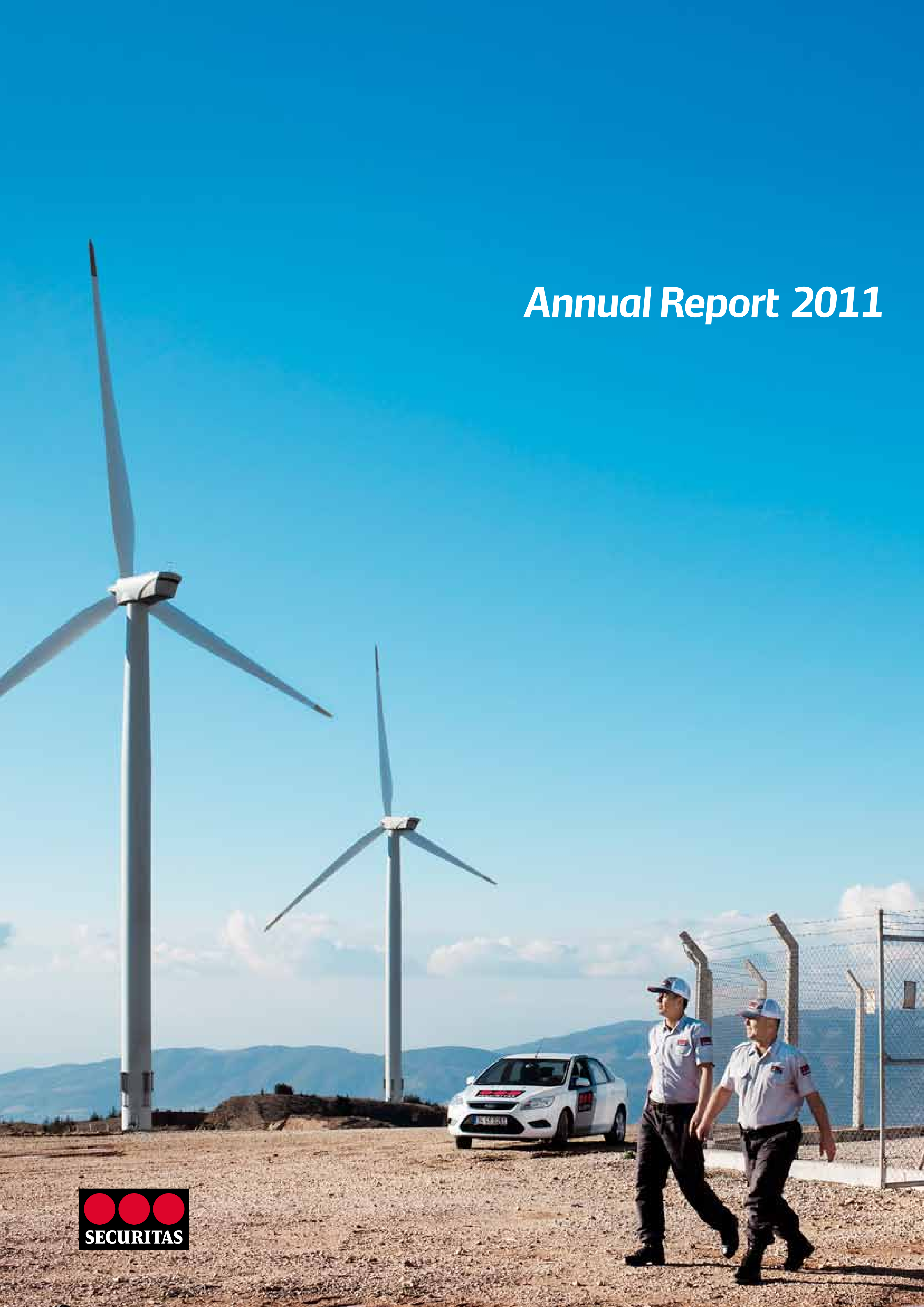
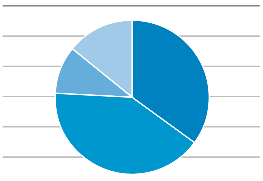
Annual Report 2011



SECURITAS

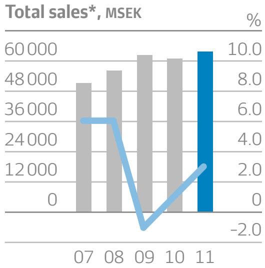
Markets in which Securitas conducts operations: Argentina, Austria, Belgium, Bosnia and Herzegovina, Canada, Chile, China, Colombia, Costa Rica, Croatia, the Czech Republic, Denmark, Ecuador, Egypt, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Jordan, Latvia, Luxembourg, Mexico, Montenegro, Morocco, the Netherlands, Norway, Peru, Poland, Portugal, Romania, Saudi Arabia, Serbia, Singapore, Slovakia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, Turkey, the United Arab Emirates, the United Kingdom, Uruguay, the USA and Vietnam.

Sales by business segment, %



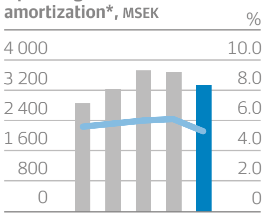
- Security Services North America 35%
- Security Services Europe 41%
- Mobile and Monitoring 10%
- Security Services Ibero-America 14%
- Other 0%

Total sales*, MSEK



Organic sales growth*, %

Operating income before amortization*, MSEK



Operating margin*, %

* Continuing operations

Markets and organization

Securitas operates in North America, Europe, Latin America, the Middle East, Asia and Africa. The organization is flat and decentralized with four business segments: Security Services North America, Security Services Europe, Mobile and Monitoring, and Security Services Ibero-America.

Security Services North America provides specialized security services in the USA, Canada and Mexico, with approximately 108 000 employees and about 600 branch managers. Securitas' market share is 18 percent in the USA.

Security Services Europe provides specialized security services in 27 countries with 108 000 employees and 700 branch managers. Securitas' market share is 19 percent in this region for these types of services.

Mobile offers mobile security services, such as beat patrol and call-out services for small and medium-sized companies, and operates in 11 countries with approximately 9 500 employees and 215 branch managers. Monitoring offers electronic alarm surveillance for both homes and businesses. Securitas operates control rooms in 11 countries in Europe and has approximately 900 employees. Together, Mobile and Monitoring's market share is 15 percent in this region for these types of services.

Security Services Ibero-America provides specialized security services in seven countries in Latin America, as well as Portugal and Spain in Europe, with more than 59 000 employees and close to 190 branch managers. Securitas' market share is 14 percent in this region.

Read more on pages 24–27

Information about market size, market position and market data in general is based on Securitas' experience and estimates, as well as internal and external studies, in case nothing else is stated.

Offering

Securitas services a wide range of customers in a variety of industries and customer segments, ranging from governments, airports, logistics, offices, banks, shopping centers, hotels, manufacturing industries, mining industries, hospitals and residential areas to high-tech and IT companies. The size of the customers varies from the 'shop on the corner' to global multibillion industries.

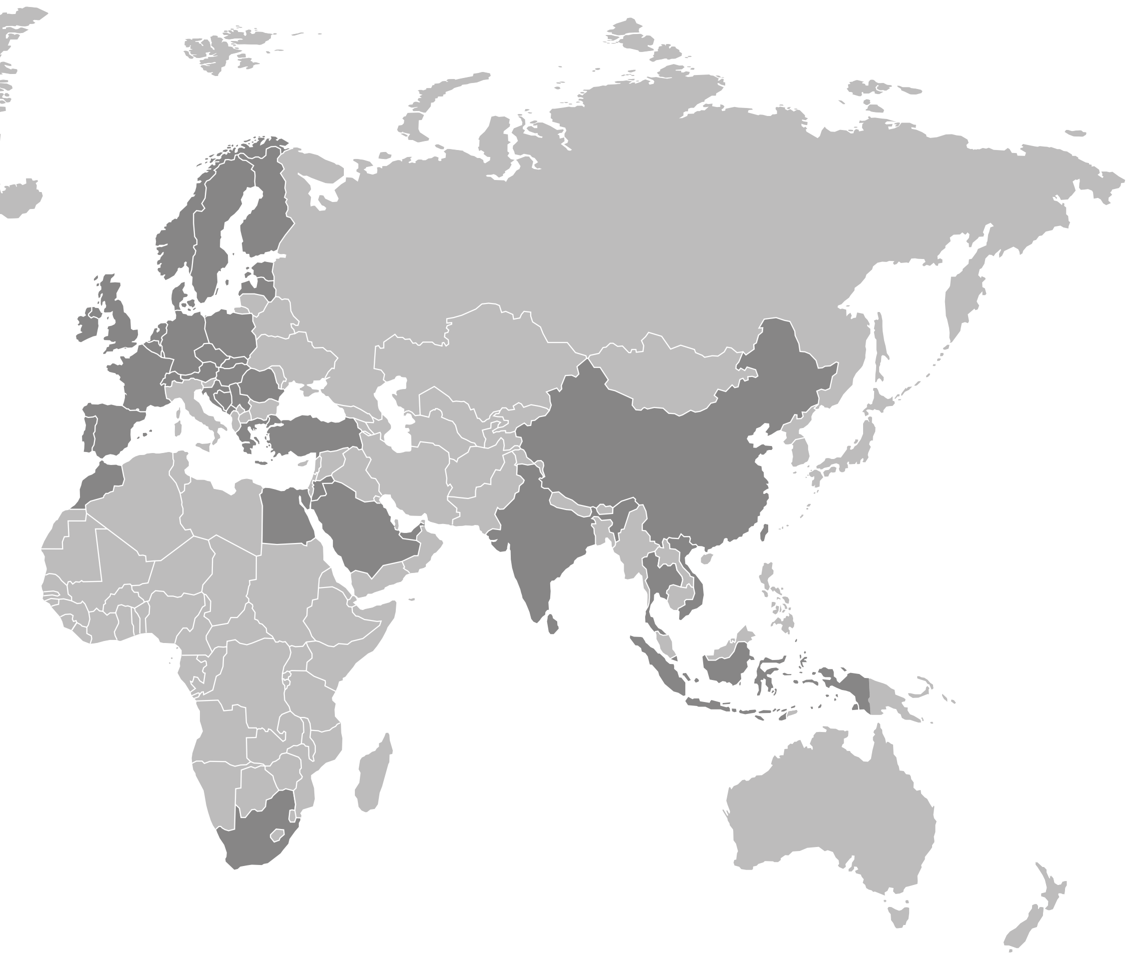
The services provided are specialized guarding and mobile services, monitoring and consulting and investigations. Securitas can respond to the unique and specific security challenges facing its customers, and tailor its offering according to their specific industry demands. Knowing how each customer segment works makes for a better result – for the customer and for us.

Read more on pages 7–11

Size

Securitas employs more than 300 000 people in 51 countries. In 2011, total sales amounted to MSEK 64 057 and operating income to MSEK 3 385.

Read more on pages 12–23



History

The founder of Securitas, Erik Philip-Sørensen, established the company in southern Sweden in 1934 when he bought Hälsingborgs Nattvakt, a small guarding company with three guards and a contract portfolio of SEK 534 per month. The company quickly grew organically and through acquisitions of smaller, regional companies. In 1972, the Group adopted the name Securitas and established its logotype with the three red dots.

After almost 50 years in the hands of the Philip-Sørensen family, the company was sold and in 1991, Securitas was listed on the Stockholm Stock Exchange (NASDAQ OMX Stockholm).

International expansion started cautiously in the late 1980s and increased rapidly from the mid-1990s, with Europe as the primary market. The company entered North America in 1999, followed by Latin America in 2000. In 2007, the first steps were taken in the Middle East, Asia and Africa.

As part of the increased specialization and refinement of its business, Securitas distributed Securitas Systems (now the Niscayah Group) and Securitas Direct to its shareholders in 2006, followed by Loomis in 2008.

Read more on our website at www.securitas.com/history

Financial targets

Securitas focuses on two financial targets. The first target relates to the statement of income: an average growth of earnings per share of 10 percent annually. The second target relates to the balance sheet: free cash flow in relation to net debt of at least 0.20. In 2011, earnings per share amounted to SEK 4.75, which represented a decrease of –17 percent compared with 2010. Adjusted for a stronger Swedish krona during 2011, earnings per share decreased –11 percent compared with 2010. The relation between free cash flow and net debt was 0.08 at year-end.

Read more on pages 54–55 and 84–85

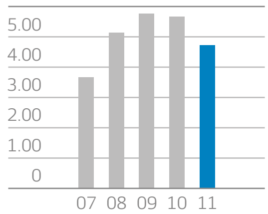
The share

The share price decreased 24 percent during 2011. The number of shareholders in Securitas was 27 011. Institutional investors and other corporate entities accounted for 97 percent of the total share capital. Shareholders outside Sweden accounted for 37 percent (31) of the capital and 26 percent (22) of the votes.

The principal shareholders in Securitas are Gustaf Douglas and Melker Schörling who, through their companies and families, hold 11.5 percent and 5.6 percent of the capital respectively.

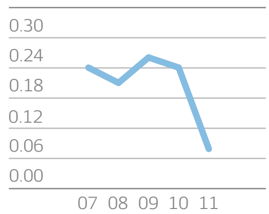
Read more on pages 31–34

Earnings per share*, SEK



* Continuing operations

Free cash flow to net debt*



* All operations

This is a translation of the original Swedish Annual Report. In the event of differences between the English translation and the Swedish original, the Swedish Annual Report shall prevail.

◀ In the mountains north of Osmaniye in Turkey, Securitas provides security services to an energy company. The services include specialized guarding and high quality technology solutions.

There are many areas where security is needed at a seaport. In Buenos Aires in Argentina, Securitas offers specialized maritime security services for the seaport as well as for shipping and supply chain companies. ▶

"Specialization rather than diversification creates value."

Specialization Makes a Difference

The decrease in earnings per share in 2011 was disappointing for Securitas after having reported our best year ever in 2010. We can complain and explain, but this changes nothing – the outcome remains the same. However, due to all the measures we are taking and the strategy we are pursuing, our performance will improve in the coming years.

The key to Securitas' success lies in working closely with our customers, utilizing our innovative skills and identifying and suggesting cost-efficient security solutions.

The security services market is mature in most of our areas of operation, with low added value, high price transparency and a fragmented competitive landscape. In many countries, the market is also poorly regulated and has a low barrier to entry. If you are unable to prove your added value in such an environment, the only remaining weapon will be price, which turns services into a commodity with weak profitability as a result.

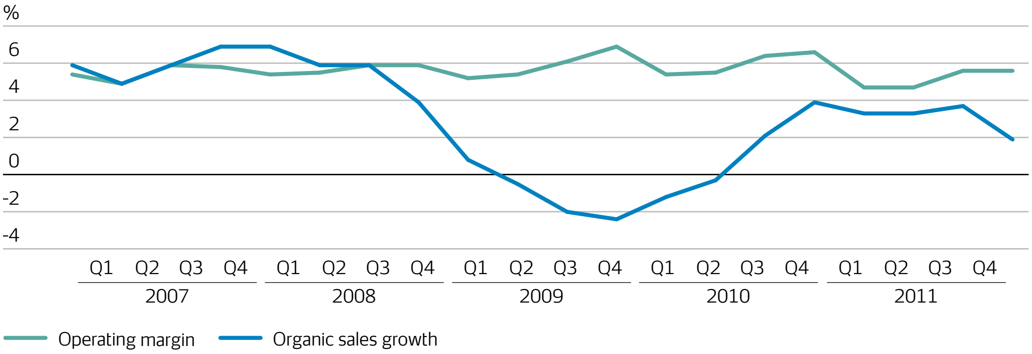
At Securitas, we are convinced that focusing on specialization rather than diversification will allow us to break this vicious circle. Our recipe for success contains the following three ingredients:

1. Grow organically in line with the security services market
2. Make acquisitions using part of the free cash flow that we generate
3. Improve the operating margin by creating added value for our customers

1. Organic sales growth

Over the past five years, we have grown organically in line with the security services market, although differences exist in various regions over the years. In 2011, organic sales growth was 3 percent. We gained market shares in North America by achieving 4 percent organic sales growth in 2011, while our market share in a few countries in Europe declined due to the loss of a few important contracts early in the year. The 11 percent growth in Ibero-America was largely attributable to a favorable trend in Latin America.

ORGANIC SALES GROWTH VS. OPERATING MARGIN, PER QUARTER



2. Acquisitions

Approximately half of the free cash flow we generate is used to pay dividends to our shareholders. This has amounted to an average annual yield of over 4 percent on the share over the past five years.

The other half of the free cash flow is allocated to acquisitions. Acquisitions should add expertise and key competencies, increase our specialization as well as our global footprint. In 2011, we made 19 major acquisitions that included 24 900 employees and generated total annual sales of MSEK 4 500. One of the biggest acquisitions was a major security operation in the United Kingdom, making us the second largest player in the British market with a market share of nearly 20 percent. We also strengthened our position in the U.S. primary government security services market and completed a number of important acquisitions in Latin America.

Over the past five years, we have made 76 major acquisitions, including a total of 90 400 employees and generating total annual sales of MSEK 12 500. In 2008, Loomis was spun off to the shareholders, reducing sales with just over MSEK 11 000. The net debt, adjusted for foreign exchange, was basically the same at the end of 2011 as it was five years ago. Since 2007, we have entered the market in 21 new countries, and with a presence in 51 countries, we are now a truly global security company – and the only pan-European security company. Our plan is to be present in at least 60 countries by the end of 2014 in order to meet the needs of our global customers.

In 2011, real sales growth including acquisitions totaled 11 percent, which is the highest figure reported since 2002.

3. Improved operating margin

The main challenge in coming years will be to improve our operating margin. This work will focus on two areas.

Important figures and events during 2011

Sales, income and organic sales growth

- Total sales MSEK 64 057 (61 340)
- Organic sales growth 3 percent (1)
- Operating margin 5.3 percent (6.1)
- Proposed dividend SEK 3.00 (3.00)

Financial targets

- Earnings per share SEK 4.75 (5.71)
- Free cash flow to net debt ratio 0.08 (0.24)

Acquisitions

- 19 major acquisitions in mature and new markets, with 24 900 employees and annual sales equivalent to approximately MSEK 4 500:

  Interseco (the Netherlands), Adria Ipon Security (Bosnia and Herzegovina), Seguridad y Turismo Segutouring (Ecuador), Chubb Security Personnel (the United Kingdom), Seguricorp (Chile), Consultora Videco (Argentina), Security Consultants Group (USA), Assistance Sécurité Gardiennage (France), Al Sharika Al Muatfawika Likhadamat Al Amin Wa Al Himaya (Jordan), Zvonimir Security (Croatia), Sensormatic Guvenlik Group (Turkey), Chubb Guarding Services (Singapore), Sistem FTO (Serbia), Orbis Security Solutions (South Africa), Cobelguard (Belgium), Ave Lat Sargs (Latvia), Europinter & ECSAS Gardiennage (France), Fuego Red (Argentina), CSS Internacional (Costa Rica).

"We will only improve our operating margins…

…if we develop our core business and improve our ability to generate added value for our customers."

"Managing the machine"

Our approach is based on the concept of "managing the machine" – that is, managing our resources in the most efficient manner, according to the Securitas Model. As a result of total employee turnover, we hire approximately one hundred thousand security officers annually, which requires extremely efficient operational control. In 2011, employee turnover was 44 percent in the USA and 28 percent in Europe. "Managing the machine" also entails delivering professional and high-quality services to our customers through a flat organizational structure based on efficient branch offices. Working closely with our customers and having motivated employees is also important, as is the ability to manage sick leave rates and overtime through sound planning and strong routines and maintaining tight cost and financial control. In short, the Securitas Model. However, price increases must be on par with wage cost increases. In 2011, this was not achieved in a few countries in Europe and, consequently, we suffered lower margins in Security Services Europe. In the Security Services North America, Mobile and Monitoring and Security Services Ibero-America business segments, margins were stable compared with the preceding year. In 2011, the Group achieved an operating result of MSEK 3 385 (5.3 percent) compared with MSEK 3 724 (6.1 percent) in 2010, corresponding to a negative real change of –3 percent.

From basic guarding to security solutions

In addition to "managing the machine," we will only improve our operating margins if we also develop our core business and improve our ability to generate added value for our customers. This goal is being achieved in several ways:

- Today, more than one-third of our branch offices are organized by customer segment, allowing us to utilize our size and specialize in specific segments. As a result, we can provide customers with expertise, experience, knowledge and ideas for how they can improve their security solutions in a cost-efficient manner.
- We invest in technology and security system design resources in order to strengthen our ability to propose optimal solutions, comprising physical security, technology, patrols, alarm monitoring and consulting and investigation services. We actively seek out acquisitions of security technology companies and a few such acquisitions were completed in 2011. We attempted to accelerate this process in 2011 by making a public bid for Niscayah (former Securitas Systems), but were not successful due to a higher bid by another company. Instead, we are now building our expertise organically, primarily to support and enhance our existing customer portfolio, and adding new areas of competence and customer bases by conducting acquisitions in key markets.
- Our state-of-the-art client web portals provide customers with all required security-related information online and provide such additional features as alerts and access to data, which are important for assessing security needs.
- Through acquisitions, we are strengthening our competence in highly specialized consulting and investigation services, enabling us to advise our customers on complex security issues or crisis situations.
- In 2011, we implemented an internal business model known as the Diamond Box, which provides systematic guidance on how to perform a professional operational analysis of a customer's security needs and then transform those conclu-

> ***"The key to success lies in working closely with our customers and utilizing our knowledge and innovative skills to develop efficient solutions."***

sions into competitive security solutions. Substantial efforts are being made in security training to support the Diamond Box capabilities, as well as increased efforts in sales and marketing.

- Our internal web, *My Securitas*, has now been expanded to 13 000 users in all of our markets, giving us access to a comprehensive network with wikis and communities where experience, innovations and solutions can be found and exchanged, thus allowing users to identify and share knowledge in a way that improves our customer offering.

The key to our success lies in working closely with our customers, utilizing our innovative skills and devoting our efforts to identifying and suggesting solutions that can improve security in a cost-efficient manner for our customers.

Large corporations sometimes tend to focus inwards as they find themselves more interesting than meeting with customers. We work actively to prevent this from happening at Securitas, and by working closely with our customers and developing solutions together, we will show that we are different from other security providers and that all of our more than 300 000 employees make a difference.

Stockholm, March 16, 2012

Alf Göransson
President and CEO Securitas AB

How we develop our business

The decentralization of decision-making and responsibility is fundamental for Securitas, since the company's daily operations are conducted in our branch offices. The Group's customer offerings and relations improve when decisions are made in close proximity to customers and the employees who perform the services. Accordingly, business development occurs in every part of the organization on a continuous basis, since security companies work around the clock. To reach our financial targets, we must grow organically in line with the security services market, make acquisitions and improve our operating margin. Our efforts to develop the business on a daily basis have been divided into the following three steps: growing business, realizing opportunities and securing profitability.

GROWING BUSINESS

Growing our business is mainly achieved through the day-to-day activities of our local branch offices. As a security partner, establishing close, active and long-term relationships with our customers is crucial. Sales activities and targeting of desired customers are important for achieving new sales. In the long term, our strategy to specialize our security offering by developing value-added services will be the key to continuous and profitable growth.

Success factors:

- Presence where our customers operate – globally, nationally and locally
- Being perceived as the knowledge leader in the security industry, with strong values and business ethical principles
- Maintaining and developing our strong brand
- Customer-oriented sales and marketing efforts
- Competitive solutions based on qualified risk assessments
- Offering specialized security solutions through segmentation of our business
- Close and long-term customer relations through a proactive and flexible approach to our customers' changing security needs

REALIZING OPPORTUNITIES

Realizing opportunities entails being active when changes occur in and around our customers' businesses. The extra sales that these changes generate are highly valuable. Acquiring companies has always been an important part of our culture and business model. An acquisition represents an opportunity for us to expand into a new market in order to serve our customers when they grow in new regions. An acquisition can also provide an opportunity to strengthen our competence within a certain customer segment or complement our geographical coverage in a certain country.

Success factors:

- Targeted and event-driven marketing
- Proactive approach to sudden customer needs
- Large scale and resources
- Identification and selection of suitable acquisition targets
- Proper restructuring and integration of acquired companies
- Realization of synergies, such as cost, geographical and marketing synergies
- Ability to develop acquired companies by using the Securitas management model

SECURING PROFITABILITY

Securing profitability entails balancing price and costs, and being as adaptable as possible. Our strategy is also to avoid competing on price to win contracts. In the long term, we aim to develop more specialized value-added services and concepts, including specialized guarding, technology solutions and consulting and investigation services, thereby enabling increased price levels.

Success factors:

- Short-term price adjustments to avert cost level increases
- Lower employee turnover
- Efficient sales and marketing
- Not competing on price but with service content and quality
- Efficient invoicing and close control over days of sales outstanding
- Active risk management to minimize losses and avoidable costs
- Training and education of our employees in security competence
- Exchange of best practice, innovations and know-how in the Group
- Combination of guarding with technology solutions and consulting and investigation services in order to customize solutions to meet the customer's needs

Knowledge Leader in Security

Securitas protects homes, workplaces and society. Our core business is security services and the main service offering categories are specialized guarding, mobile security services, monitoring, and consulting and investigation services. Technology solutions are often part of the service provided.

Securitas provides a wide range of security services, from mobile patrols, access control, fire prevention, receptionist/concierge, monitoring and call-out services to specialized, site-specific duties. From this broad range of services Securitas customizes offerings that are suited to the individual customer's needs, in order to deliver the most effective security solutions. To create an optimal solution for the customer, different components are often used in combination, such as specialized guarding services, technology solutions, and consulting and investigations.

Specialized guarding services consist of many types of services, from airport security and customized services for certain segments to receptionist services. One example of specialized guarding services is mobile security services, which provide cost-effective solutions for small and medium-sized businesses that do not require 24-hour security services. A single security officer typically attends to the needs of 20 to 30 customers within a limited geographical area during one shift, performing regular exterior and interior patrols, alarm activations and opening and closing of premises. Mobile also provides city patrols and special alarm response units.

Technology solutions are always deployed in combination with qualified security officers. The following components are often used in combination to create a security solution tailored to a specific customer's needs:

- Electronic systems: intrusion alarms, access control and surveillance cameras
- Physical security: fences, turnstiles and gates
- Software: reporting, communication, logging and verification systems

Examples of services with high technology content in monitoring include CCTV monitoring, verification and alarm response. Another example is track and trace services, mainly for trucks, using the latest GPS and cell phone technology. We are further strengthening our competence in technology solutions by hiring specialists and through selective acquisitions.

Consulting and investigation services consist of a range of specialized services, such as due diligence, background checks, security assessments, brand protection, intellectual property protection, executive protection, investigations, cyber surveillance, computer forensics and IT security.

"Our security knowledge grows as we learn from assignments and customer relationships globally…

...and we gain advantages by focusing on our core business – security services – and working closely with customers to optimize their security solutions."

In-depth understanding of our customers' needs
Our customers are found in nearly all industries and segments – from public agencies, manufacturing companies, ports, banks and hospitals to museums. The size of the customers varies from the 'local shop on the corner' to global multibillion industries.

Our customers face different risk situations, depending on the environment of their particular industry and, accordingly, have different security needs. Years of experience in servicing customers in various customer segments, and in several similar industries within these segments, have given us the expertise to deliver effective security solutions tailored to these needs. Securitas also takes advantage of the similarities within each industry to reap the benefits of duplicating successful solutions, regardless of the location.

The benefits of specialization are added value, both for the customer and for us, and more active and longer customer relations.

In brief, based on our in-depth understanding of our customers' needs and specific industry-related requirements, we can add further value by optimizing security solutions, and thereby achieve competitive advantages.

Specialized guarding
Security solutions, specialization, segmentation

Technology solution
Concept, installation, monitoring, maintenance

Consulting and investigation
Risk management, security analysis

We customize a solution that meets the customer's needs
From a broad range of services, Securitas customizes offerings that are suited to the individual customer's needs, in order to deliver the most effective security solutions.

We specialize in customer segments

Securitas serves customers in 51 countries and in nearly all industries and customer segments. The security service offerings differ from country to country, depending on the market and level of market maturity. In most countries, we specialize in certain customer segments that are predominant in that particular country, with a dedicated organization serving those industries. At present, we serve 20 main customer segments in most countries in which we have a presence.

Aviation In the aviation segment, security solutions naturally center around airports and their various security needs. Our customers are aviation companies or privately operated airports, as well as airlines, freight forwarders and other airport-related businesses.

Construction Securitas' customers in this segment include building contractors and entrepreneurs, as well as consultants, architects and subcontractors in the construction industry.

Cultural Many museums, theaters, opera houses and large libraries have considerable assets to protect. Because they are open to the public, they have substantial security needs.

Education Schools and universities have both tangible and intangible assets to protect, but above all, students, teachers and visitors need to be safe.

Energy The customers in the energy sector include nuclear power plants, electricity suppliers, wind and hydroelectric power stations, and oil and gas companies. These customers all have high risk factors and require advanced security solutions.

Entertainment The entertainment segment comprises broadcasting companies, the motion picture industry, amusement parks and casinos.

Events The common denominator in this segment is that we provide security solutions for a limited period of time. This could entail security services for a sporting event, concert or festival.

Financial All of the businesses in this segment run some form of financial operations. In addition to banks, this includes other financial institutions and insurance companies.

Healthcare Security needs vary in the healthcare sector depending on whether it is a hospital, a primary care facility or a retirement home. The security services need to be customized accordingly.

High-tech The customers in this segment range from telecom companies, IT companies and network providers to fine electronics companies.

Hotels and tourism The customers in this segment include hotels, travel agencies, tour operators and various companies in the leisure industry, such as golf courses and ski resorts.

Industry and manufacturing This segment includes all heavy industry, extraction, production, manufacturing and processing.

Logistics Many players are involved in a logistics chain: distribution and cargo centers, logistics companies and shipping agents, as well as warehouses and courier firms.

Maritime There are many areas where security is needed at a seaport, where strict regulations are in place. While the seaport itself is often our customer, other customers include shipping companies and supply chain companies.

Offices This segment consists of property management or facility management companies, as well as companies that require security for their head offices.

Public All public agencies, such as municipalities, city councils, national government authorities and international bodies, require security, and this need may vary between nations and regions.

Public transport All countries have some form of public transport, such as trains, buses, a subway system or trams, and they all have similar types of risks. But above all, they are public environments and require a high level of security.

Residential Many people want to protect their residences, be it a house, an apartment in a high-rise building or an entire neighborhood. Some residential communities are gated and have advanced security systems with round-the-clock guarding.

Retail Securitas' customers in the retail segment include department stores, shopping malls, retail chains, restaurants and after-hours supermarkets.

Small and medium-sized enterprises We provide customized security solutions for small and medium-sized businesses in retail and office premises, for example, and the service sector.

Global Reach, Local Customer Relations

In 2009, Honeywell, the global technology company, was utilizing more than 60 different security suppliers in 21 countries. Some of the challenges facing Honeywell with so many suppliers were the ability to analyze data quickly and implement best practices. However, the biggest challenge was ensuring that the standards set by Honeywell Global Security were being met, especially since several of the locations were in emerging markets.

Securitas had been serving Honeywell since 2008 and had a good understanding of the issues faced by Honeywell Global Security's team. Together with the segment specialists for federal government services, Securitas' Global and National Accounts group was able to build a comprehensive security solution for Honeywell.

Firstly, Securitas created a dedicated management team with Honeywell-focused managers in North America, Asia, Europe and India. Working closely with the customer and utilizing various technology solutions, Securitas was able to create a method for Honeywell to capture and analyze data by location, country and business group. With over 250 locations worldwide requiring security, this was a major opportunity for Securitas to provide its services. As a global company, Securitas fits well with the Honeywell location footprint.

Securitas has been able to provide a number of value-added services to ensure that our extensive security knowledge leads to improved results for Honeywell. Securitas has created a standardized format for information about shift duties, working hours, procedures and systems across all Honeywell business units. There is also a customized online incident reporting system that is used by all business units globally. Both are part of a corporate standard that tracks security equipment impairments and provide physical security audit templates for corporate security and IT security audits and inspections.

Securitas provides a vast range of services to Honeywell, including interior and exterior patrols, mobile patrols, access control, CCTV monitoring and global incident tracking. Several specialty customer segments are involved, such as federal government services and energy. Pinkerton Consulting & Investigations and Mobile Services, also supply specialized services.

Securitas delivers distinctive customer value through effective, customized security management, training and security solutions. These resources allow Securitas to deliver security services globally with the expertise necessary to meet Honeywell's specific needs.

As a global company, Securitas has the ability to provide security services for Honeywell's more than 250 locations worldwide. Securitas delivers a vast range of services, including interior and exterior patrols, access controls and CCTV monitoring.




We Provide Security Services Globally

Securitas' operations are organized into a flat, decentralized structure with four business segments: Security Services North America, Security Services Europe, Mobile and Monitoring and Security Services Ibero-America. We are also continuing to grow our business in new markets in the Middle East, Asia and Africa.

Our specialized security services are offered in essentially all geographical areas where we operate, to both large and small customers. In Europe, the specialization process has advanced furthest in specific customer segments, while our North American operations are more geographically organized. Mobile and Monitoring focuses on serving small and medium-sized companies, residences and individuals in Europe. In 2011, a global business center for Aviation services was established. With its base in North America, Pinkerton Consulting & Investigations offers its services to customers worldwide. In Ibero-America, we provide our customers with a variety of security services.

Most of our business is in North America and Europe. Security Services North America and Security Services Europe represent 76 percent of our total business, accounting for MSEK 48 781 of the Group's total sales of MSEK 64 057 and approximately 68 percent of our total number of employees, which corresponds to approximately 217 000 of 316 000 employees.

Mobile and Monitoring operates in Europe and accounts for 10 percent of total sales, 22 percent of total operating income and 3 percent of our total number of employees.

Security Services Ibero-America operates in seven Latin American countries, as well as Portugal and Spain in Europe, accounting for approximately 14 percent of total sales, 16 percent of total operating income and close to 19 percent of our total number of employees.

In addition to the four business segments, the Group conducts guarding operations in the Middle East, Asia and Africa (included under the heading Other in our segment reporting). We enter these markets in order to be able to serve our global customers in these regions. Since one of the cornerstones of Securitas' strategy is to grow in new markets and this effort is important to the future position of Securitas, we have chosen to present our business in new markets in this section.

Security Services North America – Page 14

Security Services North America provides specialized security services in the USA, Canada and Mexico and comprises 20 business units: one organization for national and global accounts, ten geographical regions and six specialty customer segments – manufacturing, federal government services, defense and aerospace, energy, healthcare and aviation – in the USA, plus Canada, Mexico and Pinkerton Consulting & Investigations. In total, there are approximately 108 000 employees, about 600 branch managers and 97 geographical areas.

Sales	Operating income	Total capital employed	Number of employees
 35%	 38%	 40%	 34%
MSEK 22 356	MSEK 1 270	MSEK 7 812	108 500

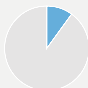
Security Services Europe – Page 16

Securitas' European guarding operations comprise Security Services Europe, which provides specialized security services for large and medium-sized customers in 27 countries, and Aviation, which provides airport security in 14 countries. The organization has a combined total of more than 108 000 employees and 700 branch managers.

Sales	Operating income	Total capital employed	Number of employees
 41%	 30%	 28%	 34%
MSEK 26 425	MSEK 1 003	MSEK 5 474	108 400

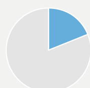
Mobile and Monitoring – Page 18

Mobile provides mobile security services for small and medium-sized businesses and residential sites, while Monitoring provides electronic alarm surveillance services. Mobile operates in 11 countries across Europe and has approximately 9 500 employees and 215 branch managers in 31 areas. Monitoring, also called Securitas Alert Services, operates in 11 countries across Europe and has approximately 900 employees.

Sales	Operating income	Total capital employed	Number of employees
 10%	 22%	 12%	3%
MSEK 6 149	MSEK 733	MSEK 2 291	10 500

Security Services Ibero-America – Page 20

Security Services Ibero-America provides specialized security services for large and medium-sized customers in seven countries in Latin America, as well as Portugal and Spain in Europe. Security Services Ibero-America has a combined total of approximately 59 000 employees and close to 190 branch managers.

Sales	Operating income	Total capital employed	Number of employees
 14%	 16%	 16%	 19%
MSEK 8 747	MSEK 545	MSEK 3 071	59 100

New markets – Page 22

Securitas provides security services in the Middle East, Asia and Africa. Some of these markets are relatively new for Securitas. The operations are included under the heading Other in the segment reporting. See note 9 on pages 97–99.

	Sales	Operating income	Total capital employed	Number of employees
Group*	MSEK 64 057	MSEK 3 385	MSEK 19 554	316 000

* Includes Other and eliminations.

Working Actively to Develop Optimal Security Solutions

Organization

Security Services North America provides specialized security services in the USA, Canada and Mexico and comprises 20 business units: one organization for national and global accounts, ten geographical regions and six specialty customer segments – manufacturing, federal government services, defense and aerospace, energy, healthcare and aviation – in the USA, plus Canada, Mexico and Pinkerton Consulting & Investigations. In total, there are approximately 108 000 employees, about 600 branch managers and 97 geographical areas.

Strategy and objectives

The overall, long-term objective for Security Services North America is to improve year-on-year profitability and to differentiate ourselves from our competitors, while growing in line with the market for private security. The branch offices form a strong and flexible foundation for delivering security solutions. They have developed in-depth knowledge of the specific security challenges facing our customers, since Securitas works actively to develop optimal security solutions for each one. We differentiate ourselves by increasing the level of specialization and introducing value-added services and solutions. We also constantly strive to maintain a high customer retention rate through strong leadership and by raising industry standards. The strategy is supported by selective acquisitions.

Market and competition

The U.S. market for outsourced security is 57 percent, while most of the market is outsourced in Canada and Mexico – almost 80 percent in Canada and nearly 90 percent in Mexico. Securitas' market share remains stable at 18 percent in the USA, 12 percent in Canada and 11 percent in Mexico. The main competitors in the USA are G4S and Allied Barton. In the U.S. security market, five major players hold a market share of 33 percent, while the rest of the market is highly fragmented. The top four companies in Canada hold 70 percent of the market, while the Mexican security market is highly fragmented.

Service offering and customers

Securitas provides a wide range of services with various levels of specialization to customers in a variety of industries and segments, and in most parts of North America. The national accounts team has a high level of specialization in such customer segments as high-tech, telecom and finance. The customer segment for federal government specializes in high-level security services for various government agencies.

To further refine our service offerings, Securitas has established a model with tools that add value for customers, for example an individualized customer portal that gathers all necessary information for both the customer and our employees.

Pinkerton Consulting & Investigations provides security consulting and investigative services, including fraud investigations, due diligence, computer forensics, and intellectual property and brand protection services. It operates from 32 branch offices worldwide.

Our employees

Securitas' security officers and branch managers are the cornerstone of our operations. We constantly strive to develop our employees in order to provide high-quality services, and learning plans are developed on the basis of customer requirements and expectations. Continuous training is provided for our security officers through an online academy and the Excellence in Service Program, which aims to promote and maintain a high and consistent level of service quality. The primary purpose of the Branch Manager Training Program is to ensure a consistent level in our quality services. Our branch manager network focuses on customers and employees, while back office responsibilities are handled through our shared service departments.

A responsive and cost-effective program

At the BP Refinery in Texas City, Texas, USA, technology has changed the way security officers work and train. The innovative SecuritasVision System has improved communications and helped security officers become more responsive and proficient.

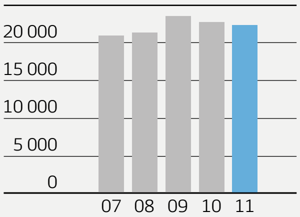
The deployment of Vision at all access gates on the site, along with the use of handheld computers, keeps Securitas staff in close communication. The customer can access the activities of all security officers in real time through the Securitas Client Portal and respond to any challenges as required. The system also provides professional security reporting and statistical information, as well as access to information about schedules, costs, training, service performance, special tools and e-mail.

E-learning training, accessed through Vision, is an invaluable tool that enables security officers to complete mandatory training in a flexible way. As a result, specialization and professionalism have increased while training costs have been drastically lowered for the customer. Adapting the system to meet customer needs gives Securitas an edge in the form of a responsive and cost-effective security program.

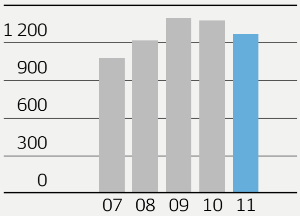
The innovative SecuritasVision System helps our security officers become more proactive.

FINANCIAL KEY RATIOS MSEK	**2011**	**2010**
Total sales	22 356	22 731
Organic sales growth, %	*4*	*-2*
Operating income before amortization	1 270	1 380
Operating margin, %	*5.7*	*6.1*
Real change, %	*2*	*4*
Cash flow from operating activities	855	1 080
Cash flow from operating activities, %	*67*	*78*
Operating capital employed	1 328	1 074
Operating capital employed as % of sales	*6*	*5*
Total capital employed	7 812	7 320
Return on capital employed, %	*16*	*19*

SALES
MSEK



OPERATING INCOME
MSEK



Santiago Galaz,
Divisional President,
Security Services
North America

A Pan-European Security Services Provider

Organization

Security Services Europe is a true pan-European organization, providing specialized security services for large and medium-sized customers in 27 countries. Aviation, which is part of the Security Services Europe business segment, provides airport security services in 14 countries. The network of branch offices is the foundation of the organization. Security Services Europe has a total of 108 000 employees and 700 branch managers.

Strategy and objectives

The overall, long-term strategy for Security Services Europe is to understand the detailed security needs of our customers and deliver cost-efficient and innovative solutions. The objective is to grow in line with the market average. This is to be achieved by maintaining a strong customer focus, specializing in customer segments and offering customized security solutions, including technology systems and consulting and investigation services. The strategy is supported by selective acquisitions. Our Global and European accounts team coordinates our services for customers seeking solutions on a European or global level. Business centers for Public Transport, Retail, Maritime and Logistics aim to strengthen cross-border development and offer expertise to the countries. The Aviation Business Center supports Securitas globally in developing specialized services for airports, airport-related businesses and airlines.

Market and competition

The market for outsourced security services (excluding mobile and monitoring services) in the countries where Security Services Europe operates grew slightly in 2011. Securitas has a strong position in the European market and is the market leader or number two in 18 countries. In 2011, Security Services Europe's market share was 19 percent (19). The security market in Europe is still fragmented and most of the companies are local players. The primary competitors are G4S and Prosegur, but Securitas has an unrivalled footprint in Europe, serving customers from Finland to Portugal and from Ireland to Turkey.

Service offering and customers

In Europe, Securitas serves a wide range of customers in a variety of industries and customer segments. Given our size, we can build expertise around specific customer segments and develop customized solutions to meet our customers' needs. Our organization is capable of providing services both for local customers and for cross-border customers who wish to standardize their security services in all their countries of operation.

Securitas' solutions are always developed in close cooperation with our customers and include elements of technology and consulting and investigation services.

Aviation provides specialized services for airports, airport-related businesses and airlines. The services range from security screening of hand and checked baggage to cargo security, document profiling and aircraft guarding and search.

Our employees

Securitas has a European competency framework for recruitment and on-boarding processes, talent management and employee engagement. We develop these areas actively and share best practices. Employee competencies are of considerable importance and we recruit and train according to specific profiles developed for our various customer segments. Securitas has training centers in several countries to provide our security officers with both basic and specialized training. A number of managers are trained every year through the Securitas Management Training Program, which aims to strengthen local leadership and firmly establish Securitas' culture and business model.

We have conducted employee satisfaction surveys since 2008 and have learned from our officers that a key element for them is to respect and be respected. A number of actions are being taken on local and divisional level to address this.

The different business centers organize workshops and training programs around their specific customer segment. As an example, the Aviation Business Center organizes a management training program to exchange best practices and increase aviation security know-how. They also provide a centralized e-learning system for aviation security officers and a testing tool for X-ray screening.

Full service solution for fire-safety

The ChemiePark Bitterfeld-Wolfen industrial site in Germany serves as a base for 360 companies with a total of 11 000 employees. The centrally provided services are available to all companies in the ChemiePark and include a plant fire brigade. The fire brigade has been successfully managed by Securitas since 1995.

The Securitas fire brigade in Bitterfeld-Wolfen is one of the largest of its kind in Germany. Around the clock, 19 full-time fire fighters – with special competence in the chemical industry – perform preventive and protective fire-safety measures. In emergency situations, 65 fire fighters are available.

The equipment includes 11 fire engines and special purpose vehicles, a new control center and several specialist workshops. Specialized training and exercises are part of the daily routine for the Securitas fire protection specialists who coordinate an average of 450 operations per year, including technical assistance such as boiler inspections and works on pipe bridges. The Securitas fire brigade is involved in fire-fighting activities approximately 15 times per year. The specialized service is available to all companies at the site, enabling them to focus on their core business.

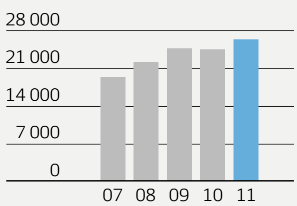
The Securitas fire brigade perform preventive and protective fire-safety measures and are available in case of emergency.

FINANCIAL KEY RATIOS

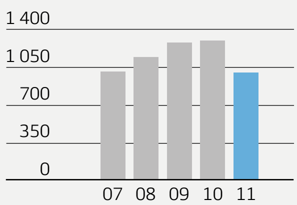
MSEK	**2011**	**2010**
Total sales	26 425	24 556
Organic sales growth, %	*0*	*4*
Operating income before amortization	1 003	1 300
Operating margin, %	*3.8*	*5.3*
Real change, %	*-20*	*10*
Cash flow from operating activities	777	1 131
Cash flow from operating activities, %	*77*	*87*
Operating capital employed	-106	-196
Operating capital employed as % of sales	*0*	*-1*
Total capital employed	5 474	4 461
Return on capital employed, %	*18*	*29*

Due to the new segment structure, historical data has been restated.

SALES
MSEK



OPERATING INCOME
MSEK



Bart Adam,
Divisional President,
Security Services Europe

Marc Pissens,
Divisional President, Aviation

Specialized Mobile and Monitoring Services

Organization

Mobile provides mobile security services for small and medium-sized businesses and residential sites, while Monitoring provides electronic alarm surveillance services. Mobile operates in 11 countries in Europe and has approximately 9 500 employees and 215 branch managers in 31 areas. Monitoring (Securitas Alert Services) operates in 11 countries throughout Europe and has approximately 900 employees.

Strategy and objectives

Mobile and Monitoring has a clear focus on continuously improving the efficiency of their sales force and optimizing the balance between growth and margin improvement. Securitas' mobile security services are a cost-efficient option for customers requiring a high-quality security solution and a reliable supplier but not needing full-time security services. Our monitoring services are focused on providing high quality solutions for electronic surveillance to all types of customers through close partnerships with independent installers and other business partners.

Market and competition

The market for mobile security services is highly fragmented and difficult to measure, since most companies providing these services offer them as an integrated part of their security operations and not as a specialized service in a separate organization. Securitas is the market leader in all markets in which Mobile operates, with a market share in the Nordic countries of more than 50 percent, and between 10 percent and 30 percent in the rest of the European countries of operation.

Monitoring offers both local and cross-border services. Its market share in the Nordic and Benelux countries ranges between 10 percent and 21 percent, while in the other countries, the figure is below 10 percent.

Service offering and customers

Mobile provides mobile security services, such as beat patrols, call-out services, city patrols and keyholding services. A large part of the customer base consists of companies that cannot have, or do not need, a full-time security service, as well as many home owners. Since the sales process for mobile security services is fast and based on volume, Mobile has built a dedicated sales organization. Mobile's customer base of approximately 110 000 customers ranges from small enterprises in manufacturing, retail and administrative services to hotel chains, gas stations, city councils and home owners.

Monitoring is a provider of electronic alarm surveillance and its core business is to provide independent alarm, security and safety monitoring services for homes and businesses. In these main market segments, the customer base of approximately 400 000 customers spans from residential, small and medium-sized enterprises to large corporations. For these customers, Securitas provides remote monitoring and alarm response for premises, property and mobile objects, such as people, cars and trucks.

Monitoring works with independent installers and sales partners, and focuses on providing a flexible service concept that integrates technical alarm monitoring, verification processes and response solutions. Track and trace are services for vehicles and other mobile objects. Securitas Home Alert for the residential market continues to grow, for example, with easy do-it-yourself solutions.

Our employees

In 2011, Mobile continued its efforts to improve the efficiency of its sales force and reduce contract terminations, specifically by further developing staff and processes in customer services. In total, approximately 180 sales specialists are now in place, positioned in most European countries of operation.

For Monitoring, continuous investments in up-to-date monitoring platforms and training of our experienced operators are essential for ensuring quality of service. Monitoring's employees and business partners receive frequent training. Key managers are offered professional development opportunities through the Securitas Management Training program and training courses at the Alert Marketing Academy are geared toward specific solutions for different customer segments.

Decreased crime rate through successful cooperation

In the Netherlands, a successful cooperation between public authorities and private business partners has reduced crime by 50 to 80 percent in certain areas, and cargo thefts by even more – 95 percent. The cooperation is being carried out through the CrimiNee! Foundation. CrimiNee! and Securitas have jointly initiated the development of a new security concept where the police and private security companies share information in order to make investigative work and call-outs more efficient. Information from intelligent surveillance cameras and detection technology is monitored by security officers from Securitas under the control of the police at a shared monitoring center.

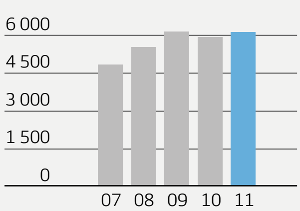
The CrimiNee! initiative includes programs for safe industrial parks, inner cities, shopping centers, truck stops and parking spaces. Advanced data analysis technology is used to interpret images and a mobile patrol can be dispatched quickly if crimes are detected. With clearly defined roles and close cooperation, the benefits are many. Costs are reduced for both customers and authorities, while the solution has increased efficiency and substantially reduced crime rates.

In the Netherlands, Securitas works in close cooperation with the police in order to make investigative work and call-outs more efficient.

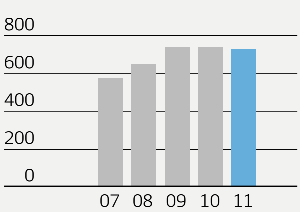
FINANCIAL KEY RATIOS MSEK	**2011**	**2010**
Total sales	6 149	5 961
Organic sales growth, %	*3*	*2*
Operating income before amortization	733	740
Operating margin, %	*11.9*	*12.4*
Real change, %	*1*	*6*
Cash flow from operating activities	633	731
Cash flow from operating activities, %	*86*	*99*
Operating capital employed	299	179
Operating capital employed as % of sales	*5*	*3*
Total capital employed	2 291	2 148
Return on capital employed, %	*32*	*34*

The comparatives have been restated due to operations moved between Security Services Europe and Mobile and Monitoring.

SALES
MSEK



OPERATING INCOME
MSEK



Erik-Jan Jansen,
Divisional President, Mobile

Lucien Meeus,
Divisional President, Monitoring

Commercial Exchange in Ibero-America

Organization

In 2011, Securitas created an Ibero-American division comprising the security services operations in Argentina, Chile, Colombia, Costa Rica, Ecuador, Peru and Uruguay in Latin America, and in Portugal and Spain in Europe. In total, there are approximately 59 000 employees and close to 190 branch managers. Numerous large Spanish and Portuguese corporations have an extensive presence in Latin America and vice versa, and the commercial exchange and coordination between Portugal and Spain and Latin America is becoming increasingly important.

Strategy and objectives

The overall objective of Securitas' operations in Latin America is to grow at a faster rate than the market average. This will be achieved by specializing in specific customer segments and offering high-quality security solutions. For Portugal and Spain, the strategy is to continue offering security solutions that provide added value for our customers and differentiate us from our competitors. Securitas' growth strategy is supported by selective acquisitions.

Market and competition

In Argentina, Chile, Portugal, Spain and Uruguay, Securitas is the market leader. The security market in Latin America is very fragmented, and to a large extent, non-regulated. Securitas' market share is 14 percent in Ibero-America. Of the Group's global competitors, G4S and Prosegur operate in most Latin American countries. Prosegur is the main competitor in both Portugal and Spain.

Service offering and customers

Securitas' customers in Ibero-America operate in a variety of customer segments, from manufacturing, offices, retail and education to special events. Some of our largest customers in Argentina are active in airport-related businesses and the telecommunications industry, while the mining, seaport and telecommunications industries are large in Peru.

Security solutions are developed locally, in close cooperation with customers, and often include technology in addition to specialized guarding. With the new organization, global customers are offered security solutions that meet their needs in all countries where they operate.

To add further value for our customers, Securitas has created an individualized customer portal, where all necessary information for both the customer and our employees is gathered.

In the Latin American countries where we operate, social responsibility activities are added to many contracts to strengthen the local communities and the people who live there.

Our employees

Securitas has established its own training centers for security officers in all of the Latin American countries in which we operate, which is a major competitive advantage. The investment guarantees that basic training for security officers is in line with our own high standards and customer requirements. Furthermore, it provides an opportunity for us to offer specialized training according to specific customer needs. The common language in all of these countries facilitates the sharing of best practices in a mutual training system and creates a knowledge network for all employees. The joint training platforms also ensure efficiency and high quality.

A complex solution for sports and recreation

Pilar Golf is a resort north of Buenos Aires, Argentina, with a golf course, tennis courts, football field, Olympic-size swimming pool and modern gym. A hotel and several residential units are also being planned. The resort hosts a variety of cultural, culinary, sporting and social events each year, often with thousands of spectators. Given its size and complexity, developing a state-of-the-art security solution was necessary.

Pilar Golf is a pioneer in including technology in their security solution and has trusted Securitas – the leader in this field – with the responsibility.

The solution includes specially trained security officers, mobile patrols and such technology as infrared perimeter protection, intrusion alarm systems, access control, CCTV and maintenance. The security officers are equipped with handheld computers with the SecuritasVision System, enabling them to report and communicate efficiently.

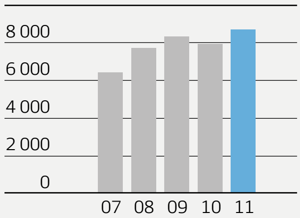
Continuous development of the solution and security officers, and working closely together with the customer, allows Securitas to provide a customized and modern security solution.

A combination of advanced technology and security services give a state-of-the-art security solution.

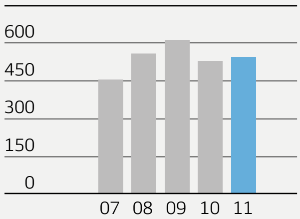
FINANCIAL KEY RATIOS MSEK	**2011**	**2010**
Total sales	8 747	7 968
Organic sales growth, %	*11*	*1*
Operating income before amortization	545	529
Operating margin, %	*6.2*	*6.6*
Real change, %	*10*	*-5*
Cash flow from operating activities	257	516
Cash flow from operating activities, %	*47*	*98*
Operating capital employed	1 198	1 101
Operating capital employed as % of sales	*13*	*14*
Total capital employed	3 071	2 459
Return on capital employed, %	*18*	*21*

The Security Services Ibero-America segment was created in 2011.
It comprises the guarding operations in Spain, Portugal and Latin America.

SALES
MSEK



OPERATING INCOME
MSEK



Luis Posadas,
Divisional President,
Security Services
Ibero-America

Growing Need for Specialized Services

A cornerstone of Securitas' strategy is to grow in new geographical markets outside North America, Europe and Latin America, and serve our global customers in these regions. In 2011, four acquisitions were carried out in new markets. New markets are included under the heading Other in our segment reporting.

South Asia
Securitas' operations in India comprise a partnership between Securitas and Walsons Services. As one of India's leading security services providers, the company has approximately 15 000 employees in over 180 cities. The customized services offered are specialized guarding, executive protection, transport security and event security. Securitas' long-term strategy of continuous benchmarking, the transfer of best practices, knowledge of customer needs and tailored training programs across all levels of the organization has resulted in a solid base of industry know-how. At Securitas India, the emphasis lies on specialized services to meet customers' specific expectations.

The growing need for specialized security solutions across industry segments and geographical areas has evolved the security market in India. The largest competitors are G4S, Tops Security, ISS and SIS.

In Sri Lanka, Securitas operates with about 1 100 employees, offering guarding services to embassies, international non-governmental organizations (NGOs), commercial sites and residential customers nationwide. The organization is investing in the sales force and focusing on growth.

China and South-East Asia
Securitas has established an organization in China that is designed to serve as a platform for growth, since the commercial security services industry has now been opened up to foreign companies. The total commercial security services market in China is estimated to be worth approximately MSEK 10 000 annually.

In Taiwan, Securitas mainly provides specialized guarding services for high-end residential buildings. Securitas has 1 100 employees in Hong Kong, with the Group conducting operations in a variety of key customer segments, such as residential, transport and logistics, finance and education. Operations in Thailand, where Securitas has 1 500 security officers in place, are mainly conducted in the hotel and tourism segment. In 2011, a technical security services company was acquired in Thailand. In Vietnam, where Securitas operates in a partnership with Long Hai Security, the total number of employees is 2 100. The company operates throughout Vietnam, mainly providing guarding services. Secure cash transportation, executive protection and alarm monitoring services are also offered.

In 2011, another acquisition was carried out in Singapore, making Securitas the number one private security services provider in the country, with approximately 1 800 employees. The customer portfolio is well diversified across customer segments and between the public and private sectors. Securitas is continuing to develop the operations in Indonesia.

Middle East and Africa
In the Middle East and Africa, Securitas has security services operations in Egypt, Morocco, Saudi Arabia, South Africa and the United Arab Emirates. In 2011, we entered the Jordanian market.

The South African operations are growing and Securitas are investing in training and the sharing of best practices in order to raise standards in the industry. Following an acquisition in 2011, Securitas now has about 3 000 employees in South Africa, with operations in guarding, mobile, alarm monitoring, technology, forensics and risk management services. Securitas is one of the top three security services companies in the Western Cape region – one of the key economic regions in South Africa.

In the Middle East, Securitas provides security solutions to major international and local companies. ▶

Continued Global Growth

The global security services market has continued to experience long-term growth and shown resilience in the economic downturn.

The global security services market employs several million people and has annual sales of more than USD 80 billion. In the long term, the industry is expected to grow approximately 7 percent annually. Security services are in demand all over the world, in all industries and in both the public and private sectors, which means that our total market is well diversified. Security needs must be fulfilled so that growth and development can prosper. Therefore, the demand for our services is closely linked to global economic development and social and demographic trends. As the global economy grows and develops, so do we.

Solid base for growth

Besides general economic growth, the main driving forces for growth in the security services industry are:

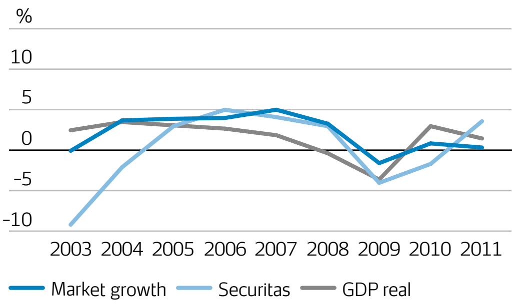
- Increased privatization. Many countries currently choose to outsource their security services needs to private actors. This is done to control or reduce public spending and, sometimes, to open the market for competition due to political decisions.
- Continued industrialization. Increased industrial activity leads to investments in factories, offices and other workplaces that all have their specific security needs.
- Increased urbanization. Globally, urbanization leads to a higher population density and greater social differences. This disparity causes social tension and insecurity, creating a need for additional security services.
- Growing middle class. In mature markets, to some extent, but particularly in developing markets, more people are leaving poverty to form a growing middle class whose disposable income and net worth are higher. People have more to protect and can also afford to do so, which fuels demand for security services.
- Investment in infrastructure. Investments in real estate, public transport, public logistic hubs and other infrastructure create a need to safeguard these assets, which increases demand for security services.

Important market trends

The driving forces for growth described above also create trends in the various security services requested by our customers. The most important trends in the security services market today are increased use of technology, customized and cost-effective services, and a greater focus on risk management.

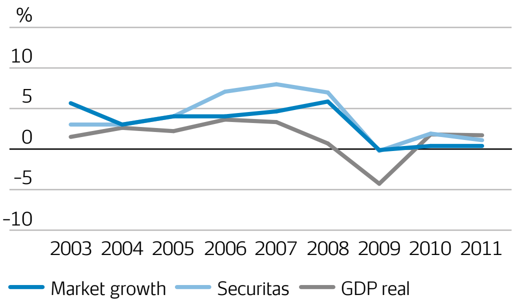
Market growth

SECURITY MARKET GROWTH, USA
– GUARDING AND MOBILE SERVICES



Source: Securitas

SECURITY MARKET GROWTH, EUROPE
– GUARDING AND MOBILE SERVICES



Source: Securitas

- Increased use of technology. Increased use of technology allows security companies to offer customers even higher efficiency and quality in security solutions. The higher the labor costs in a country, the more attractive it becomes to raise the technological level of the security solution. However, countries with low labor costs are also showing greater interest in using more technology in security solutions.
- Customized and cost effective services. Each industry, company and operation has specific needs and requirements in terms of security. Customers expect suppliers to identify and respond to their specific challenges, providing specialist know-how and dedicated resources. If security suppliers can meet these challenges, they will be granted more responsibility by companies. Customers are generally prepared to pay more for a service with greater content, higher quality and relevant specialist skills. In certain markets, there is also a willingness to pay a premium to have one contact person in charge of the entire solution, thus gaining better control and more effective administration.
- Greater focus on risk management. Senior management is devoting greater attention to security issues, and senior executives are investing more time in discussing and making decisions concerning security issues. Factors that contribute to the greater attention include a higher level of insecurity in society, the increased cost of disruptions to businesses, and greater security demands by customers and insurers. Companies usually opt to outsource security when enhancing it, since security activities are not considered part of their core business. Companies are also using security consulting services more often, enabling the customer's management to proactively identify risks and put appropriate mitigating actions in place.

Leading market position

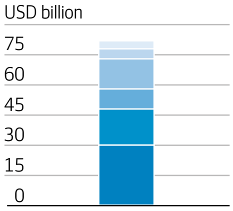
Securitas is one of the leading security services providers worldwide. We have grown from a local Scandinavian security company to a global security services provider with a presence in 51 countries. Our market-leading position in many countries is the result of strong organic sales growth and many acquisitions over the years. We have developed strong know-how in order to meet our customers' most complex security demands.

Our size, combined with our long heritage and experience, allows us to specialize and build industry-specific knowledge to reduce risk for our customers. We also share knowledge and ideas across borders, and use locally developed best practices worldwide to increase the quality of our services.

We continuously invest in technological know-how to adapt our solutions to customer needs and add value to our core security services.

Our global footprint gives us a competitive edge. Many customers today are looking for security services providers that can deliver quality in all their countries of operation rather than buying the services locally in each country. Securitas is one of few actors that can provide this service.

SECURITY SERVICES MARKET SIZE 2011
(OUTSOURCED GUARDING)



- Europe, 30
- North America, 18
- Latin America, 10
- Asia,* 15
- Africa/Middle East, 5
- Japan, 4

Total world, 82

* Excluding Japan

Main competitors

	G4S	Prosegur	Allied Barton
Home country	UK	Spain	USA
Ownership	Listed	Listed	Private
Employees	635 000	120 000	50 000
Primary markets	North America, Latin America, Nordic region, United Kingdom, Eastern Europe and New Markets	Spain, Portugal, France, Italy, Latin America and Germany	USA
Primary services	Guarding, Monitoring, Security Systems, Secure Facilities Management, Consulting and Secure Transport Services	Guarding, Monitoring, Systems, Alarms and Cash Handling	Guarding, Patrolling and Background Screening

Securitas' markets – growth, driving forces and position

The driving forces behind growth and the development of security services vary to a great extent depending on how far the security industry has matured in a region. The level of maturity is influenced by general economic and social trends. Securitas has a strong global position, with its base in mature markets such as North America and Europe, but is growing strongly in emerging markets where private security services currently are less widespread.

Securitas is currently present in 51 countries. These countries are shaded in the map below.

North America, 4–6% market growth

Growth: The security services market in North America has historically grown faster than GDP and this trend is expected to continue. The USA and Canada are more mature markets, while Mexico is more of an emerging market with higher growth from a lower base.

Driving forces: Heightened security consciousness, improved economic conditions and increased demand for value-added services are examples of driving forces in North America.

Position and presence: Securitas is the market leader in the USA and one of the leading security services providers in Canada and Mexico.

Latin America, 9–11% market growth

Growth: The Latin American security services market is expected to continue growing well above the world average over the coming years.

Driving forces: Economic liberalization, increased foreign investment and usage of security services – which is low in comparison to other markets – will continue spurring growth.

Position and presence: Securitas is present in seven Latin American countries: Argentina, Chile, Colombia, Costa Rica, Ecuador, Peru and Uruguay. In Argentina, Chile and Uruguay, we are the market leader. The security services markets in Costa Rica and Ecuador were entered in 2011. We provide an increasing number of technology solutions in all our markets in Latin America.

Asia and the Middle East, 13–15 % market growth (excluding Japan)

Growth: Growth rates vary across the regions from more mature markets, such as Hong Kong and Singapore, to fast-growing developing countries, such as India, Sri Lanka, Thailand and Vietnam.
Driving forces: The main factor driving growth in the Asian market is the strong expected underlying GDP growth compared to most other regions. Increased urbanization and a growing middle class also boost demand. At the same time, the trend is moving toward privatization, whereby security services are outsourced from the public sector to private companies that offer efficient security solutions for many different sectors.
Position and presence: Securitas currently has presence in 13 markets in Asia and the Middle East. In June 2011, we entered the security services market in Jordan. While we mainly provide manned guarding services in the region, our services in the Middle East contain a higher degree of technology. We also acquired a technology company in Thailand during the year.

Europe, 4–6 % market growth

Growth: While Western Europe's security services market is rather mature, Eastern Europe has numerous rapidly growing markets. However, Western Europe still presents many opportunities to grow by offering customized security services with a high level of expertise and technology content.
Driving forces: In Western Europe, growth will be spurred by an increasing share of value-added services, for example, increased technology content, mobile services and alarm monitoring services. Growth in Eastern Europe mainly derives from higher underlying GDP growth, privatization of the security services industry and higher crime rates.
Position and presence: Securitas is present in 28 European countries. In most, we are either the largest or the second largest actor in the market. We provide a wide range of services covering specialized guarding, mobile services, monitoring centers and airport security.

Source: Securitas

Business Built on Trust

↓ Read more at
www.securitas.com/responsibility. Here you will find information about: priorities, management, activities and results from an environmental, social and financial perspective. You will also find key figures in relation to sustainability, Securitas' Values and Ethics Code and the Emission policy.

Securitas' business is built on trust and we accept responsibility for a number of social, economic and environmental issues. Responsibility starts with the individuals and teams who work in the field. Our employees are our ambassadors, and their actions, skills and character are fundamental to building trust.

Responsible business is good business
Our approach to responsible business goes back to the very basics of security services: providing tangible social and economic benefits – not only for customers, but for the community at large. The basic security that we provide enables companies and communities to operate and grow.

We provide security for the people who work, purchase and interact with our customers. More than 300 000 individuals at Securitas provide security every hour of the day. Keeping our customers safe is how we make a difference.

We also develop specialized services that make our customers more efficient and minimize their environmental impact.

Improving our services by making them more accessible and affordable is one of our main responsibilities. Our services help us make a positive contribution to society. They are what we do best, and offer the greatest benefits to our stakeholders.

In addition to improving our service delivery, we also take part in a range of activities and initiatives, such as reducing our transportation emissions, controlling purchases and, in many cases, contributing to communities through different kinds of sponsorships. While these activities and initiatives constitute a secondary focus, they are still important.

To summarize, conducting our business responsibly has a range of positive effects. We believe that responsible business is good business.

Effective, realistic and profitable
When building a responsible business, there are some basic premises that help us establish our priorities:

- Effective – only devoting resources to activities that are likely to succeed and / or can make a significant difference
- Realistic – our ability to manage the activities and initiatives that we pursue. The decentralization of decisions and responsibility is fundamental to Securitas' management model. We aim to keep our efforts simple and local
- Profitable – all efforts related to responsible business must contribute to profitability. We prioritize our activities according to how tangible and visible they are

Implementation of a CSR system
During 2011, Securitas developed a comprehensive system for its Corporate Social Responsibility (CSR) work that aims to protect the brand, better meet customers and other stakeholders' requests for a more efficient and structured CSR approach and become more competitive in the global security industry.

The CSR system consists of five main parts:

- Securitas' Values and Ethics. Abiding by laws, maintaining high ethical standards and upholding our shared values are integral components in all of Securitas' operations and form the foundation upon which our customers, employees, shareholders and other stakeholders base their confidence in Securitas. These principles also play an important role in maintaining the strong value of the Securitas brand and promoting long-term

Greater customer value when investing in people

Securitas' strategy of specialization entails active investment in our employees. The potential returns in terms of customer benefits exceed the investment and create a positive spiral.

We invest in better terms and skills development, which raises the standard and level of professionalism in the security industry and improves the status of security officers. We view this as an investment in our most important asset, our employees.

The result is that we can retain our employees longer. This minimizes our recruitment costs and enables investment in the development of our employees and our offering. The longer people are employed and the more we invest in them, the more qualified they become and the more specialized services we can offer.

First and foremost, this increases customer satisfaction through added value and generates higher margins than standard services. High employee retention rates and qualification levels also lead to greater efficiency, which drives profitability.

In Colombia, the Securitas Inclusive Program creates opportunities for more people to participate in working life.

sustainability and growth for our worldwide business. Securitas' Values and Ethics Code is one of Securitas' key corporate policies. It sets out the fundamental principles with which Securitas expects all of its employees and business partners to adhere at all times.

- Training in Securitas' Values and Ethics. All Securitas employees will be trained in Securitas' Values and Ethics to ensure that they understand and comply with the code. A detailed e-learning course for managers and staff will be launched in all local languages. E-learning and classroom training will be held for security officers, also in local languages.
- Securitas Integrity Line. Securitas plans to implement a Group reporting system for non-compliance issues known as Securitas Integrity Line, which will include a whistleblower system. The whistleblower system will function as a complement to normal reporting channels – to a manager, for example, or someone in the human resources or legal functions. All employees and business partners are encouraged and expected to report any incidents of non-compliance, with the assurance that there will be no reprisals or other negative consequences for persons reporting in good faith.
- Follow-up. CSR issues will be more closely integrated with Securitas' enterprise risk management process, as one of the prioritized risks that are subject to review activities on a regular basis.
- Group CSR Officer. A Group CSR Officer function has been established for the Securitas Group as of January 1, 2012. The objective of the function is to manage the different parts of Securitas' CSR system.

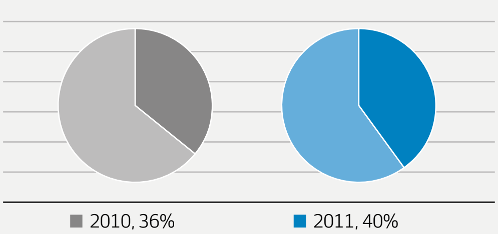
Developing with our employees

Our responsibility is to be a solid, trustworthy and stable employer for more than 300 000 people. Our employees are our most important resource and to offer the best security services possible, we want to develop our employees and give them a solid base for further development.

How can we become a leading employer in the security industry? Securitas has several programs in place:

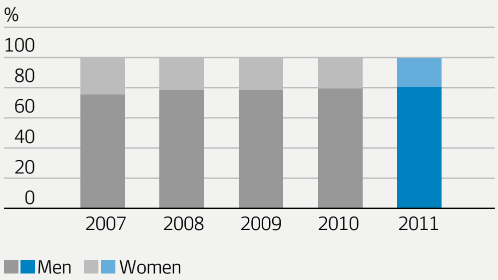
- In the Metro (subway) in Barcelona, Spain, structured talent management is key to successful employee development. In the recruitment process, profiles agreed on with customers help identify the right security officers for the various services offered. Specialized training and internal career possibilities, as well as high employee engagement, all contribute to better customer and employee satisfaction.
- In Colombia, Securitas works actively with an inclusion program for disabled persons and other exposed groups, such as single mothers. The objective is to create opportunities for these employees to participate actively in working life. The model has been very successful in the retail segment in Colombia, where the deployment of security officers in wheelchairs has, in many cases, led to fewer incidents. Several other countries are also implementing the model.
- Another important strategy for becoming a leading employer is sharing best practices. Approximately 13 000 managers have access to our internal web, *My Securitas*. We share knowledge, experiences and best practices, and the benefits are tangible both for our customers and for us. Finding the right contract template to secure a proposal request, creating a professional proposal or using templates for security scans are some of the many benefits offered by *My Securitas*.

EMPLOYEE TURNOVER

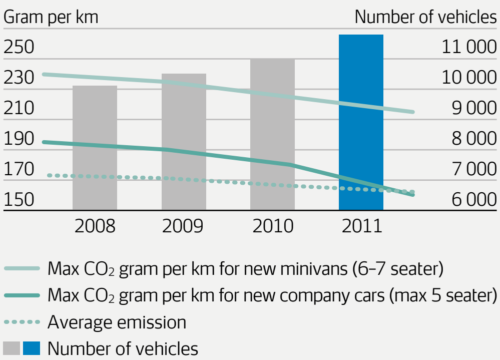


As of 2009, the measurement is adjusted for turnover due to terminated contracts.

GENDER DISTRIBUTION
AVERAGE NUMBER OF YEARLY EMPLOYEES



AVERAGE CO_2 EMISSIONS FROM TRANSPORTATION



Carbon Disclosure Project

In 2011, Securitas participated for the first time in the Carbon Disclosure Project (CDP). CDP is a global climate change reporting system, acting on behalf of over 550 institutional investors. More than 3 000 organizations in some 60 countries around the world participate, disclosing their approach to the threats and opportunities of carbon emissions. Securitas reached a score of 71 out of 100 in the CDLI (Carbon Disclosure Leadership Index), compared to an average of 64 for all reporting companies in the "Industrials" sector. A high carbon disclosure score indicates a comprehensive response, showing clear consideration of business-specific risks and potential opportunities related to climate. Top-scoring companies in terms of performance qualify to be listed in the Carbon Performance Leadership Index (CPLI). Securitas reached C in the CPLI.

A Challenging Year

At year-end, the price of the Securitas share had decreased 24 percent and market capitalization amounted to MSEK 20 666. Earnings per share amounted to SEK 4.75 (5.71), down -17 percent compared with 2010. Adjusted for the strengthening of the Swedish krona, earnings per share declined -11 percent in real terms compared with the preceding year. The Board proposes a dividend of SEK 3.00 (3.00) per share be paid to shareholders.

Performance of the share in 2011

At year-end, the closing price of the Securitas share was SEK 59.40 (78.65). The share price decreased 24 percent in 2011, compared with the OMX Stockholm All Share Index, which fell 17 percent. The highest price paid for a Securitas share in 2011 was SEK 82.00 and the lowest price paid was SEK 45.75.

At the end of 2011, Securitas' weight in the OMX Stockholm All Share Index was 0.59 percent (0.65) and 0.84 percent (0.94) in the OMX Stockholm 30 Index. Securitas' weight in the OMX Stockholm Benchmark Cap Index was 0.75 percent. During the year, the OMX Stockholm All Share Index decreased 17 percent, while the OMX Stockholm 30 Index fell 15 percent and the OMX Stockholm Benchmark Cap Index decreased 16 percent.

Market capitalization for Securitas at year-end was MSEK 20 666 (27 364), making Securitas the 34th largest company on NASDAQ OMX Stockholm.

Turnover

A total of 433 million (431) Securitas shares were traded on NASDAQ OMX Stockholm, representing a value of MSEK 27 614 (31 724). The turnover velocity in 2011 was 121 percent (122), compared with a turnover rate of 96 percent (96) for the entire NASDAQ OMX Stockholm. The average number of Securitas shares traded each day was 1.7 million.

In addition to trading on NASDAQ OMX Stockholm, Securitas shares were also traded on Multilateral Trading Facilities (MTFs) and other trading venues. In 2011, the turnover of Securitas shares on these marketplaces totaled 210 million (249).

Share capital and shareholder structure

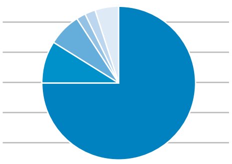
At December 31, 2011, the share capital amounted to SEK 365 058 897, distributed between an equal number of shares, each with a quota value of SEK 1.00. Of these shares, 17 142 600 are Series A shares and 347 916 297 are Series B shares. Each Series A share carries ten votes and each Series B share carries one vote. The free float of the Securitas share is 87 percent.

At December 31, 2011, Securitas had 27 011 shareholders (31 458). In terms of numbers, private individuals make up the largest shareholder category with 23 121 shareholders, corresponding to 86 percent of the total number of shareholders. In terms of capital, institutions and other corporate entities dominate with 97 percent of the shares.

Shareholders based in Sweden hold 64 percent of the capital and 75 percent of the votes. Compared with 2010, the proportion of foreign shareholders in the shareholder base has increased. At December 31, 2011, shareholders outside Sweden owned 36 percent (31) of the capital and 25 percent (22) of the votes. The largest shareholdings held by foreign shareholders are in the United Kingdom and the USA, where 12 percent of the capital and 9 percent of the votes are in the United Kingdom, and 10 percent of the capital and 7 percent of the votes are in the USA.

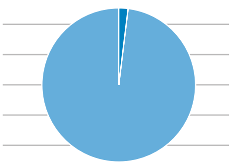
At December 31, 2011, the principal shareholders in Securitas were Gustaf Douglas, who through his family and the companies within the Investment AB Latour Group and Förvaltnings AB Wasatornet holds 11.5 percent (11.5) of the capital and 30.0 percent (30.0) of the votes, and Melker Schörling, who through family and Melker Schörling

SHAREHOLDERS PER COUNTRY, VOTES



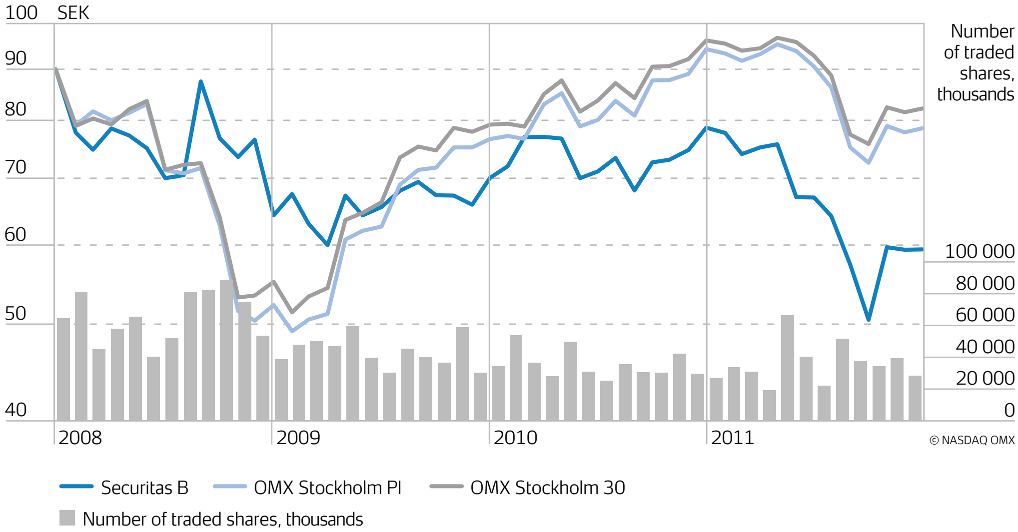
- Sweden 75%
- United Kingdom 9%
- USA 7%
- France 2%
- Luxembourg 2%
- Rest of world 5%

SHAREHOLDERS PER CATEGORY, VOTES



- Private individuals 2%
- Institutions and other corporate entities 98%

SHARE PRICES FOR SECURITAS, JANUARY 1 – DECEMBER 31, 2008–2011



AB holds 5.6 percent (5.6) of the capital and 11.8 percent (11.8) of the votes. These shareholders are represented on the Board of Directors by Carl Douglas, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg.

Cash dividend and dividend policy

The Board of Directors proposes a dividend of SEK 3.00 (3.00) per share, corresponding to a total of MSEK 1 095 (1 095). With a free cash flow averaging 80–85 percent of adjusted income and a balanced growth strategy comprising both organic and acquisition-driven growth, Securitas should be able to sustain a dividend level of 50 percent of its annual free cash flow.

Securitas share in brief

Series B Securitas shares are traded on NASDAQ OMX Stockholm, part of the NASDAQ OMX Nordic Exchange, and on other trading venues such as Chi-X and BATS. Securitas is listed on the NASDAQ OMX Stockholm on the Large Cap List for companies, which includes large companies with a market capitalization of more than MEUR 1 000, and is included in the Industrial Goods & Services sector. The ISIN code for the Securitas share on the OMX Nordic Exchange Stockholm is SE0000163594. The ticker code for the Securitas share is SECU B on OMX Stockholm, SECUB:SS on Bloomberg and SECUb.ST on Reuters. Securitas has been listed on the stock exchange since 1991.

LARGEST SHAREHOLDERS AT DECEMBER 31, 2011

Shareholder	Series A shares	Series B shares	*% of capital*	*% of votes*
Gustaf Douglas, companies and family*	12 642 600	29 470 000	*11.5*	*30.0*
Melker Schörling, companies and family**	4 500 000	16 008 700	*5.6*	*11.8*
Didner & Gerge Fonder Aktiebolag	0	14 370 000	*3.9*	*2.8*
Swedbank Robur Fonder	0	13 850 656	*3.8*	*2.7*
Lannebo Fonder	0	11 195 984	*3.1*	*2.2*
HQ Fonder	0	10 376 304	*2.8*	*2.0*
JPM CHASE NA (004471-4467)	0	9 361 155	*2.6*	*1.8*
SEB Investment Management	0	8 475 692	*2.3*	*1.6*
JPM CHASE NA (004471-4475)	0	8 035 100	*2.2*	*1.6*
Caceis Bank	0	8 000 000	*2.2*	*1.5*
Total, ten largest shareholders	**17 142 600**	**129 143 591**	***40.0***	***58.0***
Total, rest of owners	**0**	**218 772 706**	***60.0***	***42.0***
Total as of December 31, 2011	**17 142 600**	**347 916 297**	***100.0***	***100.0***

Source: Euroclear Sweden
* Includes the holdings of family members, Investment AB Latour Group and Förvaltnings AB Wasatornet.
** Includes the holdings of family members and Melker Schörling AB.

SHAREHOLDER STRUCTURE AT DECEMBER 31, 2011

Number of shares	Number of shareholders	Number of Series A shares	Number of Series B shares	*% of capital*	*% of votes*
1–500	19 560	0	3 047 411	*0.83*	*0.59*
501–1 000	3 261	0	2 737 297	*0.75*	*0.53*
1 001–5 000	2 868	0	6 691 680	*1.83*	*1.29*
5 001–10 000	438	0	3 376 962	*0.93*	*0.65*
10 001–15 000	158	0	2 035 118	*0.56*	*0.39*
15 001–20 000	95	0	1 698 548	*0.47*	*0.33*
20 001–	631	17 142 600	328 329 281	*94.63*	*96.22*
Total	**27 011**	**17 142 600**	**347 916 297**	***100.00***	***100.00***

Source: Euroclear Sweden

DATA PER SHARE

SEK/share	2011	2010	2009	2008	2007
Earnings per share before dilution	4.75	5.71	5.80	5.24[1]	4.82[1]
Earnings per share after dilution	4.75	5.71	5.80	5.24[1]	4.82[1]
Dividend	3.00[2]	3.00	3.00	2.90	3.10[3]
Dividend as % of earnings per share	*63*	*53*	*52*	*55*	*64*
Yield, %	*5.1*[4]	*3.8*	*4.3*	*4.5*	*3.4*
Free cash flow per share	2.38	5.51	5.93	5.51[5]	6.19[5]
Share price at end of period	59.40	78.65	70.05	64[5]	75[5]
Highest share price	82.00	79.95	72.75	76[5]	95[5]
Lowest share price	45.75	67.15	58.25	51[5]	63[5]
Average share price	63.79	73.62	65.74	64[5]	81[5]
P/E ratio	13	14	12	12[5]	16[5]
Number of shares outstanding (000s)	365 059	365 059	365 059	365 059	365 059
Average number of shares outstanding, after dilution (000s)	365 059	365 059	365 059	365 059	369 366
Number of shares outstanding, after dilution (000s)	365 059[6]	365 059[6]	365 059[6]	365 059[6]	365 059[6]

1 Calculated before items affecting comparability and for continuing operations.
2 Proposed dividend.
3 Including Loomis.
4 Calculated on proposed dividend.
5 Excluding Loomis.
6 There are no outstanding convertible debenture loans. Consequently, there is no potential dilution.

DEVELOPMENT OF SHARE CAPITAL

Year	Transaction	Number of shares	SEK
1989	Non-cash issue	285 714	28 571 400
1989	New issue	342 856	34 285 600
1989	Split 50:1	17 142 800	34 285 600
1989	Stock dividend	17 142 800	85 714 000
1992	New issue	22 142 800	110 714 000
1993	Conversion	23 633 450	118 167 250
1994	Non-cash issue (Spain)	24 116 450	120 582 250
1996	Split 3:1[1]	72 349 350	120 582 250
1996	Stock dividend[1]	72 349 350	144 698 700
1996	Conversion	72 697 739	145 395 478
1997	Conversion	73 206 315	146 412 630
1998	Conversion	73 439 693	146 879 386
1998	Stock dividend[2]	73 439 693	293 758 772
1998	Split 4:1[2]	293 758 772	293 758 772
1998	New issue Raab Karcher	308 114 828	308 114 828
1998	New issue Proteg	325 104 472	325 104 472
1998	Conversion	325 121 812	325 121 812
1999	Conversion	327 926 707	327 926 707
1999	New issue Pinkerton	355 926 707	355 926 707
1999	Conversion	356 318 317	356 318 317
2001	Conversion[3]	361 081 321	361 081 321
2002	Conversion	363 055 906	363 055 906
2003	Conversion[4]	365 058 897	365 058 897
2004	n/a	365 058 897	365 058 897
2005	n/a	365 058 897	365 058 897
2006	n/a	365 058 897	365 058 897
2007	n/a	365 058 897	365 058 897
2008	n/a	365 058 897	365 058 897
2009	n/a	365 058 897	365 058 897
2010	n/a	365 058 897	365 058 897
2011	n/a	365 058 897	365 058 897

1 A 3:1 split was executed in 1996, as was a stock dividend, changing the par value of the share from SEK 5 to SEK 2.
2 A 4:1 split was executed in 1998, as was a stock dividend, changing the par value of the share from SEK 2 to SEK 1.
3 148 200 refers to interim shares registered with the Swedish Patent and Registration Office on January 11, 2002.
4 The 1998/2003 convertible debenture loan was converted on March 31, 2003 except for MSEK 5 that was not converted.

DEFINITIONS

Free cash flow per share: Free cash flow in relation to the number of shares outstanding before dilution.

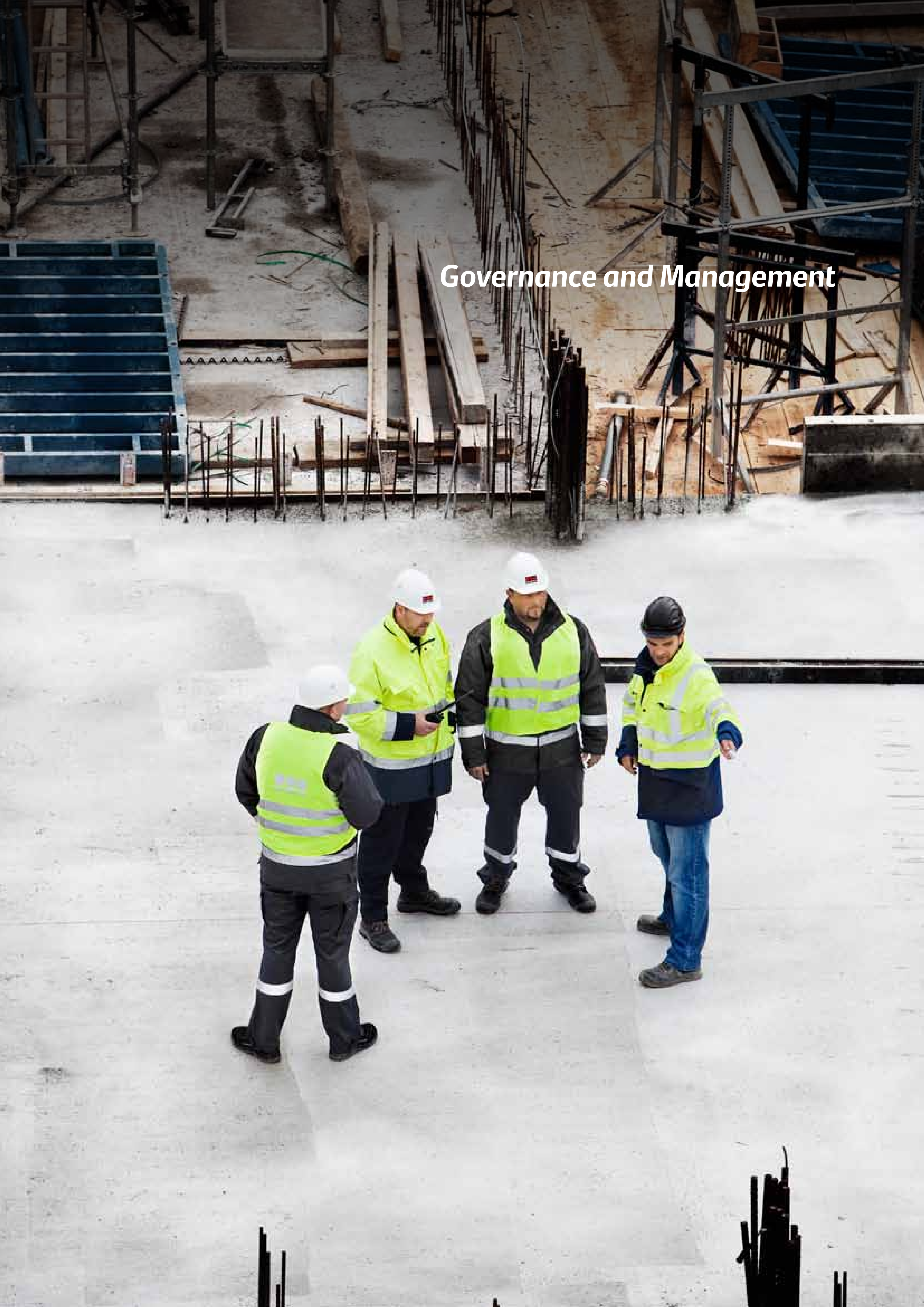
Market capitalization: The number of shares outstanding times the market price of the share price at year-end.

P/E ratio (Price/Earnings): The share price at the end of each year relative to earnings per share after taxes.

Turnover rate: Turnover during the year relative to the average market capitalization during the same period.

Yield: Dividend relative to share price at the end of each year. For 2011, the proposed dividend is used.

Governance and Management



A Unique and Decentralized Organization

↓ Read more at
www.securitas.com/governance. Securitas has published its principles for corporate governance in previous annual reports. A separate section on the Group website contains the Articles of Association and other key company documents.

Securitas promotes management based on local responsibility in close proximity to customers and employees. This unique and decentralized organization encourages entrepreneurship but requires a solid governance and management system.

Securitas has a decentralized organizational model that focuses on the approximately 1750 branch managers who run the company's daily operations.

The company's customer offerings improve when decisions are made in close proximity to customers, which must be promoted but conducted within a well-controlled environment. An effective governance structure requires that all components interact in order to reach the set strategic objectives.

The illustration below shows what the following parts of the Annual Report contain and the key components of the overall governance structure, as well as demonstrating that governance and risk management run through all layers of the organization.

Share holders

Annual General Meeting

Board of Directors

CEO

Group Management

Divisional Management

Operating unit
Country/region, area, branch office

Corporate governance, pages 37–51

This section describes Securitas' view on governance and how the top layers of the governance structure interrelate in order to achieve effective governance. This includes such components as governing policies, strategic decision making and development of frameworks.

Compliance with the Swedish Corporate Governance Code (the Code) The section, prepared in accordance with Chapter 6, section 6 of the Swedish Annual Accounts Act, provides key information on compliance with the Swedish Corporate Governance Code, shareholders, the Annual General Meeting, Nomination Committee, Board of Directors and their work including committees, remuneration and division of responsibilities throughout the governance structure. Securitas' system of internal control and risk management is also covered, which is the responsibility of the Board of Directors according to the Swedish Companies Act and the Swedish Corporate Governance Code. This description does not form part of the Annual Report.

In the area of the Internal Control section pertaining to risk, we have opted to widen the scope of our description to also explain how enterprise risk management works in the broader perspective regardless of the type of risk, which means that we not only focus on risk related to internal controls over financial reporting. Fulfilling our strategies and objectives is imperative, which is why risk management procedures span all levels of the organization. This section also describes our various risk categories and risks requiring high-level management attention, including details about how they are managed.

Operational management, pages 52–57

Securitas' management model is described in this section. The model, called the Toolbox, conveys our corporate culture and creates a shared platform, which ensures that Securitas' values, work methods and management philosophy are shared throughout the organization.

This section also contains further details about the financial model, which is specifically tailored to Securitas' business and central to operational management. The model focuses on the operational factors that impact profit and cash flow, thus making financial performance more transparent for operational managers. The section ends with a presentation of Group Management, which assumes responsibility for operational management and carries out the agreed strategies.

Clear and Effective Structure for Governance

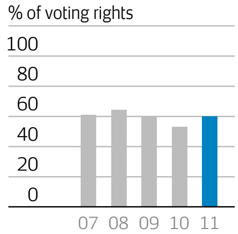
To meet high standards of corporate governance, Securitas has created a clear and effective structure for responsibility and governance. Securitas' governance not only serves to protect stakeholder interests, but also ensures value creation.

The overall structure begins with shareholders and their influence. Strong principal shareholders attract considerable attention interest and establish commitment to the success of the business.

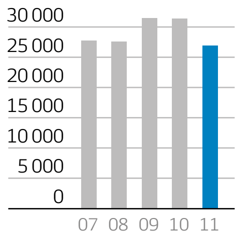
Significant shareholders
The principal shareholders in Securitas on December 31, 2011 were Gustaf Douglas, who through his family and the companies within the Investment AB Latour Group and Förvaltnings AB Wasatornet holds 11.5 percent (11.5) of the capital and 30.0 percent (30.0) of the votes, and Melker Schörling who through his family and Melker Schörling AB holds 5.6 percent (5.6) of the capital and 11.8 percent (11.8) of the votes. For more detailed information on shareholders, see the table on page 33.

Annual General Meeting
All shareholders are able to exercise their influence at the Annual General Meeting, which is the company's highest decision-making body. The Articles of Association do not contain any limitation on the number of votes that each shareholder may exercise at a shareholders' meeting. Each shareholder may thus vote for all shares held at the shareholders' meeting. The Annual General Meeting of Securitas AB (publ.) was held on May 4, 2011, and the minutes are available on Securitas' webpage, where all resolutions passed can be found. Shareholders representing 60.0 percent of the votes attended either personally or by proxy. For election and remuneration of Board members, see page 38.

ANNUAL GENERAL MEETING ATTENDANCE 2007–2011



NUMBER OF SHAREHOLDERS 2007–2011



2007	27 780
2008	27 616
2009	31 527
2010	31 458
2011	27 011

Compliance with the Swedish Corporate Governance Code (the Code)

As a Swedish public company listed on NASDAQ OMX Stockholm, Securitas applies the Swedish Corporate Governance Code (the Code). Securitas complies with the Code principle of "comply or explain" and has two deviations to explain for 2011:

Code Rule 7.3 An audit committee is to comprise no fewer than three board members.

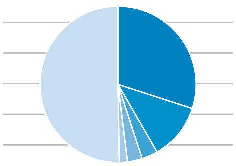
Comments: The Board of Directors deems that two members is sufficient to correctly address Securitas' most important areas in regard to risk and audit issues, and that the incumbent members have long-standing and extensive experience in these areas from other major listed companies.

Code Rule 9.8 For share-based incentive programs, the vesting period, or the period from the commencement of an agreement to the date on which the shares are acquired, is to be no less than three years.

Comments: The implementation of the Securitas Share-based Incentive Scheme in 2010 was based on the existing bonus structure of the Securitas Group. In simple terms, the bonus potential was increased in exchange for a salary freeze and one third of the cash bonus outcome was to be received in shares in March of the year following the year when the cash bonus would have been paid out, provided that the person remained employed by Securitas at such time. The shares are acquired through a swap arrangement at the time the cash bonus is determined and the shares are released approximately one year later.

Since the program replaces an immediate cash bonus payout and is not granted in addition to already existing bonus rights, the Board is of the opinion that the two-year period from the start of the program until the release of the shares is well motivated and reasonable in order to achieve the purpose of the program.

ELECTED MEMBERS,[1] NOMINATION COMMITTEE



- Gustaf Douglas, major shareholder, 30.0%[2]
- Mikael Ekdahl, Melker Schörling AB (major shareholder), 11.8%[2]
- Jan Andersson, Swedbank Robur Funds, 3.4%[2]
- Per-Erik Mohlin, SEB Funds, 2.9%[2]
- Henrik Didner, Didner & Gerge, 1.7%[2]
- Share of votes not represented in the Nomination Committee, 50.2%[2]

1 At the Annual General Meeting held on May 4, 2011.
2 Share of votes as of May 4, 2011.

Extraordinary General Meeting

An Extraordinary General Meeting of Securitas AB (publ.) was held on June 13, 2011. The meeting resolved to approve the Board's decision to make a public offer to the shareholders of Niscayah Group AB, including the major shareholders of Securitas, and to authorize the Board to resolve upon the issuance of new shares to constitute consideration for acquisition of shares in Niscayah Group AB. The offer was rejected by the shareholders of Niscayah Group AB in favor of a competing cash bid.

Nomination Committee

The Nomination Committee is a body established by the Annual General Meeting with the task of preparing motions regarding the election of Board members, the Chairman of the Board, and remuneration to Board members and Board committees. Before each Annual General Meeting, where the election of auditors takes place, the Nomination Committee also prepares motions regarding the election of auditors and decisions about fees to auditors and other related matters, after consultation with the Board of Directors and the Audit Committee.

Gustaf Douglas was re-elected as Chairman of the Nomination Committee. The Nomination Committee is entitled to appoint one additional member to the Nomination Committee. The Annual General Meeting 2011 resolved that in the event that a shareholder represented on the Nomination Committee ceases to be one of the major shareholders of Securitas (based on votes), or if a member of the Nomination Committee is no longer employed by such a shareholder, or for any other reason leaves the committee before the Annual General Meeting 2012, the committee is entitled to appoint another representative of another major shareholder to replace this member.

The committee's work is established in the Procedure and Instructions for the Nomination Committee of Securitas AB. The committee should hold meetings as often as necessary in order for the committee to fulfill its duties. However, the committee should hold at least one meeting annually. The committee met twice in 2011.

Members of the Board of Directors

According to the Articles of Association, the Board of Directors should have between five to ten Board members elected by the Annual General Meeting, with no more than two Deputy Directors. The Directors and Deputy Directors are elected by the Annual General Meeting for the period up to and including the first Annual General Meeting to be held in the year after the Director or Deputy Director was elected. Securitas' Board of Directors has nine members elected by the Annual General Meeting, three employee representatives and one deputy employee representative.

The Annual General Meeting 2011 re-elected Fredrik Cappelen, Carl Douglas, Marie Ehrling, Annika Falkengren, Alf Göransson, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg. The Annual General Meeting re-elected Melker Schörling as Chairman of the Board and Carl Douglas as Vice Chairman. Mikael Ekdahl, attorney at law, is the secretary of the Board. For further information on the members of the Board of Directors and the President and CEO, see pages 40–41. It was resolved that the fees to the Board should total SEK 4 700 000 (including fees of SEK 450 000 for committee work), to be distributed among the Board members as follows: Chairman of the Board: SEK 1 000 000, Vice Chairman of the Board: SEK 750 000 and each of the other Board members (except the President and CEO and the employee representatives): SEK 500 000.

Responsibilities of the Board of Directors

The Board of Directors is responsible for the organization and administration of the company and the Group in accordance with the Swedish Companies Act and also appoints the President and CEO, the Audit Committee and the Remuneration Committee.

In addition, the Board of Directors decides on the President and CEO's salary and other remuneration. The Board meets a minimum of six times annually. The Group's auditors participate in the meeting of the Board of Directors held in conjunction with the yearly closing of the books.

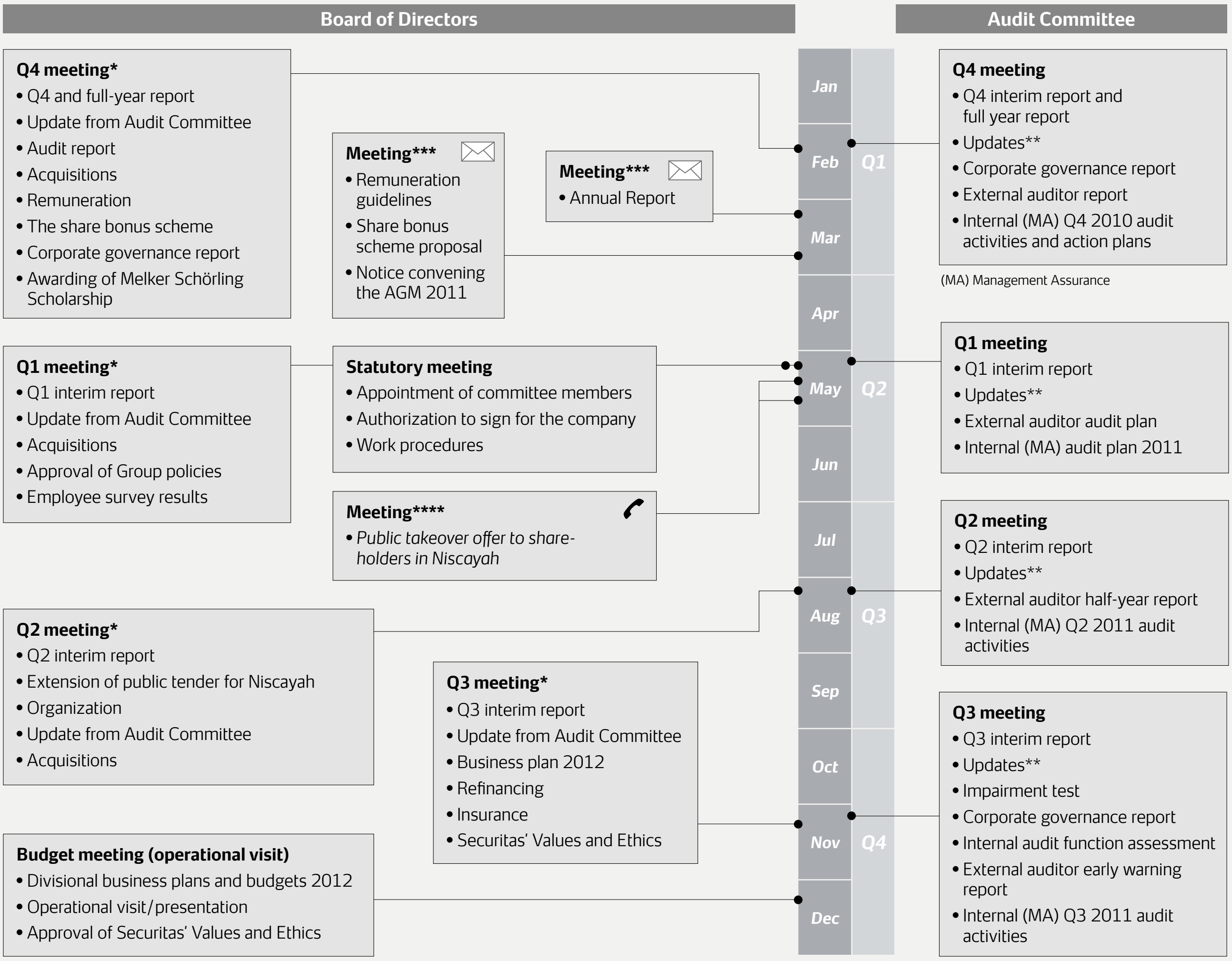
The Board ensures the quality of financial reporting through a series of Group policies, procedures and frameworks, clear structures with defined responsibilities and through documented delegation of authority, which is further described in the Internal Control Report.

The work of the Board of Directors

The activities of the Board of Directors and the division of responsibility between the Board and Group Management are governed by formal procedures documented in a written instruction, which is adopted by the Board each year after the Annual General Meeting. According to these procedures, the Board should determine, among other things, the Group's overall strategy, corporate acquisitions and property investments, and establish a framework for the Group's operations through the Group's budget.

The procedures include a work instruction for the President and CEO, as well as instructions for financial reporting. The procedures also prescribe that an annual evaluation of the work of the Board of Directors should be carried out and presented to the Annual General Meeting.

The Board held ten meetings in 2011, of which two were held per capsulam. The auditors participated and presented the audit at the Board meeting held in February 2011.



The work of the Audit Committee

The Board of Directors has established an Audit Committee, operating under the Instructions for the Audit Committee appointed by the Board of Directors, which meets with Securitas' auditors at least four times per year. The committee supports the work of the Board in terms of quality control of financial reports and internal control over financial reporting.

Specifically, the committee monitors the financial reporting, the effectiveness of internal control, internal audit activities and the risk management system. The committee also stays informed about the annual statutory audits. It assesses the external auditor's independence and approves non-audit services to be performed.

The committee presents its findings and proposals to the Board, before the Board's decision. For details regarding members, independence and attendance, refer to the table on page 40–41. The committee met four times during 2011. The major topics discussed are listed above.

* In addition to the topics listed, other areas are discussed continuously, such as operational performance, updates from divisions, strategy, market and competition, acquisitions, insurance, credit risk, tax matters, legal matters, funding and refinancing.

** Includes a standing agenda with updates on accounting, treasury, acquisitions, risk/insurance, legal, tax, internal control, enterprise risk management, audit/consultancy cost and auditor independence.

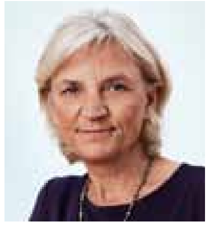
*** Held per capsulam.

**** Telephone meetings.

Board of Directors







Name	**Melker Schörling**	**Carl Douglas**	**Alf Göransson**	**Fredrik Cappelen**	**Marie Ehrling**
Position	Chairman	Vice Chairman	Member	Member	Member
	Director of Securitas AB since 1987 and Chairman since 1993.	Deputy Director of Securitas AB since 1992 and Director since 1999. Vice Chairman since 2008.	President and CEO of Securitas AB since 2007.	Director of Securitas AB since 2008.	Director of Securitas AB since 2006.
Principal education	BSc in Economics and Business Administration	Bachelor of Arts	International BSc in Economics and Business Administration	BSc in Business Administration	BSc in Economics and Business Administration
Born	1947	1965	1957	1957	1955
Other board assignments	Chairman of Melker Schörling AB, Hexagon AB, AAK AB and Hexpol AB. Director of Hennes & Mauritz AB.	Director of ASSA ABLOY AB, Swegon AB and Investment AB Latour.	Chairman of Loomis AB, Director of Hexpol AB and Axel Johnson Inc., USA.	Chairman of Byggmax Group AB, Munksjö AB, Sanitec Oy and Dustin AB. Director of Granngården AB and within the Carnegie Holding Group.	Vice Chairman of Nordea Bank AB. Director of Oriflame Cosmetic SA, Schibsted ASA, Safegate AB, Loomis AB, Axel Johnson AB, World Childhood Foundation and IVA.
Previously	President and CEO of Skanska AB 1993–1997. President and CEO of Securitas AB 1987–1992.		President and CEO of NCC AB 2001–2007, CEO of Svedala Industri AB 2000–2001, Business Area Manager at Cardo Rail 1998–2000 and President of Swedish Rail Systems AB in the Scancem Group 1993–1998.	President and Group Chief Executive of Nobia 1995–2008. Marketing Director of Stora Finepaper, President of Kaukomarkkinat International Sweden and Norway and Managing Director of Kaukomarkkinat GmbH, Germany.	CEO of Telia Sonera Sverige 2003–2006, Deputy CEO of SAS AB, responsible for SAS Airlines and other executive positions at SAS, Information Secretary at the Ministry of Finance and Ministry of Education and Research and financial analyst at Fjärde AP-fonden.
Attendance – *Board meetings (10 total)*	10	10	10	10	10
Attendance – *Audit Committee meetings (4 total)*				Member 4	Chairman 4
Attendance – *Remuneration Committee meetings (2 total)*	Chairman 2				
Total fee[2], SEK	1 100 000	750 000	0	600 000	700 000
Independent to company (7 total)	Yes	Yes	No	Yes	Yes
Independent to shareholders (4 total)	No	No	Yes	Yes	Yes
Shares in Securitas:	4 500 000 Series A shares and 16 001 500 Series B shares.[3]	12 642 600 Series A shares and 29 470 000 Series B shares.[4]	30 000 Series B shares.	4 000 Series B shares.	4 000 Series B shares.

1 Employee representatives, appointed members of the Board of Directors at the Annual General Meeting. Deputy employee representative is Thomas Fanberg (b. 1961) who has been Deputy Director of Securitas AB since 2008. Employee Representative, Chairman of Salaried Employees' Union local branch, Securitas Norrland.

2 Total fee includes fees for committee work. In total, SEK 450 000 was paid out for committee work, of which SEK 150 000 for Remuneration Committee work and SEK 300 000 for Audit Committee work. For more details, refer to the minutes of the AGM 2011 on Securitas' website: www.securitas.com.

3 Through Melker Schörling AB.

4 Via holdings by family members, Investment AB Latour Group and Förvaltnings AB Wasatornet.

			Employee representatives[1]		
					
Annika Falkengren	**Sofia Schörling Högberg**	**Fredrik Palmstierna**	**Susanne Bergman Israelsson**	**Åse Hjelm**	**Jan Prang**
Member	Member	Member	Member	Member	Member
Director of Securitas AB since 2003. President and CEO of SEB.	Director of Securitas AB since 2005.	Director of Securitas AB since 1985.	Director of Securitas AB since 2004. Employee Representative, Chairman of Swedish Transport Workers' Union local branch 19, Norra Mälardalen.	Director of Securitas AB since 2008. Deputy Director of Securitas AB since 2007. Employee Representative, Chairman of Salaried Employees' Union local branch, Securitas Stock-holm.	Director of Securitas AB since 2008. Employee Representative, Chairman of Swedish Transport Workers' Union local branch, Securitas Göteborg.
BSc in Economics	BSc in Economics and Business Administration	BSc in Economics and Business Administration, MBA			
1962	1978	1946	1958	1962	1959
Director of SEB. Member of the Supervisory Boards of Munich RE and Volkswagen AG.	Director of Melker Schörling AB and EM Holding AB.	Chairman of Investment AB Latour. Director of AB Fagerhult, Hultafors AB, Nobia AB and Academic Work AB.			
Several executive positions at SEB.					
10	9	10	10	9	9
Member 2					
550 000	500 000	500 000	0	0	0
Yes	Yes	Yes	–	–	–
Yes	No	No	–	–	–
7 500 Series B shares.	2 400 Series B shares.	17 200 Series B shares.	–	120 Series B shares.	–

All figures refer to holdings on December 31, 2011.
For comparative information about remuneration to the Board of Directors and senior management, please see note 8 on pages 93–95.

Remuneration Committee
The Board has also formed a Remuneration Committee to deal with issues related to salaries, bonuses, share-based incentive schemes and other forms of compensation for Group Management, as well as other management levels if the Board of Directors so decides. The committee presents its proposals to the Board, for the Board's decision. The committee held two meetings during 2011. For details regarding members and attendance, refer to the table on page 40–41.

A share-based incentive scheme was adopted at the Annual General Meeting 2011, which enables the Group to gradually have approximately 2 500 of Securitas' top managers as shareholders, thus strengthening employee commitment to Securitas' future success and development for the benefit of all shareholders. The adopted incentive scheme entails in principal that one third of any annual bonus earned under the performance-based cash bonus schemes will be converted into a right to receive shares, with delayed allotment and subject to continued employment. For more information on the actual outcome of the share-based incentive scheme in 2011, see note 12 on page 102.

The guidelines for remuneration to senior management that were adopted at the Annual General Meeting 2011 primarily entailed that remuneration and other terms of employment for senior management should be competitive and in accordance with market conditions, to ensure that Securitas will be able attract and retain competent managers. The total remuneration to Group Management should consist of a fixed basic salary, variable remuneration, pensions and other benefits.

Thus, in addition to a fixed annual salary, Group Management may also receive a variable remuneration which will be based on the outcome of set financial goals and growth targets within the individual area of responsibility (Group or division) and such remuneration should agree with the interest of the shareholders.

The variable remuneration should amount to a maximum of 60 percent of the fixed annual salary for the President and CEO and a maximum of 42 to 200 percent of the fixed annual salary for other members of Group Management. The undertakings of the Group as regards variable remuneration to Group Management may, at maximum within all divisions during 2011, amount to MSEK 57. The complete guidelines for remuneration can be found on Securitas' webpage.

Additional information on remuneration to the Board of Directors and Group Management, including the outcome, is disclosed in the Notes and comments to the consolidated financial statements 2011. See note 8 on pages 93–95.

Group Management
Group Management is charged with overall responsibility for conducting the business of the Securitas Group in line with the strategy and long-term goals adopted by the Board of Directors of Securitas AB. The primary tool used by Group Management to measure accomplishment of strategies and to guide the employees and organization toward achieving its objectives is the financial framework and model that are further described on pages 54–55. In 2011, Group Management comprised the President and CEO and 13 executives. For further information on Group Management, please see pages 56–57.

Policies that apply to governance
Securitas has adopted a **communication policy**, approved by the Board of Directors, in accordance with the stock market's requirements for information with the aim of ensuring that the company fulfills these requirements. The policy covers both written information and verbal statements and applies to the Board of Directors, Group and divisional management, as well as country and regional management. The Board of Directors of Securitas has adopted an **insider policy** as a complement to the insider legislation in force in Sweden. This policy is applicable to all persons reported to the Swedish Financial

Supervisory Board (Finansinspektionen) as holding insider positions in Securitas AB (subsidiaries included), as well as certain other categories of employees. Each person subject to the insider policy is individually notified thereof. Securitas has adopted **Securitas' Values and Ethics** to ensure that the company upholds and promotes the highest ethical business standards. Securitas' basic requirement is to act within the framework of laws and international conventions, for example the United Nations Universal Declaration of Human Rights. This means that Securitas respects and complies with competition rules, environmental legislation, labor market regulations, agreements and safety requirements and other provisions that set the parameters of our operations. For further information on Securitas' initiatives and responsibility with regard to social, economical and environmental issues, refer to pages 28–30.

Auditors

The Annual General Meeting 2008 elected PricewaterhouseCoopers AB (PwC) as the Group's audit firm, with authorized public accountant Peter Nyllinge as auditor in charge, for a period of four years.

The auditors' work is based on an audit plan, which is agreed with the Audit Committee and Board of Directors. The auditors participate in all meetings of the Audit Committee and present their findings from the annual audit at the Board meeting held in February. In addition, the auditors should inform the Audit Committee on an annual basis of any services rendered, other than audit assignments, and the auditing fees received for such services and other circumstances that might affect the evaluation of the auditors' independence. The auditors should also participate in the Annual General Meeting, presenting the Audit report and its conclusions.

The audit is performed in compliance with the Swedish Companies Act, generally accepted auditing standards in Sweden and International Standards on Auditing (ISA).

Auditor in charge

Peter Nyllinge born 1966, Authorized Public Accountant, Auditor in charge, PricewaterhouseCoopers AB. Peter has been auditor in charge of Securitas AB since 2008. Other audit assignments: ASSA ABLOY AB and Telefonaktiebolaget LM Ericsson.

Auditor Peter Nyllinge

Audit fees and reimbursement (PwC)

Audit fees and reimbursement to auditors have been paid for audit assignments and other reviews in accordance with existing laws, as well as for advice and assistance in connection with reviews undertaken. Fees have also been paid for independent advice. The advice mainly pertains to audit-related consultations in accounting and tax matters in relation to restructuring work.

	Group			Parent Company		
MSEK	2011	2010	2009	2011	2010	2009
Audit assignments	29.8	27.2	25.6	5.4	5.2	4.9
Additional audit assignments	1.1	2.8	2.8	0.1	0.6	0.6
Tax assignments	14.6	17.1	19.4	4.1	4.4	4.9
Other assignments[1]	16.3[2]	15.0[2]	6.0[2]	1.6	4.0	3.4
Total PwC	**61.8**	**62.1**	**53.8**	**11.2**	**14.2**	**13.8**

1 Fees for other assignments performed by PwC include fees for audit-related advisory services relating to accounting, including IFRS, IT, acquisitions, divestments and matters relating to the Group's internal bank.

2 Other assignments include capitalized fees of MSEK 0.0 (0.0 and 1.5).

Internal Control Provides Assurance

Securitas' internal control system has been designed to manage rather than eliminate the risk of failure to achieve business objectives. The system provides reasonable but not absolute assurance against material financial reporting misstatement or loss.

Control environment
The key features of the control environment include: the clear terms of reference for the Board and each of its committees, a clear organizational structure, with documented delegation of authority from the Board to Group Management, the competence of employees and a series of Group policies, procedures and frameworks.

The Group operates in a flat and decentralized organization, where managers are given clear objectives and authorized to make their own decisions and develop their operations together with the customers. *For more information on the management model, refer to pages* 52–55. Delegation of authority is documented in an approval matrix, which provides clear directions for managers at all levels.

Emphasis is placed on the competence and abilities of the Group's employees, with continuing education, training and development actively encouraged through a wide variety of schemes and programs. The Group has three fundamental values – Integrity, Vigilance and Helpfulness – to help its employees exercise judgment and make decisions on a consistent basis.

The Group's major financial policies, procedures and frameworks include a comprehensive manual, Group policies and guidelines, a reporting manual and Securitas' model for financial control (for more detailed information on the model, refer to pages 54–55). These are all periodically reviewed and updated.

Risk assessment
At the highest level, the Board considers where future strategic opportunities and risks lie, and helps shape the corporate strategy.

Risk management is an integral part of our work. Risk management is necessary for the fulfillment of Securitas' strategies and the achievement of its corporate objectives. Enterprise risk management (ERM) is an integral component of Securitas' operations, and risk awareness is part of the company culture. The ERM process is described on the following page.

Accountability for managing risks is clearly assigned to the Group, divisional and local management. Group Management has the day-to-day responsibility for the identification, evaluation and management of risks and for the implementation and maintenance of control systems in accordance with the Board's policies. Specifically, divisional management and established functional committees are responsible for ensuring that a process for creating risk awareness exists throughout the division. The divisional presidents are responsible for all aspects of operations in their divisions, including operational risk management and risk minimization.

Operating unit managers and country risk managers are responsible for ensuring that risk management is part of the local corporate culture at all levels within a country.

To be successful, all of Securitas' branch managers must understand the risks associated with providing services and be able to assess and control these risks. Securitas work actively with risk management seminars to increase awareness and knowledge.

RISK RESPONSIBILITIES

Principal activities	Branch/ area	Country/ division	Group
Risk assessment	■	■	■
Contract management	■	■	■
Loss prevention	■	■	
Claims settlement		■	■
Insurance purchasing			■

Procedures are in place to ensure that significant risks and control failures are conveyed to Group Management and the Board, as required, on a periodic basis.

Enterprise risk management process

Risk business plan and yearly assessment of key risks
The Group risk organization performs a yearly assessment of key risks based on available input from the business plan, risk business plan, self assessments, audits and other sources during October.

Monitoring: self assessment, diagnostics, audit, etc
Key risks are monitored (through self assessment, diagnostics or other means) and/or subject to risk management activities during August–October.

Audit Committee reporting
Results from monitoring activities are reported at the November Audit Committee meeting.

Key risk determination
Key risks assessed by the Group risk organization are approved by Group Management at their meeting held in December.

Approval of revisions to policies, risk management activities and monitoring plan
Key risks and the plans for risk management activities and monitoring are reviewed by the Audit Committee and recommended for decision by the Board together with yearly approval of revised Group policies and guidelines at their May meeting.

ERM at Securitas The cornerstones of enterprise risk management (ERM) are the Group policies and guidelines that establish the framework for all policies and compliance monitoring in the Group. The ultimate responsibility for risk management lies with the Board of Directors, but the work involved in minimizing risks takes place through a structured process of assigning responsibility to all levels of the organization.

At Group level, Group Management sets the risk management policies for the entire Group. Ultimately, the responsibility for claims settlement and for purchasing strategic insurance programs also lies at Group level. In addition, the Group conducts at least one business risk evaluation seminar each year for all divisions, with participants from the divisions, countries or regions. The purpose of these seminars is to increase awareness and understanding of the risks to which the company is exposed, and to monitor compliance with policies and guidelines by reviewing certain contracts and/or processes.

The ERM system is integrated into the Group's business planning and performance monitoring processes, regardless of the risk category concerned.

As part of the annual budget process, each level of the organization prepares a risk business plan, which sets the main focus and priorities for operational risk management within countries, divisions and the Group for the coming year. Mobile and Monitoring and the new market organizations use shared risk management resources. Security Services North America regularly monitors risk exposure through a coordinated effort between the risk management and legal organizations in conjunction with North American Divisional Management. Security Services Europe and Aviation have their own risk committees, which meet on a regular basis to monitor and follow up risk exposure.

The yearly risk assessment process is coordinated by the Group risk organization, which is also responsible for maintenance of the risk register.

Securitas is exposed to various types of risks in its daily business. When providing security services, Securitas manages not only its own risks, but also risks on behalf of its customers. Minimizing the risk of a loss occurring, and thereby protecting our customers and employees, is the most important objective. Securitas' risks have been classified into three main categories: ***contract and acquisition, operational assignment*** and ***financial risks***. The categories are based on the natural flow of the business – first you enter into a contract, followed by the execution of the assignment and ending up with a financial result. Similar risk categories are also relevant for acquisitions, but are then classified as acquisition risks, operational integration risks and financial integration risks. All of the risks in these categories can impact the Group's financial performance and position if they are not managed in a structured way. Given that operational assignment risks and contract risks arise in local operations, these are best managed through a decentralized approach. Customer contract management and loss prevention measures are essential for minimizing these risks.

Risk categories

Securitas' risks have been classified into three main categories: contract and acquisition, operational assignment and financial risks.

The category **Contract risks (and acquisition risks)** encompasses the risks related to entering into a customer contract and the risks related to the acquisition of a new business.

The category **Operational assignment risks (and operational integration risks)** includes risks that are associated with our daily operations and the services we provide to our customers, such as when services do not meet the required standards and result in loss of property, damage to property or bodily injury. This category also encompasses

Overview of risks and how they are managed

Below are examples of risks requiring high-level management attention.

	Contract risks (and acquisition risks)		Operational assignment risks (and operational integration risks)	
Key risks	**Contract risk** – risk that unreasonable obligations and risks are undertaken in the contract, entailing unbalanced terms for the type of assignment in question, such as unreasonable liability, unrealistic service levels or unfavorable pricing mechanisms. These factors could impact margins and profitability.	**Acquisition risk** – risk that the due diligence process and other activities do not identify all necessary information for making the proper decision, from a financial perspective but also from a cultural perspective and/or that the share purchase agreement is not structured properly for managing risks related to findings from the process.	**Assignment execution risk** – risk that agreed contractual requirements are not met, which in turn could adversely impact the contract portfolio churn rate, growth, customer relations and Securitas' reputation.	
Mitigation	In order to manage contract risks in a structured way in the operations, we use a business risk evaluation model known as the Scale, which is part of Securitas' management model, the Toolbox. The model evaluates the assignment, risk, contract terms and financial aspects (for a more detailed description of how the model works, refer to pages 38–39 of the 2009 Annual Report). The Group has formal policies and guidelines for defining the approval process and authorization levels for new contracts, as well as how to manage existing contracts. In addition, operations are protected by a customized Securitas insurance program, should unforeseen events occur. Since contract risk is a key risk, Securitas monitors this through reviews (called diagnostics) to test the effectiveness of controls in the contract management process. The areas reviewed include whether the Scale is properly used and understood, whether local policies comply with Group policies, whether approval has been obtained at the designated level, whether standard contracts have been used where possible, and whether appropriate follow-up procedures are in place.	The Group has formal acquisition policies and guidelines for defining the approval process pertaining to acquisitions, to ensure that all business acquisitions are appropriately approved and rigorously analyzed to determine the possible financial and operational implications of the acquisition. Policies cover such areas as approval levels, share purchase agreement deal structures, due diligence checklists and how the due diligence is to be performed with regard to internal and external resources depending on the characteristics of the acquisition. The Group also conducts post-acquisition appraisals on a periodic basis.	Local procedures for security services should include a process for written site instructions ensuring they are defined, up-to-date, known and understood. The Group policy requires local human resources policies covering the areas of hiring employees, retaining employees, development and training, and compliance with relevant laws and regulations. Proper recruitment, training and supervision of security officers are important to mitigating the risk of inappropriate assignment execution.	

all risks related to the infrastructure necessary to run the business, including such functions as IT, human resources and legal.

The category **Financial risks (and financial integration risks)** includes risks related to financial reporting, as well as financial risks related to external financing needs and currency exposure. To allow the divisions, countries and regions to focus fully on their operations, management of financial risks (other than those related to financial reporting) is centralized to the greatest extent possible to the Group Treasury Centre.

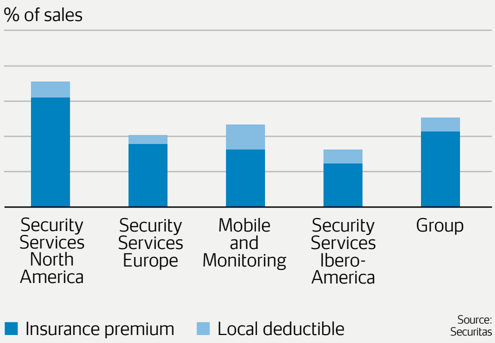
			Financial risks (and financial integration risks)
Compliance (regulatory and other) risk – risk that regulatory and other requirements are not met, which could result in lower quality, higher costs, lost income, delays, penalties, fines or reputational damage.	**IT failure risk** – risk of not being able to manage disruptions in an effective manner, which could cause significant disruption to the operations, affect the accuracy and timeliness of reporting and potentially cause reputational damage.	**Price risk** – risk of not being able to manage price/wage increases in a desired manner, which could lead to deteriorated margins.	**Management estimates and assumption risks** – risk that account balances and off-balance sheet items with high subjectivity (such as goodwill, contract portfolios, deferred considerations, provisions for bad dept, pensions, legal exposures, risk reserves, deferred taxes, etc.) are not properly scrutinized resulting in an inaccurate presentation of the financial position.
It is mandatory that local processes include procedures to ensure compliance with relevant laws and regulations, that there is an assigned responsibility for recurring review and that action plans are in place for addressing any issues identified. The review procedures in the Group are also designed to identify any changes in regulatory requirements, which may also affect Securitas' activities, and to take appropriate actions.	Group IT policies and guidelines require controls over IT disruptions including such areas as risk assessment and contingency plans, covering all relevant areas including regular updates and testing.	The Group focuses on and monitors price/wage increases on a regular basis. The processes include measurement, communication, training and support for staff involved in the pricing of our services, both at the inception of a contract and for price adjustments.	Financial risks are mainly managed through the continuous measurement and monitoring of financial performance, with the help of Securitas' financial model (read more on pages 54–55). This model identifies certain key figures that are vital to the profitability of the operations, and facilitates the detection and handling of risks. It is mandatory that estimates are documented, signed and authorized by the appropriate parties. Monthly reviews include the analysis of account balances and off-balance sheet items with high subjectivity. The accuracy of assumptions used in pension plan measurement is monitored. In addition to the use of external actuaries for each plan, the Group also retains actuarial advisors to advise on the Group's overall pension exposure. The Group has a structured process that focuses on the accuracy of the assumptions used and a review of the pension reporting and governance.

Insurance as a risk management tool A significant part of Securitas' risk management work involves detecting and analyzing frequent and large losses with the aim of indentifying the underlying driving forces.

We work proactively and implement claims management processes in order to monitor and review trends and developments. Claim reports with updated information on claims and reserves are sent to all local risk managers and controllers on a monthly basis, and claims are analyzed. Regular meetings are also held with insurance companies. Throughout Securitas, we set up loss prevention and loss-limiting measures as if we were uninsured. The insurance premium allocation seeks to reflect historical loss levels; all divisions are measured on their cost of risk (insurance cost plus cost of retained losses).

The Group's external insurance premiums are partly determined by the historic loss record. Consequently, a favorable loss record will contribute to lower premiums and a lower cost of risk. The insurance programs are procured with the objective of creating a balanced and cost-efficient protection against negative financial impact. Securitas seeks to achieve economies of scale through coordinated insurance programs and the optimal utilization of the Group's insurance captives. The use of our insurance captives offers a wide range of risk financing possibilities, which provides management with an option to establish some independence from the cyclical nature of the commercial insurance markets.

COST OF RISK – PROPORTIONS[1]



1 The purpose of the graph is to illustrate that cost of risk proportions vary between the different divisions depending on risk exposure and retained cost for frequency losses.

The design and purchase of all insurance programs is based on the risk exposure analyzed in the business risk evaluation model. The following types of insurance are strategically important to the Group and are the subject of central purchasing: liability insurance, including aviation liability and aviation war liability, crime insurance, directors' and officers' liability insurance, fiduciary insurance and employment practice liability insurance. Catastrophe exposure is protected by insurance companies with a minimum rating of A (Standard & Poor's).

Control activities

Internal control covers all divisions and subsidiaries in the Group and includes methods and activities for securing assets, controlling the accuracy and reliability of internal and external financial reports and ensuring compliance with defined guidelines.

Self assessment Every major operating unit throughout the Group performs an annual self assessment, which is part of the enterprise risk management process and includes the risks requiring high-level management attention described on the previous pages, as well as other key risks, including financial reporting risks and measures and compliance with the Group policies and reporting manual. Self assessment promotes control awareness and accountability.

The results are signed off and the sections related to financial reporting are signed off by each entity's president and controller, and other parts are signed off by the responsible function. As a part of this process, the external auditor and/or another internal or external resource, performs a validation of the answers given in the questionnaire to questions deemed to be risk areas, for the selected reporting units. The answers are compiled at the divisional and Group levels to support benchmarking within a division or between divisions. Each reporting unit is responsible for acting on any deviations that include written action plans to address these deviations and a deadline for when planned actions will be in place. The Group closely monitors the progress made as of the first and second quarterly business reviews. Any prioritized areas for improvements are also addressed in the business plans. All reports are made available to Divisional Management, Group Management and the Audit Committee.

Risk and control diagnostics The Group performs risk and control diagnostics in functional areas, which by nature have a high degree of inherent risk. These diagnostics are performed in addition to the recurring areas of the self assessment questionnaire.

In 2011, the focus on new countries in the Group continued, since they have been assessed as a risk area in terms of integration from a financial reporting and control standpoint. The diagnostic entails a kit covering IFRS reporting compliance, as well as key controls within financial reporting processes, contract management and IT security. These reviews are usually conducted within the first year from the acquisition date and a follow-up is performed during the second year, provided that significant areas for improvement have been identified.

Another area that was subject to specific diagnostics in 2011 was the contract management key risk area (refer to the table on page 46) and compliance with Group policies in this area. These reviews are conducted on a rotational basis for all countries.

Financial reporting Regular analyses of the financial results at the different levels within the organization using the Financial Model ensure that the financial information is of a high quality. Controllers at all levels hold a key role in terms of integrity, professionalism and the ability to work in teams in order to create the environment that is needed to achieve transparent, relevant and timely financial information. Local controllers are responsible for ensuring compliance with the approved set of policies and frameworks, and for ensuring that internal controls pertaining to financial reporting processes are implemented.

The controller is also responsible for reporting financial information that is correct, complete and timely. The controller receives continuous feedback on reporting quality from the Group, which is an effective tool for enhanced reporting. In addition, each division has a divisional controller with corresponding responsibilities at the divisional level.

Letter of representation The Group has a representation process in which operating unit presidents and controllers sign a letter of representation in connection with the year-end, stating their opinion on whether or not the internal control over financial reporting and the reporting packages give a true and fair view of the financial position.

Information and communication

Channels for information and communication exist and are constantly developed to ensure that all staff are given clear objectives and are made aware of the parameters that constitute acceptable business practices and the expectations of the Board in managing risks. This provides a clear definition of the Group's purpose and goals, accountabilities and the scope of permitted activities of employees.

Systems and procedures have been implemented that support complete, accurate and timely financial reporting and provide management with the necessary reports on business performance relative to the established objectives. The Group reporting department regularly issues guidance on reporting matters. Reporting units regularly prepare financial and management reports that are discussed at review meetings at different levels. These include an analysis of financial performance and risks.

Monitoring

Monitoring is performed at different levels and by different functions in the organization. Key functions include the Board of Directors, the Audit Committee, Group Management, functional committees, management assurance, the Group legal function, the Group risk organization and Local and Divisional Management.

Group Management

Group Management reviews performance through a comprehensive reporting system based on an annual budget, with regular business reviews of actual results, analysis of variances, key performance indicators (Securitas' model for financial control, refer to pages 54–55, adapted by division) and regular forecasting. This reporting is also reviewed by the Board.

Functional committees

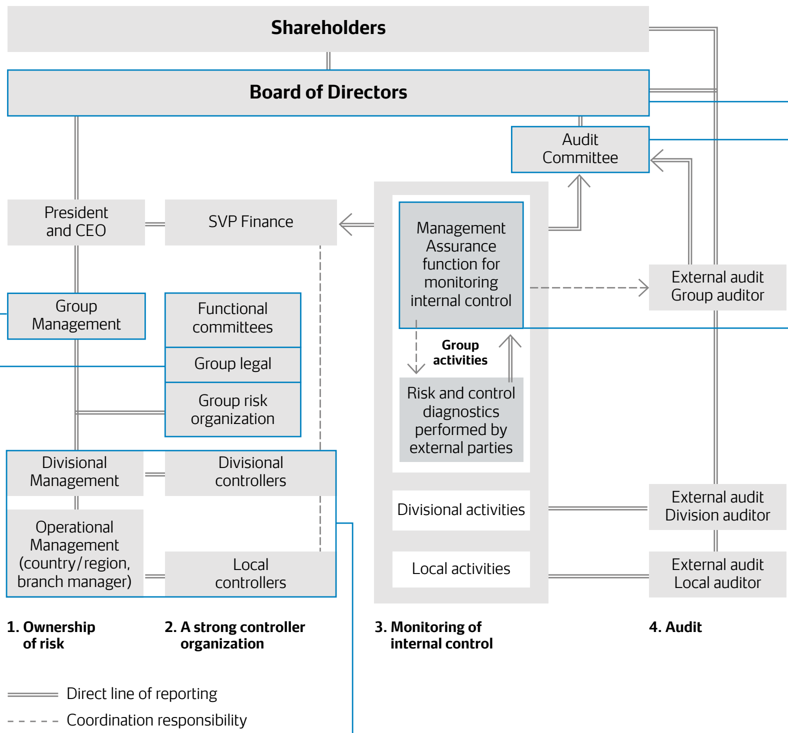
The Group has established a number of functional committees and work groups, including the functions for Finance/Tax & Assurance, Corporate Finance/Treasury and Legal/Risk & Insurance. These committees include the Senior Vice President Finance, Senior Vice President Corporate Finance, Senior Vice President General Counsel and the appropriate functional area experts.

The main purpose of these functional committees is to determine appropriate policies, communicate the policies and ensure local understanding (including training) of the policies, as well as monitoring key issues within each area of responsibility. Quarterly meetings are held with the President and CEO, during which topics that must be reported to the Audit Committee are discussed.

Group legal function

The legal function is responsible for maintaining an adequate infrastructure to ensure that legal matters are brought to the attention of Group Management in an appropriate and timely manner. This function is headed by the Senior Vice President General Counsel. The legal function further monitors and manages legal risk exposures identified by the operating units. A report on outstanding legal disputes is provided to Group Management on a monthly basis. The legal function provides a comprehensive report on major legal matters to the Audit Committee on a quarterly basis.

Organization of internal control



Group risk organization

The Group risk organization is responsible for providing opportunities to identify and manage the risks that are necessary to achieve Securitas' strategies and goals. Risk management is an integral part of the Securitas culture. The risk management process is continuously evolving.

Local and Divisional Management responsibilities

Since Securitas' philosophy is to work in a decentralized environment, local management is primarily responsible for monitoring and ensuring compliance by local units with the Group policies and guidelines approved by the Board of Directors, including any division-specific policies and guidelines. Local management is responsible for the establishment and continued operations of a system of procedures and controls that ensures the reliability of the company's management and financial reporting information in the most economical and efficient manner possible. This includes ensuring a minimum of basic and supervisory controls in order to mitigate relevant risks. Local management reports to Group Management through Divisional Management on operational matters and local controllers report through Divisional Controllers on financial reporting matters. In order for this to work, Securitas has established a close link between these different levels of the organization.

Board of Directors

The activities of the Board of Directors and the division of responsibility between the Board and Group Management are governed by formal procedures. The Board considers risk assessment and control to be fundamental to achieving its corporate objectives with an acceptable risk/reward profile. The Board plays an important role in the ongoing process of identifying and evaluating significant risks faced by the Group and the effectiveness of related controls. The processes used by the Board in order to review the effectiveness of the system of internal control include:

- Discussion with Group Management regarding risk areas identified by Group Management and the performed risk assessment procedures
- Review of significant issues arising from external audits and other reviews/investigations

The Board of Directors has established an Audit Committee in order to monitor the effectiveness of the Group's internal control systems and financial reporting process.

Audit Committee

The Audit Committee reviews all annual and quarterly financial reports before recommending their publication on behalf of the Board. The Audit Committee in particular discusses significant accounting policies, estimates and judgments that have been applied in preparing the reports. The Audit Committee supervises the quality and independence of the external auditors.

Management Assurance

The Group has a coordinating and monitoring function in relation to certain internal control activities at Group level. The Management Assurance staff function operates as the Group's internal audit function and reports directly to the Senior Vice President Finance with an open line of communication to the Audit Committee.

The function prepares an annual plan for its work, which is approved by the Audit Committee. The results of the function's work, which includes the execution and coordination of internal audit-related activities during the year, are presented at the Audit Committee meetings. The Management Assurance Director participated in all Audit Committee meetings in 2011.

In line with one of the Group's fundamental principles, this function has continued to develop step-by-step to improve the Group internal control through different activities during the year, including fine-tuning of follow-up procedures and reporting, as well as the identification of risks related to financial reporting and the examination of the effectiveness of related internal controls. During 2011, specific focus was placed on further development and improvement of the enterprise risk management process and related tools. Sharing knowledge through different activities is also a key part of improving the control environment. The function utilizes a combination of internal resources and external resources in the form of external auditors, consultants and experts, depending on the specific situation and area. This enables greater flexibility and responsiveness to the risks faced by the Group, which fits Securitas' business model. For more information on the current responsibilities of the Management Assurance function, refer to www.securitas.com/governance/corporate governance organization.

The function is subject to an annual assessment by the Board to ensure that the activities undertaken enable a well-functioning monitoring structure, together with the other components of the Group's internal control described within this report.

Stockholm, March 16, 2012

The Board of Directors of Securitas AB

The Auditor's report of the Corporate Governance Statement is presented on page 137.

Well-established Management and Financial Model

Securitas promotes management based on local responsibility in close proximity to customers and employees. The company's management model, known as the Toolbox, assists line managers in all areas of their daily operations and ensures that Securitas' values, work methods, management philosophy and customer perspective are shared throughout the organization.

Securitas' Toolbox management model has a methodical structure comprising several well-defined areas or "Tools" that provide guidance for the company's managers. Each area of the model describes how Securitas' managers are to conduct themselves in various aspects and stages of the company's operations. The model also describes the approach we are expected to take with regard to the market, our customers and employees.

The Toolbox offers practical support for managers by acting as a guide at all levels and is maintained through continuous training and discussion forums. A key function of the Toolbox is to convey our corporate culture and create a shared platform, which is primarily symbolized by a focus on Securitas' values: Integrity, Vigilance and Helpfulness.

Decentralized organization and responsibility promote entrepreneurship

Securitas has a decentralized organizational model that focuses on approximately 1 750 branch managers who run the company's daily operations. The company's customer offering improves when decisions are made in close proximity to customers and the employees who perform the services. Our customers are entitled to be demanding, and to work with independent and strong local managers with the right expertise. The branch offices are run by qualified managers with considerable freedom to develop and conduct operations. Each branch has its own statement of income, for which they are fully responsible. Incentive programs are used to further encourage personal dedication to the operating and financial performance of the company. Securitas' extensive decentralization promotes a high degree of personal entrepreneurship.

However, freedom also entails responsibility. All Securitas employees are expected to assume responsibility for their customers and operations and our shared values. Responsibility is always about "here and now," and not "there and then." Responsibility is clarified through the measurement and systematic evaluation of results.

As part of our decentralized management, we are required to set and follow up on strict financial targets by continuously measuring and monitoring the Group's performance. Financial control is not simply about implementing controls, it also functions as an incentive for those employees who are in a position to personally influence Securitas' financial results.

A financial model that is easy to understand

To ensure that the company is able to implement its strategies, and to guide Securitas' employees and organization in their efforts to achieve their objectives, the Group has established a financial framework that continuously measures the Group's performance, from the branch offices through to Group level.

This financial model makes it possible to monitor a number of simple and clear key figures that can be understood by all managers. The model helps managers understand the connection between risks and opportunities, and how various factors impact their areas of responsibility. The model also helps us understand how we can monitor and control these factors, and see the direct link between income and expenses in the statement of income, capital employed in the balance sheet and the generation of free cash flow (refer to the fact box on page 54 for more information). The goal is to achieve average annual profitability growth of 10 percent, measured as earnings per share, and a free cash flow of 0.20 in relation to net debt. Transparent and accurate financial reporting is also the basis of sound management. The aim of the Group's financial reporting is to produce the most accurate information possible to enable managers and employees to make the decisions necessary for achieving profitable growth in line with Securitas' strategies, and to control risks to ensure that the company's objectives are achieved. Financial reporting also forms the basis for sound internal control.

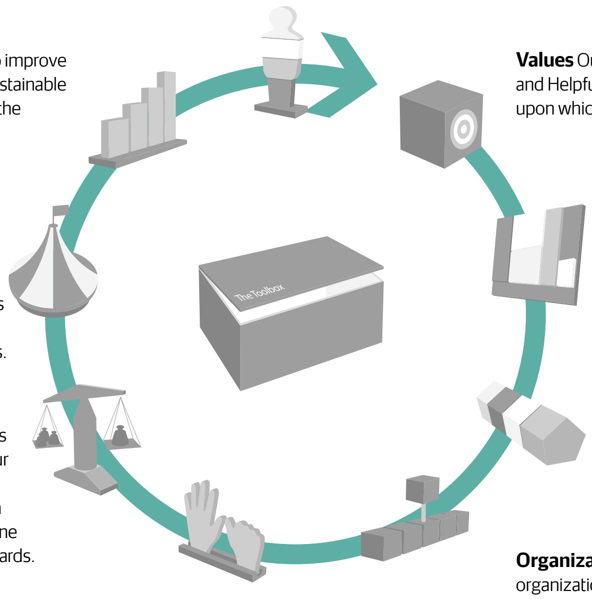
Securitas' financial reporting is based on the following foundations:

- Group policies and guidelines, which is the Board of Directors' policies and guidelines for financial planning and reporting, long-term financing and treasury, risks and insurance, communications, branding, legal issues and IT
- Guidelines in Securitas' financial model, which create the framework for a simple and clear internal reporting method, including timely and accurate follow-up of financial key figures (Securitas Six Fingers)
- Securitas' reporting manual, which provides all managers and financial staff with detailed instructions and definitions for financial reporting
- The controller, who is responsible for continuously ensuring that the financial information provided is accurate, transparent, relevant and up to date

People People make the difference. All managers are role models and act as a helping hand for their employees. People create value by working together.

Step-by-step approach To improve our operations and achieve sustainable growth, we must do things in the right order.

Values Our values – Integrity, Vigilance and Helpfulness – are the foundation upon which Securitas is based.



Industry By cooperating with customers and industry organizations, trade unions and public authorities, we help to improve the conditions in the industry and create opportunities for new services.

Market The customers' security needs vary depending on size and industry.

Value chain The value chain helps us ensure that we provide the right service for the right customer in the right way.

Risk management Business risk evaluation ensures that our risks are balanced against the long-term benefits of a certain contract, and that they are in line with our business ethics standards.

Organization Securitas has a flat organization in which the company's managers are close to their customers and understand their needs.

Financial control Securitas' model for financial key figures, known as Six Fingers, plays an important role in the company's comprehensive financial model.

Securitas' financial model

RELATIONSHIP BETWEEN INCOME, CASH FLOW AND BALANCE SHEET

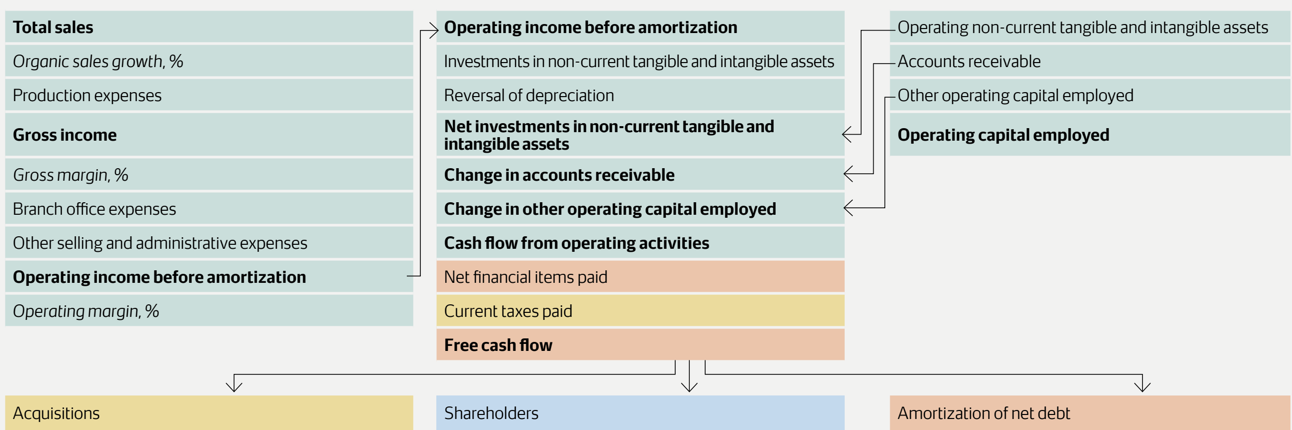
Statement of income
The statement of income is broken down according to function, making responsibility for each profit level clear. Managers with operational responsibility can easily see what is expected of them and concentrate on the factors they can affect. Gross margin and operating margin are key indicators, and used in reviewing operations at both division and Group level. Amortization of acquisition-related intangible assets, acquisition-related costs, financial items and taxes is monitored separately.

Statement of cash flow
In principle, operating income should generate the same amount of cash flow from operating activities. The cash flow is affected by investments in, and depreciation of, non-current tangible and intangible assets used in operations and by changes in working capital. Cash flow from operating activities is an important indicator at operational level. It is defined as operating income less investments in non-current tangible and intangible assets plus reversal of depreciation, change in accounts receivable and change in other operating capital employed.

Free cash flow is cash flow from operating activities less net financial items paid and current taxes paid. Cash flow for the year is arrived at when cash flow relating to acquisitions and shareholders' equity is deducted from free cash flow. The consolidation of net debt in foreign currencies usually generates a translation difference that is reported separately. In addition, accounting standards require that certain elements of the net debt are revalued to market value after the initial recognition and this revaluation is also reported separately. The change in net debt corresponds to cash flow for the year plus the change in loans, translation differences and also the revaluation of financial instruments.

Balance sheet
Securitas uses the terms "capital employed" and "financing of capital employed" to describe the balance sheet and financial position. Capital employed consists of operating capital employed plus goodwill, acquisition-related intangible assets and shares in associated companies.

Operating capital employed, which consists of operating non-current tangible and intangible assets and working capital, is continuously monitored at the operating level to avoid unnecessary tied-up capital. Capital employed is financed by net debt and shareholders' equity.



This picture shows the connection between the statement of income, the statement of cash flow and the balance sheet. Different colors are used for the sake of clarity.
Operating items · Net-debt-related items · Goodwill, taxes and non-operating Items · Items related to shareholders' equity

FINANCIAL KEY FIGURES AND HOW WE USE THEM

Securitas' model focuses on the factors that impact profit, and are clearly linked to operations. Factors are grouped into categories: volume-related factors, efficiency-related factors and capital-usage-related factors. These factors are then assigned key figures that are measured continuously, allowing managers to make decisions based on facts, enabling them to make quick adjustments if needed. The model is also used when analyzing acquisition targets.

The factors and key figures are used throughout our operations from branch level up to Group level. Six key figures represent the backbone of the model (highlighted in the text and table), but there are complementary key figures used by all divisions, such as organic sales growth and operating margin. There are also complementary key figures tailored to the measurement needs of a particular division. In Security Services North America, Security Services Europe and Security Services Ibero-America, which offer specialized security services to large and medium-sized customers, gross margin on new sales and on terminations as well as the wage cost increase are particularly important key figures. For Mobile and Monitoring, new/cancelled connections, prospects visited, cost per sale/order, average contract size and payback/duration are the key figures that are monitored closely.

Volume-related factors

The first two key figures, **New sales** (of contracts) and **Net change** (of contract portfolio), relate to the development of the customer contract portfolio. **New sales** are newly signed contracts that will increase the monthly fixed sales. **Net change** in the customer contract portfolio refers to new starts (a newly signed contract that has started) plus increased sales in existing contracts, less terminated customer contracts and reduced sales in existing contracts. Price changes are measured separately and added to **Net change** to determine the period's closing balance of the contract portfolio. The closing balance is the total value of monthly invoicing on our monthly fixed contracts at the closing date for the current period.

The table below is an example illustrating the details of the contract portfolio:

	Value	*% change in opening portfolio*
Opening balance	**100**	
+ New starts	15	
+ Increases	5	
– Terminations	-12	
– Reductions	-4	
Net change	**4**	***4***
Price change	**3**	***3***
Closing balance	**107**	***7***

The third key figure, taken from the statement of income, is **Total sales**, which in addition to contract-based sales, includes short-term assignments.

Efficiency-related factors

The efficiency-related key figures provide managers with tools to monitor service efficiency and cost trends. The fourth and fifth key figures are: **Gross margin**, which is defined as total sales less direct expenses as a percentage of total sales, and **Indirect expenses**, which pertain to the organization and include sales and administrative expenses (costs of branch, area and regional/country offices). Gross income less **indirect expenses** equals operating income before amortization of acquisition-related intangible assets and acquisition-related costs. When this is expressed as a percentage of total sales, it indicates the Group's operating margin, which in Securitas' financial model, comes before acquisition-related items.

Capital-usage-related factors

In general, Securitas' operations are not capital-intensive. Accounts receivable tie up the most capital. The sixth key figure is **Days of sales outstanding** (DSO). Payment terms and effective collection procedures are decisive in determining how much capital is tied up in accounts receivable. These figures are followed up on an ongoing basis at all levels in the organization.

SECURITAS' MODEL FOR FINANCIAL KEY FIGURES

	GROUP	SECURITY SERVICES	MOBILE AND MONITORING
Volume-related factors			
		New sales	**New sales / New starts**
		Gross margin on new sales	
		Terminations	Terminations
		Gross margin on terminations	
			New/cancelled connections (Monitoring)
		Net change	**Net change**
		Price change	Price change
	Organic sales growth	Organic sales growth	Organic sales growth
	Acquired sales growth		
	Real sales growth		
	Total sales	**Total sales**	**Total sales**
Efficiency-related factors			
		Employee turnover	Employee turnover
		Wage cost increase	Wage cost increase
			Prospects visited (Mobile)
			Cost per sale/order
			Average contract size (Mobile)
			Pay back time/duration
		Gross margin	**Gross margin**
		Indirect expenses	**Indirect expenses**
	Operating margin	Operating margin	Operating margin
	Income before tax		
	Earnings per share		
Capital-usage-related factors			
		Days of sales outstanding	**Days of sales outstanding**
	Operating capital employed as % of sales	Operating capital employed as % of sales	Operating capital employed as % of sales
	Cash flow from operating activities as % of operating income before amortization	Cash flow from operating activities as % of operating income before amortization	Cash flow from operating activities as % of operating income before amortization
	Free cash flow		
	Return on capital employed	Return on capital employed	Return on capital employed
	Free cash flow in relation to net debt		

Group Management

Alf Göransson b. 1957
President and CEO of Securitas AB.
Shares in Securitas: 30 000 Series B shares.*
Alf Göransson's previous experience includes President and CEO of NCC AB, CEO of Svedala Industri AB, Business Area Manager at Cardo Rail, and President of Swedish Rail Systems AB in the Scancem Group. Alf holds an international BSc in Economics and Business Administration from the School of Business, Economics and Law, University of Gothenburg, Sweden.
Other assignments: Chairman of the Board of Loomis AB, Director of Hexpol AB and Axel Johnson Inc., USA.

Bart Adam b. 1965
Divisional President, Security Services Europe.
Shares in Securitas: 4 500 Series B shares.*
Bart Adam has over 20 years of security industry experience. In 1988, he joined the Group of Securis in Belgium (AviaPartner) and after Securitas acquired Securis in 1999, Bart became the Financial Manager for Securitas in Belgium in 2000. Two years later he was appointed Divisional Controller for Security Services Europe and in 2007 he became the division's Chief Operating Officer. In 2008, Bart was appointed Divisional President for Security Services Europe. Bart holds a Commercial Engineering degree from the University of Leuven, Belgium.

William Barthelemy b. 1954
Chief Operating Officer, Security Services North America.
Shares in Securitas: 17 000 Series B shares.*
Bill Barthelemy brings over 30 years of industry experience to the organization. With a Criminology degree from Indiana University of Pennsylvania, USA, Bill began his career as an Investigator and has later worked in many field capacities, including Regional Operations Director and Region President. Bill is an active member of the American Society of Industrial Security, as well as the National Association of Chiefs of Police.

Santiago Galaz b. 1959
Divisional President, Security Services North America.
Shares in Securitas: 60 000 Series B shares.*
Santiago Galaz joined Securitas in 1995 as the Managing Director of Security Services Spain, after twelve years at the Eulen Group. In 1997 he was appointed Spanish Country President for Security Services, Systems and Cash Handling Services and later became Divisional President of Cash Handling Services Europe. Santiago was appointed Divisional President of Security Services North America in 2003.

Erik-Jan Jansen b. 1965
Divisional President, Mobile.
Shares in Securitas: –*
Erik-Jan Jansen joined Securitas in 1996 and has held several management positions, such as Country President of Security Services Netherlands and Chief Operating Officer, Security Services Europe. In 2010, Erik-Jan was appointed Divisional President Mobile. He holds a Bachelor's degree in Business Administration from the Hotel Management School in Maastricht, the Netherlands. Erik-Jan has previously held several international assignments in the hotel industry.

Gisela Lindstrand b. 1962
Senior Vice President Corporate Communications and Public Affairs.
Shares in Securitas: 1 000 Series B shares.*
Gisela Lindstrand has a degree in Political science from Uppsala University, Sweden. She came to Securitas AB in 2007 from Pfizer AB, where she was the Government Affairs Director. Previous positions include Press Relations Manager at NCC AB, Information Director at SABO AB and Press Relations Manager and Political Advisor to the former Swedish Prime Minister Ingvar Carlsson. Gisela has also worked as a journalist.

Jan Lindström b. 1966
Senior Vice President Finance.
Shares in Securitas: 3 500 Series B shares.*
Jan Lindström joined Securitas in 1999 as controller for the Group's treasury in Dublin. In 2003 he became head of the Group's reporting function at the head office in Stockholm and in 2007, he was appointed Senior Vice President Finance. Jan holds a BSc in Economics and Business Administration from Uppsala University in Sweden and previously he worked as an Authorized Public Accountant in PricewaterhouseCoopers.

Aimé Lyagre b. 1959
Chief Operating Officer, Security Services Europe.
Shares in Securitas: 1 400 Series B shares.*
Aimé Lyagre joined Securitas in 2004 as General Manager of Securitas Alert Services in the Netherlands and one year later for the Benelux. In 2007, he became Country President of Security Services Belgium. In 2010, Aimé was appointed Chief Operating Officer Security Services Europe. Aimé graduated as an Industrial Engineer and holds a degree in Business Administration as well as a Master's degree in Industrial Management and Marketing Management.

Lucien Meeus b. 1947
Divisional President, Monitoring.
Shares in Securitas: 5 500 Series B shares.*
Lucien Meeus previously worked in the telecom and pipeline industries, for Raychem Corporation and TD Williamson. In 1997, Lucien started Belgacom Alert Services, specializing in alarm monitoring, that became a subsidiary of Securitas AB in 2005. Lucien graduated as a Technical Engineer in Mechelen, Belgium, and holds a Postgraduate Diploma in Business Administration from UAMS, Antwerp, Belgium and has taken part in a Postgraduate Partnership Program at IMD, Lausanne, Switzerland.

Marc Pissens b. 1950
Divisional President, Aviation.
Shares in Securitas: –*
Marc Pissens has over 20 years of security industry experience. Within Securitas he has been President for the Benelux organization, Managing Director of Securitas Netherlands and Securis / Securair Belgium and President of Globe Aviation, USA. Marc Pissens is President of the CoESS (Confederation of European Security Services) and founder and President of ASSA-I (Aviation Security Services Association – International). Marc holds an engineering degree from the Engineering Institute of Brussels, Belgium.

Luis Posadas b. 1958
Divisional President, Security Services Ibero-America.
Shares in Securitas: 40 136 Series B shares.*
Luis Posadas joined Securitas Spain in 1995, after 14 years in the Eulen Group. In 2000, he was appointed Country President for Security Services Spain. Between 2003 and 2005 he was responsible for operations in southern Europe within the division Security Services Europe. In 2006, Luis became Divisional President Security Services Latin America and in 2011, he was appointed Divisional President Security Services Ibero-America. Luis Posadas studied law at the University Complutense in Madrid, Spain.

Kim Svensson b. 1966
Senior Vice President Corporate Finance.
Shares in Securitas: 300 Series B shares.*
Kim Svensson was employed at Securitas in 1993 and has broad experience in the security service industry. He has held several positions in Securitas, both operational and staff positions. In 2010, Kim was appointed Senior Vice President Corporate Finance. Previously, he worked as Divisional Controller of Security Services Latin America. Kim holds an International MSc in Economics and Business Administration from Växjö University in Sweden.

Antonio Villaseca Lòpez b. 1954
Senior Vice President Technical Solutions.
Shares in Securitas: –*
Antonio Villaseca Lòpez joined Securitas as Site Manager in Madrid, Spain, in 1995. As from 1997, he was Country President for Niscayah's Spanish operations and Southern Europe Region Manager (Portugal, Italy and France). Antonio came back to Securitas in May 2011, as Senior Vice President Technical Solutions. Antonio has studied Economics at the UNED University in Madrid, Spain as well as a number of courses on for example telecommunications, networks and security system design.

Åsa Thunman b. 1969
Senior Vice President General Counsel.
Shares in Securitas: –*
Åsa Thunman joined Securitas in 2009 as Senior Legal Counsel and was appointed Senior Vice President General Counsel in July 2011. Her previous experience includes a position as General Counsel and Executive Vice President Corporate Office of Elekta AB and Managing Director of Elekta Instrument AB. Before that she was a practicing solicitor at a major Swedish law firm. Åsa has a law degree from Uppsala University, Sweden, and a master in European Business Law from the University of Amsterdam, the Netherlands.
Other assignments: Director of Scania AB.

** Actual allocation of shares under Securitas share based incentive scheme 2010 to the Group Management can be found on page 96, and the total potential allocation to the Group Management of shares under Securitas share based incentive scheme 2011 can be found on page 94.*

Bart Adam | Kim Svensson | William Barthelemy | Antonio Villaseca Lòpez | Gisela Lindstrand | Erik-Jan Jansen | Marc Pissens

Annual Report

Annual Report

Report of the Board of Directors – Financial overview

The Board of Directors and the President of Securitas AB (publ.), corporate registration number 556302-7241, with its registered office in Stockholm, hereby submit the Annual Report and consolidated financial statements for the 2011 financial year.

Securitas protects homes, workplaces and society. Our core business is security services and the main service offering categories are specialized guarding, mobile security services, monitoring and consulting and investigation services. Securitas is present in 51 countries in North America, Europe, Latin America, the Middle East, Asia and Africa, with more than 300 000 employees.

The Securitas Group consists of the business segments Security Services North America, Security Services Europe, Mobile and Monitoring and Security Services Ibero-America. The latter was created in 2011. In addition to these business segments, the Group conducts guarding operations in the Middle East, Asia and Africa, which are included under the heading Other in the segment report in note 9. Due to the new segment structure as well as operations moved between the segments Security Services Europe and Mobile and Monitoring, comparatives have been restated below under the heading Development in the Group's business segments as well as in the segment report in note 9 for the segments Security Services Europe, Mobile and Monitoring and Other.

The organic sales growth in 2011 was 3 percent, and including acquisitions the real sales growth reached 11 percent. We have made 19 major acquisitions with annual sales of MSEK 4 500 and strengthened our presence in the United Kingdom, Belgium, Eastern Europe, in the government sector in the USA and in various high growth markets in Latin America. We have also grown in the technology area and in the consulting and investigation market. The sales growth of 11 percent was the highest since 2002. It has strained the cash flow mainly due to working capital needs, but also due to the decrease in earnings compared to last year and a slight increase in days of sales outstanding (DSO). In 2012 we will be restrictive on acquisitions until we have restored the financial target of free cash flow to net debt of 0.20.

For the full year of 2011, the lower operating margin was primarily due to dilution from acquisitions, the loss of a few major contracts in Europe and the discrepancy between wage costs and price increases.

During 2011 we have grown substantially by acquisitions and taken significant restructuring and integration costs, which we will benefit from in 2012. We are investing in new solutions and technology resources to bring added value to our customers, and at the same time we have reduced the overhead costs.

Sales and market development

Sales amounted to MSEK 64 057 (61 340) and organic sales growth was 3 percent (1). A positive development was seen in Security Services North America, Mobile and Monitoring and Security Services Ibero-America. In North America the security market has been basically flat in 2011, which means that Security Service North America has gained market shares. In Security Services Europe, the majority of the countries showed positive organic sales growth, but primarily Belgium and the United Kingdom were negative due to a few large contract losses in the first half year of 2011. In Latin America the organic sales growth was 28 percent. In Spain, the organic sales growth was also positive mainly because of a major guarding contract in the retail sector. Effective in the first quarter 2012, contracts with poor profitability worth approximately MSEK 450 (MEUR 50) in annual sales will be terminated in Spain. The same applies for a major contract with an automotive customer in the USA worth approximately MSEK 515 (MUSD 80) annually. These terminations have no material impact on the operating income, but a positive effect on the operating margin.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 11 percent (5).

SALES JANUARY–DECEMBER

MSEK	2011	2010	%
Total sales	**64 057**	**61 340**	***4***
Acquisitions/divestitures	-5 062	-20	
Currency change from 2010	4 229	–	
Organic sales	**63 224**	**61 320**	***3***

Operating income before amortization

Operating income before amortization was MSEK 3 385 (3 724) which, adjusted for changes in exchange rates, represented a decrease of -3 percent.

The Group's operating margin was 5.3 percent (6.1). The total dilution from the acquisitions of Reliance Security Services and Chubb Security Personnel in the United Kingdom, along with Security Consultants Group in the USA, was -0.2 percent on the Group's operating margin. In Security Services Europe, the operating margin was negatively impacted mainly by the loss of a few large contracts earlier in the year and a discrepancy between price increases and wage cost increases, all together representing -0.4 percent on the Group's operating margin. The increase of payroll related taxes in Security Services North America had an impact of -0.1 percent for the full year.

The price adjustments in the Group were behind the total wage cost increases in 2011, the main reason being a negative deviation in France.

OPERATING INCOME JANUARY–DECEMBER

MSEK	2011	2010	%
Operating income before amortization	**3 385**	**3 724**	***-9***
Currency change from 2010	215	–	
Currency adjusted operating income before amortization	**3 600**	**3 724**	***-3***

Operating income after amortization
Amortization of acquisition related intangible assets amounted to MSEK -218 (-164).

Acquisition related costs impacted the period by MSEK -194 (-90). Restructuring and integration costs for Reliance Security Services and Chubb Security Personnel in the United Kingdom amounted to MSEK -99 and transaction costs for the acquisition of Chubb Security Personnel was MSEK -11. Further information is provided in note 11.

Operating income after amortization was MSEK 2 973 (3 470).

Financial income and expenses
Financial income and expenses amounted to MSEK -493 (-502). The finance net has been negatively impacted by the increase in net debt in 2011.

Income before taxes
Income before taxes was MSEK 2 480 (2 968). The real change was -11 percent.

Taxes, net income and earnings per share
The Group's tax rate was 29.9 percent (29.9).

Net income was MSEK 1 739 (2 081). Earnings per share amounted to SEK 4.75 (5.71).

CONDENSED STATEMENT OF INCOME
ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2011	2010
Total sales	**64 057.1**	**61 339.8**
Organic sales growth, %	*3*	*1*
Production expenses	-52 977.4	-50 076.0
Gross income	**11 079.7**	**11 263.8**
Selling and administrative expenses	-7 766.9	-7 551.3
Other operating income	74.3	12.7
Share in income of associated companies	-2.4	-1.0
Operating income before amortization	**3 384.7**	**3 724.2**
Operating margin, %	*5.3*	*6.1*
Amortization of acquisition related intangible assets	-218.2	-164.3
Acquisition related costs	-193.5	-89.6
Operating income after amortization	**2 973.0**	**3 470.3**
Financial income and expenses	-493.0	-502.3
Income before taxes	**2 480.0**	**2 968.0**
Taxes	-741.4	-887.2
Net income for the year	**1 738.6**	**2 080.8**

Securitas' financial model is described on pages 54–55.

Operating items. Net debt-related items.
Goodwill, taxes and non-operating items. Items related to shareholders' equity.

Development in the Group's business segments
Security Services North America

SALES AND INCOME

MSEK	2011	2010
Total sales	**22 356**	**22 731**
Organic sales growth, %	*4*	*-2*
Operating income before amortization	**1 270**	**1 380**
Operating margin, %	*5.7*	*6.1*
Real change, %	*2*	*4*

Further information regarding the statement of income, cash flow and capital employed is provided in note 9.

Organic sales growth was 4 percent (-2) in the period, driven by contract portfolio sales and extra sales. The sales of specialized security solutions as part of total sales amounted to 7 percent (4).

The operating margin was 5.7 percent (6.1). The acquisition of Security Consultants Group had a diluting impact of -0.1 percent. Start up costs relating to the airport security contract in Canada had a negative impact on the operating margin of -0.1 percent. Another negative impact relates to timing of legislative tax adjustments and expiring Hiring Incentives to Restore Employment (HIRE) Act tax grants. A tax adjustment under The Federal Unemployment Tax Act (FUTA) was enacted in the fourth quarter which is intended to be recovered in the price increases for 2012. In addition a full year adjustment of State Unemployment Insurance (SUI) reconciliation was made. The increase of payroll taxes as described above explains almost -0.2 percent of the operating margin decline.

The U.S. dollar exchange rate had a negative effect on the operating result in Swedish kronor. The real change was 2 percent in the period.

The client retention rate was 91 percent, which is a slight improvement compared to last year. The employee turnover rate in the USA was 44 percent (39).

Security Services Europe

SALES AND INCOME

MSEK	2011	2010*
Total sales	**26 425**	**24 556**
Organic sales growth, %	*0*	*4*
Operating income before amortization	**1 003**	**1 300**
Operating margin, %	*3.8*	*5.3*
Real change, %	*-20*	*10*

* The comparatives have been restated due to operations moved between the segments Security Services Europe, Security Services Ibero-America and Mobile and Monitoring.

Further information regarding the statement of income, cash flow and capital employed is provided in note 9.

Organic sales growth was 0 percent (4) in the period. Most countries had positive organic sales growth, but the negative impact from mainly Belgium and the United Kingdom hampered the development.

The operating margin was 3.8 percent (5.3). Previously lost contracts had a negative effect by -0.5 percent and the dilution from the acquisitions of Reliance Security Services and Chubb Security Personnel in the United Kingdom amounted to -0.3 percent. Discrepancies between price and wage cost increases, primarily in France and Sweden, had a negative impact of -0.5 percent. Actions taken to restore the performance in Security Services Europe resulted in restructuring costs negatively impacting the operating margin by -0.2 percent.

The euro exchange rate had a slight negative impact on the operating income in Swedish kronor. The real change was -20 percent in the period.

The client retention rate was slightly below 90 percent. The employee turnover rate was 28 percent (28**).

** The employee turnover rate of 2010 has changed due to the move of Portugal and Spain into Security Services Ibero-America.

Mobile and Monitoring

SALES AND INCOME

MSEK	2011	2010*
Total sales	**6 149**	**5 961**
Organic sales growth, %	*3*	*2*
Operating income before amortization	**733**	**740**
Operating margin, %	*11.9*	*12.4*
Real change, %	*1*	*6*

* The comparatives have been restated due to operations moved between the segments Security Services Europe and Mobile and Monitoring.

Further information regarding the statement of income, cash flow and capital employed is provided in note 9.

Organic sales growth was 3 percent (2). In the Mobile operation, the improvement in organic sales growth derived from countries such as Belgium and Norway. In the Monitoring operation, good organic sales growth was seen in Sweden, the Netherlands, Norway and Poland while Belgium, France and Spain showed negative organic sales growth.

The operating margin was 11.9 percent (12.4). In the Mobile operation the operating margin was negatively impacted by increased fuel costs and fewer call-outs. In the Monitoring operation, restructuring costs of MSEK -15 due to organizational changes in Belgium, France, the Netherlands and Spain impacted the operating margin negatively. Due diligence costs related to a non-completed acquisition was another negative effect. Adjusted for these one-off costs, the operating margin in the Monitoring operation improved.

The real change in operating income in the business segment was 1 percent in the period.

Security Services Ibero-America

SALES AND INCOME

MSEK	2011	2010
Total sales	**8 747**	**7 968**
Organic sales growth, %	*11*	*1*
Operating income before amortization	**545**	**529**
Operating margin, %	*6.2*	*6.6*
Real change, %	*10*	*-5*

Further information regarding the statement of income, cash flow and capital employed is provided in note 9.

Organic sales growth was 11 percent (1) in the period and positive organic sales growth was seen in all countries except Portugal. In Argentina, the organic sales growth is largely due to inflation, while in countries such as Uruguay and Peru the organic sales growth derives more from volume increase in the contract portfolio. Chile had good extra sales during the year. In Latin America the organic sales growth was 28 percent. In Spain the organic sales growth was also positive and mainly because of a major guarding contract in the retail sector. Effective in the first quarter 2012, contracts with poor profitability worth approximately MSEK 450 (MEUR 50) in annual sales will be terminated in Spain.

The operating margin was 6.2 percent (6.6). The operating margin improved in the Latin American countries, while Portugal and Spain declined due to difficult market conditions. The operating margin was also negatively affected by restructuring costs related to organizational changes in Portugal and Spain. This negative effect was partly offset by the release of a portion of the over-time provision made in Spain earlier years. Last year, the operating margin was also negatively affected by restructuring costs in Spain.

The currency exchange rates had a negative impact on the operating income in Swedish kronor. The real change was 10 percent in the period.

The client retention rate was 86 percent. The employee turnover rate was 40 percent.

Cash flow

Operating income before amortization amounted to MSEK 3 385 (3 724). Net investments in non-current tangible and intangible assets amounted to MSEK -108 (-1). The weaker result in the period together with higher net investments has impacted the cash flow negatively compared to last year.

Changes in accounts receivable were MSEK -723 (-769). The main reason behind the increase in accounts receivable relates to sales growth. Days of sales outstanding (DSO) also increased slightly compared to last year.

Changes in other operating capital employed were MSEK -447 (313). Total sales growth and the negative impact on accounts receivable are normally expected to be offset by a positive cash flow effect due to a build up of accruals and liabilities in other capital employed. The most significant items being employee-related accrued expenses, withholding taxes on wages and salaries, VAT and to a lesser extent also accounts payable. The period is however impacted by a negative development in other capital employed as well as in accounts receivable.

Items contributing to this development are payroll timing in the Netherlands, where the impact was negative compared to last year. Furthermore, certain acquisitions have impacted the operating cash flow negatively as the purchase price has been adjusted for debt-like items subsequently settled after the acquisition date. Such impact has been seen in the United Kingdom (mainly VAT payments), France (settlement of accounts payable) and Serbia (payment of salaries). The period was also negatively impacted by the settlement with the U.S. Army from the first quarter and other one off payments during 2011 negatively impacting other operating capital employed. Further actions have been taken to focus not only on the development of DSO but also the development of the other elements of operating capital employed. This includes adjusting the incentive scheme in all divisions.

Cash flow from operating activities amounted to MSEK 2 107 (3 267), equivalent to 62 percent (88) of operating income before amortization.

Financial income and expenses paid amounted to MSEK -475 (-521). Current taxes paid amounted to MSEK -764 (-735).

Free cash flow was MSEK 868 (2 011), equivalent to 39 percent (81) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK -1 882 (-1 359), including the positive cash flow related to the sale of the shares and extra dividend from Securitas Direct in Switzerland.

Cash flow from items affecting comparability was MSEK -23 (-63).

Cash flow from financing activities was MSEK 969 (-424).

Cash flow for the period was MSEK -68 (165).

CONDENSED STATEMENT OF CASH FLOW ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2011	2010
Operating income before amortization	**3 384.7**	**3 724.2**
Investments in non-current tangible and intangible assets	-1 009.8	-901.9
Reversal of depreciation	902.0	900.7
Net investments in non-current tangible and intangible assets	**-107.8**	**-1.2**
Change in accounts receivable	-722.6	-768.4
Change in other operating capital employed	-446.9	312.8
Cash flow from operating activities	**2 107.4**	**3 267.4**
Cash flow from operating activities, %	*62*	*88*
Financial income and expenses paid	-475.1	-521.7
Current taxes paid	-763.9	-735.1
Free cash flow	**868.4**	**2 010.6**
Free cash flow, %	*39*	*81*
Cash flow from investing activities, acquisitions	-1 882.0	-1 359.0
Cash flow from items affecting comparability	-23.7	-62.5
Cash flow from financing activities	968.9	-424.5
Cash flow for the year	**-68.4**	**164.6**

Securitas' financial model is described on pages 54–55.

Operating items. Net debt-related items. Goodwill, taxes and non-operating items.

Capital employed and financing

Capital employed

The Group's operating capital employed was MSEK 3 145 (2 587) corresponding to 5 percent of sales (4) adjusted for the full year sales figures of acquired units.

Acquisitions decreased operating capital employed by MSEK -354 during the year.

Acquisitions increased consolidated goodwill by MSEK 1 410. Adjusted for negative translation differences of MSEK -22, total goodwill for the Group amounted to MSEK 14 727 (13 339).

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter 2011 in conjunction with the business plan process for 2012. None of the CGUs had a carrying amount that exceeded the recoverable amount. Consequently no impairment losses have been recognized in 2011. No impairment losses were recognized in 2010 either.

Acquisitions have increased acquisition related intangible assets by MSEK 705. After amortization of MSEK -218 and negative translation differences of MSEK -9, acquisition related intangible assets amounted to MSEK 1 574 (1 096).

The Group's total capital employed was MSEK 19 554 (17 147). The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK -78.

The return on capital employed was 17 percent (22).

Financing

The Group's net debt amounted to MSEK 10 349 (8 209). Acquisitions and acquisition related payments increased the Group's net debt by MSEK 1 882, of which purchase price payments accounted for MSEK 1 603, assumed net debt for MSEK 99 and acquisition related costs paid accounted for MSEK 180. The Group's net debt increased by MSEK 15 due to the translation of net debt in foreign currency to Swedish kronor.

A dividend of MSEK 1 095 (1 095) was paid to the shareholders in May 2011.

The free cash flow to net debt ratio amounted to 0.08 (0.24).

The main capital market instruments drawn as of the end of December 2011 were nine bonds issued under the Group's Euro Medium Term Note Program. These comprised the 6.50 percent MEUR 500 Eurobond loan maturing in 2013, and eight floating rate notes (FRN's). Four of these FRN's are denominated in SEK, totalling MSEK 3 000 and maturing between the fourth quarter 2012 and the fourth quarter 2014. Another three FRN's are denominated in USD, one for MUSD 62, one for MUSD 50 and one for MUSD 40. The MUSD 50 FRN matures in 2018. The remaining MUSD 102 of these loans matures in 2015. There is also a MEUR 45 FRN maturing in 2014.

Since year end, a new FRN for MSEK 600 and a fixed rate bond for MSEK 400 were issued on January 19, 2012. Both have three year maturities. On February 28, 2012 a five year 2.75 percent MEUR 350 Eurobond loan was issued in the Eurobond market.

In addition to the above, Securitas has access to committed bank financing through a Revolving Credit Facility (RCF) which was signed with 12 Swedish and international banks in January 2011. The RCF comprises two respective tranches of MUSD 550 and MEUR 420 (MUSD 1 100 in total), and matures in 2016. At the end of the year there was a total of MUSD 150 drawn on the facility, leaving MUSD 950 equivalent available and undrawn.

There is another MUSD 100 RCF maturing in 2012. This is used for issuance of letters of credit only.

The Group also has access to uncommitted bank borrowings and a MSEK 5 000 Swedish Commercial Paper Program for short-term borrowing needs.

Securitas has ample liquidity headroom under the committed credit facilities in line with established policies, which combined with the strong free cash flow generation means that the future liquidity requirements for the Company's operations are met.

Further information on the credit facilities as of December 31, 2011 is provided in note 6.

The interest cover ratio amounted to 6.1 (7.4).

Shareholders' equity amounted to MSEK 9 205 (8 938). The translation of foreign assets and liabilities into Swedish kronor decreased shareholders' equity by MSEK -93 after taking into account net investment hedging of MSEK 36 and MSEK -129 before net investment hedging. Refer to the statement of comprehensive income for further information.

The total number of outstanding shares amounted to 365 058 897 as of December 31, 2011.

CONDENSED CAPITAL EMPLOYED AND FINANCING ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2011	2010
Operating capital employed	3 144.6	2 586.5
Operating capital employed as % of sales	*5*	*4*
Goodwill	14 727.4	13 338.8
Acquisition related intangible assets	1 574.1	1 096.5
Shares in associated companies	108.2	125.6
Total capital employed	**19 554.3**	**17 147.4**
Return on capital employed, %	*17*	*22*
Net debt	10 348.8	8 208.9
Shareholders' equity	9 205.5	8 938.5
Total financing	**19 554.3**	**17 147.4**

Securitas' financial model is described on pages 54–55.

Operating items. Net debt-related items.
Goodwill, taxes and non-operating items. Items related to shareholders' equity.

NET DEBT DEVELOPMENT

MSEK	2011	2010
Opening balance January 1	**-8 208.9**	**-8 387.7**
Cash flow from operating activities	2 107.4	3 267.4
Financial income and expenses paid	-475.1	-521.7
Current taxes paid	-763.9	-735.1
Free cash flow	**868.4**	**2 010.6**
Cash flow from investing activities, acquisitions	-1 882.0	-1 359.0
Cash flow from items affecting comparability	-23.7	-62.5
Dividend paid	-1 095.2	-1 095.2
Change in net debt before revaluation and translation	**-2 132.5**	**-506.1**
Revaluation of financial instruments	7.5	67.6
Translation differences	-14.9	617.3
Change in net debt	**-2 139.9**	**178.8**
Closing balance December 31	**-10 348.8**	**-8 208.9**

Acquisitions and divestitures

ACQUISITIONS AND DIVESTITURES JANUARY–DECEMBER 2011 (MSEK)

Company	Business segment[1]	Included/ divested from	Acquired/ divested share[2]	Annual sales[3]	Enterprise value[4]	Goodwill	Acq. related intangible assets
Opening balance						**13 339**	**1 096**
Interseco, the Netherlands[7]	Other	Jan 1	100	59	20	36	10
Adria Ipon Security, Bosnia and Herzegovina[7, 8]	Security Services Europe	Jan 1	85	16	14	9	8
Seguridad y Turismo Segutouring, Ecuador[7]	Security Services Ibero-America	Feb 1	100	39	8	4	10
Chubb Security Personnel, the United Kingdom	Security Services Europe	Apr 1	100	1 192	322	196	89
Seguricorp, Chile	Security Services Ibero-America	Apr 1	100	297	140	69	57
Consultora Videco, Argentina[7]	Security Services Ibero-America	Apr 1	100	320	134	251	115
Security Consultants Group, the USA	Security Services North America	Apr 15	100	681	192	138	18
Assistance Sécurité Gardiennage, France[7]	Security Services Europe	Jun 1	–	128	20	–	25
Al Sharika Al Muatfawika Likhadamat Al Amin Wa Al Himaya, Jordan	Other	Jun 1	50[9]	28	11	5	7
Zvonimir Security, Croatia[7, 8]	Security Services Europe	Aug 1	85	89	48	41	14
Sensormatic Guvenlik Group, Turkey[7, 8]	Security Services Europe	Sep 1	51	264	123	189	64
Chubb Guarding Services, Singapore	Other	Sep 28	100	67	33	16	16
Sistem FTO, Serbia	Security Services Europe	Sep 29	100	126	34	52	7
Orbis Security Solutions, South Africa[7]	Other	Oct 1	100	90	31	25	20
Cobelguard, Belgium	Security Services Europe	Oct 1	100	625	355	199	103
Securitas Direct AG, Switzerland (divestiture)	Other	Oct 21	50	-64	-73	-10	–
Ave Lat Sargs, Latvia[7, 8]	Security Services Europe	Nov 1	65	40	9	12	7
Europinter & ECSAS Gardiennage, France	Mobile and Monitoring	Nov 1	100	101	14	9	8
Fuego Red, Argentina[7]	Security Services Ibero-America	Nov 1	100	29	14	29	3
CSS Internacional, Costa Rica[7]	Security Services Ibero-America	Dec 1	100	97	44	45	12
Other acquisitions[5, 7]				188	209	95	112
Total acquisitions and divestitures January–December 2011				**4 412**	**1 702**	**1 410**[6]	**705**
Amortization of acquisition related intangible assets						–	-218
Exchange rate differences						-22	-9
Closing balance						**14 727**	**1 574**

1 Refers to business segment with main responsibility for the acquisition.
2 Refers to voting rights for acquisitions in the form of share purchase agreements. For asset deals no voting rights are stated.
3 Estimated annual sales.
4 Purchase price paid plus acquired net debt, but excluding any deferred considerations.
5 Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: Security Professionals and Security Management, Moore, Akal, National Security Protective Services, Hamilton, Paragon, Navicus, Omniwatch and Northern Investigative Associates, the USA, Atlantis Securité, Canada, Guardias Blancas, Mexico, Seccredo, Other Sweden, Creab (contract portfolio), Services Sweden, Pro Security (contract portfolio) and QSS (contract portfolio), Mobile Sweden, Stjernevagt (contract portfolio), Mobile Denmark, CDSS ApS, Services Denmark, APSP (contract portfolio), APSG, Apri Bering (contract portfolio), Pole Protection Provence (contract portfolio), SPR Sécurité (contract portfolio), Agence Privé 3I Sécurité (contract portfolio) and VIF, Mobile France, Metod Localisation, Azur Security, Eryma (contract portfolio) and VIF (contract portfolio), Alert Services France, Reliance Security Services, Services UK, Nikaro, Mobile UK, WOP Protect, Services Switzerland, GPDS (contract portfolio) and EMC (contract portfolio), Mobile Belgium, Automatic Alarm, Alert Services Belgium, Optimit, Other Belgium, Nordserwis.pl and Purzeczko, Services Poland, Agency of Security Fenix, Services Czech Republic, Cobra, Romania, Guardian Security, Montenegro, Alarm West Group, Bosnia and Herzegovina, Securityring, Greece, GMCE Gardiennage and CMDT, Morocco, Socovig, Colombia, Forza and Ubiq, Peru, Pedro Valdivia Seguridad and Protec Austral, Chile, European Safety Concepts and ESC and SSA Guarding Company, Thailand, Guardforce, Hong Kong, Legend Group, Singapore, Claw Protection Services and Piranha Security, South Africa. Related also to deferred considerations paid in the USA, Sweden, France, Switzerland, Belgium, Poland, Bosnia and Herzegovina, Turkey, Morocco, Argentina, Colombia, Peru, Chile, Hong Kong, Singapore and South Africa.
6 Goodwill that is expected to be tax deductible amounts to MSEK 573.
7 Deferred considerations have been recognized mainly based on an assessment of the future profitability development in the acquired entities for an agreed period. The net of new deferred considerations and payments made from previously recognized deferred considerations was MSEK 327. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 606.
8 No non-controlling interests have been accounted for since Securitas has an option to buy the remaining shares and the seller has an option to sell the remaining shares. Consequently, 100 percent of the company is consolidated.
9 Acquired share is 50 percent plus one of the shares.

All acquisition calculations are finalized no later than one year after the acquisition is made. Transactions with non-controlling interests are specified in the statement of changes in shareholders' equity. Transaction costs and revaluation of deferred considerations can be found in note 11.

For further information regarding acquisitions and divestitures in 2011, refer to note 16.

Acquisitions after December 31, 2011

MPL Beveiligingsdiensten, the Netherlands

Securitas has acquired the security services company MPL Beveiligingsdiensten in the Netherlands. Enterprise value is estimated to MSEK 44 (MEUR 4.9). MPL Beveiligingsdiensten has annual sales of approximately MSEK 99 (MEUR 11) and approximately 180 employees and is operating both within specialized guarding and mobile services.

Protect, Croatia

Securitas has acquired 85 percent of the shares in the security services company Protect in Croatia. There is an agreement to acquire the remaining 15 percent of the shares in 2013. Enterprise value of the acquired 85 percent of the shares is estimated to MSEK 53 (MHRK 43). Protect has annual sales of approximately MSEK 73 (MHRK 60) and approximately 600 employees. The company is mainly operating in guarding services.

Other significant events

As described in the Annual Report for 2010, the former claims by and against Securitas Germany in relation to the U.S. Army was settled in February 2011. The settlement amount, consisting of MEUR 4.2 (MSEK 38), was paid out during the first quarter and was covered by previously recognized provisions.

Other significant events after the balance sheet date

There have been no significant events after the balance sheet date except the acquisitions listed above and the bond loans issued in 2012.

Change in Group Management

Luis Posadas, previously Divisional President Security Services Latin America, has been appointed Divisional President of the new division Security Services Ibero-America.

Åsa Thunman has been appointed Senior Vice President General Counsel. She succeeded Bengt Gustafson, who remains in the company as Senior Vice President and Senior Advisor to Group Management.

Antonio Villaseca Lòpez has been appointed Senior Vice President Technical Solutions. With this appointment, Securitas further strengthens its technical knowledge and experience.

Risk and uncertainties

Managing risk is necessary for Securitas to be able to fulfill its strategies and achieve its corporate objectives. Securitas' approach to enterprise risk management is described in more detail on pages 44–48.

Securitas' risks fall into three main categories: contract risks, operational assignment risks and financial risks.

Contract risks

This category encompasses the risks related to entering into a customer contract and also those risks related to the acquisition of a new business.

When entering into a contract with a customer a balanced division of responsibilities and risks between Securitas and the customer is essential. Standardized contracts are the norm. Reasonable caps on potential liability and indemnification for third-party claims are important. Significant focus is devoted to contract risks and the management of contract risks. Each segment has developed policies and procedures tailored to their specific needs. These policies are all based on the contract policies approved by the Board of Directors in the Group policies and guidelines.

In addition to organic growth resulting from new and/or increased customer contracts the Group has grown by a significant number of acquisitions over the years and will, as part of the Group's strategy, continue to acquire security companies. The integration of new companies always carries certain risks. To a higher degree than previously, such acquisitions are also taking place in new markets such as Latin America, the Middle East, Asia and Africa. The profitability of the acquired company may be lower than expected and/or certain costs in connection with the acquisition may be higher than expected.

The acquisitions and divestitures made during 2011 are described under the heading Acquisitions and divestitures above and in note 16.

Operational assignment risks

Operational assignment risks are risks associated with daily operations and the services we provide to our customers, for example, when services do not meet the required standards and result in loss of property, damage to property or bodily injury. Proper recruitment, training and supervision of security officers are important to mitigate these risks. Another type of operational assignment risk which may impact profitability is the risk that Securitas will not be able to increase prices to be paid by customers in order to compensate fully for increases in wages and related costs.

Financial risks

Financial risks are mainly managed through continuous measurement and follow-up of financial performance, with the help of Securitas' financial model. This model identifies certain key figures that are vital to the profitability of the operations, and facilitates the detection and handling of risks. The financial model is described in more detail on pages 54–55. In addition, financial risks (other than relating to financial reporting) arise because the Group has external financing needs and operates in a number of foreign currencies. The risks are mainly interest rate risk, foreign currency risk, financing and liquidity risk and credit/counterparty risk.

The customer credit risk, that is the risk of Securitas' customers not being able to fulfill their obligation of paying invoices for services being provided, increased during the current recession. The risk is reduced by the fact that the numerous customers are spread over many business sectors and geographies, and by established routines for monitoring and collecting of accounts receivable within Group companies. Further information regarding financial risk management is provided above under the section Capital employed and financing/Financing and in note 6.

The preparation of financial reports requires the Board of Directors and Group Management to make estimates and judgments. Estimates and judgments will impact both the statement of income and the balance sheet as well as disclosures such as contingent liabilities. Actual results may differ from these estimates and judgments under different circumstances and conditions. Further information regarding critical estimates and judgments is provided in note 4.

For the forthcoming twelve month period, the financial impact of certain previously recognized items affecting comparability, provisions and contingent liabilities, as described in note 32 and 37 respectively, may vary from the current financial estimates and provisions made by management. This could affect the profitability and the financial position of the Group.

Personnel
With more than 300 000 employees in 51 countries, Securitas number one responsibility is to be a solid, trustworthy and stable employer to all our employees, striving to offer good working conditions, fair wages and opportunities for personal development. Our basic requirement is to act within the framework of laws and international conventions. This means that we respect and comply with labor market laws, agreements and safety requirements and other provisions that set the parameters for our operations.

The foundation for our work with responsibility issues is our ethics code, Securitas' Values and Ethics, which upholds and promotes high ethical business standards. Securitas' Values and Ethics is based on our three fundamental values: Integrity, Vigilance and Helpfulness. Integrity means being honest and also the right to openly express one's opinion. Vigilance entails striving to be attentive and able to observe, listen and evaluate. Helpfulness is about our employees always being ready to assist within the context of a particular assignment.

Taking responsibility as an employer starts with the very basics: Securitas does not employ or accept any form of child labor or forced or bonded labor and we respect the right of all employees to choose whether or not to be represented by a trade union and to form and join trade unions. Securitas is also an equal-opportunity employer and does not tolerate any form of harassment, bullying or abuse. Our employees are our most important resource and we promote relationships based on mutual respect and dignity. Securing the basic rights of the employees is fundamental. Securitas has for a long time been a driving force in raising the standards and level of professionalism in the security industry, improving the status of the security officer profession as well as wage levels. Improved status makes it easier to recruit and retain qualified employees with experience.

There are numerous opportunities for career advancement at Securitas, for example by specializing in a particular discipline at local, regional or national level. There are several training programs in place. In many countries there are specialized training programs geared towards specific customer segments, such as aviation, retail and gated communities. In some countries, Securitas even run local training centers. On a senior management level, Securitas has offered a one-year training program for many years. This program has been designed for sharing best practices and refining our operations. In addition to our social responsibility as an employer, we work with social projects in some regions where we see a pressing need of strengthening the local community. For further information, see pages 28–30.

Research and development
Securitas is a service company and does not carry out any research activities as defined in IAS 38 Intangible assets. The service offering of the Group is continuously being developed, not least as an integrated item when carrying out the service delivery to the customers. As of December 31, 2011 the Group had no capitalized research expenditures.

Environment
Environmentally, our most important responsibility is to minimize transportation emissions. We also purchase products, thereby creating an environmental impact. One large category of products we purchase is security uniforms. On the whole Securitas is a service company with relatively low environmental impact compared with a manufacturing company. The operations of the Group do not require a permit under the Swedish Environmental Code.

Securitas Group Emissions Policy sets emission limits for new company cars (aimed to transport maximum five people) and new minivans (aimed for six or seven people), respectively. The limits are reduced on a yearly basis and for 2011, the limits were 160 and 215 gram CO_2 per kilometer for new company cars and minivans, respectively. Trucks, buses and specialist vehicles are not defined as company cars or minivans. The environmental target is set to decrease exhaust emissions year by year. On an average, the close to 12 000 company cars and minivans that Securitas owns or leases worldwide, emitted approximately 162 CO_2 gram per kilometer (166) in 2011.

Information regarding the Securitas share
Information about the Securitas share regarding the number of shares of Series A and Series B, differences between shares in Series A and Series B as well as information on major shareholders can be found in note 29. Further information regarding the Securitas share can also be found on pages 31–34.

There are currently no authorizations by the General Meeting to the Board of Directors to issue new shares or to repurchase any Securitas shares. A shareholders' agreement that among other items comprises preemption rights for the sale of Series A shares by any part exists among Gustaf Douglas, Melker Schörling and companies closely related to them. Apart from this, the Board of Directors of Securitas AB is not aware of any shareholders' agreements or other arrangements between shareholders of Securitas AB.

Group development
The Group will during 2012 continue to focus on specialization rather than diversification. Our recipe for success contains three ingredients: Grow organically in line with the security services market, improve the operating margin by creating added value for our customers and make acquisitions using part of the free cash flow that we generate. However, in 2012 we will be restrictive on acquisitions until we have restored our financial target of free cash flow to net debt of 0.20.

Securitas' core business is security services and the main service offering categories are specialized guarding services, mobile security services, monitoring and consulting and investigation services. From this broad range of services, Securitas customizes offerings that are suited to the individual customer's needs, in order to deliver the most effective security solutions. Technology solutions are always part of the service provided.

Through acquisitions and start-ups, Securitas is now present in 51 countries and we intend to strengthen our position in these countries, but also continue to expand geographically in order to serve our global customers. Our target to be present in at least 60 countries by the end of 2014 remains.

Parent Company operations

The Group's Parent Company, Securitas AB, is not involved in any operating activities. Securitas AB provides Group Management and support functions for the Group.

The Parent Company's income amounted to MSEK 846 (955) and mainly relates to administrative contributions and other income from subsidiaries.

Financial income and expenses amounted to MSEK 1 607 (1 321*).

Income before taxes amounted to MSEK 2 101 (1 821*).

Income before taxes includes gains from the sale of shares in subsidiaries and joint ventures of MSEK 67** (0), dividends from subsidiaries of MSEK 5 028 (6 093), interest income of MSEK 199 (127), interest expense of MSEK -880 (-612) and other financial income and expenses, net, of MSEK -2 739 (-4 288*). Included in other financial income and expenses, net are impairment losses relating to shares in subsidiaries of MSEK -2 735 (-4 553). Impairment losses in 2011 and 2010 were recognized in conjunction with the Parent Company having received dividend from the subsidiary.

Net income was MSEK 2 093 (1 746*).

Cash flow for the year amounted to MSEK 3 (1).

The Parent Company's non-current assets amounted to MSEK 38 709 (40 659) and mainly comprise shares in subsidiaries of MSEK 37 853 (40 027). Current assets amounted to MSEK 8 111 (4 021) of which liquid funds amounted to MSEK 5 (2).

Shareholders' equity amounted to MSEK 23 343 (22 392).

A dividend of MSEK 1 095 (1 095) was paid to the shareholders in May 2011.

The Parent Company's liabilities amounted to MSEK 23 477 (22 288) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company' financial statements and the accompanying notes and comments.

* Restated since group contributions paid have been accounted for as a financial expense due to a change in accounting principle. Refer to note 39.

** Reported on the line Other operating income and consisting in its entirety of the capital gain from the sale of the shares in Securitas Direct S.A. in Switzerland.

Proposed guidelines for remuneration to senior management in Securitas for 2012

The Board of Directors of Securitas AB (publ.) proposes that the Annual General Meeting on May 7, 2012 adopts guidelines for remuneration to senior management in accordance with the following:

The fundamental principle is that remuneration and other terms of employment for senior management shall be competitive and in accordance with market conditions, in order to ensure that the Securitas Group will be able to attract and keep competent senior management employees.

The total remuneration to senior management shall consist of a fixed basic salary, variable remuneration, pensions and other benefits. In addition to a fixed annual salary the Group Management may also receive variable remuneration, which shall be based on the outcome in relation to financial goals and growth targets within the individual area of responsibility (Group or division) and which shall agree with the interest of the shareholders. The variable remuneration shall amount to a maximum of 60 percent of the fixed annual salary for the President and CEO and a maximum of 42–200 percent of the fixed annual salary for other individuals of the Group Management. If cash payment of variable remuneration has been effected on grounds later proven to be obviously inaccurate, the company shall have the possibility to reclaim such paid remuneration.

The undertakings of the company as regards variable remuneration to the Group Management may, at maximum outcome during 2012, amount to a total of MSEK 65. Information on previously decided remuneration which has not yet been paid can be found in Note 8 of the Annual Report for 2011.

The pension rights of senior management employees shall be applicable as from the age of 65 at the earliest and the entire Group Management shall be subject to defined contribution pension plans for which insurance premiums are transferred from the individual's total remuneration and paid by the company during the term of employment. Variable compensation shall not qualify for pension purposes unless local regulations provide otherwise.

Other benefits, such as company car, special health insurance or occupational health service shall be provided to the extent this is considered customary for senior management employees holding equivalent positions on the employment market where the senior management employee is active.

At dismissal, the notice period for all senior management employees shall amount to a maximum of 12 months with a right to redundancy payment after the end of the notice period, equivalent to a maximum of 100 percent of the fixed salary for a period not exceeding 12 months. At resignation by a senior management employee, the notice period shall amount to a maximum of six months.

These guidelines shall apply to individuals who are included in the Group Management during the term of application of these guidelines. The guidelines shall apply to agreements entered into after the adoption by the Annual General Meeting, and to changes made in existing agreements after this date. The Board shall be entitled to deviate from the guidelines in individual cases if there are particular grounds for such deviation.

Proposed allocation of earnings

The statements of income and the balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting on May 7, 2012.

Retained earnings in the Parent Company available for distribution:

	SEK
Hedging reserve	-12 176 919
Translation reserve	627 669 560
Retained earnings	12 907 256 827
Net income for the year	2 092 979 410
Total	**15 615 728 878**

The Board of Directors propose that the earnings are allocated as follows:

	SEK
a dividend to the shareholders of SEK 3.00 per share	1 095 176 691
retained earnings to be carried forward	14 520 552 187
Total	**15 615 728 878**

The Board's statement on the proposed dividend

With reference to the Board's dividend proposal, the Board of Directors hereby makes the following statement pursuant to Chapter 18, section 4 of the Swedish Companies Act.

The Company's unappropriated earnings as per December 31, 2011 amount to SEK 13 522 749 468. The net income for the year amounts to SEK 2 092 979 410 of which SEK 2 951 608 is the result of financial instruments being valued pursuant to Chapter 4, section 14 a of the Swedish Annual Accounts Act.

The Company's equity would not have been impacted as per December 31, 2011 if financial instruments, having been valued at actual value pursuant to Chapter 4, section 14 a of the Swedish Annual Accounts Act, had instead been valued at the lower of cost or market as there is no difference as of this date.

Unappropriated earnings of SEK 15 615 728 878 are therefore at the Annual General Meeting's disposal.

Provided that the 2012 Annual General Meeting resolves to allocate the earnings in accordance with the Board's proposal, SEK 14 520 552 187 will be carried forward. After distribution of the proposed dividend, there will be full coverage for the Company's restricted equity.

The Board has considered the Company's and the Group's consolidation requirements and liquidity through a comprehensive assessment of the financial position of the Company and the Group, as well as the possibilities of the Company and the Group to discharge at sight its obligations. The proposed dividend does not jeopardize the Company's ability to make the investments that have been deemed necessary. The Company's financial position does not give rise to any other assessment than that the Company can continue its operations and that the Company is expected to comply with its obligations in a short as well as long term perspective. In addition to the assessment of the Company's consolidation requirements and liquidity, the Board has also taken into consideration all other known circumstances that may impact the Company's financial position.

With reference to the above, the Board makes the assessment that the dividend is justifiable considering the requirements that the nature, scope and risks of the operations pose on the size of the Company's and the Group's equity as well as the Company's and the Group's consolidation requirements, liquidity and position in general.

As regards the Company's and the Group's result and position in general, refer to the statements of income, statements of comprehensive income, balance sheets and statements of cash flow as well as comments and notes.

Proposal on record date for dividend

As record date for dividend, the Board proposes May 10, 2012. If the Annual General Meeting so resolves, the dividend is expected to be distributed by Euroclear Sweden AB starting May 15, 2012.

Consolidated statement of income

MSEK	Note	2011	2010	2009
Sales		58 995.6	59 097.5	61 216.7
Sales, acquired business		5 061.5	2 242.3	1 450.0
Total sales	9, 10	**64 057.1**	**61 339.8**	**62 666.7**
Production expenses	11, 12, 13	-52 977.4	-50 076.0	-50 983.9
Gross income		**11 079.7**	**11 263.8**	**11 682.8**
Selling and administrative expenses	11, 12, 13	-7 766.9	-7 551.3	-7 933.5
Other operating income	10	74.3	12.7	11.3
Share in income of associated companies	21	-2.4	-1.0	-4.1
Amortization of acquisition related intangible assets	18	-218.2	-164.3	-138.3
Acquisition related costs	11	-193.5	-89.6	-5.9
Operating income		**2 973.0**	**3 470.3**	**3 612.3**
Financial income	14	116.6	41.8	75.8
Financial expenses	14	-609.6	-544.1	-665.6
Income before taxes		**2 480.0**	**2 968.0**	**3 022.5**
Taxes	15	-741.4	-887.2	-904.5
Net income for the year		**1 738.6**	**2 080.8**	**2 118.0**
Whereof attributable to:				
Equity holders of the Parent Company		1 735.7	2 083.1	2 116.2
Non-controlling interests		2.9	-2.3	1.8
Average number of shares before dilution		365 058 897	365 058 897	365 058 897
Average number of shares after dilution		365 058 897	365 058 897	365 058 897
Earnings per share before dilution (SEK)		4.75	5.71	5.80
Earnings per share after dilution (SEK)		4.75	5.71	5.80
Earnings per share before dilution and before items affecting comparability (SEK)	3	4.75	5.71	5.80

Consolidated statement of comprehensive income

MSEK	Note	2011	2010	2009
Net income for the year		**1 738.6**	**2 080.8**	**2 118.0**
Other comprehensive income				
Actuarial gains and losses and effects of minimum funding requirement net of tax		-270.3	-117.9	16.2
Cash flow hedges net of tax		3.2	53.2	56.8
Net investment hedges		36.1	361.0	254.9
Translation differences		-129.2	-1 232.2	-1 073.8
Other comprehensive income	15	**-360.2**	**-935.9**	**-745.9**
Total comprehensive income for the year		**1 378.4**	**1 144.9**	**1 372.1**
Whereof attributable to:				
Equity holders of the Parent Company		1 376.1	1 147.6	1 370.8
Non-controlling interests		2.3	-2.7	1.3

Securitas' financial model – consolidated statement of income

Supplementary information

MSEK	2011	2010	2009
Sales	58 995.6	59 097.5	61 216.7
Sales, acquired business	5 061.5	2 242.3	1 450.0
Total sales	**64 057.1**	**61 339.8**	**62 666.7**
Organic sales growth, %	*3*	*1*	*-1*
Production expenses	-52 977.4	-50 076.0	-50 983.9
Gross income	**11 079.7**	**11 263.8**	**11 682.8**
Gross margin, %	*17.3*	*18.4*	*18.6*
Expenses for branch offices	-3 621.2	-3 656.3	-3 822.2
Other selling and administrative expenses	-4 145.7	-3 895.0	-4 111.3
Total expenses	**-7 766.9**	**-7 551.3**	**-7 933.5**
Other operating income	74.3	12.7	11.3
Share in income of associated companies	-2.4	-1.0	-4.1
Operating income before amortization	**3 384.7**	**3 724.2**	**3 756.5**
Operating margin, %	*5.3*	*6.1*	*6.0*
Amortization of acquisition related intangible assets	-218.2	-164.3	-138.3
Acquisition related costs	-193.5	-89.6	-5.9
Operating income after amortization	**2 973.0**	**3 470.3**	**3 612.3**
Financial income and expenses	-493.0	-502.3	-589.8
Income before taxes	**2 480.0**	**2 968.0**	**3 022.5**
Net margin, %	*3.9*	*4.8*	*4.8*
Taxes	-741.4	-887.2	-904.5
Net income for the year	**1 738.6**	**2 080.8**	**2 118.0**

Operating items. Net debt-related items. Goodwill, taxes and non-operating items. Items related to shareholders' equity.

Securitas' financial model is described on pages 54–55.

Consolidated statement of cash flow

MSEK	Note	2011	2010	2009
Operations				
Operating income		2 973.0	3 470.3	3 612.3
Adjustment for effect on cash flow from items affecting comparability	11	-23.7	-62.5	-12.0
Adjustment for effect on cash flow from acquisition related costs	11	13.5	24.3	-28.2
Reversal of depreciation	18, 19, 20	1 120.2	1 065.0	1 065.8
Financial items received		113.9	41.9	115.9
Financial items paid		-589.0	-563.6	-597.5
Current taxes paid		-763.9	-735.1	-728.2
Change in accounts receivable		-722.6	-768.4	197.6
Change in other operating capital employed		-446.9	312.8	-556.4
Cash flow from operations		**1 674.5**	**2 784.7**	**3 069.3**
Investing activities				
Investments in non-current tangible and intangible assets		-1 009.8	-901.9	-950.7
Acquisition of subsidiaries	16	-1 702.0	-1 293.7	-723.6
Cash flow from investing activities		**-2 711.8**	**-2 195.6**	**-1 674.3**
Financing activities				
Dividend paid to shareholders of the Parent Company		-1 095.2	-1 095.2	-1 058.7
Proceeds from bond loans	30	3 344.1	1 764.5	5 962.5
Redemption of bond loans	30	-1 000.0	-459.5	–
Proceeds from other long-term borrowings	30	516.1	–	2 288.3
Repayment of other long-term borrowings	30	-2 041.8	-872.4	-4 524.2
Change in other interest-bearing net debt excluding liquid funds		1 245.7	238.1	-5 443.4
Cash flow from financing activities		**968.9**	**-424.5**	**-2 775.5**
Cash flow for the year		**-68.4**	**164.6**	**-1 380.5**
Liquid funds at beginning of year		2 586.9	2 497.1	3 951.5
Translation differences on liquid funds		-11.1	-74.8	-73.9
Liquid funds at year-end	28	**2 507.4**	**2 586.9**	**2 497.1**

Supplementary information – Change in interest-bearing net debt in 2011

MSEK	Opening balance 2011	Cash flow for the year	Change in loans[1]	Revaluation of financial instruments	Translation differences	Closing balance 2011
Liquid funds	2 586.9	-68.4	–	–	-11.1	2 507.4
Other net debt	-10 795.8	–	-2 064.1	7.5	-3.8	-12 856.2
Interest-bearing net debt	**-8 208.9**	**-68.4**	**-2 064.1**	**7.5**	**-14.9**	**-10 348.8**

1 Refers to the net effect of the proceeds from bond loans MSEK -3 344.1, redemption of bond loans MSEK 1 000.0, proceeds from other long-term borrowings MSEK -516.1, repayment of other long-term borrowings MSEK 2 041.8 and change in other interest-bearing net debt excluding liquid funds MSEK -1 245.7.

Securitas' financial model – consolidated statement of cash flow

Supplementary information

MSEK	2011	2010	2009
Operating income before amortization	**3 384.7**	**3 724.2**	**3 756.5**
Investments in non-current tangible and intangible assets	-1 009.8	-901.9	-950.7
Reversal of depreciation	902.0	900.7	927.5
Net investments in non-current assets	**-107.8**	**-1.2**	**-23.2**
Change in accounts receivable	-722.6	-768.4	197.6
Change in other operating capital employed	-446.9	312.8	-556.4
Cash flow from operating activities	**2 107.4**	**3 267.4**	**3 374.5**
Cash flow from operating activities as % of operating income before amortization	*62*	*88*	*90*
Financial income and expenses paid	-475.1	-521.7	-481.6
Current taxes paid	-763.9	-735.1	-728.2
Free cash flow	**868.4**	**2 010.6**	**2 164.7**
Free cash flow as % of adjusted income	*39*	*81*	*88*
Acquisition of subsidiaries	-1 702.0	-1 293.7	-723.6
Acquisition related costs paid	-180.0	-65.3	-34.1
Cash flow from items affecting comparability	-23.7	-62.5	-12.0
Cash flow from financing activities	968.9	-424.5	-2 775.5
Cash flow for the year	**-68.4**	**164.6**	**-1 380.5**

Operating items. Net debt-related items. Goodwill, taxes and non-operating items.

Securitas' financial model is described on pages 54–55.

Consolidated balance sheet

MSEK	Note	2011	2010	2009
ASSETS				
Non-current assets				
Goodwill	17	14 727.4	13 338.8	13 558.3
Acquisition related intangible assets	18	1 574.1	1 096.5	894.9
Other intangible assets	19	330.5	272.4	278.4
Buildings and land	20	341.7	337.4	395.5
Machinery and equipment	20	2 020.1	1 946.5	1 981.7
Shares in associated companies	21	108.2	125.6	132.1
Deferred tax assets	15	1 511.1	1 353.4	1 586.9
Interest-bearing financial non-current assets	22	189.5	205.7	160.8
Other long-term receivables	23	534.2	384.3	408.8
Total non-current assets		**21 336.8**	**19 060.6**	**19 397.4**
Current assets				
Inventories	24	68.2	45.9	34.3
Accounts receivable	25	10 965.0	9 724.1	9 363.3
Current tax assets	15	305.4	255.2	304.5
Other current receivables	26	1 464.0	1 144.3	1 117.4
Other interest-bearing current assets	27	19.6	68.3	81.9
Liquid funds	28	2 507.4	2 586.9	2 497.1
Total current assets		**15 329.6**	**13 824.7**	**13 398.5**
TOTAL ASSETS		**36 666.4**	**32 885.3**	**32 795.9**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		365.1	365.1	365.1
Other capital contributed		7 362.6	7 362.6	7 362.6
Other reserves		-825.6	-736.3	81.3
Retained earnings		2 300.8	1 944.0	1 003.7
Shareholders' equity attributable to equity holders of the Parent Company		**9 202.9**	**8 935.4**	**8 812.7**
Non-controlling interests		**2.6**	**3.1**	**8.3**
Total Shareholders' equity	29	**9 205.5**	**8 938.5**	**8 821.0**
Long-term liabilities				
Long-term loan liabilities	30	8 576.8	7 202.6	8 357.5
Other long-term liabilities	30	532.1	282.3	193.8
Provisions for pensions and similar commitments	31	1 453.5	1 151.2	1 186.3
Deferred tax liabilities	15	669.4	432.1	279.5
Other long-term provisions	32	999.7	981.5	1 160.4
Total long-term liabilities		**12 231.5**	**10 049.7**	**11 177.5**
Current liabilities				
Short-term loan liabilities	33	4 488.5	3 867.2	2 770.0
Accounts payable		914.9	853.6	797.7
Current tax liabilities	15	253.4	285.5	338.0
Other current liabilities	34	8 793.6	8 227.3	8 202.5
Short-term provisions	35	779.0	663.5	689.2
Total current liabilities		**15 229.4**	**13 897.1**	**12 797.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**36 666.4**	**32 885.3**	**32 795.9**

Securitas' financial model – consolidated capital employed and financing

Supplementary information

MSEK	2011	2010	2009
Operating capital employed			
Other intangible assets	330.5	272.4	278.4
Buildings and land	341.7	337.4	395.5
Machinery and equipment	2 020.1	1 946.5	1 981.7
Deferred tax assets	1 511.1	1 353.4	1 586.9
Other long-term receivables	534.2	384.3	408.8
Inventories	68.2	45.9	34.3
Accounts receivable	10 965.0	9 724.1	9 363.3
Current tax assets	305.4	255.2	304.5
Other current receivables	1 464.0	1 144.3	1 117.4
Total assets	**17 540.2**	**15 463.5**	**15 470.8**
Other long-term liabilities	532.1	282.3	193.8
Provisions for pensions and similar commitments	1 453.5	1 151.2	1 186.3
Deferred tax liabilities	669.4	432.1	279.5
Other long-term provisions	999.7	981.5	1 160.4
Accounts payable	914.9	853.6	797.7
Current tax liabilities	253.4	285.5	338.0
Other current liabilities	8 793.6	8 227.3	8 202.5
Short-term provisions	779.0	663.5	689.2
Total liabilities	**14 395.6**	**12 877.0**	**12 847.4**
Total operating capital employed	**3 144.6**	**2 586.5**	**2 623.4**
Goodwill	14 727.4	13 338.8	13 558.3
Acquisition related intangible assets	1 574.1	1 096.5	894.9
Shares in associated companies	108.2	125.6	132.1
Total capital employed	**19 554.3**	**17 147.4**	**17 208.7**
Operating capital employed as % of sales	*5*	*4*	*4*
Return on capital employed, %	*17*	*22*	*22*
Net debt			
Interest-bearing financial non-current assets	189.5	205.7	160.8
Other interest-bearing current assets	19.6	68.3	81.9
Liquid funds	2 507.4	2 586.9	2 497.1
Total interest-bearing assets	**2 716.5**	**2 860.9**	**2 739.8**
Long-term loan liabilities	8 576.8	7 202.6	8 357.5
Short-term loan liabilities	4 488.5	3 867.2	2 770.0
Total interest-bearing liabilities	**13 065.3**	**11 069.8**	**11 127.5**
Total net debt	**10 348.8**	**8 208.9**	**8 387.7**
Net debt equity ratio, multiple	*1.12*	*0.92*	*0.95*
Shareholders' equity			
Share capital	365.1	365.1	365.1
Other capital contributed	7 362.6	7 362.6	7 362.6
Other reserves	-825.6	-736.3	81.3
Retained earnings	2 300.8	1 944.0	1 003.7
Non-controlling interests	2.6	3.1	8.3
Total shareholders' equity	**9 205.5**	**8 938.5**	**8 821.0**
Total financing	**19 554.3**	**17 147.4**	**17 208.7**

Operating items. Net debt-related items. Goodwill, taxes and non-operating items. Items related to shareholders' equity.

Securitas' financial model is described on pages 54–55.

Consolidated statement of changes in shareholders' equity[1]

MSEK	Share capital	Other capital contributed	Hedging reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total share-holders' equity
	Shareholders' equity attributable to equity holders of the Parent Company							
Opening balance 2009	**365.1**	**7 362.6**	**-125.4**	**968.3**	**-70.0**	**8 500.6**	**6.7**	**8 507.3**
Net income for the year	**–**	**–**	**–**	**–**	**2 116.2**	**2 116.2**	**1.8**	**2 118.0**
Other comprehensive income								
Actuarial gains and losses and effects of minimum funding requirement net of tax	–	–	–	–	16.2	16.2	–	16.2
Cash flow hedges								
Transfer to hedging reserve before tax	–	–	-107.1	–	–	-107.1	–	-107.1
Deferred tax on transfer to hedging reserve	–	–	28.1	–	–	28.1	–	28.1
Transfer to interest income in the statement of income before tax	–	–	-1.1	–	–	-1.1	–	-1.1
Transfer to interest expense in the statement of income before tax	–	–	185.3	–	–	185.3	–	185.3
Deferred tax on transfer to statement of income	–	–	-48.4	–	–	-48.4	–	-48.4
Net investment hedges	–	–	–	254.9	–	254.9	–	254.9
Translation differences	–	–	–	-1 073.3	–	-1 073.3	-0.5	-1 073.8
Other comprehensive income	**–**	**–**	**56.8**	**-818.4**	**16.2**	**-745.4**	**-0.5**	**-745.9**
Total comprehensive income for the year	**–**	**–**	**56.8**	**-818.4**	**2 132.4**	**1 370.8**	**1.3**	**1 372.1**
Transactions with non-controlling interests	–	–	–	–	–	–	0.3	0.3
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 058.7	-1 058.7	–	-1 058.7
Closing balance 2009	**365.1**	**7 362.6**	**-68.6**	**149.9**	**1 003.7**	**8 812.7**	**8.3**	**8 821.0**
Opening balance 2010	**365.1**	**7 362.6**	**-68.6**	**149.9**	**1 003.7**	**8 812.7**	**8.3**	**8 821.0**
Net income for the year	**–**	**–**	**–**	**–**	**2 083.1**	**2 083.1**	**-2.3**	**2 080.8**
Other comprehensive income								
Actuarial gains and losses and effects of minimum funding requirement net of tax	–	–	–	–	-117.9	-117.9	–	-117.9
Cash flow hedges								
Transfer to hedging reserve before tax	–	–	-56.9	–	–	-56.9	–	-56.9
Deferred tax on transfer to hedging reserve	–	–	15.0	–	–	15.0	–	15.0
Transfer to interest expense in the statement of income before tax	–	–	129.0	–	–	129.0	–	129.0
Deferred tax on transfer to statement of income	–	–	-33.9	–	–	-33.9	–	-33.9
Net investment hedges	–	–	–	361.0	–	361.0	–	361.0
Translation differences	–	–	–	-1 231.8	–	-1 231.8	-0.4	-1 232.2
Other comprehensive income	**–**	**–**	**53.2**	**-870.8**	**-117.9**	**-935.5**	**-0.4**	**-935.9**
Total comprehensive income for the year	**–**	**–**	**53.2**	**-870.8**	**1 965.2**	**1 147.6**	**-2.7**	**1 144.9**
Transactions with non-controlling interests	–	–	–	–	–	–	-2.5	-2.5
Share based incentive scheme[2]	–	–	–	–	70.3	70.3	–	70.3
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2	–	-1 095.2
Closing balance 2010	**365.1**	**7 362.6**	**-15.4**	**-720.9**	**1 944.0**	**8 935.4**	**3.1**	**8 938.5**
Opening balance 2011	**365.1**	**7 362.6**	**-15.4**	**-720.9**	**1 944.0**	**8 935.4**	**3.1**	**8 938.5**
Net income for the year	**–**	**–**	**–**	**–**	**1 735.7**	**1 735.7**	**2.9**	**1 738.6**
Other comprehensive income								
Actuarial gains and losses and effects of minimum funding requirement net of tax	–	–	–	–	-270.3	-270.3	–	-270.3
Cash flow hedges								
Transfer to hedging reserve before tax	–	–	-29.7	–	–	-29.7	–	-29.7
Deferred tax on transfer to hedging reserve	–	–	7.8	–	–	7.8	–	7.8
Transfer to interest expense in the statement of income before tax	–	–	34.1	–	–	34.1	–	34.1
Deferred tax on transfer to statement of income	–	–	-9.0	–	–	-9.0	–	-9.0
Net investment hedges	–	–	–	36.1	–	36.1	–	36.1
Translation differences	–	–	–	-128.6	–	-128.6	-0.6	-129.2
Other comprehensive income	**–**	**–**	**3.2**	**-92.5**	**-270.3**	**-359.6**	**-0.6**	**-360.2**
Total comprehensive income for the year	**–**	**–**	**3.2**	**-92.5**	**1 465.4**	**1 376.1**	**2.3**	**1 378.4**
Transactions with non-controlling interests	–	–	–	–	–	–	-2.8	-2.8
Share based incentive scheme[2]	–	–	–	–	-13.4	-13.4	–	-13.4
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2	–	-1 095.2
Closing balance 2011	**365.1**	**7 362.6**	**-12.2**	**-813.4**	**2 300.8**	**9 202.9**	**2.6**	**9 205.5**

1 Further information is provided in note 29.
2 Refers to the net of sharebased remuneration MSEK 53.7 (70.3) and swap agreement MSEK -67.1 (–). Further information is provided in note 29.

Notes

Note 1. General corporate information

Operations

Securitas protects homes, workplaces and society. Our core business is security services and the main service offering categories are specialized guarding, mobile security services, monitoring and consulting and investigation services. Securitas is present in 51 countries in North America, Europe, Latin America, the Middle East, Asia and Africa, with more than 300 000 employees.

Information regarding Securitas AB

Securitas AB, corporate registration number 556302-7241, is a Swedish public company and has its registered office in Sweden.
The address of the head office is:
Securitas AB
Lindhagensplan 70
SE-102 28 Stockholm
Securitas AB is listed on the NASDAQ OMX Stockholm and has been listed on the stock exchange since 1991. The Securitas share is included in the OMX Stockholm All Share Index, OMX Stockholm 30 and OMX Stockholm Benchmark Cap indexes.

Information regarding the Annual Report and the consolidated financial statements

This Annual Report including the consolidated financial statements was signed by the Board of Directors of Securitas AB and also approved for publication on March 16, 2012.

The statements of income and balance sheets for the Parent Company and the Group included in the Annual Report and the consolidated financial statements are subject to adoption by the Annual General Meeting on May 7, 2012.

Note 2. Accounting principles

Basis of preparation

Securitas' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The consolidated financial statements have been prepared in accordance with the historical cost convention method with the exception of some financial assets and liabilities that have been measured at fair value: for example financial assets or financial liabilities at fair value through profit or loss (including derivatives) as well as plan assets related to defined benefit pension plans.

Estimates and judgments

The preparation of financial reports requires the Board of Directors and Group Management to make estimates and judgments. Estimates and judgments will impact both the statement of income and the balance sheet as well as disclosures such as contingent liabilities. Actual results may differ from these judgments under different assumptions or conditions. For further information regarding estimates and judgments refer to note 4.

Adoption and impact of new and revised IFRS for 2011

There are no new or revised IFRS for 2011 that have been adopted by Securitas.

Other standards

None of the amendments and interpretations of standards that have been implemented during 2011 have had any effect on the Group's financial statements.

Introduction and effect of new and revised IFRS that are not yet effective and have not been early adopted by Securitas

Published standards and interpretations that are mandatory for the Group's financial year 2012 are assessed to have no material impact on the Group's financial statements.

IAS 1 (amended) applies to financial years beginning July 1, 2012 or later. It will be adopted by Securitas as of the financial year 2013 provided that it is endorsed by the EU. The amendments to the standard require the items in other comprehensive income to be split into two categories: items that will be reclassified to the statement of income and items that will not be reclassified to the statement of income. Taxes will be disclosed separately for each category.

IAS 19 (revised) applies to financial years beginning January 1, 2013 or later. It will be adopted by Securitas as of the financial year 2013 provided that it is endorsed by the EU. The impact on Securitas from the revised standard is that interest cost and expected return on assets will be replaced by a net interest cost which is calculated by applying the discount rate to the net defined benefit obligation (or asset). Further, past service costs will be recognized immediately instead of being accrued over the vesting period. The effect on the Group's financial statements is that costs related to defined benefits to employees are expected to increase. The increase of these costs is estimated, based on the outcome for 2011, to be in the range of MSEK 40 before taxes annually.

In addition, other standards and interpretations have also been published that are mandatory for the Group's financial year 2013 or later. The effects of these standards and interpretations on the Group's financial statements remain to be assessed.

Scope of the consolidated financial statements (IAS 27)

The consolidated financial statements relate to the Parent Company Securitas AB and all subsidiaries. Subsidiaries are all companies where the Group has the right to govern the financial and operational policies in order to achieve economic benefits, in a way that normally follows a shareholding of more than one half of the voting rights.

Purchase method of accounting (IFRS 3)

The purchase method of accounting is used to account for the acquisitions of subsidiaries and operations by the Group. For acquisitions made before 2010, the cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

For acquisitions made as from 2010, all payments to acquire a business are recorded at fair value at the acquisition date, with contingent considerations and acquisition related option liabilities, classified as debt subsequently remeasured through the statement of income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition related transaction costs are expensed. These costs are in the Group accounted for on a line in the statement of income named acquisition related costs. Costs accounted for on this line are transaction costs, revaluation (including discounting) of contingent considerations and acquisition related option liabilities, revaluation to fair value of previously acquired shares in step acquisitions and acquisition related restructuring and integration costs.

For all acquisitions, the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of income.

The consolidated financial statements include companies acquired with effect from the date that the Group obtains control. Companies divested are excluded with effect from the date that the Group ceases to have control.

Pricing of deliveries among Group companies is based on normal business principles. Inter-company transactions, balances and unrealized gains between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests (IAS 27)

For acquisitions made before 2010, the Group has adopted the principle of treating transactions with non-controlling interests as transactions with parties outside the Group. Acquisitions of non-controlling interests give rise to goodwill that is determined as the difference between the purchase price paid and the acquired share of the book value of the subsidiaries' net assets. Disposals of non-controlling interests result in gains and losses for the Group and are recognized via the statement of income. When the Group ceases to have control over an entity, the carrying amount of the investment at the date the control was lost becomes its cost for the purposes of subsequently accounting for the retained interest.

For acquisitions made as from 2010 the Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in the statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest.

Investments in associates (IAS 28)

The equity method is used to account for shareholdings that are neither subsidiaries nor joint ventures, but where Securitas can exert a significant influence, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. For acquisitions made before 2010, the cost of an acquisition is measured at the fair value of the assets given, any contingent considerations and acquisition related option liabilities that have been estimated, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed as a result of the acquisition are measured initially at their fair values at the acquisition date.

For acquisitions made as from 2010, all payments to acquire a business are recorded at fair value at the acquisition date, with contingent considerations and acquisition related option liabilities classified as debt subsequently re-measured through the statement of income. All acquisition related transaction costs are expensed.

For all acquisitions, the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is attributed to goodwill, which is included in investments in associated companies in the consolidated balance sheet. If the cost of acquisition is less than the fair value of the net assets of the associated company acquired, the difference is recognized directly in the consolidated statement of income.

The consolidated financial statements include associated companies with effect from the date of the acquisition. Associated companies divested are excluded with effect from the divestment date. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to the statement of income where appropriate.

Inter-company transactions, balances and unrealized gains between the Group and its associated companies are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Share in income of associated companies is recognized in the consolidated statement of income. Depending on the purpose of the investment share in income of associated companies is included either in operating income, if it is related to associated companies that have been acquired to contribute to the operations (operational), or in income before taxes as a separate line within net financial items, if it is related to associated companies that have been acquired as part of the financing of the Group (financial investments). In both cases the share in income of associated companies are net of tax. The associated companies Long Hai Security Services Joint Stock Company and Walsons Services Pvt Ltd are classified as operational associates. Facility Network A/S, which is classified as an operational associate in the comparatives, was divested in 2009.

In the consolidated balance sheet, investments in associated companies are stated at cost including the cost of the acquisition that is attributed to goodwill, adjusted for dividends and the share of income after the acquisition date.

Joint ventures (IAS 31)

The proportional method is applied to joint ventures in which there is a shared controlling interest. According to this method, all statement of income and balance sheet items are stated in the consolidated statement of income, the consolidated statement of cash flow and the consolidated balance sheet in proportion to ownership. The proportional method of consolidation is used with effect from the date when a shared controlling interest is achieved and up until a shared controlling interest ceases to exist.

Translation of foreign subsidiaries (IAS 21)

The functional currency of each Group company is determined by the primary economic environment in which the company operates, that is the currency in which the company primarily generates and expends cash. The functional currency of the Parent Company and the presentation currency of the Group, that is the currency in which the financial statements are presented, is Swedish kronor (SEK).

The financial statements of each foreign subsidiary are translated according to the following method: Each month's statement of income is translated using the exchange rate prevailing on the last day of the month, which means that income for each month is not affected by foreign exchange fluctuations during subsequent periods. Balance sheets are translated using exchange rates prevailing at each balance sheet date. Translation differences arising in the conversion of balance sheets are posted directly to other comprehensive income and thus do not affect net income for the year. The translation difference arising because statements of income are translated using average rates, while balance sheets are translated using exchange rates prevailing at each balance sheet date, is posted directly to other comprehensive income. Where loans have been raised to reduce the Group's foreign exchange/translation exposure in foreign net assets, and qualify for the hedge accounting criteria, exchange rate differences on such loans are recognized together with the exchange rate differences arising from the translation of foreign net assets in other comprehensive income. The accumulated translation differences are accounted for in translation reserve in equity. When a foreign operation or part thereof is sold, such exchange differences are recognized in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated using exchange rates prevailing at each balance sheet date.

Transactions, receivables and liabilities in foreign currency (IAS 21)

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rates prevailing at the date of the transaction. Exchange differences on monetary items are recognized in the statement of income when they arise, with the exception of net investment hedges recognized via other comprehensive income (see above under the section Translation of foreign subsidiaries). Exchange differences from operating items are recognized as either production expenses or selling and administrative expenses, while exchange differences from financial items are recognized as financial income or financial expenses.

When preparing the financial statements of individual companies, foreign currency denominated receivables and liabilities are translated to the functional currency of the individual company using the exchange rates prevailing at each balance sheet date.

Revenue recognition (IAS 11 and IAS 18)

The Group's revenue is generated mainly from various types of security services. There is also, to a limited extent, revenue from the sale of alarm products and cash handling services. Revenue from services is recognized in the period in which it is earned. Alarm installations are recognized in revenue as they are completed, in accordance with the percentage of completion method. According to this method, revenue, expenses, and thus, income are recognized in the period in which the work was undertaken. The determination of the percentage of alarm installations that can be recognized as revenue is based on the time spent in relation to the total estimated time.

Trademark fees from the former subsidiary Securitas Direct AB, relating to the use of the Securitas trademark, are recognized on an accrual basis in accordance with the substance of the agreement, and are based on the sales recognized by Securitas Direct AB.

Interest income is recognized in the statement of income in the period to which it is attributable.

Operating segments (IFRS 8)

Operating segments are business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker, the President and CEO, and for which discrete financial information is available. Operating segments constitutes the operational structure for governance, monitoring and reporting. A combination of factors have been used in order to identify the Group's segments. Most important is the characteristics of the services provided and the geographical split. For information regarding the segments operations, refer to note 9.

According to the conditions in IFRS 8, certain of the Group's operating segments have been aggregated in the financial reporting. The Group's operations are consequently divided into four reportable segments:

- Security Services North America,
- Security Services Europe (consisting of an aggregation of the two operating segments Security Services Europe and Aviation),
- Mobile and Monitoring (consisting of an aggregation of the operating segment Mobile and the operating segment Monitoring)
- Security Services Ibero-America (created in 2011) and
- Other (consisting of an aggregation of all other operating segments).

These segments are also referred to as business segments in the Group's financial reports.

Other includes all other operating segments as well as general administrative expenses, expenses for head offices and other central expenses. All other operating segments comprise the guarding operations in the Middle East, Asia and Africa as well as operations within security consulting that report directly to the chief operating decision maker. Until October 21, 2011, Other also includes the Group's joint venture Securitas Direct S.A. (Switzerland), which has been divested as of this date.

The assets and liabilities of each segment include only those items that have been utilized or arisen in ongoing operations. Non-operational balance sheet items, primarily current tax, deferred tax, and provisions for taxes, are accounted for under the Other heading in the table Capital employed and financing in note 9. In the table Assets and liabilities in the same note, these items are accounted for as unallocated non-interest bearing assets and unallocated non-interest bearing liabilities. A reconciliation between total segments and the Group is disclosed in note 9.

Geographical information related to sales and non-current assets is disclosed in note 9 for Sweden (which is Securitas' country of domicile) and for all individual countries where the sales or non-current assets exceed 10 percent of the total amount for the Group.

The geographical split of sales is based on the location of the sales. The location of the sales corresponds in all material aspects to the location of the customers. There are no sales to any individual customer that are deemed to represent a significant portion of the Group's total sales.

Accounting for government grants and disclosure of government assistance (IAS 20)

Securitas, like other employers, is eligible for a variety of grants relating to employees. These grants relate to training, incentives for hiring new staff, reduction of working hours, etc. All grants are accounted for in the statement of income as a cost reduction in the same period as the related underlying cost.

Taxes (IAS 12)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

A deferred tax asset is recognized when it is probable that sufficient taxable income will arise that the deferred tax asset can be offset against. Deferred tax assets are valued as of the balance sheet date, and any potential previously unvalued deferred tax asset is recognized when it is expected to be usable, or correspondingly, reduced when it is expected to be wholly or partly unusable against future taxable income.

Current and deferred taxes are posted directly to other comprehensive income if the relevant underlying transaction or event is posted directly to other comprehensive income in the period, or previous period if it pertains to an adjustment of an opening balance of retained earnings as the result of a change in accounting principle. Changes in current and deferred taxes that relates to exchange rate differences in the translation of the balance sheets of foreign subsidiaries are posted to translation differences in other comprehensive income.

Provisions are allocated for estimated taxes on dividends paid from subsidiaries to the Parent Company in the following year.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Non-current assets held for sale and discontinued operations (IFRS 5)

The Group applies IFRS 5 Non-current assets held for sale and discontinued operations, which sets out requirements for the classification, measurement and presentation of non-current assets held for sale and discontinued operations.

According to IFRS 5 a non-current asset classified as held for sale or disposal group shall be measured at the lower of its carrying amount and fair value less cost to sell, if the carrying amount will be recovered through a sales transaction rather than through its continuous use in the operations. Measurement is carried out in two steps. First, all assets and liabilities are measured in accordance with the relevant standard. For disposal groups a second step also involves a re-measurement to the lower of the carrying amount and the fair value less cost to sell. A re-measurement should be carried out at each balance sheet date subsequent to the initial recognition. No depreciation or amortization should be recognized for these assets from the date of reclassification up until the disposal has been completed.

A discontinued operation is a component of a group that represents a major line of business or geographical area of operations. The net income (after tax) relating to discontinued operations is included on a separate line, net income for the year, discontinued operations.

Statement of cash flow (IAS 7)

The statement of cash flow has been prepared in accordance with the indirect method. Liquid funds include short-term investments with a maximum duration of 90 days that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value. Liquid funds also include cash and bank deposits.

Goodwill and other acquisition related intangible assets (IFRS 3, IAS 36 and IAS 38)

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary/operations at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity or operations sold.

Other acquisition related intangible assets arising from acquisitions can include various types of intangible assets such as marketing-related, customer-related, contract-related, brand-related and technology-based. Other acquisition related intangible assets normally have a definite useful life. These assets are recognized at fair value on the date of acquisition and subsequently carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the linear method to allocate the cost of assets over their estimated useful lives. Securitas' acquisition related intangible assets mainly relate to customer contract portfolios and the related customer relationships. The valuation of the customer contract portfolios and the related customer relationships is based on the Multiple Excess Earnings Method (MEEM) which is a valuation model based on discounted cash flows. The valuation is based on the churn rates and profitability of the acquired portfolio at the time of the acquisition. In the model a specific charge – a contributory asset charge – is applied as a cost or return requirement for the assets supporting the intangible asset. Cash flows are discounted using the Weighted Average Cost of Capital (WACC) adjusted for local interest rate levels in the countries of acquisition. The useful life of customer contract portfolios and the related customer relationships are based on the churn rate of the acquired portfolio and are normally between 3 and 20 years corresponding to a yearly amortization of between 5 percent and 33.3 percent.

A deferred tax liability is calculated at the local tax rate on the difference between the book value and tax value of the intangible asset. The deferred tax liability is reversed over the same period as the intangible asset is amortized, which means that it neutralizes the impact of the amortization of the intangible asset on the full tax rate percentage on the income after tax. The initial recognition of this deferred tax liability increases the amount of goodwill.

Goodwill and other acquisition related intangible assets are allocated to cash-generating units (CGU) per country in a segment. This allocation is also the basis for the yearly impairment testing.

The amortization of acquisition related intangible assets is shown on the line amortization of acquisition related intangible assets in the statement of income.

Acquisition related restructuring and integration costs

Acquisition related restructuring cost are costs relating to the restructuring and/or integration of acquired operations into the Group. Restructuring costs are costs that are recognized based on the specific criteria for restructuring provisions in IAS 37 (see further under the section Provisions below). Restructuring costs can cover several activities that are necessary to prepare acquired operations for integration into the Group such as redundancy payments, provisions for rented premises that will not be utilized or sublet below cost or other non-cancellable leasing contracts that will not be utilized. Integration costs normally cover activities that do not qualify to be recognized as provisions. Such activities could be re-branding (changing logotypes on buildings, vehicles, uniforms etc) but could also cover personnel costs for example training, recruitment, relocation and travel, certain customer related costs and other incremental costs to transform the acquired operation into the acquirers format. Classifying expenses as costs relating to integration of acquired operations must also fulfill the criteria below:

- The cost would not have been incurred if the acquisition not had taken place
- The cost relate to a project identified and controlled by management as part of a integration program set up at the time of acquisition or as a direct consequence of an immediate post-acquisition review.

Items affecting comparability

This item includes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods. They include:

- Capital gains and losses arising from the disposal of material cash generating units
- Material impairment losses and bad debt losses
- Material litigations and insurance claims
- Other material income and expense items of a non-recurring nature

Provisions, impairment losses, bad debt losses or other material non-recurring items that are classified as items affecting comparability in a period are accounted for consistently in future periods by treating any reversal of provisions, impairment losses, bad debt losses or other non-recurring items as items affecting comparability.

The Group currently has no items affecting comparability in the income statement. Refer to note 11 for information regarding cash flow from items affecting comparability.

Other intangible assets (IAS 36 and IAS 38)

Other intangible assets are recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and that the cost of the asset can be measured reliably. Other intangible assets include the trade mark Securitas, which is regarded to have an indefinite useful life. The trademark has been capitalized only in those cases where it has been acquired from a third party. This trademark is not amortized but tested annually for impairment.

Other items in other intangible assets have a definite useful life. These assets are recognized at cost and subsequently carried at cost less accumulated amortization and any accumulated impairment losses.

Linear depreciation is used for all asset classes, as follows:

Software licenses	12.5–33.3 percent
Other intangible assets	6.7–33.3 percent

Rental rights and similar rights are amortized over the same period as the underlying contractual period.

Tangible non-current assets (IAS 16 and IAS 36)

Tangible non-current assets are recognized at cost and subsequently carried at cost less accumulated depreciation according to plan and any accumulated impairment losses. Depreciation according to plan is based on historical cost and the useful life of the asset.

Linear depreciation is used for all asset classes, as follows:

Machinery and equipment	10–25 percent
Buildings and land improvements	1.5–4 percent
Land	0 percent

Impairment (IAS 36)

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is measured as expected future discounted cash flows. The calculation of value in use necessitates that a number of assumptions and estimates are made. The main assumptions concern the organic sales growth, the development of the operating margin and the necessary operating capital employed requirement as well as the relevant WACC (Weighted Average Cost of Capital) rate used to discount future cash flows. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU).

Previously recognized impairment losses, with the exception of impairment losses related to goodwill, are reversed only if a change has occurred regarding the assumptions that formed the basis for determining the recoverable value when the impairment loss was recognized. If this is the case a reversal of the impairment loss is carried out in order to increase the book value of the impaired asset to its recoverable value. A reversal of a previous impairment loss is only recognized to the extent that the new book value does not exceed what should have been the book value (after depreciation and amortization) if the impairment loss had not been recognized in the first place. Impairment losses related to goodwill are never reversed.

Leasing contracts (IAS 17)

When a leasing contract means that the Group, as the lessee, essentially receives the economic benefits and bears the economic risk associated with the leased asset – termed finance leases – the asset is recognized as a non-current asset in the consolidated balance sheet. The net present value of the corresponding obligation to pay leasing fees in the future is recognized as a liability. In the consolidated statement of income, leasing payments are divided into depreciation and interest. The Group has no significant finance leases where it is the lessor.

Operational leases, where the Group is the lessee, are recognized as an operating expense on a linear basis over the period of the lease in the consolidated statement of income. In cases where the Group is the lessor, revenue is recognized as sales on a linear basis. Depreciation is recognized under operating income.

Accounts receivable

Accounts receivable are accounted for at nominal value net after provisions for probable bad debt. Probable and recognized bad debt losses are included in the line production expenses in the statement of income. Payments received in advance are accounted under other current liabilities.

Inventories (IAS 2)

Inventories are valued at the lower of cost and net realizable value. Cost is determined according to the first-in, first-out principle. The cost of finished goods and work in progress comprises material, direct labor and other direct costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The necessary deductions for obsolescence are made.

Financial instruments (IFRS 7 / IAS 32 / IAS 39)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The definition of financial instruments thus includes equity instruments of another entity but also for example contractual rights to receive cash such as accounts receivable.

Financial instruments are recorded initially at fair value with the subsequent measurement depending on the designation of the instrument.

The Group designates its financial instruments in the following categories:

- Financial assets or financial liabilities at fair value through profit or loss (including derivatives not designated as hedging instruments)
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets
- Financial liabilities designated as hedged item in a fair value hedge
- Other financial liabilities
- Derivatives designated for hedging

The designation depends on the purpose for which the financial instrument is acquired. Management determines the designation of its financial instruments at initial recognition and re-evaluates this designation at each reporting date.

Most of the Group's current assets are loans and receivables (including accounts receivable and most other current receivables). Financial assets or financial liabilities at fair value through profit or loss (with exception for derivatives), held-to-maturity investments and available-for-sale financial assets are normally categories in which the Group has no or very limited positions. Financial liabilities designated as the hedged item in a fair value hedge include both long-term and short-term loans designated as hedged items that are hedged effectively via derivatives designated for hedge accounting. Other financial liabilities comprise all other financial liabilities including such items as accounts payable and other current liabilities and also any long-term and short-term loans not included in the category financial liabilities designated for hedging.

Further information regarding carrying and fair values is provided in the table Financial instruments by category – carrying and fair values in note 6 as well as in the definitions of the categories below.

Financial assets or financial liabilities at fair value through profit or loss
Financial assets at fair value through profit or loss have two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Fair value derivative assets are also categorized as held for trading unless they qualify for hedge accounting. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. Financial liabilities at fair value are trading securities with negative fair value; normally derivative liabilities unless they qualify for hedge accounting.

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 the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for loans and receivables with maturities later than 12 months after the balance sheet date.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Financial liabilities designated as hedged item in a fair value hedge
This category includes financial liabilities designated as hedged item in a fair value hedge. The hedging instruments are included in the category derivatives designated for hedging. Financial liabilities designated as hedged item in a fair value hedge are included in non-current liabilities except for liabilities with maturities later than 12 months from the balance sheet date.

Other financial liabilities
Other financial liabilities are any financial liabilities that are not included in either of the categories financial liabilities designated as hedged item in a fair value hedge or financial liabilities at fair value through profit or loss. They are included in current liabilities except for liabilities with maturities later than 12 months from the balance sheet date.

Derivatives designated for hedging
The Group normally only enters into derivative contracts when they either qualify for hedge accounting or when there is a natural off-set in the accounting. This category includes the first type of derivatives. Derivatives where the hedged item or the item for which a natural off-set in the accounting is sought has a maturity within 12 months after the balance sheet date are either included in current assets on the line other interest-bearing current assets, or in current liabilities on the line other short-term loan liabilities. Derivatives where the hedged item or the item for which a natural off-set in the accounting is sought has a maturity later than 12 months after the balance sheet date are either included in non-current assets on the line other interest-bearing financial non-current assets, or in long-term liabilities on the line other long-term loan liabilities.

Recognition and subsequent measurement
Purchases and sales of financial instruments are recognized on the trade date – the date on which the Group commits to purchase or sell the instrument.

Financial assets and liabilities are initially recognized at fair value plus transaction costs for all financial assets or financial liabilities not carried at fair value through profit or loss. Financial assets or liabilities at fair value through profit or loss are recognized at fair value. Any transaction costs are charged to the statement of income.

Financial assets are derecognized when the rights to receive cash flows from the instruments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are removed when the obligation is discharged, cancelled or has expired.

Financial assets or financial liabilities at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities at fair value through profit or loss category are included in financial income or financial expenses in the statement of income in the period in which they arise.

Financial liabilities with the exception of financial liabilities at fair value through profit or loss and financial liabilities designated for hedging are subsequently carried at amortized cost.

Financial liabilities designated as the hedged item in a fair value hedge are carried at amortized cost but are adjusted for changes in the fair value due to the hedged risk. Changes in the fair value are included in financial income or financial expenses in the statement of income in the period in which they arise. The corresponding gain or loss from re-measuring the hedging instrument at fair value is also included in financial income or financial expenses in the statement of income in the same period as that in which the gain or loss on the hedged item arises.

Cash flow hedging instruments are carried at fair value in the balance sheet and the gains or losses from re-measuring the hedging instruments at fair value are recognized in the hedging reserve in other comprehensive income with a reversal from the hedging reserve to the statement of income in the period of which the cash flow of the hedged item impacts the statement of income. Exchange rate gains and losses on derivatives that are part of a net investment hedge relationship are recognized in other comprehensive income. Any ineffectiveness is recognized in the statement of income.

Actual cash flows (accruals) that arise from interest-rate derivative contracts are recognized as interest income and/or interest expense in the period to which they relate. Changes in fair value (after accruals) for both the hedged item and the hedging instrument (derivative) are recognized separately as revaluation of financial instruments. The line revaluation of financial instruments is included within financial income and/or financial expense.

The fair values of quoted financial instruments are based on current bid prices. If the market for a financial instrument is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Employee benefits (IAS 19)

The Group operates or participates in a number of defined benefit and defined contribution pension and other long-term employee benefit plans. Other plans primarily relate to healthcare benefits. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are recognized as expenses when they fall due for payment. Other pension plans are defined benefit plans.

Calculations for the defined benefit plans that exist within Securitas are carried out by independent actuaries. Costs for defined benefit plans are estimated using the projected unit credit method in a way that distributes the cost over the employee's working life. Obligations are valued at the present value of the expected future cash flows using a discount rate corresponding to the interest rate on high quality corporate bonds or government bonds with a remaining term that is approximately the same as the obligations. Further information regarding the determination of the discount rate is provided in note 31. Plan assets are measured at fair value. The expected return on plan assets is determined as a weighted average of the expected long-term return for each of the asset categories in each plan. The return on equity related instruments is determined by adding a risk premium to a risk free return based on the yield of government bonds. The return on bonds is based on the yield of government and corporate bonds in accordance with each plan's holding of these instruments.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognized. This reimbursement right is measured at fair value and classified as a long-term receivable.

The Group has adopted the amendment to IAS 19 Employee Benefits regarding the principle for recognizing gains and losses resulting from changes in actuarial assumptions, plan experience and investment performance differing from that assumed. Actuarial gains and losses relating to post-employment benefit plans and reimbursement rights are recognized in other comprehensive income in the period which they occur on the line actuarial gains and losses and effects of minimum funding requirement net of tax. Actuarial gains and losses relating to other long-term employee benefit plans are recognized immediately in the statement of income.

If accounting for a defined benefit plan results in a balance sheet asset, this is reported as a net asset in the consolidated balance sheet under other long-term receivables. Otherwise it is reported as a provision under provisions for pensions and similar commitments. Costs related to defined benefit plans, including the interest element, as well as expected return on plan assets are recognized in operating income. Provisions for pensions and similar commitments are not included in net debt.

Share-based payments (IFRS 2)

IFRS 2 requires that fair value of the equity settled schemes should be accounted for as an expense in the statement of income with the corresponding entry accounted for as equity. The expense should be accrued on a linear basis over the vesting period. For cash settled schemes IFRS 2 also requires that the fair value of the scheme should be recognized as an expense in the statement of income on a linear basis over the vesting period, but with the corresponding entry recognized as a liability rather than as equity. Furthermore if the incentive scheme lapses without settlement this will result in a reversal of the accrued cost for cash settled schemes only. For equity settled schemes no reversal will occur after the vesting date since no adjustment to the net assets is required.

Securitas has a share based incentive scheme where the participants in the scheme receive a bonus where two thirds are payable in cash in the beginning of the year after the bonus has been accrued. The remaining one third of the bonus is used to acquire shares at market value. These shares are delivered to the participants in the beginning of the year after they have been acquired if the participants still are employed by Securitas. The cost for Securitas, including social security expenses, is accounted for in the statement of income during the vesting period. However, the share-based portion of the bonus is classified as equity and not as a liability. At the end of the program, a revaluation is made of the original estimates and the final outcome of social security expenses is determined. Any deviation due to the revaluation, for example due to any participant leaving the Group and not receiving allocated shares, is accounted for in the statement of income. Corresponding adjustments are made to retained earnings in equity up until the vesting date.

In order to hedge the share portion of Securitas share based incentive scheme 2010, the Group has entered into a swap agreement with a third party. The swap agreement represents an obligation for the Parent Company to purchase its own shares at a predetermined price. The swap agreement is consequently classified as an equity instrument and accounted for in equity as a reduction of retained earnings.

Provisions (IAS 37)

Provisions are recognized when the Group has a present obligation as a result of a past event and it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions for restructuring are recognized when a detailed, formal plan for measures has been established and valid expectations have been raised by those affected by the measures. No provisions are recognized for future operating losses.

Claims reserves are calculated on the basis of a combination of case reserves, which represent claims reported, and IBNR (incurred but not reported) reserves. Actuarial calculations are performed quarterly to assess the adequacy of the reserves based on open claims and historical IBNR.

Note 3. Definitions, calculation of key ratios and exchange rates

DEFINITIONS

Statement of income according to Securitas' financial model

Production expenses[1]
Guard wages and related costs, the cost of equipment used by the guards when performing professional duties, and all other costs directly related to the performance of services invoiced.

Selling and administrative expenses[1]
All costs of selling, administration and management including branch office expenses. The primary function of the branch offices is to provide the production with administrative support as well as to serve as a sales channel.

Gross margin
Gross income as a percentage of total sales.

Operating income before amortization
Operating income before amortization of acquisition related intangible assets, acquisition related costs and items affecting comparability, but including amortization and depreciation of other intangible assets, buildings and land and machinery and equipment.

Operating margin
Operating income before amortization as a percentage of total sales.

Operating income after amortization
Operating income after amortization of acquisition related intangible assets, acquisition related costs, items affecting comparability and including amortization and depreciation of other intangible assets, buildings and land and machinery and equipment.

Adjusted income
Operating income before amortization, adjusted for financial income and expenses (excluding revaluation of financial instruments according to IAS 39) and current taxes.

Net margin
Income before taxes as a percentage of total sales.

Real change
Change adjusted for changes in exchange rates.

Statement of cash flow according to Securitas' financial model

Cash flow from operating activities
Operating income before amortization adjusted for depreciation/amortization less capital expenditures in non-current tangible and intangible assets (excluding acquisitions of subsidiaries), change in accounts receivable and changes in other operating capital employed.

Free cash flow
Cash flow from operating activities adjusted for financial income and expenses paid and current taxes paid.

Cash flow for the year[1]
Free cash flow adjusted for acquisitions of subsidiaries, acquisition related costs paid, cash flow from items affecting comparability, dividends, new issues and change in interest-bearing net debt excluding liquid funds.

Balance sheet according to Securitas' financial model

Operating capital employed
Capital employed less goodwill, acquisition related intangible assets and shares in associated companies.

Capital employed
Non interest-bearing non-current and current assets less non interest-bearing long-term and current liabilities.

Net debt
Interest-bearing non-current and current assets less long-term and short-term interest-bearing loan liabilities.

CALCULATION OF KEY RATIOS 2011

Acquired sales growth: 8%
This year's sales from acquired business as a percentage of the previous year's total sales.
Calculation: 5 061.5/61 339.8 = 8%

Organic sales growth: 3%
Total sales for the year adjusted for acquisitions and changes in exchange rates as a percentage of the previous year's total sales adjusted for divestitures.
Calculation: ((64 057.1-5 061.5+4 228.7)/(61 339.8-19.8))-1 = 3%

Real sales growth: 11%
Total sales for the year including acquisitions and adjusted for changes in exchange rates as a percentage of the previous year's total sales.
Calculation: ((64 057.1+4 228.7)/61 339.8)-1 = 11%

Operating margin: 5.3%
Operating income before amortization as a percentage of total sales.
Calculation: 3 384.7/64 057.1 = 5.3%

Earnings per share before dilution[2,3]: SEK 4.75
Net income for the year attributable to equity holders of the Parent Company in relation to the average number of shares before dilution.
Calculation: ((1 738.6-2.9)/365 058 897) x 1 000 000 = SEK 4.75

Earnings per share before dilution[2,3] and before items affecting comparability: SEK 4.75
Net income for the year before items affecting comparability (after tax) attributable to equity holders of the Parent Company in relation to the average number of shares before dilution.
Calculation: ((1 738.6+0.0-2.9)/365 058 897) x 1 000 000 = SEK 4.75

Cash flow from operating activities as % of operating income before amortization: 62%
Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: 2 107.4/3 384.7 = 62%

Free cash flow as % of adjusted income: 39%
Free cash flow as a percentage of adjusted income.
Calculation: 868.4/(3 384.7-496.1-680.1) = 39%

Free cash flow in relation to net debt: 0.08
Free cash flow in relation to closing balance net debt.
Calculation: 868.4/10 348.8 = 0.08

1 The definition is also valid for the formal primary statements – the statement of income and the statement of cash flow.
2 There are no convertible debenture loans. Consequently there is no difference between earnings per share before and after dilution.
3 Number of shares includes shares related to the Group's share based incentive scheme that have been hedged through a swap agreement.

Operating capital employed as % of total sales: 5%
Operating capital employed as a percentage of total sales adjusted for full year sales of acquisitions.
Calculation: 3 144.6/(64 057.1+1 875.8) = 5%

Return on capital employed: 17%
Operating income before amortization plus items affecting comparability as a percentage of the closing balance of capital employed.
Calculation: (3 384.7+0.0)/19 554.3 = 17%

Net debt equity ratio: 1.12
Net debt in relation to shareholders' equity.
Calculation: 10 348.8/9 205.5 = 1.12

Interest coverage ratio: 6.1
Operating income before amortization plus interest income in relation to interest expense.
Calculation: (3 384.7+110.2)/573.7 = 6.1

Return on equity: 19%
Net income for the year as a percentage of average shareholders' equity.
Calculation: 1 738.6/((8 938.5+9 205.5)/2) = 19%

Equity ratio: 25%
Shareholders' equity as a percentage of total assets.
Calculation: 9 205.5/36 666.4 = 25%

EXCHANGE RATES USED IN THE CONSOLIDATED FINANCIAL STATEMENTS 2009–2011

			2011		2010		2009	
			Weighted average	End-rate December	Weighted average	End-rate December	Weighted average	End-rate December
Argentina	ARS	1	1.56	1.60	1.83	1.71	2.02	1.87
Bosnia and Herzegovina	BAM	1	4.61	4.56	4.61	4.61	–	–
Canada	CAD	1	6.54	6.76	6.96	6.79	6.69	6.79
Chile	CLP	100	1.33	1.33	1.41	1.46	1.36	1.40
China	CNY	1	1.01	1.09	1.05	1.03	1.10	1.04
Colombia	COP	100	0.35	0.36	0.38	0.35	0.35	0.35
Costa Rica	CRC	100	1.38	1.38	–	–	–	–
Croatia	HRK	1	1.21	1.19	–	–	–	–
Czech Republic	CZK	1	0.37	0.35	0.38	0.36	0.40	0.39
Denmark	DKK	1	1.21	1.20	1.27	1.21	1.42	1.38
Egypt	EGP	1	1.09	1.14	1.27	1.17	1.36	1.30
EMU Countries	EUR	1	9.02	8.92	9.49	9.02	10.59	10.26
Hong Kong	HKD	1	0.83	0.89	0.93	0.87	0.96	0.92
Hungary	HUF	100	3.24	2.85	3.45	3.22	3.77	3.79
India	INR	1	0.14	0.13	0.16	0.15	0.16	0.15
Indonesia	IDR	100	0.07	0.08	–	–	–	–
Jordan	JOD	1	9.27	9.72	–	–	–	–
Latvia	LVL	1	12.92	12.76	–	–	–	–
Mexico	MXN	1	0.52	0.49	0.57	0.55	0.56	0.54
Morocco	MAD	1	0.80	0.80	0.85	0.81	0.91	0.91
Norway	NOK	1	1.16	1.15	1.18	1.15	1.22	1.24
Peru	PEN	1	2.34	2.53	2.54	2.43	2.53	2.46
Poland	PLN	1	2.18	2.00	2.37	2.27	2.44	2.50
Romania	RON	1	2.13	2.06	2.25	2.10	2.50	2.42
Saudi Arabia	SAR	1	1.73	1.84	1.92	1.81	1.90	1.90
Serbia	RSD	1	0.09	0.08	0.09	0.09	0.11	0.11
Singapore	SGD	1	5.16	5.31	5.28	5.27	–	–
South Africa	ZAR	1	0.88	0.85	0.99	1.03	0.94	0.96
Sri Lanka	LKR	100	5.82	6.05	6.31	6.13	–	–
Switzerland	CHF	1	7.33	7.34	6.94	7.24	7.02	6.91
Taiwan	TWD	1	0.22	0.23	0.23	0.23	0.23	0.22
Thailand	THB	1	0.21	0.22	0.23	0.23	0.21	0.21
Turkey	TRY	1	3.82	3.65	4.74	4.37	4.87	4.76
United Arab Emirates	AED	1	1.76	1.88	1.96	1.85	1.97	1.94
United Kingdom	GBP	1	10.35	10.66	11.00	10.50	11.90	11.53
Uruguay	UYU	1	0.34	0.35	0.36	0.34	0.34	0.36
USD countries	USD	1	6.46	6.89	7.19	6.81	7.61	7.12
Vietnam	VND	100	0.03	0.03	0.04	0.03	0.04	0.04

Note 4. Critical estimates and judgments

The preparation of financial reports requires the Board of Directors and Group Management to make estimates and judgments using certain assumptions. Estimates and judgments will impact both the statement of income and the balance sheet as well as disclosures such as contingent liabilities. Actual results may differ from these estimates and judgments under different assumptions and conditions.

Acquisition of subsidiaries / operations and contingent considerations including acquisition related option liabilities

The valuation of identifiable assets and liabilities in connection with the acquisition of subsidiaries or operations involves that items in the acquired company's balance sheet as well as items that have not been recognized in the acquired company's balance sheet such as customer relations should be valued at fair value. In normal circumstances, as quoted market prices are not available for the assets and liabilities that are to be valued, different valuation methods have to be used. These valuation methods are based on a number of assumptions. For a personnel intensive company like Securitas, employee related items such as accrued salaries, accrued social benefits, holiday pay, long-term employee benefits and post-employment benefits are significant items in the balance sheet that can be difficult to value. Accounts receivable is another example of a significant balance sheet item where it can be difficult to value the amount of bad debt and thus to what extent they will be collected. Other items that can be difficult both to identify as well as to value are contingent liabilities that could have arisen in the acquired company in connection with for example litigations. The valuation of identifiable assets and liabilities is also dependent on the accounting environment that the acquired company/operations has been active in. This is true for example for the basis of preparation for the financial reporting and consequently the extent of adjustments that are necessary in order to follow the Group's accounting principles, the frequency for which closings have been prepared and the availability of different types of data that can be necessary in order to value identifiable assets and liabilities. All balance sheet items are thus subject to estimates and judgments. This also means that the initial accounting may have to be provisionally determined and subsequently adjusted. All acquisition calculations are finalized no later than one year after the acquisition is made. Considering the above description, Securitas has chosen not to state the reasons to why the initial accounting of the business combination is provisional nor which assets and liabilities for which the initial accounting is provisional for each individual business combination unless it is a material adjustment.

All payments to acquire a subsidiary/operation are recorded at fair value at the acquisition date, including debt related to contingent considerations and acquisition related option liabilities (deferred considerations). This debt is measured at fair value in subsequent periods with re-measurement through the statement of income. The final outcome of deferred considerations often depends on one or more events which only will be confirmed by a future development such as the future profitability development for an agreed period. The final outcome can therefore either be lower or higher than the initially recognized amount. Deferred considerations, which amount to MSEK 606.1 (297.5 and 294.1), are thus subject to critical estimates and judgments.

Further information regarding acquisitions is provided in note 16 and regarding revaluation of deferred considerations in note 11.

Impairment testing of goodwill, other acquisition related intangible assets and shares in associated companies

In connection with the impairment testing of goodwill, other acquisition related intangible assets and shares in associated companies, the book value is compared with the recoverable value. The recoverable value is determined by the higher of an asset's net realizable value and its value in use. Since under normal circumstances no quoted market prices are available to assess an asset's net realizable value, the book value is normally compared with the value in use. The calculation of the value in use is based on assumptions and judgments. The most important assumptions are the organic sales growth, the development of the operating margin, the operating working capital requirements and the relevant WACC, which is used to discount future cash flows. All in all, this means that the valuation of the balance sheet items goodwill, which amounts to MSEK 14 727.4 (13 338.8 and 13 558.3), acquisition related intangible assets, which amounts to MSEK 1 574.1 (1 096.5 and 894.9) and shares in associated companies, which amounts to MSEK 108.2 (125.6 and 132.1) are subject to critical estimates and judgments. A sensitivity analysis regarding the organic sales growth, the operating margin and the WACC is provided in note 16.

Valuation of accounts receivable and the provision for bad debt losses

Accounts receivable, which amounts to MSEK 10 965.0 (9 724.1 and 9 363.3), is one of the most significant balance sheet items. Accounts receivable are accounted for at nominal value net after provisions for probable bad debt. The provision for bad debt losses, which amounts to MSEK -419.3 (-344.7 and -377.9), is thus subject to critical estimates and judgments. As stated above accounts receivable is often an important item in relation to the acquisition of subsidiaries/operations. Further information regarding the credit risk in accounts receivable is provided in note 6. Information regarding the development of the provision for bad debt losses during the year is provided in note 25.

Actuarial calculations regarding employee benefits such as pensions and medical benefits

Employee benefits are normally an area where estimates and judgments are not critical. However, for defined benefit plans relating to benefits particularly for pensions and medical benefits and where the payment to the employee is several years into the future, actuarial calculations are required. These calculations are based on assumptions regarding economic variables such as the discount rate, the expected return on plan assets, salary increases, inflation rate, pension increases and the inflation rate for medical benefits, but also on demographic variables such as the expected life span. All in all, the balance sheet item pension balances for defined benefit plans, which amounts to MSEK 0.0 (0.0 and 36.2) and which is stated under other long-term receivables (note 23), and the balance sheet item provisions for pensions and similar commitments, which amounts to MSEK 1 453.5 (1 151.2 and 1 186.3), are subject to critical estimates and judgments. The Group's opinion is that the most important assumptions are the discount rate, the inflation rate and the expected life span. A sensitivity analysis regarding these three variables is provided in note 31.

Actuarial calculations regarding claims reserves and timing of outflows

The Group is exposed to various types of risks in the day-to-day running of the business. The operational risks can result in the need to recognize reserves for damages resulting from property claims, personal injuries as well as workers' compensation claims relating to the Group's employees. Claims reserves are calculated based on a combination of case reserves and incurred but not reported reserves. Actuarial calculations are performed on a quarterly basis to assess the adequacy of the reserves based on open claims and historical data for incurred but not reported claims. Actuarial calculations are based on several assumptions. Claims reserves comprise a large number of individual insurance cases where some cases are compensated with a lump-sum payment and others are paid over a longer period of time. It is thus not possible to disclose any detailed information regarding the timing of outflows from claims reserves.

All in all, this means that the balance sheet items short-term liability insurance-related claims reserves, which amounts to MSEK 662.8 (526.2 and 503.6) and is included in short-term provisions (note 35) and liability insurance-related claims reserves, which amounts to MSEK 410.5 (461.3 and 526.5) and is included in other long-term provisions (note 32), are subject to critical estimates and judgments.

Calculation of taxes and timing of outflows

Deferred tax is calculated on temporary differences between the carrying amounts and the tax values of assets and liabilities. Assumptions and assessments affects recognized deferred tax, partly to determine the carrying amounts of the different assets and liabilities, and partly related to forecasts regarding future taxable profits, where future utilization of deferred tax assets depends on this. Significant assessments and assumptions are also made regarding recognition of provisions and contingent liabilities relating to tax risks and the potential impact of ongoing tax audits. Tax audits are often lengthy processes that go on for several years. It is thus not possible to disclose any detailed information regarding the timing of outflows from taxes.

The balance sheet includes deferred tax assets which amounts to MSEK 1 511.1 (1 353.4 and 1 586.9), deferred tax liabilities which amounts to MSEK 669.4 (432.1 and 279.5) and provisions for taxes which amounts to MSEK 195.0 (164.7 and 172.5) included in other long-term provisions (note 32), which are all are subject to critical estimates and judgments. Further information regarding taxes is provided in note 15 and note 37.

The impact on the Group's financial position of ongoing litigation and the valuation of contingent liabilities

Over the years the Group has made a number of acquisitions in different countries. As a result of such acquisitions certain contingent liabilities of the businesses acquired have been assumed. Companies within the Group are also involved in a number of other legal proceedings and tax audits arising out of the operations. The accounting for litigations, legal proceedings and tax audits are subject to critical estimates and judgments. Further information is provided in note 32 and note 37.

Note 5. Events after the balance sheet date

Approval of the Annual Report and Consolidated Financial Statements for 2011

This Annual Report including the Consolidated Financial Statements was approved by the Board of Directors of Securitas AB on March 16, 2012.

Acquisitions

The following acquisitions have been completed after the balance sheet date but before the approval of the Annual Report:

- MPL Beveiligingsdiensten, the Netherlands. All shares have been acquired. Included in the business segment Security Services Europe.
- Protect, Croatia. 85 percent of the shares have been acquired. Included in the business segment Security Services Europe.

Other significant events after the balance sheet date

A floating rate bond of MSEK 600 and a fixed rate bond of MSEK 400 were issued on January 19, 2012. Both have three year maturities. On February 28, 2012 a five year 2.75 percent MEUR 350 bond loan was issued in the Eurobond market.

There have been no significant events after the balance sheet date except the acquisitions listed above and the bond loans issued in 2012.

Note 6. Financial risk management

Financial risk factors

The Group's business activities create exposure to financial risks, such as interest rate risk, foreign currency risk, financing and liquidity risk and credit/counterparty risk, as detailed in the sections below. The Group's overall financial risk management program focuses on the unpredictability of the financial markets and aims to minimize potential adverse effects on the financial performance of the Group.

Treasury organization and activities

The aim of the treasury organization in Securitas is to support business operations by identifying, quantifying and minimizing financial risks and to the extent possible, to take advantage of economies of scale in the treasury operations.

Business segments

Treasury operations in the business segments concentrate on improving cash flow by focusing on profitability in the business operations, reducing capital tied-up in accounts receivable, and in the most efficient way handling both investments and local cash management.

Countries

In countries with extensive operations, liquidity surpluses and liquidity deficits in local subsidiaries are matched at country level with the help of local cash-pooling solutions. In addition, Securitas operates an overall euro cash-pooling structure for countries in the Eurozone and an overall cash-pooling structure in USD for subsidiaries in the USA, in which local liquidity surpluses are invested or from which local liquidity deficits are financed. All local long-term financial requirements are financed directly from the Group's internal bank, Group Treasury Centre (GTC), in Dublin.

Group Treasury Centre

By concentrating the financial risk management in a single location, the Group can readily monitor and control these risks and benefit from the expertise of dedicated treasury personnel. Also, by concentrating internal and external financing through GTC, economies of scale can be used to obtain the best possible pricing of investments and loans. GTC also has responsibility for matching local liquidity surpluses and deficits between countries and cash-pools. GTC identifies, evaluates and hedges financial risks in co-operation with the operating units. The Board of Directors of Securitas AB establishes policies for overall risk management, as well as policies covering specific areas such as foreign exchange risks, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

Derivatives are used for the following main purposes: hedging the interest rate element of external debt and changing its currency profile, gearing ratio hedging and hedging of internal borrowings and investments.

Interest rate risk

Interest rate risk is the risk that the Group's net income will be affected by changes in market interest rates. The Group has raised funds in mainly USD, EUR and SEK with both fixed and floating interest rates. Detailed information on long-term borrowings is provided in note 30. The Group uses interest rate derivatives in designated fair value and cash flow hedges to hedge changes in the risk free rate, converting the interest rate profile of this debt. Since income is tied to customer contracts with an annual price review and this impact usually follows each country's economic development and inflation rate, interest rate risks are most effectively minimized through short interest rate periods. Strong cash flows from operations reduce the Group's dependency on external financing and thereby also minimize interest rate risk. Other external financing requirements may arise from time to time in connection with acquisitions. The interest rate exposure on this acquisition financing is managed on a case by case basis. Information on the Group's debt profile is provided in the table below as well as information on interest rate fixings.

The target for the free cash flow to net debt ratio is always to exceed 0.20. Free cash flow to net debt as of December 31, 2011 was 0.08 (0.24 and 0.26). The Group's interest coverage ratio, a measure of its ability to pay interest costs, was 6.1 (7.4 and 6.1) as of December 31, 2011.

THE GROUP'S INTEREST BEARING LIABILITIES AND ASSETS PER CURRENCY AS PER DECEMBER 31, 2010–2011

Currency	Amount, MSEK	Duration (days)	*Current book cost (incl. credit margin)*	*Interest rates, +1%*	Net impact on income statement due to 1% increase[1]	*Interest rates, –1%*	Net impact on income statement due to 1% decrease[1]
December 31, 2011							
USD liabilities	-4 254	448	*2.55%*	*3.14%*	-18	*1.95%*	19
EUR liabilities	-4 454	260	*5.81%*	*6.26%*	-15	*5.37%*	14
GBP liabilities	-926	1	*3.03%*	*4.03%*	-7	*2.03%*	7
SEK liabilities	-3 039	67	*2.01%*	*3.01%*	-22	*1.11%*	20
Other currencies liabilities	-392	1	*9.42%*	*10.42%*	-3	*8.42%*	3
Total liabilities	**-13 065**	**250**	***3.78%***	***4.46%***	**-65**	***3.12%***	**63**
USD assets	296	7	*0.00%*	*1.00%*	2	*0.00%*	0
EUR assets	536	15	*0.39%*	*1.39%*	4	*0.09%*	-1
GBP assets	32	1	*1.08%*	*2.08%*	0	*0.08%*	0
SEK assets	1 370	3	*1.54%*	*2.54%*	10	*0.84%*	-7
Other currencies assets	482	7	*9.42%*	*10.42%*	4	*8.42%*	-4
Total assets	**2 716**	**6**	***2.54%***	***3.54%***	**20**	***1.94%***	**-12**
Total	**-10 349**	**–**	***4.10%***	**–**	**-45**	**–**	**51**
December 31, 2010							
USD liabilities	-3 912	316	*2.83%*	*3.13%*	-9	*2.53%*	9
EUR liabilities	-4 579	513	*5.81%*	*6.27%*	-16	*5.36%*	15
GBP liabilities	-604	1	*2.85%*	*3.85%*	-4	*1.85%*	4
SEK liabilities	-1 699	56	*0.00%*	*0.00%*	0	*0.00%*	0
Other currencies liabilities	-276	1	*7.40%*	*8.40%*	-2	*6.40%*	2
Total liabilities	**-11 070**	**332**	***3.47%***	***4.11%***	**-31**	***3.36%***	**30**
USD assets	356	7	*0.00%*	*1.00%*	3	*0.00%*	0
EUR assets	1 468	11	*0.61%*	*1.61%*	11	*0.00%*	-7
GBP assets	112	1	*0.71%*	*1.71%*	1	*0.00%*	-1
SEK assets	515	6	*0.27%*	*1.27%*	4	*0.00%*	-1
Other currencies assets	410	7	*7.40%*	*8.40%*	3	*6.40%*	-3
Total assets	**2 861**	**8**	***1.36%***	***2.43%***	**22**	***0.91%***	**-12**
Total	**-8 209**	**–**	***4.56%***	**–**	**-9**	**–**	**18**

1 The 1 percent increase/decrease in interest rates is calculated by adjusting the floating rate accordingly and applying this rate to the liability to establish the impact on net financial items in the income statement. This is further adjusted by the effective corporation tax rate.

Interest rate fixing

It is the policy of Securitas to use interest rate derivatives if required to manage its interest rate risk and as a consequence the Group's financing costs. The duration for these derivatives does not normally exceed four years. Group policy allows for the use of both options-based and fixed-rate products.

INTEREST FIXING PER CURRENCY[1]

	December 31, 2011			December 31, 2012			December 31, 2013			
Currency	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Final maturity
USD	1 737	252	*2.67%*	1 220	177	*2.56%*	276	40	*3.10%*	May 2014
EUR	2 453	275	*6.59%*	2 453	275	*6.59%*	0	0	*0.00%*	January 2013
Total	**4 190**	**–**	**–**	**3 673**	**–**	**–**	**276**	**–**	**–**	

1 Refers to interest rate fixing with a maturity in excess of three months.
2 Average rate including credit margin.

Foreign currency risks

Financing of foreign assets – translation risk
Translation risk is the risk that the SEK value of foreign currency equity will fluctuate due to changes in foreign exchange rates.

Securitas' foreign currency capital employed as of December 31, 2011 was MSEK 19 070 (16 843 and 16 579). Capital employed is financed by loans in local currency and shareholders' equity. This means that Securitas, from a Group perspective, has shareholders' equity in foreign currency that is exposed to changes in exchange rates. This exposure gives rise to a translation risk and consequently unfavourable changes in exchange rates could have a negative effect on the Group's foreign net assets when translated into SEK. With the object of minimizing the impact of changes in exchange rates on the Group's net debt to equity ratio, Securitas aims to maintain a long-term debt to equity ratio in USD and EUR that is close to the Group's total debt to equity ratio.

The tables below show how the Group's capital employed is distributed by currency, and its financing. They also show the sensitivity of the net debt and capital employed to changes in the SEK exchange rate.

The consolidated statement of income is affected by the translation to SEK of the statements of income of foreign subsidiaries. As these subsidiaries essentially operate only in local currency, their competitive situation is not affected by changes in exchange rates and since the Group as a whole is geographically diversified, this exposure is not hedged. Group internal currency flows between holding companies and subsidiaries in respect of dividends are normally hedged to SEK immediately the amount is agreed between the internal parties.

CAPITAL EMPLOYED AND FINANCING PER CURRENCY AS PER DECEMBER 31, 2009–2011

MSEK	EUR	USD	GBP	Other currencies	Total foreign currencies	SEK	Total Group	Total Group +10%[1]	Total Group –10%[1]
December 31, 2011									
Capital employed	6 989	7 757	1 210	3 114	19 070	484	19 554	21 461	17 647
Net debt	-3 966	-3 955	-893	89	-8 725	-1 624	-10 349	-11 222	-9 477
Non-controlling interests	4	–	–	-1	3	–	3	3	2
Net exposure	3 019	3 802	317	3 204	10 342	-1 140	9 202	10 236	8 168
Net debt to equity ratio	*1.31*	*1.04*	*2.82*	*-0.03*	*0.84*	*-1.42*	*1.12*	*1.10*	*1.16*
December 31, 2010									
Capital employed	6 834	7 270	709	2 030	16 843	304	17 147	18 831	15 463
Net debt	-3 119	-3 555	-491	135	-7 030	-1 179	-8 209	-8 912	-7 506
Non-controlling interests	3	–	–	–	3	–	3	3	3
Net exposure	3 712	3 715	218	2 165	9 810	-875	8 935	9 916	7 954
Net debt to equity ratio	*0.84*	*0.96*	*2.25*	*-0.06*	*0.72*	*-1.35*	*0.92*	*0.90*	*0.94*
December 31, 2009									
Capital employed	7 466	7 125	319	1 669	16 579	630	17 209	18 867	15 551
Net debt	-3 743	-3 637	-26	173	-7 233	-1 155	-8 388	-9 111	-7 665
Non-controlling interests	5	–	–	3	8	–	8	9	7
Net exposure	3 718	3 488	293	1 839	9 338	-525	8 813	9 747	7 879
Net debt to equity ratio	*1.01*	*1.04*	*0.09*	*-0.09*	*0.77*	*-2.20*	*0.95*	*0.93*	*0.97*

1 Changes in capital employed due to changes in foreign exchange rates are accounted for in other comprehensive income. Consequently, they do not impact net income.

Transaction risk
Transaction risk is the risk that the Group's net income will be affected by changes in the value of commercial flows in foreign currencies due to fluctuating exchange rates. The nature of the business is domestic rather than cross-border and consequently foreign currency transaction risk is not significant.

Financing and liquidity risk

The Group's short-term liquidity is ensured by maintaining a liquidity reserve (cash and bank deposits, short-term investments and the unutilized portion of committed credit facilities), which should correspond to a minimum of 5 percent of consolidated annual sales. As of December 31, 2011 the short-term liquidity reserve corresponded to 8 percent (7 and 13) of the Group's annual sales.

The Group's long-term financing risk is minimized by ensuring that the level of long-term financing (shareholders' equity, long-term committed loan facilities and long-term bond loans) at least matches the Group's capital employed. Per December 31, 2011 long-term financing corresponded to 142 percent (135 and 132) of the Group's capital employed.

Long-term financing of the Group should be well balanced among different sources. The aim is that long-term committed loan facilities and long-term bond loans should have an average maturity of more than 3.5 years. As per December 31, 2011 the average maturity was 2 years and 10 months. The following tables summarize the Group's liquidity risk at end 2011, 2010 and 2009 respectively.

LIQUIDITY REPORT AS PER DECEMBER 31, 2009–2011

MSEK	Total	< 1 year	Between 1 year and 5 years	> 5 years
December 31, 2011				
Borrowings	-13 641	-4 763	-8 530	-348
Derivatives outflows	-6 741	-6 708	-33	–
Finance leases	-88	-49	-39	–
Accounts payable	-915	-915	–	–
Total outflows[3]	**-21 385**	**-12 435**	**-8 602**	**-348**
Investments	1 123	1 123	–	–
Derivatives receipts	6 769	6 713	56	–
Accounts receivable	10 965	10 965	–	–
Total inflows[3]	**18 857**	**18 801**	**56**	**–**
Net cash flows, total[1, 2]	**-2 528**	**6 366**	**-8 546**	**-348**
December 31, 2010				
Borrowings	-11 910	-2 502	-9 408	–
Derivatives outflows	-6 043	-5 987	-56	–
Finance leases	-83	-48	-35	–
Accounts payable	-854	-854	–	–
Total outflows[3]	**-18 890**	**-9 391**	**-9 499**	**–**
Investments	1 394	1 394	–	–
Derivatives receipts	6 144	6 041	103	–
Accounts receivable	9 724	9 724	–	–
Total inflows[3]	**17 262**	**17 159**	**103**	**–**
Net cash flows, total[1, 2]	**-1 628**	**7 768**	**-9 396**	**–**
December 31, 2009				
Borrowings	-12 158	-2 575	-9 583	–
Derivatives outflows	-6 147	-6 064	-83	–
Finance leases	-190	-97	-93	–
Accounts payable	-798	-798	–	–
Total outflows[3]	**-19 293**	**-9 534**	**-9 759**	**–**
Investments	1 403	1 403	–	–
Derivatives receipts	6 224	6 051	173	–
Accounts receivable	9 363	9 363	–	–
Total inflows[3]	**16 990**	**16 817**	**173**	**–**
Net cash flows, total[1, 2]	**-2 303**	**7 283**	**-9 586**	**–**

1 All contractual cash flows per the balance sheet date are included, including future interest payments.
2 Variable rate cash flows have been estimated using the relevant yield curve.
3 Refers to gross cash flows.

Long-term committed loan facilities consist of a Multi Currency Revolving Credit Facility comprising two respective tranches of MUSD 550 and MEUR 420. It was signed in January 2011 with a syndicate of 12 international banks and matures in January 2016. Drawings under this facility are priced at the relevant prevailing market interest rate for the term selected.

Securitas also has a Euro Medium Term Note Program (EMTN) with a limit of MEUR 2 000 under which public and private funding can be raised on international capital markets. As of December 31, 2011 there were nine outstanding bond loans with maturities ranging from 2012 to 2018.

In January 2002, Securitas established a short-term Swedish commercial paper program in the amount of MSEK 5 000. The objective is to obtain access to short-term financing at competitive prices. Pricing is based on the prevailing market rates at time of issuance.

The table below shows a summary of the credit facilities as of December 31, 2011:

CREDIT FACILITIES AS PER DECEMBER 31, 2011

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
Multi Currency Revolving Credit Facility	USD (or equivalent)	100	11	2012
Multi Currency Revolving Credit Facility	USD (or equivalent)	550	400	2016
Multi Currency Revolving Credit Facility	EUR (or equivalent)	420	420	2016
EMTN Eurobond, 6.50% fixed	EUR	500	0	2013
EMTN FRN Private Placement	EUR	45	0	2014
EMTN FRN Private Placement	SEK	500	0	2014
EMTN FRN Private Placement	SEK	500	0	2014
EMTN FRN Private Placement	SEK	1 000	0	2013
EMTN FRN Private Placement	SEK	1 000	0	2012
EMTN FRN Private Placement	USD	62	0	2015
EMTN FRN Private Placement	USD	40	0	2015
EMTN FRN Private Placement	USD	50	0	2018
Commercial Paper (uncommitted)	SEK	5 000	2 175	n/a

In combination with Securitas' strong cash flow, these sources of financing provide liquidity on a short and long-term basis as well as flexibility to finance the Group's expansion.

Credit / counterparty risk

Counterparty risk – accounts receivable

Securitas has generally low risk in the accounts receivables for a number of reasons. A large proportion of sales are based on contracts with well known large and medium sized customers with an established and long-term relationship. This provides for transparent and safe collection of invoices. New customers are duly reviewed in terms of credit worthiness.

The contract portfolio sales are also diversified in several ways, of which the most important is that there are few/no clients that represent a significant portion of total sales. Default by a single customer then has little overall effect. In addition, Securitas provides its services to geographically dispersed customers in a large number of sectors including governments, utilities, financial sector, travel, logistics and industrial. Hence, the exposure to financial distress in any particular sector or region is relatively limited.

Securitas' services are also, although vital in many aspects, mostly ancillary to the business of the customers. This means that the cost of security services represents a small fraction of total costs of running clients' business, making Securitas less exposed to payment defaults than suppliers of services or goods more directly involved in the value chain.

All of this provides for secure collection of the sales generated, which is evidenced by low bad debt losses averaging below 0.2 percent of sales over the past three years.

ACCOUNTS RECEIVABLE AND AGEING ANALYSIS

MSEK	2011	%	2010	%	2009	%
Accounts receivable before deduction of provision for bad debt losses	11 384.3	*100*	10 068.8	*100*	9 741.2	*100*
Provision for bad debt losses	-419.3	*-4*	-344.7	*-3*	-377.9	*-4*
Total accounts receivable	**10 965.0**	***96***	**9 724.1**	***97***	**9 363.3**	***96***
Ageing of accounts receivable before deduction of provision for bad debt losses						
Overdue 1–30 days	1 822.1	*17*	1 556.5	*16*	1 435.3	*15*
Overdue 31–90 days	801.8	*7*	785.2	*8*	631.7	*7*
Overdue >90 days	802.3	*7*	565.9	*6*	567.0	*6*
Total overdue	**3 426.2**	***31***	**2 907.6**	***30***	**2 634.0**	***28***

The following details the credit quality of interest-bearing receivables.

COUNTERPARTIES WITH EXTERNAL CREDIT RATINGS

MSEK	2011	2010	2009
Credit quality interest-bearing receivables			
A1/P1	2 245	2 768	2 335

The Group has policies in place that limit the amount of credit exposure to any one financial institution. Investments of liquid funds may only be made in government paper or with financial institutions with a high credit rating. As of December 31, 2011 the weighted average credit rating of these institutions was short-term A1/P1. The largest total exposure for all instrument types to any one institution was MSEK 1 062 (958 and 848). Derivative contracts are only entered into with financial institutions with a credit rating of at least A1/P1, and with whom Securitas has an established customer relationship.

Rating

In order to access international debt capital markets in an effective manner, Securitas has obtained long-term and short-term credit ratings from Standard & Poor's. The long term rating is BBB+ with "Stable Outlook" and the short-term rating is A-2. The Nordic short-term rating is K-1.

Fair value of financial instruments

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

- Cash and bank deposits and Short-term investments: carrying amounts approximate fair values.
- Derivative and other financial instruments: fair values are estimated based on quoted market prices, on prices provided by independent brokers, or are calculated on best market prices. The prices used are fair values stated excluding accrued interest.
- Debt: fair values of fixed rate debt are based on either quoted prices or are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued. The fair value of floating rate debt is assumed to equal the carrying value of the debt.

REVALUATION OF FINANCIAL INSTRUMENTS

MSEK	2011	2010	2009
Recognized in the statement of income			
Financial income[1]	3.3	–	0.1
Financial expenses[1]	-0.2	-4.5	-0.5
Deferred tax	-0.8	1.2	0.1
Impact on net income for the year	**2.3**	**-3.3**	**-0.3**
Recognized in other comprehensive income			
Transfer to hedging reserve before tax	-29.7	-56.9	-107.1
Deferred tax on transfer to hedging reserve	7.8	15.0	28.1
Transfer to hedging reserve net of tax	**-21.9**	**-41.9**	**-79.0**
Transfer to statement of income before tax	34.1	129.0	184.2
Deferred tax on transfer to statement of income	-9.0	-33.9	-48.4
Transfer to statement of income net of tax	**25.1**	**95.1**	**135.8**
Total change of hedging reserve before tax[2]	4.4	72.1	77.1
Deferred tax on total change of hedging reserve before tax[2]	-1.2	-18.9	-20.3
Total change of hedging reserve net of tax	**3.2**	**53.2**	**56.8**
Total impact on shareholders' equity as specified above			
Total revaluation before tax[3]	7.5	67.6	76.7
Deferred tax on total revaluation[3]	-2.0	-17.7	-20.2
Total revaluation after tax	**5.5**	**49.9**	**56.5**

1 Related to financial assets and financial liabilities at fair value through profit or loss. There was no significant ineffectiveness in the fair value hedge or in the cash flow hedge.
2 Total of transfer to hedging reserve and transfer from hedging reserve to statement of income.
3 Total revaluation and deferred tax recognized via statement of income and via other comprehensive income.

FAIR VALUE – HIERARCHY AS PER DECEMBER 31, 2011

MSEK	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
Financial assets at fair value through profit or loss	–	19.6	–	19.6
Financial liabilities at fair value through profit or loss	–	-21.2	–	-21.2
Derivatives designated for hedging with positive fair value	–	33.6	–	33.6
Derivatives designated for hedging with negative fair value	–	-20.5	–	-20.5

The table below discloses carrying values and fair values of financial instruments according to the categories in note 2.

FINANCIAL INSTRUMENTS BY CATEGORY – CARRYING AND FAIR VALUES

	2011		2010		2009	
MSEK	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Assets						
Financial assets at fair value through profit or loss						
Other interest-bearing current assets (note 27)	19.6	19.6	68.3	68.3	81.9	81.9
Total	**19.6**	**19.6**	**68.3**	**68.3**	**81.9**	**81.9**
Loans and receivables						
Interest-bearing financial non-current assets (note 22)	155.9	155.9	164.9	164.9	148.7	148.7
Other long-term receivables (note 23)[1]	329.2	329.2	312.2	312.2	307.8	307.8
Accounts receivable	10 965.0	10 965.0	9 724.1	9 724.1	9 363.3	9 363.3
Other current receivables (note 26)[2]	802.4	802.4	675.1	675.1	659.4	659.4
Liquid funds	2 507.4	2 507.4	2 586.9	2 586.9	2 497.1	2 497.1
Total	**14 759.9**	**14 759.9**	**13 463.2**	**13 463.2**	**12 976.3**	**12 976.3**
Liabilities						
Financial liabilities at fair value through profit or loss						
Short-term loan liabilities (note 33)	21.2	21.2	9.4	9.4	14.9	14.9
Total	**21.2**	**21.2**	**9.4**	**9.4**	**14.9**	**14.9**
Financial liabilities designated as hedged item in a fair value hedge						
Long-term loan liabilities (note 30)[5]	4 484.8	4 705.7	4 531.8	4 908.6	5 116.0	5 635.1
Total	**4 484.8**	**4 705.7**	**4 531.8**	**4 908.6**	**5 116.0**	**5 635.1**
Other financial liabilities						
Long-term loan liabilities (note 30)	4 075.5	4 075.5	2 654.6	2 654.6	3 162.1	3 162.1
Long-term liabilities (note 30)[3]	457.8	457.8	210.2	210.2	129.0	129.0
Short-term loan liabilities (note 33)	4 463.3	4 463.3	3 849.1	3 849.1	2 737.4	2 737.4
Accounts payable	914.9	914.9	853.6	853.6	797.7	797.7
Other current liabilities (note 34)[4]	2 856.8	2 856.8	2 702.2	2 702.2	2 697.4	2 697.4
Total	**12 768.3**	**12 768.3**	**10 269.7**	**10 269.7**	**9 523.6**	**9 523.6**
Derivatives designated for hedging						
Interest-bearing financial non-current assets (note 22)	33.6	33.6	40.8	40.8	12.1	12.1
Total assets	**33.6**	**33.6**	**40.8**	**40.8**	**12.1**	**12.1**
Short-term loan liabilities (note 33)	4.0	4.0	8.7	8.7	17.7	17.7
Long-term loan liabilities (note 30)	16.5	16.5	16.2	16.2	79.4	79.4
Total liabilities	**20.5**	**20.5**	**24.9**	**24.9**	**97.1**	**97.1**
Net total	**13.1**	**13.1**	**15.9**	**15.9**	**-85.0**	**-85.0**
1 Excluding all pension balances and reimbursement rights (note 23)	*205.0*	*205.0*	*72.1*	*72.1*	*101.0*	*101.0*
2 Excluding prepaid expenses	*661.6*	*661.6*	*469.2*	*469.2*	*458.0*	*458.0*
3 Excluding pension balances (note 30)	*74.3*	*74.3*	*72.1*	*72.1*	*64.8*	*64.8*
4 Excluding employee-related accrued expenses and prepaid income	*5 936.8*	*5 936.8*	*5 525.1*	*5 525.1*	*5 505.1*	*5 505.1*

5 The difference between the carrying value and fair value of long-term loan liabilities is due to the reduction in the margin on the MEUR 500 bond loan from 4.20 percent at issue to 0.61 percent at December 31, 2011, 0.73 percent at December 31, 2010 and 0.90 percent at December 31, 2009.

Note 7. Transactions with related parties

Joint ventures

The Securitas Group has had only one company, Securitas Direct S.A. (Switzerland), in which its share of the voting rights was 50 percent. This company was divested as of October 21, 2011. Due to the negligible impact of this company on the Group's earnings and financial position, it has not been reported separately in the consolidated statement of income or balance sheet. There have been no transactions between Securitas Direct S.A. and Securitas except loans, interest and dividends. The company is included under Other in the Group's segment reporting as per below:

MSEK	2011	2010	2009
Total sales	**50**	**64**	**59**
Operating income before amortization	**5**	**10**	**9**
Operating income after amortization	**5**	**10**	**9**
Operating non-current assets	–	13	11
Accounts receivable	–	7	5
Other assets	–	16	11
Other liabilities	–	16	17
Total operating capital employed	**–**	**20**	**10**
Goodwill	–	9	9
Total capital employed	**–**	**29**	**19**

Other

Information on the remuneration to the Board of Directors and Senior Management is provided in note 8. Information on total payroll expenses for the Board of Directors and the Presidents of the Group is provided in note 12.

Guarantees on behalf of related parties amount to MSEK 73.2 (63.0 and 35.6). They were previous year accounted for in note 37 Contingent liabilities.

For information on the Parent Company's transactions with related parties, refer to note 40 and note 43.

Note 8. Remuneration to the Board of Directors and senior management

General

Principles

The Chairman of the Board and the Directors receive fees in accordance with the decision of the Annual General Meeting. Separate fees are paid for committee work. Neither the President and CEO nor the employee representatives receive Directors' fees.

The Annual General Meeting on May 4, 2011 decided upon guidelines for remuneration to senior management regarding 2011 in accordance with the following:

The fundamental principle is that remuneration and other terms of employment for senior management shall be competitive and in accordance with market conditions, in order to ensure that the Securitas Group will be able to attract and keep competent senior management employees.

The total remuneration to senior management shall consist of a fixed basic salary, variable remuneration, pensions and other benefits.

In addition to a fixed annual salary, the Group Management may also receive variable remuneration, which shall be based on the outcome in relation to financial goals and growth targets within the individual area of responsibility (Group or division) and which shall agree with the interest of the shareholders. The variable remuneration shall amount to a maximum of 60 percent of the fixed annual salary for the President and CEO and a maximum of 42–200 percent of the fixed annual salary for other individuals of the Group Management. If cash payment of variable remuneration has been effected on grounds later proven to be obviously inaccurate, the company shall have the possibility to reclaim such paid remuneration.

The undertakings of the company as regards variable remuneration to Group Management may, at maximum outcome during 2011, amount to a total of MSEK 57. Previously decided remuneration that has not yet been paid can be found in note 8 of the Annual Report for 2010.

The pension rights of senior management employees shall be applicable as from the age of 65 at the earliest and the entire Group Management shall be subject to defined contribution pension plans for which insurance premiums are transferred from the individual's total remuneration and paid by the company during the term of employment. Variable compensation shall not qualify for pension purposes unless local regulations provide otherwise.

Other benefits, such as company car, special health insurance or occupational health service shall be provided to the extent this is considered customary for senior management employees holding equivalent positions on the employment market where the senior management employee is active.

At dismissal, the notice period for all senior management employees shall amount to a maximum of 12 months with a right to redundancy payment after the end of the notice period, equivalent to a maximum of 100 percent of the fixed salary for a period not exceeding 12 months. At resignation by a senior management employee, the notice period shall amount to a maximum of six months.

These guidelines shall apply to individuals who are included in Group Management during the term of application of these guidelines. The guidelines shall apply to agreements entered into after the adoption by the Annual General Meeting, and to changes made in existing agreements after this date. The Board shall be entitled to deviate from the guidelines in individual cases if there are particular grounds for such deviation.

The Board of Directors proposal to the Annual General Meeting in May 2012 on guidelines for remuneration to senior management regarding 2012 is presented in the Report of the Board of Directors – Financial overview, in this Annual Report.

Planning and decision-making process

The Board's remuneration committee deals with all the above matters regarding the President and CEO and other members of Group Management, as well as other management levels if the committee so decides. The committee presents its proposals to the Board of Directors, which takes all decisions. The members of the remuneration committee are Melker Schörling (chairman) and Annika Falkengren. The committee has held two meetings in 2011.

Board of Directors

For the 2011 financial year, the Chairman Melker Schörling received a director's fee, including committee work fee, of MSEK 1.1. The other Directors received an aggregate director's fee, including committee work fee, of MSEK 3.6. The remuneration for each member of the Board of Directors is disclosed in the tables below. The Board of Directors is otherwise not entitled to any other compensation except for travel and lodging expenses.

President and Chief Executive Officer

The President and CEO Alf Göransson, received in the financial year 2011, a fixed salary amounting to MSEK 11.7 and salary benefits of MSEK 0.1. There is no variable compensation for the 2011 performance.

The President and CEO has a defined contribution pension plan amounting to 30 percent of his annual fixed salary. The retirement age for the President and CEO is 65. In 2011 the pension costs for the President and CEO amounted to MSEK 3.5. No pension benefit is conditioned by future employment.

Upon dismissal, the notice period for the President and CEO amount to 12 months with a right to a severance pay after the end of the notice period, equivalent to 12 months fixed salary.

Other members of Group Management

During 2011 the other Group Management consisted of the following 13 members: Santiago Galaz (Divisional President Security Services North America), William Barthelemy (COO Security Services North America), Bart Adam (Divisional President Security Services Europe), Aimé Lyagre (COO Security Services Europe), Erik-Jan Jansen (Divisional President Mobile), Lucien Meeus (Divisional President Monitoring), Marc Pissens (Divisional President Aviation), Luis Posadas (Divisonal President Security Services Ibero-America, as from May 6, 2011), Antonio Villaseca Lòpez (Senior Vice President Technical Solutions, as from July 1, 2011), Gisela Lindstrand (Senior Vice President Corporate Communications and Public Affairs), Jan Lindström (Senior Vice President Finance) and Kim Svensson (Senior Vice President Corporate Finance) and Åsa Thunman (Senior Vice President Legal Counsel, as from July 1, 2011).

For Luis Posadas, Antonio Villaseca Lòpez and Åsa Thunman, who joined Group Management at the above dates in 2011, compensation is included as from these dates.

For Bengt Gustafson (Senior Vice President Chief Legal Counsel up until 30 June 2011), who left the Group Management on June 30, 2011, compensation is included up until this date.

In the 2011 financial year the other members of Group Management aggregate fixed salaries amounted to MSEK 44.8, and other salary benefits to MSEK 2.3. The aggregate short-term variable compensation relating to the 2011 performance amounted to MSEK 5.2, whereof MSEK 1.7 will be allocated in shares in 2013 and MSEK 3.5 will be paid in cash in 2012.

The other 13 members of Group Management have individual pension plans. The retirement age varies from country to country and pension plan. The retirement age is 65 years for seven members and for six members no retirement age is agreed.

As described under Principles above, members can allocate part of their remuneration to a defined contribution pension plan. All members have defined contribution pension plans for which pension premiums are allocated from the member's total remuneration and paid by the company during the term of employment. These premiums may vary but are limited to amounts deductible for tax purposes by the company. In 2011 the pension costs for these members of Group Management amounted to MSEK 6.3. No pension benefits are conditioned by future employment.

Four members have a Swedish defined benefit pension plan (ITP), but can also allocate part of their remuneration to a defined contribution plan. The Swedish defined benefit plan guarantees a lifetime pension from the age of 65. The pension compensation corresponds to a certain percentage of the final salary, and the maximum pensionable income is MSEK 1.6 per employee. This pension benefit is funded through annual premiums paid by the company during the term of employment, and the pension cost for these four members in 2011 was MSEK 1.2 (included in the total pension cost stated in the table below for other Group Management).

One member has a Dutch defined benefit pension plan which has been closed and paid up as per June 30, 2011 and replaced by a defined contribution pension plan. The costs for these pension plans are included in the total pension cost stated in the table below. The defined benefit plan guarantees a lifetime pension from the age of 65. The pension compensation corresponds to a certain percentage of the final salary, and the maximum pensionable income corresponds to MSEK 1.8. This pension benefit has been funded through annual premiums paid by the company during the term of employment up until it was fully paid up and closed.

Upon dismissal, the notice period and a right to a severance pay after the end of the notice period, is equivalent to a maximum of 24 months fixed salary, for members of Group Management.

Short- and long-term incentives

Short-term as well as long-term incentives for eligible employees in Securitas, are as a principle based on year-on-year improvement of the operating result in the area of responsibility. In some entities such principle could be in combination with organic sales growth compared to the previous year. For the President and CEO as well as the four members of Group Management responsible for staff functions, no long-term incentives are in place, and the short-term incentive is based on year-on-year real improvement of the earnings per share.

Normally, incentives are not measured against budgets in Securitas, but compared to the preceding year's actual operating results. The performance improvement compared to last year's actual, that is required to achieve maximum bonus, varies for different entities throughout the Group.

The President and CEO and the other members of Group Management are included in the short-term Securitas share based incentive schemes 2010 and 2011 respectively, which were approved by the Annual General Meetings on May 4, 2010 and May 4, 2011. These short-term incentive schemes, for which the maximum bonus is limited to 42–100 percent of the fixed base salary, is paid by two thirds in cash in the beginning of the year following the performance year, and the remaining one third is used to acquire Series B shares in Securitas AB over the stock market. These shares are allocated to Group Management in March, two years following the performance year, conditioned by a continuous employment during the vesting period. See further information in note 2 and 12. Information regarding the final allocation of shares to the Group Management in March 2012 under the 2010 share based incentive scheme, as well as the potential allocation of shares in 2013 under the 2011 share based incentive scheme and the fair value of these shares, are disclosed in the tables below.

For five members of Group Management long-term incentive plans exist in which the maximum bonus is limited to 40–100 percent of the fixed base salary. The long-term bonus plans are provided for during the performance year and are paid out by one third per year over the three following years. At resignation by a management employee, any unpaid long-term bonus will stay with the company. There is no provision or compensation for long-term bonus programs for the 2011 performance. The accumulated provision for long-term bonus programs amounted to MSEK 0.1 as per December 31, 2011.

ALLOCATION OF SHARES TO GROUP MANAGEMENT RELATING TO SECURITAS SHARE BASED INCENTIVE SCHEME 2011

	Number of shares[1]	Fair value[2], MSEK
	2011	2011
Alf Göransson, President and CEO	0	0.0
Other members of Group Management (13 persons)	31 241	2.0
Total holdings	**31 241**	**2.0**

1 Potential allocation of shares 2013, according to Securitas share based incentive scheme 2011, according to purchase prices for Securitas Series B shares in March 2012. The allocation of shares is conditioned by a continued employment as per February 28, 2013. The number of shares is based on full year amounts for Group Management members who has joined during the year.

2 Fair value of potential allocation of shares based on Securitas Series B share purchase prices in March 2012. The amount includes full year share related bonus for Group Management members who have joined during the year.

Remuneration to the Board of Directors and Group Management

REMUNERATION RELATED TO 2011:

KSEK	Base Salary/Fee	Other benefits	Short-term bonus[2]	Long-term bonus[3]	Pension	Total remuneration
Melker Schörling, Chairman of the Board[1]	1 100	–	–	–	–	1 100
Carl Douglas, vice Chairman	750	–	–	–	–	750
Fredrik Cappelen[1]	600	–	–	–	–	600
Marie Ehrling[1]	700	–	–	–	–	700
Annika Falkengren[1]	550	–	–	–	–	550
Fredrik Palmstierna	500	–	–	–	–	500
Sofia Schörling Högberg	500	–	–	–	–	500
Subtotal Board of Directors	**4 700**	**–**	**–**	**–**	**–**	**4 700**
Alf Göransson, President and CEO	11 690	93	0	–	3 450	15 233
Other members of Group Management (13 persons)[4]	44 812	2 279	5 211	0	6 348	58 650
Subtotal President and CEO and Group Management	**56 502**	**2 372**	**5 211**	**0**	**9 798**	**73 883**
Total	**61 202**	**2 372**	**5 211**	**0**	**9 798**	**78 583**

Above information refers to full year remuneration for the current Group Management, unless stated otherwise. The Board of Directors has no pension benefits.

1 Including remuneration for committee work.
2 Refer to the cost for 2011 for Securitas incentive scheme for cash and share based bonus, see also separate table for the share based part.
3 Refer to the cost for 2011, please find further reference under the section short- and long-term incentives.
4 The compensation for three members who joined Group Management on May 6 and July 1, 2011 respectively and for one member who left June 30, 2011, relates as from and up to these dates.

REMUNERATION RELATED TO 2010:

KSEK	Base Salary/Fee	Other benefits	Short-term bonus[2]	Long-term bonus[3]	Pension	Total remuneration
Melker Schörling, Chairman of the Board[1]	1 100	–	–	–	–	1 100
Carl Douglas, vice Chairman	725	–	–	–	–	725
Fredrik Cappelen[1]	550	–	–	–	–	550
Marie Ehrling[1]	650	–	–	–	–	650
Annika Falkengren[1]	500	–	–	–	–	500
Stuart E. Graham	450	–	–	–	–	450
Fredrik Palmstierna	450	–	–	–	–	450
Sofia Schörling Högberg	450	–	–	–	–	450
Subtotal Board of Directors	**4 875**	**–**	**–**	**–**	**–**	**4 875**
Alf Göransson, President and CEO	10 987	93	3 952	–	3 240	18 272
Other members of Group Management (11 persons)[4]	48 208	2 152	13 969	76	6 169	70 574
Subtotal President and CEO and Group Management	**59 195**	**2 245**	**17 921**	**76**	**9 409**	**88 846**
Total	**64 070**	**2 245**	**17 921**	**76**	**9 409**	**93 721**

Above information refers to full year remuneration for the current Group Management, unless stated otherwise. Other benefits include customary expatriate benefits. The Board of Directors have no pension benefits.

1 Including remuneration for committee work.
2 Refer to the cost for 2010 for Securitas incentive scheme for cash and share based bonus.
3 Refer to the cost for 2010, please find further reference under the section short- and long-term incentives.
4 The compensation for two members who joined Group Management on April 1 and September 1, 2010 and one member who left July 8 (including salary during notice period and severance payment), relates as from and up to these dates

REMUNERATION RELATED TO 2009:

KSEK	Base Salary/Fee	Other benefits	Short-term bonus	Long-term bonus[2]	Pension	Total remuneration
Melker Schörling, Chairman of the Board[1]	1 100	–	–	–	–	1 100
Carl Douglas, vice Chairman	725	–	–	–	–	725
Fredrik Cappelen[1]	550	–	–	–	–	550
Marie Ehrling[1]	650	–	–	–	–	650
Annika Falkengren	450	–	–	–	–	450
Stuart E. Graham	450	–	–	–	–	450
Berthold Lindqvist[1]	600	–	–	–	–	600
Fredrik Palmstierna	450	–	–	–	–	450
Sofia Schörling Högberg	450	–	–	–	–	450
Subtotal Board of Directors	**5 425**	**–**	**–**	**–**	**–**	**5 425**
Alf Göransson, President and CEO	10 994	92	2 020	–	3 240	16 346
Other members of Group Management (11 persons)[3]	43 380	1 856	13 116	0	6 085	64 437
Subtotal President and CEO and Group Management	**54 374**	**1 948**	**15 136**	**0**	**9 325**	**80 783**
Total	**59 799**	**1 948**	**15 136**	**0**	**9 325**	**86 208**

Above information refers to full year remuneration for the current Group Management, unless stated otherwise Other benefits include customary expatriate benefits. The Board of Directors have no pension benefits.

1 Including remuneration for committee work.
2 Refer to the cost for 2009, please find further reference under the section short- and long-term incentives.
3 The compensation for one member who joined Group Management on May 7, 2009 relates as from this date.

Shareholdings

The Board of Director's and Group Management's shareholdings through acquisitions on the stock market as well as the allocation of shares to the Group Management according to Securitas share based incentive scheme 2010 are detailed in the table below.

BOARD OF DIRECTORS' AND GROUP MANAGEMENT'S HOLDINGS OF SECURITAS SERIES A AND B SHARES[1]

	A shares	A shares	B shares	B shares	B shares
	2011	2010	2011[7]	2010[7]	Allocation March 2012[8]
Melker Schörling, Chairman of the Board[2]	4 500 000	4 500 000	16 001 500	16 001 500	–
Carl Douglas, vice Chairman[3]	12 642 600	12 642 600	29 390 000	29 390 000	–
Fredrik Cappelen	–	–	4 000	0	–
Marie Ehrling	–	–	4 000	4 000	–
Annika Falkengren	–	–	7 500	7 500	–
Stuart E. Graham[4]	–	–	–	5 000	–
Fredrik Palmstierna	–	–	17 200	17 200	–
Sofia Schörling Högberg	–	–	2 400	2 400	–
Alf Göransson, President and CEO	–	–	30 000	30 000	18 698
Santiago Galaz	–	–	65 000	60 000	15 195
William Barthelemy	–	–	17 000	17 000	2 716
Bart Adam	–	–	4 500	4 500	10 337
Aimé Lyagre	–	–	1 400	1 400	10 050
Luis Posadas[5]	–	–	40 136	–	0
Erik-Jan Jansen	–	–	0	0	6 177
Lucien Meeus	–	–	5 500	5 500	6 709
Marc Pissens	–	–	0	0	0
Antonio Villaseca Lopez[5]	–	–	0	–	–
Bengt Gustafson[6]	–	–	–	0	–
Gisela Lindstrand	–	–	1 000	1 000	2 327
Jan Lindström	–	–	3 500	3 500	3 584
Kim Svensson	–	–	300	300	2 885
Åsa Thunman[5]	–	–	0	–	1 558
Total holdings	**17 142 600**	**17 142 600**	**45 594 936**	**45 550 800**	**80 236**

1 Information refers to shareholdings as of December 31, 2011 and 2010.
2 Holdings through Melker Schörling AB.
3 Holdings private and through Investment AB Latour Group and Förvaltnings AB Wasatornet.
4 Has left the Board of Directors during 2011 why current holdings is not stated.
5 Has joined Group Management during 2011 why earlier holdings are not stated.
6 Has left Group Management during 2011 why current holdings is not stated.
7 Holdings per December 31 excluding potential allocation of shares according to Securitas share based incentive scheme (see footnote 8 below).
8 Actual allocation of shares in March 2012 according to Securitas share based incentive scheme 2010, including shares corresponding to dividend decided related to potential allocation of shares during 2011. The gross number of allocated shares is stated, of which part of the shares may have been sold to cover tax on the benefit. Other holdings of Securitas Series B shares in March 2012 are not included.

Note 9. Segment reporting

Segment structure

The Group's operations are divided into four reportable segments: Security Services North America, Security Services Europe, Mobile and Monitoring and Security Services Ibero-America. The latter was created in 2011. Due to the new segment structure as well as operations moved between the segments Security Services Europe and Mobile and Monitoring, comparatives have been restated for the segments Security Services Europe, Mobile and Monitoring and Other.

All segments apply the accounting principles explained in note 2. The segment reporting follows the format of Securitas' financial model, which provides a foundation for financial planning and reporting from branch office level up to the Board of Directors. Acquisitions of subsidiaries are therefore excluded from the operating cash flow. All material acquisitions are stated at business segment level in the financial overview under the heading Acquisitions and divestitures.

Security Services North America

Security Services North America provides specialized security services in the USA, Canada and Mexico and comprises 20 business units: one organization for national and global accounts, ten geographical regions and six specialty customer segments – manufacturing, federal government services, defense and aerospace, energy, healthcare and aviation – in the USA plus Canada, Mexico and Pinkerton Consulting & Investigations. In total, there are approximately 108 000 employees, about 600 branch managers and 97 geographical areas. Security Services North America provides a wide range of services with various levels of specialization to customers in a variety of industries and segments in most parts of North America.

Security Services Europe

Securitas' European guarding operations comprise Security Services Europe, which provides specialized security services for large and medium-sized customers in 27 countries and Aviation, which provides airport security in 14 countries. The organization has a combined total of more than 108 000 employees and 700 branch managers. Security Services Europe serves customers in a variety of industries and customer segments. Aviation provides specialized services for airports, airport-related businesses and airlines.

Mobile and Monitoring

Mobile provides mobile security services, such as beat patrol and call-out services, for small and medium-sized businesses and residential sites, while Monitoring provides electronic alarm surveillance services. Mobile operates in 11 countries across Europe and has approximately 9 500 employees and 215 branch managers in 31 areas. Monitoring operates in 11 countries across Europe and has approximately 900 employees.

Security Services Ibero-America

The segment Security Services Ibero-America was created in 2011. It provides specialized security services for large and medium-sized customers in seven countries in Latin America, as well as Portugal and Spain in Europe. Security Services Ibero-America has a combined total of approximately 59 000 employees and close to 190 branch managers. Security Services Ibero-America operates in a variety of customer segments.

Other

Other includes all other operating segments as well as general administrative expenses, expenses for head offices and other central expenses. All other operating segments comprise the guarding operations in the Middle East, Asia and Africa as well as operations within security consulting that report directly to the chief operating decision maker. Up until October 21, 2011, Other also includes the Group's joint venture Securitas Direct S.A. (Switzerland), which has been divested as of this date.

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MSEK	Security Services North America	Security Services Europe	Mobile and Monitoring	Security Services Ibero-America	Other	Total segments	Elimina-tions	Group
Income								
Sales, external	22 356	26 334	5 911	8 747	709	64 057	–	64 057
Sales, intra-group	–	91	238	–	–	329	-329	–
Total sales	**22 356**	**26 425**	**6 149**	**8 747**	**709**	**64 386**	**-329**	**64 057**
Organic sales growth, %	*4*	*0*	*3*	*11*	–	–	–	*3*
Operating income before amortization[1]	**1 270**	**1 003**	**733**	**545**	**-166**	**3 385**	**–**	**3 385**
of which share in income of associated companies	–	–	–	–	*-2*	*-2*	–	*-2*
Operating margin, %	*5.7*	*3.8*	*11.9*	*6.2*	–	–	–	*5.3*
Amortization of acquisition related intangible assets	-34	-70	-47	-58	-9	-218	–	-218
Acquisition related costs	-14	-131	-25	-20	-4	-194	–	-194
Operating income after amortization	**1 222**	**802**	**661**	**467**	**-179**	**2 973**	**–**	**2 973**
Financial income and expenses	–	–	–	–	–	–	–	-493
Income before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2 480**
Taxes	–	–	–	–	–	–	–	-741
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1 739**
Operating cash flow								
Operating income before amortization	**1 270**	**1 003**	**733**	**545**	**-166**	**3 385**	**–**	**3 385**
Investments in non-current tangible and intangible assets	-189	-337	-365	-90	-29	-1 010	–	-1 010
Reversal of depreciation[1]	141	334	329	85	13	902	–	902
Change in operating capital employed	-367	-223	-64	-283	-233	-1 170	–	-1 170
Cash flow from operating activities	**855**	**777**	**633**	**257**	**-415**	**2 107**	**–**	**2 107**
Cash flow from operating activities, %	*67*	*77*	*86*	*47*	–	–	–	*62*
Capital employed and financing								
Operating non-current assets	751	1 125	879	366	106	3 227	–	3 227
Accounts receivable	3 760	4 128	652	2 355	140	11 035	-70	10 965
Other assets	284	811	238	265	1 913	3 511	-162	3 349
Other liabilities	-3 467	-6 170	-1 470	-1 788	-1 733	-14 628	232	-14 396
Total operating capital employed	**1 328**	**-106**	**299**	**1 198**	**426**	**3 145**	**–**	**3 145**
Operating capital employed as % of sales	*6*	*0*	*5*	*13*	–	–	–	*5*
Goodwill	6 335	4 917	1 775	1 434	266	14 727	–	14 727
Acquisition related intangible assets	149	663	217	439	106	1 574	–	1 574
Shares in associated companies	–	–	–	–	108	108	–	108
Total capital employed	**7 812**	**5 474**	**2 291**	**3 071**	**906**	**19 554**	**–**	**19 554**
Return on capital employed, %	*16*	*18*	*32*	*18*	–	–	–	*17*
Net debt	–	–	–	–	–	–	–	-10 349
Shareholders' equity	–	–	–	–	–	–	–	9 205
Total financing	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**19 554**
Net debt equity ratio/multiple	–	–	–	–	–	–	–	*1.12*
Assets and liabilities								
Non-interest bearing assets	11 279	11 644	3 761	4 859	822	32 365	-232	32 133
Unallocated non-interest bearing assets[2]	–	–	–	–	–	–	–	1 817
Unallocated interest-bearing assets	–	–	–	–	–	–	–	2 716
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**36 666**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9 205**
Non-interest bearing liabilities	3 467	6 170	1 470	1 788	375	13 270	-232	13 038
Unallocated non-interest-bearing liabilities[2]	–	–	–	–	–	–	–	1 358
Unallocated interest-bearing liabilities	–	–	–	–	–	–	–	13 065
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**27 461**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**36 666**

1 Depreciation and amortization of tangible and non-acquisition related intangible assets per segment are specified on the line Reversal of depreciation in the statement of cash flow above. Further information regarding depreciation and amortization is provided in note 13.
2 Included in Other in the table Capital employed and financing.

JANUARY – DECEMBER 2010

MSEK	Security Services North America	Security Services Europe[3]	Mobile and Monitoring[3]	Security Services Ibero-America[3]	Other	Total segments	Elimina-tions	**Group**
Income								
Sales, external	22 731	24 481	5 711	7 968	449	61 340	–	61 340
Sales, intra-group	–	75	250	–	–	325	-325	–
Total sales	**22 731**	**24 556**	**5 961**	**7 968**	**449**	**61 665**	**-325**	**61 340**
Organic sales growth, %	*-2*	*4*	*2*	*1*	–	–	–	*1*
Operating income before amortization[1]	**1 380**	**1 300**	**740**	**529**	**-225**	**3 724**	**–**	**3 724**
of which share in income of associated companies	–	–	–	–	*-1*	*-1*	–	*-1*
Operating margin, %	*6.1*	*5.3*	*12.4*	*6.6*	–	–	–	*6.1*
Amortization of acquisition related intangible assets	-27	-40	-44	-50	-3	-164	–	-164
Acquisition related costs	-16	-48	-6	-9	-11	-90	–	-90
Operating income after amortization	**1 337**	**1 212**	**690**	**470**	**-239**	**3 470**	**–**	**3 470**
Financial income and expenses	–	–	–	–	–	–	–	-502
Income before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2 968**
Taxes	–	–	–	–	–	–	–	-887
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2 081**
Operating cash flow								
Operating income before amortization	**1 380**	**1 300**	**740**	**529**	**-225**	**3 724**	**–**	**3 724**
Investments in non-current tangible and intangible assets	-160	-305	-346	-74	-17	-902	–	-902
Reversal of depreciation[1]	153	329	317	93	9	901	–	901
Change in operating capital employed	-293	-193	20	-32	42	-456	–	-456
Cash flow from operating activities	**1 080**	**1 131**	**731**	**516**	**-191**	**3 267**	**–**	**3 267**
Cash flow from operating activities, %	*78*	*87*	*99*	*98*	–	–	–	*88*
Capital employed and financing								
Operating non-current assets	562	1 063	846	357	113	2 941	–	2 941
Accounts receivable	3 298	3 838	557	2 020	112	9 825	-101	9 724
Other assets	283	720	216	95	1 719	3 033	-235	2 798
Other liabilities	-3 069	-5 817	-1 440	-1 371	-1 516	-13 213	336	-12 877
Total operating capital employed	**1 074**	**-196**	**179**	**1 101**	**428**	**2 586**	**–**	**2 586**
Operating capital employed as % of sales	*5*	*-1*	*3*	*14*	–	–	–	*4*
Goodwill	6 110	4 255	1 763	1 056	155	13 339	–	13 339
Acquisition related intangible assets	136	402	206	302	50	1 096	–	1 096
Shares in associated companies	–	–	–	–	126	126	–	126
Total capital employed	**7 320**	**4 461**	**2 148**	**2 459**	**759**	**17 147**	**–**	**17 147**
Return on capital employed, %	*19*	*29*	*34*	*21*	–	–	–	*22*
Net debt	–	–	–	–	–	–	–	–8 209
Shareholders' equity	–	–	–	–	–	–	–	8 938
Total financing	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17 147**
Net debt equity ratio/multiple	–	–	–	–	–	–	–	*0.92*
Assets and liabilities								
Non-interest bearing assets	10 389	10 278	3 588	3 830	666	28 751	-336	28 415
Unallocated non-interest bearing assets[2]	–	–	–	–	–	–	–	1 609
Unallocated interest-bearing assets	–	–	–	–	–	–	–	2 861
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**32 885**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8 938**
Non-interest bearing liabilities	3 069	5 817	1 440	1 371	414	12 111	-336	11 775
Unallocated non-interest-bearing liabilities[2]	–	–	–	–	–	–	–	1 102
Unallocated interest-bearing liabilities	–	–	–	–	–	–	–	11 070
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**23 947**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**32 885**

1 Depreciation and amortization of tangible and non-acquisition related intangible assets per segment are specified on the line Reversal of depreciation in the statement of cash flow above. Further information regarding depreciation and amortization is provided in note 13.
2 Included in Other in the table Capital employed and financing.
3 The comparatives have been restated due to operations moved between the segments Security Services Europe, Mobile and Monitoring and Security Services Ibero-America.

GEOGRAPHICAL INFORMATION

	Total sales from external customers[1]		Non-current assets[2]	
MSEK	2011	2010	2011	2010
USA	20 195	20 596	6 838	6 549
France	–[3]	6 257	2 016	1 954
Sweden[4]	4 133	4 038	1 020	1 007
Germany	–[3]	–[3]	–[3]	1 854
Netherlands	–[3]	–[3]	–[3]	1 788
All other countries[5]	39 729	30 449	9 762	4 350
Total countries	**64 057**	**61 340**	**19 636**	**17 502**
Non-current assets not listed by country[2]	–	–	1 701	1 559
Total non-current assets	**–**	**–**	**21 337**	**19 061**

1 Based on the location of sales offices and corresponds in all material aspects to the geographical location of the customers.
2 Financial instruments, deferred tax assets and post-employment benefit assets are not specified by country. These are instead reported on the line Non-current assets not listed by country.
3 Not disclosed as amount is less than 10 percent of sales or non-current assets.
4 Disclosed as Sweden is the company's country of domicile.
5 Including elimination of intra-group sales.

Note 10. Allocation of revenue

Sales

The Group's revenue is generated mainly from various types of security services. There is also, to a limited extent, revenue from the sale of alarm products and cash handling services. The breakdown of sales by segment is provided in note 9.

Other operating income

Other operating income 2011 mainly comprises dividend of MSEK 29.3 from the Group's divested joint venture Securitas Direct S.A. in Switzerland and a capital gain from the divestiture of this company of MSEK 20.3. It also comprises trade mark fees from Securitas Direct AB of MSEK 10.1 and other items MSEK 14.6. Other operating income 2010 and 2009 consists in its entirety of trade mark fees from Securitas Direct AB.

Financial income

Interest income is accounted for in the statement of income in the period to which it is attributable. Financial income and expenses are specified in note 14.

Note 11. Operating expenses

STATEMENT OF INCOME CLASSIFIED ACCORDING TO TYPE OF COST IN SUMMARY

MSEK	2011	2010	2009
Total sales	**64 057.1**	**61 339.8**	**62 666.7**
Other operating income	74.3	12.7	11.3
Salaries (note 12)	-42 368.2	-40 568.1	-41 435.0
Social benefits (note 12)	-9 550.5	-9 200.2	-9 283.2
Depreciation and amortization (notes 13, 18, 19, 20)	-1 120.2	-1 065.0	-1 065.8
Bad debt losses (note 25)	-105.1	-54.2	-141.2
Other operating expenses	-8 014.4	-6 994.7	-7 140.5
Total operating expenses	**-61 158.4**	**-57 882.2**	**-59 065.7**
Operating income	**2 973.0**	**3 470.3**	**3 612.3**

EXCHANGE RATE DIFFERENCES, NET[1]

MSEK	2011	2010	2009
Exchange rate differences included in operating income amounted to:	-3.1	3.9	-3.6

1 Exchange rate differences included in net financial items are stated in note 14.

CASH FLOW IMPACT FROM ITEMS AFFECTING COMPARABILITY

MSEK	2011	2010	2009
Cash flow impact from items affecting comparability[1]	-23.7	-62.5	-12.0

1 For the 2011 cash flow MSEK -4.5 relates to premises in Germany, MSEK -17.5 to overtime compensation in Spain and MSEK -1.7 to other items affecting comparability. For the 2010 cash flow MSEK -53.9 relates to the settlement with the trustee of the Heros bankruptcy estate and MSEK -8.6 to premises in Germany. For the 2009 cash flow MSEK -9.3 relates to premises in Germany and MSEK -2.7 to other items affecting comparability.

ACQUISITION RELATED COSTS

MSEK	2011	2010	2009
Restructuring and integration costs	-135.3	-48.3	-5.9
Transaction costs[1]	-65.1[2]	-41.3	–
Revaluation of deferred considerations[3]	6.9	–	–
Total acquisition related costs	**-193.5**	**-89.6**	**-5.9**

1 Expensed from 2010 in accordance with IFRS 3 (revised).
2 Transaction costs for the major acquisitions are specified per acquisition in note 16.
3 Refers to contingent considerations and acquisition related option liabilities from 2010 in accordance with IFRS 3 (revised).

ACQUISITION RELATED COSTS ALLOCATED PER FUNCTION[1]

MSEK	2011	2010	2009
Production expenses	-48.1	-21.0	-1.2
Selling and administrative expenses	-145.4[2]	-68.6[2]	-4.7
Total acquisition related costs allocated per function	**-193.5**	**-89.6**	**-5.9**

1 Illustrates how acquisition related costs would have been classified per function in the statement of income if the items had not been disclosed separately on the face of the statement of income.
2 All transaction costs would have been classified as selling and administrative expenses in the statement of income if they had not been disclosed separately on the face of the statement of income.

ACQUISITION RELATED COSTS ALLOCATED PER SEGMENT

MSEK	2011	2010	2009
Security Services North America	-14.0	-16.1	–
Security Services Europe	-130.7	-47.9	0.1
Mobile and Monitoring	-25.1	-5.7	–
Security Services Ibero-America	-19.9	-9.2	-5.2
Other	-3.8	-10.7	-0.8
Total acquisition related costs allocated per segment	**-193.5**	**-89.6**	**-5.9**

CASH FLOW IMPACT FROM ACQUISITION RELATED COSTS

MSEK	2011	2010	2009
Acquisition related costs according to the statement of income	-193.5	-89.6	-5.9
Cash flow	-180.0	-65.3	-34.1
Adjustment for effect on cash flow from acquisition related costs	**13.5**	**24.3**	**-28.2**

AUDIT FEES AND REIMBURSEMENTS

MSEK	2011	2010	2009
PwC			
– audit assignments	29.8	27.2	25.6
– additional audit assignments	1.1	2.8	2.8
– tax assignments	14.6	17.1	19.4
– other assignments[1]	16.3[2]	15.0[2]	4.5[2]
Total PwC	**61.8**	**62.1**	**52.3**
Other auditors			
– audit assignments	2.6	1.3	1.1
Total	**64.4**	**63.4**	**53.4**

1 Fees for other assignments performed by PwC include fees for audit related advisory services relating to accounting including IFRS, IT, acquisitions, divestments and matters relating to the Group's internal bank.
2 In addition MSEK 0.0 (0.0 and 1.5) in other assignments to PwC has been capitalized, making the total MSEK 16.3 (15.0 and 6.0) on page 43.

Operating leasing contracts and rental contracts

Fees expensed during the year for operating leases for buildings, vehicles and machinery and equipment amounted to MSEK 732.7 (757.9 and 819.4). The nominal value of contractual future minimum lease payments are distributed as follows:

MSEK	2011	2010	2009
Maturity < 1 year	674.0	677.1	652.6
Maturity 1–5 years	1 358.3	1 577.2	1 465.4
Maturity > 5 years	369.6	413.4	604.3

Note 12. Personnel

AVERAGE NUMBER OF YEARLY EMPLOYEES: DISTRIBUTION BETWEEN WOMEN AND MEN[1]

	Women			Men			Total		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Europe	23 366	22 283	22 112	108 470	91 446	86 759	131 836	113 729	108 871
North America	23 889	22 703	22 631	74 470	70 523	70 115	98 359	93 226	92 746
Latin America	2 711	2 084	1 711	29 316	21 866	18 875	32 027	23 950	20 586
Rest of world	1 248	611	121	8 955	5 197	1 330	10 203	5 808	1 451
Total	**51 214**	**47 681**	**46 575**	**221 211**	**189 032**	**177 079**	**272 425**	**236 713**	**223 654**

1 Average number of yearly employees exclude employees in associated companies.
A complete specification of the average number of yearly employees by country is provided in the Annual Report submitted to the Swedish Companies Registration Office.

In 2011, the number of Board members and Presidents was 132 (123, 113), of whom 8 (7, 7) were women.

STAFF COSTS FOR BOARDS OF DIRECTORS AND PRESIDENTS

	2011			2010			2009			Of which bonuses		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2011	2010	2009
Europe	144.0	44.5	(14.1)	184.7	57.0	(14.3)	175.7	54.2	(15.3)	18.0	52.0	52.7
North America	54.5	18.3	(10.1)	62.3	21.3	(11.0)	63.9	20.6	(11.4)	7.6	12.3	14.2
Latin America	10.9	1.1	(0.1)	7.9	0.9	(0.0)	7.4	0.8	(0.0)	2.6	0.4	1.2
Rest of world	13.6	1.8	(0.6)	8.2	0.1	(0.1)	4.6	1.6	(0.1)	0.0	0.0	0.3
Total	**223.0**	**65.7**	**(24.9)**	**263.1**	**79.3**	**(25.4)**	**251.6**	**77.2**	**(26.8)**	**28.2**	**64.7**	**68.4**

STAFF COSTS FOR OTHER EMPLOYEES

	2011			2010			2009		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Europe	23 483.8	6 276.7	(516.2)	21 858.4	6 103.2	(478.1)	22 735.9	6 238.2	(462.1)
North America	16 273.0	2 816.7	(12.4)	16 748.6	2 776.7	(41.3)	17 319.0	2 750.6	(15.4)
Latin America	1 947.2	362.1	(9.1)	1 415.4	227.8	(10.7)	1 055.4	200.0	(11.3)
Rest of world	441.2	29.3	(8.9)	282.6	13.2	(7.0)	73.1	17.2	(1.2)
Total	**42 145.2**	**9 484.8**	**(546.6)**	**40 305.0**	**9 120.9**	**(537.1)**	**41 183.4**	**9 206.0**	**(490.0)**

TOTAL STAFF COSTS: BOARDS OF DIRECTORS, PRESIDENTS AND OTHER EMPLOYEES

	2011			2010			2009		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Europe	23 627.8	6 321.2	(530.3)	22 043.1	6 160.2	(492.4)	22 911.6	6 292.4	(477.4)
North America	16 327.5	2 835.0	(22.5)	16 810.9	2 798.0	(52.3)	17 382.9	2 771.2	(26.8)
Latin America	1 958.1	363.2	(9.2)	1 423.3	228.7	(10.7)	1 062.8	200.8	(11.3)
Rest of world	454.8	31.1	(9.5)	290.8	13.3	(7.1)	77.7	18.8	(1.3)
Total	**42 368.2**	**9 550.5**	**(571.5)**	**40 568.1**	**9 200.2**	**(562.5)**	**41 435.0**	**9 283.2**	**(516.8)**

Further information regarding the Group's pensions and other long-term employee benefits is provided in note 31.

Securitas share based incentive scheme

Securitas' Annual General Meeting May 4, 2011 resolved on a share and cash bonus scheme, a similar incentive scheme that the Annual General Meeting 2010 resolved on. The participants in the scheme have a former variable remuneration based on performance. Two thirds of the variable remuneration/bonus will, according to the incentive scheme, be settled in cash the year after the performance year, while shares will be purchased for the remaining one third. The bonus criteria is based on individual performance and/or the performance for the part of the Group that the individual is responsible for. For Securitas there are no other material costs than the allotted bonus and related social benefits.

The share purchase in Securitas will be handled by trading on the NASDAQ OMX Stockholm exchange through a swap agreement. Shares are purchased corresponding to one third of the total achieved bonus amount. The purchased shares will be allotted to the participants approximately one year after purchase, given that they are still employed by the Group. Securitas will not issue any new shares or similar due to this incentive scheme. The purpose is to replace cash bonus with shares in Securitas AB and thus increase the employees' ownership in Securitas.

The incentive scheme includes 769 participants (1 049) that are entitled to receive the share part according to the scheme. The total sharebased remuneration for these participants amount to MSEK 53.7 (70.3) for 2011, and is accounted for as a share based remuneration in equity. In March 2012, shares in Securitas AB have been purchased corresponding to the value of the total sharebased remuneration. The shares have been purchased through a swap agreement, based on the current market price at the time. The number of shares that have been purchased amount to a total of 809 768 (910 837) and will be allotted to the participants during the first quarter 2013, given that they are still employed by the Group.

COSTS FOR SHARE BASED INCENTIVE SCHEME:
PRESIDENTS AND OTHER EMPLOYEES

MSEK	2011	2010
Bonus costs for incentive schemes	53.7	70.3
Social benefits for incentive schemes	10.1	17.5
Total	**63.8**	**87.8**

Note 13. Depreciation and amortization

MSEK	2011	2010	2009
Software licenses	58.6	63.8	55.8
Other intangible assets	26.5	20.3	20.5
Buildings	14.1	18.9	21.0
Machinery and equipment	802.8	797.7	830.2
Total depreciation and amortization	**902.0**	**900.7**	**927.5**

DEPRECIATION AND AMORTIZATION FOR THE YEAR IS DISTRIBUTED IN THE STATEMENT OF INCOME AS BELOW:

MSEK	2011	2010	2009
Depreciation of tangible non-current assets			
Production expenses	582.8	563.2	596.0
Selling and administrative expenses	234.1	253.4	255.2
Total depreciation of tangible non-current assets	**816.9**	**816.6**	**851.2**
Amortization of intangible assets			
Production expenses	41.6	34.2	27.2
Selling and administrative expenses	43.5	49.9	49.1
Total amortization of intangible assets	**85.1**	**84.1**	**76.3**
Total depreciation and amortization	**902.0**	**900.7**	**927.5**

Note 14. Net financial items

MSEK	2011	2010	2009
Interest income from financial assets at fair value through profit or loss	66.9	9.2	9.9
Interest income from loans and receivables	43.3	29.0	57.0
Interest income from derivatives designated for hedging	–	–	0.9
Total interest income	**110.2**	**38.2**	**67.8**
Revaluation of financial instruments	3.3	–	0.1
Other financial income	3.1	3.6	5.5
Exchange rate differences, net[1]	–	–	2.4
Total financial income	**116.6**	**41.8**	**75.8**
Interest expenses from financial liabilities at fair value through profit or loss	-29.0	-15.9	-14.3
Interest expenses from financial liabilities designated as hedged item in a fair value hedge	-131.6	-138.8	-261.5
Interest expenses from derivatives designated for hedging	-7.1	-63.3	-116.9
Interest expenses from other financial liabilities	-406.0	-292.3	-239.3
Total interest expenses	**-573.7**	**-510.3**	**-632.0**
Revaluation of financial instruments	-0.2	-4.5	-0.5
Other financial expenses	-32.8	-25.7	-33.1
Exchange rate differences, net[1]	-2.9	-3.6	–
Total financial expenses	**-609.6**	**-544.1**	**-665.6**
Net financial items	**-493.0**	**-502.3**	**-589.8**
Of which revaluations estimated with the use of valuation methods	3.1	-4.5	-0.4

1 Exchange rate differences included in operating income are reported in note 11.

Note 15. Taxes

Statement of income

TAX EXPENSE

MSEK	2011	%	2010	%	2009	%
Tax on income before taxes						
– current taxes	-680.1	*-27.4*	-735.7	*-24.8*	-715.4	*-23.7*
– deferred taxes	-61.3	*-2.5*	-151.5	*-5.1*	-189.1	*-6.2*
Total tax expense	**-741.4**	***-29.9***	**-887.2**	***-29.9***	**-904.5**	***-29.9***

The Swedish corporate tax rate was 26.3 percent.

The 2011 tax rate amounted to 29.9 percent.

The 2010 tax rate amounted to 29.9 percent.

The 2009 tax rate amounted to 29.9 percent. The Spanish tax authorities have, in a tax resolution in June 2009, challenged certain interest expense deductions made by the Group in Spain. To avoid future challenges, the Group has adjusted the capitalization in Securitas Spain. Because of this, the tax rate was increased in the full year 2009 by 0.6 percentage points. For further information refer to note 37.

Deferred taxes for the year include the change in deferred tax assets and deferred tax liabilities, translation differences and deferred taxes related to items accounted for in equity.

DIFFERENCE BETWEEN STATUTORY SWEDISH TAX RATE AND ACTUAL TAX EXPENSE FOR THE GROUP

MSEK	2011	%	2010	%	2009	%
Income before taxes according to the statement of income	**2480**		**2968**		**3022**	
Tax based on Swedish tax rate	-652	*-26.3*	-781	*-26.3*	-795	*-26.3*
Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries	-102	*-4.1*	-95	*-3.2*	-72	*-2.4*
Tax related to previous years	24	*1.0*	-6	*-0.2*	-3	*-0.1*
Valuation of previously unvalued tax losses	–	–	–	–	11	*0.4*
Revaluation of deferred tax following a change in tax rate	4	*0.1*	0	*0.0*	-1	*0.0*
Other non-deductible items	-23	*-0.9*	-15	*-0.5*	-49	*-1.6*
Other tax exempt items	8	*0.3*	10	*0.3*	5	*0.1*
Actual tax expense	**-741**	***-29.9***	**-887**	***-29.9***	**-904**	***-29.9***

Provisions have been made for taxes from anticipated dividends coming from the subsidiaries to the Parent Company next year. Tax expense that may arise from dividends out of the remaining distributable earnings have not been provided for. If distributed the tax expense arising would amount to MSEK 11.

Other comprehensive income

TAX EFFECTS ON OTHER COMPREHENSIVE INCOME

MSEK	2011	2010	2009
Deferred tax on actuarial gains and losses	136.3	48.8	-7.2
Deferred tax on cash flow hedges	-1.2	-18.9	-20.3
Deferred tax on net investment hedges	-12.9	-128.8	-91.0
Deferred tax on other comprehensive income	**122.2**	**-98.9**	**-118.5**

Balance sheet

CURRENT TAX ASSETS/LIABILITIES

MSEK	2011	2010	2009
Current tax assets	305.4	255.2	304.5
Current tax liabilities	253.4	285.5	338.0
Current tax assets / liabilities, net	**52.0**	**-30.3**	**-33.5**

DEFERRED TAX ASSETS WERE ATTRIBUTABLE TO:

MSEK	2011	2010	2009
Pension provisions and employee-related liabilities	774.8	620.3	641.1
Liability insurance-related claims reserves	3.2	4.9	37.8
Tax loss carryforwards	486.4	455.5	603.3
Tax-deductible goodwill	151.2	129.6	176.0
Machinery and equipment	93.1	90.8	88.9
Other temporary differences	159.1	165.9	157.4
Total deferred tax assets	**1 667.8**	**1 467.0**	**1 704.5**
Whereof deferred tax assets expected to be used within twelve months	*539.1*	*474.3*	*486.4*
Net accounting[1]	-156.7	-113.6	-117.6
Total deferred tax assets according to balance sheet	**1 511.1**	**1 353.4**	**1 586.9**

1 Deferred tax assets and liabilities are reported in the balance sheet partly on a net basis after considering the set-off possibilities.

DEFERRED TAX ASSETS CHANGE ANALYSIS

MSEK	2011	2010	2009
Opening balance deferred tax assets	**1 467.0**	**1 704.5**	**2 075.3**
Change due to:			
Deferred tax recognized in the statement of income	16.5	-204.1	-265.5
Changed tax rate	1.8	-0.9	-0.7
Acquisitions	51.6	7.3	1.9
Recognized in other comprehensive income	136.3	48.8	-12.9
Translation differences	-5.4	-88.6	-93.6
Closing balance deferred tax assets	**1 667.8**	**1 467.0**	**1 704.5**
Change during year	**200.8**	**-237.5**	**-370.8**

DEFERRED TAX ASSETS CHANGE ANALYSIS PER CATEGORY IN 2011

MSEK	Opening balance	Deferred tax recognized in the income statement	Changed tax rate	Acquisitions	Recognized in other comprehensive income	Translation differences	Closing balance
Pension provisions and employee-related liabilities	620.3	12.3	3.3	4.9	136.3	-2.3	774.8
Liability insurance-related claims reserves	4.9	-1.7	0.0	0.2	–	-0.2	3.2
Tax loss carryforwards	455.5	21.9	-0.3	11.9	–	-2.6	486.4
Tax-deductible goodwill	129.6	6.9	0.0	22.9	–	-8.2	151.2
Machinery and equipment	90.8	-6.0	-1.5	9.9	–	-0.1	93.1
Other temporary differences	165.9	-16.9	0.3	1.8	–	8.0	159.1
Total deferred tax assets	**1 467.0**						**1 667.8**
Change during year		**16.5**	**1.8**	**51.6**	**136.3**	**-5.4**	**200.8**

DEFERRED TAX LIABILITIES WERE ATTRIBUTABLE TO:

MSEK	2011	2010	2009
Pension provisions and employee-related liabilities	41.0	8.0	8.6
Acquisition related intangible assets	419.1	258.8	235.4
Machinery and equipment	29.1	25.7	28.0
Other temporary differences	336.9	253.2	125.1
Total deferred tax liabilities	**826.1**	**545.7**	**397.1**
Whereof deferred tax liabilities expected to be used within twelve months	*157.1*	*162.5*	*140.2*
Net accounting[1]	-156.7	-113.6	-117.6
Total deferred tax liabilities according to balance sheet	**669.4**	**432.1**	**279.5**
Deferred tax assets / liabilities, net	**841.7**	**921.3**	**1 307.4**

1 Deferred tax assets and liabilities are reported in the balance sheet partly on a net basis after considering the set-off possibilities.

DEFERRED TAX LIABILITIES CHANGE ANALYSIS

MSEK	2011	2010	2009
Opening balance deferred tax liabilities	**545.7**	**397.1**	**320.3**
Change due to:			
Deferred tax recognized in the statement of income	94.4	110.1	19.2
Changed tax rate	0.0	-0.2	0.0
Acquisitions	191.0	85.5	57.5
Divestitures	-6.3	–	–
Translation differences	1.3	-46.8	0.1
Closing balance deferred tax liabilities	**826.1**	**545.7**	**397.1**
Change during year	**280.4**	**148.6**	**76.8**

DEFERRED TAX LIABILITIES CHANGE ANALYSIS PER CATEGORY IN 2011

MSEK	Opening balance	Deferred tax recognized in the income statement	Changed tax rate	Acquisitions	Divestitures	Translation differences	Closing balance
Pension provisions and employee-related liabilities	8.0	36.3	–	–	–	-3.3	41.0
Acquisition related intangible assets	258.8	8.0	-0.2	156.0	–	-3.5	419.1
Machinery and equipment	25.7	1.9	0.1	0.4	–	1.0	29.1
Other temporary differences	253.2	48.2	0.1	34.6	-6.3	7.1	336.9
Total deferred tax liabilities	**545.7**						**826.1**
Change during year		**94.4**	**0.0**	**191.0**	**-6.3**	**1.3**	**280.4**

Changes in deferred taxes between 2010 and 2011 are mainly explained by pension provisions and acquisition related intangible assets. Changes in deferred taxes between 2009 and 2010 are mainly explained by use of losses in Sweden. There are no unrecognized temporary differences related to subsidiaries or associated companies. Provisions for taxes are reported in note 32.

Tax loss carryforwards

On December 31, 2011 subsidiaries in primarily Sweden and Germany had tax loss carryforwards of MSEK 2 350 (2 179 and 2 852). These tax loss carryforwards expire as follows:

TAX LOSS CARRYFORWARDS

2012	2
2013	–
2014	12
2015–	205
Unlimited duration	2 131
Total tax loss carryforwards	**2 350**

Deferred tax assets related to tax losses are accounted for when it is probable that they can be utilized by future profits. As of December 31, 2011, tax loss carryforwards for which deferred tax assets had been recognized amounted to MSEK 1 738 (1 617 and 2 198) and deferred tax assets related to the tax losses amounted to MSEK 486 (455 and 603). Tax losses can be used to reduce future taxable income. Their future utilization does not mean a lower total tax expense for the Group.

Note 16. Acquisitions and divestitures of subsidiaries and joint ventures and impairment testing

Acquisitions and divestitures of subsidiaries and joint ventures

Acquisition calculations are subject to final adjustment up to one year after the date of acquisition.

MSEK	Purchase price paid	Acquired net debt	Enterprise value	Goodwill[2]	Acquisition related intangible assets	Operating capital employed	Total capital employed	Income statement	Total
Interseco, the Netherlands[3]	-24.1	4.5	-19.6	36.2	10.3	-23.9	22.6	-3.0	19.6
Adria Ipon Security, Bosnia and Herzegovina[3]	-12.2	-1.9	-14.1	9.0	7.5	-2.4	14.1	–	14.1
Seguridad y Turismo Segutouring, Ecuador[3]	-9.9	2.1	-7.8	4.4	10.0	-6.6	7.8	–	7.8
Chubb Security Personnel, the United Kingdom	-322.1	–	-322.1	196.4	89.4	36.3	322.1	–	322.1
Seguricorp, Chile	-139.2	-0.9	-140.1	69.2	57.0	13.9	140.1	–	140.1
Consultora Videco, Argentina[3]	-135.4	1.7	-133.7	250.7	115.2	-232.2	133.7	–	133.7
Security Consultants Group, the USA	-142.4	-49.5	-191.9	138.3	18.5	35.1	191.9	–	191.9
Assistance Sécurité Gardiennage, France[3]	-20.3	–	-20.3	–	24.5	-4.2	20.3	–	20.3
Al Sharika Al Muatfawika Likhadamat Al Amin Wa Al Himaya, Jordan	-11.1	0.0	-11.1	4.7	7.1	-0.7	11.1	–	11.1
Zvonimir Security, Croatia[3]	-36.7	-11.7	-48.4	41.0	14.4	-7.0	48.4	–	48.4
Sensormatic Guvenlik Group, Turkey[3]	-77.5	-46.0	-123.5	189.3	63.6	-129.4	123.5	–	123.5
Chubb Guarding Services, Singapore	-40.3	6.8	-33.5	15.9	15.8	1.8	33.5	–	33.5
Sistem FTO, Serbia	-29.7	-4.0	-33.7	52.5	7.1	-25.9	33.7	–	33.7
Orbis Security Solutions, South Africa[3]	-34.0	2.6	-31.4	24.9	20.4	-13.9	31.4	–	31.4
Cobelguard, Belgium	-357.0	2.0	-355.0	199.0	103.0	53.0	355.0	–	355.0
Securitas Direct AG, Switzerland (divestiture)	92.3	-19.4	72.9	-10.1	–	-13.2	-23.3	-49.6	-72.9
Ave Lat Sargs, Latvia[3]	-14.8	6.0	-8.8	12.4	6.6	-10.2	8.8	–	8.8
Europinter & ECSAS Gardiennage, France	-18.9	4.7	-14.2	8.9	8.2	-2.9	14.2	–	14.2
Fuego Red, Argentina[3]	-13.8	0.3	-13.5	28.8	3.2	-18.5	13.5	–	13.5
CSS Internacional, Costa Rica[3]	-43.7	-0.3	-44.0	45.0	12.5	-13.5	44.0	–	44.0
Other acquisitions and adjustments[1, 3]	-211.7	3.6	-208.1	93.8	111.1	10.0	214.9	-6.8	208.1
Total acquisitions and divestitures	**-1 602.5**	**-99.4**	**-1 701.9**	**1 410.3**	**705.4**	**-354.4**	**1 761.3**	**-59.4**	**1 701.9**
Liquid funds according to acquisition and divestiture analyses	94.9								
Total effect on Group's liquid funds	**-1 507.6**								

1 Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: Security Professionals and Security Management, Moore, Akal, National Security Protective Services, Hamilton, Paragon, Navicus, Omniwatch and Northern Investigative Associates, the USA, Atlantis Securité, Canada, Guardias Blancas, Mexico, Seccredo, Creab (contract portfolio), Pro Security (contract portfolio) and QSS (contract portfolio), Sweden, Stjernevagt (contract portfolio) and CDSS ApS, Denmark, APSP (contract portfolio), APSG, Apri Bering (contract portfolio), Pole Protection Provence (contract portfolio), SPR Sécurité (contract portfolio), Agence Privé 3I Sécurité (contract portfolio), VIF, Metod Localisation, Azur Security and Eryma (contract portfolio), France, Reliance Security Services and Nikaro, UK, WOP Protect, Switzerland, GPDS (contract portfolio), EMC (contract portfolio), Automatic Alarm and Optimit, Belgium, Nordserwis.pl and Purzeczko, Poland, Agency of Security Fenix, Czech Republic, Cobra, Romania, Guardian Security, Montenegro, Alarm West Group, Bosnia and Herzegovina, Securityring, Greece, GMCE Gardiennage and CMDT, Morocco, Socovig, Colombia, Forza and Ubiq, Peru, Pedro Valdivia Seguridad and Protec Austral, Chile, European Safety Concepts and ESC and SSA Guarding Company, Thailand, Guardforce, Hong Kong, Legend Group, Singapore, Claw Protection Services and Piranha Security, South Africa. Related also to deferred considerations paid in the USA, Sweden, France, Switzerland, Belgium, Poland, Bosnia and Herzegovina, Turkey, Morocco, Argentina, Colombia, Peru, Chile, Hong Kong, Singapore and South Africa.

2 Goodwill that is expected to be tax deductible amounts to MSEK 573.4.

3 Deferred considerations have been recognized mainly based on an assessment of the future profitability development in the acquired entities for an agreed period. The net of new deferred considerations and payments made from previously recognized deferred considerations was MSEK 327.4. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 606.1.

Acquisitions and divestitures

Interseco, the Netherlands

Securitas has acquired all shares in the security consulting company Interseco in the Netherlands. Interseco has approximately 50 employees and focuses on advising and assisting their customers to detect and gain control of crime risks. The company had at the time of acquisition projected annual sales of approximately MSEK 59. Goodwill, which amounts to MSEK 36.2, is mainly related to operational expansion and human capital.

ACQUISITION OF THE BUSINESS IN INTERSECO
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JANUARY 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	1.5
Accounts receivable	5.8
Other assets	7.1
Other liabilities	-38.3
Total operating capital employed	**-23.9**
Goodwill from the acquisition	36.2
Acquisition related intangible assets	10.3
Total capital employed	**22.6**
Net debt	4.5
Total acquired net assets[1]	**27.1**
Purchase price paid[1]	-24.1
Liquid funds in accordance with acquisition analysis	4.5
Total impact on the Group's liquid funds	**-19.6**

1 Purchase price paid differs to total acquired net assets due to revaluation of deferred consideration of MSEK -3.0.
All the shares in Interseco were acquired.
The acquisition has contributed to total sales with MSEK 59.2 and to net income for the year with MSEK 1.7.
Accounts receivable includes items not expected to be collected amounting to MSEK 0.1.
Transaction costs amounts to MSEK 1.2.
Deferred consideration amounts to MSEK 13.0 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is Securitas' best estimate of the final outcome. Thus, no estimate of the range of outcomes has been calculated. Deferred consideration is linked to the future development of profitability in the acquired company and the final outcome of the payment may consequently exceed the estimated amount.

Adria Ipon Security, Bosnia and Herzegovina

Securitas has acquired 85 percent of the shares in the security services company Adria Ipon Security in Bosnia and Herzegovina. The agreement includes an option of acquiring the remaining 15 percent. Adria Ipon Security has approximately 200 employees. The company had at the time of acquisition projected annual sales of approximately MSEK 16. Goodwill, which amounts to MSEK 9.0, is mainly related to geographical coverage.

ACQUISITION OF THE BUSINESS IN ADRIA IPON SECURITY
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JANUARY 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	3.9
Accounts receivable	0.8
Other assets	0.2
Other liabilities	-7.3
Total operating capital employed	**-2.4**
Goodwill from the acquisition	9.0
Acquisition related intangible assets	7.5
Total capital employed	**14.1**
Net debt	-1.9
Total acquired net assets	**12.2**
Purchase price paid	-12.2
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**-12.2**

85 percent of the shares in Adria Ipon Security were acquired. No non-controlling interests have been accounted for since Securitas has an option to buy the remaining shares and the seller has an option to sell the remaining shares. Consequently, 100 percent of the company is consolidated.
The acquisition has contributed to total sales with MSEK 16.5 and to net income for the year with MSEK 1.3.
Accounts receivable includes items not expected to be collected amounting to MSEK 0.1.
Transaction costs amounts to MSEK 0.8.
Deferred consideration amounts to MSEK 4.6 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is the maximum amount of the final outcome of the payment.

Seguridad y Turismo Segutouring, Ecuador

Securitas has acquired all shares in the security services company Seguridad y Turismo Segutouring in Ecuador. The company has approximately 900 employees and is mainly operating in guarding services. The company had at the time of acquisition projected annual sales of approximately MSEK 39. Goodwill, which amounts to MSEK 4.4, is mainly related to geographical expansion.

ACQUISITION OF THE BUSINESS IN SEGURIDAD Y TURISMO SEGUTOURING
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE FEBRUARY 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	0.7
Accounts receivable	5.7
Other assets	6.0
Other liabilities	-19.0
Total operating capital employed	**-6.6**
Goodwill from the acquisition	4.4
Acquisition related intangible assets	10.0
Total capital employed	**7.8**
Net debt	2.1
Total acquired net assets	**9.9**
Purchase price paid	-9.9
Liquid funds in accordance with acquisition analysis	2.4
Total impact on the Group's liquid funds	**-7.5**

All the shares in Seguridad y Turismo Segutouring were acquired.
The acquisition has contributed to total sales with MSEK 37.3 and to net income for the year with MSEK 2.6. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 40.7 and to net income for the year with MSEK 2.9.
Accounts receivable includes items not expected to be collected amounting to MSEK 0.6.
Transaction costs amounts to MSEK 0.8.
Deferred consideration amounts to MSEK 1.9 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is the maximum amount of the final outcome of the payment.
Goodwill that is expected to be tax deductible amounts to MSEK 4.4.

Chubb Security Personnel, the United Kingdom

Securitas has acquired all shares in the security services company Chubb Security Personnel in the United Kingdom. With 5 000 employees, Chubb Security Personnel is a leading manned guarding security services provider in the United Kingdom. The company has a well diversified contract portfolio with a stable customer portfolio within guarding. The acquisition has been approved by the United Kingdom Office of Fair Trading. The company had at the time of acquisition projected annual sales of approximately MSEK 1 192. Goodwill, which amounts to MSEK 196.4, is mainly related to geographical coverage and synergies.

ACQUISITION OF THE BUSINESS IN CHUBB SECURITY PERSONNEL

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE APRIL 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	1.8
Accounts receivable	152.1
Other assets	91.2
Other liabilities	-208.8
Total operating capital employed	**36.3**
Goodwill from the acquisition	196.4
Acquisition related intangible assets	89.4
Total capital employed	**322.1**
Net debt	–
Total acquired net assets	**322.1**
Purchase price paid	-322.1
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**-322.1**

All the shares in Chubb Security Personnel were acquired.
The acquisition has contributed to total sales with MSEK 909.2 and to net income for the year with MSEK 11.6. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 1 212.3 and to net income for the year with MSEK 15.5.
Accounts receivable includes items not expected to be collected amounting to MSEK 0.5.
Transaction costs amounts to MSEK 10.9.

Seguricorp, Chile

Securitas has acquired all shares in the security services company Seguricorp in Chile. The company has approximately 3 750 employees and has nationwide coverage in guarding services. The company has a strong position in the customer segment mining industry. With this acquisition, Securitas will be the market leader in security services in Chile. The company had at the time of acquisition projected annual sales of approximately MSEK 297. Goodwill, which amounts to MSEK 69.2, is mainly related to geographical coverage and synergies.

ACQUISITION OF THE BUSINESS IN SEGURICORP

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE APRIL 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	1.6
Accounts receivable	33.1
Other assets	23.8
Other liabilities	-44.6
Total operating capital employed	**13.9**
Goodwill from the acquisition	69.2
Acquisition related intangible assets	57.0
Total capital employed	**140.1**
Net debt	-0.9
Total acquired net assets	**139.2**
Purchase price paid	-139.2
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**-139.2**

All the shares in Seguricorp were acquired.
The acquisition has contributed to total sales with MSEK 221.5 and to net income for the year with MSEK 6.5. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 293.3 and to net income for the year with MSEK -1.7.
Accounts receivable includes items not expected to be collected amounting to MSEK 1.0.
Transaction costs amounts to MSEK 2.4.
Goodwill that is expected to be tax deductible amounts to MSEK 69.2.

Consultora Videco, Argentina

Securitas has acquired all shares in the security services company Consultora Videco in Argentina. The company has approximately 2 240 employees and is operating in the area of Buenos Aires. The company had at the time of acquisition projected annual sales of approximately MSEK 320. Goodwill, which amounts to MSEK 250.7, is mainly related to geographical coverage and synergies.

ACQUISITION OF THE BUSINESS IN CONSULTORA VIDECO

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE APRIL 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	1.4
Accounts receivable	38.4
Other assets	1.6
Other liabilities	-273.6
Total operating capital employed	**-232.2**
Goodwill from the acquisition	250.7
Acquisition related intangible assets	115.2
Total capital employed	**133.7**
Net debt	1.7
Total acquired net assets	**135.4**
Purchase price paid	-135.4
Liquid funds in accordance with acquisition analysis	6.0
Total impact on the Group's liquid funds	**-129.4**

All the shares in Consultora Videco were acquired.
The acquisition has contributed to total sales with MSEK 268.7 and to net income for the year with MSEK 27.6. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 320.9 and to net income for the year with MSEK 31.2.
Transaction costs amounts to MSEK 5.8.
Deferred consideration amounts to MSEK 198.5 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is Securitas' best estimate of the final outcome. Thus, no estimate of the range of outcomes has been calculated. Deferred consideration is linked to the future development of profitability in the acquired company and the final outcome of the payment may consequently exceed the estimated amount.
Goodwill that is expected to be tax deductible amounts to MSEK 238.2.

Security Consultants Group, the USA

Paragon Systems, a subsidiary of Pinkerton's Government Services within the Securitas Group, has acquired all shares in the security services company Security Consultants Group in the USA. With this acquisition, Securitas expands in the primary government security services market in the USA. The company has approximately 2 000 employees and specializes in providing high level, armed security officer services to various U.S. Government agencies and facilities. The company had at the time of acquisition projected annual sales of approximately MSEK 681. Goodwill, which amounts to MSEK 138.3, is mainly related to operational expansion and human capital.

ACQUISITION OF THE BUSINESS IN SECURITY CONSULTANTS GROUP
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE APRIL 15, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	2.5
Accounts receivable	93.6
Other assets	13.1
Other liabilities	-74.1
Total operating capital employed	**35.1**
Goodwill from the acquisition	138.3
Acquisition related intangible assets	18.5
Total capital employed	**191.9**
Net debt	-49.5
Total acquired net assets	**142.4**
Purchase price paid	-142.4
Liquid funds in accordance with acquisition analysis	14.2
Total impact on the Group's liquid funds	**-128.2**

All the shares in Security Consultants Group were acquired.
The acquisition has contributed to total sales with MSEK 492.5 and to net income for the year with MSEK 17.3. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 695.1 and to net income for the year with MSEK 24.8.
Transaction costs amounts to MSEK 4.1.

Assistance Sécurité Gardiennage, France

Securitas has acquired the commercial business contracts and assets of the security services company Assistance Sécurité Gardiennage (ASG) in France. ASG, a subsidiary of the French Group Assystem, has approximately 400 employees. The company is specialized in security services to the energy sector. The company had at the time of acquisition projected annual sales of approximately MSEK 128.

ACQUISITION OF THE BUSINESS IN ASSISTANCE SÉCURITÉ GARDIENNAGE
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JUNE 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	–
Accounts receivable	–
Other assets	0.7
Other liabilities	-4.9
Total operating capital employed	**-4.2**
Goodwill from the acquisition	–
Acquisition related intangible assets	24.5
Total capital employed	**20.3**
Net debt	–
Total acquired net assets	**20.3**
Purchase price paid	-20.3
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**-20.3**

The commercial business contracts and assets in Assistance Sécurité Gardiennage were acquired.
The acquisition has contributed to total sales with MSEK 71.1 and to net income for the year with MSEK -4.6. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 126.2 and to net income for the year with MSEK -7.8.
Transaction costs amounts to MSEK 2.7.
Deferred consideration amounts to MSEK 2.9 and is conditioned on the renewal of certain customer contracts. The recognized amount is the maximum amount of the final outcome of the payment.

Al Sharika Al Muatfawika Likhadamat Al Amin Wa Al Himaya, Jordan

Securitas has acquired 50 percent plus one of the shares in the security services company Al Sharika Al Muatfawika Likhadamat Al Amin Wa Al Himaya in Jordan. The company has approximately 800 employees, which makes it the second largest security services company in Jordan. The company had at the time of acquisition projected annual sales of approximately MSEK 28. Goodwill, which amounts to MSEK 4.7, is mainly related to geographical expansion.

ACQUISITION OF THE BUSINESS IN AL SHARIKA AL MUATFAWIKA LIKHADAMAT AL AMIN WA AL HIMAYA
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JUNE 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	1.2
Accounts receivable	1.8
Other assets	0.1
Other liabilities	-3.8
Total operating capital employed	**-0.7**
Goodwill from the acquisition	4.7
Acquisition related intangible assets	7.1
Total capital employed	**11.1**
Net debt	0.0
Total acquired net assets	**11.1**
Purchase price paid	-11.1
Liquid funds in accordance with acquisition analysis	2.0
Total impact on the Group's liquid funds	**-9.1**

50 percent plus one of the shares in Al Sharika Al Muatfawika Likhadamat Al Amin Wa Al Himaya were acquired. Non-controlling interests have been accounted for.
The acquisition has contributed to total sales with MSEK 17.7 and to net income for the year with MSEK 0.0. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 29.3 and to net income for the year with MSEK -0.1.
Transaction costs amounts to MSEK 0.7.

Zvonimir Security, Croatia

Securitas has acquired 85 percent of the shares in the security services company Zvonimir Security in Croatia. The agreement includes an option of acquiring the remaining 15 percent. Zvonimir Security is one of the leading security services companies in Croatia with approximately 1 000 employees. The company offers mainly guarding and mobile services and operates across Croatia. The company had at the time of acquisition projected annual sales of approximately MSEK 89. Goodwill, which amounts to MSEK 41.0, is mainly related to geographical expansion.

ACQUISITION OF THE BUSINESS IN ZVONIMIR SECURITY
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE AUGUST 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	1.7
Accounts receivable	18.0
Other assets	7.3
Other liabilities	-34.0
Total operating capital employed	**-7.0**
Goodwill from the acquisition	41.0
Acquisition related intangible assets	14.4
Total capital employed	**48.4**
Net debt	-11.7
Total acquired net assets	**36.7**
Purchase price paid	-36.7
Liquid funds in accordance with acquisition analysis	0.8
Total impact on the Group's liquid funds	**-35.9**

85 percent of the shares in Zvonimir Security were acquired. No non-controlling interests have been accounted for since Securitas has an option to buy the remaining shares and the seller has an option to sell the remaining shares. Consequently, 100 percent of the company is consolidated.
The acquisition has contributed to total sales with MSEK 38.4 and to net income for the year with MSEK 1.0. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 87.9 and to net income for the year with MSEK 0.1.
Transaction costs amounts to MSEK 0.6.
Deferred consideration amounts to MSEK 16.3 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is Securitas' best estimate of the final outcome. Thus, no estimate of the range of outcomes has been calculated. Deferred consideration is linked to the future development of profitability in the acquired company and the final outcome of the payment may consequently exceed the estimated amount.

Sensormatic Guvenlik Group, Turkey

Securitas has acquired 51 percent of the shares in Sensormatic Guvenlik Group in Turkey. The agreement includes an option of acquiring the remaining 49 percent. Sensormatic is one of the leading technical security services companies in Turkey. The company has approximately 180 employees. The company had at the time of acquisition projected annual sales of approximately MSEK 264. Goodwill, which amounts to MSEK 189.3, is mainly related to operational expansion.

ACQUISITION OF THE BUSINESS IN SENSORMATIC GUVENLIK GROUP
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE SEPTEMBER 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	2.6
Accounts receivable	41.8
Other assets	39.0
Other liabilities	-212.8
Total operating capital employed	**-129.4**
Goodwill from the acquisition	189.3
Acquisition related intangible assets	63.6
Total capital employed	**123.5**
Net debt	-46.0
Total acquired net assets	**77.5**
Purchase price paid	-77.5
Liquid funds in accordance with acquisition analysis	3.3
Total impact on the Group's liquid funds	**-74.2**

51 percent of the shares in Sensormatic Guvenlik Group were acquired. No non-controlling interests have been accounted for since Securitas has an option to buy the remaining shares and the seller has an option to sell the remaining shares. Consequently, 100 percent of the company is consolidated.
The acquisition has contributed to total sales with MSEK 96.1 and to net income for the year with MSEK 3.5. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 248.4 and to net income for the year with MSEK 10.5.
Accounts receivable includes items not expected to be collected amounting to MSEK 8.9.
Transaction costs amounts to MSEK 3.6.
Deferred consideration amounts to MSEK 120.5 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is Securitas' best estimate of the final outcome. Thus, no estimate of the range of outcomes has been calculated. Deferred consideration is linked to the future development of profitability in the acquired company and the final outcome of the payment may consequently exceed the estimated amount.
Goodwill that is expected to be tax deductible amounts to MSEK 189.3.

Chubb Guarding Services, Singapore

Securitas has acquired all shares in the security services company Chubb Guarding Services in Singapore. Chubb Guarding Services is one of the top five leading guarding companies in Singapore and has approximately 600 employees. The company had at the time of acquisition projected annual sales of approximately MSEK 67. Goodwill, which amounts to MSEK 15.9, is mainly related to geographical coverage and synergies.

ACQUISITION OF THE BUSINESS IN CHUBB GUARDING SERVICES
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE SEPTEMBER 28, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	–
Accounts receivable	7.3
Other assets	10.9
Other liabilities	-16.4
Total operating capital employed	**1.8**
Goodwill from the acquisition	15.9
Acquisition related intangible assets	15.8
Total capital employed	**33.5**
Net debt	6.8
Total acquired net assets	**40.3**
Purchase price paid	-40.3
Liquid funds in accordance with acquisition analysis	6.8
Total impact on the Group's liquid funds	**-33.5**

All the shares in Chubb Guarding Services were acquired.
The acquisition has contributed to total sales with MSEK 24.6 and to net income for the year with MSEK 0.8. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 65.7 and to net income for the year with MSEK 4.2.
Transaction costs amounts to MSEK 2.3.

Sistem FTO, Serbia

Securitas has acquired all shares in the security services company Sistem FTO in Serbia. Sistem FTO has approximately 3 200 employees. With this acquisition, Securitas becomes the market leader in security services in Serbia. The company had at the time of acquisition projected annual sales of approximately MSEK 126. Goodwill, which amounts to MSEK 52.5, is mainly related to geographical coverage and synergies.

ACQUISITION OF THE BUSINESS IN SISTEM FTO

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE SEPTEMBER 29, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	7.1
Accounts receivable	16.0
Other assets	6.7
Other liabilities	-55.7
Total operating capital employed	**-25.9**
Goodwill from the acquisition	52.5
Acquisition related intangible assets	7.1
Total capital employed	**33.7**
Net debt	-4.0
Total acquired net assets	**29.7**
Purchase price paid	-29.7
Liquid funds in accordance with acquisition analysis	0.3
Total impact on the Group's liquid funds	**-29.4**

All the shares in Sistem FTO were acquired.
The acquisition has contributed to total sales with MSEK 30.0 and to net income for the year with MSEK 0.9. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 121.8 and to net income for the year with MSEK 3.6.
Accounts receivable includes items not expected to be collected amounting to MSEK 7.8.
Transaction costs amounts to MSEK 1.6.

Orbis Security Solutions, South Africa

Securitas has acquired all shares in the security services company Orbis Security Solutions in South Africa. Orbis Security Solutions has approximately 1 500 employees. The company had at the time of acquisition projected annual sales of approximately MSEK 90. Goodwill, which amounts to MSEK 24.9, is mainly related to geographical coverage.

ACQUISITION OF THE BUSINESS IN ORBIS SECURITY SOLUTIONS

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE OCTOBER 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	1.7
Accounts receivable	1.7
Other assets	2.4
Other liabilities	-19.7
Total operating capital employed	**-13.9**
Goodwill from the acquisition	24.9
Acquisition related intangible assets	20.4
Total capital employed	**31.4**
Net debt	2.6
Total acquired net assets	**34.0**
Purchase price paid	-34.0
Liquid funds in accordance with acquisition analysis	2.6
Total impact on the Group's liquid funds	**-31.4**

All the shares in Orbis Security Solutions were acquired.
The acquisition has contributed to total sales with MSEK 23.3 and to net income for the year with MSEK 1.3. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 93.2 and to net income for the year with MSEK 4.1.
Accounts receivable includes items not expected to be collected amounting to MSEK 0.1.
Transaction costs amounts to MSEK 1.4.
Deferred consideration amounts to MSEK 2.6 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is the maximum amount of the final outcome of the payment.

Cobelguard, Belgium

Securitas has acquired all shares in the security services company Cobelguard in Belgium. Cobelguard has approximately 1 600 employees.The company had at the time of acquisition projected annual sales of approximately MSEK 625. Goodwill, which amounts to MSEK 199.0, is mainly related to geographical coverage and synergies.

ACQUISITION OF THE BUSINESS IN COBELGUARD

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE OCTOBER 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	44.9
Accounts receivable	122.5
Other assets	22.0
Other liabilities	-136.4
Total operating capital employed	**53.0**
Goodwill from the acquisition	199.0
Acquisition related intangible assets	103.0
Total capital employed	**355.0**
Net debt	2.0
Total acquired net assets	**357.0**
Purchase price paid	-357.0
Liquid funds in accordance with acquisition analysis	44.0
Total impact on the Group's liquid funds	**-313.0**

All the shares in Cobelguard were acquired.
The acquisition has contributed to total sales with MSEK 167.6 and to net income for the year with MSEK 1.1. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 631.5 and to net income for the year with MSEK -2.0.
Accounts receivable includes items not expected to be collected amounting to MSEK 0.3.
Transaction costs amounts to MSEK 7.9.

Securitas Direct AG, Switzerland (divestiture)

Securitas AB has sold its 50 percent of the shares in Securitas Direct AG, Switzerland. The sale resulted in a capital gain for Securitas of MSEK 20, and in addition an extraordinary dividend of MSEK 29 was received. The buyer of the shares is the Swiss security services company Securitas AG, who owns the other 50 percent of the shares in Securitas Direct AG.

DIVESTITURE OF THE BUSINESS IN SECURITAS DIRECT AG

SUMMARY BALANCE SHEET AS OF DIVESTITURE DATE OCTOBER 21, 2011

MSEK	Fair value divested balance
Operating non-current assets	14.1
Accounts receivable	5.5
Other assets	15.8
Other liabilities	-48.6
Total operating capital employed	**-13.2**
Goodwill	-10.1
Total capital employed	**-23.3**
Net debt	-19.4
Total divested net assets[1]	**-42.7**
Consideration received[1]	92.3
Liquid funds in accordance with divestiture analysis	-19.8
Total impact on the Group's liquid funds	**72.5**

1 Consideration received differs to total divested net assets due to capital gain of MSEK -20.2 and extraordinary dividend of MSEK -29.4.
Securitas AB has sold its 50 percent of the shares in Securitas Direct AG.
Refer to note 7 for total sales and operating income for the year.

Ave Lat Sargs, Latvia

Securitas has acquired 65 percent of the shares in the security services company Ave Lat Sargs in Latvia. There is an agreement to acquire the remaining 35 percent of the shares in 2014. Ave Lat Sargs is one of the largest security services companies in Latvia. The company has 280 employees. Ave Lat Sargs is mainly operating within guarding, technical security solutions and monitoring. The company had at the time of acquisition projected annual sales of approximately MSEK 40. Goodwill, which amounts to MSEK 12.4, is mainly related to geographical expansion.

ACQUISITION OF THE BUSINESS IN AVE LAT SARGS

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE NOVEMBER 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	0.8
Accounts receivable	4.3
Other assets	0.9
Other liabilities	-16.2
Total operating capital employed	**-10.2**
Goodwill from the acquisition	12.4
Acquisition related intangible assets	6.6
Total capital employed	**8.8**
Net debt	6.0
Total acquired net assets	**14.8**
Purchase price paid	-14.8
Liquid funds in accordance with acquisition analysis	6.0
Total impact on the Group's liquid funds	**-8.8**

65 percent of the shares in Ave Lat Sargs were acquired. No non-controlling interests have been accounted for since Securitas has an option to buy the remaining shares and the seller has an option to sell the remaining shares. Consequently, 100 percent of the company is consolidated.
The acquisition has contributed to total sales with MSEK 6.9 and to net income for the year with MSEK 0.2. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 40.3 and to net income for the year with MSEK 0.3.
Accounts receivable includes items not expected to be collected amounting to MSEK 0.8.
Transaction costs amounts to MSEK 0.5.
Deferred consideration amounts to MSEK 8.8 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is Securitas' best estimate of the final outcome. Thus, no estimate of the range of outcomes has been calculated. Deferred consideration is linked to the future development of profitability in the acquired company and the final outcome of the payment may consequently exceed the estimated amount.

Europinter & ECSAS Gardiennage, France

Securitas has acquired all shares in the French security services companies Europinter & ECSAS Gardiennage. Europinter & ECSAS Gardiennage have 125 employees. The companies are specialized in Mobile security services. The companies had at the time of acquisition projected annual sales of approximately MSEK 101. Goodwill, which amounts to MSEK 8.9, is mainly related to synergies.

ACQUISITION OF THE BUSINESS IN EUROPINTER & ECSAS GARDIENNAGE

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE NOVEMBER 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	0.5
Accounts receivable	23.3
Other assets	3.6
Other liabilities	-30.3
Total operating capital employed	**-2.9**
Goodwill from the acquisition	8.9
Acquisition related intangible assets	8.2
Total capital employed	**14.2**
Net debt	4.7
Total acquired net assets	**18.9**
Purchase price paid	-18.9
Liquid funds in accordance with acquisition analysis	4.8
Total impact on the Group's liquid funds	**-14.1**

All the shares in Europinter & ECSAS Gardiennage were acquired.
The acquisitions have contributed to total sales with MSEK 13.0 and to net income for the year with MSEK -0.6. The acquisitions would, if they had been consolidated from January 1, 2011, have contributed to total sales with MSEK 101.6 and to net income for the year with MSEK 2.9.
Accounts receivable includes items not expected to be collected amounting to MSEK 0.5.
Transaction costs amounts to MSEK 3.4.

Fuego Red, Argentina

Securitas has acquired all shares in the technical security solutions company Fuego Red in Argentina. Fuego Red has 65 employees. The company is focused on fire detection systems, and has also technical maintenance services of video solutions and access control. The acquisition of Fuego Red strengthens Securitas market leader position in Argentina. It also makes it possible to develop and integrate technical solutions and electronic security products in a higher degree in the offerings to the customers. The company had at the time of acquisition projected annual sales of approximately MSEK 29. Goodwill, which amounts to MSEK 28.8, is mainly related to operational expansion.

ACQUISITION OF THE BUSINESS IN FUEGO RED

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE NOVEMBER 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	0.8
Accounts receivable	4.8
Other assets	1.9
Other liabilities	-26.0
Total operating capital employed	**-18.5**
Goodwill from the acquisition	28.8
Acquisition related intangible assets	3.2
Total capital employed	**13.5**
Net debt	0.3
Total acquired net assets	**13.8**
Purchase price paid	-13.8
Liquid funds in accordance with acquisition analysis	0.3
Total impact on the Group's liquid funds	**-13.5**

All the shares in Fuego Red were acquired.
The acquisition has contributed to total sales with MSEK 5.0 and to net income for the year with MSEK 0.5. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 28.5 and to net income for the year with MSEK 3.0.
Transaction costs amounts to MSEK 1.3.
Deferred consideration amounts to MSEK 22.4 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is Securitas' best estimate of the final outcome. Thus, no estimate of the range of outcomes has been calculated. Deferred consideration is linked to the future development of profitability in the acquired company and the final outcome of the payment may consequently exceed the estimated amount.
Goodwill that is expected to be tax deductible amounts to MSEK 27.3.

CSS Internacional, Costa Rica

Securitas has acquired all shares in the security services company CSS Internacional in Costa Rica. CSS Internacional is one of the three largest security services companies in Costa Rica. CSS Internacional has 1 000 employees. The company has national coverage in guarding services. The company had at the time of acquisition projected annual sales of approximately MSEK 97. Goodwill, which amounts to MSEK 45.0, is mainly related to geographical expansion.

ACQUISITION OF THE BUSINESS IN CSS INTERNACIONAL

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE DECEMBER 1, 2011

MSEK	Fair value acquisition balance
Operating non-current assets	3.7
Accounts receivable	9.8
Other assets	4.6
Other liabilities	-31.6
Total operating capital employed	**-13.5**
Goodwill from the acquisition	45.0
Acquisition related intangible assets	12.5
Total capital employed	**44.0**
Net debt	-0.3
Total acquired net assets	**43.7**
Purchase price paid	-43.7
Liquid funds in accordance with acquisition analysis	5.3
Total impact on the Group's liquid funds	**-38.4**

All the shares in CSS Internacional were acquired.
The acquisition has contributed to total sales with MSEK 9.2 and to net income for the year with MSEK 0.4. The acquisition would, if it had been consolidated from January 1, 2011, have contributed to total sales with MSEK 96.8 and to net income for the year with MSEK 2.5.
Transaction costs amounts to MSEK 0.5.
Deferred consideration amounts to MSEK 14.0 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is the maximum amount of the final outcome of the payment.
Goodwill that is expected to be tax deductible amounts to MSEK 45.0.

OTHER ACQUISITIONS AND ADJUSTMENTS

SUMMARY BALANCE SHEET

MSEK	Fair value acquisition balance
Operating non-current assets	-1.5
Accounts receivable	1.1
Other assets	4.8
Other liabilities	5.6
Total operating capital employed	**10.0**
Goodwill from the acquisitions[1]	93.8
Acquisition related intangible assets[2]	111.1
Total capital employed	**214.9**
Net debt	3.6
Total acquired net assets[3]	**218.5**
Purchase price paid[3]	-211.7
Liquid funds in accordance with acquisition analysis	11.3
Total impact on the Group's liquid funds	**-200.4**

1 Mainly related to update of the acquisition calculation for Reliance Security Services, UK and acquisition of the business in VIF and Azur Security, France, Automatic Alarm and Optimit, Belgium and acquisition of assets in European Safety Concepts, Thailand.
2 Mainly related to acquisition of contract portfolios in National Security Protective Services and Omniwatch, the USA, VIF and Azur Security, France, Automatic Alarm, Belgium, CMDT, Morocco and European Safety Concepts, Thailand.
3 Purchase price paid differs to total acquired net assets due to revaluation of deferred consideration of MSEK -6.8.
Transaction costs amounts to MSEK 12.6.
Deferred consideration for acquisitions made during 2011 amounts to MSEK 38.9 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is Securitas' best estimate of the final outcome. Thus, no estimate of the range of outcomes has been calculated. Deferred consideration is linked to the future development of profitability in the acquired companies and the final outcome of the payment may consequently exceed the estimated amount.

Impairment testing

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Unit), that is, per country in a segment.

GOODWILL AS PER DECEMBER 31, 2009–2011 IS DISTRIBUTED PER SEGMENT AS FOLLOWS:

MSEK	2011	2010[1]	2009[1]
Security Services North America	6 334.6	6 109.9	6 145.0
Security Services Europe	4 916.9	4 255.0	4 286.5
Mobile and Monitoring	1 775.2	1 763.5	1 985.4
Security Services Ibero-America	1 433.6	1 055.6	1 103.2
Other	267.1	154.8	38.2
Total goodwill	**14 727.4**	**13 338.8**	**13 558.3**

1 Comparatives have been restated due to the new segment structure. Further information is provided in note 9.

Goodwill is tested on an annual basis for possible impairment. Securitas also carries out impairment testing for other intangible assets for which there is an indefinite useful life. Currently these assets are limited to MSEK 15.9 (0.0 and 0.0) and relates to the consideration paid for the brand Securitas in one of the Group's countries of operations.

Value in use is measured as expected future discounted cash flows. The cash flows have been calculated based on financial plans developed in each country and business segment. The financial plans are built upon the regular business plan for the next financial year which have been ascertained by Group Management and have been approved by the Board of Directors. These financial plans normally cover a forecasted period of five years and include the organic sales growth, the development of operating margin, and changes in the level of operating capital employed. Cash flows beyond the five year forecast have been extrapolated using an estimated growth rate of 2 percent for all countries and business segments.

A long-term growth rate of 2 percent for security services is at present regarded as being a cautious estimate in view of the business areas' historical organic growth rate and also taking into consideration external estimates of the future: Freedonia for example, estimates that the market for guarding services in Europe will grow at an average rate of some 5 percent per annum during the period 2009 to 2019. The corresponding figure for the North America market is around 6 percent. The market for mobile and monitoring in Europe is estimated to grow faster than traditional guarding.

The estimate for the value in use is based on assumptions and estimates in addition to the estimated growth after the forecasted period. The most significant of these relate to the organic sales growth, the development of the operating margin, the change in operating capital employed as well as the relevant WACC (Weighted Average Cost of Capital) rate used to discount the future cash flows.

THE ASSUMPTIONS AND ESTIMATES THAT HAVE FORMED THE BASE FOR THE IMPAIRMENT TESTING ARE SHOWN IN SUMMARY AND BY SEGMENT ACCORDING TO THE FOLLOWING:

	Estimated growth rate beyond forecasted period, %	*WACC, %*
2011		
Security Services North America	*2.0*	*6.5–9.2*
Security Services Europe	*2.0*	*5.5–13.9*
Mobile and Monitoring	*2.0*	*6.3–8.3*
Security Services Ibero-America	*2.0*	*6.4–10.6*
Other[1]	*2.0*	*5.9–14.4*
2010[2]		
Security Services North America	*2.0*	*6.7–9.5*
Security Services Europe	*2.0*	*5.6–12.0*
Mobile and Monitoring	*2.0*	*6.4–8.9*
Security Services Ibero-America	*2.0*	*6.4–13.8*
Other[1]	*2.0–3.0*	*6.2–10.0*
2009[2]		
Security Services North America	*2.0*	*6.8–10.2*
Security Services Europe	*2.0*	*6.1–14.9*
Mobile and Monitoring	*2.0*	*6.8–8.9*
Security Services Ibero-America	*2.0*	*6.8–16.5*
Other[1]	*n/a*	*n/a*

1 The operations in the Middle East, Asia and Africa are included in Other.
2 Comparatives have been restated due to the new segment structure. Further information is provided in note 9.

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter 2011 in conjunction with the business plan process for 2012. None of the CGUs had a carrying amount that exceeded the recoverable amount. Consequently no impairment losses have been recognized in 2011. No impairment losses were recognized in 2010 or 2009 either.

The following sensitivity analyses have been made of the estimates of value in use in connection with impairment testing, assumption by assumption: general reduction of 1 percentage point in the organic sales growth rate during the forecasting period; general reduction of 0.5 percentage points in the operating margin; general increase of 0.5 percentage points in the WACC and general decrease of the estimated growth after the forecasted period by 0.5 percentage points. The sensitivity analyses showed that a reduction of 0.5 percentage points in the operating margin would result in an impairment loss of goodwill of MSEK –129 for one Cash Generating Unit in Security Services Europe. An increase in the WACC of 0.5 percentage points would result in an impairment loss of goodwill of totally MSEK –12 for two Cash Generating Units in Security Services Europe. Aside from this, the sensitivity analyses showed that none of the adjustments stand alone would result in an impairment loss in any Cash Generating Unit.

Note 17. Goodwill[1]

MSEK	2011	2010	2009
Opening balance	13 681.4	13 948.1	14 519.3
Capital expenditures	1 410.3	908.6	458.7
Translation difference	-25.3	-1 175.3	-1 029.9
Closing accumulated balance	**15 066.4**	**13 681.4**	**13 948.1**
Opening impairment losses	-342.6	-389.8	-415.0
Translation difference	3.6	47.2	25.2
Closing accumulated impairment losses	**-339.0**	**-342.6**	**-389.8**
Closing residual value	**14 727.4**	**13 338.8**	**13 558.3**

1 Information regarding impairment testing is provided in note 16.

Note 18. Acquisition related intangible assets[1]

MSEK	2011	2010	2009
Opening balance	1 555.9	1 265.3	1 030.8
Capital expenditures	705.4	440.3	327.9
Derecognition of fully amortized assets[2]	-7.5	-23.1	-22.5
Translation difference	-14.3	-126.6	-70.9
Closing accumulated balance	**2 239.5**	**1 555.9**	**1 265.3**
Opening amortization	-459.4	-370.4	-279.5
Reversal of amortization on derecognized assets[2]	7.5	23.1	22.5
Amortization for the year	-218.2	-164.3	-138.3
Translation difference	4.7	52.2	24.9
Closing accumulated amortization	**-665.4**	**-459.4**	**-370.4**
Closing residual value	**1 574.1**	**1 096.5**	**894.9**

1 The balance consists mainly of contract portfolios and related customer relations.
2 The Group derecognizes fully amortized acquisition related intangible assets if a reliable estimate of future cash flows cannot be established. The net impact of such derecognition on the closing residual value is nil.

Note 19. Other intangible assets

	Software licenses			Other intangible assets[1]		
MSEK	2011	2010	2009	2011	2010	2009
Opening balance	633.8	653.5	608.4	148.9	125.4	106.8
Acquisitions	4.8	5.5	0.8	2.7	–	1.7
Capital expenditures	70.2	60.0	85.2	67.3	35.4	26.4
Disposals/write-offs	-2.7	-21.0	-11.6	–	-1.3	-2.3
Reclassification	-1.1	-4.2	0.1	5.3	-0.3	-2.3
Translation difference	-7.3	-60.0	-29.4	-1.0	-10.3	-4.9
Closing accumulated balance	**697.7**	**633.8**	**653.5**	**223.2**	**148.9**	**125.4**
Opening amortization	-421.2	-423.7	-401.0	-89.1	-76.8	-59.0
Acquisitions	-1.4	-4.5	-0.8	-1.0	–	-1.7
Disposals/write-offs	2.3	19.9	10.8	–	0.9	1.7
Reclassification	0.0	3.6	–	-1.5	-0.1	0.2
Amortization for the year	-58.6	-63.8	-55.8	-26.5	-20.3	-20.5
Translation difference	5.7	47.3	23.1	0.9	7.2	2.5
Closing accumulated amortization	**-473.2**	**-421.2**	**-423.7**	**-117.2**	**-89.1**	**-76.8**
Closing residual value	**224.5**	**212.6**	**229.8**	**106.0**	**59.8**	**48.6**

1 Mainly related to individual customer contracts within Mobile and Monitoring. Furthermore the brand name Securitas in one of the Group's countries of operations is included with MSEK 15.9 (0.0 and 0.0).

Note 20. Tangible non-current assets

	Buildings and land [1, 3]			Machinery and equipment [2, 3]		
MSEK	2011	2010	2009	2011	2010	2009
Opening balance	633.0	726.7	776.9	7 006.0	6 966.3	6 675.4
Acquisitions	32.0	3.8	4.1	127.4	200.1	26.9
Capital expenditures	1.3	36.9	18.3	943.0	961.0	880.8
Disposals/write-offs	-3.8	-55.0	-7.6	-417.9	-678.8	-353.4
Reclassification	-3.9	1.7	-21.7	-0.3	-6.8	3.8
Translation difference	-7.7	-81.1	-43.3	-41.4	-435.8	-267.2
Closing accumulated balance	**650.9**	**633.0**	**726.7**	**7 616.8**	**7 006.0**	**6 966.3**
Opening depreciation	-277.6	-310.7	-330.5	-5 059.5	-4 984.6	-4 639.9
Acquisitions	-4.4	–	–	-84.5	-151.3	-14.1
Disposals/write-offs	1.5	18.6	2.7	332.7	530.1	294.1
Reclassification	0.2	0.3	21.2	-0.7	5.8	-1.3
Depreciation for the year	-14.1	-18.9	-21.0	-802.8	-797.7	-830.2
Translation difference	3.0	33.1	16.9	18.1	338.2	206.8
Closing accumulated depreciation	**-291.4**	**-277.6**	**-310.7**	**-5 596.7**	**-5 059.5**	**-4 984.6**
Opening impairment losses	-18.0	-20.5	-21.8	–	–	–
Translation difference	0.2	2.5	1.3	–	–	–
Closing accumulated impairment losses	**-17.8**	**-18.0**	**-20.5**	**–**	**–**	**–**
Closing residual value	**341.7**	**337.4**	**395.5**	**2 020.1**	**1 946.5**	**1 981.7**

1 The closing residual value of land included in buildings and land above was MSEK 49.9 (49.5 and 57.2).
2 Machinery and equipment comprises vehicles, equipment, security equipment (including alarm systems) and IT and telecom equipment.
3 Of which closing residual value under finance leases for buildings and land MSEK 0.0 (0.0 and 0.0) and for machinery and equipment MSEK 86.8 (85.7 and 190.4).

Note 21. Shares in associated companies

MSEK	2011	2010	2009
Opening balance	125.6	132.1	104.9
Purchase price[1]	–	1.0	35.7
Divestment[2]	–	–	-0.4
Share in income of associated companies	-2.4	-1.0	-4.1
Translation differences	-15.0	-6.5	-4.0
Closing balance[3]	**108.2**	**125.6**	**132.1**

1 Long Hai Security Services Joint Stock Company MSEK 0.0 (1.0 and 35.7).
2 Divestment in 2009 refers to Facility Network A/S.
3 Of which goodwill MSEK 103.1 (117.8 and 121.0) and acquisition related intangible assets MSEK 5.9 (7.6 and 8.9).

HOLDINGS 2009–2011

			MSEK		Attributable to the Group	
Company	Domicile	*Share of capital, %*	Assets	Liabilities	Sales	Net income
Holdings 2011						
Long Hai Security Services Joint Stock Company	Ho Chi Minh City	*49*	7.9	1.0	25.6	1.9
Walsons Services Pvt Ltd	Delhi	*49*	50.4	47.5	118.4	-4.3
Holdings 2010						
Long Hai Security Services Joint Stock Company	Ho Chi Minh City	*49*	7.0	2.1	23.2	0.8
Walsons Services Pvt Ltd	Delhi	*49*	41.0	41.2	94.5	-1.8
Holdings 2009						
Long Hai Security Services Joint Stock Company	Ho Chi Minh City	*49*	3.0	0.6	0.0	0.0
Walsons Services Pvt Ltd	Delhi	*49*	24.3	25.5	51.2	- 4.1

Note 22. Interest-bearing financial non-current assets[1]

MSEK	2011	2010	2009
Fair value hedges[2]			
Derivatives with positive fair value, long-term	33.6	40.8	12.1
Other items[3]	155.9	164.9	148.7
Total interest-bearing financial non-current assets	**189.5**	**205.7**	**160.8**

1 Further information regarding financial instruments is provided in note 6.
2 Related to derivatives designated for hedging.
3 Related to loans and receivables.

Note 23. Other long-term receivables

MSEK	2011	2010	2009
Pension balances, defined benefit plans[1]	–	–	36.2
Pension balances, defined contribution plans[2]	74.3	72.1	64.8
Reimbursement rights	130.7	–	–
Other long-term receivables	329.2	312.2	307.8
Total other long-term receivables	**534.2**	**384.3**	**408.8**

1 Pension balances refer to assets related to pensions and other long-term employee benefit plans. Further information is provided in note 31.
2 Refers to assets relating to insured pension plans excluding social benefits.

Note 24. Inventories

MSEK	2011	2010	2009
Material and consumables	60.4	39.3	26.9
Work in progress	2.3	1.9	1.9
Advance payments to suppliers	5.5	4.7	5.5
Total inventories	**68.2**	**45.9**	**34.3**

Note 25. Accounts receivable

MSEK	2011	2010	2009
Accounts receivable before deduction of provisions for bad debt losses	11 384.3	10 068.8	9 741.2
Provisions for bad debt losses	-419.3	-344.7	-377.9
Total accounts receivable	**10 965.0**	**9 724.1**	**9 363.3**

Opening balance provision for bad debt losses	-344.7	-377.9	-354.4
Provision for expected losses	-169.7	-120.6	-181.8
Actual losses	41.2	54.0	89.8
Reversed provisions	59.0	70.2	59.5
Increases due to acquisitions	-10.8	-12.6	-8.1
Decreases due to disposals	1.0	–	3.1
Translation differences	4.7	42.2	14.0
Closing balance provision for bad debt losses[1]	**-419.3**	**-344.7**	**-377.9**

1 Expenses for bad debt losses amounted to MSEK 105.1 (54.2 and 141.2).

Note 26. Other current receivables

MSEK	2011	2010	2009
Prepaid expenses and accrued income	1 078.5	762.9	675.9
Accrued interest income and prepaid financial expenses	0.2	0.8	0.9
Insurance-related receivables	18.8	16.1	15.9
Value added tax	78.0	76.2	82.6
Other items	288.5	288.3	342.1
Total other current receivables	**1 464.0**	**1 144.3**	**1 117.4**

Note 27. Other interest-bearing current assets[1]

MSEK	2011	2010	2009
Other derivative positions[2]			
Derivatives with positive fair value, short-term	19.6	68.3	81.9
Total other interest-bearing current assets	**19.6**	**68.3**	**81.9**

1 Further information regarding financial instruments is provided in note 6.
2 Related to financial assets at fair value through profit or loss.

Note 28. Liquid funds[1]

MSEK	2011	2010	2009
Short-term investments[2]	1 290.7	1 667.0	1 648.1
Cash and bank deposits[3]	1 216.7	919.9	849.0
Total liquid funds	**2 507.4**	**2 586.9**	**2 497.1**

1 Liquid funds include short-term investments with a maximum duration of 90 days that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value. Liquid funds also include cash and bank deposits.
2 Short-term investments refer to fixed interest rate bank deposits.
3 The net position in Group country cash-pool accounts is reported as cash and bank deposits where netting reflects the legal structure of the arrangement.

Note 29. Shareholders' equity

Number of shares outstanding December 31, 2011

			MSEK
Series A	17 142 600	each share with a quota value of SEK 1.00	17.1
Series B	347 916 297	each share with a quota value of SEK 1.00	348.0
Total	**365 058 897**		**365.1**

The number of Series A and Series B shares is unchanged in relation to December 31, 2010 and 2009. As of December 31, 2011 there where no outstanding convertible debenture loans that could result in any dilution of the share capital.

Each Series A share carried ten votes and each Series B share one vote. This is the only difference between the two series of shares.

Shareholders with more than 10 percent of the votes

The principal shareholders are Gustaf Douglas, who through family and the companies within the Investment AB Latour Group and Förvaltnings AB Wasatornet holds 11.5 percent of the capital and 30.0 percent of the votes, and Melker Schörling, who through family and Melker Schörling AB holds 5.6 percent of the capital and 11.8 percent of the votes.

Dividend

The Board of Directors and the President propose a dividend to the shareholders of the Parent Company of SEK 3.00 per share, or a total of MSEK 1 095.2. The dividend to the shareholders for the financial year 2010, which was paid in 2011, was SEK 3.00 per share, or a total of MSEK 1 095.2. The dividend to the shareholders for the financial year 2009, which was paid in 2010, was SEK 3.00 per share, or a total of MSEK 1 095.2.

Presentation of shareholders' equity

According to IAS 1 a company should as a minimum present issued capital and other reserves in the balance sheet. Securitas has chosen to specify shareholders' equity into further components as per below:

- Share capital
- Other capital contributed
- Other reserves
- Retained earnings

Share capital shows the registered share capital of the Parent Company. There were no changes in the share capital in 2011.

In other capital contributed, the total amount of all transactions Securitas AB has had with its shareholders is included. Transactions that have taken place with shareholders are issued capital to premium. The amount presented in this sub-component corresponds to capital received (reduced by commission costs) in excess of par value of issued capital. There were no changes in other capital contributed in 2011.

Other reserves show income and expense items that according to certain standards should be recognized in other comprehensive income. In the case of Securitas, other reserves consist of translation differences attributable to the translation of foreign subsidiaries according to IAS 21, and of the hedging reserve of cash flow hedges. The amount in the hedging reserve will be transferred to the statement of income over the following three year period.

Retained earnings corresponds to the accumulated profits earned and losses incurred in total for the Group. Retained earnings also include effects of the Group's share based incentive scheme as well as actuarial gains and losses on post-employment benefits and effects of minimum funding requirement posted in other comprehensive income. Retained earnings are further reduced by dividend paid to shareholders of the Parent Company.

Share based incentive scheme

Share based remuneration for the Group's participants in the share based incentive scheme 2011 is accounted for as an increase of retained earnings of MSEK 53.7 (70.3). A swap agreement, hedging the share portion of the Group's share based incentive scheme 2010, is accounted for as a reduction of retained earnings of MSEK -67.1 (–).

Note 30. Long-term liabilities excluding provisions[1]

MSEK	2011	2010	2009
EMTN Nom MEUR 45, 2008/2013, FRN Semi Annual[2, 3]	–	–	461.7
EMTN Nom MEUR 45, 2009/2014, FRN Quarterly[2]	401.5	405.7	461.7
EMTN Nom MEUR 500, 2009/2013, Annual 6.50% Fixed [2]	4 484.8	4 531.8	5 116.0
EMTN Nom MSEK 500, 2010/2014, FRN Quarterly[2]	498.7	498.2	–
EMTN Nom MSEK 500, 2010/2014, FRN Semi Annual[2]	499.3	499.0	–
EMTN Nom MSEK 1 000, 2011/2013, FRN Quarterly[2]	999.8	–	–
EMTN Nom MUSD 62, 2010/2015, FRN Semi Annual[2]	427.3	422.0	–
EMTN Nom MUSD 40, 2010/2015, FRN Semi Annual[2]	275.7	272.2	–
EMTN Nom MUSD 50, 2011/2018, FRN Quarterly[2]	344.6	–	–
Finance leases	38.8	34.7	93.4
Other long-term loans[4]	589.8	522.8	2 145.3
Total long-term loan liabilities excluding derivatives	**8 560.3**	**7 186.4**	**8 278.1**
Cash flow hedges[5]			
Derivatives with negative fair value, long-term	16.5	16.2	79.4
Total derivatives	**16.5**	**16.2**	**79.4**
Total long-term loan liabilities	**8 576.8**	**7 202.6**	**8 357.5**
Pensions balances, defined contribution plans[6]	74.3	72.1	64.8
Other long-term liabilities	457.8	210.2	129.0
Total other long-term liabilities	**532.1**	**282.3**	**193.8**
Total long-term liabilities	**9 108.9**	**7 484.9**	**8 551.3**

1 For further information regarding financial instruments, refer to note 6.
2 Issued by the Parent Company.
3 Repaid in 2010 and replaced by EMTN Nom MUSD 62 2010/2015.
4 Includes long-term drawings under the 2016 Multi Currency Revolving Credit Facility.
5 Related to derivatives designated for hedging.
6 Refers to liability for insured pension plan excluding social costs.

LONG-TERM LIABILITIES FALL DUE FOR PAYMENT AS FOLLOWS:

MSEK	2011	2010	2009
Maturity < 5 years	8 921.4	7 397.4	8 469.3
Maturity > 5 years	187.5	87.5	82.0
Total long-term liabilities	**9 108.9**	**7 484.9**	**8 551.3**

Note 31. Provisions for pensions and similar commitments

The Group operates or participates in a number of defined benefit and defined contribution pension and other long-term employee benefit plans throughout the world. These plans are structured in accordance with local rules and practices. The overall cost of these plans for the Group is provided in note 12.

USA

The majority of the Group's U.S. employees are eligible to join their respective employer's defined contribution retirement arrangements under which the employer matches employee contributions up to certain limits, although enrollment rates are low. The Group's U.S. operations also operate two defined benefit pension plans which are closed to new entrants and future benefit accruals. One of these plans is funded with assets held separately from those of the employer.

Sweden

Blue-collar workers are covered by the SAF-LO collective pension plan, an industrywide multi-employer defined contribution arrangement. White-collar workers are covered by the industry-wide ITP plan, which is also based on a collective agreement and operated industrywide on a multi-employer basis. According to a statement (UFR 3) issued by the Swedish Financial Reporting Board this is a multi-employer defined benefit plan. Alecta, the insurance company that operates this plan, has been unable to provide Securitas, or other Swedish companies, with sufficient information to determine its share of the total assets and liabilities for this arrangement. Consequently this arrangement is accounted for on a defined contribution basis. The cost for 2011 amounts to MSEK 22.4 (22.5 and 19.9). The surplus in Alecta can be allocated to the insured employer and/or the insured employees. Alecta's level of consolidation was 113 percent (146 and 141) as of December 31, 2011. The level of consolidation is calculated as the fair value of Alecta's plan assets as a percentage of the obligations calculated according to Alecta's actuarial assumptions. This calculation is not in line with IAS 19.

Norway

The defined benefit arrangements are closed to new entrants and currently cover about 15 percent of the employees. New employees are instead covered by defined contribution plans. The defined benefit plans comprise both funded and unfunded arrangements.

The old AFP plans were closed in 2010 following changes in legislation, and employees have joined a new AFP plan as of January 1, 2011. The new AFP plan operates as a funded multi-employer plan. Since the company is unable to separately identify its share of total assets and liabilities, the new AFP plan is accounted for on a defined contribution basis.

Other countries

There are also defined benefit arrangements in countries other than those mentioned above. The countries with material plans are Canada, France, Germany, the Netherlands, Switzerland and the United Kingdom.

Sensitivity analysis

A reduction of the discount rate by 0.1 percentage points would increase the provision for pensions and similar commitments by approximately MSEK 47. An increase in the inflation rate by 0.1 percentage points would increase the provisions for pensions and similar commitments by approximately MSEK 4. An increase in the average expected life span by 1 year would increase the provision for pensions and similar commitments by approximately MSEK 82.

An increase of one percentage point in the assumed medical cost trend rate would increase the provision for post-retirement medical plans in Canada by approximately MSEK 23 and increase the aggregate of the service cost and interest cost components by approximately MSEK 3. A decrease of one percentage point in the assumed medical cost trend rate would decrease the provision for post-retirement medical plans in Canada by approximately MSEK 18 and decrease the aggregate of the service cost and interest cost components by approximately MSEK 2.

Changes in the discount rate, the inflation rate and the average expected life span are accounted for as actuarial gains and losses whereby the change, with the exception of the impact on other long-term employee benefits, would be recognized in the statement of comprehensive income and thus would not burden the net income for the year. Changes in assumptions will, however, impact the pension cost, and consequently the net income, for the following year.

Pension costs

The table below shows the total costs for defined benefit plans. The settlements, curtailments and terminations during 2011 are related to settlements mainly in France. The settlements, curtailments and terminations during 2010 are related to settlements in Germany and Austria (cost) and curtailments in Norway (income). The settlements, curtailments and terminations during 2009 are mainly related to minor settlements and terminations in Germany and Austria.

Included in the table below are pension costs for non-material defined benefit plans of MSEK 9.6 (9.2 and 1.1).

The costs for defined contribution plans were MSEK 471.6 (467.3 and 405.5). The actual return on plan assets was MSEK -15.4 (142.3 and 159.3).

PENSION COSTS FOR DEFINED BENEFIT PLANS

MSEK	2011	2010	2009
Current service costs	85.7	57.4	63.7
Interest costs	140.8	127.4	135.0
Expected return on assets	-125.4	-93.9	-87.3
Recognized actuarial gain/loss[1]	0.4	4.7	0.9
Recognized past service costs	-0.3	-0.3	-0.6
Settlements, curtailments and terminations	-1.3	-0.1	-0.4
Total pension costs	**99.9**	**95.2**	**111.3**

1 Relates to other long-term employee benefits.

PENSION COSTS FOR DEFINED BENEFIT PLANS ALLOCATED PER FUNCTION

MSEK	2011	2010	2009
Production expenses	65.9	56.1	57.5
Selling and administrative expenses	34.0	39.1	53.8
Total pension costs allocated per function	**99.9**	**95.2**	**111.3**

MOVEMENTS IN PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS, NET

			2011			2010			2009
MSEK	Obligations	Plan assets	Net	Obligations	Plan assets	Net	Obligations	Plan assets	Net
Opening balance	**2 638.4**	**-1 487.2**	**1 151.2**	**2 567.5**	**-1 417.4**	**1 150.1**	**2 528.8**	**-1 287.1**	**1 241.7**
Current service costs	85.7	–	85.7	57.4	–	57.4	63.7	–	63.7
Interest costs	140.8	–	140.8	127.4	–	127.4	135.0	–	135.0
Expected return on assets	–	-125.4	-125.4	–	-93.9	-93.9	–	-87.3	-87.3
Recognized actuarial gain/loss[1]	0.4	–	0.4	4.7	–	4.7	0.9	–	0.9
Recognized past service costs	-0.3	–	-0.3	-0.3	–	-0.3	-0.6	–	-0.6
Settlements/curtailments/terminations	-1.3	–	-1.3	-0.1	–	-0.1	-0.4	–	-0.4
Total pension cost recognized in the statement of income	**225.3**	**-125.4**	**99.9**	**189.1**	**-93.9**	**95.2**	**198.6**	**-87.3**	**111.3**
Actuarial gains and losses – obligations[2, 3]	287.5	–	287.5	181.5	–	181.5	48.6	–	48.6
Actuarial gains and losses – plan assets[2]	–	140.8	140.8	–	-48.4	-48.4	–	-72.0	-72.0
Effects of minimum funding requirement[4]	–	-33.6	-33.6	–	33.6	33.6	–	–	–
Total actuarial gains and losses and effects of minimum funding requirement before tax recognized in other comprehensive income[2]	**287.5**	**107.2**	**394.7**	**181.5**	**-14.8**	**166.7**	**48.6**	**-72.0**	**-23.4**
Employer contributions[5]	–	-202.9	-202.9	–	-190.3	-190.3	–	-136.1	-136.1
Employee contributions	28.5	-28.5	–	2.1	-2.1	–	1.9	-1.9	–
Benefits paid to participants	-186.8	186.8	–	-159.1	159.1	–	-143.3	143.3	–
Acquisitions/divestitures/reclassifications	524.3	-516.1	8.2	1.5	–	1.5	22.0	-7.2	14.8
Translation difference	8.9	-6.5	2.4	-144.2	72.2	-72.0	-89.1	30.9	-58.2
Closing balance	**3 526.1**	**-2 072.6**	**1 453.5**	**2 638.4**	**-1 487.2**	**1 151.2**	**2 567.5**	**-1 417.4**	**1 150.1**

1 Relates to other long-term employee benefits.
2 Relates to post-employment benefits.
3 Actuarial losses for 2011 relate to changes in assumptions (losses) of MSEK 281.1 (gains of -3.5 and losses of 20.7) and changes in plan experience (losses) of MSEK 6.4 (losses of 185.0 and losses of 27.9).
4 Related to Canada.
5 Employer contributions expected to be paid in 2012 are estimated to be in the same range as the employer contributions paid in 2011.

ALLOCATION OF PLAN ASSETS

%	2011	2010	2009
Equity investments	42	47	39
Interest bearing assets	38	39	47
Other assets	20	14	14
Total allocation of plan assets	**100**	**100**	**100**

The table above presents a breakdown of the various types of investments in which the assets of the Group's funded benefit arrangements are invested. Further information on the principles for determining the return on assets can be found in note 2.

PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS, NET

MSEK	2011	2010	2009
Plans reported under other long-term receivables (note 23)	–	–	-36.2
Plans reported under provisions for pensions and similar commitments	1 453.5	1 151.2	1 186.3
Total provisions for pensions and similar commitments, net	**1 453.5**	**1 151.2**	**1 150.1**

The table above shows the distribution in the balance sheet after taking into consideration plan assets and obligations for defined benefit plans. Plans with net assets are reported under other long-term receivables and plans with a net provision are reported under provisions for pensions and similar commitments.

FUNDED STATUS AND EXPERIENCE ADJUSTMENTS

MSEK	2011	2010	2009	2008	2007
Fair value of plan assets	-2 072.6	-1 487.2	-1 417.4	-1 287.1	-2 561.8
Defined benefit obligations funded plans	2 869.3	1 976.5	1 907.6	1 897.1	2 886.3
Defined benefit obligations unfunded plans	656.8	661.9	659.9	631.7	603.7
Funded status, net	**1 453.5**	**1 151.2**	**1 150.1**	**1 241.7**	**928.2**
Experience adjustments on plan assets[1]	140.8	-48.4	-72.0	440.8	30.1
Experience adjustments on defined benefit obligations[1]	6.4	185.0	27.9	148.3	42.6

1 Gains (–) and losses (+).

The table above presents the funded status for funded defined benefit plans as well as the obligations for unfunded defined benefit plans which together form the funded status, net. It also presents the history of actuarial gains and losses due to experience on plan assets and defined benefit obligations.

ACTUARIAL GAINS (–) AND LOSSES (+) AND EFFECTS OF MINIMUM FUNDING REQUIREMENT RECOGNIZED IN OTHER COMPREHENSIVE INCOME

MSEK	2011	2010	2009
Actuarial gains and losses before taxes[1]	428.3	133.1	-23.4
Effects of minimum funding requirement	-33.6	33.6	–
Total actuarial gains and losses and effects of minimum funding requirement related to defined benefit plans	**394.7**	**166.7**	**-23.4**
Actuarial gains and losses on reimbursement rights before taxes	11.9	–	–
Taxes	-136.3	-48.8	7.2
Total actuarial gains and losses and effects of minimum funding requirement after taxes accounted for in other comprehensive income	**270.3**	**117.9**	**-16.2**

1 Per December 31, 2011 accumulated actuarial gains and losses before taxes amounted to MSEK 1 455.2 (1 026.9 and 893.8).

MAIN ACTUARIAL ASSUMPTIONS

	2011			2010			2009		
Percent (per annum)	USA	Eurozone	Other countries	USA	Eurozone	Other countries	USA	Eurozone	Other countries
Discount rate[1]	3.65–4.10	3.25–4.75	2.35–5.50	4.60–5.20	4.50–5.00	4.00–5.75	5.75	4.50–5.25	4.50–7.00
Expected return on plan assets	7.90	4.75	3.85–5.15	8.50	5.00	5.40–5.75	8.50	3.80	5.70–6.50
General salary increases[2]	n/a	2.00–2.75	2.00–4.00	n/a	2.00–2.75	3.50–4.50	n/a	2.00–2.75	3.75–4.60
Inflation[2]	n/a	1.75–2.00	1.00–3.00	n/a	1.75–2.00	2.50–3.50	n/a	1.75–2.00	2.50–3.60
Pension increases[2]	n/a	0.00–1.75	0.00–3.25	n/a	0.00–1.75	1.30–3.50	n/a	0.00–1.75	1.40–4.25
Healthcare cost inflation[3]	n/a	n/a	2.00–9.58	n/a	n/a	2.00–9.58	n/a	n/a	2.00–9.60

1 In the USA, the discount rate is derived from the full Citigroup yield curve, using a cash flow matching approach. In the Eurozone, the discount rate is based on Iboxx Euro AA indices of appropriate term and adjusted for the duration of the obligations. The material plans in the category Other countries are Norway (government bonds adjusted for the duration of the obligations), Switzerland (discount rates produced by the Chamber of Pensions Actuaries), the United Kingdom (Iboxx £ AA 15 year +) and Canada (single discount rate derived from the Mercer Canada Yield Curve for high quality corporate bonds).

2 Plans in the USA are non-inflation-linked cash balance plans which are closed for future benefit accrual.

3 Related to healthcare plans in Canada. The assumption represents the range of current expected healthcare cost inflation for the different benefits. This range is expected to fall to 2.00–4.50 percent (depending on benefit type) by 2024.

The table above shows the main actuarial assumptions as of December 31, 2011, 2010 and 2009 used to value the defined benefit obligations at the end of 2011, 2010 and 2009 as well as in determining the pension cost for 2012, 2011 and 2010.

As of December 31, 2011 the following assumptions were used for the major plans in Securitas concerning mortality: USA – "RP-2000 mortality tables projected to 2011". Norway – tables in series "K2005". Canada – "UP-1994 mortality table with generational improvements". Switzerland – mortality table LPP2010. These tables have been established for use after consultation with the company's actuaries and reflect Securitas' view concerning future mortality experience.

Note 32. Other long-term provisions

The movement in the balance sheet for provisions for pensions and similar commitments is provided in note 31.
The movement in the balance sheet for deferred tax liabilities is provided in note 15.

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MSEK	Claims reserves	Provisions for taxes	Spain – overtime compensation	Other provisions	Total
Opening balance	461.3	164.7	122.6	232.9	981.5
Reclassification	-43.9	–	–	61.0	17.1
New/increased provisions	6.6	36.7	–	33.4	76.7
Utilized provisions	–	-8.0	-17.5	-12.1	-37.6
Reversal of unutilized provisions	-18.7	-0.3	–	-23.6	-42.6
Translation differences	5.2	1.9	-1.1	-1.4	4.6
Closing balance	**410.5**	**195.0**	**104.0**	**290.2**	**999.7**

Claims reserves

Liability insurance-related claims reserves primarily consist of provisions for the portion of claims payable by the Group, that is its self-retention. Claims reserves comprise a large number of individual insurance cases where some cases are compensated with a lump-sum payment and others are paid over a longer period of time. It is thus not possible to disclose any detailed information regarding the timing of outflows from claims reserves.

Provisions for taxes

Provisions for taxes primarily consist of provisions related to ongoing tax audits. Tax audits are often lengthy processes that go on for several years. It is thus not possible to disclose any detailed information regarding the timing of outflows from taxes.

Spain – overtime compensation

All major security companies in Spain have been compensating their employees in respect of overtime work in accordance with a labor agreement covering the period 2005 to 2008. In February 2007, the Spanish Supreme Court ruled that the overtime compensation under the existing labor agreement was not in compliance with Spanish law.

The potential exposure in respect of overtime compensation payable to employees of the security services and guarding companies in Spain has increased due to the failure of the major security companies and the local unions to negotiate a settlement agreement on the overtime compensation. A petition was lodged with a lower court in Spain seeking specific guidance as to how overtime compensation shall be calculated. A judgment was rendered in January 2008 giving guidelines on calculation of overtime pay, which substantially accepted the views of the employers. This judgment was appealed by the local unions. In December 2009 the Spanish Supreme Court overruled the court decision from January 2008. The Supreme Court confirmed its decision from February 2007 which means that each claim for overtime pay shall be tried on a case by case basis. The Supreme Court thereby changed the basis for the computation of overtime compensation. The Supreme Court judgment cannot be appealed.

In the absence of final guidance on overtime compensation, Securitas has chosen to apply the guidelines given by the court in January 2008 for salary payments paid in 2008 and 2009. For historic overtime compensation, the company has awaited the outcome of the appeal and the decision now rendered by the Supreme Court. The Court's decision means that Securitas will have to prepare for several suits from employees and former employees in respect of historic overtime compensation.

Securitas Spain is currently involved in several labor claims in court and it is expected that these cases will take years to resolve. A legal opinion, requested by the industry association in Spain in which Securitas is a member, has concluded that the time for filing a claim for the subject overtime matters ended on December 4, 2010 due to the statute of limitation. Management still estimates the compensation for the historic overtime claims to amount to approximately MEUR 13.6 and a provision of this amount was recognized as of December 31, 2007. MEUR 1.9 (MSEK 17.5) was released from this reserve during 2011 for payments made.

Simultaneously, one industry association commenced legal proceedings in an attempt to invalidate the subject collective bargaining agreement due to an alleged imbalance created by the earlier decision on overtime pay by the Supreme Court. In a judgment rendered in January 2008 the court ruled – on procedural grounds – against the industry association. It has now appealed the court decision. This case has not yet been finally decided.

Other provisions

Other provisions primarily consist of provisions related to litigations. Litigations are often lengthy processes that go on for several years. It is thus not possible to disclose any detailed information regarding the timing of outflows from other provisions.

Note 33. Short-term loan liabilities[1]

MSEK	2011	2010	2009
EMTN Nom MSEK 1 000 2011/2012 FRN Quarterly	999.8	–	–
Commercial paper issued[2]	2 788.6	2 139.3	822.1
Finance leases	48.4	48.4	97.0
Other short-term loans[3]	626.5	1 661.4	1 818.3
Total short-term loan liabilities excluding derivatives	**4 463.3**	**3 849.1**	**2 737.4**
Cash flow hedges[4]			
Derivatives with negative fair value, short-term	4.0	8.7	17.7
Other derivative positions[5]			
Derivatives with negative fair value, short-term	21.2	9.4	14.9
Total short-term loan liabilities	**4 488.5**	**3 867.2**	**2 770.0**

1 For further information regarding financial instruments refer to note 6.
2 Commercial paper is issued by the Parent Company within the framework of a MSEK 5 000 Swedish commercial paper program. Commercial paper is accounted for at the issued amount, that is below par.
3 Other short-term loans 2011 include loans raised within the framework of the Group's 2016 Multi Currency Revolving Credit Facility. Other short-term loans 2010 include loans raised within the framework of the Group's 2012 Multi Currency Revolving Credit Facility. 2009 includes the remainder of the MEUR 550 term loan which matured in May 2010.
4 Related to derivatives designated for hedging.
5 Related to financial liabilities at fair value through profit or loss.

Note 34. Other current liabilities

MSEK	2011	2010	2009
Employee-related items	5 810.8	5 443.7	5 412.9
Accrued interest and financial expenses	239.9	219.3	242.7
Other accrued expenses and deferred income	681.7	656.2	582.1
Advance payments from customers	239.2	214.9	250.1
Value added tax	1 054.2	1 020.5	1 002.6
Other items	767.8	672.7	712.1
Total other current liabilities	**8 793.6**	**8 227.3**	**8 202.5**

Note 35. Short-term provisions[1]

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MSEK	Claims reserves[1]	Other provisions	Total
Opening balance	526.2	137.3	663.5
Reclassification	43.9	28.3	72.2
New/increased provisions	388.8	25.9	414.7
Utilized provisions	-299.9	-13.7	-313.6
Reversal of unutilized provisions	-1.8	-61.2	-63.0
Translation differences	5.6	-0.4	5.2
Closing balance	**662.8**	**116.2**	**779.0**

1 Liability insurance-related claims reserves primarily consist of provisions for the portion of claims payable by the Group, that is its self-retention.

Note 36. Pledged assets

MSEK	2011	2010	2009
Pension balances defined contribution plans	74.3	72.1	64.8
Finance leases	86.8	85.7	190.4
Total pledged assets	**161.1**	**157.8**	**255.2**

Note 37. Contingent liabilities

MSEK	2011	2010	2009
Sureties and guarantees[1]	56.9	56.2	56.2
Guarantees related to discontinued operations	20.7	18.9	36.9
Total contingent liabilities	**77.6**	**75.1**	**93.1**

1 The comparatives have been restated since guarantees on behalf of related parties are accounted for in note 7 as of 2011.

In addition to the contingent liabilities accounted for in the table above, the following contingent liabilities, for which no amount can be determined, also exist:

Brazil – Estrela Azul

In connection with the efforts of Securitas to expand its activities in Latin America, Securitas entered into an agreement in 2005 with respect to the possible acquisition of a guarding company in Brazil. In order to support this company while required governmental approvals were sought, Securitas provided a bank guarantee for the benefit of the subject company. The governmental approvals took much longer than anticipated to obtain and during such period the financial condition of the target company substantially deteriorated. Given the decline in the financial condition of the company, in December 2006 Securitas exercised its right not to complete the acquisition. The governmental approval had then been received. In view of the decision not to complete the subject transaction, a provision in the amount of the bank guarantee was recognized as of December 31, 2006.

The company filed for protection from its creditors under Brazilian legislation providing for a judicial restructuring process. Securitas, being a creditor in the insolvency matter, objected to the company's restructuring plan proposed in the judicial restructuring process. The insolvency judge decided against Securitas' objections and this decision was appealed by Securitas in 2008. The Court of Appeal upheld the lower courts' decision. The company has thereafter, on November 9, 2009, been declared bankrupt and the restructuring process has been replaced by bankruptcy proceedings.

In connection with the judicial restructuring process, the company (now in bankruptcy) asserted a claim of MUSD 140 against Securitas, alleging that Securitas is responsible for the company's financial failure. Securitas denies all responsibility for such claim. The defense of these cases has been entrusted to one of the leading law firms in Brazil. In a decision by the first instance court in Brazil the claim was fully rejected. The judgment has been appealed by the bankruptcy estate.

In addition, several employees of Estrela Azul who claim to be owed inter alia wages have named Securitas in addition to other parties in pending labor suits. The number of labor law cases involving Securitas stabilized in 2010 and the number of new cases where Securitas is a named defendant decreased significantly in 2011. The claimed amounts are in average relatively low. The defense of these labor cases has been entrusted to one of the leading labor law firms in Brazil – specializing in labor law matters. Securitas denies all responsibility for such claims.

Spain – tax audit

The Spanish tax authority has in connection with an audit of Securitas Spain challenged certain interest deductions and in a tax resolution in June 2009 decided to reject interest payments made for the years 2003–2005. If finally upheld by Spanish courts, the resolution by the Spanish tax authorities would result in a tax of MEUR 10 including interest. Securitas has during 2011 lost at first level court (Tribunal Económico Administrativo Central) and appealed the case to the national court Audiencia Nacional.

Securitas believes it has acted in accordance with applicable law and will defend its position in court. However, the tax resolution causes some uncertainty and it may take a long time until a final judgment is made. To avoid future challenges of interest deductions the Group has in 2009 adjusted the capitalization of Securitas Spain.

USA – the events of September 11, 2001

A detailed account of the developments surrounding the events of September 11, 2001 has been presented in press releases and interim and annual reports for 2001 to 2010.

Globe Aviation Services Corporation ("Globe") and other Securitas companies, together with the relevant airline and other parties, remain defendants in one lawsuit regarding property and business damage pertaining to the events of September 11, 2001. In 2011, the last wrongful death case pending against Globe and other Securitas companies was dismissed and a settlement of the majority of the property damage plaintiffs' cases was confirmed by the appeals court and became final. The remaining claims in the outstanding case are such that the aggregate estimated value of the claims filed can exceed the insurance coverage estimated to exist as a potential source of recovery. The potential exposure has been reduced due to court decisions (which in some cases are subject to appeal) limiting the liability of the defendants. Due to the statutory liability cap in relation to the events of September 11, 2001, any such liability would also be limited to the amount of liability insurance coverage maintained at the time of the incident.

Globe and the other companies in the Group named as defendants in the property damage case are challenging these claims. In all the suits, a number of persons other than Globe and Securitas companies are co-defendants. All coverage disputes with the relevant September 11, 2001 insurers have been resolved. The proceedings against the Securitas companies other than Globe have, with the consent of the Court and the plaintiffs, been temporarily stayed. Any liabilities arising out of the September 11, 2001 litigation are not expected to materially impact Securitas' business operation or financial position.

USA – tax audit

The U.S. tax authorities have, after finalizing an audit of Securitas USA for the years 2003–2004, issued a notice on July 1, 2010 disallowing certain deductions for insurance premiums. Securitas is of the opinion that it has acted in accordance with the law and will defend its position in U.S. Tax courts. It may take several years until a final judgment is awarded. If the notice is finally upheld by the U.S. Tax courts a judgment could result in a tax of MUSD 60 plus interest.

Other proceedings

Over the years, Securitas has made a number of acquisitions in different countries. As a result of such acquisitions, certain contingent liabilities of the businesses acquired have been assumed. The risks relating to such contingent liabilities are covered by contractual indemnification, insurance or adequate reserves.

Companies within the Securitas Group are also involved in a number of other legal proceedings and tax audits arising out of the business. Any liabilities arising out of such proceedings are not expected to be material to the business operations or the financial position of the Group.

Note 38. Financial five year overview[1]

MSEK	2007	2008	2009	2010	2011
INCOME					
• **Total sales**	**51 536.1**	**56 571.6**	**62 666.7**	**61 339.8**	**64 057.1**
of which acquired business	1 065.6	1 323.7	1 450.0	2 242.3	5 061.5
• ***Acquired sales growth, %***	***2***	***3***	***3***	***4***	***8***
• ***Organic sales growth, %***	***6***	***6***	***-1***	***1***	***3***
• ***Real sales growth, %***	***8***	***9***	***2***	***5***	***11***
Operating income before amortization	**2 888.8**	**3 270.7**	**3 756.5**	**3 724.2**	**3 384.7**
• ***Operating margin, %***	**5.6**	**5.8**	**6.0**	**6.1**	**5.3**
Amortization and impairment of acquisition related intangible assets	-439.8	-102.2	-138.3	-164.3	-218.2
Acquisition related costs	-2.1	-52.6	-5.9	-89.6	-193.5
Items affecting comparability	-78.1	-29.3	–	–	–
Financial income and expenses	-481.9	-469.6	-589.8	-502.3	-493.0
Share in income of associated companies	2.2	–	–	–	–
• **Income before taxes**	**1 889.1**	**2 617.0**	**3 022.5**	**2 968.0**	**2 480.0**
Taxes	-535.1	-727.1	-904.5	-887.2	-741.4
Net income for the year, continuing operations	**1 354.0**	**1 889.9**	**2 118.0**	**2 080.8**	**1 738.6**
Net income for the year, discontinued operations	-828.0	431.8	–	–	–
Net income for the year, all operations	**526.0**	**2 321.7**	**2 118.0**	**2 080.8**	**1 738.6**
– whereof attributable to non-controlling interests, continuing operations	1.6	-1.9	1.8	-2.3	2.9
Average number of shares after dilution ('000)	369 366	365 059	365 059	365 059	365 059
• **Earnings per share after dilution, continuing operations (SEK)**	**3.70**	**5.18**	**5.80**	**5.71**	**4.75**
CASH FLOW					
Operating income before amortization	**2 888.8**	**3 270.7**	**3 756.5**	**3 724.2**	**3 384.7**
Investments in non-current tangible and intangible assets	-838.1	-977.0	-950.7	-901.9	-1 009.8
Reversal of depreciation	775.6	839.9	927.5	900.7	902.0
Change in accounts receivable	-780.6	7.8	197.6	-768.4	-722.6
Changes in other operating capital employed	1 069.1	107.3	-556.4	312.8	-446.9
Cash flow from operating activities	**3 114.8**	**3 248.7**	**3 374.5**	**3 267.4**	**2 107.4**
• ***as % of operating income before amortization***	***108***	***99***	***90***	***88***	***62***
Financial income and expenses paid	-396.2	-433.4	-481.6	-521.7	-475.1
Current taxes paid	-457.6	-803.5	-728.2	-735.1	-763.9
• **Free cash flow, continuing operations**	**2 261.0**	**2 011.8**	**2 164.7**	**2 010.6**	**868.4**
as % of adjusted income	***114***	***94***	***88***	***81***	***39***
Acquisition of subsidiaries including acquisition related costs paid	-584.4	-1 021.5	-757.7	-1 359.0	-1 882.0
Cash flow from items affecting comparability	-15.1	-110.8	-12.0	-62.5	-23.7
Cash flow from financing activities	372.1	-199.3	-2 775.5	-424.5	968.9
Cash flow for the year, continuing operations	**2 033.6**	**680.2**	**-1 380.5**	**164.6**	**-68.4**
Cash flow for the year, discontinued operations	658.9	-790.5	–	–	–
Cash flow for the year, all operations	**2 692.5**	**-110.3**	**-1 380.5**	**164.6**	**-68.4**
Interest-bearing net debt at beginning of year	-9 734.6	-9 878.0	-9 412.6	-8 387.7	-8 208.9
Change in loans	-2 877.6	-469.6	1 716.8	-670.7	-2 064.1
Revaluation of financial instruments	-35.2	-178.2	76.7	67.6	7.5
Translation differences on interest-bearing net debt	76.9	-1 313.1	611.9	617.3	-14.9
Impact from dividend of discontinued operations	–	2 536.6	–	–	–
Interest-bearing net debt at year-end	**-9 878.0**	**-9 412.6**	**-8 387.7**	**-8 208.9**	**-10 348.8**

MSEK	2007	2008	2009	2010	2011
CAPITAL EMPLOYED AND FINANCING					
Non-current assets excluding acquisition related items	4 321.8	5 081.7	4 651.3	4 294.0	4 737.6
Accounts receivable	8 471.1	9 962.6	9 363.3	9 724.1	10 965.0
Other operating capital employed	-9 731.0	-12 084.9	-11 391.2	-11 431.6	-12 558.0
Operating capital employed, continuing operations	**3 061.9**	**2 959.4**	**2 623.4**	**2 586.5**	**3 144.6**
• ***as % of total sales***	***6***	***5***	***4***	***4***	***5***
Goodwill, continuing operations	11 260.4	14 104.3	13 558.3	13 338.8	14 727.4
Acquisition related intangible assets, continuing operations	548.7	751.3	894.9	1 096.5	1 574.1
Shares in associated companies, continuing operations	103.5	104.9	132.1	125.6	108.2
Capital employed, continuing operations	**14 974.5**	**17 919.9**	**17 208.7**	**17 147.4**	**19 554.3**
• ***Return on capital employed, %***	***19***	***18***	***22***	***22***	***17***
Capital employed, discontinued operations	3 717.5	–	–	–	–
Capital employed, all operations	**18 692.0**	**17 919.9**	**17 208.7**	**17 147.4**	**19 554.3**
Net debt	**9 878.0**	**9 412.6**	**8 387.7**	**8 208.9**	**10 348.8**
Net debt equity ratio, multiple, all operations	***1.12***	***1.11***	***0.95***	***0.92***	***1.12***
Interest coverage ratio, multiple, continuing operations	***3.6***	***3.9***	***6.1***	***7.4***	***6.1***
• ***Free cash flow in relation to net debt, all operations***	***0.24***[2]	***0.21***[2]	***0.26***	***0.24***	***0.08***
Shareholders' equity attributable to equity holders of the Parent Company	**8 812.1**	**8 500.6**	**8 812.7**	**8 935.4**	**9 202.9**
Non-controlling interests	**1.9**	**6.7**	**8.3**	**3.1**	**2.6**
Return on equity, %	***5***	***27***	***24***	***23***	***19***
Equity ratio, %	***22***	***24***	***27***	***27***	***25***
Financing of capital employed	**18 692.0**	**17 919.9**	**17 208.7**	**17 147.4**	**19 554.3**

1 For definitions and calculation of key ratios refer to note 3.
2 Free cash flow includes free cash flow from continuing and discontinued operations in relation to the total net debt.
Free cash flow generated by discontinued operations is included on the line Cash flow for the year, discontinued operations in the Statement of cash flow on the previous page.
• Group key ratios according to Securitas' financial model. Refer to pages 54–55.

Parent Company statement of income

MSEK	Note	2011	2010	2009
Administrative contribution and other revenues	40	846.1	955.4	973.7
Gross income		**846.1**	**955.4**	**973.7**
Administrative expenses	42, 43	-473.7	-467.9	-411.6
Other operating income	42	121.0	12.7	11.3
Operating income		**493.4**	**500.2**	**573.4**
Result of financial investments				
Result of sale of shares in subsidiaries	40	–	–	85.9
Dividend[1]	40	5 027.7	6 093.7	5 145.7
Interest income	40	198.9	127.1	228.2
Interest expenses	40	-880.2	-612.1	-781.6
Other financial income and expenses, net[1]	44	-2 739.3	-4 287.7	-3 313.8
Total financial income and expenses		**1 607.1**	**1 321.0**	**1 364.4**
Income before taxes		**2 100.5**	**1 821.2**	**1 937.8**
Current taxes	45	-13.4	-15.8	-21.9
Deferred taxes[1]	45	5.9	-59.9	41.5
Net income for the year		**2 093.0**	**1 745.5**	**1 957.4**

1 The comparative years have been restated since Group contributions paid have been accounted for as a financial expense due to a change of accounting principle. Refer to note 39 Accounting principles for further information.

Parent Company statement of comprehensive income

MSEK	Note	2011	2010	2009
Net income for the year		**2 093.0**	**1 745.5**	**1 957.4**
Other comprehensive income				
Cash flow hedges net of tax		3.2	53.2	56.8
Net investment hedges		13.1	-165.8	-49.7
Other comprehensive income	45	**16.3**	**-112.6**	**7.1**
Total comprehensive income for the year		**2 109.3**	**1 632.9**	**1 964.5**

Parent Company statement of cash flow

MSEK	Note	2011	2010	2009
Operations				
Operating income		493.4	500.2	573.4
Reversal of depreciation	46, 47	10.3	9.8	5.5
Financial items received		5 220.8	6 214.2	4 957.6
Financial items paid		-841.0	-596.7	-739.8
Current taxes paid		-22.3	-7.8	-25.4
Change in other operating capital employed		-4 457.3	627.2	2 399.4
Cash flow from operations		**403.9**	**6 746.9**	**7 170.7**
Investing activities				
Investments in non-current tangible and intangible assets	46, 47	-19.5	-11.5	-12.9
Shares in subsidiaries	48	-562.9	-4 505.7	-6 989.2
Cash flow from investing activities		**-582.4**	**-4 517.2**	**-7 002.1**
Financing activities				
Dividend paid		-1 095.2	-1 095.2	-1 058.7
Proceeds from bond loans		3 344.1	1 764.5	5 962.5
Redemption of bond loans		-1 000.0	-459.5	–
Proceeds from other long-term borrowings		516.1	–	2 288.3
Repayment of other long-term borrowings		-2 041.8	-872.4	-4 524.2
Change in other interest-bearing net debt excluding liquid funds		458.5	-1 566.6	-4 149.6
Cash flow from financing activities		**181.7**	**-2 229.2**	**-1 481.7**
Cash flow for the year		**3.2**	**0.5**	**-1 313.1**
Liquid funds at beginning of year		2.2	1.7	1 314.8
Liquid funds at year-end	51	**5.4**	**2.2**	**1.7**

Parent Company balance sheet

MSEK	Note	2011	2010	2009
ASSETS				
Non-current assets				
Intangible assets	46	92.8	85.4	82.7
Machinery and equipment	47	2.0	2.2	3.2
Shares in subsidiaries	48	37 852.7	40 026.8	40 073.7
Shares in associated companies	49	112.1	112.1	112.1
Interest-bearing financial non-current assets	41	547.2	331.3	217.2
Deferred tax assets	45	19.3	19.3	39.0
Other long-term receivables		83.2	82.1	75.8
Total non-current assets		**38 709.3**	**40 659.2**	**40 603.7**
Current assets				
Current receivables from subsidiaries		4 915.9	895.7	1 188.5
Interest-bearing current receivables from subsidiaries	41	3 158.1	3 074.8	3 247.0
Other current receivables		3.7	2.8	15.7
Current tax assets		0.9	1.6	3.2
Prepaid expenses and accrued income	50	26.8	29.4	23.2
Other interest-bearing current assets	41	0.5	14.7	47.5
Cash and bank deposits	51	5.4	2.2	1.7
Total current assets		**8 111.3**	**4 021.2**	**4 526.8**
TOTAL ASSETS		**46 820.6**	**44 680.4**	**45 130.5**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Restricted equity				
Share capital		365.1	365.1	365.1
Legal reserve		7 362.6	7 362.6	7 362.6
Total restricted equity		**7 727.7**	**7 727.7**	**7 727.7**
Non-restricted equity				
Hedging reserve		-12.2	-15.4	-68.6
Translation reserve		627.7	614.6	780.4
Retained earnings		12 907.2	12 319.9	11 457.7
Net income for the year		2 093.0	1 745.5	1 957.4
Total non-restricted equity		**15 615.7**	**14 664.6**	**14 126.9**
Total shareholders' equity	52	**23 343.4**	**22 392.3**	**21 854.6**
Long-term liabilities				
Long-term loan liabilities	41	8 430.2	7 155.7	8 259.1
Other long-term liabilities		128.4	138.5	77.7
Total long-term liabilities	53	**8 558.6**	**7 294.2**	**8 336.8**
Current liabilities				
Current liabilities to subsidiaries		402.8	755.0	570.4
Interest-bearing current liabilities to subsidiaries	41	9 442.7	9 707.9	9 448.4
Group account bank overdraft		390.6	401.6	1 950.8
Other short-term loan liabilities	41	4 329.4	3 765.9	2 597.7
Accounts payable		12.4	22.6	42.6
Accrued expenses and prepaid income	54	287.5	286.7	300.7
Other current liabilities		53.2	54.2	28.5
Total current liabilities		**14 918.6**	**14 993.9**	**14 939.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**46 820.6**	**44 680.4**	**45 130.5**
Pledged assets	55	74.3	72.1	64.8
Contingent liabilities	56	77.6	75.1	93.1

Parent Company statement of changes in shareholders' equity

MSEK	Share capital[1]	Legal reserve	Hedging reserve	Translation reserve	Retained earnings and net income for the year	**Total share-holders' equity**
Opening balance 2009	**365.1**	**7 362.6**	**-125.4**	**830.1**	**12 516.4**	**20 948.8**
Net income for the year	**–**	**–**	**–**	**–**	**1 957.4**	**1 957.4**
Other comprehensive income						
Cash flow hedges						
Transfer to hedging reserve before tax	–	–	-107.1	–	–	-107.1
Deferred tax on transfer to hedging reserve	–	–	28.1	–	–	28.1
Transfer to interest income in the statement of income before tax	–	–	-1.1	–	–	-1.1
Transfer to interest expense in the statement of income before tax	–	–	185.3	–	–	185.3
Deferred tax on transfer to statement of income	–	–	-48.4	–	–	-48.4
Net investment hedges	–	–	–	-49.7	–	-49.7
Other comprehensive income	**–**	**–**	**56.8**	**-49.7**	**–**	**7.1**
Total comprehensive income for the year	**–**	**–**	**56.8**	**-49.7**	**1 957.4**	**1 964.5**
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 058.7	-1 058.7
Closing balance 2009	**365.1**	**7 362.6**	**-68.6**	**780.4**	**13 415.1**	**21 854.6**
Opening balance 2010	**365.1**	**7 362.6**	**-68.6**	**780.4**	**13 415.1**	**21 854.6**
Net income for the year[2]	–	–	–	–	**1 745.5**	**1 745.5**
Other comprehensive income						
Cash flow hedges						
Transfer to hedging reserve before tax	–	–	-56.9	–	–	-56.9
Deferred tax on transfer to hedging reserve	–	–	15.0	–	–	15.0
Transfer to interest expense in the statement of income before tax	–	–	129.0	–	–	129.0
Deferred tax on transfer to statement of income	–	–	-33.9	–	–	-33.9
Net investment hedges	–	–	–	-165.8	–	-165.8
Other comprehensive income	**–**	**–**	**53.2**	**-165.8**	**–**	**-112.6**
Total comprehensive income for the year	**–**	**–**	**53.2**	**-165.8**	**1 745.5**	**1 632.9**
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2
Closing balance 2010	**365.1**	**7 362.6**	**-15.4**	**614.6**	**14 065.4**	**22 392.3**
Opening balance 2011	**365.1**	**7 362.6**	**-15.4**	**614.6**	**14 065.4**	**22 392.3**
Net income for the year	–	–	–	–	**2 093.0**	**2 093.0**
Other comprehensive income						
Cash flow hedges						
Transfer to hedging reserve before tax	–	–	-29.7	–	–	-29.7
Deferred tax on transfer to hedging reserve	–	–	7.8	–	–	7.8
Transfer to interest expense in the statement of income before tax	–	–	34.1	–	–	34.1
Deferred tax on transfer to statement of income	–	–	-9.0	–	–	-9.0
Net investment hedges	–	–	–	13.1	–	13.1
Other comprehensive income	**–**	**–**	**3.2**	**13.1**	**–**	**16.3**
Total comprehensive income for the year	**–**	**–**	**3.2**	**13.1**	**2 093.0**	**2 109.3**
Share based incentive scheme[3]	–	–	–	–	-63.0	-63.0
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2
Closing balance 2011	**365.1**	**7 362.6**	**-12.2**	**627.7**	**15 000.2**	**23 343.4**

1 For information regarding the numbers of shares outstanding refer to note 52.
2 The comparative year 2010 has been restated since Group contributions paid have been accounted for as a financial expense due to a change of accounting principle. Refer to note 39 Accounting principles for further information.
3 Refers to the net of sharebased remuneration MSEK 4.1 (–) and swap agreement MSEK -67.1 (–). Further information is provided in note 52.

Notes

Note 39. Accounting principles

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities. The Parent Company thus follows the same accounting principles as the Group when relevant and except in the cases stated below. The differences that exist between the Parent Company's and the Group's accounting principles are a result of the restrictions that the Swedish Annual Accounts Act, the Swedish Act on Safeguarding of Pension Commitments and the options that RFR 2 allow for IFRS in the Parent Company.

IFRS 3 Business combinations

The Parent Company measures the acquisition cost as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and all costs that are directly attributable to the acquisition. Contingent considerations are recognized as part of the acquisition cost if it is probable that they will be realized. The acquisition cost is adjusted in subsequent periods if the initial assessment needs to be revised.

IAS 17 Leasing

A complete implementation on legal entity level of accounting for finance leases is sometimes difficult to achieve since specific ordinances for the taxation based on such accounting are not available or are not complete. Finance leases can therefore on legal entity level be accounted for according to the requirements for operational leases. This limitation lacks practical implications since the Parent Company has not entered into any leasing agreements that could be classified as finance leases.

IAS 18 Revenue

Anticipated dividend from a subsidiary is recognized as income in the Parent Company in accordance with RFR 2 if the Parent Company has the exclusive right to decide the amount of the dividend from the subsidiary. The Parent Company must furthermore ensure that the dividend is in line with the subsidiary's dividend capacity. Extra dividends are sometimes a complement to the anticipated dividend. If so, they are accounted for on a cash basis. Group contributions received by the Parent Company are equal to dividends and are thus recognized as financial income in the income statement.

IAS 19 Employee benefits

Accounting for defined benefit plans according to the Swedish Act on Safeguarding of Pension Commitments leads to differences between the accounting in the Parent Company and the Group. These differences have no material impact on the employee benefits relating to the employees of the Parent Company. Pension solutions either fall within the framework of the ITP-plan that is insured via Alecta, which is described in note 31, or in all material aspects consist of other defined contribution plans.

IAS 21 Effects of changes in foreign exchange rates

Paragraph 32 in IAS 21 states that exchange differences that form part of a reporting entity's net investments in a foreign operation shall be recognized via the statement of income in the separate financial statements of the reporting entity. RFR 2 states that such exchange differences instead should be recognized directly in shareholders' equity in accordance with paragraph 14 d in chapter 4 of the Swedish Annual Accounts Act. Securitas AB follows RFR 2 and recognizes exchange differences that fulfills the criteria for net investment hedges, that is for which settlement is neither planned nor likely to occur in the foreseeable future, via the translation reserve in equity.

IAS 39 Financial instruments: Recognition and measurement

The Parent Company follows IAS 39 with the exception of financial guarantees in relation to subsidiaries. For further information refer to the accounting principles adopted by the Group for recognition and measurement of financial instruments in note 2.

Capital contributions

Shareholders' capital contributions are accounted for as an increase of the balance sheet item shares in subsidiaries. An assessment whether any impairment write-down is required in shares in subsidiaries is subsequently made.

RFR 2 Group contributions paid

The Swedish Financial Reporting Board's statement UFR 2 Group contributions and capital contributions has been withdrawn and replaced by guidance in RFR 2 Accounting for Legal Entities. Securitas AB has consequently changed its accounting principle for group contributions paid. As of 2011, they are accounted for on the line other financial income and expenses, net in the statement of income.

The effect on the restated comparative year 2010 is that group contributions paid have impacted other financial income and expenses, net with MSEK -497.4. The tax effect on these group contributions are no longer accounted for in retained earnings. Instead the tax effect has impacted deferred taxes in the income statement with MSEK 130.8. Consequently, net income for the year 2010 has decreased by MSEK -366.6 while retained earnings have increased with the same amount. There is thus no change in total shareholders' equity.

For 2009 the change in accounting principle has impacted the line dividend with MSEK 500.2 and the line other financial income and expenses, net with MSEK -500.2. There has been no impact on total financial income and expenses, net income for the year 2009 or on retained earnings.

Securitas share based incentive scheme

In addition to the Group's accounting principles for share-based payments (IFRS 2) as described in note 2 Accounting principles, the following has been applied in the Parent Company's financial statements. The Parent Company has secured the delivery of shares according to Securitas share based incentive scheme by entering into a swap agreement with a third party regarding purchase of shares. To the extent that shares according to the swap agreement is subject to delivery to employees in other Group companies than the Parent Company, a liability to Group companies has been recorded in the Parent Company's accounts. This liability is recorded at the value of the commitment that Securitas AB has to the subsidiaries to deliver shares, that is the number of shares to be delivered according to the swap agreement at the latest share price for Securitas AB's series B share. Social security expenses are calculated based on the market value of the shares that potentially will be allocated. Fluctuations in the share price for these shares thus lead to changes in social security expenses that impact the Parent Company's and Group's income. This is the only impact on the Parent Company's and Group's income due to fluctuations in the share price for the shares that potentially will be allocated. This means that any possible increase or decrease of the liability to Group companies has not been accounted for in the Parent Company's income statement.

Note 40. Transactions with related parties

Transactions between the Parent Company and subsidiaries are priced in accordance with business principles.

THE PARENT COMPANY'S TRANSACTIONS WITH RELATED PARTIES COMPRISE:

MSEK	2011	2010	2009
Administrative contributions and other revenues from subsidiaries	836.0	942.7	962.4
Result of sale of shares in subsidiaries	96.3[1]	–	85.9
Dividends from subsidiaries	5 027.7	6 093.7	5 145.7
Group contributions paid to subsidiaries	-29.9	-497.4	-500.2
Interest income from subsidiaries	149.0	119.7	214.4
Interest expenses to subsidiaries	-346.5	-145.7	-199.0
Guarantees issued on behalf of subsidiaries[2]	1 462.7	1 578.8	1 596.6
Guarantees issued on behalf of associated companies[2]	73.2	63.0	35.6

1 Included on the line other operating income in the statement of income.
2 Guarantees on behalf of related parties were previous year accounted for in note 56 Contingent liabilities.

Note 41. Financial risk management

The Parent Company follows, as stated in note 39, IAS 39 Financial instruments: Recognition and measurement.
Refer to note 2 and note 6 for further information about financial risks that are applicable also for the Parent Company.

LIQUIDITY REPORT AS PER DECEMBER 31, 2010–2011

MSEK	Total	< 1 year	Between 1 year and 5 years	> 5 years
December 31, 2011				
Borrowings	-22 099	-13 221	-8 530	-348
Derivatives outflows	-11 923	-11 890	-33	–
Accounts payable	-12	-12	–	–
Total outflows	**-34 034**	**-25 123**	**-8 563**	**-348**
Investments	3 561	3 259	302	–
Derivatives receipts	11 933	11 877	56	–
Total inflows	**15 494**	**15 136**	**358**	**–**
Net cash flows, total[1]	**-18 540**	**-9 987**	**-8 205**	**-348**
December 31, 2010				
Borrowings	-20 550	-11 142	-9 408	–
Derivatives outflows	-11 308	-11 253	-55	–
Accounts payable	-23	-23	–	–
Total outflows	**-31 881**	**-22 418**	**-9 463**	**–**
Investments	3 257	3 145	112	–
Derivatives receipts	11 277	11 174	103	–
Total inflows	**14 534**	**14 319**	**215**	**–**
Net cash flows, total[1]	**-17 347**	**-8 099**	**-9 248**	**–**

1 Variable rate cash flows have been estimated using the relevant yield curve.

REVALUATION OF FINANCIAL INSTRUMENTS

MSEK	2011	2010	2009
Recognized in the statement of income			
Financial income and expenses	4.0	-4.2	0.3
Deferred tax	-1.0	1.1	-0.1
Impact on net income for the year	**3.0**	**-3.1**	**0.2**
Recognized via hedging reserve in other comprehensive income			
Transfer to hedging reserve before tax	-29.7	-56.9	-107.1
Deferred tax on transfer to hedging reserve	7.8	15.0	28.1
Transfer to hedging reserve net of tax	**-21.9**	**-41.9**	**-79.0**
Transfer to statement of income before tax	34.1	129.0	184.2
Deferred tax on transfer to statement of income	-9.0	-33.9	-48.4
Transfer to statement of income net of tax	**25.1**	**95.1**	**135.8**
Total change of hedging reserve before tax[1]	4.4	72.1	77.1
Deferred tax on total change of hedging reserve before tax[1]	-1.2	-18.9	-20.3
Total change of hedging reserve net of tax	**3.2**	**53.2**	**56.8**
Total impact on shareholders' equity as specified above			
Total revaluation before tax[2]	8.4	67.9	77.4
Deferred tax on total revaluation[2]	-2.2	-17.8	-20.4
Total revaluation after tax	**6.2**	**50.1**	**57.0**

1 Total of transfer to hedging reserve and transfer from hedging reserve to statement of income.
2 Total revaluation and deferred tax recognized via statement of income and via other comprehensive income.

DERIVATIVES IN THE BALANCE SHEET

MSEK	2011	2010	2009
Interest-bearing financial non-current assets			
Fair value hedges	33.6	40.8	12.1
Total derivatives included in interest-bearing financial non-current assets	**33.6**	**40.8**	**12.1**
Interest-bearing current receivables from subsidiaries			
Other derivative positions	4.6	–	52.7
Total derivatives included in interest-bearing current receivables from subsidiaries	**4.6**	**–**	**52.7**
Other interest-bearing current assets			
Other derivative positions	0.5	14.7	47.5
Total derivatives included in other interest-bearing current assets	**0.5**	**14.7**	**47.5**
Long-term loan liabilities			
Cash flow hedges	16.5	16.2	79.4
Total derivatives included in long-term loan liabilities	**16.5**	**16.2**	**79.4**
Interest-bearing current liabilities to subsidiaries			
Other derivative positions	0.6	80.3	–
Total derivatives included in interest-bearing current liabilities to subsidiaries	**0.6**	**80.3**	**–**
Other short-term loan liabilities			
Cash flow hedges	4.0	8.8	17.7
Other derivative positions	20.4	6.5	10.8
Total derivatives included in other short-term loan liabilities	**24.4**	**15.3**	**28.5**

FAIR VALUE – HIERARCHY AS PER DECEMBER 31, 2011

MSEK	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non observable market data	Total
Financial assets at fair value through profit or loss	–	5.1	–	5.1
Financial liabilities at fair value through profit or loss	–	-21.0	–	-21.0
Derivatives designated for hedging with positive fair value	–	33.6	–	33.6
Derivatives designated for hedging with negative fair value	–	-20.5	–	-20.5

Note 42. Operating expenses and other operating income

AUDIT FEES AND REIMBURSEMENTS

MSEK	2011	2010	2009
PwC			
– audit assignments	5.4	5.2	4.9
– additional audit assignments	0.1	0.6	0.6
– tax assignments	4.1	4.4	4.9
– other assignments[1]	1.6	4.0	3.4
Total	**11.2**	**14.2**	**13.8**

1 The cost of other assignments carried out by PwC includes fees for audit-related advisory services relating to accounting, including IFRS, IT, acquisitions, divestments and matters concerning the Group's internal bank.

Other operating income

Other operating income 2011 mainly comprises dividend of MSEK 29.3 from the Group's disposed joint venture Securitas Direct S.A. in Switzerland and a capital gain from the sale of the shares in this company of MSEK 67.0. The capital gain has been measured as the consideration received less the book value of the shares. It consequently differs from the capital gain on Group level, where the capital gain is measured as the consideration received less the net assets in the consolidated balance sheet. Other operating income further comprises trade mark fees from Securitas Direct AB of MSEK 10.1 and other items MSEK 14.6.

Other operating income 2010 and 2009 consists in its entirety of trade mark fees from Securitas Direct AB.

Note 43. Personnel

AVERAGE NUMBER OF YEARLY EMPLOYEES: DISTRIBUTION BETWEEN WOMEN AND MEN

	Women			Men			Total		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
Board of Directors	3	3	3	4	5	6	7	8	9
President	–	–	–	1	1	1	1	1	1
Other employees, Sweden	26	27	25	23	20	24	49	47	49

STAFF COSTS

	2011			2010			2009			Of which bonuses		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2011	2010	2009
Board of Directors and President[1]	16.5	9.4	(3.4)	19.9	10.7	(3.2)	18.6	10.5	(3.2)	0.0	3.9	2.0
Other employees	46.4	29.5	(13.0)	59.1	29.5	(10.9)	61.6	30.6	(11.2)	0.2	9.3	6.7
Total	**62.9**	**38.9**	**(16.4)**	**79.0**	**40.2**	**(14.1)**	**80.2**	**41.1**	**(14.4)**	**0.2**	**13.2**	**8.7**

1 Refer to note 8 for further information regarding remuneration to the Board of Directors and President.

Note 44. Other financial income and expenses, net

MSEK	2011	2010	2009
Impairment losses, shares in subsidiaries[1]	-2 735.0	-4 552.6	-3 250.6
Group contributions paid[2]	-29.9	-497.4	-500.2
Exchange rate differences, net	36.8	776.5	453.4
Bank costs and similar income/expense items	-15.2	-9.9	-16.6
Revaluation of financial instruments (IAS 39)	4.0	-4.2	0.3
Other items, net	–	-0.1	-0.1
Total other financial income and expenses, net	**-2 739.3**	**-4 287.7**	**-3 313.8**

1 The value of shares in subsidiaries was written down 2011, 2010 and 2009 in connection with the receipt by the Parent Company of dividends from subsidiaries.
2 The comparative years have been restated since Group contributions paid have been accounted for as a financial expense due to a change of accounting principle. Refer to note 39 Accounting principles for further information.

Note 45. Taxes

Statement of Income

TAX EXPENSE

MSEK	2011	2010	2009
Tax on income before taxes			
– current taxes	-13.4	-15.8	-21.9
– deferred taxes[1]	5.9	-59.9	41.5
Total tax expense	**-7.5**	**-75.7**	**19.6**

1 The comparative year 2010 has been restated since Group contributions paid have been accounted for as a financial expense due to a change of accounting principle. Refer to note 39 Accounting principles for further information.

The Swedish Corporate tax rate was 26.3 percent in 2011, 2010 and 2009.

DIFFERENCE BETWEEN STATUTORY SWEDISH TAX RATE AND ACTUAL TAX EXPENSE FOR THE PARENT COMPANY

MSEK	2011	2010	2009
Income before taxes according to the statement of income	**2 101**	**1 821**	**1 938**
Tax based on Swedish tax rate (26.3%)	-553	-479	-509
Tax from prior years	12	16	39
Tax effect related to non-taxable income	1 261	1 628	1 350
Tax effect related to non-deductible expenses	-728	-1 241	-860
Actual tax expense	**-8**	**-76**	**20**

Tax effect related to non-taxable income mainly relates to dividends from subsidiaries. Tax effect related to non-deductible expenses mainly relates to write-down of shares in subsidiaries.

Other comprehensive income

TAX EFFECTS ON OTHER COMPREHENSIVE INCOME

MSEK	2011	2010	2009
Deferred tax on cash flow hedges	-1.2	-18.9	-20.3
Deferred tax on net investment hedges	-4.7	59.2	17.7
Deferred tax on other comprehensive income	**-5.9**	**40.3**	**-2.6**

Balance sheet

Deferred tax assets for 2011 are attributable to employee related debt.

Tax loss carryforwards

The tax loss carryforwards for the Parent Company amounted to MSEK 0 (0 and 0) as of December 31, 2011.

Note 46. Intangible assets[1]

MSEK	2011	2010	2009
Opening balance	147.5	136.2	123.5
Capital expenditures	18.9	11.3	12.7
Reclassification	-2.0	–	–
Closing accumulated balance	**164.4**	**147.5**	**136.2**
Opening amortization	-62.1	-53.5	-49.1
Amortization for the year	-9.5	-8.6	-4.4
Closing accumulated amortization	**-71.6**	**-62.1**	**-53.5**
Closing residual value	**92.8**	**85.4**	**82.7**

1 Mainly related to Securitas' Guard Management System. Furthermore the brand name Securitas in one of the Group's countries of operations is included with MSEK 15.9 (0.0 and 0.0).

Note 47. Machinery and equipment

MSEK	2011	2010	2009
Opening balance	14.3	14.2	14.0
Capital expenditures	0.6	0.1	0.2
Closing accumulated balance	**14.9**	**14.3**	**14.2**
Opening depreciation	-12.1	-11.0	-9.9
Depreciation for the year	-0.8	-1.1	-1.1
Closing accumulated depreciation	**-12.9**	**-12.1**	**-11.0**
Closing residual value	**2.0**	**2.2**	**3.2**

Note 48. Shares in subsidiaries[1]

Subsidiary name	Corporate identity no.	Domicile	Number of shares	*% of share capital/ voting rights*	Book value Parent Company, MSEK
Agencija Adria Ipon Security d.o.o.	58-01-0026-10	Mostar	–	*100*	17.7
Alert Services Holding NV[2]	RPR617707	Brussels	3 311 669	*53.01*	576.4
Grupo Securitas Mexico, S A de C V[3]	GSM930817U48	Monterrey	5 000	*99.98*	14.5
Protectas S.A.	CH-550-0084385-3	Lausanne	25 000	*100*	32.8
Seccredo Holding AB[4]	556734-1283	Stockholm	510	*51*	41.8
Securitas Alert Services Polska Sp.z o.o.	KRS 0000289244	Warsaw	2 000	*100*	10.0
Securitas Argentina S.A.[5]	1587929	Buenos Aires	282 400	*20*	13.5
Securitas Asia Holding AB	556691-8800	Stockholm	100 000	*100*	197.0
Securitas BH d.o.o.[4,6]	1-25315	Sarajevo	–	*85*	97.4
Securitas Canada Ltd	036580-6	Montreal	4 004	*100*	85.6
Securitas CR s r o	CZ43872026	Prague	100	*100*	176.5
Securitas Deutschland Finanz Holding GmbH	HRB 33348	Düsseldorf	–	*100*	2 572.3
Securitas Eesti AS	10188743	Tallinn	1 371	*100*	32.1
Securitas Egypt LLC	175560	Cairo	5 000	*80*	2.9
Securitas Group Reinsurance Ltd	317030	Dublin	50 000 000	*100*	576.5
Securitas Holdings Inc.	95-4754543	Parsippany	100	*100*	2 208.0
Securitas Invest AB	556630-3995	Stockholm	1 000	*100*	7.1
Securitas KFT	Cg.01-09-721946	Budapest	–	*100*	0.9
Securitas Middle East and Africa Holding AB	556771-4406	Stockholm	100 000	*100*	77.6
Securitas Montenegro d.o.o.[4,7]	02387620	Niksic	–	*75*	35.8
Securitas N V[8]	0427.388.334	Brussels	1 000	*99.90*	272.8
Securitas Nordic Holding AB	556248-3627	Stockholm	1 000 000	*100*	5 269.5
Securitas Polska Sp. z o. o.	000036743	Warsaw	33 700	*100*	27.4
Securitas Rental AB	556376-3829	Stockholm	1 000	*100*	3.6
Securitas SA Holdings Pty Ltd	2008-028411-07	Johannesburg	1 000	*100*	79.4
Securitas Security Consulting Holding AB[9]	556087-1468	Stockholm	1 000	*100*	26.1
Securitas Seguridad Holding SL	B83446831	Madrid	301	*100*	8 042.8
Securitas Services d.o.o.	17487809	Belgrade	–	*100*	131.4
Securitas Services Holding U.K. Ltd	5759961	London	34 000 000	*100*	481.1
Securitas Services International BV	33287487	Amsterdam	25 000	*100*	3 733.3
Securitas Services Romania SRL	J40/2222/2001	Bukarest	21 980	*100*	49.5
Securitas Sicherheitsdienstleistungen GmbH	FN148202w	Vienna	100	*100*	76.2
Securitas Toolbox Ltd	316907	Badhoevedorp	100	*100*	0.0
Securitas Transport Aviation Security AB	556691-8917	Stockholm	1 000	*100*	259.6
Securitas Treasury Ireland Ltd	152440	Dublin	21 075 470	*100*	12 565.0
Securitas UAE LLC[10]	615702	Dubai	5 725	*49/51*	5.1
Zvonimir d.o.o[4]	33679708526	Zagreb	–	*85*	53.5
Total shares in subsidiaries					**37 852.7**

1 A complete specification of subsidiaries can be obtained from the Parent Company.
2 Through the holdings in Securitas Seguridad Holding SL, the remaining 46.99 percent of Alert Services Holding NV are held.
3 The remaining 0.02 percent of Grupo Securitas Mexico S.A. de CV are held by Securitas Rental AB.
4 Securitas has an option to acquire the remaining shares.
5 The remaing 80 percent of Securitas Argentina S.A., are held by Securitas Seguridad Holding SL.
6 Former Alarm West Group d.o.o.
7 Former Guardian d.o.o.
8 The remaining 0.1 percent of Securitas NV are held by Securitas Rental AB.
9 Former AB Jourmontör.
10 Securitas controls 51 percent of the votes through a management agreement.

CHANGE ANALYSIS OF SHARES IN SUBSIDIARIES

MSEK	2011	2010	2009
Opening balance	40 026.8	40 073.7	36 335.1
Acquisitions	73.0	177.0	56.7
Divestitures	-2.5	–	-97.9
Capital contributions	492.4	4 328.7	6 946.4
Impairment losses[1]	-2 735.0	-4 552.6	-3 250.6
Revaluation of deferred considerations	-2.0	–	–
Received de-merger[2]	–	–	84.0
Closing balance	**37 852.7**	**40 026.8**	**40 073.7**

1 Impairment losses 2011, 2010 and 2009 have been recognized in connection with the Parent Company receiving dividend from a subsidiary.
2 Received de-merger 2009 is related to Securitas Aviation Holding SL.

Note 49. Shares in associated companies

HOLDINGS 2009–2011

Company	Domicile	*Share in equity, %*	*Voting rights, %*	Book Value, MSEK
Walsons Services Pvt Ltd	Delhi	*49.0*	*49.0*	112.1
Holdings 2011				**112.1**
Walsons Services Pvt Ltd	Delhi	*49.0*	*49.0*	112.1
Holdings 2010				**112.1**
Walsons Services Pvt Ltd	Delhi	*49.0*	*49.0*	112.1
Holdings 2009				**112.1**

Note 50. Prepaid expenses and accrued income

MSEK	2011	2010	2009
Prepaid rent	6.3	1.3	1.4
Other prepaid expenses	20.5	28.1	21.8
Total prepaid expenses and accrued income	**26.8**	**29.4**	**23.2**

Note 51. Liquid funds

Liquid funds include short-term investments with a maximum duration of 90 days that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value. Liquid funds also include cash and bank deposits.

In the Parent Company's balance sheet, utilized internal credits in the Swedish cash-pool account are reported under the Group account bank overdraft. Short-term investments refer to fixed interest rate bank deposits.

Note 52. Shareholders' equity

Number of shares outstanding December 31, 2011

			MSEK
Series A	17 142 600	each share with a quota value of SEK 1.00	17.1
Series B	347 916 297	each share with a quota value of SEK 1.00	348.0
Total	**365 058 897**		**365.1**

The number of Series A and Series B shares is unchanged in relation to December 31, 2010 and 2009. As of December 31, 2011 there where no outstanding convertible debenture loans that could result in any dilution of the share capital.

Each Series A share carried ten votes and each Series B share one vote. This is the only difference between the two series of shares.

Shareholders with more than 10 percent of the votes

The principal shareholders are Gustaf Douglas, who through family and the companies within the Investment AB Latour Group and Förvaltnings AB Wasatornet holds 11.5 percent of the capital and 30.0 percent of the votes, and Melker Schörling, who through family and Melker Schörling AB holds 5.6 percent of the capital and 11.8 percent of the votes.

Dividend

The Board of Directors and the President propose a dividend to the shareholders of the Parent Company of SEK 3.00 per share, or a total of MSEK 1 095.2 The dividend to the shareholders for the financial year 2010, which was paid in 2011, was SEK 3.00 per share, or a total of MSEK 1 095.2. The dividend to the shareholders for the financial year 2009, which was paid in 2010, was SEK 3.00 per share, or a total of MSEK 1 095.2.

Share based incentive scheme

Share based remuneration for Securitas AB's participants in the share based incentive scheme 2010 is accounted for as an increase of retained earnings of MSEK 4.1. A swap agreement, hedging the share portion of the Group's share based incentive scheme 2010, is accounted for as a reduction of retained earnings of MSEK -67.1.

Note 53. Long-term liabilities

LONG-TERM LIABILITIES FALL DUE FOR PAYMENT AS FOLLOWS:

MSEK	2011	2010	2009
Maturity < 5 years	8 473.9	7 211.8	8 261.2
Maturity > 5 years	84.7	82.4	75.6
Total long-term liabilities	**8 558.6**	**7 294.2**	**8 336.8**

Note 54. Accrued expenses and prepaid income

MSEK	2011	2010	2009
Employee-related items	11.7	27.3	32.8
Accrued interest expenses	239.3	219.3	242.4
Other accrued expenses	36.5	40.1	25.5
Total accrued expenses and prepaid income	**287.5**	**286.7**	**300.7**

Note 55. Pledged assets

MSEK	2011	2010	2009
Pension balances, defined contribution plans	74.3	72.1	64.8
Total pledged assets	**74.3**	**72.1**	**64.8**

Note 56. Contingent liabilities

MSEK	2011	2010	2009
Sureties and guarantees[1]	56.9	56.2	56.2
Guarantees related to discontinued operations	20.7	18.9	36.9
Total contingent liabilities	**77.6**	**75.1**	**93.1**
(Of which on behalf of subsidiaries)	–	–	–

1 The comparatives have been restated since guarantees on behalf of subsidiaries are accounted for in note 40 as of 2011.

The Board of Directors and the President declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory administration report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

The statements of income and balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting on May 7, 2012.

Stockholm, March 16, 2012

Melker Schörling
Chairman

Carl Douglas
Vice Chairman

Fredrik Cappelen
Director

Marie Ehrling
Director

Annika Falkengren
Director

Sofia Schörling Högberg
Director

Fredrik Palmstierna
Director

Susanne Bergman Israelsson
Director
Employee Representative

Åse Hjelm
Director
Employee Representative

Jan Prang
Director
Employee Representative

Alf Göransson
President and Chief Executive Officer, Director

Our audit report has been submitted on March 16, 2012
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant

(Translation of the Swedish original)

Auditor's report

To the Annual General Meeting of the shareholders of Securitas AB, corporate identity number 556302-7241

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Securitas AB for the year 2011. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 61–136.

Responsibilities of the Board of Directors and the President and CEO for the annual accounts and consolidated accounts

The Board of Directors and the President and CEO are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President and CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President and CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of December 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2011 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President and CEO of Securitas AB for the year 2011.

Responsibilities of the Board of Directors and the President and CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President and CEO are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President and CEO is liable to the company. We also examined whether any member of the Board of Directors or the President and CEO has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

We recommend to the Annual General Meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President and CEO be discharged from liability for the financial year.

Stockholm, March 16, 2012
PricewaterhouseCoopers AB

Peter Nyllinge, Authorized Public Accountant

Auditor's report on the Corporate Governance Statement

To the Annual General Meeting of the shareholders of Securitas AB, corporate identity number 556302-7241

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2011 on pages 36–51 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 16, 2012
PricewaterhouseCoopers AB

Peter Nyllinge, Authorized Public Accountant

Statement of income 2011[1]

MSEK	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Sales	13 846.6	14 210.1	15 258.2	15 680.7
Sales, acquired business	928.3	1 417.5	1 370.5	1 345.2
Total sales	**14 774.9**	**15 627.6**	**16 628.7**	**17 025.9**
Organic sales growth, %	*3*	*3*	*4*	*2*
Production expenses	-12 232.5	-12 957.4	-13 718.7	-14 068.8
Gross income	**2 542.4**	**2 670.2**	**2 910.0**	**2 957.1**
Selling and administrative expenses	-1 832.3	-1 924.0	-1 965.7	-2 044.9
Other operating income	2.8	1.1	3.1	67.3
Share in income of associated companies	-0.5	0.0	-0.4	-1.5
Operating income before amortization	**712.4**	**747.3**	**947.0**	**978.0**
Operating margin, %	*4.8*	*4.8*	*5.7*	*5.7*
Amortization of acquisition related intangible assets	-44.3	-53.2	-56.4	-64.3
Acquisition related costs	-31.6	-47.2	-21.5	-93.2
Operating income after amortization	**636.5**	**646.9**	**869.1**	**820.5**
Financial income and expenses	-109.3	-120.8	-129.2	-133.7
Income before taxes	**527.2**	**526.1**	**739.9**	**686.8**
Net margin, %	*3.6*	*3.4*	*4.4*	*4.0*
Current taxes	-136.6	-139.5	-194.0	-210.0
Deferred taxes	-21.0	-17.8	-27.2	4.7
Net income for the period	**369.6**	**368.8**	**518.7**	**481.5**
Whereof attributable to:				
Equity holders of the Parent Company	368.6	367.9	517.5	481.7
Non-controlling interests	1.0	0.9	1.2	-0.2
Earnings per share before dilution (SEK)	1.01	1.01	1.42	1.32
Earnings per share after dilution (SEK)	1.01	1.01	1.42	1.32

Statement of cash flow 2011[1]

MSEK	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Operating income before amortization	**712.4**	**747.3**	**947.0**	**978.0**
Investments in non-current tangible and intangible assets	-216.7	-263.7	-208.9	-320.5
Reversal of depreciation	218.6	228.6	221.8	233.0
Change in accounts receivable	-258.5	-484.0	-52.6	72.5
Change in other operating capital employed	-647.1	-107.4	165.6	142.0
Cash flow from operating activities	**-191.3**	**120.8**	**1 072.9**	**1 105.0**
Cash flow from operating activities, %	*-27*	*16*	*113*	*113*
Financial income and expenses paid	-61.3	-274.1	-81.0	-58.7
Current taxes paid	-108.4	-333.2	-103.8	-218.5
Free cash flow	**-361.0**	**-486.5**	**888.1**	**827.8**
Free cash flow, %	*-78*	*-100*	*143*	*130*
Cash flow from investing activities, acquisitions	-137.2	-839.7	-355.4	-549.7
Cash flow from items affecting comparability	-7.3	-3.2	-2.0	-11.2
Cash flow from financing activities	1 319.9	134.4	-297.1	-188.3
Cash flow for the period	**814.4**	**-1 195.0**	**233.6**	**78.6**

Capital employed and financing 2011[1]

MSEK	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011
Operating capital employed	**3 250.8**	**4 016.8**	**3 551.2**	**3 144.6**
Operating capital employed as % of sales	*5*	*6*	*5*	*5*
Return on operating capital employed, %	*124*	*106*	*113*	*118*
Goodwill	12 808.8	13 717.8	14 645.3	14 727.4
Acquisition related intangible assets	1 051.2	1 335.7	1 381.7	1 574.1
Shares in associated companies	114.5	114.3	113.6	108.2
Capital employed	**17 225.3**	**19 184.6**	**19 691.8**	**19 554.3**
Return on capital employed, %	*21*	*18*	*18*	*17*
Net debt	**-8 384.4**	**-10 924.2**	**-10 724.6**	**-10 348.8**
Shareholders' equity	**8 840.9**	**8 260.4**	**8 967.2**	**9 205.5**
Net debt equity ratio/multiple	*0.95*	*1.32*	*1.20*	*1.12*

1 For definitions and calculation of key ratios refer to note 3.

Statement of income 2010[1]

MSEK	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Sales	14 538.3	15 000.3	14 758.6	14 800.3
Sales, acquired business	332.2	423.9	568.3	917.9
Total sales	**14 870.5**	**15 424.2**	**15 326.9**	**15 718.2**
Organic sales growth, %	*–1*	*0*	*2*	*4*
Production expenses	-12 176.9	-12 655.7	-12 521.5	-12 721.9
Gross income	**2 693.6**	**2 768.5**	**2 805.4**	**2 996.3**
Selling and administrative expenses	-1 878.9	-1 912.4	-1 818.0	-1 942.0
Other operating income	2.8	2.8	2.7	4.4
Share in income of associated companies	0.1	-0.1	1.6	-2.6
Operating income before amortization	**817.6**	**858.8**	**991.7**	**1 056.1**
Operating margin, %	*5.5*	*5.6*	*6.5*	*6.7*
Amortization of acquisition related intangible assets	-37.9	-39.4	-39.6	-47.4
Acquisition related costs	-4.9	-19.8	-8.4	-56.5
Operating income after amortization	**774.8**	**799.6**	**943.7**	**952.2**
Financial income and expenses	-132.3	-128.6	-123.5	-117.9
Income before taxes	**642.5**	**671.0**	**820.2**	**834.3**
Net margin, %	*4.3*	*4.4*	*5.4*	*5.3*
Current taxes	-169.2	-181.4	-215.2	-169.9
Deferred taxes	-22.9	-19.3	-29.9	-79.4
Net income for the period	**450.4**	**470.3**	**575.1**	**585.0**
Whereof attributable to:				
Equity holders of the Parent Company	451.5	471.3	574.8	585.5
Non-controlling interests	-1.1	-1.0	0.3	-0.5
Earnings per share before dilution (SEK)	1.24	1.29	1.57	1.60
Earnings per share after dilution (SEK)	1.24	1.29	1.57	1.60

Statement of cash flow 2010[1]

MSEK	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Operating income before amortization	**817.6**	**858.8**	**991.7**	**1 056.1**
Investments in non-current tangible and intangible assets	-221.5	-203.8	-188.0	-288.6
Reversal of depreciation	228.4	225.3	222.8	224.2
Change in accounts receivable	-291.0	-353.7	-357.4	233.7
Change in other operating capital employed	185.4	-184.9	104.3	208.0
Cash flow from operating activities	**718.9**	**341.7**	**773.4**	**1 433.4**
Cash flow from operating activities, %	*88*	*40*	*78*	*136*
Financial income and expenses paid	-86.2	-316.7	-65.4	-53.4
Current taxes paid	-108.5	-295.0	-123.0	-208.6
Free cash flow	**524.2**	**-270.0**	**585.0**	**1 171.4**
Free cash flow, %	*101*	*-49*	*90*	*152*
Cash flow from investing activities, acquisitions	-102.6	-347.1	-197.3	-712.0
Cash flow from items affecting comparability	-1.1	-1.0	-55.1	-5.3
Cash flow from financing activities	-269.9	152.7	-9.4	-297.9
Cash flow for the period	**150.6**	**-465.4**	**323.2**	**156.2**

Capital employed and financing 2010[1]

MSEK	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
Operating capital employed	**2 511.3**	**3 371.9**	**3 098.0**	**2 586.5**
Operating capital employed as % of sales	*4*	*5*	*5*	*4*
Return on operating capital employed, %	*144*	*123*	*130*	*143*
Goodwill	13 352.7	13 982.7	12 816.7	13 338.8
Acquisition related intangible assets	859.8	868.1	890.0	1 096.5
Shares in associated companies	135.2	141.5	126.2	125.6
Capital employed	**16 859.0**	**18 364.2**	**16 930.9**	**17 147.4**
Return on capital employed, %	*22*	*20*	*22*	*22*
Net debt	**-7 798.7**	**-9 699.8**	**-8 685.4**	**-8 208.9**
Shareholders' equity	**9 060.3**	**8 664.4**	**8 245.5**	**8 938.5**
Net debt equity ratio/multiple	*0.86*	*1.12*	*1.05*	*0.92*

1 For definitions and calculation of key ratios refer to note 3.

Financial Information and Invitation to the Annual General Meeting

Reporting dates

Securitas will release financial information for 2012 as follows:

Interim Reports 2012	
January – March	May 7, 2012
January – June	August 8, 2012
January – September	November 7, 2012

Financial information

All financial information is available both in English and in Swedish and may be requested from:

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Fax: +46 10 470 31 22
E-mail: ir@securitas.com
www.securitas.com

Investor Relations activities conducted in 2011

Securitas participated in investor meetings, investor conferences and roadshows in Boston, Copenhagen, Geneva, London, New York, Paris, Stockholm, Toronto, Vienna and Zürich throughout the year. Securitas also participated in several shareholders' meetings arranged by the Swedish Shareholders' Association.

Financial analysts who cover Securitas

COMPANY NAME	NAME
Bank of America Merrill Lynch	Andrew Ripper
Barclays	Paul Checketts
Carnegie	Mikael Löfdahl
Cheuvreux	Niklas Kristoffersson
Citi	Ed Steele
Credit Suisse	Simon Toennessen/Andrew Grobler
Danske Equities	Peter Trigarszky
Deutsche Bank	Davina Mendelsohn
Enskilda Securities	Stefan Andersson
Exane BNP Paribas	Laurent Brunelle
Goldman Sachs	Charles Wilson
Handelsbanken	Anders Tegeback
HSBC	Rajesh Kumar
JP Morgan Cazenove	Robert Plant
Morgan Stanley	David Hancock/Jessica Flounders
Nordea	Johan Grabe
RBC Capital Markets	Andrew Brooke/David Grenall
Standard & Poor's	Marco Troiano
Swedbank	Sven Sköld
UBS	Jaime Brandwood

Annual General Meeting of shareholders in Securitas AB

The shareholders in Securitas AB are hereby invited to attend the Annual General Meeting ("AGM") to be held at 4.00 p.m. CET on Monday May 7, 2012 in Grünewaldsalen, Konserthuset, entrance from Kungsgatan 43, Stockholm, Sweden. Registration for the AGM begins at 3.00 p.m. CET.

Notice of attendance

Shareholders who wish to attend the AGM must:
(i) be recorded in the share register maintained by Euroclear Sweden AB (Euroclear), made as of Monday, April 30, 2012:
and
(ii) notify Securitas AB of their intent to participate in the AGM at the address:

Securitas AB, "AGM"
P.O. Box 7842, SE-103 98 Stockholm, Sweden
or
by telephone +46 10 470 31 30
or via the company website www.securitas.com/agm2012,
by Wednesday, May 2, 2012, at the latest.

On giving notice of attendance, the shareholder shall state name, personal registration number or equivalent (corporate identity number), address and telephone number. A proxy form is available on the company website www.securitas.com/agm2012 and will be sent by mail to shareholders informing the company of their address and their wish to receive a copy of the proxy form. Proxy and representative of a legal person shall submit papers of authorization prior to the AGM. As confirmation of the notification, Securitas AB will send an entry card, which should be presented at registration for the AGM.

In order to participate in the proceedings of the AGM, owners with nominee-registered shares must request their bank or broker to have their shares temporarily owner-registered with Euroclear. Such registration must be made as of Monday, April 30, 2012 and the banker or broker should therefore be notified in due time before said date.

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Jarno Hämäläinen: Pages 2, 5.
Britt Lindqvist: Page 8 (left).
Mats Lundqvist: Page 8 (right).
Roland Falkenstein: Pages 12 (top), 15 (top).
Joakim S. Enger: Page 11 (under, left).
Peter Leenders: Pages 12 (2nd from top), 17 (top).
Fares Jammal: Pages 12 (5th from top), 23.
María Paula Cárdenas: Page 29.
Jeanette Bergström: Page 43.

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