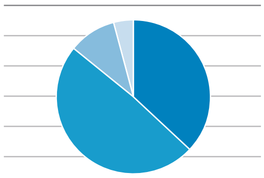
Annual Report 2010

SECURITAS

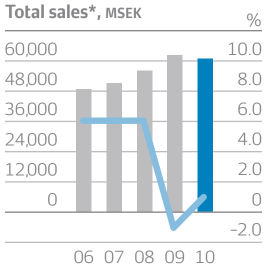
Markets in which Securitas conducts operations: Argentina, Austria, Belgium, Bosnia and Herzegovina, Canada, Chile, China, Colombia, the Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Hong Kong, Hungary, India, Indonesia, Ireland, Luxembourg, Mexico, Montenegro, Morocco, the Netherlands, 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, %



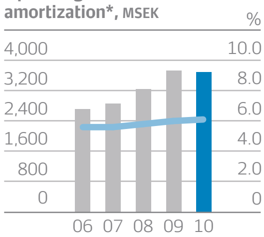
- Security Services North America 37%
- Security Services Europe 49%
- Mobile and Monitoring 10%
- Other 4%

Total sales*, MSEK



Organic sales growth*, %

Operating income before amortization*, MSEK



Operating margin*, %

* Continuing operations

Offering

Securitas services a wide range of customers in a variety of industries and customer segments, ranging from governments, airports, infrastructure, office, 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 multi-billion industries.

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

Read more on pages 10–11

Size

Securitas employs more than 280,000 people in 45 countries. In 2010, total sales amounted to MSEK 61,340 and operating income to MSEK 3,724.

Read more on pages 12–27

Markets and organization

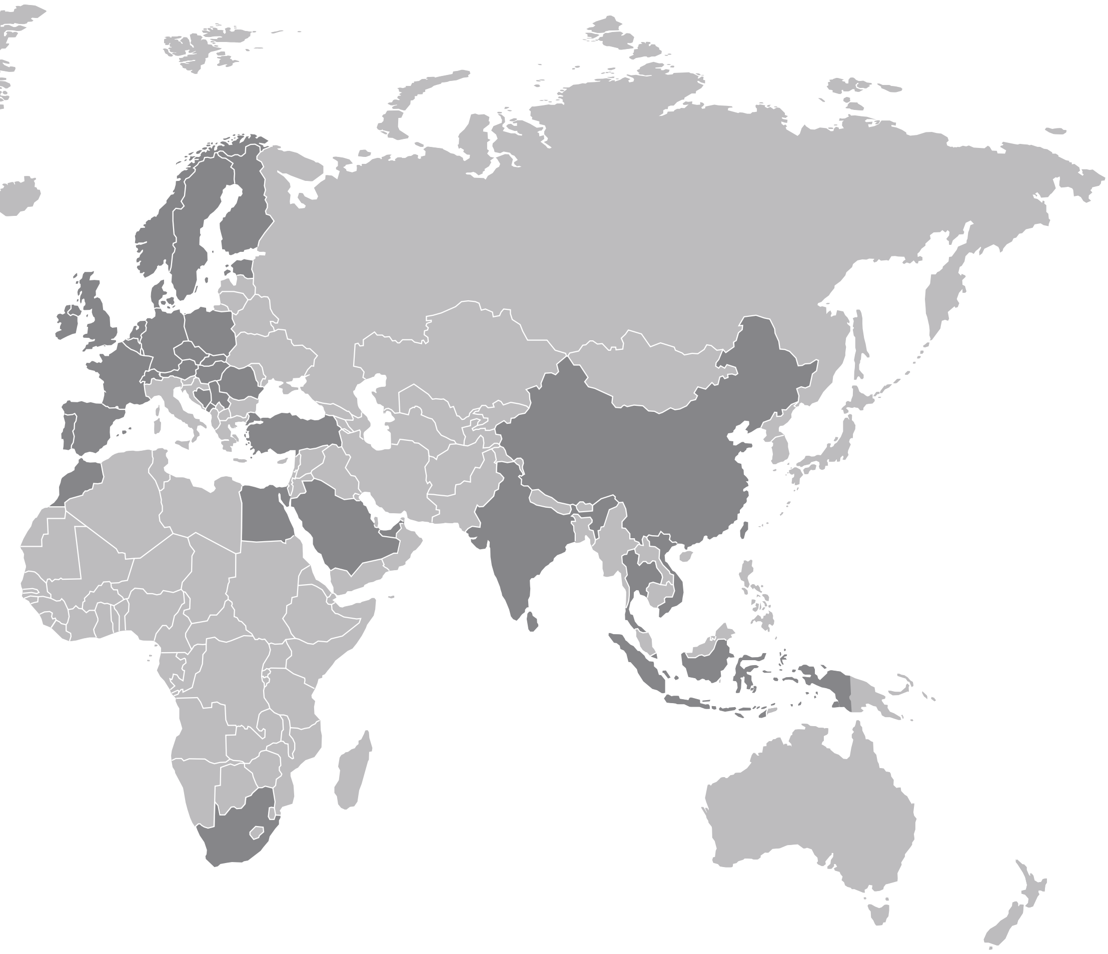
Securitas operates in North America, Europe, Latin America, the Middle East, Asia and Africa. The organization is flat and decentralized with three business segments: Security Services North America, Security Services Europe and Mobile and Monitoring.

Security Services North America provides specialized security services in the USA, Canada and Mexico, with approximately 100,000 employees and about 600 branch managers. Securitas' market share is 18 percent in the USA.

Security Services Europe provides specialized security services in 25 countries with more than 120,000 employees and over 750 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 8,900 employees and 220 branch managers. Monitoring, also called Securitas Alert Services, offers electronic alarm surveillance to 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 and for these types of services.

Read more on pages 28–31 and 51–54



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. In 1999, the company entered North America, followed by Latin America in 2000, and in 2007, the first steps were taken in Asia.

As part of the increased specialization and refinement of its business, Securitas distributed Securitas Systems (today 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. One 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 2010, earnings per share amounted to SEK 5.71, which represented a decrease of 2 percent compared with 2009. In real terms, adjusted for the strengthening of the Swedish krona, earnings per share increased 5 percent. The relation between free cash flow and net debt was 0.24 at year-end.

Read more on pages 54–55 and 90–91

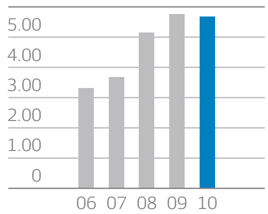
The share

The share price increased 12 percent during 2010. The number of shareholders in Securitas was 31,458. Institutional investors and other corporate entities accounted for 96 percent of the total share capital. Shareholders outside Sweden accounted for 31 percent (29) of the capital and 22 percent (20) of the votes.

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

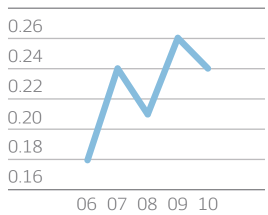
Read more on pages 35–38

Earnings per share after dilution*, 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.

◀ Security officer Angel Rodriguez patrols the assembly hall at private jet manufacturer Gulf Stream in Savannah, Georgia, USA.

Natalia Ferreira Barrio works as a security officer in the subway in Barcelona in Spain, which is one of Europe's most modern. ▶

"We believe in specialization, not diversification."

Successful business with an innovative approach

Securitas' strategy is to focus on profitability and to differentiate ourselves from our competitors. We offer added value through optimized security solutions. Over the past few years, this strategy has been successful in the various business cycles – both in difficult and in more prosperous times.

Securitas has a successful business model. We perform professional risk assessments and risk surveys at our customers' sites, analyze our customers' needs and expectations, design security solutions, often in combination with mobile patrols, alarm monitoring and technical solutions. In 2010, we also strengthened our competence in sophisticated consulting and investigation services, which I believe will be even more important for our customers in the future.

We are continuing to pursue our long-term strategy. More than one third of our sales volume is generated by specialized branch offices that focus on one or very few customer segments. This is gradually leading to improved margins, higher growth, long-term and improved customer relations, and our branch managers are constantly seeking solutions that will add value to our services. Also, as an added benefit, employees who possess specialized knowledge and enhance their skills remain working at the company for a longer period of time.

Alf Göransson meets with Eva Qvarnström and Anders Trogen at Stockholm's Arlanda Airport, Sweden.

We believe that knowledge can be transferred from one market to another, and that our customers expect advice from us that is based on global knowledge. *My Securitas* was launched in 2010 to strengthen and more efficiently structure our knowledge. It is an online professional social network, with Facebook functions, blogs, an internal "Wikipedia" with an advanced search engine and best practice databases. Approximately 4,500 users now have access to the network and in 2011, we will expand the user group to about 17,000 employees from throughout the Securitas world. This is unprecedented in the security industry – a tool for sharing knowledge, locating security knowledge, and creating all kinds of communities. This will lead to better security solutions and add value to our customer offering.

Investing in training

We provide more training for our employees than most other security companies. In 2010, we developed our e-learning capabilities, allowing more employees to take advantage of our training and improving the quality of our local training initiatives by adding content from central training specialists.

If you had a serious heart problem – who would you see? A cardiologist or your family doctor? If you had serious security concerns, I would strongly recommend seeing a security specialist rather than a service bundler.

We believe in specialization, not diversification.

Important figures and events in 2010

Sales, income and organic sales growth

- Total sales MSEK 61,340 (62,667)
- Income before taxes MSEK 2,968 (3,022)
- Net income, continuing operations MSEK 2,081 (2,118)
- Organic sales growth 1 percent (–1)
- Operating margin 6.1 percent (6.0)
- Proposed dividend SEK 3.00 (3.00)

Financial targets

- Earnings per share, continuing operations SEK 5.71 (5.80)
- Free cash flow to net debt ratio 0.24 (0.26)

Acquisitions

- 15 major acquisitions in mature and new markets, with 19,500 employees and annual sales equivalent to approximately MSEK 4,100:

  Seccredo (Sweden), Claw Protection Services (South Africa), Dan Kontrol Systemer (Denmark), Bren Security (Sri Lanka), Paragon Systems (USA), Legend Group Holding International (Singapore), Guardian Security (Montenegro), Nikaro (United Kingdom), ESC and SSA Guarding Company (Thailand), Nordserwis.pl (Poland), Security Professionals and Security Management (USA), Reliance Security Services (United Kingdom), Alarm West Group (Bosnia and Herzegovina), Piranha Security (South Africa), Cobra Security (Romania)

The importance of being impatient
I am proud and impressed by how Securitas delivers high-quality services in almost every corner of the world every single day. But I am equally in awe of how we constantly strive to add value to our services by providing more and better security in an efficient way. This impatient culture has been built by decades of consistent work, commitment and management, and is based on our values and our management model, the Toolbox, for running and managing our operations internally. Read more about the Toolbox on pages 52–53.

We have now taken our Toolbox one step further and developed a Securitas Group standard, the Diamond Box, for doing business externally with a clear focus on security. The separate pieces of our methodology may not be unique, but the way we systematically and consistently combine them and build the processes behind each component is without comparison. Market by market, we are also making our services more transparent and accessible in state-of-the-art online customer portals, which provides customers a complete overview of their security solution. As security professionals, we understand our customers' needs, provide optimal service and build profitable relationships.

In addition to the models of how we do business, we are also building a stronger culture of innovation in Securitas, which will benefit both us and our customers. We are currently creating an infrastructure that will support innovation. A culture where everyone is encouraged to present ideas that will be nurtured, rewarded, tested, and if they are strong enough, implemented and allowed to grow.

Innovation can take many forms. It could mean better ways to conduct sales and marketing, or describe the benefits of our services. It could be new technology or tools, but also new business concepts or methods for making our operations more efficient.

Being a specialist and an innovator in the security industry means that we have to look for opportunities. Once we know that an innovation works, that it passes our tests and receives approval, it will bring even more added value to our customer offerings.

"As security professionals...

…we understand our customers' needs."

2010 – another good year

Our strategy of focusing on profitability and differentiating ourselves from our competitors through the added value that we create by optimizing our security solutions, works when times are both tough and better.

In terms of profitability, the last three years have been our best ever. In 2010, earnings per share declined 2 percent compared with 2009. Adjusted for the strengthening of the Swedish krona in 2010, earnings per share increased 5 percent in real terms compared with the preceding year. We are coming out of the recession in good shape.

In 2010, the Group operating margin amounted to 6.1 percent (6.0). The continuous improvement in the operating margin in Security Services North America over the past five years continued in 2010 despite the major acquisition, Paragon, which was margin-diluting. The operating margin declined in Security Services Europe, mainly due to negative effects in Aviation. In the guarding operations, the operating margin was flat, despite a slightly diluting impact from the acquisition of Reliance in the United Kingdom.

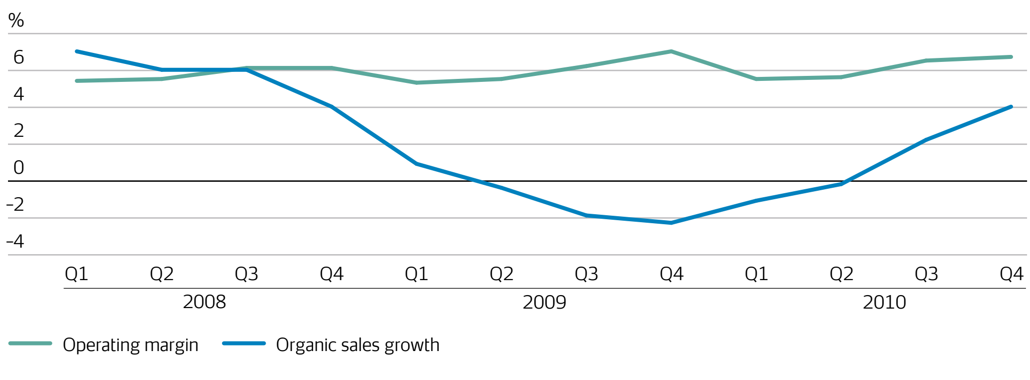
In Mobile and Monitoring, the margin improved during 2010 and our New markets, primarily Latin America, are improving step by step and contributing to Securitas' operating results.

The security services market is recovering, although performance trends in a few European countries remain stagnant. We grew in line with the market in 2010, and our market share in the USA amounts to 18 percent, in Europe 19 percent. Through acquisitions and start-ups, we are now present in 45 countries and we intend to strengthen our position in these countries, while continuing to expand geographically with the target of presence in approximately 60 countries within three years. This extended global presence is crucial when serving global customers with a centralized procurement of security services. These new markets are also growing considerably faster than mature markets, and often allow higher margins.

After a decline in organic sales growth that began at the end of 2008, our organic sales growth is now positive, and amounted to 3 percent during the second half of 2010. If we add the growth generated by acquisitions and financed by our free cash flow, we achieved 5 percent for the full year of 2010, and 8 percent for the second half.

Acquisitions are a key component in reaching our target of increased earnings per share of 10 percent annually in average over time. Of the free

ORGANIC SALES GROWTH VS. OPERATING MARGIN, PER QUARTER



Alf Göransson, President and CEO.

cash flow that Securitas generates annually, approximately half goes to dividends to our shareholders and the remainder is used to finance our acquisitions, which typically entails a sales growth rate of 3 to 5 percent per year.

We completed 15 major acquisitions during 2010, with total annual sales of approximately MSEK 4,100 and 19,500 employees, and expanded our global presence with five new countries. The two largest and most important were Paragon in the USA, which provides a platform to expand in the MUSD 3,500 government market, and Reliance in the United Kingdom, making us the second largest security company in the U.K.

Times are tough and competitive

The security industry is highly competitive, and we have to fight hard to secure contracts. Sometimes we win – sometimes we lose, and periods of joy are muddied by losses. This will not go away and may even get worse. But we are not paid to complain about low margins. We are employed by Securitas because we are security professionals, and because we believe that we can develop our core business and make a difference in the security industry. We are here to work hard and find improved security solutions. We are here to innovate and lead. And I am not the only person who thinks this way – there are more than 280,000 of us.

Stockholm, March 11, 2011

Alf Göransson
President and CEO Securitas AB

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. Securitas is a global company and most of its business originates in North America and Europe. Our security knowledge grows as we learn from assignments and customer relationships globally, but the business itself develops through the everyday actions of our local branch offices.

We deliver specialized security

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. A security solution always includes deployment of qualified security officers, and the following components are often used in combination to create an optimal solution:

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

As an independent security services provider, Securitas partners with various systems, hardware and software subcontractors.

Securitas also delivers mobile security services, providing 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 20–30 customers within a limited geographical area during one shift, performing regular exterior and interior patrols, alarm activations, opening and closing of premises and even turning off the lights. Through their local presence, the security officers also serve as a crime deterrent and are close at hand for alarm response calls. In metropolitan areas, Mobile also provides city patrols and special alarm response units.

Monitoring, also called Securitas Alert Services, provides monitoring services to businesses, homes and private individuals. The services include alarm monitoring, verification and alarm response. In addition, Securitas provides track and trace services for cars and trucks, for example, using the latest GPS and cell phone technology.

The wholly owned subsidiary Pinkerton Consulting & Investigations provides 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 customers – global reach, local relations

Securitas serves customers in 45 countries and in nearly all industries and customer segments, ranging from governments, airports, infrastructure, office, 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 'local shop on the corner' to global multi-billion industries.

In the USA, Securitas offers security solutions to customers in such sectors as the automotive industry, high-rise buildings, the petrochemical industry, seaports, healthcare and gated communities. Nationwide customers are also offered specialist expertise in such areas as high-tech security services, telecommunications and retail security.

In Europe, Securitas provides customized services for such segments as the retail industry, public transport and logistics. In addition, there are specialized aviation security solutions that service airports, airlines and airport-related businesses.

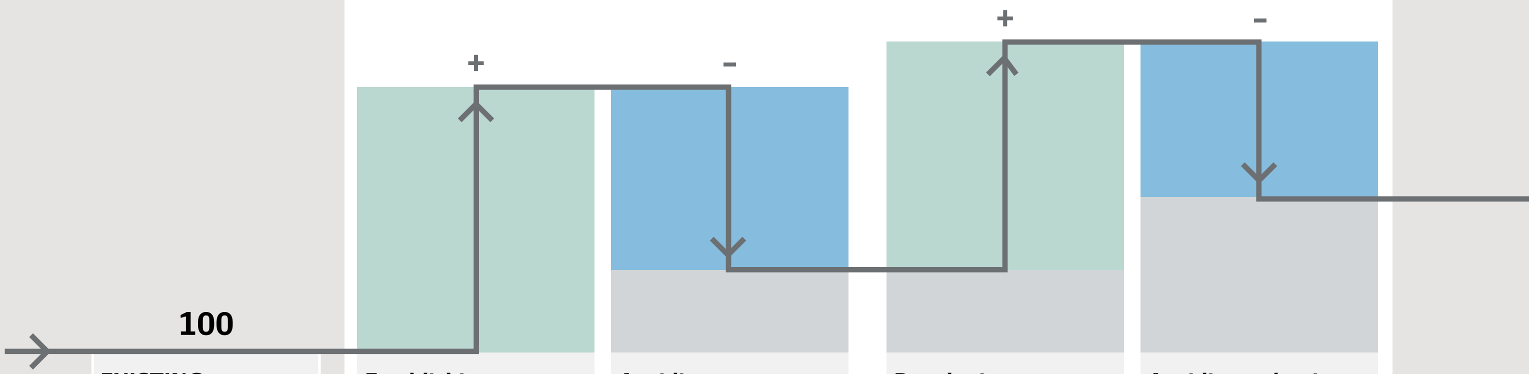
Trained security officers take care of visitors and keep track of the exact number of people in the building.

Business development takes place everyday

Decentralization of decisions and responsibility is fundamental for Securitas; the company's daily operations are conducted in its approximately 1,800 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 provide an overview of how we develop our business, our work has been divided into three steps: growing business, securing profitability and realizing opportunities.

GROWING BUSINESS

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



EXISTING BUSINESS

Establishing new contracts

Success factors:

- A strong brand positioning as the knowledge leader, technology independent, large scale, global yet flexible
- Systematic sales and marketing efforts
- Specialization and segmentation
- Competitive solutions based on qualified risk assessments

Avoiding terminations

Success factors:

- Establishing close, active and long-term customer relations
- Offering solutions to suit changing needs
- Flexible when changes happen, ability to find new solutions within existing contracts

Developing existing contracts

Success factors:

- Continuous customer contacts and dialog
- Actively working on developing existing contracts with value-added services
- Segmentation and sharing of knowledge and solutions

Avoiding reductions in existing contracts

Success factors:

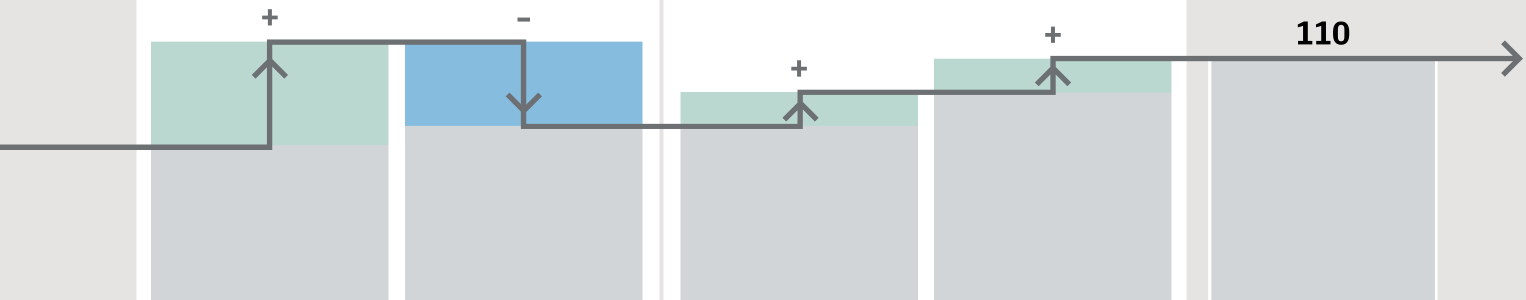
- Continuous customer contacts and dialog
- Using more technology and specialized concepts as an alternative to decreases

SECURING PROFITABILITY

Securing profitability involves 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, thereby enabling increased price levels.

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.
We also see acquisitions as opportunities, for example, when our customers grow into new regions or when an attractive company that can support our existing business is for sale.



Improving price levels

Success factors:

- Position as knowledge leader and premium brand
- Developing specialized value-added services
- Ability to instate short-term price adjustments to avert cost level increases
- Not competing on price

Optimizing the cost level

Success factors:

- Flexible cost base, easily adaptable
- Reducing employee turnover
- Wage cost control
- Sales and marketing efficiency
- Close control over days of sales outstanding
- Active risk management, minimizing losses and avoidable costs

Extra sales

Success factors:

- Close, active and long-term customer relations
- Targeted and event-driven marketing
- Pro-active approach to sudden customer needs
- Large scale and resources

Contributions from acquisitions

Success factors:

- Identifying and selecting suitable acquisition targets
- Expertise in acquisition analysis and transactions
- Properly restructuring and integrating acquired company
- Realizing synergies, for example cost, geographical and marketing synergies
- Ability to develop the acquired company by using the Securitas management model

FUTURE BUSINESS

Optimizing Security Solutions Together with Our Customers

Securitas generates competitive advantages by focusing on its core business – security services – and constantly working close together with customers to optimize their security solutions.

Working close together with our customers
One of the cornerstones in Securitas' strategy is specialization. Our customers are found in nearly all industries and segments – from public agencies, manufacturing companies, ports, banks and hospitals to museums. 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 work very close with our customers and deliver effective security solutions tailored to customer needs. The benefits of specialization, both for the customer and for us, are clear since it results in added value for the customer and more active and longer customer relations.

Securitas recognizes the differences between customer segments and industries in terms of risks, needs and solutions. We also take advantage of the similarities within each industry to reap the benefits of duplicating successful solutions, no matter the location.

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

Degree of specialization depending on market
Securitas is present in 45 countries and the Group's security service offerings differ from country to country, depending on the market and the level of market maturity. In most countries, we are specialized in certain customer segments that are predominant in that particular country, with a dedicated organization servicing those industries. At present, we service 20 main customer segments in most countries in which we have a presence.

Read more about our customer segments and security services, including cases, on www.securitas.com.

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, and because they are open to the public, they have substantial security needs.

Energy The customers in the energy sector include nuclear power plants, electricity suppliers, wind and hydro-electric power stations and oil and gas companies. They 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 limited period of time. This may involve security services for a sporting event, a music concert or a festival.

Healthcare Security needs vary in the healthcare sector depending on whether the facility 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 are 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 and where strict regulations are in place. The seaport itself is often our customer, but our customers also 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 residence, be it a house, an apartment in a high-rise or an entire neighborhood. Some residential communities are gated and have advanced security systems with round-the-clock guarding.

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

Education – Case #1 page 16

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

Financial – Case #2 page 20

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.

Retail – Case #3 page 24

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

We Provide Security Services Globally

Securitas' operations are organized in a flat, decentralized structure with three business segments: Security Services North America, Security Services Europe and Mobile and Monitoring. We are also continuing to grow our business into new markets in Latin America, 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 servicing small and medium sized companies, homes and individuals in Europe.

With its base in North America, Pinkerton Consulting & Investigations offers its services to customers worldwide. In Latin America, we provide our customers with a variety of security services, while our businesses in other new markets have only recently started, or are currently starting, often to be able to serve our global customers in these regions.

Most of our business is in North America and Europe. Security Services North America and Security Services Europe represent 86 percent of our total business, accounting for MSEK 53,015 of the Group's total sales of MSEK 61,340 and approximately 80 percent of our total number of employees, which corresponds to over 225,000 of more than 280,000 employees.

Mobile and Monitoring operates in Europe and accounts for 10 percent of our total sales, 20 percent of total operating income and 3 percent of our total number of employees.

In addition to these business segments, the Group conducts guarding operations in Latin America, the Middle East, Asia and Africa (included under the heading Other in our segment reporting). Since one of the cornerstones of Securitas' strategy is to grow in new markets and this effort is important to the future standing of Securitas, we have chosen to present our business in new markets in this section.

Security Services North America – Page 14

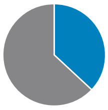
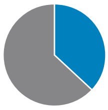
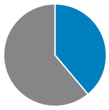
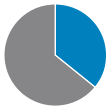
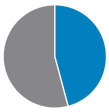
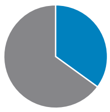
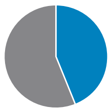
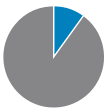
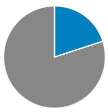
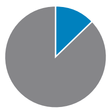
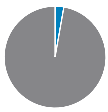
Security Services Europe – Page 18

Mobile and Monitoring – Page 22

New markets – Page 26

Group*

* Includes Other and eliminations.

	Sales	Operating income	Total capital employed	Number of employees
	MSEK 22,731	MSEK 1,380	MSEK 7,320	101,600
Security Services North America provides specialized security services in the USA, Canada and Mexico and comprises 19 business units: one organization for national and global accounts, ten geographical regions and five specialty customer segments – manufacturing, federal government services, defense and aerospace, energy and healthcare – in the USA, plus Canada, Mexico and Pinkerton Consulting & Investigations. In total, there are approximately 100,000 employees, about 600 branch managers and 97 geographical areas.	 37%	 37%	 43%	 36%
	MSEK 30,284	MSEK 1,704	MSEK 6,066	126,000
Securitas' European operations comprise Security Services Europe, providing specialized security services for large and medium-sized customers in 25 countries, and Aviation, providing airport security in 13 countries. The organization has a combined total of more than 120,000 employees and more than 750 branch managers.	 49%	 46%	 35%	 44%
	MSEK 6,009	MSEK 743	MSEK 2,148	9,800
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 8,900 employees and about 220 branch managers in 28 areas. Monitoring, also called Securitas Alert Services, operates in 11 countries across Europe and has approximately 900 employees.	 10%	 20%	 13%	 3%
Securitas provides security services in Latin America, the Middle East, Asia and Africa. Some of these markets are relatively new for Securitas. These operations are included under the heading Other in the segment reporting. See note 9 on pages 103–106.				
	MSEK 61,340	MSEK 3,724	MSEK 17,147	286,000

Refined security services in North America

Organization

Security Services North America provides specialized security services in the USA, Canada and Mexico and comprises 19 business units: one organization for national and global accounts, ten geographical regions and five specialty customer segments – manufacturing, federal government services, defense and aerospace, energy and healthcare – in the USA plus Canada, Mexico and Pinkerton Consulting & Investigations. In total, there are approximately 100,000 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 base with in-depth knowledge of the specific security challenges facing our customers since Securitas works actively to develop optimal security solutions for each one. This includes increasing the level of specialization and introducing value-added services and solutions. By maintaining our strong leadership and raising industry standards, we also constantly strive to maintain a high customer retention rate. The strategy is supported by selective acquisitions.

Market and competition

The U.S. market for outsourced security is 57 percent, while in Canada and Mexico most of the market is outsourced – almost 80 percent in Canada and nearly 90 percent in Mexico. The 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, seven major players hold a market share of 52 percent, while the rest of the market is very 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 different 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. In 2010, a new customer segment for federal government services was established in connection with the acquisition of Paragon Systems, a company specialized in providing high level security services to various government agencies.

To further refine our service offerings, Securitas established a model with tools for adding value to the customers and an individualized customer portal, gathering all necessary information for both the client 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 to be able to provide high-quality services, and learning plans are developed based on customer requirements and expectations. For the security officers, continuous training is provided 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 throughout the country. Our branch manager network focuses on customers and employees, while back office responsibilities are handled through our shared service departments.

Development 2010

The recovery in the security market in 2010 contributed to improved organic sales growth compared with the preceding year. Organic sales growth was -2 percent (-4) in 2010. As a result of Securitas' strategy of specializing the business and focusing on profitability by offering customers specialized solutions, sales of specialized solutions as percentage of total sales rose during the year.

The new sales rate was lower in 2010 than in 2009 when it was primarily supported by healthy growth in the healthcare customer segment.

The operating margin increased to 6.1 percent (5.9). The improvement was mainly driven by cost reductions and lower bad debt losses and provisions for bad debt losses. The strategy of focusing on profitability also contributed.

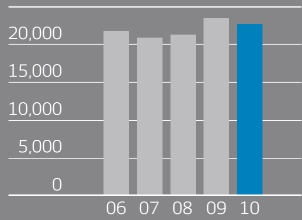
Operating income showed a real change of 4 percent in 2010.

The client retention rate was 90 percent, which is a slight improvement on 2009. The employee turnover rate in the USA remained at 39 percent.

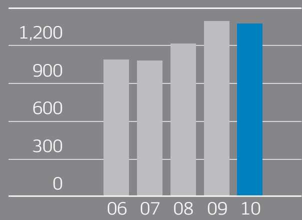
Access control is an important part of Securitas' total service solution for many clients.

FINANCIAL KEY RATIOS MSEK	**2010**	**2009**
Total sales	22,731	23,530
Organic sales growth, %	*-2*	*-4*
Operating income before amortization	1,380	1,400
Operating margin, %	*6.1*	*5.9*
Real change, %	*4*	*2*
Cash flow from operating activities	1,080	1,171
Cash flow from operating activities, %	*78*	*84*
Operating capital employed	1,074	896
Operating capital employed as % of sales	*5*	*4*
Total capital employed	7,320	7,115
Return on capital employed, %	*19*	*20*

SALES
MSEK



OPERATING INCOME
MSEK



Santiago Galaz,
Divisional President,
Security Services
North America

Education

A Safe Environment for Scientific Innovation

At the Biodesign Institute at Arizona State University (ASU) in Phoenix, Arizona, USA, Securitas offers a wide breadth of security services. Securitas is meeting the unique challenges presented by this academic research environment.

Since opening in late 2004, the institute has focused on finding solutions to some of today's toughest scientific challenges, from improving healthcare through more personalized medicine, to outpacing the global threat of infectious diseases and improving our environment through renewable energy and bio-remediation.

The two buildings that currently comprise the institute have been certified by the U.S. Green Building Council for Leadership in Environmental Engineering and Design and in 2006, the facility was named "Lab of the Year" by R&D Magazine.

While Securitas provides a wide breadth of security services, the academic research realm of the Biodesign Institute has presented its own unique challenges. From the start, Securitas has continued to meet the demands of a new 24/7 research hub.

Securitas staff manage the entry and egression of more than 15,000 visitors, scholars, scientists, and students who roam the institute over any given year. The U.S. government stipulates that a specific and specialized security team be employed for research facilities at this level, and Securitas is a key part of the first responder team, and the eyes and ears of the institute during off-peak hours. Securitas officers help provide enhanced levels of coverage and are on duty around-the-clock. Each officer receives extensive training in diverse subjects such as report writing, laboratory and biohazard safety, and counter-terrorism.

The institute is home to more than 600 faculties, students and staff who enter the building through a sophisticated card system and iris scan reader. Securitas officers assist with visitor sign-ins and patrols, and monitor the extensive CCTV and alarm systems. They work seamlessly with the ASU's campus police, as well as local police and fire departments, to ensure the utmost level of campus safety and reporting diligence. Securitas also provides a number of value-added services. Officers routinely check alarm systems for maintenance issues, and perform a complete exterior and interior patrol on each shift.

Finding new security solutions in a research facility often requires a different approach. Securitas' flexibility, its rapid response team, and willingness to go above and beyond the call of duty ensures that research scientists can focus on their central mission – improving human health, and the health of our planet.

Access control
An educational institution has special security needs, such as protecting intellectual property and controlling the large numbers of people passing in and out at any time. Securitas manages the access control system with access rights and controls in accordance with customer requirements.

Alarm/CCTV monitoring
Trained security officers staff the customer-specific alarm and CCTV monitoring centers on the customer's premises. They receive and verify alarm signals, and forward the response according to customer instructions. They also monitor the CCTVs, and dispatch patrols if necessary.

Exterior patrolling
Securitas performs exterior patrols to ensure that no trespassers enter the premises, and that all entrances to the facility are securely locked at night.

Interior patrolling
During the day, security officers patrol the premises continuously to ensure that emergency exits remain clear and unblocked. At night, security officers check that windows and doors are locked, alarms are turned on, lights and other energy-consuming equipment such as copy machines, computer screens or air-conditioning systems are switched off, and that all remaining staff are authorized to be in the building.

Visitor sign-in
A security officer greets visitors in a service-minded and friendly manner, while maintaining the high standards of confidentiality and security required by an educational institution.

Securitas works seamlessly with campus police and the local police department at the Biodesign Institute.

Leading Specialization in Europe

Organization
Security Services Europe provides specialized security services for large and medium-sized customers in 25 countries, while Aviation, part of the Security Services Europe business segment, provides airport security services in 13 countries. Security Services Europe has a combined total of more than 120,000 employees and more than 750 branch managers.

Strategy and objectives
The overall, long-term objective for Security Services Europe is to improve profitability yearly and to differentiate ourselves from our competitors, while growing in line with the market average. This aim is to be achieved by a strong customer focus, by specializing in specific customer segments and by offering customized security solutions. The growth 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. The competence centers for Public Transport, Retail and for Maritime and Logistics aims to strengthen the cross-border development of these customer segments.

Market and competition
The market for outsourced security services (excluding mobile and monitoring services) in the countries where Security Services Europe operates was flat in total in 2010. Securitas has a strong position in the European market and is the market leader in 12 countries and second or third in another eight. In 2010, Security Services Europe's market share increased to 19 percent (18). The security market in Europe is still fragmented and most of the companies are local players, competing mainly on price. The primary competitors are G4S and Prosegur, but Securitas has an unrivaled footprint in Europe. Securitas is the only true pan-European security services provider, servicing customers from Finland to Portugal and from Ireland to Turkey.

Service offering and customers
In Europe, Securitas services a wide range of customers in a variety of industries and customer segments. Our organization is capable of providing services for cross-border customers, as well as customers with very specific requirements.

Through a deep understanding of each customer segment and the ability to provide customized solutions, Securitas can accommodate customers' increasingly specialized needs related to the specifics of their industries. Securitas' solutions are developed in close cooperation with customers locally and often include elements of technology, in addition to specialized guarding.

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
We have a European competency framework for recruitment and onboarding processes, talent management and employee engagement. We also actively develop these areas and share best practices. Employee competencies are of considerable importance to us. We have an internal security training program as well as training centers in several countries to provide our security officers with specialized training. A number of managers are trained through the Securitas Management Training Program, which aims to strengthen local leadership and firmly establish Securitas' culture and business model.

Security Services Europe has been conducting employee satisfaction surveys since 2008.

Every year, Aviation organizes a management training program for branch and area managers to exchange best practices and increase their aviation security know-how. We also have a centralized system for e-learning for aviation security officers and a testing tool for X-ray screening.

Development 2010

Organic sales growth amounted to 2 percent (0). The development in the security market is reflected in positive organic sales growth in most European countries – Austria, Belgium, Denmark, Finland, Germany, the Netherlands, Sweden, Switzerland, Turkey and the United Kingdom – all showed positive organic sales growth. In Spain, where economic recovery is lagging, organic sales growth was negative.

The new sales rate was lower in 2010 than in 2009.

The operating margin was 5.6 percent (5.7). In the guarding operation, the operating margin was flat, in spite of a slight diluting impact from the acquisition of Reliance in the United Kingdom. Aviation's operating margin declined in 2010 due to provisions for bad debts and a negative impact related to flight interruptions caused by the volcanic ash cloud in April 2010.

Operating income showed a real change of 3 percent in 2010.

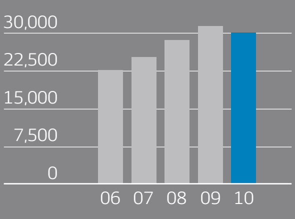
The client retention rate was 90 percent, an improvement compared with 2009. The employee turnover rate was 27 percent (26).

Securitas is the only true pan-European security services provider.

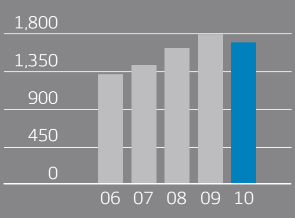
FINANCIAL KEY RATIOS MSEK	**2010**	**2009***
Total sales	30,284	31,517
Organic sales growth, %	*2*	*0*
Operating income before amortization	1,704	1,800
Operating margin, %	*5.6*	*5.7*
Real change, %	*3*	*4*
Cash flow from operating activities	1,574	1,832
Cash flow from operating activities, %	*92*	*102*
Operating capital employed	769	883
Operating capital employed as % of sales	*2*	*3*
Total capital employed	6,066	6,152
Return on capital employed, %	*28*	*29*

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

SALES
MSEK



OPERATING INCOME
MSEK



Bart Adam,
Divisional President,
Security Services Europe

Marc Pissens,
Divisional President, Aviation

Financial

Total Security Solution for Czech Bank

"We wanted one strong security provider that could deliver all of the security services that the bank requires. A single company that could perform an analysis, integrate security suppliers and implement a new solution," says Zdenek Machacek, Security Director of Ceska sporitelna, the largest bank in the Czech Republic.

In 2004, the Czech bank had more than 70 security suppliers and no effective way of analyzing security costs or efficiency in its 637 branches. Securitas had been providing guarding services for the bank since 1996 and in 2004, the company secured a total security solution tender. In its security risk analysis, Securitas showed how the number of branches with a permanent security presence could be reduced. By combining permanent guards, mobile patrols and call-out patrols, Securitas could then create a flexible solution that would cover more branches.

Securitas has continued to develop its security solution for Ceska sporitelna since 2004. The company now provides a total solution comprising specialized guarding, call-out and mobile patrols, access control system management and the monitoring of intrusion alarms, fire alarms and ATMs. Former bank security personnel now work for Securitas as security specialists. In addition to advisory services, they also offer expertise in fire-prevention, health and safety, and security training for bank personnel.

"A high priority for the bank is, of course, that employees feel safe and secure. The previous solution did not look after some of our branches. Broader coverage and opportunities to use Securitas' resources at any time has created a more secure environment for employees," says Machacek.

Ceska sporitelna and Securitas have agreed on high-quality security services. Quality is evaluated on a regular basis through the service level agreement and various control activities. "We have a very good relationship with the Securitas security officers who work here. They take responsibility for solving problems and help us find solutions," explains Machacek.

The last piece of the puzzle was to analyze and improve the cost structure. Processes became more transparent when Securitas assumed responsibility for the follow-up of all costs related to security.

Security Director Machacek is pleased with the outcome. "We have seen some significant changes. The implementation of the security solution has definitely met our expectations, and we now realize that one of our greatest challenges has been to change people's views and attitudes toward security."

Access control
Due to the high-security profile of a bank, access control is crucial. Securitas manages the access control systems for visitors in office buildings.

Alarm monitoring services
Securitas has built up a monitoring center that specializes in banking. Specially trained operators work at the center, where they monitor intrusion and fire alarms, ATMs, and handle alarm verification and response in accordance with the bank's instructions.

Key handling
Securitas officers handle the keys that are required to provide focused intervention in defined premises.

Security consulting and training
Securitas security specialists offer security training for the bank's personnel, fire-prevention services, advice on health and safety issues and security checks of the bank's branch offices. They also provide support and advice on security matters, such as rules and regulations.

Security technology coordination
Securitas is responsible for overall cost control and coordinates several large security system suppliers, which handle installations, maintenance and audits.

Specialized guarding/ Mobile security services
Specially trained security officers perform services that are tailored to the bank's specific business and requirements. One security officer serves multiple bank branches and carries out beat patrol, call-out patrols and sometimes assists with opening and closing. Beat patrols can be interior, exterior or a combination of both, and focus primarily on crime prevention.

Securitas provides specialized security services customized to the requirements of the Ceska sporitelna bank in the Czech Republic.

High-quality 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 across Europe and has approximately 8,900 employees and about 220 branch managers in 28 areas. Monitoring (Securitas Alert Services) operates in 11 countries throughout Europe and has approximately 900 employees.

Strategy and objectives

Mobile and Monitoring have 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 premium 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 clear market leader in all markets in which Mobile operates with a market share in the Nordic countries of more than 50 percent and varying 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. 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 and property as well as manning of customized alarm monitoring centers at the customer's premises. In the market segment for the track and trace service of mobile objects, Securitas is at the forefront of development.

Service offering and customers

Mobile provides mobile security services, such as beat patrol, call-out services, city patrol and key-holding 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, separate from its operations. 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, 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 easy do-it-yourself solutions.

Our employees

In 2010, Mobile continued the work with improving the efficiency of its sales force as well as reducing terminations of contracts, specifically by further developing staff and processes in customer services. Approximately 180 sales specialists are now in place in most European countries of operation.

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

Development 2010

Organic sales growth amounted to 2 percent (3). In the Mobile operation, countries such as Germany, the Netherlands, Norway, Portugal, Sweden and the United Kingdom showed positive organic sales growth. The Monitoring operation showed good organic sales growth in Finland, Norway, Poland and Sweden.

The operating margin was 12.4 percent (12.0), with operational improvements, cost control and lower bad debt provisions and losses having a positive effect. The entry into the monitoring market in Spain also contributed to the improved margin.

Operating income showed a real change of 6 percent in 2010.

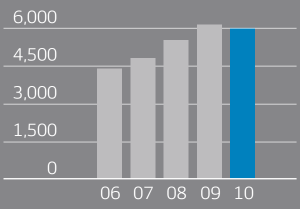
Securitas operates control rooms in 11 countries throughout Europe.

FINANCIAL KEY RATIOS

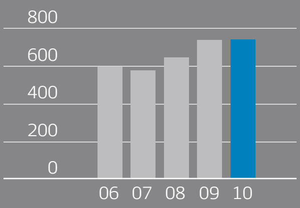
MSEK	2010	2009*
Total sales	6,009	6,168
Organic sales growth, %	*2*	*3*
Operating income before amortization	743	740
Operating margin, %	*12.4*	*12.0*
Real change, %	*6*	*7*
Cash flow from operating activities	734	732
Cash flow from operating activities, %	*99*	*99*
Operating capital employed	179	162
Operating capital employed as % of sales	*3*	*3*
Total capital employed	2,148	2,353
Return on capital employed, %	*35*	*31*

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

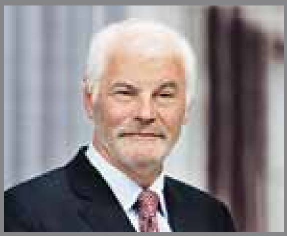
SALES
MSEK



OPERATING INCOME
MSEK



Erik-Jan Jansen,
Divisional President, Mobile



Lucien Meeus,
Divisional President, Monitoring

Retail

Shared Mobile Security Services Give Full Support

"Securitas guarantees response in 90 seconds, but I don't think we've ever had to wait for more than 60 seconds", says Lena Storm Hanssen, Manager of the Ark Bookstore in Oslo, Norway. Sharing a security service is an effective way for small and medium-sized companies to meet their large and varied security needs, while keeping security costs down.

For more than 20 years, Securitas has provided security for small and medium-sized shops and businesses in the Oslo city center through the City Patrol concept. These customers face a wide range of security challenges – from shop lifters, vandals and lost children to shoppers who have been robbed or suddenly fallen ill – and the concept was developed to give customers full security support at a lower cost than hiring a full-time security officer. Several businesses share the services of one or more security officers. Some 40 officers patrol their own control areas, check on their customers and respond to alarm calls.

The 400 shops or small businesses and shopping malls that use the Securitas City Patrol are equipped with a mobile alarm sender. Securitas guarantees that help will arrive within 90 seconds. All alarms are logged in a special system, which enables Securitas to follow trends and provide the customers with detailed statistics.

Even more important than the technology are the security officers who perform the service. These officers build quality relationships with the customers, who see them as much as ten to fifteen times a day.

"The officers are friendly and helpful and we have come to trust and depend on them," says Lena Storm Hanssen.

In addition to close contact with customers, Securitas also has regular contact with the police, and takes part in community meetings that discuss safety and security issues in the inner-city area. "Our common goal is to take care of customers and provide excellent service," says Agnar Pedersen, Securitas' Branch Manager for City Patrol. "Our services range from giving first aid to responding to fire alarms, helping shop assistants when they have to leave the shop and assisting with police reports. Getting to know our customers is very important, so that they can trust us when something happens".

Area patrol

Small companies in an industrial area share one security officer who performs exterior and/or interior patrolling and alarm response.

Beat patrol

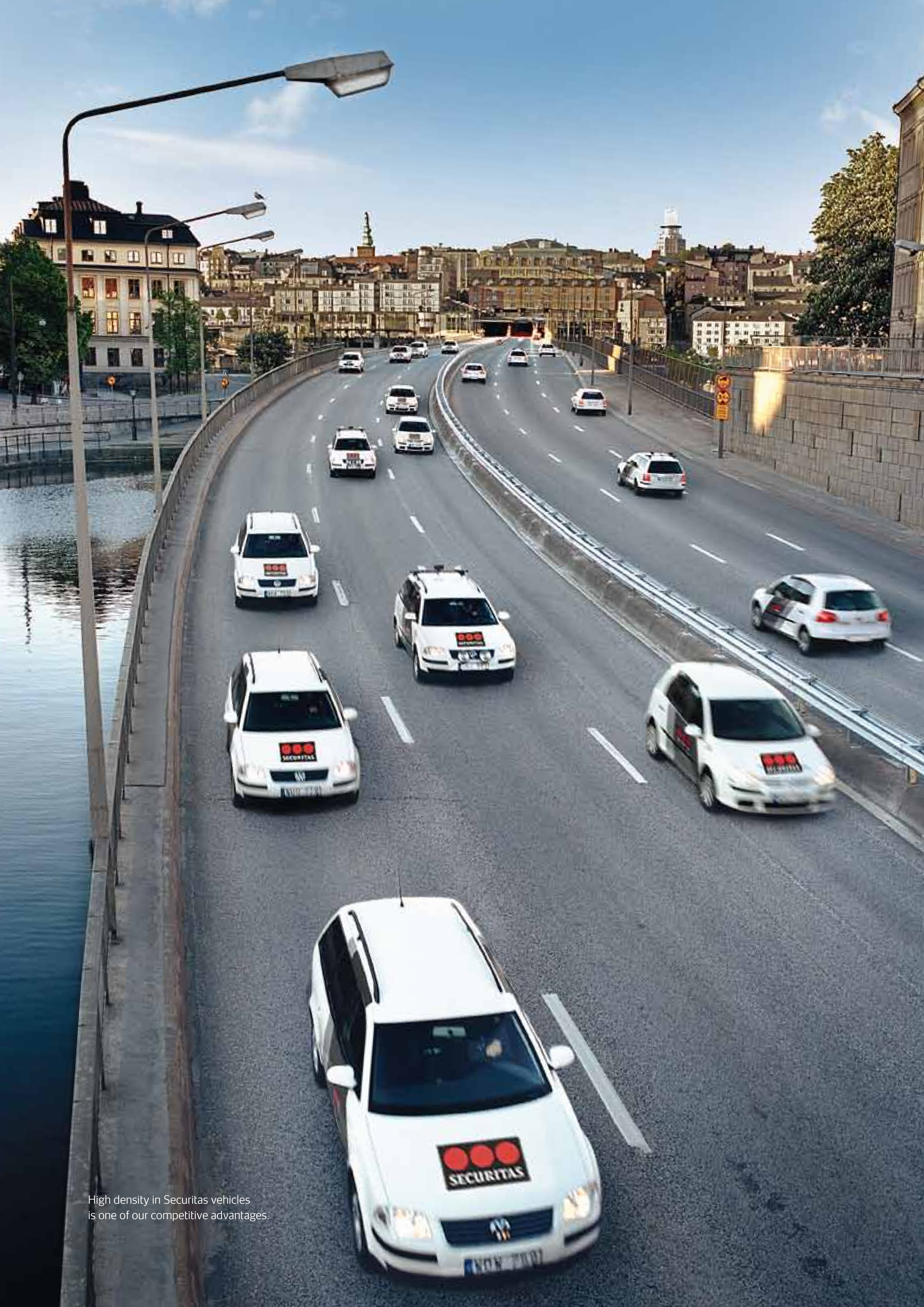
Several customers share one security officer for interior or exterior patrolling or a combination of both. The officer performs multiple tasks in addition to crime prevention, such as shutting down energy-consuming equipment at night, checking equipment and machinery and access control.

City patrol

Shops, small shopping malls and businesses in a city area share one or more security officers. The customers are equipped with assault alarms for quick response. The security officers provide a range of services for customers, for example theft prevention and first aid.

Residential patrol

Tenant-owners and resident associations share one security officer for interior and exterior patrolling of the housing area and response to alarm call-outs.



High density in Securitas vehicles
is one of our competitive advantages.

Growing in New Markets

A cornerstone of Securitas' strategy is to grow in new geographical markets outside North America and Europe, serving our global customers in these regions. In 2010, six acquisitions were carried out in new markets. New markets are included under the heading Other in our segment reporting.

Latin America

Securitas is present in Argentina, Chile, Colombia, Peru and Uruguay, with approximately 25,000 employees. In Argentina and Uruguay, Securitas is the market leader. The security market in Latin America is extremely fragmented and to a large extent non-regulated. Of the Group's global competitors, G4S operates in most Latin American countries, while Prosegur is present in all of the countries in Latin America in which Securitas has operations.

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

Security solutions are developed in close cooperation with customers locally, and in many cases include technology in addition to specialized guarding. We have established our own training centers for security officers in all of the Latin American countries in which we operate, which is a 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 us the opportunity to offer specialized training according to specific customer needs.

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. Securitas' growth strategy is supported by selective acquisitions.

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 14,000 employees in over 150 cities. The customized services offered are specialized guarding, corporate training, executive protection, transports and event security. The company focuses on developing knowledge and providing expertise through round-the-clock control centers, matrices for crisis management, contingency planning and security audits.

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.

After an acquisition in June 2010, Securitas operates with about 1,100 employees in Sri Lanka.

China and South-East Asia

Securitas has established an organization in China designed to serve as a platform from which to grow 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 to 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 the Group now has 1,500 security officers in place, are mainly in the hotel and tourism segment and in Vietnam, where Securitas operates in a partnership with Long Hai Security, the total number of employees is 2,100.

In 2010, Securitas entered the security markets in Singapore, with approximately 600 employees, and Indonesia.

Middle East and Africa

Since 2008, Securitas has a presence in the Middle East and Africa with security services operations in Egypt, Morocco, Saudi Arabia, South Africa and the United Arab Emirates.

The South African operations are growing and we are investing in training and the sharing of best practices to raise the standards in the industry. After two further acquisitions in 2010, Securitas now has about 1,500 employees in South Africa.

In Thailand, Securitas provides specialized guarding services mainly in the hotel and tourism segment.

Global Development Spurs Growth

The world's security services market is experiencing long-term growth attributed to global development. Industrialization, growing wealth and improved infrastructure as well as increased trade and privatization are all driving demand for security services.

The market for security services cover all sectors, geographical markets and industries and is closely interlinked with economic and societal development.

Besides the underlying growth spurred by global development, there are also more specific market trends that are of special interest for future growth. The trends that affect Securitas the most are: growing demand for customized services, heightened interest in security issues among senior management and increased use of technology.

Growing demand for customized services
Each industry, company and operation has specific needs and requirements in terms of security. Customers expect suppliers to be able to identify and respond to their specific challenges, providing specialist know-how and dedicated resources, such as global control centers. The more security suppliers manage to meet these challenges, the greater the responsibility they will be granted by companies. The cases on pages 16, 20 and 24 illustrate three customer segments and challenges, as well as the specialized services we provide.

Differences in growth factors between markets

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 economic and social trends.

Securitas is currently present in 45 countries. These countries are shaded in the map.

North America

The USA and Canada are more mature markets. Mexico is more of an emerging market with rapid growth opportunities. The demand in the U.S. market directly correlates with economic development (GDP). Nearly half of the U.S. security market is within the public sector, with great opportunities in the government, healthcare and education segments.

Latin America

Latin America is an emerging market where security services are based on traditional guarding, in some cases combined with technology aided security. The sustained economic growth in recent years has increased the demand for security services. Private security companies supply services since governments are not able to keep up with the needs of a rapidly growing and changing economy.

In general, customers are prepared to pay more for a service with greater content, higher quality and relevant specialist skills. Furthermore, in certain markets there is a willingness to pay a premium to gain better control and more effective administration of security services, with one contact person in charge of the entire solution.

Greater interest in security issues among senior management

Senior management is devoting greater attention to security issues and senior executives devotes more time to discuss and decide on security issues. Some factors contributing to the greater attention being devoted to security issues are:

- A higher level of insecurity in society and thus a greater need for companies to address security issues and risks
- The cost of disruptions to businesses is high, since production is becoming more streamlined, trading is centralized and the values of transports are increasing
- Greater demands imposed by customers and insurers
- Stringent security requirements for certain types of certifications
- Increased awareness of the consequences of poor quality security

Companies usually opt to outsource security when enhancing it, since security activities are not considered part of most companies' core business. The basic reasons behind the outsourcing of security do not differ from those that warrant the outsourcing of other activities.

The cost factor is the primary reason, since it is more cost-effective to permit a specialist security supplier to manage a company's security operations. Customers in more mature markets also take expertise and specialist know-how into consideration as key factors when transferring responsibility for security to an external supplier. A specialist security supplier offers a superior solution.

Europe

Europe is a rather mature market, and therefore offers opportunities for segmentation and specialization. We still see the possibility of increasing our presence and market share, especially in the Eastern European countries. The demand for integrated and global solutions favors a pan-European provider, such as Securitas.

Asia and Middle East

Markets are developing, and currently we provide mainly manned guarding services. In the Middle East there is a greater share of technology content in the security solutions. Driving forces are the rapid economic growth and increased acceptance of private security suppliers by officials. The Asian markets represent great prospects for growth.

Source: Securitas

Increased use of technology

New 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 technology level in the security solution. But even in countries with low labor costs, there is an interest in raising the technology content in security solutions.

Combined solutions increase the reliability of the service, for example by providing constant coverage and ability to record incidents. Customers view technological progress as positive, and the most effective security solutions are created through an optimum combination of technology and manned guarding.

Growing insecurity and other trends

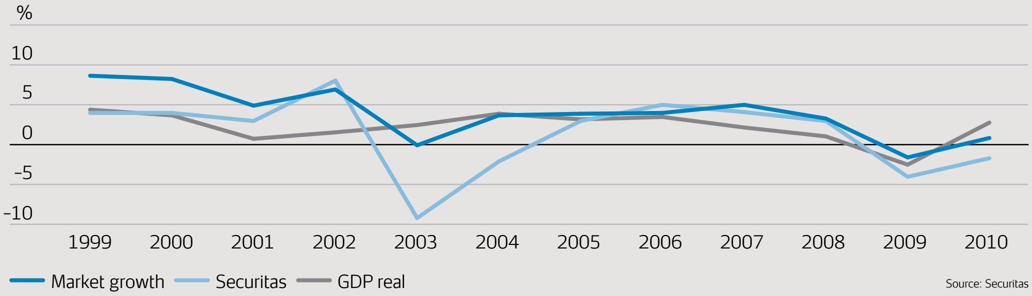
Besides the main three trends mentioned earlier, there are a multitude of important factors that also affect growth and margins. One example is that customers have an increasing awareness and perception of the risks and threats to operations, assets and individuals. One of the reasons for this is higher media interest in crime and new types of criminality. This in turn translates to an increasing demand for security.

Our customers also use more and more streamlined production processes, fewer but larger trading places, and more high-value transport activities. This raises vulnerability and the risk of production disruptions. To address these threats, companies rely on more wide-ranging, advanced and extensive risk analysis, leading in turn to greater demand for security services.

In many parts of the world, the public sector is being forced to cope with budgets that cover less and less. The public, however, continues to have at least the same – and sometimes higher – expectations regarding service and security. Private security suppliers then step in to fill the demand by offering efficient security solutions. The prevailing trend and conclusion is that outsourcing of services in the public sector is increasing in pace with global development and with the growing confidence in security suppliers among politicians and the public.

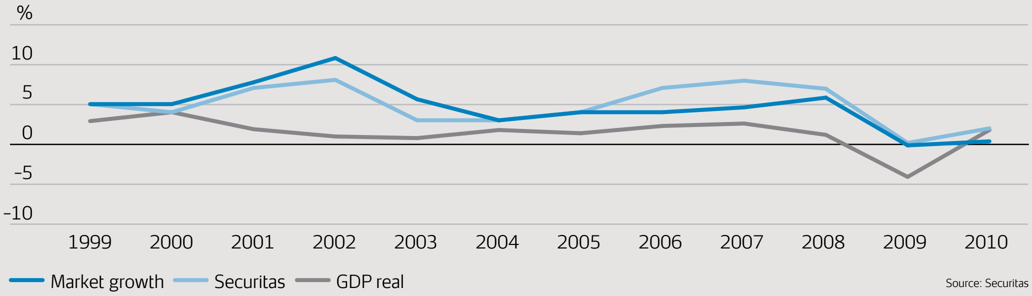
Market growth

SECURITY MARKET GROWTH, USA (GUARDING AND MOBILE)



Source: Securitas

SECURITY MARKET GROWTH, EUROPE* (GUARDING AND MOBILE)



Source: Securitas

Adjusted for effects of hurricanes in 2005 and 2006.

The markets for guarding services in the USA and Europe* have grown a few percentage points faster than GDP over the past decade. This was also the case during the recession in 2009. The growth of the guarding market is fairly correlated with the development of the GDP, but with a lag of 6–12 months. The correlation between GDP growth and guarding market growth is slightly stronger in the USA compared to Europe, which indicates a more homogenous and adaptable market in the USA.

The dip in U.S. growth that affected Securitas and the market in 2003 was mainly the result of legislation imposed following the terrorist attacks on September 11, 2001. The legislation led to insourcing of security services.

* Including Turkey

Main competitors

	G4S	Prosegur	Allied Barton
Home country	United Kingdom	Spain	USA
Ownership	Listed	Listed	Private
Employees	625,000	103,000	50,000
Primary markets	North America, Latin America, Nordic region, United Kingdom, Eastern Europe and New Markets	Spain, Portugal, France, Italy, Latin America	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

Our Employees Make the Difference

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. They are our ambassadors, and their actions, skills and character are fundamental to building trust. More than 280,000 individuals at Securitas provide safety every hour of the day. Keeping our customers safe is how we make the difference.

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 larger groups of people and the community at large. The basic security that we provide allows companies and communities to operate and grow.

We provide security for the people who work, purchase and interact with our customers.

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 our number one responsibility. Our services enable us to 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 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 the 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

Taking the lead as an employer
Our responsibility is to be a solid, trustworthy and stable employer for more than 280,000 people. Securitas believes in relationships based on mutual respect and dignity, as our employees are our most important resource. 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? One important tool is training, and Securitas has several programs in place.

↓ **Read more at** www.securitas.com/responsibility. Here you will find information about: priorities, management, benefits, activities and results from an environmental, social and economical perspective. You will also find key figures in relation to sustainability, the Code of Conduct and environmental policy.

Greater returns when investing in people

Securitas' strategy of specialization entails active investment in our employees. Specialized security requires cost, but investing in people has a potential for high leverage. The possible returns in customer benefit exceed the investment, and create a positive spiral.

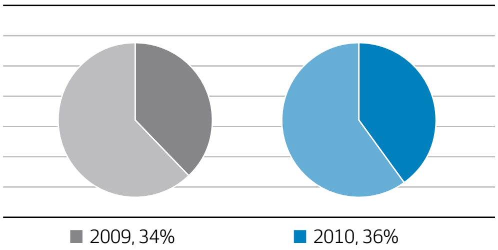
Greater customer benefits
Specialized services and solutions create increased customer satisfaction through added value, and generate higher margins than standard services.

Better terms and skills development
Securitas has long been a driving force in raising the standards and level of professionalism in the security industry, improving the status of security officers, raising wage levels and increasing skills development efforts. We view this as an investment in our most important asset, our employees.

More specialization and greater efficiency
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. High employee retention rates and qualification levels also lead to greater efficiency, and drive profitability.

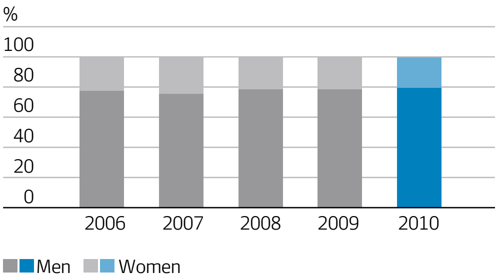
Long-term employment
Employee turnover is high in the security industry – in Securitas it is approximately 40 percent in the USA, and 25 percent in Europe. The underlying reason is that the security industry is traditionally low-paying, and employment as a security officer is often considered a step towards another professional career rather than a long-term position. By investing in better conditions and skills development, we can retain our employees longer. This minimizes our recruitment costs, and enables investment in the development of our employees and our offering.

EMPLOYEE TURNOVER

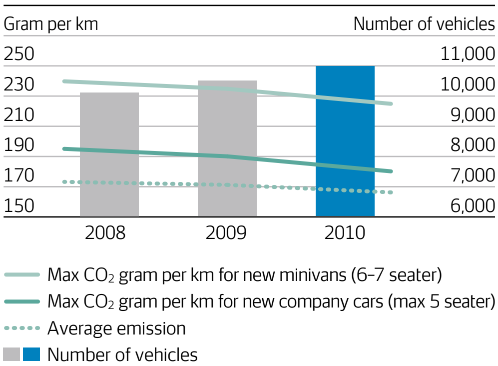


As from 2009, the measurement is adjusted for turnover due to terminated contracts.

GENDER DISTRIBUTION
AVERAGE NUMBER OF YEARLY EMPLOYEES



AVERAGE CO_2 EMISSIONS FROM TRANSPORTATION



In most of the countries where Securitas operates, training for security officers is mandatory. These programs are usually carried out by the actual security companies, and Securitas often exceeds the local minimum requirements. In countries where training is not mandatory, such as India and certain of the countries in Latin America where Securitas operates, we run local training centers.

With the purpose of developing security experts, Securitas has launched specialized training programs in Europe and the USA that are geared towards specific customer segments and sectors, such as aviation, retail and gated communities.

At 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.

Successful and motivated employees are offered many opportunities for career advancement, such as specializing in a particular discipline at local, regional or national level.

Stable Development Through the Recovery of the Recession

At year-end, the price of the Securitas share had increased 12 percent and market capitalization amounted to MSEK 27,364. Earnings per share amounted to SEK 5.71 (5.80), down 2 percent compared with 2009. Adjusted for the strengthening of the Swedish krona, earnings per share improved 5 percent in real terms on the preceding year. A dividend to the shareholders of SEK 3.00 (3.00) per share has been proposed.

Performance of the share in 2010

At year-end, the closing price of the Securitas share was SEK 78.65 (70.05). The share price rose 12 percent in the year, compared with the OMX Stockholm All Share Index which increased 23 percent. The highest price paid in 2010 was SEK 79.95 and the lowest price paid for a Securitas share was SEK 67.15.

At the end of 2010, Securitas' weight in the OMX Stockholm All Share index was 0.65 percent (0.71) and 0.94 percent (1.02) in the OMX Stockholm 30 index. Securitas' weight in the OMX Stockholm Benchmark Cap Index was 0.84 percent. During the year, the OMX Stockholm All Share Index increased 23 percent, the OMX Stockholm 30 Index 21 percent and the OMX Stockholm Benchmark Cap Index 23 percent.

Market capitalization

Market capitalization for Securitas at year-end was MSEK 27,364 (24,372), making Securitas the 33rd largest company on NASDAQ OMX Stockholm.

Turnover

A turnover of 431 million (528) Securitas shares were traded on NASDAQ OMX Stockholm, representing a value of MSEK 31,724 (34,694). The turnover velocity in 2010 was 122 percent (151), compared with a turnover rate of 96 percent (120) for the entire NASDAQ OMX Stockholm. An average of 1.7 million Securitas shares were traded each day.

In addition to the trading on NASDAQ OMX Stockholm, the Securitas shares were traded on Multilateral Trading Facilities (MTFs) and other trading venues. The turnover on these marketplaces totaled 249 million Securitas shares in 2010.

Share capital and shareholder structure

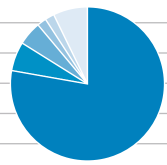
The share capital amounted to SEK 365,058,897 at December 31, 2010, distributed between an equal number of shares, each with a quota value of SEK 1.00. Of these shares, 17,142,600 are Series A shares and 347,916,297 are Series B shares. Each Series A share carries ten votes and each Series B share carries one vote. The free float of the Securitas share is 87 percent.

At December 31, 2010, Securitas had 31,458 shareholders (31,527). In terms of numbers, private individuals make up the largest shareholder category with 26,537 shareholders, corresponding to 84 percent of the total number of shareholders. In terms of capital, institutional investors and other corporate entities dominate with 96 percent of the shares.

The shareholders based in Sweden hold 69 percent of the capital and 78 percent of the votes. Compared with 2009, the proportion of foreign shareholders in the shareholder base has increased. At December 31, 2010, the shareholders outside Sweden owned 31 percent (29) of the capital and 22 percent (20) of the votes. The largest shareholdings held by foreign shareholders are in the United Kingdom and the USA, where 9 percent of the capital and 6 percent of the votes are in the United Kingdom and 7 percent of the capital and 5 percent of the votes are in the USA.

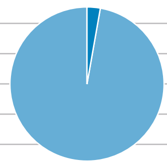
The principal shareholders in Securitas on December 31, 2010 were Gustaf Douglas, who through family and the companies Investment AB Latour, Säkl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB holds 11.5 percent (11.6) of the capital and 30.0 percent (30.1) of the votes, and Melker Schörling who through family

SHAREHOLDERS PER COUNTRY, VOTES



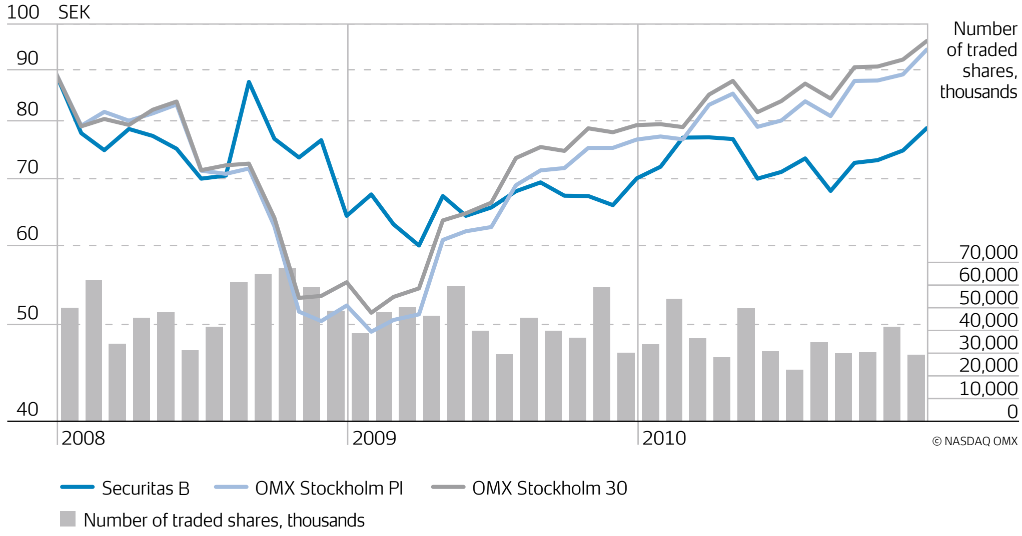
- Sweden 78%
- United Kingdom 6%
- USA 5%
- France 2%
- Luxembourg 2%
- Rest of world 7%

SHAREHOLDERS PER CATEGORY, VOTES



- Private individuals 3%
- Institutions and other corporate entities 97%

SHARE PRICES FOR SECURITAS, JANUARY 1 – DECEMBER 31, 2008–2010



and Melker Schörling 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 approximately 50 percent of the annual free cash flow. The proposed dividend is in line with this objective at 54 percent, which should enable the Securitas share to generate a yield of 3.8 percent (4.3).

Securitas share in brief

Series B Securitas shares are traded on NASDAQ OMX Stockholm, which is 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 sector Industrials, Security and Alarm Services. 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 the 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, 2010

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	15,872,295	*4.4*	*3.1*
Swedbank Robur Fonder	0	14,501,803	*4.0*	*2.8*
Lannebo Fonder	0	13,234,000	*3.6*	*2.5*
SEB Investment Management	0	11,034,379	*3.0*	*2.1*
HQ Fonder	0	9,183,500	*2.5*	*1.8*
AMF – Försäkring och Fonder	0	8,266,172	*2.3*	*1.6*
Handelsbanken Fonder	0	8,256,534	*2.3*	*1.6*
Caceis Bank	0	8,000,000	*2.2*	*1.5*
Total, ten largest shareholders	**17,142,600**	**133,827,383**	***41.4***	***58.8***
Total, rest of owners	**0**	**214,088,914**	***58.6***	***41.2***
Total as of December 31, 2010	**17,142,600**	**347,916,297**	***100.0***	***100.0***

Source: Euroclear Sweden

* Includes the holdings of family members, Investment AB Latour, Karpalunds Ångbryggeri AB, Säkl AB and Förvaltnings AB Wasatornet.

** Includes the holdings of family members and Melker Schörling AB.

SHAREHOLDER STRUCTURE AT DECEMBER 31, 2010

Number of shares	Number of shareholders	Number of Series A shares	Number of Series B shares	*% of capital*	*% of votes*
1–500	22,055	0	3,534,512	*0.97*	*0.68*
501–1,000	4,142	0	3,470,958	*0.95*	*0.67*
1,001–5,000	3,746	0	8,631,272	*2.36*	*1.66*
5,001–10,000	537	0	4,124,182	*1.13*	*0.79*
10,001–15,000	192	0	2,445,980	*0.67*	*0.47*
15,001–20,000	111	0	2,009,764	*0.55*	*0.39*
20,001–	675	17,142,600	323,699,629	*93.37*	*95.34*
Total	**31,458**	**17,142,600**	**347,916,297**	***100.00***	***100.00***

Source: Euroclear Sweden

DATA PER SHARE

SEK/share	2010	2009	2008	2007	2006
Earnings per share before dilution	5.71[1]	5.80[1]	5.24[1]	4.82[1]	4.60[1]
Earnings per share after dilution	5.71[1]	5.80[1]	5.24[1]	4.82[1]	4.60[1]
Dividend	3.00[2]	3.00	2.90	3.10[3]	3.10[3]
Dividend as % of earnings per share	*53*	*52*	*55*	*64*	*67*
Yield, %	*3.8*[4]	*4.3*	*4.5*	*3.4*	*2.9*
Free cash flow per share	5.51	5.93	5.51[5]	6.19[5]	4.11[5]
Share price at end of period	78.65	70.05	64[5]	75[5]	88[5]
Highest share price	79.95	72.75	76[5]	95[5]	95[5]
Lowest share price	67.15	58.25	51[5]	63[5]	68[5]
Average share price	73.62	65.74	64[5]	81[5]	81[5]
P/E ratio	14	12	12[5]	16[5]	19[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	369,366	376,165
Number of shares outstanding, after dilution (000s)	365,059[6]	365,059[6]	365,059[6]	365,059[6]	379,615

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 Convertible debenture loan 2002/2007 matured in May 2007 and there is currently 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

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 the share price at the end of each year. For 2010, the proposed dividend is used.

Governance and Management

Staff meeting at Farsta Centrum,
Stockholm, Sweden.

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 almost 1,650 branch managers in approximately 1,800 branch offices, where the company's daily operations are carried out.

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, the key components of the overall governance structure, but also that governance and risk management run through all layers of the organization.

Corporate governance, pages 41–51

Operational management, pages 52–57

Shareholders	Annual General Meeting	Board of Directors	CEO	Group Management	Divisional Management	**Operating unit** Country/region, area, branch office

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

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 in regard to financial reporting, as required by the Swedish Annual Accounts Act, is also covered.

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.

Risk management, pages 58–61

This section describes how enterprise risk management works in the broader perspective regardless of the type of risk. Fulfilling our strategies and objectives is imperative, which is why risk management procedures span all levels of the organization. Risk categories, and risks with high-level management attention, including how they are managed, are also described in this section.

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's interests, but also ensures value creation.

The overall structure begins with shareholders and their influence. Strong principal shareholders bring high interest and commitment to the success of the business.

Compliance with the Swedish Corporate Governance Code (the Code)

As a Swedish public company listed on the NASDAQ OMX Stockholm Securitas applies the Swedish Corporate Governance Code (the Code). Securitas complies with the Code principle of "comply or explain" and in 2010, Securitas has one deviation to report:

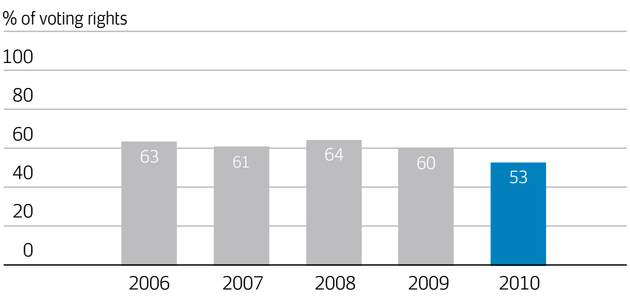
Code Rule 7.3 An audit committee is to comprise no fewer than three board members.

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 and extensive experience in these areas from other major listed companies.

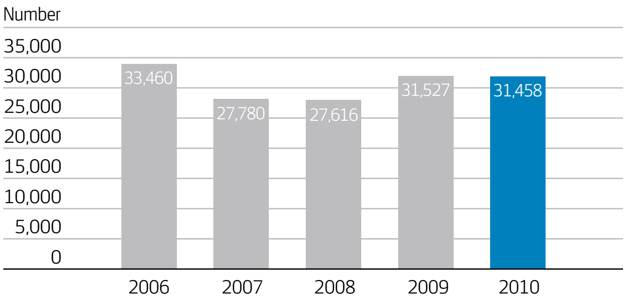
Significant shareholders
The principal shareholders in Securitas on December 31, 2010 were Gustaf Douglas, who through family and the companies Investment AB Latour, Säkl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB holds 11.5 percent (11.6) of the capital and 30.0 percent (30.1) of the votes, and Melker Schörling who through 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, please see the table on page 37.

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 can 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, 2010 and the minutes are available on Securitas' webpage where all resolutions passed can be found. Shareholders representing 53.2 percent of the votes attended either personally or by proxy. For election and remuneration of Board members see page 42.

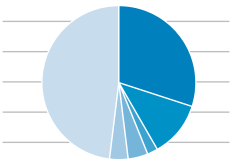
ANNUAL GENERAL MEETING ATTENDANCE 2006–2010



NUMBER OF SHAREHOLDERS 2006–2010



Elected members,[1] Nomination Committee



- Gustaf Douglas, major shareholders, 30.1%[2]
- Mikael Ekdahl, Melker Schörling AB (major shareholder), 11.8%[2]
- Lars Rosén, Länsförsäkringar, 2.2%[2]
- Marianne Nilsson, Swedbank Robur, 4.0%[2]
- Per-Erik Mohlin, SEB Funds, 3.9%[2]
- Share of votes not represented in the Nomination Committee, 48%[2]

1 At Annual General Meeting May 4, 2010.

2 Share of votes as of May 4, 2010.

Nomination Committee

The Nomination Committee is a body established by the Annual General Meeting with the task of preparing the election of Board members, the Chairman of the Board, and remunerations to Board members and Board committees. Before such Annual General Meeting, where election of auditors takes place, the Nomination Committee also prepares 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 Chairman of the Nomination Committee. The Nomination Committee is entitled to appoint one additional member of the Nomination Committee. The Annual General Meeting 2010 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 2011, the committee is entitled to appoint another representative of other major shareholders 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 has met once in 2010.

Members of the Board of Directors

According to the Articles of Association, the Board of Directors should have five to ten Board members elected by the Annual General Meeting, with no more than two Deputy Directors. The Directors and Deputy Directors should be elected by a 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 2010 re-elected Fredrik Cappelen, Carl Douglas, Marie Ehrling, Annika Falkengren, Stuart E. Graham, 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 President and CEO, please see pages 44–45. It was resolved that the fees to the Board should amount to SEK 4,875,000 in total (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 725,000 and each of the other Board members (except the President and CEO and the employee representatives): SEK 450,000.

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 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.

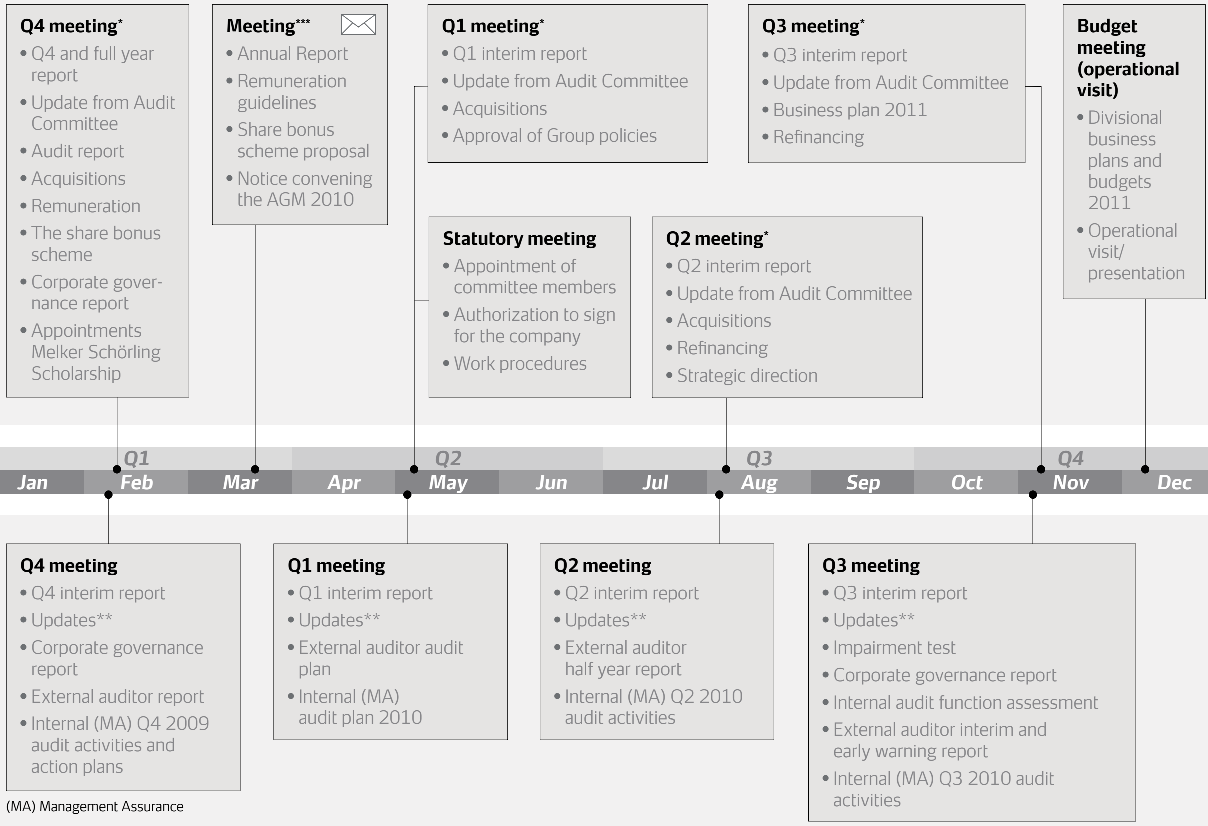
Board of Directors

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 the 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 seven meetings in 2010, of which one was held per capsulam. The auditors participated and presented the audit at the Board meeting in February 2010.



(MA) Management Assurance

Audit Committee

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-making. For members, independence and attendance refer to the table on page 45. The committee met four times during 2010. Major topics that have been 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, audit/consultancy cost and auditor independence. Another recurring theme this year has been updates on the enterprise risk management project.

*** Held per capsulam.

Board of Directors

Melker Schörling (Chairman) b. 1947
Director of Securitas AB since 1987 and Chairman since 1993.
Other board assignments: Chairman of Melker Schörling AB, Hexagon AB, AAK AB and Hexpol AB. Director of Hennes & Mauritz AB.
Principal education: BSc in Economics and Business Administration.
Previously: President and CEO of Skanska AB 1993–1997. President and CEO of Securitas AB 1987–1992.
Shares in Securitas: 4,500,000 Series A shares and 16,001,500 Series B shares through Melker Schörling AB.

Carl Douglas (Vice Chairman) b. 1965
Deputy Director of Securitas AB since 1992 and Director since 1999. Vice Chairman since 2008.
Other board assignments: Director of ASSA ABLOY AB, Niscayah Group AB, Swegon AB, Investment AB Latour and Säkl AB.
Principal education: Bachelor of Arts.
Shares in Securitas: 12,642,600 Series A shares and 29,470,000 Series B shares via holdings by family members, Investment AB Latour, Säkl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB.

Alf Göransson b. 1957
Director of Securitas AB since 2007.
President and CEO of Securitas AB since 2007.
Other board assignments: Chairman of Loomis AB, Director of Hexpol AB and Axel Johnson Inc., USA.
Principal education: International BSc in Economics and Business Administration.
Previously: 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.
Shares in Securitas: 30,000 Series B shares.

Fredrik Cappelen b. 1957
Director of Securitas AB since 2008.
Other board assignments: Chairman of Byggmax Group AB, Munksjö AB, Sanitec Oy and Dustin AB. Director of Granngården AB and within the Carnegie Holding Group.
Principal education: BSc in Business Administration.
Previously: 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.
Shares in Securitas: –

Marie Ehrling b. 1955
Director of Securitas AB since 2006.
Other board assignments: Director of Nordea AB, Oriflame Cosmetic SA, Schibsted ASA, Safegate AB, Loomis AB, Center for Advanced Studies in Leadership at Stockholm School of Economics, World Childhood Foundation and Business Executives Council IVA.
Principal education: BSc in Economics and Business Administration.
Previously: 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.
Shares in Securitas: 4,000 Series B shares.

Annika Falkengren b. 1962
Director of Securitas AB since 2003.
President and CEO of SEB.
Other board assignments: Director of Ruter Dam, Mentor Sverige Foundation and the Swedish-American Chamber of Commerce, Inc., New York.
Principal education: BSc in Economics.
Previously: Several executive positions at SEB.
Shares in Securitas: 7,500 Series B shares.

Stuart E. Graham b. 1946
Director of Securitas AB since 2005.
Other board assignments: Director of Skanska AB, PPL Corporation and Harsco Corporation.
Principal education: BSc in Economics.
Previously: 40 years in the construction industry including President and CEO of Skanska AB until 2008.
Shares in Securitas: 5,000 Series B shares.

Sofia Schörling Högberg b. 1978
Director of Securitas AB since 2005.
Other board assignments: Director of Melker Schörling AB and EM Holding AB.
Principal education: BSc in Economics and Business Administration.
Shares in Securitas: 2,400 Series B shares.

Fredrik Palmstierna b. 1946
Director of Securitas AB since 1985.
CEO of Säkl AB.
Other board assignments: Chairman of Investment AB Latour, Director of Säkl AB, AB Fagerhult, Hultafors AB, Nobia AB and Academic Work AB.
Principal education: BSc in Economics and Business Administration, MBA.
Shares in Securitas: 17,200 Series B shares.

Employee representatives

Susanne Bergman Israelsson b. 1958
Director of Securitas AB since 2004.
Employee Representative, Chairman of Swedish Transport Workers' Union local branch 19, Norra Mälardalen.
Shares in Securitas: –

Åse Hjelm b. 1962
Director of Securitas AB since 2008.
Deputy Director of Securitas AB since 2007.
Employee Representative, Chairman of Salaried Employees' Union local branch, Securitas Stockholm.
Shares in Securitas: 120 Series B shares.

Jan Prang b. 1959
Director of Securitas AB since 2008.
Employee Representative, Chairman of Swedish Transport Workers' Union local branch, Securitas Göteborg.
Shares in Securitas: –

Thomas Fanberg (Deputy) b. 1961
Deputy Director of Securitas AB since 2008.
Employee Representative, Chairman of Salaried Employee's Union local branch, Securitas Norrland.
Shares in Securitas: 120 Series B shares.

Auditor

Peter Nyllinge b. 1966
Authorized Public Accountant, Auditor in charge, PricewaterhouseCoopers AB. Auditor in charge of Securitas AB since 2008.
Other audit assignments: ASSA ABLOY AB and Säkl AB.

All figures refer to holdings on December 31, 2010.
For information about independence of the Board members, please see the table on page 45.
For comparative information about remuneration to the Board of Directors and senior management, please see note 8 on pages 100–103.


Melker Schörling


Carl Douglas


Alf Göransson


Fredrik Cappelen


Marie Ehrling


Annika Falkengren


Stuart E. Graham


Sofia Schörling Högberg


Fredrik Palmstierna


Susanne Bergman Israelsson


Åse Hjelm


Jan Prang

				Attendance					
Board member	Position	Audit Committee	Remuneration Committee	Board meetings (7 total)	Audit Committee meetings (4 total)	Remuneration Committee meetings (1 total)	Total fee[2], SEK	Independent to company (8 total)	Independent to share-holders (5 total)
Melker Schörling	Chairman	–	Chairman	7		1	1,100,000	Yes	No
Carl Douglas	Vice Chairman	–	–	7			725,000	Yes	No
Fredrik Cappelen	Member	Member	–	7	4		550,000	Yes	Yes
Marie Ehrling	Member	Chairman	–	7	4		650,000	Yes	Yes
Annika Falkengren	Member	–	Member	7		1	500,000	Yes	Yes
Stuart E. Graham	Member	–	–	6			450,000	Yes	Yes
Alf Göransson (President and CEO)	Member	–	–	7			0	No	Yes
Fredrik Palmstierna	Member	–	–	7			450,000	Yes	No
Sofia Schörling Högberg	Member	–	–	6			450,000	Yes	No
Susanne Bergman Israelsson[1]	Member			5			0		
Åse Hjelm[1]	Member			6			0		
Jan Prang[1]	Member			7			0		

1 Employee representatives, appointed member of Board of Directors at Annual General Meeting. Deputy Employee representative is Thomas Fanberg.

2 Total fee includes fees for committee work. In total, SEK 450,000 was paid out for committee work, whereof SEK 150,000 for Remuneration Committee and SEK 300,000 for Audit Committee work. For more details, refer to the minutes of AGM 2010 on Securitas website www.securitas.com

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 one meeting during 2010. For members and attendance, refer to the table on page 45.

A share based incentive scheme was adopted at the Annual General Meeting 2010, which enables the Group to gradually have approximately 2,500 of Securitas' top managers as shareholders, thus strengthening employee ownership in Securitas' future success and development for the benefit of all shareholders. The adopted incentive scheme entails in principal that 1/3 of any annual bonus earned under the performance-based cash bonus schemes, after a 20 percent increase of the potential maximum amount, will be converted into a right to receive shares, with delayed allotment and subject to continued employment. For participants in the program, salaries were also frozen during 2010 (to the extent possible with regard to local rules and undertakings). For more information on the actual outcome of the share-based incentive scheme in 2010 see note 12 on page 108.

The guidelines for remuneration to Management that were adopted at the Annual General Meeting 2010 principally entailed that remuneration and other terms of employment for management should be competitive and in accordance with market conditions, to ensure that Securitas will be able attract and retain competent management employees. 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 remunerations 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. These limits were increased compared to previous years due to the share based incentive scheme.

The undertakings of the Group as regards variable remuneration to Group Management may, at maximum within all divisions during 2010, amount to MSEK 58. The complete guidelines for remuneration can be found on Securitas' webpage.

Additional information on remuneration to the Board of Directors and Group Management is disclosed in the Notes and comments to the consolidated financial statements 2010. See note 8 pages 100–103.

Group Management
Group Management is charged with the 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 is further described on pages 54–55. Group Management 2010 comprised the President and CEO and 11 executives. For further information on the members of Group Management, please see pages 56–57.

Auditors
The Annual General Meeting 2008 elected PricewaterhouseCoopers AB (PwC) as 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 in February. In addition, the auditors should annually inform the Audit Committee of services rendered, other than audit, 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 and generally accepted auditing standards in Sweden, which are based on International Standards on Auditing (ISA). The auditors have, upon instruction from the Board of Directors, conducted a general examination of the interim report for the period January 1 until June 30, 2010.

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 a **Code of Conduct** 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. 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' responsibility with regard to social, economical and environmental issues, refer to pages 32–34.

Audit fees and reimbursement (PwC)

Audit fees and reimbursements to auditors have been paid for audit 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 is mainly audit-related consultations in accounting and tax matters in relation to restructuring work.

	Group			Parent Company		
MSEK	2010	2009	2008	2010	2009	2008
Audit assignments	27.2	25.6	24.9	5.2	4.9	4.7
Additional audit assignments	2.8	2.8	4.1	0.6	0.6	0.6
Tax assignments	17.1	19.4	16.3	4.4	4.9	5.3
Other assignments[1]	15.0[2]	6.0[2]	16.8[2]	4.0	3.4	5.2
Total PwC	**62.1**	**53.8**	**62.1**	**14.2**	**13.8**	**15.8**

1 Fees for other assignments performed by PricewaterhouseCoopers 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 (1.5 and 9.7).

Internal Control Provides Assurance

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

Compliance with the Swedish Corporate Governance Code (the Code)

According to the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is responsible for internal control and risk management. This report has been prepared in accordance with the Code and Chapter 6, section 6 of the Swedish Annual Accounts Act, and focuses therefore on the internal controls over financial reporting. This description does not form part of the Annual Report.

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 a clear direction 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 – for its employees to 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. 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 there is a process throughout the division to create risk awareness. 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.

The Group has an established, but evolving, system of enterprise risk management (ERM). It is integrated into the Group's business planning and performance monitoring processes regardless of the risk category concerned, and not only for the risks related to financial reporting described here. Procedures are in place to ensure that significant risks and control failures are escalated to Group Management and the Board, as required, on a periodic basis.

For more information on the broader enterprise risk management processes, refer to pages 58–61.

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 key financial reporting risks and measures compliance with the Group policies and reporting manual. Self assessment promotes control awareness and accountability.

The sections related to financial reporting are signed off by each entity's president and controller. 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 as risk areas, for the selected reporting units. The answers are compiled at divisional and Group levels to support benchmarking within a division or between divisions. Reported deviations include written comments on planned improvements to address these deviations, and a deadline for when planned actions will be in place. 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. The diagnostics are made in addition to the recurring areas of the self assessment questionnaire.

In 2010, the focus on new countries in the Group has continued, since they have been assessed 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 and IT security.

Another area that has been subject to specific diagnostics in 2010 is contract management, and compliance with Group policies in this area. This is assessed as a key risk area, although not from a financial reporting perspective and is therefore not described here. For more information on this risk area refer to pages 60–61.

Financial reporting 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. They receive 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 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

A program of communication exists and is constantly being 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 to provide management with the necessary reports on business performance relative to established objectives. Information systems are in place to ensure that reliable and timely information is made available to management, enabling them to carry out their responsibilities adequately and efficiently.

Monitoring

Monitoring is performed at different levels and by different functions in the organization. The key ones: Board of Directors, Audit Committee, Group Management, functional committees, management assurance, Group legal function and Group risk organization are described in more detail on the following page.

Group Management

Group Management reviews performance through a comprehensive reporting system based on an annual budget, with regular business reviews against 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

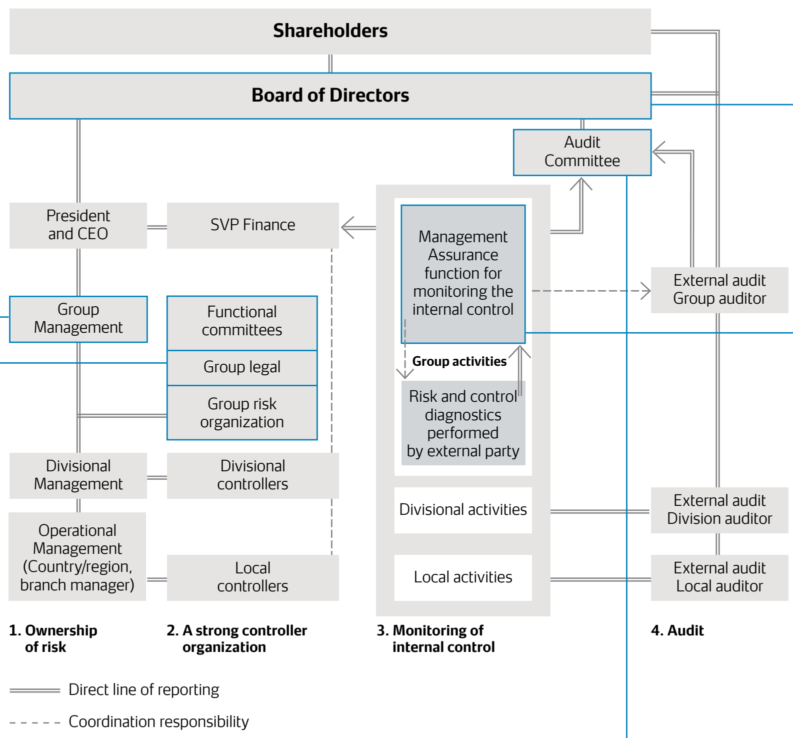
The Group has established a number of functional committees and working groups including the functions for Reporting, Finance/Treasury, Insurance/Risk, Legal, Tax, and Internal Control. These committees include the Senior Vice President Finance and/or Senior Vice President Corporate Finance, and the 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 where topics subject to reporting 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 Chief Legal Counsel – a member of Group Management. 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 monthly. 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 take 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. The risk management of the Group is further described on pages 58-61.

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.

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 for 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 system of internal control include:

- Discussion with Group Management on 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.

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 report 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 during 2010.

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 with 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 internal controls related thereto. During 2010, specific focus has been 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 works with a combination of internal resources and 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 the Group faces, which fits Securitas' business model.

Current responsibilities include:

- Assisting the control self-assessment process, specifically to ensure action plans are made when required
- Monitoring the results of the risk and control diagnostics undertaken during the year, and ensuring the appropriate follow-up of agreed actions
- Assisting in risk management development, implementation and coordination processes
- Determining and planning areas of specific focus and/or control diagnostics based on risk assessments made, discussions with divisional management and audit findings
- Participating in and/or performing certain audit and review activities, such as risk and control diagnostics
- Monitoring communication from the external auditors and ensuring prompt follow-up and implementation of any recommendations that impact the internal controls of the company
- Supporting Group Management when reviewing and discussing audit plans with external auditors in order to coordinate and communicate matters internally, such as scoping, timing and documentation requirements

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 11, 2011

The Board of Directors of Securitas AB

Auditor's report on the Corporate Governance Statement[1]

To the annual meeting of the shareholders in Securitas AB, corporate identity number 556302-7241.

It is the Board of Directors who is responsible for the corporate governance statement for the year 2010 on pages 41–51 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the corporate governance statement has been prepared and is consistent with the annual accounts and the consolidated accounts, we have read the corporate governance statement and assessed its statutory content based on our knowledge of the company.

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 11, 2011

PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant

1 Translation of the Swedish original.

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 almost 1,650 branch managers in approximately 1,800 branch offices, where the company's daily operations are carried out. 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.

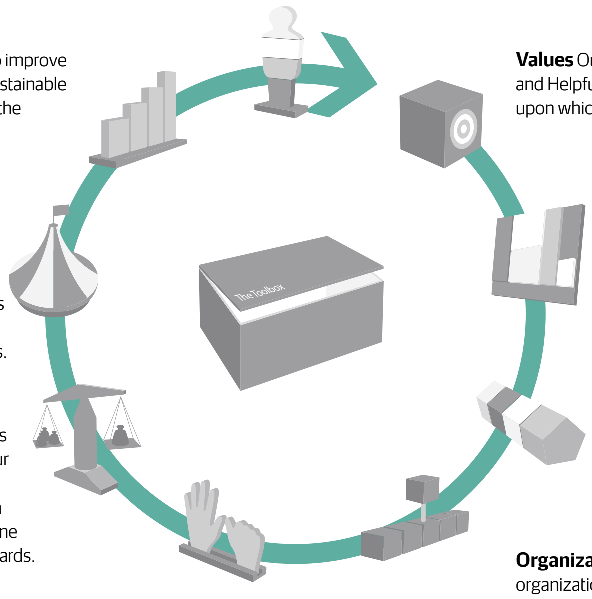
Securitas' financial reporting is based on the following foundations:

- 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 There is no general solution that suits all customers in the market.

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

RELATIONSHIPS 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, 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 depreciation, the change in accounts receivable and the 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.

Total sales	**Operating income before amortization**	Operating non-current tangible and intangible assets
Organic sales growth, %	Investments in non-current tangible and intangible assets	Accounts receivable
Production expenses	Reversal of depreciation	Other operating capital employed
Gross income	**Net investments in non-current tangible and intangible assets**	**Operating capital employed**
Gross margin, %	**Change in accounts receivable**	
Branch office expenses	**Change in other operating capital employed**	
Other selling and administrative expenses	**Cash flow from operating activities**	
Operating income before amortization	Net financial items paid	
Operating margin, %	Current taxes paid	
	Free cash flow	
Acquisitions	Shareholders	Amortization of net debt

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 and Security Services Europe, which offer specialized security services to large and medium-sized customers, gross margin on new sales and 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 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. 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
			New/cancelled connections (Monitoring)
		Net change	**Net change**
		Price change	Price change
	Organic sales growth	Organic sales growth	Organic sales growth
	Acquired sales growth		
	Total sales	**Total sales**	**Total sales**
Efficiency-related factors			
		Employee turnover	Employee turnover
		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


William Barthelemy


Bengt Gustafson


Bart Adam


Santiago Galaz


Erik-Jan Jansen

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.

Bengt Gustafson b. 1949
Senior Vice President Chief Legal Counsel.
Shares in Securitas: –
Bengt Gustafson's previous experience includes positions as Chief Legal Officer of Metso Minerals and Chief Legal Counsel of Svedala Industri AB. He has also worked as Chief Legal Counsel in France. In addition to his Swedish law degree, Bengt Gustafson has earned a Masters of Law degree from University of California, Berkeley, USA.
Other assignments: Bengt was the President of European Company Lawyers Association, between 2004 and 2007.

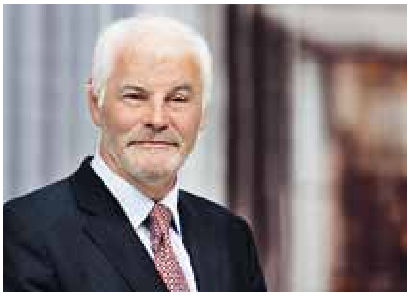
Erik-Jan Jansen b. 1965
Divisional President, Mobile.
Shares in Securitas: –
Erik-Jan Jansen joined Securitas in 1996 and has held several management positions, such as Country President of Securitas Services Netherlands and Chief Operating Officer, Security Services Europe. In 2010, Erik-Jan was appointed 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

Aimé Lyagre

Marc Pissens

Jan Lindström



Lucien Meeus

Kim Svensson

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 Securitas 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.

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 Securitas Latin America. Kim holds an International MSc in Economics and Business Administration from Växjö University in Sweden.

Risk Management – an Integral Part of our Work

Managing risk is necessary for the fulfillment of Securitas' strategies and the achievement of its corporate objectives. Enterprise Risk Management (ERM) is an integral part of Securitas' operations, and risk awareness is part of the company culture.

The cornerstones of ERM (Enterprise risk management) 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 the awareness and understanding of 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. The yearly risk assessment process is coordinated by the Group Risk Committee, which is also responsible for the maintenance of the risk register. See the illustration below.

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.

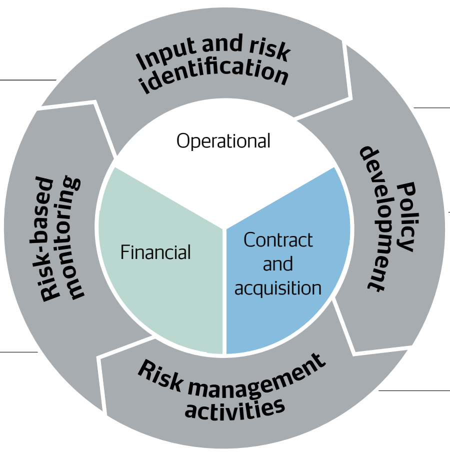
Securitas' risks have been classified into three main categories; contract and acquisition, operational assignment and financial risks. Refer to page 60 for further elaboration on the categories and related key risks, including how these are handled.

The divisional presidents are responsible for all aspects of operations in their divisions, including operational risk management and risk minimization.

Enterprise risk management process

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

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.



Risk business plan and yearly assessment of key risks
Group Risk Committee perform yearly assessment of key risks based on available input from business plan, risk business plan, self assessments, audits and other sources at their December meeting.

Key risk determination
Key risks assessed by Group Risk Committee are approved by Group Management at their meeting held in March or April.

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

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 Group for the coming year. Mobile and Monitoring and the new market organizations use shared risk management resources. Security Services North America, Security Services Europe and Aviation, have their own risk committees, which meet on a regular basis to monitor and follow up risk exposure.

Due to the fact that operational assignment risks and contract risks arise in local operations, these are best managed with a decentralized approach. Customer contract management and loss prevention measures are essential for minimizing these risks.

To be successful, all of Securitas' branch managers must understand the risks associated with providing services and be able to assess and control them. We 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			■

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.

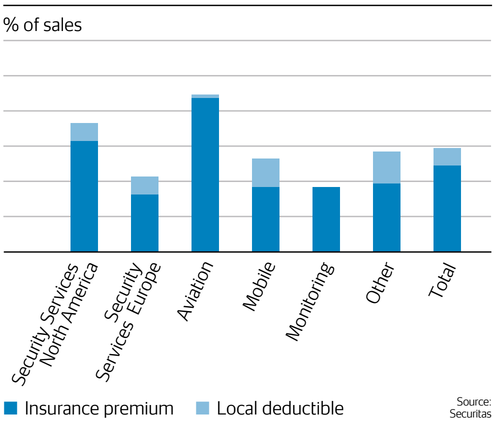
We work proactively and implement claims management processes in order to monitor and review trends and developments. Claim reports with updated information on claims and reserves are sent to all local risk managers and controllers on a monthly basis, and claims are analyzed. Regular meetings are also 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.

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).

COST OF RISK – PROPORTIONS[1]



1 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.

Overview of risks and how they are handled

Securitas' risks fall into three main categories. These are contract risks, operational assignment risks 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 in 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 within these categories can impact the Group's financial performance and position if they are not managed in a structured way. Below are examples of risks with high-level management attention.

Risk category	Key risks
Contract risks (and acquisition risks) This category encompasses the risks related to entering into a customer contract, and the risks related to the acquisition of a new business.	**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 capture 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 handling risks related to findings from the process.
Operational assignment risks (and operational integration) This category includes risks that are associated with the 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 all risks related to the infrastructure necessary to run the business, with functions such as IT, human resources and legal.	**Assignment execution risk** – risk that agreed contractual requirements are not met, which in turn could adversely impact contract portfolio churn rate, growth, customer relations and reputation.
	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 of 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.
Financial risks (and financial integration) This category includes risks related to financial reporting but also financial risks related to external financing needs and currency exposure. To allow the business segments, countries and regions to focus fully on their operations, the management of financial risks (other than those related to financial reporting) is centralized to the greatest extent possible to the Group Treasury Centre.	**Management estimates and assumption risks** – risk that account balances and off-balance sheet items with high subjectivity (such as goodwill, portfolio, pensions, legal exposures, risk reserves, deferred taxes, etc) are not properly scrutinized resulting in inaccurate presentation of financial position.

Mitigation

In order to manage contract risks in a structured way in the operations, we use the business risk evaluation model, 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 Annual Report 2009). The Group has formal policies and guidelines for defining the approval process and authorization levels for new contracts, but also how to manage existing contracts.

In addition, operations are protected by a customized Securitas insurance program, should unforeseen events occur.

Since contract 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 around acquisitions, to ensure that all business acquisitions are appropriately approved and rigorously analyzed for the financial and operational implications of the acquisition. Policies cover areas such as approval levels, share purchase agreement deal structures, due diligence checklists and how the due diligence is to be performed with regards 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.

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 mitigate the risk of inappropriate assignment execution.

It is mandatory that local processes include procedures to ensure compliance with relevant laws and regulations, and that there is an assigned responsibility for recurring review and action plans that are in place for addressing any issues identified.

The review procedures in the Group are also designed to capture 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 disruption including areas such 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 fund 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 assumptions used and a review of the pension reporting and governance.

Beat patrol often includes both interior and exterior patrolling, here performed by security officer Johan Nordin in Stockholm, Sweden.

Annual Report

The formal annual accounts and the consolidated accounts comprise pages 65–139

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 2010 financial year.

Securitas protects homes, workplaces and society. Our core business is guarding services and the main service offering categories are specialized guarding, mobile services, monitoring and consulting and investigation services. Securitas is present in 45 countries in North America, Europe, Latin America, the Middle East, Asia and Africa, with more than 280,000 employees.

The Securitas Group consists of the business segments Security Services North America, Security Services Europe and Mobile and Monitoring. In addition to these business segments, the Group conducts guarding operations in Latin America, the Middle East, Asia and Africa, which are included under the heading Other in the segment overview in note 9.

Sales and market development

Sales amounted to MSEK 61,340 (62,667) and organic sales growth was 1 percent (–1). The organic sales growth is gradually recovering. Security Services North America's organic sales growth was negative but with an improving trend quarter by quarter while Security Services Europe and Mobile and Monitoring had positive organic sales growth. Development is estimated to be in line with security market growth in Europe as well as in North America.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 5 percent (2).

SALES JANUARY–DECEMBER

MSEK	2010	2009	%
Total sales	**61,340**	**62,667**	***–2***
Acquisitions/divestitures	–2,242	–	
Currency change from 2009	4,365	–	
Organic sales	**63,463**	**62,667**	***1***

Operating income before amortization

Operating income before amortization was MSEK 3,724 (3,756) which, adjusted for changes in exchange rates, represented an increase of 6 percent.

The operating margin was 6.1 percent (6.0). The Group's focus on profitability, cost control and lower bad debt losses and provisions for bad debt losses, have lead to an improved operating margin. The acquisitions of Reliance in the United Kingdom and Paragon Systems in the USA had a diluting impact of –0.1 percent on the operating margin in 2010.

Price adjustments approximately corresponded to the total wage cost increases within the Group in the year.

OPERATING INCOME JANUARY–DECEMBER

MSEK	2010	2009	%
Operating income before amortization	**3,724**	**3,756**	***–1***
Currency change from 2009	276	–	
Currency adjusted operating income before amortization	**4,000**	**3,756**	***6***

Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK –164 (–138).

Acquisition related costs impacted 2010 by MSEK –90 (–6) of which MSEK –45 relates to the acquisition of Reliance and consists of restructuring and integration costs of MSEK –28, and transactions costs of MSEK –17. Further information is provided in note 11.

Financial income and expenses

Financial income and expenses amounted to MSEK –502 (–590). The decrease in 2010 is explained partly by a lower average interest rate on the net debt as well as a stronger Swedish krona, which had a positive impact on the finance net.

Income before taxes

Income before taxes was MSEK 2,968 (3,022). The real change was 5 percent.

Taxes, net income and earnings per share

The Group's tax rate was 29.9 percent (29.9).

Net income was MSEK 2,081 (2,118). Earnings per share amounted to SEK 5.71 (5.80).

CONDENSED STATEMENT OF INCOME ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2010	2009
Total sales	**61,339.8**	**62,666.7**
Organic sales growth, %	*1*	*–1*
Production expenses	-50,076.0	-50,983.9
Gross income	**11,263.8**	**11,682.8**
Selling and administrative expenses	-7,551.3	-7,933.5
Other operating income	12.7	11.3
Share in income of associated companies	-1.0	-4.1
Operating income before amortization	**3,724.2**	**3,756.5**
Operating margin, %	*6.1*	*6.0*
Amortization of acquisition related intangible assets	-164.3	-138.3
Acquisition related costs	-89.6	-5.9
Operating income after amortization	**3,470.3**	**3,612.3**
Financial income and expenses	-502.3	-589.8
Income before taxes	**2,968.0**	**3,022.5**
Taxes	-887.2	-904.5
Net income for the year	**2,080.8**	**2,118.0**

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	2010	2009
Total sales	**22,731**	**23,530**
Organic sales growth, %	*–2*	*–4*
Operating income before amortization	**1,380**	**1,400**
Operating margin, %	*6.1*	*5.9*
Real change, %	*4*	*2*

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

Organic sales growth was –2 percent (–4) in 2010. The recovery in the security market during 2010 has improved organic sales growth compared to last year. As a result of Securitas strategy of specializing the business and focusing on profitability by offering the customers specialized solutions, the sales of specialized solutions as percentage of total sales has increased during the year.

The new sales rate in 2010 was lower than in 2009, when it was supported mainly by good growth in the Healthcare customer segment.

The operating margin increased to 6.1 percent (5.9). The improvement is primarily supported by cost reductions and lower bad debt losses and provisions for bad debt losses, as well as the strategy of focusing on profitability. The acquisition of Paragon Systems had a diluting impact of –0.1 percent in 2010.

The U.S. dollar exchange rate had a negative effect on the operating result in Swedish kronor. The real improvement was 4 percent in 2010.

The client retention rate was 90 percent which is a slight improvement compared to last year. The employee turnover rate in the U.S. was 39 percent (39).

Security Services Europe

SALES AND INCOME

MSEK	2010	2009*
Total sales	**30,284**	**31,517**
Organic sales growth, %	*2*	*0*
Operating income before amortization	**1,704**	**1,800**
Operating margin, %	*5.6*	*5.7*
Real change, %	*3*	*4*

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

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

Organic sales growth was 2 percent (0) in 2010. The development in the security market is reflected in positive organic sales growth in most European countries. Positive organic sales growth was seen in countries such as Austria, Belgium, Denmark, Finland, Germany, the Netherlands, Sweden, Switzerland, Turkey and the United Kingdom. However, in a country like Spain where the economical recovery is lagging, the organic sales growth was negative.

The new sales rate was lower in 2010 compared to the same period last year.

The operating margin was 5.6 percent (5.7). The operating margin in the guarding operation was flat, in spite of a slight diluting impact from the acquisition of Reliance in the United Kingdom. Aviation's operating margin declined in the year due to provisions for bad debts and negative impact related to the flight interruptions caused by the ash cloud in April.

The euro exchange rate had a negative impact on the operating income in Swedish kronor. The real change was 3 percent in 2010.

The client retention rate was 90 percent, an improvement compared to last year. The employee turnover rate was 27 percent (26).

Mobile and Monitoring

SALES AND INCOME

MSEK	2010	2009*
Total sales	**6,009**	**6,168**
Organic sales growth, %	*2*	*3*
Operating income before amortization	**743**	**740**
Operating margin, %	*12.4*	*12.0*
Real change, %	*6*	*7*

* 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 2 percent (3). In the Mobile operation, countries such as Germany, the Netherlands, Norway, Portugal, Sweden and the United Kingdom showed positive organic sales growth. The Monitoring operation showed good organic sales growth in countries such as Finland, Norway, Poland and Sweden.

The operating margin was 12.4 percent (12.0). Operational improvements, cost control and lower bad debt provisions and losses had a positive effect on the operating margin. The entry into the Monitoring market in Spain also contributed to the improved margin. The real change was 6 percent in 2010.

Cash flow

Operating income before amortization amounted to MSEK 3,724 (3,756). Net investments in non-current tangible and intangible assets amounted to MSEK –1 (–23).

Changes in accounts receivable amounted to MSEK –769 (198). The year was negatively impacted by an increase in days of sales outstanding (DSO) and by the increased organic sales growth in the fourth quarter. Changes in other operating capital employed amounted to MSEK 313 (–556).

Cash flow from operating activities amounted to MSEK 3,267 (3,375), equivalent to 88 percent (90) of operating income before amortization.

Financial income and expenses paid amounted to MSEK –521 (–482). Current taxes paid amounted to MSEK –735 (–728).

Free cash flow was MSEK 2,011 (2,165), equivalent to 81 percent (88) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK –1,359 (–758).

Cash flow from items affecting comparability was MSEK –63 (–12) of which the settlement with the trustee of the Heros bankrupcy estate was MSEK –54.

Cash flow from financing activities was MSEK –424 (–2,775).

Cash flow for the year was MSEK 165 (–1,380).

CONDENSED STATEMENT OF CASH FLOW ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2010	2009
Operating income before amortization	**3,724.2**	**3,756.5**
Investments in non-current tangible and intangible assets	–901.9	–950.7
Reversal of depreciation	900.7	927.5
Net investments in non-current tangible and intangible assets	**–1.2**	**–23.2**
Change in accounts receivable	–768.4	197.6
Change in other operating capital employed	312.8	–556.4
Cash flow from operating activities	**3,267.4**	**3,374.5**
Cash flow from operating activities, %	*88*	*90*
Financial income and expenses paid	–521.7	–481.6
Current taxes paid	–735.1	–728.2
Free cash flow	**2,010.6**	**2,164.7**
Free cash flow, %	*81*	*88*
Cash flow from investing activities, acquisitions	–1,359.0	–757.7
Cash flow from items affecting comparability	–62.5	–12.0
Cash flow from financing activities	–424.5	–2,775.5
Cash flow for the year	**164.6**	**–1,380.5**

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 2,587 (2,623) corresponding to 4 percent of sales (4) adjusted for the full year sales figures of acquired units.

Acquisitions decreased operating capital employed by MSEK –56 during the year.

Acquisitions increased consolidated goodwill by MSEK 909. Adjusted for negative translation differences of MSEK –1,128, total goodwill for the Group amounted to MSEK 13,339 (13,558).

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter 2010 in conjunction with the business plan process for 2011. None of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Consequently no impairment losses have been recognized in 2010. No impairment losses were recognized in 2009 either.

Acquisitions have increased acquisition related intangible assets by MSEK 440. After amortization of MSEK –164 and negative translation differences of MSEK –75, acquisition related intangible assets amounted to MSEK 1,096 (895).

The Group's total capital employed was MSEK 17,147 (17,209). The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK –1,488.

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

Financing

The Group's net debt amounted to MSEK 8,209 (8,388). Acquisitions and acquisition related payments increased the Group's net debt by MSEK 1,359, of which purchase price payments accounted for MSEK 1,299, assumed net debt for MSEK –5 and acquisition related costs paid accounted for MSEK 65. The Group's net debt decreased by MSEK –617, due to the translation of net debt in foreign currency to Swedish kronor.

A dividend of MSEK 1,095 (1,059) was paid to the shareholders in May 2010.

The free cash flow to net debt ratio amounted to 0.24 (0.26).

The main debt instruments drawn as of the end of December 2010 were six 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 five floating rates notes (FRN's). Two of these FRN's are denominated in SEK, and each of these is for MSEK 500 and mature in 2014. Another two FRN's are denominated in USD, one for MUSD 40 and one for MUSD 62. Both of these loans mature in 2015. There is also a MEUR 45 FRN maturing in 2014.

In addition to the above, at year end Securitas had access to committed financing through the MUSD 1,100 Revolving Credit Facility maturing in 2012. In January 2011, MUSD 1,000 of the Revolving Credit Facility has been cancelled and replaced with a new Revolving Credit Facility comprising two respective tranches of MUSD 550 and MEUR 420. This new facility matures in 2016.

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 regarding the funding is provided in note 6.

The interest cover ratio amounted to 7.4 (6.1).

Shareholders' equity amounted to MSEK 8,938 (8,821). The translation of foreign assets and liabilities into Swedish kronor decreased shareholders' equity by MSEK –871 after taking into account net investment hedging of MSEK 361 and MSEK –1,232 before net investment hedging. Refer to the consolidated statement of comprehensive income on page 76 for further information.

The total number of outstanding shares amounted to 365,058,897 as of December 31, 2010.

CONDENSED CAPITAL EMPLOYED AND FINANCING ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2010	2009
Operating capital employed	2,586.5	2,623.4
Operating capital employed as % of sales	*4*	*4*
Goodwill	13,338.8	13,558.3
Acquisition related intangible assets	1,096.5	894.9
Shares in associated companies	125.6	132.1
Total capital employed	**17,147.4**	**17,208.7**
Return on capital employed, %	*22*	*22*
Net debt	8,208.9	8,387.7
Shareholders' equity	8,938.5	8,821.0
Total financing	**17,147.4**	**17,208.7**

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	2010	2009
Opening balance January 1	**–8,387.7**	**–9,412.6**
Cash flow from operating activities	3,267.4	3,374.5
Financial income and expenses paid	–521.7	–481.6
Current taxes paid	–735.1	–728.2
Free cash flow	**2,010.6**	**2,164.7**
Cash flow from investing activities, acquisitions	–1,359.0	–757.7
Cash flow from items affecting comparability	–62.5	–12.0
Dividend paid	–1,095.2	–1,058.7
Change in net debt before revaluation and translation	**–506.1**	**336.3**
Revaluation of financial instruments	67.6	76.7
Translation differences	617.3	611.9
Change in net debt	**178.8**	**1,024.9**
Closing balance December 31	**–8,208.9**	**–8,387.7**

Acquisitions

ACQUISITIONS JANUARY – DECEMBER 2010 (MSEK)

Company	Business segment[1]	Included from	Acquired share[2]	Annual sales[3]	Enterprise value[4]	Goodwill	Acq. related intangible assets
Opening balance						**13,558**	**895**
G4S, Germany	Security Services Europe Mobile and Monitoring	n/a	n/a	n/a	–32	–32	–
Seccredo, Sweden[7, 8]	Other	Jan 1	51	25	16	36	–
Claw Protection Services, South Africa[7]	Other	Mar 1	100	38	7	10	5
Dan Kontrol Systemer, Denmark	Security Services Europe	Apr 1	100	21	24	19	11
Bren Security, Sri Lanka[7, 8]	Other	Jun 1	60	16	23	40	9
Paragon Systems, USA	Security Services North America	Jun 8	100	1,102	268	219	17
Legend Group Holding International, Singapore[7]	Other	Jul 1	100	76	28	13	17
Guardian Security, Montenegro[7, 8]	Security Services Europe	Aug 1	75	40	25	17	16
Nikaro, United Kingdom	Mobile and Monitoring	Sep 1	100	27	28	19	13
ESC and SSA Guarding Company, Thailand[7, 8]	Other	Oct 1	49	36	24	17	7
Nordserwis.pl, Poland[7]	Security Services Europe	Nov 1	100	22	7	5	5
Security Professionals and Security Management, USA[7]	Security Services North America	Nov 1	100	211	70	35	40
Reliance Security Services, United Kingdom	Security Services Europe Mobile and Monitoring	Nov 9	100	2,315	403	333	131
Alarm West Group, Bosnia and Herzegovina[7, 8]	Security Services Europe	Dec 1	85	127	90	74	45
Piranha Security, South Africa[7]	Other	Dec 1	–	28	8	9	7
Cobra Security, Romania	Security Services Europe	Dec 2	100	50	26	23	4
Other acquisitions[5]				326	279	72	113
Total acquisitions January–December 2010				**4,460**	**1,294**	**909**[6]	**440**
Amortization of acquisition related intangible assets						–	–164
Exchange rate differences						–1,128	–75
Closing balance						**13,339**	**1,096**

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.
5 Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: Hamilton, USA, Atlantis Securite, Canada, Navicus, C&I, Addici (contract portfolio) and Jourman (contract portfolio), Services Sweden, Dalslands Bevakning (contract portfolio), Labelå (contract portfolio) and Sörmlands Bevakning (contract portfolio), Mobile Sweden, Verdisikring Vest (contract portfolio), Mobile Norway, Ferssa Group, Services France, Staff Sécurité (contract portfolio), AGSPY, SCPS (contract portfolio), GPSA (contract portfolio) and IGPS, Mobile France, LB Protection (contract portfolio) and Eryma (contract portfolio), Alert Services France, Swallow Security Services, Mobile UK, Tecniserv, Alert Services Spain, WOP Protect (contract portfolio) and Alpha Protect (contract portfolio), Services Switzerland, GPDS (contract portfolio), Mobile Belgium, EMS (contract portfolio), Alert Services Belgium, Hose, Services Netherlands, Hadi Bewaking (contract portfolio), Mobile Netherlands, Agency of Security Fenix, Services Czech Republic, Gordon and Security 018, Serbia, ICTS, Services Turkey, GMCE Gardiennage, Morocco, Vigilan and El Guardian, Argentina, Trancilo and Gadonal, Uruguay, Worldwide Security and Protec Austral, Chile, Guardforce, Hong Kong, MKB Tactical, South Africa, Globe Partner Services, Egypt and Long Hai Security, Vietnam. Related also to deferred considerations paid in the USA, Mexico, Spain, Belgium, Switzerland, Turkey and Argentina.
6 Goodwill that is expected to be tax deductible amounts to MSEK 15.
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 32. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 297.
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.

All acquisition calculations are finalized no later than one year after the acquisition is made. Transactions with non-controlling interests are specified in the consolidated statement of changes in shareholders' equity on page 82.

For further information regarding acquisitions in 2010, refer to note 16.

Acquisitions after December 31, 2010

Interseco, the Netherlands

Securitas has acquired 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 acquisition was consolidated in Securitas as of January 1, 2011.

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 acquisition was consolidated in Securitas as of January 1, 2011.

Chubb Security Personnel, the United Kingdom

Securitas has agreed with UTC Fire & Security to acquire 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 is subject to customary closing conditions and approval from the United Kingdom Office of Fair Trading.

Seguridad y Turismo Segutouring, Ecuador

Securitas has acquired the security services company Seguridad y Turismo Segutouring (SGT Seguridad) in Ecuador. With 900 employees, SGT Seguridad has a national coverage and is mainly operating in guarding services. The acquisition was consolidated in Securitas as of February 1, 2011.

Other signficant events after the balance sheet date

There have been no significant events after the balance sheet date except the acquisitions listed above.

Other significant events

Germany – Heros

The German cash handling operations were divested in November 2005 to the German Heros Group. In February 2006, the Heros Group of companies filed for insolvency under German law. In connection with the foregoing, the insolvency trustee has been examining all relevant prior transactions of the insolvent companies, including the German cash handling companies, which Securitas sold to the Heros Group. Following his investigation, the insolvency trustee has raised questions relating to pre-acquisition transactions in the divested companies, alleging possible material future claims.

On April 7, 2008 the insolvency trustee advised Securitas in a letter that according to the insolvency trustee, the Heros companies (in bankruptcy) may have substantial monetary claims on Securitas Germany and that in the absence of a mutual understanding and agreement on the questioned transactions, the bankruptcy estate will commence legal action against Securitas Germany.

The claims of the Heros companies (in bankruptcy) are based on the insolvency trustee's understanding of the subject pre-acquisition transactions, resulting in the allegation that certain inter-company transactions (set-offs) performed by Securitas Germany prior to the sale of the companies were not in compliance with German law. Heros' aggregated claims on Securitas Germany amounts to approximately MEUR 108. Heros is in addition requesting Securitas Germany to re-assign a claim against the insurance company If which was kept by Securitas in the divestiture.

On January 8, 2009 and on March 4, 2009 the insolvency trustee, in a draft statement of claim, reiterated his allegations and claim. On April 9, 2009 Securitas responded to the insolvency trustee and denied the claims. Based on local legal expertise and a legal opinion from a renown law professor, Securitas objected to the claims raised by the insolvency trustee. Settlement negotiations were initiated by the insolvency trustee at the end of 2009 and continued in 2010. On July 22, 2010 Securitas signed an out of court settlement agreement with the trustee of the Heros bankruptcy estate. The settlement stipulated that Securitas would make a total payment of MEUR 5.9 in return for Heros waiving all claims whatsoever against the Securitas Group. The Securitas companies simultaneously waived all claims against the bankruptcy estate. Securitas has as a result of the settlement during the third quarter made a total payment of MSEK 54 (MEUR 5.9). The settlement amount is covered by previously recognized provisions.

Germany – U.S. Army

Securitas Germany has filed a law suit against the U.S. Army for unpaid services under now expired contracts for guarding services. Securitas' original claim was approximately MEUR 4.4. The U.S. Army filed a counterclaim of originally MEUR 10.5 plus penalties (requesting also treble damages under U.S. law) alleging over-billings of 550,000 hours by Securitas. Based on information provided to the U.S. Army this amount has been reduced by the U.S. Army to MEUR 4.4. An independent auditing firm has been engaged to assist in the investigation of the claim.

Group Management has viewed a settlement solution as the preferred solution for Securitas and settlement discussions has therefore been held with the U.S. Army in 2009 and in 2010. As a result of the discussions on February 28, 2011 Securitas signed an out of court settlement agreement with the U.S. Army. The settlement stipulated that Securitas would make a payment of MEUR 4.2 in return for the United States waiving its claims under the subject contracts against the contracting Securitas company. Securitas Germany has simultaneously agreed to waive all claims against the United States. The settlement amount is covered by previously recognized provisions.

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 interest expenses and 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.

For further information regarding items affecting comparability, ongoing litigation and contingent liabilities refer to note 4 and not 37.

Securitas share based incentive scheme 2010

The Annual General Meeting 2010 resolved with the requisite majority to adopt the incentive scheme and in order to enable the Board to deliver the shares according to said incentive scheme, to authorize the Board to enter into a share swap agreement with a third party, which was one of the suggested hedging arrangements proposed by the Board. The incentive scheme has in 2010 been implemented throughout the Securitas Group. For further information refer to note 2, note 8 and note 12.

Change in Group Management

The Divisional President of Mobile, Morten Rønning, left Securitas on July 8, 2010. On September 1, 2010 Erik-Jan Jansen was appointed new Divisional President of Mobile. Aimé Lyagre was appointed new Chief Operating Officer of Security Services Europe.

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 58–61.

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 made during 2010 are described under the heading Acquisitions on page 69 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 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 items affecting comparability and contingent liabilities, as described above under Other significant events and in note 4 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 280,000 employees in 45 countries, Securitas number one responsibility is to be a solid, trustworthy and stable employer to all our employees, providing them with favorable terms and possibilities for further development and careers. 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 Code of Conduct, which upholds and promotes high ethical business standards. The Code of Conduct is based on our three fundamental values: Integrity, Vigilance and Helpfulness. Integrity means being honest and thus earning trust to work unsupervised on the customers' premises and with valuables. Vigilance entails noticing things that others do not by seeing, hearing, and evaluating. Helpfulness is about our employees lending assistance, even if it is not directly related to his or her job.

Taking responsibility as an employer starts with the very basics: Securitas will not use forced, involuntary or underage labor and will respect the right of all employees to form and join trade unions. Securitas is also an equal-opportunity employer and does not tolerate bullying or harassment. We believe in building relationships based on mutual respect and the dignity of all employees, by far our most important resource. 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 and launch training.

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 32–34.

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, 2010 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.

In May 2008, a decision was taken by the Group to adopt and implement an Environmental Policy. The policy stated in short that no new company cars (aimed to transport maximum five people) and no new minivans (aimed for six or seven people) as of May 2008 may exhaust more than 195 and 240 gram CO_2 per kilometer, respectively. The limits are reduced on a yearly basis and for 2010, the limits were 180 and 225 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 11,000 company cars and minivans that Securitas owns or leases worldwide, emitted approximately 166 CO_2 gram per kilometer (171) in 2010.

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 35–38.

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 2011 continue to focus on specialization rather than diversification. The three cornerstones of Securitas' strategy are a higher degree of specialization, expansion of the Mobile and Monitoring business and an improved global presence.

The higher degree of specialization is implemented by customer segmentation of the operations while maintaining the decentralized and functional organization, extensive security training, sharing of best practices, increased technical knowledge and by selective acquisitions.

Through acquisitions and start ups, Securitas is now present in 45 countries and we intend to strengthen our position in these countries, but also continue to expand geographically in order to serve our global customers, with the target to be present in approximately 60 countries within three years.

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 955 (974) and mainly relates to administrative contributions and other income from subsidiaries.

Financial income and expenses amounted to MSEK 1,818 (1,364). Income after financial items amounted to MSEK 2,319 (1,938).

Income after financial items includes gains from the sale of shares in subsidiaries of MSEK 0 (86), dividends from subsidiaries of MSEK 6,093 (4,646), interest income of MSEK 127 (228), interest expense of MSEK –612 (–782) and other financial income and expenses, net, of MSEK –3,790 (–2,814). Included in other financial income and expenses, net are impairment losses relating to shares in subsidiaries of MSEK –4,553 (–3,251). Impairment losses in 2010 and 2009 were recognized in conjunction with the Parent Company having received dividend from the subsidiary.

Net income for the year amounted to MSEK 2,112 (1,957).

Cash flow for the year amounted to MSEK 1 (1,313).

The Parent Company's non-current assets amounted to MSEK 40,659 (40,604) and mainly comprise shares in subsidiaries of MSEK 40,027 (40,074). Current assets amounted to MSEK 4,021 (4,527) of which liquid funds amounted to MSEK 2 (2).

Shareholders' equity amounted to MSEK 22,392 (21,855).

A dividend of MSEK 1,095 (1,059) was paid to the shareholders in May 2010.

The Parent Company's liabilities amounted to MSEK 22,288 (23,276) and mainly consist of interest-bearing debt.

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

Proposed guidelines for remuneration to senior management in Securitas for 2011

The Board of Directors of Securitas AB (publ.) proposes that the Annual General Meeting on May 4, 2011 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 Group Management may also receive variable remuneration, based on the outcome in relation to financial goals and growth targets within the individual area of responsibility (Group or division) and 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 to 200 percent of the fixed annual salary for other individuals of 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 maximal outcome during 2010, amount to a maximum 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 regulation 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.

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 4, 2011.

Funds in the Parent Company available for distribution:

SEK	
Hedging reserve	–15,415,109
Translation reserve	614,604,713
Retained earnings	11,953,323,142
Net income for the year	2,112,102,671
Total	**14,664,615,417**

The Board of Directors propose a dividend to the shareholders of:

SEK	
SEK 3.00 per share	1,095,176,691
To be carried forward	13,569,438,726
Total	**14,664,615,417**

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, 2010 amount to SEK 12,552,512,746. The net income for the year amounts to SEK 2,112,102,671, of which SEK –3,038,778 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, 2010 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 14,664,615,417 are therefore at the Annual General Meeting's disposal.

Provided that the 2011 Annual General Meeting resolves to allocate the results in accordance with the Board's proposal, SEK 13,569,438,726 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, please refer to the statements of income, statements of other 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 9, 2011. If the Annual General Meeting so resolves, the dividend is expected to be distributed by Euroclear Sweden AB starting May 12, 2011.

Consolidated statement of income

MSEK	Note	2010	2009	2008
Continuing operations				
Sales		59,097.5	61,216.7	55,247.9
Sales, acquired business		2,242.3	1,450.0	1,323.7
Total sales	9, 10	**61,339.8**	**62,666.7**	**56,571.6**
Production expenses	11, 12, 13	–50,076.0	–50,983.9	–46,122.9
Gross income		**11,263.8**	**11,682.8**	**10,448.7**
Selling and administrative expenses	11, 12, 13	–7,551.3	–7,933.5	–7,196.3
Other operating income	10	12.7	11.3	18.7
Share in income of associated companies	21	–1.0	–4.1	-0.4
Amortization of acquisition related intangible assets	18	–164.3	–138.3	–102.2
Acquisition related costs	11	-89.6	–5.9	–52.6
Items affecting comparability	4, 11	–	–	–29.3
Operating income		**3,470.3**	**3,612.3**	**3,086.6**
Financial income	14	41.8	75.8	540.6
Financial expenses	14	–544.1	–665.6	–1,010.2
Income before taxes		**2,968.0**	**3,022.5**	**2,617.0**
Taxes	15	–887.2	–904.5	–727.1
Net income for the year, continuing operations		**2,080.8**	**2,118.0**	**1,889.9**
Net income for the year, discontinued operations	38	–	–	431.8
Net income for the year, all operations		**2,080.8**	**2,118.0**	**2,321.7**
Whereof attributable to:				
Equity holders of the Parent Company		2,083.1	2,116.2	2,323.6
Non-controlling interests		-2.3	1.8	–1.9
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, continuing operations (SEK)		5.71	5.80	5.18
Earnings per share before dilution, discontinued operations (SEK)		–	–	1.18
Earnings per share before dilution, all operations (SEK)	3	**5.71**	**5.80**	**6.36**
Earnings per share after dilution, continuing operations (SEK)		5.71	5.80	5.18
Earnings per share after dilution, discontinued operations (SEK)		–	–	1.18
Earnings per share after dilution, all operations (SEK)	3	**5.71**	**5.80**	**6.36**
Earnings per share before dilution and before items affecting comparability, continuing operations (SEK)	3	5.71	5.80	5.24
Earnings per share after dilution and before items affecting comparability, continuing operations (SEK)	3	5.71	5.80	5.24

Consolidated statement of comprehensive income

MSEK	Note	2010	2009	2008
Net income for the year, all operations		**2,080.8**	**2,118.0**	**2,321.7**
Other comprehensive income				
Actuarial gains and losses net of tax, all operations		–117.9	16.2	–464.6
Cash flow hedges net of tax, all operations		53.2	56.8	–130.2
Net investment hedges, all operations		361.0	254.9	–232.8
Translation differences, all operations		–1,232.2	–1,073.8	2,188.1
Other comprehensive income, all operations	15	**–935.9**	**–745.9**	**1,360.5**
Total comprehensive income for the year, all operations		**1,144.9**	**1,372.1**	**3,682.2**
Whereof attributable to:				
Equity holders of the Parent Company		1,147.6	1,370.8	3,683.0
Non-controlling interests		–2.7	1.3	–0.8

Securitas' financial model – consolidated statement of income

Supplementary information

MSEK	2010	2009	2008
Continuing operations			
Sales	59,097.5	61,216.7	55,247.9
Sales, acquired business	2,242.3	1,450.0	1,323.7
Total sales	**61,339.8**	**62,666.7**	**56,571.6**
Organic sales growth, %	*1*	*–1*	*6*
Production expenses	–50,076.0	–50,983.9	–46,122.9
Gross income	**11,263.8**	**11,682.8**	**10,448.7**
Gross margin, %	*18.4*	*18.6*	*18.5*
Expenses for branch offices	-3,656.3	-3,822.2	-3,414.4
Other selling and administrative expenses	-3,895.0	–4,111.3	-3,781.9
Total expenses	**–7,551.3**	**–7,933.5**	**–7,196.3**
Other operating income	12.7	11.3	18.7
Share in income of associated companies	-1.0	-4.1	-0.4
Operating income before amortization	**3,724.2**	**3,756.5**	**3,270.7**
Operating margin, %	*6.1*	*6.0*	*5.8*
Amortization of acquisition related intangible assets	-164.3	–138.3	-102.2
Acquisition related costs	-89.6	-5.9	-52.6
Items affecting comparability	–	–	-29.3
Operating income after amortization	**3,470.3**	**3,612.3**	**3,086.6**
Financial income and expenses	-502.3	–589.8	-469.6
Income before taxes	**2,968.0**	**3,022.5**	**2,617.0**
Net margin, %	*4.8*	*4.8*	*4.6*
Taxes	-887.2	-904.5	-727.1
Net income for the year, continuing operations	**2,080.8**	**2,118.0**	**1,889.9**
Net income for the year, discontinued operations	–	–	431.8
Net income for the year, all operations	**2,080.8**	**2,118.0**	**2,321.7**

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 cash flow

MSEK	Note	2010	2009	2008
Operations				
Operating income		3,470.3	3,612.3	3,086.6
Adjustment for effect on cash flow from items affecting comparability	11	–62.5	–12.0	–81.5
Adjustment for effect on cash flow from acquisition related costs	11	24.3	–28.2	32.7
Reversal of depreciation	18, 19, 20	1,065.0	1,065.8	942.1
Financial items received		41.9	115.9	794.6
Financial items paid		–563.6	–597.5	–1,228.0
Current taxes paid		–735.1	–728.2	–803.5
Change in accounts receivable		–768.4	197.6	7.8
Change in other operating capital employed		312.8	–556.4	107.3
Cash flow from operations, continuing operations		**2,784.7**	**3,069.3**	**2,858.1**
Cash flow from operations, discontinued operations	38	–	–	436.8
Cash flow from operations, all operations		**2,784.7**	**3,069.3**	**3,294.9**
Investing activities				
Investments in non-current tangible and intangible assets		–901.9	–950.7	–977.0
Acquisition of subsidiaries	16	–1,293.7	–723.6	–1,001.6
Cash flow from investing activities, continuing operations		**–2,195.6**	**–1,674.3**	**–1,978.6**
Cash flow from investing activities, discontinued operations	38	–	–	–764.5
Cash flow from investing activities, all operations		**–2,195.6**	**–1,674.3**	**–2,743.1**
Financing activities				
Dividend paid to shareholders of the Parent Company		–1,095.2	–1,058.7	–1,131.7
Proceeds from bond loans	30	1,764.5	5,962.5	425.8
Redemption of bond loans	30	–459.5	–	–4,694.6
Proceeds from other long-term borrowings	30	–	2,288.3	828.0
Repayment of other long-term borrowings	30	–872.4	–4,524.2	–
Change in other interest-bearing net debt excluding liquid funds		238.1	–5,443.4	4,373.2
Cash flow from financing activities, continuing operations		**–424.5**	**–2,775.5**	**–199.3**
Cash flow from financing activities, discontinued operations	38	–	–	–462.8
Cash flow from financing activities, all operations		**–424.5**	**–2,775.5**	**–662.1**
Cash flow for the year		**164.6**	**–1,380.5**	**–110.3**
Liquid funds at beginning of year		2,497.1	3,951.5	4,350.7
Translation differences on liquid funds		–74.8	–73.9	165.0
Effect on liquid funds of discontinued operations	38	–	–	–453.9
Liquid funds at year-end	28	**2,586.9**	**2,497.1**	**3,951.5**

Supplementary information – Change in interest-bearing net debt in 2010

	Opening balance 2010	Cash flow for the year, all operations	Change in loans[1], all operations	Revaluation of financial instruments, all operations	Translation differences, all operations	Closing balance 2010
Liquid funds	2,497.1	164.6	–	–	–74.8	2,586.9
Other net debt	–10,884.8	–	–670.7	67.6	692.1	–10,795.8
Interest-bearing net debt	**–8,387.7**	**164.6**	**–670.7**	**67.6**	**617.3**	**–8,208.9**

1 Refers to the net effect of the proceeds from bond loans MSEK –1,764.5, redemption of bond loans MSEK 459.5, repayment of other long-term borrowings MSEK 872.4 and change in other interest-bearing net debt excluding liquid funds MSEK –238.1.

Securitas' financial model – consolidated statement of cash flow

Supplementary information

MSEK	2010	2009	2008
Continuing operations			
Operating income before amortization	**3,724.2**	**3,756.5**	**3,270.7**
Investments in non-current tangible and intangible assets	-901.9	-950.7	-977.0
Reversal of depreciation	900.7	927.5	839.9
Net investments in non-current assets	**-1.2**	**-23.2**	**-137.1**
Change in accounts receivable	-768.4	197.6	7.8
Change in other operating capital employed	312.8	-556.4	107.3
Cash flow from operating activities	**3,267.4**	**3,374.5**	**3,248.7**
Cash flow from operating activities as % of operating income before amortization	*88*	*90*	*99*
Financial income and expenses paid	-521.7	-481.6	-433.4
Current taxes paid	-735.1	-728.2	-803.5
Free cash flow	**2,010.6**	**2,164.7**	**2,011.8**
Free cash flow as % of adjusted income	*81*	*88*	*94*
Acquisition of subsidiaries	-1,293.7	-723.6	-1,001.6
Acquisition related costs paid	-65.3	-34.1	-19.9
Cash flow from items affecting comparability	-62.5	-12.0	-110.8
Cash flow from financing activities	-424.5	-2,775.5	-199.3
Cash flow for the year, continuing operations	**164.6**	**-1,380.5**	**680.2**
Cash flow for the year, discontinued operations	–	–	-790.5
Cash flow for the year, all operations	**164.6**	**-1,380.5**	**-110.3**

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	2010	2009	2008
ASSETS				
Non-current assets				
Goodwill	17	13,338.8	13,558.3	14,104.3
Acquisition related intangible assets	18	1,096.5	894.9	751.3
Other intangible assets	19	272.4	278.4	255.2
Buildings and land	20	337.4	395.5	424.6
Machinery and equipment	20	1,946.5	1,981.7	2,035.5
Shares in associated companies	21	125.6	132.1	104.9
Deferred tax assets	15	1,353.4	1,586.9	1,964.8
Interest-bearing financial non-current assets	22	205.7	160.8	150.6
Other long-term receivables	23	384.3	408.8	401.6
Total non-current assets		**19,060.6**	**19,397.4**	**20,192.8**
Current assets				
Inventories	24	45.9	34.3	39.9
Accounts receivable	25	9,724.1	9,363.3	9,962.6
Current tax assets	15	255.2	304.5	505.6
Other current receivables	26	1,144.3	1,117.4	1,024.1
Other interest-bearing current assets	27	68.3	81.9	42.4
Liquid funds	28	2,586.9	2,497.1	3,951.5
Total current assets		**13,824.7**	**13,398.5**	**15,526.1**
TOTAL ASSETS		**32,885.3**	**32,795.9**	**35,718.9**

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		–736.3	81.3	842.9
Retained earnings		1,944.0	1,003.7	–70.0
Shareholders' equity attributable to equity holders of the Parent Company		**8,935.4**	**8,812.7**	**8,500.6**
Non-controlling interests		**3.1**	**8.3**	**6.7**
Total Shareholders' equity	29	**8,938.5**	**8,821.0**	**8,507.3**
Long-term liabilities				
Long-term loan liabilities	30	7,202.6	8,357.5	7,148.4
Other long-term liabilities	30	282.3	193.8	201.6
Provisions for pensions and similar commitments	31	1,151.2	1,186.3	1,250.1
Deferred tax liabilities	15	432.1	279.5	209.8
Other long-term provisions	32	981.5	1,160.4	1,352.0
Total long-term liabilities		**10,049.7**	**11,177.5**	**10,161.9**
Current liabilities				
Short-term loan liabilities	33	3,867.2	2,770.0	6,408.7
Accounts payable		853.6	797.7	977.0
Current tax liabilities	15	285.5	338.0	487.4
Other current liabilities	34	8,227.3	8,202.5	8,367.8
Short-term provisions	35	663.5	689.2	808.8
Total current liabilities		**13,897.1**	**12,797.4**	**17,049.7**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**32,885.3**	**32,795.9**	**35,718.9**

Securitas' financial model – consolidated capital employed and financing

Supplementary information

MSEK	2010	2009	2008
Operating capital employed			
Other intangible assets	272.4	278.4	255.2
Buildings and land	337.4	395.5	424.6
Machinery and equipment	1,946.5	1,981.7	2,035.5
Deferred tax assets	1,353.4	1,586.9	1,964.8
Other long-term receivables	384.3	408.8	401.6
Inventories	45.9	34.3	39.9
Accounts receivable	9,724.1	9,363.3	9,962.6
Current tax assets	255.2	304.5	505.6
Other current receivables	1,144.3	1,117.4	1,024.1
Total assets	**15,463.5**	**15,470.8**	**16,613.9**
Other long-term liabilities	282.3	193.8	201.6
Provisions for pensions and similar commitments	1,151.2	1,186.3	1,250.1
Deferred tax liabilities	432.1	279.5	209.8
Other long-term provisions	981.5	1,160.4	1,352.0
Accounts payable	853.6	797.7	977.0
Current tax liabilities	285.5	338.0	487.4
Other current liabilities	8,227.3	8,202.5	8,367.8
Short-term provisions	663.5	689.2	808.8
Total liabilities	**12,877.0**	**12,847.4**	**13,654.5**
Total operating capital employed	**2,586.5**	**2,623.4**	**2,959.4**
Goodwill	13,338.8	13,558.3	14,104.3
Acquisition related intangible assets	1,096.5	894.9	751.3
Shares in associated companies	125.6	132.1	104.9
Total capital employed	**17,147.4**	**17,208.7**	**17,919.9**
Operating capital employed as % of sales	*4*	*4*	*5*
Return on capital employed, %	*22*	*22*	*18*
Net debt			
Interest-bearing financial non-current assets	205.7	160.8	150.6
Other interest-bearing current assets	68.3	81.9	42.4
Liquid funds	2,586.9	2,497.1	3,951.5
Total interest-bearing assets	**2,860.9**	**2,739.8**	**4,144.5**
Long-term loan liabilities	7,202.6	8,357.5	7,148.4
Short-term loan liabilities	3,867.2	2,770.0	6,408.7
Total interest-bearing liabilities	**11,069.8**	**11,127.5**	**13,557.1**
Total net debt	**8,208.9**	**8,387.7**	**9,412.6**
Net debt equity ratio, multiple	*0.92*	*0.95*	*1.11*
Shareholders' equity			
Share capital	365.1	365.1	365.1
Other capital contributed	7,362.6	7,362.6	7,362.6
Other reserves	–736.3	81.3	842.9
Retained earnings	1,944.0	1,003.7	–70.0
Non-controlling interests	3.1	8.3	6.7
Total shareholders' equity	**8,938.5**	**8,821.0**	**8,507.3**
Total financing	**17,147.4**	**17,208.7**	**17,919.9**

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]

	Shareholders' equity attributable to equity holders of the Parent Company							
MSEK	Share capital	Other capital contributed	Hedging reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	**Total shareholders' equity**
Opening balance 2008	**365.1**	**7,362.6**	**4.8**	**–484.7**	**1,564.3**	**8,812.1**	**1.9**	**8,814.0**
Net income for the year, all operations	**–**	**–**	**–**	**–**	**2,323.6**	**2,323.6**	**–1.9**	**2,321.7**
Other comprehensive income								
Actuarial gains and losses net of tax	–	–	–	–	–464.6	–464.6	–	–464.6
Cash flow hedges								
Transfer to hedging reserve before tax	–	–	–183.3	–	–	–183.3	–	–183.3
Deferred tax on transfer to hedging reserve	–	–	51.3	–	–	51.3	–	51.3
Transfer to interest income in the statement of income before tax	–	–	–285.6	–	–	–285.6	–	–285.6
Transfer to interest expense in the statement of income before tax	–	–	288.0	–	–	288.0	–	288.0
Deferred tax on transfer to statement of income	–	–	–0.6	–	–	–0.6	–	–0.6
Net investment hedges	–	–	–	–232.8	–	–232.8	–	–232.8
Translation differences	–	–	–	2,187.0	–	2,187.0	1.1	2,188.1
Other comprehensive income, all operations	**–**	**–**	**–130.2**	**1,954.2**	**–464.6**	**1,359.4**	**1.1**	**1,360.5**
Total comprehensive income for the year, all operations	**–**	**–**	**–130.2**	**1,954.2**	**1,859.0**	**3,683.0**	**–0.8**	**3,682.2**
Transactions with non-controlling interests	–	–	–	–	–	–	5.6	5.6
Dividend paid to shareholders of the Parent Company	–	–	–	–	–1,131.7	–1,131.7	–	–1,131.7
Dividend of net assets in Loomis (note 38)	–	–	–	–501.2	–2,361.6	–2,862.8	–	–2,862.8
Closing balance 2008	**365.1**	**7,362.6**	**–125.4**	**968.3**	**–70.0**	**8,500.6**	**6.7**	**8,507.3**
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 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 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	–	–	–	–	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**

1 Further information regarding shareholders' equity is provided in note 29.

Notes

Note 1. General corporate information

Operations

Securitas provides security services protecting homes, workplaces and society. Our core business is guarding services and the main service offering categories are specialized guarding, mobile services, monitoring and consulting and investigation services. Securitas is present in 45 countries in North America, Europe, Latin America, the Middle East, Asia and Africa, with 280,000 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 11, 2011.

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 4, 2011.

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 2010

Securitas has adopted the following new and revised IFRS as of January 1, 2010:

IFRS 3 (revised) Business combinations
The acquisition method is applied to business combinations. All payments to acquire a business are recorded at fair value at the acquisition date, including debt related to contingent considerations and acquisition related option liabilities. This debt is measured at fair value in subsequent periods with re-measurement 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 of contingent considerations and acquisition related option liabilities, revaluation to fair value of previously acquired shares in step acquisitions and, as previously, acquisition related restructuring costs.

IAS 27 (revised) Consolidated and separate financial statements
Transactions with non-controlling interests are recorded in equity if there is no change in control. When control is lost by the Parent Company, any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in the statement of income.

Other standards
None of the other amendments and interpretations of standards that have been implemented during 2010 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

IFRS 9 Financial instruments applies to financial years beginning January 1, 2013 or later. It is not adopted by the EU. IFRS 9, which is not yet completed, addresses measurement and classification of financial instruments. When the standard has been completed, its impact on the Group's financial reports will be assessed.

In addition to IFRS 9 other standards and interpretations have also been published that are mandatory for the Group's accounting periods beginning January 1, 2011 or later. These standards and interpretations are assessed to have no material impact on the Group's financial statements.

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 during 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. 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 of contingent considerations and acquisition related option liabilities, revaluation to fair value of previously acquired shares in step acquisitions and acquisition related restructuring costs.

For acquisitions made before 2010 as well as during 2010, 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 during 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 recognised 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 during 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 acquisitions made before 2010 as well as during 2010, 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 recognised 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 after amortization, 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 classification of associated companies has been applied as follows in 2010: the associated companies Long Hai Security Services Joint Stock Company (acquired 2009) and Walsons Services Pvt Ltd (acquired 2007) have been 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 the Swedish krona (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. Trademark fees from the former subsidiary Niscayah Group AB (former Securitas Systems AB) have been recognized up until November 2008, based on the sales recognized by Niscayah Group 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 three 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) 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 the guarding operations in Latin America, the Middle East, Asia and Africa (excluding Morocco). The Group's joint venture Securitas Direct S.A. (Switzerland) is also included in Other, as well as operations within security consulting that report directly to the chief operating decision maker. Moreover, 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.

The previous segment Loomis is included in the Securitas Group up to December 8, 2008 and reported as discontinued operations.

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 are 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 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. Notes relating to the statement of income have consequently been adjusted to exclude discontinued operations.

The extraordinary General Meeting in Securitas held on December 3, 2008, resolved in accordance with the Board of Directors' proposal on a dividend to the effect that all shares in the wholly-owned subsidiary Loomis AB would be distributed to the shareholders. The dividend date was December 9, 2008. From this date Loomis AB is no longer part of the Securitas Group. The operations, which in the Securitas Group previously comprised the segment Loomis, consequently qualify as discontinued operations according to IFRS 5 and are treated according to this standard. Further information on the application of IFRS 5 regarding Loomis is provided in note 38.

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 and technology-based. Other acquisition related intangible assets 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 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 fulfil 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 programme 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.

For further information regarding the items included in items affecting comparability, refer to note 4 and to note 11.

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 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 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 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 amortised 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.

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 are recognized in other comprehensive income in the period which they occur on the line actuarial gains and losses 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 implemented a new incentive program. The participants in the program 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.

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

Organic sales growth, actual 2010: 1%
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 2010: ((61,339.8–2,242.3+4,364.6)/62,666.7)–1 = 1%

Real sales growth, actual 2010: 5%
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 2010: ((61,339.8+4,364.6)/62,666.7)–1 = 5%

Operating margin, actual 2010: 6.1%
Operating income before amortization as a percentage of total sales.
Calculation 2010: 3,724.2/61,339.8 = 6.1%

Earnings per share before dilution[2], actual 2010: SEK 5.71
Net income for the year attributable to equity holders of the Parent Company in relation to the average number of shares before dilution.
Calculation 2010: ((2,080.8+2.3)/365,058,897) x 1,000,000 = SEK 5.71

Earnings per share before dilution[2] and before items affecting comparability, actual 2010: SEK 5.71
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 2010: ((2,080.8+0.0+2.3)/365,058,897) x 1,000,000
= SEK 5.71

Cash flow from operating activities as % of operating income before amortization, actual 2010: 88%
Cash flow from operating activities as a percentage of operating income before amortization.
Calculation 2010: 3,267.4/3,724.2 = 88%

Free cash flow as % of adjusted income, actual 2010: 81%
Free cash flow as a percentage of adjusted income.
Calculation 2010: 2,010.6/(3,724.2–497.8–735.7) = 81%

Free cash flow in relation to net debt, actual 2010: 0.24
Free cash flow in relation to closing balance net debt.
Calculation 2010: 2,010.6/8,208.9 = 0.24

Operating capital employed as % of total sales, actual 2010: 4%
Operating capital employed as a percentage of total sales adjusted for full year sales of acquisitions.
Calculation 2010: 2,586.5/(61,339.8+2,956.1) = 4%

1 The definition is also valid for the formal primary statements – 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.

Return on capital employed, actual 2010: 22%
Operating income before amortization plus items affecting comparability as a percentage of the closing balance of capital employed.
Calculation 2010: (3,724.2+0.0)/17,147.4 = 22%

Net debt equity ratio, actual 2010: 0.92
Net debt in relation to shareholders' equity.
Calculation 2010: 8,208.9/8,938.5 = 0.92

Interest coverage ratio, actual 2010: 7.4
Operating income before amortization plus interest income in relation to interest expense.
Calculation 2010: (3,724.2+38.2)/510.2 = 7.4

Return on equity, actual 2010: 23%
Net income for the year as a percentage of average shareholders' equity.
Calculation 2010: 2,080.8/((8,821.0+8,938.5)/2) = 23%

Equity ratio, actual 2010: 27%
Shareholders' equity as a percentage of total assets.
Calculation 2010: 8,938.5/32,885.3 = 27%

EXCHANGE RATES USED IN THE CONSOLIDATED FINANCIAL STATEMENTS 2008–2010

			2010		2009		2008	
			Weighted average	End-rate December	Weighted average	End-rate December	Weighted average	End-rate December
Argentina	ARS	1	1.83	1.71	2.02	1.87	2.10	2.28
Bosnia and Herzegovina	BAM	1	4.61	4.61	–	–	–	–
Canada	CAD	1	6.96	6.79	6.69	6.79	6.19	6.37
Chile	CLP	100	1.41	1.46	1.36	1.40	1.21	1.24
China	CNY	1	1.05	1.03	1.10	1.04	1.13	1.15
Colombia	COP	100	0.38	0.35	0.35	0.35	0.34	0.35
Czech Republic	CZK	1	0.38	0.36	0.40	0.39	0.39	0.41
Denmark	DKK	1	1.27	1.21	1.42	1.38	1.30	1.47
Egypt	EGP	1	1.27	1.17	1.36	1.30	1.42	1.42
EMU Countries	EUR	1	9.49	9.02	10.59	10.26	9.69	10.92
Estonia	EEK	1	0.61	0.58	0.68	0.66	0.62	0.70
Hong Kong	HKD	1	0.93	0.87	0.96	0.92	1.01	1.01
Hungary	HUF	100	3.45	3.22	3.77	3.79	3.87	4.12
India	INR	1	0.16	0.15	0.16	0.15	0.16	0.16
Morocco	MAD	1	0.85	0.81	0.91	0.91	–	–
Mexico	MXN	1	0.57	0.55	0.56	0.54	0.59	0.56
Norway	NOK	1	1.18	1.15	1.22	1.24	1.17	1.12
Peru	PEN	1	2.54	2.43	2.53	2.46	2.25	2.48
Poland	PLN	1	2.37	2.27	2.44	2.50	2.75	2.61
Romania	RON	1	2.25	2.10	2.50	2.42	2.64	2.73
Saudi Arabia	SAR	1	1.92	1.81	1.90	1.90	–	–
Serbia	RSD	1	0.09	0.09	0.11	0.11	0.12	0.12
Singapore	SGD	1	5.28	5.27	–	–	–	–
South Africa	ZAR	1	0.99	1.03	0.94	0.96	–	–
Sri Lanka	LKR	100	6.31	6.13	–	–	–	–
Switzerland	CHF	1	6.94	7.24	7.02	6.91	6.15	7.34
Taiwan	TWD	1	0.23	0.23	0.23	0.22	0.24	0.24
Thailand	THB	1	0.23	0.23	0.21	0.21	0.23	0.23
Turkey	TRY	1	4.74	4.37	4.87	4.76	5.07	5.08
United Arab Emirates	AED	1	1.96	1.85	1.97	1.94	2.15	2.15
United Kingdom	GBP	1	11.00	10.50	11.90	11.53	12.06	11.37
Uruguay	UYU	1	0.36	0.34	0.34	0.36	0.32	0.32
USA	USD	1	7.19	6.81	7.61	7.12	6.63	7.81
Vietnam	VND	100	0.04	0.03	0.04	0.04	–	–

Note 4. Critical estimates and judgments and items affecting comparability

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.

Valuation of identifiable assets and liabilities in connection with the acquisition of subsidiaries/operations

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. 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. All balance sheet items are thus subject to estimates and judgments. Further information is provided in note 16.

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 13,338.8 (13,558.3 and 14,104.3), acquisition related intangible assets, which amounts to MSEK 1,096.5 (894.9 and 751.3) and shares in associated companies, which amounts to MSEK 125.6 (132.1 and 104.9) 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 9,724.1 (9,363.3 and 9,962.6), 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 –344.7 (–377.9 and –354.4), is thus subject to critical estimates and judgments. 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 (36.2 and 8.4) 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 1,151.2 (1,186.3 and 1,250.1), 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

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. All in all, this means that the balance sheet items short-term liability insurance-related claims reserves, which amounts to MSEK 526.2 (503.6 and 652.5) and is included in short-term provisions (note 35) and liability insurance-related claims reserves, which amounts to MSEK 461.3 (526.5 and 603.3) and is included in other long-term provisions (note 32), are subject to critical estimates and judgments.

Taxes

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. The balance sheet includes deferred tax assets which amounts to MSEK 1,353.4 (1,568.9 and 1,964.8), deferred tax liabilities which amounts to MSEK 432.1 (279.5 and 209.8) and provisions for taxes which amounts to MSEK 164.7 (172.5 and 176.4) 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 37.

Items affecting comparability

Items affecting comparability amounted to MSEK 0.0 (0.0 and –29.3).

The items affecting comparability and the development of the matters that are described below constitute the most material individual transactions that demand that the management make judgments that can be deemed reasonable under the prevailing circumstances, taking into consideration the information that is available on the balance sheet date. The items that involve the largest elements of judgment are:

Germany – Heros

The German cash handling operations were divested in November 2005 to the German Heros Group. In February 2006, the Heros Group of companies filed for insolvency under German law. In connection with the foregoing, the insolvency trustee has been examining all relevant prior transactions of the insolvent companies, including the German cash handling companies, which Securitas sold to the Heros Group. Following his investigation, the insolvency trustee has raised questions relating to pre-acquisition transactions in the divested companies, alleging possible material future claims.

On April 7, 2008 the insolvency trustee advised Securitas in a letter that according to the insolvency trustee, the Heros companies (in bankruptcy) may have substantial monetary claims on Securitas Germany and that in the absence of a mutual understanding and agreement on the questioned transactions, the bankruptcy estate will commence legal action against Securitas Germany.

The claims of the Heros companies (in bankruptcy) are based on the insolvency trustee's understanding of the subject pre-acquisition transactions, resulting in the allegation that certain inter-company transactions (set-offs) performed by Securitas Germany prior to the sale of the companies were not in compliance with German law. Heros' aggregated claims on Securitas Germany amounts to approximately MEUR 108. Heros is in addition requesting Securitas Germany to re-assign a claim against the insurance company If which was kept by Securitas in the divestiture.

On January 8, 2009 and on March 4, 2009 the insolvency trustee, in a draft statement of claim, reiterated his allegations and claim. On April 9, 2009 Securitas responded to the insolvency trustee and denied the claim. Based on local legal expertise and a legal opinion from a renown law professor, Securitas objected to the claims raised by the insolvency trustee. Settlement negotiations were initiated by the insolvency trustee in the end of 2009 and continued in 2010. On July 22, 2010 Securitas signed an out of court settlement agreement with the trustee of the Heros bankruptcy estate. The settlement stipulated that Securitas would make a total payment of MEUR 5.9 in return for Heros waiving all claims whatsoever against the Securitas Group. The Securitas companies simultaneously waived all claims against the bankruptcy estate. Securitas has as a result of the settlement during the third quarter made a total payment of MSEK 54 (MEUR 5.9). The settlement amount is covered by previously recognized provisions.

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.

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. Judgment in the appeal is expected in 2011.

Note 5. Events after the balance sheet date

Approval of the Annual Report and Consolidated Financial Statements for 2010

This Annual Report including the Consolidated Financial Statements was signed by the Board of Directors of Securitas AB on March 11, 2011.

Acquisitions

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

- Interseco, the Netherlands. Included in business segment Other.
- Adria Ipon Security, Bosnia and Herzegovina. Included in business segment Security Services Europe.
- Chubb Security Personnel, the United Kingdom. Included in business segment Security Services Europe. The acquisition is subject to customary closing conditions and approval from the United Kingdom Office of Fair Trading.
- Seguridad y Turismo Segutouring Cia, Ecuador. Included in business segment Other.

Other signficant events after the balance sheet date

There have been no significant events after the balance sheet date except the acquisitions listed above.

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, 2010 was 0.24 (0.26 and 0.21). The Group's interest coverage ratio, a measure of its ability to pay interest costs, was 7.4 as of December 31, 2010 (6.1 and 3.9).

THE GROUP'S INTEREST BEARING LIABILITIES AND ASSETS PER CURRENCY AS PER DECEMBER 31, 2009–2010

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, 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**
December 31, 2009							
USD liabilities	–3,973	147	*2.56%*	*2.94%*	–11	*2.19%*	11
EUR liabilities	–5,215	730	*5.54%*	*5.73%*	–7	*5.34%*	8
GBP liabilities	–89	1	*2.83%*	*3.83%*	–1	*1.83%*	1
SEK liabilities	–1,675	2	*1.82%*	*2.82%*	–12	*0.78%*	13
Other currencies liabilities	–131	1	*4.88%*	*5.88%*	–1	*3.88%*	1
Total liabilities	**–11,083**	**397**	***3.88%***	***4.27%***	**–32**	***3.48%***	**34**
USD assets	333	7	*0.20%*	*1.20%*	2	*0.00%*	0
EUR assets	1,478	13	*0.35%*	*1.35%*	11	*0.00%*	0
GBP assets	63	1	*0.25%*	*0.69%*	0	*0.00%*	0
SEK assets	522	6	*0.19%*	*1.19%*	4	*0.00%*	0
Other currencies assets	299	7	*4.88%*	*5.88%*	2	*3.88%*	–2
Total assets	**2,695**	**10**	***0.80%***	***1.79%***	**19**	***0.43%***	**–2**
Total	**–8,388**	**–**	***4.87%***	**–**	**–13**	**–**	**32**

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, 2010			December 31, 2011			December 31, 2012			
Currency	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Final maturity
USD	1,715	252	*2.51*	1,205	177	*2.75*	694	102	2.92	July 2015
EUR	2,479	275	*6.59*	2,479	275	*6.59*	2,479	275	6.59	February 2014
Total	**4,194**	**–**	**–**	**3,684**	**–**	**–**	**3,173**	**–**	**–**	

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, 2010 was MSEK 16,843 (16,579 and 17,182). 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, 2008–2010

MSEK	EUR	USD	GBP	Other currencies	Total foreign currencies	SEK	Total Group	Total Group +10%[1]	Total Group –10%[1]
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*
December 31, 2008									
Capital employed	8,138	7,499	307	1,238	17,182	738	17,920	19,638	16,202
Net debt	–4,109	–3,974	–96	56	–8,123	–1,290	–9,413	–10,225	–8,601
Non-controlling interests	4	1	–	1	6	–	6	7	5
Net exposure	4,025	3,524	211	1,293	9,053	–552	8,501	9,406	7,596
Net debt to equity ratio	*1.02*	*1.13*	*0.45*	*–0.04*	*0.90*	*–2.34*	*1.11*	*1.09*	*1.13*

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, 2010 the short-term liquidity reserve corresponded to 7 percent (13 and 15) 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, 2010 long-term financing corresponded to 135 percent (132 and 157) 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 three years. As per December 31, 2010 the average maturity was 2 years and 1 month. The following tables summarize the Group's liquidity risk at end 2010, 2009 and 2008 respectively.

LIQUIDITY REPORT AS PER DECEMBER 31, 2008–2010

MSEK	Total	< 1 year	Between 1 year and 5 years	> 5 years
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**	**–**
December 31, 2008				
Borrowings	–13,522	–2,315	–11,207	–
Derivatives outflows	–5,309	–5,242	–67	–
Finance leases	–231	–103	–128	–
Accounts payable	–977	–977	–	–
Total outflows[3]	**–20,039**	**–8,637**	**–11,402**	**–**
Investments	3,978	3,978	–	–
Derivatives receipts	5,241	5,175	66	–
Accounts receivable	9,963	9,963	–	–
Total inflows[3]	**19,182**	**19,116**	**66**	**–**
Net cash flows, total[1, 2]	**–857**	**10,479**	**–11,336**	**–**

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 MUSD 1,100 Multi Currency Revolving Credit Facility that was arranged in June 2005 with a syndicate of international banks and that matures in June 2012. Drawings under this facility are priced at the relevant prevailing market interest rate for the term selected. In January 2011, MUSD 1,000 of the Revolving Credit Facility has been cancelled and replaced with a new Revolving Credit Facility comprising two respective tranches of MUSD 550 and MEUR 420. This new facility matures in 2016. It will increase the average maturity to 3 years and 11 months compared to 2 years and 1 month as of December 31, 2010.

Securitas also has a Euro Medium Term Note Program (EMTN) with a limit of MEUR 1,500 under which public and private funding can be raised on international capital markets. As of December 31, 2010 there were six outstanding bond loans with maturities ranging from 2013 to 2015.

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, 2010:

CREDIT FACILITIES AS PER DECEMBER 31, 2010

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
Multi Currency Revolving Credit Facility	USD (or equivalent)	1,100	712	2012
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	USD	62	0	2015
EMTN FRN Private Placement	USD	40	0	2015
Commercial Paper (uncommitted)	SEK	5,000	2,850	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	2010	%	2009	%	2008	%
Accounts receivable before deduction of provison for bad debt losses	10,068.8	*100*	9,741.2	*100*	10,317.0	*100*
Provision for bad debt losses	-344.7	*-3*	-377.9	*-4*	-354.4	*-3*
Total accounts receivable	**9,724.1**	***97***	**9,363.3**	***96***	**9,962.6**	***97***
Ageing of accounts receivable before deduction of provision for bad debt losses						
Overdue 1–30 days	1,556.5	*16*	1,435.3	*15*	1,584.9	*16*
Overdue 31–90 days	785.2	*8*	631.7	*7*	726.8	*7*
Overdue >90 days	565.9	*6*	567.0	*6*	488.3	*5*
Total overdue	**2,907.6**	***30***	**2,634.0**	***28***	**2,800.0**	***28***

The following details the credit quality of interest-bearing receivables.

COUNTERPARTIES WITH EXTERNAL CREDIT RATINGS

MSEK	2010	2009	2008
Credit quality interest-bearing receivables			
A1/P1	2,768	2,335	2,921

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, 2010 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 958 (848 and 1,292). 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 clean prices, that is the 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	2010	2009	2008
Recognized in the statement of income			
Financial income[1]	–	0.1	2.7
Financial expenses[1]	-4.5	-0.5	–
Deferred tax	1.2	0.1	-0.8
Impact on net income for the year	**-3.3**	**-0.3**	**1.9**
Recognized in other comprehensive income			
Transfer to hedging reserve before tax	-56.9	-107.1	-183.3
Deferred tax on transfer to hedging reserve	15.0	28.1	51.3
Transfer to hedging reserve net of tax	**-41.9**	**-79.0**	**-132.0**
Transfer to statement of income before tax	129.0	184.2	2.4
Deferred tax on transfer to statement of income	-33.9	-48.4	-0.6
Transfer to statement of income net of tax	**95.1**	**135.8**	**1.8**
Total change of hedging reserve before tax[2]	72.1	77.1	-180.9
Deferred tax on total change of hedging reserve before tax[2]	-18.9	-20.3	50.7
Total change of hedging reserve net of tax	**53.2**	**56.8**	**-130.2**
Total impact on shareholders' equity as specified above			
Total revaluation before tax[3]	67.6	76.7	-178.2
Deferred tax on total revaluation[3]	-17.7	-20.2	49.9
Total revaluation after tax	**49.9**	**56.5**	**-128.3**

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, 2010

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	–	68.3	–	68.3
Financial liabilities at fair value through profit or loss	–	-9.4	–	-9.4
Derivatives designated for hedging with positive fair value	–	40.8	–	40.8
Derivatives designated for hedging with negative fair value	–	-24.9	–	-24.9

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

	2010		2009		2008	
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)	68.3	68.3	81.9	81.9	41.5	41.5
Total	**68.3**	**68.3**	**81.9**	**81.9**	**41.5**	**41.5**
Loans and receivables						
Interest-bearing financial non-current assets (note 22)	164.9	164.9	148.7	148.7	150.6	150.6
Other long-term receivables (note 23)[1]	312.2	312.2	307.8	307.8	338.0	338.0
Accounts receivable	9,724.1	9,724.1	9,363.3	9,363.3	9,962.6	9,962.6
Other current receivables[2]	675.1	675.1	659.4	659.4	553.0	553.0
Liquid funds	2,586.9	2,586.9	2,497.1	2,497.1	3,951.5	3,951.5
Total	**13,463.2**	**13,463.2**	**12,976.3**	**12,976.3**	**14,955.7**	**14,955.7**
Liabilities						
Financial liabilities at fair value through profit or loss						
Short-term loan liabilities (note 33)	9.4	9.4	14.9	14.9	134.2	134.2
Total	**9.4**	**9.4**	**14.9**	**14.9**	**134.2**	**134.2**
Financial liabilities designated as hedged item in a fair value hedge						
Long-term loan liabilities (note 30)[5]	4,531.8	5,444.3	5,116.0	5,635.1	–	–
Total	**4,531.8**	**5,444.3**	**5,116.0**	**5,635.1**	**–**	**–**
Other financial liabilities						
Long-term loan liabilities (note 30)	2,619.9	2,619.9	3,162.1	3,162.1	7,025.9	7,025.9
Long-term liabilities (note 30)[3]	210.2	210.2	129.0	129.0	133.9	133.9
Short-term loan liabilities (note 33)	3,849.1	3,849.1	2,737.4	2,737.4	6,274.5	6,274.5
Accounts payable	853.6	853.6	797.7	797.7	977.0	977.0
Other current liabilities[4]	2,702.2	2,702.2	2,697.4	2,697.4	2,585.7	2,585.7
Total	**10,235.0**	**10,235.0**	**9,523.6**	**9,523.6**	**16,997.0**	**16,997.0**
Derivatives designated for hedging						
Interest-bearing financial non-current assets (note 22)	40.8	40.8	12.1	12.1	–	–
Other interest-bearing current assets (note 27)	–	–	–	–	0.9	0.9
Total assets	**40.8**	**40.8**	**12.1**	**12.1**	**0.9**	**0.9**
Short-term loan liabilities (note 33)	8.7	8.7	17.7	17.7	–	–
Long-term loan liabilities (note 30)	16.2	16.2	79.4	79.4	122.5	122.5
Total liabilities	**24.9**	**24.9**	**97.1**	**97.1**	**122.5**	**122.5**
Net total	**15.9**	**15.9**	**–85.0**	**–85.0**	**–121.6**	**–121.6**
1 Excluding all pension balances (note 23)	*72.1*	*72.1*	*101.0*	*101.0*	*63.6*	*63.6*
2 Excluding prepaid expenses	*469.2*	*469.2*	*458.0*	*458.0*	*471.1*	*471.1*
3 Excluding pension balances (note 30)	*72.1*	*72.1*	*64.8*	*64.8*	*67.7*	*67.7*
4 Excluding employee-related accrued expenses and prepaid income	*5,525.1*	*5,525.1*	*5,505.1*	*5,505.1*	*5,782.1*	*5,782.1*

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 0.73 percent at December 31, 2010 and 0.90 percent at December 31, 2009.

Note 7. Transactions with related parties

Joint ventures

The Securitas Group includes only one company, Securitas Direct S.A. (Switzerland), in which its share of the voting rights is 50 percent. Due to the negligible impact of this company on the Group's earnings and financial position, it is not reported separately in the consolidated statement of income or balance sheet. There are 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	2010	2009	2008
Total sales	**64**	**59**	**52**
Operating income before amortization	**10**	**9**	**8**
Operating income after amortization	**10**	**9**	**8**
Operating non-current assets	13	11	12
Accounts receivable	7	5	4
Other assets	16	11	12
Other liabilities	16	17	18
Total operating capital employed	**20**	**10**	**10**
Goodwill	9	9	9
Total capital employed	**29**	**19**	**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.

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, 2010 decided upon guidelines for remuneration to senior management regarding 2010 in accordance with the following:

The fundamental principle is that remuneration and other terms of employment for 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 management employees.

The total remuneration to management shall consist of a fixed basic salary, variable remuneration, pensions and other benefits.

In addition to a fixed annual salary, Group Management may also receive variable remuneration, based on the outcome in relation to financial goals and growth targets within the individual area of responsibility (Group or division) and agree with the interests 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 to 200 percent of the fixed annual salary for other individuals of Group Management. If cash payments 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 maximal outcome during 2010 within all divisions, amount to a maximum of MSEK 58. Previously decided remuneration that has not yet been paid can be found in note 8 of the Annual Report for 2009.

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 remuneration 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 management employees holding equivalent positions on the employment market where the management employee is active.

At dismissal, the notice period for all 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 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 2011 on guidelines for remuneration to senior management regarding 2011 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 as from May 2010. The committee held one meeting in 2010.

Board of Directors
For the 2010 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 3.8. The remuneration for each member of the Board of Directors is disclosed in the tables on page 102. 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 2010, a fixed salary amounting to MSEK 11.0 and salary benefits of MSEK 0.1. The variable compensation relating to the 2010 performance amounted to MSEK 3.9, whereof MSEK 1.3 will be allocated in shares in 2012 and MSEK 2.6 will be paid in cash in 2011.

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 2010 the pension costs for the President and CEO amounted to MSEK 3.2. 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
The other 11 members of Group Management are; Santiago Galaz (Divisional President Security Services North America), William Barthelemy (COO Security Services North America), Bart Adam (Divisional President Security Services Europe), Erik-Jan Jansen (COO Security Services Europe up to August 31 and Divisional President Mobile as from September 1, 2010), Aimé Lyagre (COO Security Services Europe as from September 1, 2010), Lucien Meeus (Divisional President Monitoring), Marc Pissens (Divisional President Aviation), Bengt Gustafson (Senior Vice President Chief Legal Counsel), Gisela Lindstrand (Senior Vice President Corporate Communications and Public Affairs), Jan Lindström (Senior Vice President Finance) and Kim Svensson (Senior Vice President Corporate Finance as from April 1, 2010).

For Kim Svensson and Aimé Lyagre, who joined Group Management at the above dates in 2010, the compensation refers to as from these dates.

For Morten Rønning (Divisional President Mobile), who left Securitas and Group Management on July 8, 2010, the compensation refers to fixed salary, short-term variable compensation and provision for notice and severance payments.

In the 2010 financial year the other members of Group Management aggregate fixed salaries, amounted to MSEK 48.2 and other salary benefits to MSEK 2.1. The aggregate short-term variable compensation relating to the 2010 performance amounted to MSEK 14.0, whereof MSEK 4.3 will be allocated in shares in 2012 and MSEK 9.7 will be paid in cash in 2011.

These 11 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 five 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 2010 the pension costs for these members of Group Management amounted to MSEK 6.2. No pension benefits are conditioned by future employment.

Three 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, 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 three members in 2010 was MSEK 1.0 (included in the above stated total pension cost for Group Management).

One member has a Dutch defined benefit pension plan which 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 is funded through annual premiums paid by the company during the term of employment, and the pension cost in 2010 was MSEK 0.3 (included in the above stated total pension cost for Group Management). The provision for the defined benefit plan for the member was net MSEK 1.4 as per December 31, 2010.

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, the four members of Group Management responsible for staff functions, as well as for Group staff employees that are eligible for incentive based remuneration, 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 preceeding 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 scheme 2010, which was approved by the Annual General Meeting on May 4, 2010. This short-term incentive scheme, for which the maximum bonus is limited to 42 to 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 the beginning of the year, two years following the performance year, conditioned by a continuous employment during the vesting period. See further information in note 2 and 12. Group Management's potential allocation of shares in 2012 under the 2010 share related incentive scheme and the fair value of these shares, is disclosed in a table below.

For five members of Group Management long-term incentive plans exist in which the maximum bonus is limited to 40 to 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. The 2010 provision for long-term bonus programs amounted to MSEK 0.1. The accumulated provision for these bonus programs amounted to MSEK 3.2 as per December 31, 2010.

GROUP MANAGEMENT'S HOLDINGS OF SECURITAS SHARE BASED INCENTIVE SCHEME 2010

	Number of shares[1]	Fair value[2], MSEK
	2010	2010
Alf Göransson, President and CEO	17,869	1.3
Other members of Group Management (11 persons)	60,751	4.4
Total holdings	**78,620**	**5.7**

1 Potential allocation of shares 2012, according to Securitas share based incentive scheme 2010, according to purchase prices for Securitas Series B shares in March 2011. The allocation of shares is conditioned by a continued employment as per February 29, 2012.
2 Fair value of potential allocation of shares based on Securitas Series B share purchase prices in March 2011.

REMUNERATION TO THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

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, see also separate table for the share based part.
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 long-term incentive.
3 The compensation for one member who joined Group Management on May 7, 2009 relates as from this date.

REMUNERATION RELATED TO 2008:

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	10,763	90	5,250	–	3,152	19,255
Other members of Group Management (10 persons)[3]	34,458	2,155	18,712	8,223	4,809	68,357
Subtotal President and CEO and Group Management	**45,221**	**2,245**	**23,962**	**8,223**	**7,961**	**87,612**
Total	**50,646**	**2,245**	**23,962**	**8,223**	**7,961**	**93,037**

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 2008, please find further reference under the section long-term incentive.
3 The compensation for one member who joined Group Management on May 1, 2008 relates as from this date.

Shareholdings

The Board of Director's and Group Management's shareholdings through acquisitions on the stock market 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
	2010	2009	2010	2009
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	29,770,000
Fredrik Cappelen	–	–	0	0
Marie Ehrling	–	–	4,000	4,000
Annika Falkengren	–	–	7,500	7,500
Stuart E. Graham	–	–	5,000	5,000
Fredrik Palmstierna	–	–	17,200	17,200
Sofia Schörling Högberg	–	–	2,400	2,400
Alf Göransson, President and CEO	–	–	30,000	30,000
Santiago Galaz	–	–	60,000	60,000
William Barthelemy	–	–	17,000	17,000
Bart Adam	–	–	4,500	4,500
Aimé Lyagre[4]	–	–	1,400	–
Erik-Jan Jansen	–	–	0	0
Morten Rønning[5]	–	–	–	152,337
Lucien Meeus	–	–	5,500	5,500
Marc Pissens	–	–	0	0
Olof Bengtsson[5]	–	–	–	26,756
Bengt Gustafson	–	–	0	0
Gisela Lindstrand	–	–	1,000	1,000
Jan Lindström	–	–	3,500	3,500
Kim Svensson[4]	–	–	300	–
Total holdings	**17,142,600**	**17,142,600**	**45,550,800**	**46,108,193**

1 Information refers to shareholdings as of December 31, 2010 and 2009.
2 Holdings through Melker Schörling AB.
3 Holdings private and through Investment AB Latour, SÄKI AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB.
4 Has joined Group Management during 2010 why earlier holdings are not stated.
5 Has left Group Management during/as from 2010 why current holdings are not stated.

Note 9. Segment reporting

Segment structure

The Group's operations are divided into three reportable segments, Security Services North America, Security Services Europe and Mobile and Monitoring, that provide the operational structure for governance, monitoring and reporting.

The previous segment Loomis is included in the Securitas Group up to December 8, 2008 and reported as discontinued operations. Further information is found in note 38.

All segments apply the accounting principles explained in note 2. Segment reporting follows the format of the 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 acquisitions.

Security Services North America

Security Services North America provides specialized security services in the USA, Canada and Mexico and comprises 19 business units; one organization for national and global accounts, ten geographical regions and five specialty customer segments – manufacturing, federal government services, defense and aerospace, energy and healthcare – in the USA plus Canada, Mexico and Pinkerton Consulting & Investigations. In total, there are approximately 100,000 employees, about 600 branch managers and 97 geographical areas. Security Services North America's service offering covers all segments in most industries.

Security Services Europe

Securitas' European operations comprise Security Services Europe, providing specialized security services for large and medium-sized customers in 24 countries in Europe and in Morocco and Aviation, providing airport security in 13 countries in Europe. Security Services Europe has a combined total of more than 120,000 employees and over 750 branch managers. Security Services Europe's service offering covers all segments in most industries. Aviation provides specialized services for airports, airport-related businesses and airlines.

Mobile and Monitoring

Mobile provides mobile security services for small and medium-sized businesses and residential sites, such as beat patrol and call-out services, while Monitoring provides electronic alarm surveillance services. Mobile operates in 11 countries across Europe and has approximately 8,900 employees and 220 branch managers in 28 areas. Monitoring operates in 11 countries across Europe and has approximately 900 employees.

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 Latin America, the Middle East, Asia and Africa (excluding Morocco). The Group's joint venture Securitas Direct S.A. (Switzerland) is also included in Other, as well as operations within security consulting that report directly to the chief operating decision maker.

JANUARY – DECEMBER 2010

MSEK	Security Services North America	Security Services Europe	Mobile and Monitoring	Other	Total segments	Eliminations	Group
Income							
Sales, external	22,731	30,209	5,759	2,641	61,340	–	61,340
Sales, intra-group	–	75	250	–	325	-325	–
Total sales	**22,731**	**30,284**	**6,009**	**2,641**	**61,665**	**-325**	**61,340**
Organic sales growth, %	*-2*	*2*	*2*	–	–	–	*1*
Operating income before amortization	**1,380**	**1,704**	**743**	**-103**	**3,724**	**–**	**3,724**
of which share in income of associated companies	–	–	–	*-1*	*-1*	–	*-1*
Operating margin, %	*6.1*	*5.6*	*12.4*	–	–	–	*6.1*
Amortization of acquisition related intangible assets	-27	-61	-45	-31	-164	–	-164
Acquisition related costs	-16	-48	-6	-20	-90	–	-90
Operating income after amortization	**1,337**	**1,595**	**692**	**-154**	**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**	**1,704**	**743**	**-103**	**3,724**	**–**	**3,724**
Investments in non-current tangible and intangible assets	-160	-346	-346	-50	-902	–	-902
Reversal of depreciation	153	396	317	35	901	–	901
Change in operating capital employed	-293	-180	20	-3	-456	–	-456
Cash flow from operating activities	**1,080**	**1,574**	**734**	**-121**	**3,267**	**–**	**3,267**
Cash flow from operating activities, %	*78*	*92*	*99*	–	–	–	*88*
Capital employed and financing							
Operating non-current assets	562	1,300	846	233	2,941	–	2,941
Accounts receivable	3,298	5,425	557	545	9,825	-101	9,724
Other assets	283	770	216	1,764	3,033	-235	2,798
Other liabilities	-3,069	-6,726	-1,440	-1,978	-13,213	336	-12,877
Total operating capital employed	**1,074**	**769**	**179**	**564**	**2,586**	**–**	**2,586**
Operating capital employed as % of sales	*5*	*2*	*3*	–	–	–	*4*
Goodwill	6,110	4,768	1,763	698	13,339	–	13,339
Acquisition related intangible assets	136	529	206	225	1,096	–	1,096
Shares in associated companies	–	–	–	126	126	–	126
Total capital employed	**7,320**	**6,066**	**2,148**	**1,613**	**17,147**	**–**	**17,147**
Return on capital employed, %	*19*	*28*	*35*	–	–	–	*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	12,792	3,588	1,982	28,751	-336	28,415
Unallocated non-interest bearing assets[1]	–	–	–	–	–	–	1,609
Unallocated interest-bearing assets	–	–	–	–	–	–	2,861
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**32,885**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**8,938**
Non-interest bearing liabilities	3,069	6,726	1,440	876	12,111	-336	11,775
Unallocated non-interest-bearing liabilities[1]	–	–	–	–	–	–	1,102
Unallocated interest-bearing liabilities	–	–	–	–	–	–	11,070
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**23,947**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**32,885**

1 Included in Other in the table Capital employed and financing.

JANUARY – DECEMBER 2009

MSEK	Security Services North America	Security Services Europe[1]	Mobile and Monitoring[1]	Other	Total segments	Eliminations	Group
Income							
Sales, external	23,530	31,434	5,897	1,806	62,667	–	62,667
Sales, intra-group	–	83	271	–	354	–354	–
Total sales	**23,530**	**31,517**	**6,168**	**1,806**	**63,021**	**–354**	**62,667**
Organic sales growth, %	*–4*	*0*	*3*	–	–	–	*–1*
Operating income before amortization	**1,400**	**1,800**	**740**	**–184**	**3,756**	**–**	**3,756**
of which share in income of associated companies	–	*0*	–	*–4*	*–4*	–	*–4*
Operating margin, %	*5.9*	*5.7*	*12.0*	–	–	–	*6.0*
Amortization of acquisition related intangible assets	–20	–51	–47	–20	–138	–	–138
Acquisition related costs	–	–	–	–6	–6	–	–6
Operating income after amortization	**1,380**	**1,749**	**693**	**–210**	**3,612**	**–**	**3,612**
Financial income and expenses	–	–	–	–	–	–	–590
Income before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**3,022**
Taxes	–	–	–	–	–	–	–904
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**2,118**
Operating cash flow							
Operating income before amortization	**1,400**	**1,800**	**740**	**–184**	**3,756**	**–**	**3,756**
Investments in non-current tangible and intangible assets	–162	–379	–349	–61	–951	–	–951
Reversal of depreciation	158	432	309	29	928	–	928
Change in operating capital employed	–225	–21	32	–144	–358	–	–358
Cash flow from operating activities	**1,171**	**1,832**	**732**	**–360**	**3,375**	**–**	**3,375**
Cash flow from operating activities, %	*84*	*102*	*99*	–	–	–	*90*
Capital employed and financing							
Operating non-current assets	597	1,432	840	196	3,065	–	3,065
Accounts receivable	3,096	5,366	582	402	9,446	–83	9,363
Other assets	242	741	215	1,897	3,095	–53	3,042
Other liabilities	–3,039	–6,656	–1,475	–1,813	–12,983	136	–12,847
Total operating capital employed	**896**	**883**	**162**	**682**	**2,623**	**–**	**2,623**
Operating capital employed as % of sales	*4*	*3*	*3*	–	–	–	*4*
Goodwill	6,145	4,870	1,985	559	13,559	–	13,559
Acquisition related intangible assets	74	399	206	216	895	–	895
Shares in associated companies	–	–	–	132	132	–	132
Total capital employed	**7,115**	**6,152**	**2,353**	**1,589**	**17,209**	**–**	**17,209**
Return on capital employed, %	*20*	*29*	*31*	–	–	–	*22*
Net debt	–	–	–	–	–	–	–8,388
Shareholders' equity	–	–	–	–	–	–	8,821
Total financing	**–**	**–**	**–**	**–**	**–**	**–**	**17,209**
Net debt equity ratio/multiple	–	–	–	–	–	–	*0.95*
Assets and liabilities							
Non-interest bearing assets	10,154	12,808	3,828	1,510	28,300	–136	28,164
Unallocated non-interest bearing assets[2]	–	–	–	–	–	–	1,892
Unallocated interest-bearing assets	–	–	–	–	–	–	2,740
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**32,796**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**8,821**
Non-interest bearing liabilities	3,039	6,656	1,475	780	11,950	–136	11,814
Unallocated non-interest-bearing liabilities[2]	–	–	–	–	–	–	1,033
Unallocated interest-bearing liabilities	–	–	–	–	–	–	11,128
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**23,975**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**32,796**

1 Comparatives have been restated due to operations moved between the segments Security Services Europe and Mobile and Monitoring.
2 Included in Other in the table Capital employed and financing.

GEOGRAPHICAL INFORMATION

	Total sales from external customers[1]		Non-current assets[2]	
MSEK	2010	2009	2010	2009
USA	20,596	21,536	6,549	6,522
France	6,257	6,572	1,954	2,166
Sweden[4]	4,038	3,814	1,007	873
Spain	–[3]	6,122	–[3]	–[3]
Germany	–[3]	–[3]	1,854	2,164
Netherlands	–[3]	–[3]	1,788	2,019
All other countries[5]	30,449	24,623	4,350	3,804
Total countries	**61,340**	**62,667**	**17,502**	**17,548**
Non-current assets not listed by country[2]	–	–	1,559	1,849
Total non-current assets	**–**	**–**	**19,061**	**19,397**

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 from a range of guarding services. The sale of alarm products is limited in extent. After the dividend of Loomis on December 8, 2008, revenue from cash handling services is also limited in extent. In the comparative year 2008, revenue related to Loomis is included on the line net income for the year, discontinued operations. This revenue is thus not included in the Group's total sales. The breakdown of sales by segment is provided in note 9.

Other operating income

Other operating income consists 2010 and 2009 in its entirety of trade mark fees from Securitas Direct AB, while the comparative year 2008 also include trade mark fees from Niscayah Group AB (former Securitas Systems AB). Trade mark fees from Niscayah Group AB ceased in November 2008.

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	2010	2009	2008
Total sales	**61,339.8**	**62,666.7**	**56,571.6**
Other operating income	12.7	11.3	18.7
Salaries (note 12)	–40,568.1	–41,435.0	–37,436.8
Social benefits (note 12)	–9,200.2	–9,283.2	–8,409.3
Depreciation and amortization (notes 13, 18, 19, 20)	–1,065.0	–1,065.8	–942.1
Bad debt losses (note 25)	–54.2	–141.2	–69.4
Other operating expenses	–6,994.7	–7,140.5	–6,646.1
Total operating expenses	**–57,882.2**	**–59,065.7**	**–53,503.7**
Operating income	**3,470.3**	**3,612.3**	**3,086.6**

EXCHANGE RATE DIFFERENCES, NET[1]

MSEK	2010	2009	2008
Exchange rate differences included in operating income amounted to:	3.9	–3.6	–1.3

1 Exchange rate differences included in net financial items are stated in note 14.

ITEMS AFFECTING COMPARABILITY

MSEK	2010	2009	2008
Other items	–	–	–29.3[1]
Total items affecting comparability	**–**	**–**	**–29.3**

1 Listing costs for Loomis AB.

ITEMS AFFECTING COMPARABILITY ALLOCATED PER FUNCTION[1]

MSEK	2010	2009	2008
Selling and administrative expenses	–	–	–29.3
Total items affecting comparability allocated per function	**–**	**–**	**–29.3**

1 Illustrates how items affecting comparability 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.

ITEMS AFFECTING COMPARABILITY ALLOCATED PER SEGMENT

MSEK	2010	2009	2008
Other	–	–	–29.3
Total items affecting comparability allocated per segment	**–**	**–**	**–29.3**

CASH FLOW IMPACT FROM ITEMS AFFECTING COMPARABILITY

MSEK	2010	2009	2008
Items affecting comparability according to the statement of income	–	–	–29.3
Cash flow[1]	-62.5	-12.0	-110.8
Adjustment for effect on cash flow from items affecting comparability	**-62.5**	**-12.0**	**-81.5**

1 For the 2010 cash flow MSEK –53.9 relates to the settlement with the trustee of the Heros bankrupcy estate and MSEK –8.6 to premises in Germany. For the 2009 cash flow MSEK –9.3 relates to premises in Germany and –2.7 to other items affecting comparability. For the 2008 cash flow MSEK –78.5 relates to the cash settlement with the bankruptcy estate of Esabe in Spain, MSEK –29.1 to listing costs for Loomis and MSEK –3.2 to premises in Germany.

ACQUISITION RELATED COSTS

MSEK	2010	2009	2008
Restructuring and integration costs	-48.3	-5.9	-52.6
Transaction costs[1]	-41.3[2]	–	–
Total acquisition related costs	**-89.6**	**-5.9**	**-52.6**

1 Expensed from 2010 in accordance with IFRS 3 (revised).
2 Transaction costs for the major acquisitions are specified per acquisition in note 16.

ACQUISITION RELATED COSTS ALLOCATED PER FUNCTION[1]

MSEK	2010	2009	2008
Production expenses	-21.0	-1.2	-19.6
Selling and administrative expenses	-68.6[2]	-4.7	-33.0
Total acquisition related costs allocated per function	**-89.6**	**-5.9**	**-52.6**

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	2010	2009	2008
Security Services North America	-16.1	–	–
Security Services Europe	-47.9	0.1	-36.0
Mobile and Monitoring	-5.7	–	-13.4
Other	-19.9	-6.0	-3.2
Total acquisition related costs allocated per segment	**-89.6**	**-5.9**	**-52.6**

CASH FLOW IMPACT FROM ACQUISITION RELATED COSTS

MSEK	2010	2009	2008
Acquisition related costs according to the statement of income	-89.6	-5.9	-52.6
Cash flow	-65.3	-34.1	-19.9
Adjustment for effect on cash flow from acquisition related costs	**24.3**	**-28.2**	**32.7**

AUDIT FEES AND REIMBURSEMENTS

MSEK	2010	2009	2008
PwC			
– audit assignments	27.2	25.6	24.9
– additional audit assignments	2.8	2.8	4.1
– tax assignments	17.1	19.4	16.3
– other assignments[1]	15.0[2]	4.5[2]	7.1[2]
Total PwC	**62.1**	**52.3**	**52.4**
Other auditors			
– audit assignments	1.3	1.1	0.8
Total	**63.4**	**53.4**	**53.2**

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 (1.5 and 9.7) in other assignments to PwC has been capitalized, making the total MSEK 15.0 (6.0 and 16.8) on page 47.

Operating leasing contracts and rental contracts

Fees expensed during the year for operating leases for buildings, vehicles and machinery and equipment amounted to MSEK 757.9 (819.4 and 813.8). The nominal value of contractual future minimum lease payments are distributed as follows:

MSEK	2010	2009	2008
Maturity < 1 year	677.1	652.6	651.8
Maturity 1–5 years	1,577.2	1,465.4	1,478.3
Maturity > 5 years	413.4	604.3	577.4

Note 12. Personnel

AVERAGE NUMBER OF YEARLY EMPLOYEES; DISTRIBUTION BETWEEN WOMEN AND MEN[1]

	Women			Men			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Europe	22,283	22,112	21,124	91,446	86,759	85,856	113,729	108,871	106,980
North America	22,703	22,631	25,068	70,523	70,115	72,322	93,226	92,746	97,390
Latin America	2,084	1,711	1,091	21,866	18,875	15,879	23,950	20,586	16,970
Rest of world	611	121	55	5,197	1,330	80	5,808	1,451	135
Total	**47,681**	**46,575**	**47,338**	**189,032**	**177,079**	**174,137**	**236,713**	**223,654**	**221,475**

1 Average number of yearly employees exclude employees in associated companies.

In 2010, the number of Board members and Presidents was 123 (113, 105), of whom 7 (7, 6) were women.

STAFF COSTS FOR BOARDS OF DIRECTORS AND PRESIDENTS

	2010			2009			2008			Of which bonuses		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2010	2009	2008
Europe	184.7	57.0	(14.3)	175.7	54.2	(15.3)	178.0	54.8	(10.0)	52.0	52.7	64.0
North America	62.3	21.3	(11.0)	63.9	20.6	(11.4)	82.5	17.1	(10.3)	12.3	14.2	37.5
Latin America	7.9	0.9	(0.0)	7.4	0.8	(0.0)	3.8	0.4	(0.0)	0.4	1.2	0.5
Rest of world	8.2	0.1	(0.1)	4.6	1.6	(0.1)	–	–	–	0.0	0.3	–
Total	**263.1**	**79.3**	**(25.4)**	**251.6**	**77.2**	**(26.8)**	**264.3**	**72.3**	**(20.3)**	**64.7**	**68.4**	**102.0**

STAFF COSTS FOR OTHER EMPLOYEES

	2010			2009			2008		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Europe	21,858.4	6,103.2	(478.1)	22,735.9	6,238.2	(462.1)	20,647.2	5,743.3	(391.7)
North America	16,748.6	2,776.7	(41.3)	17,319.0	2,750.6	(15.4)	15,771.7	2,390.5	(–7.4)
Latin America	1,415.4	227.8	(10.7)	1,055.4	200.0	(11.3)	732.8	200.5	(8.7)
Rest of world	282.6	13.2	(7.0)	73.1	17.2	(1.2)	20.8	2.7	(1.2)
Total	**40,305.0**	**9,120.9**	**(537.1)**	**41,183.4**	**9,206.0**	**(490.0)**	**37,172.5**	**8,337.0**	**(394.2)**

TOTAL STAFF COSTS: BOARDS OF DIRECTORS, PRESIDENTS AND OTHER EMPLOYEES

	2010			2009			2008		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Europe	22,043.1	6,160.2	(492.4)	22,911.6	6,292.4	(477.4)	20,825.2	5,798.1	(401.7)
North America	16,810.9	2,798.0	(52.3)	17,382.9	2,771.2	(26.8)	15,854.2	2,407.6	(2.9)
Latin America	1,423.3	228.7	(10.7)	1,062.8	200.8	(11.3)	736.6	200.9	(8.7)
Rest of world	290.8	13.3	(7.1)	77.7	18.8	(1.3)	20.8	2.7	(1.2)
Total	**40,568.1**	**9,200.2**	**(562.5)**	**41,435.0**	**9,283.2**	**(516.8)**	**37,436.8**	**8,409.3**	**(414.5)**

A complete specification of the average number of yearly employees and salary costs by country is provided in the annual report submitted to the Swedish Companies Registration Office. Further information regarding the Group's pensions and other long-term employee benefits is provided in note 31.

Securitas share based incentive scheme 2010

Securitas Annual General Meeting resolved May 4, 2010 to adopt a new incentive scheme. The participants in the scheme have a former variable remuneration based on performance. According to the new incentive scheme, two thirds of the variable remuneration/bonus will be settled in cash the year after vesting, 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 a 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 according to the existing bonus schemes with shares in Securitas AB and thus increase the employees' ownership in Securitas.

The incentive scheme includes 1,049 participants that are entitled to receive the share part according to the scheme. The total sharebased remuneration for the participants amount to MSEK 70.3 for 2010, which is accounted for as a share based remuneration in equity. In March 2011, shares in Securitas AB 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 910,837 and will be allotted to the participants during the first quarter 2012, given that they are still employed by the Group.

COSTS FOR SHARE BASED INCENTIVE SCHEME; PRESIDENTS AND OTHER EMPLOYEES

MSEK	2010
Bonus cost scheme 2010	70.3
Social benefits scheme 2010	17.5
Total	**87.8**

Note 13. Depreciation and amortization

MSEK	2010	2009	2008
Software licences	63.8	55.8	50.1
Other intangible assets	20.3	20.5	18.1
Buildings	18.9	21.0	16.0
Machinery and equipment	797.7	830.2	755.7
Total depreciation and amortization	**900.7**	**927.5**	**839.9**

DEPRECIATION AND AMORTIZATION FOR THE YEAR IS DISTRIBUTED IN THE STATEMENT OF INCOME AS BELOW:

MSEK	2010	2009	2008
Depreciation of tangible non-current assets			
Production expenses	563.2	596.0	543.8
Selling and administrative expenses	253.4	255.2	227.9
Total depreciation of tangible non-current assets	**816.6**	**851.2**	**771.7**
Amortization of intangible assets			
Production expenses	34.2	27.2	27.4
Selling and administrative expenses	49.9	49.1	40.8
Total amortization of intangible assets	**84.1**	**76.3**	**68.2**
Total depreciation and amortization	**900.7**	**927.5**	**839.9**

Note 14. Net financial items

MSEK	2010	2009	2008
Interest income from financial assets at fair value through profit or loss	9.2	9.9	22.0
Interest income from loans and receivables	29.0	57.0	297.0
Interest income from derivatives designated for hedging	–	0.9	205.7
Total interest income	**38.2**	**67.8**	**524.7**
Revaluation of financial instruments	–	0.1	2.7
Other financial income	3.6	5.5	11.2
Exchange rate differences, net[1]	–	2.4	2.0
Total financial income	**41.8**	**75.8**	**540.6**
Interest expenses from financial liabilities at fair value through profit or loss	–15.9	–14.3	–27.3
Interest expenses from financial liabilities designated as hedged item in a fair value hedge	–138.8	–261.5	–336.3
Interest expenses from derivatives designated for hedging	–63.3	–116.9	–186.8
Interest expenses from other financial liabilities	–292.3	–239.3	–433.9
Total interest expenses	**–510.3**	**–632.0**	**–984.3**
Revaluation of financial instruments	–4.5	–0.5	–
Other financial expenses	–25.7	–33.1	–25.9
Exchange rate differences, net[1]	–3.6	–	–
Total financial expenses	**–544.1**	**–665.6**	**–1,010.2**
Net financial items	**–502.3**	**–589.8**	**–469.6**
Of which revaluations estimated with the use of valuation methods	–4.5	–0.4	1.1

1 Exchange rate differences included in operating income are reported in note 11.

Note 15. Taxes

Statement of income

TAX EXPENSE

MSEK	2010	%	2009	%	2008	%
Tax on income before taxes						
– current taxes	–735.7	*–24.8*	–715.4	*–23.7*	–651.8	*–24.9*
– deferred taxes	–151.5	*–5.1*	–189.1	*–6.2*	–75.3	*–2.9*
Total tax expense	**–887.2**	***–29.9***	**–904.5**	***–29.9***	**–727.1**	***–27.8***

The Swedish corporate tax rate was 26.3 percent in 2010 and 2009 and 28 percent in 2008.

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.

The 2008 tax rate was 27.8 percent, similar to the tax rate adjusted for tax on items affecting comparability.

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	2010	%	2009	%	2008	%
Income before taxes according to income statement	**2,968**		**3,022**		**2,617**	
Tax based on Swedish tax rate	–781	*–26.3*	–795	*–26.3*	–733	*–28.0*
Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries	–95	*–3.2*	–72	*–2.4*	118	*4.5*
Tax related to previous years	–6	*–0.2*	–3	*–0.1*	–87	*–3.3*
Valuation of previously unvalued tax losses	–	–	11	*0.4*	43	*1.6*
Revaluation of deferred tax following a change in tax rate[1]	0	*0.0*	–1	*0.0*	–38	*–1.4*
Other non-deductible items	–15	*–0.5*	–49	*–1.6*	–36	*–1.4*
Other tax exempt items	10	*0.3*	5	*0.1*	6	*0.2*
Actual tax expense	**–887**	***–29.9***	**–904**	***–29.9***	**–727**	***–27.8***

1 2008 concerns losses in Sweden.

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	2010	2009	2008
Deferred tax on actuarial gains and losses	48.8	–7.2	250.2
Deferred tax on cash flow hedges	–18.9	–20.3	50.7
Deferred tax on net investment hedges	–128.8	–91.0	90.5
Deferred tax on other comprehensive income	**–98.9**	**–118.5**	**391.4**

Balance sheet

CURRENT TAX ASSETS/LIABILITIES

MSEK	2010	2009	2008
Current tax assets	255.2	304.5	505.6
Current tax liabilities	285.5	338.0	487.4
Current tax assets/liabilities, net	**–30.3**	**–33.5**	**18.2**

DEFERRED TAX ASSETS WERE ATTRIBUTABLE TO:

MSEK	2010	2009	2008
Pension provisions and employee-related liabilities	620.3	641.1	695.1
Liability insurance-related claims reserves	4.9	37.8	16.1
Tax loss carryforwards	455.5	603.3	810.0
Tax-deductible goodwill	129.6	176.0	215.4
Machinery and equipment	90.8	88.9	88.0
Other temporary differences	165.9	157.4	250.7
Total deferred tax assets	**1,467.0**	**1,704.5**	**2,075.3**
Whereof deferred tax assets expected to be used within twelve months	474.3	486.4	289.4
Net accounting[1]	–113.6	–117.6	–110.5
Total deferred tax assets according to balance sheet	**1,353.4**	**1,586.9**	**1,964.8**

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	2010	2009	2008
Opening balance deferred tax assets	**1,704.5**	**2,075.3**	**1,817.5**
Change due to:			
Deferred tax recognized in the income statement	–204.1	–265.5	147.0
Changed tax rate	–0.9	–0.7	–37.6
Acquisitions	7.3	1.9	192.0
Recognized in other comprehensive income	48.8	–12.9	300.1
Discontinued operations	–	–	–346.9
Translation differences	–88.6	–93.6	3.2
Closing balance deferred tax assets	**1,467.0**	**1,704.5**	**2,075.3**
Change during year	**–237.5**	**–370.8**	**257.8**

DEFERRED TAX ASSETS CHANGE ANALYSIS PER CATEGORY IN 2010

MSEK	Opening balance	Deferred tax recognized in the income statement	Changed tax rate	Acquisitions	Recognized in other comprehen-sive income	Translation differences	Closing balance
Pension provisions and employee-related liabilities	641.1	–23.8	–0.7	0.2	48.8	–45.3	620.3
Liability insurance-related claims reserves	37.8	–32.6	–	–	–	–0.3	4.9
Tax loss carryforwards	603.3	–123.3	–	–	–	–24.5	455.5
Tax-deductible goodwill	176.0	–26.1	–	–	–	–20.3	129.6
Machinery and equipment	88.9	3.9	–0.1	7.0	–	–8.9	90.8
Other temporary differences	157.4	–2.2	–0.1	0.1	–	10.7	165.9
Total deferred tax assets	**1,704.5**						**1,467.0**
Change during year		**–204.1**	**–0.9**	**7.3**	**48.8**	**–88.6**	**–237.5**

DEFERRED TAX LIABILITIES WERE ATTRIBUTABLE TO:

MSEK	2010	2009	2008
Pension provisions and employee-related liabilities	8.0	8.6	10.4
Acquisition related intangible assets	258.8	235.4	221.1
Machinery and equipment	25.7	28.0	28.0
Other temporary differences	253.2	125.1	60.8
Total deferred tax liabilities	**545.7**	**397.1**	**320.3**
Whereof deferred tax liabilities expected to be used within twelve months	162.5	140.2	120.7
Net accounting[1]	–113.6	–117.6	–110.5
Total deferred tax liabilities according to balance sheet	**432.1**	**279.5**	**209.8**
Deferred tax assets/liabilities, net	**921.3**	**1,307.4**	**1,755.0**

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	2010	2009	2008
Opening balance deferred tax liabilities	**397.1**	**320.3**	**427.2**
Change due to:			
Deferred tax recognized in the income statement	110.1	19.2	29.9
Changed tax rate	–0.2	0.0	0.0
Acquisitions	85.5	57.5	20.7
Divestitures	–	–	5.1
Recognized in other comprehensive income	–	–	28.4
Translation differences	–46.8	0.1	–
Discontinued operations	–	–	–191.0
Closing balance deferred tax liabilities	**545.7**	**397.1**	**320.3**
Change during year	**148.6**	**76.8**	**–106.9**

DEFERRED TAX LIABILITIES CHANGE ANALYSIS PER CATEGORY IN 2010

MSEK	Opening balance	Deferred tax recognized in the income statement	Changed tax rate	Acquisitions	Translation differences	Closing balance
Pension provisions and employee-related liabilities	8.6	0.5	–	–	–1.1	8.0
Acquisition related intangible assets	235.4	–27.3	–0.2	78.9	–28.0	258.8
Machinery and equipment	28.0	0.2	–	–0.7	–1.8	25.7
Other temporary differences	125.1	136.7	–	7.3	–15.9	253.2
Total deferred tax liabilities	**397.1**					**545.7**
Change during year		**110.1**	**–0.2**	**85.5**	**–46.8**	**148.6**

Changes in deferred taxes between 2009 and 2010 are mainly explained by use of losses in Sweden. Changes in deferred taxes between 2008 and 2009 are mainly explained by use of losses in Sweden. There are no unrecognized temporary differences related to subsidiaries, associated companies or joint ventures. Provisions for taxes are reported in note 32.

Tax loss carryforwards

On December 31, 2010 subsidiaries in primarily Sweden and Germany had tax loss carryforwards of MSEK 2,179 (2,852 and 3,665). These tax loss carryforwards expire as follows:

TAX LOSS CARRYFORWARDS

2011	0
2012	4
2013	3
2014–	253
Unlimited duration	1,919
Total tax loss carryforwards	**2,179**

Deferred tax assets related to tax losses are accounted for when it is probable that they can be utilised by future profits. As of December 31, 2010, tax loss carryforwards for which deferred tax assets had been recognised amounted to MSEK 1,617 (2,198 and 2,936) and deferred tax assets related to the tax losses amounted to MSEK 455 (603 and 810). Tax losses can be used to reduce future taxable income. Their future utilization does not mean a lower tax expense for the Group.

Note 16. Acquisition of subsidiaries and associated companies and impairment testing

Acquisition of subsidiaries and associated companies

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	Shares in associated companies	Total capital employed
G4S, Germany	31.8	–	31.8	–31.8	–	–	–	–31.8
Seccredo, Sweden[3]	–21.0	5.5	–15.5	36.2	–	–20.7	–	15.5
Claw Protection Services, South Africa[3]	–7.5	0.3	–7.2	10.1	5.3	–8.2	–	7.2
Dan Kontrol Systemer, Denmark	–25.6	1.6	–24.0	19.1	10.6	–5.7	–	24.0
Bren Security, Sri Lanka[3]	–23.2	0.2	–23.0	40.0	9.3	–26.3	–	23.0
Paragon Systems, USA	–267.2	–0.7	–267.9	218.7	16.6	32.6	–	267.9
Legend Group Holding International, Singapore[3]	–22.4	–6.1	–28.5	12.6	17.1	–1.2	–	28.5
Guardian Security, Montenegro[3]	–23.0	–1.8	–24.8	17.1	15.6	–7.9	–	24.8
Nikaro, United Kingdom	–29.3	1.6	–27.7	19.4	13.3	–5.0	–	27.7
ESC and SSA Guarding Company, Thailand[3]	–26.0	1.8	–24.2	16.6	7.2	0.4	–	24.2
Nordserwis.pl, Poland[3]	–6.9	0.4	–6.5	4.8	5.2	–3.5	–	6.5
Security Professionals and Security Management, USA[3]	–71.1	0.8	–70.3	34.8	39.9	–4.4	–	70.3
Reliance Security Services, United Kingdom	–446.8	43.5	–403.3	333.2	130.9	–60.8	–	403.3
Alarm West Group, Bosnia and Herzegovina[3]	–44.7	–45.2	–89.9	73.6	44.7	–28.4	–	89.9
Piranha Security, South Africa[3]	–9.3	1.7	–7.6	9.4	7.0	–8.8	–	7.6
Cobra Security, Romania	–4.0	–21.5	–25.5	23.4	4.0	–1.9	–	25.5
Other acquisitions and adjustments[1, 3]	–302.2	22.6	–279.6	71.4	113.6	93.6	1.0	279.6
Total acquisitions	**–1,298.4**	**4.7**	**–1,293.7**	**908.6**	**440.3**	**–56.2**	**1.0**	**1,293.7**
Liquid funds according to acquisition analyses	107.7							
Total effect on Group's liquid funds	**–1,190.7**							

1 Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: Hamilton, USA, Atlantis Securite, Canada, Navicus, C&I, Addici (contract portfolio) and Jourman (contract portfolio), Services Sweden, Dalslands Bevakning (contract portfolio), Labelå (contract portfolio) and Sörmlands Bevakning (contract portfolio), Mobile Sweden, Verdisikring Vest (contract portfolio), Mobile Norway, Ferssa Group, Services France, Staff Sécurité (contract portfolio), AGSPY, SCPS (contract portfolio), GPSA (contract portfolio) and IGPS, Mobile France, LB Protection (contract portfolio) and Eryma (contract portfolio), Alert Services France, Swallow Security Services, Mobile UK, Tecniserv, Alert Services Spain, WOP Protect (contract portfolio) and Alpha Protect (contract portfolio), Services Switzerland, GPDS (contract portfolio), Mobile Belgium, EMS (contract portfolio), Alert Services Belgium, Hose, Services Netherlands, Hadi Bewaking (contract portfolio), Mobile Netherlands, Agency of Security Fenix, Services Czech Republic, Gordon and Security 018, Serbia, ICTS, Services Turkey, GMCE Gardiennage, Morocco, Vigilan and El Guardian, Argentina, Trancilo and Gadonal, Uruguay, Worldwide Security and Protec Austral, Chile, Guardforce, Hong Kong, MKB Tactical, South Africa, Globe Partner Services, Egypt and Long Hai Security, Vietnam. Related also to deferred considerations paid in the USA, Mexico, Spain, Belgium, Switzerland, Turkey and Argentina.

2 Goodwill that is expected to be tax deductible amounts to MSEK 15.

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 32. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 297.

Acquisitions

Seccredo, Sweden

Securitas has acquired 51 percent of the shares in Seccredo, a leading consulting company providing crisis management and risk and security services. Seccredo has 20 employees. The company helps customers to prevent, control and mitigate disturbances and losses in organizations and operations and of assets. Seccredo's customers represent a broad cross section of leading brands from both the private and public sectors. With this acquisition, Securitas strengthens its position in the consultant and investigations services market. The company had at the time of acquisition projected annual sales of approximately MSEK 25. Goodwill, which amounts to MSEK 36.2, is mainly related to operational expansion and human capital.

ACQUISITION OF THE BUSINESS IN SECCREDO

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JANUARY 1, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	1.5
Accounts receivable	4.4
Other assets	1.3
Other liabilities	–27.9
Total operating capital employed	**–20.7**
Goodwill from the acquisition	36.2
Acquisition related intangible assets	–
Total capital employed	**15.5**
Net debt	5.5
Total acquired net assets	**21.0**
Purchase price paid	–21.0
Liquid funds in accordance with acquisition analysis	6.6
Total impact on the Group's liquid funds	**–14.4**

51 percent of the shares in Seccredo 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 28.7 and to net income for the year with MSEK 2.1.
Transaction costs amounts to MSEK 0.5.
Deferred consideration amounts to MSEK 22.3 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.

Claw Protection Services, South Africa

Securitas has acquired all shares in the security services company Claw Protection Services in South Africa, following the strategy to increase global presence. Claw Protection Services has approximately 800 employees and specializes in guarding services, mainly in the areas of Johannesburg and Pretoria. The company had at the time of acquisition projected annual sales of approximately MSEK 38. Goodwill, which amounts to MSEK 10.1, is mainly related to geographical coverage and operational expansion.

ACQUISITION OF THE BUSINESS IN CLAW PROTECTION SERVICES

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE MARCH 1, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	0.2
Accounts receivable	0.8
Other assets	0.2
Other liabilities	–9.4
Total operating capital employed	**–8.2**
Goodwill from the acquisition	10.1
Acquisition related intangible assets	5.3
Total capital employed	**7.2**
Net debt	0.3
Total acquired net assets	**7.5**
Purchase price paid	–7.5
Liquid funds in accordance with acquisition analysis	0.3
Total impact on the Group's liquid funds	**–7.2**

All the shares in Claw Protection Services were acquired.
The acquisition has contributed to total sales with MSEK 36.3 and to net income for the year with MSEK –2.6. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 43.5 and to net income for the year with MSEK –2.3.
Transaction costs amounts to MSEK 0.4.
Deferred consideration amounts to MSEK 5.4 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.

Dan Kontrol Systemer, Denmark

Securitas subsidiary in Denmark, Dansikring, has acquired all shares in the monitoring company Dan Kontrol Systemer in Denmark. Dan Kontrol Systemer, with 25 employees, is the largest independent monitoring company in Denmark. The acquisition has enabled Securitas to expand in the monitoring market in Denmark. The company had at the time of acquisition projected annual sales of approximately MSEK 21. Goodwill, which amounts to MSEK 19.1, is mainly related to operational expansion.

ACQUISITION OF THE BUSINESS IN DAN KONTROL SYSTEMER

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE APRIL 1, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	2.2
Accounts receivable	0.1
Other assets	1.6
Other liabilities	–9.6
Total operating capital employed	**–5.7**
Goodwill from the acquisition	19.1
Acquisition related intangible assets	10.6
Total capital employed	**24.0**
Net debt	1.6
Total acquired net assets	**25.6**
Purchase price paid	–25.6
Liquid funds in accordance with acquisition analysis	1.6
Total impact on the Group's liquid funds	**–24.0**

All the shares in Dan Kontrol Systemer were acquired.
The acquisition has contributed to total sales with MSEK 16.6 and to net income for the year with MSEK 2.3. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 21.8 and to net income for the year with MSEK 3.0.
Transaction costs amounts to MSEK 0.2.

Bren Security, Sri Lanka

Following the strategy to enter new markets, Securitas has acquired 60 percent of the shares in the security services company Bren Security in Sri Lanka. Bren Security has approximately 1,100 employees and operates guarding services in the Colombo city area. The company had at the time of acquisition projected annual sales of approximately MSEK 16. Goodwill, which amounts to MSEK 40.0, is mainly related to geographical expansion.

ACQUISITION OF THE BUSINESS IN BREN SECURITY
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JUNE 1, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	1.0
Accounts receivable	0.1
Other assets	0.2
Other liabilities	–27.6
Total operating capital employed	**–26.3**
Goodwill from the acquisition	40.0
Acquisition related intangible assets	9.3
Total capital employed	**23.0**
Net debt	0.2
Total acquired net assets	**23.2**
Purchase price paid	–23.2
Liquid funds in accordance with acquisition analysis	0.2
Total impact on the Group's liquid funds	**–23.0**

60 percent of the shares in Bren 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 11.0 and to net income for the year with MSEK 1.4. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 17.9 and to net income for the year with MSEK 1.7.
Transaction costs amounts to MSEK 0.4.
Deferred consideration amounts to MSEK 23.2 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.

Paragon Systems, USA

Pinkerton Government Services, a company within the Securitas Group, has acquired all shares in the security services company Paragon Systems in the USA. With this acquisition, Securitas is expanding in the primary government security services market in the USA. Paragon, with approximately 3,000 employees, specializes in providing high level, armed security officer services to various government agencies and facilities under the oversight of the U.S. Federal Protective Service and the U.S. Government Department of Defense. Paragon is one of the leading companies in the prime government sector in the U.S. The company had at the time of acquisition projected annual sales of approximately MSEK 1,102. Goodwill, which amounts to MSEK 218.7, is mainly related to operational expansion and human capital.

ACQUISITION OF THE BUSINESS IN PARAGON SYSTEMS
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JUNE 8, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	2.0
Accounts receivable	138.1
Other assets	45.0
Other liabilities	–152.5
Total operating capital employed	**32.6**
Goodwill from the acquisition	218.7
Acquisition related intangible assets	16.6
Total capital employed	**267.9**
Net debt	–0.7
Total acquired net assets	**267.2**
Purchase price paid	–267.2
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**–267.2**

All the shares in Paragon Systems were acquired.
The acquisition has contributed to total sales with MSEK 578.6 and to net income for the year with MSEK 3.2. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 1,022.3 and to net income for the year with MSEK 6.9.
Transaction costs amounts to MSEK 9.5.

Legend Group Holding International, Singapore

Following the strategy to increase the Group's presence in Asia, Securitas has acquired all shares in the security services company Legend Group Holding International in Singapore. Legend has approximately 600 employees. The company had at the time of acquisition projected annual sales of approximately MSEK 76. Goodwill, which amounts to MSEK 12.6, is mainly related to geographical expansion.

ACQUISITION OF THE BUSINESS IN LEGEND GROUP HOLDING INTERNATIONAL
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JULY 1, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	5.9
Accounts receivable	14.3
Other assets	1.2
Other liabilities	–22.6
Total operating capital employed	**–1.2**
Goodwill from the acquisition	12.6
Acquisition related intangible assets	17.1
Total capital employed	**28.5**
Net debt	–6.1
Total acquired net assets	**22.4**
Purchase price paid	–22.4
Liquid funds in accordance with acquisition analysis	2.9
Total impact on the Group's liquid funds	**–19.5**

All the shares in Legend Group Holding International were acquired.
The acquisition has contributed to total sales with MSEK 42.3 and to net income for the year with MSEK 0.1. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 78.4 and to net income for the year with MSEK 1.5.
Transaction costs amounts to MSEK 0.6.
Deferred consideration amounts to MSEK 13.8 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.

Guardian Security, Montenegro

Securitas has acquired 75 percent of the shares in the security services company Guardian Security in Montenegro. With this acquisition, Securitas expands in the Balkan area. Guardian has approximately 600 employees. The company had at the time of acquisition projected annual sales of approximately MSEK 40. Goodwill, which amounts to MSEK 17.1, is mainly related to geographical expansion.

ACQUISITION OF THE BUSINESS IN GUARDIAN SECURITY

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE AUGUST 1, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	1.2
Accounts receivable	9.7
Other assets	0.2
Other liabilities	–19.0
Total operating capital employed	**–7.9**
Goodwill from the acquisition	17.1
Acquisition related intangible assets	15.6
Total capital employed	**24.8**
Net debt	–1.8
Total acquired net assets	**23.0**
Purchase price paid	–23.0
Liquid funds in accordance with acquisition analysis	0.2
Total impact on the Group's liquid funds	**–22.8**

75 percent of the shares in Guardian 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 15.6 and to net income for the year with MSEK 0.9. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 39.9 and to net income for the year with MSEK 2.4.
Transaction costs amounts to MSEK 0.7.
Deferred consideration amounts to MSEK 11.0 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.

Nikaro, the United Kingdom

Securitas has acquired all shares in the mobile security services company Nikaro in the United Kingdom. Nikaro operates as a national security network and is one of the top five market leaders in key holding and response services in the United Kingdom. With this acquisition, Securitas further enhances its position as market leader within the mobile security services market in the United Kingdom. The company had at the time of acquisition projected annual sales of approximately MSEK 27. Goodwill, which amounts to MSEK 19.4, is mainly related to geographical coverage.

ACQUISITION OF THE BUSINESS IN NIKARO

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE SEPTEMBER 1, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	0.2
Accounts receivable	3.2
Other assets	2.5
Other liabilities	–10.9
Total operating capital employed	**–5.0**
Goodwill from the acquisition	19.4
Acquisition related intangible assets	13.3
Total capital employed	**27.7**
Net debt	1.6
Total acquired net assets	**29.3**
Purchase price paid	–29.3
Liquid funds in accordance with acquisition analysis	1.6
Total impact on the Group's liquid funds	**–27.7**

All the shares in Nikaro were acquired.
The acquisition has contributed to total sales with MSEK 9.6 and to net income for the year with MSEK 1.0. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 28.9 and to net income for the year with MSEK 3.1.
Transaction costs amounts to MSEK 2.0.

ESC and SSA Guarding Company, Thailand

Securitas has acquired 49 percent of the shares in the security services company ESC and SSA Guarding Company in Thailand with approximately 1,400 employees. With this acquisition, Securitas will strengthen its operations in Thailand both in terms of customer base and national coverage. Securitas has indirect control of the operations. The company had at the time of acquisition projected annual sales of approximately MSEK 36. Goodwill, which amounts to MSEK 16.6, is mainly related to geographical coverage.

ACQUISITION OF THE BUSINESS IN ESC AND SSA GUARDING COMPANY

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE OCTOBER 1, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	0.2
Accounts receivable	5.0
Other assets	0.5
Other liabilities	–5.3
Total operating capital employed	**0.4**
Goodwill from the acquisition	16.6
Acquisition related intangible assets	7.2
Total capital employed	**24.2**
Net debt	1.8
Total acquired net assets	**26.0**
Purchase price paid	–26.0
Liquid funds in accordance with acquisition analysis	1.8
Total impact on the Group's liquid funds	**–24.2**

49 percent of the shares in ESC and SSA Guarding Company were acquired.
The acquisition has contributed to total sales with MSEK 9.2 and to net income for the year with MSEK 0.5. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 36.4 and to net income for the year with MSEK 1.9.
Transaction costs amounts to MSEK 0.4.
Deferred consideration amounts to MSEK 1.8 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.

Nordserwis.pl, Poland

Securitas has acquired the security services company Nordserwis.pl in Poland. Nordserwis.pl is a local security services company, well established in the North-Eastern region of Poland with approximately 250 employees. With this acquisition, Securitas will further strengthen its operation in North-Eastern Poland. The company had at the time of acquisition projected annual sales of approximately MSEK 22. Goodwill, which amounts to MSEK 4.8, is mainly related to geographical coverage and human capital.

ACQUISITION OF THE BUSINESS IN NORDSERWIS.PL

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE NOVEMBER 1, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	1.3
Accounts receivable	2.1
Other assets	0.9
Other liabilities	–7.8
Total operating capital employed	**–3.5**
Goodwill from the acquisition	4.8
Acquisition related intangible assets	5.2
Total capital employed	**6.5**
Net debt	0.4
Total acquired net assets	**6.9**
Purchase price paid	–6.9
Liquid funds in accordance with acquisition analysis	0.4
Total impact on the Group's liquid funds	**–6.5**

All the shares in Nordserwis.pl were acquired.
The acquisition has contributed to total sales with MSEK 3.4 and to net income for the year with MSEK 0.2. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 22.5 and to net income for the year with MSEK 0.3.
Transaction costs amounts to MSEK 0.6.
Deferred consideration amounts to MSEK 3.0 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.

Security Professionals and Security Management, USA

Securitas has acquired the security services companies Security Professionals and Security Management, based in Chicago, Illinois, USA. With these acquisitions, Securitas will strengthen its position in the Chicago area. Security Professionals and Security Management have approximately 1,000 employees. The company had at the time of acquisition projected annual sales of approximately MSEK 211. Goodwill, which amounts to MSEK 34.8, is mainly related to operational expansion and synergies.

ACQUISITION OF THE BUSINESS IN SECURITY PROFESSIONALS AND SECURITY MANAGEMENT

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE NOVEMBER 1, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	1.0
Accounts receivable	27.8
Other assets	2.2
Other liabilities	–35.4
Total operating capital employed	**–4.4**
Goodwill from the acquisition	34.8
Acquisition related intangible assets	39.9
Total capital employed	**70.3**
Net debt	0.8
Total acquired net assets	**71.1**
Purchase price paid	–71.1
Liquid funds in accordance with acquisition analysis	0.8
Total impact on the Group's liquid funds	**–70.3**

All the shares in Security Professionals and Security Management were acquired.
The acquisition has contributed to total sales with MSEK 40.1 and to net income for the year with MSEK –0.9. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 222.7 and to net income for the year with MSEK 0.9.
Transaction costs amounts to MSEK 2.3.
Deferred consideration amounts to MSEK 3.3 and has been recognized based on assessment of the purchase price, which is contingent on the acquired net equity. The final outcome of the payment may consequently exceed the estimated amount.

Reliance Security Services, the United Kingdom

Securitas has agreed with Reliance Security Group to acquire all shares in their security services operations in the United Kingdom. With 8,000 employees, Reliance Security Services is one of the leading security services companies in the United Kingdom. The company has a well diversified contract portfolio with a stable customer portfolio within guarding, mobile services, aviation security and security specialist services. With this acquisition, Securitas will become among the largest security services companies in the United Kingdom. The acquisition was approved by the European Commission on November 9, 2010. The company had at the time of acquisition projected annual sales of approximately MSEK 2,315. Goodwill, which amounts to MSEK 333.2, is mainly related to geographical coverage and operational synergies.

ACQUISITION OF THE BUSINESS IN RELIANCE SECURITY SERVICES

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE NOVEMBER 9, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	18.0
Accounts receivable	194.7
Other assets	119.9
Other liabilities	–393.4
Total operating capital employed	**–60.8**
Goodwill from the acquisition	333.2
Acquisition related intangible assets	130.9
Total capital employed	**403.3**
Net debt	43.5
Total acquired net assets	**446.8**
Purchase price paid	–446.8
Liquid funds in accordance with acquisition analysis	43.5
Total impact on the Group's liquid funds	**–403.3**

All the shares in Reliance Security Services were acquired.
The acquisition has contributed to total sales with MSEK 372.9 and to net income for the year with MSEK –22.4. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 2,424.4 and to net income for the year with MSEK –62.2.
Transaction costs amounts to MSEK 17.2.

Alarm West Group, Bosnia and Herzegovina

Securitas has acquired 85 percent of the shares in the security services company Alarm West Group in Bosnia and Herzegovina. The agreement includes an option of acquiring the remaining 15 percent. Alarm West Group has approximately 1,200 employees. With this acquisition, Securitas enters the security market in Bosnia and Herzegovina. The company had at the time of acquisition projected annual sales of approximately MSEK 127. Goodwill, which amounts to MSEK 73.6, is mainly related to geographical expansion.

ACQUISITION OF THE BUSINESS IN ALARM WEST GROUP
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE DECEMBER 1, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	13.2
Accounts receivable	28.0
Other assets	5.7
Other liabilities	–75.3
Total operating capital employed	**–28.4**
Goodwill from the acquisition	73.6
Acquisition related intangible assets	44.7
Total capital employed	**89.9**
Net debt	–45.2
Total acquired net assets	**44.7**
Purchase price paid	–44.7
Liquid funds in accordance with acquisition analysis	23.4
Total impact on the Group's liquid funds	**–21.3**

85 percent of the shares in Alarm West 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 10.2 and to net income for the year with MSEK 0.6. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 126.8 and to net income for the year with MSEK 2.3.
Transaction costs amounts to MSEK 0.8.
Deferred consideration amounts to MSEK 49.3 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.

Piranha Security, South Africa

Following the strategy to increase its global presence, Securitas has acquired the operations in the security services company Piranha Security in South Africa. Piranha Security has approximately 500 employees. The company had at the time of acquisition projected annual sales of approximately MSEK 28. Goodwill, which amounts to MSEK 9.4, is mainly related to operational expansion.

ACQUISITION OF THE BUSINESS IN PIRANHA SECURITY
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE DECEMBER 1, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	0.7
Accounts receivable	1.3
Other assets	–
Other liabilities	–10.8
Total operating capital employed	**–8.8**
Goodwill from the acquisition	9.4
Acquisition related intangible assets	7.0
Total capital employed	**7.6**
Net debt	1.7
Total acquired net assets	**9.3**
Purchase price paid	–9.3
Liquid funds in accordance with acquisition analysis	1.7
Total impact on the Group's liquid funds	**–7.6**

The assets in Piranha Security were acquired.
The acquisition has contributed to total sales with MSEK 3.3 and to net income for the year with MSEK 0.1. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 27.4 and to net income for the year with MSEK 1.5.
Transaction costs amounts to MSEK 0.9.
Deferred consideration amounts to MSEK 6.2 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.

Cobra Security, Romania

Securitas has acquired all shares in the security services company Cobra Security in Romania. With this acquisition, Securitas will strengthen its position in the Romanian security services market. Cobra Security has approximately 1,000 employees. The company had at the time of acquisition projected annual sales of approximately MSEK 50. Goodwill, which amounts to MSEK 23.4, is mainly related to operational expansion.

ACQUISITION OF THE BUSINESS IN COBRA SECURITY
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE DECEMBER 2, 2010

MSEK	Fair value acquisition balance
Operating non-current assets	2.0
Accounts receivable	3.2
Other assets	0.3
Other liabilities	–7.4
Total operating capital employed	**–1.9**
Goodwill from the acquisition	23.4
Acquisition related intangible assets	4.0
Total capital employed	**25.5**
Net debt	–21.5
Total acquired net assets	**4.0**
Purchase price paid	–4.0
Liquid funds in accordance with acquisition analysis	0.3
Total impact on the Group's liquid funds	**–3.7**

All the shares in Cobra Security were acquired.
The acquisition has contributed to total sales with MSEK 3.5 and to net income for the year with MSEK 0.6. The acquisition would, if it had been consolidated from January 1, 2010, have contributed to total sales with MSEK 54.1 and to net income for the year with MSEK 4.3.
Transaction costs amounts to MSEK 1.0.

OTHER ACQUISITIONS AND ADJUSTMENTS
SUMMARY BALANCE SHEET

MSEK	Fair value acquisition balance
Operating non-current assets	3.4
Accounts receivable	10.3
Other assets	–5.7
Other liabilities	85.6
Total operating capital employed	**93.6**
Goodwill from the acquisition[1]	71.4
Acquisition related intangible assets[2]	113.6
Shares in associated companies	1.0
Total capital employed	**279.6**
Net debt	22.6
Total acquired net assets	**302.2**
Purchase price paid	–302.2
Liquid funds in accordance with acquisition analysis	22.4
Total impact on the Group's liquid funds	**–279.8**

1 Mainly related to update of the acquisition calculation for Vigilan, Argentina.
2 Mainly related to acquisition of contract portfolios in Hamilton, USA, Navicus, C&I, Addici, Services Sweden, Sörmlands Bevakning, Mobile Sweden, IGPS, Mobile France, LB Protection and Eryma, Alert Services France.
Transaction costs amounts to MSEK 3.8.
Deferred consideration for acquisitions made during 2010 amounts to MSEK 24.7 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 payments may consequently exceed the estimated amount.
Goodwill that is expected to be tax deductible amounts to MSEK 15.

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, 2008–2010 IS DISTRIBUTED PER SEGMENT AS FOLLOWS:

MSEK	2010	2009	2008
Security Services North America	6,109.9	6,145.0	6,680.4
Security Services Europe	4,767.7	4,869.8	4,995.0
Mobile and Monitoring	1,763.5	1,985.4	2,049.2
Other	697.7	558.1	379.7
Total goodwill	**13,338.8**	**13,558.3**	**14,104.3**

Goodwill is tested on an annual basis for possible impairment. An impairment loss is recognized for 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 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 2–3 percent for all countries and business segments. A growth rate of 2–3 percent after the five year forecast is estimated to be compatible with the underlying long-term growth rates in those countries in which the Group operates.

A long-term growth rate of 2–3 percent for Security Services is at present regarded as being a cautious estimate in view of this business area's 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 6 percent per annum during the period 2012 to 2017. The corresponding figure for the North America market is around 5 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, %*
2010		
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*
Other[1]	*2.0–3.0*	*6.2–13.8*
2009		
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*
Other[1]	*2.0*	*8.0–16.5*
2008		
Security Services North America	*2.0*	*7.6–11.4*
Security Services Europe	*2.0*	*7.3–11.1*
Mobile and Monitoring	*2.0*	*8.1–9.6*
Other[1]	*2.0*	*9.5–15.2*

1 The operations in Latin America, the Middle East, Asia and Africa (excluding Morocco) are included in Other.

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter 2010 in conjunction with the business plan process for 2011. None of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Consequently no impairment losses have been recognized in 2010. No impairment losses were recognized in 2009 or 2008 either.

The following sensitivity analyses have been made of the estimates of value in use in connection with impairment testing: 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; 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 –59 for one Cash Generating Unit in Security Services North America. 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	2010	2009	2008
Opening balance	13,948.1	14,519.3	14,151.7
Capital expenditures, continuing operations	908.6	458.7	800.3
Discontinued operations	–	–	–3,024.0
Translation difference	–1,175.3	–1,029.9	2,591.3
Closing accumulated balance	**13,681.4**	**13,948.1**	**14,519.3**
Opening impairment losses	–389.8	–415.0	–358.2
Translation difference	47.2	25.2	–56.8
Closing accumulated impairment losses	**–342.6**	**–389.8**	**–415.0**
Closing residual value	**13,338.8**	**13,558.3**	**14,104.3**

1 Information regarding impairment testing is provided in note 16.

Note 18. Acquisition related intangible assets[1]

MSEK	2010	2009	2008
Opening balance	1,265.3	1,030.8	872.3
Capital expenditures, continuing operations	440.3	327.9	231.3
Capital expenditures, discontinued operations	–	–	7.0
Derecognition of fully amortized assets[2]	–23.1	–22.5	–55.3
Discontinued operations	–	–	–173.8
Translation difference	–126.6	–70.9	149.3
Closing accumulated balance	**1,555.9**	**1,265.3**	**1,030.8**
Opening amortization	–370.4	–279.5	–247.7
Reversal of amortization on derecognized assets[2]	23.1	22.5	55.3
Amortization for the year, continuing operations	–164.3	–138.3	–102.2
Amortization for the year, discontinued operations	–	–	–13.8
Discontinued operations	–	–	96.5
Translation difference	52.2	24.9	–67.6
Closing accumulated amortization	**–459.4**	**–370.4**	**–279.5**
Opening impairment losses	–	–	–0.6
Discontinued operations	–	–	0.6
Closing accumulated impairment losses	**–**	**–**	**–**
Closing residual value	**1,096.5**	**894.9**	**751.3**

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 licences			Other intangible assets[1]		
MSEK	2010	2009	2008	2010	2009	2008
Opening balance	653.5	608.4	553.4	125.4	106.8	84.9
Acquisitions	5.5	0.8	27.9	–	1.7	19.5
Capital expenditures	60.0	85.2	95.6	35.4	26.4	–
Disposals/write-offs	–21.0	–11.6	–19.4	–1.3	–2.3	–5.3
Reclassification	–4.2	0.1	17.4	–0.3	–2.3	0.8
Discontinued operations	–	–	–132.8	–	–	–2.5
Translation difference	–60.0	–29.4	66.3	–10.3	–4.9	9.4
Closing accumulated balance	**633.8**	**653.5**	**608.4**	**148.9**	**125.4**	**106.8**
Opening amortization	–423.7	–401.0	–361.2	–76.8	–59.0	–42.7
Acquisitions	–4.5	–0.8	–25.2	–	–1.7	–
Disposals/write-offs	19.9	10.8	14.8	0.9	1.7	5.3
Reclassification	3.6	–	–1.1	–0.1	0.2	–0.7
Amortization for the year, continuing operations	–63.8	–55.8	–50.1	–20.3	–20.5	–18.1
Amortization for the year, discontinued operations	–	–	–14.8	–	–	–
Discontinued operations	–	–	89.2	–	–	1.9
Translation difference	47.3	23.1	–52.6	7.2	2.5	–4.7
Closing accumulated amortization	**–421.2**	**–423.7**	**–401.0**	**–89.1**	**–76.8**	**–59.0**
Closing residual value	**212.6**	**229.8**	**207.4**	**59.8**	**48.6**	**47.8**

1 Mainly related to individual customer contracts within Mobile and Monitoring.

Note 20. Tangible non-current assets

	Buildings and land [1,3]			Machinery and equipment [2,3]		
MSEK	2010	2009	2008	2010	2009	2008
Opening balance	726.7	776.9	1,195.0	6,966.3	6,675.4	11,537.8
Acquisitions	3.8	4.1	2.9	200.1	26.9	125.2
Capital expenditures	36.9	18.3	12.4	961.0	880.8	1,748.9
Disposals/write-offs	–55.0	–7.6	–47.9	–678.8	–353.4	–720.3
Reclassification	1.7	–21.7	–10.8	–6.8	3.8	24.0
Discontinued operations	–	–	–547.9	–	–	–7,194.3
Translation difference	–81.1	–43.3	173.2	–435.8	–267.2	1,154.1
Closing accumulated balance	**633.0**	**726.7**	**776.9**	**7,006.0**	**6,966.3**	**6,675.4**
Opening depreciation	–310.7	–330.5	–436.6	–4,984.6	–4,639.9	–7,592.4
Acquisitions	–	–	–0.3	–151.3	–14.1	–33.3
Disposals/write-offs	18.6	2.7	20.2	530.1	294.1	630.6
Reclassification	0.3	21.2	–3.0	5.8	–1.3	–15.9
Depreciation for the year, continuing operations	–18.9	–21.0	–16.0	–797.7	–830.2	–755.7
Depreciation for the year, discontinued operations	–	–	–15.5	–	–	–579.8
Discontinued operations	–	–	186.6	–	–	4,595.9
Translation difference	33.1	16.9	–65.9	338.2	206.8	–889.3
Closing accumulated depreciation	**–277.6**	**–310.7**	**–330.5**	**–5,059.5**	**–4,984.6**	**–4,639.9**
Opening impairment losses	–20.5	–21.8	–52.3	–	–	–
Discontinued operations	–	–	33.4	–	–	–
Translation difference	2.5	1.3	–7.5	–	–	–
Divestitures	–	–	4.6	–	–	–
Closing accumulated impairment losses	**–18.0**	**–20.5**	**–21.8**	**–**	**–**	**–**
Closing residual value	**337.4**	**395.5**	**424.6**	**1,946.5**	**1,981.7**	**2,035.5**
Tax assessment value of properties in Sweden	–	–	–	–	–	–

1 The closing residual value of land included in buildings and land above was MSEK 49.5 (57.2 and 59.4).
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 85.7 (190.4 and 230.8).

Note 21. Shares in associated companies

MSEK	2010	2009	2008
Opening balance	132.1	104.9	103.5
Purchase price[1]	1.0	35.7	2.0
Divestment[2]	–	–0.4	–
Share in income of associated companies	–1.0	–4.1	–0.4
Translation differences	–6.5	–4.0	–0.2
Closing balance[3]	**125.6**	**132.1**	**104.9**

1 Long Hai Security Services Joint Stock Company MSEK 1.0 (35.7 and 0.0) and Walsons Services Pvt Ltd MSEK 0.0 (0.0 and 2.0).
2 Divestment in 2009 refers to Facility Network A/S.
3 Of which goodwill MSEK 117.8 (121.0 and 99.7) and acquisition related intangible assets MSEK 7.6 (8.9 and 6.9).

HOLDINGS 2008–2010

			Attributable to the Group			
Name	Domicile	*Share of capital, %*	Assets	Liabilities	Sales	Net income
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
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
2008						
Walsons Services Pvt Ltd	Delhi	*49*	16.6	14.1	39.4	–0.4
Facility Network A/S	Copenhagen	*20*	0.6	0.4	0.8	0.0

Note 22. Interest-bearing financial non-current assets[1]

MSEK	2010	2009	2008
Fair value hedges[2]			
Derivatives with positive fair value, long-term	40.8	12.1	–
Other items[3]	164.9	148.7	150.6
Total interest-bearing financial non-current assets	**205.7**	**160.8**	**150.6**

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	2010	2009	2008
Pension balances, defined benefit plans[1]	–	36.2	8.4
Pension balances, defined contribution plans[2]	72.1	64.8	55.2
Other long-term receivables	312.2	307.8	338.0
Total other long-term receivables	**384.3**	**408.8**	**401.6**

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	2010	2009	2008
Material and consumables	39.3	26.9	21.5
Work in progress	1.9	1.9	1.4
Advance payments to suppliers	4.7	5.5	17.0
Total inventories	**45.9**	**34.3**	**39.9**

Note 25. Accounts receivable

MSEK	2010	2009	2008
Accounts receivable before deduction of provisions for bad debt losses	10,068.8	9,741.2	10,317.0
Provisions for bad debt losses	–344.7	–377.9	–354.4
Total accounts receivable	**9,724.1**	**9,363.3**	**9,962.6**

Opening balance provision for bad debt losses	–377.9	–354.4	–324.3
Provision for expected losses	–120.6	–181.8	–162.5
Actual losses	54.0	89.8	61.9
Reversed provisions	70.2	59.5	73.0
Increases due to acquisitions	–12.6	-8.1	–13.5
Decreases due to disposals	–	3.1	1.0
Discontinued operations	–	–	57.6
Translation differences	42.2	14.0	–47.6
Closing balance provision for bad debt losses	**–344.7**	**–377.9**	**–354.4**

Expenses for bad debt losses for the year amounted to MSEK 54.2 (141.2 and 69.4).

Note 26. Other current receivables

MSEK	2010	2009	2008
Prepaid expenses and accrued income	762.9	675.9	732.3
Accrued interest income and prepaid financial expenses	0.8	0.9	40.9
Insurance-related receivables	16.1	15.9	16.5
Value added tax	76.2	82.6	77.3
Other items	288.3	342.1	157.1
Total other current receivables	**1,144.3**	**1,117.4**	**1,024.1**

Note 27. Other interest-bearing current assets[1]

MSEK	2010	2009	2008
Cash flow hedges[2]			
Derivatives with positive fair value, short-term	–	–	0.9
Other derivative positions[3]			
Derivatives with positive fair value, short-term	68.3	81.9	41.5
Total other interest-bearing current assets	**68.3**	**81.9**	**42.4**

1 Further information regarding financial instruments is provided in note 6.
2 Related to derivatives designated for hedging.
3 Related to financial assets at fair value through profit or loss.

Note 28. Liquid funds[1]

MSEK	2010	2009	2008
Short-term investments[2]	1,667.0	1,648.1	3,076.2
Cash and bank deposits[3]	919.9	849.0	875.3
Total liquid funds	**2,586.9**	**2,497.1**	**3,951.5**

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 deposit where netting reflects the legal structure of the arrangement.

Note 29. Shareholders' equity

Number of shares outstanding December 31, 2010

			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, 2009 and 2008. As of December 31, 2010 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 Investment AB Latour, Säkl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB 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 previous year 2009, which was paid in 2010, was SEK 3.00 per share, or a total of MSEK 1,095.2. The dividend to the shareholders for 2008, which was paid in 2009, was SEK 2.90 per share, or a total of MSEK 1,058.7.

Presentation of Shareholders' Equity

According to IAS 1 a company should as a minimum present issued capital and other reserves in balance sheet. Securitas AB 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 2010.

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 2010.

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 posted in other comprehensive income. Retained earnings are further reduced by dividend paid to shareholders of the Parent Company.

Note 30. Long-term liabilities excluding provisions[1]

MSEK	2010	2009	2008
EMTN Nom MEUR 45, 2008/2013, FRN Semi Annual[2,3]	–	461.7	491.5
EMTN Nom MEUR 45, 2009/2014, FRN Quarterly[2]	405.7	461.7	–
EMTN Nom MEUR 500, 2009/2013, Annual 6.50% Fixed[2]	4,531.8	5,116.0	–
EMTN Nom MSEK 500, 2010/2014, FRN Quarterly[2]	498.2	–	–
EMTN Nom MSEK 500, 2010/2014, FRN Semi Annual[2]	499.0	–	–
EMTN Nom MUSD 62, 2010/2015, FRN Semi Annual[2]	422.0	–	–
EMTN Nom MUSD 40, 2010/2015, FRN Semi Annual[2]	272.2	–	–
Finance leases	34.7	93.4	127.9
Other long-term loans[4]	522.8	2,145.3	6,406.5
Total long-term loan liabilities excluding derivatives	**7,186.4**	**8,278.1**	**7,025.9**
Cash flow hedges[5]			
Derivatives with negative fair value, long-term	16.2	79.4	122.5
Total derivatives	**16.2**	**79.4**	**122.5**
Total long-term loan liabilities	**7,202.6**	**8,357.5**	**7,148.4**
Pensions balances, defined contribution plans[6]	72.1	64.8	67.7
Other long-term liabilities	210.2	129.0	133.9
Total other long-term liabilities	**282.3**	**193.8**	**201.6**
Total long-term liabilities	**7,484.9**	**8,551.3**	**7,350.0**

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 drawdowns of loans raised within the MUSD 1,100 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	2010	2009	2008
Maturity < 5 years	7,397.4	8,469.3	7,282.3
Maturity > 5 years	87.5	82.0	67.7
Total long-term liabilities	**7,484.9**	**8,551.3**	**7,350.0**

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 continuing operations during 2010 amounts to MSEK 22.5 (19.9 and 11.2). The surplus in Alecta can be allocated to the insured employer and/or the insured employees. Alecta's level of consolidation was 143 percent (141 and 112) as of December 31, 2010. 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 will from January 1, 2011 join a new AFP plan. The new AFP plan will operate as a funded multi-employer plan. Since the company will not be able to separately identify its share of total assets and liabilities, the new AFP plan will be 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 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 32. 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 73.

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 30 and increase the aggregate of the service cost and interest cost components by approximately MSEK 2. 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 22 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 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 2010 are related to settlements in Germany and Austria (cost) and curtailments in Norway (income). The settlements, curtailments and terminations during 2009 and 2008 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 9.2 (1.1 and 0.4).

The costs for defined contribution plans for continuing operations were MSEK 467.3 (405.5 and 344.4). The actual return on plan assets for all operations 2010 was MSEK 142.3 (159.3 and –252.5).

PENSION COSTS FOR DEFINED BENEFIT PLANS

			2010			2009			2008
MSEK	Continuing operations	Discontinued operations	All operations	Continuing operations	Discontinued operations	All operations	Continuing operations	Discontinued operations	All operations
Current service costs	57.4	–	57.4	63.7	–	63.7	60.5	36.8	97.3
Interest costs	127.4	–	127.4	135.0	–	135.0	131.9	69.6	201.5
Expected return on assets	–93.9	–	–93.9	–87.3	–	–87.3	–122.2	–66.1	–188.3
Recognized actuarial gain/loss[1]	4.7	–	4.7	0.9	–	0.9	0.4	–	0.4
Recognized past service costs	–0.3	–	–0.3	–0.6	–	–0.6	0.2	–	0.2
Settlements, curtailments and terminations	–0.1	–	–0.1	–0.4	–	–0.4	–0.7	–	–0.7
Total pension costs	**95.2**	**–**	**95.2**	**111.3**	**–**	**111.3**	**70.1**	**40.3**	**110.4**

1 Relates to other long-term employee benefits.

PENSION COSTS FOR DEFINED BENEFIT PLANS ALLOCATED PER FUNCTION

MSEK	2010	2009
Production expenses	56.1	57.5
Selling and administrative expenses	39.1	53.8
Total pension costs allocated per function	**95.2**	**111.3**

MOVEMENTS IN PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS, NET

	2010			2009			2008		
MSEK	Obligations	Plan assets	Net	Obligations	Plan assets	Net	Obligations	Plan assets	Net
Opening balance	**2,567.5**	**–1,417.4**	**1,150.1**	**2,528.8**	**–1,287.1**	**1,241.7**	**3,490.0**	**–2,561.8**	**928.2**
Current service costs	57.4	–	57.4	63.7	–	63.7	97.3	–	97.3
Interest costs	127.4	–	127.4	135.0	–	135.0	201.5	–	201.5
Expected return on assets	–	–93.9	–93.9	–	–87.3	–87.3	–	–188.3	–188.3
Recognized actuarial gain/loss[1]	4.7	–	4.7	0.9	–	0.9	0.4	–	0.4
Recognized past service costs	–0.3	–	–0.3	–0.6	–	–0.6	0.2	–	0.2
Settlements/curtailments/terminations	–0.1	–	–0.1	–0.4	–	–0.4	–0.7	–	–0.7
Total pension cost recognized in the statement of income	**189.1**	**–93.9**	**95.2**	**198.6**	**–87.3**	**111.3**	**298.7**	**–188.3**	**110.4**
Actuarial gains and losses – obligations[2, 3]	181.5	–	181.5	48.6	–	48.6	274.0	–	274.0
Actuarial gains and losses – plan assets[2]	–	–48.4	–48.4	–	–72.0	–72.0	–	440.8	440.8
Effects of minimum funding requirement[4]	–	33.6	33.6	–	–	–	–	–	–
Total actuarial gains and losses and effects of minimum funding requirement before tax recognized in other comprehensive income[2]	**181.5**	**–14.8**	**166.7**	**48.6**	**–72.0**	**–23.4**	**274.0**	**440.8**	**714.8**
Employer contributions[5]	–	–190.3	–190.3	–	–136.1	–136.1	–	–167.9	–167.9
Employee contributions	2.1	–2.1	–	1.9	–1.9	–	2.0	–2.0	–
Benefits paid to participants	–159.1	159.1	–	–143.3	143.3	–	–161.3	161.3	–
Acquisitions/divestitures/reclassifications	1.5	–	1.5	22.0	–7.2	14.8	2.4	–	2.4
Discontinued operations[6]	–	–	–	–	–	–	–1,622.3	1,178.2	–444.1
Translation difference	–144.2	72.2	–72.0	–89.1	30.9	–58.2	245.3	–147.4	97.9
Closing 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**

1 Relates to other long-term employee benefits.
2 Relates to post-employment benefits.
3 Actuarial losses for 2010 relate to changes in assumptions (gains) of MSEK –3.5 (losses of 20.7 and losses of 125.7) and changes in plan experience (losses) of MSEK 185.0 (losses of 27.9 and losses of 148.3).
4 Related to Canada.
5 Employer contributions expected to be paid in 2011 are estimated to be slightly lower than the employer contributions paid in 2010.
6 Discontinued operations relate to the obligations and plan assets that as of December 8, 2008 were included in Loomis.

ALLOCATION OF PLAN ASSETS

Percent	2010	2009	2008
Equity investments	47	39	42
Interest bearing assets	39	47	48
Other assets	14	14	10
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	2010	2009	2008
Plans reported under other long-term receivables (note 23)	–	–36.2	–8.4
Plans reported under provisions for pensions and similar commitments	1,151.2	1,186.3	1,250.1
Total provisions for pensions and similar commitments, net	**1,151.2**	**1,150.1**	**1,241.7**

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	2010	2009	2008	2007	2006
Fair value of plan assets	–1,487.2	–1,417.4	–1,287.1	–2,561.8	–2,498.5
Defined benefit obligations funded plans	1,976.5	1,907.6	1,897.1	2,886.3	2,941.1
Defined benefit obligations unfunded plans	661.9	659.9	631.7	603.7	606.3
Funded status, net	**1,151.2**	**1,150.1**	**1,241.7**	**928.2**	**1,048.9**
Experience adjustments on plan assets[1]	–48.4	–72.0	440.8	30.1	–51.0
Experience adjustments on defined benefit obligations[1]	185.0	27.9	148.3	42.6	70.6

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	2010	2009	2008
Actuarial gains and losses before taxes, continuing operations[1]	133.1	–23.4	566.5
Effects of minimum funding requirement	33.6	–	–
Taxes, continuing operations	–48.8	7.2	–206.2
Total actuarial gains and losses after taxes, continuing operations	**117.9**	**–16.2**	**360.3**
Actuarial gains and losses after taxes, discontinued operations	–	–	104.3
Total actuarial gains and losses after taxes, all operations[2]	**117.9**	**–16.2**	**464.6**

1 Per December 31, 2010 accumulated actuarial gains and losses before taxes, continuing operations, amounted to MSEK 1,026.9 (893.8 and 917.2).
2 Refers to actuarial gains and losses after taxes recognized in other comprehensive income.

MAIN ACTUARIAL ASSUMPTIONS

	2010			2009			2008		
Percent (per annum)	USA	Eurozone	Other countries	USA	Eurozone	Other countries	USA	Eurozone	Other countries
Discount rate[1]	4.60–5.20	4.50–5.00	4.00–5.75	5.75	4.50–5.25	4.50–7.00	6.20	5.50–5.75	3.80–7.00
Expected return on plan assets	8.50	5.00	5.40–5.75	8.50	3.80	5.70–6.50	8.50	5.00	5.70–7.00
General salary increases[2]	n/a	2.00–2.75	3.50–4.50	n/a	2.00–2.75	3.75–4.60	n/a	2.00–3.50	3.75–4.00
Inflation[2]	n/a	1.75–2.00	2.50–3.50	n/a	1.75–2.00	2.50–3.60	n/a	1.75–2.25	2.00–3.00
Pension increases[2]	n/a	0.00–1.75	1.30–3.50	n/a	0.00–1.75	1.40–4.25	n/a	0.75–1.75	1.50–3.75
Healthcare cost inflation[3]	n/a	n/a	2.00–9.58	n/a	n/a	2.00–9.60	n/a	n/a	2.00–10.00

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), 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, 2010, 2009 and 2008 used to value the defined benefit obligations at the end of 2010, 2009 and 2008 as well as in determining the pension cost for 2011, 2010 and 2009.

As of December 31, 2010 the following assumptions were used for the major plans in Securitas concerning mortality: USA – "RP-2000 mortality tables projected to 2009". Norway – tables in series "K2005". Canada – "UP-1994 mortality table with generational improvements". 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.

DECEMBER 31, 2010

MSEK	Liability insurance-related claims reserves[1]	Provisions for taxes	Other provisions	Total
Opening balance	526.5	172.5	461.4	1,160.4
Reclassification	–31.4	–3.0	–66.4	–100.8
New/increased provisions	16.7	3.1	38.8	58.6
Provisions utilized	–	–	–13.7	–13.7
Reversal of unutilized provisions	–27.4	–	–16.0	–43.4
Translation differences	–23.1	–7.9	–48.6	–79.6
Closing balance	**461.3**	**164.7**	**355.5**	**981.5**

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 33. Short-term loan liabilities[1]

MSEK	2010	2009	2008
Commercial paper issued[2]	2,139.3	822.1	1,974.6
Finance leases	48.4	97.0	102.9
Other short-term loans[3]	1,661.4	1,818.3	4,197.0
Total short-term loan liabilities excluding derivatives	**3,849.1**	**2,737.4**	**6,274.5**
Cash flow hedges[4]			
Derivatives with negative fair value, short-term	8.7	17.7	–
Other derivative positions[5]			
Derivatives with negative fair value, short-term	9.4	14.9	134.2
Total short-term loan liabilities	**3,867.2**	**2,770.0**	**6,408.7**

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 include loans raised within the framework of a MUSD 1,100 Multi Currency Revolving Credit Facility maturing in June 2012. 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	2010	2009	2008
Employee-related items	5,443.7	5,412.9	5,701.2
Accrued interest and financial expenses	219.3	242.7	174.9
Other accrued expenses and deferred income	656.2	582.1	799.0
Advance payments from customers	214.9	250.1	196.4
Value added tax	1,020.5	1,002.6	938.3
Other items	672.7	712.1	558.0
Total other current liabilities	**8,227.3**	**8,202.5**	**8,367.8**

Note 35. Short-term provisions[1]

DECEMBER 31, 2010

MSEK	Liability insurance-related claims reserves[1]	Other provisions	Total
Opening balance	503.6	185.6	689.2
Reclassification	31.4	65.3	96.7
New/increased provisions	294.7	56.1	350.8
Provisions utilized	–277.3	–148.2	–425.5
Reversal of unutilized provisions	–1.6	–19.2	–20.8
Translation differences	–24.6	–2.3	–26.9
Closing balance	**526.2**	**137.3**	**663.5**

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	2010	2009	2008
Pension balances defined contribution plans	72.1	64.8	55.2
Finance leases	85.7	190.4	230.8
Total pledged assets	**157.8**	**255.2**	**286.0**

Note 37. Contingent liabilities

MSEK	2010	2009	2008
Sureties and guarantees	63.0	35.6	23.4
Other contingent liabilities	18.9	36.9	48.0
Total contingent liabilities	**81.9**	**72.5**	**71.4**

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 has stabilized in 2010. The claimed amounts are in average relatively low. The defense of these labor cases has been entrusted to one of the leading law firms in Brazil – specializing in labor law matters. Securitas denies all responsibility for such claims.

Germany – Heros

The German cash handling operations were divested in November 2005 to the German Heros Group. In February 2006, the Heros Group of companies filed for insolvency under German law. In connection with the foregoing, the insolvency trustee has been examining all relevant prior transactions of the insolvent companies, including the German cash handling companies which Securitas sold to the Heros Group. Following his investigation, the insolvency trustee has raised questions relating to pre-acquisition transactions in the divested companies, alleging possible material future claims.

On April 7, 2008 the insolvency trustee advised Securitas in a letter that according to the insolvency trustee, the Heros companies (in bankruptcy) may have substantial monetary claims on Securitas Germany and that in the absence of a mutual understanding and agreement on the questioned transactions, the bankruptcy estate will commence legal action against Securitas Germany.

The claims of the Heros companies (in bankruptcy) are based on the insolvency trustee's understanding of the subject pre-acquisition transactions, resulting in the allegation that certain inter-company transactions (set-offs) performed by Securitas Germany prior to the sale of the companies were not in compliance with German law. Heros' aggregated claims on Securitas Germany amounts to approximately MEUR 108. Heros is in addition requesting Securitas Germany to re-assign a claim against the insurance company If which was kept by Securitas in the divestiture.

On January 8, 2009 and on March 4, 2009 the insolvency trustee, in a draft statement of claim, reiterated his allegations and claim. On April 9, 2009 Securitas responded to the insolvency trustee and denied the claims. Based on local legal expertise and a legal opinion from a renown law professor, Securitas objected to the claims raised by the insolvency trustee. Settlement negotiations were initiated by the insolvency trustee in the end of 2009 and continued in 2010. On July 22, 2010 Securitas signed an out of court settlement agreement with the trustee of the Heros bankruptcy estate. The settlement stipulated that Securitas would make a total payment of MEUR 5.9 in return for Heros waiving all claims whatsoever against the Securitas Group. The Securitas companies simultaneously waived all claims against the bankruptcy estate. Securitas has as a result of the settlement during the third quarter made a total payment of MSEK 54 (MEUR 5.9). The settlement amount is covered by previously recognized provisions.

Germany – U.S. Army

Securitas Germany has filed a law suit against the U.S. Army for unpaid services under now expired contracts for guarding services. Securitas' original claim was approximately MEUR 4.4. The U.S. Army filed a counter-claim of originally MEUR 10.5 plus penalties (requesting also treble damages under U.S. law) alleging over-billings of 550,000 hours by Securitas. Based on information provided to the U.S. Army this amount has been reduced by the U.S. Army to MEUR 4.4. An independent auditing firm has been engaged to assist in the investigation of the claim.

Group Management has viewed a settlement solution as the preferred solution for Securitas and settlement discussions has therefore been held with the U.S. Army in 2009 and in 2010. As a result of the discussions on February 28, 2011 Securitas signed an out of court settlement agreement with the U.S. Army. The settlement stipulated that Securitas would make a payment of MEUR 4.2 in return for the United States waiving its claims under the subject contracts against the contracting Securitas company. Securitas Germany has simultaneously agreed to waive all claims against the United States. The settlement amount is covered by previously recognized provisions.

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 9 including interest. Securitas has appealed the resolution by the Spanish tax authorities to the national tax court Tribunal Económico Administrativo Central.

Securitas believe 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 2009.

Globe Aviation Services Corporation (Globe), a subsidiary corporation within the Securitas Group, had a contract for the provision of passenger checks and screening with American Airlines. One of the American Airlines planes that were hijacked was screened by Globe at Logan Airport, Boston.

All investigations of the events of September 11, 2001 continue to indicate that Globe in no way has been negligent in its actions or is otherwise at fault for the events. This was confirmed through the release of previously confidential Congressional testimony by the Director of the FBI. The customer contract gives Globe the right to tender claims for damages to the customer. Globe is a separate operation and a separate legal entity. Any liability for claims thus is limited to Globe's own ability to pay and the insurance protection available to it. In November 2002, the U.S. Congress restored the liability cap for eligible screening companies such as Globe. Under this legislation, any potential liability arising out of the terrorist events of September 11, 2001 would be limited to the amount of liability insurance coverage maintained.

As previously disclosed, a special fund has been established by the U.S. Government to compensate victims of the September 11, 2001 tragedy. Over 98 percent of persons claiming on behalf of World Trade Center deceased victims has elected to obtain compensation from the victim's compensation fund rather than pursue litigation. Claimants under the fund waive their right to seek compensation through litigation. The deadlines for filing wrongful death, bodily injury and property damage claims have now all expired. Cross claims may still be filed by existing parties to the already filed claims.

Globe and other Securitas companies are, together with the relevant airline and other parties, defendants in 20 lawsuits pertaining to the events of September 11, 2001. The reduction of outstanding cases is due to the settlement of all the fatality cases. The outstanding 20 cases relate to damage to property and businesses owing to the events of September 11, 2001. Earlier all bodily injury cases involving Globe have been settled. Certain of the property claims are substantial and 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 a court decision which declares that in the property cases the Fair Market Value rather than the Replacement Value shall be applied when computing possible property damages. This court decision has been appealed by one of the Plaintiffs. The potential exposure has been further reduced by the court's decision that Securitas is not responsible for any damages related to the destruction of World Trade Center Tower 1. Due to the statutory liability cap in relation to the events of September 11, 2001, any such liability is 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 cases 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 interest expenses and 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. Discontinued operations

Discontinued operations are defined as the previous segment Loomis as it was presented in the Securitas Group. The previous segment Loomis as included in the Securitas Group will differ from the stand alone company Loomis AB. As a previous primary segment, Loomis was accounted for under IAS 14 Segment reporting. Under IFRS 8 Operating segments, Loomis would have been treated as a reportable segment. The adoption of IFRS 8 in 2009 has however not changed how discontinued operations are accounted for in the comparatives.

Reporting for segments within Securitas differs from reporting on a stand alone basis in that:

- The segment reporting is limited to operating income and exclude certain intra-group transactions that are not of an operating nature.
- The segment reporting consequently excludes financial items and tax.
- When adjustments have been made to the consolidated financial statements of the Securitas Group, these adjustments are based on historical segment data already published and in addition to this, adjustments for finance net and tax attributable to the segments. These items were previously recognized under the heading Other.
- Total sales have been adjusted for intra-group sales to and from Loomis. This adjustment impacts the intra-group sales previously recognized in Loomis, but also in the continuing operations as well as the elimination of intra-group sales included under the heading Eliminations.

In summary the restatement according to IFRS 5 has been applied as follows:

- The statement of income for the Securitas Group includes the net income in Loomis up to December 8, 2008.
- The net income in Loomis up to December 8, 2008 is included on the line net income, discontinued operations in the consolidated statement of income. This means that the impact from Loomis on each line in the consolidated statement of income has been adjusted and is recognized as a net total on the line net income, discontinued operations. A specification of the net income in discontinued operations is given below.
- This adjustment has also been carried out for all comparatives in the consolidated statement of income.
- The cash flow impact from Loomis up to December 8, 2008 is included on the line cash flow for the period, discontinued operations in the cash flow statement according to Securitas' financial model. This means that the impact from Loomis on each line has been adjusted and is recognized as a net total on the line cash flow for the period, discontinued operations.
- The formal consolidated statement of cash flow is however not restated and the impact from discontinued operations is shown line by line for cash flow from operations, discontinued operations, cash flow from investing activities, discontinued operations and cash flow from financing activities, discontinued operations.
- This adjustment has also been carried out for all comparatives in the cash flow statement according to Securitas' financial model and the formal consolidated statement of cash flow.
- Key ratios have been restated where applicable.
- The balance sheet and the table capital employed and financing only include continuing operations, as no assets and liabilities related to Loomis were consolidated in Securitas as of December 31, 2008.
- Information of the balances relating to discontinued operations (Loomis) as of December 8, 2008 are included below. The corresponding impact on shareholders' equity of the Securitas Group is included in the consolidated statement of changes in shareholders' equity, on the line dividend of net assets in Loomis. The dividend amount is measured as the carrying amount of net assets as of the dividend date.

In the tables below the following information is provided:

- Condensed statement of income for discontinued operations
- Condensed statement of cash flow for discontinued operations
- Assets and liabilities in discontinued operations as of December 8, 2008
- Capital employed and financing in discontinued operations as of December 8, 2008

CONDENSED STATEMENT OF INCOME

MSEK	2010	2009	2008
Sales, external and intra-group	–	–	10,467.6
Elimination of intra-group sales	–	–	–19.0
Total sales	**–**	**–**	**10,448.6**
Operating income before amortization	**–**	**–**	**672.1**
Amortization of acquisition related intangible assets	–	–	–13.8
Operating income after amortization	**–**	**–**	**658.3**
Financial income and expenses	–	–	–115.4
Income before taxes	**–**	**–**	**542.9**
Taxes	–	–	–111.1
Net income for the year	**–**	**–**	**431.8**

CONDENSED STATEMENT OF CASH FLOW

MSEK	2010	2009	2008
Cash flow from operations	–	–	436.8
Cash flow from investing activities	–	–	–764.5
Cash flow from financing activities	–	–	–462.8
Cash flow for the year	**–**	**–**	**–790.5**

ASSETS AND LIABILITIES

MSEK	Dec. 8, 2008
Goodwill	3,024.0
Acquisition related intangible assets	77.3
Other intangible assets	44.2
Tangible non-current assets	2,926.3
Non-interest bearing financial non-current assets	364.7
Interest bearing financial non-current assets	60.1
Non-interest bearing current assets	2,975.2
Liquid funds	453.9
Total assets	**9,925.7**
Interest bearing long-term liabilities	69.1
Non-interest bearing provisions	999.2
Non-interest bearing current liabilities	3,013.2
Interest bearing current liabilities	2,981.4
Total liabilities	**7,062.9**
Net assets in discontinued operations	**2,862.8**

CAPITAL EMPLOYED AND FINANCING

MSEK	Dec. 8, 2008
Operating capital employed	**2,298.0**
Goodwill	3,024.0
Acquisition related intangible assets	77.3
Capital employed	**5,399.3**
Net debt	**–2,536.5**
Net assets in discontinued operations	**2,862.8**

Parent Company statement of income

MSEK	Note	2010	2009	2008
Administrative contribution and other revenues	40	955.4	973.7	536.8
Gross income		**955.4**	**973.7**	**536.8**
Administrative expenses	42, 43	–455.2	–400.3	–376.7
Operating income		**500.2**	**573.4**	**160.1**
Result of financial investments				
Result of sale of shares in subsidiaries	40	–	85.9	–
Dividend	40	6,093.7	4,645.5	21,228.1
Interest income	40	127.1	228.2	1,104.5
Interest expenses	40	–612.1	–781.6	–1,977.3
Other financial income and expenses, net	44	–3,790.3	–2,813.6	–17,956.1
Total financial income and expenses		**1,818.4**	**1,364.4**	**2,399.2**
Income before taxes		**2,318.6**	**1,937.8**	**2,559.3**
Current taxes	45	–15.8	–21.9	–40.1
Deferred taxes	45	–190.7	41.5	181.0
Net income for the year		**2,112.1**	**1,957.4**	**2,700.2**

Parent Company statement of comprehensive income

MSEK	Note	2010	2009	2008
Net income for the year		**2,112.1**	**1,957.4**	**2,700.2**
Other comprehensive income				
Cash flow hedges net of tax		53.2	56.8	–130.2
Net investment hedges		–165.8	–49.7	892.5
Other comprehensive income	45	**–112.6**	**7.1**	**762.3**
Total comprehensive income for the year		**1,999.5**	**1,964.5**	**3,462.5**

Parent Company statement of cash flow

MSEK	Note	2010	2009	2008
Operations				
Operating income		500.2	573.4	160.1
Reversal of depreciation		9.8	5.5	3.9
Financial items received		6,214.2	4,957.6	22,574.1
Financial items paid		–596.7	–739.8	–2,190.4
Current taxes paid		–7.8	–25.4	–26.7
Change in other operating capital employed		627.2	2,399.4	–304.3
Cash flow from operations		**6,746.9**	**7,170.7**	**20,216.7**
Investing activities				
Investments in non-current tangible and intangible assets		–11.5	–12.9	–49.7
Shares in subsidiaries		–4,505.7	–6,989.2	–8,317.4
Cash flow from investing activities		**–4,517.2**	**–7,002.1**	**–8,367.1**
Financing activities				
Dividend paid		–1,095.2	–1,058.7	–1,131.7
Proceeds from bond loans		1,764.5	5,962.5	425.8
Redemption of bond loans		–459.5	–	–4,694.6
Proceeds from other long-term borrowings		–	2,288.3	828.0
Repayment of other long-term borrowings		–872.4	–4,524.2	–
Change in other interest-bearing net debt excluding liquid funds		–1,566.6	–4,149.6	–9,149.6
Cash flow from financing activities		**–2,229.2**	**–1,481.7**	**–13,722.1**
Cash flow for the year		**0.5**	**–1,313.1**	**–1,872.5**
Liquid funds at beginning of year		1.7	1,314.8	3,187.3
Liquid funds at year-end	51	**2.2**	**1.7**	**1,314.8**

Parent Company balance sheet

MSEK	Note	2010	2009	2008
ASSETS				
Non-current assets				
Intangible assets	46	85.4	82.7	74.4
Machinery and equipment	47	2.2	3.2	4.1
Shares in subsidiaries	48	40,026.8	40,073.7	36,335.1
Shares in associated companies	49	112.1	112.1	112.1
Interest-bearing financial non-current assets	41	331.3	217.2	–
Deferred tax assets	45	19.3	39.0	–
Other long-term receivables		82.1	75.8	66.7
Total non-current assets		**40,659.2**	**40,603.7**	**36,592.4**
Current assets				
Current receivables from subsidiaries		895.7	1,188.5	2,604.3
Interest-bearing current receivables from subsidiaries	41	3,074.8	3,247.0	9,284.6
Other current receivables		2.8	15.7	2.7
Current tax assets		1.6	3.2	–
Prepaid expenses and accrued income	50	29.4	23.2	61.7
Other interest-bearing current assets	41	14.7	47.5	30.5
Short-term investments	51	–	–	1,314.3
Cash and bank deposits	51	2.2	1.7	0.5
Total current assets		**4,021.2**	**4,526.8**	**13,298.6**
TOTAL ASSETS		**44,680.4**	**45,130.5**	**49,891.0**
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		–15.4	–68.6	–125.4
Translation reserve		614.6	780.4	830.1
Retained earnings		11,953.3	11,457.7	9,816.2
Net income for the year		2,112.1	1,957.4	2,700.2
Total non-restricted equity		**14,664.6**	**14,126.9**	**13,221.1**
Total shareholders' equity	52	**22,392.3**	**21,854.6**	**20,948.8**
Long-term liabilities				
Long-term loan liabilities	41	7,155.7	8,259.1	7,011.1
Other long-term liabilities		138.5	77.7	67.7
Total long-term liabilities	53	**7,294.2**	**8,336.8**	**7,078.8**
Current liabilities				
Current liabilities to subsidiaries		755.0	570.4	66.9
Interest-bearing current liabilities to subsidiaries	41	9,707.9	9,448.4	14,915.3
Group account bank overdraft		401.6	1,950.8	472.5
Other short-term loan liabilities	41	3,765.9	2,597.7	6,083.6
Accounts payable		22.6	42.6	34.8
Accrued expenses and prepaid income	54	286.7	300.7	269.7
Other current liabilities		54.2	28.5	20.6
Total current liabilities		**14,993.9**	**14,939.1**	**21,863.4**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**44,680.4**	**45,130.5**	**49,891.0**
Pledged assets	55	72.1	64.8	55.2
Contingent liabilities	56	1,716.9	1,669.1	1,893.7

Parent Company 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 2008	**365.1**	**7,362.6**	**4.8**	**266.5**	**16,484.4**	**24,483.4**
Net income for the year	**–**	**–**	**–**	**–**	**2,700.2**	**2,700.2**
Other comprehensive income						
Cash flow hedges						
Transfer to hedging reserve before tax	–	–	–183.3	–	–	–183.3
Deferred tax on transfer to hedging reserve	–	–	51.3	–	–	51.3
Transfer to interest income in the statement of income before tax	–	–	–285.6	–	–	–285.6
Transfer to interest expense in the statement of income before tax	–	–	288.0	–	–	288.0
Deferred tax on transfer to statement of income	–	–	-0.6	–	–	-0.6
Net investment hedges	–	–	–	892.5	–	892.5
Other comprehensive income	**–**	**–**	**–130.2**	**892.5**	**–**	**762.3**
Total comprehensive income for the year	**–**	**–**	**–130.2**	**892.5**	**2,700.2**	**3,462.5**
Dividend paid to shareholders of the Parent Company	–	–	–	–	–1,131.7	–1,131.7
Dividend of shares in Loomis AB (note 48)	–	–	–	–328.9	–5,536.5	–5,865.4
Closing balance 2008	**365.1**	**7,362.6**	**–125.4**	**830.1**	**12,516.4**	**20,948.8**
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	–	–	–	–	**2,112.1**	**2,112.1**
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**	**2,112.1**	**1,999.5**
Group contribution	–	–	–	–	–366.6	–366.6
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**

1 For information regarding the numbers of shares outstanding refer to 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.

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.

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 under the Group's accounting principles, 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.

UFR 2 Group contributions and 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.

Group contributions are accounted for according to their financial purpose. This means that group contributions received by the Parent Company are equal to dividends and are thus recognized as financial income in the income statement. The purpose of group contributions paid by the Parent Company are to reduce the Group's tax paid and are accounted for as a reduction of retained earnings in equity, after reduction of the effect of current or deferred tax.

Note 40. Transactions with related parties

Transactions between the Parent Company and subsidiaries are priced in accordance with business principles.

PARENT COMPANY'S TRANSACTIONS WITH SUBSIDIARIES COMPRISE

MSEK	2010	2009	2008
Administrative contributions and other revenues from subsidiaries	942.7	962.4	518.1
– of which discontinued operations	–	–	7.0
Result of sale of shares in subsidiaries	–	85.9	–
– of which discontinued operations	–	–	–
Dividends from subsidiaries	6,093.7	4,645.5	21,228.1
– of which discontinued operations	–	–	–
Interest income from subsidiaries	119.7	214.4	701.4
– of which discontinued operations	–	–	113.4
Interest expenses to subsidiaries	–145.7	–199.0	–1,043.5
– of which discontinued operations	–	–	–21.0

Receivables and liabilities from/to subsidiaries and their distribution between interest-bearing and non-interest-bearing items are reported in the balance sheet.

For information regarding benefits provided to senior management, refer to the Group information in notes 8 and 12 to the consolidated financial statements and note 43.

For pledged assets and contingent liabilities on behalf of subsidiaries, refer to the information on pledged assets and contingent liabilities in connection with the balance sheet and in notes 55 and 56.

There are no transactions between Securitas Direct S.A. (Switzerland) and Securitas AB except dividends.

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, 2009–2010

MSEK	Total	< 1 year	Between 1 year and 5 years	> 5 years
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	–
Accounts receivable	–	–	–	–
Total inflows	**14,534**	**14,319**	**215**	**–**
Net cash flows, total[1]	**–17,347**	**–8,099**	**–9,248**	**–**
December 31, 2009				
Borrowings	–20,417	–10,834	–9,583	–
Derivatives outflows	–6,992	–6,909	–83	–
Accounts payable	–43	–43	–	–
Total outflows	**–27,452**	**–17,786**	**–9,666**	**–**
Investments	3,305	3,286	19	–
Derivatives receipts	7,093	6,920	173	–
Accounts receivable	–	–	–	–
Total inflows	**10,398**	**10,206**	**192**	**–**
Net cash flows, total[1]	**–17,054**	**–7,580**	**–9,474**	**–**

1 Variable rate cash flows have been estimated using the relevant yield curve.

REVALUATION OF FINANCIAL INSTRUMENTS

MSEK	2010	2009	2008
Recognized in the statement of income			
Financial income and expenses	–4.2	0.3	0.9
Deferred tax	1.1	–0.1	–0.3
Impact on net income for the year	**–3.1**	**0.2**	**0.6**
Recognized via hedging reserve in other comprehensive income			
Transfer to hedging reserve before tax	–56.9	–107.1	–183.3
Deferred tax on transfer to hedging reserve	15.0	28.1	51.3
Transfer to hedging reserve net of tax	**–41.9**	**–79.0**	**–132.0**
Transfer to statement of income before tax	129.0	184.2	2.4
Deferred tax on transfer to statement of income	–33.9	–48.4	–0.6
Transfer to statement of income net of tax	**95.1**	**135.8**	**1.8**
Total change of hedging reserve before tax[1]	72.1	77.1	–180.9
Deferred tax on total change of hedging reserve before tax[1]	–18.9	–20.3	50.7
Total change of hedging reserve net of tax	**53.2**	**56.8**	**–130.2**
Total impact on shareholders' equity as specified above			
Total revaluation before tax[2]	67.9	77.4	–180.0
Deferred tax on total revaluation[2]	–17.8	–20.4	50.4
Total revaluation after tax	**50.1**	**57.0**	**–129.6**

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 comperhensive income.

DERIVATIVES IN THE BALANCE SHEET

MSEK	2010	2009	2008
Interest-bearing financial non-current assets			
Fair value hedges	40.8	12.1	–
Total derivatives included in interest-bearing financial non-current assets	**40.8**	**12.1**	**–**
Interest-bearing current receivables from subsidiaries			
Other derivative positions	–	52.7	22.3
Total derivatives included in interest-bearing current receivables from subsidiaries	**–**	**52.7**	**22.3**
Other interest-bearing current assets			
Cash flow hedges	–	–	0.9
Other derivative positions	14.7	47.5	29.6
Total derivatives included in other interest-bearing current assets	**14.7**	**47.5**	**30.5**
Long-term loan liabilities			
Cash flow hedges	16.2	79.4	122.5
Total derivatives included in long-term loan liabilities	**16.2**	**79.4**	**122.5**
Interest-bearing current liabilities to subsidiaries			
Other derivative positions	80.3	–	44.3
Total derivatives included in interest-bearing current liabilities to subsidiaries	**80.3**	**–**	**44.3**
Other short-term loan liabilities			
Cash flow hedges	8.8	17.7	52.5
Other derivative positions	6.5	10.8	10.7
Total derivatives included in other short-term loan liabilities	**15.3**	**28.5**	**63.2**

FAIR VALUE – HIERARCHY AS PER DECEMBER 31, 2010

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	–	14.7	–	14.7
Financial liabilities at fair value through profit or loss	–	–86.8	–	–86.8
Financial liabilities designated as hedged item in a fair value hedge	–	–	–	–
Derivatives designated for hedging	–	15.8	–	15.8

Note 42. Operating expenses

AUDIT FEES AND REIMBURSEMENTS

MSEK	2010	2009	2008
PwC			
– audit assignments	5.2	4.9	4.7
– additional audit assignments	0.6	0.6	0.6
– tax assignments	4.4	4.9	5.3
– other assignments[1]	4.0	3.4	5.2
Total	**14.2**	**13.8**	**15.8**

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.

Note 43. Personnel

AVERAGE NUMBER OF YEARLY EMPLOYEES; DISTRIBUTION BETWEEN WOMEN AND MEN

	Women			Men			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Board of Directors	3	3	3	5	6	6	8	9	9
President	–	–	–	1	1	1	1	1	1
Other employees, Sweden	27	25	24	20	24	17	47	49	41

STAFF COSTS

	2010			2009			2008			Of which bonuses		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2010	2009	2008
Board of Directors and President[1]	19.9	10.7	(3.2)	18.6	10.5	(3.2)	21.4	10.8	(3.9)	3.9	2.0	5.3
Other employees	59.1	29.5	(10.9)	61.6	30.6	(11.2)	56.6	32.6	(14.1)	9.3	6.7	14.4
Total	**79.0**	**40.2**	**(14.1)**	**80.2**	**41.1**	**(14.4)**	**78.0**	**43.4**	**(18.0)**	**13.2**	**8.7**	**19.7**

1 Refer to note 8 for further information regarding remuneration to the Board of Directors and President.

SICK LEAVE

	2010	2009	2008
Total number of hours reported as sick leave among employees	**765.0**	**872.6**	**770.4**
Men, by age:	345.0	127.5	71.3
<30 years	–	–	–
30–49 years	300.0	127.5	71.3
>49 years	45.0	–	–
Women, by age:	420.0	745.1	699.1
<30 years	–	–	–
30–49 years	420.0	745.1	616.6
>49 years	–	–	82.5
Employees' total normal annual working hours per person	**91,650**	**95,550**	**81,900**
Men	39,000	46,800	35,100
Women	52,650	48,750	46,800
Sick leave as % of normal annual working hours			
Men	0.88	0.27	0.20
Women	0.80	1.53	1.49

Note 44. Other financial income and expenses, net

MSEK	2010	2009	2008
Impairment losses, shares in subsidiaries[1]	–4,552.6	–3,250.6	–17,167.0
Exchange rate differences, net	776.5	453.4	–783.0
Bank costs and similar income/expense items	–9.9	–16.6	–17.1
Revaluation of financial instruments (IAS 39)	–4.2	0.3	0.9
Other items, net	–0.1	–0.1	10.1
Total other financial income and expenses, net	**–3,790.3**	**–2,813.6**	**–17,956.1**

1 The value of shares in subsidiaries was written down 2010, 2009 and 2008 in connection with the receipt by the Parent Company of dividends from a subsidiary.

Note 45. Taxes

Statement of Income

TAX EXPENSE

MSEK	2010	2009	2008
Tax on income before taxes			
– current taxes	–15.8	–21.9	–40.1
– deferred taxes	–190.7	41.5	181.0
Total taxes	**–206.5**	**19.6**	**140.9**

The Swedish Corporate tax rate was 26.3 percent in 2010 and 2009 and 28.0 percent in 2008.

DIFFERENCE BETWEEN STATUTORY SWEDISH TAX RATE AND ACTUAL TAX EXPENSE FOR THE PARENT COMPANY

MSEK	2010	2009	2008
Income before taxes according to income statement	**2,319**	**1,938**	**2,559**
Tax based on Swedish tax rate (26.3%, 26.3%, 28.0%)	–610	–509	–717
Tax from prior years	16	39	–30
Tax effect on group contributions	–116	–	–
Tax effect related to non-taxable income	1,628	1,350	895
Tax effect related to non-deductible expenses	–1,125	–860	–7
Actual tax charge	**–207**	**20**	**141**

Tax effect of non-taxable income mainly relates to dividends from subsidiaries. Tax effect of non-deductible expenses mainly relates to write-down of shares in subsidiaries.

Other comprehensive income

TAX EFFECTS ON OTHER COMPREHENSIVE INCOME

MSEK	2010	2009	2008
Deferred tax on cash flow hedges	–18.9	–20.3	50.7
Deferred tax on net investment hedges	59.2	17.7	–347.1
Deferred tax on other comprehensive income	**40.3**	**–2.6**	**–296.4**

Balance sheet

Deferred tax assets for 2010 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, 2010.

Note 46. Intangible assets[1]

MSEK	2010	2009	2008
Opening balance	136.2	123.5	75.4
Capital expenditures	11.3	12.7	37.2
Reclassification	–	–	10.9
Closing accumulated balance	**147.5**	**136.2**	**123.5**
Opening amortization	–53.5	–49.1	–46.3
Amortization for the year	–8.6	–4.4	–2.8
Closing accumulated amortization	**–62.1**	**–53.5**	**–49.1**
Closing residual value	**85.4**	**82.7**	**74.4**

1 Mainly related to Securitas' Guard Management System.

Note 47. Machinery and equipment

MSEK	2010	2009	2008
Opening balance	14.2	14.0	12.5
Capital expenditures	0.1	0.2	1.5
Closing accumulated balance	**14.3**	**14.2**	**14.0**
Opening depreciation	–11.0	–9.9	–8.8
Depreciation for the year	–1.1	–1.1	–1.1
Closing accumulated depreciation	**–12.1**	**–11.0**	**–9.9**
Closing residual value	**2.2**	**3.2**	**4.1**

Note 48. Shares in subsidiaries[1]

Subsidiary name	Corporate identity no.	Domicile	Number of shares	*% of share capital/ voting rights*	Book value Parent Company
AB Jourmontör	556087-1468	Stockholm	1,000	*100*	26.1
Alarm West Group d.o.o[4]	1-25315	Sarajevo	–	*85*	96.1
Alert Services Holding NV[2]	RPR617707	Brussels	3,311,669	*53.01*	576.4
Grupo Securitas Mexico, S A de C V[2]	GSM930817U48	Monterrey	5,000	*99.98*	14.5
Guardian d.o.o[4]	02387620	Niksic	–	*75*	35.8
Protectas S.A.	CH-550-0084385-3	Lausanne	25,000	*100*	32.8
Seccredo Holding AB[4]	556734-1283	Stockholm	510	*51*	43.8
Securitas Alert Services Polska Sp.z o.o.	KRS 0000289244	Warsaw	2,000	*100*	10.0
Securitas Argentina S.A.[2]	1587929	Buenos Aires	282,400	*20*	13.5
Securitas Asia Holding AB	556691-8800	Stockholm	100,000	*100*	113.0
Securitas Canada Ltd	036580-6	Montreal	4,004	*100*	85.6
Securitas CR s r o	CZ43872026	Prague	100	*100*	162.0
Securitas Deutschland Finanz Holding GmbH	HRB 33348	Düsseldorf	–	*100*	2,572.3
Securitas Direct S.A.	272139	Bern	500	*50*	2.1
Securitas Eesti AS	10188743	Tallinn	1,371	*100*	32.1
Securitas Egypt LLC	175560	Cairo	5,000	*80*	2.6
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*	0.1
Securitas KFT	Cg.01-09-721946	Budapest	–	*100*	0.9
Securitas Middle East and Africa Holding AB	556771-4406	Stockholm	100,000	*100*	41.4
Securitas N V[2]	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	29,700	*100*	22.8
Securitas Rental AB	556376-3829	Stockholm	1,000	*100*	3.6
Securitas SA Holdings Pty Ltd	2008-028411-07	Johannesburg	1,000	*100*	41.6
Securitas Seguridad Holding SL	B83446831	Madrid	301	*100*	8,042.7
Securitas Services d.o.o	17487809	Belgrade	–	*100*	71.7
Securitas Services Holding U.K. Ltd	5759961	London	14,000,000	*100*	278.4
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*	58.2
Securitas Toolbox Ltd	316907	Badhoevedorp	100	*100*	0.0
Securitas Transport Aviation Security AB	556691-8917	Stockholm	1,000	*100*	231.6
Securitas Treasury Ireland Ltd	152440	Dublin	21,075,470	*100*	15,300.0
Securitas UAE LLC[3]	615702	Dubai	5,725	*49/51*	5.1
SL Sicherheit GmbH	HRB 53995	Düsseldorf	–	*100*	0.4
Total shares in subsidiaries					**40,026.8**

1 A complete specification of subsidiaries can be obtained from the Parent Company.
2 The remaining 0.02 percent of Grupo Securitas Mexico S.A. de CV and 0.1 percent of Securitas NV are held by Securitas Rental AB.
Also the remaing 46.99 percent of Alert Services Holding NV and 80 percent of Securitas Argentina S.A., are held by Securitas Seguridad Holding SL.
3 Securitas controls 51 percent of the votes due to a management agreement.
4 Securitas has an option to acquire the remaining shares.

CHANGE ANALYSIS OF SHARES IN SUBSIDIARIES

MSEK	2010	2009	2008
Opening balance	40,073.7	36,335.1	51,050.1
Acquisitions	177.0	56.7	34.8
Divestments	–	-97.9	–
Capital contributions	4,328.7	6,946.4	8,282.6
Impairment losses[1]	-4,552.6	-3,250.6	-17,167.0
Dividend of shares[2]	–	–	-5,865.4
Received de-merger[3]	–	84.0	–
Closing balance	**40,026.8**	**40,073.7**	**36,335.1**

1 Impairment losses 2010, 2009 and 2008 have been recognized in connection with the receiving by the Parent Company dividend from a subsidiary.
2 Dividend of shares in 2008 is related to Loomis AB.
3 Received de-merger 2009 is related to Securitas Aviation Holding SL.

Note 49. Shares in associated companies

HOLDINGS 2008–2010

Company	Domicile	*Share in equity, %*	*Voting rights, %*	Book Value
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**
Walsons Services Pvt Ltd	Delhi	*49.0*	*49.0*	112.1
Holdings 2008				**112.1**

Note 50. Prepaid expenses and accrued income

MSEK	2010	2009	2008
Prepaid rent	1.3	1.4	6.0
Prepaid financial expenses	–	–	0.5
Other prepaid expenses	28.1	21.8	16.1
Accrued interest income	–	–	39.1
Total prepaid expenses and accrued income	**29.4**	**23.2**	**61.7**

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, 2010			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, 2009 and 2008. As of December 31, 2010 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 Investment AB Latour, Säkl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB 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 year 2009, which was paid out in 2010, was SEK 3.00 per share, or a total of MSEK 1,095.2. The dividend to the shareholders for the previous year 2008, which was paid out in 2009, was SEK 2.90 per share, or a total of MSEK 1,058.7.

Note 53. Long-term liabilities

LONG-TERM LIABILITIES FALL DUE FOR PAYMENT AS FOLLOWS

MSEK	2010	2009	2008
Maturity < 5 years	7,211.8	8,261.2	7,011.1
Maturity > 5 years	82.4	75.6	67.7
Total long-term liabilities	**7,294.2**	**8,336.8**	**7,078.8**

Note 54. Accrued expenses and prepaid income

MSEK	2010	2009	2008
Employee-related items	27.3	32.8	45.2
Accrued interest expenses	219.3	242.4	174.8
Other accrued expenses	40.1	25.5	49.7
Total accrued expenses and prepaid income	**286.7**	**300.7**	**269.7**

Note 55. Pledged assets

MSEK	2010	2009	2008
Pension balances, defined contribution plans	72.1	64.8	55.2
Total pledged assets	**72.1**	**64.8**	**55.2**

Note 56. Contingent liabilities

MSEK	2010	2009	2008
Sureties and guarantees	1,698.0	1,632.2	1,845.7
Other contingent liabilities	18.9	36.9	48.0
Total contingent liabilities	**1,716.9**	**1,669.1**	**1,893.7**
(Of which on behalf of subsidiaries)	(1,641.8)	(1,632.2)	(1,845.7)

In addition to the contingent liabilities accounted for in the table above, Letters of Comfort have been issued on behalf of subsidiaries in the Group.

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 4, 2010.

Stockholm, March 11, 2011

Melker Schörling
Chairman

Carl Douglas
Vice Chairman

Fredrik Cappelen
Director

Marie Ehrling
Director

Annika Falkengren
Director

Stuart E. Graham
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 11, 2011
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant

(Translation of the Swedish original)

To the Annual General Meeting of the shareholders of Securitas AB (publ.)

Corporate identity number 556302-7241

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Securitas AB for the year 2010. The Company's annual accounts and the consolidated accounts are included in the printed version on pages 65–138. The Board of Directors and the President are responsible for these accounts and the administration of the Company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any board member or the President. We also examined whether any board member or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the Company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 11, 2011
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant

Financial five year overview

MSEK	2006	2007	2008	2009	2010
INCOME					
• **Total sales**	**49,084.5**	**51,536.1**	**56,571.6**	**62,666.7**	**61,339.8**
of which acquired business	970.5	1,065.6	1,323.7	1,450.0	2,242.3
• ***Acquired sales growth, %***[1]	***2***	***2***	***3***	***3***	***4***
• ***Organic sales growth, %***	***6***	***6***	***6***	***–1***	***1***
• ***Real sales growth, %***	***8***	***8***	***9***	***2***	***5***
Operating income before amortization	**2,753.4**	**2,888.8**	**3,270.7**	**3,756.5**	**3,724.2**
• ***Operating margin, %***	***5.6***	***5.6***	***5.8***	***6.0***	***6.1***
Amortization and impairment of acquisition related intangible assets	–80.5	–439.8	–102.2	–138.3	–164.3
Acquisition related costs	–0.4	–2.1	–52.6	–5.9	–89.6
Items affecting comparability	–549.1	–78.1	–29.3	–	–
Financial income and expenses	–464.2	–481.9	–469.6	–589.8	–502.3
Share in income of associated companies	1.2	2.2	–	–	–
• **Income before taxes**	**1,660.4**	**1,889.1**	**2,617.0**	**3,022.5**	**2,968.0**
Taxes	–440.2	–535.1	–727.1	–904.5	–887.2
Net income for the year, continuing operations	**1,220.2**	**1,354.0**	**1,889.9**	**2,118.0**	**2,080.8**
Net income for the year, discontinued operations	–368.2	–828.0	431.8	–	–
Net income for the year, all operations	**852.0**	**526.0**	**2,321.7**	**2,118.0**	**2,080.8**
– whereof attributable to non-controlling interests, continuing operations	0.3	1.6	–1.9	1.8	–2.3
Average number of shares after dilution ('000)	376,165	369,366	365,059	365,059	365,059
• **Earnings per share after dilution, continuing operations (SEK)**	**3.34**	**3.70**	**5.18**	**5.80**	**5.71**
CASH FLOW					
Operating income before amortization	**2,753.4**	**2,888.8**	**3,270.7**	**3,756.5**	**3,724.2**
Investments in non-current tangible and intangible assets	–666.7	–838.1	–977.0	–950.7	–901.9
Reversal of depreciation	776.0	775.6	839.9	927.5	900.7
Change in accounts receivable	–627.0	–780.6	7.8	197.6	–768.4
Changes in other operating capital employed	114.7	1,069.1	107.3	–556.4	312.8
Cash flow from operating activities	**2,350.4**	**3,114.8**	**3,248.7**	**3,374.5**	**3,267.4**
as % of operating income before amortization	***85***	***108***	***99***	***90***	***88***
Financial income and expenses paid	–338.7	–396.2	–433.4	–481.6	–521.7
Current taxes paid	–509.8	–457.6	–803.5	–728.2	–735.1
• **Free cash flow, continuing operations**	**1,501.9**	**2,261.0**	**2,011.8**	**2,164.7**	**2,010.6**
as % of adjusted income	***80***	***114***	***94***	***88***	***81***
Acquisition of subsidiaries including acquisition related costs paid	–361.2	–584.4	–1,021.5	–757.7	–1,359.0
Cash flow from items affecting comparability	–129.3	–15.1	–110.8	–12.0	–62.5
Cash flow from financing activities	204.0	372.1	–199.3	–2,775.5	–424.5
Cash flow for the year, continuing operations	**1,215.4**	**2,033.6**	**680.2**	**–1,380.5**	**164.6**
Cash flow for the year, discontinued operations	–2,283.2	658.9	–790.5	–	–
Cash flow for the year, all operations	**–1,067.8**	**2,692.5**	**–110.3**	**–1,380.5**	**164.6**
Interest-bearing net debt at beginning of year	–11,944.8	–9,734.6	–9,878.0	–9,412.6	–8,387.7
Change in loans	966.6	–2,877.6	–469.6	1,716.8	–670.7
Revaluation of financial instruments	–16.2	–35.2	–178.2	76.7	67.6
Translation differences on interest-bearing net debt	695.2	76.9	–1,313.1	611.9	617.3
Impact from dividend of discontinued operations	1,632.4	–	2,536.6	–	–
Interest-bearing net debt at year-end	**–9,734.6**	**–9,878.0**	**–9,412.6**	**–8,387.7**	**–8,208.9**

MSEK	2006	2007	2008	2009	2010
CAPITAL EMPLOYED AND FINANCING					
Non-current assets excluding acquisition related items	4,627.5	4,321.8	5,081.7	4,651.3	4,294.0
Accounts receivable	7,554.0	8,471.1	9,962.6	9,363.3	9,724.1
Other operating capital employed	–8,670.0	–9,731.0	–12,084.9	–11,391.2	–11,431.6
Operating capital employed, continuing operations	**3,511.5**	**3,061.9**	**2,959.4**	**2,623.4**	**2,586.5**
• ***as % of total sales***	***7***	***6***	***5***	***4***	***4***
Goodwill, continuing operations	11,529.5	11,260.4	14,104.3	13,558.3	13,338.8
Acquisition related intangible assets, continuing operations	449.9	548.7	751.3	894.9	1,096.5
Shares in associated companies, continuing operations	172.7	103.5	104.9	132.1	125.6
Capital employed, continuing operations	**15,663.6**	**14,974.5**	**17,919.9**	**17,208.7**	**17,147.4**
• ***Return on capital employed, %***	***14***	***19***	***18***	***22***	***22***
Capital employed, discontinued operations	3,674.1	3,717.5	–	–	–
Capital employed, all operations	**19,337.7**	**18,692.0**	**17,919.9**	**17,208.7**	**17,147.4**
Net debt	**9,734.6**	**9,878.0**	**9,412.6**	**8,387.7**	**8,208.9**
Net debt equity ratio, multiple, all operations	***1.01***	***1.12***	***1.11***	***0.95***	***0.92***
Interest coverage ratio, multiple, continuing operations	***3.6***	***3.6***	***3.9***	***6.1***	***7.4***
• ***Free cash flow in relation to net debt, all operations***[2]	***0.18***	***0.24***	***0.21***	***0.26***	***0.24***
Shareholders' equity attributable to equity holders of the Parent Company	**9,602.7**	**8,812.1**	**8,500.6**	**8,812.7**	**8,935.4**
Non-controlling interests	**0.4**	**1.9**	**6.7**	**8.3**	**3.1**
Return on equity, %	***6***	***5***	***27***	***24***	***23***
Equity ratio, %	***27***	***22***	***24***	***27***	***27***
Financing of capital employed	**19,337.7**	**18,692.0**	**17,919.9**	**17,208.7**	**17,147.4**

1 Acquired sales growth is calculated as the year's acquisitions as a percentage of the previous year's total sales.
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 above.
• Group key ratios.

DEFINITIONS OF KEY RATIOS

For calculations of key ratios refer to note 3, pages 90–91.

Organic sales growth
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.

Real sales growth
Total sales for the year including acquisitions and adjusted for changes in exchange rates as a percentage of the previous year's total sales.

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

Earnings per share after dilution[1]
Net income for the year attributable to equity holders of the Parent Company adjusted for interest on convertible debenture loans after tax, in relation to the average number of shares after dilution.

Cash flow from operating activities as % of operating income before amortization
Cash flow from operating activities as a percentage of operating income before amortization.

Free cash flow as % of adjusted income
Free cash flow as a percentage of adjusted income.

Free cash flow in relation to net debt
Free cash flow in relation to closing balance net debt.

Operating capital employed as % of total sales
Operating capital employed as a percentage of total sales adjusted for full-year sales of acquisitions.

Return on capital employed[1]
Operating income before amortization plus items affecting comparability as a percentage of the closing balance of capital employed excluding shares in associated companies relating to financial investments.

Net debt equity ratio
Net debt in relation to shareholders' equity.

Interest coverage ratio
Operating income before amortization plus interest income in relation to interest expense.

Return on equity[1]
Net income for the year adjusted for interest on convertible debenture loans after taxes as a percentage of average adjusted shareholders' equity weighted for new issues.

Equity ratio
Shareholders' equity as a percentage of total assets.

1 The definitions above consider the impact of the convertible debenture loan on historical key ratios. Consequently this impacts the definitions above of earnings per share, return on capital employed and return on equity compared to the definitions in note 3.

Statement of income 2010

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

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

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*

Statement of income 2009

MSEK	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Sales	15,951.3	15,434.0	14,858.1	14,973.3
Sales, acquired business	473.9	472.7	243.3	260.1
Total sales	**16,425.2**	**15,906.7**	**15,101.4**	**15,233.4**
Organic sales growth, %	*1*	*0*	*–2*	*–2*
Production expenses	–13,464.3	–13,011.0	–12,280.4	–12,228.2
Gross income	**2,960.9**	**2,895.7**	**2,821.0**	**3,005.2**
Selling and administrative expenses	–2,091.3	–2,017.9	–1,878.7	–1,945.6
Other operating income	3.2	2.8	2.8	2.5
Share in income of associated companies	–0.8	–0.8	–1.3	–1.2
Operating income before amortization	**872.0**	**879.8**	**943.8**	**1,060.9**
Operating margin, %	*5.3*	*5.5*	*6.2*	*7.0*
Amortization of acquisition related intangible assets	–34.1	–34.0	–34.6	–35.6
Acquisition related costs	–1.9	–	–1.8	–2.2
Operating income after amortization	**836.0**	**845.8**	**907.4**	**1,023.1**
Financial income and expenses	–121.5	–166.4	–153.2	–148.7
Income before taxes	**714.5**	**679.4**	**754.2**	**874.4**
Net margin, %	*4.4*	*4.3*	*5.0*	*5.7*
Current taxes	–172.6	–180.1	–200.2	–162.5
Deferred taxes	–32.6	–31.1	–23.9	–101.5
Net income for the period	**509.3**	**468.2**	**530.1**	**610.4**
Whereof attributable to:				
Equity holders of the Parent Company	510.2	467.6	528.4	610.0
Non-controlling interests	–0.9	0.6	1.7	0.4
Earnings per share before dilution (SEK)	1.40	1.28	1.45	1.67
Earnings per share after dilution (SEK)	1.40	1.28	1.45	1.67

Statement of cash flow 2009

MSEK	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Operating income before amortization	**872.0**	**879.8**	**943.8**	**1,060.9**
Investments in non-current tangible and intangible assets	–234.6	–255.7	–205.9	–254.5
Reversal of depreciation	234.8	232.1	222.9	237.7
Change in accounts receivable	–289.8	–31.0	19.0	499.4
Change in other operating capital employed	–345.3	–280.3	395.8	–326.6
Cash flow from operating activities	**237.1**	**544.9**	**1,375.6**	**1,216.9**
Cash flow from operating activities, %	*27*	*62*	*146*	*115*
Financial income and expenses paid	–185.9	–111.7	–75.2	–108.8
Current taxes paid	–124.7	–237.0	–181.6	–184.9
Free cash flow	**–73.5**	**196.2**	**1,118.8**	**923.2**
Free cash flow, %	*–13*	*37*	*190*	*123*
Cash flow from investing activities, acquisitions	–139.8	–52.6	–178.8	–386.5
Cash flow from items affecting comparability	–0.8	–2.3	–3.1	–5.8
Cash flow from financing activities	–1,187.7	–76.5	–447.5	–1,063.8
Cash flow for the period	**–1,401.8**	**64.8**	**489.4**	**–532.9**

Capital employed and financing 2009

MSEK	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009
Operating capital employed	**3,693.5**	**3,880.6**	**2,790.4**	**2,623.4**
Operating capital employed as % of sales	*6*	*6*	*4*	*4*
Return on operating capital employed, %	*103*	*104*	*127*	*135*
Goodwill	14,513.9	13,964.0	13,121.2	13,558.3
Acquisition related intangible assets	783.8	736.5	785.6	894.9
Shares in associated companies	104.5	102.3	91.0	132.1
Capital employed	**19,095.7**	**18,683.4**	**16,788.2**	**17,208.7**
Return on capital employed, %	*18*	*19*	*22*	*22*
Net debt	**–9,915.3**	**–10,406.0**	**–8,775.4**	**–8,387.7**
Shareholders' equity	**9,180.4**	**8,277.4**	**8,012.8**	**8,821.0**
Net debt equity ratio/multiple	*1.08*	*1.26*	*1.10*	*0.95*

Financial Information and Invitation to the Annual General Meeting

Reporting dates

Securitas will publish the following financial reports during 2011:

Interim Reports 2011	
January – March	May 4, 2011
January – June	August 5, 2011
January – September	November 9, 2011

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: info@securitas.com
www.securitas.com

Investor Relations activities conducted in 2010

Securitas participated in investor meetings, investor conferences and roadshows in Amsterdam, Copenhagen, Edinburgh, Frankfurt, Geneva, London, New York, Paris, Stockholm 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*
ABG Securities	Henrik Vikström/Jesper Wilgodt
Bank of America Merrill Lynch	Andrew Ripper
Carnegie	Mikael Löfdahl
Cheuvreux	Niklas Kristoffersson
Citi	Ed Steele
Credit Suisse	Andrew Grobler
Danske Equities	Peter Trigarszky
Deutsche Bank	Andy C-Chu
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
Swedbank	Henrik Fröjd
UBS	Jaime Brandwood
Ålandsbanken	Mikael Laséen

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 3.30 p.m. CET on Wednesday May 4, 2011 in "Vinterträdgården" at the Grand Hôtel, Stockholm, entry via the Royal entré, Stallgatan 6. Registration for the AGM begins at 2.30 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 Thursday, April 28, 2011;
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/agm2011,
by Thursday, April 28, 2011, at the latest, preferably before 4 p.m. CET.

On giving notice of attendance, the shareholder shall state name, personal registration number or equivalent (corporate identity number), address and telephone number. Proxy and representative of a legal person shall submit papers of authorisation 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 Thursday, April 28, 2011, and the banker or broker should therefore be notified in due time before said date.

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Mats Lundqvist: Page 11 under, 25.
Josè Oliveira Ribeiro: Page 12 Europe, 19 top.
Maarten Koch: Page 12 Mobile and Monitoring, 23 top.

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