grow	165.0
Reserves	85.6
Amortizations	79.4
Other indicators: investments	120.4



Prosegur's employees are sometimes exposed to dangerous environments and difficult conditions due to the nature of their activities. For this reason, their health and safety is of special importance

the sector. Prosegur's safety policy can be summarised by five principles: Forever and for everyone, Assessment, Participation, Communication and Control.

During 2011, Prosegur obtained the OSHAS certificate for surveillance activities in Spain. This is proof of excellence with regard to Occupational Risk Prevention Management. The Company is one of the few which have this certificate in the sector.

Similarly, out of more than 100 companies, Prosegur's occupational risk prevention training procedure has been awarded the Training Prize at the 2nd Occupational Safety and Health Awards granted by the magazine *Formación de Seguridad Laboral* (Occupational Safety Training.)

The main challenge faced by Prosegur in 2012 will be to successfully pass the Legal Audit that its Prevention Management System is to undergo, starting in the first semester, which will be carried out together with a review of compliance with the procedures required by OSHAS 18001 norms.

Risk identification and assessment

Identifying and assessing risk is a continuous activity at Prosegur. The most significant risks faced by the company's employees are linked with the surveillance and protection roles entrusted to them. In this regard, the prevention plans adopted by Prosegur

are in line with criteria established by renowned institutions such as the Spanish National Occupational Health and Safety Institute. Prosegur has a Centre of Excellence for Safety which transfers current best practices to the countries where it is present in order to offer significant improvements to the procedures implemented by the Company.

In Spain, Prosegur is working to minimise risks with the help of a computing tool that makes it possible to obtain specific assessment of each of the services offered.

Risk identification and assessment is a continuous task which aims to implement improvements in all Prosegur operations

In Colombia, in 2011 Prosegur implemented priority risk management programmes. Some of these programmes were aimed at decreasing accidents regarding the use of firearms and road safety, in order to lower accident rates or unwanted situations. The Company also implemented a programme which included preventive safety inspections and auditing of certain jobs with the aim of understanding the dangerous situations and conditions that may give rise to accidents or future illness and to analyse the origin of risk so that it may be eliminated or mitigated.



In Brazil, the Company makes sure that security guards exposed to high risk environments have suitable training certified by the Federal Police. Similarly, in Argentina, a risk map has been devised to define the activities that involve staff exposure to environments that are especially dangerous.

Similarly, in 2011, Prosegur carried out studies and surveys in the sphere of psychosocial risk identification and assessment. According to these studies, the main psychosocial factors to be taken into account would be occupational stress, work satisfaction and

motivation, mental and emotional strain. In response to this study, Prosegur has established a series of measures to avoid and mitigate risk of this nature.

Monitoring

Prosegur has the computing tools necessary to carry out the specific assessment of every service offered and exhaustive monitoring of accident figures, working conditions in each regional office and incidents that may have taken place during activity.

Response to psychosocial risk

- A pre-selection and selection process has been devised and implemented according to the characteristics of the post being filled. The contents of this process have been included in the Occupational Risk Prevention Plan and the Quality Plan. This procedure includes an analysis of every operational job, specifying the characteristics needed by the person filling each position and the aptitude tests, personality questionnaires and interviews necessary depending on the factors to be analysed. This study allows for an in-depth assessment of the suitability of any given person for any job.
- A specific annual training programme has been devised for operational staff, team leaders and middle management. This programme includes occupational risk prevention courses, both of a general nature and specific per sector of activity, and courses on self-esteem, conflict management and decision-making, emotional intelligence, stress management, motivation and attitude, occupational physical health, applied psychology techniques, team work and communication.
- Tutors have been established as support figures for new employees. Their role is mainly to facilitate the integration of new members to the service appointed, completing their training cycle.
- A support team has been incorporated to tackle any labour-related issue, with the aim of achieving greater integration in the Company's organisation system.
- The figure of inspector/Chief of Service has been adapted as an element supporting the security guard's functions with regard to issues affecting their work conditions. Similarly, the work conditions in which security guards provide their services are reviewed (including the provisions of auxiliary means by means of the OPERA computing tool), drafting any necessary proposals.
- Computing management tools (CTI) have been incorporated to detect possible emergencies and to offer immediate support to the staff involved. This system is complemented by an inspection unit that covers the staff appointed to a certain service for any situation that requires it.
- The minimum conditions that surveillance services must comply with, without which offering the service would be unfeasible, have been determined (premises, auxiliary resources, individual protection equipment, etc.).

Additionally, Prosegur has designed a risk report aimed at guaranteeing compliance with legislation on occupational risk prevention. Any deviation detected with regard to occupational risk prevention is included in the ALERTA computing system and any measures necessary to correct the situation will be taken. The Company has also included different procedures in the OPERA inspection computing system to assess compliance with occupational health and safety requirements and conditions. These procedures include daily reports of each service which will include any incidents detected whilst the service is carried out. Lastly, a computing system has been introduced dealing with the internal investigation of occupational accidents, making it possible to propose corrective measures.

Risk identification reports for each Prosegur regional office and establishment and any assessment and prevention planning reports are sent to the Area Management Team, Employment Relations Management Team, Human Resources Management Team and HR Management and Provincial Headquarters. In this way, Prosegur can ensure that senior managers supervise the company's performance with regard to occupational health and safety.

The Company uses monthly benchmarks to measure and assess health and safety; for

instance, frequency rate and severity of occupational accidents, the types thereof and the causes of accidents per sector and segment.

Similarly, reports on occupational risk prevention carried out by the Intervention Department are sent to the Area Directors, Provincial Managers and Prevention Service. Moreover, the Prevention Service annually drafts a report on prevention activities and prevention planning which is submitted to the Employment Relations Management Team and Human Resources Management Team.

With the implementation of OSHAS 18001 procedures, Prosegur has created a Directing Council for Monitoring and Control which annually reviews any cases of non-compliance detected, adopting any corrective measures necessary, analysing the most serious incidents and accidents as well as accident statistics, sanctions, regulatory requirements and the most significant conclusions reached by the Company's Occupational Health and Safety Councils. The Council must approve the annual improvement objectives set and carry out any relevant recommendations in this regard.

Participation of workers' representatives

Prosegur has Occupational Health and Safety Councils in

all spheres in which it operates, available for regular and periodic consultation of the Company's activities as regards occupational risk prevention. In Spain, for instance, the Councils meet every quarter and are made up by heads of the delegation and prevention delegates (appointed by and amongst workers' representatives). The minutes of the meetings are sent to Human Resources Managers in each area so that any necessary measures are adopted with regard to the topics debated. As prevention delegates are part of the Works Councils, they represent all workers in the delegation. Current Collective Agreements include health surveillance, maternity protection, the training of prevention delegates and coordination of business activities.

Training

Since 1999, Prosegur carries out training activities in the field of occupational risk prevention. These activities include:

- Modules as part of initial training courses of operational staff.
- e-Learning courses accessible through the corporate intranet for the following collectives: security guards, control staff, receptionists-telephone operators, counting staff, office staff.
- Multimedia courses aimed at security guards and auxiliary staff.
- Specific courses as part of continuous training which include basic concepts, general risks and the prevention thereof, specific risks and the prevention thereof.
- Modules in the *Universidad Prosegur* online platform.

Similarly, the Company has drafted specific materials on several topics such as: emergency equipment, electrical risk protection, road safety, individual protection equipment, occupational risk prevention in the chemical sector, low-voltage electrical work, hazardous chemical substances and the use of firearms, amongst others.

In 2011, Prosegur started adapting the contents of occupational risk prevention training courses to OSHAS procedures with the aim of including new training modules on prevention policy, prevention organisations, consultation and participation bodies, procedures in the case of accident, procedures to request medical check-ups and workers' obligations. Taking into account that the main activity carried out is private security, no high-risk situations have, *a priori*, been identified other than those inherent to the tasks being carried out.

Prosegur carries out prevention and awareness campaigns in the field of occupational health and safety. The main actions include:



- Information cards on occupational risk provided with the employment contracts (adapted to OSHAS procedures) have been included in the *Tu Portal* (Your Site) online environment and the Corporate Intranet as a way to communicate with all staff.
- Information cards in operational folders and manuals. Information regarding occupational risks has been included in all existing operational folders and manuals, containing general and specific prevention measures, protocols in the case of occupational accident, general procedures in the case of fire and first aid.
- Information posters, like those in handling areas, on the necessary prevention measures in the use of cash and money counting and packaging machines.
- Information posters with procedures in the case of emergency.
- Articles on occupational risk prevention in the in-house magazine *Gente Prosegur* (Prosegur People).

Occupational Health

Prosegur offers its workers a service to monitor their health. To this end, the Company carries out health check-ups depending on what the specific protocols establish and on the occupational risks identified for each activity.

During 2011, the Company carried out ergonomics and psychosocial risk studies by implementing acknowledged and renowned methods. As a complement to the training provided by Prosegur on psychosocial risk on issues of stress management, emotional

In 2011, Prosegur coordinated 1,034 preventive initiatives with clients in Spain alone, with more than 3,000 medical check-ups in the field of health monitoring. It also provided different occupational risk prevention courses for more than 11,000 employees

intelligences, psychological activity in emergency situations and others, specific courses on ergonomics have been started for staff involved with coins and notes.

Health training courses have been planned in Spain during 2012, divided into four modules: cardiovascular health, back health, tobacco and alcohol consumption and mental health.

In Colombia, Prosegur carried out a skills and wellbeing programme with the aim of reducing the psychosocial risk detected. A wellbeing plan was devised to cover employees and their families, aimed at improving the family and labour environments of the Company's

staff. Similarly, Prosegur held the First Occupational Health Week, an awareness and promotion campaign in which 60% of all staff participated and which included, amongst others, sports, relaxation, vaccine-related and nutritional activities.

In Brazil, Prosegur carried out prevention campaigns through the Internal Accident Prevention Week (SIPAT, in the Spanish acronym) which approached different issues regarding ergonomics at work, tobacco and alcohol, self-esteem and quality of life, personal defence and illness prevention.

Collaboration with institutions

Prosegur has taken part in different campaigns with trade union organisations, government departments, friendly societies and universities on issues of occupational health and safety. The following should be highlighted:

- Programmes to assess the impact of stress on surveillance activities.
- Conferences on psychosocial risk.
- Drafting a Prevention Guide for Surveillance Services.
- Drafting the first European Guide on Risks in private security as part of European Social Dialogue.
- Taking part in the first conference on occupational risk in the private security sector organised by the Spanish Cabinet Office.
- Presence in several forums and conferences on ergonomic and psychosocial risk in surveillance activities.
- Conferences on preventive medicine and occupational health.



Centre of Excellence for Security

Prosegur has a Centre of Excellence for Security. Its aim is to improve the efficiency of risk management in our operations, increasing safety at a competitive cost. The following roles of the Centre of Excellence for Security stand out:

- Risk identification
- Knowledge centralisation and distribution
- Security Model

Prevention Culture in the value chain

Prosegur has drafted a standardisation procedure for suppliers which guarantees that they fulfil their obligations regarding occupational health and safety. Similarly, a procedure has been established whose aim is to achieve maximum efficiency with regard to risk prevention in carrying out the works and services for which the Company is hired, establishing general principles to avoid risk and, when this isn't possible, tackling them at origin. This regulation is applicable to all maintenance, installation or services work carried out by contractors at Prosegur premises. The general rules set may be expanded depending on the nature of each job.

Key Performance Indicators	2010	2011
Accident rate	4.1	6.0
Lost days' rate	76.4	71.0
Occupational illness rate	0.2	0.07
Investment in occupational health and safety (m Euros)	10.7	26.1

5.3 Environment

Business approach

The aim of Prosegur is to reduce its ecological footprint in all of its activities by investing in efficient technology and business models. The Company has heightened its environmental awareness and understands that keeping an environmental balance is a key factor in society. In this regard, energy and environmental efficiency are part of Prosegur's sustainable business which seeks to reduce costs and to promote more eco-efficient practices.

Prosegur's objective is to establish a framework with general

guidelines in accordance with the particular nature of each business and each country. Prosegur's environmental management models follow the requirements of ISO 14001 regulations and establish a commitment to comply with legislation, prevent pollution, continuous improvement and transparency.

In 2011, 90% of Prosegur's activities in Spain were certified in accordance with ISO 14001 regulations. It should be noted that Prosegur is the first private Security Firm in Spain to obtain this certificate.

Overall, Prosegur's environmental management is based on three main lines of activity:

- Identifying environmental impact and risks.
- Establishing improvement objectives.
- Planning corrective activities.

Identifying environmental impact and risks

Prosegur deploys management systems to identify the environmental priorities for each business and each country. To this end, the Company carries out auditing programmes in each delegation and monitors performance implementing information systems and paying special attention to those activities with greater environmental impact.

Implementation of the INTRAL application has continued across the delegations in Spain (identification, assessment and verification of all regional and national legislation). Greater control over current environmental legislation is achieved this way, thus avoiding possible infractions.

Prosegur's greatest environmental impact is linked to transport. The main impact originating in transport is derived from fuel consumption and the associated emissions of exhaust fumes from vehicles. To mitigate this impact, the purchase of electric vehicles and/or vehicles that comply with the Euro 5 Norm is expected

Establishing improvement objectives

Prosegur's Quality and Environment Council drafts an annual Environmental Management Programme which establishes a series of challenges to be met. Objectives to reduce the operational consumption of plastic, paper and toner have been established in Spain. With the exception of the objective to reduce the consumption of paper, objectives set with regard to reducing the consumption of packaging and toner have been met.

In Peru, Prosegur has established objectives with regard to reducing the environmental impact resulting from the generation of fumes in vehicles, optimising the use of resources and promoting a sustainable management of solid waste.

Establishing corrective measures

As part of the Environmental Management Programme, Prosegur has defined priorities in order to reduce the environmental impact of its activity.

- **Energy efficiency.** With regard to the efficiency of its vehicle fleet, a process to convert armoured units to natural gas has been carried out in Colombia. This has reduced the emission of polluting gases by 16% in 2011. Substituting

armoured vehicles for a more sustainable fleet in Portugal has also contributed to decreasing direct GEG emissions by 13.3%.

In Argentina, Prosegur has fitted its armoured vehicles with engines with the latest technology, with environmental improvements related to emissions. Similarly, efficiency measures are structured across two priority paths of action: the implementation of more efficient office equipment and intelligent lighting and heating systems as well as carrying out awareness campaigns.

In the same country, the Company has implemented a preventive maintenance programme for air conditioning systems in all buildings located in the Buenos Aires Metropolitan Area (AMBA, in the Spanish acronym). The aim of this system is to minimise the energy consumption of these units. Similarly, all incandescent lighting materials have been eliminated and a plan has been carried out to change the lighting in all AMBA buildings, whilst a decision has been reached in Chile to include LED lighting in all new buildings.

Environmental Awareness Plan

Internal communication campaigns have been carried out with the aim of informing Prosegur employees and raising awareness on environmental issues. In this context, quarterly "Environmental Awareness Campaigns" were sent during 2011 to the Heads of Quality and Environment in every regional office. The topics approached were the following:

- First quarter: Best practices in driving
- Second quarter: The 3R's Law with regard to waste
- Third quarter: Best practices in the consumption of paper and toner
- Fourth quarter: Best practices to reduce electricity consumption

In Colombia, a monthly bonus plan has been implemented with regard to savings obtained by each driver in fuel consumption.

- **Decrease in the use of materials and in waste.** In 2011, Prosegur started unique initiatives such as appreciation through the retreading of lorry tires taking into account the high environmental impact involved in the manufacturing and disposal thereof. In Paraguay,

for instance, a Comprehensive Solid Waste Management Programme (*Programa Procicla*) was implemented. Also in this country, an automatic tap closing system was installed in order to decrease water consumption in bathroom fittings.

First environmental volunteer action

Some of our employees across Spain who took part in the corporate volunteer project *Viajes Solidarios a Latinoamérica* met again in 2011 to join forces and work in the recovery of the banks of the River Tagus on its way through Aranjuez.

108 Company volunteers and directors worked in collaboration with Fundación Acción Natura to clear, clean and collect waste from the area as well as placing guides and changing protective mesh. This was the first environmental volunteer action organised by Fundación Prosegur in Spain.

Best environmental practices in the supply chain

Prosegur's aim is to extend its environmental commitments to the supply chain. The Company's Quality and Environment Department identifies different suppliers and/or subcontracts whose activity or products have an impact on the Environment.

Prosegur informs all suppliers and/or subcontractors who have an impact on the environment of their obligations regarding environmental protection issues, handing them the Company's Environmental Policy and "Best Environmental Practices". Similarly, suppliers must commit to communicate and train all employees carrying out activities for Prosegur about the Policy and Best Environmental Practices.

Suppliers and/or subcontractors with an environmental management system certified by an external and independent institution according to the ISO 14001 standard will go on to be certified directly.

Key Performance Indicators	2010	2011
Managed Waste (tonnes)	1,880.2	1,325.9
Environmental Certification, Spain (ISO 14001) (%)	80	90
Direct and indirect emission of greenhouse effect gases (t CO2eq)	48,837.7	41,547.7

The Company wants all its employees to share in the pride of being part of the Prosegur project. The role played by employees must be acknowledged in line with the social work they carry out. For this reason, Prosegur is committed to enhancing the nobility of their profession and to fully developing their personal and professional skills

5.4 Employees

Business Approach

At a time of economic uncertainty, Prosegur continues in its commitment to growth and excellence, investing significantly and increasing its workforce. This business philosophy makes Prosegur a company that generates employment. In fact, Prosegur is one of the largest Spanish companies as regards the number of employees.

At the end of financial year 2011, the Company's workforce amounted to more than 124,000 employees as a result of its expansion and consolidation policy in those markets where it is present. Prosegur works to earn greater respect for the role played by security guards by implementing training plans.

It is as such that the Merco Personas study, which analyses the work climates and reputations of the largest Spanish

enterprises, named Prosegur best company to work for in Spain in the security sector last year. This is the first time that the Company has been included on this prestigious list, and is an indication that Prosegur is a standard-bearer in employee management.

Significant advances were carried out in 2011 with the aim of becoming more multinational, focusing more on the client and embodying the Company's values even more. One of the key factors in this model and which has placed Prosegur amongst the main multinationals in the sector has been strategic employee management implemented by each of the organisation's team leaders.

In this period, Prosegur has also set out the Human Resources strategy for the coming three years, integrating the role played by HR in line with the Strategic Plan and the business. As such, Prosegur is in a position to state that it is possible to have the best human resources on the market



The Company has trained and committed staff whose attitudes and skills are in line with the nature of their work. In this way, the Company guarantees business continuance within a model that allows for the growth and development of the people working at Prosegur

and work according to the premise that talent attracts talent.

Prosegur's scope is only as great as that of its employees, and what sets Prosegur ahead of its competitors is the quality and professional nature of its employees. For this reason, all axes of Human Resources strategies are essential to the future development of the Company:

- Talent
- Efficiency
- Culture

The management of talent

The professional nature of its employees is a key factor for Prosegur to achieve high levels of excellence and customer

satisfaction. To this end, actions to retain and attract talent are indispensable.

Prosegur's human capital management is based on a behavioural map concerning the Company's values. Likewise, Prosegur has defined professional profiles depending on the specific skills necessary for each job, and implements two assessment methodologies for the development of its workers. For direct staff, the company analyses the key collective through classroom assessment; for indirect staff, the company assesses individual performance.

The Talent Management strategy is based on actions aimed at all groups and specific actions. To this end, a qualitative description of human resources is carried out



which defines and analyses new posts and specifies the profiles needed in line with the Company's challenges, as well as the management and development of professional careers.

As part of a common objective to advance in the direction of functioning as a true multinational, working and managing at local level, Prosegur is redefining the organisational models to strengthen the role played by delegates, one of the key collectives in the business, providing them with

suitable structures for optimum management.

Similarly, a Talent Plan in line with the Company strategy has been designed with the aim of guaranteeing that Prosegur has trained, committed employees, with the attitudes and skills that characterise the Company. The aim is to maintain the business model and create growth and development opportunities for Prosegur employees at the same time.

Talent Plan

Prosegur's Talent Plan is structured into a series of specific programmes.

Global Talent Programme

Aimed at identifying and searching for people with a multicultural profile to accompany the Company's expansion, entering new markets. This programme is vital to building the international culture needed by the company to successfully accomplish the growth and globalisation process in which it is currently immersed.

Local Talent Programme

This involves the creation of a professional team that develops management and leadership skills, becoming the pool from which the country will grow organically and inorganically.

Internal Talent Programme

The aim of the Internal Talent Programme is to identify potential collaborators who show attitudes and skills in line with Prosegur and who are an example of Company management. The objective is to train this group for key positions towards an optimum development of the business, becoming the pool for organic and inorganic growth.

Operational/Business Talent Programme

The aim of this programme is to identify a team of professionals with a strategic perspective, business, team leadership, commercial and negotiation skills with the aim of ensuring the long-term success of the Company's local branches.

Commercial Talent Programme

The aim of the Commercial Talent Programme focuses on identifying a group of professionals with excellent negotiation skills and who are client focused.

R&D Talent Programme

The R&D Talent Programme focuses on a group of individuals with the skills and experience to research, develop and innovate products and services in the security sector: Surveillance, Valuable Logistics, Cash Management, ATMs, Home Security, Technology and new business.

Team training

Training activities at the Company are aimed at developing skills and strengthening values, taking into account the real needs of Prosegur's clients.

Prosegur periodically carries out security programmes with specific

activities such as target practice, personal defence and conflict psychology. Similarly, training activities include issues that are crucial in the sector, such as human rights, the use of force, gender violence or cultural diversity.

The role played by *Universidad Prosegur* stands out amongst

As a generator of quality employment, Prosegur considers that supervision and training are key factors

training activities. The University allows for circulation of knowledge and the experiences accumulated by the Company with regard to the sector and the business. Its focus and structure are in line with Prosegur's Strategic Plan and with the professional training of direct and indirect staff in technical fields and in the fields of management, technology, managerial skills and the development of professional skills such as operational excellence, client and service

focus, quality results orientation and commercial orientation.

In order to further this project, the first meeting between the heads of professionalism and international development was held in 2011 to promote networking and to create a virtual environment in which to share training courses and activities in the different countries, sharing knowledge and best practices.

Summa Quatro Programme

Prosegur is a very demanding company with regard to assessment. The Company wants to have a highly motivated human team and create a culture of merit as its hallmark. To this end, Prosegur has identified key collectives in starting and developing its Strategic Plan, defining a quality model which identifies direct and indirect leaders, furthering their skills and investing in their training and professional updating.

In these ends, Prosegur has introduced out a management system called *Summa Quatro* based on a systematised process by which the head and the collaborator meet to analyse, in the most objective way possible, the employee's performance in the last year with the aim of pointing out their strengths and working on areas for improvement. With this project, Prosegur seeks to:

- Make all employees in the Prosegur structure reflect on their work performance.
- Further meetings and communications between heads and collaborators to assess the work carried out together and favour team management.
- Record information on the annual performance of people in terms of motivation, results, skills and knowledge to better guide their professional development and career.
- Design plans for all participants with regard to future activities: motivation, training, awarding new roles or promotion.

This project has been implemented in 12 countries across the corporation, carrying out approximately 9,000 evaluations during November 2011.

Additionally, full online training in several languages was carried out, based on videos and presentations and complemented with in-person sessions, so that both managers and collaborators are ready to face the process of obtaining better results. The collaborators' opinion is very important and therefore a self-assessment process is included so that both parties (head and collaborator) take part in it, agreeing and setting out future action plans together.

Summa Quatro process



Recruitment

The starting point of Human Resources management in Prosegur is the staff recruitment process. This allows the Company to grow in a solid way, guaranteeing the incorporation of the best candidates for each job.

Due to the nature of the services offered by the Company, specific personal and professional qualities are demanded from the candidates. The work carried out by Human Resources in the company is essential to this process. The selection processes implemented by Prosegur seek to achieve perfect identification of the best candidate for each job. The organisation implements comprehensive selection processes which include aptitude tests, technical questionnaires and medical examinations.

With the design of a new wage policy at Prosegur, the organisation's strategy comes in line with employees' objectives and interests. The main objective is creating value in the short, mid and long term

Efficiency

Efficiency is another pillar of the Human Resources strategy at Prosegur as shown in the actions designed towards optimising processes globally, in line with the standards that characterise the Company. However, the Employment Relations management model at Prosegur is fully decentralised, with the Human Resources director as the head in each country.

To this end, Prosegur has defined an efficiency plan, establishing an optimum budget management, a new organisational and Employment Relations model focusing on the creation of synergies as a multinational.

Similarly, the Company has designed a wages and bonuses policy that takes into account fulfilment of strategic objectives and variable wage systems linked to results and performance, value creation and management culture, both individually and collectively. This system is aimed at rewarding employees according to their performance, linked to the results obtained.

In designing these policies Prosegur intends to align the organisation's strategy and employees' objectives and interests, with the aim of increasing their involvement in the Company's strategy. These policies provide a structure and process to establish objectives and to make

decisions with regard to the training, development, wages or promotion of all employees in the organisation. Similarly, professional orientation is a crucial activity to keep employees close to the business. To this end, client-based objectives and objectives linked to project optimisation and improvement are established, together with the management and organisation of key groups.

Culture

Corporate Values

One of the key elements in the Human Resources strategy at Prosegur has been to create a common culture. In this regard, significant advances were made in 2011, defining behavioural models linked to Prosegur values. To this end, an action plan was drafted which includes training and awareness to extend these values across the organisation.

Internal Communications

The Company has designed an internal communications model that reflects Prosegur's image and management style, communicating and bringing the Strategic Plan closer to all staff and encouraging employee participation. This is an essential resource in the good functioning of the company and is the basis for achieving the objectives set and the results expected. Internal communications are essential to disseminate the

organisation's values, model and work philosophy as well as furthering team spirit amongst all employees that make up Prosegur.

A new Corporate Intranet was introduced in 2011 with the aim of bringing the Company's reality closer to its employees, offering information, news and initiatives started by the Company. This is a new channel of communication and knowledge management through which to access documents, processes, corporate policy, links of interest, work tools and to share information with the employee community.

Prosegur's efforts in 2011 focused on creating a common culture. The role of the Corporate University was consolidated, designing global

training programmes in *Summa Quatro* and in Values, for instance. Actions to disseminate corporate culture and values were also implemented: for instance, the welcoming process or the start of the *Club de Deportes* (Sports Club) with the aim of promoting it as a cultural feature of Prosegur.

Prosegur Policy and Procedures

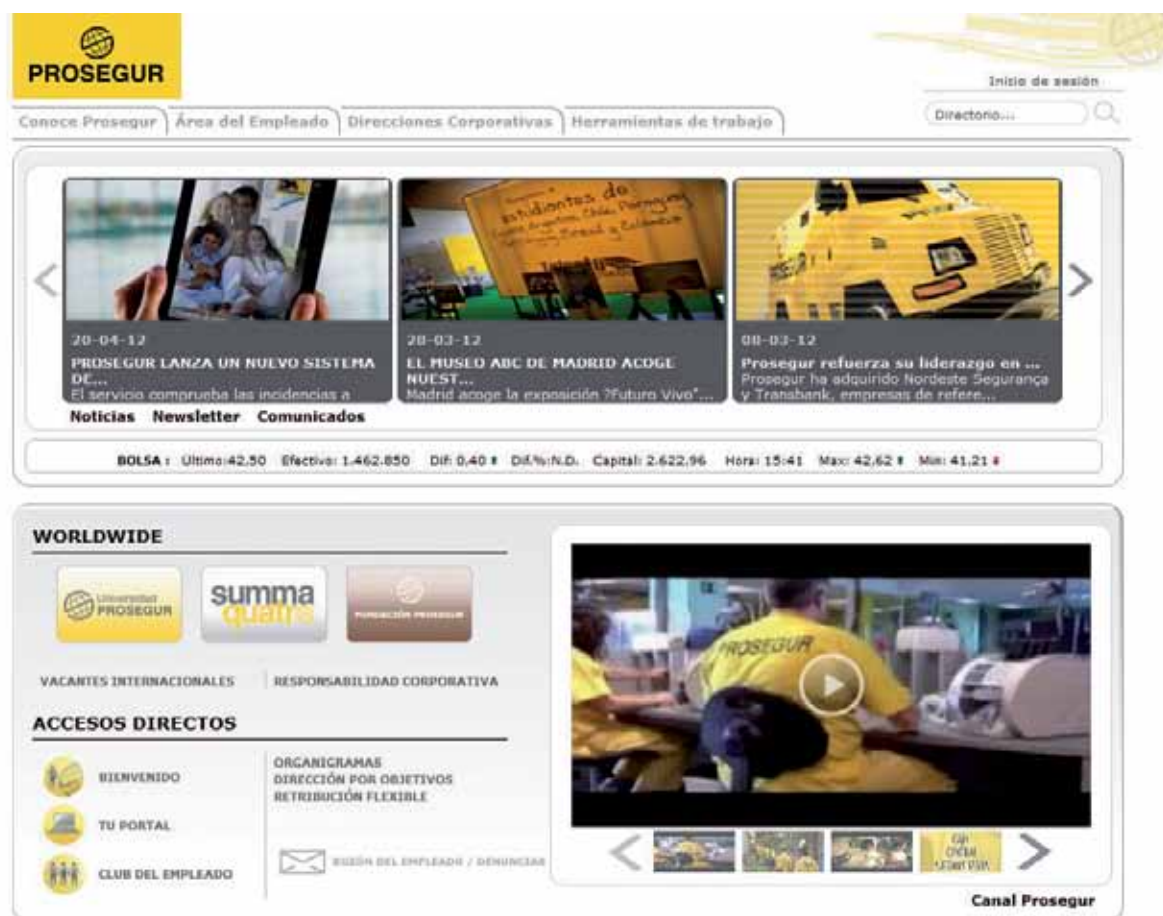
By setting out the Prosegur Policy and Procedures, the Company is creating a work philosophy and work method as a multinational enterprise. Its development serves to promote efficiency and a common culture, encouraging coordination between different parties.

Close to employees

In all countries where Prosegur is present, the Company offers certain social benefits to its employees.

These measures are planned according to the particular features and legal systems of each country. Some of the most relevant benefits are of an academic nature, support to families with disabled children, aids for childbirth and marriage, aids for commuting to work, etc.

Prosegur has started unique programmes to support its people. An outstanding example is the programme *"Una vida para Prosegur"* ("A life for Prosegur"), supporting employees during the most significant moments in their lives.



Equality and diversity

Achieving full and effective equality in employment relations is one of Prosegur's core commitments.

Prosegur safeguards full and effective compliance of the equal opportunities principle. There is zero tolerance of any behaviour or activities that constitute any form of discrimination with regard to gender, religion or sexual orientation.

Specific measures have been devised, as part of the Equal Opportunities Plan which analysed the functioning of the company, to tackle necessary improvements in this field.

Upright and impeccable behaviour

Prosegur implements a Business Code of Conduct that reflects its ethical commitment to function according to the behavioural principles and standards contained therein, in establishing relationships with all groups of interest affected by the Company's activity: employees, clients, shareholders, associates, suppliers, etc. The Code is applicable to all undertakings that make up the group and is binding to all of its staff. It establishes that no employee may justify improper conduct claiming an order from above or lack of knowledge of the Code. The Code establishes that those who do not comply, through action or omission, will be subject to disciplinary measures proportional to each case and which may include termination of the employment contract.

Employees' post-box

With the aim of improving employees' wellbeing, Prosegur has introduced an internal system to present complaints/suggestions as part of the Corporate Intranet. Through the employees' post-box every worker in the Company may confidentially and anonymously send negative appraisals of a given situation, of treatment received, discrimination and/or harassment. Every complaint and suggestion will be handled by the corporate Human Resources department which will contact the relevant department after analysing the complaint. A solution must be reached within a month after the complaint has been forwarded to the relevant department.

Key Performance Indicators	2010	2011
Staff (No. of people)	104,363	124,744
Percentage of women on staff (%)	15.2	14.8
Percentage of women belonging to the organisation's governing bodies (%)	16	15.4
Investment in training (m Euros)	4.6	6.7
Total rotation (%)	22.8	18.2

5.5 Society

“Corporate Responsibility is part of the culture at Prosegur. It is clear to us that our leadership must be in terms of business and finance, but we must also be social leaders. We know we have the best security professionals, and that we’re responsible for our environment and we’re concerned with improving and taking care of the society of which we’re a part.

An essential part of this commitment is carried out through the projects at our Foundation. There are many initiatives that we’re carrying out to improve the conditions of the communities where the Company operates. A clear example of this would be our development cooperation project “Piecitos Colorados”. However, this year I would like to highlight those projects that further the integration of persons with intellectual disabilities. In our experience we’ve learnt that we can encourage these “different talents” in society and offer –through employment- a more stable future to a collective whose access to the labour market is extremely difficult.

After the excellent results of the Special Employment Centre in Madrid, we opened CICLO last year in Sao Paulo (Brazil), a centre for the vocational training of young disabled people in the field of industrial laundry and dry cleaning. The Sao Paulo centre seeks to integrate this collective group into regular companies. Both projects encourage our best practices exchange model and help us to establish continuous improvement processes. I would also like to point out the extraordinary experience the company is undergoing with the incorporation of disabled workers as administration assistants in several Company offices across Spain. The results are excellent and the first steps towards replicating the experience in other countries were taken in 2011.

Undoubtedly, the “value of yellow” strengthens our hopes and pride at being part of each and every one of the initiatives we start. A strength that takes us farther every day to continue offering our support to those who need it most.”



Helena Revoredo
Chairman of Prosegur

In 2011 the
Foundation
awarded more
than 100 *Becas
Talento Prosegur*
in Asia as a result
of the Company's
entry into
Singapore

As a socially responsible company, Prosegur is aware of the role it plays in the development and generation of value for society. Moreover, being the sector's leader entails a commitment on behalf of the Company to take on leadership in the development of the communities in which it operates.

To this end, Fundación Prosegur carries out its own projects in the countries where the Company is present. Projects in the field of Education, the Social and Labour Integration of disabled people and Corporate Volunteering programmes.

More than 30,400 people benefited directly from the social projects carried out by Prosegur in 2011, through its Foundation.

Responding to social demands

As part of the Corporate Responsibility Management approach implemented by Prosegur, the Foundation is in charge of channelling and articulating the Company's social activity in the countries where it operates. With the support of the Human Resources departments, the local needs of employees, their families and the community at large are identified so that the Foundation can carry out its own projects with the aim of improving the living standards of these groups.

Each of these initiatives seeks to strengthen the value of solidarity, making its staff and society aware and making changes that respond to the needs of each community and simultaneously furthering education, integration and local development.

The *Becas Talento Prosegur* (Prosegur Talent Scholarships) have been extended and diversified in response to the difficult situation that Spain is undergoing. Three types of aid have been awarded this year, benefiting more employees' children within a wider age bracket and benefiting workers who simultaneously work at Prosegur and are in university education. The aim is to reach more people and to reward the efforts and talents of Prosegur's employees and their families.

Similarly, Fundación Prosegur has continued to support the Santiago Masarnau Shelter and Community Kitchen in Madrid, benefiting more than 14,000 people by offering 300 dinners every week. Prosegur is always close to its employees; more so at difficult moments such as natural disasters. For this reason, it has kept close to workers affected by the earthquake in Lorca, Spain, supporting their basic needs. Likewise, the number of summer camp places available to employees' children have increased.

Fundación Prosegur adapts scholarships to the needs of each country but keeps the overall approach that is to reward excellence, effort and talent

The *Pro-Vivienda* programme started in Uruguay and Peru consists of awarding loans to employees so that they may invest in purchasing building materials to refurbish or improve their households when they're run down. The programme in 2011 benefited 137 workers and their families with the aim of improving the Company's employees' quality of life.

its own projects since 2006 in those countries where the Company is present.

These initiatives share the same approach and focus on achieving objectives such as the starting of projects that promote local development, furthering the social integration of disadvantaged collectives and training new generations.

Business Approach

Prosegur wishes to contribute to building a more supportive and less unequal society. To this end, Fundación Prosegur has carried out

In line with this approach, the fields in which these activities take place are education, the social and labour integration of disabled people and corporate volunteering.

Activity of Fundación Prosegur



FUNDACIÓN PROSEGUR

EDUCATION

Encouraging and facilitating access to training for disadvantaged populations.

SOCIAL INTEGRATION

Furthering the integration of people with special needs through employment.

CORPORATE VOLUNTEERING

Show the "value of yellow" through the supportive spirit of the company's employees.



Prosegur works in the belief that education is one of the most powerful tools for development. With the scholarships, Prosegur helps to empower the talent of young people so that they may have an option to have a better future

Furthermore, the Foundation carries out specific actions to promote culture and access to decent housing.

Education

In the sphere of Education, the *Becas Talento Prosegur* programme is one of the Company's key initiatives. The main aim of the project is to support young people with fewer resources to continue their education and to empower their talent. Prosegur supports students, employees and their children, depending on their needs and the reality of each country. These scholarships are of a heterogeneous nature and depend on the particular characteristics of each area. However, they share the same objective: rewarding talent and effort.

Scholarships have been extended and diversified in response to

the difficult situation that Spain is undergoing. Together with the Human Resources department, three types of aid have been awarded benefiting 191 children of employees in schooling ages (in the purchase of text books), 25 children in university (to continue with their degree or to carry out postgraduate education) and 46 workers who are in university education whilst working for Prosegur.

Although these scholarships are tailored to the needs of each country, their approach is global. New countries such as Singapore were incorporated into the project in 2011, benefiting 661 people in Europe, Latin America and Asia. Also, a total of 6,015 basic school kits were handed out to the children of employees in Brazil and Paraguay.

Pieciticos Colorados

With the aim of improving the quality of life of boys and girls living in disadvantaged areas across Latin American countries where the Company operates and through Comprehensive Education, Fundación Prosegur carries out the Development Cooperation programme *Pieciticos Colorados*. The aim of reinstating schools and basic services, training and implementing nutritional programmes, improving education and raising awareness amongst families is to combat school drop-out rates and promote the development of communities where the programme is implemented.

A work methodology common to all countries was introduced in 2011, respectful of the needs of each territory as the initiative advances. For this reason, whilst Brazil, Peru and Chile worked on selecting and verifying schools' legal documents, Colombia opened its first refurbished school and the second stage of the programme was reached in Argentina, Paraguay and Uruguay (the oldest schools): the nutritional training.

The aim of this stage is to improve the health of children by instilling good nutritional habits in teachers, families and children. This is an efficient and innovative work carried out in collaboration with the NGO "Nutrición Sin Fronteras" (NSF), which has established a human chain to transfer information from Spain to Latin America, making it possible to carry out a nutritional study of each student on-the-spot returning truthful data. Efficiency has been paramount in channelling resources in this strategic alliance with NSF. To this end, Prosegur employees together with the teachers at schools, and with the advice of NSF, have become involved by means of an innovative work mechanism which Fundación Prosegur has called "supportive human chain".

Through this human chain, information is transmitted in such a way that the surveys designed in Barcelona (where the NSF headquarters are) are submitted to Madrid (Fundación Prosegur) and from there to the different Prosegur teams and delegations in Latin America until each of the schools is reached. The surveys are filled in by the students, with the help of their teachers who have previously received training to carry out this task by means of guides designed specifically for this purpose. The "supportive human chain" then starts its way back so that the nutritional information returns from Latin America to Barcelona. There, it is analysed by the NGO experts who make a diagnostic assessment. Besides involving employees and teachers in project execution directly, this "supportive human chain" allows for an efficient management of economic resources avoiding unnecessary travel.

Once the diagnostic assessment has been carried out for each school, a nutritional strategy is devised taking into account the area's natural resources, suitable for each reality and with the aim of eradicating malnutrition in students and implementing better food habits. Besides nutritional training, *Pieciticos Colorados* includes support measures aimed at the self-management of schools and the improvement of farming. For instance, building vegetable gardens or farms aimed at self-sufficiency.

Pieciticos Colorados continues growing as a driver of change in the Community, implementing key educational activities such as literacy campaigns amongst parents or fighting school drop-out rates.

Furthermore, *Pieciticos Colorados* aims at completing its support cycle by seeing to those who stand out through their learning ability, effort, responsibility and perseverance. The programme is aimed at monitoring students with the greatest potential by means of reports delivered by the schools with the purpose of assessing the possibility of awarding them a scholarship to continue their education.

At present, the project has 30 schools in Argentina, Brazil, Chile, Colombia, Paraguay, Peru and Uruguay, at different stages of intervention and reaches a total of 3,173 students.



First Centre of Excellence *Piecitos Colorados*

Piecitos Colorados takes part in Prosegur's internal forums in a continuous search for improvement. To this end, and because the project is developing at different speeds in the various Latin American countries, the first Centre of Excellence *Piecitos Colorados* has been started with the aim of exchanging best practices and successful models. During the meeting, employees, headmasters and Company Directors (from all countries) shared the advances made in their work and reflected on how to further the project.

2011 has been a year filled with actions carried out by the staff, starting at the top, who have become involved in the schools and with the students, their families and the community

Social Integration

Prosegur works to support different talents, in search of improving the living conditions of people with physical and intellectual disability by means of their social and labour integration.

Persons with intellectual disabilities have stable employment at the Special Employment Centre* Aprocor-Prosegur in Madrid, providing laundry and dry cleaning, gardening, logistics and waste management services. A commercial boost was given in 2011 to LAVAPROS, a laundry / dry cleaning office open to the public. This is a significant step for employees who advance in their social integration, from the industrial laundry sector to retail service. Due to the innovative nature of the Special Employment Centre, Prosegur received the award "Diamante 2011" in the category "Special Employment Centres as a Supply Source", awarded by the Spanish Association of Purchase, Hiring and Provisioning Professionals (AERCE, in the Spanish acronym).

Because the Company believes in the different skills of people, the Foundation continues to promote the *Plan de Integración de Personas con Discapacidad Intelectual* (Integration Plan for Persons with Intellectual Disabilities), by hiring employees

with disabilities to carry out administrative tasks at the different headquarters and departments.

The Plan has been established in several Prosegur headquarters with very positive results, both in the employees' performance and in their relationship with their work colleagues. As a result, the Company decided to take a step further in 2011. The programme has been adapted in such a way that the Company can now offer a social responsibility service to the client, making it possible for the client to hire a worker with different skills to assist in different services. The first integration was carried out at the Guggenheim Museum in Bilbao (in association with the Down's Syndrome Association of Vizcaya) to assist in the wardrobe service.

At Prosegur, best practices are replicated. In 2011, the *Plan de Integración de Personas con Discapacidad Intelectual* has also taken a step forward in the Latin American headquarters of Prosegur. Peru and Argentina have already joined the project, which will soon be extended to Colombia, Uruguay and Brazil.

Similarly, best practices implemented by Prosegur with regard to labour integration in Spain have been exported to Brazil. Taking the Special Employment Centre Aprocor-Prosegur as example, the Company started in Brazil the project CICLO-Prosegur Training Centre-APAE Sao Paulo with the

(*) Special employment centres are enterprises in which 70% of the staff have some kind of disability.

Breaking down the barriers, the CICLO training centre in Sao Paulo has just graduated its first class of students with intellectual disabilities

aim of training young people with intellectual disabilities in laundry and dry-cleaning tasks.

In 2011, CICLO graduated its first class of students with intellectual disabilities who have been trained to work in dry-cleaning enterprises. Following the model of the Prosegur Special Employment Centre in Madrid, CICLO is a clear example in the exchange of transnational best practices, knowledge and experience.

Furthermore, in collaboration with Fundación Deporte y Desafío, sports activities are carried out with children and adults with physical and intellectual disabilities.

Encouraging Corporate Volunteering

The "value of yellow" is also vouched for in the supportive spirit of employees. Prosegur has a human team who have solid values and are committed to their environment. As a result, the *Viajes Solidarios a Iberoamérica* (Supportive Trips to Latin America) have once again created bonds between continents, shortening distances and bringing closer the will to help disadvantaged people in society. A twinning between Prosegur's colleagues and international teams comes to life in the building of emergency housing for poor families (with the foundation "Un Techo para mi País"), in refurbishment and

painting work at the *Piecitós Colorados* schools and in helping homeless children and elderly people. To date, 160 European employees have travelled to Latin America to carry out supportive tasks and more than 1,000 local volunteers have joined in building emergency housing, helping out more than 100 families.

2011 was a year for coming together. Workers across Spain who took part in any of the five supportive travel editions (2006-2010) joined forces working in recovering the banks of the Tagus River in Aranjuez. In collaboration with the foundation Acción Natura, 108 volunteers and directors of the Company worked in clearing, cleaning and waste collection as well as placing guides and changing protective mesh. This was the first environmental volunteer action organised by Fundación Prosegur in Spain.

With the same spirit of service, a group of security guards has imparted, for the first time in Madrid, accident prevention and an introduction to first aid lessons in different schools across the Region, as part of the programme *Tu Seguridad, Nuestro Compromiso* [Your Safety, Our Commitment]. This volunteer initiative in collaboration with the Red Cross makes it possible to bring the image of the security guard closer to society, earning greater respect for their work as security professionals. The Red Cross and Prosegur join forces in the attempt to instil safety awareness in

young people. In turn, the Company responds to internal demand: carrying out volunteer activities in Spain, granting an opportunity to security guards with a supportive vocation to further their knowledge and later impart it to students, teachers and parents at school.

33 volunteers from Prosegur have joined the health promoters of the Red Cross in the Region of Madrid to carry out awareness workshops in 47 schools, training more than 2,000 people. The experience was very positive and there are plans to replicate it in other places.

Monitoring the impact of social action

Fundación Prosegur monitors its initiatives using direct observation, on-the-spot visits, reporting, continuous contact with the staff involved in developing these projects and analysing best practices to share successful experiences between countries through the Centre of Excellence *Piecitos Colorados*, for instance.

Given the magnitude of *Piecitos Colorados* (with 3,173 benefiting directly from the project to date), the initiative is more thoroughly monitored. For this reason, this project includes a Business Plan and financial auditing. Local Prosegur teams and the Project Coordinator in Latin America carry out field visits permanently. Similarly, conference calls are held every week with Spain (Foundation headquarters) to report on the situation and on the advances made by the initiative in detail.

External Acknowledgement

The work carried out by Prosegur in 2011 was acknowledged through the "Best Practices Award in Internal Communications in the field of Corporate Social Responsibility" thanks to the *Piecitos Colorados* programme. The award granted by the Internal Communications and Corporate Identity Observatory comprising the consultancy enterprise Inforpress, IE Business School and the magazine Capital Humano, valued the use of internal communication to involve the Company's employees in the project, carrying out a mass mail-out to the more than 100,000 workers, with the same message: *Todos Somos Piecitos Colorados* (We're All *Piecitos Colorados*).

The jury of the Awards was made up of the Board of Directors of the Observatory, comprising senior managers in Inforpress, IE Business School and Capital Humano; the Board of Advisors of the Observatory, made up of HR and Communications managers of the companies DKV, Gas Natural, IKEA, Kellogg's, Iberia, SEUR, Novartis, Siemens, Ferrovial, FYM, and the winners of the Awards' third edition: Leroy Merlin, Abbott, Pernord Ricard, ONO, Ferrovial and FYM.



Key Performance Indicators	2010	2011
Investment in social action (m Euros)	2.0	2.1
Number of beneficiaries or participants in social projects	26,255	30,436
Number of social projects carried out	21	23



Risk Management

6.1 Risk in the context of Prosegur

Risk in Prosegur is understood as a threat to the fulfilling of its objectives, which must be tackled, and also as a business opportunity to generate growth by prudently managing it.

Risk as a threat

During their working day, security professionals at Prosegur carry out tasks as part of the security services offered with the utmost level of responsibility and diligence to meet all expectations and commitments made to the clients.

Prosegur provides services in delicate fields. The Company safeguards the assets with which clients have entrusted it. For this reason, Prosegur has to control the threats that the company faces every day (theft, process/service errors, natural disasters, etc.) that may affect fulfilment of the commitments made.

Prosegur also makes commitments to other groups of interest such as shareholders, markets or regulatory institutions and must safeguard the management of risks which may affect the balance sheet and income statement of the Company with regard to the reliability of financial information, transparency as well as strict

compliance with laws and norms regulating the sector as non-compliance could affect the image and reputation of Prosegur.

Lastly, Prosegur is aware of its exposure to threats in the mid and long term as a result of changing economic cycles of varying degrees and which could affect the Company's value.

Risk as an opportunity

The activity of Prosegur allows the Company to consider risk as an opportunity as clients transfer part of their risks for the organisation to handle.

This transfer of risk is what allows Prosegur to create new services and products in different fields of activity, designing and devising them with a risk management approach.

6.2 Risk Management in Prosegur

Prosegur considers that efficient risk management is a key factor to guaranteeing the creation of value and to ensuring the Company's success.

Prosegur implements a solid risk management and control system in the different areas where it operates. The Company

analyses, controls and assesses relevant factors which could affect day-to-day management and the fulfilment of its business objectives. In this way, the Company safeguards the assets and interests of clients, employees and shareholders.

Prosegur's risk management system

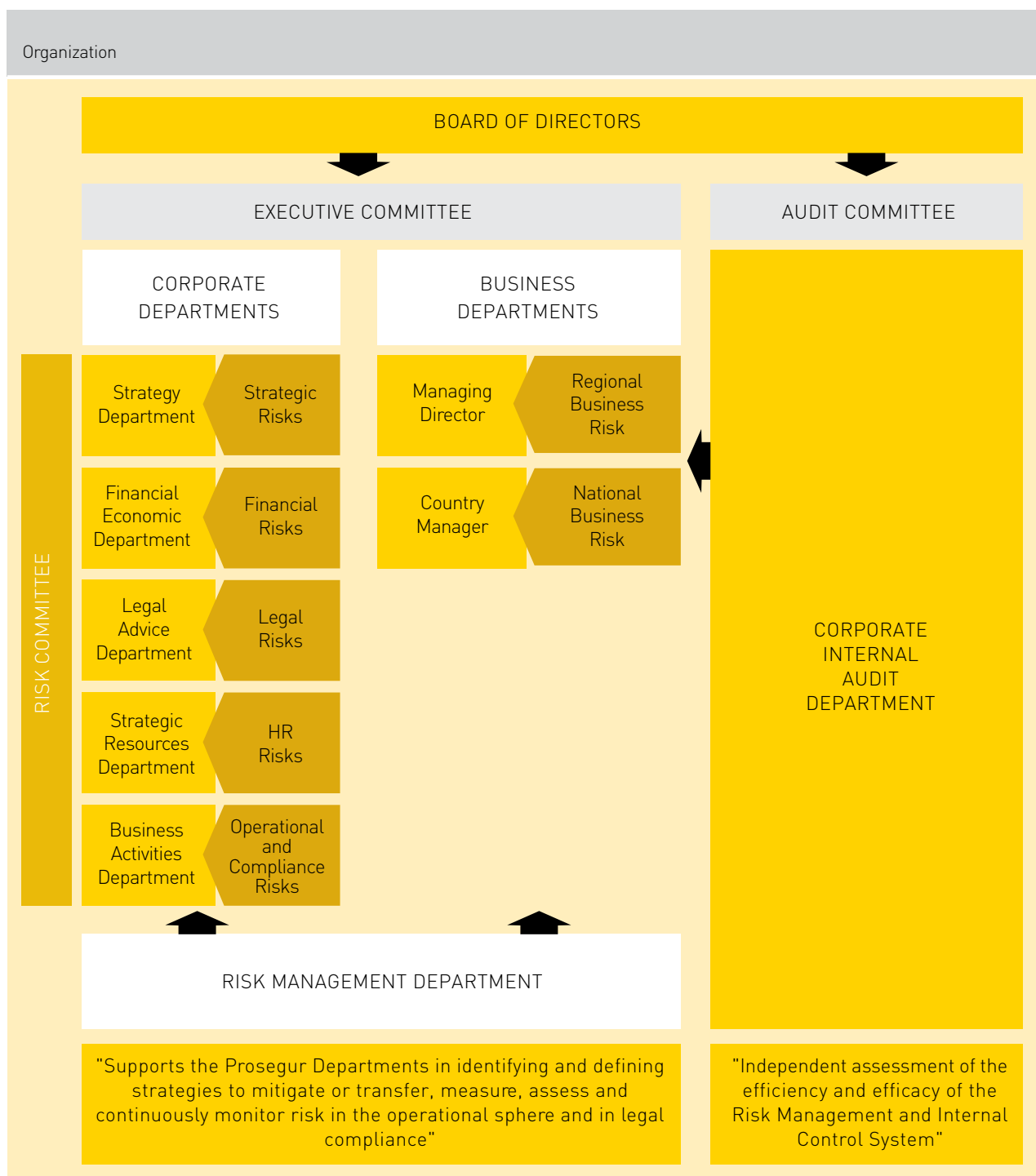
One of the main axes of the risk management system is identification and prioritisation. Prosegur implements systems to identify and classify the main risks according to their nature and relationship with achieving objectives in the short, mid and long terms. The risk identification process is reviewed annually with the aim of detecting whether new risks exist against which the Company needs to act.

Maximum responsibility in the management of risk falls on the Board of Directors through its role in the Risk Council. On the other hand, the Risk Management Corporate Department is the area which defines the policy, procedures and tools to identify and quantify risk. It also proposes measures to mitigate risk and activities to continuously monitor any deviations from the tolerance level established by the Board of Directors. Similarly, the Board of Directors has delegated specific functions to the business units so that they participate proactively in risk management.

Risk Management Councils are in charge of monitoring and informing on risk. There are different councils that meet with varying frequency. The councils for the reassessment of financial risk meet every month. Operational and legal compliance councils meet every month and every quarter, business risks in each country are reassessed every quarter and, finally, the global reassessment of all risk is carried out annually.

The Internal Audit department independently assesses the functioning of the risk management system to guarantee it is in line with Company needs, implementing a systematic and rigorous approach to supervising the efficiency and efficacy of the process, and the control and governance of the system. The Board of Directors is informed of the results of the assessment processes.

The risk management system implemented in Prosegur is based essentially on the COSO standard, although it is complemented by standards implemented at the main clients, such as the Basel III regulations applied to the Financial Sector and ISO 31000 regulations (currently at the drafting stage).



Risk Management Cycle

RISK INFORMATION AND MONITORING CALENDAR

MONTHLY

Information on exposure to:

- Financial Risk
- Operational and Compliance Risk
- Risk to Reputation

QUARTERLY

Monitoring through Risk Committees:

- Business Risk
- Financial Risk
- Operational and Compliance Risk

SIX-MONTHLY

Information to the Board of Administration:

- Business Risk
- Financial Risk
- Operational and Compliance Risk
- Risk to Reputation

ANNUALLY

Re-evaluation of the Risk Map

Review of Strategic Risks

INFORMATION

Inform and communicate on different exposure and annually assess the risk situation.

RISK

Identify business risk and foresee risk scenarios, measure and analyse their impact on the Institution.



MONITORING

Supervise and monitor compliance with policies, norms, procedures, information systems through internal control, measuring if exposure is acceptable. Continuous monitoring at a distance and on the spot.

CONTROL

Propose new policies or reassess existing policies, as well as proposing necessary corrective measures to be implemented, based on cost effectiveness to minimise the risks identified.

14,000 man hours.
Continuous
monitoring and
follow-up of
cameras in Spain,
Portugal and
France.
800 in-situ
monitoring
programmes.
4,000 internal
interviews

Operational risk and legal compliance

Prosegur pays special attention to operational risk management and legal compliance as they affect the commitments made to the groups of interest, especially to its clients.

The Corporate Risk Management Department continuously analyses all operational processes in order to detect, assess and suitably handle any risks that could be derived from them. This has a direct impact on the Company's services. In 2011, Prosegur had at its disposal more than 50 people on two continental platforms: one for Latin America and another for Europe. The latter also covers services for operations in Asia and includes research and analysis into processes to acquire other companies in those markets.

We should also mention the activity carried out by the Corporate Risk Management Department to control and monitor traceability in operations carried out in the transport, handling and storage of cash. This activity is currently implemented in Europe and will soon be implemented in Latin America. Similarly, the Company independently assists claims or differences in Cash Management activity, collaborating in identifying best practices and devising procedures that minimise the risk of loss.

Likewise, the department dedicated to assessing legal

risk plays an essential role in preventing money laundering and is in charge of the internal organisation of the Laundering Prevention Unit in Spain (UPBC, in the Spanish abbreviation). The Unit is part of regulations which oblige Prosegur to implement control measures with the aim of avoiding the use of transfer of funds services for money laundering.

Lastly, the Insurance Management department is in charge of transferring operational risk to the insurance market. Prosegur's insurance portfolio is made up of different global and local programmes that cover assets, employees, shareholders, activities and third parties.

"Corporate Compliance" Programme

The Criminal Code reform establishes a system of corporate criminal responsibility, stating that companies will be criminally responsible for certain crimes* committed by their representatives when such incidents take place as a result of not controlling the events leading to them. The Prosegur's Audit Commission, a part of the Board of Directors, considers this a relevant matter given the risks it may entail not only to the business and the company's image but also the personal responsibility it involves for directors and administrators.

In response to the enforcement of the reformed Criminal Code, Prosegur has introduced a "Corporate Compliance" programme by establishing a series of control measures aimed specifically at lessening or eliminating the liability of the Company.

A "Compliance Officer" was appointed in 2011, in charge of safeguarding compliance with regulations. Amongst his or her responsibilities, the Officer makes sure that staff comply with standards and procedures. Prosegur has provided this figure with the necessary tools, authority and access to the Board of Directors / Executive Committee. Similarly, so that the "Compliance Officer" can carry out his or her duties, the Company has provided useful, efficient and continuous training on possible offences.

Likewise, the contents of the "Corporate Compliance" Programme have been specified:

Diagnostic Work

- Analysis of the Company's activity.
- Review and analysis of existing internal policy.
- Review and analysis of business processes.
- Analysis of possible criminal risks for the enterprise.
- Interviews with heads of each of the business areas.
- Analysis of the power structure, delegation of competences and governance bodies.

Establishing control measures

- Drafting policies and processes or adapting existing policies and processes.
- Establishing a prevention, detection and reaction policy in the case of committing an offence.
- Designing a code of conduct and ethical code.
- Defining responsibilities of the Compliance Officer.
- Establishing a system for anonymous reporting and internal communication.
- Statement and guarantees document.

Training

- Training courses for employees on issues relevant to the new regulation and the processes to be implemented in each case.
- Training courses aimed at senior management and members of the Board of Directors.
- Specialised courses for the head of compliance.

* Offences which may be carried out by legal persons include fraud, punishable insolvency, money laundering, offences against the Treasury and Social Security, offences against intellectual and industrial property, market and consumers, false methods of payment, bribery, insider trading, corruption of foreign civil servants, offences against privacy and hacking, environmental offences and illegal construction, building or development.

Some examples of risks

Adverse economic situation that may affect demand for the services carried out by Prosegur

Potential impact

Decrease in activity and loss of business.

Mitigation measures implemented

Development of a continuous innovation process that allows for the improvement of processes, resulting in more competitive prices and the development of comprehensive security solutions that include more complex services tailored to the specific needs of each client. Prosegur's strategic model seeks to diversify geographically and with regard to products, thus minimising the impact that an unfavourable economic situation may have.

Non-compliance with regulations

Potential impact

Prosegur offers services in regulated sectors. Non-compliance may entail anything from economic fines to termination of administrative authorisations to carry out its activity.

Mitigation measures implemented

The Legal Advice department verifies that all processes and procedures comply with and are adapted to changes that take place in the regulations enforced. The Risk Management and Audit departments implement programmes to verify compliance with local regulations that may affect the activities carried out. When local regulation so requires, compliance with regulations is verified and certified by independent and external experts.



Corporate Governance

Prosegur considers it essential to implement best practices in governance to guarantee the Company's success and the sustainability of business. Prosegur's commitment to excellent performance in this regard can be seen in the Company's compliance with recommendations contained in the Unified Code on Good Corporate Governance of the National Securities Market Commission.

The fact that some of the Company's Chief Executives are owners of a significant part thereof means that Prosegur's Board of Directors is highly committed to the good running of the company, achieving an alignment of the interests of shareholders and managers.

The presence of managers with a significant share of Company capital in the Board of Directors guarantees a true alignment of the long-term interests of both shareholders and managers

www For further information, take a look at the Annual Corporate Governance Report which Prosegur has drafted based on the recommendations of the National Securities Market Commission, available on the Company's website (www.prosegur.com)

Property Structure

The share capital of Prosegur Compañía de Seguridad, S.A. is 37,027,478.40 Euros, represented by 61,712,464 shares with a face value of 0.60 Euros, belonging to a single class and the same series.

All shares are fully subscribed and paid and have gone public on the Madrid and Barcelona Stock Exchanges. Each share entitles the holder to one vote with no legal or statutory restrictions to exercising the right to vote. Similarly, there are no legal restrictions to acquiring or transferring shares from the share capital.

Significant Shareholders

The list of shareholders with a significant proportion of the Company's share capital as of 31 December 2011, is as follows:

- Ms. Helena Irene Revoredo Delvecchio holds 30,924,033 shares representing 50.110% of voting rights, through Gubel S.L. and Prorevosa, S.L.
- Corporación Financiera Alba, S.A. holds 6,175,000 shares, representing 10.006% of voting rights, through Alba Participaciones, S.A.
- Ms. Mirta María Giesso holds 3,471,613 shares, representing 5.625% of voting rights, 5.318% through As Inversiones, S.L.
- FMR LLC holds 3,123,185 shares, representing 5.061% of voting rights, through several investment funds of which it is the managing company.
- Cantillon Capital Management LLC holds 1,882,135 shares representing 3.050% of voting rights.

Participation of the members of the Board of Directors in share capital

At the end of the financial year, 55.82% of the Company's shares' voting rights are in hands of the Board of Directors, broken down as follows:

- Ms. Helena Irene Revoredo Delvecchio: 50.110%
- Ms. Mirta María Giesso Cazenave: 5.625%
- Mr. Pedro Guerrero Guerrero: 0.054%

- Mr. Christian Gut Revoredo: 0.033%

Board Structure

The authority to represent the Company lies with the Board of Directors in a collegiate fashion, and by majority decision. The Board is fully competent to run the Company's activities, with the only exceptions of affairs pertaining to the General Shareholders' Meeting or affairs not included in its field of business. The statutes establish a maximum of 15 and a minimum of five members, appointed by the General Meeting. The members are not subject to any age limitation.

Composition of the Board of Directors

Prosegur's Board of Directors is currently made up of two Executive Board Members, three External Board Members representing the interests of shareholders, one Independent Board Member and two further External Board Members. The other External Board Members cannot be considered independent as one of them was Executive Board Member of Prosegur less than five years ago and the other became Board Member of Corporación Financiera Alba, S.A. in 2010. Prosegur considers balance to be a key element in the composition of the Board, both with regard to each Member's condition and their skills, expertise and knowledge.

Ms. Helena Revoredo Delvecchio
Chairman

- Bachelor in Business Administration and Management
- PADE (Senior Management Programme) at IESE
- Chairman of Prosegur since 2004
- Chairman of Fundación Prosegur since 1997
- Chairman of Euroforum since 2004
- Member of the Consultative Council of the International Business School IESE
- Board Member at Banco Popular Español
- Board Member at Gestevisión Telecinco

Mr. Christian Gut Revoredo
CEO

- Bachelor in Economics and Business Administration
- MBA at INSEAD
- CEO at Prosegur since 2008
- Member of the Board of Directors of Prosegur since 1997
- Board Member at Euroforum since 2006
- Member of the Board of Trustees at Fundación Prosegur

Mr. Isidro Fernández Barreiro
External Board Member representing the interest of shareholders, Deputy Chairman

- Industrial Engineer
- MBA at IESE
- Member of the Board of Directors at Grupo ACS since 2003
- 2nd Deputy Chairman at Corporación Financiera Alba
- Board Member at Prosegur

Ms. Chantal Gut Revoredo
External Board Member representing the interest of shareholders

- Bachelor in Economics and Business Administration
- MBA at IESE
- Board Member at Prosegur since 1997
- Board Member at Euroforum since 2001
- Member of the Board of Trustees at Fundación Prosegur

Mr. Eduardo Paraja Quirós
External Board Member

- Bachelor in Law
- MBA at Houston University
- CEO at Metrovacesa
- Board Member at Prosegur
- Member of the Board of Trustees at Fundación Prosegur

Mr. Pedro Guerrero Guerrero
Independent External Board Member

- Bachelor in Law at Universidad Complutense in Madrid
- State Lawyer, Stockbroker and Notary Public of Madrid (on leave)
- Former Chairman of the Madrid Stock Exchange Governing Body and of Sociedad de Bolsas
- Former founding partner and deputy chairman of A.B. Asesores Bursátiles and Chairman of A.B. Asesores Red
- Currently Chairman of Bankinter, and Board Member since 2000 and Chairman of the Bank's Executive Committee

Ms. Mirta Giesso Cazenave
External Board Member representing the interests of shareholders

- Board Member at Prosegur since 2000

Mr. Eugenio Ruiz – Gálvez Priego
External Board Member

- Civil Engineer at ETS Madrid
- MBA Stanford University
- Former CEO and deputy chairman at Grupo Uralita
- Board Member at Ebro Foods
- Board Member at Corporación Financiera Alba



The composition of Prosegur's Board of Directors seeks to keep a suitable proportion between Executive Board Members, External Members representing the shareholders and Independent Board Members. The latter have been chosen from individuals with renowned credibility, competence and expertise. In order to reach agreements, at least half plus one of all Board Members must be in representative attendance.

As part of corporate governance, the responsibilities of the Chairperson and the CEO are separate, different and complementary. In this regard, Prosegur adopts the requirements of the main international standards regarding corporate governance

and the recommendations of the Unified Code on Good Corporate Governance of the National Securities Market Commission which requires role separation in the leading of an enterprise.

Appointment of Board Members

In accordance with the Unified Code on Good Corporate Governance, Board Members are appointed by the General Shareholders' Meeting. Vacancies that occur after the General Shareholders' Meeting will be filled by co-optation by the Board Members and the decision then ratified at the following General Meeting.

Duration of the Board Member position

Board Members are appointed for a three-year period. They may be re-elected one or more times for periods of the same duration. However, Independent Board Members cannot hold their position for more than 12 consecutive years unless they become Executive Board Members, Board Members

defending the interests of shareholders or other External Board Members.

Delegate Committees of the Board of Directors

As of 31 December 2011, the members of the Delegate Committees of the Board of Directors and their positions are as follows:

Executive Committee

Chairperson	Ms. Helena Revoredo Delvecchio
Members	Mr. Isidro Fernández Barreiro Mr. Christian Gut Revoredo Ms. Chantal Gut Revoredo Mr. Eugenio Ruiz-Gálvez Priego Mr. Pedro Guerrero Guerrero

Audit Committee*

Chairperson*	Mr. Eugenio Ruiz-Gálvez Priego
Members	Ms. Chantal Gut Revoredo Mr. Isidro Fernández Barreiro Mr. Pedro Guerrero Guerrero

Appointments and Rewards Committee*

Chairperson*	Mr. Pedro Guerrero Guerrero
Members*	Ms. Chantal Gut Revoredo Mr. Isidro Fernández Barreiro



*Following the decision of 20 February 2012 of the Board of Directors, Mr. Eugenio Ruiz-Gálvez was substituted as chairperson of the Audit Committee because four years had elapsed since his appointment. In his place, Mr. Pedro Guerrero was appointed chairperson of said Committee. As a result, Mr. Pedro Guerrero abandons his position as Chairperson of the Appointments and Rewards Committee and his position will be taken by Mr. Eugenio Ruiz-Gálvez. Mr. Pedro Guerrero remains in the Appointments and Rewards Committee which, from now on, will have four members.

Executive or Delegate Committee

The Executive or Delegate Committee is regulated by articles 25 of the Company Statutes and 15 of the Board Regulations. It is made up of a minimum of three and a maximum of seven members from the Board of Directors and is chaired by the Chairperson of the Board of Directors. The Committee meets a minimum of seven times a year.

The Committee's competences are representation, administration, management and regulation and, in general, all competences corresponding to the Board of Directors, except for those which cannot be delegated by law or by statutes or those which cannot be delegated by virtue of the Board Regulations. The Committee

periodically reports to the Board with regard to the topics dealt with and the decisions taken during its sessions, making available to the Board members a copy of the minutes of these sessions.

The Audit Committee

The Audit Committee is regulated by articles 27 of the Company Statutes and 16 of the Board Regulations. It is made up by a minimum of three and a maximum of five members of the Board of Directors.

The Committee holds a minimum of four ordinary sessions each year. Extraordinarily, the Committee meets every time that the Board or the Chairperson request a report to be issued or proposals to be adopted and, in any case, whenever it is convenient to suitably fulfil its functions.

The responsibilities of the Audit Committee include appointing the auditor, reviewing the Company's accounts, monitoring compliance with legal regulations and the correct implementation of generally accepted accounting principles. It is also the communication channel between the Board of Directors and the auditors. The Committee checks the suitability and integrity of internal control systems and ensures that the audit contract is upheld. Similarly, it identifies the types and levels of risk to which Prosegur is exposed and the measures to mitigate the impact

of any such risks. The Audit Committee examines compliance with internal codes and oversees a system that allows employees to confidentially or anonymously communicate any irregularities (not only related to finances or accounting matters) detected within the company and which could have repercussions.

Appointment and Rewards Committee

The Appointments and Rewards Committee is regulated by articles 26 of the Company Statutes and 17 of the Board Regulations. It is made up of a minimum of three and a maximum of five Board members. The Committee meets every time that the Board of Directors or the Committee Chairperson request a report to be issued or proposals to be adopted and whenever it is convenient to suitably fulfil its functions.

The Committee establishes and reviews the criteria to be adhered to in establishing the Board of Directors and the selection of candidates. It takes proposals for the appointment of Board Members to the Board, and proposes the system and amount of annual rewards of the Board Members to the Board of Directors. It periodically reviews the rewards programmes, considering their suitability and performance, safeguarding transparency in the rewards of Board Members and Directors.

It also informs with regard to transactions that involve or may involve conflicts of interests, it examines or organises the succession of the Chairperson and it informs the Board of issues regarding gender diversity.

Compliance with Corporate Governance Recommendations

Prosegur's compliance with the recommendations of the Unified Code on Good Corporate Governance of the National Securities Market Commission stands at 91.6%. Until now, the average percentage level of compliance for listed companies has ranged approximately between 77.3% and 85% in the case of the Ibex-35 companies.

I. GRI Certificate



Statement GRI Application Level Check

GRI hereby states that **Prosegur** has presented its report "Annual Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 25 May 2012

A handwritten signature in blue ink, appearing to read "Nelmar Arbex".

Nelmar Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 18 May 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

II. Performance indicators

The scope indicates the level of information reported for each indicator, weighted according to turnover by country. For example, Spain, with a turnover of 953 million Euros on a total turnover of Prosegur of 2.809 million Euros, represents 34% of

the scope. Scopes of 100% do not contain new acquisitions at the end of the year 2011. On the other hand, there are indicators for which there is no information for 2010 since they are new indicators of 3.1 GRI (Global Reporting Initiative) Guidelines.

Table of indicators

Economic indicators	Units	2010	Scope in 2010	2011	Scope in 2011
Turnover	Millions of Euros	2,560.3	100%	2,808.50	100%
EBITDA	Millions of Euros	347.1	100%	364	100%
EBIT	Millions of Euros	262.6	100%	284.1	100%
Net profit	Millions of Euros	160.8	100%	167	100%
Capex	Millions of Euros	80.7	100%	120	100%
Share price at 31 December	Euros	42.1	100%	33.8	100%
Capitalisation	Millions of Euros	2,599.9	100%	2,085.30	100%
Equity	Millions of Euros	665.9	100%	670.5	100%
ROE (net profit/equity)	%	24.1	100%	24.9	100%
Net debt	Millions of Euros	174.4	100%	360.1	100%
Earnings per share	Euros	2.7	100%	2.9	100%

Dividend per share	Euros	1.0	100%	1	100%
Finance expenses	Millions of Euros	31.4	100%	31.8	100%
EV	Millions of Euros	2,774.3	100%	2,445.30	100%
EV/EBITDA	Number of times	8.0	100%	6.7	100%
EV/EBIT	Number of times	10.6	100%	8.6	100%
EV/Net	Number of times	17.2	100%	14.6	100%
Net debt/EBITDA	Number of times	0.5	100%	1	100%
EBITDA/Finance expenses	Number of times	11.1	100%	11.4	100%
Economic value generated	Millions of Euros	2,566.50	100%	2,819.80	100%
Sales	Millions of Euros	2,560.30		2,808.50	
Other operating income	Millions of Euros	6.2		11.3	
Economic value distributed	Millions of Euros	2,409.3	100%	2,654.80	100%
Employees	Millions of Euros	1,658.7		1,829.40	
Current Suppliers	Millions of Euros	560		612.8	
Public Administration	Millions of Euros	70.8		85.3	
Payments to capital providers	Millions of Euros	117.8		125.2	
Society investments	Millions of Euros	2		2.1	
Economic value retained	Millions of Euros	157.2	100%	165	100%
Reserves	Millions of Euros	73.9		85.6	
Amortisation and depreciation	Millions of Euros	83.3		79.4	
Significant financial assistance received from government			38%		93%
Tax relief/credits	Thousands of Euros	4,753.0		5,888.80	
Subsidies	Thousands of Euros	8,564.5		11,528.80	
Investment grants, research and development grants, and other relevant types of grants	Thousands of Euros	0		158.7	
Monetary awards	Thousands of Euros	0		0	

Royalty holidays	Thousands of Euros	515.0		430.5	
Financial incentives	Thousands of Euros	0		0	
Other financial benefits received or receivable from any government for any operation	Thousands of Euros	2,310.0		127.1	
Investment in R&D	Millions of Euros	7.5	100%	9.2	100%
Investment in quality			9%		9%
Investments to improve quality	Millions of Euros	0.6		0.5	
Quality audits			51%		94%
Number of quality audits carried out	Number	11.0		130	
Customer satisfaction indicators			60%		61%
Number of surveys conducted to customers whose overall result is "satisfied" or "very satisfied"	Number	-		2,485	
Total number of surveys filled by customers	Number	2,796		3,054	
Percentage of customers "satisfied" or "very satisfied"	%	-		81	
Customer complaints			47%		42%
Number of complaints received from customers	Number	9,136		15,408	
Number of complaints handled	Number	9,129		14,658	
Number of complaints resolved satisfactorily	Number	6,683		9,673	
Ethics and integrity					
Employees trained in anti-corruption policies and procedures			100%		100%
Number of employees in management positions who have received training on anti-corruption	Number	120		284	
Number of employees in non-management positions who have received training on anti-corruption	Number	3,529		6,283	
Actions taken in response to incidents of corruption			69%		100%
Total number of incidents in which employees were dismissed or disciplined for corruption	Number	16		189	
Incidents of non-compliance with regulations and voluntary codes concerning marketing communications			55%		77%
Incidents of non-compliance with regulations resulting in a fine or penalty	Number	0		9	

Incidents of non-compliance with regulations resulting in a warning	Number	0		3	
Incidents of non-compliance with voluntary codes	Number	0		0	
Total incidents	Number	0		12	
Number of complaints regarding breaches of customer privacy and losses of customer data			51%		64%
Number of complaints received from customers	Number	0		0	
Significant fines for non-compliance with laws and regulations concerning the provision and use of products and services			55%		68%
Total value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Thousands of Euros	120.6		52.8	
Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices			51%		93%
Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Number	0		0	
Significant fines and sanctions for non-compliance with laws and regulations			51%		93%
Total monetary value of significant fines	Thousands of Euros	985		1,022	
Number of non-monetary sanctions	Number	0		2	
Cases brought through dispute resolution mechanisms	Number	0		1	
Efficiency and technology					
Materials used			38%		60%
Paper	Tonnes	48.5		319.1	
Toner	Tonnes	3.6		4.4	
Plastic consumables	Tonnes	443.5		712.8	
Material recovery rate			40%		41%
Number of uniforms re-used each year	Number	8,645		17,846	
Number of uniforms distributed each year	Number	126,609		195,445	
Water withdrawal			47%		78%
Water withdrawal	m³	158,605.0		13,045,482.80	
Water from other sources	m³	0		130	
Total	m³	158,605.0		13,045,612.80	
Waste managed			67%		14%
Non-hazardous waste created (t)	Tonnes	1,448.2		878.9	
Hazardous waste created (t)	Tonnes	432.0		447	
Monetary value of fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations			28%		62%
Number of environmental incidents	Number	0		0	

Number of environmental incidents penalised	Number	0		0	
Cost of significant fines	Thousands of Euros	0		0	
Environmental protection expenditures and investments			38%		13%
Environmental investment	Thousands of Euros	3,521		7	
Environmental expenditure	Thousands of Euros	75		2	
Environmental audits carried out			45%		69%
Environmental audits carried out	Number	1		6	
Energy and climate change					
Direct and indirect energy consumption by primary energy source			67%		87%
Petrol and diesel consumption	Millions of litres	17.0		25.1	
Natural gas consumption	m³	11,984.0		31,855.60	
Electricity consumption	MWh	11,153.4		85,911.60	
Direct and indirect greenhouse gas emissions			64%		62%
Total greenhouse gas emissions t	t CO2eq	48,837.7		41,547.70	
Direct greenhouse gas emissions t	t CO2eq	39,516.4		15,596.30	
Indirect greenhouse gas emissions t	t CO2eq	9,321.3		57,144.00	
Other significant air emissions			39%		34%
NOx emissions	Tonnes	17.5		21.34	
SOx emissions	Tonnes	0		0	
Particulate matter emissions	Tonnes	1.8		2.13	
Other gases	Tonnes	35.0		42.73	
Society Units					
Social projects			100%		100%
Education	Number	5		4	
Social integration	Number	6		6	
Promotion of culture	Number	4		4	
Other	Number	6		9	
Total	Number	21		23	
Project beneficiaries/participants			100%		100%
Education	Number	9,184		10,638	
Social integration	Number	197		305	
Promotion of culture	Number	1,866		1,940	

Other	Number	15,008		17,553	
Total	Number	26,255		30,436	
Social investment by area			100%		100%
Education	Euros	948,358		1,160,421	
Social integration	Euros	255,950		196,748	
Promotion of culture	Euros	367,911		295,780	
Other	Euros	391,671		453,445	
Total	Euros	1,963,890		2,106,394	
Personnel					
EMPLOYEES**					
Total workforce by gender			100%		100%*
Number of male employees	Number	15,820		16,774	
Number of female employees	Number	88,543		96,280	
Workforce by region and gender			-		100%*
Argentina	Number of female employees	Number	-	1,196	
	Number of male employees	Number	-	13,292	
	Total	Number	-	14,488	
Brazil	Number of female employees	Number	-	4,438	
	Number of male employees	Number	-	26,125	
	Total	Number	-	30,563	
Chile	Number of female employees	Number	-	1,149	
	Number of male employees	Number	-	6,390	
	Total	Number	-	7,539	
Colombia	Number of female employees	Number	-	224	
	Number of male employees	Number	-	1,213	
	Total	Number	-	1,437	
Spain	Number of female employees	Number	-	5,674	
	Number of male employees	Number	-	22,459	
	Total	Number	-	28,133	
France	Number of female employees	Number	-	528	
	Number of male employees	Number	-	3,293	
	Total	Number	-	3,821	

Mexico	Number of female employees		Number	-		436	
	Number of male employees		Number	-		1,331	
	Total		Number	-		1,767	
Paraguay	Number of female employees		Number	-		86	
	Number of male employees		Number	-		964	
	Total		Number	-		1,050	
Peru	Number of female employees		Number	-		1,401	
	Number of male employees		Number	-		10,003	
	Total		Number	-		11,404	
Portugal	Number of female employees		Number	-		1,272	
	Number of male employees		Number	-		6,318	
	Total		Number	-		7,590	
Romania	Number of female employees		Number	-		283	
	Number of male employees		Number	-		2,692	
	Total		Number	-		2,975	
Singapore	Number of female employees		Number	-		74	
	Number of male employees		Number	-		1,304	
	Total		Number	-		1,378	
Uruguay	Number of female employees		Number	-		237	
	Number of male employees		Number	-		2,109	
	Total		Number	-		2,346	
Workforce by kind of employment of contract and gender					-		99.70%
Argentina	Female	Open-ended	Number	-		1,196	
		Temporary	Number	-		0	
		Total	Number	-		1,196	
	Male	Open-ended	Number	-		13,292	
		Temporary	Number	-		0	
		Total	Number	-		13,292	
Brazil	Female	Open-ended	Number	-		4,310	
		Temporary	Number	-		128	
		Total	Number	-		4,438	
	Male	Open-ended	Number	-		26,073	
		Temporary	Number	-		52	
		Total	Number	-		26,125	

Chile	Female	Open-ended	Number	-		944	
		Temporary	Number	-		205	
		Total	Number	-		1,149	
	Male	Open-ended	Number	-		5,479	
		Temporary	Number	-		911	
		Total	Number	-		6,390	
Colombia	Female	Open-ended	Number	-		158	
		Temporary	Number	-		66	
		Total	Number	-		224	
	Male	Open-ended	Number	-		557	
		Temporary	Number	-		656	
		Total	Number	-		1,213	
Spain	Female	Open-ended	Number	-		4,465	
		Temporary	Number	-		1,209	
		Total	Number	-		5,674	
	Male	Open-ended	Number	-		18,443	
		Temporary	Number	-		4,016	
		Total	Number	-		22,459	
France	Female	Open-ended	Number	-		488	
		Temporary	Number	-		40	
		Total	Number	-		528	
	Male	Open-ended	Number	-		3,154	
		Temporary	Number	-		139	
		Total	Number	-		3,293	
Mexico	Female	Open-ended	Number	-		436	
		Temporary	Number	-		0	
		Total	Number	-		436	
	Male	Open-ended	Number	-		1,331	
		Temporary	Number	-		0	
		Total	Number	-		1,331	

Paraguay	Female	Open-ended	Number	-		86	
		Temporary	Number	-		0	
		Total	Number	-		86	
	Male	Open-ended	Number	-		964	
		Temporary	Number	-		0	
		Total	Number	-		964	
Peru	Female	Open-ended	Number	-		212	
		Temporary	Number	-		1,189	
		Total	Number	-		1,401	
	Male	Open-ended	Number	-		2,534	
		Temporary	Number	-		7,469	
		Total	Number	-		10,003	
Portugal	Female	Open-ended	Number	-		1,205	
		Temporary	Number	-		67	
		Total	Number	-		1,272	
	Male	Open-ended	Number	-		6,135	
		Temporary	Number	-		183	
		Total	Number	-		6,318	
Romania	Female	Open-ended	Number	-		283	
		Temporary	Number	-		0	
		Total	Number	-		283	
	Male	Open-ended	Number	-		2,687	
		Temporary	Number	-		5	
		Total	Number	-		2,692	
Singapore	Female	Open-ended	Number	-		-	
		Temporary	Number	-		-	
		Total	Number	-		-	
	Male	Open-ended	Number	-		-	
		Temporary	Number	-		-	
		Total	Number	-		-	

Uruguay	Female	Open-ended	Number	-		237	
		Temporary	Number	-		0	
		Total	Number	-		237	
	Male	Open-ended	Number	-		2,109	
		Temporary	Number	-		0	
		Total	Number	-		2,109	
Workforce by working hours and gender					94%		99.70%
Female	Full-time		Number	-		15,350	
	Part-time		Number	-		1,574	
	Total		Number	-		16,924	
Male	Full-time		Number	-		91,777	
	Part-time		Number	-		4,412	
	Total		Number	-		96,189	
Total	Full-time		Number	92,931		107,127	
	Part-time		Number	4,764		5,986	
	Total		Number	97,695		113,113	
Workforce by age group					90%		99.70%
Under 30 years old			Number	24,419		29,221	
30-50 years old			Number	59,851		73,678	
Over 50 years old			Number	6,537		10,214	
Total workforce by employee category and age group					90%		99.70%
Directors							
Under 30 years old			Number	3		87	
30-50 years old			Number	241		619	
Over 50 years old			Number	110		84	
Heads							
Under 30 years old			Number	89		260	
30-50 years old			Number	1,455		2,615	
Over 50 years old			Number	397		620	
Administrative personnel							
Under 30 years old			Number	1,322		1,321	
30-50 years old			Number	3,683		3,752	
Over 50 years old			Number	370		424	

Operations personnel					
Under 30 years old	Number	24,471		27,553	
30-50 years old	Number	57,207		66,683	
Over 50 years old	Number	6,765		9,086	
Total workforce by employee category and gender			90%		100%
Directors					
Female	Number	43		189	
Male	Number	311		606	
Heads					
Female	Number	338		564	
Male	Number	1,606		2,980	
Administrative personnel					
Female	Number	1,893		2,259	
Male	Number	3,482		3,247	
Operations personnel					
Female	Number	12,411		13,986	
Male	Number	76,029		90,660	
Disabled employees			46%		99.70%
Number of disabled employees	Number	162		442	
Total number of employees	Number	36,219		113,113	
Disabled employees / Total number of employees	%	0.5		0.4	
Immigrant workforce			-		100%
Total number of immigrant employees	Number	-		1,888	
Total number of employees	Number	-		114,491	
Total number of employees	%	-		1.6	
Senior management hired from the local community			86%		100%
Number of senior management hired from the local community	Number	136		213	
Total number of senior managers	Number	-		230	
Senior managers hired from the local community	%	-		92.6	
Average salary of men and women by employee category			69%		99.70%
Directors					
Female	Euros	113,792.9		73,690	
Male	Euros	122,674.4		107,727	
Heads					
Female	Euros	37,182.9		27,623	

Male	Euros	41,653.9		30,489	
Administrative personnel					
Female	Euros	17,464.1		11,657	
Male	Euros	18,332.1		16,179	
Operations personnel					
Female	Euros	12,097.9		8,734	
Male	Euros	15,617.6		11,705	
Trade union representation			47%		93%
Number of employees who are members of a trade union	Numbers	11,836		19,927	
Total number of employees	Numbers	37,644		106,317	
Employees who are members of a trade union	%	31.4		18.7	
Employees covered by collective bargaining agreements			94%		99.70%
Number of employees covered by collective bargaining agreements	Numbers	80,429		90,950	
Total number of employees	Numbers	97,695		111,516	
Employees covered by collective bargaining agreements	%	82.3		81.6	
Training by employee category			79%		99.70%
Directors	Hours	1,448.1		7,023.5	
Heads	Hours	26,017.9		49,996.10	
Administrative personnel	Hours	29,392.1		68,488.80	
Operations personnel	Hours	510,973.2		1,567,616.20	
Total hours of training	Hours	567,831.2		1,693,124.70	
Average hours of training			79%		99.70%
Directors	Hours per employee	4.1		8.8	
Heads	Hours per employee	13.4		14.1	
Administrative personnel	Hours per employee	5.5		12.4	
Operations personnel	Hours per employee	5.8		15	
Training by employee gender			-		93%
Female	Hours	-		189,759	
Male	Hours	-		1,156,376	
Total hours of training	Hours	-		1,346,135.70	
Average hours of training by gender	Female	Hours	-	12.4	
	Male	Hours	-	13.6	

Training in human rights				-		69%
Number of employees who have received training in the field of human rights	Numbers		-		14,794	
Hours of training provided in the field of human rights	Hours		-		46,926	
Employees who have been trained in human rights	%		-		19.5	
Investment in training		Millions of Euros	4.6	78%	6.7	99.70%
Employees who receive regular evaluations of their performance and professional development				-		99.70%
Number of employees who receive regular evaluations of their performance and professional development	Female	Numbers	-		3,697	
	Male	Numbers	-		15,966	
	Total	Numbers	-		19,663	
Employees who receive regular evaluations of their performance and professional development	Female	%	-		22.1	
	Male	%	-		16.8	
	Total	%	-		17.6	
Number of employees who benefited from a parental leave				-		87%
Number of employees who benefited from a parental leave	Female	Numbers	-		1,157	
	Male	Numbers	-		1,731	
	Total	Numbers	-		2,888	
Number of employees who returned to work after a parental leave				-		87%
Number of employees who returned to work after a parental leave	Female	Numbers	-		1,060	
	Male	Numbers	-		1,632	
	Total	Numbers	-		2,692	
Number of employees who returned to work after a parental leave and that remained in their job after the following twelve months				-		83%
Number of employees who returned to work after a parental leave and that remained in their job after the following twelve months	Female	Numbers	-		846	
	Male	Numbers	-		1,511	
	Total	Numbers	-		2,357	
New hires by gender				-		99.40%
Number of new hires	Female	Numbers	-		7,363	
	Male	Numbers	-		33,301	
New hires by region				-		100%

Number of new hires	Argentina	Numbers	-		3,533	
	Brazil	Numbers	-		8,905	
	Chile	Numbers	-		4,524	
	Colombia	Numbers	-		463	
	Spain	Numbers	-		11,439	
	France	Numbers	-		2,279	
	Mexico	Numbers	-		846	
	Paraguay	Numbers	-		239	
	Peru	Numbers	-		6,591	
	Portugal	Numbers	-		759	
	Romania	Numbers	-		190	
	Singapore	Numbers	-		591	
	Uruguay	Numbers	-		1,085	
	Total	Numbers	-		41,444	
New hires by age group				-		99.70%
Number of new hires	Under 30 years old	Numbers	-		20,233	
	30-50 years old	Numbers	-		18,852	
	Over 50 years old	Numbers	-		1,769	
Total employee turnover and turnover by gender				80%		99.70%
Female turnover		%	25.1		23.5	
Male turnover		%	22.4		19.2	
Total turnover		%	22.8		18.2	
Turnover by region				-		99.70%
Turnover	Argentina	%	-		16.8	
	Brazil	%	-		23.2	
	Chile	%	-		14.8	
	Colombia	%	-		28.3	
	Spain	%	-		8.7	
	France	%	-		29	
	Mexico	%	-		5.9	
	Paraguay	%	-		17.4	
	Peru	%	-		48.9	
	Portugal	%	-		14.1	
	Romania	%	-		6.8	
	Singapore	%	-		13.7	
	Uruguay	%	-		41.9	

Turnover by age group				80%		99.70%
Turnover of employees under 30 years old		%	39.0		32.8	
Turnover of employees aged 30-50 years old		%	17.3		15.9	
Turnover of employees over 50 years old		%	14.4		10.2	
Rate of absenteeism by gender [2]				56%		88%
Female	Total lost days due to absence (employees)	Numbers	-		185,543	
	Total number of days worked (employees)	Numbers	-		4,375,904	
	Rate of absenteeism	%	-		4.24	
Male	Total lost days due to absence (employees)	Numbers	-		712,136	
	Total number of days worked (employees)	Numbers	-		21,895,854	
	Rate of absenteeism	%	-		3.25	
Total	Total lost days due to absence (employees)	Numbers	478,456		897,679	
	Total number of days worked (employees)	Numbers	16,971,811		26,271,758	
	Rate of absenteeism	%	2.82		3.42	
Tasa de absentismo desglosada por región				-		99.70%
Argentina	Total lost days due to absence (employees)	Numbers	-		253,284	
	Total number of days worked (employees)	Numbers	-		3,464,979	
	Rate of absenteeism	%	-		7.31	
Brazil	Total lost days due to absence (employees)	Numbers	-		161,795	
	Total number of days worked (employees)	Numbers	-		6,169,452	
	Rate of absenteeism	%	-		2.62	
Chile	Total lost days due to absence (employees)	Numbers	-		95,726	
	Total number of days worked (employees)	Numbers	-		2,714,040	
	Rate of absenteeism	%	-		3.53	
Colombia	Total lost days due to absence (employees)	Numbers	-		11,839	
	Total number of days worked (employees)	Numbers	-		389,891	
	Rate of absenteeism	%	-		3.04	
Spain	Total lost days due to absence (employees)	Numbers	-		315,156	
	Total number of days worked (employees)	Numbers	-		11,665,671	
	Rate of absenteeism	%	-		2.7	

France	Total lost days due to absence (employees)	Numbers	-		52,457	
	Total number of days worked (employees)	Numbers	-		995,121	
	Rate of absenteeism	%	-		5.27	
Mexico	Total lost days due to absence (employees)	Numbers	-		5,357	
	Total number of days worked (employees)	Numbers	-		551,304	
	Rate of absenteeism	%	-		0.97	
Paraguay	Total lost days due to absence (employees)	Numbers	-		2,065	
	Total number of days worked (employees)	Numbers	-		321,300	
	Rate of absenteeism	%	-		0.64	
Peru	Total lost days due to absence (employees)	Numbers	-		36,944	
	Total number of days worked (employees)	Numbers	-		3,805,574	
	Rate of absenteeism	%	-		0.97	
Portugal	Total lost days due to absence (employees)	Numbers	-		27,460	
	Total number of days worked (employees)	Numbers	-		1,660,168	
	Rate of absenteeism	%	-		1.65	
Romania	Total lost days due to absence (employees)	Numbers	-		-	
	Total number of days worked (employees)	Numbers	-		-	
	Rate of absenteeism	%	-		-	
Singapore	Total lost days due to absence (employees)	Numbers	-		4,091	
	Total number of days worked (employees)	Numbers	-		181,007	
	Rate of absenteeism	%	-		2.26	
Uruguay	Total lost days due to absence (employees)	Numbers	-		13,677	
	Total number of days worked (employees)	Numbers	-		657.023	
	Rate of absenteeism	%	-		2.08	
HEALTH AND SAFETY						
Accident rate [3]				81%		68%
Female	Total number of accidents (employees)	Numbers	-		583	
	Total number of hours worked (employees)	Hours	-		24,616,779	
	Accident rate	%	-		4.7	
Male	Total number of accidents (employees)	Numbers	-		3,581	
	Total number of hours worked (employees)	Hours	-		115,167,293	
	Accident rate	%	-		6.2	

Total	Total number of accidents (employees)	Numbers	2,638		4,168	
	Total number of hours worked (employees)	Hours	127,611,706		139,784,072	
	Accident rate	%	4.1		6	
Lost day rate (severity rate) [4]				49%		49%
Female	Total lost days (employees)	Numbers	-		4,762	
	Total number of hours worked (employees)	Hours	-		12,936,572	
	Lost day rate by gender	%	-		73.6	
Male	Total lost days (employees)	Numbers	-		23,949	
	Total number of hours worked (employees)	Hours	-		67,914,440	
	Lost day rate by gender	%	-		70.5	
Total	Total lost days (employees)	Numbers	24,862		28,711	
	Total number of hours worked (employees)	Hours	65,070,352		80,851,012	
	Lost day rate by gender	%	76.4		71	
Rate of occupational disease [5]				79%		59%
Female	Total cases of occupational disease (employees)	Numbers	-		21	
	Total number of hours worked (employees)	Hours	-		28,917,022	
	Rate of occupational disease	%	-		0.15	
Male	Total cases of occupational disease (employees)	Numbers	-		20	
	Total number of hours worked (employees)	Hours	-		97,150,681	
	Rate of occupational disease	%	-		0.04	
Total	Total cases of occupational disease (employees)	Numbers	143		41	
	Total number of hours worked (employees)	Hours	119,169,235.2		119,453,647	
	Rate of occupational disease	%	0.2		0.07	
Fatalities				94%		94%
Number of fatalities	Female	Numbers	0		0	
	Male	Numbers	12		16	
	Total	Numbers	12		16	
Investment in health and safety in the workplace				79%		18%
Investment in health and safety in the workplace		Millions of Euros	10.7		26.1	
Suppliers						
Total number of suppliers		Numbers	8,288	74%	14,187	97%
Expenses related to suppliers		Millions of Euros	93	46%	242	73%

[1] The increase in the total number of incidents in which employees were dismissed or disciplined for corruption, between 2010 and 2011, is, in part, due to the introduction of the "Corporate Compliance" programme (please, see the chapter "Risk management"). [2] Calculated as: (Total lost days due to absence (employees) / Total of days worked) x 100. [3] Calculated as: (Total number of accidents / Total hours worked) x 200,000. [4] Calculated as: (Total number of lost days / Total number of hours worked) x 200,000. [5] Calculated as: (Number of total cases of occupational diseases / Total number of hours worked) x 200,000.

* The scope of 100% does not include data from Germany as at 31 December the business combination has not provided income or benefits to the consolidated results.

III. GRI Content index

	Application Level			Verified by:		
STANDARD DISCLOSURES PART I: PROFILE DISCLOSURES						
1. STRATEGY AND ANALYSIS						
Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
1,1	Statement from the most senior decision-maker of the organization.	Fully	page 9-12			
1,2	Description of key impacts, risks, and opportunities.	Fully	page 14; 20-23; 56; 67-68; 76; 79; 101-107			
2. ORGANIZATIONAL PROFILE						
Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
2,1	Name of the organization	Fully	Front page			
2,2	Primary brands, products, and/or services	Fully	page 26-29			
2,3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Fully	page16; 48			
2,4	Location of organization's headquarters	Fully	C/ Pajaritos, 24 28007 Madrid (Spain)			
2,5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Fully	page 25			
2,6	Nature of ownership and legal form	Fully	page 109			
2,7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Fully	page59-63			
2,8	Scale of the reporting organization	Fully	page 19; 31; 88; 117-133			

2,9	Significant changes during the reporting period regarding size, structure, or ownership	Fully	page 50-54				
2,10	Awards received in the reporting period	Fully	page 56, 67, 95, 97				
3. REPORT PARAMETERS							
Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	
3,1	Reporting period (e.g., fiscal/calendar year) for information provided	Fully	2011; page 9				
3,2	Date of most recent previous report (if any)	Fully	2010				
3,3	Reporting cycle (annual, biennial, etc.)	Fully	page 9				
3,4	Contact point for questions regarding the report or its contents	Fully	page 35				
3,5	Process for defining report content	Fully	In 2010, the Company carried out a Materiality Study in order to identify those corporate responsibility issues that are relevant for the Company: environment, social investment, ethics, Human Rights, Corporate Governance, Employees and Health and Safety. For this study stakeholders' expectations were taken into account. The current Annual Report, as well as the Company's strategic priorities in Corporate Responsibility have been based on the conclusions of this study				
3,6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	Fully	page 25; 117-133				
3,7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	Fully	page 117-133				
3,8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	Not			Does not exist	Prosegur does not currently have systems in place to collect this information	

3,9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Not				Does not exist	Prosegur does not currently have systems in place to collect this information
3,10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	Fully		The information assessment and collecting mechanisms have been adapted which has resulted in an increase in the scope of the data reported			
3,11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Fully		The information assessment and collecting mechanisms have been adapted which has resulted in an increase in the scope of the data reported			
3,12	Table identifying the location of the Standard Disclosures in the report	Fully		page 134-145			
3,13	Policy and current practice with regard to seeking external assurance for the report	Fully		Prosegur's 2011 Report has not been assured by a third party			
4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT							
	Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
4,1		Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	Fully	page 109-115			
4,2		Indicate whether the Chair of the highest governance body is also an executive officer	Fully	page 111			
4,3		For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or Non-executive members	Fully	page 111			
4,4		Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Fully	page 35; 85			
4,5		Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	Fully	page 115			
4,6		Processes in place for the highest governance body to ensure conflicts of interest are avoided	Fully	page 115			
4,7		Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Fully	page 115			
4,8		Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Fully	page 56; 61; 87			

4,9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	page 114-115				
4,10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	page 114-115				
4,11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	page 101-107				
4,12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	page 56; 109				
4,13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization	Fully	page 40				
4,14	List of stakeholder groups engaged by the organization.	Fully	page 55-57				
4,15	Basis for identification and selection of stakeholders with whom to engage	Fully	page 55-58				
4,16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Fully	page 55-59; 119. In 2010, the Company carried out a materiality study in which stakeholders' expectations were taken into account. The Company is currently defining the frequency with which these studies will be carried out in the future. The Company carries out customer satisfaction surveys on an annual basis				
4,17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Fully	page 55-60				

STANDARD DISCLOSURES PART II: DISCLOSURES ON MANAGEMENT APPROACH (DMAS)							
G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
DMA EC	Disclosure on Management Approach EC	Fully					
Aspects	Economic performance	Fully	page 21; 56; 117-118				
	Market presence	Fully	page 59-63				
	Indirect economic impacts	Fully	page 57; 89-99				

DMA EN	Disclosure on Management Approach EN								
Aspects		Fully							
	Materials	Fully	page 120						
	Energy	Fully	page 78; 121						
	Water	Fully	page 120						
	Biodiversity	Not					Not applicable	No information about the Company's focus on biodiversity issues is reported because the company does not operate in areas at risk of impact on biodiversity.	
	Emissions, effluents and waste	Fully	page 120-121						
	Products and services	Fully	page 76-77						
	Compliance	Fully	page 121						
	Transport	Fully	page 76-77						
	Overall	Fully	page 75						
DMA LA	Disclosure on Management Approach LA	Fully							
Aspects		Fully	page 79						
	Employment	Fully							
	Labor/management relations	Fully	page 128						
	Occupational health and safety	Fully	page 65-67; 75; 132-133						
	Training and education	Fully	page 82-83; 128						
	Diversity and equal opportunity	Fully	page 87; 122-124						
	Equal remuneration for women and men	Fully	page 87; 127						

DMA HR	Disclosure on Management Approach HR	Fully							
Aspects	Investment and procurement practices	Fully		page 55-57					
	No discrimination	Fully		page 87					
	Freedom of association and collective bargaining	Fully		page 128					
	Child labor	Not				Not applicable	Prosecur does not carry out activities that involve these kind of risks		
	Prevention of forced and compulsory labor	Not				Not applicable	Prosecur does not carry out activities that involve these kind of risks		
	Security practices	Fully		page 65-67					
	Indigenous rights	Not				Not applicable	Prosecur does not carry out activities that involve these kind of risks		
	Assessment	Not				Not applicable	Prosecur does not carry out activities that involve these kind of risks		
	Remediation	Not				Not applicable	Prosecur does not carry out activities that involve these kind of risks		

DMA S0	Disclosure on Management Approach S0	Fully						
Aspects	Local communities	Fully	page 90-91					
	Corruption	Fully	page 119					
	Public policy	Fully	page 56					
	Anti-competitive behavior	Fully	page 119					
	Compliance	Fully	page 119-120					
DMA PR	Disclosure on Management Approach PR	Fully						
Aspects	Customer health and safety	Fully	page 17; 120					
	Product and service labelling	Fully	page 57					
	Marketing communications	Fully	Prosegur adheres to the UN Global Compact					
	Customer privacy	Fully	page 119					
	Compliance	Fully	page 120					

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

Economic							
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Economic performance							
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	page 16; 56; 117-118; Society (Investments in the Community) page 118				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Not			Not material	The Company does not consider that Climate Change directly affects its operations.	

EC3	Coverage of the organization's defined benefit plan obligations	Not				Not available	Prosegur does not currently have systems in place to collect this information	2014
EC4	Significant financial assistance received from government	Fully	page 118			Not available	Prosegur does not currently have systems in place to collect this information	2014
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Not						
Market presence								
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Partially	page 57		The Definition of "local" used is that used by the Company			
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Fully	page 127					
Indirect economic impacts								
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Partially	page 88-99		When making investments: please, indicate whether such investments or services are commercial, pro-bono or in-kind.		Prosegur does not currently have systems in place to collect this information	2014
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Partially	page 57-90		Significance of the impact in the context of external benchmarks and priorities of stakeholders, such as international and national standards, protocols and political agendas		Prosegur does not currently have systems in place to collect this information	2014

Environmental							
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Materials							
EN1	Materials used by weight or volume	Fully	page 120				
EN2	Percentage of materials used that are recycled input materials	Fully	page 120				
Energy							
EN3	Direct energy consumption by primary energy source	Fully	page 121. Direct Energy Consumption: 991,409 GJ				
EN4	Indirect energy consumption by primary source	Fully	page 121. Indirect Energy Consumption: 309,281.76 GJ				
EN5	Energy saved due to conservation and efficiency improvements	Not			Not available	Prosegur does not currently have systems in place to collect this information	2014
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Fully	page 76-77				
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	page 76-77				
Water							
EN8	Total water withdrawal by source	Fully	page 120				
EN9	Water sources significantly affected by withdrawal of water	Not			Not applicable	Water utilized by the company comes from municipal supplies	
EN10	Percentage and total volume of water recycled and reused	Not			Not available	Prosegur does not currently have systems in place to collect this information	2014

Biodiversity						
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not				The Company does not operate in areas at risk of impact on biodiversity.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Not				The Company does not operate in areas at risk of impact on biodiversity.
EN13	Habitats protected or restored	Not				The Company does not operate in areas at risk of impact on biodiversity.
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Not				The Company does not operate in areas at risk of impact on biodiversity.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Not				The Company does not operate in areas at risk of impact on biodiversity.
Emissions, effluents and waste						
EN16	Total direct and indirect greenhouse gas emissions by weight	Fully		page 121		
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully		page 121		
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Fully		page 76-77		

EN19	Emissions of ozone-depleting substances by weight	Not			Not available	Prosegur does not currently have systems in place to collect this information	2014
EN20	NOx, SOx, and other significant air emissions by type and weight	Partially	page 121	The weight of significant air emissions (in kilograms or multiples such as tonnes) for persistent organic pollutants (POP); for volatile organic compounds (VOC); for hazardous air pollutants (HAP); for stack and fugitive emissions; for particulate matter (PM); for other standard categories of air emissions identified in regulations.	Not available	Prosegur does not currently have systems in place to collect this information	2014
EN21	Total water discharge by quality and destination	Not			Not applicable	The company does not have significant discharges	
EN22	Total weight of waste by type and disposal method	Fully		Landfills are used for managing the waste generated by Prosegur			
EN23	Total number and volume of significant spills	Not			Not applicable	The Company does not have significant spills	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Not			Not applicable	The Company does not engage in these activities	

EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Not				Not applicable	The Company does not engage in these activities	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Not				Not applicable	The company does not have significant discharges	
Products and services								
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Partially	page 76-78	Initiatives to mitigate the most significant environmental impacts of products/ service groups in relation to water use, in relation to effluents, in relation to noise. If use-oriented figures are employed, the underlying assumptions regarding consumption patterns or normalization factors.	Not applicable	Water utilized by the company comes from municipal supplies. The company does not have significant discharges. The Company does not have operations with high levels of noise.		
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not				Not applicable	The Company does not engage in these activities	
Compliance								
EN28	Monetary value of significant fines and total number of Non-monetary sanctions for Non-compliance with environmental laws and regulations	Fully	page 121					

Transport							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Partial	page 76- 77	The significant environmental impacts of transportation of the members of the organization's workforce. The criteria and methodology used to determine which environmental impacts are significant	Not available	Prosegur does not currently have systems in place to collect this information	2014
Overall							
EN30	Total environmental protection expenditures and investments by type	Not			Not available	Prosegur does not currently have systems in place to collect this information	2014
Social: Labor Practices and Decent Work							
Performance Indicato	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Employment							
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	Fully	page 122-128				
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	Fully	page 130-131				
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Fully	page 79				
LA15	Return to work and retention rates after parental leave, by gender	Fully	page 129				
Labor/management relations							
LA4	Percentage of employees covered by collective bargaining agreements	Fully	page 128				

LA5	Return to work and retention rates after parental leave, by gender	Fully	The minimum notice period is specified by the regulations of each country where Prosegur operates				
Occupational health and safety							
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Not		Not applicable	Prosegur does not currently have systems in place to collect this information	2014	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender	Fully	page 131 - 132				
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Fully	page 71-72				
LA9	Health and safety topics covered in formal agreements with trade unions	Fully	page 70				
Training and education							
LA10	Average hours of training per year per employee by gender, and by employee category	Fully	page 128				
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Not		Not available	Prosegur does not currently have systems in place to collect this information	2014	
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	Fully	page 129				
Diversity and equal opportunity							
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Fully	page 87, 127				
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Fully	page 127-128				

Social: Human Rights							
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	To be reported in
Investment and procurement practices							
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	Fully	page 56-57	Definition of "significant agreement"	Not available	Prosegur does not currently have systems in place to collect this information	2014
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken	Fully	Prosegur is a signatory of the UN Global Compact initiative				
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Fully	Page 129				
Non-discrimination							
HR4	Total number of incidents of discrimination and corrective actions taken	Fully	No incidents of discrimination have been recorded in Prosegur in 2011				
Freedom of association and collective bargaining							
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	Fully	No operations have been identified that pose these risks				
Child labor							
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Not			Not applicable	Prosegur does not carry out activities that involve these kind of risks	

HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Not					Not applicable	Prosecur does not carry out activities that involve these kind of risks	
Prácticas de seguridad									
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully		page 72-82					
Security practices									
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Not					Not applicable	Prosecur does not carry out activities that involve these kind of risks	
Assessment									
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	Not					Not available	Prosecur does not currently have systems in place to collect this information	2014
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Not					Not available	Prosecur does not currently have systems in place to collect this information	2014
Social: Society									
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	If applicable, indicate the part not reported			Explanation	To be reported in
Local communities									
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Fully	page 90-91						

S09	Operations with significant potential or actual negative impacts on local communities	Not				Not available	Prosegur does not currently have systems in place to collect this information	2014
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	Not				Not available	Prosegur does not currently have systems in place to collect this information	2014
Corruption								
S02	Percentage and total number of business units analyzed for risks related to corruption	Fully		page 119				
S03	Percentage of employees trained in organization's anti-corruption policies and procedures	Fully		page 119				
S04	Actions taken in response to incidents of corruption	Fully		page 119				
Public policy								
S05	Public policy positions and participation in public policy development and lobbying	Fully		The Company does not provide financial support to any political parties				
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Fully		The Company does not provide financial support to any political parties				
Anti-competitive behavior								
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully		page 120				
Compliance								
S08	Monetary value of significant fines and total number of Non-monetary sanctions for Non-compliance with laws and regulations	Fully		page 120				

Social: Product Responsibility							
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	If applicable, indicate the part not reported	Explanation	To be reported in
Customer health and safety							
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Partially	Page 17; 120	For manufacturing, storing, distribution and supply, for use and service, for disposal, reuse or recycling, if the impact on the health and safety by products and services is subject to assessments for improvement.	Not applicable	The Company does not engage in these types of activities	
PR2	Total number of incidents of Non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Fully	Page 120				
Product and service labelling							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Not			Not applicable	The Company does not engage in these types of activities	
PR4	Total number of incidents of Non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Not			Not applicable	The Company does not engage in these types of activities	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Not			Not applicable	The Company does not engage in these types of activities	

Marketing communications						
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Fully	Prosegur is a signatory of the UN Global Compact initiative	If the organization sells products that are banned in some markets or are subject to discussion between the stakeholders, or constitute an issue of political debate	Not applicable	The Company does not engage in these types of activities
PR7	Total number of incidents of Non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Not			Not applicable	The Company does not engage in these types of activities
Customer privacy						
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Fully	page 119			
Compliance						
PR9	Monetary value of significant fines for Non-compliance with laws and regulations concerning the provision and use of products and services	Fully	page 119			

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KPMG Auditores S.L.
Edificio Torre Europa
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28046 Madrid

Auditors' Report on the Consolidated Annual Accounts

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

To the Shareholders of
Prosegur Compañía de Seguridad, S.A.

We have audited the consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. (the "Company") and subsidiaries (the "Group"), which comprise the consolidated balance sheet at 31 December 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes thereto. As mentioned in note 2 to the accompanying consolidated annual accounts, in accordance with International Financial Reporting Standards as adopted by the European Union, and other provisions of financial reporting legislation applicable to the Group, preparation of the Group's annual accounts is the responsibility of the Company's directors. Our responsibility is to express an opinion on the consolidated annual accounts taken as a whole, based on our audit, which was conducted in accordance with prevailing legislation regulating the audit of accounts in Spain, which requires examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated annual accounts and evaluating whether their overall presentation, the accounting principles and criteria used and the accounting estimates made comply with the applicable legislation governing financial information.

In our opinion, the accompanying consolidated annual accounts for 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of Prosegur Compañía de Seguridad, S.A. and subsidiaries at 31 December 2011 and the consolidated results of their operations and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and other applicable financial reporting regulations.

The accompanying consolidated directors' report for 2011 contains such explanations as the Directors of Prosegur Compañía de Seguridad, S.A. consider relevant to the situation of the Group, the evolution of its business and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2011. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Prosegur Compañía de Seguridad, S.A. and subsidiaries.

KPMG Auditores, S.L.

(Signed on original in Spanish.)

Bernardo Rücker-Embden
Partner

28 February 2012

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I. Consolidated 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)

(In thousands of Euros)

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

The notes on pages 166 to 251 form an integral part of the consolidated annual accounts

II. Consolidated statements of comprehensive income 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)

(In thousands of Euros)

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

The notes on pages 166 to 251 form an integral part of the consolidated annual accounts.

III. Consolidated statements of financial position at 31 december 2011 and 2010

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

(In thousands of Euros)

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

The notes on pages 166 to 251 form an integral part of the consolidated annual accounts

IV. Consolidated statements of changes in equity for the years ended 31 december 2011 and 2010

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

(In thousands of Euros)

Equity attributable to equityholders of the parent company

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

The notes on pages 166 to 251 form an integral part of the consolidated annual accounts

V. Consolidated 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)

(In thousands of Euros)

	2011	2010
Cash flows from operating activities		
Profit for the year	167,044	160,410
Adjustments for:		
Amortisation and depreciation	79,408	83,251
Impairment losses on non-current assets	71	1,183
Impairment losses on trade receivables	11,925	14,327
Impairment losses on other financial assets	6,020	3,017
Exchange gains	(25)	(89)
Change in provisions	30,934	29,605
Share-based payments	765	1,945
Loss on financial assets at fair value through profit or loss	306	1,587
Finance income	(3,140)	(2,609)
Finance expenses	30,867	23,711
Loss on disposal and sale of property, plant and equipment	1,606	2,443
Income tax	85,302	70,800
Changes in working capital, excluding the effect of acquisitions and translation differences		
Inventories	(11,990)	(11,320)
Trade and other receivables	(186,030)	(66,490)
Trade and other payables	102,845	32,459
Payments of provisions	(45,450)	(31,763)
Other current liabilities	3,116	(7,839)
Cash flows from operating activities		
Interest paid	(23,561)	(16,143)
Income tax paid	(87,303)	(87,086)
Net cash from operating activities	162,710	201,399

V. Consolidated statements of cash flows for the years ended 31 december 2011 and 2010

Cash flows used in investing activities

Proceeds from sale of property, plant and equipment	10,496	5,700
Proceeds from sale of financial assets	129,570	59,027
Interest received	4,152	2,215
Acquisition of subsidiaries. net of cash and cash equivalents	(66,671)	(11,029)
Acquisition of property, plant and equipment	(100,438)	(70,583)
Acquisition of intangible assets	(22,727)	(10,922)
Acquisition of financial assets	(2,060)	(184,096)

Net cash used in investing activities	(47,678)	(209,688)
--	-----------------	------------------

Cash flows from/(used in) financing activities

Proceeds from debt with financial institutions	330,842	236,394
Proceeds from other financial liabilities	-	6,844
Payments for the redemption of own shares and other own equity instruments	(82,444)	(7)
Payments for debt with financial institutions	(279,097)	(83,231)
Payments for other financial liabilities	(7,523)	(12,813)
Dividends paid	(57,750)	(52,500)

Net cash from/(used in) financing activities	(95,972)	94,687
---	-----------------	---------------

Net increase/(decrease) in cash and cash equivalents	19,060	86,398
Cash and cash equivalents at beginning of year	170,018	78,013
Cash effect of translation differences	(1,530)	5,607

Cash and cash equivalents at year end	187,548	170,018
--	----------------	----------------

The notes on pages 166 to 251 form an integral part of the consolidated annual accounts.

VI. Notes to the consolidated financial statements

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

1. General information

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

Prosegur is organised into two geographical areas:

- Europe-Asia.
- Latin America (LatAm).

The services provided by the Group are distributed into the following lines of activity:

- Security patrol services.
- Security logistics and cash management services.
- Technology.

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

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

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

The statutory activity of Prosegur Compañía de Seguridad, S.A. is described in article 2 of its bylaws. The main services provided by the Company are as follows:

- Security patrol and protection of premises, goods and individuals.
- The transportation, storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- The installation and maintenance of security equipment, devices and systems.

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

Structure of Prosegur

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

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

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

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

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

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

2. Basis of Presentation

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

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

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

2.1 Changes in the consolidated group

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

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

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

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

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

2.2 Comparative information

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

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

3. Revenues and Other Revenues

Details of revenues are as follows:

Thousands of Euros

	2011	2010
Services rendered	2,607,454	2,362,531
Goods sold	83,399	78,225
Operating leases	117,678	119,588
Total revenue	2,808,531	2,560,344

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

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

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

Thousands of Euros

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

4. Costs to Sell and Other Operating Expenses

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

Thousands of Euros

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

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

5. Employee Benefits Expense

Details of the employee benefits expense are as follows:

Thousands of Euros

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

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

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

6. Other Net Gains and Losses

Details of other net gains and losses are as follows:

Thousands of Euros

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

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

7. Net Finance Expenses

Details of the net finance expense are as follows:

Thousands of Euros

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

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

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

8. Earnings per Share

Basic

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

Euros

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

Diluted

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

Euros

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

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

9. Dividends per Share

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

The board of directors will propose the distribution of a dividend of Euros 1.02 per share, or a total maximum amount of Euros 62,947 thousand (considering that share capital is currently represented by 61,712,464 shares), to the

shareholders at their general meeting. This dividend will be distributed to shareholders as four payments, in July and October 2012 and January and April 2013. Each payment is calculated as Euros 0.255 per outstanding share at the payment date. The portion of the maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves.

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

10. Segment Reporting

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

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

Two main segments are identified in geographical terms:

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

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

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

The following ratios are used in segment reporting:

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

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

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

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

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

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

Details of revenues by segment are as follows:

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

Details of EBIT by segment are as follows:

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

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

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

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

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

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

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

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

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

11. Property, Plant and Equipment

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

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

Thousands of Euros	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Under construction and advances	Total
Depreciation and impairment losses						
Balance at 1 January 2010	(32,561)	(39,342)	(106,724)	(144,219)	-	(322,846)
Translation differences	(697)	(2,556)	(3,569)	(11,335)	-	(18,157)
Disposals	55	494	9,022	18,675	-	28,246
Transfers	169	129	(1,506)	1,208	-	-
Depreciation for the year	(3,013)	(5,496)	(18,818)	(21,558)	-	(48,885)
Balance at 31 December 2010	(36,047)	(46,771)	(121,595)	(157,229)	-	(361,642)

Thousands of Euros

	Land and buildings	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Under construction and advances	Total
Translation differences	(38)	1,961	1,821	5,776	-	9,520
Disposals	22	217	4,388	5,106	-	9,733
Transfers	(200)	889	(3,805)	3,116	-	-
Depreciation for the year	(3,342)	(8,378)	(18,899)	(21,301)	-	(51,920)
Provision for impairment losses recognised in profit and loss	-	-	(71)	-	-	(71)
Balance at 31 December 2011	(39,605)	(52,082)	(138,161)	(164,532)	-	(394,380)
Carrying amount						
At 1 January 2010	106,771	24,675	87,490	77,527	29,494	325,957
At 31 December 2010	127,270	31,436	86,738	80,652	34,591	360,687
At 1 January 2011	127,270	31,436	86,738	80,652	34,591	360,687
At 31 December 2011	148,279	34,561	90,686	86,245	46,201	405,972

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

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

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

31 December 2011

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

31 December 2011

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

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

Thousands of Euros

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

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

Thousands of Euros

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

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

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

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

Thousands of Euros

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

12. Goodwill

Details of movement in goodwill are as follows:

Thousands of Euros

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

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

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

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

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

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

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

In 2010 goodwill was generated on the following business combinations:

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

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

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

Impairment testing of goodwill

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

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

Thousands of Euros

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

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

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

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

	2011		2010	
	Europe-Asia	LatAm	Europe-Asia	LatAm
Growth rate (1)	1.72%	4.31%	1.58%	4.08%
Discount rate (2)	8.70%	12.09%	7.43%	11.09%

(1) Weighted average growth rate used to extrapolate cash flows beyond the budgeted period..

(2) Weighted average discount rate after tax applied to cash flow projections.

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

At 31 December 2011

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

At 31 December 2010

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

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

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

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

No impairment losses have been recognised on goodwill in 2011.

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

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

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

13. Other Intangible Assets

Details of other intangible assets and movement are as follows:

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

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

Thousands of Euros

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

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

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

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

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

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

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

14. Non-Current Financial Assets

Details of non-current financial assets are as follows:

Thousands of Euros

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

Available-for-sale financial assets

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

Thousands of Euros

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

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

At 31 December 2011			
Thousands of Euros	Recoverable amount	Percentage ownership	Investment
Capitolotre, S.P.A.	22,627	19.0%	31,647
Euroforum Escorial, S.A.	1,734	8.1%	1,734
Other investments and other assets	1,273		1,266
	25,634		34,647
At 31 December 2010			
Thousands of Euros	Recoverable amount	Percentage ownership	Investment
Capitolotre, S.P.A.	28,647	19.0%	31,647
Euroforum Escorial, S.A.	1,370	8.1%	1,370
Other investments and other assets	1,248		1,318
	31,265		34,335

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

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

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

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

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

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

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

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

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

Deposits and guarantees

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

Other non-current financial assets

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

Thousands of Euros

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

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

15. Derivative Financial Instruments

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

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

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

Details of derivative financial instruments are as follows:

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

The main features of derivative financial instruments are as follows:

a) Interest rate swaps

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

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

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

b) Foreign currency swaps

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

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

c) Diesel price collar

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

16. Inventories

Details of inventories are as follows:

Thousands of Euros

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

No inventories have been pledged as collateral to secure loans.

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

17. Trade and Other Receivables

Details of trade and other receivables are as follows:

Thousands of Euros

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

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

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

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

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

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

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

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

Thousands of Euros

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

Movement in the impairment of receivables is as follows:

Thousands of Euros

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

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

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

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

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

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

18. Other Financial Assets

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

Thousands of Euros

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

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

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

Thousands of Euros

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

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

19. Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

Thousands of Euros

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

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

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

20. Equity

20.1 Share capital, share premium and own shares

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

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

Share capital

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

Details of the Company's shareholders are as follows:

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

(1) Through Gubel, S.L. and Prorevosa, S.A.

(2) Through Alba Participaciones, S.A.

(3) Both directly and through AS Inversiones, S.L.

(4) Through Fidelity International Discovery Fund and other funds.

(5) Through 15 managed funds.

(6) Ceased to hold a significant interest on 15 February 2011.

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

Share premium

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

Own Shares

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

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

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

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

20.2 Other equity instruments

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

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

20.3 Accumulated translation differences

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

Thousands of Euros

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

20.4 Retained earnings and other reserves

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

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

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

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

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

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

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

21. Provisions

Details of provisions and movement are as follows:

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

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

a) Overtime costs

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

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

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

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

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

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

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

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

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

b) Provisions for liabilities and charges

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

- Legal risks: Euros 5,997 thousand (Euros 34,009 thousand in 2010). The provision for legal risks mainly relates to civil claims, which are analysed on a case-by-case basis.
- Labour-related risks: Euros 51,797 thousand (Euros 43,229 thousand in 2010). Provisions for labour-related risks are calculated on a case-by-case basis, considering Prosegur's historical experience. The provision for labour-related risks includes retirement bonuses payable to employees amounting to Euros 2,397 thousand (Euros 2,208 thousand in 2010). This provision also includes Brazilian Reals 36,986 thousand (Euros 16,455 thousand) relating to the business combination formed with Transpev in 2005 (see note 22).
- Other risks: Euros 35,560 thousand (Euros 21,951 thousand in 2010). These provisions mainly reflect operations-related risks.

The main case of litigation currently underway is the following:

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

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

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

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

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

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

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

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

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

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

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

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

c) Accrued obligations to personnel

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

d) Deferred income

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

22. Financial Liabilities

Details of financial liabilities are as follows:

Thousands of Euros

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

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

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

Thousands of Euros

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

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

Thousands of Euros

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

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

Syndicated loan

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

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

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

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

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

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

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

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

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

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

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

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

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

Finance lease payables

Details of minimum payments under finance leases are as follows:

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

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

Other payables

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

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

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

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

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

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

Details of other payables by maturity are as follows:

Thousands of Euros

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

23. Trade and Other Payables

Details of trade and other payables are as follows:

Thousands of Euros

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

Accrued personnel costs

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

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

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

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

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

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

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

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

24. Other Current Liabilities

Details of other current liabilities are as follows:

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

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

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

25. Taxation

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

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

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

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

Thousands of Euros

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

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

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

Thousands of Euros

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

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

Thousands of Euros

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

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

Thousands of Euros

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

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

Deferred tax assets

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

Deferred tax liabilities

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

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

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

Thousands of Euros

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

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

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

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

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

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

26. Contingencies

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

Guarantees provided by Prosegur to third parties are as follows:

Thousands of Euros

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

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

As explained in note 17, in 2008 Prosegur enforced guarantees of Euros 9,469 thousand relating to funds retained on deposit by a customer in Brazil. Prosegur is currently taking the necessary legal steps for this amount to be released by the competent authorities.

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

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

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

Liquidation of subsidiaries in France

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

27 Commitments

Purchase commitments for property, plant and equipment and intangible assets

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

Thousands of Euros

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

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

Operating lease commitments

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

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

At 31 December 2011

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

At 31 December 2010

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

The main operating leases on properties are as follows:

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

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

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

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

Other commitments

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

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

28. Business Combinations

Details of changes in goodwill are presented in note 12.

1. Goodwill included in 2011

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

Thousands of Euros

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

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

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

Thousands of Euros

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

Prosec Pte. Ltd.

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

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

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

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

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

Distribuidora Federal, S.A.C.

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

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

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

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

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

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

Seguridad Vigilada Group

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

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

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

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

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

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

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

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

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

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

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

Vimarco Servicios Generales

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

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

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

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

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

GSM Telecom, S.A.

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

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

Prover Eletronica, Ltda.

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

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

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

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

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

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

Sazias, S.A.

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

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

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

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

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

Integra Group

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

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

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

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

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

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

Fiel Vigilancia e Transporte de Valores

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

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

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

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

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

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

Aaxis Security Management Pte. Ltd.

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

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

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

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

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

Securlog GmbH

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

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

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

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

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

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

2. Goodwill generated in 2010 with measurement completed in 2011

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

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

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

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

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

Tellex, S.A.

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

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

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

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

Telemergencia, S.A.C.

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

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

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

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

Martom Segurança Eletrônica Ltda.

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

The contingent consideration consists of:

- an initial payment linked to certain target ratios for debt structure and working capital, up to a maximum amount of Brazilian Reals 2,227 thousand (equivalent to Euros 998 thousand at the acquisition date).
- a second payment linked to EBIT (earnings before interest and tax) for 2011, up to a maximum amount of Brazilian Reals 2,500 thousand (equivalent to Euros 1,121 thousand at the acquisition date).

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

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

Thousands of Euros

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

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

3. Goodwill included in 2010

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

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

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

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

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

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

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

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

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

29. Joint Ventures

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

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

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

Thousands of Euros

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

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

30. Temporary Joint Ventures

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

Thousands of Euros

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

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

31. Related Parties

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

Details of transactions with related parties are as follows:

Financing and investments

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

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

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

Goods and services

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

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

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

1. Remuneration of members of the board of directors:

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

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

2. Remuneration of senior management personnel:

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

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

Thousands of Euros

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

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

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

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

Loans to related parties

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

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

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

Information required by article 229 of the Spanish Companies Act

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

32. Other information

The average headcount of Prosegur is as follows:

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

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

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

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

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

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

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

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

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

Thousands of Euros

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

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

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

Thousands of Euros

	2011	2010
Other assurance services	241	-
	241	-

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

Thousands of Euros

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

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

Thousands of Euros

	2011
Audit services	174
	174

33. Subsequent Events

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

34. Summary of the Main Accounting Principles

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

34.1 Accounting principles

a) Standards effective from 1 January 2011

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

- A mendment to IAS 32 Financial Instruments: Presentation - Classification of Rights Issues. Effective for annual periods beginning on or after 1 February 2010. The changes to this standard, which have no impact on Prosegur, are as follows:
 - Rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed price stated in any currency are to be classed as equity instruments provided that the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of own non-derivative equity instruments.
- Amendment to IAS 24 Related Party Disclosures, entailing changes to IFRS 8 Operating Segments. Effective for annual periods beginning on or after 1 January 2011. The changes to this standard, which have no significant impact on Prosegur, are as follows:
 - The definition of a related party has been revised.
 - Under certain circumstances, entities are exempt from disclosing information on transactions with public entities or government-related entities that are also related parties.
 - Disclosure requirements on major customers have been changed for government-controlled entities.
- A mendments to IFRIC 14 Prepayments of a Minimum Funding Requirement. Effective for annual periods beginning on or after 1 January 2011. The changes to this interpretation, which have no significant impact on Prosegur, are as follows:
 - An unintended consequence of this interpretation in cases where an entity subject to a minimum funding requirement makes an early payment of contributions, where under certain circumstances the entity making such a prepayment would be required to recognise an expense, has been removed. In the case where a defined benefit plan is subject to a minimum funding requirement the amendment to IFRIC 14 prescribes to treat this prepayment, like any other prepayment, as an asset.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. The adoption of this interpretation entails changes to IFRS1 First-time Adoption of International Financial Reporting Standards. Effective for annual periods beginning on or after 1 July 2010. The changes to this interpretation, which have no impact on Prosegur, are as follows:
 - The issue of an entity's equity instruments to a creditor to extinguish all or part of a financial liability is deemed consideration paid. These equity instruments shall be recognised initially at fair value, unless this cannot be reliably measured, in which case they shall be measured to reflect the fair value of the financial liability extinguished.
- A mendments to IFRS 1: Limited exemption from comparative IFRS 7 disclosures for first-time adopters. These aendments in turn entail changes to IFRS 7 Financial Instruments: Disclosures. Effective for annual periods beginning on or after 30 June 2010. The changes to this interpretation, which have no significant impact on Prosegur, are as follows:
 - Realising that the relief regarding restatement of comparative disclosures in IFRS 7 concerning fair value measurements and liquidity risk if those comparative periods end before 31 December 2009 is

not available to entities that apply EU-IFRS for the first time, the aim of the amendment to IFRS 1 is to provide for an optional relief for those entities.

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

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

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

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

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

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

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

34.2 Consolidation principles

Subsidiaries

Subsidiaries are all entities over which Prosegur has the power to govern the financial and operating policies, which generally comes with an interest of over half of the voting rights. The effect of any potential voting rights

that are currently exercisable or convertible, are considered when assessing whether Prosegur exercises control over an entity.

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

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

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

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

Business combinations

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

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

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

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

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

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

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

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

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

and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date (see note 28).

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

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

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

Non-controlling interests

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

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

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

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

Joint ventures

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

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

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

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

Associates

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

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

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

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

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

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

Temporary joint ventures

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

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

34.3 Segment reporting

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

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

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

34.4 Foreign currency transactions

Functional and presentation currency

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

Balances and transactions

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

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

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

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

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

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

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

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

Translation of foreign operations

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

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

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

34.5 Property, plant and equipment

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

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

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

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

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

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

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

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

34.6 Intangible assets

Goodwill

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

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

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

Customer portfolios

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

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

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

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

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

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

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

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

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

Trademarks and licences

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

Computer software

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

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

34.7 Impairment losses

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

Impairment losses on goodwill

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

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

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

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

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

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

Impairment losses on goodwill are not reversible.

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

34.8 Financial assets

Classification:

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

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

Loans and receivables

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

Available-for-sale financial assets

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

Recognition and measurement:

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

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

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

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

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

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

34.9 Derivative financial instruments and hedges

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

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

Prosegur has not applied hedge accounting in 2011 or 2010.

Derivatives that do not qualify for hedge accounting

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

34.10 Inventories

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

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

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

34.11 Trade receivables

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

34.12 Cash and cash equivalents

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

34.13 Share capital

Ordinary shares are classed as equity.

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

34.14 Provisions

Provisions for restructuring and litigation are recognised when:

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

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

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

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

34.15 Financial liabilities

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

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

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

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

34.16 Current and deferred tax

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

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

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

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

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

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

34.17 Employee benefits

Share-based payments – 2011 Plan

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

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

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

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

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

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

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

Termination benefits

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

Profit-sharing plans and bonuses

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

Remuneration of directors

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

34.18 Revenue recognition

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

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

- a. Sales of goods, mainly security installations and home alarm systems, are recognised when the product has been delivered to, and accepted by, the customer. These revenues are measured at the fair value of the corresponding receivable.
- b. Sales of active security patrol, securities logistics and cash management services are recognised in the reporting period in which the services are rendered, without including taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount.
- c. Revenues from the home alarm system activity are recognised in the reporting period in which the services are rendered, without including the taxes levied on these transactions, deducting any discounts included in the invoice as a reduction in the transaction amount. In some alarm monitoring contracts, the customer does not purchase the equipment installed. Under the general alarm system rental contract, Prosegur receives an initial amount when the contract is signed and a regular instalment for the rental of the installed equipment and the services rendered. Prosegur defers the revenue received in advance when the contract is signed, taking it to the income statement over the average contract term. The average contract term is estimated based on the average annual customer churn rate.
- d. Interest received is recognised over the period of the outstanding principal and considering the effective interest rate applicable. When a receivable is impaired, Prosegur writes down the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument. The discounting continues to be recognised as a reduction in the interest received. Interest on impaired loans is recognised using the effective interest method.
- e. Dividends received are recognised when the right to receive payment is established.

34.19 Leases

When a Prosegur entity is the lessee

Leases of property, plant and equipment in which Prosegur assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is broken down into reductions in the payable and the finance expense, thereby maintaining a constant interest rate on the outstanding debt. The lease payable, net of the corresponding finance expense, is recognised under financial liabilities. The interest within the finance expense is taken to the income statement over the lease

term in order to establish a regular interest rate on the outstanding debt in each period. Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the useful life of the asset and the lease term when there is no possibility of Prosegur assuming ownership; otherwise, they are depreciated over the estimated useful life of the asset.

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

When a Prosegur entity is the lessor

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

34.20 Borrowing costs

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

34.21 Construction contracts

Contract costs are recognised when incurred.

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

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

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

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

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

34.22 Non-current assets held for sale

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

34.23 Distribution of dividends

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

34.24 Environmental issues

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

35. Financial Risk Management

35.1 Financial risk factors

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

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

Currency risk

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

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

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

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

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

At 31 December 2011

Thousands of Euros

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

At 31 December 2010

Thousands of Euros

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

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

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

Credit risk

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

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

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

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

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

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

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

Liquidity risk

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

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

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

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

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

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

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

Interest rate, cash flow and fair value risks

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

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

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

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

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

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

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

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

	Total debt	Hedged debt	Debt exposure
At 31 December 2011			
Europe	519,605	127,743	391,862
LatAm	14,218	7,216	7,002
	533,823	134,959	398,864
At 31 December 2010			
Europe	427,930	100,000	327,930
LatAm	25,738	14,433	11,305
	453,668	114,433	339,235

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

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

Price volatility risk

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

35.2 Capital risk management

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

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

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

The leverage ratio is as follows:

Leverage ratio

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

35.3 Financial instruments by category

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

	2011		2010	
	Carried at:		Carried at:	
Thousands of Euros	Cost or amortised cost	Fair value	Cost or amortised cost	Fair value
ASSETS				
Available-for-sale financial assets				
Investments and other assets	-	25,634	-	31,265
Loans and receivables				
Deposits and guarantees	7,767	-	1,410	-
Deposits	584	-	656	-
Total non-current assets	8,351	25,634	2,066	31,265
Available-for-sale financial assets				
Derivative financial instruments	-	-	-	29
Loans and receivables				
Trade and other receivables	706,670	-	573,309	-
Trade and other receivables	1,552	-	128,988	-
Cash and cash equivalents	187,548	-	170,018	-
Total current assets	895,770	-	872,315	29
	2011		2010	
	Carried at:		Carried at:	
Thousands of Euros	Cost or amortised cost	Fair value	Cost or amortised cost	Fair value
LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	-	3,587	-	3,114
Debts and payables				
Financial liabilities	442,887	23,299	174,411	14,533
Total non-current financial liabilities	442,887	26,886	174,411	17,647
Financial liabilities held for trading				
Derivative financial instruments	-	41	-	238
Debts and payables				
Trade and other payables	191,998	-	158,811	-
Financial liabilities	139,922	56,393	332,032	28,384
Total current financial liabilities	331,920	56,434	490,843	28,622
Total net financial instruments	129,314	(57,686)	209,127	(14,975)

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

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

35.4 Estimating fair value

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

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

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

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

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

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

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

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

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

36. Relevant Accounting Estimates and Judgements

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

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

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

Estimated impairment of goodwill

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

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

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

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

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

Impairment losses on goodwill are not reversible.

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

Income tax

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

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

Fair value of derivatives or other financial instruments

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

Claims

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

Employee benefits

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

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

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

APPENDIX I. - Consolidated Subsidiaries

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

Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Basis of consolidation	Activity	Auditor
			% ownership	Company holding the investment			
Prosegur Gestión de Activos, S.L.U.	Pajaritos, 24 (MADRID)	50	100.0	Prosegur Cia de Seguridad, S.A.	a	7	A
Servimax Servicios Generales, S.A.	Pajaritos, 24 (MADRID)	86	100.0	Prosegur Cia de Seguridad, S.A.	a	1	A
Prosegur Activa Holding, S.L.U.	Pajaritos, 24 (MADRID)	5,122	100.0	Prosegur Cia de Seguridad, S.A.	a	5	A
Formación Selección y Consultoría S.A.	Santa Sabina, 8 (MADRID)	120	100.0	Prosegur Cia de Seguridad, S.A.	a	7	B
Seguridad Vigilada, S.A.	C/ Pisuerga, 18 (BARCELONA)	3,705	95.0	Prosegur Cia de Seguridad, S.A.	a	4	C
S.T.M.E.C., S.L.	C/ Pisuerga, 18 (BARCELONA)	48	95.0	Prosegur Cia de Seguridad, S.A.	a	1	C
Salcer Servicios Auxiliares, S.L.	C/ Pisuerga, 18 (BARCELONA)	48	95.0	Prosegur Cia de Seguridad, S.A.	a	1	C
Beloura Investments, S.L.U.	Pajaritos 24 (MADRID)	19,851	100.0	Prosegur Cia de Seguridad, S.A.	a	5	C
Prosegur Multiservicios, S.A.	Pajaritos, 24 (MADRID)	150	100.0	Prosegur Activa España, S.A.	a	3	B
Pitco Ventures, SCR Simplificada, S.A.	Pajaritos, 24 (MADRID)	600	100.0	Prosegur Cia de Seguridad, S.A.	a	7	A
ESC Servicios Generales, S.L.	Avda. Primera, B-1 (A CORUÑA)	6	100.0	Prosegur Cia de Seguridad, S.A.	a	1	A
Prosegur International Handels GMBH	Poststrabe, 33 (HAMBURG)	34,829	100.0	Malcoff Holding BV	a	5	B
Securlog, GMBH	Wahlerstrasse 2a, 40472 Düsseldorf	22,683	100.0	Prosegur Cia de Seguridad, S.A.		2	C
Malcoff Holding, B.V.	Schouwburgplein, 30-34 (ROTTERDAM)	172,109	100.0	Prosegur Cia de Seguridad, S.A.	a	5	B
Reinsurance Bussiness Solutions Limited	80 Harcourt Street (DUBLIN)	635	100.0	Prosegur Cia de Seguridad, S.A.	a	6	A
Prosegur Distribuição e Serviços, Lda.	Av.Infante Dom Henrique, 326 (LISBOA)	3,277	100.0	Prosegur Cia de Seguridad, S.A.	a	7	B
Prosegur Companhia de Segurança, Lda.	Av.Infante Dom Henrique, 326 (LISBOA)	15,784	100.0	Prosegur Cia de Seguridad, S.A.	a	4	A
Prosegur France, S.A. (Cinieri)	84 Rue des Aceries (SAINT ETIENNE)	35,224	100.0	Prosegur Cia de Seguridad, S.A.	a	5	A
Prosegur Sécurité Humaine EURL	84 Rue des Aceries (SAINT ETIENNE)	3,532	100.0	Prosegur France, S.A.	a	1	A
Prosegur Telesurveillance EURL	3 Allée de l'électronique (SAINT ETIENNE)	808	100.0	Prosegur France, S.A.	a	3	B
Jean Jaures SCI	Rue Rene Cassin ZI de Molina (LA TALAUDIERE)	61	100.0	Prosegur France, S.A.	a	7	B
Prosegur SAS	8 Avenue Descartes (Les Plessis Robinson)	150	100.0	Prosegur France, S.A.	a	1	B
Prosegur Traitement de Valeurs EURL	Rue Rene Cassin ZI de Molina (LA TALAUDIERE)	593	100.0	Prosegur France, S.A.	a	2	A
Prosegur Traitement de Valeurs EST (Ex-Valtis, S.A.)	2 Rue Lavoisier BP 61609 25010 Besancon Cedex 3	13,078	100.0	Prosegur Cia de Seguridad, S.A.	a	2	A
Prosegur Technologie SAS	84 Rue des Aceries (SAINT ETIENNE)	1,524	100.0	Prosegur France, S.A.	a	3	A

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Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Basis of consolidation	Activity	Auditor
			% ownership	Company holding the investment			
SAS BFA	8 Avenue Descartes (Les Plessis Robinson)	0	33,5	Prosegur Cia de Seguridad, S.A.	a	3	B
		1	65.5	Prosegur France, S.A.			
Sarl Initiale	8 Avenue Descartes (Les Plessis Robinson)	1	100.0	Prosegur France, S.A.	a	7	B
Esta Service, SASU	84 RUE DES ACIERIES 42000 SAINT ETIENNE (FRANCIA)	0	100.0	Prosegur Cia de Seguridad, S.A.	a	8	B
Prosegur Centre SARL	84 RUE DES ACIERIES 42000 SAINT ETIENNE (FRANCIA)	0	100.0	Prosegur Cia de Seguridad, S.A.	a	8	B
Sazias SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	9,618	100.0	Prosegur Cia de Seguridad, S.A.	a	5	C
Services Valeurs Fonds SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	915	100.0	Sazias SA	a	2	C
Docks y Entrepots Sazias SA	1267 Ave Pierre et Marie Curie - Z.I. Secteur C - 06700 SAINT-LAURENT DU VAR	610	100.0	Sazias SA	a	2	C
Euroval SAS	604 Avenue du Col de l'Ange - ZA des Plaines de Jouques - 13420 GEMENOS	4,515	4.5	Prosegur Cia de Seguridad, S.A.	a	2	C
		704	95.5	Sazias SA			
Transportadora de Caudales de Juncadella SA	Tres Arroyos 2835 Ciudad de Buenos Aires	0	5.0	Armor Acquisition SA	a	2	A
		0	95.0	Juncadella Prosegur Internacional S.A.			
Armor Acquisition SA	Tres Arroyos 2835 Ciudad de Buenos Aires	5,523	5.0	Prosegur Cia de Seguridad, S.A.	a	5	B
		22,148	95.0	Prosegur International handels GMBH			
Juncadella Prosegur Internacional S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	12,653	68.8	Armor Acquisition SA	a	5	B
		7,801	31.2	Prosegur International handels GMBH			
Prosegur Seguridad, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	84	95.0	Juncadella Prosegur Internacional S.A.	a	1	B
		1	5.0	Armor Acquisition SA			
Prosegur Vigilancia Activa, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	154	95.0	Juncadella Prosegur Internacional S.A.	a	1	A
		8	5.0	Armor Acquisition SA			
Servicios Auxiliares Petroleros, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	1,369	95.0	Juncadella Prosegur Internacional S.A.	a	1	A
		72	5.0	Armor Acquisition SA			
Xiden, S.A.C.I.	Olleros, 3923 Ciudad de Buenos Aires	2,116	7.9	Prosegur Cia de Seguridad, S.A.	a	3	A
		4,397	92.1	Juncadella Prosegur Internacional S.A.			
Prosegur Tecnología Argentina, S.A.	Tres Arroyos 2835 Ciudad de Buenos Aires	3,003	3.9	Prosegur Cia de Seguridad, S.A.	a	3	A
		4,203	96.2	Juncadella Prosegur Internacional S.A.			
General Industries Argentina, S.A.	Herrera, 1175 Ciudad de Buenos Aires	3,159	90.0	Prosegur Cia de Seguridad, S.A.	a	3	A
		241	10.0	Juncadella Prosegur Internacional S.A.			
Tellex, S.A.	Rincón 1346. Ciudad de Buenos Aires	5,439	95.0	Prosegur Cia de Seguridad, S.A.	a	3	A
		200	5.0	Armor Acquisition SA			

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Information at 31 December 2011

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

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Information at 31 December 2011

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

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Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Basis of consolidation	Activity	Auditor
			% ownership	Company holding the investment			
Empresa de Transportes Compañía de Seguridad Chile Ltda	Los Gobelinos 2567, Renca, Santiago	3,730	60.0	Juncadella Prosegur Group Andina	a	1	A
		998	40.0	Prosegur International handels GMBH			
Prosegur Tecnología Chile Limitada	Lo Boza107, Mod. 3 Pudahuel – Santiago	1	100.0	Prosegur Cia de Seguridad, S.A.	a	1	A
Prosegur Activa Chile S.L.	Catedral 1009, piso 14 - Santiago Centro	3,406	99.0	Prosegur Activa Holding, S.L.U.	a	2	A
		34	1.0	Prosegur Activa España S.L.U.			
Prosegur Chile, S.A.	Los Gobelinos 2567, Renca, Santiago	1,047	70.0	Prosegur, S.A.	a	1	A
		563	30.0	Prosegur International handels GMBH			
Prosegur Paraguay SA	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	0	99.0	Juncadella Prosegur Internacional S.A.	a	1	A
		0	1.0	Transportadora de Caudales de Juncadella SA			
Prosegur Tecnología Paraguay, SA	C/ Artigas, esq. Concepción Leyes de Chávez- Asunción	9	99.0	Juncadella Prosegur Internacional S.A.	a	1	A
		0	1.0	Transportadora de Caudales de Juncadella SA			
Compañía de Seguridad Prosegur SA	Av. Morro Solar 1086 - Surco - Lima - Perú	0	52.0	Juncadella Prosegur Internacional S.A.	a	1	A
		0	48.0	Transportadora de Caudales de Juncadella SA			
Proseguridad SA	Av. Los Próceres 250 - Surco - Lima - Perú	3,118	52.0	Juncadella Prosegur Internacional S.A.	a	1	A
		3,377	48.0	Transportadora de Caudales de Juncadella SA			
Prosegur Cajeros SA	Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima-Perú	0	52.0	Juncadella Prosegur Internacional S.A.	a	1	B
		0	48.0	Transportadora de Caudales de Juncadella SA			
Prosegur Tecnología Perú SA	Calle La Chira 103 Urb.Santa Teresa de las Gardenias, Surco, Lima-Perú	238	100.0	Prosegur Cia de Seguridad, S.A.	a	1	B
Orus, S.A.	Av. Los Próceres 250 - Surco - Lima - Perú	2,037	84.8	Proseguridad SA	a	1	A
		247	14.3	Inversiones RB, SA			
		20	0.9	Compañía de Seguridad Prosegur SA.			
Orus Selva, SA	Caserio Palmawasi - Uchiza - Tocache - San Martín, Perú	185	90.0	Orus, S.A.	a	1	B
		5	10.0	Compañía de Seguridad Prosegur SA.			

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Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Basis of consolidation	Activity	Auditor
			% ownership	Company holding the investment			
Inversiones RB, SA	Av. Nicolás Arriola 780 Urb. Santa Catalina - La Victoria - Lima - Perú	3,230	99.0	Proseguridad SA	a	5	B
		33	1.0	Compañía de Seguridad Prosegur SA.			
Prosegur Activa Peru, SA	Av. República de Panamá 3890 - Surquillo - Lima, Perú	8,403	99.0	Prosegur Activa Holding, S.L.U	a	3	A
		121	1.0	Prosegur Activa España S.L.U			
Distribuidora Federal S.A.C.	Calle Ricardo Angulo N°739, Corpac, Distrito de San Isidro	5,188	99.0	Prosegur Cia de Seguridad, S.A.	a	3	C
		54	1.0	Prosegur Activa Holding, S.L.U			
Compañía Transportadora de Valores Prosegur de Colombia, S.A.	Avda. De las Américas, 42-25 Bogotá	27,125	94.9	Prosegur Cia de Seguridad, S.A.	a	2	A
		1,040	5.1	Prosegur Activa Holding, S.L.U			
Prosegur Peajes SAS	Avda. De las Américas, 42-25 Bogotá	0	100.0	Compañía Transportadora de Valores Prosegur de Colombia, S.A.	a	2	B
Inversiones BIV SAS	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	14,701	100.0	Prosegur Activa Holding, S.L.U	a	5	B
Vigilantes Marítima Comercial Ltda	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	4,479	100.0	Inversiones BIV SAS	a	1	C
Security Systems SAS	Av Ciudad de Quito No. 70A77 de Bogotá.	485	100.0	Beloura Investments S.L.U.	a	3	C
GPS de Colombia SAS	Cra. 50 No. 71-80 Bogotá (Colombia)	369	100.0	Beloura Investments S.L.U.	a	3	C
Integra Monitoreo SAS	Cra. 50 No. 71-80 Bogotá (Colombia)	1,038	100.0	Beloura Investments S.L.U.	a	3	C
Vimarco Servicios Generales Ltda	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	796	100.0	Inversiones BIV SAS	a	1	C
Vimarco Servicios Temporales Ltda	Calle 32 No. 8A-65 Edificio BCH piso 8 de Cartagena	796	100.0	Inversiones BIV SAS	a	1	C
Prosegur Mexico S de RL de CV	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	0	95.4	Prosegur Cia de Seguridad, S.A.	a	5	B
PRO-S Compañía de Seguridad Privada, SA de C.V.	Norte 79 B No. 77 planta alta. Colonia Sector Naval. 02080 MEXICO D.F.	5,311	100.0	Prosegur Mexico S de RL de CV	a	1	B
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	22,850	100.0	Prosegur Mexico S de RL de CV	a	2	A
Prosegur Seguridad Privada S.A. de CV.	Norte 79 B No. 77 Colonia Sector Naval. 02080 MEXICO D.F.	2,734	100.0	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Consultoría y Servicios Administrativos de RL de CV	Norte 79 B No. 75 Colonia Sector Naval. 02080 MEXICO D.F.	33	100.0	Prosegur Mexico S de RL de CV	a	4	B
Prosegur Servicios de Seguridad Privada Electrónica SA de CV	C/ Piña 297 Colonia Nueva Santa María. 02820 MEXICO D.F.	33	100.0	Prosegur Mexico S de RL de CV	a	2	B
Prosegur Custodias, S.A. de CV	C/ Alfredo Nobel, 21. Colonia Los Reyes Industrial. 54073 TLALNEPANTLA	8,463	100.0	Prosegur Mexico S de RL de CV	a	1	A
Prosegur Tecnología, SA de C.V.	Piña 297 Piso 1, Col. Hogar y Seguridad, D.F. C.P. 02820	141	100.0	Prosegur Mexico S de RL de CV	a	3	B
Rosegur Cash Services	Bulevardul Ghica Tei , Nr. 64-70, Sector 2, Cod 023708, Bucuresti, Romania	230	51.0	Prosegur Cia de Seguridad, S.A.	a	2	B
		214	49.0	Rosegur, S.A.			
Pitco Asia Pacific Ltd	Suite 1201 Tower 2, The Gateway, 25 Canton RD TST-KL	1	100.0	Prosegur Cia de Seguridad, S.A.	a	5	B

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Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Basis of consolidation	Activity	Auditor
			% ownership	Company holding the investment			
Luxpai Holdo S.A.R.L.	5, rue Guillaume Kroll, L-1882 Luxembourg	423.0	100.0	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosec Services Pte Ltd	111 Geylang Road, #01-01, Singapore 389216	5,237.0	100.0	Prosegur Cia de Seguridad, S.A.	a	1	A
Safeway Services Pte Ltd	111 Geylang Road, #01-01, Singapore 389216	109.0	100.0	Prosec Services Pte Ltd	a	1	A
Singpai Pte Ltd	80 Robinson Road #02-00 Singapore 068898	346	100.0	Luxpai Holdo S.A.R.L.	a	5	B
Axis Security Management Pte. Ltd	1 Lorong 2 Toa Payoh, #03 - 02, Yellow Pages Building, Singapore 319637	4,413	100.0	Luxpai Holdo S.A.R.L.	a	1	C

Basis of consolidation:

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

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

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

Activity:

- Activities from the security patrol business group
- Activities from the securities logistics and cash management business group
- Activities from the technology business group
- Activities included in more than one business group
- Holding company
- Financial services
- Auxiliary services
- Idle

Auditor:

- Audited by KPMG
- Not subject to audit
- Audited by other auditors

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Information at 31 December 2010

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

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Information at 31 December 2010

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

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Information at 31 December 2010

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

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

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

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Information at 31 December 2010

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

Basis of consolidation:

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

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

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

Activity:

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

Auditor:

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

APPENDIX II.– Consolidated Temporary Joint Ventures

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

Information at 31 December 2011

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Notes	Activity
			% ownership	Entity participating in the joint venture		
SERAT AEROPUERTO BILBAO UTE	Principe de Vergara, 135 28002 MADRID	1.0	40.0	EUROLIMP	(a)	(1)
UTE PROSEGUR NORDES	Pajaritos, 24 28007 Madrid		100.0		(b)	(1)
UTE EDIFICIOS MUNICIPALES	La Paz, 14 Valencia	5.4	90.0	CLECE	(c)	(0)
UTE MNT0. COLEGIOS PUBLICOS	La Paz, 14 Valencia	5.4	90.0	CLECE	(d)	(1)
UTE RTVE PROSEGUR-SERVIMAX	Pajaritos, 24 28007 Madrid		100.0		(e)	(0)
UTE AENA BARCELONA T2 PROSEGUR-SERVIMAX	Pajaritos, 24 28007 Madrid		100.0		(f)	(1)
UTE PROSEGUR SERVIMAX BSM BARCELONA	Pajaritos, 24 28007 Madrid		100.0		(g)	(1)
UTE PROSEGUR SERVIMAX ARPEGIO	Pajaritos, 24 28007 Madrid		100.0		(h)	(1)
UTE PROSEGUR FESMI AYTO. FERROL	Crta. Baños de Arteijo, 12 15008 A Coruña		41,8	FESMI	(i)	(1)
UTE PROSEGUR SERVIMAX OFICINA ANTIFRAU CATALUNYA	Pajaritos, 24 28007 Madrid		100.0		(j)	(1)
UTE PCS SSG CENTRO SANITARIO CEUTA	Pajaritos, 24 28007 Madrid		100.0		(k)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO SAN SEBASTIAN	Pajaritos, 24 28007 Madrid		100.0		(l)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO MALAGA	Pajaritos, 24 28007 Madrid		100.0		(m)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO PALMA MALLORCA	Pajaritos, 24 28007 Madrid		100.0		(n)	(1)
UTE PROSEGUR SERVIMAX UNIVERSIDAD POLIT. VALENCIA	Pajaritos, 24 28007 Madrid		100.0		(o)	(1)
UTE PCS SSG UNIVERSIDAD ALICANTE	Pajaritos, 24 28007 Madrid		100.0		(p)	(1)

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

Information at 31 December 2011

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

Notes:

The purposes of the temporary joint ventures are as follows:

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

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

Information at 31 December 2010

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Notes	Activity
			% ownership	Entity participating in the joint venture		
SERAT AEROPUERTO BILBAO UTE	Principe de Vergara, 135 28002 MADRID	1.0	40.0	EUROLIMP	(a)	(1)
UTE PROSEGUR TECNOLOGIA	Pajaritos, 24 28007 Madrid		100.0		(b)	(1)
UTE EDIFICIOS MUNICIPALES	La Paz, 14 Valencia		90.0	CLECE	(c)	(1)
UTE MNT0. COLEGIOS PUBLICOS	La Paz, 14 Valencia	5.4	90.0	CLECE	(d)	(1)
UTE PROSEGUR-SERVIMAX CONSERVATORIO MUNICIPAL ATAULFO ARGENTA	Pajaritos, 24 28007 Madrid		100.0		(e)	(0)
UTE RTVE PROSEGUR-SERVIMAX	Pajaritos, 24 28007 Madrid		100.0		(f)	(1)
UTE AENA BARCELONA T2 PROSEGUR-SERVIMAX	Pajaritos, 24 28007 Madrid		100.0		(g)	(1)
UTE PROSEGUR SERVIMAX BSM BARCELONA	Pajaritos, 24 28007 Madrid		100.0		(h)	(1)
UTE PROSEGUR SERVIMAX ARPEGIO	Pajaritos, 24 28007 Madrid		100.0		(i)	(1)
UTE PROSEGUR FESMI AYTO. FERROL	Crta. Baños de Arteijo, 12 15008 A Coruña		41.8	FESMI	(j)	(1)
UTE PROSEGUR SERVIMAX OFICINA ANTIFRAU CATALUNYA	Pajaritos, 24 28007 Madrid		100.0		(k)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO SAN SEBASTIAN	Pajaritos, 24 28007 Madrid		100.0		(l)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO MALAGA	Pajaritos, 24 28007 Madrid		100.0		(m)	(1)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO PALMA MALLORCA	Pajaritos, 24 28007 Madrid		100.0		(n)	(1)
UTE PROSEGUR SERVIMAX UNIVERSIDAD POLIT. VALENCIA	Pajaritos, 24 28007 Madrid		100.0		(o)	(1)
UTE PROSEGUR SERVIMAX CENTRO SANITARIO DE CEUTA	Pajaritos, 24 28007 Madrid		100.0		(p)	(1)
UTE PROSEGUR SERVIMAX UNIVERSIDAD DE ALICANTE	Pajaritos, 24 28007 Madrid		100.0		(q)	(1)
UTE PROSEGUR PROSEGUR TRANSPORTES BLINDADOS CORREOS	Pajaritos, 24 28007 Madrid		100.0		(r)	(0)

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

Information at 31 December 2010

Company	Registered offices	Carrying amount (in thousands of Euros)	Investment		Notes	Activity
			% ownership	Entity participating in the joint venture		
UTE PROSEGUR SERVIMAX INSTITUTO ESTUDIOS FISCALES	Pajaritos, 24 28007 Madrid		100.0		(s)	(1)
UTE PROSEGUR SERVIMAX HOSPITAL VALL D'HEBRON	Pajaritos, 24 28007 Madrid		100.0		(t)	(1)
UTE PROSEGUR SERVIMAX CONSERVATORIO ATaulfo ARGENTA II	Pajaritos, 24 28007 Madrid		100.0		(u)	(1)
UTE PROSEGUR PROTECCION ACTIVA ESPAÑA RADIO TV. ANDALUZA	Pajaritos, 24 28007 Madrid		100.0		(v)	(1)
UTE PROSEGUR PROSEGUR TECNOLOGIA AYTO. ALCOBENDAS	Pajaritos, 24 28007 Madrid		100.0		(w)	(1)
UTE PROSEGUR SERVIMAX GUGGENHEIM	Pajaritos, 24 28007 Madrid		100.0		(x)	(1)
UTE PROSEGUR SERVIMAX RTVE II	Pajaritos, 24 28007 Madrid		100.0		(y)	(1)
UTE PROSEGUR PROSEGUR ISE ANDALUCIA	Pajaritos, 24 28007 Madrid		100.0		(z)	(1)
UTE PROSEGUR PROSEGUR AEAT SEVILLA	Pajaritos, 24 28007 Madrid		100.0		(aa)	(2)
UTE PROSEGUR SERVIMAX AENA AEROPUERTO GETAFE	Pajaritos, 24 28007 Madrid		100.0		(bb)	(1)

Notes:

The purposes of the temporary joint ventures are as follows:

- (a) Information, customer and airport lounge services in Bilbao Airport.
- (b) Security and maintenance services in Malaga health centres.
- (c) Reception and customer services in various council buildings.
- (d) Reception and maintenance services in various state schools.
- (e) Auxiliary and security services in the Ataulfo Argenta Municipal Conservatory.
- (f) Security patrol and auxiliary services in various centres for the RTVE broadcasting corporation.
- (g) Security services in the new South Terminal, vehicle access control and perimeter control at Barcelona airport – Batch 2.
- (h) Security and auxiliary services in Barcelona city council cleaning service premises.
- (i) Security and auxiliary services in premises of ARPEGIO in the Madrid Autonomous Region.
- (j) Security and auxiliary services for El Ferrol town council.
- (k) Security and auxiliary services for the anti-fraud offices of the autonomous government of Catalonia.
- (l) Security and auxiliary services at San Sebastián airport.
- (m) Security and auxiliary services at Malaga airport.
- (n) Security and auxiliary services at Palma de Mallorca airport.
- (o) Security and auxiliary services at the Universidad Politécnica de Valencia.
- (p) Security and auxiliary services at Ceuta Health Centre.
- (q) Security and auxiliary services at the Universidad de Alicante.
- (r) Security and auxiliary services for Correos (Spanish postal service).
- (s) Security and auxiliary services in the Instituto de Estudios Fiscales.
- (t) Security and auxiliary services at the Vall D'Hebron hospital in Barcelona.
- (u) Security and auxiliary services at the Ataulfo Argenta Municipal Conservatory.
- (v) Security and auxiliary services for Radio Televisión Andaluza.
- (w) Security and auxiliary services for Alcobendas town council.
- (x) Security and auxiliary services at the Guggenheim Museum in Bilbao.
- (y) Security and auxiliary services in various centres for the RTVE broadcasting corporation.
- (z) Security and auxiliary services for the Andalusia ISE (infrastructures and educational services body).
- (aa) Security and auxiliary services in the Seville taxation authorities.
- (bb) Security and auxiliary services in Getafe airport, Madrid.

APPENDIX III.– Consolidated Joint Ventures

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

Information at 31 December 2011

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

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

Information at 31 December 2010

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

Basis of consolidation:

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

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

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

Activity:

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

Auditor:

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

CONSOLIDATED MANAGEMENT REPORT FOR 2011

1. Most significant events in 2011

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

Changes in the composition of the Group

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

- On 18 February 2011 Prosegur acquired Prosec Services Pte. Ltd. and its subsidiary, Safeway Pte. Ltd., two Singaporean companies specialising in the provision of surveillance services. The total price of the acquisition was Euros 5.6 million. These companies were first consolidated on 18 February 2011.
- On 30 June 2011 Prosegur acquired Distribuidora Federal SAC, a company in Peru that specialises in the installation and maintenance of electronic security and fire protection systems. The total price of the acquisition was Euros 5.3 million. This company was first consolidated on 30 June 2011.
- On 14 July 2011 Prosegur acquired Seguridad Vigilada, S.A. and its related companies in Spain. These companies render security surveillance, close protection services, ATM maintenance and ancillary services. The total price of the acquisition was Euros 4 million. These companies were first consolidated on 14 July 2011.
- On 2 August 2011 Inversiones BIV, S.A.S. and its subsidiary, Vigilantes Marítima Comercial, Ltda., were acquired in Colombia. These companies provide security surveillance services. The total price of the acquisition was Euros 18 million. These companies were first consolidated on 2 August 2011.
- On 7 September 2011 Vimarco Servicios Generales, Ltda. and Vimarco Servicios Temporales, Ltda. were acquired in Colombia. These companies specialise in providing auxiliary services and temporary loans of employees. The total price of the acquisition was Euros 1.6 million. These companies were first consolidated on 7 September 2011.
- On 16 September 2011 Prosegur acquired GSM Telecom, S.A., a company located in Uruguay specialising in residential alarms. The total price of the acquisition was Euros 0.2 million. This company was first consolidated on 16 September 2011.
- On 16 September 2011 Prosegur acquired Prover Electronica, Ltda., a company located in Brazil that specialises in electronic security systems. The total price of the acquisition was Euros 2.9 million. This company was first consolidated on 16 September 2011.
- On 27 September 2011 Prosegur acquired Sazias, S.A., and its subsidiaries in France. These companies specialise in securities logistics and cash management services. The total price of the acquisition was Euros 14.1 million. These companies were first consolidated on 27 September 2011.
- On 28 September 2011 Prosegur acquired Integra Security Systems, S.A., Servicios Integrados de Tecnología GPS de Colombia, S.A.S. and Integra Monitoreo, S.A.S., in Colombia. These companies provide technological security solutions and centralised control systems. The total price of the acquisition was Euros 19.8 million. These companies were first consolidated on 28 September 2011.

- On 31 October 2011, Prosegur acquired Fiel Vigilancia e Transporte de Valores, a Brazilian company that provides security surveillance services, securities logistics and cash management services. The total price of the acquisition was Euros 25.4 million. This company was first consolidated on 31 October 2011.
- On 15 December 2011 Prosegur acquired Axis Security Management, Pte. Ltd., a Singapore-based company specialising in security surveillance services. The total price of the acquisition was Euros 5 million. This company was first consolidated on 15 December 2011.
- On 29 December 2011, Prosegur acquired SecurLog GmbH, a German company that provides securities logistics and cash management services. The total price of the acquisition was Euros 22.7 million. This company was first consolidated on 29 December 2011.

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

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

Other events in 2011

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

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

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

2. Management principles

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

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

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

- a. Establishment of targets for continuous improvement.

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

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

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

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

3. Business performance

Sales by geographical area

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

Consolidated sales by geographical area are distributed as follows:

Millions of Euros

	2011	2010	Variation
Europe - Asia	1,290.8	1,298.2	-0.6%
LatAm	1,517.8	1,262.1	20.3%
Total Prosegur	2,808.5	2,560.3	9.7%

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

Sales by business area

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

Millions of Euros

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

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

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

Millions of Euros

	2011	2010	2009	2008	2007
Sales	2,808.5	2,560.3	2,187.0	2,051.7	1,841.8

Margins

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

The EBIT margin is distributed by geographical area as follows:

Millions of Euros

	Europe-Asia	LatAm	Prosegur
Sales	1,290.8	1,517.8	2,808.5
EBIT	65.3	218.8	284.1
EBIT margin	5.1%	14.4%	10.1%

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

Millions of Euros

	2011	2010	2009	2008	2007
EBIT	284.1	262.6	230.5	205.0	161.9

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

4. Commercial information

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

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

5. Personnel

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

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

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

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

Personnel

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

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

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

6. Investments

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

Amortisation and depreciation charges totalled Euros 79.5 million in 2011 (Euros 83.3 million in 2010). These include Euros 52 million on property, plant and equipment (Euros 48.9 million in 2010); Euros 8.1 million on computer software (Euros 7.9 million in 2010); and Euros 19.4 million on other intangible assets (Euros 26.5 million in 2010).

The total investments analysed by the Investment Committee in 2011 with comparative figures from 2010 are detailed below:

Millions of Euros

	2011	2010
First Quarter	26.7	14.8
Second Quarter	37.6	12.8
Third Quarter	25.9	27.1
Fourth Quarter	37.4	23.8
Total	127.6	78.5

Investment in property, plant and equipment in 2011 totalled Euros 100 million (Euros 70.6 million in 2010). Furthermore, investments in software in 2011 totalled Euros 20.5 million (Euros 10.1 million in 2010).

7. Forecasts and trends

In an economic climate like the present, with a great deal of uncertainty, forecasts of any kind are a difficult task. In some countries where Prosegur operates there is limited visibility regarding the outlook for the main macroeconomic variables.

It is also important to note that the economic scenarios that Europe and Latin America face are different. The European economies are continuing to suffer severely in 2012 under the impact of the financial crisis. Their recovery is expected to be slow, and it is still unclear whether all countries in the region will enjoy an economic recovery this year. Latin America, however, was not as affected as more developed countries and growth is expected to return, above all in those countries with sound fiscal and financial policies.

Although changes in economies and their main variables have an impact on the security sector, there are industry drivers that play a much larger role in determining the future of the market. Such factors as the volume of security services that are subcontracted, growth in banking, a higher number of major companies and multinationals, more bank branches and ATMs and, in general, improvements in well-being and wealth for all social classes, are major indicators that are relevant to the future of the security industry.

Improvements in some of the above-mentioned drivers, combined with Prosegur's continuous innovation, pursuit of excellence and implementation of cross-selling policies puts us in a privileged position in the current climate. Prosegur's goal for 2012 is to maintain growth and improve on its margins from recent years. This is a major challenge which Prosegur is ready to meet.

8. Financial management

The financial crisis that erupted in 2008 along with the sovereign debt crisis in Europe, which became exacerbated in 2010 and 2011, and tightening core capital requirements for financial institutions have continued to make it difficult for Spanish institutions to obtain liquidity in the international wholesale markets. As a result, the credit available to companies has become tighter and more expensive in recent years.

Against this backdrop, Prosegur secured a new syndicated loan in 2010 which allowed it to repay a loan dating from 2006 which fell due in July 2011, as well as covering part of the Company's strategic needs.

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

Net financial debt as at 31 December 2011 amounts to Euros 360.1 million (Euros 174.4 million in 2010).

The ratio of net financial debt to equity was 0.54 at 31 December 2011 (0.26 in 2010), while the ratio of net financial debt to EBITDA was 0.99 in 2011 (0.50 in 2010).

Financial structure

As mentioned in note 22 to the consolidated annual accounts at 31 December 2011, the syndicated financing contract signed in 2006 matured on 25 July 2011. As a result, Prosegur has repaid Euros 31.3 million of the loan tranche and Euros 200 million of the credit facility.

Following maturity of the loan taken out in 2006, the structure of non-current debt will be determined by the syndicated transaction contracted by Prosegur Spain in 2010, totalling Euros 400 million and with a term of five years. The loan is divided into two tranches: a tranche in the form of a Euros 150 million loan, repayable semi-annually after a two-year grace period, and a second tranche in the form of a credit facility of Euros 250 million. At 31 December 2011, Euros 150 million of the loan tranche and Euros 240 million of the credit facility had been drawn down.

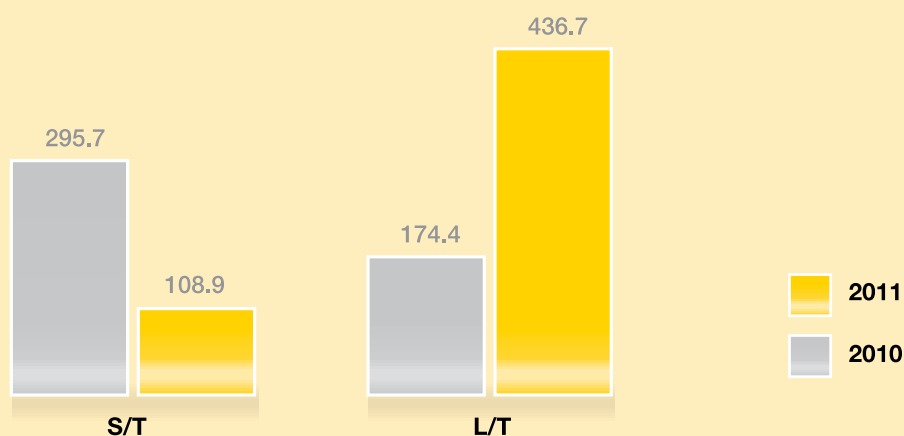
Gross financial debt includes current and non-current financial liabilities (excluding other non-bank debt) plus/less any derivative financial instruments.

In consolidated terms, gross non-current financial debt maturing in over one year stood at Euros 436.7 million at the end of 2011 (Euros 174.4 million in 2010), supported mainly by the syndicated loan signed in 2010 and by various loans in Colombian pesos and Brazilian reals used to finance several business acquisitions in those countries.

Current net financial debt was Euros 108.9 million at the end of 2011 (Euros 295.7 million in 2010). The decline in current financial liabilities is the result of repayment of the credit facility tranche of the syndicated loan contract signed in 2006.

The current and non-current maturities of gross financial debt are distributed as follows:

Group gross financial debt
(Millions of Euros)

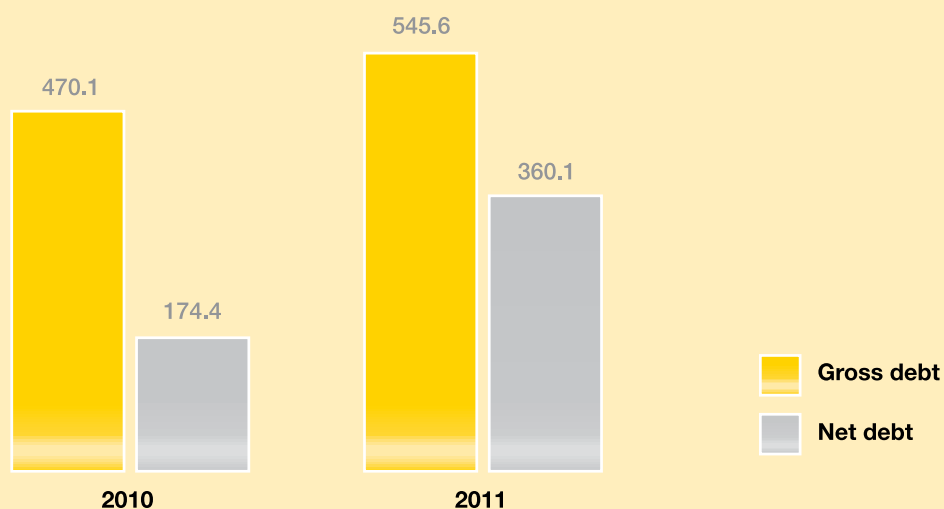


The average annual interest rate for 2011 was approximately 3.95% (2.39% in 2010). The increase in the average cost of debt stems mainly from the rise in the spreads on the new syndicated loan contract signed in 2010 and other credit facilities obtained.

Net financial debt was Euros 360.1 million at the end of 2011 (Euros 174.4 million in 2010).

A comparison of gross debt and net debt in 2011 and 2010 is as follows:

Group debt in 2011 and 2010
(Millions of Euros)



Liquidity

It is Prosegur policy to keep large reserves of liquidity or available contracted financing to ensure flexibility and rapidity in meeting the Company's working capital or inorganic growth requirements.

At 31 December 2011 Prosegur had available liquidity of Euros 315.3 million (Euros 511.1 million in 2010). This figure comprises:

- Cash and cash equivalents amounting to Euros 187.5 million (Euros 170.0 million in 2010).
- Non-current credit available (over one year) totalling Euros 10 million, relating to the syndicated loan arranged in 2010 (Euros 250 million in 2010).
- Other available credit facilities totalling Euros 117.8 million (Euros 91.1 million in 2010) diversified in a wide banking pool featuring the top banks from each country where Prosegur operates.

This liquidity represents 11.2% of annual consolidated sales (20% in 2010), which underpins short-term financing and the policy of strategic acquisitions.

Currency risk

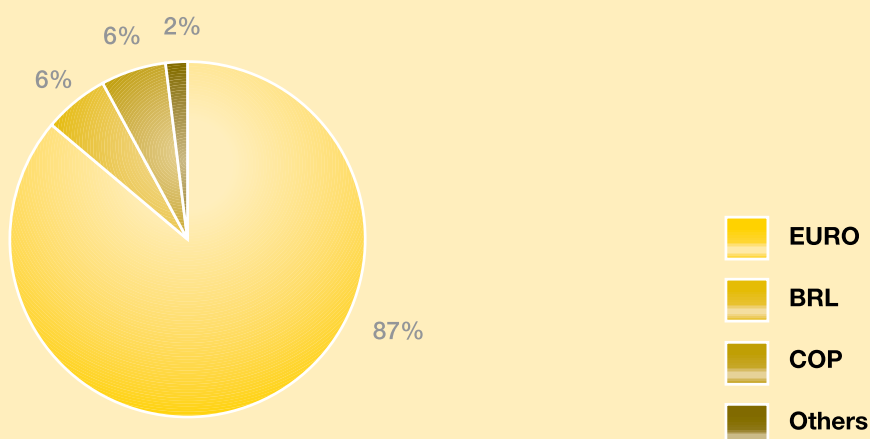
Prosegur policy is to make its business investments in local currency, thereby minimising its exposure to currency risk. The capital expenditure required in the industry, which varies by business area, is in line with the operating cash flow generated. It is therefore possible to time the investments made in each country based on operating requirements.

Although Prosegur operates in a large number of countries, its financial debt is basically in three currencies: Euros, Brazilian reals and Colombian pesos. Of this debt, 87% is in Euros, 6% in Brazilian reals, another 6% in Colombian pesos, and 1% in Prosegur's other currencies.

Changes in the debt structure by currency from the previous year are the result of corporate transactions carried out by Prosegur's parent company, mainly relating to a Euros 400 million syndicated loan and other loans secured to finance investments abroad. It has not been necessary to raise financing in foreign currencies due to high cash flow in Latin American countries.

At the end of 2011 Prosegur's financial debt was distributed by currencies as follows:

Group financial debt



Risk hedging

In 2011, Prosegur subscribed a derivative financial instrument to hedge currency risk in Argentine pesos in order to diminish the risk of loss of value of the cash surplus due to exchange rate fluctuations. In order to hedge its exposure to this and other currency risk, Prosegur uses natural hedging techniques as much as possible. Consequently, the cash generated in Latin American countries is converted into Euros as soon as definite cash surpluses are confirmed.

Prosegur has had two interest rate derivatives, an interest rate swap (IRS) and a basis swap, to cap the interest payable on part of its financing, as well as to obtain greater flexibility in drawdown periods for the syndicated loan contracted in 2006.

The IRS exchanges a payable rate of 2.71% for a receivable rate of the 6-month Euribor based on a face value of Euros 100 million and maturity in April 2014.

The basis swap exchanged a payable rate of the 6-month Euribor less 0.325% for a receivable rate of the 1-month Euribor, settled monthly on the repayable principal of the 2006 syndicated loan. The last payment made was the final instalment on the syndicated loan, so this financial derivative instrument has been cancelled.

The collar on diesel fuel prices that Prosegur had taken out as protection against fluctuations in fuel prices in previous years expired in January 2011.

9. Own shares

At 31 December 2011 the Company holds 4,456,122 own shares (1,953,543 shares in 2010), which represent 7.22% of share capital (3.17% in 2010) and have a value of Euros 123.2 million (Euros 40.7 million in 2010). A part of these shares is earmarked for certain members of Prosegur management. In 2011 the Company purchased 2,502,579 own shares.

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

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

10. Environmental issues

At 31 December 2011 Prosegur has no contingencies, legal claims or income and expenses relating to the environment.

In accordance with the Group's environmental policy, investment continues to be made in armoured vehicles that meet with the Euro III standard on the emission of non-contaminating particles. This investment, which is recognised as an increase in property, plant and equipment, amounts to Euros 1,554 thousand (Euros 185 thousand in 2010).

11. Research and development

As part of its commitment to security and innovation for its customers, the Company is undertaking the following projects:

- a. Design and development of a new platform for the Private Security business, to be used for global planning and management of human resources and materials relating to each service. It will include the definition of an optimised comprehensive procedure that will minimise time requirements and maximise operating management efficiency in this line of business, by making detailed technical and financial information more easily available. This project was developed in 2011 and will be completed in 2012. It has been financed by the Centre for Technological and Industrial Development (CDTI) sub-program for the promotion of innovation and technological development.
- b. The initial stage of the design and construction of a first prototype for an automated client cash management station. The development of an automated system shortens cash handling time, as well as reducing possible errors in preparing stacks of bills for dispatch to clients. This project will be carried out during 2012 and is being financed by the Centre for Technological and Industrial Development (CDTI) sub-program for the promotion of innovation and technological development.

12. Subsequent events

In May 2011, Prosegur signed a joint venture agreement with Security and Intelligence Services (SIS) that is subject to approval by the relevant authorities in India. Under the agreement, the companies will hold shares of 49% and 51%, respectively, in a securities logistics and cash management joint venture based in India. On the basis of this agreement, on 9 February 2012 Prosegur made an investment of approximately Euros 10 million by increasing share capital in SIS Cash Services Pvt. Ltd. Co. The company with which Prosegur has reached this agreement has a 2,300-strong workforce, as well as reported sales of approximately Euros 6 million for the year ended March 2011.

STATEMENT OF RESPONSIBILITY FOR THE 2011 ANNUAL FINANCIAL REPORT

The members of the board of directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of their knowledge, the individual and consolidated annual accounts for 2011, which were authorised for issue at their board meeting on 27 February 2012 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, and that the individual and consolidated directors' reports contain a reliable analysis of the performance, results and position of Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, as well as a description of the main risks and sources of uncertainty.

Madrid, 27 February 2012

Ms. Helena Irene Revoredo Delvecchio
Chairwoman

Mr. Isidro Fernández Barreiro
Vice-chairman

Mr. Christian Gut Revoredo
Managing director

Ms. Mirta María Giesso Cazenave
Director

Ms. Chantal Gut Revoredo
Director

Mr. Pedro Guerrero Guerrero
Director

Mr. Eduardo Paraja Quirós
Director

Mr. Eugenio Ruiz-Gálvez Priego
Director

DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries are the responsibility of the directors of the parent company, and have been prepared in accordance with international financial reporting standards endorsed by the European Union.

The directors are responsible for the completeness and objectivity of the annual accounts, including the estimates and judgements included therein. They fulfil their responsibility mainly through the establishment and maintenance of accounting systems and other regulations, supporting them adequately using internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are safe, that transactions are performed in accordance with the authorisations and regulations laid down by management and that accounting records are reliable for the purposes of drawing up the annual accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of avoiding or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the annual accounts and the protection of assets. However, the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system at 31 December 2011. Based on this evaluation, the directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by management, and that the financial records are reliable for the purposes of drawing up the annual accounts.

Independent auditors are appointed by the shareholders at their annual general meeting to audit the annual accounts, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The Company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Mr. Antonio Rubio Merino

Director of Finance and Economic Affairs

Brazil.

Prosegur has consolidated
its position as a leading Surveillance,
CIT and Technology service provider



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ANNUAL CORPORATE GOVERNANCE REPORT FORM FOR PUBLIC LIMITED COMPANIES LISTED ON THE STOCK EXCHANGE

For greater comprehension of the model and in order to complete the information correctly, please read the instructions at the end of this report.

A – CAPITAL STRUCTURE

A.1 Please complete the table below with details of the share capital of the Company:

Date of last change	Share capital (Euros)	Number of shares	Number of voting rights
19/11/2001	37,027,478.40	61,712,464	61,712,464

Please specify whether there are different classes of shares with different associated rights:

NO

A.2 Please provide details of the Company's significant direct and indirect shareholders at year end, excluding any board members:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights (*)	Percentage of total voting rights
GUBEL, S.L.	30,902,693	21,340	50.110
CORPORACIÓN FINANCIERA ALBA, S.A.	0	6,175,000	10.006
AS INVERSIONES, S.L.	3,281,781	0	5.318
FMR LLC	0	3,123,185	5.061
CANTILLON CAPITAL MANAGEMENT LLC	1,882,135	0	3.050

Name of indirect shareholder	Through: Name of direct shareholder	Number of direct voting rights	Percentage of total voting rights
GUBEL, S.L.	PROREVOSA, S.A.	21,340	0.035
CORPORACIÓN FINANCIERA ALBA, S.A.	ALBA PARTICIPACIONES, S.A.	6,175,000	10.006
FMR LLC	VARIOUS FUNDS	2,213,700	3.587

Please specify the main movements in the shareholding structure during the year:

Name of shareholder	Date	Description of movement
BNP PARIBAS SA	15/02/2011	Shareholding has dropped to less than 3% of share capital
FIDELITY INTERNATIONAL FUND	30/12/2011	Shareholding has dropped to less than 3% of share capital
CANTILLON CAPITAL MANAGEMENT LLC	12/04/2011	3% of share capital exceeded

A.3 Please complete the following tables with details of board members with voting rights in the Company:

Name of board member	Number of direct voting rights	Number of indirect voting rights (*)	Percentage of total voting rights
MS HELENA IRENE REVOREDO DELVECCHIO	0	30,924,033	50.110
MR CHRISTIAN GUT REVOREDO	20,603	0	0.033
MS MIRTA MARÍA GIESO CAZENAVE	189,832	3,281,781	5.625
MR PEDRO GUERRERO GUERRERO	100	33,000	0.054

Name of indirect shareholder	Through: Name of direct shareholder	Number of direct voting rights	Percentage of total voting rights
MS HELENA IRENE REVOREDO DELVECCHIO	GUBEL, S.L.	30,902,693	50.075
MS HELENA IRENE REVOREDO DELVECCHIO	PROREVOSA, S.L.	21,340	0.035
MS MIRTA MARÍA GIESO CAZENAVE	AS INVERSIONES, S.L.	3,281,781	5.318
MR PEDRO GUERRERO GUERRERO	VALORES DEL DARRO, SICAV, S.A.	33,000	0.053

Percentage of voting rights held by the board of directors	55.822
--	--------

Please complete the following tables with details of the Company's board members who hold rights over the shares of the Company:

Name of board member	Number of direct option rights	Number of indirect option rights	Number of equivalent shares	Percentage of total voting rights
MR CHRISTIAN GUT REVOREDO	78,520	0	78,520	0.127

A.4 If applicable, please specify any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the Company, unless they are insignificant or arise in the ordinary course of business:

A.5 If applicable, please specify any commercial, contractual or corporate relationships that exist between significant shareholders and the Company and/or Group, unless they are insignificant or arise in the ordinary course of business:

Type of relationship:

Commercial

Brief description:

Lease of an office building from Prosegur by Proactinmo, S.L. (a subsidiary of Gubel, S.L.) for an initial term of five (5) years until 2015. The annual rental amount paid in 2011 was Euros 1,267 thousand.

Name of related party

GUBEL, S.L.

Type of relation:

Commercial

Brief description:

Banca March, S.A., which controls Corporación Financiera Alba, S.A., was one of the participating banks in the syndicated loan signed by Prosegur in 2006. Banca March, S.A.'s share of this loan at 31 December 2010 amounted to Euros 4,156 thousand, of which Euros 3,681 thousand had been drawn down at that date. Since 25 July 2011, the date on which the syndicated loan expired, Banca March, S.A. has not participated in any financing contract. Various deposits totalling Euros 75,000 thousand were made in 2011 (Euros 105,000 thousand in 2010), and accrued interest thereon totalled Euros 669 thousand (Euros 852 thousand in 2010). At 2011 year end, there are no deposits with Banca March pending maturity. There is also a current account with a balance of Euros 220 thousand at 31 December 2011.

Name of related party

CORPORACIÓN FINANCIERA ALBA, S.A.

Type of relation:

Commercial

Brief description:

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

Name of related party

CORPORACIÓN FINANCIERA ALBA, S.A.

A.6 Please specify whether the Company has been notified of any shareholder agreements that may affect it, in accordance with section 112 of the Spanish Securities Market Law. If so, please describe these agreements and list the shareholders they bind:

NO

Please specify whether the Company is aware of any existing initiatives agreed by and among its shareholders. If so, please provide a brief description:

NO

If any of the aforementioned agreements or agreed initiatives have been amended or terminated during the year, please specify expressly:

A.7 Please specify whether any individual or company exercises or may exercise control over the Company, in accordance with section 4 of the Spanish Securities Market Law. If so, please provide details:

YES

Name
MS HELENA IRENE REVOREDO DELVECCHIO
Remarks
Through GUBEL, S.L.

A.8 Please complete the following tables with details of the Company's own shares:

At year end:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
4,456,122	0	7.200

(*) Through:

Total	0
-------	---

Please detail any significant changes during the year pursuant to Royal Decree 1362/2007:

Date of communication	Total direct shares acquired	Total indirect shares acquired	Total percentage of share capital
18/07/2011	620,143	0	3.989
04/08/2011	668,901	0	5.073
25/08/2011	617,600	0	6.073
28/11/2011	624,176	0	7.085

Gains/(losses) from disposal of own shares during the year (thousands of Euros)

0

A.9 Please provide a detailed description of the conditions and term of the board of directors' current mandate, granted by the shareholders, to acquire or transfer own shares:

At the Ordinary General Meeting held on 27 June 2011, the shareholders of Prosegur Compañía de Seguridad, S.A. agreed to renew the mandate granted by the shareholders at the General Meeting held on 28 June 2010 to perform derivative acquisitions of the Company's own shares, either directly or through subsidiaries, under the terms transcribed verbatim below:

1. To authorise the Company and its subsidiaries to perform derivative acquisitions of shares in Prosegur Compañía de Seguridad, S.A. in accordance with the terms of the Spanish Companies Act, complying with prevailing legislation and the following conditions:

a) The acquisitions may be performed directly by the Company or indirectly through its subsidiaries, and must take the form of a sale-purchase, an exchange or any other legally valid business transaction.

b) The face value of the shares to be acquired plus any already owned, directly or indirectly, shall not exceed the legally permitted maximum.

c) The acquisition price of the shares shall be no less than their face value and no greater than the stock exchange trading price at the date of acquisition, plus 10%.

d) This authorisation is valid for five years.

It is expressly noted that this authorisation may be used in whole or in part for the acquisition of own shares to be delivered or transferred to the directors or employees of the Company or its subsidiaries, directly or as a result of their exercising options, within the scope of the share price-based remuneration systems of Prosegur Compañía de Seguridad, S.A.

2. To authorise the board of directors, with express powers of substitution and in the broadest terms, to exercise the authorisation granted under this agreement and to perform the remaining tasks detailed herein.

3. To render null and void, in respect of the unused portion, the authorisation granted under agenda item five of the Annual General Meeting of shareholders held on 28 June 2010.

A.10 If applicable, please specify any legal and statutory limitations to the exercise of voting rights, as well as any legal limitations to the acquisition or transfer of ownership of shares. Please specify whether there are any legal limitations on the exercise of voting rights:

NO

Maximum percentage of voting rights that may be exercised by a shareholder under legal limitations

0

Please specify whether there are any statutory limitations on the exercise of voting rights:

NO

Maximum percentage of voting rights that may be exercised by a shareholder under statutory limitations

0

Please specify whether there are any legal limitations on the acquisition or transfer of equity interests:

NO

A.11 Please specify whether, pursuant to the provisions of Law 6/2007, shareholders at the General Meeting have resolved to adopt measures to neutralise a take-over bid:

NO

If so, please explain the approved measures and the terms under which limitations would cease to apply:

B – COMPANY ADMINISTRATION STRUCTURE

B.1 Board of directors

B.1.1 Please detail the maximum and minimum number of board members established in the by-laws:

Maximum number of board members	15
Minimum number of board members	5

B.1.2 Please complete the following table with details of board members:

Name of member	Representative	Position on the board	Date of 1st appointment	Date of most recent appointment	Election procedure
MS HELENA IRENE REVOREDO DELVECCHIO	-	CHAIRWOMAN	30/06/1997	28/06/2010	VOTE AT SHAREHOLDERS' MEETING
MR ISIDRO FERNÁNDEZ BARREIRO	-	DEPUTY CHAIRMAN	19/06/2002	28/06/2010	VOTE AT SHAREHOLDERS' MEETING
MR CHRISTIAN GUT REVOREDO	-	CEO	30/06/1997	28/06/2010	VOTE AT SHAREHOLDERS' MEETING
MS CHANTAL GUT REVOREDO	-	BOARD MEMBER	30/06/1997	28/06/2010	VOTE AT SHAREHOLDERS' MEETING
MR EDUARDO PARAJA QUIRÓS	-	BOARD MEMBER	26/04/2004	29/06/2009	VOTE AT SHAREHOLDERS' MEETING
MR EUGENIO RUIZ-GÁLVEZ PRIEGO	-	BOARD MEMBER	27/06/2005	27/06/2011	VOTE AT SHAREHOLDERS' MEETING
MS MIRTA MARÍA GIESSO CAZENAVE	-	BOARD MEMBER	09/05/2000	28/06/2010	VOTE AT SHAREHOLDERS' MEETING
MR PEDRO GUERRERO GUERRERO	-	BOARD MEMBER	29/03/2005	27/06/2011	VOTE AT SHAREHOLDERS' MEETING
Total number of board members					8

Please specify any resignations from the board of directors during the period:

B.1.3 Please complete the following tables with details of the board members and their different capacities:

EXECUTIVE BOARD MEMBERS

Name of member	Committee that proposed appointment	Position in the Company
MS HELENA IRENE REVOREDO DELVECCHIO	APPOINTMENTS AND REMUNERATION COMMITTEE	EXECUTIVE CHAIRWOMAN
MR CHRISTIAN GUT REVOREDO	APPOINTMENTS AND REMUNERATION COMMITTEE	CEO

Total number of executive board members	2
Total percentage of board	25.000

PROPRIETARY EXTERNAL MEMBERS

Name of member	Committee that proposed appointment	Name of significant shareholder represented by the member, or who proposed the appointment
MR ISIDRO FERNÁNDEZ BARREIRO	APPOINTMENTS AND REMUNERATION COMMITTEE	CORPORACIÓN FINANCIERA ALBA, S.A.
MS CHANTAL GUT REVOREDO	APPOINTMENTS AND REMUNERATION COMMITTEE	GUBEL, S.L.
MS MIRTA MARÍA GIESO CAZENAVE	APPOINTMENTS AND REMUNERATION COMMITTEE	AS INVERSIONES, S.L.

Total number of proprietary board members	3
Total percentage of board	37.500

INDEPENDENT EXTERNAL MEMBERS

Name of member

MR PEDRO GUERRERO GUERRERO

Profile

- Degree in law from the Universidad Complutense of Madrid.
- State attorney, stock broker and Madrid notary public (on leave of absence).
- Former president of the Madrid Stock Exchange governing board and of the Stock Exchange management company.
- Founding member and vice-chairman of A.B. Asesores Bursátiles and chairman of A.B. Gestión and A.B. Asesores Red.
- Currently chairman of Bankinter, S.A., having been a member of the board of the bank since 2000. He is also chairman of the bank's Executive Committee.

Total number of independent board members	1
Total percentage of board	12.500

OTHER EXTERNAL MEMBERS

Name of member	Committee that proposed appointment
MR EDUARDO PARAJA QUIRÓS	APPOINTMENTS AND REMUNERATION COMMITTEE
MR EUGENIO RUIZ-GÁLVEZ PRIEGO	APPOINTMENTS AND REMUNERATION COMMITTEE
Total number of other external board members	2
Total percentage of board	25.000

Please explain why these members may not be considered full or independent members, and what their connection is with the Company, its management or its shareholders.

Name of member

MR EUGENIO RUIZ-GÁLVEZ PRIEGO

Related company, director or shareholder

CORPORACIÓN FINANCIERA ALBA, S.A.

Reason

He cannot be considered a proprietary external board member because: (i) he does not own an interest equal to or greater than that considered legally significant or was appointed as a shareholder, even if his interest lies below that threshold; and (ii) he does not represent any of the shareholders indicated in section (i) above. He cannot be considered an independent board member because he has been a member of the board of directors of Corporación Financiera Alba, S.A. since June 2010.

Name of member

MR EDUARDO PARAJA QUIRÓS

Related company, director or shareholder

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Reason

He cannot be considered a proprietary external board member because: (i) he does not own an interest equal to or greater than that considered legally significant or was appointed as a shareholder, even if his interest lies below that threshold; and (ii) he does not represent any of the shareholders indicated in section (i) above.

He cannot be considered an independent board member because he has been an executive director of the Company within less than five (5) years of cessation of this relationship.

Please specify any variations that have occurred during the year to membership types:

B.1.4 If applicable, please explain the reasons for the appointment of any proprietary board members at the request of shareholders with less than 5% of share capital.

Please specify whether the board has failed to meet any formal requests to appoint members to the board by shareholders whose share percentage is equivalent to or greater than that of others at whose request proprietary board members have been appointed. If this is the case, please explain why the aforementioned requests were not met.

NO

B.1.5 Please specify whether any members have resigned from the board before completion of their mandates, whether the resigning member provided an explanation for his or her resignation and by what means and, if these reasons were provided in writing and addressed to the entire board, specify the reasons given:

NO

B.1.6 Please specify any powers delegated to the chief executive officer(s):

Name of member

MR CHRISTIAN GUT REVOREDO

Brief description

The CEO has all the powers of the board vested in him, except those that may not be delegated under prevailing legislation, Company by-laws or the board regulations.

Name of member

MS HELENA IRENE REVOREDO DELVECCHIO

Brief description

The Chairwoman of the Company, as Executive Chairwoman, has ample management and decision-making powers permanently vested in her by the board.

B.1.7 Please identify any board members who hold positions as directors or officers in other companies in the group of which the listed company is parent:

Name of board member	Name of Group company	Position
MR CHRISTIAN GUT REVOREDO	FORMACIÓN, SELECCIÓN Y CONSULTORÍA, S.A.	JOINT DIRECTOR
MR CHRISTIAN GUT REVOREDO	PROSEGUR ACTIVA HOLDINGS, S.L.U.	JOINT DIRECTOR
MR CHRISTIAN GUT REVOREDO	PROSEGUR MULTISERVICIOS, S.A.	JOINT DIRECTOR

B.1.8 Please detail any board members who have notified the Company of their membership of the boards of directors of other companies (other than Group companies) listed on official securities markets in Spain:

Name of board member	Name of listed company	Position
MS HELENA IRENE REVOREDO DELVECCHIO	GESTEVISIÓN TELECINCO, S.A..	BOARD MEMBER
MS HELENA IRENE REVOREDO DELVECCHIO	BANCO POPULAR ESPAÑOL, S.A.	BOARD MEMBER
MR ISIDRO FERNÁNDEZ BARREIRO	CORPORACIÓN FINANCIERA ALBA, S.A.	2 ND DEPUTY CHAIRMAN
MR EDUARDO PARAJA QUIRÓS	METROVACESA, S.A.	CEO
MR EUGENIO RUIZ-GÁLVEZ PRIEGO	EBRO FOODS, S.A.	BOARD MEMBER
MR EUGENIO RUIZ-GÁLVEZ PRIEGO	CORPORACIÓN FINANCIERA ALBA, S.A.	BOARD MEMBER
MR PEDRO GUERRERO GUERRERO	BANKINTER, S.A.	CHAIRMAN

B.1.9 Please specify whether the Company has established rules concerning the number of boards on which its directors can hold seats, providing details if applicable:

NO

B.1.10 In relation to recommendation number 8 of the Unified Code, please indicate the general policies and strategies of the Company reserved for approval by the board at its plenary sessions:

Investment and financing policy	YES
Definition of group structure	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
Strategic or business plan, annual management goals and budget	YES
Senior management remuneration policy and performance evaluation	YES
Risk control and management policy, as well as regular monitoring of internal reporting and control systems	YES
Policy on dividends and own shares portfolio, particularly the limits thereof	YES

B.1.11 Please complete the following tables with details of the aggregate remuneration accrued by board members during the year:

a) In the Company subject to this report:

Remuneration item	Amount in thousands of Euros
Fixed remuneration	971
Variable remuneration	400
Allowances	874
Statutory benefits	0
Share options and/or other financial instruments	0
Other	16
Total	2,261

Other benefits	Amount in thousands of Euros
Advances	0
Loans extended	0
Pension funds and plans: contributions	0
Pension funds and plans: obligations undertaken	0
Life insurance premiums	37
Guarantees extended by the Company on behalf of board members	0

b) Due to board members sitting on the boards of directors and/or holding senior management positions in other Group companies:

Remuneration item	Amount in thousands of Euros
Fixed remuneration	0
Variable remuneration	0
Allowances	0
Statutory benefits	0
Share options and/or other financial instruments	0
Other	0
Total	0

Other benefits	Amount in thousands of Euros
Advances	0
Loans extended	0
Pension funds and plans: contributions	0
Pension funds and plans: obligations undertaken	0
Life insurance premiums	0
Guarantees extended by the Company on behalf of board members	0

c) Total remuneration by type of member:

Type of member	From the Company	From the Group
Executive members	1,557	0
Proprietary external members	448	0
Independent external members	212	0
Other external members	44	0
Total	2,261	0

d) Compared to profit attributable to the parent company:

Total remuneration of board members (in thousands of Euros)	2,261
Total remuneration of board members as a percentage of profit attributable to the parent company	1.4

B.1.12 Please identify senior management personnel who are not executive board members, and their total remuneration accrued during the year:

Name	Position
MR FERMÍN SANZ SERRANO	HEAD OF RISK MANAGEMENT
MR LEONARDO EZEQUIEL GUTIÉRREZ	HEAD OF TECHNOLOGY LINE OF BUSINESS
MR LUIS JAVIER ORO PRADER	HEAD OF SECURITIES LOGISTICS AND CASH MANAGEMENT
MR JOSÉ ANTONIO LASANTA LURI	HEAD OF STRATEGY AND GROWTH FOR ASIA
MR ANTONIO RUBIO MERINO	CFO
MR JORGE OÑORO MEDRANO	DIRECTOR OF CORPORATE DEVELOPMENT
MR GONZAGA HIGUERO ROBLES	REGIONAL DIRECTOR SOUTH LATIN AMERICA
MR FRANCISCO JAVIER POVEDA GIL	DIRECTOR OF INTERNAL AUDIT
MR JUAN MARÍA DE MORA NARVÁEZ	DIRECTOR OF HUMAN RESOURCES
MR GUILLERMO RUIZ SAN JUAN	DIRECTOR NORTH LATIN AMERICA
MR RODRIGO ZULUETA GALILEA	CHAIRMAN FOR LATIN AMERICA
MS SAGRARIO FERNÁNDEZ BARBÉ	HEAD OF LEGAL ADVISORY
MR FABIÁN BLANCO ORTIZ	SALES DIRECTOR
MR MIGUEL ÁNGEL BANDRÉS GUTIÉRREZ	HEAD OF STRATEGIC RESOURCES
MR ALEJANDRO COROMINAS MENÉNDEZ	REGIONAL DIRECTOR SPAIN
MR FEDERICO AUGUSTO MEEUS RAMÍREZ	HEAD OF ACTIVE SURVEILLANCE LINE OF BUSINESS
MR JAVIER TABERNEIRO DA VEIGA	REGIONAL DIRECTOR EUROPE
MR AGUSTÍN GONZÁLEZ TUÑÓN	HEAD OF IT

Total senior management remuneration (in thousands of Euros)	3,139
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B.1.13 Please identify the total amount of any guarantee or golden parachute clauses for situations of dismissal or change of control set forth in the contracts of senior management of the Company or Group, including executive board members. Please specify whether the governing bodies of the Company or Group must be notified of and/or approve these agreements:

Number of beneficiaries	0
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	Board of directors	Annual General Meeting
Body authorising the clause	YES	NO

Are the shareholders notified of the clauses at their General Meeting?	NO
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B.1.14 Please explain the process followed to establish remuneration for members of the board of directors and the relevant clauses in the by-laws.

Process to determine remuneration for members of the board of directors and relevant clauses in the by-laws

Pursuant to article 22 of the Company by-laws, the position of board member is remunerated. The board members' remuneration shall consist of a fixed annual allowance, as well as expenses for attending each session of the administrative body of the Company and its Committees. The remuneration that the Company may pay its board members as a whole must not exceed the maximum amount decided upon for this purpose by the shareholders at the Annual General Meeting, and said amount shall remain in force until amended. The determination of the exact amount payable within these limits and its distribution among the various board members is decided by the board of directors, at the proposal of the Appointments and Remuneration Committee.

Article 28 of the Company's board regulations stipulates that board members shall be entitled to the remuneration established by the board of directors, in accordance with statutory provisions and the indications of the Appointments and Remuneration Committee. However, section 2 of the aforementioned article stipulates that the board must ensure that director remuneration be kept in line with market requirements and, where appropriate, that a part thereof be linked to the Company's performance.

Moreover, pursuant to article 5.3 of the Company's board regulations, the board has the power directly to approve the system and annual amount of board member remuneration as a whole, provided it is within the limits set forth in the Company by-laws. The amount to be paid to the board members as such must be set without including the salaries and other benefits in kind paid to the executive directors, which must be submitted to the board of directors for consideration on a case-by-case basis.

Finally, pursuant to article 17 2.d) of the board regulations, it is the responsibility of the Appointments and Remuneration Committee to propose to the board of directors the system for board member remuneration and the annual amount thereof. Likewise, in accordance with section 2.e) of the aforementioned article, the Committee must periodically review the remuneration systems, assessing their suitability and performance.

Please specify whether at its plenary sessions the board has reserved approval of the following decisions:

On proposal by the first executive of the Company, the appointment and possible removal of senior management, as well as their indemnity clauses.	YES
Remuneration of board members, as well as, in the case of executive members, additional remuneration for executive functions and any other conditions included in their contracts.	YES

B.1.15 Please specify whether the board of directors approves a detailed remuneration policy, and identify any issues on which it issues an opinion:

YES

Fixed amounts, with their breakdown if applicable, paid for participation in the board and its committees, and estimate of annual fixed remuneration, as applicable.	YES
Variable remuneration items	YES
Main characteristics of benefits, estimated amount thereof or equivalent annual cost.	YES
Conditions to be included in the contracts of members who hold senior management positions as executive members.	YES

B.1.16 Please specify whether the board presents a report (for consultation purposes) on the policy for remuneration of board members to the shareholders to vote on as a separate item on the agenda at their General Meeting. If so, please explain the aspects of the report related to the remuneration policy approved by the board for future years, the most significant changes in these policies compared to the policy applied during the year and a global summary of how the remuneration policy was applied during the year. Please detail the role played by the Remuneration Committee, specify whether external advisory services were used and, if so, provide the identity of the external advisors consulted:

YES

Issues considered in the remuneration policy

The annual report on the directors' remuneration policy sets forth the policy for the current year or, where applicable, future years, as well as explaining how the policy was applied during the previous year. This report is made available to shareholders at the same time as the publication of the Company's notice of the Annual General Meeting, and shareholders have a right to examine this document and obtain a copy at the Company's registered offices, or to request that a copy be issued to them immediately and free of charge.

Role of the Remuneration Committee

- To report to the board of directors on the remuneration policy and to propose the payment method and amount of annual board member remuneration.
- To review the remuneration programmes, assessing their suitability and performance.
- To ensure the transparency of board member remuneration.

Were external advisory services used?

Identification of external consultants

B.1.17 Please identify any board members who are also board members, management personnel or employees of companies with significant interests in the listed Company and/or other Group companies:

Name of member	Name of significant shareholder	Position
MS HELENA IRENE REVOREDO	GUBEL, S.L.	CHAIRWOMAN AND CEO
MR ISIDRO FERNÁNDEZ BARREIRO	CORPORACIÓN FINANCIERA ALBA, S.A.	2 ND DEPUTY CHAIRMAN
MR CHRISTIAN GUT REVOREDO	GUBEL, S.L.	BOARD MEMBER
MS CHANTAL GUT REVOREDO	GUBEL, S.L.	BOARD SECRETARY
MS MIRTA MARÍA GIESO CAZENAVE	AS INVERSIONES, S.L.	CHAIRWOMAN AND CEO

Please detail any relevant relationships, other than those disclosed in B.1.17 above, between members of the board of directors and significant shareholders in the Company and/or Group companies:

Name of the related board member

MS HELENA IRENE REVOREDO DELVECCHIO

Name of the related significant shareholder

GUBEL, S.L.

Description of relationship

SHAREHOLDER WITH SOLE CONTROL

Name of the related board member

MR CHRISTIAN GUT REVOREDO

Name of the related significant shareholder

GUBEL, S.L.

Description of relationship

SHAREHOLDER WITH MINORITY NON-CONTROLLING INTEREST

Name of the related board member

MS CHANTAL GUT REVOREDO

Name of the related significant shareholder

GUBEL, S.L.

Description of relationship

SHAREHOLDER WITH MINORITY NON-CONTROLLING INTEREST

Name of the related board member

MS MIRTA MARÍA GIESO CAZENAVE

Name of the related significant shareholder

AS INVERSIONES, S.L.

Description of relationship

SHAREHOLDER WITH SOLE CONTROL

B.1.18 Please specify whether the board regulations were amended during the year:

NO

B.1.19 Please specify the procedures for appointment, re-election, assessment and removal of board members: the competent bodies, steps to follow and criteria applied in each procedure.

Appointment

The Company by-laws stipulate that the board of directors must have a minimum of five and a maximum of 15 members,

in accordance with Recommendation 9 of the Unified Code of Good Governance, and that they must be appointed by the shareholders at the General Meeting. Provisionally, the board of directors, in accordance with the provisions of the Spanish Company Act and the Company by-laws, may cover existing vacancies by co-option.

The appointment of Company board members is, as a general rule, subject to approval by the shareholders at their General Meeting. Only under exceptional circumstances, when it becomes necessary to do so due to vacancies having arisen since the General Meeting, may action be taken in accordance with the provisions of the Spanish Company Act to appoint by co-option, seeking ratification at the first General Meeting held subsequently.

Furthermore, proposals for appointments of board members must be submitted in accordance with the Company's board regulations, and be preceded by the corresponding report from the Appointments and Remuneration Committee.

In accordance with its delegated powers, the Appointments and Remuneration Committee must report objectively and with due regard for the Company's interests, the proposals for the appointment, re-election and removal of Company board members, determining whether the candidates chosen to fill the vacancies have the necessary skills, knowledge and experience.

In accordance with the board regulations, when submitting proposals to the shareholders at their General Meeting or using co-option to fill vacancies, the board of directors must ensure that external directors outnumber executive directors, reducing the number of the latter to the minimum necessary in view of the complexity of the Company.

Proposals for the re-election of board members that the board of directors chooses to submit to the shareholders at their General Meeting must be made by means of a formal procedure. This procedure must include a report from the Appointments and Remuneration Committee, which assesses the quality of the work of the proposed members and their dedication as board members during their previous term of office.

Finally, the board of directors and the Appointments and Remuneration Committee must, within the scope of their competencies, ensure that candidates for election, particularly those chosen to fill the position of independent board member pursuant to article 8 of the board regulations, are persons of recognised solvency, competence and experience.

Re-election

Board members are appointed for a period of three years, and may be re-elected one or more times for periods of equal duration.

Notwithstanding the above, independent directors may not hold their position for more than 12 consecutive years unless their status changes to that of proprietary, executive or other external board member.

As with proposals for appointment, proposals for the re-election of board members that the board of directors chooses to submit to the shareholders at their General Meeting must be made by means of a formal procedure. This procedure includes submission of a report from the Appointments and Remuneration Committee assessing the quality of the work of the proposed members and their dedication as board members during their previous term of office.

Assessment

Pursuant to the provisions of the board regulations, the chair must organise and coordinate the periodic assessment of the board and, where appropriate, of the CEO, with the chairmen of the Appointments and Remunerations Committee and the Audit Committee.

Dismissal or Removal

Board members must vacate their posts when the term for which they were appointed has elapsed, or when the shareholders at their General Meeting or the board of directors so decide, pursuant to the powers legally or statutorily conferred upon them. However, the board of directors may not propose the removal of any independent directors unless they fail to fulfil their duties, and only when the Appointments and Remuneration Committee issues a report to that effect.

B.1.20 Please specify the situations in which board members are required to resign:

As established in article 24.2 of the board regulations, members must tender their resignation and formally resign when requested to do so by the board, if any of the following situations applies:

- a) Whenever they relinquish the executive posts with which their appointment as board member was associated.
- b) Whenever they become involved in any of the legally defined cases of incompatibility or prohibition.
- c) Whenever they are put on trial for an allegedly criminal deed or are subject to disciplinary proceedings for a serious or very serious misdemeanour heard by the supervisory authorities.
- d) When they receive a severe admonishment from the Audit Commission for breach of duty as board members.
- e) When their continued membership of the board may jeopardise the interests of the Company, or when the grounds on the basis of which they were appointed cease to be valid [for example, when board members representing significant shareholders sell their shares in the Company].

B.1.21 Please specify whether the first executive function in the Company is held by the member who chairs the board of directors. If so, please explain the measures taken to limit the risk of powers being held by one single person:

NO

State and, where appropriate, explain whether there are any rules in place to allow an independent director to request that a board meeting be convened, or new items included on the agenda in order to coordinate and reflect the concerns of the external board members and to guide the assessment made by the board of directors:

YES

Explanation of the rules

Pursuant to article 10.3 of the board regulations, the board of directors may empower an independent board member to carry out the following duties: (i) to request that the chair of the board of directors call a board meeting; (ii) to request that the chair of the board of directors include new items in the agenda; (iii) to coordinate and inform the chair of the board of directors of the concerns of the external board members; and (iv) to guide the assessment made by the board of directors with respect to the work performed by the chair of the board.

The board of directors has not expressly empowered any independent board member to carry out the aforementioned duties.

B.1.22 Are qualified majorities other than those established by law necessary for any specific decision?

NO

Please explain how resolutions are passed by the board of directors, specifying at least the minimum quorum of members present and the majorities required for resolutions to be passed:

Description of the agreement:

All agreements

Quorum	%
Personal or proxy attendance of half of all board members plus one	51.00

Type of majority	%
Resolutions shall be adopted by an absolute majority of votes cast by the board members in attendance physically or by proxy, except in cases where the approval of a larger number of board members is legally required in order for certain agreements to be valid.	51.00

B.1.23 Please state whether there are any specific requirements, other than those relating to board members, for appointment to chair of the board.

NO

B.1.24 Please specify whether the Chairwoman has a casting vote:

YES

Matters subject to a casting vote

Pursuant to article 23.6 of the Company by-laws, unless there are legal provisions to the contrary, resolutions shall be adopted by a majority vote by the board members in attendance at the board meeting. The vote of the chair of the board of directors shall be a casting vote in the event of a tie.

B.1.25 Please specify whether the by-laws or the board regulations establish any limit as to the age of board members:

NO

Age limit for chair	Age limit for CEO	Age limit for member
0	0	0

B.1.26 Please specify whether the by-laws or the board regulations establish any limit to the mandate of independent members:

YES

Maximum number of years of mandate	12
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B.1.27 If the number of female members is low or zero, please explain the reasons for this situation and the steps taken to change it.

Please specify whether the Appointments and Remuneration Committee has established procedures so that recruitment processes are not implicitly biased in a way that hinders the selection of female members, and so that female candidates fulfilling the required profile are deliberately sought:

YES

Please specify the main procedures
Pursuant to article 17 of the regulations of the board of directors, the responsibilities of the Appointments and Remuneration Committee include informing the board of directors on issues relating to gender diversity, should this be deemed necessary in light of the composition of the board of directors.

B.1.28 Please specify whether there are any formal processes whereby members of the board of directors can vote by proxy. If so, please provide a brief explanation.

Article 23 of the Company by-laws establishes that absent members may be represented at board meetings by another board member by means of a written delegation that must endeavour, as far as possible, to contain voting instructions.

Pursuant to article 19 of the regulations of the board of directors, board members must make every possible effort to attend the sessions of the board or, if they cannot do so in person, to ensure that the proxy representation they confer upon another member of the board corresponds to a director pertaining to the same group, and includes appropriate instructions

B.1.29 Please specify the number of meetings held by the board of directors during the year and, if applicable, the number of times that the board met without the Chairwoman being present.

Number of board meetings	6
Number of meetings of the board without the Chairwoman being present	0

Please specify the number of meetings held by the different board committees during the year:

Number of meetings of the Executive or Delegate Committee	11
Number of meetings of the Audit Committee	7
Number of meetings of the Appointments and Remuneration Committee	2
Number of meetings of the Appointments Committee	0
Number of meetings of the Remuneration Committee	0

B.1.30 Please specify the number of meetings held by the board of directors during the year in which some of its members were not present. For the calculation, proxies given without any specific instructions should be considered as non-attendance:

Number of member absences in the year	2
Absences as a percentage of total votes during the year	2.500

B.1.31 Please specify whether the individual and consolidated annual accounts submitted to the board for approval are previously certified:

YES

Please specify, if applicable, the person/s who certified the individual and consolidated annual accounts of the Company for authorisation for issue by the board:

Name	Position
MR CHRISTIAN GUT REVOREDO	CHIEF EXECUTIVE OFFICER

B.1.32 Please explain any mechanisms established by the board of directors to prevent the individual and consolidated annual accounts prepared by the board from being submitted to the shareholders at their General Meeting with a qualified audit opinion.

The Company's senior financial management team has strict controls in place to ensure that the individual and consolidated accounts are drawn up in accordance with generally accepted accounting principles in Spain and with IFRS. All Prosegur companies are audited by a single auditor: KPMG Auditores, S.L.

One of the Audit Committee's duties is to liaise with the external auditors. This includes ensuring that the opinion of the audit report on the annual accounts does not contain any qualifications, and holding the appropriate conversations with the external auditors when the accounts are being authorised for issue.

Article 44 of the board regulations establishes that the board of directors must endeavour to prepare the final accounts so as to avoid a qualified opinion by the auditor. However, when the board considers that it must adhere to its judgement, it must publically explain the content and scope of the discrepancy.

B.1.33 Is the Secretary of the board a director?

NO

B.1.34 Please explain procedures for appointment and removal of the Secretary of the board, specifying whether said appointment and removal are based on a report by the Appointments Committee and approved by the board in full.

Appointment and removal procedure

Under article 21 of the Company by-laws, the board of directors must appoint a Secretary who may or may not be a board member. Likewise, article 12.4 of the board regulations establishes that the appointment and removal of the Secretary must be reported by the Appointments and Remuneration Committee and approved by the board of directors in full.

Does the Appointments Committee issue reports on appointments?	YES
Does the Appointments Committee issue reports on removals?	YES
Are appointments approved by the board in plenary session?	YES
Are removals approved by the board in plenary session?	YES

Is it the duty of the Secretary of the board to take particular care of good governance recommendations?

YES

Remarks

Pursuant to article 12.3 of the board regulations, the Secretary of the board must ensure that all actions and resolutions by the board and its Committees are legal in subject and in form, and that governance rules and procedures are observed and regularly reviewed. The Secretary shall also ensure that the actions of the board comply with Company by-laws, the regulations of the General Meeting and the board and good corporate governance practices.

B.1.35 Please specify any mechanisms established by the Company to ensure the independence of its auditor, financial analysts, investment banks and rating agencies.

The Audit Committee works to ensure that the independence of the external auditors is maintained, and may request their presence at board meetings whenever considered necessary.

Article 44 of the board regulations establishes that the board of directors must not use the services of auditing firms for whom the total fees expected to be paid by Prosegur exceed five per cent of the auditing firm's total income in the previous year. The board must also publicly report the total fee paid by Prosegur to the auditors for any non-audit services rendered.

As yet there is no established procedure for guaranteeing the independence of financial analysts and investment banks, although Prosegur has always dealt with them in a transparent manner and its criteria have always been based on principles of professionalism, solvency and independent judgement.

This point does not apply to rating agencies as Prosegur has no relationship with them.

B.1.36 Please specify whether the Company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:

NO

Outgoing auditor	Incoming auditor

If there were any disagreements with the outgoing auditor, please provide an explanation:

NO

B.1.37 Please specify whether the audit firm provides any non-audit services to the Company and/or its Group and, if so, the fees paid and the corresponding percentage of total fees invoiced to the Company and/or Group:

YES

	Company	Group	Total
Amount for non-audit services (thousands of Euros)	0	1,009	1,009
Amount for non-audit services/total amount billed by the audit firm (%)	0.000	48.000	48.000

B.1.38 Please specify whether the auditors' report on the prior year's annual accounts contains a qualified opinion or reservations. If so, please explain the reasons given by the chair of the Audit Committee to explain the content and extent of the aforementioned qualified opinion or reservations.

NO

B.1.39 Please indicate the number of years for which the current audit firm has been auditing the annual accounts of the Company and/or Group. Please also specify the number of years audited by the current audit firm as a percentage of the total number of years that the annual accounts have been audited:

	Company	Group
Number of consecutive years	2	2

	Company	Group
Number of years audited by the current audit firm/ number of years that the Company has been audited (%)	10.0	10.0

B.1.40 Please provide details, to the extent that they are known to the Company, of any interests held by the members of the board of directors in companies with identical, similar or complementary statutory activities to those of the Company or Group. Please also specify the positions or duties held by the members in question in these companies:

B.1.41 Please specify whether there is a procedure whereby board members can contract external advisory services, and provide details if applicable:

YES

Explanation of procedure

Article 27 of the board regulations establishes that, to obtain appropriate information and advice regarding the exercise of their duties, board members may ask the Company to engage legal, accounting or financial advisors or any other experts. This engagement must focus on specific, relevant and complex problems that may arise in the performance of the duties of a board member.

The Chairwoman must be notified of the decision to engage external advisory services, and the board may veto this decision if it is proven that:

- (a) the board does not require any external advice for the proper performance of the duties designated to external members;
- (b) the related cost is not reasonable considering the importance of the problem and the Company's assets and revenues; or
- (c) the technical assistance required can be suitably provided by the Company's own experts and technical personnel.

B.1.42 Please specify whether there is a procedure for providing information to board members to allow them to prepare for meetings of administration bodies with sufficient notice. If so, explain the procedure:

YES

Explanation of procedure

Pursuant to article 18.2 of the board regulations, unless expressly otherwise specified by the chair, meetings of the board of directors must be announced with at least three days' notice. The notice announcement must always include the agenda of the meeting and be accompanied by the relevant information, duly summarised and prepared.

Furthermore, article 12 of the board regulations expressly requires the Secretary to provide board members with the necessary advice and information to ensure the correct functioning of the board.

Article 26 of the board regulations also establishes that any board member has ample authority to obtain information on any issue related to the Company, to examine the books, records, documents and any other background details on the Company's transactions, and to inspect the Company's facilities. This right of information extends to the subsidiary companies, whether Spanish or foreign.

B.1.43 Please specify whether the Company has established rules whereby board members must provide information on any circumstances that may damage the Company's standing and reputation and, if necessary, resign.

YES

Explanation of rules

In accordance with article 24.2 of the board of directors' regulations, board members must tender their resignation to the board of directors and, if it is accepted, resign when their continued membership of the board could undermine the interests of the Company.

B.1.44 Please specify whether any member of the board of directors has notified the Company that he or she has been tried, or notified that judiciary proceedings have been filed, for any offences established in section 124 of the Spanish Companies Act.

NO

Please explain whether the board of directors has examined the case. If so, please explain and provide reasons for the decision taken as to whether the board member in question should continue in his or her position.

NO

Decision taken	Reasoned explanation

B.2 Committees of the board of directors

B.2.1 Please provide details of all committees of the board of directors and their membership:

EXECUTIVE OR DELEGATE COMMITTEE

Name	Position held	Category
MS HELENA IRENE REVOREDO DELVECCHIO	CHAIRWOMAN	EXECUTIVE
MS CHANTAL GUT REVOREDO	BOARD MEMBER	PROPRIETARY
MR CHRISTIAN GUT REVOREDO	BOARD MEMBER	EXECUTIVE
MR EUGENIO RUIZ-GÁLVEZ PRIEGO	BOARD MEMBER	OTHER EXTERNAL
MR ISIDRO FERNÁNDEZ BARREIRO	BOARD MEMBER	PROPRIETARY
MR PEDRO GUERRERO GUERRERO	BOARD MEMBER	INDEPENDENT

AUDIT COMMITTEE

Name	Position held	Category
MR EUGENIO RUIZ-GÁLVEZ PRIEGO	CHAIRMAN	OTHER EXTERNAL
MS CHANTAL GUT REVOREDO	BOARD MEMBER	PROPRIETARY
MR ISIDRO FERNÁNDEZ BARREIRO	BOARD MEMBER	PROPRIETARY
MR PEDRO GUERRERO GUERRERO	BOARD MEMBER	INDEPENDENT

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position held	Category
MR PEDRO GUERRERO GUERRERO	CHAIRMAN	INDEPENDENT
MS CHANTAL GUT REVOREDO	BOARD MEMBER	PROPRIETARY
MR ISIDRO FERNÁNDEZ BARREIRO	BOARD MEMBER	PROPRIETARY

B.2.2 Please indicate whether the audit committee assumes the following functions:

Supervision of the process of preparation and the completeness of financial information relating to the Company and, where appropriate, the Group, reviewing compliance with regulatory requirements, the proper scope of the consolidated Group and the correct application of accounting principles.	YES
Regular review of the internal control and risk management systems, to ensure that the main risks are properly identified, managed and reported.	YES

Verification that the internal audit area is both independent and efficient; proposal of the selection, appointment, re-election and dismissal of the head of the internal audit area; proposal of the budget for this area; receipt of regular information on its activities; and verification that senior management considers the conclusions and recommendations contained in its reports.	YES
Implementation and supervision of a mechanism whereby employees can report confidentially, and anonymously where appropriate, any potentially significant irregularities they detect in the Company, especially those of a financial or accounting nature.	YES
Submission of proposals to the board for the selection, appointment, re-election and replacement of the external auditor, as well as the contractual terms under which this auditor is hired.	YES
Regular receipt of information from the external auditor regarding the audit plan and the results of its implementation, and verification that senior management takes its recommendations into account.	YES
Confirmation that the external auditor is independent.	YES
In the case of groups, encouraging the assumption of responsibility by the group auditor for the audit of group companies.	YES

B.2.3. Please describe the organisational and operational regulations and responsibilities assigned to each board committee.

Committee name

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

a) Regulation.

Article 26 of the by-laws and article 17 of the board regulations.

b) Composition.

The Appointments and Remuneration Committee must comprise a minimum of three (3) and a maximum of five (5) board members. The chairman should always be an independent director.

c) Operation.

The Appointments and Remuneration Committee may regulate its own activity, in the absence of specific regulations, using the operating regulations established for the board of directors, provided that these are compatible with the nature and function of the Committee.

The Appointments and Remuneration Committee shall meet every time the board of directors or the chairman of the board requests that a report be issued or proposals adopted, and whenever necessary to fulfil its duties correctly.

It must meet at least once a year to prepare information on directors' remuneration, which the board of directors has to approve and include in the annual reports issued.

d) Competencies.

The Appointments and Remunerations Committee has the following basic responsibilities:

a) Prepare and review the criteria for the composition of the board of directors and the selection of candidates; report on proposed appointments of Company/subsidiary directors and senior management, assessing the skills, knowledge and experience required to fill the vacancies. Any director may recommend possible candidates to the Committee to cover vacancies.

b) Submit to the board proposals concerning director appointments so that it can either directly elect (co-opt) the director or issue its own proposal for the candidate in question to the shareholders for approval at their meeting;

c) Propose the members of each committee to the board;

d) Propose to the board of directors the payment system and amount of the directors' annual remuneration;

e) Regularly review the remuneration programmes, considering their suitability and performance;

f) Ensure the transparency of director and senior management remuneration and, in the case of the latter, submit the basic conditions of their contracts to the board;

g) Report on transactions that represent or could involve conflicts of interest and, in general, on the matters covered in chapter IX of these regulations;

h) Study or organise, when applicable and when so required by the board of directors, the successor to the chairman, making the corresponding proposals and issuing the appropriate reports;

- i) Report to the board on questions relating to gender diversity, if considered necessary in light of the composition of the board of directors.

Committee name

EXECUTIVE OR DELEGATE COMMITTEE

Brief description

a) Regulation.

Article 25 of the by-laws and article 15 of the board regulations.

b) Composition.

The Executive Committee must comprise a minimum of three (3) and a maximum of seven (7) board members.

The chairman of the board of directors shall also chair the Executive Committee.

Executive Committee member appointments shall require the favourable vote of at least two thirds of the directors on the board.

The Secretary to the board of directors shall also be the Secretary to the Executive Committee.

c) Operation.

The Executive Committee shall meet whenever the chairman calls a meeting and, in the absence of specific regulations, shall use the operating regulations established for the board of directors, provided that these are compatible with the nature and function of the Committee.

The Executive Committee shall hold at least seven ordinary sessions a year.

When the chairman or three Executive Committee members consider that a matter is sufficiently significant, Executive Committee agreements shall be submitted to the full board for ratification. The same shall apply to matters that the board has referred to the Executive Committee for consideration, while reserving the final decision on these. In all other cases, Executive Committee agreements shall be valid and binding without the need for ratification by the full board.

d) Responsibilities.

The Executive Committee enjoys the widest powers of representation, administration, management and disposal. In general, it enjoys all the powers held by the board of directors, except for those which cannot be delegated due to prevailing legislation, the Company's by-laws or the board of directors' regulations.

e) Relations with the board of directors.

The Executive Committee shall inform the board on a timely basis of the matters discussed and the decisions adopted at its meetings, as well as providing the board with a copy of the minutes of these meetings.

Committee name

AUDIT COMMITTEE

Brief description

a) Regulation.

Article 27 of the by-laws and article 16 of the board regulations.

b) Composition.

The Audit Committee shall comprise a minimum of three (3) and a maximum of five (5) board members, and must always include a majority of non-executive directors appointed by the board of directors at the proposal of the Appointments and Remuneration Committee. At least one must be an independent director, and his/her knowledge of and experience in accounting and/or audit matters shall be considered at the time of appointment.

The board of directors must appoint one of the non-executive directors to act as chairman of the Audit Committee, who must be replaced every four years, although may be re-elected after one year has elapsed from the date he/she ceased to hold the role.

The Audit Committee shall appoint a secretary, who shall draw up the minutes of its agreements. The Audit Committee shall appoint its own secretary, who is not required to be an Audit Committee member or a director.

c) Operation.

The Audit Committee may regulate its own activity, using, in the absence of specific regulations, the operating regulations established for the board of directors.

It must hold at least four (4) ordinary sessions a year, and shall hold extraordinary meetings whenever the board of directors or the chairman of the board requests that a report be issued or proposals adopted, and whenever so required to fulfil its duties correctly.

Any member of the senior management team or any Company employee whose presence is required at Committee meetings is obliged to attend, and must offer their full collaboration and access to any information in their possession.

The Committee may also insist that the auditors attend meetings.

d) Responsibilities.

The Audit Committee has the following basic responsibilities:

- a) Respond to any questions raised by shareholders at their general meeting on matters which fall within its remit.
- b) Propose the appointment of the auditor to the board for submission to the shareholders at their general meeting, in accordance with applicable legislation.
- c) Supervise the efficiency of the Company's internal controls, internal audit and risk management systems, and discuss with the auditor any significant weaknesses detected in the internal control system as a result of their work.
- d) Supervise the preparation and presentation of mandatory financial reports.
- e) Liaise with the auditors of the annual accounts to receive information on matters which could jeopardise their independence, as well as any other issues related to the audit process. Maintain all other communications required by audit legislation and technical standards governing the audit profession. Each year the Audit Committee should receive written confirmation from the auditors of their independence in respect of the Company and directly or indirectly related parties, as well as information on any additional services of whatever type provided by the auditor or by persons or related parties, in accordance with legislation governing the audit of accounts.
- f) Each year, prior to the issuing of the auditor's report, publish a report providing an opinion on auditor independence. This report should in all cases conclude on any additional services provided as described in e) above.
- g) Assess the contract signed for services rendered by the Company's auditors, the proposal and their fees.
- h) Perform any other duties that the board regulations expressly delegate to the Audit Committee.

B.2.4 Please indicate the advisory and consulting functions and any delegated powers corresponding to each of the committees:

Committee name

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

Consultation and control committee

Committee name

EXECUTIVE OR DELEGATE COMMITTEE

Brief description

Corporate body with a general decision-making capacity and the express delegation of all the powers inherent to the board of directors, except for those which, in accordance with prevailing legislation or the Company's by-laws, cannot be delegated.

Committee name

AUDIT COMMITTEE

Brief description

Consultation and control committee

B.2.5. Please indicate, where applicable, the existence of any regulations governing board committees, where these regulations may be consulted and any amendments made to them during the year. Please also state whether any annual reports on the activities of each committee have been voluntarily prepared.

Committee name

APPOINTMENTS AND REMUNERATION COMMITTEE

Brief description

The organisation and operation of the board of directors committees are regulated in the by-laws, and specifically in the board regulations, which are available for consultation on the Company's website and on the website of the Spanish Securities Market Commission.

Committee name

EXECUTIVE OR DELEGATE COMMITTEE

Brief description

The organisation and operation of the board of directors committees are regulated in the by-laws, and specifically in the board regulations, which are available for consultation on the Company's website and on the website of the Spanish Securities Market Commission.

Committee name

AUDIT COMMITTEE

Brief description

The organisation and operation of the board of directors committees are regulated in the by-laws, and specifically in the board regulations, which are available for consultation on the Company's website and on the website of the Spanish Securities Market Commission.

B.2.6 Please indicate whether the composition of the Executive Committee reflects the participation of the various board members on the board by type:

YES

C - RELATED-PARTY TRANSACTIONS

C.1. Please state whether the approval - following a favourable report by the Audit Committee or other committee entrusted with this task - of transactions performed by the Company with directors, significant shareholders or shareholders represented on the board, or with persons related to any of the above, is reserved for the board in plenary session:

YES

C.2. Please describe relevant transactions involving a transfer of resources or obligations between the Company or entities within its Group and the Company's significant shareholders:

Name of significant shareholder	Name of company or group entity	Nature of relationship	Type of transaction	Amount (in thousands of Euros)
GUBEL, S.L.	PROACTINMO, S.L.	COMMERCIAL	Leases	1,267
CORPORACIÓN FINANCIERA ALBA, S.A.	BANCA MARCH, S.A.	COMMERCIAL	Services rendered	2,557

C.3. Please describe any relevant transactions which involve a transfer of resources or obligations between the Company or entities within its Group and the directors or management personnel of the Company:

C.4. Please describe relevant transactions carried out by the Company with other companies belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not (in terms of their purpose and conditions) form part of the Company's ordinary business activities.

C.5. Please state whether the members of the board of directors have been in any situation during the year which is regarded as a conflict of interests pursuant to the provisions of Article 127.3 of the Spanish Companies Act.

NO

C.6. Please describe the mechanisms in place to detect, determine and resolve potential conflicts of interests between the Company and/or its Group and its directors, management personnel or significant shareholders.

The board regulations of Prosegur Compañía de Seguridad, S.A. establish certain mechanisms for the detection, identification and resolution of possible conflicts of interests with respect to directors:

-Reporting obligations: the directors are required by Article 38 of the aforementioned regulations to inform the Company of all positions held and activities performed by them in other companies or entities and, in general, of any fact or situation which may be relevant to their duties as directors of the Company.

-Abstention obligations: the directors are required by Article 33 of the board regulations to refrain from attending and participating in deliberations on matters in which they have a personal interest. For these purposes, a director is also considered to have a personal interest when the matter in question affects a member of his/her family or a company in which he/she occupies a management position or owns a significant shareholding. Similarly, the aforementioned article stipulates that the directors may not, whether directly or indirectly, undertake any professional or commercial transactions with the Company unless they have first reported the conflict of interest and the board has approved the transaction in question, following a report by the appointments and remuneration committee and regulatory compliance area.

With regard to significant shareholders, article 39 of the board regulations stipulates that the board is responsible for examining any transactions carried out by the Company with a significant shareholder and/or any other related party, as defined by applicable legislation. No transaction may be authorised without the appointments and remuneration Committee having first issued a report, in which it assesses the transaction with respect to the equal treatment of shareholders and market conditions.

C.7. Is there more than one Group company listed in Spain?

NO

Please name the listed subsidiaries:

D - RISK CONTROL SYSTEMS

D.1 General description of the Company's and/or Group's risk policy, detailing and assessing risks covered by the system together with the justification of the adequacy of these systems to the profile of each type of risk.

Prosegur has implemented, through various areas, an extensive risk control system. The Company analyses, evaluates and monitors all relevant factors that could affect its day-to-day management. In this way, it safeguards its assets and the interests of clients, employees and shareholders, contributing to improved development and encouraging greater confidence in the business.

Through its internal audit area, which adopts a systematic and thorough approach when assessing and improving risk management, control and governance processes, Prosegur guarantees that its risk control system is adequate and sufficient. The Company is exposed to financial, operational, regulatory and reputational risks.

1. Financial risks

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

The management of these risks is identified, proposed and carried out by the financial area, together with other Prosegur operating units, in accordance with policies approved by the executive committee.

1.1 Currency risk

Prosegur operates internationally and is therefore exposed to currency risk, specifically with respect to transactions carried out in the Argentine peso, Brazilian real, Chilean peso, Peruvian sol and, to a lesser extent, the Colombian peso,

the Mexican peso, the Uruguayan peso and the Paraguayan guaraní. Currency risk arises from futures transactions, equity invested in foreign operations, and operating income and financial positions denominated in a currency other than Prosegur's functional currency.

To control the exchange rates on these transactions, Prosegur uses the instruments that it considers most appropriate at each moment in time to offset and neutralise the risks related to monetary flows of receivables and payables, taking market forecasts into account.

Prosegur's established strategy is one of long-term permanence in the foreign markets in which it operates, and consequently it does not hedge investments in the equity of foreign operations, but instead assumes the risk of translating payables and receivables denominated in these currencies into Euros.

By contrast, the Company does use financial instruments and natural hedges to hedge results from foreign operations and cash surpluses in those currencies that contribute significantly to Prosegur's operating results.

1.2 Credit risk

Prosegur does not have significant concentrations of credit risk as it operates in a sector in which the percentage of defaulted payments is not significant. If clients have been independently rated then these ratings are used. Where no independent rating exists, the credit control area assesses the client's creditworthiness, taking into account its financial position, past experience and other factors. Individual credit limits are established based on internal and external ratings within the limits established by the financial area. The application of credit limits is subject to regular monitoring.

Prosegur has formal procedures in place to detect objective evidence of impairment of trade receivables. These procedures enable the Company to identify significant delays in payment, and to provide methods for estimating the potential impairment loss based on an individualised analysis by business area. At 31 December 2011 impairment of trade receivables amounts to Euros 51,235 thousand, and the trade receivables not included in this provision have sufficient credit ratings. This provision is therefore considered sufficient to cover the credit risk related to trade receivables.

Prosegur has contracted a securitisation programme for trade receivables through which it sells invoices without recourse. The credit risk transferred in this respect is subject to a limit of Euros 150,000 thousand.

1.3 Price risk

Because Prosegur's principal activity is a services business, based extensively on human capital, there are no significant risks relating to price volatility. Price collars were maintained during 2011 to limit the impact on costs resulting from the consumption of diesel by the armoured vehicle fleet.

1.4 Liquidity risk

Prudent management of liquidity risk requires maintaining sufficient cash and marketable securities, and the availability of adequate short, medium and long-term financing through committed credit facilities, so that Prosegur can meet its business objectives in a secure, efficient and timely manner. The corporate treasury department is responsible for maintaining the Group's liquidity and the availability of sufficient financing to ensure the smooth running of Prosegur's business operations.

Management monitors Prosegur's liquidity reserve provisions, which include available balances in credit facilities and cash and cash equivalents, based on expected cash flows.

1.5 Cash flow and fair value interest rate risks

Prosegur is exposed to interest rate risk due to the monetary assets and liabilities on its balance sheet, and this risk is subject to dynamic analysis. During 2011, Prosegur's financial liabilities at variable interest rates were primarily denominated in Euros.

Prosegur simulates a number of scenarios that take into account refinancing, the renewal of current positions, alternative financing and hedging operations. Based on these scenarios, Prosegur calculates the effect on results of a particular interest rate variation. The same variation in interest rates is used for all currencies in each simulation, and scenarios are only prepared for the most significant liabilities on which interest accrues at variable rates.

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

During 2011 Prosegur contracted interest rate swaps to obtain greater flexibility in the structure of fixed-term drawdowns.

2. Operational and regulatory risks

Prosegur's global risk management department continuously analyses all the Group's operations to detect, assess and manage all the risks that could derive from these activities.

Prosegur is aware of the positive impact that this control function has on its services, and therefore earmarks significant resources for this area. Its operations are subject to an ongoing audit process, which is both on-site and remote.

The global risk management department also participates actively in investigative and analytical activities relating to purchases from third parties.

Prosegur has created a global risk management council, already established in Europe and soon to be set up in Latin America. The role of this council is to control and provide assistance in relation to claims or disputes concerning cash management activity, helping to identify best practices and design procedures to minimise possible losses.

The global risk management council plays an essential role in the prevention of money laundering, and is responsible for the Company's AML (Anti-Money Laundering) unit in Spain. This unit has been established in accordance with legislation requiring Prosegur to implement control measures to prevent the transportation of funds being used for money laundering purposes. Through these initiatives, Prosegur has once again demonstrated its leadership in this area.

The global risk management department is also responsible for global management of the Company's quality and environmental policy.

The main objectives of Prosegur's quality and environmental policy are as follows:

- To ensure client satisfaction by rendering an excellent service which the Company continually strives to improve upon.
- To pursue its business activity in a manner that shows respect for the environment, human rights and the societies in which the Group operates.
- To raise awareness of good environmental practices among the Group's personnel, encouraging their application in both work and personal habits.

Finally, the insurance management department is responsible for transferring the Company's operational risks to the insurance market. Prosegur's insurance portfolio comprises different global and local programmes covering its assets, personnel, shareholders, activities and third parties.

3. Reputational risks

Prosegur's dealings with its main stakeholders are undertaken in strict compliance with the basic principles and standards included in the Code of Ethics and Professional Conduct, which has been approved by the board of directors.

As a listed company, Prosegur also has an Internal Code of Conduct (ICC) applicable to matters related to securities markets, the aim of which is to ensure strict compliance with the law.

Both are public documents and are available for consultation on the Company's website: www.prosegur.com.

The Group has a whistleblower hotline for the reporting of any irregular or inappropriate conduct that may constitute a breach of the guidelines set forth in the aforementioned documents.

D.2 Please specify whether any of the different kinds of risk (operational, technological, financial, legal, reputational or tax-related) that affect the Company and/or Group have occurred during the year:

NO

If so, please specify the circumstances that caused these and whether established control systems functioned correctly.

D.3 Please specify whether any committee or other governing body is responsible for establishing and supervising these control devices:

YES

If so, give details of its functions.

Name of the committee or body

AUDIT COMMITTEE

Description of functions

The functions delegated to the audit committee in this regard include the following:

- a) To respond to any queries raised at the shareholders' general meeting relating to areas that fall within its competence.
- b) To propose to the board of directors, for subsequent submission to the shareholders at their AGM, the appointment of the Company's auditors, in accordance with applicable legislation.

- c) To monitor the effectiveness of the Company's internal control system and internal audit and risk management systems, and to discuss with the auditors any significant internal control system weaknesses detected during the course of the audit.
- d) To oversee the preparation and presentation of statutory financial information.
- e) To liaise with the auditors in order to receive information on any issues that could jeopardise their independence and on any other issues related to the audit, and to receive information from and maintain contact with the auditors as foreseen in audit legislation and technical regulations governing the audit profession. The audit committee shall, in any case, receive annual written confirmation from the auditors with respect to their independence from the entity, whether directly or indirectly through related entities, and information on additional services of any kind rendered to these entities by the aforementioned auditors, or by persons or entities related to them in accordance with prevailing audit regulations.
- f) To issue annually, prior to the issue of the auditors' report, a report expressing an opinion on the independence of the auditors. This report should also present an opinion on the rendering of the additional services mentioned in the previous point.
- g) To assess the contract for audit services to be rendered to the Company, and propose and value the respective remuneration.
- h) To carry out any other duties expressly attributable to the committee by virtue of the board regulations.

D.4 Identification and description of processes for compliance with different regulations that affect your Company and/or Group:

Prosegur carries out its activity in the private security sector. This activity is subject to specific regulations in the different countries in which the Group operates, notwithstanding any other legislation applicable in each case.

The Company pays particular attention to compliance with the different regulations affecting Prosegur, and has established specific areas – including a financial area and a legal advisory area – to carry out controls in this respect. Each of these areas ensures that prevailing (internal and external) regulations are upheld in their respective fields.

E - GENERAL MEETING

E.1 Please specify and, where appropriate, provide details of any differences compared to the system of minimums foreseen in the Spanish Companies Act with regard to the quorum for calling the General Meeting

NO

	% quorum different to that established in art. 102 of the Spanish Companies Act for general matters	% quorum different to that established in art. 103 of the Spanish Companies Act for special cases under article 103
Quorum required for 1st call	0	0
Quorum required for 2nd call	0	0

E.2 Please specify and, where appropriate, provide details of any differences compared to the system set forth in the Spanish Companies Act for adopting corporate agreements.

NO

Please describe differences compared to the system set forth in the Spanish Companies Act.

E.3. Please list the rights of shareholders in relation to General Meetings which are different to those established in the Spanish Companies Act.

There are no established rights of shareholders in relation to General Meetings other than those prescribed in the Spanish Companies Law

E.4. Please specify any measures adopted to encourage the participation of shareholders in General Meetings.

The general meeting regulations consider a number of measures aimed at encouraging shareholders to take part in meetings. These primarily consist of providing shareholders, sufficiently in advance, with access to all information on the issues included on the agenda, not only through the delivery of paper documentation on these matters, but also by making these documents available on the Company's website, which includes a virtual forum for shareholders.

Information shall also be provided on the measures and procedures to be used for arranging representation at the general meeting. As from the day after the notice calling the meeting has been published, named attendance and delegation cards shall be issued to all eligible shareholders who request them.

Additionally, although it is not expressly considered in the by-laws or general meeting regulations, the Company allows votes to be split in the case of financial brokers who are registered as legitimate shareholders but act on behalf of different clients.

E.5 Please specify whether the position of chairperson of the General Meeting is the same as the chairperson of the board of directors. Please provide details, as appropriate, of measures adopted to guarantee the independence and correct operation of the General Meeting:

YES

Details of measures

Pursuant to the general meeting regulations:

1. The chairperson of the general meeting is responsible for:

- a) Directing the meeting so that deliberations are made in accordance with the agenda.
- b) Establishing the order in which deliberations are to be made and the order in which those wishing to speak are given the floor.
- c) Deciding how resolutions are to be voted upon, in accordance with the general meeting regulations.
- d) Resolving any queries, requests for clarification or complaints which may arise in relation to the agenda, the attendance list, title to shares, delegations or representative powers, requirements for the valid assembly of the meeting and the passing of resolutions by the shareholders at the meeting, or restrictions on voting rights established in the by-laws.
- e) Giving the floor to shareholders who request permission to speak, instructing speakers to end their addresses or refusing to give the floor when there are reasons for such action, and bringing debates to a close when he/she feels that the issue in question has been sufficiently discussed, all in accordance with the general meeting regulations.
- f) Indicating when resolutions are to be voted upon and declaring the results of voting procedures.
- g) In general, exercising all the necessary powers to ensure the smoothest possible running of the meeting, including interpretation of the general meeting regulations.

E.6 Please provide details of any amendments to the general meeting regulations during the year.

During 2011 the following amendments were made to the general meeting regulations:

Deletion of the preamble and amendment of articles 2 (Competencies of the shareholders' general meeting), 4 (The ordinary general shareholder's meeting), 6 (Powers and obligation to call - agenda), 7 (Publication of meeting notice), 10 (Recognition of the right to attend the general shareholders' meeting), 11 (Representation), 12 (Public representation request), 15 (Presiding committee of the general shareholders' meeting), 17 (Convening the meeting), 21 (Voting), 24 (Publicising shareholder agreements) and 25 (Scope and term of application) to replace any references to the former Spanish Companies Act with references to Spanish legislation in general, or the new Spanish Companies Act in particular, to bring the by-laws into line with the provisions introduced by the aforementioned legislation and to improve the wording of certain sections.

E.7 Please provide details of attendance at the General Meetings held in the year to which this report refers:

Details of attendance					
Date of General Meeting	% physical presence	% in representation	% distance voting		Total
			Electronic vote	Others	
27/06/2011	65.830	13.150	0.000	0.000	78.980

E.8 Please provide brief details of the agreements adopted at the General Meetings held during the year to which this report refers, and the percentage of votes with which each agreement was adopted.

General Shareholders' Meeting held on 27 June 2011

Proposals:

I. Examination and approval of the annual accounts and directors' report of Prosegur Compañía de Seguridad, S.A. and consolidated group for the year ended 31 December 2010, the proposed distribution of profit and the performance of its board of directors during that year (99.99% approved).

II. Shareholder remuneration: distribution of dividends with a charge to profits for 2010 (99.99% approved).

III. Re-election of board members.

1.-Re-election of Mr. Pedro Guerrero Guerrero (independent) (99.93% approved)

2.-Re-election of Mr. Eugenio Ruiz-Gálvez Priego (other external) (95.12% approved)

IV. Amendments to the by-laws.

1.-Amendment of article 2 (statutory activity) to include new activities (99.99% approved).

2.-Amendment of the heading of title II and article 6 (on shares) to update the regulation regarding unpaid calls on share capital (99.99% approved).

3.-Amendment of articles 9 (condition of shareholder), 10 (use and pledging of shares) and 12 (trading of own shares) to replace any references to the former Spanish Companies Act with references to Spanish legislation in general, or the new Spanish Companies Act in particular, to bring the by-laws into line with the provisions introduced by that law and to improve the wording of certain sections (99.99% approved).

4.-Amendment of articles 14 (on the general meeting and types of meetings), 15 (calling of meetings), 17 (the right to attend meetings) and 18 (quorum and attendance) to replace references to the former Spanish Companies Act with references to Spanish legislation in general, or the new Spanish Companies Act in particular, to bring the by-laws into line with the provisions introduced by that law and to improve the wording of certain sections (99.99% approved).

5.-Amendment of articles 21 (board of directors), 27 (Audit Committee) and 28 (Chairman and Vice-Chairman) for their adaptation to the amendment resulting from Law 12/2010 of 30 June 2010, which amends legislation including the Spanish Audit Act and the Spanish Securities Market Act, and to improve the wording of certain sections (99.99% approved).

6.- Amendment of articles 29 (on the authorisation for issue of the annual accounts) and 36, which has become article 34 (on the winding up and liquidation of the Company), and deletion of articles 34 (on bond issues) and 35 (on the transformation, merger and spin-off of the Company), to make certain technical improvements to the by-laws of the Company (99.99% approved).

V. Amendment of the General Meeting regulations: Deletion of the preamble and amendment of articles 2 (Competencies of the general meeting), 4 (The Ordinary General Shareholders Meeting), 6 (Powers and Obligation to Call- Agenda), 7 (Publication of Meeting Notice), 10 (Recognition of the Right to Attend the General Shareholders' Meeting), 11 (Representation), 12 (Public Representation Request), 15 (Presiding Committee of the General Shareholders' Meeting), 17 (Convening the Meeting), 21 (Voting), 24 (Publicising Shareholder Agreements) and 25 (Scope and Term of Application), to replace references to the former Spanish Companies Act with references to Spanish legislation in general, or the new Spanish Companies Act in particular, bringing the by-laws into line with the provisions introduced by that law, and to improve the wording of certain sections (99.99% approved).

VI. Approval of the merger of Prosegur Transportes de Valores, S.A., Prosegur Servicio Técnico, S.L. Prosegur Tecnología, S.L. and Prosegur Activa España, S.L. (the absorbed companies) with Prosegur, Compañía de Seguridad, S.A. (absorbing company), pursuant to the merger project filed with the mercantile registries of Madrid and La Coruña. Approval of the Company's balance sheet at 31 December 2010 as the merger balance sheet. Application of the tax regime established in chapter VIII of section VII of the revised Income Tax Law to the merger (99.99% approved).

VII. Authorisation to acquire own shares, directly or through Group subsidiaries (99.99% approved).

VIII. Authorisation for the board, with powers of sub-delegation and for a maximum period of five years, to increase share capital pursuant to article 297 1.b) of the Spanish Companies Law, up to half the amount of share capital at the date of authorisation, including the power to exclude pre-emptive subscription rights (99.83% approved).

IX. Authorisation for the board, with powers of sub-delegation and for a maximum period of five years, to issue securities (including debentures, bonds and warrants) exchangeable for outstanding shares or with the right to acquire outstanding shares

of the Company or other companies, and/or convertible or with the right to subscribe new shares issued by the company, and to guarantee issues of such securities by other Group companies. Establishment of the criteria for the basis and methods of the conversion and/or exchange, and delegation to the board of the power to increase capital in the amount necessary and to exclude pre-emptive subscription rights at the time of issuing these securities (99.79% approved).

X. Authorisation for the board, with powers of sub-delegation and for a maximum period of five years, to issue fixed-income securities (especially debentures, bonds and promissory notes) and preference shares, and to guarantee issues of such securities by other Group companies (99.96% approved).

XI. Delegation of the power to formally arrange, interpret, correct and carry out the agreements adopted by the shareholders at their general meeting (99.99% approved).

XII. Consultative vote on the Annual Report regarding the remuneration policy for the board of directors during the year (2011), and its application in the previous year (2010) (99.96% approved).

E.9 Please specify whether there is any statutory restriction that establishes a minimum number of shares required to attend the General Meeting.

YES

Number of shares required to attend the General Meeting	61,712
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E.10 Please specify and justify the Company's policies with regard to the delegation of votes in the General Meeting.

The Company has no specific policy regarding the delegation of votes.

E.11 Please state whether the Company is aware of institutional investors' policy for participating or not participating in company decision-making:

NO

E.12 Please specify the address and access route to corporate governance content on the website.

Address: www.prosegur.com

Access route to Corporate Governance Report: Main page / Investors and & Shareholders / Corporate Governance.

F – EXTENT OF FOLLOW-UP OF CORPORATE GOVERNANCE RECOMMENDATIONS

Please specify the Company's level of compliance with recommendations from the unified code of good governance. Where the Company fails to comply with any of these, explain the recommendations, rules, practices or criteria that the Company applies.

1. That the by-laws of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the Company through the acquisition of shares on the market.

See sections: A.9, B.1.22, B.1.23 and E.1, E.2

Complies

2. That when the parent company and a subsidiary are listed on the stock exchange both should publicly and specifically define:

- a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with other Group companies;
- b) The mechanisms in place to resolve any conflicts of interest that may arise.

See sections: C.4 and C.7

Not applicable

3. That, although not expressly required by commercial law, transactions that entail a structural modification of the Company should be submitted for approval by the shareholders at their General Meeting; in particular the following:

- a) Transformation of listed companies into holding companies through the incorporation of subsidiaries to carry out essential activities previously performed by the Company itself, even when the Company maintains full control;
- b) Acquisitions or disposals of essential operating assets that entail an effective modification of the statutory activity of the Company;
- c) Transactions whose effect is equivalent to liquidation of the Company.

Complies

4. That the detailed proposals for agreements to be adopted at the General Meeting, including the information referred to in recommendation 28, be made public when the meeting is called.

Complies

5. That in the General Meeting votes should be cast separately on items that are substantially independent, enabling shareholders to exercise their voting preferences separately. This rule should apply particularly in the following cases:

- a) When appointing or ratifying board members, when votes should be made on an individual basis;
- b) In the event of amendments to the by-laws, for each article or group of articles which are substantially independent.

See section: E.8

Complies

6. That companies should allow multiple voting enabling financial intermediaries authorised as shareholders, but acting on behalf of different customers, to cast votes in accordance with the latter's instructions.

See section: E.4

Complies

7. That the board execute its functions with a single purpose and independent criteria, treat all shareholders equally and be guided by the corporate interest, maximising the financial value of the Company in a sustained manner. The board will also ensure that in its relationships with stakeholders the Company respects laws and regulations; that it complies in good faith with its obligations and contracts; that it respects the uses and best practices of the sectors and territories where it carries out its activities; and that it applies any additional corporate social responsibility principles it has voluntarily accepted.

Complies

8. That the board undertakes, as its core mission, to approve the corporate strategy and specific organisation for its implementation, and to supervise and ensure that management complies with established objectives and respects the statutory activity and corporate interest of the Company. To this end, the board as a whole should approve:

a) General corporate policies and strategies, in particular the following:

- (i) The business plan, management targets and the annual budget.
- (ii) The investment and financing policy.
- (iii) The definition of the structure of the group of companies.
- (iv) The corporate governance policy.
- (v) The corporate social responsibility policy.
- (vi) The policy for senior management remuneration and performance appraisal.
- (vii) The risk management and control policy and regular monitoring of internal information and control systems.
- (viii) The dividends and own shares policy, particularly with regard to restrictions.

See sections B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

- (i) At the proposal of the Company's chief executive, the appointment and possible termination of senior managers, and approval of their indemnity clauses.

See section B.1.14

- (ii) Remuneration of board members and, in the case of executives, additional remuneration for their executive duties and other conditions that should be respected in their contracts.

See section B.1.14

- (iii) Financial information which, as a listed entity, the Company is periodically required to publish.
- (iv) All kinds of investments or transactions which are strategic in light of their large amount or special characteristics, except when they must be approved at the General Meeting.
- (v) The creation or acquisition of interests in special purpose entities or entities domiciled in countries or territories considered tax havens, and any other transactions or similar operations which, in light of their complexity, could undermine the Group's transparency.

c) Transactions carried out by the Company with board members, significant shareholders or those represented on the board, or related parties (related-party transactions).

However, such authorisation from the board will not be required for related-party transactions that simultaneously meet the following three conditions:

1. Transactions carried out under contracts with standard conditions that apply en masse to a large number of customers.
2. Transactions carried out at prices or tariffs generally established by the party that acts as a supplier of the good or service involved.
3. Transactions for an amount not exceeding 1% of the Company's annual revenue.

It is recommended that the board approve related party transactions following receipt of a favourable report from the Audit Committee or other organisation commissioned for this purpose, as appropriate. The board members involved are recommended not to exercise or delegate their right to vote and to leave the meeting room while the board deliberates and cast its votes.

It is recommended that the powers attributed to the board should not be subject to delegation, except those mentioned in letters b) and c), which may be adopted in urgent circumstances by the delegated committee with subsequent ratification by the board in plenary session.

See sections: C.1 and C.6

Complies

9. That the board be of an appropriate size to enable it to operate in an effective and participatory manner. It is therefore advisable that it comprise no fewer than five and no more than fifteen members.

See section: B.1.1

Complies

10. That proprietary and independent external board members constitute a broad majority of the board and that the number of executive board members be the required minimum in relation to the complexity of the corporate Group and the percentage interest of executive board members in the share capital of the Company.

See sections: A.2, A.3, B.1.3 and B.1.14

Partially complies.

Proprietary and independent external board members represent 50% of all board members.

11. That, in the event of any external board member who may not be considered proprietary or independent, the Company should explain this circumstance and their relationships with the Company, its directors or shareholders.

See section: B.1.3

Complies

12. That, with regard to external board members, the ratio of proprietary board members to independent board members should reflect the proportion between the share capital of the Company represented by proprietary board members and the remaining share capital.

This strict proportional criterion may be extenuated in such a way that the number of proprietary board members exceeds the number that would apply to the percentage of total share capital they represent:

1. In companies with high share capital in which interests that are legally considered significant are minimal or nil, but where there are shareholders whose interest has a high absolute value.
2. In companies where several shareholders are represented on the board and are not related to one another.

See sections: B.1.3, A.2 and A.3

Complies

13. That the number of independent board members should represent at least one third of the total number of board members.

See section: B.1.3

Explanation

There is currently only one independent board member.

14. That the board of directors explain the nature of each board member to the shareholders at the General Meeting, so that the shareholders may appoint or ratify the board members, and that these details be confirmed or, where appropriate, revised each year in the annual corporate governance report after verification by the Appointments Committee. This report should also explain the reasons for the appointment of proprietary board members at the proposal of the shareholders whose interest in share capital is less than 5%. It should also explain, where applicable, why formal requests from shareholders for attendance at the board meeting were not honoured, when their interest is equal to or exceeds that of other shareholders whose proposal for proprietary board members was honoured.

See sections: B.1.3 and B.1.4

Complies

15. That when the number of female board members is minimal or nil, the board should explain the reasons and the initiatives adopted to correct this situation. In particular, the Appointments Committee should ensure that, when vacancies arise:

- a) The appointment process is unbiased so as not to hinder the selection of female board members.
- b) The Company specifically seeks and includes women with the desired profile among the potential candidates.

See sections: B.1.2, B.1.27 and B.2.3

Not applicable

16. That the chairperson, as the individual responsible for the efficient execution of the board, should ensure that board members receive sufficient information in advance; should encourage discussion and the active participation of the board members at the meeting, safeguarding their choice of stance and freedom of opinion; and should organise and coordinate, together with the chairs of the relevant committees, the periodical appraisal of the board and, where appropriate, of the managing director or chief executive.

See section: B.1.42

Complies

17. That when the chairperson of the board is also the chief executive of the Company, one of the independent board members should be authorised to convene the board meeting or include new items on the agenda; to coordinate and reflect external board members' concerns; and to direct the board's appraisal of the chairperson.

See section: B.1.21

Not applicable

18. That the Secretary of the board of directors endeavours to ensure that the operations carried out by the board:

- a) Are in line with laws and regulations in letter and spirit, including any approved by regulatory bodies;
- b) Are in accordance with the Company's by-laws, the regulations of the board of directors and any other Company regulations;
- c) Consider all recommendations on good governance included in this unified code approved by the Company. Furthermore, to ensure the independence, impartiality and professionalism of the Secretary of the board, any appointments to or dismissals from this position must be reported by the Appointments Committee and approved by the board of directors in plenary session. The aforementioned appointment and dismissal procedures must be included in the board regulations.

See section: B.1.34

Complies

19. That the board meets with the frequency necessary to perform its functions efficiently, in line with the schedule and agenda established at the beginning of each year. Board members should be able to propose that additional matters be raised that were not included in the initial agenda.

See section: B.1.29

Complies

20. That any failure to attend by a board member must be exceptional and quantified in the Annual Corporate Governance Report. If necessary, the member must send a proxy with instructions.

See sections: B.1.28 and B.1.30

Complies

21. That, if a board member or the Secretary reports concerns regarding any proposal or, in the case of members, the Company's progress, and the matter is not resolved by the board, the concern must be stated for the record at the request of the individual who raised it.

Complies

22. That the board in plenary session must assess, on an annual basis:

- a) The quality and efficiency of the board's operations;
- b) Based on a report by the Appointments Committee, the performance of the chairman of the board and first executive of the Company;
- c) The performance of the board Committees, considering their reports.

See section: B.1.19

Complies

23. That all board members may exercise their right to obtain any additional information on the board's remit considered necessary. Unless the Company's by-laws or the board regulations state otherwise, such information requests must be reported to the chairman or Secretary of the board.

See section: B.1.42

Complies

24. That all board members are entitled to request that the Company provide sufficient advisory services to carry out their functions properly. The Company must decide on the most suitable way to exercise this right which, in particular circumstances, includes external advisory services at the Company's expense.

See section: B.1.41

Complies

25. Companies should organise induction programmes for new board members to acquaint them rapidly with the workings of the Company and its corporate governance rules. Board members should also be offered refresher programmes when circumstances so advise.

Complies

26. That companies request that board members commit the time and effort necessary to perform their tasks efficiently. As a result:

- a) Board members must inform the Appointments Committee of the rest of their professional obligations in case they could affect the member's required dedication.
- b) Companies must establish rules on the number of entities in which board members may participate.

See sections: B.1.8, B.1.9 and B.1.17

Partially complies

The Company complies with a), and does not comply with b)

27. That any proposed appointments or re-elections presented by the board to the shareholders at the General Meeting, as well as any temporary appointments by co-opting, must be approved by the board:

- a) At the proposal of the Appointments Committee in the case of independent board members.

b) With a prior report from the Appointments Committee, in the case of other board members.

See section: B.1.2

Complies

28. That companies publish and update the following information on board members on the Company website:

- a) Professional profile and biography;
- b) Any other boards to which the member belongs, regardless of whether the companies are listed;
- c) Type of membership, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or are linked to;
- d) The date of their first appointment as a member of the Company's board of directors, and any subsequent appointments; and
- e) The shares and options they own.

Complies

29. That the mandate of independent board members may not exceed 12 years.

See section: B.1.2

Complies

30. That proprietary members representing significant shareholders must resign from the board if the shareholder they represent sells its entire shareholding or reduces its percentage interest to a level that requires a decrease in the number of proprietary members representing this shareholder.

See sections: A.2, A.3 and B.1.2

Complies

31. That the board of directors may not propose the dismissal of any independent board member before completion of the statutory mandate period for which the member was appointed, unless a just cause is declared to the board and a prior report has been prepared by the Appointments Committee. Specifically, just cause is considered to exist if the board member has failed to complete the tasks inherent to his or her position or entered into any of the circumstances described in chapter III, section 5, of this Code.

The dismissal of independent board members may be proposed as a result of a public share offer, merger or similar operations implying a change in the shareholding structure of the Company, provided that such changes in the structure of the board are the result of the proportionate representation criteria discussed in Recommendation 12.

See sections: B.1.2, B.1.5 and B.1.26

Complies

32. That companies will set certain rules requiring that board members inform the board and, where appropriate, resign from their positions, in the event of any damage to the Company's standing and reputation. Specifically, members must be required to report any criminal actions with which they are charged, as well as the consequent legal proceedings.

If a board member is tried or called to court for any of the crimes set out in article 124 of the Spanish Companies Act, the board must investigate the case as soon as possible and, based on the particular situation, decide whether the board

member should continue in his or her position. The board must provide a reasoned written account of these events in its Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

Complies

33. That all board members clearly express their opposition when they consider any proposal to go against the Company's interests. This must apply to both independent and other board members who may not be affected by the potential conflict of interest if the decision could be detrimental to any shareholders not represented on the board.

Furthermore, when the board makes significant or repeated decisions about which the board member has serious reservations, the member should draw the appropriate conclusions and, in case of resignation, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the Secretary of the board, even if not a full board member.

Complies

34. That whenever, due to resignation or any other reason, a board member leaves his or her position before completion of the mandate, the member is required to explain the reasons for this decision in a letter addressed to all the members of the board. Irrespective of whether the resignation has been reported to the Spanish Securities Market Commission as a relevant event, it must be included in the Annual Corporate Governance Report.

See section: B.1.5

Not applicable

35. That the remuneration policy approved by the board must establish at least the following:

- a) The components of fixed remuneration, with a breakdown, where appropriate, of the allowances received for participation in the board and its committees, as well as the estimated total annual fixed remuneration they comprise;
- b) Variable remuneration, stating in particular:
 - i) The type of member to whom variable remuneration is paid, as well as an explanation of the relative weight of variable items compared to fixed remuneration components;
 - ii) The criteria used to assess results to determine whether members are entitled to receive remuneration in the form of shares, options or any variable component;
 - iii) Fundamental parameters and the basis of any annual bonus system or other benefits not paid in cash; and
 - iv) An estimate of the absolute amount of variable remuneration that will be paid out under the proposed remuneration plan, depending on the extent to which reference objectives or targets have been met.
- c) The main characteristics of the benefits systems (for instance, complementary pensions, life insurance, etc.), with an estimate of their equivalent annual cost.
- d) Conditions that must be respected in the contracts of senior management personnel such as executive board members, including:
 - i) Contract duration;
 - ii) Notice period; and
 - iii) Any other clauses relating to contract bonuses, as well as indemnities or "golden parachute" agreements applicable on early rescission or termination of the contract between the Company and the executive board member.

See section: B.1.15

Complies

36. That a limit is placed on the remuneration of executive board members in the form of shares in the Company or Group companies, options or instruments relating to share value, variable remuneration linked to the Company's performance or forecast systems.

This recommendation does not apply to share-based payments, provided that board members maintain ownership of these shares until they leave their positions.

See sections: A.3 and B.1.3

Complies

37. That external board members receive sufficient remuneration to reward the dedication, qualification and responsibility inherent to their posts, but not so high as to compromise their independence.

Complies

38. That, in calculating any remuneration linked to profits, the Company considers any qualification included in the external auditor's report that reduces profit for the year.

Not applicable

39. That the variable remuneration policy incorporates the necessary technical precautions to ensure that this remuneration rewards the professional performance of its beneficiaries and does not simply derive from the general development of the market or the Company's activity sector, or any other similar circumstances.

Complies

40. That the board presents a report on the policy for the remuneration of board members for the shareholders to vote on as a separate point in the agenda at their General Meeting, for the purposes of consultation. This report must be made available to shareholders, either individually or in any other way the Company considers convenient.

This report should focus particularly on the remuneration policy approved by the board for the current year as well as, where appropriate, forecasts for the coming years. It should discuss all issues referred to in recommendation 35, except for any extreme circumstances in which disclosure may result in the divulgation of sensitive trading information. It should highlight the most significant changes in such policies applied during the year dealt with in the particular annual General Meeting, and should also include an overall summary of how the remuneration policy was applied during the last year.

The board should also inform shareholders about the role played by the Remuneration Committee when preparing the remuneration policy and, if external advisory services were employed, state the identity of the consultant used.

See section: B.1.16

Complies

41. That the report must provide details on the individual remuneration of board members during the year including, where applicable:

a) An individual breakdown of each board member's remuneration, including, where appropriate:

i) Attendance allowances or other fixed remuneration paid to board members;

ii) Any additional remuneration received for chairing or sitting on any of the board's committees;

iii) Any profit-sharing or bonus amounts and the reason for which they were paid out;

- iv) Contributions to defined contribution pension plans on behalf of board members; or, in the case of defined benefit plans, any increases in the board members' vested rights;
 - v) Any indemnities agreed or paid in the event of dismissal;
 - vi) The remuneration received from other Group companies due to membership of their boards of directors;
 - vii) Remuneration of executive board members in their condition as senior management of the Company; and
 - viii) Any other remuneration item other than those mentioned above, independently of the Group company from which it was received, especially if it is considered to be a related-party transaction or its omission would distort the fair presentation of the total remuneration received by the board member.
- b) An individual breakdown of the final shares, options or any other instruments related to share value received by board members, including:
- i) The number of shares or options granted in the current year, and the terms whereby options may be exercised;
 - ii) The number of options exercised in the year, indicating the total shares affected and the exercise price;
 - iii) The number of options to be exercised at year end, indicating their price, date and other requirements; and
 - iv) Any modifications during the year to the conditions for exercising options already distributed.
- c) Information on the relationship between the remuneration received by executive board members and the Company's profits or other performance measures during the year.

Explanation

Directors' remuneration is reflected in the notes as an aggregate amount, broken down by nature.

42. That if there is a delegate or executive committee (hereinafter the "Delegate Committee"), the proportion of each different board member category must be similar to that of the board itself, and the role of secretary be filled by the board secretary.

See sections B.2.1 and B.2.6

Complies

43. That the board must always be aware of the issues discussed and decisions taken by the Delegate Committee, and that all members of the board receive a copy of the minutes to Delegate Committee meetings.

Complies

44. That the board of directors establishes, in addition to the Audit Committee required by Spanish Securities Market Law, a committee or two separate committees to deal with appointments and remuneration. The rules for the composition and functioning of the Audit Committee and the Appointments and Remuneration Committee or Committees must be included in the board regulations, and shall include the following requirements:

- a) That, in the appointment of members of these Committees, the board must consider their knowledge, skills and experience and the tasks to be carried out by each committee. The board must also discuss the Committees' proposals and reports, and Committees must appear before the first plenary session of the board to report on their activities and answer all questions relating to the work performed.
- b) These Committees must only comprise external board members, with a minimum of three. However, executive board members or senior management personnel may participate in these Committees when committee members request their presence.
- c) They must be chaired by independent board members.
- d) They should be entitled to request external advisory services if necessary to fulfil their functions.

e) Minutes should be taken at all committee meetings and a copy issued to all members of the board.

See sections: B.2.1 and B.2.3

Partially complies

The company does not fully comply with c). The chairman of the Audit Committee at 31/12/2011 had the category of other external board member.

45. That the supervision of compliance with the internal code of conduct and corporate governance regulations is the responsibility of the Audit Committee, the Appointments Committee or, if they exist as separate bodies, the Compliance or Corporate Governance Committees.

Complies

46. That the members of the Audit Committee, in particular its chairperson, are appointed considering their knowledge and experience of accountancy, audit and risk management issues.

Complies

47. That listed companies have an internal audit function supervised by the Audit Committee to ensure that information and internal control systems operate correctly.

Complies

48. That the person in charge of the internal audit function presents an annual work plan to the Audit Committee, reports on any issues that may arise during the implementation of this plan, and presents an activity report at the end of each year.

Complies

49. That the control and risk management policy identifies at least the following:

- a) The different types of risk (operating, technological, financial, legal, reputational etc.) faced by the Company, including under financial and economic risks any contingent liabilities and other off-balance sheet risks;
- b) A fixed risk level deemed acceptable by the Company;
- c) The measures planned to mitigate the impact of the risks identified should they materialise;
- d) The internal control and information systems that will be used to control and manage the aforementioned risks, including contingent liabilities and off-balance sheet risks.

See section: D

Complies

50. That the Audit Committee is responsible for:

1. With regard to information systems and internal control:

- a) Supervising the preparation and completeness of financial information relating to the Company and, if applicable, the Group, ensuring that regulatory requirements are complied with, the scope of the consolidated Group is suitably defined and accounting criteria are correctly applied.
- b) Regularly review internal control systems and risk management in order to identify, manage and inform of the main risks.

c) Ensure the independence and effectiveness of the internal audit function by proposing the recruitment, appointment, re-election or dismissal of the head of internal audit, drafting a budget for this department, regularly gathering information on its activities and verifying that senior management considers the conclusions and recommendations of its reports.

d) Establish and supervise a mechanism that allows employees to report confidentially and, if appropriate, anonymously, any irregularities with potential consequences – especially those of a financial or accounting nature – that they observe within the Company.

2. With regard to the external auditor:

a) Submit proposals to the board relating to the selection, appointment, re-election or substitution of the external auditor, as well as the suggested terms of the contract.

b) Regularly gather information from the external auditor on the audit plan and the results thereof, ensuring that senior management takes any recommendations into consideration.

c) Ensure the independence of the external auditor by:

i) Ensuring that the Company files a relevant event report when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof;

ii) Ensuring that the Company and its auditor observe prevailing regulations on the provision of non-audit services, restrictions to the concentration of the auditor's business and, in general, any other regulations established to assure auditor independence;

iii) If the external auditor resigns, making sure that the circumstances leading to this resignation are examined.

d) In the case of groups, encourage the group auditor to audit the companies that comprise the groups.

See sections: B.1.35, B.2.2, B.2.3 and D.3

Complies

51. That the Audit Committee may request the presence of any employee or manager of the Company, even without the presence of any other management figure.

Complies

52. That the Audit Committee reports to the board, before adopting the corresponding decisions, on the following issues indicated in Recommendation 8:

a) The financial information that listed companies are required to publish on a regular basis. The Committee must ensure that interim accounts are prepared applying the same accounting criteria as the annual accounts and, for this purpose, consider whether a limited review by the external auditor is necessary.

b) The creation or acquisition of shares in special-purpose vehicles or entities domiciled in countries or areas considered to be tax havens, as well as any other similar transactions that, due to their complexity, could discredit the transparency of the Group.

c) Related-party transactions, unless this preliminary reporting has been allocated to a Committee other than the supervision and control bodies.

See sections: B.2.2 and B.2.3

Complies

53. That the board of directors endeavours to submit the annual accounts to the shareholders at their General Meeting with no qualifications or reservations in the audit report and, in the exceptional circumstance that it fails to do so, the chair of the Audit Committee and the auditors must clearly explain the content and scope of the reservation or qualification to the shareholders.

See section: B.1.38

Complies

54. That the majority of the members of the Appointments Committee – or the Appointments and Remuneration Committee if both functions are combined in one body – are independent board members.

See section: B.2.1

Explains

There is only one independent board member.

55. That, in addition to the functions indicated in the previous recommendations, the Appointments Committee is also responsible for the following functions:

- a) Evaluating the competence, knowledge and experience required by the board and, consequently, defining the functions and skills required by candidates to fill a vacancy, as well as the time and dedication required to perform their duties.
- b) Adequately examining or organising succession to the positions of chairman and first executive and, when applicable, making proposals to the board to ensure a well-planned and orderly succession.
- c) Reporting on any appointments or dismissals of senior management personnel proposed by the first executive to the board.
- d) Informing the board on gender diversity matters included in recommendation 14 of this Code.

See section: B.2.3

Complies

56. That the Appointments Committee consults the chairman and the first executive of the Company, especially in relation to executive board members.

Any board member may ask the Appointments Committee to consider potential candidates he or she considers appropriate to fill a vacancy on the board of directors.

Complies

57. That, in addition to the functions indicated in the preceding recommendations, the Remuneration Committee is responsible for the following functions:

- a) Proposing to the board of directors:
 - i) The remuneration policy applicable to board members and senior management;
 - ii) The individual remuneration of executive board members and the terms and conditions of their contracts;
 - iii) The basic conditions of contracts signed with senior management.
- b) Ensuring compliance with the remuneration policy established by the Company.

See section: B.1.14 and B.2.3

Complies

58. That the Remuneration Committee consults the chairman and the first executive of the Company, especially in relation to executive board members and senior management.

Complies

G. FURTHER INFORMATION OF INTEREST

If you consider that any relevant aspects or principles relating to the corporate governance procedures applied by your Company have not been dealt with in this report, please and provide details below:

GENERAL CLARIFICATION: The information included in this report refers to the year ended 31 December 2011, except in those specific cases when another date is given.

EXPLANATORY NOTE TO SECTION A.3.: The number of shares reflected in the corresponding table under "equivalent number of shares" refers to the maximum number of shares which could be obtained as a result of the option, although the actual number of shares received will depend on fulfilment of the terms and conditions set forth in the long-term incentive plan approved by the shareholders at their general meeting on 27 June 2008.

This section can be used to provide any other information, explanations or clarifications relating to previous sections of the report, provided that such information is relevant and not repeated elsewhere.

Specifically, indicate whether the Company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

Binding definition of an independent director:

Indicate whether any independent director has, or has had in the past, a relationship with the Company, its significant shareholders or management personnel. If the relationship is/was significant, state whether it would mean that the director cannot be considered independent under the definition provided in section 5 of the Unified Good Governance Code:

NO

Signature and date:

This annual corporate governance report has been approved by the board of directors of the Company in the meeting held on
27/02/2012

Indicate whether any board members voted against or abstained from voting on this report.

NO

ADDITIONAL INFORMATION TO THE ANNUAL CORPORATE GOVERNANCE REPORTS AS REQUIRED BY ARTICLE 61 BIS OF THE SPANISH SECURITIES MARKET ACT

Information on any securities not traded in an EU regulated market, indicating, where applicable, the different classes of shares and, for each class of share, the rights and obligations conferred, as well as the percentage of the share capital represented by the company's own shares and any significant variations in own shares (art. 61 bis 4, a, 3 of the Spanish Securities Market Act).

Not applicable

Information on the standards applicable to the amendment of the company's by-laws (art. 61 bis 4, a, 4 of the Spanish Securities Market Act).

The board of directors shall submit any proposals for amendments or additions to the company's by-laws to the shareholders at their annual general meeting, together with the corresponding directors' report on any such proposed changes. All documentation relating to changes in the company's by-laws shall be made available to the shareholders at the time of convening the general meeting at which the amendment is to be approved. The announcement convening the shareholders' general meeting shall stipulate the shareholders' right to examine and obtain all documentation relating to the proposed amendment at the company's premises, and to request this documentation from the company immediately and free of charge. Any amendment to the by-laws shall be approved by the shareholders at their annual general meeting, pursuant to article 14 of the by-laws and article 21.5 of the regulations governing shareholders' meetings.

Any restriction on the transfer of securities or on voting rights (art. 61 bis 4, b of the Spanish Securities Market Act).

Not applicable. See A.10 of the Annual Corporate Governance Report.

Information on the powers of the members of the board of directors and, in particular, those relating to the possibility of issuing or buying back shares (art. 61 bis 4, c, 3 of the Spanish Securities Market Act).

Not applicable

Information on significant agreements entered into by the company which would come into force or be amended or annulled in the event of a change in control resulting from a takeover, and the effects thereof, except in the case that divulging this information would be seriously prejudicial to the company. This exception shall not be applied when the company is legally obliged to publish this information (art. 61 bis 4, c, 4 of the Spanish Securities Market Act).

Not applicable

Information on agreements between the company and members of the board of directors, management personnel or employees that provide for compensation in the event that these individuals resign, are wrongfully dismissed or their professional relationship with the company is terminated as a result of a takeover (art. 61 bis 4, c, 5 of the Spanish Securities Market Act).

Not applicable

Prosegur's system for internal control over financial reporting

Prosegur's control environment

Los The Group's by-laws and the regulations of the board of directors establish that the board has a general supervisory role and is Prosegur's ultimate decision-making body, except as regards those matters decided upon by the shareholders at their annual general meeting. The board approves the Group's risk management and internal control policies as part of its supervisory duties.

The board of directors delegates the supervision of internal control systems to the audit committee. Specifically, the audit committee's responsibilities include verifying the appropriateness and completeness of internal control systems, as well as supervising the financial reporting process and internal control systems. For these purposes it identifies risk types and levels, the measures required to mitigate the impact of the risks identified and the control, reporting and risk management systems.

Prosegur's internal audit area supports the audit committee in the supervision, improvement and consolidation of the internal control system, procedures applied and control activities.

The financial area implements internal control systems that enable it to ensure that the financial information generated is reliable.

The Group has an organisational structure that sets forth lines of responsibility and authority, and which facilitates adequate distribution of the tasks and functions required for the preparation of financial information.

A chart illustrating Prosegur's organisational structure is published on the corporate intranet, and reflects the hierarchical relationships between Prosegur's departments, businesses and support areas.

Prosegur has a code of ethics and conduct, which has been approved by the executive committee and is binding for all Group companies and personnel. This code comprises the principles and standards of conduct that Prosegur endeavours to uphold in all its dealings with employees, clients, shareholders, suppliers and the communities in which it operates.

The code establishes the principles governing Prosegur's activity and the values on which they are based. It refers to Prosegur's commitment to transparency as one of its fundamental values, and stipulates that personnel should endeavour to ensure that all transactions of any financial magnitude carried out in its name are clearly and accurately disclosed in the appropriate accounting records, representing a true and fair view of the transactions in question.

Prosegur has an internal code of conduct relating to securities markets which forms part of its corporate governance system. This code is intended to ensure compliance with prevailing regulations through the implementation of specific measures and procedures. The personnel to whom this code applies are required to know and comply with its content and the procedures established therein.

Prosegur has established a whistleblower hotline through which its employees, or any other concerned third party, may anonymously report any potentially significant irregularities, including those of a financial or accounting nature, which are detected within the company.

The reports received are treated confidentially and managed by the internal audit area, which presents its conclusions thereon to the audit committee. Incidents are reported through a form available on Prosegur's websites in each of the countries in which the Group operates.

Prosegur is particularly concerned that its professionals remain up-to-date on developments in their specific fields, and in this regard the members of the financial area receive ongoing training. The issues covered by these training programmes relate both to the systems that generate the financial information and regulatory developments.

Prosegur has signed collaboration agreements with other organisations to ensure that personnel involved in the preparation and review of financial information are kept up-to-date on relevant issues.

Financial information risk assessment

The internal audit area regularly updates Prosegur's risk map, which identifies and prioritises any kind of risk that could prevent the Group from achieving its objectives. Additionally, as part of its supervision of the internal control system, this area also identifies, documents and verifies the effectiveness of the risk mitigation activities included in Prosegur's internal control system.

The internal control activities related to financial information and its preparation form part of Prosegur's internal control system.

The risks relating to the reliability of financial information, including errors in calculation or in the application of accounting standards, system failures, accounting fraud, lack of key information or incorrect estimates, are mitigated by key controls described and classified based on their purpose, the regularity with which they are carried out and the area responsible for doing so.

The financial area systematically identifies and evaluates risks relating to financial information as regards accounting records and possible breaches of accounting principles. The area aims to ensure that safeguards are generated with respect to risks of an accounting nature, including those relating to recognition, completeness, standardisation of criteria, cut-off of operations, validity, presentation and measurement.

The financial area issues and publishes standards that facilitate the understanding and application of prevailing accounting regulations throughout the entire Prosegur Group. These standards ensure that new accounting criteria introduced by legal and regulatory changes are correctly applied, thereby safeguarding the appropriate valuation of assets and liabilities.

The risk management department issues reports assessing technological and IT-related risks, as well as proposing corrective measures regarding system availability and capacity, access security and costs related to information availability.

Prosegur maintains an up-to-date record of all investees which reflects the composition of the consolidated group. This record determines the form of control or influence, the legal status of each entity and whether the interest held therein is direct or indirect.

Each month Prosegur's financial area determines which entities should be included in the consolidated group. This decision is based on the aforementioned record of investees, International Accounting Standards and the internal accounting policy known as the "Consolidation control model". Changes to the consolidated group are recorded in the corporate consolidation system, in which the shareholder structure of the Prosegur Group is administrated and constantly updated.

All entries in the Group's IT systems are subject to Prosegur's internal policies related to maintenance, completeness of information and regular back-up.

Control activities

Prosegur has an internal control over financial reporting model, which provides reasonable assurance regarding the effectiveness of operations, the safeguarding of assets, the reliability of financial reports and compliance with applicable standards and regulations.

The internal audit area regularly updates Prosegur's risk map, which identifies and prioritises any kind of risk that could prevent the Group from achieving its objectives. Additionally, as part of its supervision of the internal control system, the internal audit area identifies, documents and verifies the effectiveness of the risk mitigation activities included in Prosegur's internal control system.

The internal control activities related to financial information and its preparation form part of Prosegur's internal control system.

The financial area has procedures and mechanisms in place to define the applicable criteria and IT systems used for the accounting close process. To this end, it updates and informs the relevant personnel of the procedure to be followed in preparing the accounting close of consolidated and individual financial statements and annual accounts. These documents detail the basic tasks of preparation, review and approval for consolidated accounting closes and the individual closes of Prosegur Group companies.

The specific reviews of the relevant judgements, estimates and valuations used to quantify assets, rights and obligations, revenues and expenses and any other commitments detailed in the individual and consolidated annual accounts, are carried out by the financial reporting department, a sub-division of the financial area, with the collaboration of all Prosegur's other support departments. The assumptions based on business performance are analysed jointly with the business areas.

The purpose of the IT security department, a sub-division of the risk management area, is to continuously assess the internal control system relating to the IT systems, including those used in the preparation and publication of financial information.

The information security department has prepared and implemented an information security master plan which, among other projects, includes:

- The establishment of a regulatory framework for information security.
- The creation of an information security committee that coordinates strategic issues related to information security, identifies and assesses risks with respect to business requirements and their relationship to information security and, finally, promotes the allocation of resources to projects associated with information security that reduce the risk to which both the information and the technology supporting it are exposed.
- The establishment of a response centre for dealing with information security breaches, reducing the time during which business activities are interrupted as a result of any such breaches.
- Special continuous audits that serve to verify compliance with the standards and controls established to continually improve and advance in the information security area.

The information security master plan also includes projects aimed at guaranteeing the continuity of the Group's IT operations, and ensuring security with respect to access to Prosegur's IT systems.

The annual process to update the risk map also involves the evaluation and prioritisation of IT-related risks.

Prosegur does not outsource nor has it previously outsourced any activity relating to the preparation of financial information. However, Prosegur does contract the following services from independent experts:

- Advisory services regarding the tax impact of complex transactions involving the Group's subsidiaries, as well as the revenue flows deriving from these operations.
- Tax advisory services rendered to Group subsidiaries in relation to the activity usually carried out by these companies in the countries in which they are domiciled.

- Advisory services regarding the design and implementation of anti-money laundering system policies, control bodies and procedures and, where applicable, the assessment of their effectiveness in complying with requirements imposed by prevailing legislation and supervisory bodies.

The results of the accounting, tax or legal advisory services received are reviewed by the heads of the corresponding corporate departments, who verify the technical and legal skills and qualification of the advisors.

When Prosegur uses the services of an independent expert, it verifies their technical and legal skills and qualifications, in addition to carrying out control activities on any reports issued, assigning qualified personnel to validate the reasonableness of the conclusions presented therein.

Prosegur provides financial information to the securities market every quarter, which is prepared by the financial area. Controls are applied during the accounting close process to ensure the reliability of the financial information.

The Group's control and financial reporting departments, which form part of the financial area, analyse and supervise the information prepared. The director of the financial area and the managing director analyse the reports issued, and approve the financial information prior to its presentation to the audit committee and the executive committee of the board of directors.

Prosegur's individual and consolidated annual accounts and six-monthly financial reports are reviewed by the audit committee prior to their authorisation for issue by the board of directors, in accordance with article 16 of the regulations of the board of directors. The audit committee also reviews the other financial information and any other relevant information prior to its submission to the markets and the supervisory bodies by the board of directors.

Reporting and communication

The financial reporting department is responsible for defining and applying Prosegur's accounting policies. Its main function is the analysis of International Accounting Standards, and its duties include the following:

- Establishing procedures and mechanisms to inform personnel involved in the preparation of financial information of the applicable criteria.
- Analysing planned transactions to determine their appropriate accounting treatment.
- Answering queries from all Prosegur Group companies regarding the application of accounting policies.
- Analysing new developments in international accounting standards and assessing the impact they will have on Prosegur's consolidated accounts.
- Informing all personnel responsible for the preparation of financial statements of any regulatory changes.
- Reporting the analyses, criteria applied and conclusions to Prosegur's external auditors, and requesting their opinions when deemed necessary.

The existence of a procedure for closing consolidated and individual financial statements and annual accounts ensures compliance with the tasks and duties needed to guarantee the reliability of the financial information.

Prosegur has documented accounting policies (published on the Group's corporate intranet) which set forth specific accounting criteria, defined and applicable to Prosegur, within the framework of the International Financial Reporting Standards endorsed by the European Union.

The process of consolidation and preparation of financial information is centralised. It is carried out based on the financial statements and other financial information provided by Prosegur Group subsidiaries through shared IT platforms, and is supervised by the financial reporting department. The IT systems used to prepare and report information facilitates the consolidation process and the analysis of the individual and consolidated financial statements.

A reporting process has also been established for the necessary disclosures in the preparation of the consolidated annual accounts. A single accounting plan is applied to preparation of the individual accounts of all Group subsidiaries.

Supervision of the functioning of the system

Prosegur has an internal audit area that reports to the audit committee and is responsible for its supervision. To this end, the director of the internal audit area presents the annual work plan, the incidents identified during its implementation and a report of the activities carried out. The director's functions include supporting the audit committee in the supervision of the internal control and risk management systems.

The audit committee meets at least four times a year (additional meetings are convened subject to requirements) prior to the regular publication of regulated financial information, in compliance with the review obligations delegated to this committee by the board of directors.

At its meetings, the audit committee reviews Prosegur's individual and consolidated annual accounts, six-monthly and quarterly financial reports and any other information made available to the market. As part of this review process, the committee requests that the heads of the financial area, the internal audit area and the Group's auditors attend its meetings, thereby ensuring compliance with legal requirements and the correct application of prevailing accounting standards.

The auditors of the Company's accounts have access to management to obtain the information necessary to carry out their work and to report any internal control weaknesses they identify. The auditors keep management informed of the progress of their work, and present an annual report to the audit committee detailing the internal control weaknesses identified during the course of their audit.

The day-to-day activity of the departments involved in preparing financial information includes control activities that are carried out on a regular basis, which are reviewed and overseen by the financial department.

In support of the audit committee's supervision of Prosegur's internal control system, the internal audit area identifies, documents and verifies the risk mitigation activities that form

AUDIT COMMITTEE ACTIVITIES REPORT

I. INTRODUCTION

Regulation and duties

The Audit Committee is regulated pursuant to Article 27 of the Corporate Bylaws and Article 16 of the Board of Directors Regulations.

Its duties are set out in Section B.2.3 of the Corporate Governance Report.

Composition of the Committee and attendance at its meetings in 2011.

As of 31 December 2011, the composition of the Audit Committee was as follows:

Name	Type of Committee member
Mr. Eugenio Ruiz-Gálvez Priego (Chairman)	Other external members
Ms. Chantal Gut Revoredo	Director, representing Gubel, S.L.
Mr. Isidro Fernández Barreiro	Director, representing Corporación Financiera Alba, S.A.
Mr. Pedro Guerrero	Independent Director

Non-executive secretary to the Committee: Ms. Sagrario Fernández Barbé

Pursuant to its regulations, the Committee meets as often as it is convened by the Board of Directors, the Committee itself or by its Chairman and, at least, 4 times a year.

Seven ordinary and 1 extraordinary sessions were held in 2011.

Attendance at the meetings of the Audit Committee in 2011 was as follows:

Mr. Eugenio Ruiz-Gálvez Priego	7 meetings
Ms. Chantal Gut Revoredo	8 meetings
Mr. Isidro Fernández Barreiro	8 meetings
Mr. Pedro Guerrero Guerrero	2 meetings*

(* Since his appointment as a member of the Committee on 27/06/11)

According to the agenda of the Committee, outside consultants and members of the management team likewise attended those meetings.

Minutes were kept of the meetings of the Audit Committee and are available for the members of the Board of Directors.

II. ACTIVITIES DURING 2011

1. FINANCIAL INFORMATION

The Committee placed special emphasis on the auditing of the financial statements of the Company and of the Prosegur Group, along with the half-yearly and quarterly financial statements and the other information made available to the market or the supervisory authorities, prior to their being submitted to the Executive Committee and the Board of Directors and for their dissemination.

During 2011 and, in particular, at the meetings on 19 January, 23 February, 28 April, 26 July and 26 October, the periodic public information that the Company submits to the Spanish Securities Market Commission (CNMV) was audited.

2. FINANCIAL AUDIT

The Financial Auditors attended the meetings held on 23 February to present the conclusions on the financial audit for 2010. They also attended the meetings on 26 July to submit a preliminary report on the most significant aspects and conclusions of their work with regard to the auditing of the financial statements for the first half of 2011.

3. CODES OF CONDUCT

Part of the remit of the Audit Committee is to check compliance of the codes of conduct and, in general, of the rules of corporate governance.

In 2011, the Audit Committee oversaw their compliance, particularly with regard to the internal conduct regulations and the Code of Ethics and Conduct.

4. INTERNAL AUDIT SYSTEMS

The Audit Committee is likewise entrusted with overseeing the Prosegur internal audit procedures, such as the risk management, information and control system.

On 28 March 2011, the Internal Audit Director submitted the 2010 Activities Report to the Committee for its approval, along with the 2011 Work Plan prepared according to the Prosegur Risk Map. Risks linked to legislation compliance and operating risks were reviewed when working on the plan. The Internal Audit Director reported in a timely manner on the implementation of the work plan through his participation at the meetings of the Audit Committee.

Special mention should be made of the following activities carried out by the Internal Audit Department and overseen by the Audit Committee:

- Updating the risk map for each of the businesses and countries where Prosegur operates.
- Completion of the projects contained in the 2011 work plan.
- Reception and analysis of the communications received through the complaints channel.
- Half-yearly monitoring reports on the agreed recommendation in the specific reports issued by the Internal Audit. A formal written undertaking with the audited area is established for each recommendation, in which a plan of action, the person in charge of implementing the plan, scheduled compliance date and, when possible, the assessment of the result obtained were specified.