Annual Report 2012

SECURITAS

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.

"The key to our success is to move from traditional guarding to complete security solutions."

Markets and organization

Securitas operates in North America, Europe, Latin America, the Middle East, Asia and Africa. The organization is flat and decentralized. In 2012, there were four business segments: Security Services North America, Security Services Europe, Mobile and Monitoring, and Security Services Ibero-America. As of 2013, Mobile and Monitoring is included in Security Services Europe.

Security Services North America provides specialized security services in the USA, Canada and Mexico, with approximately 109 000 employees and about 640 branch managers. Securitas' market share is 18 percent in the USA.

Security Services Europe provides specialized security services in 27 countries with approximately 110 000 employees and 700 branch managers. Securitas' market share is 19 percent in this region for these types of services.

Mobile offers mobile security services, such as beat patrol and call-out services for small and medium-sized companies, and operates in 12 countries with approximately 9 500 employees and 215 branch managers. Monitoring offers electronic alarm surveillance for both homes and businesses. Securitas operates control rooms in ten countries in Europe and has approximately 800 employees. Together, Mobile and Monitoring's market share is 18* percent in this region for these types of services.

Security Services Ibero-America provides specialized security services in seven countries in Latin America, as well as in Portugal and Spain in Europe, with more than 58 000 employees and close to 190 branch managers. Securitas' market share is 14 percent in this region.

Read more on pages 12–16

Offering

Securitas services a wide range of customers in a variety of industries and customer segments. The size of the customers varies from the 'shop on the corner' to global multibillion industries.

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

Read more on pages 8–11

Size

Securitas employs more than 300 000 people in 52 countries. In 2012, total sales amounted to MSEK 66 458 and operating income to MSEK 3 085.

Read more on pages 18–23

Financial targets

Securitas focuses on two financial targets. The first target relates to the statement of income: an average growth of earnings per share of 10 percent annually. The second target relates to the balance sheet: free cash flow in relation to net debt of at least 0.20.

In 2012, earnings per share amounted to SEK 3.32, which represented a decrease of -30 percent compared with 2011. Adjusted for a stronger Swedish krona during 2012, earnings per share decreased -29 percent compared with 2011. Adjusted also for items affecting comparability and impairment losses, earnings per share amounted to SEK 4.21, which was a decrease of -11 percent compared to 2011. The relation between free cash flow and net debt was 0.21 at year-end.

Read more on pages 50–51 and 82–83

The share

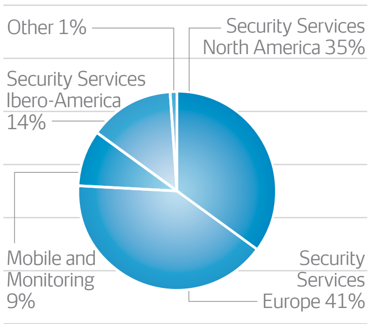
The share price decreased -5 percent during 2012. The number of shareholders in Securitas was 27 222. Institutional investors and other corporate entities accounted for 96 percent of the total share capital. Shareholders outside Sweden accounted for 41 percent (37) of the capital and 29 percent (26) of the votes.

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

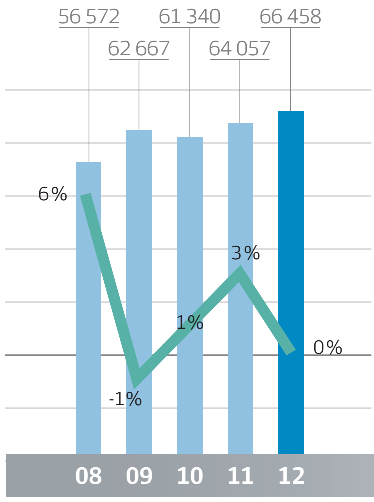
Read more on pages 134–135

* The increase of Mobile and Monitoring's market share compared to previous year is largely due to operations moved between the segments Mobile and Monitoring, and Security Services Europe.

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



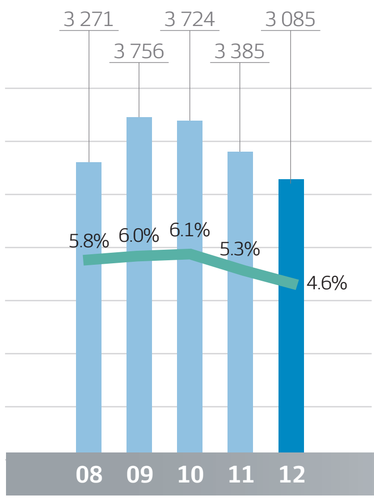
Security Services in Europe and North America represent 76 % of total sales.



Total sales* increased to MSEK 66 458 from MSEK 64 057.

Organic sales growth*, %

* Continuing operations

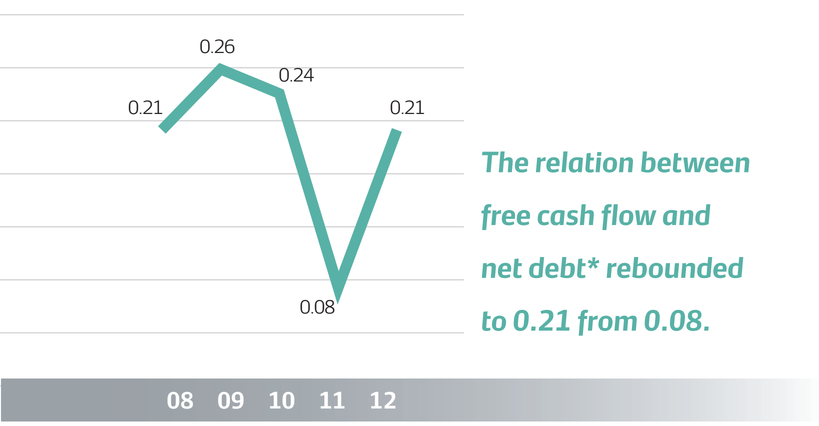


Operating income before amortization* amounted to MSEK 3 085.

Operating margin*, %

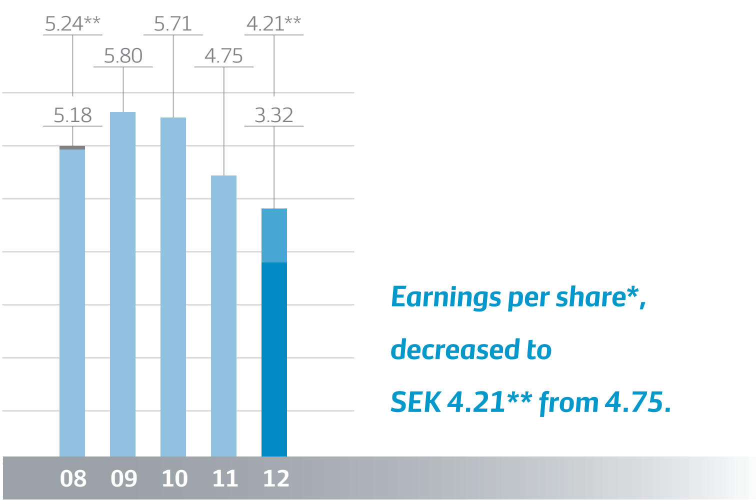
* Continuing operations

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



The relation between free cash flow and net debt rebounded to 0.21 from 0.08.*

* All operations



Earnings per share, decreased to SEK 4.21** from 4.75.*

* Continuing operations
** Adjusted for items affecting comparability and impairment losses

We are Now Ramping Up our Technology Investments

2012 was a difficult year. We entered the year with confident strides, but we faced a difficult first six months of the year, largely due to weak development in certain areas of the U.S. operations and deteriorating market conditions, particularly in Spain. During the second half of the year we implemented an extensive restructuring program and we are now facing the future as a much stronger company.

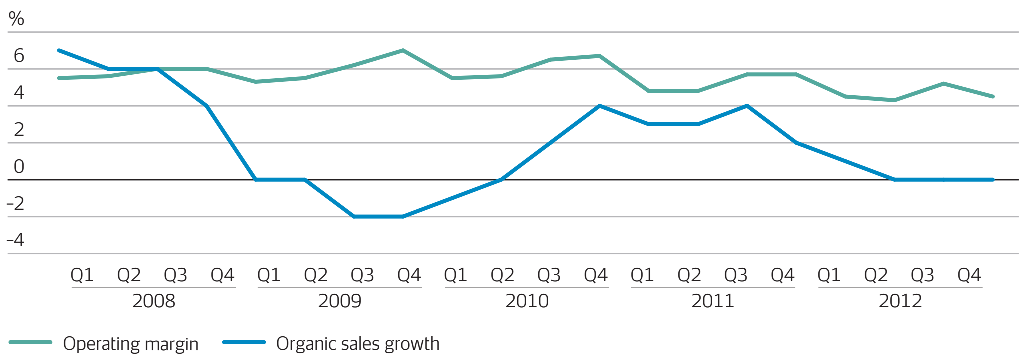
The global security market grew by 5 percent in 2012. In Europe and North America, where Securitas has approximately 95 percent of its sales, the market growth was more or less flat. The macroeconomic health will probably not improve noticeably in the coming year, and the indication rather seems to be that we should assume that the problems in some countries will persist and additional complications may arise.

Difficult market situation in southern Europe

During 2012 we had negative organic sales growth of -17 percent in Spain, -12 percent in Portugal and -7 percent in France. These three countries correspond to around 17 percent of the Group's total sales. For example, we have left a number of major assignments in Spain due to negative margins, faltering payment morale or the risk of not getting paid at all. Selling a pure guarding contract in Spain today means negative operating margins. The only way to achieve a margin is to offer complete security solutions, which integrate advisory and consultant services, technology, a monitoring center, call-out services and manned guarding.

To strengthen our position and increase the share of security solutions in our customer portfolio, we acquired a large technology company in Spain in 2012 and also made significant investments in technology competence. This makes it possible for us to meet and develop our customers' security requirements, but it also means that we will be stronger than most others in the next few years and, therefore, we can dare to invest. We are now better equipped than ever before, and we have the competence that is required to continue to be competitive and successful in these difficult markets.

ORGANIC SALES GROWTH AND OPERATING MARGIN, PER QUARTER



Important figures and events during 2012

Sales, operating margin and proposed dividend

- Total sales MSEK 66 458 (64 057)
- Organic sales growth 0 percent (3)
- Operating margin 4.6 percent (5.3)
- Proposed dividend SEK 3.00 (3.00)

Financial targets

An average growth of earnings per share of 10 percent annually

- Earnings per share 2012: SEK 3.32 (4.75)
- Earnings per share adjusted for items affecting comparability and impairment losses 2012: SEK 4.21 (4.75)

Free cash flow to net debt of at least 0.20

- Free cash flow to net debt 2012: 0.21 (0.08)

Acquisitions

- 6 major acquisitions in mature and new markets, with 3 200 employees and estimated annual sales equivalent to approximately MSEK 500: MPL Beveiligingsdiensten (the Netherlands), Protect (Croatia), Chillida Sistemas de Seguridad (Spain), Trailback (Argentina), PT Environmental Indokarya (Indonesia), Federal Resguard (Argentina).

Positive development in Latin America

While Security Services Ibero-America faced a problematic situation in Spain and Portugal in 2012 that was hard to resolve, the development in Latin America was the complete opposite. Securitas is currently the market leader in several countries in Latin America and has around 36 000 employees on a continent where the security markets will continue to grow in 2013.

In total, however, sales in the business segment Security Services Ibero-America decreased from MSEK 9 097 in 2011 to MSEK 9 032 and the operating margin from 6.0 percent to 5.1 percent. During the fourth quarter extensive restructuring measures were implemented and almost 400 employees were let go, primarily in Spain.

Integrated security solutions

The course of events in the problematic markets demonstrates how important it is that we together with our customers develop optimal, cost-effective security solutions that are suited to their budgets. The key is finding the right balance between what should be done by security officers on site and what can be done by specially trained security officers from a monitoring center, and to what extent security officers or technological solutions should be used. Security companies that do not have the ability, knowledge and ambition to solve this equation will not survive in the tough competition in an industry that is strongly characterized by low value creation and high price transparency. Securitas is using all of our power to move up the value chain, from traditional guarding to complete security solutions.

Our strategy is to offer complete security solutions that integrate all of our areas of competence and result in improved margins, optimal solutions for our customers and stronger, more long-term customer relationships.

In our product portfolio, fire and safety solutions are becoming an increasingly important part of our selection of services. We currently have around 7 000 employees working full-time in this area of

competence. We view fire protection in particular to be a growth area, where we can achieve cost-effectiveness by training the security officers to carry out inspections and fire protection as part of their assignment.

Remote Video Solutions
In 2012 we established, that in order to improve profitability, increase internal cooperation and above all increase the tempo and intensity of the introduction of more technology, we needed to move from divisions in Europe to country-based organizations. A restructuring project and a cost-savings program were started in October in all divisions that as a whole will improve our operating income by MSEK 370 in 2013, while at the same time making investments in technology. For example, in 2012 we invested in a global competence center in Malmö, Sweden within the Remote Video Solutions area with the aim of developing solutions and supporting the country organizations. Remote Video Solutions has an alarm that is activated based on advanced video analysis and the guard service is carried out from a monitoring center that is equipped with the latest technology.

Restrictive in acquisitions
We will continue to be restrictive regarding acquisitions, with the exception of technological operations that create synergies and competence along our strategic path or acquisitions that strengthen our position in growth markets.

An increase in the share of sales that contains technological installations will require larger investments in our own balance sheet, but will be compensated by a lower acquisition pace. The free cash flow in 2012 was strong and amounted to MSEK 2 086, which means that we met our financial target for free cash flow in relation to net debt of 0.20.

Healthcare reform in the USA a challenge
In 2012 a six-year trend of positive growth in operating income in Security Services North America was broken due to integration problems from acquisitions in the federal government services segment, a weak year for Pinkerton Corporate Risk Management and lower extra sales compared to the previous year.

The major challenge in the USA in 2013 is handling the requirements of the Affordable Care Act, that is, the American healthcare reform, which enters into force on January 1, 2014. The majority of our security officers in the USA do not have healthcare and when the reform becomes a reality it will result in significantly higher costs – costs that we will not always be able to pass on to our customers. We will continue to offer our customers high-quality security solutions, but with a higher content of intelligent video monitoring in order to decrease or eliminate cost increases and to protect our margins. To be prepared, we will execute significant investments and training efforts in the USA in 2013.

Recovery in Europe
Security Services Europe recovered in 2012 from a weak 2011. Operating income was MSEK 1 102 (1 009) and the operating margin improved to 4.1 percent (3.9), partly due to strong development in Belgium, France and Germany. Despite negative organic sales growth in France of -7 percent, Security Services Europe grew by 1 percent.

The market conditions in France increasingly appear to be moving in the same direction as Spain and the majority of French security companies are loss-making. Therefore, in 2012 Securitas Services in France successfully implemented necessary price increases, which had a negative impact on growth, but improved operating income by approximately 25 percent compared to 2011.

We are increasing the pace
In 2012, technological security solutions constituted 6 percent of Securitas' total sales. We have set a target to triple this share of sales, which I consider achievable by the end of 2015. The technology is there, as is the knowledge and the market, and we know that more technology decreases the customers' total cost for a satisfactory security solution. We are now ramping up our efforts, realizing the hurry and setting even higher ambitions.

No one competing in the internationally known ski race Vasaloppet reaches the finish line in the village of Mora by focusing on reaching the half-way point. No one, not even with an excellent fitness level, can finish a marathon if the focus is wrong. We have focus, the target is clear and the speed is up. The journey has begun. We are taking the lead.

Stockholm, March 15, 2013

Alf Göransson
President and CEO Securitas AB

Technology solutions, Specialized Guarding and Consulting in One

security

At Securitas, we take pride in being the knowledge leader in security. The organization is decentralized and most business is carried out in the branch offices, which promotes close, active and long-term relationships with our customers. But we are also a global company with extensive security expertise. We combine these two strengths to create security solutions that add value for our customers and meet all their security needs.

We serve customers of all sizes and in most industries. Some segments, like maritime with seaports, are highly complex and require thorough work together with the customer to create a comprehensive security solution comprising technology, specialized guarding and consulting. On the next page, there are some examples of the services we provide.

solution

Technology solutions

- Alarm surveillance
- Access control handling
- Luggage screening

Consulting

- Evacuation plan
- Training staff in security awareness
- Executive protection
- Business continuity plan

Specialized guarding

- Static guarding
- Mobile patrols
- Alarm response
- Cargo searches

Leading the Security Market

Securitas is one of the leading security services providers with a strong global position in integrated security solutions in Europe, North America, Latin America and growth markets in the Middle East, Asia and Africa. We provide 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. Technology solutions are often a central component of the service provided.

Our offering – specialized solutions

From a broad range of services Securitas customizes offerings that are suited to the individual customer's needs, in order to deliver the most effective security solutions. Different components are often used in combination, such as specialized guarding services, technology solutions, and consulting and investigations.

Specialized guarding services consist of many types of services, from airport security and customized services for certain segments to receptionist services. Technology solutions like electronic systems (intrusion alarms, access control and surveillance cameras), physical security (fences, turnstiles and gates) and software (reporting, communication, logging and verification systems) are always deployed in combination with qualified security officers. Consulting and investigation services consist of a range of specialized services, such as due diligence, background checks, security assessments, brand protection, intellectual property protection, executive protection, investigations, cyber surveillance, computer forensics and IT security.

A growing global industry

The global security services market employs several million people and has annual sales of approximately USD 90 billion. In the long term, the industry is expected to grow about 7 percent annually. Security services are in demand all over the world, in all industries and in both the public and private sectors, which means that our total market is well diversified. Security needs must be fulfilled so that growth and development can prosper. Therefore, the demand for our services is closely linked to global economic development and social and demographic trends. As the global economy grows and develops, so do we.

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

Increased privatization through the outsourcing of public security services needs to private actors, is done to control or reduce public spending and, sometimes, to open the market for competition due to political decisions.

Continued industrialization and increased global industrial activity leads to investments in factories, offices and other workplaces that all have specific security needs.

Increased urbanization leads to a higher population density and greater social differences. This disparity causes social tension and insecurity, creating a need for additional security services.

Middle class growth in maturing and developing markets is continuing, and as disposable income and net worth rises there is more to protect and more customers that can afford to do so, which fuels demand for security services.

Infrastructure investments in for example real estate, public transport and public logistic hubs create a need to safeguard these assets, which increases demand for security services.

Global market trends

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

Increased use of technology. Increased use of technology allows security companies to offer customers even higher efficiency and quality in security solutions. The higher the labor costs in a country, the more attractive it becomes to raise the technological level of the security solution. However, countries with low labor costs are also showing greater interest in using more technology in security solutions.

Customized and cost-effective services. Each industry, company and operation has specific needs and requirements in terms of security. Customers expect suppliers to identify and respond to their specific challenges, providing specialist know-how and dedicated resources. If security suppliers can meet these challenges, they will be granted more responsibility by companies. Customers are generally prepared to pay more for a service with greater content, higher quality and relevant specialist skills. In certain markets, there is also a willingness to pay a premium to have one contact person in charge of the entire solution, thus gaining better control and more effective administration.

Greater focus on risk management. Senior management is devoting greater attention to security issues, and senior executives are investing more time in discussing and making decisions concerning security issues. Factors that contribute to the greater attention include a higher level of insecurity in society, the increased cost of disruptions to business, and greater security demands by customers and insurers. Companies usually opt to outsource security when enhancing it, since security activities are not considered part of their core business. Companies are also using security consulting services more often, enabling the customer's management to proactively identify risks and put appropriate mitigating actions in place.

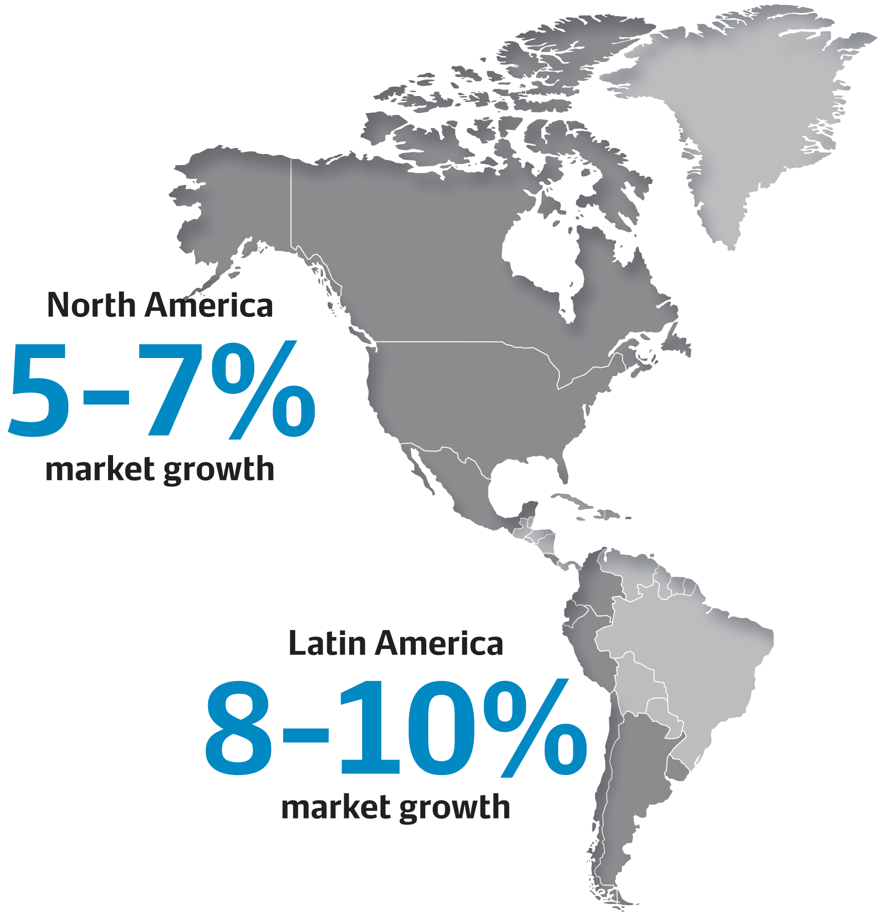
Strong global market position

Securitas has a strong global position, with its base in mature markets such as North America and Europe, but is growing strongly in emerging markets where private security services currently are less widespread. Securitas serves customers in 52 countries and in nearly all industries and customer segments.

Our market-leading position in many countries is the result of strong organic sales growth and many acquisitions over the years. We have developed strong know-how in order to meet our customers' most complex security demands.

Our size, combined with our long heritage and experience, allows us to specialize and build industry specific knowledge to reduce risk for our customers. We also share knowledge and ideas across borders, and use locally developed best practices worldwide to increase the quality of our services. We continuously invest in technological knowhow to adapt our solutions to customer needs and add value to our core security services.

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



North America, 5–7 % market growth
The security services market in North America is estimated to more than 19 percent of the global security services market with a total size of outsourced guarding of USD 18 billion. The average long term-growth is estimated at 5–7 percent on an annual basis.

Growth: The security services market in North America has historically grown faster than GDP and the trend is forecasted to continue. USA and Canada are mature and industrialized markets while Mexico is rather an emerging market with high growth in demand for security coupled with great future potential.

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

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

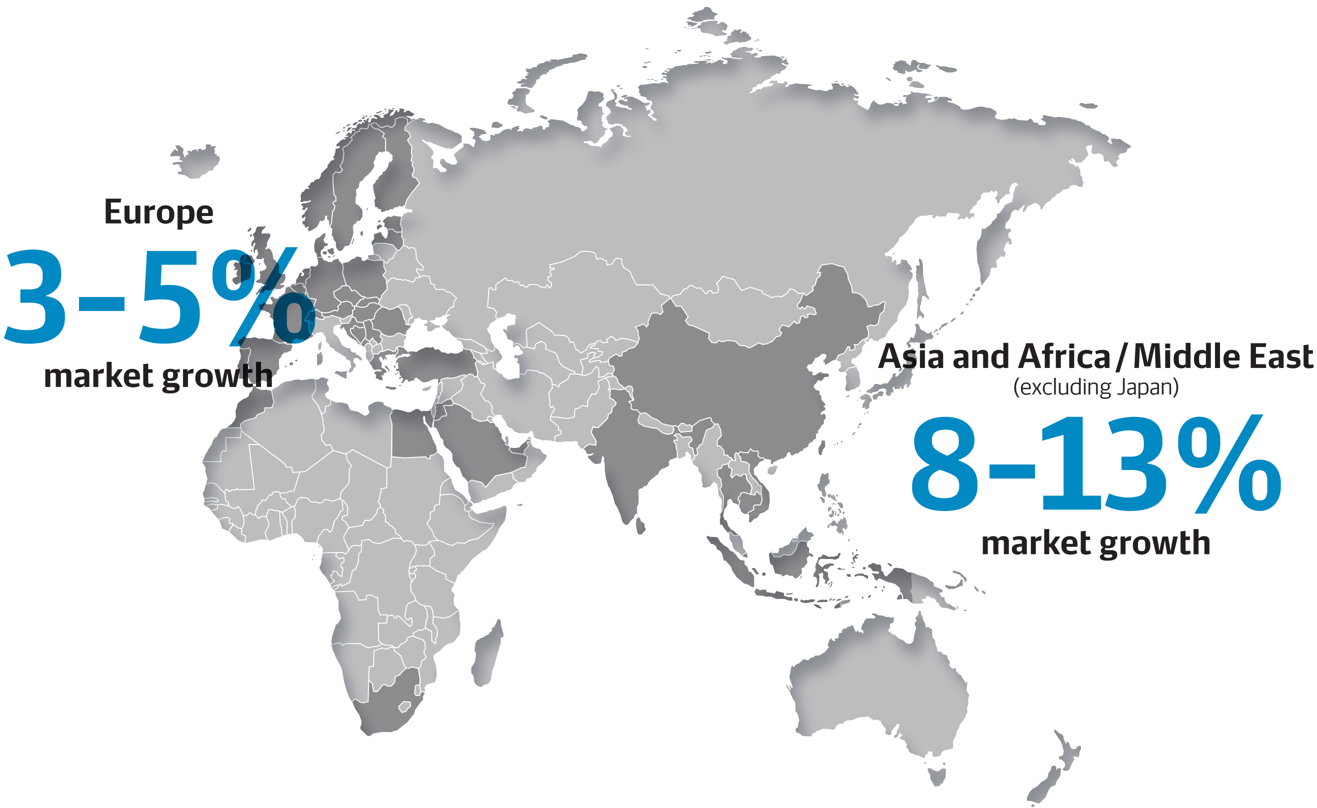
Latin America, 8–10 % market growth
The market for security services in Latin America is estimated to represent close to 14 percent of the global security services market. The total size of the outsourced guarding is expected to amount to USD 12 billion. The average long term-growth in the region is assumed to be 8–10 percent on an annual basis.

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

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

Position and presence: Securitas is present in seven Latin American countries; Argentina, Chile, Colombia, Costa Rica, Ecuador, Peru and Uruguay. In Argentina, Chile and Uruguay we are market leaders.

Europe, 3–5 % market growth
The European security services market is estimated to almost 30 percent of the global security services market with a total size of USD 27 billion of outsourced guarding. The annual long-term growth in the region is estimated at an average of 3–5 percent. The long-term growth in Western Europe is however believed to amount 2–3 percent per year while Eastern Europe is estimated to grow 7–9 percent on an annual basis.



Market growth means average annual long-term (5–10 years) growth.
Source: Securitas and Freedonia

Growth: While Western Europe's security services market is rather mature, Eastern Europe has many rapidly growing markets. However, in Western Europe there are still many opportunities to grow by offering customized security services with a high level of expertise and technological content.

Driving forces: In Western Europe growth will be spurred by an increasing share of value added services, for example increased technology content, mobile services and alarm monitoring services. Growth in Eastern Europe is mainly coming from higher underlying GDP growth, privatization of the security services industry and higher criminal rates.

Position and presence: Securitas is present in 27 European countries. In the majority we are either the largest or the second largest actor in the market. We provide a wide range of services covering specialized guarding, mobile services, monitoring centers, technical solutions and airport security.

Asia and Africa/Middle East,
8–13% market growth (excluding Japan)

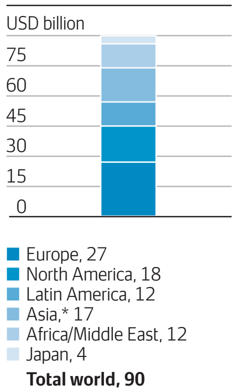
The security services market in Asia (excluding Japan) is estimated to represent almost 19 percent of the global market. The total size is estimated at USD billion 17 with an annual long-term growth of 11–13 percent The security services market in Africa/Middle East is assumed to be 14 percent of the global market. The total size is calculated to more than USD billion 12 with 8–10 percent in annual long-term growth rate.

Growth: Growth rates vary across the regions from more mature markets such as Hong Kong and Singapore to fast growing developing markets such as India, Sri Lanka, Thailand and Vietnam.

Driving forces: The main factors driving growth in the Asian market is the strong expected underlying GDP growth compared to most other regions. Increased urbanization and a growing middle class also spur the demand. At the same time there is a development towards privatization where security services are outsourced from the public sector to private companies, who offer efficient security solutions to many different sectors.

Position and presence: Securitas today has presence in 13 countries in the Middle East, Asia and Africa. We mainly provide guarding services in the region but our services in the Middle East contains a higher degree of technology.

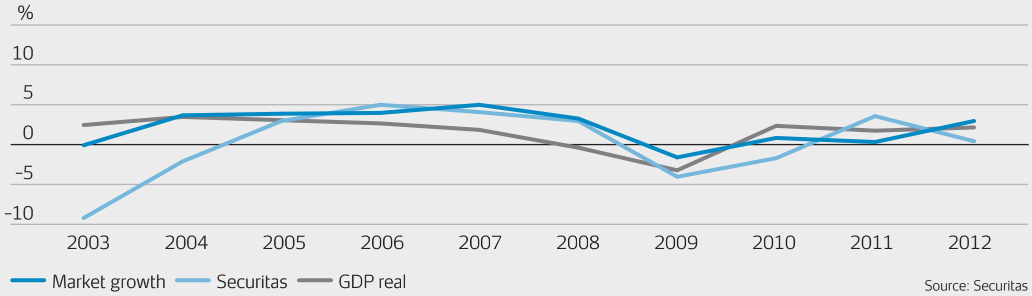
SECURITY SERVICES MARKET SIZE 2012
(OUTSOURCED GUARDING)



* Excluding Japan

Market growth

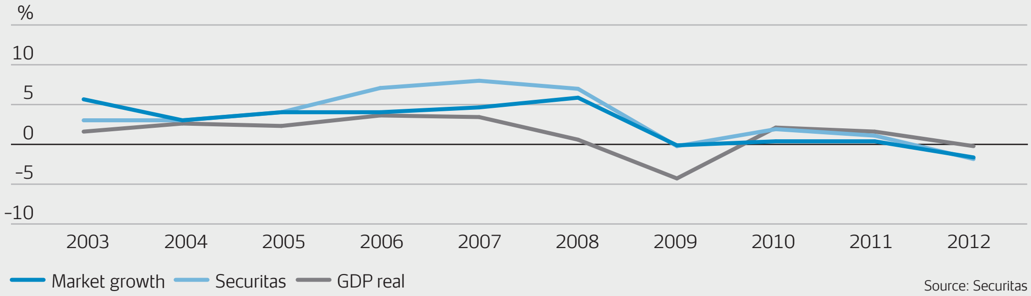
SECURITY MARKET GROWTH, USA – GUARDING AND MOBILE SERVICES



Source: Securitas

Adjusted for effects of hurricanes in 2005 and 2006.

SECURITY MARKET GROWTH, EUROPE – GUARDING AND MOBILE SERVICES



Source: Securitas

Main competitors

	G4S	Prosegur	Allied Barton
Home country	UK	Spain	USA
Ownership	Listed	Listed	Private
Employees	657 000	155 000	55 000
Primary markets	North America, Latin America, Nordic region, United Kingdom, Eastern Europe and New markets	Latin America, Europe and Asia	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

Source: Public information

	Sales	Operating income	Total capital employed	Number of employees
Security Services North America Page 19 ▷				
Security Services North America provides specialized security services in the USA, Canada and Mexico and comprises 17 business units: one organization for national and global accounts, five geographical regions and nine specialized business units – federal government services, defense and aerospace, critical infrastructure, healthcare, Pinkerton Corporate Risk Management, aviation, mobile, special events and security systems – in the USA, plus Canada and Mexico. In total, there are approximately 109 000 employees, about 640 branch managers and 93 geographical areas.	35% MSEK 23 492	38% MSEK 1 157	40% MSEK 7 315	34% 108 700
Security Services Europe Page 20 ▷				
Security Services Europe provides specialized security services for large and medium-sized customers in 27 countries, and airport security in 14 countries. The organization has a combined total of more than 110 000 employees and over 700 branch managers.	41% MSEK 27 185	36% MSEK 1 102	28% MSEK 5 128	34% 110 000
Mobile and Monitoring Page 21 ▷				
Mobile provides mobile security services for small and medium-sized businesses and residential sites, while Monitoring provides electronic alarm surveillance services. Mobile operates in 12 countries across Europe and has approximately 9 500 employees and 215 branch managers in 31 areas. Monitoring operates in ten countries across Europe and has approximately 800 employees. As of 2013, Mobile and Monitoring is included in Security Services Europe.	9% MSEK 6 165	20% MSEK 619	10% MSEK 1 874	3% 10 300
Security Services Ibero-America Page 22 ▷				
Security Services Ibero-America provides specialized security services for large and medium-sized customers in seven countries in Latin America, as well as in Portugal and Spain in Europe. Security Services Ibero-America has a combined total of approximately 58 000 employees and close to 190 branch managers.	14% MSEK 9 032	15% MSEK 465	17% MSEK 3 132	18% 58 100
New markets Page 23 ▷				
Securitas provides security services in the Middle East, Asia and Africa. Some of these markets are relatively new for Securitas. The operations are included under the heading Other in the segment reporting. See note 9 on pages 95–98.				
Group*	**MSEK 66 458**	**MSEK 3 085**	**MSEK 18 465**	**318 800**

* Includes Other and eliminations.

Security Services North America

In North America, especially the USA and Canada, the security market is mature but includes a high degree of manned guarding. This has essentially been driven by relatively low wages for security officers and lack of demand to find other solutions.

As the market leader, Securitas has extensive expertise and profound knowledge, not only of the security industry but also of our customers' industries and businesses. We use this to drive development toward integrated security solutions, where manned guarding is a key component, that is complemented with mobile security services and advanced monitoring solutions.

Securitas is proactive in supporting our customers adapt to new situations, for example, by creating alternative security solutions within the same budget. At the same time, we protect our margins. Following a thorough operational analysis of a customer's needs – in partnership with the customer – we build a unique security program, with Securitas as the single point of contact. An individualized customer portal that gathers all necessary information for both the customer and our employees adds further value.

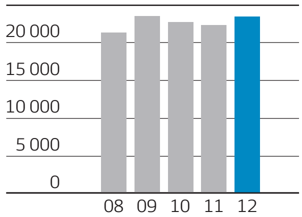
The three main building blocks in the security solution are manned guarding, mobile security services and advanced monitoring. In the USA, mobile security services are most commonly offered by small local players and sold as a single product. Securitas is the only company with a national footprint that offers mobile security services as part of an overall security solution. Adding mobile security services to the security solution enables more flexibility – rather than having a security officer on site, a mobile patrol can be dispatched from our monitoring center when needed.

Securitas uses top-of-the-line technology, where monitoring is more like virtual guard tours than mere alarm monitoring. For cost efficiency, the customer's existing surveillance cameras can be used and equipped with advanced software that is tailored to the customer's needs. One example is real-time audio intervention, where the specially trained security officer in the monitoring center can speak directly to anyone monitored live.

FINANCIAL KEY RATIOS

MSEK	**2012**	**2011**
Total sales	23 492	22 356
Organic sales growth, %	*1*	*4*
Operating income before amortization	1 157	1 270
Operating margin, %	*4.9*	*5.7*
Real change, %	*-12*	*2*
Cash flow from operating activities	1 106	855
Cash flow from operating activities, %	*96*	*67*
Operating capital employed	1 209	1 328
Operating capital employed as % of sales	*5*	*6*
Total capital employed	7 315	7 812
Return on capital employed, %	*15*	*16*

SALES
MSEK



OPERATING INCOME
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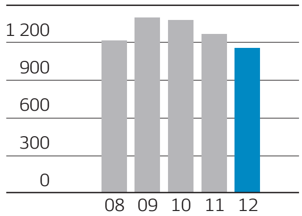

Security Services Europe

In a changing world, it is vital that Securitas stays in the front line and constantly develops our services, together with our customers, to provide the best possible security solutions.

Through long experience as a security services provider and specialization in customer segments, Securitas has gained extensive expertise and profound knowledge of our customers' industries and businesses. Security Services Europe is constantly working to improve its offerings and commercial skills in order to add more value for customers. Following an in-depth analysis of the security and risk situation, we can offer a solution that is fully adapted to the customer's environment and unique needs. The customer does not need to spend time on procurement processes with a range of security suppliers. In close cooperation with the customer, we do all the behind-the-scenes work and develop a complete security package that stays within the customer's security budget.

In the implementation process, we use solutions developed for specific customer segments. We have several training centers, where security officers and managers receive specialized training based on customer requirements. The use of technology is increasingly important and, in many cases, traditional guarding can be combined with video cameras equipped with advanced detection software, or remote monitoring handled by specially trained security officers. Our aim is always to deliver a high-quality and long-term security solution that offers greater control and cost efficiency, for the customer and for us.

With operations in 27 countries, Security Services Europe is a pan-European organization and we also profit from being part of a global company and sharing best practices from around the world. *My Securitas*, our global internal web, is a valuable tool for developing competence, sharing best practice and finding useful sales tools. The ultimate goal is to create a win-win situation for both the customer and Securitas.

Our global reach and local strength is a platform that provides security solutions beyond borders. The Securitas European and Global Accounts department works closely with all Securitas operations around the globe to support multinational customers.

FINANCIAL KEY RATIOS

MSEK	**2012**	**2011**
Total sales	27 185	26 178
Organic sales growth, %	*1*	*0*
Operating income before amortization	1 102	1 009
Operating margin, %	*4.1*	*3.9*
Real change, %	*12*	*-21*
Cash flow from operating activities	1 036	761
Cash flow from operating activities, %	*94*	*75*
Operating capital employed	-317	-121
Operating capital employed as % of sales	*-1*	*0*
Total capital employed	5 128	5 455
Return on capital employed, %	*18*	*19*

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

SALES
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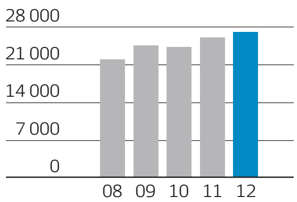

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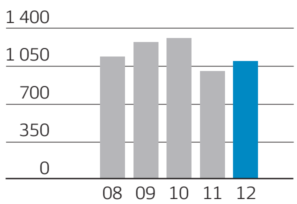

Mobile and Monitoring

In Europe, Mobile provides mobile security services for small and medium sized enterprises and residential customers, while Monitoring provides electronic alarm surveillance.

As of January 1, 2013, all European divisions are merged into one business segment, Security Services Europe, in order to improve efficiency and interaction. Mobile and Monitoring have always worked closely with Security Services Europe, especially now that new advanced technical solutions are being introduced. The development of technical solutions has come furthest in the Nordic countries, where high-end digital surveillance cameras equipped with sophisticated software have taken alarm surveillance to a new level. This combination enables video analysis of the images captured by surveillance cameras.

Together with the customer, Securitas' security experts develop security solutions tailored to the customer's specific needs and where Securitas handles all suppliers.

The customer benefits are many. The security solutions provide cost-efficient 24/7 surveillance and customized and flexible video analysis. False alarms can be dismissed in the monitoring center, saving money for the customer and enabling security officers on site or patrol to concentrate on verified alarms, which reduces the risk of theft or damage.

Securitas is the market leader in mobile services in ten of the 12 countries in which it operates. The services are specialized and the same service can often meet the demands of many customers. Like Monitoring, Mobile's offering is geared towards small and medium-sized customers. Securitas is constantly developing new services based on customer needs that often combine guarding and technology. Many of the contracts start as a basic intrusion alarm monitoring and call-out service, which are extended to include alarm and call-out in case of fire, equipment malfunctions, such as elevators or freezers, security inspections and technical inspections and maintenance. The unique selling point and real competitive advantage is the combination of Europe's strongest and most efficient alarm and mobile intervention organization with new technologies. The next step will be more advanced integrated solutions.

FINANCIAL KEY RATIOS

MSEK	2012	2011
Total sales	6 165	6 041
Organic sales growth, %	*1*	*3*
Operating income before amortization	619	722
Operating margin, %	*10.0*	*12.0*
Real change, %	*-12*	*3*
Cash flow from operating activities	823	635
Cash flow from operating activities, %	*133*	*88*
Operating capital employed	-12	285
Operating capital employed as % of sales	*0*	*5*
Total capital employed	1 874	2 210
Return on capital employed, %	*26*	*33*

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

SALES
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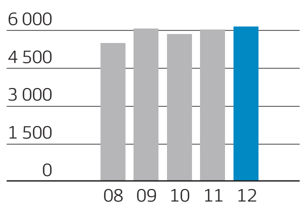

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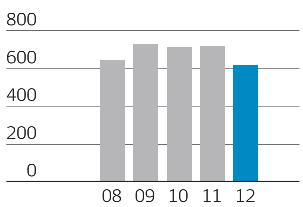
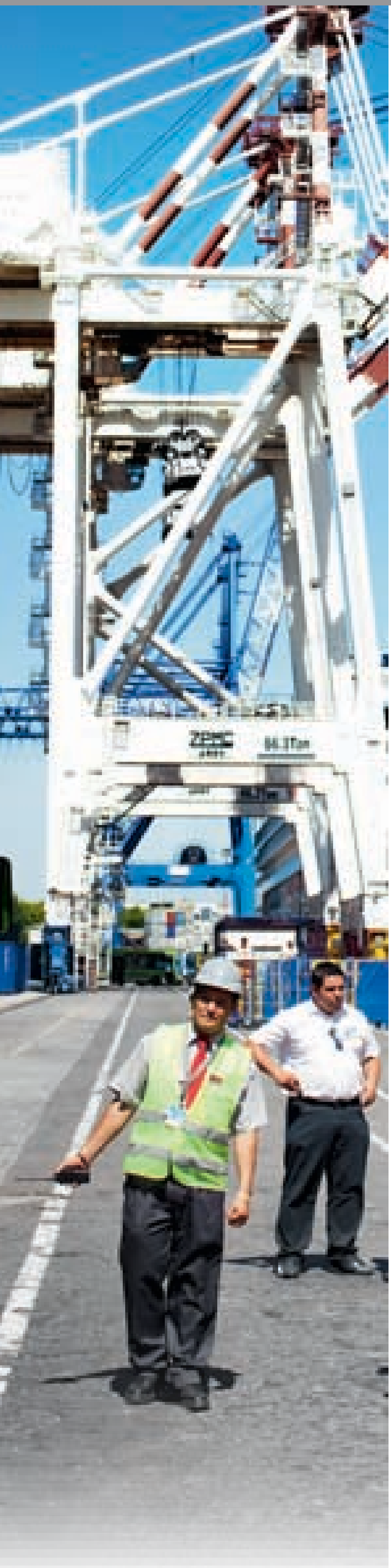


Security Services Ibero-America



In 2011, Securitas created the business segment Security Services Ibero-America that includes seven countries in Latin America – Argentina, Chile, Colombia, Costa Rica, Ecuador, Peru and Uruguay – and two countries in Europe, Portugal and Spain.

The significance of commercial exchange and coordination between Portugal, Spain and Latin America is growing and large corporations on both continents have extensive presence overseas.

The security market in Latin America is very fragmented and, to a large extent, non-regulated. As one of the leading security companies, Securitas is a driving force in industry associations and promotes, for example, the regulation and authorization of private security companies. To ensure that our security officers are trained in line with Securitas' high standards and customer requirements, we have established our own training centers in all countries within the business segment. We can also offer specialized training that is tailored to various customer segments and needs. A joint training system and a language that is common to most countries within the business segment make the sharing of best practices, security knowledge and experiences easier.

Securitas' customers in the region operate in a variety of industries and, in order to meet customer needs and add value, we specialize in the dominant customer segments in each country. In Argentina, Colombia, Portugal and Spain, the customer segments aviation, with airport security services, and telecommunications are important, while many of our customers in Colombia, Peru, Portugal and Spain are active in the retail sector. In Peru, mining and seaport industries are major customer segments. Security solutions tailored to each customer's security needs are developed and include both specialized guarding and advanced technology. In Argentina and Spain, Securitas has been building technology expertise and security solutions for several years, including advanced alarm surveillance and monitoring services. In 2012, acquisitions of technical solutions companies in both countries strengthened these efforts. Other countries in the business segment are also developing solutions that include technology.

FINANCIAL KEY RATIOS

MSEK	**2012**	**2011**
Total sales	9 032	9 097
Organic sales growth, %	*-3*	*11*
Operating income before amortization	465	550
Operating margin, %	*5.1*	*6.0*
Real change, %	*-13*	*9*
Cash flow from operating activities	549	271
Cash flow from operating activities, %	*118*	*49*
Operating capital employed	1 151	1 227
Operating capital employed as % of sales	*13*	*13*
Total capital employed	3 132	3 171
Return on capital employed, %	*13*	*17*

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

SALES
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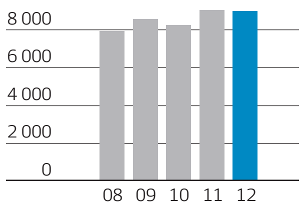

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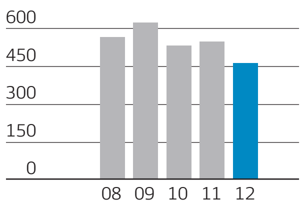
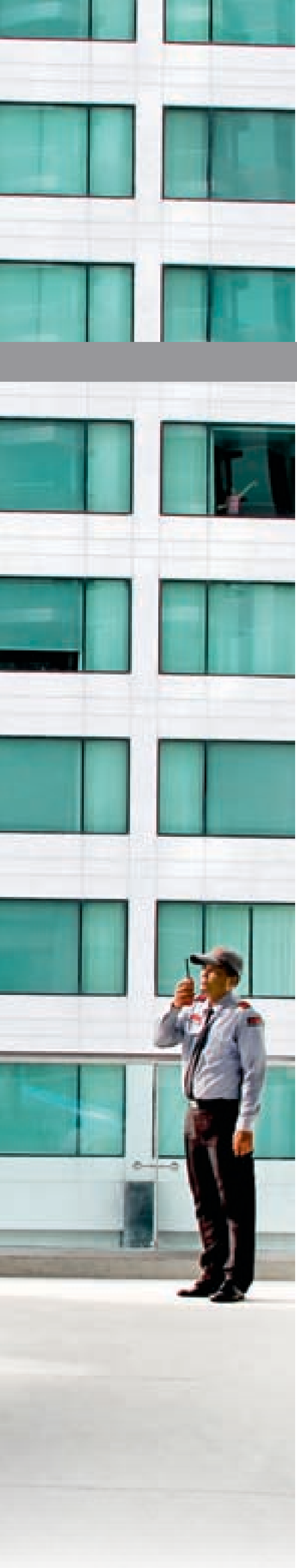




New markets

A cornerstone of Securitas' strategy is to grow in new geographical markets outside North America, Europe and Latin America, and serve our global customers in these regions.

New markets are included under the Other heading in our segment reporting.

South Asia
Securitas' operations in India comprise a partnership between Securitas and Walsons Services. As one of the leading security services providers in India, the company has approximately 16 000 employees in over 180 cities. Services include specialized guarding, executive protection, transport security and event security. Securitas' long-term strategy of continuous benchmarking, sharing best practices, knowledge of customer needs and tailored training programs across all levels of the organization has resulted in a solid base of industry know-how.

The major competitors in India are G4S, Tops Security, ISS and SIS.

In Sri Lanka, Securitas operates with about 1 100 employees, offering guarding services to embassies, international non-governmental organizations (NGOs), commercial sites and residential customers nationwide.

China and South East Asia
Securitas' organization in China is designed to serve as a platform for growth. Since the necessary licenses for foreign security companies have been delayed, development has been curbed.

In Taiwan, Securitas mainly provides specialized guarding services for high-end residential buildings. Securitas has 1 000 employees in Hong Kong, and the Group conducts operations in a variety of key customer segments, including residential, transport and logistics, finance and education. Operations in Thailand, which include technical security services, has 1 300 security officers, mainly in the hotel and tourism segment. In Vietnam, where Securitas operates in a partnership with Long Hai Security, the total number of employees is 2 200. The company operates throughout Vietnam, providing mainly guarding services.

In Singapore, Securitas is the number one provider of unarmed private security services, with approximately 1 000 employees. The customer portfolio is well-diversified across customer segments and between public and private sectors. In Indonesia, Securitas acquired the major security services company with guarding services to embassies in April 2012, and now has 1 200 employees. Securitas entered the security services market in Cambodia in September 2012.

Middle East and Africa
In the Middle East and Africa, Securitas has security services operations in Egypt, Jordan, Morocco, Saudi Arabia, South Africa and the United Arab Emirates.

Securitas has 2 000 employees in Egypt. Most customers are multinational companies and the strong growth is partly a consequence of the security situation following the development in the country since 2011.

The South African operations continue to grow and Securitas invests in training and sharing best practices in order to raise industry standards. Securitas has over 3 000 employees in South Africa, with operations in guarding, mobile, alarm monitoring, technology, forensics and risk management services.

In the United Arab Emirates, Securitas has over 1 300 employees and nationwide operations.

Keeping Customers and Communities Safe

Read more at
www.securitas.com

Securitas provides security for our customers and those who come into contact with the customers – employees, clients, suppliers and community members. Keeping customers safe allows them to concentrate on their business and prosper.

Securitas operates in 52 countries and employs more than 300 000 people globally. Our customers can be found in nearly all industries and segments. Some operate in sectors that are important for the whole of society, such as energy, public transport, airports and healthcare. As a large multinational company and one of the leading companies in our industry, Securitas works to raise standards in the security business, and contributes to the societies in which we operate. We strive to lower our CO_2 emissions from transportation and reduce energy consumption in office buildings, but the key to Securitas' long-term growth and sustainability is being a solid and reliable employer. Investing in our employees by improving terms and developing skills makes sense from a business perspective. Satisfied employees tend to stay longer, and the longer people are employed and the more we invest in them, the more qualified they become. With more qualified employees, we can offer more specialized and qualified services – services that add value for our customers and generate higher margins for us.

Securitas' sustainability work is based on our fundamental values – Integrity, Vigilance and Helpfulness – and guided by our key corporate policies and principles, such as Securitas' Values and Ethics Code. By considering corporate social responsibility (CSR) issues in our operations, we are actively adding value to the Securitas brand, affecting and reducing the exposure for certain risks identified in the enterprise risk management process (see page 40–47) and promoting continued growth and profit. We believe that our sustainability work increases employee commitment and gives us a competitive advantage.

CSR highlights 2012

- The updated Securitas' Values and Ethics Code, one of our key corporate policies, was implemented throughout the Group
- Securitas Integrity Line, a Group reporting system for issues of non-compliance with Securitas' Values and Ethics Code, was launched in 45 countries. The system was already in place in Canada, Mexico and the USA
- Training in Securitas' Values and Ethics was commenced for all employees. Two detailed e-learning courses, translated into local languages, were launched to enable a more systematic approach to training. One course is for managers and office personnel, the other is for security officers
- Risks related to non-compliance with the ethics code are prioritized in the enterprise risk management process and monitored regularly
- Employee surveys were conducted in nine countries in Europe. Actions were taken at local level to address issues raised in previous surveys
- A new global agreement with UNI Global Union and Swedish Transport Workers' Union was signed in November 2012
- A new agreement with European Works Council was signed in December 2012
- Securitas chaired the Ligue Internationale des Sociétés de Surveillance's (the Ligue) working group that developed a common Code of Conduct and Ethics for its members. The Code was adopted and signed in June 2012

Improving conditions in the security industry

Securitas employs over 300 000 people. There are thousands of employees in some countries, and less than a hundred in countries where we are just starting. No matter how many people work for Securitas, we take our responsibility as an employer seriously. As one of the leading companies in our industry, we work proactively to improve the status of security officers and conditions in the security

business, for example, through active dialogue with authorities, industry associations and unions. To raise industry standards in less mature countries, Securitas strives for mandatory basic training for employees, wages that meet or exceed legal or industry minimums and mandatory authorization for security companies.

High standards in recruitment and training
Securitas provides basic training for security officers in all countries, even where this is not mandatory, to guarantee our own high standards and ensure customer requirements are met. We have established our own training centers in most countries for both basic and specialized training, such as airport security and alarm monitoring solutions, to maintain high and consistent levels of service. In many countries, e-learning and webinars are used. There is specific training for branch managers, as well as management training programs to strengthen local leadership and establish Securitas' culture and business model. Employees in all countries are trained in Securitas' Values and Ethics, either in classroom sessions or through e-learning.

Finding the right employee for each assignment is essential in the service industry. Securitas has thorough recruitment and on-boarding processes and often employs and trains according to specific competence profiles that we develop together with our customers.

Successful employment models
In several countries, especially in Latin America, Securitas makes special efforts to employ disabled persons and others who have difficulties entering the employment market. The aim is to create opportunities for these employees to actively participate in working life, adjusting the tasks to their specific strengths and abilities. In Colombia, where wheelchaired security officers work in the retail segment, the model has been very successful and led to fewer incidents. The model is being copied by several other countries.

Active health and safety work
Securitas is continuously working to improve health and safety measures in an effort to safeguard our employees. Securitas holds OHSAS 18001 certification in a number of countries, including the Netherlands, Peru and the UK. Local initiatives include programs to promote a healthy lifestyle, and fire prevention training.

Employee surveys
A number of countries, mainly in Europe, conduct employee surveys every two years. In 2012, surveys were conducted in nine European countries. The surveys started in 2008, and a number of actions have been taken to address issues where employees have signaled a need for improvement, such as respect and recognition for their work, regardless of their position in the company.

Sharing best practice
My Securitas is an internal web accessible by 14 000 managers. It is a powerful tool for sharing best practice, knowledge and templates, and widely used throughout the company.

Sustainability progress

	Priorities 2012
Securitas' Values and Ethics	• Implement the updated Securitas' Values and Ethics Code • Provide training modules for all employees in Securitas' Values and Ethics • Implement Securitas Integrity Line and solidify the process for reporting breaches of Securitas' Values and Ethics Code in all countries of operation
Employee relations	• Conduct employee surveys in nine countries in Europe • Continue to work according to action plans based on survey results from 2012 and previous years • Negotiate new agreements with UNI Global Union/Swedish Transport Workers' Union and European Works Council
CO_2 emissions	• Reduce average CO_2 emissions from company-owned and leased company vehicles
Reporting	• Continue working on reducing the Group's total CO_2 emissions, and improving results in the Carbon Disclosure Project
Business practice	• Review the due diligence process in connection with acquisitions • Develop the model for ensuring compliance with Securitas' Values and Ethics Code in the enterprise risk management (ERM) process

The benefits are many, both for our customers and for us. Successful solutions in one country – whether internal or for a specific customer, such as recruitment or training practices – can quickly be copied. A specialist can easily find a colleague for discussion, even if they work on different continents.

In October 2012, Securitas was awarded the Excellence in Leadership Award at the Chief Information Officers' (CIO) Summit Europe in Germany for *My Securitas*.

Reducing CO_2 emissions

As a service company, our environmental impact is neither large nor immediate, but we can still make a substantial contribution in several areas. The most pressing and prioritized area is reducing our transportation-related emissions.

On December 1, 2012, the CO_2 emissions cap for new company cars was lowered from 160 to 150 grams per kilometer. The corresponding cap for new company minivans was lowered from 215 to 200 grams per kilometer.

Result 2012	***Priorities 2013***
• The Code was implemented in all countries • 31 countries have commenced the new training • Securitas Integrity Line was implemented in all but six countries, where long authorization processes and recent acquisitions delayed the start	• Monitor and audit compliance with Securitas' Values and Ethics • All managers and office personnel should have completed the training. Training for security officers should have made good progress • Full implementation of Securitas Integrity Line • Follow-up to address possible structural problems • Further develop Group policies for specific areas, such as and anti-corruption and unfair competition
• Employee surveys were conducted in nine countries • Local action plans were produced to address issues raised in the surveys • New agreements with UNI Global Union/Swedish Transport Workers' Union and European Works Council were signed	• Continue to work according to local action plans based on the results of employee surveys
• Average CO_2 emissions reduced by 5 percent for cars and 8 percent for minivans. Total reduction was 4 percent	• Reduce average CO_2 emissions from company-owned and leased company vehicles by 5 percent
• Securitas scored 77 in the CDLI section of the 2012 CDP, compared with 71 in 2011. In 2012, we achieved level D in CPLI, compared with level C in 2011	• Implement Global Reporting Initiative (GRI) G4 reporting standards • Continue working on reducing the Group's total CO_2 emissions
• Follow up non-compliance with Securitas' Values and Ethics Code in the ERM self-assessments and audits • Highlight the risks connected to Securitas' Values and Ethics Code in the ERM business planning	• Further develop the due diligence process in connection with acquisitions to include more in-depth investigations into human rights, bribery, corruption, fraud and unfair competition • Further develop the ERM process regarding non-compliance with Securitas' Values and Ethics Code

In 2012, average CO_2 emissions for all company vehicles decreased to 155 grams per kilometer, compared with 162 grams per kilometer in 2011 (see graph on page 30).

The Carbon Disclosure Project (CDP) is a global climate change reporting system, representing over 700 institutional investors. In 2011, Securitas participated in the CDP for the very first time and scored 71 of a possible 100 points in the Carbon Disclosure Leadership Index (CDLI). As a result of our continued work to reduce emissions, Securitas achieved a score of 77 in 2012.

Efforts are taking place throughout the entire Group to save energy and reduce waste, from finding alternative energy sources for climate control in office buildings, to using less paper. Operations in a number of countries are ISO 14001 certified, including Estonia, the Netherlands, Norway, Peru, Portugal, Spain and the UK.

The procurement of uniforms comprises a major portion of our total purchases. Procurement is not globally centralized; purchases are centralized regionally, where this is cost-efficient. We expect suppliers to comply with Securitas' Values and Ethics Code and to have their own ethical codes.

The Group's operations do not require a permit under the Swedish Environmental Code.

Keeping society safe

Our main responsibilities is to provide our customers with optimal security solutions adapted to their specific needs, and to improve our services by making them more accessible and affordable. Our security services and solutions enable customers – both local and global – to concentrate on their core operations and contribute to society.

Securitas is a decentralized company and we work closely with the local communities in which we operate. Local initiatives take place in all countries, here are some examples:

Belgium: cooperation with a foundation for missing and exploited children. Securitas helps to distribute information and operates a dedicated helpline number in a 24/7 Securitas Care Center.

Bosnia and Herzegovina: local community sponsorship of education, sports and cultural activities for young people.

Peru: health and education projects for children in Lima, sponsorship of a school in northern Peru.

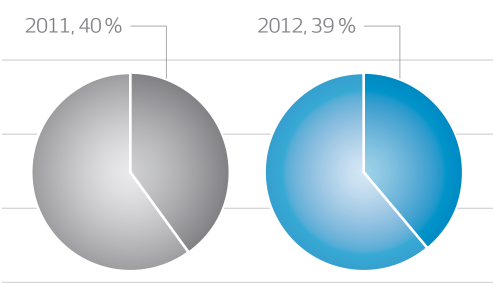
Sweden: support for organizations working with seriously ill children, the homeless and ex-criminals who are trying to get back into society.

USA: together with other companies, Securitas participates in a national initiative to create jobs for military veterans.

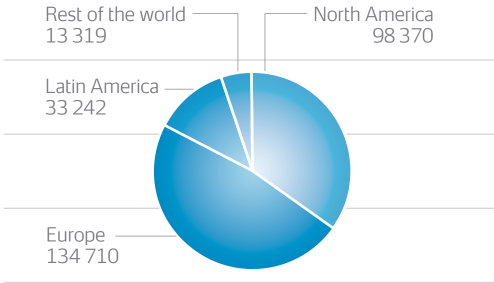
Our stakeholders

Responsibilities	*Actions*
Customers To provide our customers with optimal and cost-effective security solutions. We must have in-depth understanding of their needs and industry-specific requirements. Our expertise adds even more value by creating unique security solutions.	• Frequent customer meetings • Customer surveys • Daily contact with our customers' clients
Employees and employee representatives To be a solid, stable and reliable employer for more than 300 000 people. Our employees are our most valuable asset, and better terms and skills development raises standards and levels of professionalism in the security industry, which improves the status of security officers. To have a global agreement with UNI Global Union and the Swedish Transport Workers' Union.	• Thorough recruitment and on-boarding processes • Training at all levels of the company • Talent management • Employee surveys • Implementation of Securitas Integrity Line • Training in Securitas' Values and Ethics Code for all employees • New global agreement with UNI Global Union and the Swedish Transport Workers' Union • New agreement with European Works Council
Shareholders, investors, analysts To create value for our shareholders and be an attractive investment. An ongoing dialogue with our shareholders and investors assures the long-term development of our business.	• Interim reports and other continuous financial information • Investor and analyst meetings • Investor Days • Roadshows and conferences
Suppliers To ensure that our suppliers understand our requirements concerning values and ethics, as set out in the Securitas' Values and Ethics Code.	• Securitas' Values and Ethics Code • Supplier guidelines and standards • Supplier assessment
Industry organizations To be a driving force in raising standards and levels of professionalism in the security industry, improving the status of security officers, raising wage levels and intensifying skills development efforts.	• Membership in local and global industry organizations, such as the Ligue Internationale de Societés de Surveillance, Confederation of European Security Services (CoESS), Aviation Security Services Association – International (ASSA-I) and the American Society of Industrial Security (ASIS)
Communities To provide security solutions for companies and communities, allowing them to grow and prosper. Our services enable us to make a positive contribution to society. We also participate in local projects in regions where we see a pressing need to strengthen the local community.	• Cooperation with authorities at local and national levels to improve our business conditions • Local activities and initiatives in communities where we operate, such as support for schools, orphanages and local charities • Sponsorship of, and contributions to, various organizations
Policy makers and authorities To work proactively for better conditions in the security business.	• Participation in industry organizations • Meetings • Participation in conferences

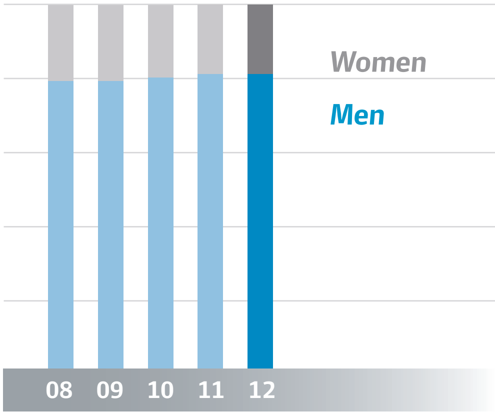
Employee turnover



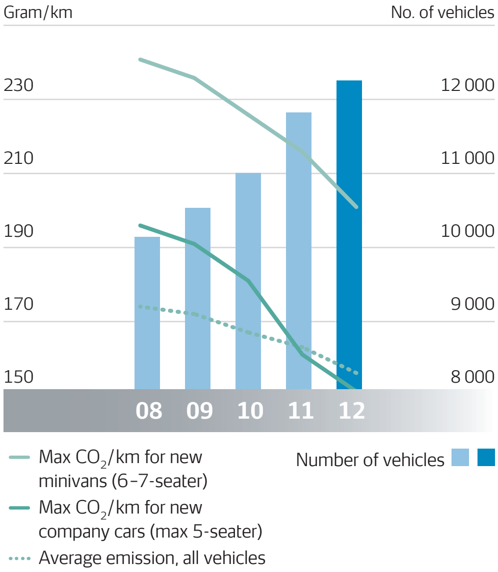
Average number of yearly employees per region



Gender distribution average number of yearly employees, %



Average CO_2 emissions from vehicles



Corporate Governance

Governance and Management

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

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

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

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 is 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.

Read more at
www.securitas.com/corporate-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.

A Unique and Decentralized Organization with a Clear and Effective Governance Structure

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

Securitas has a decentralized organizational model that focuses on the approximately 1 800 branch managers who run the company's daily operations.

The company's customer offerings improve when decisions are made in close proximity to customers. Local decisions are therefore promoted but made within a well-controlled environment. An effective governance structure requires that all components interact in order to reach the set strategic objectives, and that governance and risk management permeate all layers of the organization.

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

Significant shareholders

On December 31, 2012, the principal shareholders in Securitas were Gustaf Douglas who, through his family and companies in the Investment AB Latour Group and Förvaltnings AB Wasatornet, holds 11.5 percent (11.5) of the capital and 30.0 percent (30.0) of the votes, and Melker Schörling who, through his family and Melker Schörling AB, holds 5.6 percent (5.6) of the capital and 11.8 percent (11.8) of the votes. For more detailed information about shareholders, see the table on page 135.

Annual General Meeting

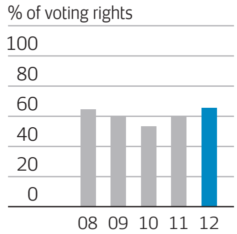
All shareholders are able to exercise their influence at the Annual General Meeting, which is the company's highest decision-making body. The General Meeting decides on changes of the Articles of Association. The Articles of Association contain no limitation on the number of votes that each shareholder may exercise at a shareholders' meeting. Each shareholder may thus vote for all shares held at the shareholders' meeting. The Annual General Meeting of Securitas AB (publ.) was held on May 7, 2012, and the minutes are available on Securitas' webpage, where all resolutions passed can be found. Shareholders representing 65.5 percent of the votes attended either personally or by proxy. For information about election and remuneration of Board members, see page 34.

Nomination Committee

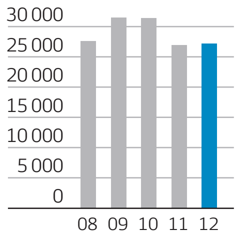
The Nomination Committee is a body established by the Annual General Meeting with the task of preparing motions regarding the election of Board members, the Chairman of the Board and remuneration to Board members and Board committees. Before each Annual General Meeting, where the election of auditors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

Gustaf Douglas was re-elected as Chairman of the Nomination Committee. The Nomination Committee is entitled to appoint one additional member to the Nomination Committee. The Annual General Meeting 2012 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 2013, the Committee is entitled to appoint another representative of another major shareholder to replace this member.

ANNUAL GENERAL MEETING ATTENDANCE 2008–2012



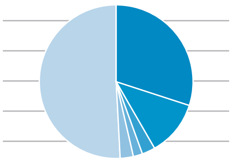
NUMBER OF SHAREHOLDERS 2008–2012



NUMBER OF SHAREHOLDERS 2008–2012

2008	27 616
2009	31 527
2010	31 458
2011	27 011
2012	27 222

ELECTED MEMBERS,[1] NOMINATION COMMITTEE



- Gustaf Douglas, major shareholder, 30.02%[2]
- Mikael Ekdahl, Melker Schörling AB (major shareholder), 11.75%[2]
- Jan Andersson, Swedbank Robur Funds, 2.82%[2]
- Henrik Didner, Didner & Gerge, 2.04%[2]
- Johan Ståhl, Lannebo Fonder, 2.61%[2]
- Share of votes not represented in the Nomination Committee, 50.76%[2]

1 At the Annual General Meeting held on May 7, 2012.
2 Share of votes as of May 7, 2012.

The Committee's scope of work is established in the Procedure and Instructions for the Nomination Committee of Securitas AB. The Committee should hold meetings as often as necessary to fulfill its duties. However, the Committee should hold at least one meeting annually. The Committee met once in 2012.

Members of the Board of Directors

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

The Annual General Meeting 2012 re-elected Fredrik Cappelen, Carl Douglas, Marie Ehrling, Annika Falkengren, Alf Göransson, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg. The Annual General Meeting re-elected Melker Schörling as Chairman of the Board and Carl Douglas as Vice Chairman. Mikael Ekdahl, attorney-at-law, is the secretary of the Board. For further information about the members of the Board of Directors and the President and CEO, see pages 36–37. It was resolved that the fees to the Board should total SEK 4 700 000 (including fees of SEK 450 000 for committee work), to be distributed among the Board members as follows: Chairman of the Board: SEK 1 000 000; Vice Chairman of the Board: SEK 750 000; and each of the other Board members (except the President and CEO and employee representatives): SEK 500 000.

Responsibilities of the Board of Directors

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

In addition, the Board of Directors determines 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 that is held in conjunction with the yearly closing of the books.

The Board assures 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.

Compliance with the Swedish Corporate Governance Code (the Code)

As a Swedish public company listed on NASDAQ OMX Stockholm, Securitas applies the Swedish Corporate Governance Code (the Code). Securitas complies with the Code principle of "comply or explain" and has two deviations to explain for 2012:

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

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

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

Comments: The implementation of the Securitas Share-based Incentive Scheme in 2010, which has been renewed annually since then, was based on the then-existing bonus structure of the Securitas Group. In simple terms, the bonus potential was increased in exchange for a one-time salary freeze and one third of the cash bonus outcome was to be received in shares in March of the year following the year in which the cash bonus would have been paid out, provided that the person remained employed by Securitas at such time.

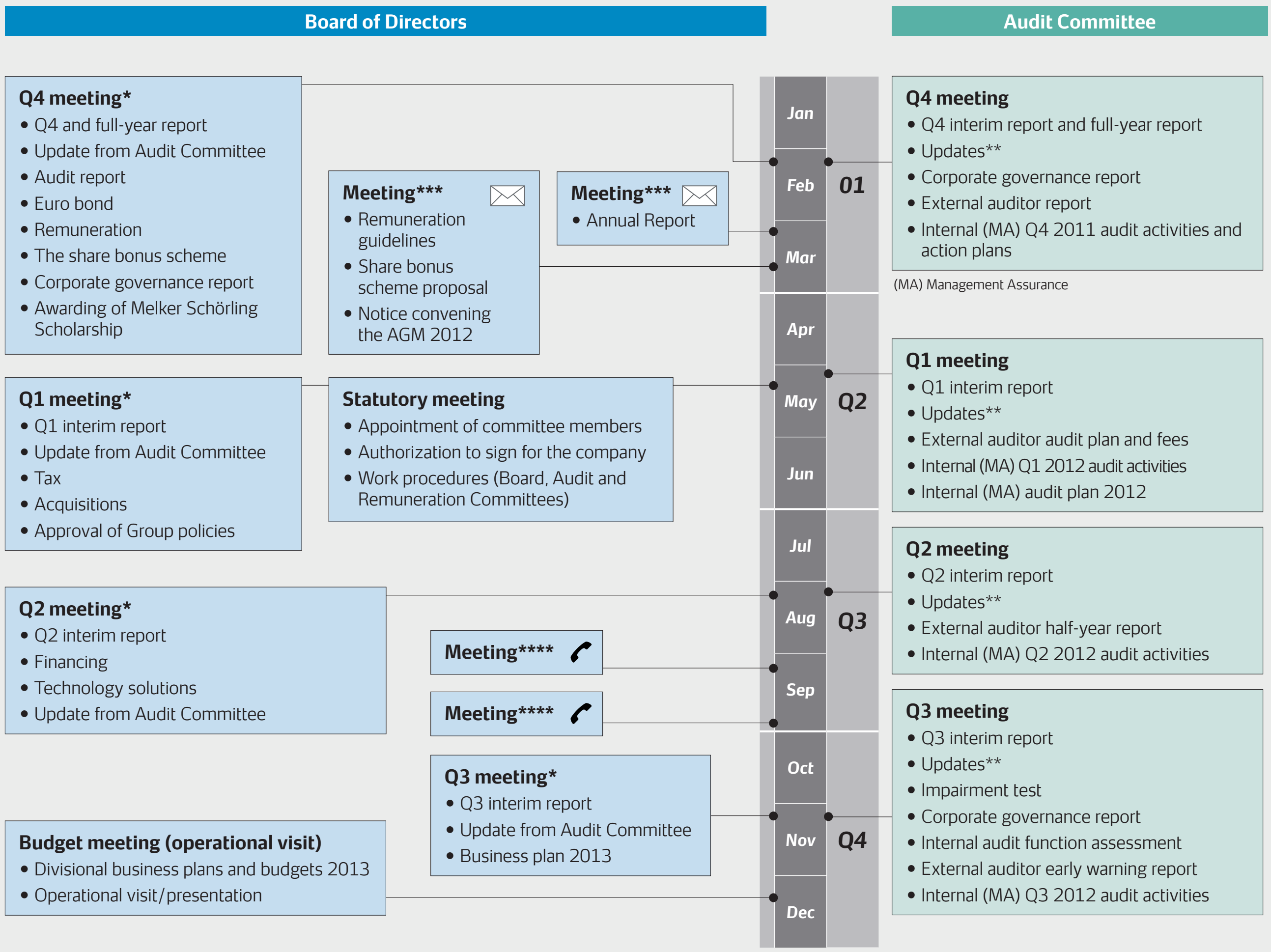
Since the program replaces an immediate cash bonus payout and is not granted in addition to already existing bonus rights, the Board deems that the two-year period from the commencement of the program until the release of the shares is well motivated and reasonable in order to achieve the purpose of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

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 above a certain level, and establish a framework for the Group's operations through the Group's budget.

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

The Board held ten meetings in 2012, of which two took place by telephone and two were held per capsulam. The auditors participated in the Board meeting in February 2012, where they presented the audit.



The work of the Audit Committee

The Board of Directors has established and appointed an Audit Committee, which operates under the instructions for the Audit Committee and meets with Securitas' auditors at least four times per year. The Committee supports the Board's quality-control work in terms of financial reports, and its 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 annual statutory audits. It assesses the external auditor's independence and approves the performance of non-audit services.

The Committee presents its findings and proposals to the Board, prior to the Board's decision. For details regarding members, independence and attendance, refer to the table on page 36–37. The Committee met four times during 2012. The major topics discussed are listed above.

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

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

*** Held per capsulam.

**** Telephone meetings.





Board of Directors

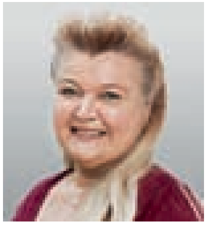
Name	**Melker Schörling**	**Carl Douglas**	**Alf Göransson**	**Fredrik Cappelen**	**Marie Ehrling**
Position	Chairman	Vice Chairman	Member	Member	Member
	Director of Securitas AB since 1987 and Chairman since 1993.	Deputy Director of Securitas AB since 1992 and Director since 1999. Vice Chairman since 2008.	President and CEO of Securitas AB since 2007.	Director of Securitas AB since 2008.	Director of Securitas AB since 2006.
Principal education	BSc in Economics and Business Administration	Bachelor of Arts	International BSc in Economics and Business Administration	BSc in Business Administration	BSc in Economics and Business Administration
Born	1947	1965	1957	1957	1955
Other board assignments	Chairman of Melker Schörling AB, Hexagon AB, AAK AB and Hexpol AB. Director of Hennes & Mauritz AB.	Vice chairman of ASSA ABLOY AB. Director of Swegon AB and Investment AB Latour.	Chairman of Loomis AB, Director of Hexpol AB and Axel Johnson Inc., USA.	Chairman of Byggmax Group AB, Munksjö AB, Sanitec Oy, Dustin AB and Granngården AB.	Vice Chairman of Nordea Bank AB. Director of Oriflame Cosmetic SA, Schibsted ASA, Safegate AB, Loomis AB, Axel Johnson AB, World Childhood Foundation and IVA.
Previously	President and CEO of Skanska AB 1993–1997. President and CEO of Securitas AB 1987–1992.		President and CEO of NCC AB 2001–2007, CEO of Svedala Industri AB 2000–2001, Business Area Manager at Cardo Rail 1998–2000 and President of Swedish Rail Systems AB in the Scancem Group 1993–1998.	President and Group Chief Executive of Nobia 1995–2008. Marketing Director of Stora Finepaper, President of Kaukomarkkinat International Sweden and Norway and Managing Director of Kaukomarkkinat GmbH, Germany.	CEO of Telia Sonera Sverige 2003–2006, Deputy CEO of SAS AB, responsible for SAS Airlines and other executive positions at SAS, Information Secretary at the Ministry of Finance and Ministry of Education and Research and financial analyst at Fjärde AP-fonden.
Attendance – Board meetings (10 total)	10	10	10	9	10
Attendance – Audit Committee meetings (4 total)				Member 4	Chairman 4
Attendance – Remuneration Committee meetings (1 total)	Chairman 1				
Total fee[2], SEK	1 100 000	750 000	0	600 000	700 000
Independent to company (7 total)	Yes	Yes	No	Yes	Yes
Independent to share-holders (4 total)	No	No	Yes	Yes	Yes
Shares in Securitas	4 500 000 Series A shares and 16 001 500 Series B shares[3]	12 642 600 Series A shares and 29 470 000 Series B shares[4]	58 698 Series B shares	4 000 Series B shares	4 000 Series B shares

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

2 Total fee includes fees for committee work. In total, SEK 450 000 was paid out for committee work, of which SEK 150 000 for Remuneration Committee work and SEK 300 000 for Audit Committee work. For more details, refer to the minutes of the AGM 2012 on Securitas' website: www.securitas.com.

3 Through Melker Schörling AB.

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

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

All figures refer to holdings on December 31, 2012.
For comparative information about remuneration to the Board of Directors and senior management, please see note 8 on page 91–94.

Remuneration Committee
The Board has also formed a Remuneration Committee to prepare decisions 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 2012. For details regarding members and attendance, refer to the table on page 36–37.

A share-based incentive scheme was adopted at the Annual General Meeting 2012, thus enabling the Group to gradually have approximately 2 500 of Securitas' top managers as shareholders, thus strengthening employee commitment to Securitas' future success and development for the benefit of all shareholders. In principal, the adopted incentive scheme entails that one third of any annual bonus, earned under the performance-based cash bonus schemes, is converted into a right to receive shares, with delayed allotment and subject to continued employment. For more information on the actual outcome of the share-based incentive scheme in 2012, see note 12 on page 100.

The guidelines for remuneration to senior management that were adopted at the Annual General Meeting 2012 primarily entailed that remuneration to senior management and their terms of employment should be competitive and comply with market conditions, to ensure that Securitas is able to attract and retain competent managers. The total remuneration to Group Management should consist of a fixed basic salary, variable remuneration, pensions and other benefits.

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

The variable remuneration should amount to a maximum of 60 percent of the fixed annual salary for the President and CEO, and a maximum of 42 to 200 percent of the fixed annual salary for other members of Group Management. The undertakings of the Group as regards variable remuneration to Group Management may, at maximum within all divisions during 2012, amount to MSEK 65. The complete guidelines for remuneration can be found on Securitas' website.

Additional information on remuneration to the Board of Directors and Group Management, including the outcome, is disclosed in the Notes and comments to the consolidated financial statements 2012. See note 8 on pages 91–94.

Group Management
Group Management is charged with overall responsibility for conducting the business of the Securitas Group in line with the strategy and long-term goals adopted by the Board of Directors of Securitas AB. The primary tool used by Group Management to measure accomplishment of strategies and to guide the employees and organization toward achieving its objectives is the financial framework and model that are further described on pages 50–51. In 2012, Group Management comprised the President and CEO and ten executives. For further information on Group Management, please see pages 52–53.

Policies that apply to governance
The Board of Directors of Securitas AB have approved a number of policies that apply to governance. Examples of policies of interest within this context are described below. Securitas has adopted a **communication policy**, 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.

Securitas has adopted an **insider policy** as a complement to the insider legislation in force in Sweden. This policy is applicable to all persons holding insider positions in Securitas AB (subsidiaries included), as reported to the Swedish Financial Supervisory Board (Finansinspektionen), as well as certain other categories of employees. Each person subject to the insider policy is individually notified thereof. Securitas has adopted **Securitas' Values and Ethics Code** 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, such as the United Nations Universal Declaration of Human Rights. This means that Securitas respects and complies with competition rules, environmental legislation, labor market regulations, agreements and safety requirements and any other provisions that set the parameters of our operations. For further information on Securitas' initiatives and responsibility with regard to social, economical and environmental issues, refer to pages 24–30.

Securitas has adopted a **Competition law compliance policy** with the aim of ensuring that Securitas and its subsidiaries or affiliates are committed to full compliance with all competition laws and regulations.

Auditors

The Annual General Meeting 2012 elected PricewaterhouseCoopers AB (PwC) as the Group's audit firm, with authorized public accountant Peter Nyllinge as auditor in charge, for a period of one year.

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

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

Auditor in charge

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

Auditor Peter Nyllinge

Audit fees and reimbursement (PwC)

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

	Group			Parent Company		
MSEK	2012	2011	2010	2012	2011	2010
Audit assignments	28.1	29.8	27.2	5.9	5.4	5.2
Additional audit assignments	1.3	1.1	2.8	0.8	0.1	0.6
Tax assignments	12.7	14.6	17.1	3.7	4.1	4.4
Other assignments[1]	9.7	16.3	15.0	3.0	1.6	4.0
Total PwC	**51.8**	**61.8**	**62.1**	**13.4**	**11.2**	**14.2**

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

Internal Control Provides Assurance

Securitas' internal control system is designed to manage, rather than eliminate, the risk of failing to achieve business objectives. The system provides reasonable, but not absolute, assurance against material misstatement or loss.

Control environment
The key features of the control environment include: the clear terms of reference for the Board and each of its committees, a clear organizational structure, with documented delegation of authority from the Board to President and CEO and further 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 48–51*. Delegation of authority is documented in an approval matrix, which provides clear directions for managers at all levels.

Emphasis lies on the competence and abilities of the Group's employees, with continuing education, training and development actively encouraged through a wide variety of schemes and programs. The Group has three fundamental values – Integrity, Vigilance and Helpfulness – to help its employees exercise good 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 50–51). 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.

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

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

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

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

RISK RESPONSIBILITIES

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

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

Enterprise risk management process

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

Monitoring: self assessment, diagnostics, audit, etc
Key risks are monitored (through self assessment, diagnostics or other means) and/or subject to risk management activities throughout the year.

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

Key risk determination
Key risks assessed by the Group risk organization are discussed and approved by Group Management.

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

ERM at Securitas The cornerstones of enterprise risk management (ERM) are the Group policies and guidelines that establish the framework for all policies and compliance monitoring in the Group. The ultimate responsibility for governance of 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.

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

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, with participants from the divisions, countries or regions. The purpose of these seminars is to increase awareness and understanding of the risks to which the company are exposed.

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

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

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

Risk categories

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

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

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

Examples of risks and how they are managed

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

infrastructure necessary for running the business, including such functions as IT, human resources and legal.

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

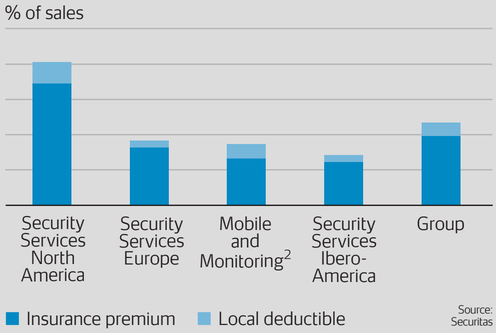
				Financial risks (and financial integration risks)
Compliance (regulatory and other) risk – risk that regulatory and other requirements are not met, which could result in lower quality, higher costs, lost income, delays, penalties, fines or reputational damage.	**IT failure risk** – risk of not being able to manage disruptions in an effective manner, which could cause significant disruption to the operations, affect the accuracy and timeliness of reporting and potentially cause reputational damage.	**Securitas' Values and Ethics risk** – non-compliance with the Securitas Code of Ethics (requirements), can ultimately result in reputational damage, lost revenues, penalties, fines, etc.	**Price risk** – risk of not being able to manage price/wage increases in a desired manner, which could lead to deteriorated margins.	**Management estimates and assumption risks** – risk that account balances and off-balance sheet items with high subjectivity (such as goodwill, contract portfolios, deferred considerations, provisions for bad debt, pensions, legal exposures, risk reserves, deferred taxes, contingent liabilities, etc.) are not properly scrutinized, resulting in an inaccurate presentation of the financial position.
It is mandatory that local processes include procedures to ensure compliance with relevant laws and regulations, that there is an assigned responsibility for recurring review and that action plans are in place for addressing any issues identified. The review procedures in the Group are also designed to identify any changes in regulatory requirements that may affect Securitas' activities, and to take the appropriate actions.	Group IT policies and guidelines require controls over IT disruptions including such areas as risk assessment and contingency plans, covering all relevant areas including regular updates and testing.	Implementation of a structured compliance system based on the Securitas' Values and Ethics Code, one of the key corporate policies, and the launch of Securitas *Integrity Line*, which is the Group reporting system for non-compliance issues with the Code. For more details on all activities related to this refer to pages 24–30.	The Group monitors and focuses on price/wage increases on a regular basis. The processes include measurement, communication, training and support for employees involved in the pricing of our services, 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 50–51). This model identifies certain key figures that are vital to the profitability of the operations, and facilitates the detection and handling of risks. It is mandatory that estimates are documented, signed and authorized by the appropriate parties. Monthly reviews include the analysis of account balances and off-balance sheet items with high subjectivity. The accuracy of assumptions used in pension plan measurement is monitored. In addition to the use of external actuaries for each plan, the Group also retains actuarial advisors to advise on the Group's overall pension exposure. The Group has a structured process that focuses on the accuracy of the assumptions used and a review of pension reporting and governance.

Insurance as a risk management tool A significant part of Securitas' risk management work involves detecting and analyzing frequent and large losses with the aim of identifying 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 the 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 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, and provides management with an option to establish some independence from the cyclical nature of commercial insurance markets.

COST OF RISK – PROPORTIONS[1]



1 The purpose of this graph is to illustrate how cost of risk proportions vary between the various divisions, depending on risk exposure and retained cost for frequency losses.
2 As of 2013, Mobile and Monitoring is included in Security Services Europe.

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

Control activities

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

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

The results are signed off and the sections related to financial reporting are signed off by each entity's President and Controller, and other parts are signed off by the responsible function. As part of this process, the external auditor and/or another internal or external resource, performs a validation of the answers to questions in the questionnaire deemed to be risk areas, for the selected reporting units. The answers are compiled at divisional and

Group levels to support benchmarking within and between divisions. Each reporting unit is responsible for acting on any deviations, including written action plans to address the deviations and a deadline for when the actions must be in place. The Group closely monitors the progress as of the first and second quarterly business reviews. Any prioritized areas for improvement are also addressed in the business plans. All reports are subsequently available to Divisional Management, Group Management and the Audit Committee.

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

In 2012, the focus on new countries in the Group continued, since they have been assessed as a risk area in terms of integration from a financial reporting and control standpoint. The diagnostic entails a kit covering IFRS reporting compliance, as well as key controls within financial reporting processes, contract management and IT security. These reviews are usually conducted within the first year from the acquisition date and a follow-up is performed during the second year, provided that significant areas for improvement have been identified.

Another area that was subject to specific diagnostics in 2012 was the contract management key risk area (refer to the table on page 42) and compliance with Group policies in this area. These reviews are conducted on a rotational basis for all countries.

In 2012, we also reviewed governance of pension funds in selected countries where defined benefit plans exists.

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

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

Letter of representation The Group has a representation process in which operating unit Presidents and Controllers sign a letter of representation in connection with the year-end report, 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

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

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

Monitoring

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

Functional Committees

The Group has established a number of functional committees and work groups, including the functions for Finance/Tax and Assurance, Corporate Finance/Treasury and Legal/Risk and Insurance. These committees include the Senior Vice President Finance, Senior Vice President Corporate Finance, Senior Vice President General Counsel and the appropriate functional area experts. The main purpose of these functional committees is to determine appropriate policies, communicate the policies and ensure local understanding (including training) of the policies, as well as monitoring key issues within each area of responsibility. Quarterly meetings are held with the President and CEO, at which topics that must be reported to the Audit Committee are discussed.

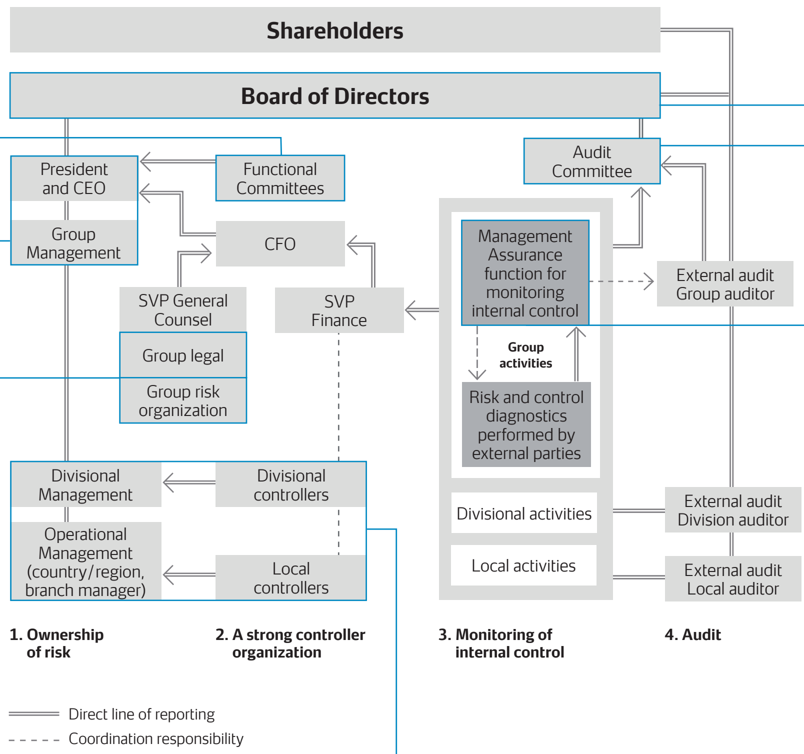
President and CEO and Group Management

The President and CEO and Group Management reviews performance through a comprehensive reporting system based on an annual budget, with regular business reviews of actual results, analysis of variances, key performance indicators (Securitas' model for financial control, refer to pages 50–51, adapted by division) and regular forecasting. This reporting is also reviewed by the Board.

Group legal function

The legal function is responsible for maintaining an adequate infrastructure to ensure that legal matters are brought to the attention of Group Management in an appropriate and timely manner. This function is headed by the Senior Vice President General Counsel. The legal function also monitors and manages legal risk exposures identified by the operating units and reports regularly to Group Management and Audit Committee on legal risks and ongoing disputes.

Organization of internal control



Group risk organization

The Group risk organization is responsible for providing the operational organization with opportunities to identify and manage the risks inherent in Securitas' line of business. Risk management is an integral part of the Securitas culture and is imperative for achieving Securitas' strategies and goals. The risk management process is continuously evolving.

Local and Divisional Management responsibilities

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

Board of Directors

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

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

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

Audit Committee

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

Management Assurance

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

This 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 2012.

In line with one of the Group's fundamental principles, this function has continued to develop step-by-step improvements of the Group's internal control through various activities throughout the year, including fine-tuning of follow-up procedures and reporting, identification of risks related to financial reporting and examination of the effectiveness of related internal controls. In 2012, specific focus lay on diagnostics in new market countries and new businesses. Sharing knowledge through different activities is also a key part of improving the control environment. The function utilizes a combination of internal resources and external resources in the form of external auditors, consultants and experts, depending on the specific situation and area. This enables greater flexibility and responsiveness to the risks faced by the Group, which fits Securitas' business model. For more information on the current responsibilities of the Management Assurance function, refer to www.securitas.com/management-assurance.

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 15, 2013

The Board of Directors of Securitas AB

Auditor's report on the Corporate Governance Statement

To the Annual General Meeting of the shareholders of Securitas AB, corporate identity number 556302-7241

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2012 on pages 32–47 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Statement and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 15, 2013
PricewaterhouseCoopers AB

Peter Nyllinge, Authorized Public Accountant

Well-established Management and Financial Model

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

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

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

Decentralized organization and responsibility promote entrepreneurship

Securitas has a decentralized organizational model that focuses on approximately 1 800 branch managers who run the company's daily operations. The company's customer offering improves when decisions are made in close proximity to customers and the employees who perform the services. Our customers are entitled to be demanding, and to work with independent and strong local managers with the right expertise. The branch offices are run by qualified managers with considerable freedom to develop and conduct operations. Each branch has its own statement of income, for which they are fully responsible. Incentive programs are used to further encourage personal dedication to the operating and financial performance of the company. Securitas' extensive decentralization promotes a high degree of personal entrepreneurship.

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

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

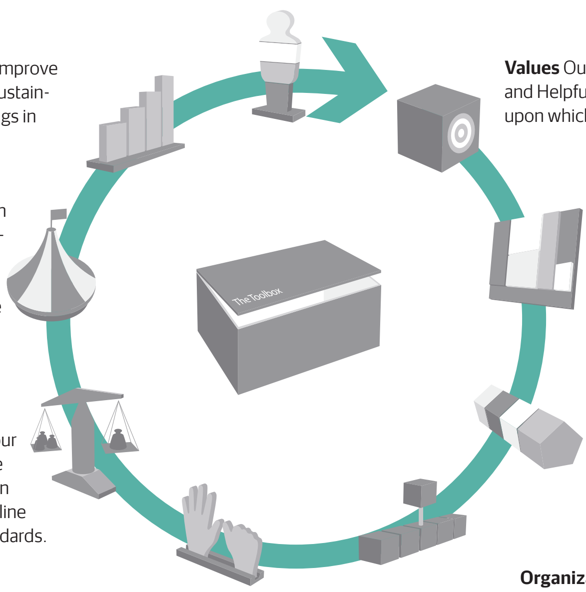
A financial model that is easy to understand

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

This financial model makes it possible to monitor a number of simple and clear key figures that can be understood by all managers. The model helps managers understand the connection between risks and opportunities, and how various factors impact their areas of responsibility. The model also helps us understand how we can monitor and control these factors, and see the direct link between income and expenses in the statement of income, capital employed in the balance sheet and the generation of free cash flow (refer to the fact box on page 50 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.

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

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

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

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.

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.

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.

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

Securitas' financial model

RELATIONSHIP BETWEEN INCOME, CASH FLOW AND BALANCE SHEET

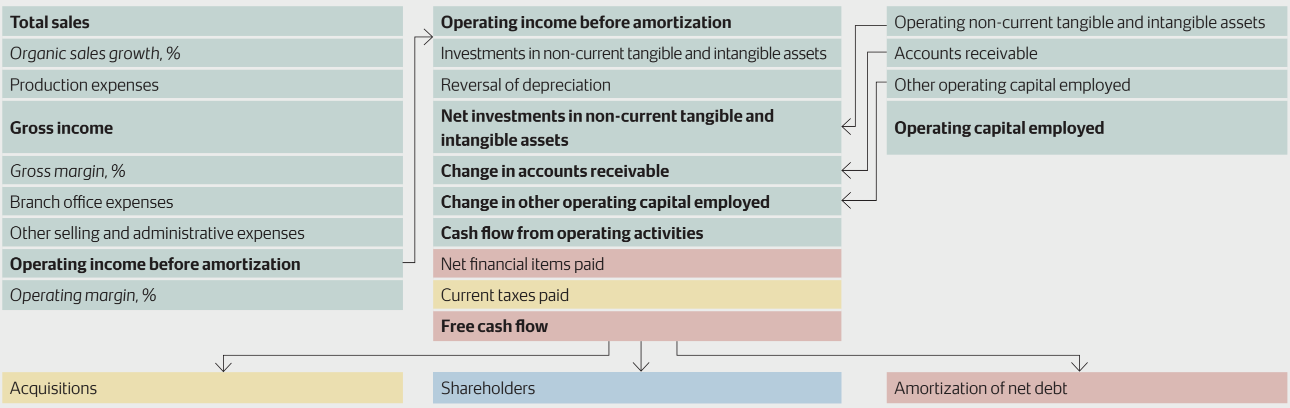
Statement of income
The statement of income is broken down according to function, making responsibility for each profit level clear. Managers with operational responsibility can easily see what is expected of them and concentrate on the factors they can affect. Gross margin and operating margin are key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

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

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

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

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



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

FINANCIAL KEY FIGURES AND HOW WE USE THEM

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

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

Volume-related factors

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

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

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

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

Efficiency-related factors

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

Capital-usage-related factors

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

SECURITAS' MODEL FOR FINANCIAL KEY FIGURES

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

Group Management

Alf Göransson b. 1957
President and CEO of Securitas AB.

Shares in Securitas: 58 698 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.
On January 1, 2013, Alf Göransson also assumed the position of Divisional President, Security Services Europe.

Santiago Galaz b. 1959
Divisional President, Security Services North America.

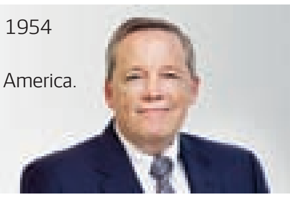
Shares in Securitas: 80 195 Series B shares.*
Santiago Galaz joined Securitas in 1995 as the Managing Director of Security Services Spain, following twelve years with the Eulen Group. In 1997, he was appointed Spanish Country President for Security Services, Systems and Cash Handling Services and later became Divisional President of Cash Handling Services Europe. In 2003, Santiago was appointed Divisional President of Security Services North America.

Bart Adam b. 1965
Divisional President, Security Services Europe.

Shares in Securitas: 15 264 Series B shares.*
Bart Adam has over 20 years of security industry experience. In 1988, he joined the Group of Securis in Belgium (AviaPartner). Following Securitas' acquisition of 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, became the division's Chief Operating Officer. In 2008, Bart was appointed Divisional President, Security Services Europe. Bart holds a Commercial Engineering degree from the University of Leuven, Belgium.
Bart Adam has been appointed Chief Financial Officer of Securitas. He assumed his new position on January 1, 2013.

Erik-Jan Jansen b. 1965
Divisional President, Mobile and Monitoring.

Shares in Securitas: 3 086 Series B shares.*
Erik-Jan Jansen joined Securitas in 1996 and has held several management positions, including Country President of Security Services Netherlands. In 2010, Erik-Jan was appointed Divisional President, Mobile and in 2012, Divisional President, Mobile and Monitoring. He holds a Bachelor's degree in Business Administration from the Hotel Management School in Maastricht, the Netherlands. Erik-Jan has previously held various positions in the international hotel industry.
Erik-Jan Jansen has been appointed Chief Operating Officer of Security Services Europe and assumed his new position on January 1, 2013.



William Barthelemy b. 1954
Chief Operating Officer, Security Services North America.

Shares in Securitas: 19 716 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 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.

Gisela Lindstrand b. 1962
Senior Vice President, Corporate Communications and Public Affairs.

Shares in Securitas: 2 017 Series B shares.*
Gisela Lindstrand holds a degree in Political Science from Uppsala University in Sweden. She came to Securitas in 2007 from Pfizer AB, where she was the Government Affairs Director. Her 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: 5 600 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, was appointed Senior Vice President, Finance. Jan holds a BSc in Economics and Business Administration from Uppsala University in Sweden and was previously an Authorized Public Accountant at PricewaterhouseCoopers.

Antonio Villaseca Lòpez b. 1954
Senior Vice President,
Technical Solutions.

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

Marc Pissens b. 1950
President, Aviation.

Shares in Securitas: – *
Marc Pissens has over 20 years of security industry experience. Within Securitas, he has been President of 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.

Åsa Thunman b. 1969
Senior Vice President,
General Counsel.

Shares in Securitas: 653 Series B shares.*
Åsa Thunman joined Securitas in 2009 as Senior Legal Counsel and was appointed Senior Vice President, General Counsel in July 2011 and from November 2012 also Group Risk Manager. Her previous experience includes a position as General Counsel and Executive Vice President Corporate Office of Elekta AB and the Managing Director of Elekta Instrument AB. She previously practiced as a solicitor with a major Swedish law firm. Åsa has a law degree from Uppsala University, Sweden, and a Master's in European Business Law from the University of Amsterdam in the Netherlands.
Other assignments: Director of Scania AB.

Luis Posadas b. 1958
Divisional President,
Security Services Ibero-America.

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

Aimé Lyagre has assumed the position as Chief Technical Officer of Security Services Europe. He left Group Management on October 25, 2012.

Lucien Meeus left his position as Divisional President, Monitoring and Group Management on August 8, 2012.

Kim Svensson has assumed the position of Regional President of Securitas China and South East Asia. He left Group Management on October 25, 2012.

* The actual allocation of shares to Group Management under the Securitas share-based incentive scheme 2011 can be found on page 94, and the total potential allocation of shares to Group Management under the Securitas share-based incentive scheme 2012 can be found on page 92.

Annual Report

Annual Report

Report of the Board of Directors

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 2012 financial year.

Securitas' core business is integrated security solutions and the main service offering categories are specialized guarding, mobile security services, monitoring, technical solutions and consulting and investigation services. Securitas is present in 52 countries in North America, Europe, Latin America, the Middle East, Asia and Africa, with more than 300 000 employees.

In 2012 the Securitas Group consisted of the business segments Security Services North America, Security Services Europe, Mobile and Monitoring and Security Services Ibero-America. In addition to these business segments, the Group conducts guarding operations in the Middle East, Asia and Africa, which are included under the heading Other in the segment report in note 9. Due to operations being moved between the segments Security Services Europe, Mobile and Monitoring and Security Services Ibero-America, comparatives have been restated below under the heading Development in the Group's business segments as well as in the segment report in note 9 for the segments Security Services Europe, Mobile and Monitoring and Security Services Ibero-America.

The organic sales growth in 2012 was 0 percent due to weak market conditions in many markets and negative organic sales growth in France, Portugal and Spain. The slowdown in organic and acquired sales growth has, combined with strong focus on cash flow and receivables, contributed to the strong free cash flow of MSEK 2 086 in the Group in 2012. This has resulted in a free cash flow to net debt ratio of 0.21, thereby we have achieved our financial target of at least 0.20.

The operating margin in Security Services North America and Security Services Europe has gradually improved during the year, even though Security Services Europe and Mobile and Monitoring at year-end were impacted by items which can be categorized as one-off adjustments. In addition, the major restructuring and cost savings program that was executed at high speed from mid-October until mid-December impacted the performance negatively at the end of the year.

The cost savings program in North America, Europe and Spain was in all material aspects finalized in December 2012. The restructuring cost amounted to MSEK -458 and was recognized at the end of 2012. The savings are confirmed to be MSEK 370 in 2013, net of additional investments in resources within technology and security solutions.

Securitas continues to increase the investments in resources within technology and security solutions, and in 2012 the sales of technology and security solutions represented approximately 6 percent of Group sales. We have set a target to triple this share of sales, which we consider achievable by the end of 2015.

Sales and market development

Sales amounted to MSEK 66 458 (64 057) and organic sales growth was 0 percent (3). Organic sales growth was supported by the development in Security Services Europe while Security Services North America, Mobile and Monitoring and Security Services Ibero-America had lower organic sales growth compared to last year. Organic sales growth in Latin America was 21 percent. The current macroeconomic climate is tough in many of the mature markets where Securitas operates, which is reflected in the lower organic sales growth in the Group, and the security industry is to a large extent a mirror picture of the GDP development.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 4 percent (11).

SALES JANUARY–DECEMBER

MSEK	2012	2011	%
Total sales	**66 458**	**64 057**	***4***
Acquisitions/divestitures	-2 418	-51	
Currency change from 2011	144	–	
Organic sales	**64 184**	**64 006**	***0***

Operating income before amortization

Operating income before amortization was MSEK 3 085 (3 385) which, adjusted for changes in exchange rates, represented a decrease of -8 percent.

The Group's operating margin was 4.6 percent (5.3). In Security Services North America the operating margin declined mainly due to the development in federal government services. The operating margin was burdened by -0.1 percent due to a number of year-end adjustments and one-off costs in Mobile and Monitoring and to some extent Security Services Europe. Last year the operating margin was also supported by 0.1 percent from the sale of Securitas Direct AG in Switzerland. The operating margin in Security Services Ibero-America deteriorated due to the negative development in Spain. The operating margin in Security Services Europe improved, supported by a good development in countries such as Belgium, France and Germany.

OPERATING INCOME JANUARY–DECEMBER

MSEK	2012	2011	%
Operating income before amortization	**3 085**	**3 385**	***-9***
Currency change from 2011	20	–	
Currency adjusted operating income before amortization	**3 105**	**3 385**	***-8***

Operating income after amortization

Operating income after amortization was MSEK 2 315 (2 973).

Amortization and impairment of acquisition related intangible assets amounted to MSEK -297 (-218), of which impairment losses constitutes MSEK -26. For further information refer to the section Capital employed and financing.

Acquisition related costs impacted the period by MSEK -49 (-194), positively affected by revaluation of deferred considerations mainly in the second half of the year. For further information refer to note 11.

Items affecting comparability were MSEK -424 (0), where MSEK -458 related to the cost savings program in the Group and MSEK 34 related to reversal of provisions. For further information refer to note 11.

Financial income and expenses

Financial income and expenses amounted to MSEK -573 (-493). The finance net has been negatively impacted by the average size of net debt during the year, as well as the early issue of two Eurobonds totaling MEUR 650 to benefit from favorable market conditions. This means that the Group in the short-term perspective will increase interest cost until the MEUR 500 Eurobond loan matures in April 2013.

Income before taxes

Income before taxes was MSEK 1 742 (2 480). The real change was -29 percent.

Taxes, net income and earnings per share

The Group's tax rate was 30.4 percent (29.9). The tax rate before non-deductible impairment losses and tax on items affecting comparability was 29.8 percent.

Net income was MSEK 1 212 (1 739). Earnings per share amounted to SEK 3.32 (4.75), a decrease of -30 percent compared to last year. Adjusted for the strengthening of the Swedish krona during 2012 the earnings per share decreased -29 percent in real terms over previous year. Adjusted also for items affecting comparability and impairment losses earnings per share amounted to SEK 4.21 (4.75), which was a decrease of -11 percent compared to 2011.

CONDENSED STATEMENT OF INCOME ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2012	2011
Total sales	**66 458.2**	**64 057.1**
Organic sales growth, %	*0*	*3*
Production expenses	-55 360.0	-52 977.4
Gross income	**11 098.2**	**11 079.7**
Selling and administrative expenses	-8 028.2	-7 766.9
Other operating income	12.8	74.3
Share in income of associated companies	2.7	-2.4
Operating income before amortization	**3 085.5**	**3 384.7**
Operating margin, %	*4.6*	*5.3*
Amortization and impairment of acquisition related intangible assets	-297.1	-218.2
Acquisition related costs	-49.5	-193.5
Items affecting comparability	-424.3	–
Operating income after amortization	**2 314.6**	**2 973.0**
Financial income and expenses	-573.0	-493.0
Income before taxes	**1 741.6**	**2 480.0**
Taxes	-529.6	-741.4
Net income for the year	**1 212.0**	**1 738.6**

Securitas' financial model is described on pages 50–51.

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	2012	2011
Total sales	**23 492**	**22 356**
Organic sales growth, %	*1*	*4*
Operating income before amortization	**1 157**	**1 270**
Operating margin, %	*4.9*	*5.7*
Real change, %	*-12*	*2*

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

Organic sales growth was 1 percent (4) and was hampered by negative organic sales growth in federal government services and Pinkerton Corporate Risk Management. The loss of the large contract with an automotive customer in the U.S. in the beginning of the year was offset by the large airport security contract started in Canada. The sales of specialized guarding solutions as share of total sales amounted to 12 percent (7).

The operating margin was 4.9 percent (5.7). Out of the decline -0.5 percent was explained by the development in federal government services, where difficulties in the integration process resulted in a negative operating margin. Actions have been taken to bring federal government services to a break-even operating result in 2013. The development in Pinkerton Corporate Risk Management had a negative impact on the operating margin by -0.1 percent. Last year the operating margin was positively impacted by a settlement in a client dispute of 0.1 percent.

The Swedish krona exchange rate weakened versus the U.S. dollar and thus had a positive effect on the operating result in Swedish kronor. The real change was -12 percent in the period.

The client retention rate was 90 percent (91). The employee turnover rate in the USA was 48 percent (44).

Security Services Europe

SALES AND INCOME

MSEK	2012	2011*
Total sales	**27 185**	**26 178**
Organic sales growth, %	*1*	*0*
Operating income before amortization	**1 102**	**1 009**
Operating margin, %	*4.1*	*3.9*
Real change, %	*12*	*-21*

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

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

Organic sales growth was 1 percent (0) and supported mainly by Belgium, Denmark, Germany, Norway and Turkey. The organic sales growth in France was negative with -7 percent, affected by volume losses due to price increase campaigns and a price competitive market.

The operating margin was 4.1 percent (3.9). The main contributors to the positive development were Belgium, France and Germany, while the operating margin declined in Sweden.

The Swedish krona exchange rate strengthened versus the euro and thus had a negative effect on the operating result in Swedish kronor. The real change was 12 percent in the period.

The client retention rate was 91 percent (89). The employee turnover was 26 percent (27**).

** The employee turnover has been adjusted due to operations in Portugal and Spain being moved to Security Services Ibero-America.

Mobile and Monitoring

SALES AND INCOME

MSEK	2012	2011*
Total sales	**6 165**	**6 041**
Organic sales growth, %	*1*	*3*
Operating income before amortization	**619**	**722**
Operating margin, %	*10.0*	*12.0*
Real change, %	*-12*	*3*

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

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

Organic sales growth was 1 percent (3), showing a mixed picture in the business segment and among the countries. The decline was mainly explained by the negative impact from portfolio net change with lower new sales in the Mobile operation, where lower extra sales also hampered the development. The organic sales growth in the Monitoring operation was flat supported by mainly the Nordic countries and Belgium.

The operating margin was 10.0 percent (12.0). The operating margin was pressured by -0.9 percent due to one-off effects coming from revaluations of primarily bad debt provisions and inventories. The remaining deviation was related to the negative organic sales growth in the Mobile operation and a weak market situation in Spain.

The real change in operating income in the business segment was -12 percent.

Security Services Ibero-America

SALES AND INCOME

MSEK	2012	2011*
Total sales	**9 032**	**9 097**
Organic sales growth, %	*-3*	*11*
Operating income before amortization	**465**	**550**
Operating margin, %	*5.1*	*6.0*
Real change, %	*-13*	*9*

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

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

Organic sales growth was -3 percent (11) and was explained by the development in Spain and Portugal. Contract losses and reductions, terminations due to uncertain client credit worthiness as well as lower extra sales had a negative impact. By the end of the first quarter 2012, contracts with low margin in Spain worth approximately MSEK 450 (MEUR 50) in annual sales were terminated. The investments in the technology platform in Spain has had a positive impact on sales volumes, but the negative effects from tough market conditions continued to put pressure on the organic sales growth, showing -17 percent in Spain in 2012. In Latin America, the organic sales growth was 21 percent primarily driven by price increases and good portfolio development in Argentina, Uruguay and Peru.

The operating margin was 5.1 percent (6.0), and declined mainly in Spain due to negative leverage from lower portfolio and extra sales in a tough price competitive market. The positive effect from leaving low profitability contracts was outweighed by increased social payroll taxes and a negative price and wage balance. Investments in a technology platform in Spain also impacted negatively. In Latin America the operating margin is slightly behind last year due to investments in technology resources mainly in Argentina.

The Swedish krona exchange rate strengthened and thus had a negative effect on the operating result in Swedish kronor. The real change was -13 percent in the period.

The client retention rate was 82 percent (86). The employee turnover rate was 33 percent (39**).

** The employee turnover has been adjusted due to operations in Portugal and Spain being moved from Security Services Europe.

Cash flow

Operating income before amortization amounted to MSEK 3 085 (3 385). Net investments in non-current tangible and intangible assets amounted to MSEK -93 (-108).

Changes in accounts receivable were MSEK 206 (-723), supported by the repayment of old outstanding accounts receivables from public sector customers in Spain. Changes in other operating capital employed were MSEK 3 (-447).

Cash flow from operating activities amounted to MSEK 3 201 (2 107), equivalent to 104 percent (62) of operating income before amortization.

Financial income and expenses paid amounted to MSEK -532 (-475). Current taxes paid amounted to MSEK -583 (-764).

Free cash flow was MSEK 2 086 (868), equivalent to 105 percent (39) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK -677 (-1 882).

Cash flow from items affecting comparability was MSEK -194 (-23), whereof MSEK -152 is related to the cost savings program, MSEK -38 is related to overtime compensation in Spain and MSEK -4 is related to premises in Germany.

Cash flow from financing activities was MSEK 1 222 (969).

Cash flow for the period was MSEK 2 437 (-68).

CONDENSED STATEMENT OF CASH FLOW ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2012	2011
Operating income before amortization	**3 085.5**	**3 384.7**
Investments in non-current tangible and intangible assets	-1 039.2	-1 009.8
Reversal of depreciation	946.1	902.0
Net investments in non-current tangible and intangible assets	**-93.1**	**-107.8**
Change in accounts receivable	205.4	-722.6
Change in other operating capital employed	3.0	-446.9
Cash flow from operating activities	**3 200.8**	**2 107.4**
Cash flow from operating activities, %	*104*	*62*
Financial income and expenses paid	-531.9	-475.1
Current taxes paid	-583.3	-763.9
Free cash flow	**2 085.6**	**868.4**
Free cash flow, %	*105*	*39*
Cash flow from investing activities, acquisitions and divestitures	-677.3	-1 882.0
Cash flow from items affecting comparability	-193.8	-23.7
Cash flow from financing activities	1 222.7	968.9
Cash flow for the year	**2 437.2**	**-68.4**

Securitas' financial model is described on pages 50–51.

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 2 580 (3 145) corresponding to 4 percent of sales (5), adjusted for the full year sales figures of acquired units.

Acquisitions increased operating capital employed by MSEK 75 during the period.

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter 2012 in conjunction with the business plan process for 2013. As a result of this, a decision was made to recognize impairment losses of goodwill and other acquisition related intangible assets amounting to MSEK -26 in Security Services Montenegro. In 2011, no impairment losses were recognized.

Acquisitions increased consolidated goodwill by MSEK 262. Adjusted for the above described impairment of which MSEK -16 is attributable to goodwill, as well as negative translation differences of MSEK -698, total goodwill for the Group amounted to MSEK 14 275 (14 727).

Acquisitions have increased acquisition related intangible assets by MSEK 283. After amortization of MSEK -271 and the above described impairment of which MSEK -10 is attributable to acquisition related intangible assets, as well as negative translation differences of MSEK -74, acquisition related intangible assets amounted to MSEK 1 502 (1 574).

The Group's total capital employed was MSEK 18 465 (19 554). The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK -915.

The return on capital employed was 14 percent (17).

Financing

The Group's net debt amounted to MSEK 9 865 (10 349). Acquisitions and acquisition related payments increased the Group's net debt by MSEK 677, of which purchase price payments accounted for MSEK 546, assumed net debt for MSEK 33 and acquisition related costs paid accounted for MSEK 98. The Group's net debt decreased by MSEK -354 due to the translation of net debt in foreign currency to Swedish kronor.

A dividend of MSEK 1 095 (1 095) was paid to the shareholders in May 2012.

The free cash flow to net debt ratio amounted to 0.21 (0.08).

The main capital market instruments drawn as of the end of December 2012 were 12 bonds issued under the Group's Euro Medium Term Note Program. The latest bond was a MEUR 300 5.5 year Eurobond which was issued in September 2012, with a coupon of 2.25 percent. In addition, Securitas has access to committed bank financing through a Revolving Credit Facility (RCF), which comprises two respective tranches of MUSD 550 and MEUR 420 (MUSD 1 100 in total). At the end of the fourth quarter there was a total of MUSD 75 drawn on the facility, leaving MUSD 1 025 equivalent available and undrawn. The Group also has access to uncommitted bank borrowings and a MSEK 5 000 Swedish Commercial Paper Program for short-term borrowing needs. Further information on the credit facilities as of December 31, 2012 is provided in note 6.

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.

In August 2012, Standard and Poor's downgraded Securitas to BBB from BBB+. Outlook is stable. The Group's liquidity position is regarded as strong.

The interest cover ratio amounted to 5.0 (6.1).

Shareholders' equity amounted to MSEK 8 600 (9 205). The translation of foreign assets and liabilities into Swedish kronor decreased shareholders' equity by MSEK -561 after taking into account net investment hedging of MSEK -10 and MSEK -551 before net investment hedging. Refer to the statement of comprehensive income for further information.

The total number of outstanding shares amounted to 365 058 897 as of December 31, 2012.

CONDENSED CAPITAL EMPLOYED AND FINANCING ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2012	2011
Operating capital employed	2 580.1	3 144.6
Operating capital employed as % of sales	*4*	*5*
Goodwill	14 275.4	14 727.4
Acquisition related intangible assets	1 501.9	1 574.1
Shares in associated companies	108.0	108.2
Total capital employed	**18 465.4**	**19 554.3**
Return on capital employed, %	*14*	*17*
Net debt	9 864.6	10 348.8
Shareholders' equity	8 600.8	9 205.5
Total financing	**18 465.4**	**19 554.3**

Securitas' financial model is described on pages 50–51.

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

NET DEBT DEVELOPMENT

MSEK	2012	2011
Opening balance January 1	**-10 348.8**	**-8 208.9**
Cash flow from operating activities	3 200.8	2 107.4
Financial income and expenses paid	-531.9	-475.1
Current taxes paid	-583.3	-763.9
Free cash flow	**2 085.6**	**868.4**
Cash flow from investing activities, acquisitions and divestitures	-677.3	-1 882.0
Cash flow from items affecting comparability	-193.8	-23.7
Dividend paid	-1 095.2	-1 095.2
Change in net debt before revaluation and translation	**119.3**	**-2 132.5**
Revaluation of financial instruments	10.6	7.5
Translation differences	354.3	-14.9
Change in net debt	**484.2**	**-2 139.9**
Closing balance December 31	**-9 864.6**	**-10 348.8**

Acquisitions and divestitures

ACQUISITIONS AND DIVESTITURES JANUARY – DECEMBER 2012 (MSEK)

Company	Business segment[1]	Included/ divested from	Acquired/ divested share[2]	Annual sales[3]	Enterprise value[4]	Goodwill	Acq. related intangible assets
Opening balance						**14 727**	**1 574**
MPL Beveiligingsdiensten, the Netherlands	Security Services Europe/Mobile and Monitoring	Jan 1	100	99	46	14	48
Protect, Croatia[7, 8]	Security Services Europe	Jan 4	85	73	39	24	23
Chillida Sistemas de Seguridad, Spain	Security Services Ibero-America	Apr 1	100	133	187	103	45
Trailback, Argentina[7]	Security Services Ibero-America	Apr 1	100	14	22	21	10
PT Environmental Indokarya, Indonesia[7, 9]	Other	Apr 26	49	37	12	14	8
ISS Facility Services, Norway[7]	Security Services Europe/Mobile and Monitoring	Sep 1	–	60	21	–	33
Federal Resguard, Argentina[7]	Security Services Ibero-America	Dec 1	100	140	16	28	16
Other acquisitions, divestitures and adjustments[5, 7]				368	237	58	100
Total acquisitions and divestitures January – December 2012				**924**	**580**	**262**[6]	**283**
Amortization and impairment of acquisition related intangible assets						-16	-281
Exchange rate differences						-698	-74
Closing balance						**14 275**	**1 502**

1 Refers to business segment with main responsibility for the acquisition.
2 Refers to voting rights for acquisitions in the form of share purchase agreements. For asset deals no voting rights are stated.
3 Estimated annual sales.
4 Purchase price paid plus acquired net debt, but excluding any deferred considerations.
5 Related to other acquisitions and divestitures for the period and updated previous year acquisition calculations for the following entities: Omniwatch, Northern Investigative Associates and Security Consultants Group, the USA, Pinkerton C&I India, India, Adept Security and Niscayah brand (contract portfolio), Services Sweden, Värmlandsvakt (contract portfolio), Mobile Sweden, PSS and Vaktvesenet, Services Norway, Siemens Monitoring (contract portfolio) and BIJ Security (contract portfolio), Services Denmark, Sec Consulting (contract portfolio), Mobile Denmark, Interfire, Services Finland, Silvania (contract portfolio), Mobile Finland, Ivertowski, Services Germany, Assistance Sécurité Gardiennage, Services France, APSG, VIF, Europinter, ECSAS Gardiennage, NEO, Pole Protection Provence and SCIS, Mobile France, Chubb Security Personnel, Services UK, Swallow Security, Mobile UK, WOP Protect, Switzerland, Pesti and Scudo (contract portfolio), Austria, Cobelguard, Services Belgium, Alarmvision (contract portfolio) and Brackelaire (contract portfolio), Alert Services Belgium, Interseco, Other the Netherlands, Sector Alarm (contract portfolio), Alert Services the Netherlands, Trezor (contract portfolio) and Mega Alarm (contract portfolio), Poland, Sistem FTO, Serbia, Guardian Security, Montenegro, Alarm West Group and Adria Ipon Security, Bosnia and Herzegovina, Securitas Hrvatska (former Zvonimir Security) and Sigurnost Buzov, Croatia, Ave Lat Sargs, Latvia, Sensormatic, Turkey, Brink's Guarding, Morocco, Fuego Red, Argentina, Pandyr and Atriomar, Uruguay, Ubiq and Risk Control, Peru, Seguricorp, Chile, SGT Seguridad and Alfa Seguridad, Ecuador, CSS Internacional, Costa Rica, European Safety Concepts, Thailand, Legend Group, Singapore, Security Standard Group, Cambodia, Securitas UAE, United Arab Emirates, Top Security (contract portfolio), Orbis Security Solutions and Securitas SA Holdings (divestiture 30 percent), South Africa. Related also to deferred considerations paid in the USA, Mexico, France, UK, Austria, Belgium, Poland, Bosnia and Herzegovina, Croatia, Latvia, Turkey, Morocco, Argentina, Chile, Ecuador, Thailand and South Africa.
6 Goodwill that is expected to be tax deductible amounts to MSEK 1.
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 in the Group was MSEK -50. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 544.
8 No non-controlling interests have been accounted for since Securitas has an option to buy the remaining shares and the seller has an option to sell the remaining shares. Consequently, 100 percent of the company is consolidated.
9 Through shareholder agreements and other contractual arrangements Securitas has the power to govern the financial and operating policies of this company so as to obtain benefit from its activities. It is therefore consolidated as a subsidiary.

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

For further information regarding acquisitions and divestitures in 2012, refer to note 16.

Acquisitions after December 31, 2012

Selectron, Uruguay

Securitas has acquired the monitoring and installation company Selectron in Uruguay. Enterprise value is estimated to MSEK 20 (MUYU 60). Selectron has annual sales of approximately MSEK 27 (MUYU 80) and 90 employees. The company has a strong presence in the financial and retail customer segments.

Other significant events

Authorization to repurchase shares in Securitas AB

In order to be able to contribute to shareholder value, the Board considers it beneficial for the company to be able to adjust the company's capital structure as appropriate at each point in time. The Board has therefore decided to propose to the Annual General Meeting on May 7, 2013, that the Board be authorized to be able to resolve on the acquisition of the company's shares for a period until the next Annual General Meeting, up to a maximum of ten (10) percent of the issued shares in the company. For this purpose, the Board intends to propose that any shares that have been repurchased as per such an authorization be cancelled.

Increase of investment pace in technology and initiation of cost savings program

Measures were initiated in October 2012 to better align Securitas with future customer needs and expectations, and to further increase the investment pace in technology. The Mobile and Monitoring and Security Services Europe business segments have been merged as of January 1, 2013, to improve the coordination and speed of technology implementation. A cost savings program was initiated in North America and in Europe, also including Spain in the business segment Security Services Ibero-America, which was in all material aspects finalized in December 2012. Total savings are estimated to approximately MSEK 370 annually, effective as of January 1, 2013, and the restructuring cost amounted to MSEK -458.

The restructuring cost is classified as an item affecting comparability in the statement of income. The total cash payments relating to the restructuring program amounted to MSEK -152 in 2012. In the statement of cash flow these payments are classified as a cash flow from items affecting comparability and are thus not included in our measurement of free cash flow. The total provision relating to the restructuring program as of December 31, 2012, amounted to MSEK 300. Further information is provided in note 11.

Spain – overtime compensation

The Spanish Supreme Court has issued a ruling that provides guidelines on the computation of overtime compensation. Based on these guidelines Group Management has deemed that the provisions were sufficient for the exposure. As a result of an increased number of claims having been decided in court and subsequently settled during the course of 2012, Group Management has obtained better visibility regarding the exposure and the probable outflow that will be necessary in order to settle overtime compensation claims. Group Management has based on this decided to release MSEK 23 (MEUR 2.6) from the provision at the end of 2012. The remaining provision amounts to MSEK 40 (MEUR 4.7) which is deemed sufficient for the remaining exposure. The reversal from the provision is classified as an item afffecting comparability in the statement of income. For further information regarding the Spanish overtime compensation case refer to note 11, note 32 and note 35.

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 the fourth quarter decided to reject interest payments made for the years 2006–2007. This was expected as a consequence of a similar resolution received in 2009 regarding interest deductions 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 16 including interest in addition to MEUR 10 referring to interest deductions for the years 2003–2005.

Securitas believes it has acted in accordance with applicable law and will defend its position in court. However, the tax resolutions cause some uncertainty and it may take a long time until a final judgment is made. To avoid future challenges of interest deductions the Group adjusted the capitalization of Securitas Spain in 2009. For further information regarding the Spanish tax audit refer to note 37.

Germany – claim from Deutsche Bank

Securitas in Germany has settled a dispute with Deutsche Bank concerning a certain contract matter from 2006 involving a Letter of Comfort and has agreed to pay the Bank an amount of MEUR 10 in return for a full release of all present and future claims. The settlement amount is covered by previously recognized provisions and has been paid on January 10, 2013.

Other significant events after the balance sheet date

There have been no significant events with effect on the financial reporting after the balance sheet date except for the acquisition listed above.

Change in Group Management

Lucien Meeus has, as of August 8, 2012, left his position as Divisional President Monitoring and has also stepped down from Securitas' Group Management. Erik-Jan Jansen was as of this date appointed Divisional President for both the divisions Mobile and Monitoring.

From January 1, 2013, the President and CEO of Securitas, Alf Göransson has assumed responsibility for the merger between the Security Services Europe and the Mobile and Monitoring business segments (the name of the business segment is Security Services Europe). As of January 1, 2013, Erik-Jan Jansen has been appointed COO (Chief Operating Officer) of Security Services Europe and Bart Adam has been appointed CFO (Chief Financial Officer) of Securitas.

Kim Svensson, previously Senior Vice President Corporate Finance, and Aimé Lyagre, formerly the COO of Security Services Europe, have stepped down from Securitas' Group Management on October 25, 2012. Kim Svensson has been appointed Regional President of Securitas China and South East Asia. Aimé Lyagre has been appointed CTO (Chief Technology Officer) 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 40–44.

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

Contract risks

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

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

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

The acquisitions and divestitures made during 2012 are described under the heading Acquisitions and divestitures above and in note 16.

Operational assignment risks

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

Financial risks

Financial risks are mainly managed through continuous measurement and follow-up of financial performance, with the help of Securitas' financial model. This model identifies certain key figures that are vital to the profitability of the operations, and facilitates the detection and handling of risks. The financial model is described in more detail on pages 50–51. In addition, financial risks (other than relating to financial reporting) arise because the Group has external financing needs and operates in a number of foreign currencies. The risks are mainly interest rate risk, foreign currency risk, financing and liquidity risk and credit/counterparty risk.

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

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

For the forthcoming twelve month period, the financial impact of certain items affecting comparability, provisions and contingent liabilities, as described in note 11, note 32, note 35 and note 37 respectively, may vary from the current financial estimates and provisions made by management. This could affect the profitability and the financial position of the Group.

Personnel

With more than 300 000 employees in 52 countries, Securitas number one responsibility is to be a solid, trustworthy and stable employer to all our employees, striving to offer good working conditions, fair wages and opportunities for personal development. Our basic requirement is to act within the framework of laws and international conventions. This means that we respect and comply with labor market laws, agreements and safety requirements and other provisions that set the parameters for our operations.

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

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

There are numerous opportunities for career advancement at Securitas, for example by specializing in a particular discipline at local, regional or national level. There are several training programs in place. In many countries there are specialized training programs geared towards specific customer segments, such as aviation, retail and gated communities. In several countries, Securitas 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 24–30.

For information regarding the average number of yearly employees, the distribution between women and men and the total staff costs, refer to note 12.

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. Technical solutions are an important part of the integrated security solutions that Securitas offers. In 2012, Securitas invested in a global competence center in Malmö, Sweden within the Remote Video Solutions area with the aim of developing solutions and supporting the country organizations.

As of December 31, 2012 the Group had no capitalized research expenditures.

Environment

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

Securitas Group Emissions Policy sets emission limits for new company cars (aimed to transport maximum five people) and new minivans (aimed for six or seven people), respectively. The limits are reduced on a yearly basis and from December 1, 2012, the limits are 150 and 200 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 more than 12 000 company cars and minivans that Securitas owns or leases worldwide, emitted approximately 155 CO_2 gram per kilometer (162) in 2012.

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 134–135.

In order to be able to contribute to shareholder value, the Board considers it beneficial for the company to be able to adjust the company's capital structure as appropriate at each point in time. The Board has therefore decided to propose to the Annual General Meeting on May 7, 2013, that the Board be authorized to be able to resolve on the acquisition of the company's shares for a period until the next Annual General Meeting, up to a maximum of ten (10) percent of the issued shares in the company. For this purpose, the Board intends to propose that any shares that have been repurchased as per such an authorization be cancelled. There are currently no authorizations by the previous Annual General Meeting held on May 7, 2012 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 2013 focus on integrated security solutions. Our recipe for success involves developing optimal, cost-effective security solutions that integrate all of our areas of competence and result in improved margins, optimal solutions for the customers and stronger, more long-term customer relationships. The key is finding the right balance between operations done by security officers on site and operations done by specially trained security officers from a monitoring center, and to what extent security officers or technological solutions should be used. Securitas' plan is to move up the value chain, from traditional guarding to complete security solutions.

The sales of technology and security solutions represented approximately 6 percent of Group total sales in 2012. We have set a target to triple this share of sales, which we consider achievable by the end of 2015.

In 2012, we achieved our financial target free cash flow in relation to net debt of at least 0.20. However, we will continue to be restrictive regarding acquisitions, with the exception of technological operations that create synergies and competence along our strategic path or acquisitions that strengthen our position in growth markets.

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 992 (846) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 2 792 (1 288*). The increase in financial income and expenses compared to last year is mainly explained by an increase in dividend from subsidiaries. Exchange rate differences have also had a positive impact on the finance net during the year.

Income before taxes amounted to MSEK 3 498 (2 101).

Income before taxes includes result from the sale of shares in subsidiaries and joint ventures of MSEK -9 (67**), dividends from subsidiaries of MSEK 11 876 (4 679*), interest income of MSEK 206 (199), interest expense of MSEK -869 (-880) and other financial income and expenses, net, of MSEK -8 412 (-2 709*). Included in other financial income and expenses, net are impairment losses relating to shares in subsidiaries of MSEK -8 602 (-2 735). Impairment losses in 2012 were recognized in conjunction with the Parent Company having received dividends from subsidiaries and for the shares in Securitas Montenegro d.o.o. as a consequence of the impairment of goodwill and acquisition related intangible assets that were recognized for the cash generating unit Security Services Montenegro. Impairment losses in 2011 were recognized in conjunction with the Parent Company having received dividends from subsidiaries.

Net income was MSEK 3 442 (2 093).

Cash flow for the year amounted to MSEK 20 (3).

The Parent Company's non-current assets amounted to MSEK 38 119 (38 709) and mainly comprise shares in subsidiaries of MSEK 37 156 (37 853). Current assets amounted to MSEK 6 440 (8 111) of which liquid funds amounted to MSEK 25 (5).

Shareholders' equity amounted to MSEK 25 545 (23 343). A dividend of MSEK 1 095 (1 095) was paid to the shareholders in May 2012.

The Parent Company's liabilities amounted to MSEK 19 014 (23 477) and mainly consist of interest-bearing debt.

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

* Restated since group contributions have been accounted for as appropriations due to a change in accounting principle. Refer to note 39 for further information.

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

Proposed guidelines for remuneration to senior management in Securitas for 2013
The Board of Directors of Securitas AB (publ.) proposes that the Annual General Meeting on May 7, 2013 adopts guidelines for remuneration to senior management in accordance with the following;

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

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

The Board of Directors shall each year consider whether to propose that the General Meeting resolves upon a share or share price based incentive program. The Annual General Meeting in 2012, as well as the Annual General Meetings in 2010 and 2011, adopted a resolution on an incentive scheme.

The undertakings of the company as regards variable remuneration to the Group Management may, at maximum outcome during 2013, amount to a total of MSEK 56. Information on previously decided remuneration which has not yet been paid can be found in note 8 of this Annual Report.

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

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

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

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

Proposed allocation of earnings

The statements of income and the balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting on May 7, 2013.

Retained earnings in the Parent Company available for distribution:

	SEK
Hedging reserve	-5 075 175
Translation reserve	464 713 628
Retained earnings	13 916 363 682
Net income for the year	3 441 713 244
Total	**17 817 715 379**

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

	SEK
a dividend to the shareholders of SEK 3.00 per share	1 095 176 691
retained earnings to be carried forward	16 722 538 688
Total	**17 817 715 379**

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, 2012 amount to SEK 14 376 002 135. The net income for the year amounts to SEK 3 441 713 244 of which SEK -174 042 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, 2012 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 17 817 715 379 are therefore at the Annual General Meeting's disposal.

Provided that the 2013 Annual General Meeting resolves to allocate the earnings in accordance with the Board's proposal, SEK 16 722 538 688 will be carried forward. After distribution of the proposed dividend, there will be full coverage for the Company's restricted equity.

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

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

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

Proposal on record date for dividend

As record date for dividend, the Board proposes May 13, 2013. If the Annual General Meeting so resolves, the dividend is expected to be distributed by Euroclear Sweden AB starting May 16, 2013.

Consolidated statement of income

MSEK	Note	2012	2011	2010
Sales		64 039.8	58 995.6	59 097.5
Sales, acquired business		2 418.4	5 061.5	2 242.3
Total sales	9, 10	**66 458.2**	**64 057.1**	**61 339.8**
Production expenses	11, 12, 13	-55 360.0	-52 977.4	-50 076.0
Gross income		**11 098.2**	**11 079.7**	**11 263.8**
Selling and administrative expenses	11, 12, 13	-8 028.2	-7 766.9	-7 551.3
Other operating income	10	12.8	74.3	12.7
Share in income of associated companies	21	2.7	-2.4	-1.0
Amortization and impairment of acquisition related intangible assets	17, 18	-297.1	-218.2	-164.3
Acquisition related costs	11	-49.5	-193.5	-89.6
Items affecting comparability	11	-424.3	–	–
Operating income		**2 314.6**	**2 973.0**	**3 470.3**
Financial income	14	102.1	116.6	41.8
Financial expenses	14	-675.1	-609.6	-544.1
Income before taxes		**1 741.6**	**2 480.0**	**2 968.0**
Taxes	15	-529.6	-741.4	-887.2
Net income for the year		**1 212.0**	**1 738.6**	**2 080.8**
Whereof attributable to:				
Equity holders of the Parent Company		1 211.6	1 735.7	2 083.1
Non-controlling interests		0.4	2.9	-2.3
Average number of shares before dilution		365 058 897	365 058 897	365 058 897
Average number of shares after dilution		365 058 897	365 058 897	365 058 897
Earnings per share before dilution (SEK)		3.32	4.75	5.71
Earnings per share after dilution (SEK)		3.32	4.75	5.71
Earnings per share before dilution and before items affecting comparability (SEK)	3	4.21	4.75	5.71

Consolidated statement of comprehensive income

MSEK	Note	2012	2011	2010
Net income for the year		**1 212.0**	**1 738.6**	**2 080.8**
Other comprehensive income				
Actuarial gains and losses and effects of minimum funding requirement net of tax		-147.9	-270.3	-117.9
Cash flow hedges net of tax		7.1	3.2	53.2
Net investment hedges		-9.7	36.1	361.0
Translation differences		-551.5	-129.2	-1 232.2
Other comprehensive income	15	**-702.0**	**-360.2**	**-935.9**
Total comprehensive income for the year		**510.0**	**1 378.4**	**1 144.9**
Whereof attributable to:				
Equity holders of the Parent Company		510.2	1 376.1	1 147.6
Non-controlling interests		-0.2	2.3	-2.7

Securitas' financial model – consolidated statement of income

Supplementary information

MSEK	2012	2011	2010
Sales	64 039.8	58 995.6	59 097.5
Sales, acquired business	2 418.4	5 061.5	2 242.3
Total sales	**66 458.2**	**64 057.1**	**61 339.8**
Organic sales growth, %	*0*	*3*	*1*
Production expenses	-55 360.0	-52 977.4	-50 076.0
Gross income	**11 098.2**	**11 079.7**	**11 263.8**
Gross margin, %	*16.7*	*17.3*	*18.4*
Expenses for branch offices	-3 828.5	-3 621.2	-3 656.3
Other selling and administrative expenses	-4 199.7	-4 145.7	-3 895.0
Total expenses	**-8 028.2**	**-7 766.9**	**-7 551.3**
Other operating income	12.8	74.3	12.7
Share in income of associated companies	2.7	-2.4	-1.0
Operating income before amortization	**3 085.5**	**3 384.7**	**3 724.2**
Operating margin, %	*4.6*	*5.3*	*6.1*
Amortization and impairment of acquisition related intangible assets	-297.1	-218.2	-164.3
Acquisition related costs	-49.5	-193.5	-89.6
Items affecting comparability	-424.3	–	–
Operating income after amortization	**2 314.6**	**2 973.0**	**3 470.3**
Financial income and expenses	-573.0	-493.0	-502.3
Income before taxes	**1 741.6**	**2 480.0**	**2 968.0**
Net margin, %	*2.6*	*3.9*	*4.8*
Taxes	-529.6	-741.4	-887.2
Net income for the year	**1 212.0**	**1 738.6**	**2 080.8**

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

Securitas' financial model is described on pages 50–51.

Consolidated statement of cash flow

MSEK	Note	2012	2011	2010
Operations				
Operating income		2 314.6	2 973.0	3 470.3
Adjustment for effect on cash flow from items affecting comparability	11	230.5	-23.7	-62.5
Adjustment for effect on cash flow from acquisition related costs	11	-48.1	13.5	24.3
Reversal of depreciation and impairment losses	17, 18, 19, 20	1 243.2	1 120.2	1 065.0
Financial items received		100.6	113.9	41.9
Financial items paid		-632.5	-589.0	-563.6
Current taxes paid		-583.3	-763.9	-735.1
Change in accounts receivable		205.4	-722.6	-768.4
Change in other operating capital employed		3.0	-446.9	312.8
Cash flow from operations		**2 833.4**	**1 674.5**	**2 784.7**
Investing activities				
Investments in non-current tangible and intangible assets		-1 039.2	-1 009.8	-901.9
Acquisition and divestitures of subsidiaries	16	-579.7	-1 702.0	-1 293.7
Cash flow from investing activities		**-1 618.9**	**-2 711.8**	**-2 195.6**
Financing activities				
Dividend paid to shareholders of the Parent Company		-1 095.2	-1 095.2	-1 095.2
Proceeds from bond loans	30	6 617.6	3 344.1	1 764.5
Redemption of bond loans	30	-1 000.0	-1 000.0	-459.5
Proceeds from other long-term borrowings	30	–	516.1	–
Repayment of other long-term borrowings	30	–	-2 041.8	-872.4
Change in other interest-bearing net debt excluding liquid funds		-3 299.7	1 245.7	238.1
Cash flow from financing activities		**1 222.7**	**968.9**	**-424.5**
Cash flow for the year		**2 437.2**	**-68.4**	**164.6**
Liquid funds at beginning of year		2 507.4	2 586.9	2 497.1
Translation differences on liquid funds		-63.9	-11.1	-74.8
Liquid funds at year-end	28	**4 880.7**	**2 507.4**	**2 586.9**

Supplementary information – Change in interest-bearing net debt in 2012

MSEK	Opening balance 2012	Cash flow for the year	Change in loans[1]	Revaluation of financial instruments	Translation differences	Closing balance 2012
Liquid funds	2 507.4	2 437.2	–	–	-63.9	4 880.7
Other net debt	-12 856.2	–	-2 317.9	10.6	418.2	-14 745.3
Interest-bearing net debt	**-10 348.8**	**2 437.2**	**-2 317.9**	**10.6**	**354.3**	**-9 864.6**

1 Refers to the net effect of the proceeds from bond loans MSEK -6 617.6, redemption of bond loans MSEK 1 000.0 and change in other interest-bearing net debt excluding liquid funds MSEK 3 299.7.

Securitas' financial model – consolidated statement of cash flow

Supplementary information

MSEK	2012	2011	2010
Operating income before amortization	**3 085.5**	**3 384.7**	**3 724.2**
Investments in non-current tangible and intangible assets	-1 039.2	-1 009.8	-901.9
Reversal of depreciation	946.1	902.0	900.7
Net investments in non-current assets	**-93.1**	**-107.8**	**-1.2**
Change in accounts receivable	205.4	-722.6	-768.4
Change in other operating capital employed	3.0	-446.9	312.8
Cash flow from operating activities	**3 200.8**	**2 107.4**	**3 267.4**
Cash flow from operating activities as % of operating income before amortization	*104*	*62*	*88*
Financial income and expenses paid	-531.9	-475.1	-521.7
Current taxes paid	-583.3	-763.9	-735.1
Free cash flow	**2 085.6**	**868.4**	**2 010.6**
Free cash flow as % of adjusted income	*105*	*39*	*81*
Acquisition and divestitures of subsidiaries	-579.7	-1 702.0	-1 293.7
Acquisition related costs paid	-97.6	-180.0	-65.3
Cash flow from items affecting comparability	-193.8	-23.7	-62.5
Cash flow from financing activities	1 222.7	968.9	-424.5
Cash flow for the year	**2 437.2**	**-68.4**	**164.6**

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

Securitas' financial model is described on pages 50–51.

Consolidated balance sheet

MSEK	Note	2012	2011	2010
ASSETS				
Non-current assets				
Goodwill	17	14 275.4	14 727.4	13 338.8
Acquisition related intangible assets	18	1 501.9	1 574.1	1 096.5
Other intangible assets	19	368.1	330.5	272.4
Buildings and land	20	318.8	341.7	337.4
Machinery and equipment	20	2 058.9	2 020.1	1 946.5
Shares in associated companies	21	108.0	108.2	125.6
Deferred tax assets	15	1 542.3	1 511.1	1 353.4
Interest-bearing financial non-current assets	22	224.3	189.5	205.7
Other long-term receivables	23	628.9	534.2	384.3
Total non-current assets		**21 026.6**	**21 336.8**	**19 060.6**
Current assets				
Inventories	24	116.7	68.2	45.9
Accounts receivable	25	10 490.1	10 965.0	9 724.1
Current tax assets	15	323.8	305.4	255.2
Other current receivables	26	1 503.5	1 464.0	1 144.3
Other interest-bearing current assets	27	116.3	19.6	68.3
Liquid funds	28	4 880.7	2 507.4	2 586.9
Total current assets		**17 431.1**	**15 329.6**	**13 824.7**
TOTAL ASSETS		**38 457.7**	**36 666.4**	**32 885.3**
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		-1 379.1	-825.6	-736.3
Retained earnings		2 238.3	2 300.8	1 944.0
Shareholders' equity attributable to equity holders of the Parent Company		**8 586.9**	**9 202.9**	**8 935.4**
Non-controlling interests		**13.9**	**2.6**	**3.1**
Total Shareholders' equity	29	**8 600.8**	**9 205.5**	**8 938.5**
Long-term liabilities				
Long-term loan liabilities	30	9 099.9	8 576.8	7 202.6
Other long-term liabilities	30	409.3	532.1	282.3
Provisions for pensions and similar commitments	31	1 470.6	1 453.5	1 151.2
Deferred tax liabilities	15	719.0	669.4	432.1
Other long-term provisions	32	699.3	999.7	981.5
Total long-term liabilities		**12 398.1**	**12 231.5**	**10 049.7**
Current liabilities				
Short-term loan liabilities	33	5 986.0	4 488.5	3 867.2
Accounts payable		1 033.1	914.9	853.6
Current tax liabilities	15	237.0	253.4	285.5
Other current liabilities	34	9 108.2	8 793.6	8 227.3
Short-term provisions	35	1 094.5	779.0	663.5
Total current liabilities		**17 458.8**	**15 229.4**	**13 897.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**38 457.7**	**36 666.4**	**32 885.3**

Securitas' financial model – consolidated capital employed and financing

Supplementary information

MSEK	2012	2011	2010
Operating capital employed			
Other intangible assets	368.1	330.5	272.4
Buildings and land	318.8	341.7	337.4
Machinery and equipment	2 058.9	2 020.1	1 946.5
Deferred tax assets	1 542.3	1 511.1	1 353.4
Other long-term receivables	628.9	534.2	384.3
Inventories	116.7	68.2	45.9
Accounts receivable	10 490.1	10 965.0	9 724.1
Current tax assets	323.8	305.4	255.2
Other current receivables	1 503.5	1 464.0	1 144.3
Total assets	**17 351.1**	**17 540.2**	**15 463.5**
Other long-term liabilities	409.3	532.1	282.3
Provisions for pensions and similar commitments	1 470.6	1 453.5	1 151.2
Deferred tax liabilities	719.0	669.4	432.1
Other long-term provisions	699.3	999.7	981.5
Accounts payable	1 033.1	914.9	853.6
Current tax liabilities	237.0	253.4	285.5
Other current liabilities	9 108.2	8 793.6	8 227.3
Short-term provisions	1 094.5	779.0	663.5
Total liabilities	**14 771.0**	**14 395.6**	**12 877.0**
Total operating capital employed	**2 580.1**	**3 144.6**	**2 586.5**
Goodwill	14 275.4	14 727.4	13 338.8
Acquisition related intangible assets	1 501.9	1 574.1	1 096.5
Shares in associated companies	108.0	108.2	125.6
Total capital employed	**18 465.4**	**19 554.3**	**17 147.4**
Operating capital employed as % of sales	*4*	*5*	*4*
Return on capital employed, %	*14*	*17*	*22*
Net debt			
Interest-bearing financial non-current assets	224.3	189.5	205.7
Other interest-bearing current assets	116.3	19.6	68.3
Liquid funds	4 880.7	2 507.4	2 586.9
Total interest-bearing assets	**5 221.3**	**2 716.5**	**2 860.9**
Long-term loan liabilities	9 099.9	8 576.8	7 202.6
Short-term loan liabilities	5 986.0	4 488.5	3 867.2
Total interest-bearing liabilities	**15 085.9**	**13 065.3**	**11 069.8**
Total net debt	**9 864.6**	**10 348.8**	**8 208.9**
Net debt equity ratio, multiple	*1.15*	*1.12*	*0.92*
Shareholders' equity			
Share capital	365.1	365.1	365.1
Other capital contributed	7 362.6	7 362.6	7 362.6
Other reserves	-1 379.1	-825.6	-736.3
Retained earnings	2 238.3	2 300.8	1 944.0
Non-controlling interests	13.9	2.6	3.1
Total shareholders' equity	**8 600.8**	**9 205.5**	**8 938.5**
Total financing	**18 465.4**	**19 554.3**	**17 147.4**

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

Securitas' financial model is described on pages 50–51.

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 2010	**365.1**	**7 362.6**	**-68.6**	**149.9**	**1 003.7**	**8 812.7**	**8.3**	**8 821.0**
Net income for the year	**–**	**–**	**–**	**–**	**2 083.1**	**2 083.1**	**-2.3**	**2 080.8**
Other comprehensive income								
Actuarial gains and losses and effects of minimum funding requirement net of tax	–	–	–	–	-117.9	-117.9	–	-117.9
Cash flow hedges								
Transfer to hedging reserve before tax	–	–	-56.9	–	–	-56.9	–	-56.9
Deferred tax on transfer to hedging reserve	–	–	15.0	–	–	15.0	–	15.0
Transfer to interest expense in the statement of income before tax	–	–	129.0	–	–	129.0	–	129.0
Deferred tax on transfer to statement of income	–	–	-33.9	–	–	-33.9	–	-33.9
Net investment hedges	–	–	–	361.0	–	361.0	–	361.0
Translation differences	–	–	–	-1 231.8	–	-1 231.8	-0.4	-1 232.2
Other comprehensive income	**–**	**–**	**53.2**	**-870.8**	**-117.9**	**-935.5**	**-0.4**	**-935.9**
Total comprehensive income for the year	**–**	**–**	**53.2**	**-870.8**	**1 965.2**	**1 147.6**	**-2.7**	**1 144.9**
Transactions with non-controlling interests	–	–	–	–	–	–	-2.5	-2.5
Share-based incentive scheme[2]	–	–	–	–	70.3	70.3	–	70.3
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2	–	-1 095.2
Closing balance 2010	**365.1**	**7 362.6**	**-15.4**	**-720.9**	**1 944.0**	**8 935.4**	**3.1**	**8 938.5**
Opening balance 2011	**365.1**	**7 362.6**	**-15.4**	**-720.9**	**1 944.0**	**8 935.4**	**3.1**	**8 938.5**
Net income for the year	**–**	**–**	**–**	**–**	**1 735.7**	**1 735.7**	**2.9**	**1 738.6**
Other comprehensive income								
Actuarial gains and losses and effects of minimum funding requirement net of tax	–	–	–	–	-270.3	-270.3	–	-270.3
Cash flow hedges								
Transfer to hedging reserve before tax	–	–	-29.7	–	–	-29.7	–	-29.7
Deferred tax on transfer to hedging reserve	–	–	7.8	–	–	7.8	–	7.8
Transfer to interest expense in the statement of income before tax	–	–	34.1	–	–	34.1	–	34.1
Deferred tax on transfer to statement of income	–	–	-9.0	–	–	-9.0	–	-9.0
Net investment hedges	–	–	–	36.1	–	36.1	–	36.1
Translation differences	–	–	–	-128.6	–	-128.6	-0.6	-129.2
Other comprehensive income	**–**	**–**	**3.2**	**-92.5**	**-270.3**	**-359.6**	**-0.6**	**-360.2**
Total comprehensive income for the year	**–**	**–**	**3.2**	**-92.5**	**1 465.4**	**1 376.1**	**2.3**	**1 378.4**
Transactions with non-controlling interests	–	–	–	–	–	–	-2.8	-2.8
Share-based incentive scheme[2]	–	–	–	–	-13.4	-13.4	–	-13.4
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2	–	-1 095.2
Closing balance 2011	**365.1**	**7 362.6**	**-12.2**	**-813.4**	**2 300.8**	**9 202.9**	**2.6**	**9 205.5**
Opening balance 2012	**365.1**	**7 362.6**	**-12.2**	**-813.4**	**2 300.8**	**9 202.9**	**2.6**	**9 205.5**
Net income for the year	**–**	**–**	**–**	**–**	**1 211.6**	**1 211.6**	**0.4**	**1 212.0**
Other comprehensive income								
Actuarial gains and losses and effects of minimum funding requirement net of tax	–	–	–	–	-147.9	-147.9	–	-147.9
Cash flow hedges								
Transfer to hedging reserve before tax	–	–	-9.5	–	–	-9.5	–	-9.5
Deferred tax on transfer to hedging reserve	–	–	2.5	–	–	2.5	–	2.5
Transfer to interest expense in the statement of income before tax	–	–	19.1	–	–	19.1	–	19.1
Deferred tax on transfer to statement of income	–	–	-5.0	–	–	-5.0	–	-5.0
Net investment hedges	–	–	–	-9.7	–	-9.7	–	-9.7
Translation differences	–	–	–	-550.9	–	-550.9	-0.6	-551.5
Other comprehensive income	**–**	**–**	**7.1**	**-560.6**	**-147.9**	**-701.4**	**-0.6**	**-702.0**
Total comprehensive income for the year	**–**	**–**	**7.1**	**-560.6**	**1 063.7**	**510.2**	**-0.2**	**510.0**
Transactions with non-controlling interests[3]	–	–	–	–	-35.0	-35.0	11.5	-23.5
Share-based incentive scheme[2]	–	–	–	–	4.0	4.0	–	4.0
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2	–	-1 095.2
Closing balance 2012	**365.1**	**7 362.6**	**-5.1**	**-1 374.0**	**2 238.3**	**8 586.9**	**13.9**	**8 600.8**

1 Further information is provided in note 29.
2 Refers to the net of share-based remuneration MSEK 56.1 (53.7 and 70.3) and swap agreement MSEK -52.1 (-67.1 and 0.0). Further information is provided in note 29.
3 Mainly related to acquisition of non-controlling interest in Pinkerton Corporate Risk Management India and divestiture 30 percent in South Africa.

Notes

NOTE 1 General corporate information

Operations

Securitas' core business is integrated security solutions and the main service offering categories are specialized guarding, mobile security services, monitoring, technical solutions and consulting and investigation services. Securitas is present in 52 countries in North America, Europe, Latin America, the Middle East, Asia and Africa, with more than 300 000 employees.

Information regarding Securitas AB

Securitas AB, corporate registration number 556302-7241, is a Swedish public company and has its registered office in Sweden. The address of the head office is:

Securitas AB
Lindhagensplan 70
SE-102 28 Stockholm

Securitas AB is listed on NASDAQ OMX Stockholm on the Large Cap List. The Securitas share is included in the OMX Stockholm All Share Index and the OMX Stockholm 30 Index. Securitas has been listed on the stock exchange since 1991.

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 15, 2013.

The statements of income and balance sheets for the Parent Company and the Group included in the Annual Report and the consolidated financial statements are subject to adoption by the Annual General Meeting on May 7, 2013.

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 2012

There are no new or revised IFRS for 2012 that have been adopted by Securitas.

Other standards

None of the amendments and interpretations of standards that have been implemented during 2012 have had any effect on the Group's financial statements.

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

Published standards and interpretations that are mandatory for the Group's financial year 2013 will to some extent impact the Group's financial statements.

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

IAS 19 (revised) applies to financial years beginning January 1, 2013 or later. It will be adopted by Securitas as of the financial year 2013. The impact on Securitas from the revised standard is that interest cost and expected return on assets will be replaced by a net interest cost (or credit) which is calculated by applying the discount rate to the net defined benefit obligation (or asset). Further, past service costs will be recognized immediately instead of being accrued over the vesting period. The effect on the Group's financial statements is that costs related to defined benefits to employees are expected to increase. When the comparative years are restated, these costs are estimated to increase by approximately MSEK -58 before taxes in 2012 and MSEK -49 before taxes in 2011. The increase in costs will affect production expenses as well as selling and administrative expenses in operating income. IAS 19 (revised) has no impact on the value of plan assets. As a result, the increase in costs as a result of expected return on assets now being valued using the discount rate is offset by a corresponding decrease in actuarial losses (or increase in actuarial gains). Consequently the impact on the provision for pensions and similar commitments is less than the increase in cost and predominantly results from the change in past service cost (or credit). The net provision is expected to decrease by MSEK 1 in 2012 and increase by MSEK 1 in 2011. Further, according to IAS 19 (revised) it will no longer be possible to apply the so called corridor method to recognize actuarial gains and losses. Since Securitas has not applied the corridor method, this change will have no effect on the Group's financial statements.

None of the other published standards and interpretations that are mandatory for the Group's financial year 2013 are assessed to have any impact on the Group's financial statements.

IFRS 10 Consolidated Financial statements, IFRS 11 Joint arrangements and IFRS 12 Disclosures of interests in other entities come into force January 1, 2013. They will be applied by companies within the EU for to financial years beginning January 1, 2014 or later. These standards will thus be adopted by Securitas as of the financial year 2014. They are assessed to have no material impact on the Group's financial statements.

In addition, other standards and interpretations have also been published that are mandatory for the Group's financial year 2014 or later. The effects of these standards and interpretations on the Group's financial statements remain to be assessed.

Scope of the consolidated financial statements (IAS 27)

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

Purchase method of accounting (IFRS 3)

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

For acquisitions made as from 2010, all payments to acquire a business are recorded at fair value at the acquisition date, with contingent considerations and acquisition related option liabilities, classified as debt subsequently 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 (including discounting) of contingent considerations and acquisition related option liabilities, revaluation to fair value of previously acquired shares in step acquisitions and acquisition related restructuring and integration costs.

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

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

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

Non-controlling interests (IAS 27)

For acquisitions made before 2010, the Group has adopted the principle of treating transactions with non-controlling interests as transactions with parties outside the Group. Acquisitions of non-controlling interests give rise to goodwill that is determined as the difference between the purchase price paid and the acquired share of the book value of the subsidiaries' net assets.

For acquisitions made as from 2010 the Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Gains or losses on disposals to non-controlling interests are also recorded in equity. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in the statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest.

Investments in associates (IAS 28)

The equity method is used to account for shareholdings that are neither subsidiaries nor joint ventures, but where Securitas can exert a significant influence, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. For acquisitions made before 2010, the cost of an acquisition is measured at the fair value of the assets given, any contingent considerations and acquisition related option liabilities that have been estimated, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed as a result of the acquisition are measured initially at their fair values at the acquisition date. The acquisition of the associated companies Long Hai Security Services Joint Stock Company (Long Hai) and Walson Services Pvt Ltd (Walsons) took place before 2010, and are consequently accounted for as per above.

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

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

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

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

Share in income of associated companies is recognized in the consolidated statement of income. Depending on the purpose of the investment share in income of associated companies is included either in operating income, if it is related to associated companies that have been acquired to contribute to the operations (operational), or in income before taxes as a separate line within net financial items, if it is related to associated companies that have been acquired as part of the financing of the Group (financial investments). In both cases the share in income of associated companies are net of tax. The associated companies Long Hai and Walsons are classified as operational associates. The Group currently has no associated companies that are accounted for as financial investments.

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 (see note 21).

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. The Group has used the proportional method to account for its investment in Securitas Direct S.A. (Switzerland) up to the divestiture of this company on October 21, 2011 (see note 7).

Translation of foreign subsidiaries (IAS 21)

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

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

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

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

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

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

Revenue recognition (IAS 11 and IAS 18)

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

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

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

Operating segments (IFRS 8)

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

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

- Security Services North America,
- Security Services Europe (for 2011 and 2010 consisted of an aggregation of the two operating segments Security Services Europe and Aviation),
- Mobile and Monitoring (consisting of an aggregation of the operating segment Mobile and the operating segment Monitoring),
- Security Services Ibero-America 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. As of 2013, the Security Services Europe and Mobile and Monitoring business segments will be merged into one business segment named Security Services Europe. The Group's operations will then be divided into three reportable segments and Other (consisting of an aggregation of all other operating segments).

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

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

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

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

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

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

Taxes (IAS 12)

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

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

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

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

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

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

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

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

A discontinued operation is a component of a group that represents a major line of business or geographical area of operations. The net income (after tax) relating to discontinued operations is included on a separate line, net income for the year, discontinued operations. The Group has treated the previous business segment Cash Handling Services as a discontinued operation in its comparatives for the year 2008 (see 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, brand-related and technology-based. Other acquisition related intangible assets normally have a definite useful life. These assets are recognized at fair value on the date of acquisition and subsequently carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the linear method to allocate the cost of assets over their estimated useful lives. Securitas' acquisition related intangible assets mainly relate to customer contract portfolios and the related customer relationships. The valuation of the customer contract portfolios and the related customer relationships is based on the Multiple Excess Earnings Method (MEEM) which is a valuation model based on discounted cash flows. The valuation is based on the churn rates and profitability of the acquired portfolio at the time of the acquisition. In the model a specific charge – a contributory asset charge – is applied as a cost or return requirement for the assets supporting the intangible asset. Cash flows are discounted using the Weighted Average Cost of Capital (WACC) adjusted for local interest rate levels in the countries of acquisition. The useful life of customer contract portfolios and the related customer relationships are based on the churn rate of the acquired portfolio and are normally between 3 and 20 years corresponding to a yearly amortization of between 5 percent and 33.3 percent. Brand-related intangible assets are calculated using the relief of royalty method. The useful life of these brands is normally up to 10 years corresponding to a yearly amortization of up to 10 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.

Amortization and impairment of acquisition related intangible assets are shown on the line amortization and impairment of acquisition related intangible assets in the statement of income.

Acquisition related restructuring and integration costs

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

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

Items affecting comparability

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

- Capital gains and losses arising from the disposal of material cash generating units
- Material impairment losses and bad debt losses
- Material litigations and insurance claims
- Other material income and expense items of a non-recurring nature, such as the restructuring costs for the cost savings program carried out at the end of 2012

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.

Refer to note 11 for further information regarding items affecting comparability.

Other intangible assets (IAS 36 and IAS 38)

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

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

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

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

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

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

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

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

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

Impairment (IAS 36)

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

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

Leasing contracts (IAS 17)

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

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

Accounts receivable

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

Inventories (IAS 2)

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

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

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

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

The Group designates its financial instruments in the following categories:

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

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

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

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

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for loans and receivables with maturities later than 12 months after the balance sheet date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Employee benefits (IAS 19)

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

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

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

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

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

Share-based payments (IFRS 2)

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

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

In order to hedge the share portion of Securitas share-based incentive scheme 2011, the Group has entered into a swap agreement with a third party. The swap agreement represents an obligation for the Parent Company to purchase its own shares at a predetermined price. The swap agreement is consequently classified as an equity instrument and accounted for in equity as a reduction of retained earnings. A swap agreement was also entered into to hedge the share portion of Securitas share-based incentive scheme 2010. This swap agreement has settled during 2012 in conjunction with the delivery of the shares to the participants upon vesting.

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]
Wages and related costs, the cost of equipment used when performing professional duties, and all other costs directly related 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 and impairment 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 and impairment 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 acquisition 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 acquisition 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 2012

Acquired sales growth: 4%
This year's sales from acquired business as a percentage of the previous year's total sales.
Calculation: 2 418.4/64 057.1 = 4%

Organic sales growth: 0%
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: ((66 458.2-2 418.4+143.5)/(64 057.1-50.7))-1 = 0%

Real sales growth: 4%
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: ((66 458.2+143.5)/64 057.1)-1 = 4%

Operating margin: 4.6%
Operating income before amortization as a percentage of total sales.
Calculation: 3 085.5/66 458.2 = 4.6%

Earnings per share before dilution[2,3]: SEK 3.32 (4.75 and 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 2012: ((1 212.0-0.4)/365 058 897) x 1 000 000 = SEK 3.32
Calculation 2011: ((1 738.6-2.9)/365 058 897) x 1 000 000 = SEK 4.75
Calculation 2010: ((2 080.8+2.3)/365 058 897) x 1 000 000 = SEK 5.71

Earnings per share before dilution[2,3] and before items affecting comparability and impairment losses[4]: SEK 4.21
Net income for the year attributable to equity holders of the Parent Company before items affecting comparability (after tax) and impairment losses in relation to the average number of shares before dilution.
Calculation: ((1 212.0-0.4+326.3)/365 058 897) x 1 000 000 = SEK 4.21

Cash flow from operating activities as % of operating income before amortization: 104%
Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: 3 200.8/3 085.5 = 104%

Free cash flow as % of adjusted income: 105%
Free cash flow as a percentage of adjusted income.
Calculation: 2 085.6/(3 085.5 -574.0-526.4) = 105%

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

Free cash flow in relation to net debt: 0.21
Free cash flow in relation to closing balance net debt.
Calculation: 2 085.6/9 864.6 = 0.21

Operating capital employed as % of total sales: 4%
Operating capital employed as a percentage of total sales adjusted for full year sales of acquisitions.
Calculation: 2 580.1/(66 458.2+358.6) = 4%

Return on capital employed: 14%
Operating income before amortization plus items affecting comparability as a percentage of the closing balance of capital employed.
Calculation: (3 085.5-424.3)/18 465.4 = 14%

Net debt equity ratio: 1.15
Net debt in relation to shareholders' equity.
Calculation: 9 864.6 /8 600.8 = 1.15

Interest coverage ratio: 5.0
Operating income before amortization plus interest income in relation to interest expense.
Calculation: (3 085.5+96.5)/638.0 = 5.0

Return on equity: 14%
Net income for the year as a percentage of average shareholders' equity.
Calculation: 1 212.0/((8 600.8+9 205.5)/2) = 14%

Equity ratio: 22%
Shareholders' equity as a percentage of total assets.
Calculation: 8 600.8/38 457.7= 22%

EXCHANGE RATES USED IN THE CONSOLIDATED FINANCIAL STATEMENTS 2010–2012

			2012		2011		2010	
			Weighted average	End-rate December	Weighted average	End-rate December	Weighted average	End-rate December
Argentina	ARS	1	1.46	1.33	1.56	1.60	1.83	1.71
Bosnia and Herzegovina	BAM	1	4.43	4.39	4.61	4.56	4.61	4.61
Canada	CAD	1	6.73	6.55	6.54	6.76	6.96	6.79
Chile	CLP	100	1.38	1.36	1.33	1.33	1.41	1.46
China	CNY	1	1.07	1.05	1.01	1.09	1.05	1.03
Colombia	COP	100	0.37	0.37	0.35	0.36	0.38	0.35
Costa Rica	CRC	100	1.34	1.28	1.38	1.38	–	–
Croatia	HRK	1	1.15	1.14	1.21	1.19	–	–
Czech Republic	CZK	1	0.35	0.34	0.37	0.35	0.38	0.36
Denmark	DKK	1	1.17	1.15	1.21	1.20	1.27	1.21
Egypt	EGP	1	1.11	1.05	1.09	1.14	1.27	1.17
EMU Countries	EUR	1	8.68	8.59	9.02	8.92	9.49	9.02
Hong Kong	HKD	1	0.87	0.84	0.83	0.89	0.93	0.87
Hungary	HUF	100	3.01	2.95	3.24	2.85	3.45	3.22
India	INR	1	0.13	0.12	0.14	0.13	0.16	0.15
Indonesia	IDR	100	0.07	0.07	0.07	0.08	–	–
Jordan	JOD	1	9.46	9.18	9.27	9.72	–	–
Latvia	LVL	1	12.45	12.31	12.92	12.76	–	–
Mexico	MXN	1	0.51	0.50	0.52	0.49	0.57	0.55
Morocco	MAD	1	0.78	0.77	0.80	0.80	0.85	0.81
Norway	NOK	1	1.16	1.16	1.16	1.15	1.18	1.15
Peru	PEN	1	2.52	2.56	2.34	2.53	2.54	2.43
Poland	PLN	1	2.08	2.11	2.18	2.00	2.37	2.27
Romania	RON	1	1.95	1.94	2.13	2.06	2.25	2.10
Saudi Arabia	SAR	1	1.79	1.74	1.73	1.84	1.92	1.81
Serbia	RSD	1	0.08	0.08	0.09	0.08	0.09	0.09
Singapore	SGD	1	5.40	5.33	5.16	5.31	5.28	5.27
South Africa	ZAR	1	0.82	0.77	0.88	0.85	0.99	1.03
Sri Lanka	LKR	100	5.24	5.13	5.82	6.05	6.31	6.13
Switzerland	CHF	1	7.21	7.11	7.33	7.34	6.94	7.24
Taiwan	TWD	1	0.23	0.22	0.22	0.23	0.23	0.23
Thailand	THB	1	0.22	0.21	0.21	0.22	0.23	0.23
Turkey	TRY	1	3.75	3.64	3.82	3.65	4.74	4.37
United Arab Emirates	AED	1	1.83	1.77	1.76	1.88	1.96	1.85
United Kingdom	GBP	1	10.70	10.50	10.35	10.66	11.00	10.50
Uruguay	UYU	1	0.33	0.34	0.34	0.35	0.36	0.34
USD countries	USD	1	6.71	6.52	6.46	6.89	7.19	6.81
Vietnam	VND	100	0.03	0.03	0.03	0.03	0.04	0.03

NOTE 4 *Critical estimates and judgments*

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

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

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

All payments to acquire a subsidiary/operation are recorded at fair value at the acquisition date, including debt related to contingent considerations and acquisition related option liabilities (deferred considerations). This debt is measured at fair value in subsequent periods with re-measurement through the statement of income. The final outcome of deferred considerations often depends on one or more events which only will be confirmed by a future development, such as the future profitability development for an agreed period. The final outcome can therefore either be lower or higher than the initially recognized amount. Short-term deferred considerations, which amount to MSEK 224.7 (166.7 and 97.7) and is included in other current liabilities (note 34) and long-term deferred considerations, which amount to MSEK 319.5 (439.4 and 199.8) and is included in other long-term liabilities (note 30), are thus subject to critical estimates and judgments.

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

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

In connection with the impairment testing of goodwill, other acquisition related intangible assets and shares in associated companies, the book value is compared with the recoverable value. The recoverable value is determined by the higher of an asset's net realizable value and its value in use. Since under normal circumstances no quoted market prices are available to assess an asset's net realizable value, the book value is normally compared with the value in use. The calculation of the value in use is based on assumptions and judgments. The most important assumptions are the organic sales growth, the development of the operating margin, the operating working capital requirements and the relevant WACC, which is used to discount future cash flows. All in all, this means that the valuation of the balance sheet items goodwill, which amounts to MSEK 14 275.4 (14 727.4 and 13 338.8), acquisition related intangible assets, which amounts to MSEK 1 501.9 (1 574.1 and 1 096.5) and shares in associated companies, which amounts to MSEK 108.0 (108.2 and 125.6) are subject to critical estimates and judgments. A sensitivity analysis regarding the organic sales growth, the operating margin and the WACC is provided in note 16.

Valuation of accounts receivable and the provision for bad debt losses

Accounts receivable, which amounts to MSEK 10 490.1 (10 965.0 and 9 724.1), 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 -474.6 (-419.3 and -344.7), is thus subject to critical estimates and judgments. As stated above, accounts receivable is often an important item in relation to the acquisition of subsidiaries/operations. Further information regarding the credit risk in accounts receivable is provided in note 6. Information regarding the development of the provision for bad debt losses during the year is provided in note 25.

Actuarial calculations regarding employee benefits such as pensions and medical benefits

Employee benefits are normally an area where estimates and judgments are not critical. However, for defined benefit plans relating to benefits particularly for pensions and medical benefits and where the payment to the employee is several years into the future, actuarial calculations are required. These calculations are based on assumptions regarding economic variables such as the discount rate, the expected return on plan assets, salary increases, inflation rate, pension increases and the inflation rate for medical benefits, but also on demographic variables such as the expected life span. All in all, the balance sheet item provisions for pensions and similar commitments, which amounts to MSEK 1 470.6 (1 453.5 and 1 151.2), is subject to critical estimates and judgments. The Group's opinion is that the most important assumptions are the discount rate, the inflation rate and the expected life span. A sensitivity analysis regarding these three variables is provided in note 31.

Actuarial calculations regarding claims reserves and timing of outflows

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

All in all, this means that the balance sheet items short-term liability insurance-related claims reserves, which amounts to MSEK 586.2 (662.8 and 526.2) and is included in short-term provisions (note 35), and liability insurance-related claims reserves, which amounts to MSEK 384.8 (410.5 and 461.3) and is included in other long-term provisions (note 32), are subject to critical estimates and judgments.

Calculation of taxes and timing of outflows

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

The balance sheet includes deferred tax assets which amounts to MSEK 1 542.3 (1 511.1 and 1 353.4), deferred tax liabilities which amounts to MSEK 719.0 (669.4 and 432.1) and provisions for taxes which amounts to MSEK 195.1 (195.0 and 164.7) 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, note 32 and note 37.

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

Over the years, the Group has made a number of acquisitions in different countries. As a result of such acquisitions, certain contingent liabilities of the businesses acquired have been assumed. Companies within the Group are also involved in a number of other legal proceedings and tax audits arising out of the operations. The accounting for litigations, legal proceedings and tax audits are subject to critical estimates and judgments. Further information is provided in note 32, note 35 and note 37.

NOTE 5 *Events after the balance sheet date*

Approval of the Annual Report and Consolidated Financial Statements for 2012

This Annual Report including the Consolidated Financial Statements was approved by the Board of Directors of Securitas AB on March 15, 2013.

Acquisitions

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

- Selectron, Uruguay. All shares have been acquired. Enterprise value is estimated to MSEK 20 (MUYU 60). Selectron has annual sales of approximately MSEK 27 (MUYU 80) and 90 employees. It is included in the business segment Security Services Ibero-America.

Other significant events after the balance sheet date

There have been no significant events with effect on the financial reporting after the balance sheet date except the acquisition 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 cash-pooling structure incorporating countries in the Eurozone and the USA. 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, 2012 was 0.21 (0.08 and 0.24). The Group's interest coverage ratio, a measure of its ability to pay interest costs, was 5.0 (6.1 and 7.4) as of December 31, 2012.

THE GROUP'S INTEREST BEARING LIABILITIES AND ASSETS PER CURRENCY AS PER DECEMBER 31, 2011–2012

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, 2012							
USD liabilities	-4 147	123	*2.53%*	*3.26%*	-22	*1.81%*	22
EUR liabilities	-5 935	908	*3.58%*	*3.63%*	-2	*3.53%*	2
GBP liabilities	-1 073	32	*2.75%*	*3.75%*	-8	*1.75%*	8
SEK liabilities	-3 468	50	*2.50%*	*3.50%*	-26	*1.50%*	26
Other currencies liabilities	-463	30	*8.69%*	*9.69%*	-3	*7.69%*	3
Total liabilities	**-15 086**	**406**	***3.14%***	***3.69%***	**-61**	***2.59%***	**61**
USD assets	248	0	*0.03%*	*1.03%*	2	*0.00%*	0
EUR assets	2 499	16	*0.13%*	*1.13%*	18	*0.00%*	-2
GBP assets	69	7	*0.00%*	*1.00%*	1	*0.00%*	0
SEK assets	1 831	3	*0.55%*	*1.55%*	13	*0.00%*	-7
Other currencies assets	574	7	*8.69%*	*9.69%*	4	*7.69%*	-4
Total assets	**5 221**	**10**	***1.21%***	***2.21%***	**38**	***0.85%***	**-13**
Total	**-9 865**	**–**	***4.18%***	**–**	**-23**	**–**	**48**
December 31, 2011							
USD liabilities	-4 254	448	*2.55%*	*3.14%*	-18	*1.95%*	19
EUR liabilities	-4 454	260	*5.81%*	*6.26%*	-15	*5.37%*	14
GBP liabilities	-926	1	*3.03%*	*4.03%*	-7	*2.03%*	7
SEK liabilities	-3 039	67	*2.01%*	*3.01%*	-22	*1.11%*	20
Other currencies liabilities	-392	1	*9.42%*	*10.42%*	-3	*8.42%*	3
Total liabilities	**-13 065**	**250**	***3.78%***	***4.46%***	**-65**	***3.12%***	**63**
USD assets	296	7	*0.00%*	*1.00%*	2	*0.00%*	0
EUR assets	536	15	*0.39%*	*1.39%*	4	*0.09%*	-1
GBP assets	32	1	*1.08%*	*2.08%*	0	*0.08%*	0
SEK assets	1 370	3	*1.54%*	*2.54%*	10	*0.84%*	-7
Other currencies assets	482	7	*9.42%*	*10.42%*	4	*8.42%*	-4
Total assets	**2 716**	**6**	***2.54%***	***3.54%***	**20**	***1.94%***	**-12**
Total	**-10 349**	**–**	***4.10%***	**–**	**-45**	**–**	**51**

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 five years. Group policy allows for the use of both options-based and fixed-rate products.

INTEREST FIXING PER CURRENCY[1]

	December 31, 2012			December 31, 2013			December 31, 2014			
Currency	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Final maturity
USD	1 153	177	*2.56%*	261	40	*3.10%*	0	0	*0.00%*	May 2014
EUR	3 237	377	*2.73%*	3 237	377	*2.73%*	3 237	377	*2.73%*	December 2017
Total	**4 390**	**–**	**–**	**3 498**	**–**	**–**	**3 237**	**–**	**–**	

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, 2012 was MSEK 18 459 (19 070 and 16 843). 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, 2010–2012

MSEK	EUR	USD	GBP	Other currencies	Total foreign currencies	SEK	Total Group	Total Group +10%[1]	Total Group -10%[1]
December 31, 2012									
Capital employed	6 835	7 350	1 276	2 998	18 459	6	18 465	20 312	16 620
Net debt	-3 412	-3 913	-1 004	104	-8 225	-1 640	-9 865	-10 688	-9 043
Non-controlling interests	3	–	–	11	14	–	14	15	13
Net exposure	3 420	3 437	272	3 091	10 220	-1 634	8 586	9 609	7 564
Net debt to equity ratio	*1.00*	*1.14*	*3.69*	*-0.03*	*0.80*	*-1.00*	*1.15*	*1.11*	*1.19*
December 31, 2011									
Capital employed	6 989	7 757	1 210	3 114	19 070	484	19 554	21 461	17 647
Net debt	-3 966	-3 955	-893	89	-8 725	-1 624	-10 349	-11 222	-9 477
Non-controlling interests	4	–	–	-1	3	–	3	3	2
Net exposure	3 019	3 802	317	3 204	10 342	-1 140	9 202	10 236	8 168
Net debt to equity ratio	*1.31*	*1.04*	*2.82*	*-0.03*	*0.84*	*-1.42*	*1.12*	*1.10*	*1.16*
December 31, 2010									
Capital employed	6 834	7 270	709	2 030	16 843	304	17 147	18 831	15 463
Net debt	-3 119	-3 555	-491	135	-7 030	-1 179	-8 209	-8 912	-7 506
Non-controlling interests	3	–	–	–	3	–	3	3	3
Net exposure	3 712	3 715	218	2 165	9 810	-875	8 935	9 916	7 954
Net debt to equity ratio	*0.84*	*0.96*	*2.25*	*-0.06*	*0.72*	*-1.35*	*0.92*	*0.90*	*0.94*

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, 2012 the short-term liquidity reserve corresponded to 16 percent (8 and 7) 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, 2012 long-term financing corresponded to 163 percent (142 and 135) of the Group's capital employed.

Long-term financing of the Group should be well balanced among different sources. The aim is that long-term committed loan facilities and long-term bond loans should have an average maturity of more than 3.5 years. As per December 31, 2012 the average maturity was 2 years and 8 months. The following tables summarize the Group's liquidity risk at end 2012, 2011 and 2010 respectively.

LIQUIDITY REPORT AS PER DECEMBER 31, 2010–2012

MSEK	Total	< 1 year	Between 1 year and 5 years	> 5 years
December 31, 2012				
Borrowings	-15 964	-6 285	-6 718	-2 961
Derivatives outflows	-12 157	-12 132	-24	-1
Finance leases	-83	-47	-36	–
Accounts payable	-1 033	-1 033	–	–
Total outflows[3]	**-29 237**	**-19 497**	**-6 778**	**-2 962**
Investments	3 656	3 656	–	–
Derivatives receipts	12 411	12 241	150	20
Accounts receivable	10 490	10 490	–	–
Total inflows[3]	**26 557**	**26 387**	**150**	**20**
Net cash flows, total[1, 2]	**-2 680**	**6 890**	**-6 628**	**-2 942**
December 31, 2011				
Borrowings	-13 641	-4 763	-8 530	-348
Derivatives outflows	-6 741	-6 708	-33	–
Finance leases	-88	-49	-39	–
Accounts payable	-915	-915	–	–
Total outflows[3]	**-21 385**	**-12 435**	**-8 602**	**-348**
Investments	1 123	1 123	–	–
Derivatives receipts	6 769	6 713	56	–
Accounts receivable	10 965	10 965	–	–
Total inflows[3]	**18 857**	**18 801**	**56**	**–**
Net cash flows, total[1, 2]	**-2 528**	**6 366**	**-8 546**	**-348**
December 31, 2010				
Borrowings	-11 910	-2 502	-9 408	–
Derivatives outflows	-6 043	-5 987	-56	–
Finance leases	-83	-48	-35	–
Accounts payable	-854	-854	–	–
Total outflows[3]	**-18 890**	**-9 391**	**-9 499**	**–**
Investments	1 394	1 394	–	–
Derivatives receipts	6 144	6 041	103	–
Accounts receivable	9 724	9 724	–	–
Total inflows[3]	**17 262**	**17 159**	**103**	**–**
Net cash flows, total[1, 2]	**-1 628**	**7 768**	**-9 396**	**–**

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

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

Securitas also has a Euro Medium Term Note Program (EMTN) with a limit of MEUR 2 000 under which public and private funding can be raised on international capital markets. As of December 31, 2012 there were 12 outstanding bond loans with maturities ranging from 2013 to 2018.

In January 2002, Securitas established a short-term Swedish commercial paper program in the amount of MSEK 5 000. The objective is to obtain access to short-term financing at competitive prices. Pricing is based on the prevailing market rates at time of issuance.

The table below shows a summary of the credit facilities as of December 31, 2012:

CREDIT FACILITIES AS PER DECEMBER 31, 2012

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
Multi Currency Revolving Credit Facility	USD (or equivalent)	550	475	2016
Multi Currency Revolving Credit Facility	EUR (or equivalent)	420	420	2016
EMTN Eurobond, 2.25% fixed	EUR	300	0	2018
EMTN Eurobond, 2.75% fixed	EUR	350	0	2017
EMTN Eurobond, 6.50% fixed	EUR	500	0	2013
EMTN FRN Private Placement	EUR	45	0	2014
EMTN FRN Private Placement	SEK	500	0	2014
EMTN FRN Private Placement	SEK	500	0	2014
EMTN FRN Private Placement	SEK	1 000	0	2013
EMTN FRN Private Placement	SEK	600	0	2015
EMTN FRN Private Placement	SEK	400	0	2015
EMTN FRN Private Placement	USD	62	0	2015
EMTN FRN Private Placement	USD	40	0	2015
EMTN FRN Private Placement	USD	50	0	2018
Commercial Paper (uncommitted)	SEK	5 000	5 000	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	2012	%	2011	%	2010	%
Accounts receivable before deduction of provision for bad debt losses	10 964.7	*100*	11 384.3	*100*	10 068.8	*100*
Provision for bad debt losses	-474.6	*-4*	-419.3	*-4*	-344.7	*-3*
Total accounts receivable	**10 490.1**	***96***	**10 965.0**	***96***	**9 724.1**	***97***
Ageing of accounts receivable before deduction of provision for bad debt losses						
Overdue 1–30 days	1 744.9	*17*	1 822.1	*17*	1 556.5	*16*
Overdue 31–90 days	778.5	*7*	801.8	*7*	785.2	*8*
Overdue >90 days	773.7	*7*	802.3	*7*	565.9	*6*
Total overdue	**3 297.1**	***31***	**3 426.2**	***31***	**2 907.6**	***30***

The following, details the credit quality of interest-bearing receivables. 74 percent of interest bearing receivables have a rating of A1/P1.

COUNTERPARTIES WITH EXTERNAL CREDIT RATINGS

MSEK	2012	2011	2010
Credit quality interest-bearing receivables			
A1/P1	3 873	2 245	2 768

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, 2012 the weighted average credit rating of these institutions was short-term A1/P1. The largest total exposure for all instrument types to any one institution was MSEK 1 620 (1 062 and 958).

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-2.

Fair value of financial instruments

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

- Cash and bank deposits and short-term investments: carrying amounts approximate fair values.
- Derivative and other financial instruments: fair values are estimated based on quoted market prices, on prices provided by independent brokers, or are calculated on best market prices. The prices used are fair values stated excluding accrued interest.
- Debt: fair values of fixed rate debt are based on either quoted prices or are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued. The fair value of floating rate debt is assumed to equal the carrying value of the debt.

REVALUATION OF FINANCIAL INSTRUMENTS

MSEK	2012	2011	2010
Recognized in the statement of income			
Financial income[1]	1.0	3.3	–
Financial expenses[1]	–	-0.2	-4.5
Deferred tax	-0.3	-0.8	1.2
Impact on net income for the year	**0.7**	**2.3**	**-3.3**
Recognized in other comprehensive income			
Transfer to hedging reserve before tax	-9.5	-29.7	-56.9
Deferred tax on transfer to hedging reserve	2.5	7.8	15.0
Transfer to hedging reserve net of tax	**-7.0**	**-21.9**	**-41.9**
Transfer to statement of income before tax	19.1	34.1	129.0
Deferred tax on transfer to statement of income	-5.0	-9.0	-33.9
Transfer to statement of income net of tax	**14.1**	**25.1**	**95.1**
Total change of hedging reserve before tax[2]	9.6	4.4	72.1
Deferred tax on total change of hedging reserve before tax[2]	-2.5	-1.2	-18.9
Total change of hedging reserve net of tax	**7.1**	**3.2**	**53.2**
Total impact on shareholders' equity as specified above			
Total revaluation before tax[3]	10.6	7.5	67.6
Deferred tax on total revaluation[3]	-2.8	-2.0	-17.7
Total revaluation after tax	**7.8**	**5.5**	**49.9**

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, 2012

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	–	105.6	–	105.6
Financial liabilities at fair value through profit or loss	–	-48.4	–	-48.4
Derivatives designated for hedging with positive fair value	–	102.0	–	102.0
Derivatives designated for hedging with negative fair value	–	-10.9	–	-10.9

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

	2012		2011		2010	
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)	105.6	105.6	19.6	19.6	68.3	68.3
Total	**105.6**	**105.6**	**19.6**	**19.6**	**68.3**	**68.3**
Loans and receivables						
Interest-bearing financial non-current assets (note 22)	133.0	133.0	155.9	155.9	164.9	164.9
Other long-term receivables (note 23)[1]	363.9	363.9	329.2	329.2	312.2	312.2
Accounts receivable	10 490.1	10 490.1	10 965.0	10 965.0	9 724.1	9 724.1
Other current receivables (note 26)[2]	852.9	852.9	802.4	802.4	675.1	675.1
Liquid funds	4 880.7	4 880.7	2 507.4	2 507.4	2 586.9	2 586.9
Total	**16 720.6**	**16 720.6**	**14 759.9**	**14 759.9**	**13 463.2**	**13 463.2**
Liabilities						
Financial liabilities at fair value through profit or loss						
Short-term loan liabilities (note 33)	48.4	48.4	21.2	21.2	9.4	9.4
Total	**48.4**	**48.4**	**21.2**	**21.2**	**9.4**	**9.4**
Financial liabilities designated as hedged item in a fair value hedge						
Short-term loan liabilities (note 33)[5]	4 302.4	4 355.7	–	–	–	–
Long-term loan liabilities (note 30)[6]	6 030.2	6 109.8	4 484.8	4 705.7	4 531.8	4 908.6
Total	**10 332.6**	**10 465.5**	**4 484.8**	**4 705.7**	**4 531.8**	**4 908.6**
Other financial liabilities						
Long-term loan liabilities (note 30)	3 066.3	3 066.3	4 075.5	4 075.5	2 654.6	2 654.6
Long-term liabilities (note 30)[3]	326.7	326.7	457.8	457.8	210.2	210.2
Short-term loan liabilities (note 33)	1 627.7	1 627.7	4 463.3	4 463.3	3 849.1	3 849.1
Accounts payable	1 033.1	1 033.1	914.9	914.9	853.6	853.6
Other current liabilities (note 34)[4]	3 157.9	3 157.9	2 856.8	2 856.8	2 702.2	2 702.2
Total	**9 211.7**	**9 211.7**	**12 768.3**	**12 768.3**	**10 269.7**	**10 269.7**
Derivatives designated for hedging						
Interest-bearing financial current assets (note 27)	10.7	10.7	–	–	–	–
Interest-bearing financial non-current assets (note 22)	91.3	91.3	33.6	33.6	40.8	40.8
Total assets	**102.0**	**102.0**	**33.6**	**33.6**	**40.8**	**40.8**
Short-term loan liabilities (note 33)	7.5	7.5	4.0	4.0	8.7	8.7
Long-term loan liabilities (note 30)	3.4	3.4	16.5	16.5	16.2	16.2
Total liabilities	**10.9**	**10.9**	**20.5**	**20.5**	**24.9**	**24.9**
Net total	**91.1**	**91.1**	**13.1**	**13.1**	**15.9**	**15.9**
1 Excluding all pension balances and reimbursement rights (note 23)	*265.0*	*265.0*	*205.0*	*205.0*	*72.1*	*72.1*
2 Excluding prepaid expenses	*650.6*	*650.6*	*661.6*	*661.6*	*469.2*	*469.2*
3 Excluding pension balances (note 30)	*82.6*	*82.6*	*74.3*	*74.3*	*72.1*	*72.1*
4 Excluding employee-related accrued expenses and prepaid income	*5 950.3*	*5 950.3*	*5 936.8*	*5 936.8*	*5 525.1*	*5 525.1*

5 The difference between the carrying value and fair value of short term loan liabilities in 2012 is due to the reduction in margin in the MEUR 500 bond from 4.20 percent at issue to 0.25 percent as at December 31, 2012.

6 The difference between the carrying value and fair value of long-term loan liabilities in 2012 is due to the change in margin in three new fair value hedges. In 2011 and 2010 it was due to the reduction in the margin on the MEUR 500 bond loan.

NOTE 7 *Transactions with related parties*

Joint ventures

The Securitas Group has had only one company, Securitas Direct S.A. (Switzerland), in which its share of the voting rights was 50 percent. This company was divested as of October 21, 2011. Due to the negligible impact of this company on the Group's earnings and financial position, it has not been reported separately in the consolidated statement of income or balance sheet. There have been no transactions between Securitas Direct S.A. and Securitas except loans, interest and dividends. The company is included under Other in the Group's segment reporting as per below:

MSEK	2012	2011	2010
Total sales	**–**	**50**	**64**
Operating income before amortization	**–**	**5**	**10**
Operating income after amortization	**–**	**5**	**10**
Operating non-current assets	–	–	13
Accounts receivable	–	–	7
Other assets	–	–	16
Other liabilities	–	–	16
Total operating capital employed	**–**	**–**	**20**
Goodwill	–	–	9
Total capital employed	**–**	**–**	**29**

Other

Information on the remuneration to the Board of Directors and Senior Management is provided in note 8. Information on total payroll expenses for the Board of Directors and the Presidents of the Group is provided in note 12.

Guarantees on behalf of related parties amount to MSEK 4.9 (73.2 and 63.0).

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 7, 2012 decided upon guidelines for remuneration to senior management regarding 2012 in accordance with the following:

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

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

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

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

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

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

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

These guidelines shall apply to individuals who are included in 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 2013 on guidelines for remuneration to senior management regarding 2013 is presented in the Report of the Board of Directors, in this Annual Report.

Planning and decision-making process

The Board's remuneration committee deals with all the above matters regarding the President and CEO and other members of Group Management, as well as other management levels if the committee so decides. The committee presents its proposals to the Board of Directors, which takes all decisions. The members of the remuneration committee are Melker Schörling (chairman) and Annika Falkengren. The committee has held one meeting in 2012.

Board of Directors

For the 2012 financial year, the Chairman Melker Schörling received a director's fee, including committee work fee, of MSEK 1.1. The other Directors received an aggregate director's fee, including committee work fee, of MSEK 3.6. The remuneration for each member of the Board of Directors is disclosed in the tables below. The Board of Directors is otherwise not entitled to any other compensation except for travel and lodging expenses.

President and Chief Executive Officer

The President and CEO, Alf Göransson, received in the financial year 2012, a fixed salary amounting to MSEK 11.9 and salary benefits of MSEK 0.1. There is no variable compensation for the 2012 performance.

The President and CEO has a defined contribution pension plan amounting to 30 percent of his annual fixed salary. The retirement age for the President and CEO is 65. In 2012 the pension costs for the President and CEO amounted to MSEK 3.5. No pension benefit is conditioned by future employment.

Upon dismissal, the notice period for the President and CEO amount to 12 months with a right to a severance pay after the end of the notice period, equivalent to 12 months fixed salary.

Other members of Group Management

During 2012 the other Group Management consisted of the following 13 members (including those who left during the year): Santiago Galaz (Divisional President Security Services North America), William Barthelemy (Chief Operating Officer Security Services North America), Bart Adam (Divisional President Security Services Europe), Erik-Jan Jansen (Divisional President Mobile and Monitoring), Marc Pissens (President Aviation), Luis Posadas (Divisional President Security Services Ibero-America), Antonio Villaseca Lòpez (Senior Vice President Technical Solutions), Gisela Lindstrand (Senior Vice President Corporate Communications and Public Affairs), Jan Lindström (Senior Vice President Finance) and Åsa Thunman (Senior Vice President General Counsel).

Three members left the Group Management during 2012. Lucien Meeus (Divisional President Monitoring) left the Group Management on August 8, 2012, Aimé Lyagre (Chief Operating Officer Security Services Europe) and Kim Svensson (Senior Vice President Corporate Finance) both left the Group Management on October 25, 2012. Compensation to these members is included up until these dates.

In the 2012 financial year the other members of Group Management aggregate fixed salaries amounted to MSEK 42.7, and other salary benefits to MSEK 2.1. The aggregate short-term variable compensation relating to the 2012 performance amounted to MSEK 9.2, whereof MSEK 3.1 will be allocated in shares in 2014 and MSEK 6.1 will be paid in cash in 2013.

The other 13 members of Group Management have individual pension plans. The retirement age varies from country to country and pension plan. The retirement age is 65 years for seven members and for six members no retirement age is agreed.

As described under Principles above, members can allocate part of their remuneration to a defined contribution pension plan. All members have defined contribution pension plans for which pension premiums are allocated from the member's total remuneration and paid by the company during the term of employment. These premiums may vary but are limited to amounts deductible for tax purposes by the company. In 2012 the pension costs for these members of Group Management amounted to MSEK 6.0. No pension benefits are conditioned by future employment.

Four members have a Swedish defined benefit pension plan (ITP), but can also allocate part of their remuneration to a defined contribution plan. The Swedish defined benefit plan guarantees a lifetime pension from the age of 65. The pension compensation corresponds to a certain percentage of the final salary, and the maximum pensionable income is MSEK 1.6 per employee. This pension benefit is funded through annual premiums paid by the company during the term of employment, and the pension cost for these four members in 2012 was MSEK 1.5 (included in the total pension cost stated in the table below for other Group Management).

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 include clearly measurable performance based targets that are set as close to the local business as possible and aim for long-term profitability of the Group. The performance targets that are required to achieve maximum bonus, vary depending on the position of the employee, but are as a principle based on year-on-year improvement of the operating result ("EBITA") in the area of responsibility. In principle all operative personnel at relevant levels in all regions also have targets based on improvement of cash flow.

For the President and CEO as well as the four members of Group Management responsible for staff functions, no long-term incentives are in place, and the short-term incentive is based on year-on-year real improvement of the earnings per share.

The President and CEO and the other members of Group Management are included in the short-term Securitas share-based incentive schemes 2010, 2011 and 2012 respectively, which were approved by the Annual General Meetings in these years. These short-term incentive schemes, for which the maximum bonus is limited to 42–100 percent of the fixed base salary, is paid by two thirds in cash in the beginning of the year following the performance year, and the remaining one third is used to acquire Series B shares in Securitas AB over the stock market. These shares are allocated to Group Management in March, two years following the performance year, conditioned by a continuous employment during the vesting period. See further information in note 2 and 12. Information regarding the final allocation of shares to the Group Management in March 2013 under the 2011 share-based incentive scheme, as well as the potential allocation of shares in 2014 under the 2012 share-based incentive scheme and the fair value of these shares, are disclosed in the tables below.

During 2012 five members of Group Management have had long-term incentive plans in which the maximum bonus is limited to 40–100 percent of the fixed base salary. The long-term bonus plans are provided for during the performance year and are paid out by one third per year over the three following years. At resignation by a management employee, any unpaid long-term bonus will stay with the company. There is no provision or compensation for long-term bonus programs for the 2012 performance. The accumulated provision for long-term bonus programs amounted to MSEK 0 for Group Management members as per December 31, 2012.

ALLOCATION OF SHARES TO GROUP MANAGEMENT RELATING TO SECURITAS SHARE-BASED INCENTIVE SCHEME 2012

	Number of shares[1]	Fair value[2], MSEK
	2012	2012
Alf Göransson, President and CEO	0	0.0
Other members of Group Management (13 persons)	45 496	2.8
Total holdings	**45 496**	**2.8**

1 Potential allocation of shares 2014, according to Securitas share-based incentive scheme 2012, according to purchase prices for Securitas Series B shares in March 2013. The allocation of shares is conditioned by a continued employment as per February 28, 2014. The information does not include shares to Group Management members who have left during the year.

2 Fair value of potential allocation of shares based on Securitas Series B share purchase prices in March 2013. The amount does not include share related bonus for Group Management members who have left during the year.

Remuneration to the Board of Directors and Group Management

REMUNERATION RELATED TO 2012:

KSEK	Base salary/fee	Other benefits	Short-term bonus[2]	Long-term bonus[3]	Pension	Total remuneration
Melker Schörling, Chairman of the Board[1]	1 100	–	–	–	–	1 100
Carl Douglas, vice Chairman	750	–	–	–	–	750
Fredrik Cappelen[1]	600	–	–	–	–	600
Marie Ehrling[1]	700	–	–	–	–	700
Annika Falkengren[1]	550	–	–	–	–	550
Fredrik Palmstierna	500	–	–	–	–	500
Sofia Schörling Högberg	500	–	–	–	–	500
Subtotal Board of Directors	**4 700**	**–**	**–**	**–**	**–**	**4 700**
Alf Göransson, President and CEO	11 893	89	0	–	3 503	15 485
Other members of Group Management (13 persons)[4]	42 711	2 115	9 182	0	5 955	59 963
Subtotal President and CEO and Group Management	**54 604**	**2 204**	**9 182**	**0**	**9 458**	**75 448**
Total	**59 304**	**2 204**	**9 182**	**0**	**9 458**	**80 148**

Above information refers to full year remuneration for the current Group Management, unless stated otherwise. The Board of Directors has no pension benefits.

1 Including remuneration for committee work.
2 Refer to the cost for 2012 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 2012, please find further reference under the section short- and long-term incentives.
4 The compensation for one member who left Group Management on August 8, 2012 and two members who left October 25, 2012, respectively relates up to these dates.

REMUNERATION RELATED TO 2011:

KSEK	Base salary/fee	Other benefits	Short-term bonus[2]	Long-term bonus[3]	Pension	Total remuneration
Melker Schörling, Chairman of the Board[1]	1 100	–	–	–	–	1 100
Carl Douglas, vice Chairman	750	–	–	–	–	750
Fredrik Cappelen[1]	600	–	–	–	–	600
Marie Ehrling[1]	700	–	–	–	–	700
Annika Falkengren[1]	550	–	–	–	–	550
Fredrik Palmstierna	500	–	–	–	–	500
Sofia Schörling Högberg	500	–	–	–	–	500
Subtotal Board of Directors	**4 700**	**–**	**–**	**–**	**–**	**4 700**
Alf Göransson, President and CEO	11 690	93	0	–	3 450	15 233
Other members of Group Management (13 persons)[4]	44 812	2 279	5 211	0	6 348	58 650
Subtotal President and CEO and Group Management	**56 502**	**2 372**	**5 211**	**0**	**9 798**	**73 883**
Total	**61 202**	**2 372**	**5 211**	**0**	**9 798**	**78 583**

Above information refers to full year remuneration for the current Group Management, unless stated otherwise. The Board of Directors has no pension benefits.

1 Including remuneration for committee work.
2 Refer to the cost for 2011 for Securitas incentive scheme for cash and share-based bonus, see also separate table for the share-based part.
3 Refer to the cost for 2011, please find further reference under the section short- and long-term incentives.
4 The compensation for three members who joined Group Management on May 6 and July 1, 2011 respectively and for one member who left June 30, 2011, relates as from and up to these dates.

REMUNERATION RELATED TO 2010:

KSEK	Base salary/fee	Other benefits	Short-term bonus[2]	Long-term bonus[3]	Pension	Total remuneration
Melker Schörling, Chairman of the Board[1]	1 100	–	–	–	–	1 100
Carl Douglas, vice Chairman	725	–	–	–	–	725
Fredrik Cappelen[1]	550	–	–	–	–	550
Marie Ehrling[1]	650	–	–	–	–	650
Annika Falkengren[1]	500	–	–	–	–	500
Stuart E. Graham	450	–	–	–	–	450
Fredrik Palmstierna	450	–	–	–	–	450
Sofia Schörling Högberg	450	–	–	–	–	450
Subtotal Board of Directors	**4 875**	**–**	**–**	**–**	**–**	**4 875**
Alf Göransson, President and CEO	10 987	93	3 952	–	3 240	18 272
Other members of Group Management (11 persons)[4]	48 208	2 152	13 969	76	6 169	70 574
Subtotal President and CEO and Group Management	**59 195**	**2 245**	**17 921**	**76**	**9 409**	**88 846**
Total	**64 070**	**2 245**	**17 921**	**76**	**9 409**	**93 721**

Above information refers to full year remuneration for the current Group Management, unless stated otherwise. Other benefits include customary expatriate benefits. The Board of Directors have no pension benefits.

1 Including remuneration for committee work.
2 Refer to the cost for 2010 for Securitas incentive scheme for cash and share-based bonus.
3 Refer to the cost for 2010, please find further reference under the section short- and long-term incentives.
4 The compensation for two members who joined Group Management on April 1 and September 1, 2010 and one member who left July 8 (including salary during notice period and severance payment), relates as from and up to these dates

Shareholdings

The Board of Director's and Group Management's shareholdings through acquisitions on the stock market as well as the allocation of shares to the Group Management according to Securitas share-based incentive scheme 2011 are detailed in the table below.

BOARD OF DIRECTORS' AND GROUP MANAGEMENT'S HOLDINGS OF SECURITAS SERIES A AND B SHARES[1]

	A shares	A shares	B shares	B shares	B shares
	2012	2011	2012[5]	2011[5]	Allocation March 2013[6]
Melker Schörling, Chairman of the Board[2]	4 500 000	4 500 000	16 001 500	16 001 500	–
Carl Douglas, vice Chairman[3]	12 642 600	12 642 600	29 390 000	29 390 000	–
Fredrik Cappelen	–	–	4 000	4 000	–
Marie Ehrling	–	–	4 000	4 000	–
Annika Falkengren	–	–	7 500	7 500	–
Fredrik Palmstierna	–	–	17 200	17 200	–
Sofia Schörling Högberg	–	–	2 400	2 400	–
Alf Göransson, President and CEO	–	–	58 698	30 000	0
Santiago Galaz	–	–	80 195	65 000	1 851
William Barthelemy	–	–	19 716	17 000	324
Bart Adam	–	–	15 264	4 500	0
Aimé Lyagre[4]	–	–	–	1 400	–
Luis Posadas	–	–	40 136	40 136	17 332
Erik-Jan Jansen	–	–	3 086	0	2 410
Lucien Meeus[4]	–	–	–	5 500	–
Marc Pissens	–	–	0	0	0
Antonio Villaseca Lopez	–	–	0	0	0
Gisela Lindstrand	–	–	2 017	1 000	0
Jan Lindström	–	–	5 600	3 500	0
Kim Svensson[4]	–	–	–	300	–
Åsa Thunman	–	–	653	0	0
Total holdings	**17 142 600**	**17 142 600**	**45 651 965**	**45 594 936**	**21 917**

1 Information refers to shareholdings as of December 31, 2012 and 2011.
2 Holdings through Melker Schörling AB.
3 Holdings private and through Investment AB Latour Group and Förvaltnings AB Wasatornet.
4 Has left Group Management during 2012 why current holdings as per December 31 or allocation in March 2013 is not stated.
5 Holdings per December 31 excluding potential allocation of shares according to Securitas share-based incentive scheme (see footnote 6 below).
6 Actual allocation of shares in March 2013 according to Securitas share-based incentive scheme 2011, including shares corresponding to dividend decided related to potential allocation of shares during 2012. The gross number of allocated shares is stated, of which part of the shares may have been sold to cover tax on the benefit. Other holdings of Securitas Series B shares in March 2013 are not included.

NOTE 9 *Segment reporting*

Segment structure

The Group's operations are divided into four reportable segments: Security Services North America, Security Services Europe, Mobile and Monitoring and Security Services Ibero-America. Due to operations moved between the segments Security Services Europe, Mobile and Monitoring and Security Services Ibero-America, comparatives have been restated for these segments.

As of 2013, the Security Services Europe and Mobile and Monitoring business segments will be merged into one business segment named Security Services Europe. The Group's operations will then be divided into three reportable segments and Other (consisting of an aggregation of all other operating segments).

All segments apply the accounting principles explained in note 2. The segment reporting follows the format of Securitas' financial model, which provides a foundation for financial planning and reporting from branch office level up to the Board of Directors. Acquisitions of subsidiaries are therefore excluded from the operating cash flow. All material acquisitions are stated at business segment level in the financial overview under the heading Acquisitions and divestitures.

Security Services North America

Security Services North America provides specialized security services in the USA, Canada and Mexico and comprises 17 business units: one organization for national and global accounts, five geographical regions and nine specialized business units – federal government services, defense and aerospace, critical infrastructure, healthcare, Pinkerton Corporate Risk Management, aviation, mobile, special events and security systems – in the USA, plus Canada and Mexico. In total, there are approximately 109 000 employees, about 640 branch managers and 93 geographical areas. Security Services North America provides a wide range of services with various levels of specialization to customers in a variety of industries and segments in most parts of North America.

Security Services Europe

Securitas' European guarding operations comprise Security Services Europe, which provides specialized security services for large and medium-sized customers in 27 countries and Aviation, which provides airport security in 14 countries. The organization has a combined total of more than 110 000 employees and 700 branch managers. Security Services Europe serves customers in a variety of industries and customer segments. Aviation provides specialized services for airports, airport-related businesses and airlines.

Mobile and Monitoring

Mobile provides mobile security services, such as beat patrol and call-out services, for small and medium-sized businesses and residential sites, while Monitoring provides electronic alarm surveillance services. Mobile operates in 12 countries across Europe and has approximately 9 500 employees and 215 branch managers in 31 areas. Monitoring, also called Securitas Alert Services, operates in ten countries across Europe and has approximately 800 employees.

Security Services Ibero-America

Security Services Ibero-America provides specialized security services for large and medium-sized customers in seven countries in Latin America, as well as Portugal and Spain in Europe. Security Services Ibero-America has a combined total of approximately 58 000 employees and close to 190 branch managers. Security Services Ibero-America operates in a variety of customer segments.

Other

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

JANUARY – DECEMBER 2012

MSEK	Security Services North America	Security Services Europe	Mobile and Monitoring	Security Services Ibero-America	Other	Total segments	Elimina-tions	Group
Income								
Sales, external	23 488	27 119	5 921	9 032	898	66 458	–	66 458
Sales, intra-group	4	66	244	–	3	317	-317	–
Total sales	**23 492**	**27 185**	**6 165**	**9 032**	**901**	**66 775**	**-317**	**66 458**
Organic sales growth, %	*1*	*1*	*1*	*-3*	–	–	–	*0*
Operating income before amortization[1]	**1 157**	**1 102**	**619**	**465**	**-258**	**3 085**	**–**	**3 085**
of which share in income of associated companies	–	–	–	–	*3*	*3*	–	*3*
Operating margin, %	*4.9*	*4.1*	*10.0*	*5.1*	–	–	–	*4.6*
Amortization and impairment of acquisition related intangible assets	-33	-118	-51	-71	-24	-297	–	-297
Acquisition related costs	-3	-2	-17	-41	14	-49	–	-49
Items affecting comparability	-74	-165	-137	-45	-3	-424	–	-424
Operating income after amortization	**1 047**	**817**	**414**	**308**	**-271**	**2 315**	**–**	**2 315**
Financial income and expenses	–	–	–	–	–	–	–	-573
Income before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1 742**
Taxes	–	–	–	–	–	–	–	-530
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1 212**
Operating cash flow								
Operating income before amortization	**1 157**	**1 102**	**619**	**465**	**-258**	**3 085**	**–**	**3 085**
Investments in non-current tangible and intangible assets	-152	-362	-361	-125	-39	-1 039	–	-1 039
Reversal of depreciation[1]	160	345	343	87	11	946	–	946
Change in operating capital employed	-59	-49	222	122	-27	209	–	209
Cash flow from operating activities	**1 106**	**1 036**	**823**	**549**	**-313**	**3 201**	**–**	**3 201**
Cash flow from operating activities, %	*96*	*94*	*133*	*118*	–	–	–	*104*
Capital employed and financing								
Operating non-current assets	784	1 128	866	399	198	3 375	–	3 375
Accounts receivable	3 521	4 205	576	2 139	128	10 569	-79	10 490
Other assets	291	695	229	372	1 973	3 560	-73	3 487
Other liabilities	-3 387	-6 345	-1 683	-1 759	-1 750	-14 924	152	-14 772
Total operating capital employed	**1 209**	**-317**	**-12**	**1 151**	**549**	**2 580**	**–**	**2 580**
Operating capital employed as % of sales	*5*	*-1*	*0*	*13*	–	–	–	*4*
Goodwill	5 997	4 812	1 672	1 542	252	14 275	–	14 275
Acquisition related intangible assets	109	633	214	439	107	1 502	–	1 502
Shares in associated companies	–	–	–	–	108	108	–	108
Total capital employed	**7 315**	**5 128**	**1 874**	**3 132**	**1 016**	**18 465**	**–**	**18 465**
Return on capital employed, %	*15*	*18*	*26*	*13*	–	–	–	*14*
Net debt	–	–	–	–	–	–	–	-9 865
Shareholders' equity	–	–	–	–	–	–	–	8 600
Total financing	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**18 465**
Net debt equity ratio/multiple	–	–	–	–	–	–	–	*1.15*
Assets and liabilities								
Non-interest-bearing assets	10 702	11 473	3 557	4 891	899	31 522	-152	31 370
Unallocated non-interest-bearing assets[2]	–	–	–	–	–	–	–	1 867
Unallocated interest-bearing assets	–	–	–	–	–	–	–	5 221
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**38 458**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8 600**
Non-interest-bearing liabilities	3 387	6 345	1 683	1 759	316	13 490	-152	13 338
Unallocated non-interest-bearing liabilities[2]	–	–	–	–	–	–	–	1 434
Unallocated interest-bearing liabilities	–	–	–	–	–	–	–	15 086
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**29 858**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**38 458**

1 Depreciation and amortization of tangible and non-acquisition related intangible assets per segment are specified on the line Reversal of depreciation in the statement of cash flow above. Further information regarding depreciation and amortization is provided in note 13.
2 Included in Other in the table Capital employed and financing.

JANUARY – DECEMBER 2011

MSEK	Security Services North America	Security Services Europe[3]	Mobile and Monitoring[3]	Security Services Ibero-America[3]	Other	Total segments	Elimina-tions	Group
Income								
Sales, external	22 356	26 092	5 803	9 097	709	64 057	–	64 057
Sales, intra-group	–	86	238	–	–	324	-324	–
Total sales	**22 356**	**26 178**	**6 041**	**9 097**	**709**	**64 381**	**-324**	**64 057**
Organic sales growth, %	*4*	*0*	*3*	*11*	–	–	–	*3*
Operating income before amortization[1]	**1 270**	**1 009**	**722**	**550**	**-166**	**3 385**	**–**	**3 385**
of which share in income of associated companies	–	–	–	–	*-2*	*-2*	–	*-2*
Operating margin, %	*5.7*	*3.9*	*12.0*	*6.0*	–	–	–	*5.3*
Amortization and impairment of acquisition related intangible assets	-34	-69	-45	-61	-9	-218	–	-218
Acquisition related costs	-14	-131	-25	-20	-4	-194	–	-194
Items affecting comparability	–	–	–	–	–	–	–	–
Operating income after amortization	**1 222**	**809**	**652**	**469**	**-179**	**2 973**	**–**	**2 973**
Financial income and expenses	–	–	–	–	–	–	–	-493
Income before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2 480**
Taxes	–	–	–	–	–	–	–	-741
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1 739**
Operating cash flow								
Operating income before amortization	**1 270**	**1 009**	**722**	**550**	**-166**	**3 385**	**–**	**3 385**
Investments in non-current tangible and intangible assets	-189	-352	-349	-91	-29	-1 010	–	-1 010
Reversal of depreciation[1]	141	338	324	86	13	902	–	902
Change in operating capital employed	-367	-234	-62	-274	-233	-1 170	–	-1 170
Cash flow from operating activities	**855**	**761**	**635**	**271**	**-415**	**2 107**	**–**	**2 107**
Cash flow from operating activities, %	*67*	*75*	*88*	*49*	–	–	–	*62*
Capital employed and financing								
Operating non-current assets	751	1 139	862	369	106	3 227	–	3 227
Accounts receivable	3 760	4 060	638	2 437	140	11 035	-70	10 965
Other assets	284	814	232	268	1 913	3 511	-162	3 349
Other liabilities	-3 467	-6 134	-1 447	-1 847	-1 733	-14 628	232	-14 396
Total operating capital employed	**1 328**	**-121**	**285**	**1 227**	**426**	**3 145**	**–**	**3 145**
Operating capital employed as % of sales	*6*	*0*	*5*	*13*	–	–	–	*5*
Goodwill	6 335	4 913	1 725	1 488	266	14 727	–	14 727
Acquisition related intangible assets	149	663	200	456	106	1 574	–	1 574
Shares in associated companies	–	–	–	–	108	108	–	108
Total capital employed	**7 812**	**5 455**	**2 210**	**3 171**	**906**	**19 554**	**–**	**19 554**
Return on capital employed, %	*16*	*19*	*33*	*17*	–	–	–	*17*
Net debt	–	–	–	–	–	–	–	-10 349
Shareholders' equity	–	–	–	–	–	–	–	9 205
Total financing	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**19 554**
Net debt equity ratio/multiple	–	–	–	–	–	–	–	*1.12*
Assets and liabilities								
Non-interest-bearing assets	11 279	11 589	3 657	5 018	822	32 365	-232	32 133
Unallocated non-interest-bearing assets[2]	–	–	–	–	–	–	–	1 817
Unallocated interest-bearing assets	–	–	–	–	–	–	–	2 716
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**36 666**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**9 205**
Non-interest-bearing liabilities	3 467	6 134	1 447	1 847	375	13 270	-232	13 038
Unallocated non-interest-bearing liabilities[2]	–	–	–	–	–	–	–	1 358
Unallocated interest-bearing liabilities	–	–	–	–	–	–	–	13 065
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**27 461**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**36 666**

1 Depreciation and amortization of tangible and non-acquisition related intangible assets per segment are specified on the line Reversal of depreciation in the statement of cash flow above. Further information regarding depreciation and amortization is provided in note 13.
2 Included in Other in the table Capital employed and financing.
3 The comparatives have been restated due to operations moved between the segments Security Services Europe, Mobile and Monitoring and Security Services Ibero-America.

GEOGRAPHICAL INFORMATION

	Total sales from external customers[1]		Non-current assets[2]	
MSEK	2012	2011	2012	2011
USA	20 895	20 195	6 459	6 838
France	– [3]	– [3]	1 939	2 016
Sweden[4]	4 226	4 133	1 016	1 020
All other countries[5]	41 337	39 729	9 846	9 762
Total countries	**66 458**	**64 057**	**19 260**	**19 636**
Non-current assets not listed by country[2]	–	–	1 767	1 701
Total non-current assets	**–**	**–**	**21 027**	**21 337**

1 Based on the location of sales offices and corresponds in all material aspects to the geographical location of the customers.
2 Financial instruments, deferred tax assets and post-employment benefit assets are not specified by country. These are instead reported on the line Non-current assets not listed by country.
3 Not disclosed as amount is less than 10 percent of sales or non-current assets.
4 Disclosed as Sweden is the company's country of domicile.
5 Including elimination of intra-group sales.

NOTE 10 *Allocation of revenue*

Sales

The Group's revenue is generated mainly from various types of security services. There is also revenue from the sale of alarm products and, to a limited extent, cash handling services. The breakdown of sales by segment is provided in note 9.

Other operating income

Other operating income 2012 consists in its entirety of trade mark fees from Securitas Direct AB. Other operating income 2011 mainly comprises dividend of MSEK 29.3 from the Group's divested joint venture Securitas Direct S.A. in Switzerland and a capital gain from the divestiture of this company of MSEK 20.3. It also comprises trade mark fees from Securitas Direct AB of MSEK 10.1 and other items MSEK 14.6. Other operating income 2010 consists in its entirety of trade mark fees from Securitas Direct AB.

Financial income

Interest income is accounted for in the statement of income in the period to which it is attributable. Financial income and expenses are specified in note 14.

NOTE 11 *Operating expenses*

STATEMENT OF INCOME CLASSIFIED ACCORDING TO TYPE OF COST IN SUMMARY

MSEK	2012	2011	2010
Total sales	**66 458.2**	**64 057.1**	**61 339.8**
Other operating income	12.8	74.3	12.7
Salaries (note 12)	-44 185.9	-42 368.2	-40 568.1
Social benefits (note 12)	-10 105.3	-9 550.5	-9 200.2
Depreciation and amortization (notes 13, 18, 19, 20)	-1 217.7	-1 120.2	-1 065.0
Bad debt losses (note 25)	-121.9	-105.1	-54.2
Other operating expenses	-8 525.6	-8 014.4	-6 994.7
Total operating expenses	**-64 156.4**	**-61 158.4**	**-57 882.2**
Operating income	**2 314.6**	**2 973.0**	**3 470.3**

EXCHANGE RATE DIFFERENCES, NET[1]

MSEK	2012	2011	2010
Exchange rate differences included in operating income amounted to:	-3.7	-3.1	3.9

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

ITEMS AFFECTING COMPARABILITY

MSEK	2012	2011	2010
Restructuring costs	-458.0	–	–
Spain – overtime compensation	22.7	–	–
Germany – discontinued operations	11.0	–	–
Total items affecting comparability	**-424.3**	**–**	**–**

Restructuring costs MSEK -458.0

Measures were initiated in October 2012 to better align Securitas with future customer needs and expectations, and to further increase the investment pace in technology. The Mobile and Monitoring and Security Services Europe business segments have been merged as of January 1, 2013, to improve the coordination and speed of technology implementation. A cost savings program was initiated in North America and in Europe, also including Spain in the business segment Security Services Ibero-America, which was in all material aspects finalized in December 2012. Total savings are estimated to approximately MSEK 370 annually, effective as of January 1, 2013. The restructuring costs amounted to MSEK -458.0, according to the table above, and is allocated to Security Services North America MSEK -73.8, Security Services Europe MSEK -165.0, Mobile and Monitoring MSEK -136.7, Security Services Ibero-America MSEK -67.4 and Other MSEK -15.1. Out of the total restructuring costs, MSEK -71.1 relates to costs that would have been classified as production expenses and MSEK -386.9 relates to costs that would have been classified as selling and administrative expenses if they had not been classified as items affecting comparability. Staff costs and staff related items constitute MSEK -408.9 out of the total restructuring expenses of MSEK -458.0.

Spain – overtime compensation MSEK 22.7

The Spanish Supreme Court has issued a ruling that provides guidelines on the computation of overtime compensation. Based on these guidelines Group Management has deemed that the provisions were sufficient for the exposure. As a result of an increased number of claims having been decided in court and subsequently settled during the course of 2012, Group Management has obtained better visibility regarding the exposure and the probable outflow that will be necessary in order to settle overtime compensation claims. Group Management has based on this decided to release MSEK 22.7 from the provision at the end of 2012. The reversal in its entirety is related to the segment Security Services Ibero-America and would have been classified as a reduction of production expenses had it not been classified as an item affecting comparability.

Germany – discontinued operations MSEK 11.0

As part of the closing for 2006 Securitas recognized provisions, within the then existing segment Cash Handling Services, in order to cover different exposures in this segment's previous operations in Germany. Group Management has judged that there is no further exposure for these previous operations and has consequently decided to reverse MSEK 11.0 of the previously recognized provision at the end of 2012. As the reversal relates to discontinued operations, it has been recognized under the heading Other, and would have been classified as a reduction of selling and administrative expenses had it not been classified as an item affecting comparability.

ITEMS AFFECTING COMPARABILITY ALLOCATED PER FUNCTION[1]

MSEK	2012	2011	2010
Production expenses	-48.4	–	–
Selling and administrative expenses	-375.9	–	–
Total items affecting comparability allocated per function	**-424.3**	**–**	**–**

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	2012	2011	2010
Security Services North America	-73.8	–	–
Security Services Europe	-165.0	–	–
Mobile and Monitoring	-136.7	–	–
Security Services Ibero-America	-44.7	–	–
Other	-4.1	–	–
Total items affecting comparability allocated per segment	**-424.3**	**–**	**–**

CASH FLOW IMPACT FROM ITEMS AFFECTING COMPARABILITY

MSEK	2012	2011	2010
Items affecting comparability according to the statement of income	-424.3	–	–
Cash flow[1]	-193.8	-23.7	-62.5
Adjustment for effect on cash flow from items affecting comparability	**230.5**	**-23.7**	**-62.5**

1 For the 2012 cash flow MSEK -152.4 relates to restructuring costs, MSEK -37.9 to overtime compensation in Spain and MSEK -3.5 to premises in Germany. For the 2011 cash flow MSEK -17.5 relates to overtime compensation in Spain, MSEK -4.5 to premises in Germany and MSEK -1.7 to other items affecting comparability. For the 2010 cash flow MSEK -53.9 relates to the settlement with the trustee of the Heros bankruptcy estate and MSEK -8.6 to premises in Germany.

ACQUISITION RELATED COSTS

MSEK	2012	2011	2010
Restructuring and integration costs	-62.2	-135.3	-48.3
Transaction costs	-17.2[1]	-65.1	-41.3
Revaluation of deferred considerations[2]	29.9	6.9	–
Total acquisition related costs	**-49.5**	**-193.5**	**-89.6**

1 Transaction costs for the major acquisitions are specified per acquisition in note 16.
2 Refers to contingent considerations and acquisition related option liabilities.

ACQUISITION RELATED COSTS ALLOCATED PER FUNCTION[1]

MSEK	2012	2011	2010
Production expenses	-39.3	-48.1	-21.0
Selling and administrative expenses[2]	-10.2	-145.4	-68.6
Total acquisition related costs allocated per function	**-49.5**	**-193.5**	**-89.6**

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	2012	2011	2010
Security Services North America	-3.2	-14.0	-16.1
Security Services Europe	-1.6	-130.7	-47.9
Mobile and Monitoring	-17.0	-25.1	-5.7
Security Services Ibero-America	-41.1	-19.9	-9.2
Other	13.4	-3.8	-10.7
Total acquisition related costs allocated per segment	**-49.5**	**-193.5**	**-89.6**

CASH FLOW IMPACT FROM ACQUISITION RELATED COSTS

MSEK	2012	2011	2010
Acquisition related costs according to the statement of income	-49.5	-193.5	-89.6
Cash flow	-97.6	-180.0	-65.3
Adjustment for effect on cash flow from acquisition related costs	**-48.1**	**13.5**	**24.3**

AUDIT FEES AND REIMBURSEMENTS

MSEK	2012	2011	2010
PwC			
– audit assignments	28.1	29.8	27.2
– additional audit assignments	1.3	1.1	2.8
– tax assignments	12.7	14.6	17.1
– other assignments[1]	9.7	16.3	15.0
Total PwC	**51.8**	**61.8**	**62.1**
Other auditors			
– audit assignments	2.7	2.6	1.3
Total	**54.5**	**64.4**	**63.4**

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

Operating leasing contracts and rental contracts

Fees expensed during the year for operating leases for buildings, vehicles and machinery and equipment amounted to MSEK 790.3 (732.7 and 757.9). The nominal value of contractual future minimum lease payments are distributed as follows:

MSEK	2012	2011	2010
Maturity < 1 year	655.4	674.0	677.1
Maturity 1–5 years	1 369.7	1 358.3	1 577.2
Maturity > 5 years	499.8	369.6	413.4

NOTE 12 *Personnel*

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

	Women			Men			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Europe	23 899	23 366	22 283	110 811	108 470	91 446	134 710	131 836	113 729
North America	23 877	23 889	22 703	74 493	74 470	70 523	98 370	98 359	93 226
Latin America	3 159	2 711	2 084	30 083	29 316	21 866	33 242	32 027	23 950
Rest of world	1 379	1 248	611	11 940	8 955	5 197	13 319	10 203	5 808
Total	**52 314**	**51 214**	**47 681**	**227 327**	**221 211**	**189 032**	**279 641**	**272 425**	**236 713**

1 Average number of yearly employees exclude employees in associated companies. A complete specification of the average number of yearly employees by country is provided in the Annual Report submitted to the Swedish Companies Registration Office.

In 2012, the number of Board members and Presidents was 110 (132, 123), of whom 8 (8, 7) were women.

STAFF COSTS FOR BOARD OF DIRECTORS AND PRESIDENTS

	2012			2011			2010			Of which bonuses		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2012	2011	2010
Europe	140.0	44.4	(13.8)	144.0	44.5	(14.1)	184.7	57.0	(14.3)	25.8	18.0	52.0
North America	72.6	21.6	(10.8)	54.5	18.3	(10.1)	62.3	21.3	(11.0)	11.1	7.6	12.3
Latin America	13.7	2.8	(0.1)	10.9	1.1	(0.1)	7.9	0.9	(0.0)	2.6	2.6	0.4
Rest of world	14.4	1.7	(0.5)	13.6	1.8	(0.6)	8.2	0.1	(0.1)	1.2	0.0	0.0
Total	**240.7**	**70.5**	**(25.2)**	**223.0**	**65.7**	**(24.9)**	**263.1**	**79.3**	**(25.4)**	**40.7**	**28.2**	**64.7**

STAFF COSTS FOR OTHER EMPLOYEES

	2012			2011			2010		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Europe	23 987.7	6 475.8	(509.6)	23 483.8	6 276.7	(516.2)	21 858.4	6 103.2	(478.1)
North America	16 855.8	2 946.0	(35.8)	16 273.0	2 816.7	(12.4)	16 748.6	2 776.7	(41.3)
Latin America	2 459.2	574.8	(14.0)	1 947.2	362.1	(9.1)	1 415.4	227.8	(10.7)
Rest of world	642.5	38.2	(12.6)	441.2	29.3	(8.9)	282.6	13.2	(7.0)
Total	**43 945.2**	**10 034.8**	**(572.0)**	**42 145.2**	**9 484.8**	**(546.6)**	**40 305.0**	**9 120.9**	**(537.1)**

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

	2012			2011			2010		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Europe	24 127.7	6 520.2	(523.4)	23 627.8	6 321.2	(530.3)	22 043.1	6 160.2	(492.4)
North America	16 928.4	2 967.6	(46.6)	16 327.5	2 835.0	(22.5)	16 810.9	2 798.0	(52.3)
Latin America	2 472.9	577.6	(14.1)	1 958.1	363.2	(9.2)	1 423.3	228.7	(10.7)
Rest of world	656.9	39.9	(13.1)	454.8	31.1	(9.5)	290.8	13.3	(7.1)
Total	**44 185.9**	**10 105.3**	**(597.2)**	**42 368.2**	**9 550.5**	**(571.5)**	**40 568.1**	**9 200.2**	**(562.5)**

Further information regarding the Group's pensions and other long-term employee benefits is provided in note 31.

Securitas share-based incentive scheme

Securitas' Annual General Meeting May 7, 2012 resolved on a share and cash bonus scheme, a similar incentive scheme that the Annual General Meeting 2011 resolved on. The participants in the scheme have a former variable remuneration based on performance. Two thirds of the variable remuneration/bonus will, according to the incentive scheme, be settled in cash the year after the performance year, while shares will be purchased for the remaining one third. The bonus criteria is based on individual performance and/or the performance for the part of the Group that the individual is responsible for. For Securitas there are no other material costs than the allotted bonus and related social benefits.

The share purchase in Securitas will be handled by trading on the NASDAQ OMX Stockholm exchange through a swap agreement. Shares are purchased corresponding to one third of the total achieved bonus amount. The purchased shares will be allotted to the participants approximately one year after purchase, given that they are still employed by the Group. Securitas will not issue any new shares or similar due to this incentive scheme. The purpose is to replace cash bonus with shares in Securitas AB and thus increase the employees' ownership in Securitas.

The incentive scheme includes 817 participants (769 and 1 049) that are entitled to receive the share part according to the scheme. The total share-based remuneration for these participants amount to MSEK 56.1 (53.7 and 70.3) and is accounted for as a share-based remuneration in equity. In March 2013, shares in Securitas AB have been purchased corresponding to the value of the total share-based remuneration. The shares have been purchased through a swap agreement, based on the current market price at the time. The number of shares that have been purchased amount to a total of 859 579 (809 768 and 910 837) and will be allotted to the participants during the first quarter 2014, provided that they are still employed by the Group.

COSTS FOR SHARE-BASED INCENTIVE SCHEME: PRESIDENTS AND OTHER EMPLOYEES

MSEK	2012	2011	2010
Bonus costs for incentive schemes	56.1	53.7	70.3
Social benefits for incentive schemes	12.7	10.1	17.5
Total	**68.8**	**63.8**	**87.8**

NOTE 13 Depreciation and amortization

MSEK	2012	2011	2010
Software licenses	59.3	58.6	63.8
Other intangible assets	34.9	26.5	20.3
Buildings	13.1	14.1	18.9
Machinery and equipment	838.8	802.8	797.7
Total depreciation and amortization	**946.1**	**902.0**	**900.7**

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

MSEK	2012	2011	2010
Depreciation of tangible non-current assets			
Production expenses	602.1	582.8	563.2
Selling and administrative expenses	249.8	234.1	253.4
Total depreciation of tangible non-current assets	**851.9**	**816.9**	**816.6**
Amortization of intangible assets			
Production expenses	46.4	41.6	34.2
Selling and administrative expenses	47.8	43.5	49.9
Total amortization of intangible assets	**94.2**	**85.1**	**84.1**
Total depreciation and amortization	**946.1**	**902.0**	**900.7**

NOTE 14 Net financial items

MSEK	2012	2011	2010
Interest income from financial assets at fair value through profit or loss	63.4	66.9	9.2
Interest income from loans and receivables	33.1	43.3	29.0
Total interest income	**96.5**	**110.2**	**38.2**
Revaluation of financial instruments	1.0	3.3	–
Other financial income	4.6	3.1	3.6
Total financial income	**102.1**	**116.6**	**41.8**
Interest expenses from financial liabilities at fair value through profit or loss	-47.0	-29.0	-15.9
Interest expenses from financial liabilities designated as hedged item in a fair value hedge	-166.8	-131.6	-138.8
Interest expenses from derivatives designated for hedging	20.3	-7.1	-63.3
Interest expenses from other financial liabilities	-444.5	-406.0	-292.3
Total interest expenses	**-638.0**	**-573.7**	**-510.3**
Revaluation of financial instruments	–	-0.2	-4.5
Other financial expenses	-36.9	-32.8	-25.7
Exchange rate differences, net[1]	-0.2	-2.9	-3.6
Total financial expenses	**-675.1**	**-609.6**	**-544.1**
Net financial items	**-573.0**	**-493.0**	**-502.3**
Of which revaluations estimated with the use of valuation methods	1.0	3.1	-4.5

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

NOTE 15 Taxes

Statement of income

TAX EXPENSE

MSEK	2012	%	2011	%	2010	%
Tax on income before taxes						
– current taxes	-526.4	*-30.2*	-680.1	*-27.4*	-735.7	*-24.8*
– deferred taxes	-3.2	*-0.2*	-61.3	*-2.5*	-151.5	*-5.1*
Total tax expense	**-529.6**	***-30.4***	**-741.4**	***-29.9***	**-887.2**	***-29.9***

The Swedish corporate tax rate was 26.3 percent.

The 2012 tax rate amounted to 30.4 percent. The tax rate before non-deductible impairment losses and tax on items affecting comparability was 29.8 percent.

The 2011 tax rate amounted to 29.9 percent.

The 2010 tax rate amounted to 29.9 percent.

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	2012	%	2011	%	2010	%
Income before taxes according to the statement of income	**1 742**		**2 480**		**2 968**	
Tax based on Swedish tax rate	-458	*-26.3*	-652	*-26.3*	-781	*-26.3*
Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries	-20	*-1.1*	-102	*-4.1*	-95	*-3.2*
Tax related to previous years	0	*0.0*	24	*1.0*	-6	*-0.2*
Valuation of previously unvalued tax losses	74	*4.2*	–	–	–	–
Revaluation of deferred tax following a change in tax rate	-58	*-3.3*	4	*0.1*	0	*0.0*
Other non-deductible items	-79	*-4.5*	-23	*-0.9*	-15	*-0.5*
Other tax exempt items	11	*0.6*	8	*0.3*	10	*0.3*
Actual tax expense	**-530**	***-30.4***	**-741**	***-29.9***	**-887**	***-29.9***

Provisions have been made for taxes from anticipated dividends coming from the subsidiaries to the Parent Company next year. Tax expense that may arise from dividends out of the remaining distributable earnings have not been provided for. If distributed the tax expense arising would amount to MSEK 10.

Other comprehensive income

TAX ON OTHER COMPREHENSIVE INCOME

MSEK	2012	2011	2010
Deferred tax on actuarial gains and losses	58.3	136.3	48.8
Deferred tax on cash flow hedges	-2.5	-1.2	-18.9
Deferred tax on net investment hedges	3.5	-12.9	-128.8
Deferred tax on other comprehensive income	**59.3**	**122.2**	**-98.9**

CURRENT TAX ASSETS/LIABILITIES

MSEK	2012	2011	2010
Current tax assets	323.8	305.4	255.2
Current tax liabilities	237.0	253.4	285.5
Current tax assets/liabilities, net	**86.8**	**52.0**	**-30.3**

Balance sheet

DEFERRED TAX ASSETS WERE ATTRIBUTABLE TO:

MSEK	2012	2011	2010
Pension provisions and employee-related liabilities	724.6	774.8	620.3
Liability insurance-related claims reserves	1.4	3.2	4.9
Tax loss carryforwards	576.3	486.4	455.5
Tax-deductible goodwill	119.9	151.2	129.6
Machinery and equipment	117.2	93.1	90.8
Other temporary differences	131.0	159.1	165.9
Total deferred tax assets	**1 670.4**	**1 667.8**	**1 467.0**
Whereof deferred tax assets expected to be used within 12 months	*491.6*	*539.1*	*474.3*
Net accounting[1]	-128.1	-156.7	-113.6
Total deferred tax assets according to the balance sheet	**1 542.3**	**1 511.1**	**1 353.4**

DEFERRED TAX LIABILITIES WERE ATTRIBUTABLE TO:

MSEK	2012	2011	2010
Pension provisions and employee-related liabilities	38.3	41.0	8.0
Acquisition related intangible assets	385.6	419.1	258.8
Machinery and equipment	36.2	29.1	25.7
Other temporary differences	387.0	336.9	253.2
Total deferred tax liabilities	**847.1**	**826.1**	**545.7**
Whereof deferred tax liabilities expected to be used within 12 months	*162.9*	*157.1*	*162.5*
Net accounting[1]	-128.1	-156.7	-113.6
Total deferred tax liabilities according to the balance sheet	**719.0**	**669.4**	**432.1**
Deferred tax assets / liabilities, net	**823.3**	**841.7**	**921.3**

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	2012	2011	2010
Opening balance deferred tax assets	**1 667.8**	**1 467.0**	**1 704.5**
Change due to:			
Deferred tax recognized in the statement of income	-49.9	16.5	-204.1
Changed tax rate	-1.5	1.8	-0.9
Acquisitions	6.2	51.6	7.3
Recognized in other comprehensive income	58.3	136.3	48.8
Translation differences	-10.5	-5.4	-88.6
Closing balance deferred tax assets	**1 670.4**	**1 667.8**	**1 467.0**
Change during the year	**2.6**	**200.8**	**-237.5**

DEFERRED TAX LIABILITIES CHANGE ANALYSIS

MSEK	2012	2011	2010
Opening balance deferred tax liabilities	**826.1**	**545.7**	**397.1**
Change due to:			
Deferred tax recognized in the statement of income	-15.0	94.4	110.1
Changed tax rate	-5.1	0.0	-0.2
Acquisitions	55.6	191.0	85.5
Divestitures	–	-6.3	–
Translation differences	-14.5	1.3	-46.8
Closing balance deferred tax liabilities	**847.1**	**826.1**	**545.7**
Change during the year	**21.0**	**280.4**	**148.6**

DEFERRED TAX ASSETS CHANGE ANALYSIS PER CATEGORY IN 2012

MSEK	Opening balance	Deferred tax recognized in the income statement	Changed tax rate	Acquisitions	Recognized in other comprehensive income	Translation differences	Closing balance
Pension provisions and employee-related liabilities	774.8	-107.1	-2.4	0.9	58.3	0.1	724.6
Liability insurance-related claims reserves	3.2	-1.8	–	–	–	–	1.4
Tax loss carryforwards	486.4	94.9	0.6	–	–	-5.6	576.3
Tax-deductible goodwill	151.2	-33.0	-0.8	2.4	–	0.1	119.9
Machinery and equipment	93.1	23.0	1.1	0.0	–	–	117.2
Other temporary differences	159.1	-25.9	–	2.9	–	-5.1	131.0
Total deferred tax assets	**1 667.8**						**1 670.4**
Change during the year		**-49.9**	**-1.5**	**6.2**	**58.3**	**-10.5**	**2.6**

DEFERRED TAX LIABILITIES CHANGE ANALYSIS PER CATEGORY IN 2012

MSEK	Opening balance	Deferred tax recognized in the income statement	Changed tax rate	Acquisitions	Translation differences	Closing balance
Pension provisions and employee-related liabilities	41.0	1.0	-3.7	–	–	38.3
Acquisition related intangible assets	419.1	-113.7	-1.4	89.2	-7.6	385.6
Machinery and equipment	29.1	7.8	0.0	0.1	-0.8	36.2
Other temporary differences	336.9	89.9	0.0	-33.7	-6.1	387.0
Total deferred tax liabilities	**826.1**					**847.1**
Change during the year		**-15.0**	**-5.1**	**55.6**	**-14.5**	**21.0**

Changes in deferred taxes between 2011 and 2012 are mainly explained by pension provisions, tax loss carryforwards and acquisition related intangible assets. Changes in deferred taxes between 2010 and 2011 are mainly explained by pension provisions and acquisition related intangible assets. There are no unrecognized temporary differences related to subsidiaries or associated companies. Provisions for taxes are reported in note 32.

Tax loss carryforwards

On December 31, 2012 subsidiaries in primarily Sweden and Germany had tax loss carryforwards of MSEK 3 245 (2 350 and 2 179). These tax loss carryforwards expire as follows:

TAX LOSS CARRYFORWARDS

2013	7
2014	29
2015	4
2016–	198
Unlimited duration	3 007
Total tax loss carryforwards	**3 245**

Deferred tax assets related to tax losses are accounted for when it is probable that they can be utilized by future profits. As of December 31, 2012, tax loss carryforwards for which deferred tax assets had been recognized amounted to MSEK 2 293 (1 738 and 1 617) and deferred tax assets related to the tax losses amounted to MSEK 576 (486 and 455). Tax losses can be used to reduce future taxable income. Their future utilization does not mean a lower total tax expense for the Group.

NOTE 16 *Acquisitions and divestitures of subsidiaries and impairment testing*

Acquisitions and divestitures of subsidiaries

Acquisition calculations are subject to final adjustment up to one year after the date of acquisition. Transactions with non-controlling interests are specified in the statement of changes in shareholders' equity. Transaction costs and revaluation of deferred considerations are specified in note 11.

MSEK	Purchase price paid	Acquired net debt	Enterprise value	Goodwill[2]	Acquisition related intangible assets	Operating capital employed	Total capital employed	Share-holders' equity	Total
MPL Beveiligingsdiensten, the Netherlands	-48.0	2.4	-45.6	13.9	48.2	-16.5	45.6	–	45.6
Protect, Croatia[3]	-31.9	-7.3	-39.2	23.6	22.8	-7.2	39.2	–	39.2
Chillida Sistemas de Seguridad, Spain	-131.6	-55.4	-187.0	103.2	45.4	38.4	187.0	–	187.0
Trailback, Argentina[3]	-21.8	0.0	-21.8	20.8	10.3	-9.3	21.8	–	21.8
PT Environmental Indokarya, Indonesia[3]	-12.8	0.8	-12.0	14.1	8.3	-10.4	12.0	–	12.0
ISS Facility Services, Norway[3]	-21.0	–	-21.0	–	33.1	-12.1	21.0	–	21.0
Federal Resguard, Argentina[3]	-16.5	–	-16.5	28.3	16.1	-27.9	16.5	–	16.5
Other acquisitions, divestitures and adjustments[1, 3]	-263.0	26.4	-236.6	58.1	98.6	120.0	276.7	-40.1[4]	236.6
Total acquisitions and divestitures	**-546.6**	**-33.1**	**-579.7**	**262.0**	**282.8**	**75.0**	**619.8**	**-40.1**	**579.7**
Liquid funds according to acquisition analyses	38.5								
Total effect on Group's liquid funds	**-508.1**								

1 Related to other acquisitions and divestitures for the period and updated previous year acquisition calculations for the following entities: Omniwatch, Northern Investigative Associates and Security Consultants Group, the USA, Pinkerton C&I India, India, Adept Security and Niscayah brand (contract portfolio), Services Sweden, Värmlandsvakt (contract portfolio), Mobile Sweden, PSS and Vaktvesenet, Services Norway, Siemens Monitoring (contract portfolio) and BIJ Security (contract portfolio), Services Denmark, Sec Consulting (contract portfolio), Mobile Denmark, Interfire, Services Finland, Silvania (contract portfolio), Mobile Finland, Ivertowski, Services Germany, Assistance Sécurité Gardiennage, Services France, APSG, VIF, Europinter, ECSAS Gardiennage, NEO, Pole Protection Provence and SCIS, Mobile France, Chubb Security Personnel, Services UK, Swallow Security, Mobile UK, WOP Protect, Switzerland, Pesti and Scudo (contract portfolio), Austria, Cobelguard, Services Belgium, Alarmvision (contract portfolio) and Brackelaire (contract portfolio), Alert Services Belgium, Interseco, Other the Netherlands, Sector Alarm (contract portfolio), Alert Services the Netherlands, Trezor (contract portfolio) and Mega Alarm (contract portfolio), Poland, Sistem FTO, Serbia, Guardian Security, Montenegro, Alarm West Group and Adria Ipon Security, Bosnia and Herzegovina, Securitas Hrvatska (former Zvonimir Security) and Sigurnost Buzov, Croatia, Ave Lat Sargs, Latvia, Sensormatic, Turkey, Brink's Guarding, Morocco, Fuego Red, Argentina, Pandyr and Atriomar, Uruguay, Ubiq and Risk Control, Peru, Seguricorp, Chile, SGT Seguridad and Alfa Seguridad, Ecuador, CSS Internacional, Costa Rica, European Safety Concepts, Thailand, Legend Group, Singapore, Security Standard Group, Cambodia, Securitas UAE, United Arab Emirates, Top Security (contract portfolio), Orbis Security Solutions and Securitas SA Holdings (divestiture 30 percent), South Africa. Related also to deferred considerations paid in the USA, Mexico, France, UK, Austria, Belgium, Poland, Bosnia and Herzegovina, Croatia, Latvia, Turkey, Morocco, Argentina, Chile, Ecuador, Thailand and South Africa.
2 Goodwill that is expected to be tax deductible amounts to MSEK 0.6.
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 -49.7. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 544.2.
4 Income statement amounts to MSEK -39.7 and retained earnings to MSEK -0.4.

MPL Beveiligingsdiensten, the Netherlands

Securitas has acquired all shares in the security services company MPL Beveiligingsdiensten in the Netherlands. MPL Beveiligingsdiensten has approximately 180 employees, and is operating both within specialized guarding and mobile services. The company had at the time of acquisition projected annual sales of approximately MSEK 99. Goodwill, which amounts to MSEK 13.9, is mainly related to geographical coverage and synergies.

ACQUISITION OF THE BUSINESS IN MPL BEVEILIGINGSDIENSTEN
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JANUARY 1, 2012

MSEK	Fair value acquisition balance
Operating non-current assets	–
Accounts receivable	11.6
Other assets	6.9
Other liabilities	-35.0
Total operating capital employed	**-16.5**
Goodwill from the acquisition	13.9
Acquisition related intangible assets	48.2
Total capital employed	**45.6**
Net debt	2.4
Total acquired net assets	**48.0**
Purchase price paid	-48.0
Liquid funds in accordance with acquisition analysis	2.4
Total impact on the Group's liquid funds	**-45.6**

All the shares in MPL Beveiligingsdiensten were acquired.
The acquisition has contributed to total sales with MSEK 78.7 and to net income for the year with MSEK 1.4.
Accounts receivable includes items not expected to be collected amounting to MSEK 0.4.
Transaction costs amounts to MSEK 0.7.

Protect, Croatia

Securitas has acquired 85 percent of the shares in the security services company Protect in Croatia. There is an agreement to acquire the remaining 15 percent of the shares in 2013. Protect has approximately 600 employees and is mainly operating in guarding services. The company had at the time of acquisition projected annual sales of approximately MSEK 73. Goodwill, which amounts to MSEK 23.6, is mainly related to geographical coverage.

ACQUISITION OF THE BUSINESS IN PROTECT
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JANUARY 4, 2012

MSEK	Fair value acquisition balance
Operating non-current assets	1.8
Accounts receivable	16.0
Other assets	2.4
Other liabilities	-27.4
Total operating capital employed	**-7.2**
Goodwill from the acquisition	23.6
Acquisition related intangible assets	22.8
Total capital employed	**39.2**
Net debt	-7.3
Total acquired net assets	**31.9**

Purchase price paid	-31.9
Liquid funds in accordance with acquisition analysis	5.8
Total impact on the Group's liquid funds	**-26.1**

85 percent of the shares in Protect 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 70.9 and to net income for the year with MSEK 1.7. The acquisition would, if it had been consolidated from January 1, 2012, have contributed to total sales with MSEK 72.0 and to net income for the year with MSEK 1.6.
Accounts receivable includes items not expected to be collected amounting to MSEK 1.2.
Transaction costs amounts to MSEK 0.6.
Deferred consideration amounts to MSEK 11.6 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.

Chillida Sistemas de Seguridad, Spain

Securitas has acquired all shares in the technology security company Chillida Sistemas de Seguridad in Spain. The company has approximately 200 employees. Chillida has operations in the entire country, with most of the employees located in Valencia and Madrid. Chillida is focused in technology security solutions like installations, monitoring and maintenance. The company had at the time of acquisition projected annual sales of approximately MSEK 133. Goodwill, which amounts to MSEK 103.2, is mainly related to operational expansion.

ACQUISITION OF THE BUSINESS IN CHILLIDA SISTEMAS DE SEGURIDAD
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE APRIL 1, 2012

MSEK	Fair value acquisition balance
Operating non-current assets	8.6
Accounts receivable	73.5
Other assets	38.3
Other liabilities	-82.0
Total operating capital employed	**38.4**
Goodwill from the acquisition	103.2
Acquisition related intangible assets	45.4
Total capital employed	**187.0**
Net debt	-55.4
Total acquired net assets	**131.6**

Purchase price paid	-131.6
Liquid funds in accordance with acquisition analysis	6.2
Total impact on the Group's liquid funds	**-125.4**

All the shares in Chillida Sistemas de Siguridad were acquired.
The acquisition has contributed to total sales with MSEK 98.7 and to net income for the year with MSEK -12.2. The acquisition would, if it had been consolidated from January 1, 2012, have contributed to total sales with MSEK 134.5 and to net income for the year with MSEK -14.4.
Accounts receivable includes items not expected to be collected amounting to MSEK 39.0.
Transaction costs amounts to MSEK 3.9.

Trailback, Argentina

Securitas has acquired all shares in the technical solutions company Trailback, specialized in GPS solutions, in Argentina. Trailback has developed a tailor-made solution based on GPS and provides services for tracking to a wide range of customer segments. The company has 44 employees. The company had at the time of acquisition projected annual sales of approximately MSEK 14. Goodwill, which amounts to MSEK 20.8, is mainly related to operational expansion.

ACQUISITION OF THE BUSINESS IN TRAILBACK
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE APRIL 1, 2012

MSEK	Fair value acquisition balance
Operating non-current assets	1.7
Accounts receivable	1.1
Other assets	0.4
Other liabilities	-12.5
Total operating capital employed	**-9.3**
Goodwill from the acquisition	20.8
Acquisition related intangible assets	10.3
Total capital employed	**21.8**
Net debt	0.0
Total acquired net assets	**21.8**

Purchase price paid	-21.8
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**-21.8**

All the shares in Trailback were acquired.
The acquisition has contributed to total sales with MSEK 11.2 and to net income for the year with MSEK 2.3. The acquisition would, if it had been consolidated from January 1, 2012, have contributed to total sales with MSEK 15.2 and to net income for the year with MSEK 3.4.
Transaction costs amounts to MSEK 0.7.
Deferred consideration amounts to MSEK 7.4 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.

PT Environmental Indokarya, Indonesia

Securitas has acquired 49 percent of the shares in the security services company PT Environmental Indokarya in Indonesia. The company has approximately 1 200 employees and is the major security services company in guarding services to embassies in Indonesia. The company had at the time of acquisition projected annual sales of approximately MSEK 37. Goodwill, which amounts to MSEK 14.1, is mainly related to geographical coverage and synergies.

ACQUISITION OF THE BUSINESS IN PT ENVIRONMENTAL INDOKARYA
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE APRIL 26, 2012

MSEK	Fair value acquisition balance
Operating non-current assets	0.8
Accounts receivable	2.9
Other assets	2.4
Other liabilities	-16.5
Total operating capital employed	**-10.4**
Goodwill from the acquisition	14.1
Acquisition related intangible assets	8.3
Total capital employed	**12.0**
Net debt	0.8
Total acquired net assets	**12.8**
Purchase price paid	-12.8
Liquid funds in accordance with acquisition analysis	0.8
Total impact on the Group's liquid funds	**-12.0**

49 percent of the shares in PT Environmental Indokarya were acquired. No non-controlling interests have been accounted for since Securitas through shareholder agreements and other contractual arrangements has the power to govern the financial and operating policies of this company so as to obtain benefit from its activities. It is therefore consolidated as a subsidiary.
The acquisition has contributed to total sales with MSEK 26.4 and to net income for the year with MSEK 0.3. The acquisition would, if it had been consolidated from January 1, 2012, have contributed to total sales with MSEK 40.1 and to net income for the year with MSEK -7.6.
Transaction costs amounts to MSEK 1.0.
Deferred consideration amounts to MSEK 5.0 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.

ISS Facility Services, Norway

Securitas has acquired the commercial security services business contracts and net assets of ISS Facility Services in Norway. ISS Facility Services' security business has approximately 100 employees. The business had at the time of acquisition projected annual sales of approximately MSEK 60.

ACQUISITION OF THE BUSINESS IN ISS FACILITY SERVICES
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE SEPTEMBER 1, 2012

MSEK	Fair value acquisition balance
Operating non-current assets	–
Accounts receivable	–
Other assets	–
Other liabilities	-12.1
Total operating capital employed	**-12.1**
Goodwill from the acquisition	–
Acquisition related intangible assets	33.1
Total capital employed	**21.0**
Net debt	–
Total acquired net assets	**21.0**
Purchase price paid	-21.0
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**-21.0**

The commercial business contracts and net assets in ISS Facility Services were acquired.
The acquisition has contributed to total sales with MSEK 20.8 and to net income for the year with MSEK 0.4. The acquisition would, if it had been consolidated from January 1, 2012, have contributed to total sales with MSEK 61.5 and to net income for the year with MSEK 1.2.
Transaction costs amounts to MSEK 0.1.
Deferred consideration amounts to MSEK 10.3 and is conditioned on the renewal of certain customer contracts. 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 renewal of certain customer contracts and the final outcome of the payment may consequently exceed the estimated amount.

Federal Resguard, Argentina

Securitas has acquired all shares in the security services company Federal Resguard in Argentina. Federal Resguard has 970 employees. The company is specialized in the customer segments retail, gated communities and country clubs, and operates mainly in the provinces of Buenos Aires and Mendoza. The company had at the time of acquisition projected annual sales of approximately MSEK 140. Goodwill, which amounts to MSEK 28.3, is mainly related to geographical coverage.

ACQUISITION OF THE BUSINESS IN FEDERAL RESGUARD

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE DECEMBER 1, 2012

MSEK	Fair value acquisition balance
Operating non-current assets	2.4
Accounts receivable	15.4
Other assets	0.8
Other liabilities	-46.5
Total operating capital employed	**-27.9**
Goodwill from the acquisition	28.3
Acquisition related intangible assets	16.1
Total capital employed	**16.5**
Net debt	–
Total acquired net assets	**16.5**
Purchase price paid	-16.5
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**-16.5**

All the shares in Federal Resguard were acquired.
The acquisition has contributed to total sales with MSEK 12.1 and to net income for the year with MSEK -1.5. The acquisition would, if it had been consolidated from January 1, 2012, have contributed to total sales with MSEK 137.4 and to net income for the year with MSEK 4.9.
Transaction costs amounts to MSEK 1.5.
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.

OTHER ACQUISITIONS, DIVESTITURES AND ADJUSTMENTS

SUMMARY BALANCE SHEET

MSEK	Fair value acquisition/divested balance
Operating non-current assets	2.4
Accounts receivable	57.8
Other assets	52.1
Other liabilities	7.7
Total operating capital employed	**120.0**
Goodwill from the acquisitions[1]	58.1
Acquisition related intangible assets[2]	98.6
Total capital employed	**276.7**
Net debt	26.4
Total acquired/divested net assets[3]	**303.1**
Purchase price paid/consideration received[3]	-263.0
Liquid funds in accordance with acquisition analysis	23.3
Total impact on the Group's liquid funds	**-239.7**

1 Mainly related to update of the acquisition calculation for Sensormatic, Turkey and Cobelguard, Belgium and acquisition of the business in PSS and Vaktvesenet, Norway, Sigurnost Buzov, Croatia and Risk Control, Peru.
2 Mainly related to acquisition of contract portfolios in PSS and Vaktvesenet, Norway and Top Security, South Africa.
3 Purchase price paid differs to total acquired net assets due to revaluation of deferred consideration of MSEK -39.7 and capital gain accounted for in retained earnings of MSEK -0.4.
Transaction costs amounts to MSEK 8.7.
Deferred consideration for acquisitions made during 2012 amounts to MSEK 41.0 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 companies and the final outcome of the payment may consequently exceed the estimated amount.
Goodwill that is expected to be tax deductible amounts to MSEK 0.6.

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, 2010–2012 IS DISTRIBUTED PER SEGMENT AS FOLLOWS:

MSEK	2012	2011[1]	2010[1]
Security Services North America	5 996.9	6 334.6	6 109.9
Security Services Europe	4 812.1	4 913.2	4 251.2
Mobile and Monitoring	1 672.3	1 724.8	1 712.6
Security Services Ibero-America	1 542.1	1 487.7	1 110.3
Other	252.0	267.1	154.8
Total goodwill	**14 275.4**	**14 727.4**	**13 338.8**

1 The comparatives have been restated due to operations moved between the segments Security Services Europe, Mobile and Monitoring and Security Services Ibero-America. Further information is provided in note 9.

Goodwill is tested on an annual basis for possible impairment. Securitas also carries out impairment testing for other intangible assets for which there is an indefinite useful life. Currently these assets are limited to MSEK 15.9 (15.9 and 0.0) and relates to the consideration paid for the brand Securitas in one of the Group's countries of operations.

Value in use is measured as expected future discounted cash flows. The cash flows have been calculated based on financial plans developed in each country and business segment. The financial plans are built upon the regular business plan for the next financial year which have been ascertained by Group Management and have been approved by the Board of Directors. These financial plans normally cover a forecasted period of five years and include the organic sales growth, the development of operating margin, and changes in the level of operating capital employed. Cash flows beyond the five year forecast have been extrapolated using an estimated growth rate of 2–3 percent for all countries and business segments.

A long-term growth rate of 2–3 percent for guarding services is at present regarded as being a cautious estimate in view of the business areas' historical organic growth rate and also taking into consideration external estimates of the future: Freedonia for example, estimates that the market for guarding services in Europe will grow at an average rate of some 4 percent per annum during the period 2011 to 2021. The corresponding figure for the North America market is around 6 percent. The market for mobile and monitoring in Europe is estimated to grow faster than traditional guarding.

The estimate for the value in use is based on assumptions and estimates in addition to the estimated growth after the forecasted period.The most significant of these relate to the organic sales growth, the development of the operating margin, the change in operating capital employed as well as the relevant WACC (Weighted Average Cost of Capital) rate used to discount the future cash flows. These assumptions and judgments are also based on financial plans developed in each country and business segment and are built upon the regular business plan for the next financial year which has been ascertained by Group Management and approved by the Board of Directors. In addition to this, the assumptions and judgments are based on each country's and each line of business' growth and profitability level. The assumptions are also verified by reviewing external sources such as Freedonia. Assumptions relating to WACC are calculated locally meaning that both risk free rate of return and the implicit risk premium are local.

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, %*
2012		
Security Services North America	*2.0–3.0*	*6.2–9.8*
Security Services Europe	*2.0–3.0*	*5.4–13.5*
Mobile and Monitoring	*2.0*	*6.1–6.5*
Security Services Ibero-America	*2.0–3.0*	*6.2–19.7*
Other[1]	*2.0–3.0*	*5.8–19.0*
2011		
Security Services North America	*2.0*	*6.5–9.2*
Security Services Europe	*2.0*	*5.5–13.9*
Mobile and Monitoring[2]	*2.0*	*6.3–6.7*
Security Services Ibero-America	*2.0*	*6.4–10.6*
Other[1]	*2.0*	*5.9–14.4*
2010		
Security Services North America	*2.0*	*6.7–9.5*
Security Services Europe	*2.0*	*5.6–12.0*
Mobile and Monitoring[2]	*2.0*	*6.4–7.1*
Security Services Ibero-America	*2.0*	*6.4–13.8*
Other[1]	*2.0–3.0*	*6.2–10.0*

1 The operations in the Middle East, Asia and Africa are included in Other.
2 The comparatives have been restated due to operations moved between the segments Security Services Europe and Mobile and Monitoring. Further information is provided in note 9.

The annual impairment test of all Cash Generating Units, which is required under IFRS, took place during the third quarter 2012 in conjunction with the business plan process for 2013. As a result of this, a decision was made to recognize impairment losses of goodwill and other acquisition related intangible assets amounting to MSEK -26 in Security Services Montenegro. In 2011 and 2010, no impairment losses were recognized.

The following sensitivity analyses have been made of the estimates of value in use in connection with impairment testing, assumption by assumption: general reduction of 1 percentage point in the organic sales growth rate during the forecasting period; general reduction of 0.5 percentage points in the operating margin; general increase of 0.5 percentage points in the WACC and general decrease of the estimated growth after the forecasted period by 0.5 percentage points. The sensitivity analyses showed that a reduction of the organic sales growth by 1 percentage point during the forecasting period would result in an impairment loss of goodwill of totally MSEK -10 for two Cash Generating Units in Security Services Europe and totally MSEK -93 for three Cash Generating Units in the segment Other. A reduction of 0.5 percentage points in the operating margin would result in an impairment loss of goodwill of MSEK -18 for two Cash Generating Units in Security Services Europe and totally MSEK -100 for three Cash Generating Units in the segment Other. An increase in the WACC of 0.5 percentage points would result in an impairment loss of goodwill of totally MSEK -12 for two Cash Generating Units in Security Services Europe and totally MSEK -98 for three Cash Generating Units in the segment Other. A general decrease of the estimated growth after the forecasted period by 0.5 percentage points would result in an impairment loss of goodwill of totally MSEK -9 for two Cash Generating Units in Security Services Europe and totally MSEK -86 for three Cash Generating Units in the segment Other. 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	2012	2011	2010
Opening balance	15 066.4	13 681.4	13 948.1
Capital expenditures	262.0	1 410.3	908.6
Translation difference	-710.8	-25.3	-1 175.3
Closing accumulated balance	**14 617.6**	**15 066.4**	**13 681.4**
Opening impairment losses	-339.0	-342.6	-389.8
Impairment losses for the year	-15.9	–	–
Translation difference	12.7	3.6	47.2
Closing accumulated impairment losses	**-342.2**	**-339.0**	**-342.6**
Closing residual value	**14 275.4**	**14 727.4**	**13 338.8**

1 Information regarding impairment testing is provided in note 16.

NOTE 18 Acquisition related intangible assets[1]

MSEK	2012	2011	2010
Opening balance	2 239.5	1 555.9	1 265.3
Capital expenditures	282.8	705.4	440.3
Derecognition of fully amortized assets[2]	-22.7	-7.5	-23.1
Translation difference	-150.8	-14.3	-126.6
Closing accumulated balance	**2 348.8**	**2 239.5**	**1 555.9**
Opening amortization	-665.4	-459.4	-370.4
Reversal of amortization on derecognized assets[2]	22.7	7.5	23.1
Amortization for the year	-271.6	-218.2	-164.3
Translation difference	77.0	4.7	52.2
Closing accumulated amortization	**-837.3**	**-665.4**	**-459.4**
Opening impairment losses	–	–	–
Impairment losses for the year	-9.6	–	–
Translation difference	–	–	–
Closing accumulated impairment losses	**-9.6**	**–**	**–**
Closing residual value	**1 501.9**	**1 574.1**	**1 096.5**

1 The balance consists mainly of contract portfolios and related customer relations.
2 The Group derecognizes fully amortized acquisition related intangible assets if a reliable estimate of future cash flows cannot be established. The net impact of such derecognition on the closing residual value is nil.

NOTE 19 Other intangible assets

	Software licenses			Other intangible assets[1]		
MSEK	2012	2011	2010	2012	2011	2010
Opening balance	697.7	633.8	653.5	223.2	148.9	125.4
Acquisitions	1.7	4.8	5.5	0.4	2.7	–
Capital expenditures	98.0	70.2	60.0	59.7	67.3	35.4
Disposals/write-offs	-40.2	-2.7	-21.0	-0.7	–	-1.3
Reclassification	-4.4	-1.1	-4.2	-0.9	5.3	-0.3
Translation difference	-19.0	-7.3	-60.0	-5.2	-1.0	-10.3
Closing accumulated balance	**733.8**	**697.7**	**633.8**	**276.5**	**223.2**	**148.9**
Opening amortization	-473.2	-421.2	-423.7	-117.2	-89.1	-76.8
Acquisitions	-2.1	-1.4	-4.5	0.1	-1.0	–
Disposals/write-offs	26.2	2.3	19.9	0.1	–	0.9
Reclassification	–	0.0	3.6	–	-1.5	-0.1
Amortization for the year	-59.3	-58.6	-63.8	-34.9	-26.5	-20.3
Translation difference	14.7	5.7	47.3	3.4	0.9	7.2
Closing accumulated amortization	**-493.7**	**-473.2**	**-421.2**	**-148.5**	**-117.2**	**-89.1**
Closing residual value	**240.1**	**224.5**	**212.6**	**128.0**	**106.0**	**59.8**

1 Mainly related to individual customer contracts within Mobile and Monitoring. Furthermore the brand name Securitas in one of the Group's countries of operations is included with MSEK 15.9 (15.9 and 0.0).

NOTE 20 *Tangible non-current assets*

	Buildings and land 1, 3			Machinery and equipment 2, 3		
MSEK	2012	2011	2010	2012	2011	2010
Opening balance	650.9	633.0	726.7	7 616.8	7 006.0	6 966.3
Acquisitions	1.6	32.0	3.8	26.6	127.4	200.1
Capital expenditures	2.0	1.3	36.9	997.3	943.0	961.0
Disposals/write-offs	-0.2	-3.8	-55.0	-564.6	-417.9	-678.8
Reclassification	-0.1	-3.9	1.7	5.1	-0.3	-6.8
Translation difference	-23.5	-7.7	-81.1	-192.3	-41.4	-435.8
Closing accumulated balance	**630.7**	**650.9**	**633.0**	**7 888.9**	**7 616.8**	**7 006.0**
Opening depreciation	-291.4	-277.6	-310.7	-5 596.7	-5 059.5	-4 984.6
Acquisitions	–	-4.4	–	-12.4	-84.5	-151.3
Disposals/write-offs	0.1	1.5	18.6	467.2	332.7	530.1
Reclassification	0.1	0.2	0.3	-1.3	-0.7	5.8
Depreciation for the year	-13.1	-14.1	-18.9	-838.8	-802.8	-797.7
Translation difference	9.5	3.0	33.1	152.0	18.1	338.2
Closing accumulated depreciation	**-294.8**	**-291.4**	**-277.6**	**-5 830.0**	**-5 596.7**	**-5 059.5**
Opening impairment losses	-17.8	-18.0	-20.5	–	–	–
Translation difference	0.7	0.2	2.5	–	–	–
Closing accumulated impairment losses	**-17.1**	**-17.8**	**-18.0**	**–**	**–**	**–**
Closing residual value	**318.8**	**341.7**	**337.4**	**2 058.9**	**2 020.1**	**1 946.5**

1 The closing residual value of land included in buildings and land above was MSEK 62.7 (49.9 and 49.5).
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 83.6 (86.8 and 85.7).

NOTE 21 *Shares in associated companies*

MSEK	2012	2011	2010
Opening balance	108.2	125.6	132.1
Purchase price[1]	–	–	1.0
Share in income of associated companies	2.7	-2.4	-1.0
Dividend	-2.9	–	–
Reclassification	8.4	–	–
Translation differences	-8.4	-15.0	-6.5
Closing balance[2]	**108.0**	**108.2**	**125.6**

1 Long Hai Security Services Joint Stock Company MSEK 0.0 (0.0 and 1.0).
2 Of which goodwill MSEK 95.3 (103.1 and 117.8) and acquisition related intangible assets MSEK 4.6 (5.9 and 7.6).

HOLDINGS 2010–2012

			MSEK		Attributable to the Group	
Company	Domicile	*Share of capital, %*	Assets	Liabilities	Sales	Net income
Holdings 2012						
Long Hai Security Services Joint Stock Company	Ho Chi Minh City	*49*	10.9	2.5	31.5	2.5
Walsons Services Pvt Ltd	Delhi	*49*	41.5	38.3	130.7	0.2
Holdings 2011						
Long Hai Security Services Joint Stock Company	Ho Chi Minh City	*49*	7.9	1.0	25.6	1.9
Walsons Services Pvt Ltd	Delhi	*49*	50.4	47.5	118.4	-4.3
Holdings 2010						
Long Hai Security Services Joint Stock Company	Ho Chi Minh City	*49*	7.0	2.1	23.2	0.8
Walsons Services Pvt Ltd	Delhi	*49*	41.0	41.2	94.5	-1.8

NOTE 22 Interest-bearing financial non-current assets[1]

MSEK	2012	2011	2010
Fair value hedges[2]			
Derivatives with positive fair value, long-term	91.3	33.6	40.8
Other items[3]	133.0	155.9	164.9
Total interest-bearing financial non-current assets	**224.3**	**189.5**	**205.7**

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	2012	2011	2010
Pension balances, defined contribution plans[1]	82.6	74.3	72.1
Reimbursement rights[2]	182.4	130.7	–
Other long-term receivables	363.9	329.2	312.2
Total other long-term receivables	**628.9**	**534.2**	**384.3**

1 Refers to assets relating to insured pension plans excluding social benefits.
2 Refers to assets relating to defined benefit pension plans where compensation is received from another party.

NOTE 24 Inventories

MSEK	2012	2011	2010
Material and consumables	93.9	60.4	39.3
Work in progress	5.2	2.3	1.9
Advance payments to suppliers	17.6	5.5	4.7
Total inventories	**116.7**	**68.2**	**45.9**

NOTE 25 Accounts receivable

MSEK	2012	2011	2010
Accounts receivable before deduction of provisions for bad debt losses	10 964.7	11 384.3	10 068.8
Provisions for bad debt losses	-474.6	-419.3	-344.7
Total accounts receivable	**10 490.1**	**10 965.0**	**9 724.1**

Opening balance provision for bad debt losses	-419.3	-344.7	-377.9
Provision for expected losses	-206.9	-169.7	-120.6
Actual losses	76.2	41.2	54.0
Reversed provisions	79.5	59.0	70.2
Increases due to acquisitions	-18.4	-10.8	-12.6
Decreases due to disposals	–	1.0	–
Translation differences	14.3	4.7	42.2
Closing balance provision for bad debt losses[1]	**-474.6**	**-419.3**	**-344.7**

1 Expenses for bad debt losses amounted to MSEK 121.9 (105.1 and 54.2).

NOTE 26 Other current receivables

MSEK	2012	2011	2010
Prepaid expenses and accrued income	1 041.4	1 078.7	763.7
Insurance-related receivables	17.1	18.8	16.1
Value added tax	115.0	78.0	76.2
Other items	330.0	288.5	288.3
Total other current receivables	**1 503.5**	**1 464.0**	**1 144.3**

NOTE 27 Other interest-bearing current assets[1]

MSEK	2012	2011	2010
Fair value hedges[2]			
Derivatives with positive fair value, short-term	10.7	–	–
Other derivative positions[3]			
Derivatives with positive fair value, short-term	105.6	19.6	68.3
Total other interest-bearing current assets	**116.3**	**19.6**	**68.3**

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	2012	2011	2010
Short-term investments[2]	3 690.2	1 290.7	1 667.0
Cash and bank deposits[3]	1 190.5	1 216.7	919.9
Total liquid funds	**4 880.7**	**2 507.4**	**2 586.9**

1 Liquid funds include short-term investments with a maximum duration of 90 days that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value. Liquid funds also include cash and bank deposits.
2 Short-term investments refer to fixed interest rate bank deposits.
3 The net position in Group country cash-pool accounts is reported as cash and bank deposits where netting reflects the legal structure of the arrangement.

NOTE 29 *Shareholders' equity*

Number of shares outstanding December 31, 2012

			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, 2011 and 2010. As of December 31, 2012 there were no outstanding convertible debenture loans that could result in any dilution of the share capital.

Each Series A share carried ten votes and each Series B share one vote. This is the only difference between the two series of shares.

Shareholders with more than 10 percent of the votes

The principal shareholders are Gustaf Douglas, who through family and the companies within the Investment AB Latour Group and Förvaltnings AB Wasatornet holds 11.5 percent of the capital and 30.0 percent of the votes, and Melker Schörling, who through family and Melker Schörling AB holds 5.6 percent of the capital and 11.8 percent of the votes.

Dividend

The Board of Directors propose a dividend to the shareholders of the Parent Company of SEK 3.00 per share, or a total of MSEK 1 095.2. The dividend to the shareholders for the financial year 2011, which was paid in 2012, was SEK 3.00 per share, or a total of MSEK 1 095.2. The dividend to the shareholders for the financial year 2010, which was paid in 2011, was SEK 3.00 per share, or a total of MSEK 1 095.2.

Presentation of shareholders' equity

According to IAS 1 a company should as a minimum present issued capital and other reserves in the balance sheet. Securitas has chosen to specify shareholders' equity into further components as per below:

- Share capital
- Other capital contributed
- Other reserves
- Retained earnings

Share capital shows the registered share capital of the Parent Company. There were no changes in the share capital in 2012.

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 2012.

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 year.

Retained earnings corresponds to the accumulated profits earned and losses incurred in total for the Group. Retained earnings also include effects of the Group's share-based incentive scheme as well as actuarial gains and losses on post-employment benefits and effects of minimum funding requirement posted in other comprehensive income. Retained earnings are further reduced by dividend paid to shareholders of the Parent Company. Transactions with non-controlling interests are also recorded in retained earnings.

Share-based incentive scheme

Share-based remuneration for the Group's participants in the share-based incentive scheme 2012 is accounted for as an increase of retained earnings of MSEK 56.1 (53.7 and 70.3). A swap agreement, hedging the share portion of the Group's share-based incentive scheme 2011, is accounted for as a reduction of retained earnings of MSEK -52.1. The number of shares that have been hedged in this swap agreement amount to a total of 809 768 and have been allotted to the participants during the first quarter 2013, provided that they are still employed by the Group.

NOTE 30 *Long-term liabilities excluding provisions[1]*

MSEK	2012	2011	2010
EMTN Nom MEUR 350, 2012/2017, Annual 2.75%[2]	3 011.5	–	–
EMTN Nom MEUR 300, 2012/2018, Annual 2.25%[2]	2 612.8	–	–
EMTN Nom MSEK 600, 2012/2015, FRN Quarterly[2]	599.6	–	–
EMTN Nom MSEK 400, 2012/2015, Annual 3.45%[2]	405.9	–	–
EMTN Nom MEUR 45, 2009/2014, FRN Quarterly[2]	386.4	401.5	405.7
EMTN Nom MEUR 500, 2009/2013, Annual 6.50% Fixed[2]	–	4 484.8	4 531.8
EMTN Nom MSEK 500, 2010/2014, FRN Quarterly[2]	499.2	498.7	498.2
EMTN Nom MSEK 500, 2010/2014, FRN Semi Annual[2]	499.6	499.3	499.0
EMTN Nom MSEK 1 000, 2011/2013, FRN Quarterly[2]	–	999.8	–
EMTN Nom MUSD 62, 2010/2015, FRN Semi Annual[2]	404.0	427.3	422.0
EMTN Nom MUSD 40, 2010/2015, FRN Semi Annual[2]	260.6	275.7	272.2
EMTN Nom MUSD 50, 2011/2018, FRN Quarterly[2]	325.5	344.6	–
Finance leases	35.7	38.8	34.7
Other long-term loans[3]	55.7	589.8	522.8
Total long-term loan liabilities excluding derivatives	**9 096.5**	**8 560.3**	**7 186.4**
Cash flow hedges[4]			
Derivatives with negative fair value, long-term	3.4	16.5	16.2
Total derivatives	**3.4**	**16.5**	**16.2**
Total long-term loan liabilities	**9 099.9**	**8 576.8**	**7 202.6**
Pensions balances, defined contribution plans[5]	82.6	74.3	72.1
Deferred considerations	319.5	439.4	199.8
Other long-term liabilities	7.2	18.4	10.4
Total other long-term liabilities	**409.3**	**532.1**	**282.3**
Total long-term liabilities	**9 509.2**	**9 108.9**	**7 484.9**

1 For further information regarding financial instruments, refer to note 6.
2 Issued by the Parent Company.
3 Other long-term loans for 2011 and 2010 include drawings under the 2016 and 2012 Multi Currency Revolving Credit Facility respectively.
4 Related to derivatives designated for hedging.
5 Refers to liability for insured pension plan excluding social costs.

LONG-TERM LIABILITIES FALL DUE FOR PAYMENT AS FOLLOWS:

MSEK	2012	2011	2010
Maturity < 5 years	6 360.9	8 921.4	7 397.4
Maturity > 5 years	3 148.3	187.5	87.5
Total long-term liabilities	**9 509.2**	**9 108.9**	**7 484.9**

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.

Switzerland

The employees in the Group's Swiss subsidiary are eligible to participate in a pension plan that according to IFRS is a defined benefit plan. The plan, which is funded, has assets held separately from those of the employer.

Sweden

Blue-collar workers are covered by the SAF-LO collective pension plan, an industry-wide 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 industry-wide 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 2012 amounts to MSEK 25.1 (22.4 and 22.5). The surplus in Alecta can be allocated to the insured employer and/or the insured employees. Alecta's level of consolidation was 129 percent (113 and 146) as of December 31, 2012. The level of consolidation is calculated as the fair value of Alecta's plan assets as a percentage of the obligations calculated according to Alecta's actuarial assumptions. This calculation is not in line with IAS 19.

Norway

The defined benefit arrangements are closed to new entrants and currently cover about 15 percent of the employees. New employees are instead covered by defined contribution plans. The defined benefit plans comprise both funded and unfunded arrangements.

The old AFP plans were closed in 2010 following changes in legislation, and employees have joined a new AFP plan as of January 1, 2011. The new AFP plan operates as a funded multi-employer plan. Since the company is unable to separately identify its share of total assets and liabilities, the new AFP plan is accounted for on a defined contribution basis.

Other countries

There are also defined benefit arrangements in countries other than those mentioned above. The countries with material plans are Canada, France, Germany, the Netherlands and the United Kingdom. The defined benefit arrangement in the guarding operations in the Netherlands has been amended during the year. The amendment has resulted in that the arrangement is now accounted for as a defined contribution plan thus resulting in a curtailment of the defined benefit plan. This defined contribution plan is now closed to new entrants. New employees will be enrolled in a new defined contribution plan.

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 49. An increase in the inflation rate by 0.1 percentage points would increase the provisions for pensions and similar commitments by approximately MSEK 5. An increase in the average expected life span by one year would increase the provision for pensions and similar commitments by approximately MSEK 82.

An increase of one percentage point in the assumed medical cost trend rate would increase the provision for post-retirement medical plans in Canada by approximately MSEK 37 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 28 and decrease the aggregate of the service cost and interest cost components by approximately MSEK 2.

Changes in the discount rate, the inflation rate and the average expected life span are accounted for as actuarial gains and losses whereby the change, with the exception of the impact on other long-term employee benefits, would be recognized in the statement of comprehensive income and thus would not burden the net income for the year. Changes in assumptions will, however, impact the pension cost, and consequently the net income, for the following year.

Pension costs

The table below shows the total costs for defined benefit plans. The settlements, curtailments and terminations during 2012 are related to curtailments in the Netherlands. The settlements, curtailments and terminations during 2011 are related to settlements mainly in France. The settlements, curtailments and terminations during 2010 are related to settlements in Germany and Austria (cost) and curtailments in Norway (income).

Included in the table below are pension costs for non-material defined benefit plans of MSEK 20.6 (9.6 and 9.2).

The costs for defined contribution plans were MSEK 539.1 (471.6 and 467.3). The actual return on plan assets was MSEK 217.1 (-15.4 and 142.3).

PENSION COSTS FOR DEFINED BENEFIT PLANS

MSEK	2012	2011	2010
Current service costs	101.3	85.7	57.4
Interest costs	121.1	140.8	127.4
Expected return on assets	-108.8	-125.4	-93.9
Recognized actuarial gain/loss[1]	1.3	0.4	4.7
Recognized past service costs	6.4	-0.3	-0.3
Settlements, curtailments and terminations	-63.2	-1.3	-0.1
Total pension costs	**58.1**	**99.9**	**95.2**

1 Relates to other long-term employee benefits.

PENSION COSTS FOR DEFINED BENEFIT PLANS ALLOCATED PER FUNCTION

MSEK	2012	2011	2010
Production expenses	84.4	65.9	56.1
Selling and administrative expenses	-26.3[1]	34.0	39.1
Total pension costs allocated per function	**58.1**	**99.9**	**95.2**

1 Includes curtailment gain in the Netherlands.

MOVEMENTS IN PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS, NET

			2012			2011			2010
MSEK	Obligations	Plan assets	Net	Obligations	Plan assets	Net	Obligations	Plan assets	Net
Opening balance	**3 526.1**	**-2 072.6**	**1 453.5**	**2 638.4**	**-1 487.2**	**1 151.2**	**2 567.5**	**-1 417.4**	**1 150.1**
Current service costs	101.3	–	101.3	85.7	–	85.7	57.4	–	57.4
Interest costs	121.1	–	121.1	140.8	–	140.8	127.4	–	127.4
Expected return on assets	–	-108.8	-108.8	–	-125.4	-125.4	–	-93.9	-93.9
Recognized actuarial gain/loss[1]	1.3	–	1.3	0.4	–	0.4	4.7	–	4.7
Recognized past service costs	6.4	–	6.4	-0.3	–	-0.3	-0.3	–	-0.3
Settlements/curtailments/terminations	-277.5	214.3	-63.2	-1.3	–	-1.3	-0.1	–	-0.1
Total pension cost recognized in the statement of income	**-47.4**	**105.5**	**58.1**	**225.3**	**-125.4**	**99.9**	**189.1**	**-93.9**	**95.2**
Actuarial gains and losses – obligations[2, 3]	357.9	–	357.9	287.5	–	287.5	181.5	–	181.5
Actuarial gains and losses – plan assets[2]	–	-108.3	-108.3	–	140.8	140.8	–	-48.4	-48.4
Effects of minimum funding requirement[4]	–	–	–	–	-33.6	-33.6	–	33.6	33.6
Total actuarial gains and losses and effects of minimum funding requirement before tax recognized in other comprehensive income[2]	**357.9**	**-108.3**	**249.6**	**287.5**	**107.2**	**394.7**	**181.5**	**-14.8**	**166.7**
Employer contributions[5]	–	-254.4	-254.4	–	-202.9	-202.9	–	-190.3	-190.3
Employee contributions	33.4	-33.4	–	28.5	-28.5	–	2.1	-2.1	–
Benefits paid to participants	-200.5	200.5	–	-186.8	186.8	–	-159.1	159.1	–
Acquisitions/divestitures/reclassifications	8.6	11.6	20.2	524.3	-516.1	8.2	1.5	–	1.5
Translation difference	-124.4	68.0	-56.4	8.9	-6.5	2.4	-144.2	72.2	-72.0
Closing balance	**3 553.7**	**-2 083.1**	**1 470.6**	**3 526.1**	**-2 072.6**	**1 453.5**	**2 638.4**	**-1 487.2**	**1 151.2**

1 Relates to other long-term employee benefits.
2 Relates to post-employment benefits.
3 Actuarial losses for 2012 relate to changes in assumptions (losses) of MSEK 416.1 (losses of 281.1 and gains of -3.5) and changes in plan experience (gains) of MSEK -58.2 (losses of 6.4 and losses of 185.0).
4 Related to Canada.
5 Employer contributions expected to be paid in 2013 are estimated to be lower than the employer contributions paid in 2012 and 2011 and approximately on the same level as the contributions paid in 2010.

ALLOCATION OF PLAN ASSETS

MSEK	2012	%	2011	%	2010	%
Equity investments	812.4	*39*	870.5	*42*	699.0	*47*
Interest-bearing assets	854.1	*41*	787.6	*38*	580.0	*39*
Other assets	416.6	*20*	414.5	*20*	208.2	*14*
Total allocation of plan assets	**2 083.1**	***100***	**2 072.6**	***100***	**1 487.2**	***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. The plan assets do not include any property owned by Securitas or financial instruments issued by Securitas. Further information on the principles for determining the return on assets can be found in note 2.

FUNDED STATUS AND EXPERIENCE ADJUSTMENTS

MSEK	2012	2011	2010	2009	2008
Fair value of plan assets	-2 083.1	-2 072.6	-1 487.2	-1 417.4	-1 287.1
Defined benefit obligations funded plans	2 808.7	2 869.3	1 976.5	1 907.6	1 897.1
Defined benefit obligations unfunded plans	745.0	656.8	661.9	659.9	631.7
Funded status, net	**1 470.6**	**1 453.5**	**1 151.2**	**1 150.1**	**1 241.7**
Experience adjustments on plan assets[1]	-108.3	140.8	-48.4	-72.0	440.8
Experience adjustments on defined benefit obligations[1]	-58.2	6.4	185.0	27.9	148.3

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	2012	2011	2010
Actuarial gains and losses before taxes[1]	249.6	428.3	133.1
Effects of minimum funding requirement	–	-33.6	33.6
Total actuarial gains and losses and effects of minimum funding requirement related to defined benefit plans	**249.6**	**394.7**	**166.7**
Actuarial gains and losses on reimbursement rights before taxes	-43.4	11.9	–
Taxes	-58.3	-136.3	-48.8
Total actuarial gains and losses and effects of minimum funding requirement after taxes accounted for in other comprehensive income	**147.9**	**270.3**	**117.9**

1 Per December 31, 2012 accumulated actuarial gains and losses before taxes amounted to MSEK 1 704.8 (1 455.2 and 1 026.9).

MAIN ACTUARIAL ASSUMPTIONS

	2012			2011			2010		
%, per annum	USA	Eurozone	Other countries	USA	Eurozone	Other countries	USA	Eurozone	Other countries
Discount rate[1]	2.90-3.55	1.75-3.50	1.65-4.15	3.65–4.10	3.25–4.75	2.35–5.50	4.60–5.20	4.50–5.00	4.00–5.75
Expected return on plan assets	7.90	3.50	3.85-5.15	7.90	4.75	3.85–5.15	8.50	5.00	5.40–5.75
General salary increases[2]	n/a	2.00-3.50	1.00-3.80	n/a	2.00–2.75	2.00–4.00	n/a	2.00–2.75	3.50–4.50
Inflation[2]	n/a	1.75-2.00	1.00-2.80	n/a	1.75–2.00	1.00–3.00	n/a	1.75–2.00	2.50–3.50
Pension increases[2]	n/a	1.00-1.75	0.20-3.25	n/a	0.00–1.75	0.00–3.25	n/a	0.00–1.75	1.30–3.50
Healthcare inflation[3]	n/a	n/a	2.00-9.58	n/a	n/a	2.00–9.58	n/a	n/a	2.00–9.58

1 In the USA, the discount rate is derived by using a cash flow matching approach applied to the Citigroup yield curve. In the Eurozone, the discount rate is based on Iboxx Euro AA indices of appropriate term and adjusted for the duration of the obligations. The material plans in the category Other countries are Norway (government bonds adjusted for the duration of the obligations), Switzerland (discount rates produced by the Chamber of Pensions Actuaries), the United Kingdom (Iboxx £ AA 15 year +) and Canada (for 2012 the discount rate is based on high quality corporate bonds produced by the Canadian Institute of Actuaries).

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 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, 2012, 2011 and 2010 used to value the defined benefit obligations at the end of the year as well as in determining the pension cost for the coming year.

As of December 31, 2012 the following assumptions were used for the major plans in Securitas concerning mortality: USA – "RP-2000 mortality tables projected to 2013". Norway – tables in series "K2005". Canada – "UP94 mortality table with generational improvements". Switzerland – mortality table "LPP2010". These tables have been established for use after consultation with the company's actuaries and reflect Securitas' view concerning future mortality experience.

NOTE 32 *Other long-term provisions*

The movement in the balance sheet for provisions for pensions and similar commitments is provided in note 31. The movement in the balance sheet for deferred tax liabilities is provided in note 15.

DECEMBER 31, 2012

MSEK	Claims reserves	Provisions for taxes	Spain – overtime compensation	Other provisions	Total
Opening balance	410.5	195.0	104.0	290.2	999.7
Reclassification	1.5	–	-73.2	-113.2	-184.9
New/increased provisions	7.2	10.6	–	17.8	35.6
Utilized provisions	-0.4	-0.1	-27.4	-48.0	-75.9
Reversal of unutilized provisions	-11.5	–	–	-22.7	-34.2
Translation differences	-22.5	-10.4	-3.4	-4.7	-41.0
Closing balance	**384.8**	**195.1**	**–**	**119.4**	**699.3**

Claims reserves

Liability insurance-related claims reserves primarily consist of provisions for the portion of claims payable by the Group, that is its self-retention. Claims reserves comprise a large number of individual insurance cases where some cases are compensated with a lump-sum payment and others are paid over a longer period of time. It is thus not possible to disclose any detailed information regarding the timing of outflows from claims reserves.

Provisions for taxes

Provisions for taxes primarily consist of provisions related to ongoing tax audits. Tax audits are often lengthy processes that go on for several years. It is thus not possible to disclose any detailed information regarding the timing of outflows from taxes.

Spain – overtime compensation

Based on the number of claims decided and settled during 2012, management's estimate is that most of the provision will be utilized within the coming 12 months and the provision has consequently been reclassified to short-term provisions at the end of 2012. See note 35 for further information regarding the overtime compensation case and the related provision.

Other provisions

Other provisions primarily consist of provisions related to litigations. Litigations are often lengthy processes that go on for several years. It is thus not possible to disclose any detailed information regarding the timing of outflows from other provisions.

NOTE 33 Short-term loan liabilities[1]

MSEK	2012	2011	2010
EMTN Nom MEUR 500, 2009/2013, Annual 6.50%[2]	4 302.4	–	–
EMTN Nom MSEK 1 000, 2011/2013 FRN Quarterly	999.9	–	–
EMTN Nom MSEK 1 000, 2011/2012 FRN Quarterly	–	999.8	–
Commercial paper issued[2]	–	2 788.6	2 139.3
Finance leases	46.8	48.4	48.4
Other short-term loans[3]	581.0	626.5	1 661.4
Total short-term loan liabilities excluding derivatives	**5 930.1**	**4 463.3**	**3 849.1**
Cash flow hedges[4]			
Derivatives with negative fair value, short-term	7.5	4.0	8.7
Other derivative positions[5]			
Derivatives with negative fair value, short-term	48.4	21.2	9.4
Total short-term loan liabilities	**5 986.0**	**4 488.5**	**3 867.2**

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 2012 and 2011 include loans raised within the framework of the Group's 2016 Multi Currency Revolving Credit Facility. Other short-term loans 2010 include loans raised within the framework of the Group's 2012 Multi Currency Revolving Credit Facility
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	2012	2011	2010
Employee-related items	5 840.5	5 810.8	5 443.7
Accrued interest and financial expenses	282.9	239.9	219.3
Other accrued expenses and deferred income	645.0	681.7	656.2
Advance payments from customers	427.4	239.2	214.9
Value added tax	1 093.1	1 054.2	1 020.5
Deferred considerations	224.7	166.7	97.7
Other items	594.6	601.1	575.0
Total other current liabilities	**9 108.2**	**8 793.6**	**8 227.3**

NOTE 35 Short-term provisions

DECEMBER 31, 2012

MSEK	Claims reserves	Spain – overtime compensation	Cost savings program[1]	Other provisions	Total
Opening balance	662.8	–	–	116.2	779.0
Reclassification	-7.6	73.2	-5.3	115.1	175.4
New/increased provisions	309.1	–	458.0	24.0	791.1
Utilized provisions	-339.6	-10.5	-152.4	-27.6	-530.1
Reversal of unutilized provisions	-3.7	-22.7	–	-53.8	-80.2
Translation differences	-34.8	–	–	-5.9	-40.7
Closing balance	**586.2**	**40.0**	**300.3**	**168.0**	**1 094.5**

1 Further information regarding the cost savings program is provided in note 11.

Claims reserves

Liability insurance-related claims reserves primarily consist of provisions for the portion of claims payable by the Group, that is its self-retention.

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 historically 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 should 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 meant that each claim for overtime pay should 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. The Court's decision meant that Securitas had to prepare for several suits from employees and former employees in respect of historic overtime compensation.

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. These guidelines have during 2012 been confirmed by a new decision by the Supreme Court in Spain and Securitas will continue to apply these guidelines. 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. During 2011–2012 more than 7 500 cases for overtime pay has been adjudicated by court. In cases where Securitas has lost the cases compensation has been paid. As a result of the increased number of claims having been decided in court and subsequently settled during the course of 2012 Group Management has obtained a better visibility regarding the exposure and the probable outflow that will be necessary in order to settle the overtime compensation claims. Group Management has based on this decided to release MSEK 22.7 (MEUR 2.6) from the provision at the end of 2012. The remaining provision amounts to MSEK 40.0 (MEUR 4.7) which is deemed sufficient for the remaining exposure. Based on the number of claims decided and settled during 2012, management's estimate is that most of the provision will be utilized within the coming 12 months. The provision has consequently been reclassified from long-term provisions at the end of 2012.

Total cash payments for the overtime compensation amounted to MSEK -37.9 during 2012, whereof MSEK -27.4 is accounted for under long-term provisions (note 35) and MSEK -10.5 is accounted for under short-term provisions in the table above.

Other provisions

Securitas in Germany has settled a dispute with Deutsche Bank concerning a certain contract matter from 2006 involving a Letter of Comfort and has agreed to pay the Bank an amount of MEUR 10.0 in return for a full release of all present and future claims. The settlement amount is included in Other provisions in the table above and has been paid on January 10, 2013.

NOTE 36 *Pledged assets*

MSEK	2012	2011	2010
Pension balances defined contribution plans	82.6	74.3	72.1
Finance leases	83.6	86.8	85.7
Total pledged assets	**166.2**	**161.1**	**157.8**

NOTE 37 *Contingent liabilities*

MSEK	2012	2011	2010
Sureties and guarantees[1]	54.1	56.9	56.2
Guarantees related to discontinued operations	18.6	20.7	18.9
Total contingent liabilities	**72.7**	**77.6**	**75.1**

1 Guarantees on behalf of related parties are accounted for in note 7.

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, having applied to be registered as 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 was appealed by the bankruptcy estate to the Brazilian Court Appeals and this Court decided on formal grounds to nullify the judgment and to remand the case to the first instance court for retrial. The first instance court has decided to allow new evidence to be allowed in the case. Securitas maintains its previous position to the claim.

In addition, several former employees of Estrela Azul have sued Securitas and other parties in court and claim inter alia wages and other compensations in pending labor suits. The number of labor law cases involving Securitas decreased during 2011 and the number of new cases where Securitas is a named defendant decreased significantly in 2012. The claimed amounts are in average relatively low. The defense of these labor cases has been entrusted to one of the leading labor law firms in Brazil – specializing in labor law matters. Securitas denies all responsibility for such labor claims.

Spain – tax audit

The Spanish tax authority has in connection with an audit of Securitas Spain challenged certain interest deductions and in a tax resolution in June 2009 and fourth quarter 2012 decided to reject interest payments made for the years 2003–2005 and 2006–2007 respectively. The 2012 resolution was expected as a consequence of the resolution received in 2009. If finally upheld by Spanish courts, the resolution by the Spanish tax authorities would result in a tax of MEUR 26 including interest. Securitas has during 2011 lost the case referring to the years 2003–2005 at first level court (Tribunal Económico Administrativo Central) and appealed the case to the national court Audiencia Nacional.

Securitas believes it has acted in accordance with applicable law and will defend its position in court. However, the tax resolution causes some uncertainty and it may take a long time until a final judgment is made. To avoid future challenges of interest deductions the Group has in 2009 adjusted the capitalization of Securitas Spain.

USA – the events of September 11, 2001

A detailed account of the developments surrounding the events of September 11, 2001 has been presented in press releases and interim and annual reports for 2001 to 2011.

Securitas subsidiary Globe Aviation Services Corporation ("Globe") and other group companies, together with the relevant airline and other parties, remain defendants in one lawsuit regarding property and business damage pertaining to the events of September 11, 2001. In 2011, the last wrongful death case pending against Globe and other Securitas companies was dismissed. Through a settlement with the majority of the plaintiffs in the property damage claims in the case the majority of such claims was settled. The settlement agreement has been confirmed by the Court of Appeals and became thereby final and binding. The remaining property damage claim is such that the value of the claims filed can exceed the insurance coverage estimated to exist as a potential source of recovery. The potential exposure has however been reduced due to court decisions limiting the liability of Globe and the other defendants. Due to the statutory liability cap in relation to the events of September 11, 2001, any such liability would also be limited to the amount of liability insurance coverage maintained at the time of the incident.

Globe and the other group companies and the other defendants in the property damage case are challenging the claim in all material respects. All coverage disputes with the relevant September 11, 2001 insurers have been resolved. The proceedings against other Securitas group companies than Globe have, with the consent of the Court and the Plaintiffs, been temporarily stayed. Any liabilities arising out of the September 11, 2001 litigation are not expected to materially impact Securitas' business operation or financial position.

USA – tax audit

The U.S. tax authorities have, after finalizing an audit of Securitas USA for the years 2003–2004, issued a notice on July 1, 2010 disallowing certain deductions for insurance premiums. Securitas is of the opinion that it has acted in accordance with the law and will defend its position in U.S. Tax courts. It may take several years until a final judgment is awarded. If the notice is finally upheld by the U.S. Tax courts a judgment could result in a tax of MUSD 60 plus interest.

Other proceedings

Over the years, Securitas has made a number of acquisitions in different countries. As a result of such acquisitions, certain contingent liabilities of the businesses acquired have been assumed. The risks relating to such contingent liabilities are covered by contractual indemnification, insurance or adequate reserves.

Companies within the Securitas Group are also involved in a number of other legal proceedings and tax audits arising out of the business. Any liabilities arising out of such proceedings are not expected to be material to the business operations or the financial position of the Group.

NOTE 38 *Financial five year overview*[1]

MSEK	2008	2009	2010	2011	2012
INCOME					
• **Total sales**	**56 571.6**	**62 666.7**	**61 339.8**	**64 057.1**	**66 458.2**
of which acquired business	1 323.7	1 450.0	2 242.3	5 061.5	2 418.4
• ***Acquired sales growth, %***	***3***	***3***	***4***	***8***	***4***
• ***Organic sales growth, %***	***6***	***-1***	***1***	***3***	***0***
• ***Real sales growth, %***	***9***	***2***	***5***	***11***	***4***
Operating income before amortization	**3 270.7**	**3 756.5**	**3 724.2**	**3 384.7**	**3 085.5**
• ***Operating margin, %***	***5.8***	***6.0***	***6.1***	***5.3***	***4.6***
Amortization and impairment of acquisition related intangible assets	-102.2	-138.3	-164.3	-218.2	-297.1
Acquisition related costs	-52.6	-5.9	-89.6	-193.5	-49.5
Items affecting comparability	-29.3	–	–	–	-424.3
Financial income and expenses	-469.6	-589.8	-502.3	-493.0	-573.0
• **Income before taxes**	**2 617.0**	**3 022.5**	**2 968.0**	**2 480.0**	**1 741.6**
Taxes	-727.1	-904.5	-887.2	-741.4	-529.6
Net income for the year, continuing operations	**1 889.9**	**2 118.0**	**2 080.8**	**1 738.6**	**1 212.0**
Net income for the year, discontinued operations	431.8	–	–	–	–
Net income for the year, all operations	**2 321.7**	**2 118.0**	**2 080.8**	**1 738.6**	**1 212.0**
– whereof attributable to non-controlling interests, continuing operations	-1.9	1.8	-2.3	2.9	0.4
Average number of shares after dilution ('000)	365 059	365 059	365 059	365 059	365 059
• **Earnings per share after dilution, continuing operations (SEK)**	**5.18**	**5.80**	**5.71**	**4.75**	**3.32**
CASH FLOW					
Operating income before amortization	**3 270.7**	**3 756.5**	**3 724.2**	**3 384.7**	**3 085.5**
Investments in non-current tangible and intangible assets	-977.0	-950.7	-901.9	-1 009.8	-1 039.2
Reversal of depreciation	839.9	927.5	900.7	902.0	946.1
Change in accounts receivable	7.8	197.6	-768.4	-722.6	205.4
Changes in other operating capital employed	107.3	-556.4	312.8	-446.9	3.0
Cash flow from operating activities	**3 248.7**	**3 374.5**	**3 267.4**	**2 107.4**	**3 200.8**
• ***as % of operating income before amortization***	***99***	***90***	***88***	***62***	***104***
Financial income and expenses paid	-433.4	-481.6	-521.7	-475.1	-531.9
Current taxes paid	-803.5	-728.2	-735.1	-763.9	-583.3
• **Free cash flow, continuing operations**	**2 011.8**	**2 164.7**	**2 010.6**	**868.4**	**2 085.6**
as % of adjusted income	***94***	***88***	***81***	***39***	***105***
Cash flow from investing activities, acquisitions and divestitures	-1 021.5	-757.7	-1 359.0	-1 882.0	-677.3
Cash flow from items affecting comparability	-110.8	-12.0	-62.5	-23.7	-193.8
Cash flow from financing activities	-199.3	-2 775.5	-424.5	968.9	1 222.7
Cash flow for the year, continuing operations	**680.2**	**-1 380.5**	**164.6**	**-68.4**	**2 437.2**
Cash flow for the year, discontinued operations	-790.5	–	–	–	–
Cash flow for the year, all operations	**-110.3**	**-1 380.5**	**164.6**	**-68.4**	**2 437.2**
Interest-bearing net debt at beginning of year	-9 878.0	-9 412.6	-8 387.7	-8 208.9	-10 348.8
Change in loans	-469.6	1 716.8	-670.7	-2 064.1	-2 317.9
Revaluation of financial instruments	-178.2	76.7	67.6	7.5	10.6
Translation differences on interest-bearing net debt	-1 313.1	611.9	617.3	-14.9	354.3
Impact from dividend of discontinued operations	2 536.6	–	–	–	–
Interest-bearing net debt at year-end	**-9 412.6**	**-8 387.7**	**-8 208.9**	**-10 348.8**	**-9 864.6**

MSEK	2008	2009	2010	2011	2012
CAPITAL EMPLOYED AND FINANCING					
Non-current assets excluding acquisition related items	5 081.7	4 651.3	4 294.0	4 737.6	4 917.0
Accounts receivable	9 962.6	9 363.3	9 724.1	10 965.0	10 490.1
Other operating capital employed	-12 084.9	-11 391.2	-11 431.6	-12 558.0	-12 827.0
Operating capital employed	**2 959.4**	**2 623.4**	**2 586.5**	**3 144.6**	**2 580.1**
• ***as % of total sales***	***5***	***4***	***4***	***5***	***4***
Goodwill	14 104.3	13 558.3	13 338.8	14 727.4	14 275.4
Acquisition related intangible assets	751.3	894.9	1 096.5	1 574.1	1 501.9
Shares in associated companies	104.9	132.1	125.6	108.2	108.0
Capital employed	**17 919.9**	**17 208.7**	**17 147.4**	**19 554.3**	**18 465.4**
• ***Return on capital employed, %***	***18***	***22***	***22***	***17***	***14***
Net debt	**9 412.6**	**8 387.7**	**8 208.9**	**10 348.8**	**9 864.6**
Net debt equity ratio, multiple	***1.11***	***0.95***	***0.92***	***1.12***	***1.15***
Interest coverage ratio, multiple	***3.9***[2]	***6.1***	***7.4***	***6.1***	***5.0***
• ***Free cash flow in relation to net debt***	***0.21***[3]	***0.26***	***0.24***	***0.08***	***0.21***
Shareholders' equity attributable to equity holders of the Parent Company	**8 500.6**	**8 812.7**	**8 935.4**	**9 202.9**	**8 586.9**
Non-controlling interests	**6.7**	**8.3**	**3.1**	**2.6**	**13.9**
Return on equity, %	***27***	***24***	***23***	***19***	***14***
Equity ratio, %	***24***	***27***	***27***	***25***	***22***
Financing of capital employed	**17 919.9**	**17 208.7**	**17 147.4**	**19 554.3**	**18 465.4**

1 For definitions and calculation of key ratios refer to note 3.
2 Related to continuing operations.
3 Includes free cash flow from discontinued operations, which is included on the line Cash flow for the year, discontinued operations in the Statement of cash flow on the previous page.
• Group key ratios according to Securitas' financial model. Refer to pages 50–51.

Parent Company statement of income

MSEK	Note	2012	2011	2010
License fees and other income	40	991.6	846.1	955.4
Gross income		**991.6**	**846.1**	**955.4**
Administrative expenses	42, 43	-792.6	-473.7	-467.9
Other operating income	42	12.8	121.0	12.7
Operating income		**211.8**	**493.4**	**500.2**
Result of financial investments				
Result of sale of shares in subsidiaries	40	-9.1	–	–
Dividend[1]	40	11 875.5	4 679.1	6 035.9
Interest income	40	206.5	198.9	127.1
Interest expenses	40	-868.8	-880.2	-612.1
Other financial income and expenses, net[1]	44	-8 412.0	-2 709.4	-3 790.3
Total financial income and expenses[1]		**2 792.1**	**1 288.4**	**1 760.6**
Income after financial items		**3 003.9**	**1 781.8**	**2 260.8**
Appropriations				
Group contributions from subsidiaries	40	498.1	348.6	57.8
Group contributions to subsidiaries	40	-3.7	-29.9	-497.4
Total appropriations[1]		**494.4**	**318.7**	**-439.6**
Income before taxes		**3 498.3**	**2 100.5**	**1 821.2**
Current taxes	45	-0.6	-13.4	-15.8
Deferred taxes	45	-56.0	5.9	-59.9
Net income for the year		**3 441.7**	**2 093.0**	**1 745.5**

1 The comparative years have been restated since group contributions have been accounted for as appropriations due to a change of accounting principle. Refer to note 39 Accounting principles for further information.

Parent Company statement of comprehensive income

MSEK	Note	2012	2011	2010
Net income for the year		**3 441.7**	**2 093.0**	**1 745.5**
Other comprehensive income				
Cash flow hedges net of tax		7.1	3.2	53.2
Net investment hedges		-163.0	13.1	-165.8
Other comprehensive income	45	**-155.9**	**16.3**	**-112.6**
Total comprehensive income for the year		**3 285.8**	**2 109.3**	**1 632.9**

Parent Company statement of cash flow

MSEK	Note	2012	2011	2010
Operations				
Operating income		211.8	493.4	500.2
Reversal of depreciation	46, 47	9.9	10.3	9.8
Financial items received[1]		11 651.1	1 146.5	6 415.0
Financial items paid[1]		-958.7	-811.1	-596.7
Current taxes paid		-5.8	-22.3	-7.8
Change in other operating capital employed[1]		328.8	-412.9	426.4
Cash flow from operations		**11 237.1**	**403.9**	**6 746.9**
Investing activities				
Investments in non-current tangible and intangible assets	46, 47	-31.7	-19.5	-11.5
Shares in subsidiaries	48	-4 158.1	-562.9	-4 505.7
Cash flow from investing activities		**-4 189.8**	**-582.4**	**-4 517.2**
Financing activities				
Dividend paid		-1 095.2	-1 095.2	-1 095.2
Proceeds from bond loans		6 617.6	3 344.1	1 764.5
Redemption of bond loans		-1 000.0	-1 000.0	-459.5
Proceeds from other long-term borrowings		–	516.1	–
Repayment of other long-term borrowings		–	-2 041.8	-872.4
Change in other interest-bearing net debt excluding liquid funds		-11 550.2	458.5	-1 566.6
Cash flow from financing activities		**-7 027.8**	**181.7**	**-2 229.2**
Cash flow for the year		**19.5**	**3.2**	**0.5**
Liquid funds at beginning of year		5.4	2.2	1.7
Liquid funds at year-end	51	**24.9**	**5.4**	**2.2**

1 The comparative years have been restated since group contributions have been accounted for as change in other operating capital employed due to a change of accounting principle. Refer to note 39 Accounting principles for further information.

Parent Company balance sheet

MSEK	Note	2012	2011	2010
ASSETS				
Non-current assets				
Intangible assets	46	114.8	92.8	85.4
Machinery and equipment	47	1.8	2.0	2.2
Shares in subsidiaries	48	37 156.3	37 852.7	40 026.8
Shares in associated companies	49	112.1	112.1	112.1
Interest-bearing financial non-current assets	41	616.8	547.2	331.3
Deferred tax assets	45	19.0	19.3	19.3
Other long-term receivables		98.1	83.2	82.1
Total non-current assets		**38 118.9**	**38 709.3**	**40 659.2**
Current assets				
Current receivables from subsidiaries		1 735.3	4 915.9	895.7
Interest-bearing current receivables from subsidiaries	41	3 119.8	3 158.1	3 074.8
Other current receivables		10.4	3.7	2.8
Current tax assets		–	0.9	1.6
Prepaid expenses and accrued income	50	24.7	26.8	29.4
Other interest-bearing current assets	41	1 525.3	0.5	14.7
Cash and bank deposits	51	24.9	5.4	2.2
Total current assets		**6 440.4**	**8 111.3**	**4 021.2**
TOTAL ASSETS		**44 559.3**	**46 820.6**	**44 680.4**
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		-5.1	-12.2	-15.4
Translation reserve		464.7	627.7	614.6
Retained earnings		13 916.4	12 907.2	12 319.9
Net income for the year		3 441.7	2 093.0	1 745.5
Total non-restricted equity		**17 817.7**	**15 615.7**	**14 664.6**
Total shareholders' equity	52	**25 545.4**	**23 343.4**	**22 392.3**
Long-term liabilities				
Long-term loan liabilities	41	8 983.0	8 430.2	7 155.7
Other long-term liabilities		113.4	128.4	138.5
Total long-term liabilities	53	**9 096.4**	**8 558.6**	**7 294.2**
Current liabilities				
Current liabilities to subsidiaries		290.8	402.8	755.0
Interest-bearing current liabilities to subsidiaries	41	3 177.6	9 442.7	9 707.9
Group account bank overdraft		211.2	390.6	401.6
Other short-term loan liabilities	41	5 844.7	4 329.4	3 765.9
Accounts payable		11.1	12.4	22.6
Accrued expenses and prepaid income	54	321.4	287.5	286.7
Other current liabilities		60.7	53.2	54.2
Total current liabilities		**9 917.5**	**14 918.6**	**14 993.9**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**44 559.3**	**46 820.6**	**44 680.4**
Pledged assets	55	82.6	74.3	72.1
Contingent liabilities	56	72.4	77.6	75.1

Parent Company statement of changes in shareholders' equity

MSEK	Share capital[1]	Legal reserve	Hedging reserve	Translation reserve	Retained earnings and net income for the year	Total share-holders' equity
Opening balance 2010	**365.1**	**7 362.6**	**-68.6**	**780.4**	**13 415.1**	**21 854.6**
Net income for the year	–	–	–	–	**1 745.5**	**1 745.5**
Other comprehensive income						
Cash flow hedges						
Transfer to hedging reserve before tax	–	–	-56.9	–	–	-56.9
Deferred tax on transfer to hedging reserve	–	–	15.0	–	–	15.0
Transfer to interest expense in the statement of income before tax	–	–	129.0	–	–	129.0
Deferred tax on transfer to statement of income	–	–	-33.9	–	–	-33.9
Net investment hedges	–	–	–	-165.8	–	-165.8
Other comprehensive income	**–**	**–**	**53.2**	**-165.8**	**–**	**-112.6**
Total comprehensive income for the year	**–**	**–**	**53.2**	**-165.8**	**1 745.5**	**1 632.9**
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2
Closing balance 2010	**365.1**	**7 362.6**	**-15.4**	**614.6**	**14 065.4**	**22 392.3**
Opening balance 2011	**365.1**	**7 362.6**	**-15.4**	**614.6**	**14 065.4**	**22 392.3**
Net income for the year	–	–	–	–	**2 093.0**	**2 093.0**
Other comprehensive income						
Cash flow hedges						
Transfer to hedging reserve before tax	–	–	-29.7	–	–	-29.7
Deferred tax on transfer to hedging reserve	–	–	7.8	–	–	7.8
Transfer to interest expense in the statement of income before tax	–	–	34.1	–	–	34.1
Deferred tax on transfer to statement of income	–	–	-9.0	–	–	-9.0
Net investment hedges	–	–	–	13.1	–	13.1
Other comprehensive income	**–**	**–**	**3.2**	**13.1**	**–**	**16.3**
Total comprehensive income for the year	**–**	**–**	**3.2**	**13.1**	**2 093.0**	**2 109.3**
Share-based incentive scheme[2]	–	–	–	–	-63.0	-63.0
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2
Closing balance 2011	**365.1**	**7 362.6**	**-12.2**	**627.7**	**15 000.2**	**23 343.4**
Opening balance 2012	**365.1**	**7 362.6**	**-12.2**	**627.7**	**15 000.2**	**23 343.4**
Net income for the year	–	–	–	–	**3 441.7**	**3 441.7**
Other comprehensive income						
Cash flow hedges						
Transfer to hedging reserve before tax	–	–	-9.5	–	–	-9.5
Deferred tax on transfer to hedging reserve	–	–	2.5	–	–	2.5
Transfer to interest expense in the statement of income before tax	–	–	19.1	–	–	19.1
Deferred tax on transfer to statement of income	–	–	-5.0	–	–	-5.0
Net investment hedges	–	–	–	-163.0	–	-163.0
Other comprehensive income	**–**	**–**	**7.1**	**-163.0**	**–**	**-155.9**
Total comprehensive income for the year	**–**	**–**	**7.1**	**-163.0**	**3 441.7**	**3 285.8**
Share-based incentive scheme[2]	–	–	–	–	11.4	11.4
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2
Closing balance 2012	**365.1**	**7 362.6**	**-5.1**	**464.7**	**17 358.1**	**25 545.4**

1 For information regarding the numbers of shares outstanding refer to note 52.
2 Further information regarding Securitas' share-based incentive scheme is provided in note 52.

Notes

NOTE 39 Accounting principles

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities. The Parent Company thus follows the same accounting principles as the Group when relevant and except in the cases stated below. The differences that exist between the Parent Company's and the Group's accounting principles are a result of the restrictions that the Swedish Annual Accounts Act, the Swedish Act on Safeguarding of Pension Commitments and the options that RFR 2 allow for IFRS in the Parent Company.

RFR 2: IFRS 3 Business combinations

The Parent Company measures the acquisition cost as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and all costs that are directly attributable to the acquisition. Contingent considerations are recognized as part of the acquisition cost if it is probable that they will be realized. The acquisition cost is adjusted in subsequent periods if the initial assessment needs to be revised.

RFR 2: IAS 17 Leases

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.

RFR 2: 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.

RFR 2: IAS 19 Employee benefits

Accounting for defined benefit plans according to the Swedish Act on Safeguarding of Pension Commitments leads to differences between the accounting in the Parent Company and the Group. These differences have no material impact on the employee benefits relating to the employees of the Parent Company. Pension solutions either fall within the framework of the ITP–plan that is insured via Alecta, which is described in note 31, or in all material aspects consist of other defined contribution plans.

RFR 2: IAS 21 The 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 fulfill 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.

RFR 2: IAS 27 Consolidated and separate financial statements

The Parent Company has chosen to early adopt the change in RFR 2 IAS 27 related to Group contributions. The Parent Company has adopted the alternative rule, which means that Group contributions from subsidiaries as well as Group contributions to subsidiaries are accounted for as appropriations in the statement of income.

The effect on the restated comparative year 2011 is that group contributions net have impacted total financial income and expenses with MSEK -318.7, while total appropriations have increased with MSEK 318.7. There has been no impact on taxes, net income for the year or retained earnings.

The effect on the restated comparative year 2010 is that group contributions net have impacted total financial income and expenses with MSEK 439.6, while total appropriations have decreased with MSEK -439.6. There has been no impact on taxes, net income for the year or retained earnings.

RFR 2: IAS 39 Financial instruments: Recognition and measurement

The Parent Company follows IAS 39 with the exception of financial guarantees in relation to subsidiaries. For further information refer to the accounting principles adopted by the Group for recognition and measurement of financial instruments in note 2.

Capital contributions

Shareholders' capital contributions are accounted for as an increase of the balance sheet item shares in subsidiaries. An assessment whether any impairment write-down is required in shares in subsidiaries is subsequently made.

Securitas' share-based incentive scheme

In addition to the Group's accounting principles for share-based payments (IFRS 2) as described in note 2 Accounting principles, the following has been applied in the Parent Company's financial statements. The Parent Company has secured the delivery of shares according to Securitas share-based incentive scheme by entering into a swap agreement with a third party regarding purchase of shares. To the extent that shares according to the swap agreement is subject to delivery to employees in other Group companies than the Parent Company, a liability to Group companies has been recorded in the Parent Company's accounts. This liability is recorded at the value of the commitment that Securitas AB has to the subsidiaries to deliver shares, that is the number of shares to be delivered according to the swap agreement at the latest share price for Securitas AB's series B share. Social security expenses are calculated based on the market value of the shares that potentially will be allocated. Fluctuations in the share price for these shares thus lead to changes in social security expenses that impact the Parent Company's and Group's income. This is the only impact on the Parent Company's and Group's income due to fluctuations in the share price for the shares that potentially will be allocated. This means that any possible increase or decrease of the liability to Group companies has not been accounted for in the Parent Company's income statement.

NOTE 40 *Transactions with related parties*

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

THE PARENT COMPANY'S TRANSACTIONS WITH RELATED PARTIES COMPRISE:

MSEK	2012	2011	2010
License fees and other income from subsidiaries	977.2	836.0	942.7
Result of sale of shares in subsidiaries	-9.1	96.3[1]	–
Dividends from subsidiaries[2]	11 875.5	4 679.1	6 035.9
Group contributions from subsidiaries[2]	498.1	348.6	57.8
Group contributions to subsidiaries	-3.7	-29.9	-497.4
Interest income from subsidiaries	162.9	149.0	119.7
Interest expenses to subsidiaries	-267.3	-346.5	-145.7
Guarantees issued on behalf of subsidiaries	1 591.7	1 462.7	1 578.8
Guarantees issued on behalf of associated companies	4.9	73.2	63.0

1 Included on the line other operating income in the statement of income. Comprises dividend of MSEK 29.3 from the Group's disposed joint venture Securitas Direct S.A. in Switzerland and a capital gain from the sale of the shares in this company of MSEK 67.0.
2 Group contributions from subsidiaries were previous years included in dividends from subsidiaries.

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, 2011–2012

MSEK	Total	< 1 year	Between 1 year and 5 years	> 5 years
December 31, 2012				
Borrowings	-18 000	-8 321	-6 718	-2 961
Derivatives outflows	-16 255	-16 230	-24	-1
Accounts payable	-11	-11	–	–
Total outflows	**-34 266**	**-24 562**	**-6 742**	**-2 962**
Investments	4 871	4 692	179	–
Derivatives receipts	16 415	16 245	150	20
Total inflows	**21 286**	**20 937**	**329**	**20**
Net cash flows, total[1]	**-12 980**	**-3 625**	**-6 413**	**-2 942**
December 31, 2011				
Borrowings	-22 099	-13 221	-8 530	-348
Derivatives outflows	-11 923	-11 890	-33	–
Accounts payable	-12	-12	–	–
Total outflows	**-34 034**	**-25 123**	**-8 563**	**-348**
Investments	3 561	3 259	302	–
Derivatives receipts	11 933	11 877	56	–
Total inflows	**15 494**	**15 136**	**358**	**–**
Net cash flows, total[1]	**-18 540**	**-9 987**	**-8 205**	**-348**

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

REVALUATION OF FINANCIAL INSTRUMENTS

MSEK	2012	2011	2010
Recognized in the statement of income			
Financial income and expenses	-0.2	4.0	-4.2
Deferred tax	0.0	-1.0	1.1
Impact on net income for the year	**-0.2**	**3.0**	**-3.1**
Recognized via hedging reserve in other comprehensive income			
Transfer to hedging reserve before tax	-9.5	-29.7	-56.9
Deferred tax on transfer to hedging reserve	2.5	7.8	15.0
Transfer to hedging reserve net of tax	**-7.0**	**-21.9**	**-41.9**
Transfer to statement of income before tax	19.1	34.1	129.0
Deferred tax on transfer to statement of income	-5.0	-9.0	-33.9
Transfer to statement of income net of tax	**14.1**	**25.1**	**95.1**
Total change of hedging reserve before tax[1]	9.6	4.4	72.1
Deferred tax on total change of hedging reserve before tax[1]	-2.5	-1.2	-18.9
Total change of hedging reserve net of tax	**7.1**	**3.2**	**53.2**
Total impact on shareholders' equity as specified above			
Total revaluation before tax[2]	9.4	8.4	67.9
Deferred tax on total revaluation[2]	-2.5	-2.2	-17.8
Total revaluation after tax	**6.9**	**6.2**	**50.1**

1 Total of transfer to hedging reserve and transfer from hedging reserve to statement of income.
2 Total revaluation and deferred tax recognized via statement of income and via other comprehensive income.

DERIVATIVES IN THE BALANCE SHEET

MSEK	2012	2011	2010
Interest-bearing financial non-current assets			
Fair value hedges	91.3	33.6	40.8
Total derivatives included in interest-bearing financial non-current assets	**91.3**	**33.6**	**40.8**
Interest-bearing current receivables from subsidiaries			
Other derivative positions	–	4.6	–
Total derivatives included in interest-bearing current receivables from subsidiaries	**–**	**4.6**	**–**
Other interest-bearing current assets			
Other derivative positions	76.2	0.5	14.7
Total derivatives included in other interest-bearing current assets	**76.2**	**0.5**	**14.7**
Long-term loan liabilities			
Cash flow hedges	3.4	16.5	16.2
Total derivatives included in long-term loan liabilities	**3.4**	**16.5**	**16.2**
Interest-bearing current liabilities to subsidiaries			
Other derivative positions	54.9	0.6	80.3
Total derivatives included in interest-bearing current liabilities to subsidiaries	**54.9**	**0.6**	**80.3**
Other short-term loan liabilities			
Cash flow hedges	7.5	4.0	8.8
Other derivative positions	46.3	20.4	6.5
Total derivatives included in other short-term loan liabilities	**53.8**	**24.4**	**15.3**

FAIR VALUE – HIERARCHY AS PER DECEMBER 31, 2012

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	–	65.5	–	65.5
Financial liabilities at fair value through profit or loss	–	-101.2	–	-101.2
Derivatives designated for hedging with positive fair value	–	102.1	–	102.1
Derivatives designated for hedging with negative fair value	–	-10.9	–	-10.9

NOTE 42 *Operating expenses and other operating income*

AUDIT FEES AND REIMBURSEMENTS

MSEK	2012	2011	2010
PwC			
– audit assignments	5.9	5.4	5.2
– additional audit assignments	0.8	0.1	0.6
– tax assignments	3.7	4.1	4.4
– other assignments[1]	3.0	1.6	4.0
Total	**13.4**	**11.2**	**14.2**

1 The cost of other assignments carried out by PwC includes fees for audit-related advisory services relating to accounting, including IFRS, IT, acquisitions, divestments and matters concerning the Group's internal bank.

Other operating income

Other operating income 2012 consists in its entirety of trade mark fees from Securitas Direct AB.

Other operating income 2011 mainly comprises dividend of MSEK 29.3 from the Group's disposed joint venture Securitas Direct S.A. in Switzerland and a capital gain from the sale of the shares in this company of MSEK 67.0. The capital gain has been measured as the consideration received less the book value of the shares. It consequently differs from the capital gain on Group level, where the capital gain is measured as the consideration received less the net assets in the consolidated balance sheet. Other operating income further comprises trade mark fees from Securitas Direct AB of MSEK 10.1 and other items MSEK 14.6.

Other operating income 2010 consists in its entirety of trade mark fees from Securitas Direct AB.

NOTE 43 *Personnel*

AVERAGE NUMBER OF YEARLY EMPLOYEES: DISTRIBUTION BETWEEN WOMEN AND MEN

	Women			Men			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Board of Directors	3	3	3	4	4	5	7	7	8
President	–	–	–	1	1	1	1	1	1
Other employees, Sweden	26	26	27	26	23	20	52	49	47

STAFF COSTS

	2012			2011			2010			Of which bonuses		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2012	2011	2010
Board of Directors and President[1]	16.7	9.4	(3.5)	16.5	9.4	(3.4)	19.9	10.7	(3.2)	0.0	0.0	3.9
Other employees	53.6	33.3	(14.1)	46.4	29.5	(13.0)	59.1	29.5	(10.9)	3.6	0.2	9.3
Total	**70.3**	**42.7**	**(17.6)**	**62.9**	**38.9**	**(16.4)**	**79.0**	**40.2**	**(14.1)**	**3.6**	**0.2**	**13.2**

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

NOTE 44 *Other financial income and expenses, net*

MSEK	2012	2011	2010
Impairment losses, shares in subsidiaries[1]	-8 602.3	-2 735.0	-4 552.6
Exchange rate differences, net	209.3	36.8	776.5
Bank costs and similar income/expense items	-18.8	-15.2	-9.9
Revaluation of financial instruments (IAS 39)	-0.2	4.0	-4.2
Other items, net	–	–	-0.1
Total other financial income and expenses, net[2]	**-8 412.0**	**-2 709.4**	**-3 790.3**

1 Impairment losses of shares in subsidiaries in 2012 were recognized in conjunction with the Parent Company having received dividends from subsidiaries and for the shares in Securitas Montenegro d.o.o. as a consequence of the impairment losses of goodwill and acquisition related intangible assets that were recognized for the cash generating unit Security Services Montenegro. Impairment losses of shares in subsidiaries in 2011 and 2010 were recognized in conjunction with the Parent Company having received dividends from subsidiaries.

2 The comparative years have been restated since group contributions have been accounted for as appropriations due to a change of accounting principle. Refer to note 39 Accounting principles for further information.

NOTE 45 *Taxes*

Statement of income

TAX EXPENSE

MSEK	2012	2011	2010
Tax on income before taxes			
– current taxes	-0.6	-13.4	-15.8
– deferred taxes	-56.0	5.9	-59.9
Total tax expense	**-56.6**	**-7.5**	**-75.7**

The Swedish Corporate tax rate was 26.3 percent in 2012, 2011 and 2010.

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

MSEK	2012	2011	2010
Income before taxes according to the statement of income	**3 498**	**2 101**	**1 821**
Tax based on Swedish tax rate	-920	-553	-479
Tax related to previous years	16	12	16
Tax related to non-taxable income	3 186	1 261	1 628
Tax related to non-deductible expenses	-2 339	-728	-1 241
Actual tax expense	**-57**	**-8**	**-76**

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

Other comprehensive income

TAX ON OTHER COMPREHENSIVE INCOME

MSEK	2012	2011	2010
Deferred tax on cash flow hedges	-2.5	-1.2	-18.9
Deferred tax on net investment hedges	58.2	-4.7	59.2
Deferred tax on other comprehensive income	**55.7**	**-5.9**	**40.3**

Balance sheet

Deferred tax assets for 2012, 2011 and 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, 2012.

NOTE 46 *Intangible assets*[1]

MSEK	2012	2011	2010
Opening balance	164.4	147.5	136.2
Capital expenditures	31.3	18.9	11.3
Reclassification	–	-2.0	–
Closing accumulated balance	**195.7**	**164.4**	**147.5**
Opening amortization	-71.6	-62.1	-53.5
Amortization for the year	-9.3	-9.5	-8.6
Closing accumulated amortization	**-80.9**	**-71.6**	**-62.1**
Closing residual value	**114.8**	**92.8**	**85.4**

1 Mainly related to Securitas' Guard Management System. Furthermore the brand name Securitas in one of the Group's countries of operations is included with MSEK 15.9 (15.9 and 0.0). The trademark is tested annually for impairment. Refer to note 16 section impairment testing for further information.

NOTE 47 *Machinery and equipment*

MSEK	2012	2011	2010
Opening balance	14.9	14.3	14.2
Capital expenditures	0.4	0.6	0.1
Closing accumulated balance	**15.3**	**14.9**	**14.3**
Opening depreciation	-12.9	-12.1	-11.0
Depreciation for the year	-0.6	-0.8	-1.1
Closing accumulated depreciation	**-13.5**	**-12.9**	**-12.1**
Closing residual value	**1.8**	**2.0**	**2.2**

NOTE 48 Shares in subsidiaries[1]

Subsidiary name	Corporate identity no.	Domicile	Number of shares	*% of share capital/ voting rights*	Book value, MSEK
Alert Services Holding NV[2]	RPR617707	Brussels	3 311 669	*53.01*	576.4
Grupo Securitas Mexico S A de C V[3]	GSM930817U48	Monterrey	5 000	*99.98*	14.5
Protect d.o.o.[4]	66578003980	Rijeka	–	*85*	44.3
Protectas S.A.	CH-550-0084385-3	Lausanne	25 000	*100*	32.8
Seccredo Holding AB[4]	556734-1283	Stockholm	510	*51*	41.8
Securitas Alert Services Polska Sp.z o.o.	KRS 0000289244	Warsaw	2 000	*100*	10.0
Securitas Argentina S.A.[5]	1587929	Buenos Aires	282 400	*20*	13.5
Securitas Asia Holding AB	556691-8800	Stockholm	100 000	*100*	197.0
Securitas BH d.o.o.	1-25315	Sarajevo	–	*100*	86.8
Securitas Canada Ltd	036580-6	Montreal	4 004	*100*	85.6
Securitas CR s r o	CZ43872026	Prague	100	*100*	176.5
Securitas Deutschland Finanz Holding GmbH	HRB 33348	Düsseldorf	–	*100*	2 572.3
Securitas Eesti AS	10188743	Tallinn	1 371	*100*	32.1
Securitas Egypt LLC	175560	Cairo	4 000	*80*	2.9
Securitas Group Reinsurance Ltd	317030	Dublin	50 000 000	*100*	576.5
Securitas Holdings Inc.	95-4754543	Parsippany	100	*100*	2 208.0
Securitas Invest AB	556630-3995	Stockholm	1 000	*100*	7.1
Securitas KFT	Cg.01-09-721946	Budapest	–	*100*	11.6
Securitas Middle East and Africa Holding AB	556771-4406	Stockholm	100 000	*100*	94.8
Securitas Montenegro d.o.o.[4]	02387620	Niksic	–	*75*	0.8
Securitas N V[6]	0427.388.334	Brussels	1 000	*99.90*	272.8
Securitas Nordic Holding AB	556248-3627	Stockholm	1 000 000	*100*	9 269.5
Securitas Polska Sp. z o. o.	000036743	Warsaw	14 000	*100*	27.4
Securitas Rental AB	556376-3829	Stockholm	1 000	*100*	3.6
Securitas SA Holdings Pty Ltd	2008-028411-07	Johannesburg	701	*70*	55.6
Securitas Security Consulting Holding AB	556087-1468	Stockholm	1 000	*100*	37.3
Securitas Seguridad Holding SL	B83446831	Madrid	301	*100*	8 042.8
Securitas Services d.o.o.	17487809	Belgrade	–	*100*	131.4
Securitas Services Holding U.K. Ltd	5759961	London	34 000 000	*100*	481.1
Securitas Services International BV	33287487	Amsterdam	25 000	*100*	1 535.1
Securitas Services Romania SRL	J40/2222/2001	Bukarest	21 980	*100*	49.5
Securitas Sicherheitsdienstleistungen GmbH	FN148202w	Vienna	100	*100*	76.2
Securitas SK sro[8]	36768073	Prievidza	–	*4.65*	0.8
Securitas Toolbox Ltd	316907	Badhoevedorp	100	*100*	0.0
Securitas Transport Aviation Security AB	556691-8917	Stockholm	5 100 000	*100*	259.6
Securitas Treasury Ireland Ltd	152440	Dublin	21 075 470	*100*	10 041.0
Securitas UAE LLC[7]	615702	Dubai	5 725	*49/51*	10.6
Sigurnorst Buzov	955232263481	Slavonski Brod	2	*100*	23.4
Securitas Hrvatska d.o.o[4, 9]	33679708526	Zagreb	–	*85*	53.3
Total shares in subsidiaries					**37 156.3**

1 A complete specification of subsidiaries can be obtained from the Parent Company.
2 Through the holdings in Securitas Seguridad Holding SL, the remaining 46.99 percent of Alert Services Holding NV are held.
3 The remaining 0.02 percent of Grupo Securitas Mexico S.A. de CV are held by Securitas Rental AB.
4 Securitas has an option to acquire the remaining shares.
5 The remaining 80 percent of Securitas Argentina S.A., are held by Securitas Seguridad Holding SL.
6 The remaining 0.1 percent of Securitas NV are held by Securitas Rental AB.
7 Securitas AB appoints the majority of the Board of Directors and has a controlling interest through a shareholders' agreement.
8 The remaining 95.35 percent of Securitas SK sro are held by Securitas CR sro.
9 Former Zvonimir d.o.o.

CHANGE ANALYSIS OF SHARES IN SUBSIDIARIES

MSEK	2012	2011	2010
Opening balance	37 852.7	40 026.8	40 073.7
Acquisitions	74.1	73.0	177.0
Divestitures	-41.5	-2.5	–
Capital contributions	4 125.5	492.4	4 328.7
Impairment losses[1]	-8 602.3	-2 735.0	-4 552.6
Revaluation of deferred considerations	-23.0	-2.0	–
Dividend from subsidiaries	3 770.8	–	–
Closing balance	**37 156.3**	**37 852.7**	**40 026.8**

1 Impairment losses of shares in subsidiaries in 2012 were recognized in conjunction with the Parent Company having received dividends from subsidiaries and for the shares in Securitas Montenegro d.o.o. as a consequence of the impairment losses of goodwill and acquisition related intangible assets that were recognized for the cash generating unit Security Services Montenegro. Impairment losses of shares in subsidiaries in 2011 and 2010 were recognized in conjunction with the Parent Company having received dividends from subsidiaries.

NOTE 49 *Shares in associated companies*

HOLDINGS 2010–2012

Company	Domicile	*Share in equity, %*	*Voting rights, %*	Book value, MSEK
Walsons Services Pvt Ltd	Delhi	*49.0*	*49.0*	112.1
Holdings 2012				**112.1**
Walsons Services Pvt Ltd	Delhi	*49.0*	*49.0*	112.1
Holdings 2011				**112.1**
Walsons Services Pvt Ltd	Delhi	*49.0*	*49.0*	112.1
Holdings 2010				**112.1**

NOTE 50 *Prepaid expenses and accrued income*

MSEK	2012	2011	2010
Prepaid rent	6.3	6.3	1.3
Other prepaid expenses and accrued income	18.4	20.5	28.1
Total prepaid expenses and accrued income	**24.7**	**26.8**	**29.4**

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. Short-term investments refer to fixed interest rate 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.

NOTE 52 *Shareholders' equity*

Number of shares outstanding December 31, 2012

			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, 2011 and 2010. As of December 31, 2012 there were no outstanding convertible debenture loans that could result in any dilution of the share capital.

Each Series A share carried ten votes and each Series B share one vote. This is the only difference between the two series of shares.

Shareholders with more than 10 percent of the votes

The principal shareholders are Gustaf Douglas, who through family and the companies within the Investment AB Latour Group and Förvaltnings AB Wasatornet holds 11.5 percent of the capital and 30.0 percent of the votes, and Melker Schörling, who through family and Melker Schörling AB holds 5.6 percent of the capital and 11.8 percent of the votes.

Dividend

The Board of Directors propose a dividend to the shareholders of the Parent Company of SEK 3.00 per share, or a total of MSEK 1 095.2. The dividend to the shareholders for the financial year 2011, which was paid in 2012, was SEK 3.00 per share, or a total of MSEK 1 095.2. The dividend to the shareholders for the financial year 2010, which was paid in 2011, was SEK 3.00 per share, or a total of MSEK 1 095.2.

Share-based incentive scheme

Securitas' share-based incentive scheme has had the following impact on retained earnings:

MSEK	2012	2011	2010
Swap agreement[1]	-52.1[3]	-67.1	–
Redemption of previous year's swap agreement[1]	67.1	–	–
Share-based remuneration to employees[2]	0.5	4.1	–
Settlement of previous year's share-based remuneration to employees[2]	-4.1	–	–
Total	**11.4**	**-63.0**	**–**

1 Related to the whole Group's share-based incentive scheme.
2 Related to share-based remuneration for Securitas AB's employees only.
3 The number of shares that have been hedged in this swap agreement amount to a total of 809 768 and have been allotted to the participants during the first quarter 2013, provided that they are still employed by the Group.

NOTE 53 *Long-term liabilities*

LONG-TERM LIABILITIES FALL DUE FOR PAYMENT AS FOLLOWS:

MSEK	2012	2011	2010
Maturity < 5 years	6 047.1	8 473.9	7 211.8
Maturity > 5 years	3 049.3	84.7	82.4
Total long-term liabilities	**9 096.4**	**8 558.6**	**7 294.2**

NOTE 54 *Accrued expenses and prepaid income*

MSEK	2012	2011	2010
Employee-related items	14.7	11.7	27.3
Accrued interest expenses	282.8	239.3	219.3
Other accrued expenses	23.9	36.5	40.1
Total accrued expenses and prepaid income	**321.4**	**287.5**	**286.7**

NOTE 55 *Pledged assets*

MSEK	2012	2011	2010
Pension balances, defined contribution plans	82.6	74.3	72.1
Total pledged assets	**82.6**	**74.3**	**72.1**

NOTE 56 *Contingent liabilities*

MSEK	2012	2011	2010
Sureties and guarantees	53.8	56.9	56.2
Guarantees related to discontinued operations	18.6	20.7	18.9
Total contingent liabilities[1]	**72.4**	**77.6**	**75.1**

1 Guarantees on behalf of subsidiaries are accounted for in note 40.

The Board of Directors and the President declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory administration report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

The statements of income and balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting on May 7, 2013.

Stockholm, March 15, 2013

Melker Schörling
Chairman

Carl Douglas
Vice Chairman

Fredrik Cappelen
Director

Marie Ehrling
Director

Annika Falkengren
Director

Sofia Schörling Högberg
Director

Fredrik Palmstierna
Director

Susanne Bergman Israelsson
Director
Employee Representative

Åse Hjelm
Director
Employee Representative

Jan Prang
Director
Employee Representative

Alf Göransson
President and Chief Executive Officer, Director

Our audit report has been submitted on March 15, 2013
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant

(Translation of the Swedish original)

Auditor's report

To the Annual General Meeting of the shareholders of Securitas AB, corporate identity number 556302-7241

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Securitas AB for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 57-130.

Responsibilities of the Board of Directors and the CEO and President ("President") for the annual accounts and consolidated accounts
The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Securitas AB for the year 2012.

Responsibilities of the Board of Directors and the President
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 15, 2013
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant

Statement of income 2012[1]

MSEK	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Sales	15 122.3	16 377.6	16 016.4	16 523.5
Sales, acquired business	1 142.0	591.7	457.3	227.4
Total sales	**16 264.3**	**16 969.3**	**16 473.7**	**16 750.9**
Organic sales growth, %	*1*	*0*	*0*	*0*
Production expenses	-13 544.1	-14 146.4	-13 644.2	-14 025.3
Gross income	**2 720.2**	**2 822.9**	**2 829.5**	**2 725.6**
Selling and administrative expenses	-1 989.1	-2 097.9	-1 967.0	-1 974.2
Other operating income	3.1	5.6	0.1	4.0
Share in income of associated companies	0.2	1.2	0.9	0.4
Operating income before amortization	**734.4**	**731.8**	**863.5**	**755.8**
Operating margin, %	*4.5*	*4.3*	*5.2*	*4.5*
Amortization and impairment of acquisition related intangible assets	-63.5	-67.3	-96.5	-69.8
Acquisition related costs	-28.5	-36.6	16.1	-0.5
Items affecting comparability	–	–	–	-424.3
Operating income after amortization	**642.4**	**627.9**	**783.1**	**261.2**
Financial income and expenses	-134.5	-147.5	-143.3	-147.7
Income before taxes	**507.9**	**480.4**	**639.8**	**113.5**
Net margin, %	*3.1*	*2.8*	*3.9*	*0.7*
Current taxes	-134.8	-119.2	-167.8	-104.6
Deferred taxes	-16.6	-24.0	-30.0	67.4
Net income for the period	**356.5**	**337.2**	**442.0**	**76.3**
Whereof attributable to:				
Equity holders of the Parent Company	355.9	337.1	441.4	77.2
Non-controlling interests	0.6	0.1	0.6	-0.9
Earnings per share before dilution (SEK)	0.97	0.92	1.21	0.21
Earnings per share after dilution (SEK)	0.97	0.92	1.21	0.21

Statement of cash flow 2012[1]

MSEK	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Operating income before amortization	**734.4**	**731.8**	**863.5**	**755.8**
Investments in non-current tangible and intangible assets	-249.0	-270.8	-254.5	-264.9
Reversal of depreciation	235.3	241.4	231.3	238.1
Change in accounts receivable	-40.6	150.9	-409.7	504.8
Change in other operating capital employed	-501.7	-194.7	220.3	479.1
Cash flow from operating activities	**178.4**	**658.6**	**650.9**	**1 712.9**
Cash flow from operating activities, %	*24*	*90*	*75*	*227*
Financial income and expenses paid	-79.2	-306.8	-88.0	-57.9
Current taxes paid	-106.8	-257.7	-102.2	-116.6
Free cash flow	**-7.6**	**94.1**	**460.7**	**1 538.4**
Free cash flow, %	*-2*	*20*	*83*	*305*
Cash flow from investing activities, acquisitions and divestitures	-181.0	-358.4	-57.1	-80.8
Cash flow from items affecting comparability	-14.9	-9.7	-5.8	-163.4
Cash flow from financing activities	2 184.9	-1 860.4	1 880.8	-982.6
Cash flow for the period	**1 981.4**	**-2 134.4**	**2 278.6**	**311.6**

Capital employed and financing 2012[1]

MSEK	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012
Operating capital employed	**3 545.6**	**3 845.2**	**3 686.3**	**2 580.1**
Operating capital employed as % of sales	*5*	*6*	*6*	*4*
Return on operating capital employed, %	*102*	*97*	*97*	*93*
Goodwill	14 465.3	14 929.9	14 200.9	14 275.4
Acquisition related intangible assets	1 587.4	1 602.1	1 500.4	1 501.9
Shares in associated companies	108.1	106.9	105.3	108.0
Capital employed	**19 706.4**	**20 484.1**	**19 492.9**	**18 465.4**
Return on capital employed, %	*17*	*17*	*17*	*14*
Net debt	**-10 365.4**	**-11 926.2**	**-11 110.6**	**-9 864.6**
Shareholders' equity	**9 341.0**	**8 557.9**	**8 382.3**	**8 600.8**
Net debt equity ratio , multiple	*1.11*	*1.39*	*1.33*	*1.15*

1 For definitions and calculation of key ratios refer to note 3.

Statement of income 2011[1]

MSEK	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Sales	13 846.6	14 210.1	15 258.2	15 680.7
Sales, acquired business	928.3	1 417.5	1 370.5	1 345.2
Total sales	**14 774.9**	**15 627.6**	**16 628.7**	**17 025.9**
Organic sales growth, %	*3*	*3*	*4*	*2*
Production expenses	-12 232.5	-12 957.4	-13 718.7	-14 068.8
Gross income	**2 542.4**	**2 670.2**	**2 910.0**	**2 957.1**
Selling and administrative expenses	-1 832.3	-1 924.0	-1 965.7	-2 044.9
Other operating income	2.8	1.1	3.1	67.3
Share in income of associated companies	-0.5	0.0	-0.4	-1.5
Operating income before amortization	**712.4**	**747.3**	**947.0**	**978.0**
Operating margin, %	*4.8*	*4.8*	*5.7*	*5.7*
Amortization and impairment of acquisition related intangible assets	-44.3	-53.2	-56.4	-64.3
Acquisition related costs	-31.6	-47.2	-21.5	-93.2
Items affecting comparability	–	–	–	–
Operating income after amortization	**636.5**	**646.9**	**869.1**	**820.5**
Financial income and expenses	-109.3	-120.8	-129.2	-133.7
Income before taxes	**527.2**	**526.1**	**739.9**	**686.8**
Net margin, %	*3.6*	*3.4*	*4.4*	*4.0*
Current taxes	-136.6	-139.5	-194.0	-210.0
Deferred taxes	-21.0	-17.8	-27.2	4.7
Net income for the period	**369.6**	**368.8**	**518.7**	**481.5**
Whereof attributable to:				
Equity holders of the Parent Company	368.6	367.9	517.5	481.7
Non-controlling interests	1.0	0.9	1.2	-0.2
Earnings per share before dilution (SEK)	1.01	1.01	1.42	1.32
Earnings per share after dilution (SEK)	1.01	1.01	1.42	1.32

Statement of cash flow 2011[1]

MSEK	Q1 2011	Q2 2011	Q3 2011	Q4 2011
Operating income before amortization	**712.4**	**747.3**	**947.0**	**978.0**
Investments in non-current tangible and intangible assets	-216.7	-263.7	-208.9	-320.5
Reversal of depreciation	218.6	228.6	221.8	233.0
Change in accounts receivable	-258.5	-484.0	-52.6	72.5
Change in other operating capital employed	-647.1	-107.4	165.6	142.0
Cash flow from operating activities	**-191.3**	**120.8**	**1 072.9**	**1 105.0**
Cash flow from operating activities, %	*-27*	*16*	*113*	*113*
Financial income and expenses paid	-61.3	-274.1	-81.0	-58.7
Current taxes paid	-108.4	-333.2	-103.8	-218.5
Free cash flow	**-361.0**	**-486.5**	**888.1**	**827.8**
Free cash flow, %	*-78*	*-100*	*143*	*130*
Cash flow from investing activities, acquisitions and divestitures	-137.2	-839.7	-355.4	-549.7
Cash flow from items affecting comparability	-7.3	-3.2	-2.0	-11.2
Cash flow from financing activities	1 319.9	134.4	-297.1	-188.3
Cash flow for the period	**814.4**	**-1 195.0**	**233.6**	**78.6**

Capital employed and financing 2011[1]

MSEK	March 31, 2011	June 30, 2011	September 30, 2011	December 31, 2011
Operating capital employed	**3 250.8**	**4 016.8**	**3 551.2**	**3 144.6**
Operating capital employed as % of sales	*5*	*6*	*5*	*5*
Return on operating capital employed, %	*124*	*106*	*113*	*118*
Goodwill	12 808.8	13 717.8	14 645.3	14 727.4
Acquisition related intangible assets	1 051.2	1 335.7	1 381.7	1 574.1
Shares in associated companies	114.5	114.3	113.6	108.2
Capital employed	**17 225.3**	**19 184.6**	**19 691.8**	**19 554.3**
Return on capital employed, %	*21*	*18*	*18*	*17*
Net debt	**-8 384.4**	**-10 924.2**	**-10 724.6**	**-10 348.8**
Shareholders' equity	**8 840.9**	**8 260.4**	**8 967.2**	**9 205.5**
Net debt equity ratio , multiple	*0.95*	*1.32*	*1.20*	*1.12*

1 For definitions and calculation of key ratios refer to note 3.

The Securitas Share

At year-end, the closing price of the Securitas share on NASDAQ OMX Stockholm was SEK 56.70, corresponding to a market capitalization of MSEK 19 727. Earnings per share amounted to SEK 3.32 (4.75), down -30 percent compared to 2011. Adjusted for the strengthening of the Swedish krona, earnings per share declined -29 percent in real terms compared with the preceding year. Adjusted also for items affecting comparability and impairment losses earnings per share amounted to SEK 4.21 (4.75), which was a decrease of -11 percent compared to 2011. The Board proposes a dividend of SEK 3.00 (3.00) per share be paid to shareholders.

Performance of the share in 2012

At year-end, the closing price of the Securitas share was SEK 56.70 (59.40). The share price decreased by -5 percent in 2012, compared the OMX Stockholm All Share index which increased 12 percent. The highest price paid for a Securitas share in 2012 was SEK 67.30 which was noted on February 9 and the lowest price paid was SEK 47.85 which was noted on November 1.

At the end of 2012, Securitas' weight in the OMX Stockholm All Share index was 0.51 percent (0.59) and 0.72 percent (0.84) in the OMX Stockholm 30 index. During the year, the OMX Stockholm All Share index increased by 12 percent and the OMX Stockholm 30 index also increased by 12 percent.

Market capitalization for Securitas at year-end was MSEK 19 727 (20 666), which corresponded to 0.5 percent of the total value of NASDAQ OMX Stockholm.

Trading

A total of 404 million (433) Securitas shares were traded on NASDAQ OMX Stockholm, representing a value of MSEK 22 577 (27 614). The turnover velocity in 2012 was 115 percent (121), compared with a turnover rate of 74 percent (96) for the entire NASDAQ OMX Stockholm. An average number of Securitas shares traded each day was 1.6 million.

The trading on NASDAQ OMX Stockholm represented 64 percent of all traded Securitas shares in 2012. In addition to the trading on NASDAQ OMX Stockholm, Securitas shares were traded on Multilateral Trading Facilities (MTFs), such as Chi-x and BATS, as well as other trading venues. The trend towards new trading venues has increased in the past few years. During 2012, 36 percent of the Securitas shares were traded on MTF's.

Share capital and shareholder structure

At December 31, 2012, the share capital amounted to SEK 365 058 897, distributed between an equal number of shares, each with a quota value of SEK 1.00. Of these shares, 17 142 600 are Series A shares and 347 916 297 are Series B shares. Each Series A share carries ten votes and each Series B share carries one vote. The free float of the Securitas share is 87 percent.

At December 31, 2012, Securitas had 27 222 shareholders (27 011). In terms of numbers, private individuals make up the largest shareholder category with 22 967 shareholders, corresponding to 84 percent of the total number of shareholders. In terms of capital, institutional and other corporate entities dominate with 96 percent of the shares.

Shareholders based in Sweden hold 59 percent of the capital and 71 percent of the votes. Compared with 2011, the proportion of foreign shareholders in the shareholder base has increased. At December 31, 2012, shareholders outside Sweden owned 41 percent (36) of the capital and 29 percent (25) of the votes. The largest shareholdings held by foreign shareholders are in the United Kingdom and the USA, with 13 percent of the capital and 9 percent of the votes in respective country. Foreign shareholders are not always recorded in the share register. Foreign banks and other custodians may be recorded for multiple customers' shares and the actual owners are then not displayed in the register.

At December 31, 2012, the principal shareholders in Securitas were Gustaf Douglas, who through his family and the companies Investment AB Latour Group and Förvaltnings AB Wasatornet holds 11.5 percent (11.5) of the capital and 30.0 percent (30.0) of the votes, and Melker Schörling who through family and Melker Schörling AB holds 5.6 percent (5.6) of the capital and 11.8 percent (11.8) of the votes. These shareholders are represented on the Board of Directors by Carl Douglas, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg.

Cash dividend and dividend policy

The Board of Directors proposes a dividend of SEK 3.00 (3.00) per share, corresponding to a total of MSEK 1 095 (1 095). With a free cash flow averaging 80–85 percent of adjusted income and a balanced growth strategy comprising both organic and acquisition-driven growth, Securitas should be able to sustain a dividend level of 50 percent of the annual free cash flow. Based on the share price at the end of 2012, the dividend yield for 2012 amounted to 5.3 percent.

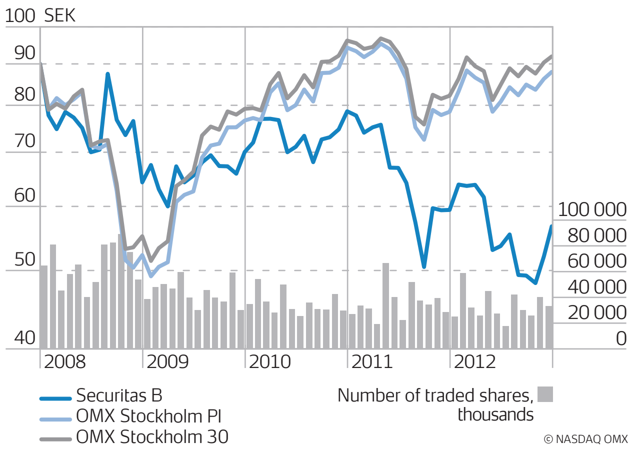
Authorization to repurchase shares in Securitas AB

The Board proposes to the Annual General Meeting 2013 that the Board be authorized to be able to resolve on the acquisition of the company's shares to be able to adjust the capital structure.

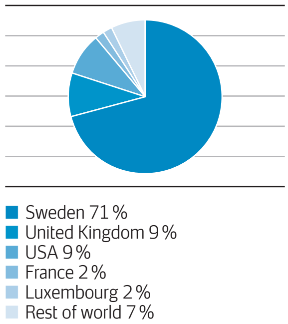
Securitas share in brief

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

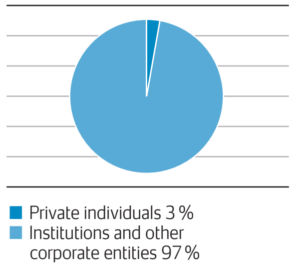
SHARE PRICES FOR SECURITAS, JANUARY 1 – DECEMBER 31, 2008–2012



SHAREHOLDERS PER COUNTRY, VOTES



SHAREHOLDERS PER CATEGORY, VOTES



LARGEST SHAREHOLDERS AT DECEMBER 31, 2012

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*
Nordea Investment Funds	0	12 915 225	*3.5*	*2.5*
Didner & Gerge Fonder	0	11 150 000	*3.1*	*2.2*
Swedbank Robur fonder	0	10 514 869	*2.9*	*2.0*
JPM CHASE NA (004471-4467)	0	8 454 755	*2.3*	*1.6*
JPM CHASE NA (004471-4475)	0	8 050 722	*2.2*	*1.5*
Caceis Bank	0	8 000 000	*2.2*	*1.5*
Carnegie Funds	0	8 000 000	*2.2*	*1.5*
Handelsbanken Funds	0	6 553 575	*1.8*	*1.3*
Total, ten largest shareholders	**17 142 600**	**119 117 846**	***37.3***	***55.9***
Total, rest of owners	**0**	**228 798 451**	***62.7***	***44.1***
Total as of December 31, 2012	**17 142 600**	**347 916 297**	***100.0***	***100.0***

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

Source: Euroclear Sweden

SHAREHOLDER SPREAD AT DECEMBER 31, 2012

Number of shares	Number of shareholders	Number of Series A shares	Number of Series B shares	*% of capital*	*% of votes*
1–500	18 681	0	2 971 378	*0.81*	*0.57*
501–1 000	3 403	0	2 875 317	*0.79*	*0.55*
1 001–5 000	3 528	0	8 473 156	*2.32*	*1.63*
5 001–10 000	599	0	4 571 878	*1.25*	*0.88*
10 001–15 000	212	0	2 726 943	*0.75*	*0.53*
15 001–20 000	122	0	2 190 381	*0.60*	*0.42*
20 001–	677	17 142 600	324 107 244	*93.48*	*95.42*
Total	**27 222**	**17 142 600**	**347 916 297**	***100.00***	***100.00***

Source: Euroclear Sweden

DATA PER SHARE

SEK/share	2012	2011	2010	2009	2008
Earnings per share[5]	4.21[1]	4.75	5.71	5.80	5.24[6]
Dividend	3.00[2]	3.00	3.00	3.00	2.90
Dividend as % of earnings per share	*71*	*63*	*53*	*52*	*55*
Yield, %	*5.3*[3]	*5.1*	*3.8*	*4.3*	*4.5*
Free cash flow per share	5.71	2.38	5.51	5.93	5.51[4]
Share price at end of period	56.70	59.40	78.65	70.05	64[4]
Highest share price	67.30	82.00	79.95	72.75	76[4]
Lowest share price	47.85	45.75	67.15	58.25	51[4]
Average share price	55.80	63.79	73.62	65.74	64[4]
P/E ratio	13[1]	13	14	12	12[4]
Number of shares outstanding (000s)[5]	365 059	365 059	365 059	365 059	365 059
Average number of shares outstanding (000s)[5]	365 059	365 059	365 059	365 059	365 059

1 Calculated excluding items affecting comparability as well as impairment losses of goodwill and other acquisition related intangible assets.
2 Proposed dividend.
3 Calculated on proposed dividend.
4 Excluding Loomis.
5 There are no outstanding convertible debenture loans. Consequently, there is no potential dilution.
6 Calculated before items affecting comparability and for continuing operations.

DEFINITIONS

Free cash flow per share: Free cash flow in relation to the number of shares outstanding.
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 velocity: Turnover during the year relative to the average market capitalization during the same period.
Yield: Dividend relative to share price at the end of each year. For 2012, the proposed dividend is used.

Financial Information and Invitation to the Annual General Meeting

Reporting dates

Securitas will release financial information for 2013 as follows:

Interim Reports 2013	
January – March	May 7, 2013
January – June	August 7, 2013
January – September	November 7, 2013
January – December	February 6, 2014

Financial information

All financial information is available both in English and in Swedish and may be requested from:

Securitas AB
Investor Relations
P.O. Box 12307
SE-102 28 Stockholm
Sweden

Telephone: +46 10 470 30 00
Fax: +46 10 470 31 22
E-mail: ir@securitas.com
www.securitas.com

Investor Relations activities conducted in 2012

Securitas participated in investor meetings, investor conferences and roadshows in Brussels, Chicago, Copenhagen, Edinburgh, Frankfurt, London, New York, Paris, San Francisco and Stockholm throughout the year. Securitas also participated in shareholders' meetings arranged by the Swedish Shareholders' Association.

Financial analysts who cover Securitas

COMPANY NAME	NAME
Bank of America Merrill Lynch	Andrew Ripper
Barclays	Paul Checketts
Carnegie	Mikael Löfdahl
Cheuvreux	Niklas Kristoffersson
Citi	Ed Steele
Credit Suisse	Andrew Grobler
Danske Equities	Peter Trigarszky
Deutsche Bank	Sylvia Foteva
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	Virginie Ducruc
Nordea	Johan Grabe
RBC Capital Markets	Andrew Brooke
Swedbank	Sven Sköld
UBS	William Vanderpump

Annual General Meeting of shareholders in Securitas AB (publ.)

The shareholders in Securitas AB are hereby invited to attend the Annual General Meeting ("AGM") to be held at 4.00 p.m. CET on Tuesday May 7, 2013 in Grünewaldsalen, Konserthuset, entrance from Kungsgatan 43, Stockholm, Sweden. Registration for the AGM begins at 3.00 p.m. CET.

Notice of attendance

Shareholders who wish to attend the AGM must:
(i) be recorded in the share register maintained by Euroclear Sweden AB (Euroclear), made as of Tuesday, April 30, 2013:
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/agm2013,
by Tuesday, April 30, 2013, at the latest.

On giving notice of attendance, the shareholder shall state name, personal identity number or equivalent (corporate identity number), address and telephone number. A proxy form is available on the company website www.securitas.com/agm2013 and will be sent by mail to shareholders informing the company of their address and their wish to receive a copy of the proxy form. Proxy and representative of a legal person shall submit papers of authorization prior to the AGM. As confirmation of the notification, Securitas AB will send an entry card, which should be presented at registration for the AGM.

In order to participate in the proceedings of the AGM, owners with nominee-registered shares must request their bank or broker to have their shares temporarily owner-registered with Euroclear. Such registration must be made as of Tuesday, April 30, 2013 and the banker or broker should therefore be notified in due time before said date.

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Rob Scarr: Page 23.
Britt Lindqvist: Page 25.
Jeanette Bergström: Page 39.

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