Annual Report 2008

SECURITAS

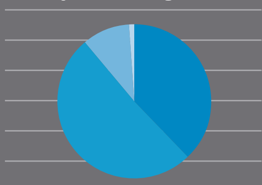
◀ Mark Davies and Jenny Campbell, both Securitas employees, discussing security concerns with Carrie Rackstraw, Business Development Manager for our retail segment at Securitas U.K./Ireland, at Westfield shopping centre in West London in the U.K.

Gamze Sarikoca with Securitas Turkey, discussing security issues with her colleague Ersoy Gezer at the Kanyon shopping mall in Istanbul, Turkey. ▶

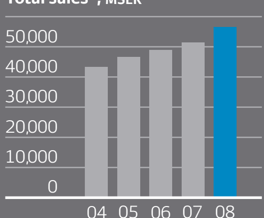
This is a translation of the original Swedish Annual Report. In the event of differences between the English translation and the Swedish original, the Swedish Annual Report shall prevail.

Markets where Securitas has operations: Argentina, Austria, Belgium, Canada, Chile, China, Colombia, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Hong Kong, Hungary, India, Ireland, Luxembourg, Mexico, Norway, Peru, Poland, Portugal, Qatar, Romania, Serbia, Slovakia, Spain, Sweden, Switzerland, The Netherlands, Taiwan, Thailand, Turkey, United Arab Emirates, Uruguay, the United Kingdom and the USA.

Sales by business segment, %

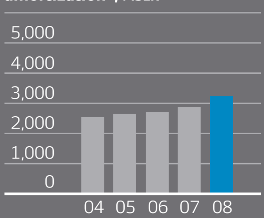


Total sales*, MSEK



*Continuing operations

Operating income before amortization*, MSEK



*Continuing operations

Offering

Securitas services a wide range of customers in a variety of industries and customer segments, ranging from governments, airports, infrastructure, office buildings, banks, shopping centers, hotels, manufacturing industries, mines, hospitals and residential areas to high-tech and IT companies. The size of the customers varies from the 'shop on the corner' to multi-billion industries.

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

Read more about our offering on pages 6–17

Size

Securitas employs some 240,000 people in 37 countries. In 2008, total sales from continuing operations in the Securitas Group amounted to MSEK 56,572, and operating income from continuing operations amounted to MSEK 3,271.

Read more about our business on pages 18–29

Markets and Organization

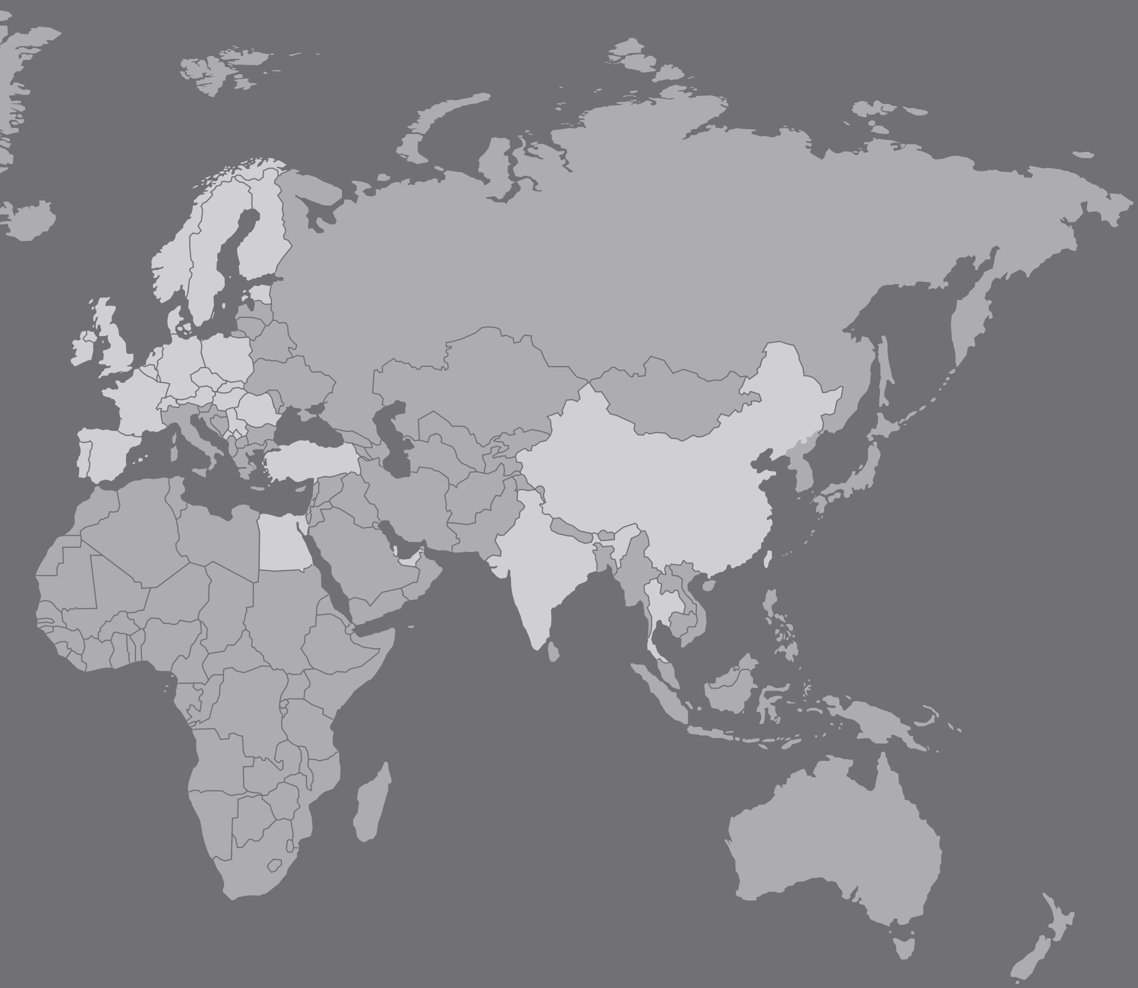
Securitas operates in North America, Latin America, Europe, the Middle East and Asia. Securitas organizes its operations in a flat, decentralized structure with the business segments: Security Services North America, Security Services Europe, and Mobile and Monitoring.

Security Services North America provides security services in the USA, Canada and Mexico, with over 600 branch offices and more than 100,000 employees. Securitas' market share is 16 percent in this region.

Security Services Europe provides security services in 23 countries with more than 800 branch offices and 110,000 employees. Securitas' market share is 17 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 eleven countries with 8,900 employees and 270 branch offices. Monitoring, also called Securitas Alert Services, offers electronic alarm surveillance to both homes and businesses. Securitas Alert Services operates control rooms in ten countries in Europe and has 900 employees. Together, Mobile and Monitoring's market share is 17 percent in this region and for these types of service.

Read more about the market on pages 30–33 and our management and organization on pages 34–37



History

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

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

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

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

Read more about our history on our website www.securitas.com

Financial targets

Securitas focuses on two key financial targets: earnings per share annually with an objective to reach an average 10 percent growth in earnings per share, and free cash flow in relation to net debt with an objective for the relation to be at least 0.20.

Read more about our financial targets and their definitions on pages 36–37 and 64–65

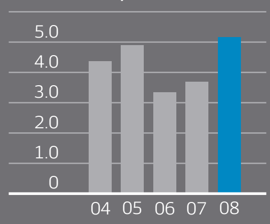
Shareholders

The Securitas share has been listed on the Stockholm Stock Exchange, now NASDAQ OMX Stockholm, since 1991. Securitas has 27,600 shareholders. At year-end, institutional investors accounted for 96 percent of the total share capital. Shareholders outside Sweden accounted for 42 percent of the capital and 29 percent of the votes.

The principal shareholders are Gustaf Douglas, who through Investment AB Latour, Säkl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB holds 11.6 percent of the capital and 30.0 percent of the votes and Melker Schörling, who through Melker Schörling AB holds 5.6 percent of the capital and 11.8 percent of the votes.

Read more about our share and owners on pages 44–47

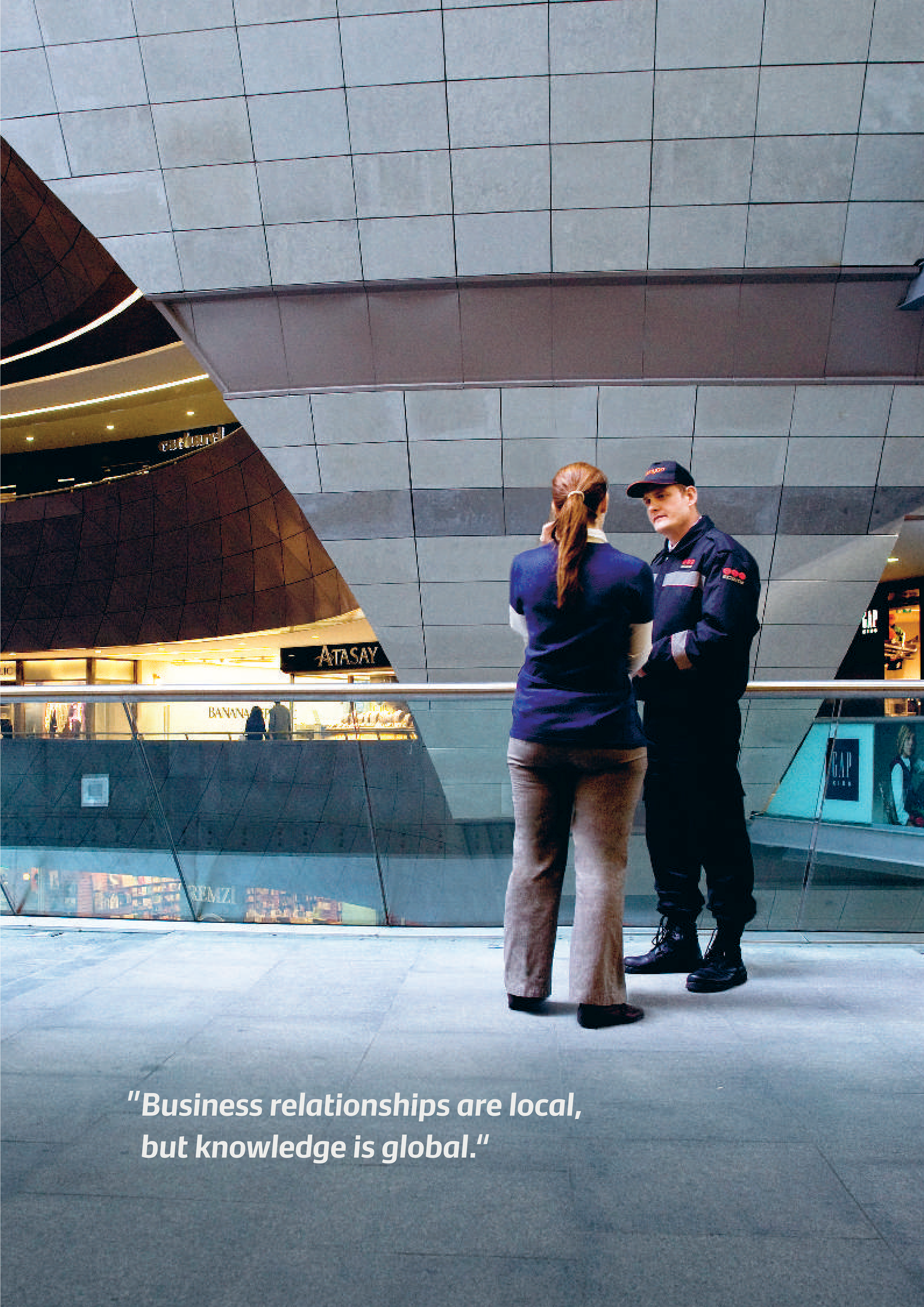
Earnings per share after dilution*, SEK



*Continuing operations

Free cash flow to net debt*

*All operations



"Business relationships are local, but knowledge is global."

Leading the Security Industry

Our shift in focus from acquisition-driven expansion to profitability and organic growth has proven to be the right path and is reflected in our results for 2008. We will continue along this route and be selective with regard to acquisitions. We will develop our security expertise, invest in training and increase our customer focus through specialization. This is our responsibility as a market leader.

Strong year for Securitas
Securitas' organic sales growth in 2008 remained unchanged at 6 percent compared with 2007. Operating income improved by 13 percent compared with the preceding year and the operating margin improved by 0.2 percent to 5.8 percent. Earnings per share before items affecting comparability, all operations, was SEK 6.42. This should be compared to our stated base earnings per share of SEK 5.36 for 2007, which is well above our financial target of 10 percent annual improvement. The free cash flow in relation to net debt was 0.21, which is in line with our financial objective of at least 0.20. Overall, 2008 was a strong year for Securitas.

Sales growth in line with market
Security Services North America reported organic sales growth of 3 percent in 2008, which is in line with the growth reported in the North American security market. However, organic sales growth decreased to 1 percent in the fourth quarter as a result of reductions in new sales and some customers requesting that their existing contracts be downsized. Security Services Europe's organic sales growth in 2008 was also in line with market growth at approximately 7 percent. In Europe, certain customer segments, primarily aviation, construction and retail, experienced a decline in the fourth quarter. In Mobile and Monitoring, organic sales growth continued to improve compared with the previous year.

The most important factor determining our organic sales growth in Europe is our strategy of prioritizing profitability over volume. This strategic choice is supported by the implementation of a higher degree of specialization in our operations, the sharing of knowledge and best practices, and further investments in the development of security expertise and security solutions. These efforts provide a long-term basis for ensuring that our price increases remain approximately in line with wage cost development, which was the case in all business segments during 2008.

Alf Göransson, President and CEO.

Improving operating margins
The operating margin in the Group improved compared with the previous year. In Security Services North America, the operating margin increased by 0.5 percent to 5.7 percent as a result of consistent and systematic work primarily involving the management of the contract portfolio. In Security Services Europe, the operating margin remained about the same for 2008. As expected, the acquired operations in Germany, consolidated as of June 30, 2008, negatively impacted the operating margin

during the second half of the year. The integration proceeds according to plan. Aviation, part of Security Services Europe, showed a positive trend and contributed to maintaining the operating margin of Securitas' European guarding operation.

In Mobile and Monitoring, the operating margin improved in the second half of the year. The first six months were not as strong, as we invested in building a more powerful sales organization and opening new mobile routes. In 2009, we will focus on optimizing these investments.

Loomis listed
As planned, Loomis was distributed to the shareholders of Securitas and listed on the NASDAQ OMX Stockholm on December 9, 2008.

The market leader sets the standard
If we opted not to prioritize profitability over volume, our margins would erode in Europe, North America and Latin America. As the market leader in several markets, it is our responsibility to lead the way and to work actively to maintain the balance between price increases and wage cost increases. The price we sometimes have to pay is lower organic growth.

Although we were successful in maintaining the price and wage balance in 2008, this challenge will likely become even more difficult during 2009. Our customers are facing increasing cost cutting demands fueled by the global recession. In such an environment, focusing on profitability rather than growth is not a defensive measure. It is crucial to support our customers in optimizing their total spendings in security solutions in these times.

I could easily paint a dark picture of the coming year. However, harsh conditions favor strong security companies that are able to continue investing and developing. At Securitas, we grow in good times and in bad. Now that the financial market is unfavorable, it is time for us to play a leading role, to work even harder and to take advantage of all the opportunities that are arising.

"By focusing on our core business, we add...

Important figures and events during 2008

- Total sales of MSEK 56,572 (51,536).
- Income before taxes of MSEK 2,617 (1,889).
- Net income, continuing operations, totaled MSEK 1,890 (1,354).
- Net income, all operations, amounted to MSEK 2,322 (526).
- Organic sales growth of 6 percent (6).
- Operating margin improved from 5.6 percent to 5.8 percent. Security Services North America improved to 5.7 percent in 2008, compared with 5.2 percent in 2007.
- Earnings per share, continuing operations, totaled SEK 5.18 (3.70).
- Earnings per share, all operations, amounted to SEK 6.36 (1.44).
- Earnings per share before items affecting comparability, all operations, was SEK 6.42, which should be compared to our stated base earnings per share of SEK 5.36 for 2007.
- Proposed dividend of SEK 2.90 (3.10*).
- Loomis distributed to the shareholders in Securitas and listed on the NASDAQ OMX Stockholm on December 9, 2008.
- Total acquisitions with annual sales of BSEK 1.6 and approximately 15,000 employees.
- Largest acquisition during 2008 was G4S Germany's guarding and monitoring operations, which supplemented the existing German operation in terms of customers and geography.
- Smaller acquisitions during 2008 included Agency Security Fenix (Czech Republic and Slovakia), CPI Security Group** (Romania), El Guardian (Argentina), Eureca Benelux Services (Belgium), Eureca (Satworld) (the Netherlands), FM Seguridad (Chile), Grupo Guardias Blancas (Mexico), GRB Security (U.K.), LuxTracing (Luxembourg), Polic Secuforce (Hong Kong), Purzeczko (Poland), SATS and Servicios de Seguridad (Uruguay), SCP International (Serbia), SH Safe Home (Switzerland) and S.O.B Objektschutz (Germany).

* In comparing the dividend of SEK 2.90 with previous year's dividend of SEK 3.10, this year's proposed dividend from Loomis AB must be considered.
** Acquisition of the remaining outstanding shares in CPI Security Group in Romania which was acquired in April 2007. Securitas is now the sole owner of the company.

…value and provide knowledge to our customers."

There are three cornerstones to our strategy: higher degree of specialization, expansion of Mobile and Monitoring and increased global presence.

Specialization – focusing on what we do best
We believe in specialization, in working to develop our security offering and the added value it provides, rather than diversification and bundling our offering into a variety of facility management concepts. We simply believe in focusing on what we know and do best, in staying true to our core business as it is represented in Securitas' traditions, management philosophy and history. Our objective is to be better at providing security than any other player in the security industry, not to divert our attention from the core security services we provide. We transform the concept of specialization into tangible results for our customers by segmenting our operations, increasing security and technical knowledge, sharing best practices, and adding volume and knowledge through acquisitions.

Segmenting our operations to a higher degree enables us to specialize our branch offices by customer segments, such as retail, education, banking, media, public transport, healthcare, and aviation, and is fundamental in terms of developing and providing even better services. Segmentation also enables cross-fertilization of good ideas and solutions. We have seen increasing evidence that segmentation generates stronger margins in Securitas. However, volume and density are required to make segmentation economically feasible. While the majority of our business will maintain a geographic focus for many years to come, sales of specialized services that are functionally organized by customer segments will gradually grow.

Increased security and technical knowledge is another key aspect of specialization. Extensive training programs and Securitas academies will be initiated in 2009 aimed at further improving our security knowledge on all levels, from competence in risk analysis and risk assessment, security solutions and combined solutions including technology to patrols, alarm monitoring, call-out services and permanent guards on site. To increase our technical knowledge, we also employ advisors and technical experts to evaluate and improve our customers' use of security technology. By continuously developing knowledge and in-depth technological insight, we are able to optimize our customers' increasing need for security. We are also able to achieve maximum security for the money allocated. We understand that business is local, but knowledge is global.

Sharing best practices enables us to realize the untapped potential of the expertise that already exists in our large organization. Using modern communication, our best practices are made available to our employees as well as customers. On our corporate website, www.securitas.com, we share best practices of security solutions around the world.

Adding volume and knowledge through acquisitions will allow us to enhance our capabilities and knowledge and to add volume and density in certain regions to make it financially possible for us to further specialize by segmentation.

Mobile and Monitoring – investments for higher growth
During the past two years, we have invested in Mobile and Monitoring by employing approximately 80 sales professionals, opening new patrol routes, investing in Track and Trace product development and implementing a number of acquisitions. Our objective is to initiate higher growth than we have achieved historically. This work has certainly paid off as organic sales growth has improved from 4 percent in 2006 to 8 percent in 2008. In 2009, we intend to optimize the sales investments already made before adding any additional sales resources.

Global presence – growing with existing customers
The third cornerstone of the Securitas strategy is to expand our global presence to provide our customers worldwide with Securitas' high quality security services. In Latin America, we have successfully built a security services business with almost 20,000 guards at the end of 2008 and a leading market position in Argentina and Uruguay. We have

The cornerstones of our strategy

Higher degree of specialization

Our core business is security services and we continuously work to increase the degree of specialization in these services in order to add value. Combined with our efforts to further customize our offering by customer segment, this enables us to climb the value chain. Specialized services create increased benefits for our customers and have a positive effect on our business.

Expansion of Mobile and Monitoring

By investing in our sales force and through acquisitions, our Mobile and Monitoring has grown during the past few years.

Increased global presence

To provide service for our global customers in new markets, such as Latin America, Asia and the Middle East, we are selectively acquiring security services companies in these markets.

had a presence in India since the end of 2007 and in China, Taiwan, Hong Kong, the United Arab Emirate, Qatar and Egypt we have taken our first steps during 2008. In Eastern Europe, we have added Serbia and Slovakia to the Group.

Positive approach and a clear-cut strategy

During times of recession, it is sometimes tempting to resign or make excuses. Companies do not improve as a result of negative, scared or depressed managers and employees. Companies are improved, both in times of economic boom and during recessions, by employees who take a positive approach and follow a clear-cut strategy.

Companies are improved by managers and employees who ask themselves every day, "How can I make a difference for my customer?" Securitas is such a company and this makes me confident and optimistic about the future.

Stockholm, March 10, 2009

Alf Göransson
President and CEO Securitas AB

Effective Security Solutions Tailored to Customer Needs

Securitas protects homes, workplaces and society. Our core business is guarding services and the main service offering categories are specialized guarding, mobile services, monitoring and consulting and investigation services.

Specialized guarding – wide range of services
Securitas provides a wide range of guarding services in 37 countries for a variety of industries and segments, ranging from governments, airports, infrastructure, office buildings, banks, shopping centers, hotels, manufacturing industries, mines, hospitals and residential areas to high-tech and IT companies. The size of the customers varies from the 'local shop on the corner' to global multi-billion industries.

The services provided by our security officers range from mobile patrols, access control, fire prevention, receptionist/concierge, monitoring and call-out services to specialized, site-specific duties.

Securitas is committed to delivering the most effective security solutions tailored to each particular customer's needs. While a security solution always includes deployment of qualified security officers, the following components are often used in combination to create an optimal solution:

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

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

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

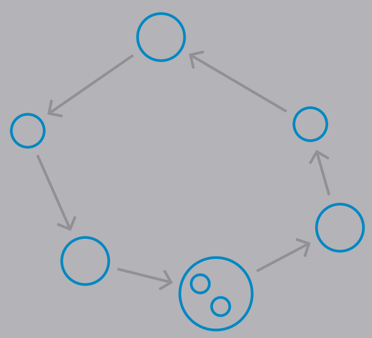
In Europe, Securitas provides tailor-made services for such sectors as the retail industry, public transportation and logistics. In addition, there are specialized aviation security solutions that service airports, airlines and airport-related businesses. These include such services as security screening of passengers and baggage, cargo security, document screening and aircraft search and guarding.

Mobile services – cost-effective solutions
Mobile provides cost-effective solutions for small and medium-sized businesses that do not need a 24-hour security service. One security officer typically attends to the needs of 20–30 customers within a limited geographical area during one shift, performing regular external and internal patrols, alarm activations, and opening and closing of premises. Through their local presence, the security officers also serve as a crime deterrent and are close at hand for alarm response calls. In metropolitan areas, Mobile also provides city patrols and special alarm response units.

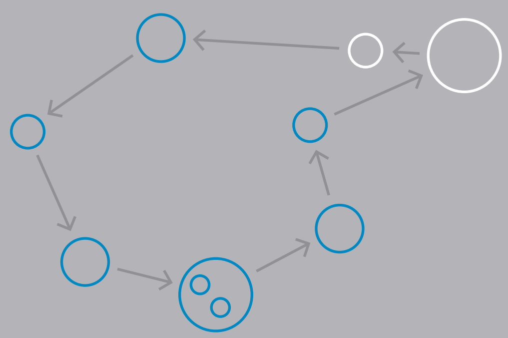
Monitoring – complete alarm service offering
Monitoring, also called Securitas Alert Services, provides monitoring services to businesses, homes and private individuals. The services include alarm monitoring, verification and alarm response. In addition, Securitas provides Track and Trace services for for example cars and trucks, using the latest GPS and mobile phone technology.

Consulting and investigations
The wholly-owned subsidiary Pinkerton Consulting & Investigations provides a range of specialized services, such as due diligence, background checks, security assessments, brand protection, intellectual property protection, executive protection, investigations, cyber surveillance, computer forensics, social compliance and IT security.

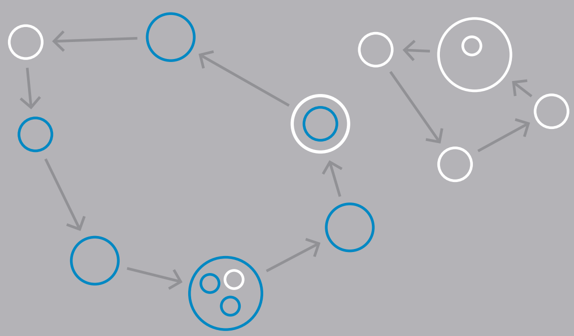
The Business model for Specialized Mobile Security Services



The assignment and route. Mobile services is a cost-effective solution for small and medium-sized businesses. One security officer serves multiple customers during one shift, some larger and some smaller, within a limited geographical area. In this particular route, the largest customer is an industrial park with a cluster of customers at one location. The assignments vary and include carrying out internal or external beat patrol, checking alarm systems, and opening and closing of business premises. Crime prevention actions can also be complemented by value-added services, such as checking equipment and machinery. In addition, the security officer's presence in the area allows for fast call-out services, should an alarm go off.



The route grows with specialized services. Sales efforts are directed to potential customers in the area of the route since adding more customers in the same route improves our profitability. In this case, two new customers are added. Securitas is on the forefront of developing tailor-made concepts for small and medium-sized customers, such as the environmental service concept. In this concept, the security officer helps reduce the energy consumption by shutting down energy-consuming equipment at night while on patrol. For the customer, a security presence is complemented by the added value of saving money and the environment.



Create new growth – one route grows into two. There comes a point when one route is more or less full and the security officer cannot cover more customers during the shift. Having a full route is very good from a profitability perspective, but as demand grows, one route needs to be split into two. For Securitas, this is an investment, since starting new routes is necessary for continued growth. The environmental service concept and other specialized concepts contribute to existing sales efforts. Securitas targets potential customers surrounding the original route, as well as expanding the existing route.

- Existing customers, size of circles illustrates time spent at the location.
- Clusters of smaller circles at one location indicate several customers at one location, for example an industrial park.
- A white circle indicates that a new customer has been added.

Specialized Services a Competitive Advantage

Every industry has its own, specific security challenges. We can leverage our extensive knowledge in security with insight into specific industry-related challenges, enabling us to provide added value for our customers.

Understanding customers' needs
Securitas services a wide range of customers in a variety of industries. They range from governments, airports, shopping centers, hospitals and residential areas to IT companies. Our customers face different risk situations, depending on the environment of the particular industry, and therefore have different security needs.

Years of experience in servicing customers in various customer segments, and within these segments several similar industries, have proven to us that the need for more tailor-made security solutions is strong. The benefits of specialization, both for the customer and for us, are also evident. These conclusions have resulted in our strategy towards specialization. We recognize the differences between customer segments and industries in terms of risks, needs and solutions. Within each industry, we also take advantage of the similarities, no matter the location, to reap the benefit of duplicating the solution. For example, a public hospital in Spain has similar security needs to one in Norway and an insurance company in Canada has similar needs to one in Germany. Understanding our customers' needs and specific industry-related requirements gives us a competitive advantage.

Degree of specialization depending on market
Securitas is present in 37 countries and the security services offerings differ from country to country, depending on the market and the level of market maturity. In some countries, we are specialized in certain customer segments that are predominant in that particular country, with a dedicated organization servicing those industries. At present, we service 20 main customer segments in most countries in which we have a presence.

Small and medium-sized enterprises We provide customized security solutions to small and medium-sized businesses, for example in retail, office premises and the service sector. This may include small operations, such as the office of an optician, architect or dentist.

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

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

Public All public agencies, such as municipalities, city councils, national government authorities and international bodies, need security and this may vary from country to country as well as within a country.

High tech Our customers in this segment represent everything from telecom companies, IT companies and network providers to fine electronics companies.

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

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

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

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

Maritime In a seaport, there are many areas where security is needed and where strict regulations are in place. The seaport itself is often our customer, but our customers also include shipping companies and supply chain companies.

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

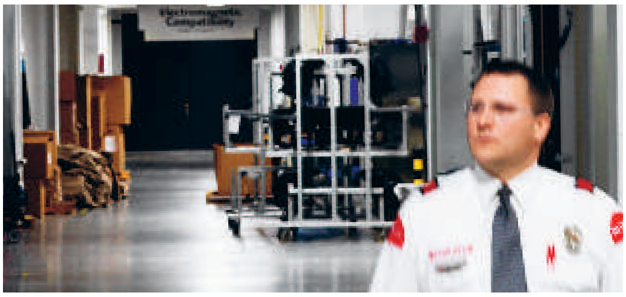
Education Schools and universities have both tangible and intangible assets to protect, but above all, the students, teachers and other visitors need to be secure.

Hotels/Tourism Our customers in this segment are hotels, travel agencies, tour operators and various companies in the leisure industry, such as golf courses and ski resorts.

Events The common denominator in this segment is that we provide security solutions for a defined and limited period of time. This could involve security services for a sporting event, such as the soccer World Cup, a music festival or a week-long food festival.

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

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



Industry/Manufacturing – Case #1 page 10

This segment consists of all heavy industry extraction, production, manufacturing and processing, for example in the steel industry, mining industry, pulp and paper industry as well as companies within chemicals, pharmaceuticals, food and the automotive industry.

Entertainment – Case #2 page 12

The entertainment segment includes broadcasting companies, the motion picture industry, amusement parks, casinos and other companies in the entertainment industry.

Retail – Case #3 page 14

Our customers in the retail segment range from department stores, shopping centers to retail chains. They may be multi-storey department stores with different needs under one roof, a shopping mall containing numerous small and large stores and restaurants, or a clothing chain, restaurant chain or after-hours supermarkets.

Health care – Case #4 page 16

Within the healthcare sector, the security needs vary depending on whether the facility is a hospital, a primary care facility or a retirement home. Hospitals may also vary; some are emergency treatment centers while others are specialist clinics. The security services need to be tailored accordingly.

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

Global Partnership for Advanced Security Solutions

Over the years, Visteon's security program has been developed in close collaboration with Securitas. Visteon and Securitas are now strategic partners and the ongoing learning experience is naturally invaluable to both parties.

Securitas is by far the largest security supplier to Visteon. According to a statement made by Brian King, Visteon's Global Director of Security and Fire, this is because "most security companies, even global competitors, focus exclusively on managing guards. Securitas does so much more and in a flexible way. With the help of KPI (key performance indicators), we audit our officers and supervisors every month. Based on the audit findings, we then produce action plans to correct issues and ensure the quality of our program. Securitas conducts its business in a truly proactive way, which suits our needs perfectly. There is no culture of hiding problems, but instead a truly holistic approach to making continuous improvements that benefit our business."

Brian King further explains, "The security officers work for Securitas, of course, but I look at them as Visteon employees sharing the same values that we have."

Visteon Corporation designs, manufactures and supplies the automotive industry with innovative components, such as climate control, interiors, electronics and lighting. Formed in 1997 as an auto parts supplier for Ford Motor Company, Visteon is now a Fortune 500 company with a diversified customer base with sales revenue totaling USD 9.5 billion in 2008. The company is located in 27 countries with 160 facilities and more than 33,500 employees. The North American Corporate Office, where Brian King works, is located in Van Buren Township in Michigan in the U.S., where Securitas provides security officers who assist in safeguarding 2, 500 employees through monitoring of cameras, weather and other proactive measures. This location also serves as a global communications hub for global incident reporting.

Risk assessment of facilities

As a strategic partner to Visteon, Securitas is involved in risk assessments for Visteon properties around the world. Securitas' involvement in facility development, whether new construction or an existing facility, allows Visteon to design the most cost effective security measures that meet company objectives.

Global damage prevention

At the Visteon Corporate Offices, Securitas' global command staff monitors and tracks world events. By knowing where global natural disasters are occurring and staying up to date as they unfold, we can monitor the potential impact to Visteon sites and provide awareness reports. Taking a proactive approach to these global events allows Visteon to act to avoid damage, safeguard employees and minimize operational disruptions.

Personnel protection

Securitas protects key employees who travel or live in countries where identified security risks are of a concern. Meeting with embassies and participating in intelligence briefings, Securitas does the research to ensure that these individuals get the right level of protection. In addition to external sources, we interview our regional Prevention Managers to evaluate the specific and current threats in a region to customize an individual's protection plan.

Protection against workplace violence

Securitas works to ensure a safe workplace by protecting employees and providing specific awareness training to employees. In Visteon's case, Securitas suggests where to place cameras and security officers for optimal monitoring and response. For short term or unique events, we may partner with behavioral scientists.

Protecting proprietary information

We offer a program for protecting proprietary information that includes performing investigations of stolen parts and fraud investigations to prevent unlawful conduct. Securitas performs random audits of Visteon's offices and facilities to ensure that sensitive information is kept secure and the design process is protected. We also oversee and audit Visteon's property pass program which documents all property, prototypes and parts leaving Visteon's premises.

Our Security officer Andy Price performs interior beat patrol
at Visteon's North American corporate office in Michigan, USA.

Security Officers Key to a Great Experience

Securitas has been NBC/Universal's largest provider of security services for many years. Brian Brady, Vice President Corporate Security at NBC/Universal Studios, reveals, "I am happy with Securitas. It's my first choice. "

"Since risk conditions can change fast, flexibility is crucial – and that is what we found in Securitas," Brady explains. "We are in a partnership that is beneficial for the both of us, and it shows. This is a people business, and Securitas understands that. I need to know that the security officers are loyal to us and knowledgeable about the property and risks involved in our business, so that we deliver quality security services to our visitors and employees, and with Securitas I feel safe. The security officers are very friendly and proud of their jobs and they are seen as a part of the dedicated NBC/Universal team. Even when I need to recruit someone to my own department, I ask a representative from Securitas to join me in the interview."

NBC/Universal is one of the largest media and entertainment companies in the world, producing motion pictures and television shows and operating a leading television stations group and world-renowned theme parks for example in Los Angeles, California. At Universal Studios, part of NBC/Universal, the company's sprawling, 386-acre property is dedicated to movie fans and movie makers. Part of the site known as the "upper lot" is a spectacular amusement park open to the public, where up to 60,000 visitors dine, shop and enjoy rides and movie-related entertainment every day. In another area of the site known as the "lower lot," which is not open to the public, new movies are filmed on the studio's soundstages.

The two adjacent lots provide a variety of security challenges, from access, crowd control and preventing intellectual property theft to providing security for a day-care unit for Universal employees' children. The solution includes a comprehensive camera system and 500 security officers cross-trained for all functions on both lots.

Piracy prevention
Counterfeiting products is a major concern and a separate group has been established to deal with this issue. At the lower lot, where movies, television programs and commercials are made, the main concern for Universal Studios is the risk that movies in progress could be copied.

Fire safety
Securitas has helped to develop a new fire-prevention program in cooperation with the LA County Fire Department.

Executive protection at special events
In collaboration with the U.S. Secret Service and the Los Angeles sheriff's department, fire department and bomb squad, Securitas provides executive protection at various events with high-profile guests. This includes guarding gates, hotels and transportation, the security at the location and traffic control.

Badges
The badge office is key – it is here that access to various areas is granted and controlled.

Monitoring room
The security officers in the monitoring room can follow everything captured on the numerous CCTVs placed throughout the upper lot.

Protecting visiting companies
The NBC/Universal lot is visited regularly by other television networks that require a lock-down facility where they do not have to worry about paparazzi and other risks.

Authorized access
Access to the lower lot is restricted to authorized employees and a number of sophisticated systems are in place for tracking and updating information about them.

Estuardo Turcios, one of Securitas' security officers at Universal Studios in Los Angeles California, is helping a visiting family with directions.

Comprehensive Security Solutions for Expanding Retail Chain

A combined security solution including technology components and mobile security services has proven to be the right recipe for the Freitas Supermercados supermarket chain in northern Portugal.

A supermarket chain such as Freitas, with 230 employees, is exposed to the same risks as any other retail customer: fire, intrusion, robberies, flooding and electricity failure. After only one intrusion incident, albeit a highly serious one, at one of the company's stores, Freitas Supermercados contracted Securitas to upgrade its security level. Luis Freitas, Founder, Owner and CEO of the company, explains, "My rationale for contacting Securitas was simple: my existing intrusion alarm could easily be connected to the Securitas Monitoring Center, which would allow for call-out service, and a night patrol could be added. Also, I wanted a supplier that would be there in the long term and not go bust on me. Securitas' international brand name and solid reputation here in Portugal are important to me since I feel security is about prevention and deterrence."

Gradually, as Freitas Supermercados opened new stores in the area, the contract expanded and a winning formula was found. "I don't have to worry about security problems anymore. I have completely transferred them to Securitas – now they take care of our security issues," Freitas continues.

Freitas Supermercados and Securitas are now planning a security solution for a series of new stores opening in the first quarter of 2009 while they are being built. "I have chosen a supplier that also has the capability of growing with us, to follow us as we expand," Luis Freitas concludes.

Interior patrolling
Freitas stores are open from 9 a.m. to 10 p.m. every day. During closing hours, each store has one interior patrol per night, which is executed at a different time each night. The security officer makes sure that alarms are switched on, the lights are switched off, and that nothing is out of order on the floor. The round also includes checking that grills are switched off and that the fridge and freezer systems work.

Exterior patrolling
In 2008, the Freitas Group opened a large warehouse and logistic center. Here, Securitas supplies exterior night patrols that complement the security systems in place.

Call-out services
All facilities are equipped with intrusion alarms that are connected to a Securitas Monitoring Center. In the case of an alarm, a mobile security officer is sent out to the facility.

Technical security solutions
In addition to intrusion alarms, three of the facilities are also equipped with fire-detection systems and CCTVs, including alarm-response services.

Fire prevention
The fire-detection system is monitored and checked by the mobile security officer while on patrol. During the last four years, only one fire incident has been reported when a short circuit resulted in a fire that was put out by the security officer.

Maintenance of security equipment
The contract includes maintenance of all technical equipment, which is carried out regularly by Securitas' sub-contractors.

Combined security solutions
All technology, maintenance, patrols and response services are combined into one contract, which means that the customer has one single point of contact at a fixed fee.

Euclides Vieira, a mobile services supervisor, at Freitas Supermercados in northern Portugal patrols during nighttime in one of the supermarkets, making sure that everything is in place.

Keeping Peace at the Hospital

At VieCuri Hospital in Venlo in the Netherlands, Securitas provides a specialized security solution that includes specially trained security officers around the clock. An environment frequently exposed to human emotions, the hospital has proven that this tailored solution works; the number of aggressive incidents has dropped from 306 in 2004 to 22 in 2008.

The security officers working on the site all have special health care security training, including conflict management and first aid. Ton Heershop, Head of Security, Safety and Environment, explains, "As a security officer in a hospital, you have to be able to deal with a lot of emotions and people in distress. I've visited many other hospitals in the Netherlands and, for the most part, the security forces there are highly authoritative. Securitas is the only company in the Netherlands that fully understands our needs."

In August 2008, hospital was renovated to create a warm, open and secure atmosphere for its patients and visitors. "What really helps is the close location of the security dispatch center at the entrance of the emergency room, where a security officer is stationed," Heershop continues. "The reduction in incidents we've seen has a lot to do with the new design of the building, but most of all, it is because of the people from Securitas."

The emergency room is now equipped with bulletproof glass and functions as a night reception for the entire hospital between 10 p.m. and 7 a.m., with the Securitas officer acting as the receptionist. This is the heart of the security operations at the hospital, with 20 surveillance cameras, intrusion alarms and panic buttons. An average of 5 to 10 occurrences are handled here on a daily basis and vary from day to day.

VieCuri Hospital in Venlo is one of two public health care facilities managed by a foundation. The 450-bed building houses a full-service hospital in the region of Noord-Limburg, and provides a means of managing a capital disaster in the region.

Monitoring services

A security officer mans the dispatch center located at the entrance of the emergency room around the clock, monitoring intrusion alarms, the CCTV system, fire-prevention system and panic buttons. In case of an alarm response, the officer can dispatch another on-patrol security officer to the location. The dispatch room also functions as a night reception for the hospital.

Assisting in emergency situations

If one of the hospital's six ambulances arrives with an injured patient in distress, a security officer assists at the reception and entrance to the hospital.

Direct helicopter landings

The security officers are trained to receive and direct all incoming helicopters landing at the hospital's helipad, helicopters that may be transporting a severely injured patient or donor organ. The security officer also assists in the transfer to the hospital.

Parking-lot surveillance

For three years, the hospital's 700 visitor parking spaces and 500 employee parking spaces have been monitored by Securitas and a group of parking attendants from the hospital. In 2006, the hospital raised the level of security in its lots by installing bars and starting to charge for the visitor parking. The parking fees allowed for a heightened level of security and helped reduce the number of parking-lot incidents from 4–5 per week to five in total during the past two years.

Alarm response

The new hospital lobby houses shops and a public pharmacy that are equipped with intrusion alarms and panic buttons connected to the dispatch center in the emergency room. In addition, panic buttons have been installed in the reception area, the customer-care center and the emergency room. One security officer is constantly on patrol and can respond quickly to an alarm.

Fire prevention

Regular equipment checks are performed by the Securitas officers during their patrols. Twice a year, a fire drill is conducted in cooperation with the local fire department.

Our security officer Marc Jessen helps out receiving an injured patient that just arrived at the VieCuri Hospital in Venlo, the Netherlands.

Majority of Business in Europe and North America

Securitas' operations are organized in a flat, decentralized structure with three business segments: Security Services North America, Security Services Europe and Mobile and Monitoring.

After the distribution of Loomis to Securitas shareholders in December 2008, our three business segments are Security Services North America, Security Services Europe and Mobile and Monitoring.

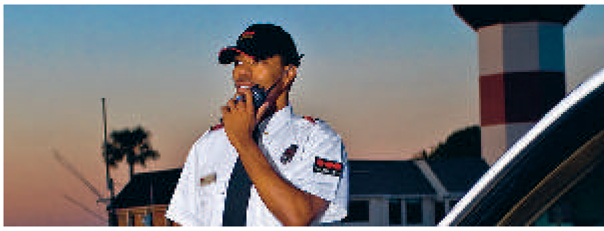
Security Services North America and Security Services Europe represents 89 percent of our total business, with sales of MSEK 50,064 of the Group's total of MSEK 56,572 and over 80 percent of our total number of employees, which corresponds to 215,000 of 240,000 individuals.

Mobile and Monitoring operates in Europe and accounts for 10 percent of our total sales and 4 percent of our total number of employees.

In addition to these business segments, we have guarding operations in Latin America and Asia. Since one of the cornerstones Securitas' strategy is to grow in new markets and this effort is important to the future standing of Securitas, we have chosen to present our geographical expansion in this section.

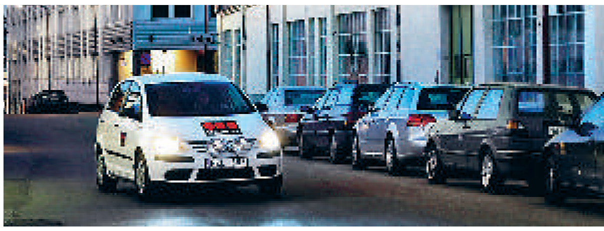
Our guarding services are offered in basically all geographical areas where we operate, both to very large customers and to smaller ones. In Europe, the specialization process within specific customer segments has come the furthest, while our North American operations are more geographically organized. Mobile and Monitoring focuses on servicing smaller companies, homes and individuals in Europe. With its base in North America, Pinkerton Consulting & Investigations offers its services to customers globally. In Latin America, we provide our customers with a variety of security services while our business in other geographical markets has only recently started or is currently starting with more basic guarding services.

Security Services North America – Page 20



Security Services Europe – Page 23

Mobile and Monitoring – Page 26

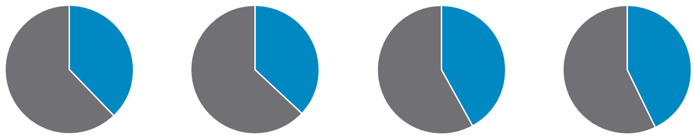


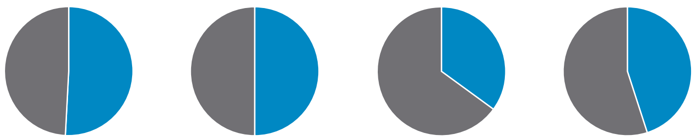
New Markets – Page 29

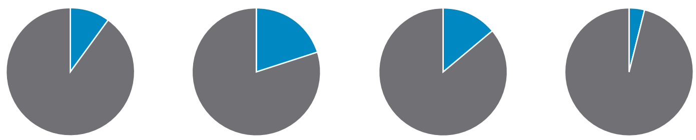
Group*

* Includes Other and eliminations.

	Sales	Operating income	Total capital employed	Number of employees
	MSEK 21,327	MSEK 1,218	MSEK 7,454	104,700
Security Services North America provides specialized guarding services in the USA, Canada and Mexico and consists of 17 business units: one organization for national and global accounts, ten geographical regions and three specialty customer segments (Automotive, Government Services and Energy) in the USA, plus Canada, Mexico and Pinkerton Consulting & Investigations (C&I). In total, there are 97 geographical areas, over 600 branch offices and more than 100,000 employees.	38%	37%	42%	43%
	MSEK 28,737	MSEK 1,635	MSEK 6,193	110,100
Securitas' European guarding operations consists of Security Services Europe, providing specialized guarding operations for large and medium-sized customers in 23 countries, and Aviation, providing airport security in twelve countries. The organization has a combined total of more than 800 branch offices and over 110,000 employees.	51%	50%	35%	45%
	MSEK 5,546	MSEK 647	MSEK 2,456	9,800
Mobile provides mobile security services for small and medium-sized businesses, while Monitoring provides electronic alarm surveillance services. Mobile operates in eleven countries across Europe and has approximately 8,900 employees in 37 areas and 270 branches. Monitoring, also called Securitas Alert Services, operates in ten countries across Europe and has approximately 900 employees.	10%	20%	14%	4%
Securitas provides security services in Latin America and Asia. These markets are relatively new for Securitas. These operations are included under the heading Other in our segment reporting. See Note 9 on pages 87–90.				
	MSEK 56,572	MSEK 3,271	MSEK 17,920	243,000







The Largest Footprint in North America

Organization
Security Services North America provides specialized guarding services in the USA, Canada and Mexico and consists of 17 business units: one organization for national and global accounts, 10 geographical regions and three specialty customer segments (Automotive, Government Services and Energy) in the USA, plus Canada, Mexico and Pinkerton Consulting & Investigations (C&I). In total, there are 97 geographical areas, over 600 branch offices and more than 100,000 employees.

Strategy and objectives
The overall, long-term financial objective for Security Services North America is to grow in line with the market for private security while improving year-on-year profitability. To develop the business further, Securitas is committed to continuing working with each client to develop the optimal security solution. Analyzing their security needs and understanding what the client is really looking for will give us the necessary foundation to build our so-called service wheel, a tool that helps us focus on our people, procedures, tools, training and feedback. This work for each individual client is the base of our strategy. We will strive to maintain our strong leadership, raise industry standards, increase the level of specialization, introduce value-added services and solutions, and continue to maintain a high client retention rate.

Market and competition
The U.S. market for contracted or outsourced security has been relatively stable over the past three years and currently stands at 55 percent. In Canada and Mexico, most of the market is outsourced – almost 80 percent in Canada and nearly 90 percent in Mexico. The Securitas market share remains stable at 18 percent in the USA and 12 percent in Canada. The main competitors in the USA are Allied Barton and G4S through Wackenhut Corp. In the U.S. security market, there are seven major players that have a combined market share of 56 percent. The rest of the U.S. security market is very fragmented. In Canada, the market is more consolidated with the top four companies holding 70 percent of the market. The Mexican security market is very fragmented.

Service offering and customers
In North America, Securitas has the largest footprint. Through our organization, we have the ability to provide a wide range of services, from more standardized guarding to highly specialized services. The service offering ranges from security consulting, mobile patrols, specialized guarding, receptionist services, console operations, alarm response and event security to complete security solutions. The customer base represents many industries and sectors, including banking and finance, manufacturing, education, high-tech, health care, residential areas, utilities, entertainment and retail. In addition, the National Accounts team has a high level of specialization in such customer segments as high-tech, telecom and banking.

Securitas' wholly owned subsidiary Pinkerton Consulting & Investigations provides security consulting and such investigative services as fraud investigations, due diligence, computer forensics, and intellectual property and brand protection services. It operates from 32 branch offices throughout the world, serving customers in the pharmaceutical, electronics, consumer goods and financial sectors among others. Multi-country contracts play a significant role in the process of increasing long-term and regular business, and C&I is therefore seeking an even larger international presence.

Our employees
Our security officers and branch managers are the cornerstones of our operations. To improve the efficiency of our hiring process for security officers, we have initiated an automated hiring process that helps to ensure quality hires through customized assessment and to guarantee compliance using appropriate screenings before a person can be hired. This was rolled out in the USA in 2007 and in Canada in 2008, and while it cannot be completely attributable to our automated hiring process, we have seen our employee turnover drop and retention rate improve. In 2009, we will introduce an updated version of our online training academy to provide continuous training for our officers. Learning plans are developed based on client needs and expectations. In 2004, we introduced the Branch Manager Training Program in the USA tailored towards client service, human resources and the financial aspects of our business. The primary purpose of this training

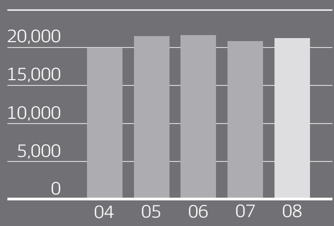
Events and key figures for 2008

- Grupo Guardias Blancas was acquired in Mexico and has annual sales of approximately MSEK 69 and 1,500 employees. The company specializes in security services for the tourism industry in the south-east Mexico, but also has operations in the retail, commercial and maritime segments. With this acquisition Securitas will be the second largest security services company in Mexico.
- Several initiatives for competence development: Initiation of an automated hiring process, updated version of our online training, manager training program launched in Canada and Mexico.

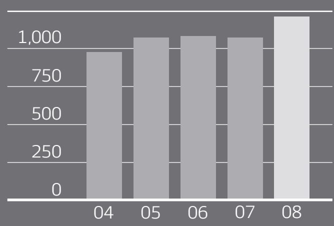
Tony Mack, a Field Services Manager at Securitas USA, talking to a colleague through his walkie talkie during the Verizon Heritage Golf Tournament on Hilton Head Island, South Carolina, USA.

Santiago Galaz,
Divisional President,
Security Services
North America

SALES
MSEK



OPERATING INCOME
MSEK



FINANCIAL KEY RATIOS MSEK	**2008**	**2007**
Total sales	21,327	20,933
Organic sales growth, %	*3*	*4*
Operating income before amortization	1,218	1,080
Operating margin, %	*5.7*	*5.2*
Real change, %	*13*	*8*
Cash flow from operating activities	1,104	1,036
Cash flow from operating activities, %	*91*	*96*
Operating capital employed	734	952
Operating capital employed as % of sales	*3*	*5*
Total capital employed	7,454	6,513
Return on capital employed, %	*16*	*17*

process is to ensure a consistent level in our quality services throughout the country. It also aims to drive the decentralization process within the organization and encourage local responsibility. Similar training processes were introduced in Canada and Mexico in 2007 and 2008. We continue to add modules to the program, which is given to all new managers. The Excellence in Service Program for security officers, which aims to promote and maintain a high and consistent service quality, was a major contributor to our high client retention rate of over 90 percent in 2008.

A new branch security training program called Securitas Security Management, Levels 1, 2 and 3 will be introduced to our management team in 2009. The purpose of this training program is to ensure that all managers have the security knowledge and expertise necessary to excel in the industry. Our branch manager network is focused on clients and employees. The back office responsibilities are handled through our joint service departments on the east and west coasts. In 2009, this shared service network will be leveraged and expanded to the Canadian operation, enabling the managers to provide better service for their clients and employees.

Financial information

Organic sales growth was 3 percent (4) in 2008, which was in line with the security market growth in 2008.

New sales growth was lower in 2008 than in 2007 and declined gradually during the second half of 2008.

The operating margin was 5.7 percent (5.2). The improvement in the operating margin is primarily driven by the U.S. guarding operations. There are several factors leading to the improvement besides the general focus on profitability: operational efficiencies, stable payroll taxes, lowered risk costs and an improved portfolio mix due to the termination of low-margin contracts.

Operating income showed a real change of 13 percent in 2008.

The client retention rate remained over 90 percent. The employee turnover rate of about 70 percent shows an improvement trend.

Leading the Specialization in Europe

Organization
Security Services Europe provides specialized guarding services for large and medium-sized customers in 23 countries, while Aviation, part of the business segment Security Services Europe, provides airport security services in twelve countries. Security Services Europe has a combined total of more than 800 branch offices and over 110,000 employees.

Strategy and objectives
The overall objective of Security Services Europe is to grow in line with the market average and to see yearly profitability improvements. This is to be achieved by specializing in specific customer segments and offering tailor-made security solutions. The growth strategy is supported by selective acquisitions and the long-term objective is to have an operational presence throughout the EU. To support the growth strategy, a specialization process is ongoing, and in 2008, a new competence center for Public Transportation was added to the two existing centers for Retail and Maritime/Logistics. The purpose of these competence centers is to strengthen cross-border development of certain customer segments. Additionally, we have strengthened our structure for global accounts to proactively coordinate our services for customers with a European or global security need. In this, we cooperate closely with Security Services North America.

Market and competition
The market for outsourced security services (excluding mobile and monitoring services) in the countries where Security Services Europe operates grew by 6–8 percent in 2008 and reached a value of BSEK 158. Securitas has a strong position in the European market and is the market leader in eight countries and second or third in another eight. In 2008, Security Services Europe's market share remained at 17 percent (17). There are almost 22,000 security companies operating in Europe with a total of nearly 1.1 million employees. The market is still fragmented and most of the companies are local players, competing mainly on price. The main competitors are G4S, operating across Europe except in Spain, Portugal, Germany and Italy, and Prosegur, mainly operating in Spain, Portugal and France.

Customers
In Europe, Securitas is the leading company in the security market. We service a wide range of customers in a variety of industries and customer segments. Our organization is capable of providing service for customers with a Europe-wide need, as well as customers with a very specific need. Customers range from governments, airports, seaports, logistical suppliers, manufacturing industries, insurance companies, shopping centers, retail chains, hotels, hospitals, universities and museums to event companies. In 2008, we signed several new medium-sized contracts in all countries of operation in and across our various customer segments. No large contracts were terminated. Our services for the Oslo Tollroad contract were reduced heavily due to the introduction of an automated, intelligent charging system by the customer. In Romania, a large contract was signed with an oil and gas company. Contracts are usually signed for a minimum period of one year and are renewable each year, normally for a period of three to five years. The client retention rate in 2008 was stable at an average of about 90 percent.

Service offering
Customers in various customer segments tend to have increasingly specialized needs related to the specifics of their industry. This requires a strong ability to provide tailor-made solutions and a deep understanding of each customer segment. Securitas' solutions are developed in close cooperation with customers locally and often include elements of technology, in addition to specialized guarding. The combination of specialized security officers and various security systems provides our customers with flexible and cost-effective security solutions. Securitas acts as coordinator for the customer by being the single point of contact, combining the elements specified above and partnering with subcontractors on specific requirements. We share our knowledge and solutions for various customer segments across Europe. As an independent organization within the business segment Security Services Europe, Aviation provides specialized services for airports, airport-related business and airlines. The services range from security screening of hand and checked baggage to cargo security, document profiling and aircraft guarding and search.

Our employees

We continually strive to improve and develop our employees, since employee competence is of considerable importance to us. As an example of this, Security Services Europe is conducting an employee survey. At the end of 2008, the first countries had completed the survey and action plans will be put in place to follow up on the results. The survey will be rolled out gradually in additional countries during 2009 and 2010. Countries, areas and branches will be benchmarked and experiences will be shared.

A number of managers are trained every year through the Securitas Management Training Program, which aims to strengthen local leadership and firmly establish Securitas' culture and business model. In France, 10 training centers were established at different locations during 2008 for educating our security officers in various security issues. An even stronger customer focus and increased human resources efforts will be the main ingredients in the business strategy for Security Services Europe in 2009. In combination these initiatives will contribute to organic sales growth and improved profitability in the years to come.

Every year, Aviation organizes a management training program for branch and area managers to exchange best practices and for increasing aviation security know-how.

Financial information

Organic sales growth was 7 percent (8). The main reason for this decline is related to Aviation, where organic sales growth slowed compared with the previous year, when there were many start-ups of large contracts. Despite this, Aviation continued to report double-digit organic sales growth. In the guarding operations, strong organic sales growth was seen in such countries as Denmark, countries in Eastern Europe, Finland, Switzerland and Turkey. The European Football Championship positively impacted organic sales growth.

Overall, the new sales rate was lower in 2008 than in 2007. This is a result of the increased focus on improving gross margins. The gross margin on new sales was still below the portfolio average gross margin, but with a continuously improving trend.

In 2008, price adjustments approximately corresponded to the total wage cost increases.

The operating margin was 5.7 percent (5.7). The operating margin in the guarding operations was basically unchanged compared with the previous year. The consolidation of the acquired operations from G4S in Germany slightly diluted the operating margin in 2008 as expected. Aviation showed an improvement and contributed to maintaining the operating margin.

Operating income showed a real change of 9 percent in 2008.

The client retention rate was stable at approximately 90 percent. The employee turnover rate was about 35 percent (39), with a clear tendency toward further improvement.

Events and key figures for 2008

Acquisitions:

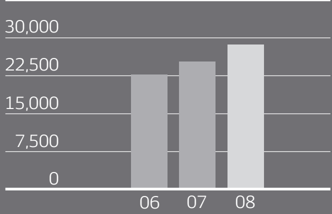
- G4S Germany's guarding and monitoring operations in Germany, with annual sales of approximately MSEK 795 and 4,100 employees. The acquisition complements Securitas' existing German operations in terms of customers and geography. A part of the acquisition will be integrated into our business segment Mobile and Monitoring.
- GRB Security in the United Kingdom, with annual sales of approximately MSEK 49 and 175 employees. A part of the acquisition will be integrated into our business segment Mobile and Monitoring.
- SCP International in Serbia is the third-largest security services company in Serbia. The company has annual sales of approximately MSEK 85 and about 1,500 employees.
- Purzeczko in Poland is the strongest local security services provider in the eastern region of Poland, with annual sales of approximately MSEK 110 and about 1,700 employees.
- ASF (Agency of Security Fenix) in the Czech Republic and Slovakia is the third-largest market player in the Czech Republic, with annual sales of approximately MSEK 164 and 1,250 employees in the Czech Republic and 200 employees in Slovakia.

Security officer Ian Linde hands out a badge to Ide Torkkeli at the office of the Confederation of Swedish Enterprise in Stockholm, Sweden.

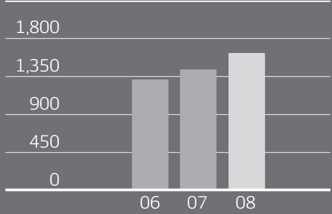
Bart Adam,
Divisional President,
Security Services Europe

Marc Pissens,
Divisional President, Aviation

SALES
MSEK



OPERATING INCOME
MSEK



Due to the new segment structure implemented January 1, 2007, historical data is limited to three years.

FINANCIAL KEY RATIOS

MSEK	2008	2007
Total sales	28,737	25,353
Organic sales growth, %	*7*	*8*
Operating income before amortization	1,635	1,433
Operating margin, %	*5.7*	*5.7*
Real change, %	*9*	*9*
Cash flow from operating activities	1,935	1,428
Cash flow from operating activities, %	*118*	*100*
Operating capital employed	880	1,059
Operating capital employed as % of sales	*3*	*4*
Total capital employed	6,193	5,278
Return on capital employed, %	*26*	*25*

Efficient Mobile Security Services and Advanced Alarm Surveillance

Organization

Mobile provides mobile security services for small and medium-sized businesses, while Monitoring provides electronic alarm surveillance services in the European market.

Mobile's services range from beat patrol, call-out services and city patrol to key-holding services. The customer base consists of firms that do not need full-time security. Mobile operates in 11 countries across Europe and has 8,900 employees in 37 areas and 270 branches.

Monitoring, also called Securitas Alert Services, provides electronic alarm surveillance services. Its core business is to provide independent alarm services, security and safety monitoring services for both homes and businesses. Securitas Alert Services operates in 10 countries across Europe and has more than 900 employees.

Strategy and objectives

Mobile and Monitoring have a clear focus on building a stronger and larger sales force in order to drive new sales and organic sales growth. Our services are an alternative for customers that do not require round-the-clock security services, but still need high-quality security services and a reliable supplier.

Market

The market for mobile services is highly fragmented and difficult to measure since most companies providing mobile services offer them as an integrated part of their security operations and not as a specialized service in a separate organization. The more mature markets in the Nordic countries reported healthy organic sales growth of 8–9 percent in 2008. Several small portfolio acquisitions took place, mainly in Sweden. The countries in Central Europe reported organic sales growth of 11–12 percent and fit well into the main focus of achieving higher growth in this market. Southern Europe grew by 8–9 percent during the year. Additionally, the acquisition of G4S in Germany strengthened Mobile's position in the German market substantially.

Securitas Alert Services is the only monitoring service provider that offers cross-border services in Europe. Its market share in Sweden, Finland and the Benelux countries ranges between 16 and 25 percent. The customer base of approximately 330,000 customers ranges from residential, small and medium-sized enterprises to large corporations. For these customers, Securitas provides remote monitoring and alarm response for premises and property. In the market segment for the Track and Trace service of mobile objects, Securitas is at the forefront of development. In co-operation with its partners, Securitas offers an integrated service that covers an important part of the European Union.

Service offering

Mobile provides such mobile security services as beat patrol, call-out services, city patrol and key-holding services. The fundamental customer base consists of firms that cannot have or do not need a full-time security service. Sales, services, concepts and organization differ greatly from the specialized guarding business. During the past three years, Mobile has focused on the sales process and concept development. Since the sales process for mobile services is fast and based on volume, Mobile has built a dedicated sales organization, separate from its operations.

Securitas Alert Services is a provider of electronic alarm surveillance and its core business is to provide independent alarm, security and safety monitoring services for homes and businesses. In these main market segments, the business unit works with independent installers and sales partners, and focuses on providing a flexible service concept that integrates technical alarm monitoring, verification processes and response solutions. Another fast-growing market segment for Securitas is Track and Trace services for vehicles and other mobile objects. Considerable effort has been put into technological development, particularly in intellectual property and broadband applications, Track and Trace, and technology for reporting to partners and end-users.

Customers

Mobile's customer base of approximately 100,000 customers ranges from small family enterprises in manufacturing, retail and administrative services to hotel chains, gas stations and city councils. During 2008, Mobile signed more than 11,000 new contracts at an average monthly value of about EUR 300 each. The existing portfolio of contracts has a duration time of approximately 10 years and is

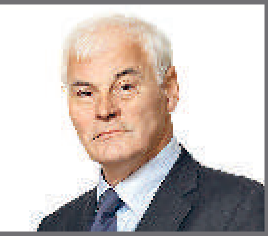
Events and key figures for 2008

Acquisitions:

- G4S Germany's guarding and monitoring operations in Germany, with annual sales of approximately MSEK 795 and 4,100 employees. The acquisition complements Securitas existing German operations in terms of customers and geography. The main part of the acquisition will be integrated into our business segment Security Services Europe.
- GRB Security in the U.K., with annual sales of approximately MSEK 49 and 175 employees. The company provides a full range of security services to its customers including guarding, mobile patrols and alarm receiving. A part of the acquisition will be integrated into our business segment Security Services Europe.
- Eureca Benelux Services in Belgium, Eureca (Satworld) in the Netherlands, LuxTracing in Luxembourg. With these three separate acquisitions, Securitas Alert Services increased its ability to deliver a more complete service to its customers. The total number of employees in the three companies is 30 and annual sales total approximately MSEK 70.

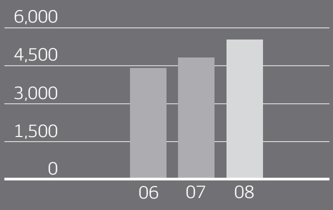
Industry area car patrol in Ulvsunda outside Stockholm in Sweden.

Morten Rønning,
Divisional President, Mobile

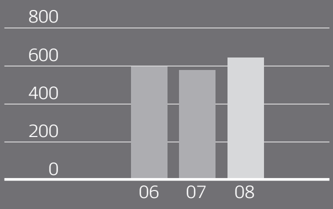


Lucien Meeus,
Divisional President, Monitoring

SALES
MSEK



OPERATING INCOME
MSEK



Due to the new segment structure implemented January 1, 2007, historical data is limited to three years.

FINANCIAL KEY RATIOS

MSEK	2008	2007
Total sales	5,546	4,836
Organic sales growth, %	*8*	*7*
Operating income before amortization	647	578
Operating margin, %	*11.7*	*12.0*
Real change, %	*9*	*-4*
Cash flow from operating activities	601	569
Cash flow from operating activities, %	*93*	*98*
Operating capital employed	168	140
Operating capital employed as % of sales	*3*	*3*
Total capital employed	2,456	1,915
Return on capital employed, %	*26*	*30*

measured carefully against the pay back time of the sales cost investment on new contracts. The client retention rate remained at 90 percent, which equals a 10-year contract duration time.

During 2008, Securitas Alert Services' portfolio expanded both via organic sales growth and acquisitions, such as the G4S monitoring operations in Germany and several smaller acquisitions in the U.K., the Benelux countries and France.

Our employees
In 2008, Mobile continued to focus on the sales process. Since the sales process is fast and based on volume, Mobile started to build a dedicated sales organization, separate from its operations, in 2007. The investments in building a larger sales organization were completed in late 2008, and in 2009, Mobile will optimize the investments made in its sales force. Continued training and higher efficiency in the sales process is the main focus. Sales specialists are now in place in most European countries and the long-term objective is to have dedicated sales people in every country of operation. The number of sales people is now close to 200 in Europe.

A strong part of the value chain for Securitas Alert Services is the sales process, in which the business unit always works with partners – either third-party installers or dedicated sales partners. During the year, Securitas established an even more sales-oriented organization, co-operating with these partners. In 2008, a number of managers were trained under the Securitas Management Training Program.

Financial information
Organic sales growth was 8 percent (7) as a result of the growth strategy.

In the Mobile operation, Belgium, Denmark, Finland, Germany, Norway and Spain reported double-digit organic sales growth. In the Monitoring operation, strong organic sales growth was seen in Belgium, the Netherlands, Poland and Sweden.

The operating margin was 11.7 percent (12.0). The main reasons for this decrease were the costs of building a larger sales organization and launching new mobile routes.

Growing in New Markets

A cornerstone of Securitas strategy is to grow in new geographical markets to serve our global customers in these regions. During 2007 and 2008, a large number of acquisitions were made in these markets. Our operations in New Markets are included under the heading Other in our segment reporting.

Latin America
Securitas is present in Argentina, Uruguay, Peru, Chile and Colombia. In Argentina and Uruguay, Securitas is the market leader. The market in Latin America is extremely fragmented and to a large extent non-regulated. Of the global competitors, G4S operates in most Latin American countries except Brazil, while Prosegur is present in seven countries in Latin America.

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

Security solutions are developed in close cooperation with customers locally, and in many cases include technology in addition to specialized guarding. In Argentina, we also have our own security training center, which is a competitive advantage. We will establish our own training centers for security officers in all of the Latin American countries in which we operate by the end of 2009. This investment will primarily help us to ensure that basic training for security officers is in line with both legal and client requirements. Furthermore, it will give us the opportunity to provide specialized training according to specific client needs.

The overall objective of Securitas' operations in Latin America is to grow faster than the market average. This will be achieved by specializing in specific customer segments and offering high-quality security solutions. The growth strategy is also supported by selective acquisitions in this region.

India
Securitas is present in India through a partnership agreement with Walsons, of which Securitas owns 49 percent, since 2007. Walsons is one of India's leading security services companies with over 10,000 employees.

The Indian security industry has been largely fragmented. However, in the past few years, larger and more professional players have entered into this market. With the increasing threat perception in society, customers are seeking more professional security services. A study conducted by Assocham, a premier industry association in India, shows that this industry will double during the next four years, from BUSD 2 to BUSD 4–5. The industry has grown by about 25 percent per year for the last five to seven years. The largest competitors in the Indian market are G4S, Tops Security, SDB CISCO and SIS.

China and South East Asia
In August 2008, Securitas began providing specialized guarding services in the Shanghai area in China and in Taiwan. This has allowed us to service some of Securitas' global accounts with operations in China.

Our Taiwanese company Securitas Security Services Taiwan provides specialized guarding services to high-end residential buildings.

In Hong Kong, the security services market is very fragmented, with a large number of small security services companies. In Hong Kong, we are established through Securitas Security Services Hong Kong and through our new acquisition Polic Secuforce. Polic Secuforce has ten years of experience in security services operations and a contract portfolio, mainly in the education segment.

Middle East
During 2008, Securitas was established in the Middle East and is now starting up security services operations in Egypt, Qatar and the United Arab Emirates. The market entry has been through organic start-ups and small acquisitions.

Historically, the region has been highly focused on the provision of large numbers of security officers at very low prices and margins. Recent tightening of laws in many territories in the Middle East has led to an emerging requirement for more specialized guarding services. The solution is to use security technology as a complement to security officers, giving a more competitive security solution in a more cost-effective way.

Technology and Deregulation Clear Driving Forces on a Growing Market

The main categories of the security services market are guarding services, alarm monitoring, and cash and valuables handling. Guarding services account for about 50 percent of the market, while alarm monitoring comprises some 30 percent and cash and valuables handling some 10 percent. The remaining 10 percent consists of various security services, such as security consulting, private investigations, systems integration and correctional facilities management.

After the distribution of Loomis to the shareholders in December 2008, Securitas' main activities are now in the areas of guarding, patrolling, alarm monitoring and consulting. The global outsourced markets for guarding services and alarm monitoring are anticipated to show long-term annual growth of about 7 percent, according to such industry analysts as Freedonia.

Securitas' specialization strategy includes targeting guarding sub-segments, such as mobile patrol, that are both fast growing and have high margins. The specialization and development of services also create new opportunities, making the total market larger. This is the case with the mobile concept, in which smaller customers who do not need or do not wish to have full-time guards can share a resource with other customers. Securitas is leading the industry in developing and delivering guarding services in such sub-segments as mobile patrol and response units. There are currently no external sources that provide global guarding market data according to these more precise breakdowns. In the market for security consulting, industry analysts at Freedonia predict long-term annual growth of 8–10 percent, mainly driven by the increasing complexity of security solutions.

Securitas also specializes in guarding solutions tailored to most segments, including energy, healthcare, and education. Buyers of security services can be found in all sectors, of which the commercial market sector is the largest followed by the industrial sector. These two comprise the majority of the market, while the government, institutional and residential sectors are also significant. In mature markets, the commercial sector offers the best growth prospects, while in developing nations, the industrial sector boasts the best opportunities.

Europe is the largest market for outsourced guarding services with 40 percent of the world total, while North America comprises 28 percent. These developed regions have the most mature markets for guarding services and the estimated long-term annual growth is 4–6 percent. In general, more mature markets also require more specialized

SECURITY SERVICES MARKET (GUARDING)

	2008				
	Size BUSD	Size BSEK	*% of total*	*Long-term growth*	*Securitas' market share*
Europe**	30	196	*40%*	*4–6%*	*17%*
North America*	20	134	*28%*	*4–6%*	*16%*
Asia, excluding Japan	10	68	*14%*	*13–15%*	*0%*
Japan	3	22	*5%*	*6%*	*0%*
Latin America	6	40	*8%*	*10–12%*	*3%*
Africa/Middle East	4	24	*5%*	*10–12%*	*0%*
Total	**73**	**484**	***100%***	***7%***	***12%***

SEK/USD = 6.63

Source: Securitas and Freedonia

* North America includes the USA, Canada and Mexico.

** Europe includes Turkey. Securitas' market share in Europe represents Security Services Europe and Mobile (not Monitoring) totally in the continent, including those countries we do not operate in.

services. Asia is the third-largest market with a total of 19 percent, of which Japan accounts for 5 percent. Thereafter follows Latin America with 8 percent and Africa/the Middle East with 5 percent. Overall long-term growth rates in these three regions are expected to be near or in the double digits, which means that over time their proportion of the world market will increase.

In conclusion, the guarding services market has grown faster on average than the general economy over the past few decades, and growth is forecast to continue. The guarding market is fast growing and is well diversified both in terms of geographical markets and industries. It is present in some form in all regions of the world and demand is widely dispersed across private and public sectors, not depending on any single customer segment or industry.

Strong driving forces shape markets

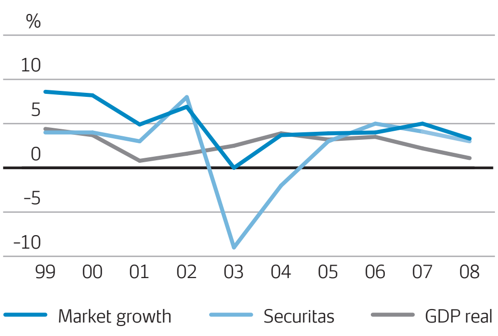
Looking at the big picture, we see that society is moving from being slow, local, agricultural and poor to being fast, global, high tech, service oriented and wealthy. This transition means that there is now more wealth distributed per individual, but also that the creation of this wealth and the flow of goods has increased dramatically. Security services are needed to protect both static wealth and the dynamic creation of it, and therefore gains from most societal developments. Below, we describe some of the main trends and driving forces of growth of security services:

The increased pace and flow of goods in business processes has caused the **cost of business interruptions** to go up significantly. Cross-border supply chains are based on specialized, digitally controlled functions, in which all parties are dependent on just-in-time deliveries. Combined with an increasingly large-scale approach, this results in greater risks and vulnerability. Any disruptive events can have far-reaching effects and put large sums at risk. Security issues have thus become a higher priority for companies.

One major force driving growth is **outsourcing**. Companies and institutions may find it less expensive and more efficient to outsource their security functions. In-house security personnel require resources for administration and management. A guarding company uses resources more efficient and on a larger scale, which means lower costs. The fact that outsourcing of security solutions can cut costs for customers drives growth, even in periods of economic downturn.

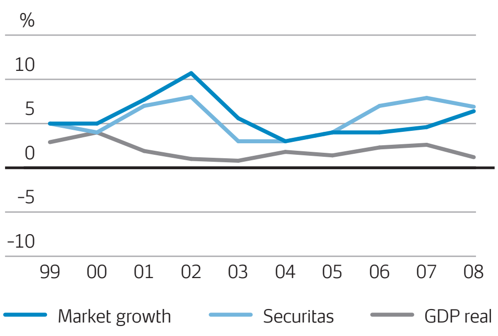
Another strong driving force is **privatization**. Private security companies are taking on more tasks traditionally carried out by the police or other public authorities. In the western world, privatization is mostly driven by budget restraints. Reduced or restrained budgets, sometimes combined with increasing criminality, force the police authorities to prioritize their interventions and actions. As a consequence, private security companies take over some of the traditional police tasks. Security guards become the primary incident respondents, and the

SECURITY MARKET GROWTH, USA (GUARDING AND MOBILE)



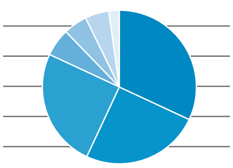
Adjusted for effects of hurricanes 2005 and 2006. Source: Securitas and Freedonia

SECURITY MARKET GROWTH, EUROPE (GUARDING AND MOBILE)



Source: Securitas and Freedonia

PRINCIPAL
DRIVING FORCES



- Growing demand for customized services 32%
- Greater interest in security issues among senior management 25%
- Rising technology content 25%
- Greater insecurity 6%
- Sharper focus on risk analysis 5%
- Increased demand for global players with a local base 5%
- More outsourcing in the public sector 2%

According to a survey conducted by Securitas at the end of 2008, the driving forces specified above have the most significant impact on trends in the security market.

police authorities are called in as a secondary measure if necessary.

In other parts of the world, and especially in developing nations, the key driving force is **deregulation**. Many governments have considered security a matter of national interest that should not be handled by private companies. Most such nations are now starting to acknowledge that private security companies have a meaningful role to play throughout society. For instance, it is not good use of resources to have a nation's police force as the primary respondents to every small alarm that goes off. Countries such as China are therefore in the process of changing legislation to allow private security companies to operate more freely. Deregulation is a structural process that is largely independent from fluctuations in the general economy.

The perceived **increased level of threats** to individuals, whether real or not, raises demand for guarding and security solutions. Statistics on trends regarding terrorist attacks, criminality and violence in society differ across regions. But increased availability and dispersion of media reporting on incidents contributes to an increased general public awareness of such threats.

Companies on the forefront of industry like Securitas are providing increasingly complex security solutions. Such solutions, which often include **new technology** in addition to guarding services, are growth areas. Technology is often referred to as a substitute for guards and therefore also as a threat to the guarding industry. This may have some merit in the case of less proactive and very basic types of guarding services. However, even with the most advanced surveillance and alarm technology, guards are still needed to make judgement calls and respond to alerts or incidents. Technology is therefore a complement to modern manned guarding rather than a threat. Designing and implementing the best solution requires a new set of skills, including balancing the best sets of security competence with the right technology. Most notably, the technological shift from analogue to digital requires knowledge and understanding of IT engineering and IT solutions. It is also noteworthy that using a combined solution may be more cost effective to both the customer and the provider, and that the level of service and efficiency may be higher.

Competition

Most of our large competitors offer a full range of security services including cash handling and security systems. Therefore Securitas lacks an industry peer with direct resemblance, but competes against certain divisions of other security services companies. The following security companies are considered to be our main competitors:

G4S is now the largest company in the industry and provides a full range of security services. G4S has about half of its sales in Europe, and the rest is roughly equally split equally between North America and the rest of the world.

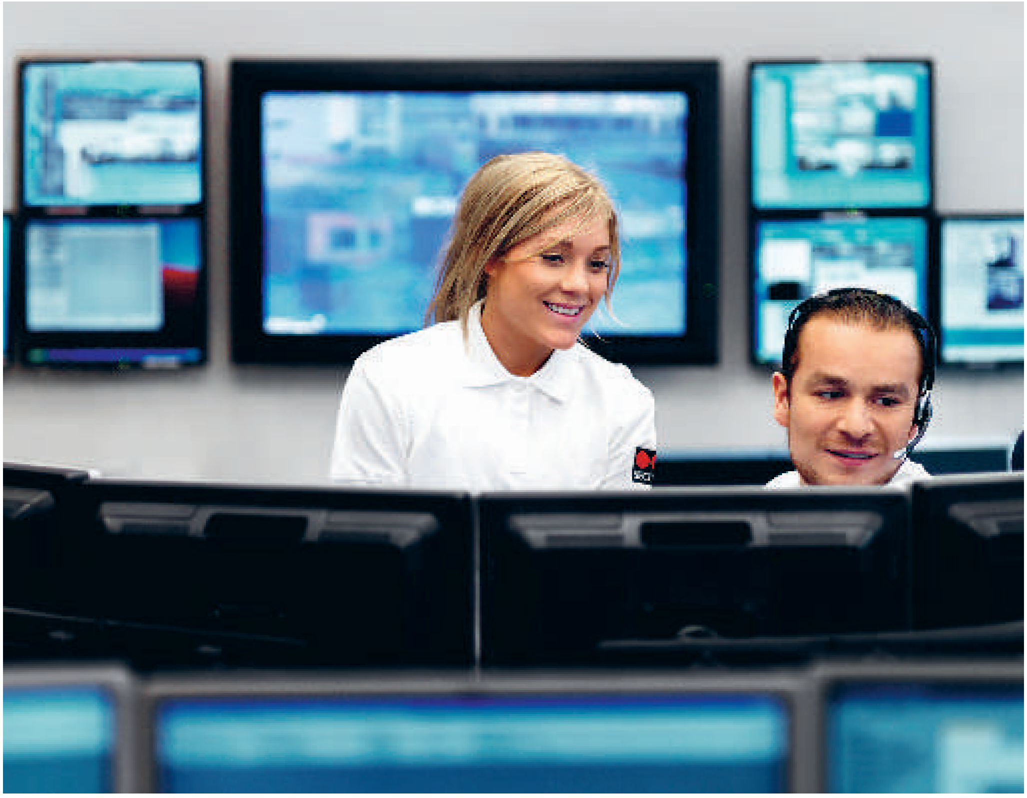
Prosegur is a Spanish company that provides a broad range of security services including guarding, cash handling, security systems and home alarms. Prosegur has close to half of its sales in Spain and some 15 percent in other southern European countries. The remaining 30–35 percent of sales are in Latin America.

Allied Barton is a nation-wide provider of guarding services in the USA. It is the third largest company in this market after Securitas and G4S-Wackenhut.

Within each country, multi-national companies generally face competition from at least a few nation-wide companies. They are often well known and reputed in the countries, and may be market leaders in distinct cities or provinces. In addition, there are often several hundreds of smaller competitors in each country. In larger countries this number may be as large as several thousands. These smaller companies may have between just a few up to some one hundred employees and are most likely to compete on price rather than quality since they lack brand recognition and the ability to offer more sophisticated services.

Opportunities and threats

There are many opportunities within the industry, most related to capitalizing on the trends and driving forces discussed above. The continued trend of increased outsourcing of security services poses a huge opportunity as a significant part of the total available market is not outsourced. Increased industrialization and increased wealth within developing countries will continue to pose very good industry growth prospects.



Securitas' monitoring services are used by companies as well as individulas. These services include alarm monitoring, verification, alarm response and Track and Trace services.

The model with specialized security services constitutes a good opportunity to increase the value added to customers, thereby increasing demand for advanced guarding services. The mobile service concept is still rather new and poses a favorable opportunity for further development and growth. Finally, there are opportunities to use guards more efficiently combined it with appropriate technology.

A potential threat sometimes raised is that the industry is maturing, which implies that growth will stagnate and margins diminish. Securitas believes that our strategy of specialization and development of new services and concepts will show that this is not the case. Technology is often referred to as a threat to the guarding industry, but as noted before, humans are needed for making judgement calls and respond to alerts or incidents. Hence, technology complements guarding rather than substitutes it.

Another threat comes from the reversal of the historical trends of privatization and outsourcing. This could indeed have been a major threat, but the opposite seems to be more the case. Outsourcing makes sense due to the focus on core competencies, cost savings, and less administration. Public authorities are on tighter budgets and pass on security responsibilities to private companies.

Finally, guarding companies often have a high employee turnover. This is not desirable due to, such reasons as, costs for hiring and training. However, in times of recession, people are more likely to hold on to their jobs and wage costs are less likely to increase, a fact to keep in mind when evaluating the guarding industry prospects in worsening economic times.

Well-established Management Model, Decentralized Organization and Solid Financial Control

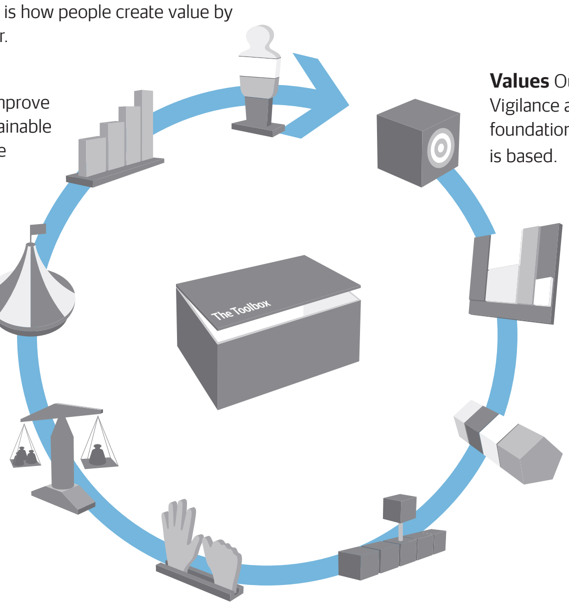
Securitas promotes management based on a local responsibility in close proximity to customers and employees. The company's management model, known as the Toolbox, assists line managers in all areas of their daily operations and ensures that Securitas' values, work methods, management philosophy and customer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

Securitas' management model Toolbox 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 some 2,000 branch offices where the company's daily operations are carried out. The company's customer offering improves when decisions are made in close proximity to customers and the employees who perform the services. Our customers are entitled to be demanding and to

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



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

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

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

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

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

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

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

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

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 based on their own statements 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.

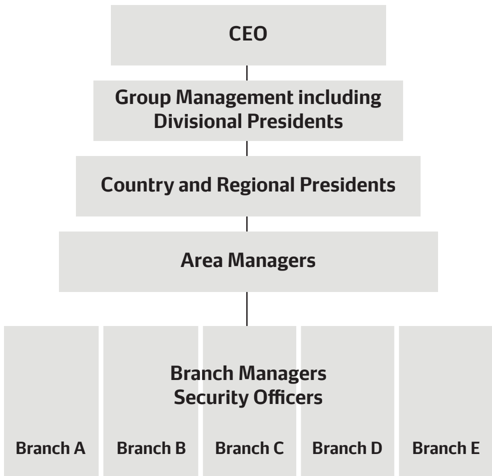
However, freedom also entails responsibility. All Securitas employees are expected to assume responsibility for their customers and operations and our shared values. Responsibility is always about "here and now," and not "there and then." Responsibility is clarified through the measurement and systematic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

As a part of our decentralized management, we are required to set strict financial targets and follow up on these 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 understood by all managers

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 to Group level.

This financial model makes it possible to monitor a number of simple and clear key ratios that can be understood by all managers. The model helps the managers to better understand the connection between risks and opportunities and how various factors impact their areas of responsibility. The model also helps us to 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 36 for further information). The goal is to achieve an average annual profitability growth of 10 percent, measured as earnings per share, and to generate a minimum 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 necessary decisions to achieve 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 and 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 a framework for a simple and clear internal reporting method including timely and accurate follow-up of financial key ratios (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.

Securitas' Financial Model

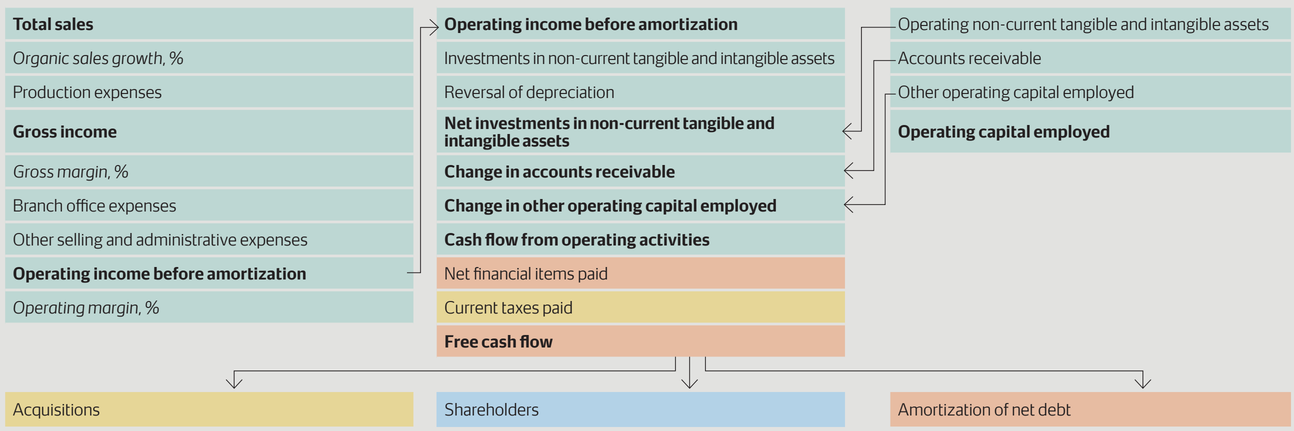
RELATIONSHIPS BETWEEN INCOME, CASH FLOW AND BALANCE SHEET

Statement of income
The statement of income is broken down according to function, making responsibility for each profit level clear. Managers with operational responsibility can easily see what is expected of them and concentrate on the factors they can affect. Gross margin and operating margin are key indicators used in reviewing operations at both division and Group level. Amortization of acquisition-related intangible assets, 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 the operational level. It is defined as operating income less investments in non-current tangible and intangible assets plus depreciation, change in accounts receivable and change in other operating capital employed.

Free cash flow is cash flow from operating activities less net financial items paid and current taxes paid. Cash flow for the year is arrived at when cash flow relating to acquisitions and shareholders' equity are deducted from free cash flow. The consolidation of net debt in foreign currencies usually generates a translation difference that is reported separately. Change in net debt is cash flow for the year plus the change in loans and translation differences.

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 fact and 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 needs of measuring a particular division. In Security Services North America and Security Services Europe, which offer specialized guarding services to large and medium-sized customers, gross margin on new sales and wage cost increase are key ratios of particular importance. For Mobile and Monitoring, the new/cancelled connections, prospects visited, cost per sale/order, average contracts size and the payback/duration are 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 new signed contracts that will increase the monthly fixed sales. **Net change** in the customer contract portfolio is new starts (a new 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 ending 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 is taken from the statement of income and is **Total sales,** which in addition to contract-based sales, includes short-term assignments.

Efficiency related factors

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

Capital-usage-related factors

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

SECURITAS MODEL FOR FINANCIAL KEY FIGURES

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

Risk Management – an Integrated Part of our Operations

Managing risk is necessary for Securitas to be able to fulfill our strategies and achieve our corporate objectives. Enterprise Risk Management (ERM) is an integral part of Securitas' work, and risk awareness a part of the company culture.

The cornerstones of ERM are the Group Policies and Guidelines that establish the framework for all policies in the Group, as well as compliance monitoring. The ultimate responsibility for risk management is with the Board of Directors, but the work to minimize risks takes place through a structured process of assigning responsibility to all levels of the organization.

Since operational assignment risks and contract risks arise in local operations, they must be managed using a decentralized approach. Customer contract management and loss prevention measures are essential to minimizing such risks. To be successful, all of Securitas' Branch Managers must assess and understand the risks associated with providing services, and we work actively with risk management seminars to increase awareness in this area.

The Divisional Presidents are responsible for all aspects of operations in their divisions, including operational risk management and risk minimization. As part of the budget process, each division annually presents a risk business plan, which is built from the bottom up. The risk business plan sets out the main focus and priorities for operational risk management within the divisions for the coming year. Smaller divisions or business areas use shared risk management resources, while the larger business segments Security Services North America and Security Services Europe, including Aviation, have their own risk committees that meet on a regular basis to monitor and follow up risk exposure.

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

RISK RESPONSIBILITIES

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

Risks and how they are handled

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. Securitas' risks fall into three main categories: **contract risks, operational assignment risks and financial risks**. Similar risk categories are also relevant when evaluating acquisitions, but are then classified as acquisition risks, operational integration risks and financial integration risks. All of these types of risks can impact the Group's financial performance and position if they are not managed in a structured way.

When we enter into a contract with a customer, contract risks arise. Securitas needs to ensure that the obligations and risks undertaken in the contract are reasonable and balanced for the type of assignment in question.

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 guards are important to mitigating these risks.

To manage contract risks and operational assignment risks in a structured way in the operations, we use the business risk evaluation model described below. Additionally, operations are protected by a customized Securitas insurance program should unforeseen events occur.

Financial risks are mainly managed through continuous measurement and follow up of financial performance, with the help of Securitas' Six Fingers model (read more on pages 34–37). This model identifies certain key ratios that are vital to the

Business Risk Evaluation Model

Securitas uses a business risk evaluation model to evaluate the operational risks in new and existing businesses. The model, which can be broken down into four stages, focuses on the important dimensions of the assignment and the relationship with the customer. In each of these stages, risks and opportunities are weighed and managed in a balanced manner, hence the balance symbol.

Assignment

This is the first stage of the process. The key points are the size of the project, its duration and whether it involves a new or existing service. Specific training and supervision requirements are also considered.

Risk

The type of customer under consideration is of importance in terms of the level of operational risk and financial status. High-risk customers and large loss potential must be identified and checks must be performed to ensure that the necessary insurance is in place for the risk involved. The creditworthiness of the customer must also be assessed.

Contract

A fair division of responsibilities and risks between Securitas and the customer is essential in every contract. Standardized contracts are the norm. Reasonable caps on potential liability and indemnification for third-party claims are important.

Financials

This stage involves careful calculation of the profitability of the business. Managers have to assess the investment required and whether the contract involves any off-balance-sheet exposure. Payment terms also have to be considered, and a decision made as to whether the assignment will generate sufficient profit in relation to the risks.

profitability of the operations, and facilitates the detection and handling of risks. In addition, financial risks arise because the Group has external financing needs and operates in a number of foreign currencies. To allow the business segments, countries and regions to focus fully on their operations, management of financial risks is centralized to the greatest extent possible to the Group Treasury Centre.

Business Risk Evaluation Model

Minimizing the risk of a loss occurring, and thereby protecting our customers and employees, is the most important objective of operational risk management. To evaluate the operational risks in new and existing businesses, we use a business risk evaluation model. The model focuses on important dimensions of the assignment and the relationship with the customer. Loss prevention is integrated into all steps of the business risk evaluation model. The model can be broken down into four stages, each of which plays an essential part in the understanding and acceptance of risks in new and existing businesses.

Risks should be managed in a balanced manner, as symbolized by the risk scale tool (read more on page 39).

Insurance

Securitas places significant emphasis on identifying, evaluating and minimizing risk exposure as well as avoiding losses. The local companies set up their loss prevention and loss limiting measures as though they were uninsured. Insurance premium allocation seeks to reflect historical loss levels and all divisions are measured on their cost of risk (insurance cost plus cost of retained losses).

The external insurance premiums are partly determined by the historic loss record and 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 the financial impact of insurable risks. Securitas makes, and will continue to make, the best use of its purchasing power. Securitas' objective is to purchase cost-effective insurance solutions. As such, the Group seeks to achieve economies of scale through coordinated insurance programs and the optimal utilization of the Group's insurance captives. The use of our captives offers a wide range of risk financing possibilities, which provides management with an option to establish some independence from the cyclical nature of the commercial insurance markets.

All insurance programs are designed and purchased based on the risk exposure analyzed in the business risk evaluation model. The following types of insurance are strategically important to the Securitas 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 & Poors').

A Securitas risk management case to illustrate how the business risk evaluation model works in practice

Case: Securitas is participating in a tender process for services for an airline

As soon as all relevant information was received by Securitas, a risk scenario was developed, focusing on the following four areas:

- The overall description of the **assignment** and the required approval level: a properly detailed assignment, well-defined services, clear time frames, etc.;
- The operational **risk analysis**: experience of the services to be provided, acceptable training requirements, etc.;
- The **contractual** framework: significant liability exposure, large scope of contractual obligations, etc.;
- The **financials**: acceptable profitability on the contract, correct price/wage adjustment clauses, strategic importance of the customer.

This risk scenario was then evaluated at the relevant levels of expertise, revealing that the contract was strategically very important, but that the liability exposure could not be neglected.

Hence, intensive consultations were organized both internally and externally, resulting in a liability structure that was considered acceptable for the stakeholders, especially given the strategic weight of the business potential.

Ultimately, the tender process was concluded with the signing of a contract.

A Business Built on Trust

Securitas assumes responsibility for a number of social, economical and environmental issues. In our work, we prioritize issues that are close to our operations, have the largest impact and over which we have power to make a change. Our measures to improve our handling of environmental and social aspects are taken in a step-by-step manner.

The foundation for work with responsibility issues is the Securitas Code of Conduct, which that upholds and promotes high ethical business standards. The Code of Conduct is based on our three fundamental values: Integrity, Vigilance and Helpfulness. Integrity means being honest and thus earning trust to work unsupervised on the customer's premises and with valuables. Vigilance entails noticing things that others do not by seeing, hearing, and evaluating. Helpfulness is about our employees lending assistance, even if it is not directly related to his or her job.

Our basic requirement is to act within the framework of laws and international conventions. This means that we respect and comply with competition rules, environmental legislation, labor market laws, agreements and safety requirements and other provisions that set the parameters for our operations.

Socially, Securitas' number one responsibility is to be a good, trustful and stable employer to our quarter of a million employees, providing them with favorable terms and possibilities for further development and careers. Taking responsibility as an employer starts with the very basics: Securitas will not use forced, involuntary or underage labor and will respect the right of all employees to form and join trade unions. Securitas is also an equal-opportunity employer and does not tolerate bullying or harassment. Securitas believes in building relationships based on mutual respect and the dignity of all employees, by far our most important resource.

Securitas has long been a driving force in raising the standards and level of professionalism in the security industry, improving the status of the security officer profession as well as wage levels. Improved status makes it easier to recruit and retain qualified employees with experience and knowledge.

There are numerous opportunities for career advancement at Securitas, either by specializing in a particular discipline at the local, regional, or national level or applying for an international scholarship. There are several training programs in place. In some areas of Europe and the USA, there are specialized training programs geared towards particular sectors, such as gated communities or retail. In some countries, Securitas even runs local training centers. On a senior management level, Securitas has for many years offered a one-year training program, tailored to the exchange of knowledge of business best practice and refinement of 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. One example of such a project is our social development program in Lima, Peru, where we provide breakfast to children in the neighborhood on a daily basis and open up our office during weekends to provide training and support to children and their mothers. This is organized in four different programs: education, health, employment and citizenship.

Economically, our primary responsibility is to be efficient in offering services that protect businesses and societies. Our services provide safety, which is a prerequisite for societies and economies to function, and our role is to make them as good and affordable as possible. We minimize economic losses and uncertainties, building confidence that enables businesses and communities to grow. Also, like any large company, we contribute substantially to regions by paying taxes, and to local communities through employment and purchasing.

Environmentally, our most important responsibility is to minimize emissions due to transportation. Performing our services requires transportation in, for example, Mobile and Monitoring, see illustration on page 7. We also purchase products, security uniforms being one large category, thus creating an environmental impact from a life-cycle perspective. On the whole, Securitas is a services company with relatively low environmental impact. The operations of the Group do not require a permit under the Swedish Environmental Code.

Step-by-step work to improve

In 2008, an analysis of the major environmental, climate and social aspects of our business was undertaken by Group Management to generate a relevant basis for establishing a Corporate Social Responsibility Policy. The analysis led to the conclusion that three areas are to be prioritized for action in the years to come: exhaust emissions from company cars, policies for crisis management and security uniform purchasing.

In May 2008, a decision was taken by the Group to adopt and implement an Environmental Policy. The policy states in short that no new company cars, aimed to transport maximum five people, and no new minivans, aimed for six or seven people, as of May 2008 may exhaust more than 195 and 240 gram CO_2 per km 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. Securitas emitted on an average approximately 173 CO_2 gram per km 2008 for the 10,000 company cars and minivans that Securitas owns or leases worldwide.

Securitas has well-functioning policies for crisis management in all markets where the company is present, these policies will be developed further during the next year. A security officer's position can sometimes result in threatening situations. The goal of our work to improve our policies is to help avoid these situations, prepare our employees and give them the best possible help to handle threatening situations once they have occurred.

Group Management is looking into purchasing security uniforms centrally to further facilitate the control of environmental and social affects when producing the uniforms. By the end of 2008, no final decision was taken, but centralized purchasing of uniforms is still one of our focus areas.

In addition to these three prioritized areas mentioned above, there is also other ongoing work related to corporate responsibility. Employee surveys are being conducted in many countries where Securitas is present, providing critical information needed for developing Securitas' attractiveness as an employer. Overall, employee satisfaction, safety and leadership are examples of areas covered. By having an active dialogue with our employees we intend to increase our employee retention rate, a critical success factor for a specialized security company. Securitas has also strengthened its training efforts during 2008, making long-term investments in educating security officers to help them become more specialized.

People make the difference. For Securitas employees, all managers are role models and a helping hand to their employees. Here we see security officers George Tsitsibis and Therese Jönvik at Clarion Sign Hotel in Stockholm, Sweden.

Stability in a Turbulent Stock Market

At the end of 2008, Loomis AB was distributed to Securitas' shareholders. One share in Loomis AB was received for every five shares in Securitas. At year-end, the price of the Securitas share had dropped 14 percent and market capitalization amounted to MSEK 22,354. Earnings per share from continuing operations increased to SEK 5.18 (3.70) and a dividend to the shareholders of SEK 2.90 per share was proposed.

Performance of the share in 2008

At year-end, the closing price of the Securitas share was SEK 64.25. The price of the Securitas share was adjusted downward in connection with the distribution of the wholly owned subsidiary Loomis AB in December 2008. The closing price at year-end 2007 was SEK 74.90, when adjusted for the distribution of Loomis AB. Without adjustment the closing price at year-end 2007 was SEK 90.00.

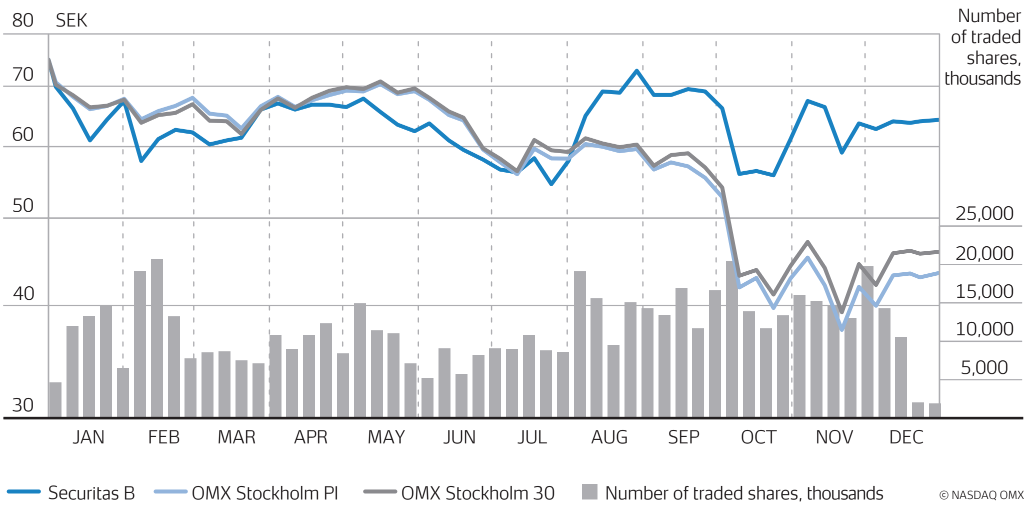
Thus, the decline amounted to 14 percent, compared with a decline of 42 percent for NASDAQ OMX Stockholm in 2008.

The Securitas share is included in the OMX Stockholm All Share, OMX Stockholm 30 and OMX Stockholm Benchmark Cap indexes. At the end of 2008, Securitas' weight in the OMX Stockholm All Share index was 1.00 percent (0.80) and 1.41 percent (1.19) in the OMX Stockholm 30 index. Securitas' weight in the OMX Stockholm Benchmark Cap index was 1.27 percent. During the year, the OMX Stockholm All Share index fell 42 percent, the OMX Stockholm 30 index 39 percent and the OMX Stockholm Benchmark Cap index 38 percent. The highest price paid in 2008 was SEK 76.00 (adjusted for Loomis AB) and the lowest price paid for a Securitas share was SEK 61.50 (adjusted for Loomis AB).

Market capitalization

Market capitalization for Securitas at year-end was MSEK 22,354 (31,312), making Securitas the 22nd largest company on NASDAQ OMX Stockholm.

SHARE PRICES FOR SECURITAS, ADJUSTED FOR LOOMIS DISTRIBUTION, JANUARY 1 – DECEMBER 31, 2008



Turnover

The turnover of Securitas shares increased somewhat in 2008. A total of 661 million (660) Securitas shares were traded on the NASDAQ OMX Stockholm, representing a value of MSEK 50,207 (64,006). The turnover rate in 2008 was 189 percent (190), compared with a turnover rate of 152 percent (130) for NASDAQ OMX Stockholm. An average of 2.6 million shares were traded each day.

Share capital and shareholder structure

The share capital amounted to SEK 365,058,897 at December 31, 2008, distributed among 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.

At December 31, 2008, Securitas had 27,616 shareholders (27,770), down 0.5 percent since 2007. In terms of numbers, private individuals make up the largest shareholder category with 22,599 shareholders, corresponding to 82 percent of the total number of shareholders. In terms of capital, institutional investors dominate with 96 percent of the shares. The largest shareholders in Securitas at December 31, 2008 were Gustaf Douglas, who through the companies Investment AB Latour, Säkl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB holds 11.6 percent (11.6) of the capital and 30.0 percent (30.1) of the votes, and Melker Schörling who through Melker Schörling AB holds 5.6 percent (4.7) of the capital and 11.8 percent (11.1) of the votes. These shareholders are represented on the Board of Directors by Carl Douglas, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg. The majority of Securitas' shareholders, 92 percent, are Swedish. The Swedish shareholders hold 58 percent of the capital and 71 percent of the votes. Compared with 2007, the proportion of foreign shareholders in the shareholder base has increased. At December 31, 2008, the shareholders outside Sweden owned 42 percent (38) of the capital and 29 percent (26) of the votes. The largest shareholdings held by foreign shareholders are in the United Kingdom and the USA and correspond to 13 percent and 12 percent of the capital and 9 percent and 8 percent of the votes, respectively.

Cash dividend and dividend policy

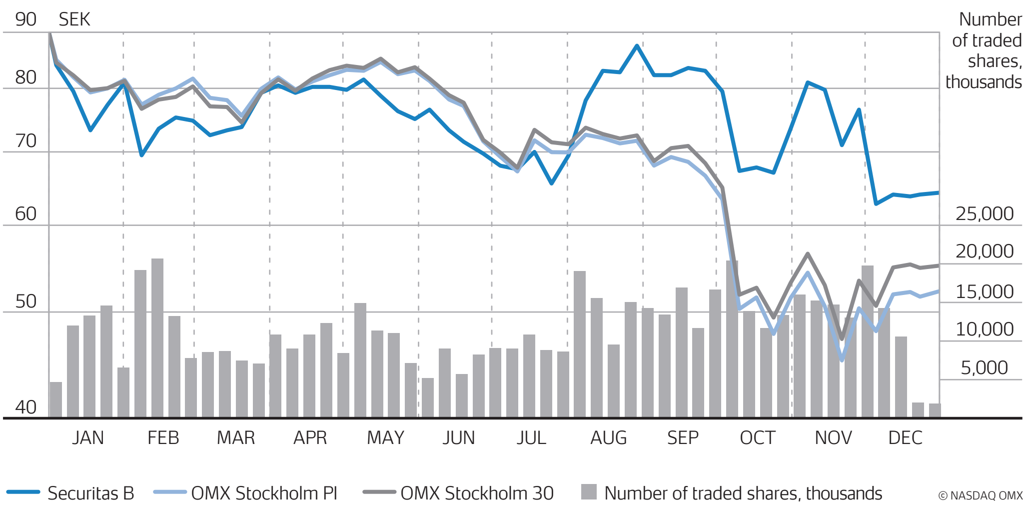
The Board of Directors proposes a dividend of SEK 2.90 (3.10)* per share, corresponding to a total of MSEK 1,059. With a free cash flow averaging 75–80 percent of adjusted income and a balanced growth strategy comprising both organic and acquisition-driven growth, Securitas should be able to sustain a dividend level of 40–50 percent of the annual free cash flow. The proposed dividend is in line with this objective at 52 percent, which corresponds to a yield of 4.5 percent (3.4).

Distribution of Loomis AB

In 2006, Securitas decided to transform three of its divisions, Loomis AB, Securitas Systems AB and Securitas Direct AB, into independent, specialized security companies. Securitas Systems AB (now Niscayah Group AB) and Securitas Direct AB were

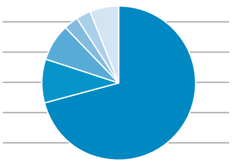
* To compare the dividend of SEK 2.90 with previous year's dividend of SEK 3.10, this year's proposed dividend from Loomis AB must be considered.

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



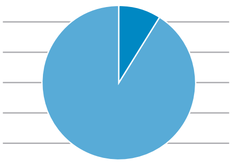
listed as planned in September 2006. However, the listing of Loomis AB was postponed. The Extraordinary General Meeting held on December 3, 2008 decided that all shares in the wholly-owned subsidiary Loomis AB would be distributed to the shareholders in Securitas AB. The distribution date and first trading date on the NASDAQ OMX Stockholm was December 9, 2008. For every five shares (Series A or B) in Securitas AB, the shareholders received one share of the same series in Loomis AB in connection with a reversed split. According to the general advice issued by the Swedish National Tax Board on December 19, 2008, 90 percent of the cost of the Securitas share is attributable to the Securitas share and 10 percent to the Loomis share. For further information, visit www.securitas.com/en/Investor-relations/Investor-News or the website of the Swedish National Tax Board.

SHAREHOLDERS PER COUNTRY, VOTES



- Sweden 71%
- U.K. 9%
- U.S. 8%
- Luxembourg 3%
- France 3%
- Rest of world 6%

SHAREHOLDERS PER CATEGORY, VOTES



- Private individuals 9%
- Institutions 91%

Securitas share in brief

Securitas series B shares are traded on the NASDAQ OMX Stockholm, which is part of the NASDAQ OMX Nordic Exchange. Securitas is listed in the Large Cap List for companies, which includes large companies with a market capitalization of more than EUR 1 billion, and is included in the "Industry" sector. The ISIN code for the Securitas share on the NASDAQ OMX Stockholm is SE0000163594. The ticker code for the Securitas share is SECU B on the NASDAQ OMX Stockholm, SECUB:SS on Bloomberg and SECUb.ST on Reuters. Securitas has been listed on the stock exchange since 1991.

LARGEST SHAREHOLDERS AT DECEMBER 31, 2008

Shareholder	Series A-shares	Series B-shares	*% of capital*	*% of votes*
Gustaf Douglas via companies and family*	12,642,600	29,589,080	*11.6*	*30.0*
Melker Schörling via Melker Schörling AB and family**	4,500,000	16,008,700	*5.6*	*11.8*
Alecta pension fund	0	16,360,000	*4.5*	*3.2*
SEB Investment Management	0	14,637,512	*4.0*	*2.8*
JP Morgan Chase Bank	0	11,587,790	*3.2*	*2.2*
Swedbank Robur Funds	0	10,243,396	*2.8*	*2.0*
Caseis Bank	0	8,360,174	*2.3*	*1.6*
Second AP Fund	0	8,006,648	*2.2*	*1.5*
Northern Trust Company	0	7,770,056	*2.1*	*1.5*
Fourth AP Fund	0	6,996,051	*1.9*	*1.4*
Total, ten largest shareholders	**17,142,600**	**129,559,407**	***40.2***	***58.0***

Source: Euroclear Sweden
* Includes the holdings of family members, Investmentaktiebolaget Latour, Karpalunds Ångbryggeri AB Säkl AB and Förvaltnings AB Wasatornet.
** Includes the holdings of family members and Melker Schörling AB.

SHAREHOLDER STRUCTURE AT DECEMBER 31, 2008

Number of shares	Number of shareholders	Number of Series A-shares	Number of Series B-shares	*% of capital*	*% of votes*
1–500	18,705	0	3,267,926	*0.90*	*0.63*
501–1,000	3,929	0	3,277,439	*0.90*	*0.63*
1,001–5,000	3,490	0	8,192,297	*2.24*	*1.58*
5,001–10,000	512	0	3,898,149	*1.07*	*0.75*
10,001–15,000	184	0	2,362,961	*0.65*	*0.45*
15,001–20,000	117	0	2,125,568	*0.58*	*0.41*
20,001–	678	17,142,600	324,791,457	*93.67*	*95.55*
Total	**27,616[1]**	**17,142,600**	**347,916,297[1]**	***100***	***100***

Source: Euroclear Sweden
1 Does not sum up due to data differences in the reports from NCSD.

DATA PER SHARE

SEK/share	2008	2007	2006	2005	2004
Earnings per share before dilution	5.24[1]	4.82[1]	4.60[1]	4.93[1]	4.39[1]
Earnings per share after dilution	5.24[1]	4.82[1]	4.60[1]	4.90[1]	4.37[1]
Dividend	2.90[2]	3.10[3]	3.10[3]	3.50[3]	3.00[3]
Dividend as % of earnings per share	55	64	67	71	69
Yield, %	4.5[4]	3.4	2.9	3.9	3.9
Free cash flow per share	5.51[5]	6.19[5]	4.11[5]	4.08[5]	4.41[5]
Share price at end of period	64[5]	75[5]	88[5]	78[5]	67[5]
Highest share price	76[5]	95[5]	95[5]	81[5]	72[5]
Lowest share price	51[5]	63[5]	68[5]	62[5]	51[5]
Average share price	64[5]	81[5]	81[5]	71[5]	60[5]
P/E ratio	12[5]	16[5]	19[5]	16[5]	15[5]
Number of shares outstanding (000s)	365,059	365,059	365,059	365,059	365,059
Average number of shares outstanding, after dilution (000s)	365,059	369,366	376,165	378,712	382,409
Number of shares outstanding, after dilution (000s)	365,059[6]	365,059[6]	379,615	375,015	382,409

1 Calculated before items affecting comparability and for continuing operations.
2 Proposed dividend.
3 Including Loomis and for 2005 and 2004 also Niscayah Group and Securitas Direct.
4 Calculated on proposed dividend.
5 Excluding Loomis and for 2005 and 2004 also Niscayah Group and Securitas Direct.
6 Convertible debenture loan 2002/2007 matured in May 2007 and there is currently no potential dilution.

DEVELOPMENT OF SHARE CAPITAL

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

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

DEFINITIONS

Yield: Dividend relative to share price at the end of each year. For 2008, the proposed dividend is used.
Free cash flow per share: Free cash flow in relation to the number of shares outstanding before dilution.
P/E ratio (Price/Earnings): The share price at the end of each year relative to earnings per share after taxes.
EBITA multiple: The company's market capitalization and liabilities relative to operating income before amortization, net financial items and taxes.
Turnover rate: Turnover during the year relative to the average market capitalization during the same period.
Market capitalization: The number of shares outstanding times the market price of the share price at year-end.
Enterprise value: Market capitalization + net debt.

Report of the Board of Directors – Financial overview

The Board of Directors and the President of Securitas AB (publ.), corporate registration number 556302-7241, with its registered office in Stockholm, hereby submit the Annual Report and consolidated financial statements for the 2008 financial year.

Securitas provides security services protecting homes, workplaces and society. Our core business is guarding services and the main service offering categories are specialized guarding, mobile services, monitoring and consulting and investigation services. Securitas is present in 37 countries in North America, Latin America, Europe and Asia, with more than 240,000 employees.

After the listing of Loomis AB (treated as discontinued operations), the Securitas Group consists of the business segments Security Services North America, Security Services Europe and Mobile and Monitoring, and in addition the guarding operations in Latin America and Asia included under the heading Other in the segment overview in Note 9.

Sales

Sales amounted to MSEK 56,572 (51,536). Organic sales growth was 6 percent (6). The organic sales growth in the U.S. as well as in Europe is in line with the respective security market growth in 2008. The new sales growth in both the U.S. and Europe is still good, but has declined compared to 2007.

SALES JANUARY–DECEMBER

MSEK	2008	2007	%
Total sales	**56,572**	**51,536**	***10***
Acquisitions/Divestitures	–1,324	–	
Currency change from 2007	–863	–	
Organic sales	**54,385**	**51,536**	***6***

Operating income before amortization

Operating income before amortization was MSEK 3,271 (2,889) which, adjusted for changes in exchange rates, represents an increase of 10 percent.

INCOME JANUARY–DECEMBER

MSEK	2008	2007	%
Operating income before amortization	**3,271**	**2,889**	***13***
Currency change from 2007	–79	–	
Operating income before amortization	**3,192**	**2,889**	***10***

The operating margin was 5.8 percent (5.6). Security Services North America has improved its operating margin due to a strong focus on profitability, by optimizing the portfolio mix and through operational efficiency improvements. The operating margin in Security Services Europe was flat compared to last year with a small dilution effect from the consolidation of the operations acquired from G4S in Germany. In all business segments the price increases have been approximately on par with wage cost development in 2008.

Operating income after amortization

Acquisition related restructuring costs, which for 2008 mainly relate to the operations acquired from G4S in Germany, impacted 2008 by MSEK –53 (–2). The restructuring of these operations has in all material aspects been finalized. The integration proceeds according to plan.

Items affecting comparability, consisting exclusively of the cost of listing Loomis AB, impacted 2008 by MSEK –29 (–78). In 2007, items affecting comparability consisted of the positive outcome of the settlement of the Globe/Federal Aviation Administration dispute in the USA of MSEK 50 and a provision of MSEK –128 related to labor overtime compensation claims in Spain.

Financial income and expense

Financial income and expense amounted to MSEK –472 (–475). Revaluation of financial instruments amounted to MSEK 3 (–7).

Income before taxes

Income before taxes was MSEK 2,617 (1,889). The real change was 34 percent. The real change adjusted for items affecting comparability of MSEK –29 (–78) and for impairment losses of goodwill in 2007 of MSEK –350, was 11 percent. Adjusted also for acquisition related restructuring costs of MSEK –53 (–2), real change was 13 percent.

Taxes, net income and earnings per share

The Group's tax rate was 27.8 percent (28.3). Adjusted for non-deductible impairment of goodwill and tax on items affecting comparability the tax rate was 23.9 percent in 2007. Adjusted also for a revaluation charge for deferred tax assets pertaining to tax losses due to German tax reform the underlying tax rate, which is the relevant rate for comparison, was 21.5 percent in 2007.

Net income, continuing operations was MSEK 1,890 (1,354). Earnings per share for continuing operations were SEK 5.18 (3.70). Earnings per share, before items affecting comparability for continuing operations were SEK 5.24 (4.82).

CONDENSED STATEMENT OF INCOME ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2008	2007
Total sales	**56,571.6**	**51,536.1**
Organic sales growth, %	*6*	*6*
Production expenses	-46,122.9	-42,212.8
Gross income	**10,448.7**	**9,323.3**
Selling and administrative expenses	-7,196.3	-6,453.0
Other operating income	18.7	18.2
Share in income of associated companies	-0.4	0.3
Operating income before amortization	**3,270.7**	**2,888.8**
Operating margin, %	*5.8*	*5.6*
Amortization and impairment of acquisition related intangible assets	-102.2	-439.8
Acquisition related restructuring costs	-52.6	-2.1
Items affecting comparability	-29.3	-78.1
Operating income after amortization	**3,086.6**	**2,368.8**
Financial income and expenses	-472.3	-475.2
Revaluation of financial instruments	2.7	-6.7
Share of income in associated companies	–	2.2
Income before taxes	**2,617.0**	**1,889.1**
Taxes	-727.1	-535.1
Net income for the year, continuing operations	**1,889.9**	**1,354.0**
Net income for the year, discontinued operations	431.8	-828.0
Net income for the year, all operations	**2,321.7**	**526.0**

Securitas' financial model is described on pages 36–37.

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

IMPACT OF IMPAIRMENT LOSSES OF GOODWILL AND ITEMS AFFECTING COMPARABILITY

MSEK	2008	2007
Income before taxes, impairment losses of goodwill and items affecting comparability	**2,646**	**2,317**
Impairment losses of goodwill[1]	–	-350
Items affecting comparability		
Globe/FAA	–	50
Listing of Loomis AB	-29	–
Overtime compensation Spain	–	-128
Total items affecting comparability	**-29**	**-78**
Total impact from impairment losses of goodwill and items affecting comparability	**-29**	**-428**
Income before taxes	**2,617**	**1,889**

1 Classified as amortization and impairment of acquisition related intangible assets.

Development in the Group's business segments

Security Services North America

SALES AND INCOME

MSEK	2008	2007
Total sales	**21,327**	**20,933**
Organic sales growth, %	*3*	*4*
Operating income before amortization	**1,218**	**1,080**
Operating margin, %	*5.7*	*5.2*
Real change, %	*13*	*8*

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

The organic sales growth was 3 percent (4) in 2008, which was in line with the security market growth in 2008.

The new sales growth was lower in 2008 than in 2007 and has declined gradually during the second half of 2008.

The operating margin was 5.7 percent (5.2). The improvement in the operating margin is primarily driven by the U.S. guarding operations. There are several factors leading to the improvement besides the general focus on profitability: operational efficiencies, stable payroll taxes, lowered risk costs and improved portfolio mix by the termination of low margin contracts.

Operating income showed a real change of 13 percent in 2008.

The client retention rate remained over 90 percent. The employee turnover rate of about 70 percent shows an improvement trend.

Security Services Europe

SALES AND INCOME

MSEK	2008	2007
Total sales	**28,737**	**25,353**
Organic sales growth, %	*7*	*8*
Operating income before amortization	**1,635**	**1,433**
Operating margin, %	*5.7*	*5.7*
Real change, %	*9*	*9*

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

The organic sales growth was 7 percent (8). The main reason for the decline is related to Aviation, where the organic sales growth slowed compared to last year, when there were many start-ups of large contracts. Despite this, Aviation continued to show double-digit organic sales growth. In the guarding operation, strong organic sales growth was seen in countries such as Denmark, countries in Eastern Europe, Finland, Switzerland and Turkey. The European Football Championship positively impacted organic sales growth.

Overall, the new sales rate was lower in 2008 than in 2007. This is a result of the increased focus on improving gross margins. The gross margin on new sales was still below the portfolio average gross margin, but with a continuously improving trend.

In 2008, price adjustments approximately corresponded to the total wage cost increases.

The operating margin was 5.7 percent (5.7). The operating margin in the guarding operation was flat compared to last year. The consolidation of the acquired operations from G4S in Germany slightly diluted the operating margin in 2008, as expected. Aviation showed an improvement and contributed to maintaining the operating margin.

Operating income showed a real change of 9 percent in 2008.

The client retention rate was stable at around 90 percent. The employee turnover rate was about 35 percent (39), with a clear tendency toward further improvement.

Mobile and Monitoring

SALES AND INCOME

MSEK	2008	2007
Total sales	**5,546**	**4,836**
Organic sales growth, %	*8*	*7*
Operating income before amortization	**647**	**578**
Operating margin, %	*11.7*	*12.0*
Real change, %	*9*	*–4*

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

The organic sales growth was 8 percent (7) as a result of the growth strategy.

In the Mobile operation, Belgium, Denmark, Finland, Germany, Norway and Spain showed double-digit organic sales growth. In the Monitoring operation, strong organic sales growth was seen in Belgium, the Netherlands, Poland and Sweden.

The operating margin was 11.7 percent (12.0). The main reasons for the deviation are related to the cost of building a larger sales organization and launching new mobile routes.

Cash flow

Operating income before amortization amounted to MSEK 3,271 (2,889). Net investments in non-current tangible and intangible assets after depreciation amounted to MSEK –137 (–62).

Changes in accounts receivable amounted to MSEK 8 (–781) and were positively impacted by the reduction in days of sales outstanding. Changes in other operating capital employed amounted to MSEK 107 (1,069).

Cash flow from operating activities amounted to MSEK 3,249 (3,115), equivalent to 99 percent (108) of operating income before amortization. The cash flow from operating activities in 2007 was impacted positively in the amount of MSEK 181 from the liquidation of Securitas Employee Convertible 2002 Holding S.A.

Financial income and expenses paid amounted to MSEK –433 (–396). Current taxes paid amounted to MSEK –804 (–458). The increase in current taxes paid includes a tax payment in Spain by MSEK 144 which relates to the bankruptcy estate of Esabe, which was covered by previously made provisions.

Free cash flow was MSEK 2,012 (2,261), equivalent to 94 percent (114) of adjusted income. The free cash flow in 2007 was impacted positively in the amount of MSEK 181 from the liquidation of Securitas Employee Convertible 2002 Holding S.A.

Cash flow from investing activities, acquisitions, was MSEK –1,021 (–584), including the payment for the acquisition of the G4S guarding and monitoring operations in Germany.

Cash flow from items affecting comparability was MSEK –111 (–15). For 2008, this mainly comprises the cash settlement with the bankruptcy estate of Esabe in Spain, which was covered by previously made provisions. It also includes payments of listing costs for Loomis.

Cash flow from financing activities was MSEK –199 (372).

Cash flow from discontinued operations was MSEK –791 (659). Cash flow from discontinued operations includes cash flow from items affecting comparability of MSEK –450 (–549). It also includes cash flow from financing activities of MSEK –463 (1,374).

Cash flow for the year was MSEK –110 (2,693).

CONDENSED STATEMENT OF CASH FLOW ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2008	2007
Operating income before amortization	**3,270.7**	**2,888.8**
Investments in non-current tangible and intangible assets	–977.0	–838.1
Reversal of depreciation	839.9	775.6
Net investments in non-current tangible and intangible assets	**–137.1**	**–62.5**
Change in accounts receivable	7.8	–780.6
Change in other operating capital employed	107.3	1,069.1
Cash flow from operating activities	**3,248.7**	**3,114.8**
Cash flow from operating activities, %	*99*	*108*
Financial income and expenses paid	–433.4	–396.2
Current taxes paid	–803.5	–457.6
Free cash flow	**2,011.8**	**2,261.0**
Free cash flow, %	*94*	*114*
Cash flow from investing activities, acquisitions	–1,021.5	–584.4
Cash flow from items affecting comparability	–110.8	–15.1
Cash flow from financing activities	–199.3	372.1
Cash flow for the year, continuing operations	**680.2**	**2,033.6**
Cash flow for the year, discontinued operations	–790.5	658.9
Cash flow for the year, all operations	**–110.3**	**2,692.5**

Securitas' financial model is described on pages 36–37.

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 2,959 (4,171 for all operations and 3,062 for continuing operations as of December 31, 2007) corresponding to 5 percent of sales (6 for continuing operations as of December 31, 2007) adjusted for full year sales of acquired units.

Acquisitions have increased operating capital employed by MSEK 13. The dividend of Loomis reduced operating capital employed by MSEK –2,298.

Acquisitions have increased consolidated goodwill by MSEK 800. The dividend of Loomis reduced consolidated goodwill by MSEK –3,024. Adjusted for positive translation differences of MSEK 2,535 the total goodwill for the Group amounted to MSEK 14,104 (13,793 for all operations and 11,260 for continuing operations as of December 31, 2007).

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter of 2008 in conjunction with the business plan process for 2009. None of the CGUs had a carrying amount that exceeded the recoverable amount, and consequently no impairment losses have been recognized in 2008. In 2007 impairment losses of goodwill amounted to MSEK –350 in Security Services Europe and Mobile and Monitoring.

Acquisitions have increased acquisition related intangible assets by MSEK 238, whereof MSEK 231 in continuing operations. The dividend of Loomis reduced acquisition related intangible assets by MSEK –77. After amortization of MSEK –102 in continuing operations, MSEK –14 in discontinued operations and positive translation differences of MSEK 82, acquisition related intangible assets amounted to MSEK 751 (624 for all operations and 549 for continuing operations as of December 31, 2007).

The Group's total capital employed was MSEK 17,920 (18,692 for all operations and 14,975 for continuing operations as of December 31, 2007). The dividend of Loomis reduced total capital employed by MSEK –5,399. The translation of foreign capital employed to Swedish kronor (SEK) increased the Group's capital employed by MSEK 3,501.

The return on capital employed was 18 percent (19 for continuing operations as of December 31, 2007).

Financing

The Group's net debt amounted to MSEK 9,413 (9,878 for all operations as of December 31, 2007). Acquisitions and acquisition-related payments increased the Group's net debt by MSEK 1,073 (1,021 in continuing operations), of which purchase price payments accounted for MSEK 1,110 (1,058 in continuing operations), assumed net debt for MSEK –57 (–57 in continuing operations) and acquisition related restructuring costs paid for MSEK 20 (20 in continuing operations). The Group's net debt increased by MSEK 1,313 due to the translation of net debt in foreign currency to Swedish kronor.

A dividend of MSEK 1,132 (1,132) was paid to the shareholders in April 2008. The dividend of net assets in Loomis on December 8, 2008 amounted to MSEK 2,863.

On March 14, 2008 the MEUR 500 Eurobond loan matured and was paid back in full. The MUSD 250 U.S. Securitization Program matured in June 2008 and was also paid back in full. On July 11, 2008 Securitas issued MEUR 45 Floating Rate Notes under its MEUR 1,500 Euro Medium Term Note Program. The notes have a five-year bullet maturity on July 11, 2013. In addition to the above, Securitas has access to committed financing through the MUSD 1,100 Revolving Credit Facility maturing in 2012, through a MEUR 550 Term Loan Facility maturing in 2010, through a MSEK 3,000 club deal also maturing in 2010 and through a MSEK 1,500 bilateral Revolving Credit Facility maturing in 2009, which was signed in March 2008. The purpose of the two latter facilities is to provide Securitas with headroom while evaluating alternatives for refinancing. Securitas also has access to uncommitted bank borrowings and a MSEK 5,000 Swedish Commercial Paper Program for short-term borrowing needs. On February 5, 2009 Securitas issued a further MEUR 45 Floating Rate Notes under its MEUR 1,500 Euro Medium Term Note Program. The notes have a five-year bullet maturity on February 5, 2014.

Securitas has ample liquidity headroom under the committed credit facilities in line with established policies, which together with the strong free cash flow generation makes it possible to meet upcoming liquidity needs in the operations. The dividend of Loomis has reduced the net debt by MSEK 2,536.

On June 12, 2008, Moody's long-term credit rating of Securitas AB was withdrawn at Securitas' request. Securitas will continue to be rated by Standard & Poor's where the ratings assigned are: long-term BBB+, short-term A –2 and Nordic short-term K –1.

The interest cover ratio for continuing operations amounted to 3.9 (3.6). The free cash flow to net debt ratio amounted to 0.21 (0.24 for all operations as of December 31, 2007).

Shareholders' equity amounted to MSEK 8,507 (8,814 for all operations as of December 31, 2007). The translation of foreign assets and liabilities to Swedish kronor increased shareholders' equity by MSEK 1,955 after taking into account net investment hedging of MSEK –233 and MSEK 2,188 before net investment hedging. Refer to page 66, Statement of recognized income and expense, for further information.

The total number of outstanding shares amounted to 365,058,897 as of December 31, 2008.

CONDENSED CAPITAL EMPLOYED AND FINANCING ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2008	2007
Operating capital employed	2,959.4	3,061.9
Operating capital employed as % of sales, continuing operations	*5*	*6*
Goodwill	14,104.3	11,260.4
Acquisition related intangible assets	751.3	548.7
Shares in associated companies	104.9	103.5
Capital employed, discontinued operations	–	3,717.5
Total capital employed	**17,919.9**	**18,692.0**
Return on capital employed, continuing operations, %	*18*	*19*
Net debt	9,412.6	9,878.0
Shareholders' equity	8,507.3	8,814.0
Total financing	**17,919.9**	**18,692.0**

Securitas' financial model is described on pages 36–37.

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

NET DEBT DEVELOPMENT

MSEK	2008	2007
Opening balance January 1	**–9,878.0**	**–9,734.6**
Cash flow from operating activities	3,248.7	3,114.8
Financial income and expenses paid	–433.4	–396.2
Current taxes paid	–803.5	–457.6
Free cash flow	**2,011.8**	**2,261.0**
Cash flow from investing activities, acquisitions	–1,021.5	–584.4
Cash flow from items affecting comparability	–110.8	–15.1
Dividend paid	–1,131.7	–1,131.7
Cash flow from discontinued operations[1]	–327.7	–714.9
Change in net debt before revaluation and translation	**–579.9**	**–185.1**
Revaluation of financial instruments	–178.2	–35.2
Translation differences	–1,313.0	76.9
Impact from dividend of discontinued operations	2,536.5	–
Change in net debt	465.4	–143.4
Closing balance December 31	**–9,412.6**	**–9,878.0**

1 Excluding change in loans.

Acquisitions

All acquisition calculations are finalized no later than one year after the acquisition is made.

ACQUISITIONS JANUARY – DECEMBER 2008 (MSEK)

Company	Business segment [1]	Included from	Annual sales [2]	Enterprise value [3]	Goodwill	Acq. related intangible assets
Opening balance					**13,793**	**624**
Black Star, Spain [4]	Security Services Europe	n/a	–	47	–	–
KARE, Turkey [4]	Security Services Europe	n/a	–	38	–	–
GRB Security Ltd, U.K.	Security Services Europe/Mobile and Monitoring	March 1	49	20	13	6
PSI, Spain [5]	Security Services Europe	n/a	–	43	–	–
SATS and Servicios de Seguridad, Uruguay	Other	May. 15	76	41	39	22
FM Seguridad, Chile	Other	June 1	63	24	33	7
G4S, Germany	Security Services Europe/Mobile and Monitoring	June 30	795	359	326	49
SH Safe Home, Switzerland	Security Services Europe	Sept. 1	16	33	26	13
SCP International, Serbia	Security Services Europe	Sept. 2	85	26	24	10
Purzeczko, Poland	Security Services Europe	Sept. 15	110	33	23	20
El Guardian, Argentina	Other	Oct. 1	134	78	85	35
Eureca/Luxtracing [6]	Mobile and Monitoring	[6]	70	82	85	16
S.O.B Objektschutz, Germany	Security Services Europe	Dec. 2	84	31	16	22
Agency of Security Fenix, Czech Republic and Slovakia	Security Services Europe	Dec. 19	164	67	69	9
Other acquisitions [7]			38	79	61	22
Total acquisitions January–December 2008, continuing operations			**–**	**1,001**	**800**	**231**
Total acquisitions January–December 8, 2008, discontinued operations				**52**	**–**	**7**
Total acquisitions January–December 2008, all operations				**1,053**	**800**	**238**
Amortization of acquisition related intangible assets, continuing operations					–	–102
Amortization of acquisition related intangible assets, discontinued operations					–	–14
Exchange rate differences					2,535	82
Impact from dividend of discontinued operations					–3,024	–77
Closing balance					**14,104**	**751**

1 Refers to business segment with main responsibility for the acquisition.

2 Estimated annual sales.

3 Purchase price paid plus acquired net debt.

4 Deferred considerations for Black Star and KARE acquisitions.

5 Deferred consideration for PSI acquisition.

6 Eureca (Satworld), the Netherlands, is included from July 4. Eureca Benelux Services, Belgium and LuxTracing, Luxembourg are included from October 1.

7 PBB Borlänge (contract portfolio), Värmlandsvakt (contract portfolio), Skandinaviska Bevakning (contract portfolio), UVOS and AVS Bevakning (contract portfolio), Mobile Sweden, 365 Vagt (contract portfolio), Mobile Denmark, Turvavalvonta ja Vartiointi Valvo (contract portfolio), Mobile Finland, Schutz- u. Wachdienst CSS (contract portfolio) and Consulting Plius (contract portfolio), Mobile Germany, Aufschaltungen Drees (contract portfolio), Alert Services Germany, New Technic Security (contract portfolio) and Securiveil, Mobile France, GSP (contract portfolio), Services Switzerland, Hummel (contract portfolio) and Vision (contract portfolio), Alert Services Netherlands, CPI Security Group, Romania, Grupo Guardias Blancas, Mexico, Vigiliancias y Seguridad, Seguridad Argentina, Seguridad Cono Sur and Patagua, Argentina, Tecnisegur (contract portfolio), Aseco and Proguard, Uruguay, Burns de Colombia, Colombia, Forza, Peru, Dynamic Solutions Group, Chile, Walsons, India, Polic Secuforce, Hong Kong and Globe Partner Services, Egypt.

GRB Security, United Kingdom
Securitas has acquired the security services company GRB Security in the United Kingdom. GRB has annual sales of approximately MSEK 49 with 175 employees. The company provides a full range of security services to its customers in the Midlands, including guarding, mobile patrols and alarm receiving.

SATS and Servicios de Seguridad, Uruguay
Securitas has acquired the security services companies SATS and Servicios de Seguridad in Uruguay. The majority of the business is geographically located to the cities Montevideo and Canelonas. Combined, the two companies have operations in guarding, monitoring and alarm response services. The companies have annual sales of approximately MSEK 76 and a total of 1,500 employees. The acquisitions give Securitas a market leading position in Uruguay with a 16 percent market share in the outsourced guarding market.

FM Seguridad, Chile
Securitas has acquired the security services company FM Seguridad in Chile. The company is operational mainly in guarding, but also in monitoring. It is primarily present in Santiago de Chile and in La Serena in northern Chile. The company has projected annual sales of MSEK 63 and a total of 1,200 employees.

G4S, Germany
Securitas has acquired G4S' guarding and monitoring operations in Germany with annual sales of approximately MSEK 795. The company has a well diversified contract portfolio with a stable customer base. The acquisition complements Securitas existing German operation both in terms of customers and geography. The company has 4,100 employees.

SH Safe Home, Switzerland
Securitas subsidiary in Switzerland, Protectas, has acquired the alarm systems company SH Safe Home. Safe Home operates in the area of installations of alarm systems for private households and has annual sales of approximately MSEK 16.

SCP International, Serbia
Securitas has acquired the security services company SCP International in Serbia. SCP International is the third major security services company in Serbia, with 6 percent market share in guarding. The company has annual sales of approximately MSEK 85 and about 1,500 employees.

Purzeczko, Poland
Securitas has acquired 70 percent of the security services company Purzeczko. Purzeczko operates mainly in guarding but has also mobile patrols, alarm monitoring and fire fighting operations. The company is the strongest local security services provider in the Eastern region of Poland, with annual sales of approximately MSEK 110 and about 1,700 employees.

El Guardian, Argentina
Securitas has acquired the security services company El Guardian in Argentina. The company operates mainly in the northeast and northwest parts of the country. The acquisition strengthens Securitas' position as the market leader in Argentina. El Guardian has annual sales of approximately MSEK 134 and about 1,200 employees.

Eureca Benelux Services, Belgium
Eureca (Satworld), the Netherlands
LuxTracing, Luxembourg
Securitas has acquired the Belgian company Eureca Benelux Services, Eureca (the Satworld group of companies) in the Netherlands and the company LuxTracing, based in Luxembourg. Securitas Alert Services – within Mobile and Monitoring – operates a Track and Trace network throughout most EU countries. With these three separate acquisitions, Securitas Alert Services has increased its ability to deliver a more complete service to its customers. The total number of employees within the three companies is 30 and the combined annual sales are approximately MSEK 70.

S.O.B Objektschutz, Germany
Securitas has acquired S.O.B Objektschutz in Stuttgart, Germany. The company, which specializes in security for fairs and exhibitions, has annual sales of MSEK 84 and 500 employees.

Agency of Security Fenix, Czech Republic and Slovakia
Securitas has acquired the security services company Agency of Security Fenix in the Czech Republic and Slovakia. The company has annual sales of approximately MSEK 164 and about 1,250 employees. ASF is the third largest market player in the Czech Republic and with this acquisition Securitas will be the market leader in security services in the Czech Republic.

Grupo Guardias Blancas, Mexico
Securitas has acquired the security services company Grupo Guardias Blancas in Mexico. The company has annual sales of approximately MSEK 69 and about 1,500 employees. The company specializes in security services for the tourism industry in the south-east Mexico, but also has operations in the retail, commercial and maritime segments. With this acquisition Securitas will be the second largest security services company in Mexico. The acquisition will be consolidated within Securitas from January 1, 2009.

Polic Secuforce, Hong Kong
Securitas has acquired the security services company Polic Secuforce in Hong Kong. The company has annual sales of approximately MSEK 19. The company has a broad contract portfolio, mainly in the education segment. The acquisition will be consolidated within Securitas from January 1, 2009.

CPI Security Group, Romania
Securitas has acquired the remaining outstanding shares in CPI in Romania, which was acquired in April 2007, and Securitas is now the sole owner of the company.

Acquisitions after December 31, 2008

Akal Security, Hawaii

Securitas has acquired the Hawaiian commercial business contracts and assets of the security services company Akal Security. The acquisition of these contracts and the addition of over 300 security officers will strengthen Securitas' position as the market leader in security services in the State of Hawaii. With this acquisition, Securitas will employ over 2,700 employees in Hawaii. The acquisition will be consolidated within Securitas as of February 20, 2009.

Moore Security, USA

Securitas has acquired the commercial contracts and operational assets of the security services company Moore Security. Sales in the acquired contracts are approximately MSEK 140 (MUSD 15.6). Moore Security, with approximately 650 employees, has a very balanced and diverse customer portfolio in terms of sizes and vertical markets in Indiana and Kentucky. The acquisition will strengthen Securitas' position as the market leader in this area. The acquisition will be consolidated within Securitas as of March 13, 2009.

Other significant events

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 security guarding company in Brazil. In order to support this company while required governmental approvals were obtained, 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 following the receipt of the government approval. 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 has since filed for protection from its creditors under Brazilian legislation providing for a judicial restructuring process. Securitas, being a creditor in the insolvency matter, has objected to the company's restructuring plan proposed in the judicial restructuring process. The insolvency judge decided against Securitas and this decision was appealed by Securitas in 2008. The Court of Appeal has in its decision upheld the lower courts' decision. This decision is now subject to a "special appeal".

In connection with the commencement of this judicial restructuring process, the company has asserted a claim of MUSD 140 against Securitas, alleging that Securitas is responsible for the company's 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 addition, a number of employees of Estrela Azul who claim to be owed wages have named Securitas in addition to other parties in pending labor suits. The number of labor law cases involving Securitas increased in 2008. The claimed amounts are normally low. The defense of these labour cases has been entrusted to one of the leading law firms in Brazil. Securitas denies all responsibility for such claims.

Germany – Heros

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

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

The claims of the Heros companies (in bankruptcy) are based on the Trustees current understanding of the subject transactions, resulting in the allegation that certain inter-company transactions (set-offs) performed by Securitas Germany prior to the sale of the companies were not in compliance with German law. Heros' aggregated claims on Securitas Germany amounts to approximately MEUR 108. Heros is in addition requesting Securitas Germany to re-assign a claim against the insurance company IF which was kept by Securitas in the divestiture. Based on local legal expertise and a legal opinion from a renown law professor, Securitas will object to the claims raised by the Trustee.

As of December 31, 2006 a minor provision was recognised to cover the known exposure in the Heros claim at that time. This provision remains unchanged. No additional provision has been established for the recent claim.

Germany – Welo

During 2001 Securitas in Germany in response to customer requests took on cash booking responsibilities in addition to the cash in transit activities which it had historically provided in Germany. In connection with the performance of these activities, during the time of the euro introduction in Germany, a loss developed with a major customer. The amount of the loss was advanced by Securitas Germany to the customer in accordance with the relevant contract in two payments and the equivalent has been claimed against the relevant insurance policies.

On April 8, 2008 the court in Düsseldorf rendered its judgment in the case. The court decided against Securitas. The claim under the insurance policy was fully provided for as per June 30, 2006. Securitas has decided not to appeal the Düsseldorf court decision of April 8, 2008.

Germany – U.S. Army

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

Based on Securitas' U.S. counsel's current evaluation of Securitas' claim and the conclusions of the auditing firm, Group Management view a settlement solution as a possible option for Securitas. Settlement discussions are therefore agreed with the U.S. Army to continue during 2009.

United Kingdom – Loomis Cash Management (LCM)

On November 24, 2007, LCM sold its fixed assets and operation to Vaultex U.K. Ltd, jointly owned by HSBC Bank plc and Barclays Bank PLC. On the same date LCM became a wholly owned subsidiary of Loomis when the banks as part of this transaction sold their shares to Loomis.

The sale of the fixed assets and the operations resulted in a loss of MSEK 160 in the fourth quarter 2007, due to a lower transaction price than book value and a provision made for warranties agreed with the buyer. The provision was made to cover potential claims from any of the banks customers claiming reconciliation errors or omissions in their accounts with LCM during the period from June 1, 2007 up and until November 24, 2007, or claims that have arisen and have been notified to LCM prior to June 1, 2007 but have not been settled at closing. Such claims had to be presented to LCM for investigation by LCM prior to August 31, 2008. After that date this obligation expired. No additional claims were reported as per August 31, 2008 which means that the provisions made are expected to be used in full but still sufficient. LCM has also provided the banks with a capped standard warranty related to the business assets, subject to relevant disclosures.

A final settlement has, as of June 19, 2008, been agreed between Securitas and the Bank of England regarding declarations made by Loomis Cash Management Ltd (LCM) that did not comply with the rules of the Bank of England's Note Circulation Scheme (NCS). The amount of the settlement is covered by the provisions already taken. No further financial effects are expected. LCM transferred most of its operations to Vaultex U.K. Ltd (jointly owned by HSBC Bank and Barclays Bank) on November 24, 2007, when Vaultex replaced it as a member of the NCS.

Spain – Esabe

In January 1992, Securitas acquired Esabe, Spain's then second-largest company in the guard services and cash-in-transit segments. Shortly following such acquisition, the seller in such transaction filed for bankruptcy under Spanish law. As a consequence of such bankruptcy filing, Securitas has been involved in multiple litigations with the bankruptcy estate in respect of claims by the estate relating to the validity of the acquisition transaction and certain accounts claimed to be due to the estate. During 2006, final rulings in these litigations were made by the Spanish Supreme Court. Following these final rulings, Securitas entered into settlement negotiations with representatives of the estate and a final settlement was agreed with the estate resolving all of the outstanding claims. A provision in the amount of the payment to be made to the estate under the settlement agreement was recognized as of December 31, 2006. The final settlement has been signed by all parties and submitted to the relevant Spanish court for its approval. The court has finally approved the settlement agreement between the bankruptcy estate of Esabe and Securitas. The settlement amount has been paid and the agreement will be implemented according to its terms.

Spain – Overtime compensation

All major security companies in Spain have been compensating their employees in respect of overtime work in accordance with a labor agreement covering the period 2005 to 2008. In February 2007, the Spanish Supreme Court ruled that the overtime compensation under the existing labor agreement was not in compliance with Spanish law.

The potential exposure in respect of overtime compensation payable to employees of the security services and guarding companies in Spain has increased due to the failure of the major security companies and the local unions to negotiate a settlement agreement on the overtime compensation. A petition has been lodged with the lower court in Spain seeking specific guidance as to how overtime compensation shall be calculated. A judgment was rendered in January 2008 giving guidelines on calculation of overtime pay, which substantially accepted the views of the employers. The judgment has been appealed by the local unions. Securitas will vigorously defend its position in the appeal. A decision in the matter is not expected until mid-2009.

In the absence of final guidance on overtime compensation, Securitas has chosen to apply the guidelines given by the court for salary payments to be paid in 2008. For historic overtime compensation, the company will await the outcome of the appeal. Securitas will have to prepare for several suits from employees and former employees in respect of historic overtime compensation.

Simultaneously, one industry association commenced legal proceedings in an attempt to invalidate the current collective bargaining agreement due to an alleged imbalance created by the earlier decision on overtime pay by the Supreme Court. In a judgment rendered in January 2008 the court ruled – on procedural grounds – against the industry association. It has now appealed the court decision. Judgment in the appeal is not expected until mid-2009.

Securitas Spain is already the target of several labor claims and the number of claims is increasing. Based on this fact the management estimates the additional compensation for the historic overtime claims to amount to MSEK 128 and a provision of this amount was recognized as of December 31, 2007.

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 2007, and is described in Note 38.

Globe and other Securitas companies are, together with the relevant airline and other parties, defendants in 21 lawsuits pertaining to the events of September 11, 2001. The reduction of outstanding cases is due to the settlement of cases. The proceedings against the Securitas companies other than Globe have, with the consent of the Court and the plaintiffs, been temporarily stayed. In all the suits, a number of persons other than Globe and Securitas companies are co-defendants. Three of the remaining suits pertain to persons who died and 18 relate to damage to property and businesses owing to the events of September 11, 2001. All bodily injury cases involving Globe have been settled. Certain of the property claims are believed to be substantial and the aggregate, estimated value of the claims filed exceeds the insurance coverage estimated to exist as a potential source of recovery. Due to the statutory liability cap, any such liability is limited to the amount of liability coverage maintained. The potential exposure has been reduced due to a court decision which declares that in the property cases the Fair Market Value rather than the Replacement Value shall be applied when computing possible property damages.

Globe and the other companies in the Group named as defendants are challenging these suits. All coverage disputes with the relevant September 11, 2001 insurers have been resolved.

Any liabilities arising out of the September 11, 2001 litigation are not expected to materially impact Securitas' business operation or financial position.

Other

In accordance with normal procedures the NASDAQ OMX Stockholm has made a review of Securitas disclosure regarding the Loomis Cash Management (LCM) in the United Kingdom. The review was finalized during the first quarter 2008.

Listing of Loomis AB

The Extraordinary General Meeting of Securitas AB held on December 3, 2008, resolved in accordance with the Board of Director's proposal on a dividend to the effect that all shares in the wholly-owned subsidiary Loomis AB would be distributed to the shareholders. Loomis AB was listed on NASDAQ OMX Stockholm on December 9, 2008.

Risks and uncertainties

Risks in connection with Securitas' ongoing operations fall into two main categories; operational risks and financial risks. Operational risks are managed with a decentralized approach by the local operations and financial risks are managed centrally by the Group's Treasury Center. In addition to this there are also certain risks connected to the acquisitions made by the Group.

Operational Risks

Operational risks are risks associated with the day-to-day operations and the services provided to customers. These risks may arise when labor laws and regulations, or their interpretation, change or when services provided do not meet the required standards and result in loss of property, damage to property or bodily injury. Securitas uses a business risk evaluation model to assess these types of operational risks on an ongoing basis.

Another type of operations-related 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.

Further information regarding the overall Enterprise Risk Management approach of Securitas as well as the business risk evaluation model is provided on pages 38–41.

Financial Risks

Financial risks 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 risk
- 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 financial markets crisis. The risk is reduced by the fact that the numerous customers are spread over many business sectors and geographies, and by established routines for monitoring and collecting of accounts receivable within Group companies. Further information regarding financial risk management is provided above under Capital employed and financing – Financing and in Note 6.

Acquisition Risks

The Group has made a significant number of acquisitions over the years and will, as part of the Group's strategy, continue to acquire security companies. Although the Group has demonstrated in the past the ability to successfully integrate acquired businesses, 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 and Asia. The profitability of the acquired company may be lower than expected or certain costs in connection with the acquisition may be higher than expected.

The acquisitions made during 2008 are described under the heading Acquisitions above and in Note 16.

Items affecting comparability

For the forthcoming twelve month period, the financial impact of certain items affecting comparability and contingent liabilities, as described above under Other Significant Events and in Note 4 and 38 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.

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.

Personnel

With more than 240,000 employees in 37 countries, Securitas number one responsibility is to be a good, trustful and stable employer to our close to a quarter of a million employees, providing them with favorable terms and possibilities for further development and careers. Our basic requirement is to act within the framework of laws and international conventions. This means that we respect and comply with labor market laws, agreements and safety requirements and other provisions that set the parameters for our operations.

The foundation for Securitas work with responsibility issues is our Code of Conduct, which upholds and promotes high ethical business standards. The Code of Conduct is based on our three fundamental values: Integrity, Vigilance and Helpfulness: Integrity means being honest and thus earning trust to work unsupervised on the customer's premises and with valuables. Vigilance entails noticing things that others do not by seeing, hearing, and evaluating. Helpfulness is about our employees lending assistance, even if it is not directly related to his or her job.

Taking responsibility as an employer starts with the very basics: Securitas will not use forced, involuntary or underage labor and will respect the right of all employees to form and join trade unions. Securitas is also an equal-opportunity employer and does not tolerate bullying or harassment. We believe in building relationships based on mutual respect and the dignity of all employees, by far our most important resource. Securitas has long been a driving force in raising the standards and level of professionalism in the security industry improving the status of the security officer profession as well as wage levels. Improved status makes it easier to recruit and retain qualified employees with experience and launch training.

There are numerous opportunities for career advancement at Securitas, either by specializing in a particular discipline at the local, regional, or national level or applying for an international scholarship. There are several training programs in place. In some areas of Europe and the USA there are specialized training programs geared towards particular sectors, such as gated communities or retail. In some countries, Securitas even run local training centers. On a senior management level, Securitas has for many years offered a one-year training program, tailored to the exchange of knowledge of business best practice and refinement of 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.

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 customer. As of December 31, 2008 the Group had no capitalized research expenditures.

Environment

Even though the Group's and the Parent Company's operations do not require a permit under the Swedish Environmental Code, Securitas acts within the framework of laws and international conventions. This means that Securitas respects and complies with environmental legislation and other provisions that set the parameters for our operations.

Environmentally, Securitas' most important responsibility is to minimize emissions due to transportation. Performing our services requires transportation in for example Mobile assignments. We also purchase products, security uniforms being one large category, thus creating an environmental impact from a lifecycle perspective.

In May 2008, a decision was taken by the Group to adopt and implement an Environmental Policy. The policy states in short that no new company cars (aimed to transport maximum five people) and no new minivans (aimed for six or seven people) as of May 2008 may exhaust more than 195 and 240 gram CO_2 per km 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. Securitas emitted on an average approximately 173 CO_2 gram per km 2008 for the 10,000 company cars and minivans that Securitas owns or leases worldwide.

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 under the heading The Securitas share on pages 44–47.

There are no authorizations by the General Meeting to the Board of Directors to issue new shares or to repurchase any Securitas shares.

A shareholders' agreement that among other items comprises preemption rights for the sale of Series A shares by any part exists among Gustaf Douglas, Melker Schörling and companies closely related to them. Apart from this, the Board of Directors of Securitas AB is not aware of any shareholders' agreements or other arrangements between shareholders of Securitas AB.

Group development
The Group will during 2009 continue to focus on specialization rather than diversification. The three cornerstones of Securitas' strategy are an improved global presence, expansion of the Mobile and Monitoring business and a higher degree of specialization. The latter is implemented by customer segmentation of the operations while maintaining the decentralized and functional organization, extensive security training, sharing of best practices, increased technical knowledge and by selective acquisitions.

Parent company operations
The Parent Company of the Group, Securitas AB, conducts no operating activities. Securitas AB provides Group Management and support functions.

The Parent Company's income amounted to MSEK 537 (378) and mainly relates to administrative contributions and other income from subsidiaries.

Income after financial items amounted to MSEK 2,559 (612).

Income after financial items includes gains from the sale of shares in subsidiaries of MSEK 0 (15), dividends from subsidiaries of MSEK 21,228 (2,434), interest income of MSEK 1,104 (1,208), interest expense of MSEK –1,977 (–2,160) and other financial income and expenses, net, of MSEK –17,956 (–972). Included in other financial income and expenses, net are impairment losses relating to shares in subsidiaries of MSEK –17,167 (–639). Impairment losses in 2008 and 2007 where recognized in conjunction with the Parent Company having received dividend from the subsidiary and for 2007 also as a result of the impairment losses of goodwill recognized in relation to Services' and Mobile's operations in the Netherlands.

Net income for the year amounted to MSEK 2,700 (588).

Cash flow for the year amounted to MSEK –1,873 (2,374).

The Parent Company's non-current assets amounted to MSEK 36,592 (51,264) and mainly comprise shares in subsidiaries of MSEK 36,335 (51,050). Shares in subsidiaries have decreased as a result of restructuring within the Group. Current assets amounted to MSEK 13,299 (19,453) of which liquid funds amounted to MSEK 1,315 (3,187).

Shareholders' equity amounted to MSEK 20,949 (24,483).

The Parent Company's liabilities amounted to MSEK 28,942 (46,234), and mainly consist of interest-bearing debt. The reduction of liabilities is also a result of restructuring within the Group.

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

Proposed guidelines for remuneration to senior management in Securitas for 2009
The Board of Directors of Securitas AB (publ.) proposes that the Annual General Meeting on May 7, 2009 adopt the following guidelines for remuneration to senior management according to the following:

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

The total remuneration to management shall consist of a fixed basic salary, variable remuneration, pensions and other benefits. In addition to a fixed annual salary the Group Management may also receive variable remuneration, based on the outcome in relation to financial goals and growth targets within the individual area of responsibility (Group or division) and agree with the interest of the shareholders. The variable remuneration shall amount to a maximum of 50 percent of the fixed annual salary for the President and CEO and a maximum of 35–200 percent of the fixed annual salary for other individuals of the Group Management.

The undertakings of the company as regards variable remuneration may, at maximal outcome within all divisions during 2009, amount to a maximum of MSEK 53.

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 in principle not qualify for pension purposes.

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

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

These guidelines shall apply to individuals who are included in 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.

Further information regarding remuneration to the senior management, and the 2008 guidelines adopted by the Annual General Meeting on April 17, 2008, is provided in Note 8.

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, 2009.

Funds in the Parent Company available for distribution:

SEK	
Hedging reserve	–125,349,427
Translation reserve [1]	830,209,476
Retained earnings [1]	9,816,112,811
Net income for the year	2,700,177,316
Total	**13,221,150,176**

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

SEK	
SEK 2.90 per share	1,058,670,801
To be carried forward	12,162,479,375
Total	**13,221,150,176**

1 Stated after the dividend of all shares in the subsidiary Loomis AB, in accordance with the decision taken by the Extraordinary Annual General Meeting held on December 3, 2008, which has reduced the translation reserve by SEK 328,913,000 and retained earnings by SEK 5,536,528,573 in total SEK 5,865,441,573.

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, 2008 amount to SEK 10,520,972,860. The net income for the year amounts to SEK 2,700,177,316, of which SEK 630,563 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, 2008 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 13,221,150,176 are therefore at the Annual General Meeting's disposal.

Provided that the 2009 Annual General Meeting resolves to allocate the results in accordance with the Board's proposal, SEK 12,162,479,375 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.

The Parent Company's balance sheet with the funds available for distribution is found on page 113.

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

Consolidated statement of income

MSEK	Note	2008	2007	2006
Continuing operations				
Sales		55,247.9	50,470.5	48,114.0
Sales, acquired business		1,323.7	1,065.6	970.5
Total sales	9, 10	**56,571.6**	**51,536.1**	**49,084.5**
Production expenses	11, 12, 13	–46,122.9	–42,212.8	–40,331.7
Gross income		**10,448.7**	**9,323.3**	**8,752.8**
Selling and administrative expenses	11, 12, 13	–7,196.3	–6,453.0	–6,004.3
Other operating income	10	18.7	18.2	4.9
Share in income of associated companies	21	–0.4	0.3	–
Amortization and impairment of acquisition related intangible assets	17, 18	–102.2	–439.8	–80.5
Acquisition related restructuring costs	11	–52.6	–2.1	–0.4
Items affecting comparability	4, 11	–29.3	–78.1	–549.1
Operating income		**3,086.6**	**2,368.8**	**2,123.4**
Financial income	14	540.6	466.7	536.5
Financial expense	14	–1,010.2	–948.6	–1,000.7
Share in income of associated companies	14, 21	–	2.2	1.2
Income before taxes		**2,617.0**	**1,889.1**	**1,660.4**
Taxes	15	–727.1	–535.1	–440.2
Net income for the year, continuing operations		**1,889.9**	**1,354.0**	**1,220.2**
Net income for the year, discontinued operations	39	431.8	–828.0	–368.2
Net income for the year, all operations		**2,321.7**	**526.0**	**852.0**
Whereof attributable to:				
Equity holders of the Parent Company		2,323.6	524.4	850.4
Minority interest		–1.9	1.6	1.6
Average number of shares before dilution		365,058,897	365,058,897	365,058,897
Average number of shares after dilution		365,058,897	369,365,776	376,165,189
Earnings per share before dilution, continuing operations (SEK)		5.18	3.70	3.34
Earnings per share before dilution, discontinued operations (SEK)		1.18	–2.26	–1.01
Earnings per share before dilution, all operations (SEK)	3	**6.36**	**1.44**	**2.33**
Earnings per share after dilution, continuing operations (SEK)		5.18	3.70	3.34
Earnings per share after dilution, discontinued operations (SEK)		1.18	–2.26	–1.01
Earnings per share after dilution, all operations (SEK)	3	**6.36**	**1.44**	**2.33**
Earnings per share before dilution and before items affecting comparability, continuing operations (SEK)	3	5.24	4.82	4.60
Earnings per share after dilution and before items affecting comparability, continuing operations (SEK)	3	5.24	4.82	4.60

Securitas' financial model – consolidated statement of income

Supplementary information

MSEK	2008	2007	2006
Continuing operations			
Sales	55,247.9	50,470.5	48,114.0
Sales, acquired business	1,323.7	1,065.6	970.5
Total sales	**56,571.6**	**51,536.1**	**49,084.5**
Organic sales growth, %	*6*	*6*	*6*
Production expenses	–46,122.9	–42,212.8	–40,331.7
Gross income	**10,448.7**	**9,323.3**	**8,752.8**
Gross margin, %	*18.5*	*18.1*	*17.8*
Expenses for branch offices	-3,414.4	-3,111.8	-2,942.7
Other selling and administrative expenses	-3,781.9	-3,341.2	-3,061.6
Total expenses	**-7,196.3**	**-6,453.0**	**-6,004.3**
Other operating income	18.7	18.2	4.9
Share in income of associated companies	-0.4	0.3	-
Operating income before amortization	**3,270.7**	**2,888.8**	**2,753.4**
Operating margin, %	*5.8*	*5.6*	*5.6*
Amortization and impairment of acquisition related intangible assets	-102.2	-439.8	-80.5
Acquisition related restructuring costs	-52.6	-2.1	-0.4
Items affecting comparability	-29.3	-78.1	-549.1
Operating income after amortization	**3,086.6**	**2,368.8**	**2,123.4**
Financial income and expenses	-472.3	-475.2	-428.4
Revaluation of financial instruments	2.7	-6.7	-35.8
Share in income of associated companies	–	2.2	1.2
Income before taxes	**2,617.0**	**1,889.1**	**1,660.4**
Net margin, %	*4.6*	*3.7*	*3.4*
Taxes	-727.1	-535.1	-440.2
Net income for the year, continuing operations	**1,889.9**	**1,354.0**	**1,220.2**
Net income for the year, discontinued operations	431.8	-828.0	-368.2
Net income for the year, all operations	**2,321.7**	**526.0**	**852.0**

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

Securitas' financial model is described on pages 36–37.

Consolidated statement of cash flow

MSEK	Note	2008	2007	2006
Operations				
Operating income		3,086.6	2,368.8	2,123.4
Adjustment for effect on cash flow from items affecting comparability	11	-81.5	63.0	419.8
Adjustment for effect on cash flow from acquisition related restructuring costs		32.7	-	-
Reversal of depreciation and impairment losses	17, 18, 19, 20	942.1	1,215.4	856.5
Financial items received		794.6	448.4	785.1
Financial items paid		-1,228.0	-844.6	-1,123.8
Current taxes paid		-803.5	-457.6	-509.8
Change in accounts receivable		7.8	-780.6	-627.0
Change in other operating capital employed		107.3	1,069.1	114.7
Cash flow from operations, continuing operations		**2,858.1**	**3,081.9**	**2,038.9**
Cash flow from operations, discontinued operations	39	436.8	302.3	1,686.6
Cash flow from operations, all operations		**3,294.9**	**3,384.2**	**3,725.5**
Investing activities				
Investments in non-current tangible and intangible assets		-977.0	-838.1	-666.7
Acquisition of subsidiaries	16	-1,001.6	-582.3	-360.8
Cash flow from investing activities, continuing operations		**-1,978.6**	**-1,420.4**	**-1,027.5**
Cash flow from investing activities, discontinued operations	39	-764.5	-1,017.2	-1,521.5
Cash flow from investing activities, all operations		**-2,743.1**	**-2,437.6**	**-2,549.0**
Financing activities				
Dividend paid to shareholders of the Parent Company		-1,131.7	-1,131.7	-1,277.7
Redemption of convertible debenture loans		-	-2,363.1	-
Proceeds from bond loans		425.8	-	-
Redemption of bond loans		-4,694.6	-	-3,240.1
Proceeds from other long-term borrowings	31	828.0	7,181.7	-
Change in other interest-bearing net debt excluding liquid funds		4,373.2	-3,314.8	4,721.8
Cash flow from financing activities, continuing operations		**-199.3**	**372.1**	**204.0**
Cash flow from financing activities, discontinued operations	39	-462.8	1,373.8	-2,448.3
Cash flow from financing activities, all operations		**-662.1**	**1,745.9**	**-2,244.3**
Cash flow for the year		**-110.3**	**2,692.5**	**-1,067.8**
Liquid funds at beginning of year		4,350.7	1,668.0	3,470.8
Translation differences on liquid funds		165.0	-9.8	-95.5
Effect on liquid funds of discontinued operations	39	-453.9	-	-639.5
Liquid funds at year-end	28	**3,951.5**	**4,350.7**	**1,668.0**

Supplementary information – Change in interest-bearing net debt in 2008

	Opening balance 2008	Cash Flow for the year, all operations	Changes in loans[1], all operations	Revaluation of financial instruments, all operations	Translation differences, all operations	Effect of discontinued operations	Closing balance 2008
Liquid funds	4,350.7	-110.3	-	-	165.0	-453.9	3,951.5
Other net debt	-14,228.7	-	-469.6	-178.2	-1,478.1	2,990.5	-13,364.1
Interest-bearing net debt	**-9,878.0**	**-110.3**	**-469.6**	**-178.2**	**-1,313.1**	**2,536.6**	**-9,412.6**

1 Refers to the net effect of the proceeds from bond loans MSEK -425.8, redemption of bond loans MSEK 4,694.6, proceeds from other long-term borrowings MSEK -828.0, change in other interest-bearing net debt excluding liquid funds MSEK -4,373.2 and the change of MSEK 462.8 in interest-bearing net debt excluding liquid funds of discontinued operations.

Securitas' financial model – consolidated statement of cash flow

Supplementary information

MSEK	2008	2007	2006
Continuing operations			
Operating income before amortization	**3,270.7**	**2,888.8**	**2,753.4**
Investments in non-current tangible and intangible assets	-977.0	-838.1	-666.7
Reversal of depreciation	839.9	775.6	776.0
Net investments in non-current assets	**-137.1**	**-62.5**	**109.3**
Change in accounts receivable	7.8	-780.6	-627.0
Change in other operating capital employed	107.3	1,069.1	114.7
Cash flow from operating activities	**3,248.7**	**3,114.8**	**2,350.4**
Cash flow from operating activities as % of operating income before amortization	*99*	*108*	*85*
Financial income and expenses paid	-433.4	-396.2	-338.7
Current taxes paid	-803.5	-457.6	-509.8
Free cash flow	**2,011.8**	**2,261.0**	**1,501.9**
Free cash flow as % of adjusted income	*94*	*114*	*80*
Acquisition of subsidiaries	-1,001.6	-582.3	-360.8
Acquisition related restructuring costs paid	-19.9	-2.1	-0.4
Cash flow for items affecting comparability	-110.8	-15.1	-129.3
Cash flow from financing activities	-199.3	372.1	204.0
Cash flow for the year, continuing operations	**680.2**	**2,033.6**	**1,215.4**
Cash flow for the year, discontinued operations	-790.5	658.9	-2,283.2
Cash flow for the year, all operations	**-110.3**	**2,692.5**	**-1,067.8**

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

Securitas' financial model is described on pages 36–37.

Consolidated balance sheet

MSEK	Note	2008	2007	2006
ASSETS				
Non-current assets				
Goodwill	17	14,104.3	13,793.5	14,031.6
Acquisition related intangible assets	18	751.3	624.0	464.2
Other intangible assets	19	255.2	234.4	172.7
Buildings and land	20	424.6	706.1	848.8
Machinery and equipment	20	2,035.5	3,945.4	3,897.7
Shares in associated companies	21	104.9	103.5	172.7
Deferred tax assets	15	1,964.8	1,633.4	2,083.0
Interest-bearing financial non-current assets	22	150.6	286.3	1,251.8
Other long-term receivables	23	401.6	379.5	381.3
Total non-current assets		**20,192.8**	**21,706.1**	**23,303.8**
Current assets				
Inventories	24	39.9	39.5	87.1
Accounts receivable	25	9,962.6	9,889.4	8,855.6
Current tax assets	15	505.6	378.6	234.9
Other current receivables	26	1,024.1	1,372.0	1,323.1
Other interest-bearing current assets	27	42.4	1,448.9	247.3
Liquid funds	28	3,951.5	4,350.7	1,668.0
Total current assets		**15,526.1**	**17,479.1**	**12,416.0**
TOTAL ASSETS		**35,718.9**	**39,185.2**	**35,719.8**
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		842.9	–479.9	–252.1
Retained earnings		–70.0	1,564.3	2,127.1
Shareholders' equity attributable to equity holders of the Parent Company		**8,500.6**	**8,812.1**	**9,602.7**
Minority interests		**6.7**	**1.9**	**0.4**
Total Shareholders' equity	29	**8,507.3**	**8,814.0**	**9,603.1**
Long-term liabilities				
Other long-term loan liabilities	31	7,148.4	7,349.0	4,906.9
Other long-term liabilities	31	201.6	145.5	368.9
Provisions for pensions and similar commitments	32	1,250.1	946.1	1,055.9
Deferred tax liabilities	15	209.8	243.1	300.5
Other long-term provisions	33	1,352.0	1,651.4	2,179.7
Total long-term liabilities		**10,161.9**	**10,335.1**	**8,811.9**
Current liabilities				
Short-term convertible debenture loans	30, 34	–	–	2,300.0
Other short-term loan liabilities	34	6,408.7	8,614.9	5,694.8
Accounts payable		977.0	1,247.2	1,153.1
Current tax liabilities	15	487.4	392.6	374.7
Other current liabilities	35	8,367.8	8,445.4	6,963.2
Other short-term provisions	36	808.8	1,336.0	819.0
Total current liabilities		**17,049.7**	**20,036.1**	**17,304.8**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**35,718.9**	**39,185.2**	**35,719.8**

Securitas' financial model – consolidated capital employed and financing[1]

Supplementary information

MSEK	2008	2007	2006
Operating capital employed, all operations			
Other intangible assets	255.2	234.4	172.7
Buildings and land	424.6	706.1	848.8
Machinery and equipment	2,035.5	3,945.4	3,897.7
Deferred tax assets	1,964.8	1,633.4	2,083.0
Other long-term receivables	401.6	379.5	381.3
Inventories	39.9	39.5	87.1
Accounts receivable	9,962.6	9,889.4	8,855.6
Current tax assets	505.6	378.6	234.9
Other current receivables	1,024.1	1,372.0	1,323.1
Total assets, all operations	**16,613.9**	**18,578.3**	**17,884.2**
Other long-term liabilities	201.6	145.5	368.9
Provisions for pensions and similar commitments	1,250.1	946.1	1,055.9
Deferred tax liabilities	209.8	243.1	300.5
Other long-term provisions	1,352.0	1,651.4	2,179.7
Accounts payable	977.0	1,247.2	1,153.1
Current tax liabilities	487.4	392.6	374.7
Other current liabilities	8,367.8	8,445.4	6,963.2
Other short-term provisions	808.8	1,336.0	819.0
Total liabilities, all operations	**13,654.5**	**14,407.3**	**13,215.0**
Total operating capital employed, all operations	**2,959.4**	**4,171.0**	**4,669.2**
Of which total operating capital employed, continuing operations	***2,959.4***	***3,061.9***	***3,511.5***
Of which total operating capital employed, discontinued operations	**–**	***1,109.1***	***1,157.7***
Goodwill, all operations	14,104.3	13,793.5	14,031.6
Of which goodwill, continuing operations	*14,104.3*	*11,260.4*	*11,529.5*
Of which goodwill, discontinued operations	–	*2,533.1*	*2,502.1*
Acquisition related intangible assets, all operations	751.3	624.0	464.2
Of which acquisition related intangible assets, continuing operations	*751.3*	*548.7*	*449.9*
Of which acquisition related intangible assets, discontinued operations	–	*75.3*	*14.3*
Shares in associated companies, all operations	104.9	103.5	172.7
Of which shares in associated companies, continuing operations	*104.9*	*103.5*	*172.7*
Of which shares in associated companies, discontinued operations	–	–	–
Total capital employed, all operations	**17,919.9**	**18,692.0**	**19,337.7**
Of which total capital employed, continuing operations	***17,919.9***	***14,974.5***	***15,663.6***
Of which total capital employed, discontinued operations	**–**	***3,717.5***	***3,674.1***
Operating capital employed as % of sales, continuing operations	*5*	*6*	*7*
Return on capital employed, continuing operations, %	*18*	*19*	*14*

MSEK	2008	2007	2006
Net debt, all operations			
Interest-bearing financial non-current assets	150.6	286.3	1,251.8
Other interest-bearing current assets	42.4	1,448.9	247.3
Liquid funds	3,951.5	4,350.7	1,668.0
Total interest-bearing assets, all operations	**4,144.5**	**6,085.9**	**3,167.1**
Other long-term loan liabilities	7,148.4	7,349.0	4,906.9
Short-term convertible debenture loans	–	–	2,300.0
Other short-term loan liabilities	6,408.7	8,614.9	5,694.8
Total interest-bearing liabilities, all operations	**13,557.1**	**15,963.9**	**12,901.7**
Total net debt, all operations	**9,412.6**	**9,878.0**	**9,734.6**
Net debt equity ratio, multiple	*1.11*	*1.12*	*1.01*
Shareholders' equity, all operations			
Share capital	365.1	365.1	365.1
Other capital contributed	7,362.6	7,362.6	7,362.6
Other reserves	842.9	–479.9	–252.1
Retained earnings	–70.0	1,564.3	2,127.1
Minority interests	6.7	1.9	0.4
Total shareholders' equity, all operations	**8,507.3**	**8,814.0**	**9,603.1**
Total financing, all operations	**17,919.9**	**18,692.0**	**19,337.7**

1 In accordance with IFRS 5, the comparative figures for the consolidated balance sheet have not been adjusted. The comparative figures thus include Loomis. In Securitas' financial model – consolidated capital employed and financing, total operating capital employed, goodwill, acquisition related intangible assets, shares in associated companies and total capital employed have, however, been divided into continuing operations and discontinued operations. This split has been made to allow for comparisons also for the balance sheet and to serve as a basis for calculating the key ratios operating capital employed as a percentage of sales and the return on capital employed for continuing operations.

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

Securitas' financial model is described on pages 36–37.

Statement of recognized income and expense[1]

MSEK	2008 Attributable to equity holders of the Parent Company	2008 Minority interests	2008 Total	2007 Attributable to equity holders of the Parent Company	2007 Minority interests	2007 Total	2006 Attributable to equity holders of the Parent Company	2006 Minority interests	2006 Total
Net income/expense recognized directly in equity									
Actuarial gains and losses net of tax, all operations	–464.6	–	–464.6	44.5	–	44.5	–8.6	–	–8.6
Cash flow hedges net of tax, all operations	–130.2	–	–130.2	–20.5	–	–20.5	14.1	–	14.1
Net investment hedges, all operations	–232.8	–	–232.8	74.8	–	74.8	354.5	–	354.5
Translation differences, all operations	2,187.0	1.1	2,188.1	–282.1	-0.1	–282.2	–1,288.8	–1.3	–1,290.1
Net income/expense recognized directly in equity	**1,359.4**	**1.1**	**1,360.5**	**–183.3**	**-0.1**	**–183.4**	**–928.8**	**–1.3**	**–930.1**
Net income for the year, all operations	2,323.6	–1.9	2,321.7	524.4	1.6	526.0	850.4	1.6	852.0
Total income/expense for the year	**3,683.0**	**–0.8**	**3,682.2**	**341.1**	**1.5**	**342.6**	**–78.4**	**0.3**	**–78.1**

1 For further information, refer to Note 29.

Notes

Note 1. General corporate information

Operations

Securitas AB (the Parent Company) and its subsidiaries (together the Securitas Group) provide security services that protect homes, workplaces and society. Our core business is guarding services and the main service offering categories are specialized guarding, mobile services, monitoring and consulting and investigation services. Securitas is present in 37 countries in North America, Latin America, Europe, the Middle East and Asia, with more than 240,000 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 has been listed on the NASDAQ OMX Stockholm since 1991 and is included in the OMX Stockholm All Share, OMX Stockholm 30 and OMX Stockholm Benchmark Cap indexes.

Information regarding the Annual Report and the Consolidated Financial Statements

This Annual Report including the Consolidated Financial Statements was signed by the Board of Directors of Securitas AB and also approved for publication on March 10, 2009.

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, 2009.

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 1.1 Supplementary Accounting Rules for Groups. The consolidated financial statements have been prepared in accordance with the historical cost convention method with the exception of available-for-sale financial assets and financial assets or financial liabilities at fair value through profit or loss (including derivatives).

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 2008

IAS 39 (amendment) and IFRS 7 (amendment) Reclassification of financial instruments
This amendment has no impact on the Group's financial statements and has not led to any additional disclosures in the annual report.

IFRIC 11 Group and treasury share transactions according to IFRS 2
This interpretation has no impact on the Group's financial statements.

IFRIC 12 Service concession arrangements
This interpretation is still subject to approval from EU. It is not relevant for the Group's operations.

IFRIC 14 The limit according to IAS 19 on a defined benefit asset, minimum funding requirements and their interaction
This interpretation has no impact on the Group's financial statements.

Introduction and effect of new and revised IFRS

When the consolidated financial statements as of December 31, 2008 were being prepared, a number of standards and interpretations had been published but had not yet come into effect. The following is a preliminary assessment of the effect that the introduction of these standards and interpretations will have on Securitas' financial statements:

IFRS 1 (amendment) First time adoption of IFRS and IAS 27 Consolidated and separate financial statements
The amendment is effective from January 1, 2009. The amended standard deals with first-time adopters' valuation of investments in subsidiaries, joint ventures and associated companies. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The Group will apply IFRS 1 (amendment) from January 1, 2009.

IFRS 2 (amendment) Share-based payment
The amendment is effective from January 1, 2009. The amended standard deals with vesting conditions and cancellations. The Group will apply IFRS 2 (amendment) from January 1, 2009, but it will have no impact on the Group's financial statements, since the Group has no program for share-based payments.

IFRS 3 (revised) Business combinations
The revised standard, effective from July 1, 2009, is still subject to approval from EU. The standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments 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 acquired business either at fair value or at the non-controlling interest's proportionate share of the acquired business' net assets. All acquisition related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from January 1, 2010.

IFRS 5 (amendment) Non-current assets held for sale and discontinued operations (and consequential amendment to IFRS 1 First-time adoption)
The amendment is effective from January 1, 2009. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. The Group will apply IFRS 5 (amendment) prospectively to all partial disposals of subsidiaries from January 1, 2010.

IFRS 8 Operating segments
The Group will from January 1, 2009 adopt IFRS 8 Operating segments, which replaces IAS 14 Segment reporting. The new standard requires that segment information is presented from a management perspective. The adoption of IFRS 8 will for the Group result in that the primary segments:
- Security Services North America,
- Security Services Europe and
- Mobile and Monitoring

will be replaced by the following reportable segments:
- Security Services North America,
- Security Services Europe (consisting of an aggregation of the two operating segments Security Services Europe and Aviation),
- Mobile and Monitoring (consisting of an aggregation of the two operating segments Mobile and Securitas Alert Services) and
- a reportable segment named Other for all other operating segments.

The evaluation of the segments and the measurements used for follow up are not different from the measurements used earlier. The primary measurement for income is still Operating income before amortization but information will also going forward be provided for Operating income after amortization. Refer to Note 3 for a definition of these two measurements.

The concept of secondary segments that was defined in IAS 14 is not found in IFRS 8. IFRS 8 on the other hand has certain other disclosure requirements, which for the Group will result in that information will be disclosed about the sales and non-current assets for countries that are deemed to be material. The Group has concluded that this is the case if they constitute more than ten percent of either of these two items.

IAS 1 (revised) Presentation of financial statements
The revised standard is effective from January 1, 2009. It will prohibit the presentation of items of income and expenses, that is non-owner changes in equity, in the statement of changes in equity, requiring non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the statement of income and the statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group's presentation of the financial statements will thus be affected by this standard. The Group will apply IAS 1 (revised) from January 1, 2009.

IAS 1 (amendment) Presentation of financial statements
The amendment is effective from January 1, 2009. It clarifies that some, rather than all, financial assets and liabilities classified as held for trading in accordance with IAS 39 Financial instruments: Recognition and measurement, are examples of current assets and liabilities respectively. The Group will apply IAS 1 (amendment) from January 1, 2009. It is expected to have no impact on the Group's financial statements.

IAS 19 (amendment) Employee benefits
The amendment is effective from January 1, 2009.
- The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost, if it results in a reduction in the present value of the defined benefit obligation.
- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
- The distinction between short-term and long-term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
- IAS 37 Provisions, contingent liabilities and contingent assets requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

The Group will apply IAS 19 (amendment) from January 1, 2009.

IAS 23 (amendment) Borrowing costs
The amendment is effective from January 1, 2009. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 Financial instruments: Recognition and measurement. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The Group will apply IAS 23 (amendment) prospectively to the capitalisation of borrowing costs from January 1, 2009, but it is expected to have no material impact on the Group.

IAS 27 (revised) Consolidated and separate financial statements
The revised standard, effective from July 1, 2009, is still subject to approval from EU. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the statement of income. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from January 1, 2010.

IAS 28 (amendment) Investments in associated companies (and consequential amendments to IAS 32 Financial Instruments: Presentation and IFRS 7 Financial instruments: Disclosures)
The amendment is effective from January 1, 2009. An investment in an associated company is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associated company increases. The Group will apply IAS 28 (amendment) to impairment tests related to investments in associated companies and any related impairment losses from January 1, 2009.

IAS 32 (amendment) Financial instruments: Presentation and IAS 1 (amendment) Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation
The amendments are effective from January 1, 2009. The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The Group will apply the IAS 32 and IAS 1 (amendment) from January 1, 2009. It is not expected to have any impact on the Group's financial statements, since the Group at present has not issued this type of financial instruments.

IAS 36 (amendment) Impairment of assets
The amendment is effective from January 1, 2009. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply IAS 28 (amendment) and provide the required disclosure where applicable for impairment tests from January 1, 2009.

IAS 38 (amendment) Intangible assets
The amendment is effective from January 1, 2009. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Group will apply IAS 38 (amendment) from January 1, 2009.

IAS 39 (amendment) Financial instruments: Recognition and measurement – Eligible hedged items

The amendment, effective from July 1, 2009, is still subject to approval from EU. The amendment clarifies how the existing principles underlying hedge accounting should be applied in two particular situations. It clarifies when inflation can be identified as the hedged risk in a financial instrument and how to account for the use of options as hedging instruments. The Group will apply IAS 39 (amendment) from July 1, 2009.

IAS 39 (amendment) Financial instruments: Recognition and measurement

The amendment is effective from January 1, 2009.

- This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category, where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.
- The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition.
- When re-measuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used.
- The amendment also includes some adjustments to IFRS 8 Operating segments.

The Group will apply IAS 39 (amendment) from January 1, 2009. It is expected to have no impact on the Group's financial statements.

IFRIC 16 Hedges of a net investment in a foreign operation

The interpretation, effective from October 1, 2008, is still subject to approval from EU. It clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. The requirements of IAS 21 The effects of changes in foreign exchange rates do apply to the hedged item. The Group will apply IFRIC 16 from January 1, 2009. It is expected to have no material impact on the Group's financial statements.

IFRIC 18 Transfer of assets from customers

The interpretation applies to transfer of tangible non-current assets or cash from customers received on or after July 1, 2009. The interpretation is still subject to approval from EU. It is expected to have no impact on the Group's financial statements, since there are no such agreements with the Group's customers.

Other interpretations and amendments of existing standards

There are a number of minor amendments to IFRS 7 Financial instruments: Disclosures, IAS 8 Accounting policies, changes in accounting estimates and errors, IAS 10 Events after the reporting period, IAS 18 Revenue and IAS 34 Interim financial reporting, which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the Group's accounts and have therefore not been analysed in detail.

Scope of the consolidated financial statements (IFRS 3)

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. 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 minority interest. 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 of the acquisition. Companies divested are excluded with effect from the divestment date.

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.

Minority interests (IFRS 3)

The Group has adopted the principle of treating transactions with minority interests as transactions with parties outside the Group. Disposals of minority interests result in gains and losses for the Group and are recognized via the statement of income. Acquisitions of minority 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.

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. 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 as a result of the acquisition are measured initially at their fair values at the acquisition date. 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. 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. 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 are recognized in the consolidated statement of income depending on the purpose of the investment. Associated companies that have been acquired to contribute to the operations (operational) are included in operating income after amortization. Associated companies that have been acquired as part of the financing of the Group (financial investments) are included in income before taxes as a separate line within the finance net. In both cases the share in income of associated companies are net of tax. The classification of associated companies has been applied as follows in 2008; the associated companies Walsons Services Pvt Ltd, which was acquired in 2007, and Facility Network A/S, which was formed in 2007, have been classified as operational associates. The associated company Securitas Employee Convertible 2002 Holding S.A., has up until its liquidation in 2007 been classified as a financial investment. In the consolidated balance sheet, investments in associated companies are stated at cost including the cost of the acquisition that is attributed to goodwill, adjusted for dividends and the share of income after the acquisition date.

Joint ventures (IAS 31)

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

Translation of foreign subsidiaries (IAS 21)

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

The financial statements of each foreign subsidiary are translated according to the following method: Each month's statement of income is translated using the exchange rate prevailing on the last day of the month, which means that income for each month is not affected by foreign exchange fluctuations during subsequent periods. Balance sheets are translated using exchange rates prevailing at each balance sheet date. Translation differences arising in the conversion of balance sheets are posted directly to equity and thus do not affect 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 equity. 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 the 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 at the closing rate.

Transactions and balance sheet items 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 translation reserve in equity (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 expense.

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 from various types of security services as well as from some remaining revenue arising from the sale of alarm products. Revenue from services is recognized in the period in which it is earned. Alarm installations are recognized in revenue as they are completed, in accordance with the percentage of completion method. According to this method, revenue, expenses, and thus, income are recognized in the period in which the work was undertaken. The determination of the percentage of alarm installations that can be recognized as revenue is based on the time spent in relation to the total estimated time.

Trademark fees from the former subsidiary Securitas Direct AB, relating to the use of the Securitas trademark, are recognized on an accrual basis in accordance with the substance of the agreement, and are based on the sales recognized by Securitas Direct AB. Trademark fees from the former subsidiary Niscayah Group AB (former Securitas Systems AB) have been recognized up until November 2008, based on the sales recognized by Niscayah Group AB.

Interest income and borrowing costs are recognized in the statement of income in the period to which they are attributable.

Segment reporting (IAS 14)

The Group's operations are divided into three primary segments (Security Services North America, Security Services Europe and Mobile and Monitoring) that provide the operational structure for governance, monitoring and reporting. The previous primary segment Loomis is included in the Securitas Group up to December 8, 2008 and reported as Discontinued operations. Other includes general administrative expenses, expenses for head offices and other central expenses that according to IAS 14 should be excluded from the segments as relating to the Group as a whole. The Group's joint venture Securitas Direct S.A. (Switzerland) as well as the guarding operations in Latin America and Asia are also included in Other. Moreover, the assets and liabilities of each segment include only those items that have been utilized or arisen in ongoing operations. Non-operational balance sheet items, primarily current tax, deferred tax, and provisions for taxes, are accounted for under the Other heading in the table Capital employed and financing in Note 9. In the table Assets and liabilities in the same note, these items are accounted for as Unallocated non-interest bearing assets and Unallocated non-interest bearing liabilities. For further information regarding the segments operations, refer to Note 9. The secondary segments are the geographical areas in which the Group is active: Nordic region, Europe excluding Nordic Region, North America and the operations outside these regions included in the Rest of world. The geographical breakdown represents various levels of market development in terms of wages, employee turnover, product mix, market growth and profitability. The total sales for each geographical segment are based on the location of the sales. The location of the sales corresponds in all material aspects to the location of the customers.

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 shareholders' equity if the relevant underlying transaction or event is posted directly to shareholders' equity 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, or if it relates to exchange rate differences in the translation of the balance sheets of foreign subsidiaries that are posted to shareholders' equity.

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

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

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

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

According to IFRS 5 a non-current asset classified as held for sale or disposal group shall be measured at the lower of its carrying amount and fair value less cost to sell, if the carrying amount will be recovered through a sales transaction rather than through its continuous use in the operations. Measurement is carried out in two steps. First, all assets and liabilities are measured in accordance with the relevant standard. For disposal groups a second step also involves a re-measurement to the lower of the carrying amount and the fair value less cost to sell. A re-measurement should be carried out at each balance sheet date subsequent to the initial recognition. No depreciation or amortization should be recognized for these assets from the date of reclassification up until the disposal has been completed. As of July 1, 2007 the Group recognized certain assets and liabilities as belonging to a so-called disposal group. The disposal group related to the sale of the operations of Loomis Cash Management Ltd in the United Kingdom and was de-recognized from the balance sheet upon completion of the sale of the non-current assets and operations on November 24, 2007. The initial recognition of the disposal group was in the interim report for the third quarter 2007 and consequently no subsequent re-measurement took place before the completion of the sale on November 24, 2007. The result from the sale of the non-current assets and operations of Loomis Cash Management Ltd is included in Net income for the year, discontinued operations.

A discontinued operation is a component of a Group that represents a major line of business or geographical area of operations. The net income (after tax) relating to discontinued operations is included on a separate line, net income for the year, discontinued operations. Notes relating to the statement of income have consequently been adjusted to exclude discontinued operations.

The extraordinary General Meetings in Securitas held on December 3, 2008 and September 25, 2006, resolved in accordance with the Board of Directors' proposal on a dividend to the effect that all shares in the wholly-owned subsidiaries Loomis AB, Securitas Direct AB and Niscayah Group AB (former Securitas Systems AB) would be distributed to the shareholders. The dividend date was December 9, 2008 for Loomis AB and September 29, 2006 for Securitas Direct AB and Niscayah Group AB. From these dates Loomis AB, Securitas Direct AB and Niscayah Group AB are no longer part of the Securitas Group. These operations, which in the Securitas Group previously comprised the three primary segments Loomis, Direct and Securitas Systems, consequently qualify as discontinued operations according to IFRS 5 and are treated according to this standard. Further information on the application of IFRS 5 regarding Loomis, Direct and Securitas Systems is provided in Note 39.

Statement of cash flow (IAS 7)

The statement of cash flow has been prepared in accordance with the indirect method. Liquid funds include Cash and bank deposits and Short-term investments with a maximum duration of 90 days at the time of initial recognition.

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

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

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

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

Goodwill and other acquisition related intangible assets are allocated to cash-generating units (CGU) at a level that is consistent with the level at which Securitas monitors performance, that is per country in a business segment. This allocation is also the basis for the yearly impairment testing.

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

Acquisition related restructuring costs

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

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

Items affecting comparability

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

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

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

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

Other intangible assets (IAS 36 and IAS 38)

Other intangible assets are recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and that the cost of the asset can be measured reliably. Other intangible assets have a definite useful life. These assets are recognized at cost and subsequently carried at cost less accumulated amortization and any accumulated impairment losses.

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

Software licenses	12.5–33.3 percent
Other intangible assets	20–33.3 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 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 rate used to discount future cash flows. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU).

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

Leasing contracts (IAS 17)

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

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

Accounts receivable

Accounts receivable are accounted 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: recognition and measurement (IFRS 7/IAS 32/IAS 39[1])

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 for as hedged item in a fair value hedge,
- Other financial liabilities and
- 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.

1 Refers to IAS 39 in its current version as adopted by the European Union.

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 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
Financial liabilities designated for as hedged item in a fair value hedge are qualifying for hedge accounting. The hedging instrument is normally a derivative 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 maturities later than 12 months from the balance sheet date.

Other financial liabilities
Other financial liabilities are any financial liabilities that are not included under financial liabilities designated as hedged item in a fair value hedge. They are included in current liabilities except for maturities later than 12 months from the balance sheet date.

Derivatives designated for hedging
Derivatives designated for hedging are instruments designated as hedging instruments and qualifying for hedge accounting. The Group normally only enters into derivative contracts when they either qualify for hedge accounting or when there is a natural off-set in the accounting.

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 financial liabilities designated for hedging. Further information is provided in the table Financial instruments by category – carrying and fair values in Note 6.

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 carried at fair value through profit or loss are recognized at fair value, and any transaction costs are charged to the profit or loss.

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 the statement of income in the period in which they arise.

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

Financial liabilities designated as the hedged item in a fair value hedge are carried at amortised cost but are adjusted for changes in the fair value due to the hedged risk. Changes in the fair value are included in 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 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 equity 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 equity.

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 so-called 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 interest 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 32. 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 based on a risk premium that is added to a risk free return based on the yield of government bonds. The return on bonds is determined based on the yield of government and corporate bonds in accordance with each plan's holding of these instruments.

The Group has adopted the amendment to IAS 19 Employee Benefits as of January 1, 2006 regarding the principle for recognizing gains and losses resulting from changes in actuarial assumptions, plan experience and investment performance differing from that assumed. These actuarial gains and losses are for all defined benefit plans relating to post-employment benefits recognized in the period which they occur. Recognition is done via the statement of recognized income and expense on the line actuarial gains and losses net of tax. Actuarial gains and losses relating to defined benefit plans for other long-term employee benefits are recognized immediately via 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, 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 the 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 since no adjustment to the net assets is required.

Securitas has no equity settled or cash settled schemes that would fall within the scope of this standard.

Provisions (IAS 37)

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

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

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

DEFINITIONS

Statement of income according to Securitas' financial model

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

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

Gross margin
Gross income as a percentage of total sales.

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

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

Operating income after amortization
Operating income after amortization of acquisition related intangible assets, acquisition related restructuring 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 expense (excluding revaluation of financial instruments according to IAS 39) and current taxes.

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

Statement of cash flow according to Securitas' financial model

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

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

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

1 The definition is also valid for the formal primary statements – statement of income and the statement of cash flow.
2 All calculations are made for continuing operations, with the exception of Earnings per share, all operations, and Return on equity.
3 The convertible debenture loans matured in 2007 and no conversion took place. Consequently there is no difference between Earnings per share before and after dilution.

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 convertible debenture loans, and long-term and short-term interest-bearing loan liabilities.

Adjusted shareholders' equity
Equity adjusted for outstanding convertible debenture loans.

CALCULATION OF KEY RATIOS[2]

Organic sales growth, actual 2008: 6%
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 2008: (56,571.6–1,323.7–863.4)/(51,536.1)–1 = 6%

Operating margin, actual 2008: 5.8%
Operating income before amortization as a percentage of total sales.
Calculation 2008: 3,270.7/56,571.6 = 5.8%

Earnings per share before dilution[3], all operations, actual 2008: SEK 6.36
Net income for the year less the net income attributable to the minority, in relation to the average number of shares before dilution.
Calculation 2008: ((2,321.7+1.9)/365,058,897) x 1,000,000 = SEK 6.36

Earnings per share before dilution[3], continuing operations, actual 2008: SEK 5.18
Net income for the year less the net income attributable to the minority, in relation to the average number of shares before dilution.
Calculation 2008: ((1,889.9+1.9)/365,058,897) x 1,000,000 = SEK 5.18

Earnings per share before dilution[3] and before items affecting comparability, continuing operations, actual 2008: SEK 5.24
Net income for the year before items affecting comparability (after tax) less the net income attributable to the minority in relation to the average number of shares before dilution.
Calculation 2008: ((1,889.9+29.3–8.2+1.9)/ 365,058,897) x 1,000,000 = SEK 5.24

Cash flow from operating activities as % of operating income before amortization, actual 2008: 99%
Cash flow from operating activities as a percentage of operating income before amortization.
Calculation 2008: 3,248.7/3,270.7 = 99%

Free cash flow as % of adjusted income, actual 2008: 94%
Free cash flow as a percentage of adjusted income.
Calculation 2008: 2,011.8/(3,270.7–472.3–651.8) = 94%

Free cash flow in relation to net debt, actual 2008: 0.21
Free cash flow in relation to closing balance net debt.
Calculation 2008: 2,011.8/9,412.6 = 0.21

Operating capital employed as % of total sales, actual 2008: 5%
Operating capital employed as a percentage of total sales adjusted for full-year sales of acquisitions.
Calculation 2008: 2,959.4/(56,571.6+1,102.6) = 5%

Return on capital employed, actual 2008: 18%
Operating income before amortization plus items affecting comparability as a percentage of the closing balance of capital employed excluding shares in associated companies relating to financial investments.
Calculation 2008: (3,270.7–29.3)/(17,919.9) = 18%

Net debt equity ratio, actual 2008: 1.11
Net debt in relation to shareholders' equity.
Calculation 2008: 9,412.6/8,507.3 = 1.11

Interest coverage ratio, actual 2008: 3.9
Operating income before amortization plus interest income in relation to interest expense.
Calculation 2008: (3,270.7+524.7)/984.3 = 3.9

Return on equity, actual 2008: 27%
Net income for the year adjusted for interest on convertible debenture loans after taxes as a percentage of average adjusted shareholders' equity weighted for new issues.
Calculation 2008: 2,321.7/((8,814.0+8,507.3)/2) = 27%

Equity ratio, actual 2008: 24%
Shareholders' equity as a percentage of total assets.
Calculation 2008: 8,507.3/35,718.9 = 24%

EXCHANGE RATES USED IN THE CONSOLIDATED FINANCIAL STATEMENTS 2006–2008

			2008		2007		2006	
			Weighted average	End-rate December	Weighted average	End-rate December	Weighted average	End-rate December
Argentina	ARS	1	2.10	2.28	2.13	2.03	2.37	2.24
Canada	CAD	1	6.19	6.37	6.34	6.53	6.45	5.91
Chile	CLP	100	1.21	1.24	–	–	–	–
China	CNY	1	1.13	1.15	–	–	–	–
Colombia	COP	100	0.34	0.35	0.33	0.32	–	–
Czech Republic	CZK	1	0.39	0.41	0.34	0.35	0.33	0.33
Denmark	DKK	1	1.30	1.47	1.24	1.26	1.24	1.21
Egypt	EGP	1	1.42	1.42	–	–	–	–
EMU Countries	EUR	1	9.69	10.92	9.26	9.43	9.26	9.04
Estonia	EEK	1	0.62	0.70	0.59	0.60	0.59	0.58
Hong Kong	HKD	1	1.01	1.01	–	–	–	–
Hungary	HUF	100	3.87	4.12	3.69	3.73	3.50	3.59
India	INR	1	0.16	0.16	0.16	0.16	–	–
Mexico	MXN	1	0.59	0.56	0.61	0.59	0.67	0.63
Norway	NOK	1	1.17	1.12	1.16	1.18	1.15	1.10
Peru	PEN	1	2.25	2.48	2.14	2.14	–	–
Poland	PLN	1	2.75	2.61	2.46	2.63	2.37	2.36
Romania	RON	1	2.64	2.73	2.80	2.64	–	–
Serbia	RSD	1	0.12	0.12	–	–	–	–
Switzerland	CHF	1	6.15	7.34	5.63	5.69	5.87	5.62
Taiwan	TWD	1	0.24	0.24	–	–	–	–
Thailand	THB	1	0.23	0.23	–	–	–	–
Turkey	TRY	1	5.07	5.08	5.23	5.49	4.77	4.85
United Arab Emirates	AED	1	2.15	2.15	–	–	–	–
United Kingdom	GBP	1	12.06	11.37	13.49	12.83	13.57	13.45
Uruguay	UYU	1	0.32	0.32	0.29	0.30	–	–
USA	USD	1	6.63	7.81	6.71	6.40	7.32	6.87

Note 4. Critical estimates and judgments and items affecting comparability

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

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

The valuation of identifiable assets and liabilities in connection with the acquisition of subsidiaries or operations as part of the purchase price allocation involves that items in the acquired company's balance sheet as well as items that have not been recognized in the acquired company's balance sheet such as customer relations should be valued at fair value. In normal circumstances, as quoted market prices are not available for the assets and liabilities that are to be valued, different valuation methods have to be used. These valuation methods are based on a number of assumptions. Other items that can be difficult both to identify as well as to value are contingent liabilities that could have arisen in the acquired company such as litigation related items. All balance sheet items are thus subject to estimates and judgments. Further information is provided in Note 16.

Impairment testing of goodwill and other acquisition related intangible assets

In connection with the impairment testing of goodwill and other acquisition related intangible assets, 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 14,104.3 (13,793.5 and 14,031.6) and Acquisition related intangible assets, which amounts to MSEK 751.3 (624.0 and 464.2), are subject to critical estimates and judgments. A sensitivity analysis regarding the organic sales growth, the operating margin and the WACC is provided in Note 16.

Valuation of accounts receivable and the provision for bad debt losses

Accounts receivable, which amounts to MSEK 9,962.6 (9,889.4 and 8,855.6), is one of the most significant balance sheet items. Accounts receivable are accounted net after provisions for probable bad debt. The provision for bad debt losses, which amounts to MSEK –354.4 (–324.3 and –297.0), is thus subject to critical estimates and judgments. Further information regarding the credit risk in accounts receivable is provided in Note 6. Information regarding the development of the provision for bad debt losses during the year is provided in Note 25.

Actuarial calculations regarding employee benefits such as pensions and medical benefits

Employee benefits are normally an area where estimates and judgments are not critical. However for defined benefit plans relating to benefits particularly for pensions and medical benefits and where the payment to the employee is several years into the future, actuarial calculations are required. These calculations are based on assumptions regarding economic variables such as the discount rate, the expected return on plan assets, salary increases, inflation rate, pension increases and the inflation rate for medical benefits, but also on demographic variables such as the expected life span. All in all, the balance sheet item pension balances for defined benefit plans, which amounts to MSEK 8.4 (17.9 and 7.0) and which is stated under other long-term receivables, and the balance sheet item provisions for pensions and similar commitments, which amounts to MSEK 1,250.1 (946.1 and 1,055.9), are subject to critical estimates and judgments. The Group's opinion is that the most important assumptions are the discount rate, the inflation rate and the expected life span. A sensitivity analysis regarding these three variables is provided in Note 32.

Actuarial calculations regarding claims reserves

The Group is exposed to various types of risks in the day-to-day running of the business. The operational risks can result in the need to recognize reserves for damages resulting from property claims, personal injuries as well as workers' compensation claims relating to the Group's employees. Claims reserves are calculated based on a combination of case reserves and incurred but not reported reserves. Actuarial calculations are performed on a quarterly basis to assess the adequacy of the reserves based on open claims and historical data for incurred but not reported claims. Actuarial calculations are based on several assumptions. All in all, this means that the balance sheet items short-term Liability insurance-related claims reserves, which amounts to MSEK 652.5 (694.6 and 819.0) and is included in Other short-term provisions (Note 36) and Liability insurance-related claims reserves, which amounts to MSEK 603.3 (724.3 and 595.7) and is included in Other provisions (Note 33), are subject to critical estimates and judgments.

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

Over the years the Group has made a number of acquisitions in different countries. As a result of such acquisitions certain contingent liabilities of the businesses acquired have been assumed. Companies within the Group are also involved in a number of other legal proceedings and tax audits arising out of the operations. Further information is provided in Note 38.

Items affecting comparability

Items affecting comparability amounted to MSEK –29.3 (–78.1 and –549.1).

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

USA – Globe/Federal Aviation Admininstration

Prior to the Aviation and Transportation Security Act (Aviation Security Act), which was passed in November 2001, the air carriers were responsible under federal law for providing pre-board screening of passengers. In most cases, the air carriers contracted with private security companies for these services. Under the Aviation Security Act, pre-board screening services were federalized in two steps. The first step consisted of a transition period where the Federal Aviation Administration (FAA) became the party responsible for pre-board screening and contracted with private security companies for these services (the FAA's responsibilities were later transitioned to the Transportation Security Administration (TSA)). The second step, which occurred in November 2002, consisted of the TSA directly providing these services by federal government employees. Globe had been requested to provide pre-board screening services during the initial transition period and, following extended negotiations, Globe entered into an agreement with the FAA in February 2002 to provide such services during the transition period. Based on the performance of Globe during this transition period, in April 2002 Globe contracted with the FAA/TSA to service additional airports. During the transition period, the FAA/TSA compensated Globe based on the governing contract and the invoices submitted.

After the services had been substantially completed, the TSA indicated that it wished to renegotiate the pricing under the contract and stopped making payments under the contract. Following unsuccessful negotiations attempting to resolve the amounts in dispute, Globe commenced formal legal proceedings during 2004 to recover the amounts due under the contract.

A trial in this matter was scheduled for February 2007. As of December 31, 2006 a bad debt provision was recognized in the amount of the net account receivable which remained uncollected at that time. This dispute was subsequently settled in the first quarter 2007, and impacted items affecting comparability in 2007 by MSEK 50 (–69).

Germany – Heros

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

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

The claims of the Heros companies (in bankruptcy) are based on the Trustees current understanding of the subject transactions, resulting in the allegation that certain inter-company transactions (set-offs) performed by Securitas Germany prior to the sale of the companies were not in compliance with German law. Heros' aggregated claims on Securitas Germany amounts to approximately MEUR 108. Heros is in addition requesting Securitas Germany to re-assign a claim against the insurance company IF which was kept by Securitas in the divestiture. Based on local legal expertise and a legal opinion from a renown law professor, Securitas will object to the claims raised by the Trustee.

As of December 31, 2006 a minor provision was recognised to cover the known exposure in the Heros claim at that time. This provision remains unchanged. No additional provision has been established for the recent claim.

Spain – Esabe

In January 1992, Securitas acquired Esabe, Spain's then second-largest company in the guard services and cash-in-transit segments. Shortly following such acquisition, the seller in such transaction filed for bankruptcy under Spanish law. As a consequence of such bankruptcy filing, Securitas has been involved in multiple litigations with the bankruptcy estate in respect of claims by the estate relating to the validity of the acquisition transaction and certain accounts claimed to be due to the estate. During 2006, final rulings in these litigations were made by the Spanish Supreme Court. Following these final rulings, Securitas entered into settlement negotiations with representatives of the estate and a final settlement was agreed with the estate resolving all of the outstanding claims. A provision in the amount of the payment to be made to the estate under the settlement agreement was recognized as of December 31, 2006. The final settlement has been signed by all parties and submitted to the relevant Spanish court for its approval. The court has finally approved the settlement agreement between the bankruptcy estate of Esabe and Securitas. The settlement amount has been paid and the agreement will be implemented according to its terms.

Spain – Overtime compensation

All major security companies in Spain have been compensating their employees in respect of overtime work in accordance with a labor agreement covering the period 2005 to 2008. In February 2007, the Spanish Supreme Court ruled that the overtime compensation under the existing labor agreement was not in compliance with Spanish law.

The potential exposure in respect of overtime compensation payable to employees of the security services and guarding companies in Spain has increased due to the failure of the major security companies and the local unions to negotiate a settlement agreement on the overtime compensation. A petition has been lodged with the lower court in Spain seeking specific guidance as to how overtime compensation shall be calculated. A judgment was rendered in January 2008 giving guidelines on calculation of overtime pay, which substantially accepted the views of the employers. The judgment has been appealed by the local unions. Securitas will vigorously defend its position in the appeal. A decision in the matter is not expected until mid-2009.

In the absence of final guidance on overtime compensation, Securitas has chosen to apply the guidelines given by the court for salary payments to be paid in 2008. For historic overtime compensation, the company will await the outcome of the appeal. Securitas will have to prepare for several suits from employees and former employees in respect of historic overtime compensation.

Simultaneously, one industry association commenced legal proceedings in an attempt to invalidate the current collective bargaining agreement due to an alleged imbalance created by the earlier decision on overtime pay by the Supreme Court. In a judgment rendered in January 2008 the court ruled – on procedural grounds – against the industry association. It has now appealed the court decision. Judgment in the appeal is not expected until mid-2009.

Securitas Spain is already the target of several labor claims and the number of claims is increasing. Based on this fact the management estimates the additional compensation for the historic overtime claims to amount to MSEK 128 and a provision of this amount was recognized as of December 31, 2007.

Information regarding items affecting comparability per function/line in the consolidated statement of income, per segment as well as the cash flow impact is provided in Note 11.

Note 5. Events after the balance sheet date

Approval of the Annual Report and Consolidated Financial Statements for 2008

This Annual Report including the Consolidated Financial Statements was signed by the Board of Directors of Securitas AB on March 10, 2009.

Acquisitions

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

- Akal Security, Hawaii, Security Services North America
- Moore Security, USA, Security Services North America

Other signficant events after the balance sheet date

On February 5, 2009 Securitas issued a further MEUR 45 Floating Rate Notes under its MEUR 1,500 Euro Medium Term Note Programme. The notes have a five-year bullet maturity on February 5, 2014.

Note 6. Financial risk management

Financial risk factors

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

Treasury organization and activities

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

Business segments

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

Countries

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

Group Treasury Centre

By concentrating the financial risk management in a single location, the Group can readily monitor and control these risks and benefit from the expertise of dedicated treasury personnel. Also, by concentrating internal and external financing through GTC, economies of scale can be used to obtain the best possible pricing of investments and loans. GTC also has responsibility for matching local liquidity surpluses and deficits between countries and cash-pools. GTC identifies, evaluates and hedges financial risks in co-operation with the operating units. The Board of Directors of Securitas AB establishes written principles for overall risk management, as well as written 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 and EUR with both fixed and floating interest rates. Detailed information on long-term borrowings is provided in Note 31. The Group uses interest rate derivatives in designated 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 together with information on interest rate fixings.

The target for the free cash flow to net debt ratio is always to exceed 0.20. The Group's interest coverage ratio from continuing operations, a measure of its ability to pay interest costs, was 3.9 as of December 31, 2008 (3.6). Free cash flow to net debt as of December 31, 2008 was 0.21 (0.24).

THE GROUP'S INTEREST BEARING LIABILITIES AND ASSETS PER CURRENCY

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]
USD liabilities	–6,423	262	*3.21%*	*3.79%*	–26	*2.64%*	26
EUR liabilities	–7,951	213	*4.28%*	*4.92%*	–36	*3.65%*	36
GBP liabilities	–114	37	*3.05%*	*4.05%*	–1	*2.05%*	1
SEK liabilities	–4,536	16	*2.42%*	*3.42%*	–33	*1.42%*	33
Other currencies liabilities	–232	48	*4.27%*	*5.27%*	–2	*3.27%*	2
Total liabilities	**–19,256**	**180**	***3.48%***	***4.19%***	**–98**	***2.77%***	**98**
USD assets	2,409	27	*1.45%*	*2.45%*	17	*0.45%*	–17
EUR assets	3,862	10	*3.14%*	*4.14%*	28	*2.14%*	–28
GBP assets	23	3	*2.82%*	*3.82%*	0	*1.82%*	0
SEK assets	3,264	23	*2.53%*	*3.23%*	24	*1.53%*	–24
Other currencies assets	285	20	*4.07%*	*5.07%*	2	*3.07%*	–2
Total assets	**9,843**	**19**	***2.55%***	***3.45%***	**71**	***1.55%***	**–71**
Total	**–9,413**		***4.45%***		**–27**		**27**

1 The 1% 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 the Income Statement. This is further adjusted by the effective corporation tax rate.

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

INTEREST FIXING PER CURRENCY[1]

	Dec. 31, 2008			Dec. 31, 2009			Dec. 31, 2010			
Currency	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Final maturity
USD	2,732	350	*4.44*	1,171	150	*4.08*	0	0	*4.08*	Feb. 2011
EUR	2,905	266	*4.64*	1,485	136	*4.71*	0	0	*4.67*	Feb. 2011
Total	**5,637**			**2,656**						

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, 2008 was MSEK 17,182 (18,453 and 19,378). 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, 2008

MSEK	EUR	USD	GBP	Other currencies	Total Foreign currencies	SEK	Total Group	Total Group +10%[1]	Total Group –10%[1]
Capital employed	8,138	7,499	307	1,238	17,182	738	17,920	19,638	16,202
Net debt	–4,109	–3,974	–96	56	–8,123	–1,290	–9,413	–10,225	–8,601
Minority interests	4	1	0	1	6	0	6	7	5
Net exposure	4,025	3,524	211	1,293	9,053	–552	8,501	9,406	7,596
Net debt to equity ratio	*1.02*	*1.13*	*0.45*	*–0.04*	*0.90*	*–2.34*	*1.11*	*1.09*	*1.13*

1 Changes in capital employed due to changes in the foreign exchange rates are taken directly to translation reserves in the balance sheet. They do not impact the income statement.

CAPITAL EMPLOYED AND FINANCING PER CURRENCY, 2007

MSEK	EUR	USD	GBP	Other currencies	Total Foreign currencies	SEK	Total Group	Total Group +10%	Total Group –10%
Capital employed	8,111	8,543	902	897	18,453	239	18,692	20,537	16,847
Net debt	–4,629	–4,468	–363	–150	–9,610	–268	–9,878	–10,839	–8,917
Minority interests	2	–	–	–	2	–	2	2	2
Net exposure	3,480	4,075	539	747	8,841	–29	8,812	9,696	7,928
Net debt to equity ratio	*1.33*	*1.10*	*0.67*	*0.20*	*1.09*	*–9.23*	*1.12*	*1.12*	*1.12*

CAPITAL EMPLOYED AND FINANCING PER CURRENCY, 2006

MSEK	EUR	USD	GBP	Other currencies	Total Foreign currencies	SEK	Total Group	Total Group +10%	Total Group –10%
Capital employed	8,465	9,283	1,184	446	19,378	–40	19,338	21,276	17,400
Net debt	–3,762	–4,027	–520	–193	–8,502	–1,233	–9,735	–10,585	–8,885
Minority interests	–	–	–	–	–	–	–	–	–
Net exposure	4,703	5,256	664	253	10,876	–1,273	9,603	10,691	8,515
Net debt to equity ratio	*0.80*	*0.77*	*0.78*	*0.76*	*0.78*	*–0.97*	*1.01*	*0.99*	*1.04*

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, 2008 the short-term liquidity reserve corresponded to 15 percent (13) of the Group's annual sales.

The Group's long-term financing risk is minimized by ensuring that the level of long-term financing (shareholders' equity, long-term committed loan facilities and long-term bond loans) at least matches the Group's capital employed. Per December 31, 2008 long-term financing corresponded to 157 percent (163) of the Group's capital employed. Long-term financing of the Group should be well balanced among different sources. The aim is that long-term committed loan facilities and long-term bond loans should have an average maturity of more than three years. As per December 31, 2008 the average maturity was two years and four months. The following tables summarize the Group's liquidity risk at end 2008, 2007 and 2006 respectively.

LIQUIDITY REPORT AS PER DECEMBER 31, 2008

MSEK	Total	< 1 Year	Between 1 Year and 5 Years	> 5 Years
Borrowings	–13,522	–2,315	–11,207	0
Derivatives outflows	–5,309	–5,242	–67	0
Total outflows	**–18,831**	**–7,557**	**–11,274**	**0**
Investments	3,978	3,978	0	0
Derivatives receipts	5,241	5,175	66	0
Total inflows	**9,219**	**9,153**	**66**	**0**
Net cash flows, total [1]	**–9,612**	**1,596**	**–11,208**	**0**

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

LIQUIDITY REPORT AS PER DECEMBER 31, 2007

MSEK	Total	< 1 Year	Between 1 Year and 5 Years	> 5 Years
Borrowings	–17,206	–9,306	–7,900	0
Derivatives outflows	–8,304	–8,157	–147	0
Total outflows	**–25,510**	**–17,463**	**–8,047**	**0**
Investments	4,541	4,541	0	0
Derivatives receipts	9,937	9,792	145	0
Total inflows	**14,478**	**14,333**	**145**	**0**
Net cash flows, total	**–11,032**	**–3,130**	**–7,902**	**0**

LIQUIDITY REPORT AS PER DECEMBER 31, 2006

MSEK	Total	< 1 Year	Between 1 Year and 5 Years	> 5 Years
Borrowings	–12,982	–5,905	–7,077	0
Derivatives outflows	–20,546	–16,163	–4,383	0
Total outflows	**–33,528**	**–22,068**	**–11,460**	**0**
Investments	829	829	0	0
Derivatives receipts	21,972	16,416	5,556	0
Total inflows	**22,801**	**17,245**	**5,556**	**0**
Net cash flows, total	**–10,727**	**–4,823**	**–5,904**	**0**

Long-term committed loan facilities consist of a MUSD 1,100 Multi Currency Revolving Credit Facility that was arranged in June 2005 with a syndicate of international banks and that matures in June 2012. Drawings under this facility are priced at the relevant prevailing market interest rate for the term selected.

Securitas also has a Euro Medium Term Note Program (EMTN) with a limit of MEUR 1,500 under which public and private funding can be raised on international capital markets. On March 14, 2008 the MEUR 500 Eurobond matured and was repaid in full. As of December 31, 2008 there was one outstanding bond loan: a MEUR 45 Floating Rate Note with a bullet maturity in July 2013. On February 5, 2009, Securitas issued another MEUR 45 Floating Rate Note under the same EMTN Program. This note has a five year bullet maturity in February 2014.

In May 2007 Securitas arranged a three year syndicated term loan facility for MEUR 550. The facility is fully drawn as at December 31, 2008 and is repayable in May 2010.

In addition to the above, Securitas has access to committed financing through a MSEK 3,000 club deal maturing in 2010 and through a MSEK 1,500 bilateral Revolving Credit Facility maturing in 2009. The purpose of these two facilities is to provide Securitas with headroom while evaluating alternatives for refinancing.

The MUSD 250 U.S. securitization program matured in June 2008 and was repaid in full.

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

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 incurred revenues, 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	2008	%	2007	%	2006	%
Accounts receivable before deduction of provison for bad debt losses	10,317.0	*100*	10,213.7	*100*	9,152.6	*100*
Provision for bad debt losses	–354.4	*–3*	–324.3	*–3*	–297.0	*–3*
Total accounts receivable	**9,962.6**	***97***	**9,889.4**	***97***	**8,855.6**	***97***
Ageing of accounts receivable before deduction of provision for bad debt losses						
Overdue 1–30 days	1,584.9	*16*	1,460.9	*14*	1,223.1	*14*
Overdue 31–90 days	726.8	*7*	692.9	*7*	487.6	*5*
Overdue >90 days	488.3	*5*	560.6	*6*	396.8	*4*
Total overdue	**2,800.0**	***28***	**2,714.4**	***27***	**2,107.5**	***23***

The following details the credit quality of non-trade receivables.

COUNTERPARTIES WITH EXTERNAL CREDIT RATINGS

MSEK	2008	2007	2006
Credit quality non trade receivables			
P1	2,921	4,894	2,222

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, 2008 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 1,292. Derivative contracts are only entered into with financial institutions with a credit rating of at least A1/P1, and with whom Securitas has an established customer relationship.

Rating

In order to access international debt capital markets in an effective manner, Securitas has obtained long-term and short-term credit ratings from Standard & Poor's. The long term rating is BBB+ with "Stable Outlook" and the short term rating is A-2. The Nordic short-term rating is K-1.

Fair value of financial instruments

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

- Cash and bank deposits and Short-term investments: carrying amounts approximate fair values.
- Derivative and other financial instruments: fair values are estimated based on quoted market prices, on prices provided by independent brokers, or are calculated on best market prices. The prices used are clean prices, that is the fair values stated excluding accrued interest.
- Debt: fair values 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.

REVALUATION OF FINANCIAL INSTRUMENTS

MSEK	2008	2007	2006
Recognized in the statement of income			
Financial income[1]	2.7	–	–
Financial expenses	–	–6.7	–35.8
Deferred tax	–0.8	1.9	10.0
Impact on net income for the year	**1.9**	**–4.8**	**–25.8**
Recognized via statement of recognized income and expense			
Transfer to hedging reserve before tax	–183.3	4.6	30.6
Deferred tax on transfer to hedging reserve	51.3	–1.3	–8.6
Transfer to hedging reserve net of tax	**–132.0**	**3.3**	**22.0**
Transfer to statement of income before tax	2.4	–33.1	–11.0
Deferred tax on transfer to statement of income	–0.6	9.3	3.1
Transfer to statement of income net of tax	**1.8**	**–23.8**	**–7.9**
Total change of hedging reserve before tax[2]	–180.9	–28.5	19.6
Deferred tax on total change of hedging reserve before tax[2]	50.7	8.0	–5.5
Total change of hedging reserve net of tax	**–130.2**	**–20.5**	**14.1**
Total impact on shareholders' equity as specified above			
Total revaluation before tax[3]	–178.2	–35.2	–16.2
Deferred tax on total revaluation[3]	49.9	9.9	4.5
Total revaluation after tax	**–128.3**	**–25.3**	**–11.7**

1 Total revaluation of financial instruments 2008 amounts to MSEK 2.7, of which MSEK 1.8 relates to ineffectiveness in fair value hedges and MSEK 0.9 relates to financial assets and financial liabilities at fair value through profit or loss.
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 statement of recognized income and expense.

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

	2008		2007	
	Carrying value	Fair value	Carrying value	Fair value
Assets				
Financial assets at fair value through profit and loss				
Other interest-bearing current assets	41.5	41.5	19.5	19.5
Total	**41.5**	**41.5**	**19.5**	**19.5**
Loans and receivables				
Interest-bearing financial non-current assets	150.6	150.6	273.2	273.2
Other long-term receivables[1]	338.0	338.0	303.3	303.3
Accounts receivable	9,962.6	9,962.6	9,889.4	9,889.4
Other current receivables[2]	553.0	553.0	721.7	721.7
Liquid funds	3,951.5	3,951.5	4,350.7	4,350.7
Total	**14,955.7**	**14,955.7**	**15,538.3**	**15,538.3**
Liabilities				
Financial liabilities at fair value through profit and loss				
Other short-term loan liabilities	134.2	134.2	39.0	39.0
Total	**134.2**	**134.2**	**39.0**	**39.0**
Financial liabilities designated for hedging				
Other long-term loan liabilities	3,295.4	3,295.4	3,928.4	3,928.4
Other short-term loan liabilities	2,341.7	2,341.7	5,212.6	5,212.6
Total	**5,637.1**	**5,637.1**	**9,141.0**	**9,141.0**
Other financial liabilities				
Other long-term loan liabilities	3,730.5	3,730.5	3,406.0	3,406.0
Other long-term liabilities[3]	133.9	133.9	87.2	87.2
Other short-term loan liabilities	3,932.8	3,932.8	3,363.3	3,363.3
Accounts payable	977.0	977.0	1,247.2	1,247.2
Other current liabilities[4]	2,585.7	2,585.7	2,834.6	2,834.6
Total	**11,359.9**	**11,359.9**	**10,938.3**	**10,938.3**
Derivatives designated for hedging				
Interest-bearing financial non-current assets	–	–	13.1	13.1
Other interest-bearing current assets	0.9	0.9	1,429.4	1,429.4
Other long-term loan liabilities	122.5	122.5	14.6	14.6
Total	**123.4**	**123.4**	**1,457.1**	**1,457.1**
1 Excluding all pension balances	*63.6*	*63.6*	*76.2*	*76.2*
2 Excluding prepaid expenses	*471.1*	*471.1*	*650.3*	*650.3*
3 Excluding pension balances	*67.7*	*67.7*	*58.3*	*58.3*
4 Excluding staff-related accrued expenses	*5,782.1*	*5,782.1*	*5,610.8*	*5,610.8*

Note 7. Transactions with related parties

Joint ventures

The Securitas Group includes only one company, Securitas Direct S.A. (Switzerland), in which its share of the voting rights is 50 percent. Due to the negligible impact of this company on the Group's earnings and financial position, it is not reported separately in the consolidated statement of income or balance sheet. The company is included under Other in the Group's segment reporting as per below:

MSEK	2008	2007	2006
Total sales	**52**	**45**	**44**
Operating income before amortization	**8**	**6**	**4**
Operating income after amortization	**8**	**6**	**4**
Operating non-current assets	12	9	8
Accounts receivable	4	4	4
Other assets	12	5	6
Other liabilities	18	9	7
Total operating capital employed	**10**	**9**	**11**
Goodwill	9	8	7
Total capital employed	**19**	**17**	**18**

Other

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

For information on the Parent Company's transactions with related parties, refer to Note 41 and Note 44.

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 April 17, 2008 decided upon guidelines for remuneration to the Board of Directors and senior management regarding 2008 in accordance with the following:

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

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

In addition to a fixed annual salary, the Group Management may also receive variable remuneration, based on the outcome in relation to financial goals and growth targets within the individual area of responsibility (Group or division). The variable remuneration shall amount to a maximum of 50 percent of the fixed annual salary for the President and CEO and a maximum of 35–200 percent of the fixed annual salary for other individuals of the Group Management.

The undertakings of the company as regards variable remuneration, including previously adopted long-term incentive programs, to the concerned individuals may, at maximal outcome within all divisions during 2008, amount to a maximum of MSEK 43.

The pension rights of management employees shall be applicable as from the age of 65 at the earliest and the entire Group Management shall be subject to defined contribution pension plans for which insurance premiums are transferred from the individual's total remuneration and paid by the company during the term of employment. Variable remuneration shall in principle not be pension qualifying income.

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

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

These guidelines shall apply to individuals who are included in 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.

The Board of Directors proposal to the Annual General Meeting in May 2009 on guidelines for remuneration to the Board of Directors and senior management regarding 2009, are presented in the Report of the Board of Directors – Financial overview, in this Annual Report.

Planning and decision-making process

The Board's remuneration committee deals with all the above matters regarding the President and CEO and other members of Group Management, as well as other management levels if the committee so decides. The committee presents its proposals to the Board of Directors, which takes all decisions. The members of the remuneration committee are Melker Schörling (chairman) and Berthold Lindqvist. The committee held three meetings in 2008.

Board of Directors

For the 2008 financial year, the Chairman Melker Schörling received a director's and committee work fee of MSEK 1.1. The other Directors received an aggregate director's and committee work fee of MSEK 4.3. The remuneration for each member of the Board of Directors is disclosed in the tables on page 86. The Board of Directors is 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 2008, a fixed salary amounting to MSEK 10.8 and salary benefits of MSEK 0.1. The variable compensation relating to the 2008 performance amounted to MSEK 5.2 and will be paid in 2009.

The President and CEO has a defined contribution pension plan up to 30 percent of his annual fixed salary. The retirement age for the President and CEO is 65. In 2008 the pension costs for the President and CEO amounted to MSEK 3.2. No pension benefit is conditioned by future employment.

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

Other members of Group Management

The other ten members of Group Management are; the Divisional Presidents Santiago Galaz (Security Services North America), Bart Adam (Security Services Europe), Morten Rønning (Mobile), Lucien Meeus (Monitoring), William Barthelemy (COO Security Services North America), Erik-Jan Jansen (COO Security Services Europe), Olof Bengtsson (Senior Vice President Corporate Finance), Bengt Gustafson (Senior Vice President Chief Legal Counsel), Gisela Lindstrand (Senior Vice President Corporate Communications and Public Affairs) and Jan Lindström (Senior Vice President Finance).

In the 2008 financial year their aggregate fixed salaries amounted to MSEK 34.5 and other salary benefits to MSEK 2.1. For Erik-Jan Jansen, who joined the Group Management on 1 May, 2008, the compensation relates as from this date. The aggregate short-term variable compensation relating to the 2008 performance amounted to MSEK 18.7. This will be paid in 2009.

These ten members of Group Management have individual pension plans. The retirement age varies from country to country and pension plan. The retirement age is 65–67 years for seven members and for three members, no retirement age is specified.

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 2008 the pension costs for these members of Group Management amounted to MSEK 4.8. No pension benefits are conditioned by future employment.

Three members have a Swedish defined benefit pension plan (ITP), but can also allocate part of their remuneration to a defined contribution plan. The Swedish defined benefit plan guarantees a lifetime pension from the age of 65. The pension compensation corresponds to a certain percentage of the final salary, the maximum pensionable income is MSEK 1.4 per employee. This pension benefit is funded through annual premiums paid by the company during the term of employment, and the pension cost for these three members in 2008 was MSEK 0.9 (included in the above stated total pension cost for the Group Management).

One member has a Norwegian defined benefit pension plan, but may also allocate part of the remuneration to a defined contribution plan. The Norwegian defined benefit plan guarantees a lifetime pension from the age of 67. The pension compensation corresponds to a certain percentage of the final salary, and the maximum pensionable income is MSEK 1.0. This pension benefit is funded through annual premiums paid by the company during the term of employment, and the pension cost in 2008 was MSEK 0.1 (included in the above stated total pension cost for the Group Management). The provision for the defined benefit plan for the member was net MSEK 0.8 as per December 31, 2008.

One member has a Dutch defined benefit pension plan. The Dutch defined benefit plan guarantees a lifetime pension from the age of 65. The pension compensation corresponds to a certain percentage of the final salary, and the maximum pensionable income corresponds to MSEK 1.9. This pension benefit is funded through annual premiums paid by the company during the term of employment, and the pension cost in 2008 was MSEK 0.1 (included in the above stated total pension cost for the Group Management). The provision for the defined benefit plan for the member was net MSEK 1.5 as per December 31, 2008.

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 the other members of Group Management.

Compensation to a previous member of the Group Management, who resigned on April 30, 2008, amounted to MSEK 2.4 in fixed salary and benefits, and MSEK 0.7 in variable compensation and MSEK 0.2 in pension costs.

Long-term incentive

There is no long-term incentive program in place for the President and CEO or for five other members of the Group Management.

For five other members of the Group Management long-term incentive plans exist in which the maximum bonus is limited to 50–100 per cent of the fixed base salary. The bonus is based on the earnings development and other key ratios in the divisions for which the members are responsible. The long-term bonus plans are provided for during the performance year and paid out over the three following years. At resignation by a management employee, any unpaid long-term bonus will stay with the company.
The 2008 provision for long-term bonus plans amounted to MSEK 8.2. The accumulated provision for these plans amounted to MSEK 12.1 as per December 31, 2008.

REMUNERATION TO GROUP MANAGEMENT

REMUNERATION RELATED TO 2008:

KSEK	Base Salary/Fee	Other benefits	Short-term bonus	Long-term bonus[2]	Pension	Total remuneration
Melker Schörling, Chairman of the Board[1]	1,100	–	–	–	–	1,100
Carl Douglas, vice Chairman	725	–	–	–	–	725
Fredrik Cappelen[1]	550	–	–	–	–	550
Marie Ehrling[1]	650	–	–	–	–	650
Annika Falkengren	450	–	–	–	–	450
Stuart E. Graham	450	–	–	–	–	450
Berthold Lindqvist[1]	600	–	–	–	–	600
Fredrik Palmstierna	450	–	–	–	–	450
Sofia Schörling Högberg	450	–	–	–	–	450
Subtotal Board of Directors	**5,425**	**–**	**–**	**–**	**–**	**5,425**
President and CEO	10,763	90	5,250	–	3,152	19,255
Other members of Group Management (10 persons)[3]	34,458	2,155	18,712	8,223	4,809	68,357
Subtotal President and CEO and Group Management	**45,221**	**2,245**	**23,962**	**8,223**	**7,961**	**87,612**
Total	**50,646**	**2,245**	**23,962**	**8,223**	**7,961**	**93,037**

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

1 Including remuneration for committee work.
2 Refer to the cost for 2008, please find further reference below under section long-term incentive.
3 The compensation for one member who joined the Group Management on May 1, 2008 relates as from this date.

REMUNERATION RELATED TO 2007:

KSEK	Base Salary/Fee	Other benefits	Short-term bonus	Long-term bonus	Pension	Total remuneration
Melker Schörling, Chairman of the Board[1]	1,000	–	–	–	–	1,000
Gustaf Douglas, vice Chairman[1]	850	–	–	–	–	850
Carl Douglas	400	–	–	–	–	400
Marie Ehrling[1]	500	–	–	–	–	500
Annika Falkengren	400	–	–	–	–	400
Stuart E. Graham	400	–	–	–	–	400
Berthold Lindqvist[1]	550	–	–	–	–	550
Fredrik Palmstierna	400	–	–	–	–	400
Sofia Schörling Högberg	400	–	–	–	–	400
Subtotal Board of Directors	**4,900**	**–**	**–**	**–**	**–**	**4,900**
President and CEO[2]	8,308	71	2,000	–	2,478	12,857
Other members of Group Management (10 persons)[3]	29,531	4,148	16,159	16,938	2,860	69,636
Subtotal President and CEO and Group Management	**37,839**	**4,219**	**18,159**	**16,938**	**5,338**	**82,493**
Total	**42,739**	**4,219**	**18,159**	**16,938**	**5,338**	**87,393**

Above information refers to full year remuneration for the 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 Remuneration to the President and CEO Alf Göransson as from March 5, 2007.
3 The compensation for 2007 refer to Santiago Galaz, William Barthelemy, Tore K. Nilsen, Bart Adam, Morten Rønning, Lucien Meeus, Olof Bengtsson, Bengt Gustafson, Gisela Lindstrand and Jan Lindström, whereof for the six members who joined the Group Management on May 14 and September 1, 2007 respectively, it refer as from these dates.

Shareholdings

The Board of Director's and the Group Management's shareholdings through acquisitions on the stock market are detailed in the table below.

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

	A-shares 2008	A-shares 2007	B-shares 2008	B-shares 2007
Melker Schörling, Chairman of the Board[2]	4,500,000	4,500,000	16,001,500	12,701,500
Gustaf Douglas[3, 4]	–	12,642,600	–	29,590,000
Carl Douglas, vice Chairman[4]	12,642,600	–	29,509,080	100,000
Fredrik Cappelen[6]	–	–	0	–
Marie Ehrling	–	–	4,000	4,000
Annika Falkengren	–	–	7,500	7,500
Stuart E. Graham	–	–	5,000	5,000
Berthold Lindqvist	–	–	10,000	10,000
Fredrik Palmstierna	–	–	17,200	17,200
Sofia Schörling Högberg	–	–	2,400	2,400
Alf Göransson, President and CEO	–	–	30,000	30,000
Santiago Galaz	–	–	58,000	50,000
William Barthelemy	–	–	17,000	17,000
Tore K. Nilsen[5]	–	–	–	223,479
Bart Adam	–	–	4,500	4,500
Erik-Jan Jansen[6]	–	–	0	–
Morten Rønning	–	–	152,337	130,837
Lucien Meeus	–	–	5,500	0
Olof Bengtsson	–	–	26,756	26,756
Bengt Gustafson	–	–	0	0
Gisela Lindstrand	–	–	1,000	1,000
Jan Lindström	–	–	2,500	2,500
Total Holdings	**17,142,600**	**17,142,600**	**45,854,273**	**42,923,672**

1 Information refers to shareholdings as of December 31, 2008 and 2007.
2 Holdings through Melker Schörling AB.
3 Gustaf Douglas, previous vice Chairman, left the Board of Directors at the Annual General Meeting April 17, 2008.
4 Holdings private and through Investment AB Latour, SÄKI AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB. Company share holdings represented in 2007 by Gustaf Douglas.
5 Tore K. Nilsen left the Group Management in 2008.
6 Fredrik Cappelen was elected to the Board of Directors and Erik-Jan Jansen has joined the Group Management during 2008 which is why an earlier holding is not stated.

Note 9. Segment reporting

Segment structure

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

The previous primary segment Loomis is included in the Securitas Group up to December 8, 2008 and reported as Discontinued operations. Further information is found in Note 39.

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

Security Services North America

Security Services North America provides specialized guarding services in the USA, Canada and Mexico and comprises 17 business units; one organization for national and global accounts, ten geographical regions and three specialty customer segments (Automotive, Government Services and Energy) in the USA plus Canada, Mexico and Pinkerton Consulting & Investigations. In total, there are 97 geographical areas, over 600 branch offices and more than 100,000 employees. Security Services North America's service offering covers all segments in most industries.

Security Services Europe

Securitas' European guarding operation compromises Security Services Europe, providing specialized guarding services for large and medium-sized customers in 23 countries, and Aviation, providing airport security in twelve countries. The organization has more than 800 branch offices and over 110,000 employees. The customers' operations and businesses range from financial services, retail, energy, healthcare and the public sector to special events. Aviation offers specialized services for airports, authorities and airlines.

Mobile and Monitoring

Mobile provides mobile security services for small and medium-sized businesses, such as beat patrol and call-out services, while Monitoring provides electronic alarm surveillance services. Mobile operates in eleven countries across Europe and has approximately 8,900 employees in 37 areas and 270 branches. Monitoring, also called Securitas Alert Services, operates in ten countries across Europe and has approximately 900 employees.

Other

Other consists of general administrative costs, head office costs, and other costs that arise at Group level and relate to the Group as a whole. The guarding operations in Latin America, India, China, South East Asia and Middle East as well as the Group's joint venture Securitas Direct S.A. (Switzerland) are also included in Other.

Secondary segments

The geographical split represents various levels of market development in terms of wages, employee turnover, product mix, market growth and profitability. The geographical split of sales is based on the location of sales offices, and corresponds in all material aspects to the geographical location of the customers.

JANUARY – DECEMBER 2008

MSEK	Security Services North America	Security Services Europe	Mobile and Monitoring	Other	Eliminations	Group
Income						
Sales, external	21,327	28,627	5,320	1,298	–	56,572
Sales, intra-group	–	110	226	–	–336	–
Total sales	**21,327**	**28,737**	**5,546**	**1,298**	**–336**	**56,572**
Organic sales growth, %	*3*	*7*	*8*	–	–	*6*
Operating income before amortization	**1,218**	**1,635**	**647**	**–229**	**–**	**3,271**
of which income in associated companies	–	*0*	–	*0*	–	*0*
Operating margin, %	*5.7*	*5.7*	*11.7*	–	–	*5.8*
Amortization and impairment of acquisition related intangible assets[1]	–10	–38	–41	–13	–	–102
Acquisition related restructuring costs	–	–36	–14	–3	–	–53
Items affecting comparability	–	–	–	–29	–	–29
Operating income after amortization	**1,208**	**1,561**	**592**	**–274**	**–**	**3,087**
Financial income and expense	–	–	–	–	–	–470
Share in income of associated companies	–	–	–	–	–	–
Income before taxes	**–**	**–**	**–**	**–**	**–**	**2,617**
Taxes	–	–	–	–	–	–727
Net income for the year, continuing operations	**–**	**–**	**–**	**–**	**–**	**1,890**
Net income for the year, discontinued operations		–	–	–	–	432
Net income for the year, all operations	**–**	**–**	**–**	**–**	**–**	**2,322**

1 Amortization and impairment of acquisition related intangible assets

Amortization of acquisition related intangible assets	–10	–38	–41	–13	–	–102
Impairment losses of goodwill	–	–	–	–	–	–
Total	**–10**	**–38**	**–41**	**–13**	**–**	**–102**

MSEK	Security Services North America	Security Services Europe	Mobile and Monitoring	Other	Eliminations	Group
Operating cash flow						
Operating income before amortization	1,218	1,635	647	–229	–	3,271
Investments in non-current tangible and intangible assets	–132	–460	–325	–60	–	–977
Reversal of depreciation	144	390	278	28	–	840
Change in operating capital employed	–126	370	1	–130	–	115
Cash flow from operating activities	**1,104**	**1,935**	**601**	**–391**	**–**	**3,249**
Cash flow from operating activities, %	*91*	*118*	*93*	–	–	*99*
Capital employed and financing						
Operating non-current assets	588	1,550	804	175	–	3,117
Accounts receivable	3,523	5,590	641	295	–86	9,963
Other assets	250	647	188	2,596	–146	3,535
Other liabilities	3,627	6,907	1,465	1,888	–232	13,655
Total operating capital employed	**734**	**880**	**168**	**1,178**	**–**	**2,960**
Goodwill	6,680	4,995	2,049	380	–	14,104
Acquisition related intangible assets	40	318	239	154	–	751
Shares in associated companies	–	0	–	105	–	105
Total capital employed	**7,454**	**6,193**	**2,456**	**1,817**	**–**	**17,920**
Operating capital employed as % of sales	*3*	*3*	*3*	–	–	*5*
Return on capital employed, %	*16*	*26*	*26*	–	–	*18*
Capital employed, discontinued operations	–	–	–	–	–	–
Capital employed, all operations	**–**	**–**	**–**	**–**	**–**	**17,920**
Net debt	–	–	–	–	–	9,413
Equity	–	–	–	–	–	8,507
Total financing	**–**	**–**	**–**	**–**	**–**	**17,920**
Net debt equity ratio/multiple	–	–	–	–	–	*1.11*
Assets and liabilities						
Non-interest bearing assets, continuing operations	11,081	13,100	3,921	1,193	–232	29,063
Non-interest bearing assets, discontinued operations	–	–	–	–	–	–
Unallocated non-interest bearing assets, all operations[2]	–	–	–	–	–	2,511
Unallocated interest-bearing assets, all operations	–	–	–	–	–	4,145
Total assets	**–**	**–**	**–**	**–**	**–**	**35,719**
Equity, all operations	**–**	**–**	**–**	**–**	**–**	**8,507**
Non-interest bearing liabilities, continuing operations	3,627	6,907	1,465	840	–232	12,607
Non-interest bearing liabilities, discontinued operations	–	–	–	–	–	–
Unallocated non-interest-bearing liabilities, all operations[2]	–	–	–	–	–	1,048
Unallocated interest-bearing liabilities, all operations	–	–	–	–	–	13,557
Total liabilities	**–**	**–**	**–**	**–**	**–**	**27,212**
Total equity and liabilities	**–**	**–**	**–**	**–**	**–**	**35,719**

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

JANUARY – DECEMBER 2007

MSEK	Security Services North America	Security Services Europe	Mobile and Monitoring	Other	Eliminations	Group
Income						
Sales, external	20,933	25,328	4,677	598	–	51,536
Sales, intra-group	–	25	159	–	–184	–
Total sales	**20,933**	**25,353**	**4,836**	**598**	**–184**	**51,536**
Organic sales growth, %	*4*	*8*	*7*	–	–	*6*
Operating income before amortization	**1,080**	**1,433**	**578**	**–202**	**–**	**2,889**
of which income in associated companies	–	*0*	–	*0*	–	*0*
Operating margin, %	*5.2*	*5.7*	*12.0*	–	–	*5.6*
Amortization and impairment of acquisition related intangible assets[1]	–15	–271	–149	–5	–	–440
Acquisition related restructuring costs	–	0	–1	–1	–	–2
Items affecting comparability	50	–124	–4	–	–	–78
Operating income after amortization	**1,115**	**1,038**	**424**	**–208**	**–**	**2,369**
Financial income and expense	–	–	–	–	–	–482
Share in income of associated companies	–	–	–	–	–	2
Income before taxes	**–**	**–**	**–**	**–**	**–**	**1,889**
Taxes	–	–	–	–	–	–535
Net income for the year, continuing operations	**–**	**–**	**–**	**–**	**–**	**1,354**
Net income for the year, discontinued operations		–	–	–	–	–828
Net income for the year, all operations	**–**	**–**	**–**	**–**	**–**	**526**

1 Amortization and impairment of acquisition related intangible assets

Amortization of acquisition related intangible assets	–15	–32	–38	–5	–	–90
Impairment losses of goodwill	–	–239	–111	–	–	–350
Total	**–15**	**–271**	**–149**	**–5**	**–**	**–440**

MSEK	Security Services North America	Security Services Europe	Mobile and Monitoring	Other	Eliminations	Group
Operating cash flow						
Operating income before amortization	1,080	1,433	578	–202	–	2,889
Investments in non-current tangible and intangible assets	–123	–415	–289	–11	–	–838
Reversal of depreciation	150	366	245	15	–	776
Change in operating capital employed	–71	44	35	280	–	288
Cash flow from operating activities	**1,036**	**1,428**	**569**	**82**	**–**	**3,115**
Cash flow from operating activities, %	*96*	*100*	*98*	–	–	*108*
Capital employed and financing						
Operating non-current assets	513	1,339	707	129	–	2,688
Accounts receivable	3,026	4,827	513	178	–73	8,471
Other assets	182	593	116	2,353	–86	3,158
Other liabilities	2,769	5,700	1,196	1,749	–159	11,255
Total operating capital employed	**952**	**1,059**	**140**	**911**	**–**	**3,062**
Goodwill	5,515	3,980	1,595	170	–	11,260
Acquisition related intangible assets	46	238	180	85	–	549
Shares in associated companies	–	1	–	103	–	104
Total capital employed	**6,513**	**5,278**	**1,915**	**1,269**	**–**	**14,975**
Operating capital employed as % of sales	*5*	*4*	*3*	–	–	*6*
Return on capital employed, %	*17*	*25*	*30*	–	–	*19*
Capital employed, discontinued operations	–	–	–	–	–	3,717
Capital employed, all operations	**–**	**–**	**–**	**–**	**–**	**18,692**
Net debt	–	–	–	–	–	9,878
Equity	–	–	–	–	–	8,814
Total financing	**–**	**–**	**–**	**–**	**–**	**18,692**
Net debt equity ratio/multiple	–	–	–	–	–	*1.12*
Assets and liabilities						
Non-interest bearing assets, continuing operations	9,282	10,978	3,111	1,070	–159	24,282
Non-interest bearing assets, discontinued operations	–	–	–	–	–	6,869
Unallocated non-interest bearing assets, all operations[2]	–	–	–	–	–	1,948
Unallocated interest-bearing assets, all operations	–	–	–	–	–	6,086
Total assets	**–**	**–**	**–**	**–**	**–**	**39,185**
Equity, all operations	**–**	**–**	**–**	**–**	**–**	**8,814**
Non-interest bearing liabilities, continuing operations	2,769	5,700	1,196	672	–159	10,178
Non-interest bearing liabilities, discontinued operations	–	–	–	–	–	3,152
Unallocated non-interest-bearing liabilities, all operations[2]	–	–	–	–	–	1,077
Unallocated interest-bearing liabilities, all operations	–	–	–	–	–	15,964
Total liabilities	**–**	**–**	**–**	**–**	**–**	**30,371**
Total equity and liabilities	**–**	**–**	**–**	**–**	**–**	**39,185**

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

SECONDARY SEGMENTS AND GEOGRAPHICAL INFORMATION

	Total sales		Assets		Investments in non-current tangible and intangible assets	
MSEK	2008	2007	2008	2007	2008	2007
Nordic region	7,310	6,649	4,753	10,926	–392	–358
Europe excluding Nordic region	26,720	23,434	17,745	14,756	–398	–346
North America	21,248	20,864	12,179	13,227	–132	–123
Rest of world	1,294	589	1,042	276	–55	–11
Total	**56,572**	**51,536**	**35,719**	**39,185**	**–977**	**–838**

Note 10. Allocation of revenue

Sales

The Group's revenue is generated from a range of guarding services. The sale of alarm products is limited in extent following the dividend of Securitas Direct and Systems. Revenue from cash handling services ceased on December 8, 2008 due to the dividend of Loomis, and is for 2008 and in the comparatives included on the line Net income for the year, discontinued operations. This revenue is thus not included in the Group´s total sales. The breakdown of sales by segment is provided in Note 9.

Other operating income

Other operating income consists in its entirety of trade mark fees from Securitas Direct AB and Niscayah Group AB (former Securitas Systems AB). Trade mark fees from Niscayah Group AB ceased in November 2008.

Financial income

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

Note 11. Operating expenses

STATEMENT OF INCOME CLASSIFIED ACCORDING TO TYPE OF COST IN SUMMARY

MSEK	2008	2007	2006
Total sales	**56,571.6**	**51,536.1**	**49,084.5**
Salaries (Note 12)	–37,436.8	–34,490.0	–32,167.1
Social benefits (Note 12)	–8,409.3	–7,718.9	–8,420.7
Depreciation and amortization (Notes 13, 18, 19 and 20)	–942.1	–865.5	–856.5
Impairment losses (Notes 17, 18, 19 and 20)	–	–349.9	–36.6
Bad debt losses (Note 25)	–69.4	–13.0	–139.0
Other operating expenses	–6,627.4	–5,730.0	–5,341.2
Total operating expenses	**–53,485.0**	**–49,167.3**	**–46,961.1**
Operating income	**3,086.6**	**2,368.8**	**2,123.4**

ITEMS AFFECTING COMPARABILITY

MSEK	2008	2007	2006
Impairment and bad debt losses[1]	–	50.1	–115.7
Provisions	–	–128.2	–169.3
Other items	–29.3	–	–264.1
Total items affecting comparability	**–29.3**	**–78.1**	**–549.1**

1 Including other items as well as non-current assets and accounts receivable.

ITEMS AFFECTING COMPARABILITY ALLOCATED PER FUNCTION[1]

MSEK	2008	2007	2006
Production expenses	–	–78.1	–69.0
Selling and administrative expenses	–29.3	–	–480.1
Total items affecting comparability allocated per function	**–29.3**	**–78.1**	**–549.1**

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	2008	2007	2006
Security Services North America	–	50.1	–69.0
Security Services Europe	–	–124.4	–120.6
Mobile and Monitoring	–	–3.8	–
Other	–29.3	–	–359.5
Total items affecting comparability allocated per segment	**–29.3**	**–78.1**	**–549.1**

CASH FLOW IMPACT FROM ITEMS AFFECTING COMPARABILITY

MSEK	2008	2007	2006
Items affecting comparability according to the statement of income	–29.3	–78.1	–549.1
Cash flow[1]	–110.8	–15.1	–129.3
Adjustment for effect on cash flow from items affecting comparability	**–81.5**	**63.0**	**419.8**

1 For the 2008 cash flow MSEK –78.5 relates to the cash settlement with the bankruptcy estate of Esabe in Spain, MSEK –29.1 to listing costs for Loomis and MSEK –3.2 to other items affecting comparability. For the 2007 cash flow MSEK 50.1 relates to Globe/FAA, MSEK –58.7 to the listing of Securitas Direct and Systems project and the re-location of the head office and MSEK –6.5 to other items affecting comparability.

For the 2006 cash flow MSEK –125.1 relates to the listing of Securitas Direct and Systems and the re-location of the head office and MSEK –4.2 to other items affecting comparability.

ACQUISITION RELATED RESTRUCTURING COSTS ALLOCATED PER FUNCTION[1]

MSEK	2008	2007	2006
Production expenses	–19.6	–0.9	–
Selling and administrative expenses	–33.0	–1.2	–0.4
Total acquisition related restructuring costs allocated per function	**–52.6**	**–2.1**	**–0.4**

1 Illustrates how acquisition related restructuring 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.

ACQUISITION RELATED RESTRUCTURING COSTS ALLOCATED PER SEGMENT

MSEK	2008	2007	2006
Security Services North America	–	–	–
Security Services Europe	–36.0	–0.4	–0.4
Mobile and Monitoring	–13.4	–1.2	–
Other	–3.2	–0.5	–
Total acquisition related restructuring costs allocated per segment	**–52.6**	**–2.1**	**–0.4**

AUDIT FEES AND REIMBURSEMENTS

MSEK	2008	2007	2006
PricewaterhouseCoopers			
– audit assignments	29.0	30.9	28.4
– other assignments[1]	23.4[2]	23.7	44.7
Total PricewaterhouseCoopers	**52.4**	**54.6**	**73.1**
Other auditors			
– audit assignments	0.8	5.2	3.6
Total	**53.2**	**59.8**	**76.7**

1 Fees for other assignments performed by PricewaterhouseCoopers include fees for audit related advisory services relating to accounting including IFRS, IT, tax, acquisitions, divestments and matters relating to the Group's internal bank.
2 In addition MSEK 9.7 in other assignments to PwC has been capitalized, making the total MSEK 33.1 on page 126.

Operating leasing contracts and rental contracts

Fees expensed during the year for operating leases for buildings, vehicles and machinery and equipment amounted to MSEK 813.8 (625.4 and 607.2). The nominal value of contractual future leasing fees is distributed as follows:

MSEK	2008	2007	2006
Maturity < 1 year	651.8	539.5	498.1
Maturity 1–5 years	1,478.3	1,222.8	1,178.1
Maturity > 5 years	577.4	733.1	717.1

EXCHANGE RATE DIFFERENCES, NET[1]

MSEK	2008	2007	2006
Exchange rate differences included in Operating income amounted to:	–1.3	–1.2	–0.5

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

Note 12. Personnel

AVERAGE NUMBER OF YEARLY EMPLOYEES; DISTRIBUTION BETWEEN WOMEN AND MEN

	Women			Men			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Nordic region	3,779	3,238	2,945	10,030	9,241	8,612	13,809	12,479	11,557
Europe excluding Nordic region	17,345	16,953	15,170	75,826	71,560	66,378	93,171	88,513	81,548
North America	25,068	26,479	25,371	72,322	73,804	72,977	97,390	100,283	98,348
Rest of world	1,146	3,419	359	15,959	6,765	3,535	17,105	10,184	3,894
Total	**47,338**	**50,089**	**43,845**	**174,137**	**161,370**	**151,502**	**221,475**	**211,459**	**195,347**

In 2008, the number of Board members and Presidents was 105 (140, 112), of whom 6 (12, 12) were women.

STAFF COSTS FOR BOARDS OF DIRECTORS AND PRESIDENTS

	2008			2007			2006			Of which bonuses		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2008	2007	2006
Nordic region	70.9	29.4	(5.3)	58.9	20.0	(3.2)	22.1	7.8	(2.5)	24.6	14.4	2.5
Europe excluding Nordic region	107.1	25.4	(4.7)	76.8	21.3	(2.6)	99.7	26.9	(7.7)	39.4	23.3	21.7
North America	82.5	17.1	(10.3)	90.3	14.6	(8.7)	70.0	15.6	(9.4)	37.5	47.5	25.6
Rest of world	3.8	0.4	(0.0)	3.9	–	(–)	2.6	–	(–)	0.5	0.8	0.6
Total	**264.3**	**72.3**	**(20.3)**	**229.9**	**55.9**	**(14.5)**	**194.4**	**50.3**	**(19.6)**	**102.0**	**86.0**	**50.4**

STAFF COSTS FOR OTHER EMPLOYEES

	2008			2007			2006		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Nordic region	4,142.5	1,231.7	(252.3)	3,712.5	1,204.9	(233.9)	3,190.7	1,110.9	(164.3)
Europe excluding Nordic region	16,504.7	4,511.6	(139.4)	14,589.5	4,040.0	(104.0)	12,528.7	4,684.9	(185.3)
North America	15,771.7	2,390.5	(–7.4)	15,627.8	2,313.6	(–9.3)	16,089.9	2,539.7	(3.3)
Rest of world	753.6	203.2	(9.9)	330.3	104.5	(1.6)	163.4	34.9	(0.9)
Total	**37,172.5**	**8,337.0**	**(394.2)**	**34,260.1**	**7,663.0**	**(330.2)**	**31,972.7**	**8,370.4**	**(353.8)**

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

	2008			2007			2006		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Nordic region	4,213.4	1,261.1	(257.6)	3,771.4	1,224.9	(237.1)	3,212.8	1,118.7	(166.8)
Europe excluding Nordic region	16,611.8	4,537.0	(144.1)	14,666.3	4,061.3	(106.6)	12,628.4	4,711.8	(193.0)
North America	15,854.2	2,407.6	(2.9)	15,718.1	2,328.2	(–0.6)	16,159.9	2,555.3	(12.7)
Rest of world	757.4	203.6	(9.9)	334.2	104.5	(1.6)	166.0	34.9	(0.9)
Total	**37,436.8**	**8,409.3**	**(414.5)**	**34,490.0**	**7,718.9**	**(344.7)**	**32,167.1**	**8,420.7**	**(373.4)**

A complete specification of the average number of yearly employees and salary costs by country is provided in the annual report submitted to the Swedish Companies Registration Office. Further information regarding the Group's pensions and other long-term employee benefits is provided in Note 32.

Note 13. Depreciation and amortization

MSEK	2008	2007	2006
Software licences	50.1	45.4	45.8
Other intangible assets	18.1	11.3	7.5
Buildings	16.0	16.2	15.2
Machinery and equipment	755.7	702.7	707.5
Total depreciation and amortization	**839.9**	**775.6**	**776.0**

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

MSEK	2008	2007	2006
Depreciation of tangible non-current assets			
Production expenses	543.8	491.3	488.5
Selling and administrative expenses	227.9	227.6	234.2
Total depreciation of tangible non-current assets	**771.7**	**718.9**	**722.7**
Amortization of intangible assets			
Production expenses	27.4	14.8	6.9
Selling and administrative expenses	40.8	41.9	46.4
Total amortization of intangible assets	**68.2**	**56.7**	**53.3**
Total depreciation and amortization	**839.9**	**775.6**	**776.0**

Note 14. Net financial items

MSEK	2008	2007	2006
Interest income on financial assets at fair value through profit and loss	22.0	21.1	7.6
Interest income on loans and receivables	297.0	284.0	301.7
Interest income on derivatives designated for hedging	205.7	161.6	224.3
Total interest income	**524.7**	**466.7**	**533.6**
Revaluation of financial instruments	2.7	–	–
Other financial income	11.2	–	–
Exchange rate differences, net[1]	2.0	–	2.9
Total financial income	**540.6**	**466.7**	**536.5**
Interest expense on financial liabilities at fair value through profit and loss	–27.3	–10.2	–6.6
Interest expense on liabilities designated for hedging	–336.3	–493.0	–407.2
Interest expense on derivatives designated for hedging	–186.8	–71.0	–
Interest expense on other financial liabilities	–433.9	–346.4	–503.0
Total interest expense	**–984.3**	**–920.6**	**–916.8**
Revaluation of financial instruments	–	–6.7	–35.8
Other financial expense	–25.9	–20.3	–48.1
Exchange rate differences, net[1]	–	–1.0	–
Total financial expense	**–1,010.2**	**–948.6**	**–1,000.7**
Share in income of associated companies	**–**	**2.2**	**1.2**
Finance net	**–469.6**	**–479.7**	**–463.0**
Of which revaluations estimated with the use of valuation methods	1.1	–3.9	–35.8

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

Note 15. Taxes

Statement of income

TAX EXPENSE

MSEK	2008	%	2007	%	2006	%
Tax on income before taxes						
– current taxes	–651.8	*–24.9*	–425.2	*–22.5*	–454.3	*–27.4*
– deferred taxes	–75.3	*–2.9*	–109.9	*–5.8*	14.1	*0.9*
Total tax expense	**–727.1**	***–27.8***	**–535.1**	***–28.3***	**–440.2**	***–26.5***

The Swedish corporate tax rate was 28 percent in 2008, 2007 och 2006. The total tax rate on income before taxes was 27.8 percent (28.3 and 26.5). The 2008 tax rate adjusted for tax on items affecting comparability, was 27.8 percent.

The 2007 tax rate was 28.3 percent. Adjusted for non-deductible impairment of goodwill and tax on items affecting comparability the tax rate was 23.9 percent. Adjusted also for a revaluation charge of deferred tax assets pertaining to tax losses due to German tax reform the underlying rate, which is the relevant rate for comparison, was 21.5 percent in 2007.

The 2006 tax rate adjusted for tax on items affecting comparability, was 23.9 percent.

DIFFERENCE BETWEEN STATUTORY SWEDISH TAX RATE AND ACTUAL TAX EXPENSE FOR THE GROUP

MSEK	2008	%	2007	%	2006	%
Tax based on Swedish tax rate	–733	*–28.0*	–529	*–28.0*	–465	*–28.0*
Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries	118	*4.5*	219	*11.6*	226	*13.6*
Tax related to previous years	–87	*–3.3*	43	*2.3*	–39	*–2.3*
Capital gains taxation from Group internal restructuring	–	–	–	–	–46	*–2.8*
Non-deductible items affecting comparability	–	–	–	–	–75	*–4.5*
Non-deductible impairment losses of goodwill	–	–	–98	*–5.2*	–	–
Write down of tax losses in Germany	–	–	–107	*–5.7*	–	–
Valuation of previously unvalued tax losses	43	*1.6*	–	–	–	–
Revaluation of deferred tax on tax losses following a change in tax rate[1]	–38	*–1.4*	–55	*–2.9*	–	–
Other non-deductible items	–36	*–1.4*	–12	*–0.6*	–44	*–2.6*
Other tax exempt items	6	*0.2*	4	*0.2*	3	*0.1*
Actual tax expense	**–727**	***–27.8***	**–535**	***–28.3***	**–440**	***–26.5***

1 2008 concerns Sweden and 2007 concerns Germany.

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 13.

Balance sheet

CURRENT TAX ASSETS/LIABILITIES

	2008	2007	2006
Current tax assets	505.6	378.6	234.9
Current tax liabilities	487.4	392.6	374.7
Current tax assets/liabilities, net	**18.2**	**–14.0**	**–139.8**

DEFERRED TAX ASSETS WERE ATTRIBUTABLE TO:

	2008	2007	2006
Pension provisions and employee-related liabilities	695.1	605.8	551.5
Liability insurance-related claims reserves	16.1	32.9	18.6
Tax loss carryforwards	810.0	525.8	976.3
Tax-deductible goodwill	215.4	212.8	232.1
Machinery and equipment	88.0	116.4	29.4
Other temporary differences	250.7	323.8	433.7
Total deferred tax assets	**2,075.3**	**1,817.5**	**2,241.6**
Whereof deferred tax assets expected to be used within twelve months	289.4	–	–
Net accounting[1]	**–110.5**	**–184.1**	**–158.6**
Total deferred tax assets according to balance sheet	**1,964.8**	**1,633.4**	**2,083.0**

1 Deferred tax assets and liabilities are reported in the balance sheet partly on a net basis after considering the set-off possibilities.

DEFERRED TAX ASSETS CHANGE ANALYSIS

	2008	2007	2006
Opening balance deferred tax assets	**1,817.5**	**2,241.6**	**1,927.9**
Change due to:			
Deferred tax booked in statement of income	147.0	–338.1	336.5
Changed tax rate	–37.6	–59.2	–2.7
Translation difference	192.0	–10.6	–16.8
Recognized in equity	300.1	–21.7	104.0
Acquisitions	3.2	5.5	–
Discontinued operations	–346.9	–	–107.3
Closing balance deferred tax assets	**2,075.3**	**1,817.5**	**2,241.6**
Change during year	**257.8**	**–424.1**	**313.7**

DEFERRED TAX ASSETS CHANGE ANALYSIS PER CATEGORY IN 2008

	Opening balance	Deferred tax booked in income statement	Changed tax rate	Translation difference	Recognized in equity	Acquisitions	Dis-continued operations	Closing balance
Pension provisions and employee-related liabilities	605.8	–93.7	0,0	106.6	300.1	2.4	–226.1	695.1
Liability insurance-related claims reserves	32.9	22.5	–	9.5	–	–	–48.8	16.1
Tax loss carryforwards	525.8	321.4	–37.6	26.8	–	–	–26.4	810.0
Tax-deductible goodwill	212.8	–20.4	–	23.0	–	–	–	215.4
Machinery and equipment	116.4	37.9	–	–11.8	–	–	–54.5	88.0
Other temporary differences	323.8	–120.7	–	37.9	–	0.8	8.9	250.7
Total deferred tax assets	**1,817.5**							**2,075.3**
Change during year		**147.0**	**–37.6**	**192.0**	**300.1**	**3.2**	**–346.9**	**257.8**

DEFERRED TAX LIABILITIES WERE ATTRIBUTABLE TO:

	2008	2007	2006
Pension provisions and employee-related liabilities	10.4	8.7	23.3
Acquisition related intangible assets	221.1	194.5	140.4
Machinery and equipment	28.0	113.0	123.4
Other temporary differences	60.8	111.0	172.0
Total deferred tax liabilities	**320.3**	**427.2**	**459.1**
Whereof deferred tax liabilities expected to be used within twelve months	120.7	–	–
Net accounting[1]	**–110.5**	**–184.1**	**–158.6**
Total deferred tax liabilities according to balance sheet	**209.8**	**243.1**	**300.5**
Deferred tax assets/liabilities, net	**1,755.0**	**1,390.3**	**1,782.5**

1 Deferred tax assets and liabilities are reported in the balance sheet partly on a net basis after considering the set-off possibilities.

DEFERRED TAX LIABILITIES CHANGE ANALYSIS

	2008	2007	2006
Opening balance deferred tax liabilities	**427.2**	**459.1**	**609.5**
Change due to:			
Deferred tax booked in income statement	29.9	–42.4	–23.7
Changed tax rate	0.0	1.2	–7.5
Translation difference	20.7	–8.0	–0.6
Recognized in equity	5.1	–14.7	–
Acquisitions	28.4	32.5	27.4
Divestitures	–	–0.5	–
Discontinued operations	–191.0	–	–146.0
Closing balance deferred tax liabilities	**320.3**	**427.2**	**459.1**
Change during year	**–106.9**	**–31.9**	**–150.4**

DEFERRED TAX LIABILITIES CHANGE ANALYSIS PER CATEGORY IN 2008

	Opening balance	Deferred tax booked in income statement	Changed tax rate	Translation difference	Recognized in equity	Acquisitions	Dis-continued operations	Closing balance
Pension provisions and employee-related liabilities	8.7	–2.1	–	–	3.8	–	–	10.4
Acquisition related intangible assets	194.5	13.0	–	8.6	–	22.5	–17.5	221.1
Machinery and equipment	113.0	–28.0	–	10.5	–	–	–67.5	28.0
Other temporary differences	111.0	47.0	0.0	1.6	1.3	5.9	–106.0	60.8
Total deferred tax liabilities	**427.2**							**320.3**
Change during year		**29.9**	**0.0**	**20.7**	**5.1**	**28.4**	**–191.0**	**–106.9**

Changes in deferred taxes between 2007 and 2008 are mainly explained by an increase in losses in Sweden. Changes in deferred taxes between 2006 and 2007 are mainly explained by write down of losses in LCM, United Kingdom and revaluation due to changed tax rates in Germany and Denmark. There are no unrecognized temporary differences related to subsidiaries, associated companies or joint ventures. Provisions for taxes are reported in Note 33.

Tax loss carryforwards

On December 31, 2008 subsidiaries in primarily Sweden, Germany and France had tax loss carryforwards of MSEK 3,665 (3,324 and 3,422 for all operations). These tax loss carryforwards expire as follows:

TAX LOSS CARRYFORWARDS

2008	0
2009	1
2010	2
2011	0
Unlimited duration	3,662
Total tax loss carryforwards	**3,665**

Deferred tax assets related to tax losses are accounted for when it is probable that they can be utilised by future profits. As of December 31, 2008, tax loss carryforwards for which deferred tax assets had been recognised amounted to MSEK 2,936 (1,754 and 3,026 for all operations) and deferred tax assets related to the tax losses amounted to MSEK 810 (526 and 976 for all operations). Tax losses can be used to reduce future taxable income. Their future utilization does not mean a lower tax expense for the Group.

Deferred tax effects on items posted directly to shareholders' equity

Deferred tax effects on items posted directly to shareholders' equity amount to MSEK 630 (–35 and 137 for all operations).

Note 16. Acquisition and divestment of subsidiaries and impairment testing

Acquisition and divestment of subsidiaries

Acquisition calculations are subject to final adjustment up to one year after the date of acquisition. Acquisition related intangible assets (excluding goodwill) can include various types of intangible assets, such as marketing-related, customer-related, contract-related and technology-based intangible assets.

MSEK	Purchase price[1]	Acquired net debt	Enterprise value[2]	Goodwill	Acquisition related intangible assets	Operating capital employed	Shares in associated companies	Total capital employed
Black Star, Spain[3]	–46.9	–	–46.9	–	–	46.9	–	46.9
KARE, Turkey[3]	–38.3	–	–38.3	–	–	38.3	–	38.3
GRB Security, United Kingdom	–21.1	1.0	–20.1	12.7	6.5	0.9	–	20.1
PSI, Spain[3]	–42.6	–	–42.6	–	–	42.6	–	42.6
SATS and Servicios de Seguridad, Uruguay	–40.6	–0.9	–41.5	39.2	22.5	–20.2	–	41.5
FM Seguridad, Chile	–21.9	–1.9	–23.8	32.8	6.6	–15.6	–	23.8
G4S, Germany	–438.8	79.8	–359.0	325.7	49.0	–15.7	–	359.0
SH Safe Home, Switzerland	–38.9	5.9	–33.0	26.1	13.4	–6.5	–	33.0
SCP International, Serbia	–25.3	–0.5	–25.8	24.1	10.3	–8.6	–	25.8
Purzeczko, Poland	–31.7	–1.3	–33.0	23.2	20.4	–10.6	–	33.0
El Guardian, Argentina	–77.3	–0.3	–77.6	85.2	35.4	–43.0	–	77.6
Eureca/Luxtracing, the Netherlands and Belgium	–75.1	–6.4	–81.5	84.5	16.4	–19.4	–	81.5
S.O.B Objekschutz, Germany	–27.8	–2.8	–30.6	16.0	22.4	–7.8	–	30.6
Agency of Security Fenix, Czech Republic and Slovakia	–47.9	–19.2	–67.1	69.4	8.9	–11.2	–	67.1
Other acquisitions and adjustments[4]	–83.9	3.1	–80.8	61.4	19.5	–2.1	2.0	80.8
Total acquisitions, continuing operations	**–1,058.1**	**56.5**	**–1,001.6**	**800.3**	**231.3**	**–32.0**	**2.0**	**1,001.6**
Liquid funds according to acquisition analyses	283.5							
Total effect on Group's liquid funds, continuing operations	**–774.6**							
Keepway, France	–40.7	–	–40.7	–	–	40.7	–	40.7
EM Armored Car Service, USA	–8.1	–	–8.1	–	5.2	2.9	–	8.1
Other acquisitions	–2.9	–	–2.9	–	1.8	1.1	–	2.9
Total acquisitions, discontinued operations	**–51.7**	**–**	**–51.7**	**–**	**7.0**	**44.7**	**–**	**51.7**

1 Price paid to seller.
2 Purchase price plus acquired net debt.
3 Deferred considerations paid in 2008.
4 PBB Borlänge (contract portfolio), Värmlandsvakt (contract portfolio), Skandinaviska Bevakning (contract portfolio), UVOS and AVS Bevakning (contract portfolio), Mobile Sweden, 365 Vagt (contract portfolio), Mobile Denmark, Turvavalvonta ja Vartiointi Valvo (contract portfolio), Mobile Finland, Schutz- u. Wachdienst CSS (contract portfolio) and Consulting Plius (contract portfolio), Mobile Germany, Aufschaltungen Drees (contract portfolio), Alert Services Germany, New Technic Security (contract portfolio) and Securiveil, Mobile France, GSP (contract portfolio), Services Switzerland, Hummel (contract portfolio) and Vision (contract portfolio), Alert Services Netherlands, CPI Security Group, Romania, Grupo Guardias Blancas, Mexico, Vigilancias y Seguridad, Seguridad Argentina, Seguridad Cono Sur and Patagua, Argentina, Tecnisegur (contract portfolio), Aseco and Proguard, Uruguay, Burns de Colombia, Colombia, Forza, Peru, Dynamic Solutions Group, Chile, Walsons Services, India, Polic Secuforce, Hong Kong and Globe Partner Services, Egypt.

Acquisitions

GRB Security, United Kingdom

Securitas has acquired the security services company GRB Security in the United Kingdom. The company's estimated annual sales at the time of acquisition were MSEK 49. The company has 175 employees and provides a full range of security services to its customers, including guarding, mobile patrols and alarm receiving. Goodwill, which amounts to MGBP 1.1 (MSEK 12.7), is mainly related to geographical coverage in the Midlands.

ACQUISITION OF THE BUSINESS IN GRB SECURITY
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE MARCH 1, 2008

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating non-current assets	0.6	–	0.6
Accounts receivable	8.7	–	8.7
Other assets	0.8	–	0.8
Other liabilities	–8.8	–0.4	–9.2
Total operating capital employed	**1.3**	**–0.4**	**0.9**
Goodwill from the acquisition	–	12.7	12.7
Other acquisition related intangible assets	–	6.5	6.5
Total capital employed	**1.3**	**18.8**	**20.1**
Net debt	1.0	–	1.0
Total acquired net assets	**2.3**	**18.8**	**21.1**
Purchase price[1]	–	–	–21.1
Liquid funds in accordance with acquisition analysis	–	–	0.1
Total impact on the Group's liquid funds	**–**	**–**	**–21.0**

1 Whereof acquisition costs of MSEK 0.8.

All the shares in GRB Security were acquired.
The acquisition has contributed to Total sales with MSEK 33.3 and to Net income for the year with MSEK 2.1. The acquisition would, if it had been consolidated from January 1, 2008, have contributed to Total sales with MSEK 46.2 and to Net income for the year with MSEK 3.6.

SATS and Servicios de Seguridad, Uruguay

Securitas has acquired the security services companies SATS and Servicios de Seguridad in Uruguay. The majority of the business is geographically located to the cities Montevideo and Canelonas. Combined, the two companies have operations in guarding, monitoring and alarm response services. The companies estimated annual sales at the time of acquisition were approximately MSEK 76 and the companies have a total of 1,500 employees. The acquisitions give Securitas a market leading position in Uruguay with a 16 percent market share in the outsourced guarding market. Goodwill, which amounts to MUYU 121.1 (MSEK 39.2), is mainly related to geographical expansion.

ACQUISITION OF THE BUSINESS IN SATS AND SERVICIOS DE SEGURIDAD
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE MAY 15, 2008

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating non-current assets	5.7	–1.9	3.8
Accounts receivable	7.5	–	7.5
Other assets	0.9	–	0.9
Other liabilities	–14.8	–17.6	–32.4
Total operating capital employed	**–0.7**	**–19.5**	**–20.2**
Goodwill from the acquisition	–	39.2	39.2
Other acquisition related intangible assets	–	22.5	22.5
Total capital employed	**–0.7**	**42.2**	**41.5**
Net debt	–0.9	–	–0.9
Total acquired net assets	**–1.6**	**42.2**	**40.6**
Purchase price[1]	–	–	–40.6
Liquid funds in accordance with acquisition analysis	–	–	1.5
Total impact on the Group's liquid funds	**–**	**–**	**–39.1**

1 Whereof acquisition costs of MSEK 0.5.

All the shares in SATS and Servicios de Seguridad were acquired.
The acquisitions have contributed to Total sales with MSEK 47.6 and to Net income for the year with MSEK 0.1. The acquisitions would, if they had been consolidated from January 1, 2008, have contributed to Total sales with MSEK 78.6 and to Net income for the year with MSEK 0.1.

FM Seguridad, Chile

Securitas has acquired the security services company FM Seguridad in Chile. The company is operational mainly in guarding, but also in monitoring. It is primarily present in Santiago de Chile and in La Serena in northern Chile. The company had at the time of acquisition projected annual sales of MSEK 63 and a total of 1,200 employees. Goodwill, which amounts to MCLP 2,849.0 (MSEK 32.8), is mainly related to geographical expansion.

ACQUISITION OF THE BUSINESS IN FM SEGURIDAD
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JUNE 1, 2008

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating non-current assets	0.5	–	0.5
Accounts receivable	8.6	–	8.6
Other assets	1.1	–	1.1
Other liabilities	–7.1	–18.7	–25.8
Total operating capital employed	**3.1**	**–18.7**	**–15.6**
Goodwill from the acquisition	–	32.8	32.8
Other acquisition related intangible assets	–	6.6	6.6
Total capital employed	**3.1**	**20.7**	**23.8**
Net debt	–1.9	–	–1.9
Total acquired net assets	**1.2**	**20.7**	**21.9**
Purchase price[1]	–	–	–21.9
Liquid funds in accordance with acquisition analysis	–	–	2.6
Total impact on the Group's liquid funds	**–**	**–**	**–19.3**

1 Whereof acquisition costs of MSEK 1.3.

All the shares in FM Seguridad were acquired.
The acquisition has contributed to Total sales with MSEK 41.1 and to Net income for the year with MSEK 2.1. The acquisition would, if it had been consolidated from January 1, 2008, have contributed to Total sales with MSEK 66.6 and to Net income for the year with MSEK 2.1.

G4S, Germany

Securitas has acquired G4S' guarding and monitoring operations in Germany with annual sales of approximately MSEK 795. The company has a well diversified contract portfolio with a stable customer base. The acquisition complements Securitas existing German operation both in terms of customers and geography. The company has 4,100 employees. Goodwill, which amounts to MEUR 33.4 (MSEK 325.7), is mainly related to operational synergies.

ACQUISITION OF THE BUSINESS IN G4S GERMANY

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JUNE 30, 2008

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating non-current assets	6.4	–	6.4
Accounts receivable	108.3	–	108.3
Other assets	36.8	–	36.8
Other liabilities	–148.7	–18.5	–167.2
Total operating capital employed	**2.8**	**–18.5**	**–15.7**
Goodwill from the acquisition	–	325.7	325.7
Other acquisition related intangible assets	–	49.0	49.0
Total capital employed	**2.8**	**356.2**	**359.0**
Net debt	79.8	–	79.8
Total acquired net assets	**82.6**	**356.2**	**438.8**
Purchase price[1]	–	–	–438.8
Liquid funds in accordance with acquisition analysis	–	–	253.8
Total impact on the Group's liquid funds	**–**	**–**	**–185.0**

1 Whereof acquisition costs of MSEK 12.8.

All the shares in G4S Germany were acquired.
The acquisition has contributed to Total sales with MSEK 408.8 and to Net income for the year with MSEK –25.6. The acquisition would, if it had been consolidated from January 1, 2008, have contributed to Total sales with MSEK 795.3 and to Net income for the year with MSEK –132.7.

SH Safe Home, Switzerland

Securitas subsidiary in Switzerland, Protectas, has acquired the alarm systems company SH Safe Home. Safe Home operates in the area of installations of alarm systems for private households and had at the time of acquisition projected annual sales of approximately MSEK 16. Goodwill, which amounts to MCHF 4.2 (MSEK 26.1), is mainly related to operational synergies and human resources.

ACQUISITION OF THE BUSINESS IN SH SAFE HOME

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE SEPTEMBER 1, 2008

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating non-current assets	0.2	–	0.2
Accounts receivable	1.8	–	1.8
Other assets	1.0	–	1.0
Other liabilities	–6.3	–3.2	–9.5
Total operating capital employed	**–3.3**	**–3.2**	**–6.5**
Goodwill from the acquisition	–	26.1	26.1
Other acquisition related intangible assets	–	13.4	13.4
Total capital employed	**–3.3**	**36.3**	**33.0**
Net debt	5.9	–	5.9
Total acquired net assets	**2.6**	**36.3**	**38.9**
Purchase price[1]	–	–	–38.9
Liquid funds in accordance with acquisition analysis	–	–	7.0
Total impact on the Group's liquid funds	**–**	**–**	**–31.9**

1 Whereof acquisition costs MSEK 0.1.

All the shares in SH Safe Home were acquired.
The acquisition has contributed to Total sales with MSEK 5.5 and to Net income for the year with MSEK 0.8. The acquisition would, if it had been consolidated from January 1, 2008, have contributed to Total sales with MSEK 16.5 and to Net income for the year with MSEK 2.7.

SCP International, Serbia

Securitas has acquired the security services company SCP International in Serbia. SCP International is the third major security services company in Serbia, with 6 percent market share in guarding. The company had at the time of acquisition projected annual sales of approximately MSEK 85 and about 1,500 employees. Goodwill, which amounts to MRSD 192.9 (MSEK 24.1), is mainly related to geographical expansion.

ACQUISITION OF THE BUSINESS IN SCP INTERNATIONAL

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE SEPTEMBER 2, 2008

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating non-current assets	4.2	–	4.2
Accounts receivable	9.7	–	9.7
Other assets	1.4	–	1.4
Other liabilities	–11.8	–12.1	–23.9
Total operating capital employed	**3.5**	**–12.1**	**–8.6**
Goodwill from the acquisition	–	24.1	24.1
Other acquisition related intangible assets	–	10.3	10.3
Total capital employed	**3.5**	**22.3**	**25.8**
Net debt	–0.5	–	–0.5
Total acquired net assets	**3.0**	**22.3**	**25.3**
Purchase price[1]	–	–	–25.3
Liquid funds in accordance with acquisition analysis	–	–	0.2
Total impact on the Group's liquid funds	**–**	**–**	**–25.1**

1 Whereof acquisition costs of MSEK 1.6.

All the shares in SCP International were acquired.
The acquisition has contributed to Total sales with MSEK 29.1 and to Net income for the year with MSEK 2.2. The acquisition would, if it had been consolidated from January 1, 2008, have contributed to Total sales with MSEK 81.5 and to Net income for the year with MSEK 4.2.

Purzeczko, Poland

Securitas has acquired 70 percent of the security services company Purzeczko. Purzeczko operates mainly in guarding but has also mobile patrols, alarm monitoring and fire fighting operations. The company is the strongest local security services provider in the Eastern region of Poland. The company's estimated annual sales were at the time of acquisition approximately MSEK 110 with about 1,700 employees. Goodwill, which amounts to MPLN 8.1 (MSEK 23.2), is mainly related to geographical coverage and synergies in the customer contract portfolio.

ACQUISITION OF THE BUSINESS IN PURZECZKO

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE SEPTEMBER 15, 2008

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating non-current assets	14.1	–	14.1
Accounts receivable	14.4	–	14.4
Other assets	4.2	–	4.2
Other liabilities	–22.2	–21.1	–43.3
Total operating capital employed	**10.5**	**–21.1**	**–10.6**
Goodwill from the acquisition	–	23.2	23.2
Other acquisition related intangible assets	–	20.4	20.4
Total capital employed	**10.5**	**22.5**	**33.0**
Net debt	–1.3	–	–1.3
Total acquired net assets	**9.2**	**22.5**	**31.7**
Purchase price[1]	–	–	–31.7
Liquid funds in accordance with acquisition analysis	–	–	7.6
Total impact on the Group's liquid funds	**–**	**–**	**–24.1**

1 Whereof acquisition costs of MSEK 1.1.

70% of the shares in Purzeczko were acquired.
The acquisition has contributed to Total sales with MSEK 33.4 and to Net income for the year with MSEK 2.7. The acquisition would, if it had been consolidated from January 1, 2008, have contributed to Total sales with MSEK 108.2 and to Net income for the year with MSEK 3.2.

El Guardian, Argentina

Securitas has acquired the security services company El Guardian in Argentina. The company operates mainly in the northeast and northwest parts of the country. The acquisition strengthens Securitas' position as the market leader in Argentina. El Guardian had at the time of acquisition estimated annual sales of approximately MSEK 134 and about 1,200 employees. Goodwill, which amounts to MARS 37.4 (MSEK 85.2), is mainly related to geographical coverage.

ACQUISITION OF THE BUSINESS IN EL GUARDIAN

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE OCTOBER 1, 2008

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating non-current assets	3.4	–	3.4
Accounts receivable	14.2	–	14.2
Other assets	0.3	–	0.3
Other liabilities	–12.2	–48.7	–60.9
Total operating capital employed	**5.7**	**–48.7**	**–43.0**
Goodwill from the acquisition	–	85.2	85.2
Other acquisition related intangible assets	–	35.4	35.4
Total capital employed	**5.7**	**71.9**	**77.6**
Net debt	–0.3	–	–0.3
Total acquired net assets	**5.4**	**71.9**	**77.3**
Purchase price[1]	–	–	–77.3
Liquid funds in accordance with acquisition analysis	–	–	0.3
Total impact on the Group's liquid funds	**–**	**–**	**–77.0**

1 Whereof acquisition costs of MSEK 2.5.

All the shares in El Guardian were acquired.
The acquisition has contributed to Total sales with MSEK 26.5 and to Net income for the year with MSEK 2.3. The acquisition would, if it had been consolidated from January 1, 2008, have contributed to Total sales with MSEK 124.1 and to Net income for the year with MSEK 20.5.

Eureca Benelux Services, Belgium
Eureca (Satworld), the Netherlands
LuxTracing, Luxembourg

Securitas has acquired the Belgian company Eureca Benelux Services, Eureca (the Satworld group of companies) in the Netherlands and the company LuxTracing, based in Luxembourg. Securitas Alert Services – within Mobile and Monitoring – operates a Track and Trace network throughout most EU countries. With these three separate acquisitions, Securitas Alert Services has increased its ability to deliver a more complete service to its customers. The total number of employees within the three companies is 30 and the combined annual sales were at the time of acquisition estimated to approximately MSEK 70. Goodwill, which amounts to MEUR 8.3 (MSEK 84.5), is mainly related to specialist knowledge in track and tracing and geographical expansion.

ACQUISITION OF THE BUSINESS IN EURECA AND LUXTRACING

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JULY 4 AND OCTOBER 1, 2008

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating non-current assets	2.5	–	2.5
Accounts receivable	23.4	–	23.4
Other assets	21.6	–	21.6
Other liabilities	–53.2	–13.7	–66.9
Total operating capital employed	**–5.7**	**–13.7**	**–19.4**
Goodwill from the acquisition	–	84.5	84.5
Other acquisition related intangible assets	16.4	–	16.4
Total capital employed	**10.7**	**70.8**	**81.5**
Net debt	–6.4	–	–6.4
Total acquired net assets	**4.3**	**70.8**	**75.1**
Purchase price[1]	–	–	–75.1
Liquid funds in accordance with acquisition analysis	–	–	6.1
Total impact on the Group's liquid funds	**–**	**–**	**–69.0**

1 Whereof acquisition costs of MSEK 1.3.

All the shares in Eureca and Luxtracing were acquired.
The acquisitions have contributed to Total sales with MSEK 27.2 and to Net income for the year with MSEK 3.7. The acquisitions would, if they had been consolidated from January 1, 2008, have contributed to Total sales with MSEK 59.1 and to Net income for the year with MSEK 2.3.

S.O.B Objektschutz, Germany

Securitas has acquired S.O.B Objektschutz in Stuttgart, Germany. The company, which specializes in security for fairs and exhibitions, had at the time of acquisition estimated annual sales of MSEK 84 and 500 employees. Goodwill, which amounts to MEUR 1.5 (MSEK 16.0), is mainly related to synergies in the customer contract portfolio.

ACQUISITION OF THE BUSINESS IN S.O.B. OBJEKTSCHUTZ

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE DECEMBER 2, 2008

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating non-current assets	3.1	–	3.1
Accounts receivable	11.9	–	11.9
Other assets	2.9	–	2.9
Other liabilities	–10.3	–15.4	–25.7
Total operating capital employed	**7.6**	**–15.4**	**–7.8**
Goodwill from the acquisition	–	16.0	16.0
Other acquisition related intangible assets	–	22.4	22.4
Total capital employed	**7.6**	**23.0**	**30.6**
Net debt	–2.8	–	–2.8
Total acquired net assets	**4.8**	**23.0**	**27.8**
Purchase price[1]	–	–	–27.8
Liquid funds in accordance with acquisition analysis	–	–	–2.8
Total impact on the Group's liquid funds	**–**	**–**	**–30.6**

1 Whereof acquisition costs of MSEK 1.4.

All the shares in S.O.B. Objektschutz were acquired.
The acquisition has contributed to Total sales with MSEK 3.9 and to Net income for the year with MSEK –0.7. The acquisition would, if it had been consolidated from January 1, 2008, have contributed to Total sales with MSEK 74.6 and to Net income for the year with MSEK 2.6.

Agency of Security Fenix, Czech Republic and Slovakia

Securitas has acquired the security services company Agency of Security Fenix (ASF) in the Czech Republic and Slovakia. The company had at the time of acquisition estimated annual sales of approximately MSEK 164 and about 1,250 employees. ASF is the third largest market player in the Czech Republic and with this acquisition Securitas will be the market leader in security services in the Czech Republic. Goodwill, which amounts to MCZK 169.4 (MSEK 69.4), is mainly related to synergies in the customer contract portfolio and geographical expansion.

ACQUISITION OF THE BUSINESS IN AGENCY OF SECURITY FENIX

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE DECEMBER 19, 2008

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating non-current assets	2.4	–	2.4
Accounts receivable	32.0	–	32.0
Other assets	1.0	–	1.0
Other liabilities	–44.7	–1.9	–46.6
Total operating capital employed	**–9.3**	**–1.9**	**–11.2**
Goodwill from the acquisition	–	69.4	69.4
Other acquisition related intangible assets	–	8.9	8.9
Total capital employed	**–9.3**	**76.4**	**67.1**
Net debt	–19.2	–	–19.2
Total acquired net assets	**–28.5**	**76.4**	**47.9**
Purchase price[1]	–	–	–47.9
Liquid funds in accordance with acquisition analysis	–	–	1.8
Total impact on the Group's liquid funds	**–**	**–**	**–46.1**

1 Whereof acquisition costs of MSEK 4.4.

All the shares in Agency of Security Fenix were acquired.
The acquisition has contributed to Total sales with MSEK 5.7 and to Net income for the year with MSEK 0.0. The acquisition would, if it had been consolidated from January 1, 2008, have contributed to Total sales with MSEK 153.5 and to Net income for the year with MSEK 2.2.

OTHER ACQUISITIONS AND ADJUSTMENTS

SUMMARY BALANCE SHEET

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating non-current assets	0.1	–	0.1
Accounts receivable	3.3	–	3.3
Other assets	1.5	–	1.5
Other liabilities	–3.9	–3.1	–7.0
Total operating capital employed	**1.0**	**–3.1**	**–2.1**
Goodwill from the acquisition[1]	–	61.4	61.4
Other acquisition related intangible assets[2]	–	19.5	19.5
Shares in associated companies	–	2.0	2.0
Total capital employed	**1.0**	**79.8**	**80.8**
Net debt	3.1	–	3.1
Total acquired net assets	**4.1**	**79.8**	**83.9**
Purchase price	–	–	–83.9
Liquid funds in accordance with acquisition analysis	–	–	4.4
Total impact on the Group's liquid funds	**–**	**–**	**–79.5**

1 Mainly related to the acquisition of the remaning outstanding shares in CPI Security Group, Romania, and the acquisition of Globe Partner Services, Egypt.

2 Mainly related to the update of the acquisition calculation for Seguridad Argentina and acquisition of contract portfolios in Skandinaviska Bevakning, Sweden, and GSP, Switzerland.

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 business segment.

GOODWILL PER DECEMBER 31, 2008 IS DISTRIBUTED PER SEGMENT AS FOLLOWS:

MSEK	2008	2007	2006
Security Services North America	6,680.4	5,514.5	5,890.6
Security Services Europe	4,995.0	3,980,1	3,981.7
Mobile and Monitoring	2,049.2	1,595.1	1,637.7
Other	379.7	170.7	19.5
Discontinued operations	–	2,533.1	2,502.1
Total goodwill	**14,104.3**	**13,793.5**	**14,031.6**

Goodwill is tested on an annual basis for possible impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is measured as expected future discounted cash flows. The cash flows have been based on financial plans developed in each country and business segment. The plans have been ascertained by Group Management and have been approved by the Board of Directors. These plans normally cover a forecasted period of five years. Cash flows beyond this point have been extrapolated using an estimated growth rate of two percent for all countries and business segments. This growth rate is estimated to be compatible with the underlying growth rates in those countries in which the Group operates.

A long-term growth rate of two percent for Security Services is at present regarded as being a cautious estimate in view of this business area's historical organic growth rate and also taking into consideration external estimates of the future; Freedonia for example, estimates that the market for Guarding Services in Europe will grow at an average rate of some six percent per annum during the period 2012 to 2017. The corresponding figure for the North America market is around five percent. The market for Mobile and Monitoring in Europe is estimated to grow faster than traditional guarding.

The estimate for the value in use is based on assumptions and estimates in addition to the estimated growth after the forecasted period. The most significant of these relate to the organic sales growth, the development of the operating margin, the change in operating capital employed, as well as the relevant WACC (Weighted Average Cost of Capital) rate used to discount the future cash flows.

THE ASSUMPTIONS AND ESTIMATES THAT HAVE FORMED THE BASE FOR THE IMPAIRMENT TESTING ARE SHOWN IN SUMMARY AND BY SEGMENT ACCORDING TO THE FOLLOWING:

	Estimated growth rate beyond forecasted period, %	*WACC, %*
Assumptions and estimates 2008		
Security Services North America	*2.0*	*7.6–11.4*
Security Services Europe	*2.0*	*7.3–11.1*
Mobile and Monitoring	*2.0*	*8.1–9.6*
Other[1]	*2.0*	*9.5–15.2*
Assumptions and estimates 2007		
Security Services North America	*2.0*	*8.3–10.8*
Security Services Europe	*2.0*	*7.3–10.0*
Mobile and Monitoring	*2.0*	*8.1–9.2*
Other[1]	*2.0*	*9.4–12.6*
Assumptions and estimates 2006		
Security Services North America	*2.0*	*8.6–11.8*
Security Services Europe	*2.0*	*7.2–20.5*
Mobile and Monitoring	*2.0*	*7.2–8.9*

1 The operations in Latin America and Asia are included in Other.

The impairment testing of all Cash Generating Units took place during the third quarter 2008 when the business plans for 2009 were being prepared. The result of the testing showed that there is no impairment of goodwill. Consequently, no impairment losses regarding goodwill have been recognized in 2008. In 2007, impairment losses of goodwill amounted to MSEK –350 in Security Services Europe and Mobile and Monitoring.

The following sensitivity analyses have been made of the estimates of value in use in connection with impairment testing: general reduction of 1 percentage point in the organic sales growth rate during the forecasting period; general reduction of 0.5 percentage points in the operating margin; general increase of 0.5 percentage points in the WACC; general decrease of the estimated growth after the forecasted period by 0.5 percentage points. The sensitivity analyses showed that none of the adjustments stand alone would result in an impairment loss in any Cash Generating Unit.

Note 17. Goodwill

MSEK	2008	2007	2006
Opening balance	14,151.7	14,072.8	17,792.4
Capital expenditures, continuing operations	800.3	376.1	253.0
Capital expenditures, discontinued operations	–	–	29.4
Divestitures	–	–39.3	–
Discontinued operations	–3,024.0	–	–2,513.5
Translation difference	2,591.3	–257.9	–1,488.5
Closing accumulated balance	**14,519.3**	**14,151.7**	**14,072.8**
Opening impairment losses	–358.2	–41.2	–
Impairment losses, continuing operations[1]	–	–349.9	–
Impairment losses, discontinued operations[1]	–	–	–41.2
Divestitures	–	39.3	–
Translation difference	–56.8	–6.4	–
Closing accumulated impairment losses	**–415.0**	**–358.2**	**–41.2**
Closing residual value	**14,104.3**	**13,793.5**	**14,031.6**

1 Further informaton is provided in Note 16 under impairment testing. The amount in year 2006 was recognized as an item affecting comparability, and is now included on the line Net income for the year, discontinued operations in the statement of income.

Note 18. Acquisition related intangible assets[1]

MSEK	2008	2007	2006
Opening balance	872.3	687.8	850.6
Capital expenditures, continuing operations	231.3	307.9	202.1
Capital expenditures, discontinued operations	7.0	–	2.7
Derecognition of fully amortized assets[2]	–55.3	–78.3	–
Reclassification	–	–24.3	–
Discontinued operations	–173.8	–	–334.0
Translation difference	149.3	–20.8	–33.6
Closing accumulated balance	**1,030.8**	**872.3**	**687.8**
Opening amortization	–247.7	–223.6	–212.1
Reversal of amortization on derecognized assets[2]	55.3	78.3	–
Reclassification	–	1.9	–
Amortization for the year, continuing operations	–102.2	–89.9	–80.5
Amortization for the year, discontinued operations	–13.8	–17.7	–31.2
Discontinued operations	96.5	–	70.4
Translation difference	–67.6	3.3	29.8
Closing accumulated amortization	**–279.5**	**–247.7**	**–223.6**
Opening impairment losses	–0.6	–	–
Impairment losses, discontinued operations	–	–0.6	–
Discontinued operations	0.6	–	–
Translation difference	–	0.0	–
Closing accumulated impairment losses	**–**	**–0.6**	**–**
Closing residual value	**751.3**	**624.0**	**464.2**

1 The balance consists mainly of contract portfolios and related customer relations.
2 The Group derecognizes fully amortized acquisition related intangible assets if a reliable estimate of future cash flows cannot be established. The net impact of such derecognition on the closing residual value is nil.

Note 19. Other intangible assets

		Software licences			Other items	
MSEK	2008	2007	2006	2008	2007	2006
Opening balance	553.4	441.1	490.2	84.9	78.3	168.1
Acquisitions/divestitures	27.9	16.9	1.1	19.5	–16.5	3.1
Capital expenditures	95.6	74.2	51.6	–	21.7	29.6
Disposals/write-offs	–19.4	–31.4	–8.7	–5.3	–2.1	–3.2
Reclassification	17.4	35.5	0.5	0.8	0.3	–3.2
Discontinued operations	–132.8	–	–166.8	–2.5	–	–95.5
Translation difference	66.3	17.1	73.2	9.4	3.2	–20.6
Closing accumulated balance	**608.4**	**553.4**	**441.1**	**106.8**	**84.9**	**78.3**
Opening amortization	–361.2	–291.8	–250.7	–42.7	–44.3	–94.3
Acquisitions/divestitures	–25.2	–12.7	–0.8	–	6.1	–0.7
Disposals/write-offs	14.8	19.5	8.2	5.3	1.5	2.3
Reclassification	–1.1	–9.1	–	–0.7	7.3	3.1
Amortization for the year, continuing operations	–50.1	–45.4	–45.8	–18.1	–11.3	–7.5
Amortization for the year, discontinued operations	–14.8	–9.5	–21.7	–	–0.2	–9.2
Discontinued operations	89.2	–	97.7	1.9	–	43.6
Translation difference	–52.6	–12.2	–78.7	–4.7	–1.8	18.4
Closing accumulated amortization	**–401.0**	**–361.2**	**–291.8**	**–59.0**	**–42.7**	**–44.3**
Opening impairment losses	–	–10.6	–	–	–	–
Impairment losses, continuing operations	–	–	–10.6	–	–	–
Write-offs	–	10.6	–	–	–	–
Closing accumulated impairment losses	**–**	**–**	**–10.6**	**–**	**–**	**–**
Closing residual value	**207.4**	**192.2**	**138.7**	**47.8**	**42.2**	**34.0**

Note 20. Tangible non-current assets

	Buildings and land [1,3]			Machinery and equipment [2,3]		
MSEK	2008	2007	2006	2008	2007	2006
Opening balance	1,195.0	1,283.5	1,360.3	11,537.8	11,188.1	12,543.9
Acquisitions/divestitures	2.9	67.5	6.9	125.2	229.6	23.4
Capital expenditures	12.4	22.7	21.8	1,748.9	1,634.8	2,277.8
Disposals/write-offs	–47.9	–233.1	–21.7	–720.3	–1,494.2	–1,086.9
Reclassification	–10.8	40.9	–14.1	24.0	–20.3	88.0
Discontinued operations	–547.9	–	–31.2	–7,194.3	–	–3,273.3
Translation difference	173.2	13.5	–38.5	1,154.1	–0.2	615.2
Closing accumulated balance	**776.9**	**1,195.0**	**1,283.5**	**6,675.4**	**11,537.8**	**11,188.1**
Opening depreciation	–436.6	–412.8	–394.6	–7,592.4	–7,286.3	–7,568.1
Acquisitions/divestitures	–0.3	–13.5	–0.2	–33.3	–110.3	–14.7
Disposals/write-offs	20.2	56.9	1.1	630.6	1,143.3	772.1
Reclassification	–3.0	–20.8	–2.8	–15.9	2.9	–71.5
Depreciation for the year, continuing operations	–16.0	–16.2	–15.2	–755.7	–702.7	–707.5
Depreciation for the year, discontinued operations	–15.5	–24.4	–23.0	–579.8	–637.6	–1,035.3
Discontinued operations	186.6	–	10.8	4 595,9	–	1,780.3
Translation difference	–65.9	–5.8	11.1	–889,3	–1.7	–441.6
Closing accumulated depreciation	**–330.5**	**–436.6**	**–412.8**	**–4,639.9**	**–7,592.4**	**–7,286.3**
Opening impairment losses	–52.3	–21.9	–	–	–4.1	–
Impairment losses, continuing operations	–	–	–21.9	–	–	–4.1
Impairment losses, discontinued operations	–	–30.4	–	–	–	–
Discontinued operations	33.4	–	–	–	–	–
Translation difference	–7.5	–	–	–	–	–
Divestitures	4.6	–	–	–	4.1	–
Closing accumulated impairment losses	**–21.8**	**–52.3**	**–21.9**	**–**	**–**	**–4.1**
Closing residual value	**424.6**	**706.1**	**848.8**	**2,035.5**	**3,945.4**	**3,897.7**
Tax assessment value of properties in Sweden	–	–	–	–	–	–

1 The closing residual value of land included in Buildings and land above was MSEK 59.4 (114.0 and 112.3). The decrease relates to discontinued operations.
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 in 2008 for Buildings and land MSEK – (36.6 and 74.0) and for Machinery and equipment MSEK 230.8 (306.4 and 332.6). The decrease relates to discontinued operations.

Note 21. Shares in associated companies

MSEK	2008	2007	2006
Opening balance	103.5	172.7	178.6
Purchase price[1]	2.0	102.9	–
Liquidation[2]	–	–181.1	–
Share in income of associated companies	–0.4	2.5	1.2
Translation differences	–0.2	6.5	–7.1
Closing balance[3]	**104.9**	**103.5**	**172.7**

1 Walsons Services Pvt Ltd MSEK 2.0 (102.8) and Facility Network A/S MSEK – (0.1).
2 Refers to Securitas Employee Convertible 2002 Holding S.A.
3 Of which goodwill MSEK 99.7 (98.1 and –) and acquisition related intangible assets MSEK 6.9 (7.4 and –).

HOLDINGS 2007–2008

			Attributable to the Group			
Name	Domicile	*Share of capital, %*	Assets	Liabilities	Sales	Net income
Holdings 2008						
Walsons Services Pvt Ltd	Delhi	*49*	16.6	14.1	39.4	–0.4
Facility Network A/S	Copenhagen	*20*	0.6	0.4	0.8	0.0
Holdings 2007						
Walsons Services Pvt Ltd	Delhi	*49*	12.9	10.5	5.3	0.3
Facility Network A/S	Copenhagen	*20*	0.7	0.3	0.2	0.0

The holding for 2006 refers to Securitas Employee Convertible 2002 Holding S.A, with domicile in Luxembourg. The share of equity was 43.1 percent. Following the redemption of the convertible debenture loan 2002/2007 the company was liquidated during 2007.

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

MSEK	2008	2007	2006
Fair value hedges			
Derivatives with positive fair value, long-term	–	–	1,121.9
Cash flow hedges			
Derivatives with positive fair value, long-term	–	13.1	19.3
Other items	150.6	273.2	110.6
Total interest-bearing financial non-current assets	**150.6**	**286.3**	**1,251.8**

1 Further information regarding financial instruments is provided in Note 6.

Note 23. Other long-term receivables

MSEK	2008	2007	2006
Pension balances, defined benefit plans[1]	8.4	17.9	7.0
Pension balances, defined contribution plans[2]	55.2	58.3	54.0
Other long-term receivables	338.0	303.3	320.3
Total other long-term receivables	**401.6**	**379.5**	**381.3**

1 Pension balances refer to assets related to pensions and other long-term employee benefit plans. Further information is provided in Note 32.
2 Refers to assets relating to insured pension plans excluding social benefits.

Note 24. Inventories

MSEK	2008	2007	2006
Material and consumables	21.5	15.1	18.0
Work in progress	1.4	2.1	40.5
Advance payments to suppliers	17.0	22.3	28.6
Total inventories	**39.9**	**39.5**	**87.1**

Note 25. Accounts receivable

MSEK	2008	2007	2006
Accounts receivable before deduction of provisions for bad debt losses	10,317.0	10,213.7	9,152.6
Provisions for bad debt losses[1]	–354.4	–324.3	–297.0
Total accounts receivable	**9,962.6**	**9,889.4**	**8,855.6**

Opening balance provision for bad debt losses	–324.3
Provision for expected losses	–162.5
Actual losses[1]	61.9
Reversed provisions	73.0
Increases due to acquisitions	–13.5
Decreases due to disposals	1.0
Discontinued operations	57.6
Translation differences	–47.6
Closing balance provision for bad debt losses	**–354.4**

1 Expenses for bad debt losses for the year amounted to MSEK 69.4 (14.5 and 142.0). Expenses for bad debt losses for the previous year includes recovered bad debt losses in respect of Globe/Federal Aviation Administration of MSEK 50.1, stated under items affecting comparability. Expenses for bad debt losses 2006 includes bad debt losses in respect of Globe/Federal Aviation Administration of MSEK –69.0 stated under items affecting comparability.

Note 26. Other current receivables

MSEK	2008	2007	2006
Prepaid expenses and accrued income	732.3	795.0	652.7
Accrued interest income and prepaid financial expenses	40.9	297.9	279.7
Insurance-related receivables	16.5	63.2	70.9
Value added tax	77.3	54.7	33.4
Other items	157.1	161.2	286.4
Total other current receivables	**1,024.1**	**1,372.0**	**1,323.1**

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

MSEK	2008	2007	2006
Fair value hedges			
Derivatives with positive fair value, short-term	–	1,421.2	–
Cash flow hedges			
Derivatives with positive fair value, short-term	0.9	8.2	18.0
Other derivative positions			
Derivatives with positive fair value, short-term	41.5	19.5	229.3
Total other interest-bearing current assets	**42.4**	**1,448.9**	**247.3**

1 Further information regarding financial instruments is provided in Note 6.

Note 28. Liquid funds[1]

MSEK	2008	2007	2006
Short-term investments [2]	3,076.2	3,453.7	974.9
Cash and bank deposits [3]	875.3	897.0	693.1
Total liquid funds	**3,951.5**	**4,350.7**	**1,668.0**

1 Liquid funds include Short-term investments with a maximum duration of 90 days and Cash and bank deposits.
2 Short-term investments refer to fixed interest rate bank deposits.
3 The net position in Group country cash-pool accounts is reported as Cash and bank deposit where netting reflects the legal structure of the arrangement.

Note 29. Changes in shareholders' equity

	Shareholders´ equity attributable to equity holders of the Parent Company							
MSEK	Share capital	Other capital contribution	Hedging reserve	Translation reserve	Retained earnings	Total	Minority interests	Total
Opening balance 2006	**365.1**	**7,362.6**	**11.2**	**728.7**	**6,103.8**	**14,571.4**	**1.5**	**14,572.9**
Actuarial gains and losses net of tax	–	–	–	–	-8.6	-8.6	–	-8.6
Cash flow hedges								
Transfer to hedging reserve before tax	–	–	30.6	–	–	30.6	–	30.6
Deferred tax on transfer to hedging reserve	–	–	-8.6	–	–	-8.6	–	-8.6
Transfer to interest income in the statement of income before tax	–	–	91.1	–	–	91.1	–	91.1
Transfer to interest expense in the statement of income before tax	–	–	-102.1	–	–	-102.1	–	-102.1
Deferred tax on transfer to statement of income	–	–	3.1	–	–	3.1	–	3.1
Net investment hedges	–	–	–	354.5	–	354.5	–	354.5
Translation differences	–	–	–	-1,288.8	–	-1,288.8	-1.3	-1,290.1
Net income/expense recognized directly in equity	**–**	**–**	**14.1**	**-934.3**	**-8.6**	**-928.8**	**-1.3**	**-930.1**
Net income for the year	–	–	–	–	850.4	850.4	1.6	852.0
Total change excluding transactions with equity holders	**–**	**–**	**14.1**	**-934.3**	**841.8**	**-78.4**	**0.3**	**-78.1**
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1,277.7	-1,277.7	–	-1,277.7
Dividend of net assets in Direct and Systems (Note 39)	–	–	–	-71.8	-3,540.8	-3,612.6	-1.4	-3,614.0
Opening balance 2007	**365.1**	**7,362.6**	**25.3**	**-277.4**	**2,127.1**	**9,602.7**	**0.4**	**9,603.1**
Actuarial gains and losses net of tax	–	–	–	–	44.5	44.5	–	44.5
Cash flow hedges								
Transfer to hedging reserve before tax	–	–	4.6	–	–	4.6	–	4.6
Deferred tax on transfer to hedging reserve	–	–	-1.3	–	–	-1.3	–	-1.3
Transfer to interest income in the statement of income before tax	–	–	180.0	–	–	180.0	–	180.0
Transfer to interest expense in the statement of income before tax	–	–	-213.1	–	–	-213.1	–	-213.1
Deferred tax on transfer to statement of income	–	–	9.3	–	–	9.3	–	9.3
Net investment hedges	–	–	–	74.8	–	74.8	–	74.8
Translation differences	–	–	–	-282.1	–	-282.1	-0.1	-282.2
Net income/expense recognized directly in equity	**–**	**–**	**-20.5**	**-207.3**	**44.5**	**-183.3**	**-0.1**	**-183.4**
Net income for the year	–	–	–	–	524.4	524.4	1.6	526.0
Total change excluding transactions with equity holders	**–**	**–**	**-20.5**	**-207.3**	**568.9**	**341.1**	**1.5**	**342.6**
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1,131.7	-1,131.7	–	-1,131.7
Opening balance 2008	**365.1**	**7,362.6**	**4.8**	**-484.7**	**1,564.3**	**8,812.1**	**1.9**	**8,814.0**
Actuarial gains and losses net of tax	–	–	–	–	-464.6	-464.6	–	-464.6
Cash flow hedges								
Transfer to hedging reserve before tax	–	–	-183.3	–	–	-183.3	–	-183.3
Deferred tax on transfer to hedging reserve	–	–	51.3	–	–	51.3	–	51.3
Transfer to interest income in the statement of income before tax	–	–	-285.6	–	–	-285.6	–	-285.6
Transfer to interest expense in the statement of income before tax	–	–	288.0	–	–	288.0	–	288.0
Deferred tax on transfer to statement of income	–	–	-0.6	–	–	-0.6	–	-0.6
Net investment hedges	–	–	–	-232.8	–	-232.8	–	-232.8
Translation differences	–	–	–	2,187.0	–	2,187.0	1.1	2,188.1
Net income/expense recognized directly in equity	**–**	**–**	**-130.2**	**1,954.2**	**-464.6**	**1,359.4**	**1.1**	**1,360.5**
Net income for the year	–	–	–	–	2,323.6	2,323.6	-1.9	2,321.7
Total change excluding transactions with equity holders	**–**	**–**	**-130.2**	**1,954.2**	**1,859.0**	**3,683.0**	**-0.8**	**3,682.2**
Transactions with minority interests	–	–	–	–	–	–	5.6	5.6
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1,131.7	-1,131.7	–	-1,131.7
Dividend of net assets in Loomis (Note 39)	–	–	–	-501.2	-2,361.6	-2,862.8	–	-2,862.8
Closing balance 2008	**365.1**	**7,362.6**	**-125.4**	**968.3**	**-70.0**	**8,500.6**	**6.7**	**8,507.3**

Number of shares outstanding December 31, 2008			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, 2007. As of December 31, 2008 there where no outstanding convertible debenture loans that could result in any dilution ot 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 Investment AB Latour, which together with Säkl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB holds 11.6 percent of the capital and 30.0 percent of the votes, and Melker Schörling AB, which holds 5.6 percent of the capital and 11.8 percent of the votes.

Dividend

The Board of Directors and the President propose a dividend to the shareholders of the Parent Company of SEK 2.90 per share, or a total of MSEK 1,058.7. The dividend to the shareholders for the previous year 2007, which was paid out in 2008, was SEK 3.10 per share, or a total of MSEK 1,131.7. The dividend to the shareholders for 2006, which was paid in 2007, was SEK 3.10 per share, or a total of MSEK 1,131.7.

Presentation of Shareholders' Equity

According to IAS 1 a company should as a minimum present issued capital and other reserves in balance sheet. Securitas AB has chosen to specify Shareholders' equity into further components in accordance with the table above;

- Share capital
- Other capital contributed
- Other reserves
- Retained earnings

The Share capital shows the registered share capital of the Parent Company. There were no changes in the share capital in 2008.

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. Other capital contributed amounts to MSEK 7,362.6 as of December 31, 2008 (7,362.6 and 7,362.6).

Other reserves shows certain income and expense items that according to certain standards should be recognized directly in equity. In the case of Securitas, the item consists of translation differences attributable to the translation of foreign subsidiaries according to IAS 21, and of the hedging reserve of cash flow hedges.

Retained earnings corresponds to the accumulated profits earned and losses incurred in total for the Group.

The amount in the hedging reserve will be transfered to the statement of income over the following two year period.

Note 30. Convertible debenture loans

Loan 2002/2007 Series 1–4

The loan was issued within the framework of Securitas's employee incentive program on May 2, 2002 to Securitas Employee Convertible 2002 Holding S.A., a special-purpose, Luxembourg-based company in which employees had subscribed for shares. The loan matured on May 2, 2007 when the loan was fully paid back and no conversions have taken place.

For further information, refer to Securitas Annual Report 2007, Note 30.

Note 31. Long-term liabilities excluding provisions[1]

MSEK	2008	2007	2006
EMTN Nom MEUR 45, 2008/2013, FRN Semi Annual[2]	491.5	–	–
EMTN Nom MEUR 500, 2001/2008, 6.125 %[3]	–	–	4,575.6
Finance leases	127.9	218.4	298.0
Other long-term loans[4]	6,406.5	7,116.0	33.3
Total other long-term loan liabilities excluding derivatives	**7,025.9**	**7,334.4**	**4,906.9**
Cash flow hedges			
Derivatives with negative fair value, long-term	122.5	14.6	–
Total derivatives	**122.5**	**14.6**	**–**
Total other long-term loan liabilities	**7,148.4**	**7,349.0**	**4,906.9**
Pensions balances, defined contribution plans[5]	67.7	58.3	54.0
Other long-term liabilities	133.9	87.2	314.9
Total other long-term liabilities	**201.6**	**145.5**	**368.9**
Total long-term liabilities	**7,350.0**	**7,494.5**	**5,275.8**

1 For further information regarding financial instruments, refer to Note 6.
2 Bond loan EMTN Nom MEUR 45 was issued by the Parent Company.
3 Bond loan EMTN Nom MEUR 500 was issued by the Parent Company. Interest on the bond loan refers to the coupon rate of interest for the entire loan period. The loan matured on March 14, 2008 and was included under Short-term loan liabilities as per December 31, 2007.
4 Includes loans under the MEUR 550 syndicated term loan facility. This facility, which is fully drawn, has been reclassified as long-term in its entirety. Comparatives for 2007 have been restated. It also includes long-term drawdowns of loans raised within the MUSD 1,100 Multi Currency Revolving Credit Facility.
5 Refers to liability for insured pension plan excluding social costs.

LONG-TERM LIABILITIES FALL DUE FOR PAYMENT AS FOLLOWS

MSEK	2008	2007	2006
Maturity < 5 years	7,282.3	7,425.7	5,245.5
Maturity > 5 years	67.7	68.8	30.3
Total long-term liabilities	**7,350.0**	**7,494.5**	**5,275.8**

Note 32. 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 post 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. The Group's plan for health care was, for the most part, terminated in 2006 and 2005.

Sweden

Blue-collar workers are covered by the SAF-LO collective pension plan, an industrywide multi-employer defined contribution arrangement. White-collar workers are covered by the industry-wide ITP plan, which is a defined benefit plan based on a collective agreement and operated on a multi-employer basis. According to a statement (URA 42) issued by the Swedish Emerging Issues Task Force this is a multi-employer defined benefit plan. Alecta, the insurance company that operates this plan has been unable to provide Securitas, or other Swedish companies, with sufficient information to determine its share of the total assets and liabilities for this arrangement. Consequently this arrangement is accounted for on a defined contribution basis. The cost for continuing operations during 2008 amounts to MSEK 11.2 (13.6 and 14.9). The surplus in Alecta can be allocated to the insured employer and/or the insured employees. Alecta's level of consolidation was 112.0 percent (152.0 and 143.1) as of December 31, 2008. 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 have been closed to new entrants and currently cover about 20 percent of the employees. New employees are instead covered by defined contribution plans. The defined benefit plans comprise both funded and unfunded arrangements.

Other countries

There are also defined benefit arrangements in countries other than those mentioned above. The countries with material plans are Canada, France, Germany, Netherlands and U.K. The Group´s defined benefit plans in the U.K., which in previous years mainly related to Loomis, are substantially smaller this year after the dividend of Loomis.

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 25. An increase in the inflation rate by 0.1 percentage points would increase the provisions for pensions and similar commitments by approximately MSEK 2. An increase in the average expected life span by 1 year would increase the provision for pensions and similar commitments by approximately MSEK 67.

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 15 and increase the aggregate of the service cost and interest cost components by approximately MSEK 1. 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 12 and decrease the aggregate of the service cost and interest cost components by approximately MSEK 1.

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 through the statement of recognized income and expense and thus would not burden the net income for the year. Changes in assumptions will impact the pension cost, and consequently the net income, for the following year.

Pension cost

The table below shows the total cost for defined benefit plans. The settlements, curtailments and terminations during 2008 are mainly related to minor settlements and terminations in Germany and Austria.

The settlements, curtailments and terminations during 2007 are mainly related to a gain relating to the pension plan for Loomis Cash Management Ltd in the United Kingdom as well as settlements of plans in the Netherlands and Germany. The settlements, curtailments and terminations during 2006 are mainly explained by a curtailment gain resulting from the continuing reduction of a health care plan in the USA as well as minor curtailments in the Netherlands and Austria.

Included in the table below are pension costs for non-material defined benefit plans for continuing operations of MSEK 0.4 (0.3 and 0.6).

The cost for defined contribution plans for continuing operations was MSEK 344.4 (286.0 and 336.0). The actual return on plan assets for all operations 2008 was MSEK –252.5 (138.1 and 213.0).

PENSION COST

	2008			2007			2006		
MSEK	Continuing operations	Discontinued operations	All operations	Continuing operations	Discontinued operations	All operations	Continuing operations	Discontinued operations	All operations
Current service cost	60.5	36.8	97.3	55.0	60.5	115.5	48.0	68.7	116.7
Interest cost	131.9	69.6	201.5	106.6	69.8	176.4	104.7	64.9	169.6
Expected return on assets	–122.2	–66.1	–188.3	–102.9	–65.3	–168.2	–101.6	–60.4	–162.0
Recognized actuarial gain/loss[1]	0.4	0.0	0.4	4.4	–6.5	–2.1	–0.3	–1.8	–2.1
Recognized past service cost	0.2	–	0.2	–	–	–	13.9	–14.8	–0.9
Settlements, curtailments and terminations	–0.7	–	–0.7	–4.4	–21.8	–26.2	–27.3	–	–27.3
Total pension cost	**70.1**	**40.3**	**110.4**	**58.7**	**36.7**	**95.4**	**37.4**	**56.6**	**94.0**

1 Relates to other long-term employee benefits.

MOVEMENTS IN PROVISION FOR PENSIONS AND SIMILAR COMMITMENTS, NET

			2008			2007			2006
MSEK	Obligations	Plan assets	Net	Obligations	Plan assets	Net	Obligations	Plan assets	Net
Opening balance	**3,490.0**	**–2,561.8**	**928.2**	**3,547.4**	**–2,498.5**	**1,048.9**	**3,763.2**	**–2,572.1**	**1,191.1**
Current service cost	97.3	–	97.3	115.5	–	115.5	116.7	–	116.7
Interest cost	201.5	–	201.5	176.4	–	176.4	169.6	–	169.6
Expected return on assets	–	–188.3	–188.3	–	–168.2	–168.2	–	–162.0	–162.0
Recognized actuarial gain/loss[1]	0.4	–	0.4	–2.1	–	–2.1	–2.1	–	–2.1
Recognized past service cost	0.2	–	0.2	–	–	–	–0.9	–	–0.9
Settlements/curtailments/terminations	–0.7	–	–0.7	–32.4	6.2	–26.2	–27.3	–	–27.3
Total pension cost recognized in the statement of income	**298.7**	**–188.3**	**110.4**	**257.4**	**–162.0**	**95.4**	**256.0**	**–162.0**	**94.0**
Actuarial gains and losses – obligations[2, 3]	274.0	–	274.0	–88.9	–	–88.9	63.4	–	63.4
Actuarial gains and losses – plan assets[2]	–	440.8	440.8	–	30.1	30.1	–	–51.0	–51.0
Total actuarial gains and losses before tax[2]	**274.0**	**440.8**	**714.8**	**–88.9**	**30.1**	**–58.8**	**63.4**	**–51.0**	**12.4**
Employer contributions[4]	–	–167.9	–167.9	–	–167.8	–167.8	–	–133.4	–133.4
Employee contributions	2.0	–2.0	–	9.4	–9.4	–	11.0	–11.0	–
Benefits paid to participants	–161.3	161.3	–	–172.6	172.6	–	–154.7	154.7	–
Acquisitions/divestitures	2.4	–	2.4	19.1	–	19.1	–	–	–
Discontinued operations	–1,622.3	1,178.2	–444.1	–	–	–	–101.9	71.6	–30.3
Translation difference	245.3	–147.4	97.9	–81.8	73.2	–8.6	–289.6	204.7	–84.9
Closing balance	**2,528.8**	**–1,287.1**	**1,241.7**	**3,490.0**	**–2,561.8**	**928.2**	**3,547.4**	**–2,498.5**	**1,048.9**

Discontinued operations relate to the obligations and plan assets that as of December 8, 2008 were included in Loomis and as of September 29, 2006 were included in Securitas Direct and Systems.

1 Relates to other long-term employee benefits.
2 Relates to post-employment benefits.
3 Actuarial losses for 2008 relate to changes in assumptions (losses) of MSEK 125.7 (gains of –131.5 and gains of –7.2) and changes in plan experience (losses) of MSEK 148.3 (losses of 42.6 and losses of 70.6).
4 Employer contributions expected to be paid in 2009 are expected to increase compared to the employer contributions paid in 2008 for continuing operations, due to the increased deficit in the Group's funded pension plans.

FUNDED STATUS, NET

MSEK	2008	2007	2006
Fair value of plan assets	–1,287.1	–2,561.8	–2,498.5
Defined benefit obligation funded plans	1,897.1	2,886.3	2,941.1
Defined benefit obligation unfunded plans	631.7	603.7	606.3
Funded status, net	**1,241.7**	**928.2**	**1,048.9**

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.

ALLOCATION OF PLAN ASSETS

Percent	2008	2007	2006
Equity investments	42	55	56
Interest bearing assets	48	39	37
Other assets	10	6	7
Total allocation of plan assets	**100**	**100**	**100**

The table above presents a breakdown of the various types of investments in which the assets of the Group's funded benefit arrangements are invested. Further information on the principles for determining the return on assets can be found in Note 2.

PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS, NET

MSEK	2008	2007	2006
Plans reported under Other long-term receivables (Note 23)	–8.4	–17.9	–7.0
Plans reported under Provisions for pensions and similar commitments	1,250.1	946.1	1,055.9
Total provisions for pensions and similar commitments, net	**1,241.7**	**928.2**	**1,048.9**

The table above shows the distribution in the balance sheet after taking into consideration plan assets and obligations for defined benefit plans. Plans with net assets are reported under Other long-term receivables and plans with a net provision are reported under Provisions for pensions and similar commitments.

ACCUMULATED ACTUARIAL LOSSES

MSEK (net of tax)	2008	2007	2006
Relating to 2008	–360.3	–	–
Relating to 2007	10.7	10.7	–
Relating to 2006	–2.7	–2.7	–2.7
Relating to 2005	–160.2	–160.2	–160.2
Relating to 2004	–70.5	–70.5	–70.5
Total accumulated actuarial losses[1]	**–583.0**	**–222.7**	**–233.4**

1 Refers to actuarial losses from continuing operations recognized via the statement of recognized income and expense, net after tax.

MAIN ACTUARIAL ASSUMPTIONS

	2008			2007			2006		
Percent (per annum)	USA	Eurozone	Other countries	USA	Eurozone	Other countries	USA	Eurozone	Other countries
Discount rate[1]	6.20	5.50–5.75	3.80–7.00	6.00	5.50–5.75	4.70–5.70	5.75–6.00	4.50–4.75	4.50–5.25
Expected return on plan assets	8.50	5.00	5.70–7.00	8.50	5.25	5.70–6.80	8.50	4.80	5.00–6.75
General salary increases[2]	n/a	2.00–3.50	3.75–4.00	n/a	2.00–3.50	3.50–4.80	n/a	2.00–3.50	2.50–4.50
Inflation[2]	n/a	1.75–2.25	2.00–3.00	n/a	1.75–2.00	2.50–3.30	n/a	1.75–2.00	2.50–3.00
Pension increases[2]	n/a	0.75–1.75	1.50–3.75	n/a	1.00–1.75	2.00–4.25	n/a	1.75	2.25–3.00
Health care cost inflation[3]	n/a	n/a	2.00–10.00	n/a	n/a	2.50–8.00	n/a	n/a	n/a

1 In the USA, the discount rate is derived from the full Citigroup yield curve, using a cash flow matching approach. In the Eurozone, the discount rate is based on Iboxx Euro AA 10 year +, adjusted for the duration of the obligations.
The material plans in the category Other countries are Norway (government bonds adjusted for the duration of the obligations), the U.K. (Iboxx U.K. AA 15 year +) and Canada (DEX Capital index).

2 Plans in the USA are non-inflation-linked cash balance plans which are closed for future benefit accrual.
3 Related to health care plans in Canada. The assumption represents the range of current expected health care cost inflation for the different benefits. This range is expected to fall to 2.00–5.00 percent (depending on benefit type) by 2020.

The table above shows the main actuarial assumptions as of December 31, 2008, 2007 and 2006 used to value the defined benefit obligation at the end of 2008, 2007 and 2006 as well as in determining the pension cost for 2009, 2008 and 2007.

As of December 31, 2008 the following assumptions were used for the major plans in Securitas concerning mortality: USA – "193 Group Annuity Mortality Table". Norway – tables in series "K2005". Canada – UP94-tables. These tables have been established for use after consultation with the company's actuaries and reflect Securitas' view concerning future mortality experience.

Note 33. Other long-term provisions

The movement in the balance sheet for provisions for pensions and similar commitments is provided in Note 32. The movement in the balance sheet for deferred tax liabilities is provided in Note 15.

MSEK	Liability insurance related claims reserves[1]	Provisions for taxes	Other provisions	Total
Opening balance	724.3	251.5	1,317.1	2,292.9
Reclassification	–	–18.0	10.7	–7.3
New/increased provisions	42.2	9.2	262.6	314.0
Provisions utilized	–27.3	–113.8	–691.6	–832.7
Reversal of unutilized provisions	–56.0	–	–44.5	–100.5
Discontinued operations	–196.3	–	–213.8	–410.1
Translation differences	116.4	47.5	88.1	252.0
Less short-term items	–	–	–156.3	–156.3
Closing balance	**603.3**	**176.4**	**572.3**	**1,352.0**

1 Liability insurance-related claims reserves primarily consist of estimated provisions for the portion of claims payable by the Group, that is its self-retention.

Note 34. Short-term loan liabilities[1]

MSEK	2008	2007	2006
Convertible debenture loans EUR, 2002/2007, series 1–4[2]	–	–	2,300.0
Total short-term convertible debenture loans	**–**	**–**	**2,300.0**
EMTN Nom MEUR 500, 2001/2008, 6.125 %[3]	–	4,717.1	–
Commercial paper issued[4]	1,974.6	2,023.4	1,468.1
Finance leases	102.9	114.6	141.4
Other short-term loans[5]	4,197.0	1,720.8	4,001.8
Total other short-term loan liabilities excluding derivatives	**6,274.5**	**8,575.9**	**5,611.3**
Other derivative positions			
Derivatives with negative fair value, short-term	134.2	39.0	83.5
Total other short-term loan liabilities	**6,408.7**	**8,614.9**	**5,694.8**

1 For further information regarding financial instruments refer to Note 6.
2 The convertible debenture loan, EUR 2002–2007 series 1–4 fell due on May 2, 2007.
3 The bond loan EMTN Nom MEUR 500, 2001/2008 matured on March 14, 2008 and was in 2007 reported under Other short-term loan liabilities. Previously, this loan has been reported under Other long-term loan liabilities.
4 Commercial paper is issued by the Parent Company within the framework of a MSEK 5,000 Swedish commercial paper program.
5 Other short-term loans include loans raised within the framework of a MUSD 1,100 Multi Currency Revolving Credit Facility maturing in June 2012. The comparatives also include loans raised within the framework of a MUSD 250 securitization programme, which matured in June 2008. The MEUR 550 term loan has in its entirety been classified as long-term compared to previously being classified as short-term. Comparatives for year 2007 have been restated.

Note 35. Other current liabilities

MSEK	2008	2007	2006
Employee-related items	5,701.2	5,462.3	4,709.4
Accrued interest and financial expenses	174.9	354.7	279.0
Other accrued expenses and deferred income	799.0	795.7	515.8
Advance payments from customers	196.4	215.9	177.3
Value added tax	938.3	947.2	691.5
Other items	558.0	669.6	590.2
Total other current liabilities	**8,367.8**	**8,445.4**	**6,963.2**

Note 36. Other short-term provisions[1]

MSEK	2008	2007	2006
Liability insurance-related claims reserves[2]	652.5	694.6	819.0
Provisions related to Loomis Cash Management Ltd	–	483.5	–
Other items	156.3	157.9	–
Total other short-term provisions	**808.8**	**1,336.0**	**819.0**

1 Further information is provided in Note 33.
2 Liability insurance-related claims reserves primarily consist of estimated provisions for the portion of claims payable by the Group, that is its self-retention.

Note 37. Pledged assets

MSEK	2008	2007	2006
Real estate mortgages	–	–	76.4
Pension balances defined contribution plans	55.2	58.3	54.0
Total pledged assets	**55.2**	**58.3**	**130.4**

Note 38. Contingent liabilities

MSEK	2008	2007	2006
Sureties and guarantees	23.4	17.3	4.5
Other contingent liabilities	48.0	–	90.0
Total contingent liabilities	**71.4**	**17.3**	**94.5**

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 security guarding company in Brazil. In order to support this company while required governmental approvals were obtained, 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 following the receipt of the government approval. 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 has since filed for protection from its creditors under Brazilian legislation providing for a judicial restructuring process. Securitas, being a creditor in the insolvency matter, has objected to the company's restructuring plan proposed in the judicial restructuring process. The insolvency judge decided against Securitas and this decision was appealed by Securitas in 2008. The Court of Appeal has in its decision upheld the lower courts' decision. This decision is now subject to a "special appeal".

In connection with the commencement of this judicial restructuring process, the company has asserted a claim of MUSD 140 against Securitas, alleging that Securitas is responsible for the company's 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 addition, a number of employees of Estrela Azul who claim to be owed wages have named Securitas in addition to other parties in pending labor suits. The number of labor law cases involving Securitas increased in 2008. The claimed amounts are normally low. The defense of these labour cases has been entrusted to one of the leading law firms in Brazil. Securitas denies all responsibility for such claims.

Germany – Heros

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

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

The claims of the Heros companies (in bankruptcy) are based on the Trustees current understanding of the subject transactions, resulting in the allegation that certain inter-company transactions (set-offs) performed by Securitas Germany prior to the sale of the companies were not in compliance with German law. Heros' aggregated claims on Securitas Germany amounts to approximately MEUR 108. Heros is in addition requesting Securitas Germany to re-assign a claim against the insurance company IF which was kept by Securitas in the divestiture. Based on local legal expertise and a legal opinion from a renown law professor, Securitas will object to the claims raised by the Trustee.

As of December 31, 2006 a minor provision was recognised to cover the known exposure in the Heros claim at that time. This provision remains unchanged. No additional provision has been established for the recent claim.

Germany – U.S. Army

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

Based on Securitas' U.S. counsel's current evaluation of Securitas' claim and the conclusions of the auditing firm, Group Management view a settlement solution as a possible option for Securitas. Settlement discussions are therefore agreed with the U.S. Army to continue during 2009.

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 2007.

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

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

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

Globe and other Securitas companies are, together with the relevant airline and other parties, defendants in 21 lawsuits pertaining to the events of September 11, 2001. The reduction of outstanding cases is due to the settlement of cases. The proceedings against the Securitas companies other than Globe have, with the consent of the Court and the plaintiffs, been temporarily stayed. In all the suits, a number of persons other than Globe and Securitas companies are co-defendants. Three of the remaining suits pertain to persons who died and 18 relate to damage to property and businesses owing to the events of September 11, 2001. All bodily injury cases involving Globe have been settled. Certain of the property claims are believed to be substantial and the aggregate, estimated value of the claims filed exceeds the insurance coverage estimated to exist as a potential source of recovery. Due to the statutory liability cap, any such liability is limited to the amount of liability coverage maintained. The potential exposure has been reduced due to a court decision which declares that in the property cases the Fair Market Value rather than the Replacement Value shall be applied when computing possible property damages.

Globe and the other companies in the Group named as defendants are challenging these suits. All coverage disputes with the relevant September 11, 2001 insurers have been resolved.

Any liabilities arising out of the September 11, 2001 litigation are not expected to materially impact Securitas' business operation or financial position.

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 39. Discontinued operations

Discontinued operations are defined as the three previous primary segments Loomis, Direct and Securitas Systems (Systems) as they were presented in the Securitas Group. The previous primary segments Loomis, Direct and Systems as included in the Securitas Group will differ from the stand alone companies Loomis AB, Securitas Direct AB and Niscayah Group AB (former Securitas Systems AB). The primary segments have been accounted for under IAS 14 Segment reporting. Reporting for segments differs from reporting on a stand alone basis in that:

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

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

- The statement of income for the Securitas Group includes the net income in Loomis up to December 8, 2008 and Direct and Systems up to September 29, 2006.
- The net income in Loomis up to December 8, 2008 and Direct and Systems up to September 29, 2006 is included on the line Net income, discontinued operations in the consolidated statement of income. This means that the impact from Loomis, Direct and Systems on each line in the consolidated statement of income has been adjusted and is recognized as a net total on the line Net income, discontinued operations. A specification of the net income in discontinued operations is given below.
- This adjustment has also been carried out for all comparatives in the consolidated statement of income.
- The cash flow impact from Loomis up to December 8, 2008 and Direct and Systems up to September 29, 2006 is included on the line Cash flow for the period, discontinued operations in the cash flow statement according to Securitas' Financial Model. This means that the impact from Loomis, Direct and Systems on each line has been adjusted and is recognized as a net total on the line Cash flow for the period, discontinued operations.
- The formal consolidated statement of cash flow is however not restated and the impact from discontinued operations is shown line by line for Cash flow from operations, discontinued operations, Cash flow from investing activities, discontinued operations and Cash flow from financing activities, discontinued operations.
- This adjustment has also been carried out for all comparatives in the cash flow statement according to Securitas' financial model and the formal consolidated statement of cash flow.
- In accordance with IFRS 5, the comparatives for the balance sheet are not adjusted. However the table for capital employed and financing according to Securitas' financial model separates the segment capital employed in discontinued operations also for comparatives. The net assets (operating capital employed and capital employed) previously included under the segments Loomis, Direct and Systems are shown as Capital employed, discontinued operations.
- Key ratios have been restated where applicable.
- Information of the balances relating to discontinued operations as of December 8, 2008 (Loomis) and September 29, 2006 (Direct and Systems) are included below. The corresponding impact on shareholders' equity of the Securitas Group is included in Note 29, on the lines Dividend of net assets in Loomis and Dividend of net assets in Direct and Systems. The dividend amount is measured as the carrying amount of net assets as of the dividend date.

In the tables below the following information is provided:

- Condensed statement of income for discontinued operations.
- Condensed statement of cash flow for discontinued operations.
- Assets and liabilities in discontinued operations as of December 8, 2008 (Loomis) and September 29, 2006 (Direct and Systems).
- Capital employed and financing in discontinued operations as of December 8, 2008 (Loomis) and September 29, 2006 (Direct and Systems).

CONDENSED STATEMENT OF INCOME

MSEK	2008	2007	2006
Sales, external and intra-group	10,467.6	11,396.9	18,427.0
Elimination of intra-group sales	–19.0	–25.4	–477.2
Total Sales	**10,448.6**	**11,371.5**	**17,949.8**
Operating income before amortization including intra-group margin	672.1	293.5	1,445.7
Elimination of intra-group margin	–	–	–8.4
Operating income before amortization	**672.1**	**293.5**	**1,437.3**
Amortization and impairment of acquisition related intangible assets	–13.8	–18.2	–31.2
Acquisition related restructuring costs	–	–36.9	–14.3
Items affecting comparability	–	–640.0	–1,511.1
Operating income after amortization	**658.3**	**–401.6**	**–119.3**
Financial income and expense	–115.4	–90.0	–127.6
Income before taxes	**542.9**	**–491.6**	**–246.9**
Taxes	–111.1	–336.4	–121.3
Net income for the year	**431.8**	**–828.0**	**–368.2**

CONDENSED STATEMENT OF CASH FLOW

MSEK	2008	2007	2006
Cash flow from operations	436.8	302.3	1,686.6
Cash flow from investing activities	–764.5	–1,017.2	–1,521.5
Cash flow from financing activities	–462.8	1,373.8	–2,448.3
Cash flow for the year	**–790.5**	**658.9**	**–2,283.2**

ASSETS AND LIABILITIES

MSEK	Loomis Dec. 8, 2008	Direct and Systems Sep. 29, 2006
Goodwill	3,024.0	2,513.5
Acquisition related intangible assets	77.3	263.6
Other intangible assets	44.2	121.0
Tangible non-current assets	2,926.3	1,513.4
Non-interest bearing financial non-current assets	364.7	128.6
Interest bearing financial non-current assets	60.1	3.1
Non-interest bearing current assets	2,975.2	3,037.0
Liquid funds	453.9	639.5
Total assets	**9,925.7**	**8,219.7**
Non-interest bearing long-term liabilities	–	1.1
Interest bearing long-term liabilities	69.1	2,201.3
Non-interest bearing provisions	999.2	227.6
Non-interest bearing current liabilities	3,013.2	2,102.0
Interest bearing current liabilities	2,981.4	73.7
Total liabilities	**7,062.9**	**4,605.7**
Net assets in discontinued operations	**2,862.8**	**3,614.0**

CAPITAL EMPLOYED AND FINANCING

MSEK	Loomis Dec. 8, 2008	Direct and Systems Sep. 29, 2006
Operating capital employed	**2,298.0**	**2,469.3**
Goodwill	3,024.0	2,513.5
Acquisition related intangible assets	77.3	263.6
Capital employed	**5,399.3**	**5,246.4**
Net debt	**–2,536.5**	**–1,632.4**
Net assets in discontinued operations	**2,862.8**	**3,614.0**

Statement of income

MSEK	Note	2008	2007	2006
Administrative contribution and other revenues	41	536.8	378.2	469.4
Gross income		**536.8**	**378.2**	**469.4**
Administrative expenses	43, 44	–376.7	–290.9	–675.2
Operating income/loss		**160.1**	**87.3**	**–205.8**
Result of financial investments				
Result of sale of shares in subsidiaries and associates	41	–	15.1	–
Dividend	41	21,228.1	2,434.2	5,337.8
Interest income	41	1,104.5	1,207.9	1,154.2
Interest expenses	41	–1,977.3	–2,160.2	–1,691.7
Other financial income and expenses, net	45	–17,956.1	–971.9	–1,726.2
Total financial income and expenses		**2,399.2**	**525.1**	**3,074.1**
Income after financial items		**2,559.3**	**612.4**	**2,868.3**
Appropriations				
Difference between book depreciation and depreciation according to plan		–	0.1	7.7
Total appropriations		**–**	**0.1**	**7.7**
Income before taxes		**2,559.3**	**612.5**	**2,876.0**
Current taxes	46	–40.1	–13.6	–27.7
Deferred taxes	46	181.0	–10.5	28.8
Net income for the year		**2,700.2**	**588.4**	**2,877.1**

Statement of cash flow

MSEK	Note	2008	2007	2006
Operations				
Operating income/loss		160.1	87.3	–205.8
Reversal of depreciation		3.9	3.8	7.5
Financial items received		22,574.1	3,605.0	6,752.9
Financial items paid		–2,190.4	–2,114.4	–1,943.6
Current taxes paid		–26.7	–11.2	–17.5
Change in other operating capital employed		–304.3	–500.8	1,347.7
Cash flow from operations		**20,216.7**	**1,069.7**	**5,941.2**
Investing activities				
Investments in non-current tangible and intangible assets		–49.7	–24.0	3.7
Shares in subsidiaries		–8,317.4	–108.5	–7,241.6
Cash flow from investing activities		**–8,367.1**	**–132.5**	**–7,237.9**
Financing activities				
Dividend paid		–1,131.7	–1,131.7	–1,277.7
Redemption of convertible debenture loans	30	–	–2,363.1	–
Proceeds from bond loans		425.8	–	–
Redemption of bond loans		–4,694.6	–	–3,240.1
Proceeds from other long-term borrowings		828.0	7,181.7	–
Change in other interest-bearing net debt excluding liquid funds		–9,149.6	–2,250.1	4,869.2
Cash flow from financing activities		**–13,722.1**	**1,436.8**	**351.4**
Cash flow for the year		**–1,872.5**	**2,374.0**	**–945.3**
Liquid funds at beginning of year		3,187.3	813.3	1,758.6
Liquid funds at year-end	52	**1,314.8**	**3,187.3**	**813.3**

Balance sheet

MSEK	Note	2008	2007	2006
ASSETS				
Non-current assets				
Other intangible assets	47	74.4	29.1	8.9
Machinery and equipment	48	4.1	3.7	3.6
Shares in subsidiaries	49	36,335.1	51,050.1	51,580.5
Shares in associated companies	50	112.1	110.0	163.8
Interest-bearing financial non-current assets	42	–	13.1	1,181.9
Deferred tax assets		–	–	38.9
Other long-term receivables		66.7	58.2	54.1
Total non-current assets		**36,592.4**	**51,264.2**	**53,031.7**
Current assets				
Current receivables from subsidiaries		2,604.3	2,027.1	1,705.5
Interest-bearing current receivables from subsidiaries	42	9,284.6	12,415.5	10,991.9
Other current receivables		2.7	14.8	8.4
Current tax assets		–	3.3	5.8
Prepaid expenses and accrued income	51	61.7	371.8	287.4
Other interest-bearing current receivables	42	30.5	1,433.5	166.3
Short-term investments	52	1,314.3	3,187.2	813.3
Cash and bank deposits	52	0.5	0.1	–
Total current assets		**13,298.6**	**19,453.3**	**13,978.6**
TOTAL ASSETS		**49,891.0**	**70,717.5**	**67,010.3**
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		-125.4	4.8	25.3
Translation reserve		830.1	266.5	172.9
Retained earnings		9,816.2	15,896.0	14,150.6
Net income for the year		2,700.2	588.4	2,877.1
Total non-restricted equity		**13,221.1**	**16,755.7**	**17,225.9**
Total shareholders' equity	53	**20,948.8**	**24,483.4**	**24,953.6**
Untaxed reserves				
Accumulated accelerated depreciation		–	–	0.1
Total untaxed reserves		**–**	**–**	**0.1**
Long-term liabilities				
Other long-term loan liabilities	42	7,011.1	7,119.6	4,575.6
Other long-term liabilities		67.7	58.8	55.4
Total long-term liabilities	55	**7,078.8**	**7,178.4**	**4,631.0**
Current liabilities				
Current liabilities to subsidiaries		66.9	59.9	153.8
Interest-bearing current liabilities to subsidiaries	42	14,915.3	31,009.6	30,113.8
Group account bank overdraft		472.5	731.4	825.0
Short-term convertible debenture loans	54	–	–	2,300.0
Other short-term loan liabilities	42	6,083.6	6,759.3	3,714.9
Accounts payable		34.8	32.8	11.7
Accrued expenses and prepaid income	56	269.7	448.8	299.6
Other current liabilities		20.6	13.9	6.8
Total current liabilities		**21,863.4**	**39,055.7**	**37,425.6**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**49,891.0**	**70,717.5**	**67,010.3**
Pledged assets	57	55.2	58.3	54.0
Contingent liabilities	58	1,893.7	2,311.4	2,488.6

Changes in shareholders' equity

MSEK	Share capital[1]	Legal reserve	Hedging reserve	Translation reserve	Retained earnings and net income for the year	Total
Opening balance 2006	**365.1**	**7,362.6**	**–**	**248.9**	**23,922.8**	**31,899.4**
Effect of change in accounting principle IAS 39	–	–	11.2	–	24.7	35.9
Opening balance 2006 adjusted in accordance with new principle	**365.1**	**7,362.6**	**11.2**	**248.9**	**23,947.5**	**31,935.3**
Cash flow hedges						
Transfer to hedging reserve before tax	–	–	30.6	–	–	30.6
Deferred tax on transfer to hedging reserve	–	–	–8.6	–	–	–8.6
Transfer to interest income in the statement of income before tax	–	–	91.1	–	–	91.1
Transfer to interest expense in the statement of income before tax	–	–	–102.1	–	–	–102.1
Deferred tax on transfer to statement of income	–	–	3.1	–	–	3.1
Net investment hedges	–	–	–	–76.0	–	–76.0
Net income for the year	–	–	–	–	2,877.1	2,877.1
Total change excluding transactions with equity holders	**–**	**–**	**14.1**	**–76.0**	**2,877.1**	**2,815.2**
Dividend paid	–	–	–	–	–1,277.7	–1,277.7
Dividend of shares in Securitas Direct AB and Niscayah Group AB (former Securitas Systems AB)	–	–	–	–	–8,519.2	–8,519.2
Opening balance 2007	**365.1**	**7,362.6**	**25.3**	**172.9**	**17,027.7**	**24,953.6**
Cash flow hedges						
Transfer to hedging reserve before tax	–	–	4.6	–	–	4.6
Deferred tax on transfer to hedging reserve	–	–	–1.3	–	–	–1.3
Transfer to interest income in the statement of income before tax	–	–	180.0	–	–	180.0
Transfer to interest expense in the statement of income before tax	–	–	–213.1	–	–	–213.1
Deferred tax on transfer to statement of income	–	–	9.3	–	–	9.3
Net investment hedges	–	–	–	93.6	–	93.6
Net income for the year	–	–	–	–	588.4	588.4
Total change excluding transactions with equity holders	**–**	**–**	**–20.5**	**93.6**	**588.4**	**661.5**
Dividend paid	–	–	–	–	–1,131.7	–1,131.7
Opening balance 2008	**365.1**	**7.362.6**	**4.8**	**266.5**	**16,484.4**	**24,483.4**
Cash flow hedges						
Transfer to hedging reserve before tax	–	–	–183.3	–	–	–183.3
Deferred tax on transfer to hedging reserve	–	–	51.3	–	–	51.3
Transfer to interest income in the statement of income before tax	–	–	–285.6	–	–	–285.6
Transfer to interest expense in the statement of income before tax	–	–	288.0	–	–	288.0
Deferred tax on transfer to statement of income	–	–	–0.6	–	–	–0.6
Net investment hedges	–	–	–	892.5	–	892.5
Net income for the year	–	–	–	–	2,700.2	2,700.2
Total change excluding transactions with equity holders	**–**	**–**	**–130.2**	**892.5**	**2,700.2**	**3,462.5**
Dividend paid	–	–	–	–	–1,131.7	–1,131.7
Dividend of shares in Loomis AB[2]	–	–	–	–328.9	–5,536.5	–5,865.4
Closing balance 2008	**365.1**	**7,362.6**	**–125.4**	**830.1**	**12,516.4**	**20,948.8**

1 For information regarding the numbers of shares outstanding refer to Note 53.
2 Including impact of reversed net investment hedging of MSEK –328.9.

Note 40. 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 2:1 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 exists 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, etc and the options that RFR 2:1 allow for IFRS in the Parent Company.

IAS 17 Leasing

Finance leases cannot be accounted for on legal entity level since specific ordinances for the taxation are not available or are not complete. Finance leases can therefore on legal entity level be accounted for according to the requirements for operational leases. This limitation lacks practical implications since the Parent Company has not entered into any leasing agreements that could be classified as finance leases.

IAS 19 Employee benefits

According to the Swedish Act on Safeguarding of Pension Commitments, etc the Parent Company cannot recognize defined benefit plans on legal entity level. This limitation has 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, and which is described under the Group's accounting principles or in all material aspects consist of other defined contribution plans.

IAS 39 Financial instruments: recognition and measurement

The Parent Company adopted IAS 39 from January 1, 2006. IAS 39 was adopted with the exception of financial guarantees in relation to subsidiaries. The adoption of IAS 39 was accounted for as a change in accounting principle as of January 1, 2006. The impact of the change in accounting principle is disclosed in changes in shareholders' equity. For further information regarding the accounting principles refer to the principles adopted by the Group for recognition and measurement of financial instruments in Note 2.

IAS 21 Effects of changes in foreign exchange rates

Paragraph 32 in IAS 21 states that exchange differences that form part of a reporting entity's net investments in a foreign operation shall be recognized via the statement of income in the separate financial statements of the reporting entity. Paragraph 43 in RFR 2:1 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 paragraph 43 in RFR 2:1 and recognizes exchange differences that fulfills the criteria for net investment hedges, that is for which settlement is neither planned nor likely to occur in the foreseeable future, via the translation reserve in equity.

URA 7 Group contributions and capital contributions

Group contributions received by the Parent Company are deemed to be dividends and are thus recognized as a financial income in the Parent Company.

Anticipated dividends

An anticipated dividend from a subsidiary is recognized as income in the Parent Company if the Parent Company has the right to both decide and approve 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.

Note 41. Transactions with related parties

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

PARENT COMPANY'S TRANSACTIONS WITH SUBSIDIARIES COMPRISE

MSEK	2008	2007	2006
Administrative contributions and other revenues from subsidiaries	518.1	360.0	460.5
– of which discontinued operations	7.0	26.1	155.2
Result of sale of shares in subsidiaries[1]	–	15.1	–
– of which discontinued operations	–	–	–
Dividends from subsidiaries	21,228.1	2,434.2	5,337.8
– of which discontinued operations	–	244.7	2,581.5
Interest income from subsidiaries	701.4	643.1	577.6
– of which discontinued operations	113.4	96.0	61.3
Interest expenses to subsidiaries	–1,043.5	–1.150.8	–737.0
– of which discontinued operations	–21.0	–34.7	–21.6

1 For 2007 the result from liquidation of associated company.

Receivables and liabilities from/to subsidiaries and their distribution between interest-bearing and non-interest-bearing items are reported in the balance sheet.
For information regarding benefits provided to senior management, refer to the Group information in Notes 8 and 12 to the Consolidated financial statements and Note 44.
For pledged assets and contingent liabilities on behalf of subsidiaries, refer to the information on pledged assets and contingent liabilities in connection with the balance sheet and in Notes 57 and 58.

Note 42. Financial risk management

The Parent Company has, as stated in Note 40, adopted 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.

REVALUATION OF FINANCIAL INSTRUMENTS

MSEK	2008	2007	2006
Recognized in the statement of income			
Financial expenses	0.9	–4.1	–38.6
Deferred tax	-0.3	1.1	10.8
Impact on net income for the year	**0.6**	**–3.0**	**–27.8**
Recognized via hedging reserve in shareholders' equity			
Transfer to hedging reserve before tax	–183.3	4.6	30.6
Deferred tax on transfer to hedging reserve	51.3	–1.3	–8.6
Transfer to hedging reserve net of tax	**–132.0**	**3.3**	**22.0**
Transfer to statement of income before tax	2.4	–33.1	–11.0
Deferred tax on transfer to statement of income	-0.6	9.3	3.1
Transfer to statement of income net of tax	**1.8**	**–23.8**	**–7.9**
Total change of hedging reserve before tax[1]	–180.9	–28.5	19.6
Deferred tax on total change of hedging reserve before tax[1]	50.7	8.0	–5.5
Total change of hedging reserve net of tax	**–130.2**	**–20.5**	**14.1**
Total impact on shareholders' equity as specified above			
Total revaluation before tax[2]	–180.0	–32.6	–19.0
Deferred tax on total revaluation[2]	50.4	9.1	5.3
Total revaluation after tax	**–129.6**	**–23.5**	**–13.7**

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 shareholders' equity.

DERIVATIVES IN THE BALANCE SHEET

MSEK	2008	2007	2006
Interest-bearing financial non-current assets			
Fair value hedges	–	–	1,121.8
Cash flow hedges	–	13.1	19.4
Other derivative positions	–	–	–
Total derivatives included in interest-bearing financial non-current assets	**–**	**13.1**	**1,141.2**
Interest-bearing current receivables from subsidiaries			
Fair value hedges	–	–	–
Cash flow hedges	–	–	–
Other derivative positions	22.3	10.2	42.1
Total derivatives included in interest-bearing current receivables from subsidiaries	**22.3**	**10.2**	**42.1**
Other interest-bearing current assets			
Fair value hedges	–	1,421.2	–
Cash flow hedges	0.9	8.2	18.0
Other derivative positions	29.6	4.1	148.3
Total derivatives included in other interest-bearing current assets	**30.5**	**1,433.5**	**166.3**
Other long-term loan liabilities			
Fair value hedges	–	–	–
Cash flow hedges	122.5	14.6	–
Other derivative positions	–	–	–
Total derivatives included in other long-term loan liabilities	**122.5**	**14.6**	**–**
Interest-bearing current liabilities to subsidiaries			
Fair value hedges	–	–	–
Cash flow hedges	–	–	–
Other derivative positions	44.3	7.3	71.1
Total derivatives included in interest-bearing current liabilities to subsidiaries	**44.3**	**7.3**	**71.1**
Other short-term loan liabilities			
Fair value hedges	–	–	–
Cash flow hedges	52.5	–	–
Other derivative positions	10.7	17.3	61.3
Total derivatives included in other short-term loan liabilities	**63.2**	**17.3**	**61.3**

Note 43. Operating expenses

AUDIT FEES AND REIMBURSEMENTS

MSEK	2008	2007	2006
PricewaterhouseCoopers			
– audit assignments	5.3	7.7	8.2
– other assignments[1]	10.5	3.1	12.7
Total PricewaterhouseCoopers	**15.8**	**10.8**	**20.9**
Other auditors			
– audit assignments	–	–	–
Total	**15.8**	**10.8**	**20.9**

1 The cost of other assignments carried out by PricewaterhouseCoopers includes fees for audit-related advisory services relating to accounting, including IFRS, IT, acquisitions, divestments and matters concerning the Group's internal bank.

Note 44. Personnel

AVERAGE NUMBER OF YEARLY EMPLOYEES; DISTRIBUTION BETWEEN WOMEN AND MEN

	Women			Men			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Board of Directors	3	3	3	6	6	6	9	9	9
Presidents	–	–	–	1	1	2	1	1	2
Other employees, Sweden	24	20	19	17	12	12	41	32	31

STAFF COSTS

	2008			2007			2006			Of which bonuses		
MSEK	Salaries	Social benefits	(of which-pensions)	Salaries	Social benefits	(of which-pensions)	Salaries	Social benefits	(of which-pensions)	2008	2007	2006
Board of Directors and Presidents[1]	21.4	10.8	(3.9)	16.1	8.3	(2.6)	6.1	2.5	(–)	5.3	2.0	–
Other employees	56.6	32.6	(14.1)	40.0	22.7	(9.7)	36.0	21.0	(9.4)	14.4	0.0	6.2
Total	**78.0**	**43.4**	**(18.0)**	**56.1**	**31.0**	**(12.3)**	**42.1**	**23.5**	**(9.4)**	**19.7**	**2.0**	**6.2**

1 Refer to Note 8 for further information regarding remuneration to the Board of Directors and Presidents.

SICK LEAVE

	2008	2007	2006
Total number of hours reported as sick leave among employees	**770.4**	**1,493.2**	**770.2**
Men, by age:	71.3	54.4	52.5
<30 years	–	–	–
30–49 years	71.3	54.4	52.5
>49 years	–	–	–
Women, by age:	699.1	1,438.8	717.7
<30 years	–	–	–
30–49 years	616.6	362.5	195.0
>49 years	82.5	1,076.3	522.7

Employees' total normal annual working hours per person	**81,900**	**61,350**	**62,400**
Men	35,100	25,350	25,350
Women	46,800	36,000	37,050

Sick leave as % of normal annual working hours			
Men	0.20	0.21	0.21
Women	1.49	3.69	1.94

Note 45. Other financial income and expense, net

MSEK	2008	2007	2006
Impairment losses, shares in subsidiaries[1]	–17,167.0	–638.9	–1,539.1
Exchange rate differences, net	–783.0	–314.5	–106.0
Bank costs and similar income/expense items	–17.1	–12.5	–34.3
Revaluation of financial instruments (IAS 39)	0.9	–4.1	–38.6
Other items, net	10.1	–1.9	–8.2
Total other financial income and expense, net	**–17,956.1**	**–971.9**	**–1,726.2**

1 The value of shares in subsidiaries was written down 2008 and 2007 in connection with the receipt by the Parent Company of dividends from a subsidiary. The impairment loss in 2007 is also related to recognition of impairment losses of goodwill in the Netherlands, where an impairment was also recognized for shares in subsidiaries. The impairment loss in 2006 is related to an intra-group restructuring in connection with the dividend of Securitas Direct AB and Niscayah Group AB (former Securitas Systems AB).

Note 46. Taxes

STATEMENT OF INCOME TAX EXPENSE

MSEK	2008	2007	2006
Tax on income before taxes			
– current taxes	–40.1	–13.6	–27.7
– deferred taxes	181.0	–10.5	28.8
Total taxes	**140.9**	**–24.1**	**1.1**

The Swedish Corporate tax rate was 28 percent in 2008, 2007 and 2006.

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

MSEK	2008	2007	2006
Tax based on the Swedish tax rate 28%	–717	–172	–805
Tax from prior years	–30	0	–7
Tax effect related to non-taxable income	895	371	1.246
Tax effect related to non-deductible expenses	–7	–223	–433
Actual tax charge	**141**	**–24**	**1**

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

Tax loss carryforwards

The tax loss carryforwards for the Parent Company amounted to MSEK 0 (0 and 0) as of December 31, 2008.

Note 47. Other intangible assets

MSEK	2008	2007	2006
Opening balance	75.4	63.0	58.4
Capital expenditures	37.2	23.0	4.6
Reclassification	10.9	–	–
Disposals/write-off	–	-10.6	–
Closing accumulated balance	**123.5**	**75.4**	**63.0**
Opening amortization	-46.3	-43.5	-36.9
Amortization for the year	-2.8	-2.8	-6.6
Closing accumulated amortization	**-49.1**	**-46.3**	**-43.5**
Opening impairment losses	–	-10.6	–
Impairment losses for the year	–	–	-10.6
Write-off	–	10.6	–
Closing accumulated impairment losses	**–**	**–**	**-10.6**
Closing residual value	**74.4**	**29.1**	**8.9**

Note 48. Machinery and equipment

MSEK	2008	2007	2006
Opening balance	12.5	11.8	9.6
Capital expenditures	1.5	1.1	2.3
Disposals/write-off	–	-0.4	-0.1
Closing accumulated balance	**14.0**	**12.5**	**11.8**
Opening depreciation	-8.8	-8.2	-7.4
Disposals/write-off	–	0.4	0.1
Depreciation for the year	-1.1	-1.0	-0.9
Closing accumulated depreciation	**-9.9**	**-8.8**	**-8.2**
Closing residual value	**4.1**	**3.7**	**3.6**

Note 49. Shares in subsidiaries[1]

Subsidiary name	Corporate registration no.	Domicile	Number of shares	*% of share capital*	*% of voting rights*	Book value Parent Company
Securitas Holdings Inc.	95-4754543	Parsippany	100	*100*	*100*	2,208.0
Securitas Canada Ltd	036580-6	Montreal	4,004	*100*	*100*	85.6
Grupo Securitas Mexico, S A de C V	GSM930817U48	Monterrey	5,000	*100*	*100*	14.5
Securitas Nordic Holding AB	556248-3627	Stockholm	1,000,000	*100*	*100*	5,130.5
Securitas Eesti AS	10188743	Tallinn	1,371	*100*	*100*	32.1
Securitas Deutschland Finanz Holding GmbH	HRB 33348	Düsseldorf	100	*100*	*100*	2,571.9
SL Sicherheit GmbH	HRB 53995	Düsseldorf	100	*100*	*100*	0.2
Securitas Services Holding U.K. Ltd	5759961	London	250,000	*100*	*100*	278.4
Securitas Seguridad Holding SL	B83446831	Madrid	30,100	*100*	*100*	6,841.0
Protectas S.A.	CH-550-0084385-3	Lausanne	25,000	*100*	*100*	32.8
Securitas Sicherheitsdienstleistungen GmbH	FN148202w	Vienna	100	*100*	*100*	58.3
Securitas N V	0427.388.334	Brussels	1,000	*100*	*100*	272.8
Securitas Services International BV	33287487	Amsterdam	25,000	*100*	*100*	3,733.4
Securitas KFT	Cg.01-09-721946	Budapest	100	*100*	*100*	0.9
Securitas Polska Sp. z o. o.	36743	Warsaw	594,000	*100*	*100*	22.8
Securitas CR s r o	CZ43872026	Prague	100	*100*	*100*	77.9
Securitas Security Services SRL	13740159	Bukarest	22	*88*	*88*	5.6
Securitas Services DOO	17487809	Belgrad	0	*100*	*100*	30.3
Securitas Transport Aviation Security AB	556691-8917	Stockholm	100,000	*100*	*100*	136.2
Securitas Aviation Holding SL	B85080265	Madrid	301	*100*	*100*	9.5
Alert Services Holding NV[2]	RPR617707	Brussels	3,311,669	*53.01*	*53.01*	576.4
Securitas Alert Services Polska Sp.z o.o.	KRS 0000289244	Warsaw	2,000	*100*	*100*	2.4
Securitas Argentina S.A.[2]	1587929	Buenos Aires	1,412,000	*20*	*20*	13.5
Securitas Asia Holding AB	556691-8800	Stockholm	100,000	*100*	*100*	11.6
Securitas UAE LLC [3]	617030	Dubai	1,470	*49*	*51*	5.1
Globe Partner Services SAE	175560	Cairo	5,000	*80*	*80*	0.1
Securitas Direct S.A.	272139	Bern	500,000	*50*	*50*	2.1
Securitas Treasury Ireland Ltd	152440	Dublin	21,075,470	*100*	*100*	9,044.0
Securitas Invest AB	556630-3995	Stockholm	1,000	*100*	*100*	4,552.7
Securitas Group Reinsurance Ltd	317030	Dublin	50,000,000	*100*	*100*	576.5
Securitas Rental AB	556376-3829	Stockholm	1,000	*100*	*100*	3.6
AB Jourmontör	556087-1468	Stockholm	100	*100*	*100*	0.1
Securitas Toolbox Ltd	316907	Dublin	100	*100*	*100*	0.0
Other holdings						4.3
Total shares in subsidiaries						**36,335.1**

1 A complete specification of subsidiaries can be obtained from the Parent Company.
2 The remaining 46.99 percent of Alert Services Holding NV and 80 percent of Securitas Argentina S.A., are held by Securitas Seguridad Holding SL.
3 Securitas controls 51 percent due to a management agreement.

CHANGE ANALYSIS OF SHARES IN SUBSIDIARIES

MSEK	2008	2007	2006
Opening balance	51,050.1	51,580.5	54,397.2
Acquisitions	34.8	8.2	3.6
Capital contribution	8,282.6	100.3	7,238.0
Impairment losses[1]	–17,167.0	–638.9	–1,539.1
Dividend of shares[2]	–5,865.4	–	–8,519.2
Closing balance	**36,335.1**	**51,050.1**	**51,580.5**

1 Impairment losses 2008 and 2007 have occurred in connection with the receipt by the Parent Company of dividend from a subsidiary.
2 Dividend of shares 2008 is related to Loomis AB. Dividend of shares 2006 is related to Securitas Direct AB and Niscayah Group AB (former Securitas Systems AB).

Note 50. Shares in associated companies

HOLDINGS 2006–2008

Company	Domicile	*Share in equity, %*	*Voting rights, %*	Book Value
Walsons Services Pvt Ltd	Delhi	*49.0*	*49.0*	112.1
Holdings 2008	–	–	–	**112.1**
Walsons Services Pvt Ltd	Delhi	*49.0*	*49.0*	110.0
Holdings 2007	–	–	–	**110.0**
Securitas Employee Convertible 2002 Holding S.A.	Luxembourg	*43.1*	*42.4*	163.8
Holdings 2006	–	–	–	**163.8**

Note 51. Prepaid expenses and accrued income

MSEK	2008	2007	2006
Prepaid rent	6.0	53.0	12.2
Prepaid financial expenses	0.5	22.4	27.8
Other prepaid expenses	16.1	21.6	9.5
Accrued interest income	39.1	274.8	237.9
Total prepaid expenses and accrued income	**61.7**	**371.8**	**287.4**

Note 52. Liquid funds

Liquid funds include Cash and bank deposits and Short-term investments with a maximum duration of 90 days. In the Parent Company's balance sheet, utilized internal credits in the Swedish cash-pool account are reported under the Group account bank overdraft. Short-term investments refer to fixed interest rate bank deposits.

Note 53. Changes in shareholders' equity

Number of shares outstanding 31 December 2008			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, 2007. As of December 31, 2008 there where no outstanding convertible debenture loans that could result in any dilution ot 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 Investment AB Latour, which together with Säkl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB holds 11.6 percent of the capital and 30.0 percent of the votes, and Melker Schörling AB, which holds 5.6 percent of the capital and 11.8 percent of the votes.

Dividend

The Board of Directors and the President propose a dividend to the shareholders of the Parent Company of SEK 2.90 per share, or a total of MSEK 1,058.7. The dividend to the shareholders for the previous year 2007, which was paid out in 2008, was SEK 3.10 per share, or a total of MSEK 1,131.7. The dividend to the shareholders for the year 2006, which was paid out in 2007, was SEK 3.10 per share, or a total of MSEK 1,131.7.

Note 54. Convertible debentures loans

Information relating to convertible debentures is provided in Note 30 and is identical for the Parent Company and the Group.

Note 55. Long-term liabilities

LONG-TERM LIABILITIES FALL DUE FOR PAYMENT AS FOLLOWS

MSEK	2008	2007	2006
Maturity < 5 years	7,011.1	7,119.6	4,631.0
Maturity > 5 years	67.7	58.8	–
Total long-term liabilities	**7,078.8**	**7,178.4**	**4,631.0**

Note 56. Accrued expenses and prepaid income

MSEK	2008	2007	2006
Employee-related items	45.2	22.1	14.6
Accrued interest expenses	174.8	354.6	278.5
Other accrued expenses	49.7	72.1	6.5
Total accrued expenses and prepaid income	**269.7**	**448.8**	**299.6**

Note 57. Pledged assets

MSEK	2008	2007	2006
Pensions balances, defined contribution plans	55.2	58.3	54.0
Total pledged assets	**55.2**	**58.3**	**54.0**

Note 58. Contingent liabilities

MSEK	2008	2007	2006
Sureties and guarantees[1]	1,845.7	2,217.5	2,398.6
Other contingent liabilities	48.0	93.9	90.0
Total contingent liabilities	**1,893.7**	**2,311.4**	**2,488.6**
(Of which on behalf of subsidiaries)	(1,845.7)	(2,311.4)	(2,488.6)

1 The Parent Company carries guarantees for loan liabilities at full value even if the underlying facilities have not been fully utilized by the subsidiaries.

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, 2009.

Stockholm, March 10, 2009

Melker Schörling
Chairman

Carl Douglas
Vice Chairman

Fredrik Cappelen
Director

Marie Ehrling
Director

Annika Falkengren
Director

Stuart E. Graham
Director

Sofia Schörling Högberg
Director

Berthold Lindqvist
Director

Fredrik Palmstierna
Director

Susanne Bergman Israelsson
Director
Employee Representative

Åse Hjelm
Director
Employee Representative

Jan Prang
Director
Employee Representative

Alf Göransson
President and Chief Executive Officer, Director

Our audit report has been submitted on March 11, 2009
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Auditor in charge

Lennart Danielsson
Authorized Public Accountant

(Translation of the Swedish original)

To the annual meeting of the shareholders of Securitas AB (publ.)

Corporate identity number 556302-7241

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the president of Securitas AB for the year 2008. The company's annual accounts and the consolidated accounts are included in the printed version on pages 48–120. The board of directors and the president are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

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

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

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the president be discharged from liability for the financial year.

Stockholm, March 11, 2009

PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Auditor in charge

Lennart Danielsson
Authorized Public Accountant

Corporate Governance – Our Approach

Securitas is committed to meeting high standards of Corporate Governance. The ultimate aim of the Corporate Governance is to protect the interests of shareholders' and other stakeholders. In order to achieve this Securitas has created a clear and effective structure for responsibility and governance.

Compliance to Swedish Code for Corporate Governance

Securitas AB is a Swedish public company listed since 1991 on the NASDAQ OMX Stockholm. Securitas applies the Swedish Code of Corporate Governance and has published principles for Corporate Governance in previous Annual Reports and has a separate section on the Group website.

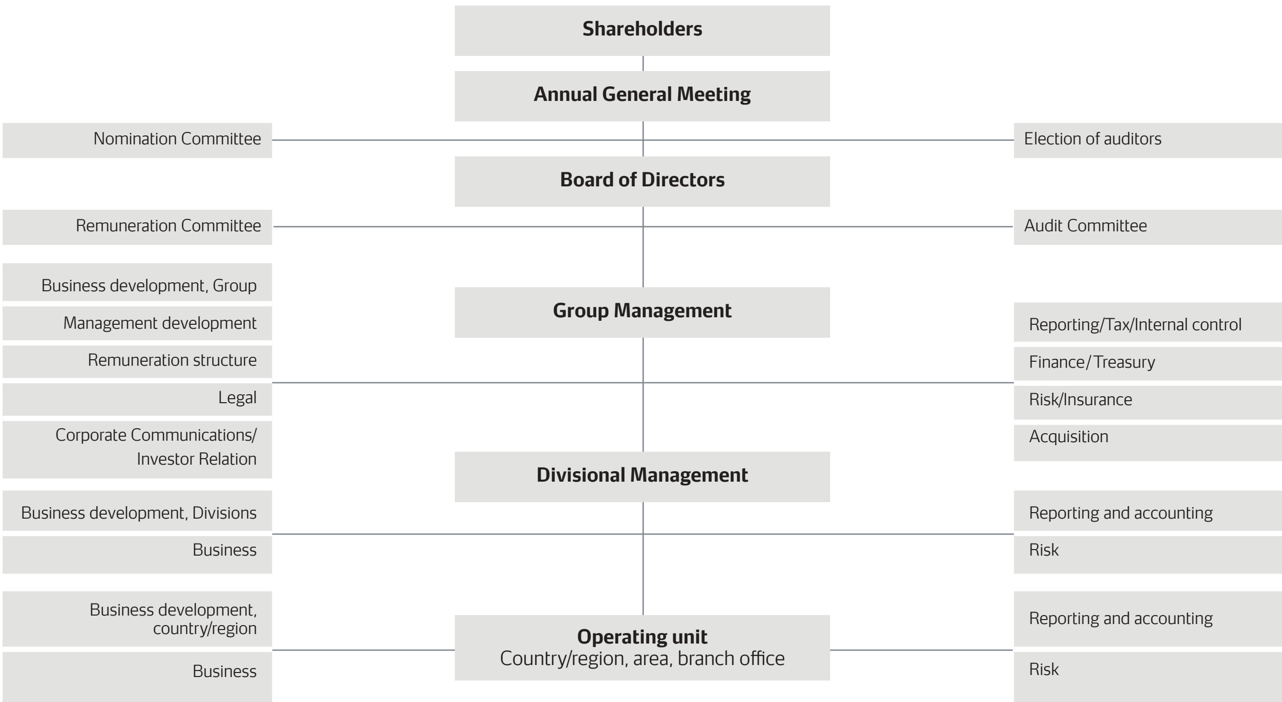
Securitas complies with the Swedish Code for Corporate Governance principle of "comply or explain" and follow up during 2008 has resulted in Securitas not having any deviations to report. Prior year deviations (as described in Securitas Annual Report 2007) do no longer apply due to changes in committee composition and the revised Swedish Code for Corporate Governance as of July 1, 2008. For further information on this refer to the website. This report does not form a part of the Annual Report and has not been audited.

Further information on Corporate Governance

- Swedish Code for Corporate Governance: Framework and Compliance
- Corporate Governance Organization: Internal Control Organization, Legal Structure and Nomination Committe
- Annual General Meetings: Information from Securitas Annual General Meetings since 2006 including such information as minutes, presentations, guidelines for remuneration, etc.
- Board of Directors: Responsibilites and work procedures, independence, committees, remuneration, etc.
- Group Management
- Auditors
- Corporate Governance Report and Internal Controls Report
- Articles of Association

This information is available at www.securitas.com

Organization of Corporate Governance



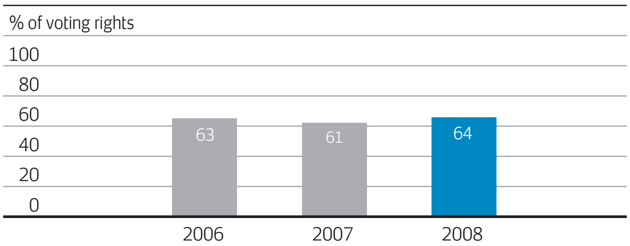
Significant Shareholders

The principal shareholders in Securitas AB on December 31, 2008 were Investment AB Latour, which together with Säkl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB held 11.6 percent (11.6) of the share capital and 30.0 percent (30.1) of the votes, and Melker Schörling AB, with 5.6 percent (4.7) of the share capital and 11.8 percent (11.1) of the votes. These shareholders are represented on the Board of Directors by Carl Douglas, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg. For more detailed information on shareholders please see the table on page 46. The company's share capital consisted of 17,142,600 Series A shares and 347,916,297 Series B shares as of December 31, 2008. Each Series A share carries ten votes and each Series B share one vote. In the event that the company issues new Series A and B shares, current shareholders have the preferential right to subscribe for new shares of the same series in proportion to their existing holdings.

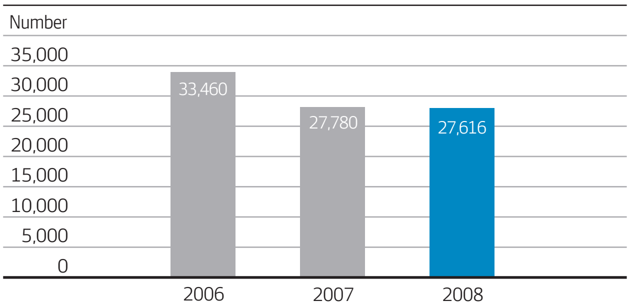
Annual General Meeting

All shareholders are able to exercise their influence at the Annual General Meeting, which is the company's highest decision-making body. The Annual General Meeting of Securitas AB (publ.) was held on April 17, 2008 and the minutes are available on Securitas webpage where all resolutions passed can be found. For election and remuneration of Board members see page 124. At the meeting shareholders representing 64.4 percent of the votes attended either personally or by proxy.

ANNUAL GENERAL MEETING ATTENDENCE 2006–2008



NUMBER OF SHAREHOLDERS 2006–2008



Extraordinary General Meeting 2008

At the Extraordinary General Meeting in Securitas AB (publ.) on December 3, 2008, it was resolved, in accordance with the Board of Directors' proposal, on a dividend to the effect that all shares in the wholly-owned subsidiary Loomis AB will be distributed to the shareholders. The book value of the dividend in the Parent Company Securitas AB was MSEK 5,865.4 and for the Group representing net assets of MSEK 2,862.8.

Nomination Committee

The Nomination Committee is an organ established by the Annual General Meeting with the task of preparing the election of Board Members, the Chairman of the Board, the auditor and remunerations to Board members, Board Committees and auditors and other related matters before the forthcoming Annual General Meetings.

At the Annual General Meeting held on April 17, 2008 the following five people were elected members of the Nomination Committee to work before the AGM 2009:

Name	Representing	Re-election	*Share of Votes*[1]
Gustaf Douglas	Major shareholders	YES	*30.1%*
Mikael Ekdahl	Melker Schörling AB (Major shareholder)	NEW	*11.1%*
Staffan Grefbäck	Alecta	NEW	*6.6%*
Marianne Nilsson	Swedbank Robur	YES	*2.6%*
Mats Tunér	SEB Funds	YES	*3.6%*

1 As of April 17, 2008.

Gustaf Douglas was re-elected Chairman of the Nomination Committee. The Nomination Committee shall be entitled to appoint one additional member of the Nomination Committe. The General Meeting resolved that in case a shareholder, whom a member of the Nomination Committee represents, is no longer one of the major shareholders of Securitas (based on votes), or if a member of the Nomination Committee is no longer employed by such shareholder or any other reason leaves the committee before the Annual General Meeting 2009, the Committee shall have the right to appoint another representative of the major shareholders to replace such member.

The Committee's work is established in the Procedure and Instructions for the Nomination Committee of Securitas AB. The Committee shall hold meetings as often as necessary in order for the Committee to fulfill its duties. However, the Committee shall hold at least one meeting annually. During 2008 the committee has met two times.

The Members of the Board of Directors

Securitas has ten members elected by the Annual General Meeting, three employee representatives and two deputy employee representatives.

The Annual General Meeting 2008 re-elected Carl Douglas, Marie Ehrling, Annika Falkengren, Stuart E. Graham, Alf Göransson, Berthold Lindqvist, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg and elected Fredrik Cappelen as new Board member. The Annual General Meeting re-elected Melker Schörling as Chairman of the Board. Mikael Ekdahl, Attorney at law, is the secretary of the Board. For further information on the members of the Board of Directors and President and CEO, please see pages 132–133. It was resolved that the fees to the Board should amount to SEK 4,875,000 in total (excluding fees for committee work) to be distributed among the Board members as follows; Chairman of the Board: SEK 1,000,000, deputy Chairman of the Board: SEK 725,000 and each of the other Board members (except the President and CEO and employee representatives) SEK 450,000.

The Responsibilities of the Board of Directors

The Board of Directors is responsible for the Group's organization and administration in accordance with the Swedish Companies Act and appoints the President and CEO, the Audit Committee and the Remuneration Committee. In addition, the Board of Directors decides on the President and CEO's salary and other remuneration. The Board meets a minimum of six times annually. The Group's auditors participate in the meeting of the Board of Directors in conjunction with the yearly closing of the books.

Board Member	Independence in relation to the company	Independence in relation to shareholders
Melker Schörling	Yes	No
Carl Douglas	Yes	No
Fredrik Cappelen	Yes	Yes
Marie Ehrling	Yes	Yes
Annika Falkengren	Yes	Yes
Stuart E. Graham	Yes	Yes
Alf Göransson (President and CEO)	No	Yes
Berthold Lindqvist	Yes	Yes
Fredrik Palmstierna	Yes	No
Sofia Schörling Högberg	Yes	No
Total	**9**	**6**

The Procedure 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 are adopted by the Board each year after the Annual General Meeting. According to these rules, the Board shall decide on, among other things, the Group's overall strategy, corporate acquisitions and property investments, in addition to establishing a framework for the Group's operations by approving the Group's budget. The procedures include a work instruction for the Chief Executive Officer as well as instruction for the financial reporting. The procedures also prescribe that an annual evaluation of the work of the Board of Directors shall be carried out.

					Attendence			
Board Member	Elected	Position	Audit Committee	Remuneration Committee	Board Meetings (9 total)	Audit Committee Meetings (4 total)	Remuneration Committee Meetings (3 total)	Total Fee, SEK[3]
Melker Schörling	1987	Chairman	–	Chairman	9		3	1,100,000
Carl Douglas	1992	Vice Chairman	–	–	8			725,000
Fredrik Cappelen[1]	2008	Member	Member	–	8	3		550,000
Marie Ehrling	2006	Member	Chairman	–	9	4		650,000
Annika Falkengren	2003	Member	–	–	8			450,000
Stuart E. Graham	2005	Member	–	–	9			450,000
Alf Göransson (President and CEO)	2007	Member	–	–	9			0
Berthold Lindqvist	1994	Member	Member	Member	4	3	3	600,000
Fredrik Palmstierna	1985	Member	–	–	9			450,000
Sofia Schörling Högberg	2005	Member	–	–	8			450,000
Susanne Bergman Israelsson[2]	2004	Member			7			0
Åse Hjelm[2]	2008	Member			5			0
Jan Prang[2]	2008	Member			6			0

1 Appointed member of Board of Directors at Annual General Meeting April 17, 2008 and also appointed member of Audit Committee at the Statutory Meeting of the Board of Directors on April 17, 2008.
2 Employee representatives, appointed member of Board of Directors at Annual General Meeting April 17, 2008. Deputy Employee representatives are Thomas Fanberg and Joakim Hellmouth.
3 Total fee includes fees for committee work. In total SEK 550,000 was paid out for committee work, where of SEK 150,000 for Remuneration Committee and SEK 400,000 for Audit Committee work. For more details refer to the Minutes of AGM 2008 on Securitas website www.securitas.com

The Work of the Board of Directors

In 2008, the Board held nine meetings, of which one was a telephone conference. The auditors participated and presented the audit at the Board meeting in February 2008. Topics that have been discussed among other things are:

- Interim and Annual Reports
- Presentation of the divisional business plans and budgets for 2009
- Listing of Loomis
- Investment and acquisition activities
- Financing
- Guidelines for remuneration and bonuses and other personnel related matters
- Reporting by the Board of Directors' Committees
- Policies and instructions
- Annual assessment of the work of the Board of Directors
- Dividend proposal
- Insurance
- Legal matters
- Market and competition

Audit Committee

The Board of Directors has established an Audit Committee, operating under the "Instructions for the Audit Committee appointed by the Board of Directors", that meets with Securitas' auditors at least four times per year. The Committee focuses on accounting matters and the presentation of financial information and its internal control, as well as overseeing risk matters. The Committee presents its findings and proposals to the Board, before the Board's decision-making. For members and attendance refer to previous tables.

The Committee met four times in 2008.
Topics that have been discussed among other things are:

- Continuous updates on the listing of Loomis
- Discussions and updates within the areas accounting, financing, acquisitions, risk, insurance strategy, tax, legal matters and litigation
- Financial reporting for 2008
- Internal control activities including Enterprise Risk Management
- Audit-related matters including audit cost and policy for approval of additional services
- Impairment test
- Corporate Governance Report
- Internal audit assessment

Remuneration Committee

The Board has also formed a Remuneration Committee to deal with all issues regarding salaries, bonuses, options 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, before the Board's decision-making. The committee held three meetings during 2008. For members and attendance refer to previous tables.

Guidelines for Remuneration to Management

The Annual General Meeting 2008 resolved on guidelines for remuneration to management principally entailing that remuneration and other terms of employment for management shall be competitive and in accordance with market conditions, in order to ensure that Securitas will be able attract and keep competent management employees. The total remuneration to management shall consist of a fixed basic salary, variable remuneration, pensions and other benefits.

In addition to a fixed annual salary, Group Management may also receive variable remuneration based on the outcome in relation to financial goals and growth targets within the individual area of responsibility (Group or division) and in line with the interests of the shareholders. The variable remuneration shall amount to a maximum of 50 per cent of the fixed annual salary of the President and a maximum of 35–200 per cent of the fixed annual salary for other individuals of Group Management.

The undertakings of the company as regards variable remuneration may, at maximal outcome within all divisions during 2008, amount to a maximum of MSEK 43.

The pension rights of management employees shall be applicable as from the age of 65, at the earliest, and the entire Group Management shall be subject to fee-based pension plans for which insurance premiums are transferred from the individual's total remuneration and paid by the company during the term of employment. The variable remuneration shall principally not be pension qualifying.

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

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

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

Additional information on remuneration to the Board of Directors and Senior Management is disclosed in the Notes and Comments to the Consolidated Financial Statements 2008. See Note 8 pages 84–87.

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 further described on pages 36–37. Group Management 2008 comprised the President and CEO and ten executives. For further information on the members of the Group Management, please see pages 134–135.

Financial Reporting

The Board ensures the quality of financial reporting through a series of Group policies, procedures, frameworks, clear structures with defined responsibilities and through documented delegation of authority which is further described in the Internal Control report. The Board has also set up an Audit Committee that is instructed to review and recommend all financial reports delivered by the Group to the Board. Financial reporting including valuation issues, judgements and potential changes in estimates and accounting policies where necessary, is continually considered by the Audit Committee and presented to the Board. The Audit Committee also covers legal matters and litigations on a quarterly basis. All interim and full year reports are approved by the Board.

The company's auditors submit a report to the Board of Directors annually stating that they have audited the company and the results thereof. This report shall be presented orally by the auditors at the Board meeting that deals with the year-end report. During this meeting, the members of the Board shall be given the opportunity to ask questions of the auditors. It is expected that the statement of the auditors shall, inter alia, indicate whether the company is organized in a way that makes it possible to supervise, in a safe manner, accounting, management of assets and the financial relations of the company. The auditors also issue a review report on the half year interim report. In addition the auditors take part in the Audit Committee meetings where the contents are reported back to the Board.

Immediately before signing the Annual Report and half year interim report The Board of Directors and the President and CEO certify that the reports give a true and fair overview of the Parent Company's and the Group's operations, financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Auditors

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

The auditors' work is performed based on an audit plan, which is determined in agreement with the Audit Committee and Board of Directors. The auditors participate in all meetings with the Audit Committee and present their findings from the audit at the Board meeting in February. In addition the auditors shall annually inform the Audit Committee of services rendered other than audit, auditing fees received for such services and other circumstances that might effect the evaluation of the auditors' independence. The auditors shall also participate in the Annual General Meeting, presenting their performed audit work and conclusions.

The audit is performed in compliance with the Swedish Companies Act and generally accepted auditing standards in Sweden, which is based on International Standards on Auditing (ISA). The auditors have, upon instruction from the Board of Directors, conducted a general examination of the Interim Report for the period January 1 until June 30, 2008.

Peter Nyllinge has been auditor in-charge of Securitas AB since 2008. In addition to the Securitas assignment, in 2008 he acted as auditor of ASSA ABLOY AB, Bonnier AB, SEB and Säkl AB, among other companies.

Audit Fees and Reimbursement

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

AUDIT FEES AND REIMBURSEMENT (PWC)[1]

	Group			Parent Company		
MSEK	2008	2007	2006	2008	2007	2006
Audit Assignment	29.0	30.9	28.4	5.3	7.7	8.2
Other Assignments	33.1	23.7	44.7	10.5	3.1	12.7

1 Audit fees and reimbursement to PwC relates to continuing operations (excluding Loomis). Comparatives have been restated.

Communication Policy

Securitas has adopted a Communication Policy, approved by the Board of Directors, in accordance with the stock market's requirements for information with the aim of ensuring that the company fulfills these requirements. The Policy covers both written information and verbal statements and applies to the Board of Directors, Group and Divisional Management as well as Country and Regional Management.

The Policy states that communication shall be used in a comprehensive manner in order to create an understanding and knowledge of Securitas' strategy, business operations and financial position. Securitas' financial and other communication shall at all times comply with the Stock Exchange Rules and other relevant rules and legal obligations that might apply to Securitas, as well as with general stock market practice.

The Group is fully focused on creating shareholder value, which includes providing the investment community with high-quality financial information. The Policy includes routines for the year-end report, interim reports, Annual Report, Annual General Meeting, the company website, etc. Crisis communication and information leakage are also included in the Policy.

Insider Policy and Records

The Board of Directors of Securitas AB has adopted an Insider Policy as a complement to the insider legislation in force in Sweden. This policy is applicable to all persons reported to the Swedish Financial Supervisory Board (Finansinspektionen) as holding insider positions in Securitas AB (subsidiaries included), as well as certain other categories of employees. Each person covered by the Insider Policy is individually notified thereof. The list of persons holding an insider position in Securitas AB, which is kept by Finansinspektionen, is reviewed regularly.

The Insider Policy sets the routine for "closed periods", during which trading in financial instruments issued by (or related to shares in) Securitas is prohibited.

Securitas also maintains an internal insider register in accordance with the instructions from time to time issued by the CEO. Such register shall include, inter alia, information about all persons having access to inside information, the type of registered inside information and the date when the register was updated.

A report covering all insider trading activities in Securitas is presented every calendar quarter to the Board of Directors, the Auditors and the Group Management.

Code of Conduct

Securitas has adopted a Code of Conduct to ensure that the company upholds and promotes the highest ethical business standards. Our basic requirement is to act within the framework of laws and international conventions. This means that we respect and comply with competition rules, environmental legislation, labor market laws, agreements and safety requirements and other provisions that set the parameters of our operations.

Securitas supports and respects basic human rights and recognizes the responsibility to observe those rights wherever Securitas operates. The company also believes in building relationships based on mutual respect and dignity with all employees. Securitas will not use forced, involuntary or underage labor and will respect the right of all employees to form and join trade unions. Securitas is an equal-opportunity employer and does not tolerate bullying or harassment.

Securitas also recognizes the importance of open communication with everyone who is in contact with the operations, including clients, workforce, investors and the general public.

For further information on Securitas responsibility with regard to social, economical and environmental issues refer to pages 42–43.

Internal Control

Description of Internal Control and Risk Management

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

Securitas' system of internal control is designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material financial reporting misstatement or loss.

Loomis was part of the Securitas Group until December 8, 2008 and thus also important from an Internal Controls perspective. Loomis' system of internal control was based on Securitas' governance framework but additional areas and control activities were included to accommodate the distinctive characteristics and risks of its business.

Control Environment

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

Overall the Group operates in a flat and specialized organization whereby managers are given clear objectives and are authorized to make their own decisions and develop their operations close to the customers. For more information on the management model refer to pages 34–35. Delegation of authority is documented in an approval matrix that provides a clear direction for managers at all levels.

Emphasis is placed on the quality 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 adopted a set of values to act as a framework for its people to exercise judgment and make decisions on a consistent basis.

The Group's major financial policies, procedures and frameworks include a comprehensive manual, Group Policies and Guidelines, a Reporting Manual, Securitas model for financial control (for more detailed information on the model refer to pages 36–37), a Group Treasury Manual and the IT Security Manual. 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 going forward. Accountabilities for managing risks are clearly assigned to the Group, Divisional and local management. The Group Management team 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 have the responsibility to ensure that there is a process throughout the division to create risk awareness. Operating unit managers and country risk managers are responsible for ensuring that risk management is part of the local corporate culture at all levels within a country.

The Group has an established, but evolving, system of business risk management, which is integrated into the Group's business planning and performance monitoring processes regardless whether it is financial, operational or compliance risks.

Additionally, business risk reviews and risk reviews are conducted routinely throughout the Group. Procedures exist to ensure that significant risks and control failures are escalated to Group Management and the Board, as necessary, on a periodic basis.

For more information on risk management refer to pages 38–41.

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.

1. Self Assessment

Every operating unit throughout the Group annually performs a control self assessment of the compliance with Group Policies and Guidelines, the Reporting Manual and the IT Security Manual. An extensive questionnaire is used to measure to what extent defined requirements are fulfilled. The control self assessment is signed off by the President and the Controller within each entity. As a part of the process, the external auditor performs a validation of the answers given in the questionnaire for questions deemed as risk areas. Answers are compiled at divisional level as well as at a Group level in order to support benchmarking within a division or between divisions. Reported deviations include written comments on planned improvements to address deviations and a deadline for when planned actions will be in place. All reports are made available to Divisional Management, Group Management and the Audit Committee.

2. Risk and Control Diagnostics

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

For 2008 specific focus has been placed on new countries in the Group rather than a specific function, since this has been assessed as a risk area in terms of integration from a financial reporting and control standpoint due to recent acquisition activities. The diagnostic entails a "kit" covering IFRS reporting compliance as well as key controls within financial processes and IT security. The findings from these diagnostic reviews are presented to Group Management and the Audit Committee.

3. Financial Reporting

Controllers at all levels have 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 Divisional Controllers are responsible for ensuring compliance with the approved set of policies and frameworks and for ensuring that internal control procedures in relating to financial reporting are implemented. The Controller is also responsible for reporting financial information that is correct, complete and on time. Controllers receive continuous feedback on reporting quality from Group which is an effective tool used to enhance reporting. In addition each division has a Divisional Controller with corresponding responsibilities at an aggregated level.

4. Letter of Representation

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

5. Acquisition Routines

The Group has specific policies and procedures to ensure that all business acquisitions are appropriately approved and rigorously analyzed for the financial and operational implications of the acquisition. The Group also conducts post acquisition appraisals on a periodic basis.

6. Contract Management

Customer contract management and loss prevention are key to Securitas business. The Group has specific policies and procedures related to contract management described in more detail on pages 38–41.

Information and Communication

A program of communication exists and is constantly being developed to ensure that all staff are given clear objectives and are made aware of the parameters that constitute acceptable business practice and the expectation of the Board in managing risks. This provides a clear definition of the Group's purpose and goals, accountabilities and the scope of permitted activities of employees.

Systems and procedures have been implemented to provide the management with the necessary reports on business performance relative to established objectives. Appropriate information systems exist to ensure that reliable and timely information is made available to management, enabling them to carry out their responsibilities adequately and efficiently.

Monitoring

Monitoring is performed at different levels and by different functions in the organization. The key ones; Board of Directors, Audit Committee, Group Management, Functional committees, Management Assurance, Group legal Function and Group Risk Organization are further elaborated on below. The letters A–G has a corresponding reference in the organization chart on page 130.

A. Board of Directors

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

- Discussion with Group Management on risk areas identified by the 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 provide oversight of the effectiveness of the Group's internal control systems and financial reporting process.

B. Audit Committee

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

C. Group Management

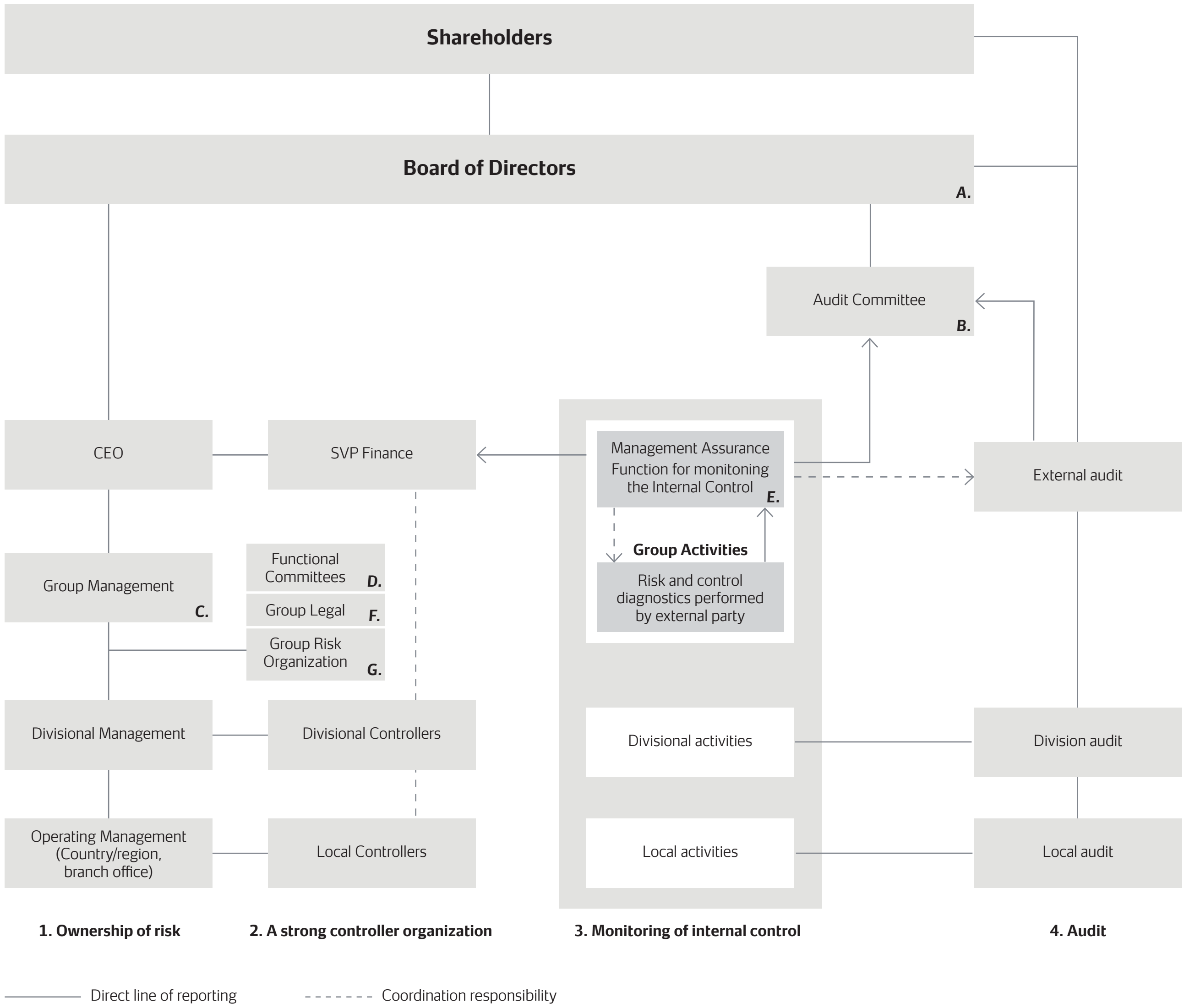
Group Management reviews performance through a comprehensive system of reporting based on an annual budget, with regular business reviews against actual results, analysis of variances, key performance indicators (Securitas model for financial control, refer to pages 36–37, adapted by division) and regular forecasting. This reporting is also reviewed by the Board.

D. Functional Committees

The Group has established a number of functional committees and working groups including for the functions Reporting, Finance/Treasury, Insurance/Risk, Legal, Tax, and Internal Control. These committees include the Senior Vice President Finance and/or Senior Vice President Corporate Finance and the appropriate functional area experts.

The main purposes of these functional committees are to determine appropriate policies, communicate these policies, and ensure local understanding (including training) of policies and to monitor key issues within each area of responsibility. Quarterly meetings are held with the President and CEO where topics subject to reporting to the Audit Committee are discussed.

Organization of Internal Control



A. – **G.** correspond to the descriptions on pages 129–131.

E. Management Assurance – Function for Monitoring the Internal Control

The Group has established an objective coordinating function in relation to certain internal control activities at Group level reporting directly to the Senior Vice President Finance with an open line of communication to the Audit Committee. The results of the function's work during the year are presented at the Audit Committee meetings.

In line with one of the Group's fundamental principles, this function has continued to develop step-by-step and improve the Group internal control through different activities during the year. Specific focus has been put on improvement of follow up procedures and reporting as well as identification of risks related to financial reporting. Experiential exchange through the different activities is also a key part of improvement of control environment. The function works with a combination of internal resources and resources in form of external auditors and consultants depending on the specific situation/area.

The current responsibilities include:

- Assistance in the control self-assessment process specifically ensuring follow-up where required
- Monitoring the results of the risk and control diagnostics undertaken during the year and ensuring appropriate follow-up of agreed actions
- Assistance in risk management development, implementation and coordination processes.
- Determine and plan for areas of specific focus and/or control diagnostics based on risk assessments made, discussions with divisional management and audit findings
- Monitoring communication from the external auditors and ensuring prompt follow-up and implementation of any recommendations impacting the internal controls of the company
- Support Group management in reviewing and discussing audit plans with external auditors in order to internally coordinate and communicate matters such as; scoping, timing, documentation requirements, etc
- Coordinating the process of updating and renewing the Group Policies and Guidelines, contributing with feedback on the Reporting Manual and the IT Security Manual.

F. Group Legal Function

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

G. Group Risk Organization

The Group Risk Organization is responsible for providing Securitas with opportunities to take and manage the risks that are necessary in order to ultimately achieve Securitas strategies and goals. Risk management is an integral part of the Securitas culture. The risk management process continuously evolves as a process. The risk management of the Group is further described on pages 38–41.

Internal Audit Function Assessment

Basis for Assessment

In compliance with the requirements of section 10.6 of the Swedish Code of Corporate Governance, the Board has developed a process for evaluating the need for the Group to develop an internal audit function. The foundation of the Board's assessment has been to evaluate how the Board and Group Management manage risks and monitor operations in the most effective way.

In this assessment it was considered if an internal audit function further would help the Board to acheive its objectives and add shareholder value.

The assessment process highlighted certain inherent risks in the Group's business model and organizational structure such as the decentralized structure and the result-driven culture. The assessment process also involved analyzing the major control mechanisms in place to address these inherent risks.

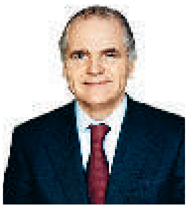
The Board´s analysis shows that there are several control activities, summarized on pages 128–129, that are carried out within the company in a way that reduce the need to develop an internal audit function. Furthermore there is a strong common culture and monitoring activities in place, including the Model for Financial Control (Securitas Six Fingers), implemented at all levels in the organization. These factors in combination with a well established allocation of responsibilities ensures accuracy and completeness of financial reporting. All of these components including the development of the activities undertaken by the Management Assurance function enables a well-functioning monitoring structure. The current Management Assurance solution also entail greater flexibility and responsiveness to the risks faced by the company which fits our business model.

Assessment

In the light of the assessment made as described above, it has not been deemed necessary to create a special Internal Audit Function. The assessment performed by the Board of Directors will be carried out on yearly basis as a part of the corporate governance process within the Group.

Stockholm, March 10, 2009

The Board of Directors of Securitas


Melker Schörling


Carl Douglas


Alf Göransson


Fredrik Cappelen


Marie Ehrling


Annika Falkengren


Stuart E. Graham

Board of Directors

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

Carl Douglas (Vice Chairman) b.1965
Deputy Director of Securitas AB since 1992 and Director since 1999. Vice Chairman since 2008.
Other board assignments: Director of ASSA ABLOY AB, Niscayah Group AB, Swegon AB, Investment AB Latour and Säkl AB.
Principal education: Bachelor of Arts.
Shares in Securitas: 12,642,600 Series A-shares and 29,509,080 Series B-shares via private holdings, Investment AB Latour, Karpalunds Ångbryggeri AB, Säkl AB and Förvaltnings AB Wasatornet.

Alf Göransson b. 1957
Director of Securitas AB since 2007. President and Chief Executive Officer of Securitas AB since 2007.
Other board assignments: Director of Loomis AB, Hexpol AB and Axel Johnson Inc., USA.
Principal education: International BSc in Economics and Business Administration, School of Business, Economics and Law, Göteborg University.
Previously: President and CEO of NCC AB, 2001–2007, CEO of Svedala Industri AB, 2000–2001, Business Area Manager at Cardo Rail, 1998–2000, and President of the contracting company Swedish Rail Systems AB in the Scancem Group, 1993–1998.
Shares in Securitas: 30,000 Series B-shares.

Fredrik Cappelen b. 1957
Director of Securitas AB since 2008.
Other board assignments: Chairman of Byggmax Group AB, Chairman of Svedbergs AB, Director of Cramo Oy, Director of Munksjö AB and Vice Chairman of ICC Sweden.
Principal education: BSc in Business Administration.
Previously: 1995–2008 President and Group Chief Executive of Nobia. Marketing Director of Stora Finepaper, President of Kaukomarkkinat International Sweden and Norway and Managing Director of Kaukomarkkinat GmbH, Germany.
Shares in Securitas: –

Marie Ehrling b. 1955
Director of Securitas AB since 2006.
Other board assignments: Director of Nordea AB, Oriflame Cosmetic SA, Schibsted ASA, HomeMaid AB, Safegate AB, CASL at Stockholm School of Economics, World Childhood Foundation and Business Executives Council IVA.
Principal education: BSc in Economics and Business Administration.
Previously: CEO of Telia Sonera Sverige 2003–2006, deputy CEO of SAS AB, responsible for SAS Airlines and other executive positions at SAS, Information Secretary at the Ministry of Finance and Ministry of Education and Research and financial analyst at Fjärde AP-fonden.
Shares in Securitas: 4,000 Series B-shares.

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

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

All figures refer to holdings on December 31, 2008.
For information about independence of the Board members, please see the section The members of the Board of Directors on page 124.
For information about remuneration to the Board of Directors and Senior Management, please see Note 8 on pages 84–87.

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

Berthold Lindqvist b. 1938
Director of Securitas AB since 1994.
Other board assignments: Director of Cardo AB and JM AB.
Principal education: Ing. Med. Dr.hc.
Previously: President and CEO of Gambro 1984–1998. Executive Vice President of Wilhelm Sonesson AB 1983–1984.
Shares in Securitas: 10,000 Series B-shares.

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

Employee representatives

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

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

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

Deputies

Joakim Hellmouth b. 1966
Deputy Director of Securitas AB since 2007.
Employee Representative, Swedish Transport Workers' Union.
Shares in Securitas: –

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

Auditors

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

Lennart Danielsson b. 1959
Authorized Public Accountant, Pricewater-houseCoopers AB. Auditor of Securitas AB since 2006.
Other audit assignment: Indutrade AB, Sweco AB and Swedol AB.


Sofia Schörling Högberg


Berthold Lindqvist


Fredrik Palmstierna


Susanne Bergman Israelsson


Åse Hjelm


Jan Prang

All figures refer to holdings on December 31, 2008.
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Santiago Galaz Alf Göransson Olof Bengtsson William Barthelemy Gisela Lindstrand Lucien Meeus

Santiago Galaz b. 1959
Divisional President, Security Services North America
Shares in Securitas: 58,000 Series B-shares.

Santiago Galaz has been in the security business for over twenty years. He joined Securitas in 1995 as the Managing Director of Security Services Spain after twelve years at the Eulen Group, one of the largest services groups in Spain. In 1997 he was appointed the Spanish Country Manager for Security Services, Systems and Cash Handling Services and later became Divisional President of Cash Handling Services Europe. Santiago was appointed Divisional President of Security Services North America in March 2003.

Alf Göransson b. 1957
President and Chief Executive Officer of Securitas AB
Shares in Securitas: 30,000 Series B-shares.

Alf Göransson's was the 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 the contracting company Swedish Rail Systems AB in the Scancem Group, 1993–1998. Alf holds an international BSc in Economics and Business Administration from the School of Business, Economics and Law, Göteborg university. Other assignments: Board member of Loomis AB, Hexpol AB and Axel Johnson Inc., USA.

Olof Bengtsson b. 1961
Senior vice President Corporate Finance
Shares in Securitas: 26,756 Series B-shares.

Olof Bengtsson is responsible for the Corporate Finance, Treasury and Risk/Insurance functions on Group level. He joined Securitas in 1993 as Group Treasurer and has been responsible for the Corporate Finance function since 1999. He has held positions in treasury and corporate finance in the Atlas Copco Group between 1985–1987 and in the STORA Group between 1988–1993. Olof has a B.Sc. in Finance and Business Administration from the Stockholm School of Economics, where he finished his studies in 1985.

William Barthelemy b. 1954
Chief Operating Officer, Security Services North America
Shares in Securitas: 17,000 Series B-shares.

William Barthelemy brings over 30 years of industry experience to the organization. With a Criminology Degree from Indiana University of Pennsylvania, Bill began his career as an Investigator, moving to the Security Division after two years. He has worked in many field capacities, including Scheduling, Operations Manager, Branch Manager, 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: 1,000 Series B-shares.

Gisela Lindstrand, with a degree in Political science from Uppsala University, Sweden, is experienced in Corporate Communications and Public Affairs from different industries. She came to Securitas AB in April 2007 from the pharmaceutical company Pfizer AB, where she was the Government Affairs Director 2004–2007. Previously, 2001–2004, she was Press Relations Manager at the construction company NCC AB, and during 1996–2001 Information Director at the housing association SABO AB. Gisela was Press Relations Manager and Political Advisor to the former Swedish Prime Minister Ingvar Carlsson 1989–1996. Before then, she worked as a journalist.

Lucien Meeus b. 1947
Divisional President, Monitoring
Shares in Securitas: 5,500 Series B-shares.

Lucien Meeus worked in the Telecom and Pipeline industry, as e.g. Plant Manager, Commercial Director and Division Manager for Raychem Corporation (now Tyco) and TD Williamson. His areas of responsibilities covered Europe, North America, the Middle East and North Africa. In 1997 Lucien joined the security industry and started, on assignment of the leading Belgian Telecom Operator, a new company: Belgacom Alert Services. Lucien led this company, specializing in the alarm monitoring, into a JV operation with Securitas Direct in 2002, and into becoming a wholly owned subsidiary of Securitas AB in January 2005. Lucien graduated as a Technical Engineer in Mechelen, Belgium, in 1970 and completed his education with a Post Graduate Business Administration at UFSIA, Antwerp, Belgium and a Post Graduate of the Partnerships Program at IMD, Lausanne, Switzerland.

Bart Adam · Bengt Gustafson · Jan Lindström · Morten Rønning · Erik-Jan Jansen

Bart Adam b. 1965
Divisional President, Security Services Europe
Shares in Securitas: 4,500 Series B-shares.

Bart Adam brings over 15 years of security industry experience to Securitas. He joined the Group of Securis in Belgium (AviaPartner) in 1988 as a financial controller and since then he has worked in different financial and operational functions. He was appointed Branch Manager in 1993 and Area manager in 1995. After Securitas acquired Securis in 1999, Bart became in 2000 the Financial Manager for Securitas in Belgium. Two years later, in 2002 he was appointed Divisional Controller for Security Services Europe. Bart was appointed Chief Operating Officer for Security Services Europe in 2007. He became Divisional President in 2008. Earlier he worked at an insurance company, PricewaterhouseCoopers and AviaPartner. Bart holds a Commercial Engineering degree from the University of Leuven, Belgium.

Bengt Gustafson b. 1949
Senior vice President Chief Legal Counsel
Shares in Securitas: 0

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

Jan Lindström b. 1966
Senior vice President Finance
Shares in Securitas: 2,500 Series B-shares.

Jan Lindström joined Securitas in 1999 as controller for the Group's treasury in Dublin. In 2003 he was appointed to head the Group's reporting function at the head office in Stockholm. Jan holds a B.Sc. in Economics and Business Administration from Uppsala University in Sweden and previously he worked as an Authorized Public Accountant in PricewaterhouseCoopers between 1991 and 1999.

Morten Rønning b. 1960
Divisional President, Mobile
Shares in Securitas: 152,337 Series B-shares.

Morten Rønning has been with Securitas for over 20 years and joined the company in 1985 as a supervisor for Security Services in Stavanger, Norway after five years in the Military Police. In 1990 he was appointed Area Manager for the Southwest region in Norway and later became the Managing Director for Securitas AS in Norway. In 2004, Morten became the Vice President of Security Services Europe after having worked as the Managing Director for Security Services United Kingdom/Ireland for two years.

Erik-Jan Jansen b. 1965
Chief Operating Officer, Security Services Europe
Shares in Securitas: 0

Erik-Jan Jansen joined Securitas in 1996 and has held several management positions in Securitas, previously Country President of Securitas Services Netherlands. In 2008 he was appointed Chief Operating Officer, Security Services Europe. Erik-Jan holds a Bachelor degree in Business Administration from the Hotel Management School in Maastricht. Earlier he held several international assignments in the hotel industry.

Five Year Overview

MSEK	2004	2005	2006	2007	2008
INCOME					
• **Total sales**	**43,348.4**	**46,655.1**	**49,084.5**	**51,536.1**	**56,571.6**
of which acquired business	235.0	107.1	970.5	1,065.6	1,323.7
• ***Acquired sales growth, %***[1]	***1***	***0***	***2***	***2***	***3***
• ***Organic sales growth, %***	***6***	***4***	***6***	***6***	***6***
Operating income before amortization	**2,558.5**	**2,694.5**	**2,753.4**	**2,888.8**	**3,270.7**
• ***Operating margin, %***	***5.9***	***5.8***	***5.6***	***5.6***	***5.8***
Amortization and impairment of acquisition related intangible assets	–60.5	–72.8	–80.5	–439.8	–102.2
Acquisition related restructuring costs	–22.0	–1.0	–0.4	–2.1	–52.6
Items affecting comparability	–	–	–549.1	–78.1	–29.3
Financial income and expenses	–410.4	–374.7	–428.4	–475.2	–472.3
Revaluation of financial instruments	–	36.2	–35.8	–6.7	2.7
Share in income of associated companies	–	11.8	1.2	2.2	–
• **Income before taxes**	**2,065.6**	**2,294.0**	**1,660.4**	**1,889.1**	**2,617.0**
Taxes	–463.7	–494.5	–440.2	–535.1	–727.1
Net income for the year, continuing operations	**1,601.9**	**1,799.5**	**1,220.2**	**1,354.0**	**1,889.9**
Net income for the year, discontinued operations	927.2	914.2	–368.2	–828.0	431.8
Net income for the year, all operations	**2,529.1**	**2,713.7**	**852.0**	**526.0**	**2,321.7**
Minority share in net income, continuing operations	0.7	0.7	0.3	1.6	–1.9
Average number of shares after dilution ('000)	382,409	378,712	376,165	369,366	365,059
• **Earnings per share after dilution, continuing operations (SEK)**	**4.37**	**4.90**	**3.34**	**3.70**	**5.18**
CASH FLOW					
Operating income before amortization	**2,558.5**	**2,694.5**	**2,753.4**	**2,888.8**	**3,270.7**
Investments in non-current tangible and intangible assets	–764.5	–821.6	–666.7	–838.1	–977.0
Reversal of depreciation	656.6	776.6	776.0	775.6	839.9
Change in accounts receivable	–41.7	–287.2	–627.0	–780.6	7.8
Changes in other operating capital employed	19.6	359.4	114.7	1,069.1	107.3
Cash flow from operating activities	**2,428.5**	**2,721.7**	**2,350.4**	**3,114.8**	**3,248.7**
as % of operating income before amortization	***95***	***101***	***85***	***108***	***99***
Financial income and expenses paid	–395.0	–403.7	–338.7	–396.2	–433.4
Current taxes paid	–424.5	–827.6	–509.8	–457.6	–803.5
• **Free cash flow, continuing operations**	**1,609.0**	**1,490.4**	**1,501.9**	**2,261.0**	**2,011.8**
as % of adjusted income	***100***	***87***	***80***	***114***	***94***
Acquisitions, including cash payments from restructuring reserves	–221.2	–970.4	–361.2	–584.4	–1,021.5
Cash flow from items affecting comparability	–	–	–129.3	–15.1	–110.8
Cash flow from financing activities	–2,244.8	–2,855.2	204.0	372.1	–199.3
Cash flow for the year, continuing operations	**–857.0**	**–2,335.2**	**1,215.4**	**2,033.6**	**680.2**
Cash flow for the year, discontinued operations	–470.5	2,590.5	–2,283.2	658.9	–790.5
Cash flow for the year, all operations	**–1,327.5**	**255.3**	**–1,067.8**	**2,692.5**	**–110.3**
Interest-bearing net debt at beginning of year (adjusted for new accounting principle 2005)	–10,686.8	–10,636.9	–11,944.8	–9,734.6	–9,878.0
Change in loans	765.2	97.4	966.6	–2,877.6	–469.6
Revaluation of financial instruments	–	51.8	–16.2	–35.2	–178.2
Translation differences on interest-bearing net debt	616.0	–1,712.4	695.2	76.9	–1,313.1
Impact from dividend of discontinued operations	–	–	1,632.4	–	2,536.6
Interest-bearing net debt at year-end	**–10,633.1**	**–11,944.8**	**–9,734.6**	**–9,878.0**	**–9,412.6**

MSEK	2004	2005	2006	2007	2008
CAPITAL EMPLOYED AND FINANCING					
Non-current assets excluding acquisition related items	4,117.0	4,551.0	4,627.5	4,321.8	5,081.7
Accounts receivable	6,393.6	7,696.5	7,554.0	8,471.1	9,962.6
Other operating capital employed	–8,019.6	–8,692.0	–8,670.0	–9,731.0	–12,084.9
Operating capital employed, continuing operations	**2,491.0**	**3,555.5**	**3,511.5**	**3,061.9**	**2,959.4**
• ***as % of total sales***	***6***	***8***	***7***	***6***	***5***
Goodwill, continuing operations	10,801.8	12,469.2	11,529.5	11,260.4	14,104.3
Acquisition related intangible assets, continuing operations	143.2	328.8	449.9	548.7	751.3
Shares in associated companies, continuing operations	–	178.6	172.7	103.5	104.9
Capital employed, continuing operations	**13,436.0**	**16,532.1**	**15,663.6**	**14,974.5**	**17,919.9**
• ***Return on capital employed, %***	***19***	***16***	***14***	***19***	***18***
Capital employed, discontinued operations	8,963.2	9,985.6	3,674.1	3,717.5	–
Capital employed, all operations	**22,399.2**	**26,517.7**	**19,337.7**	**18,692.0**	**17,919.9**
Net debt	**10,633.1**	**11,944.8**	**9,734.6**	**9,878.0**	**9,412.6**
Net debt equity ratio, multiple, all operations	***0.90***	***0.82***	***1.01***	***1.12***	***1.11***
Interest coverage ratio, multiple, continuing operations	***4.6***	***4.4***	***3.6***	***3.6***	***3.9***
• ***Free cash flow in relation to net debt, all operations***[2]	***0.19***	***0.20***	***0.18***	***0.24***	***0.21***
Minority interests	16.6	1.5	0.4	1.9	6.7
Shareholders' equity attributable to equity holders of the Parent Company	**11,749.5**	**14,571.4**	**9,602.7**	**8,812.1**	**8,500.6**
Return on equity, %	***14***	***14***	***6***	***5***	***27***
Equity ratio, %	***30***	***31***	***27***	***22***	***24***
Financing of capital employed	**22,399.2**	**26,517.7**	**19,337.7**	**18,692.0**	**17,919.9**

1 Acquired sales growth is calculated as the year's acquisitions as a percentage of the previous year's total sales.
2 Free cash flow includes free cash flow from continuing and discontinued operations in relation to the total net debt. Free cash flow generated by discontinued operations is included on the line Cash flow for the year, discontinued operations in the Statement of cash flow above.
• Group key ratios.

DEFINITIONS OF KEY RATIOS

For calculations of key ratios refer to Note 3, pages 76–77.

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

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

Earnings per share after dilution
Net income for the year less the net income attributable to the minority and adjusted for interest on convertible debenture loans after tax, in relation to the average number of shares after dilution.

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

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

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

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

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

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

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

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

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

Statement of income 2008

MSEK	Q1 2008	Q2 2008	Q3 2008	Q4 2008
Continuing operations				
Sales	12,777.6	13,078.3	13,839.0	15,553.0
Sales, acquired business	244.9	174.9	417.1	486.8
Total sales	**13,022.5**	**13,253.2**	**14,256.1**	**16,039.8**
Organic sales growth, %	*7*	*6*	*6*	*4*
Production expenses	–10,730.8	–10,848.5	–11,638.7	–12,904.9
Gross income	**2,291.7**	**2,404.7**	**2,617.4**	**3,134.9**
Selling and administrative expenses	–1,601.3	–1,676.9	–1,755.3	–2,162.8
Other operating income	6.1	4.6	5.8	2.2
Share in income of associated companies	0.3	0.3	–0.3	–0.7
Operating income before amortization	**696.8**	**732.7**	**867.6**	**973.6**
Operating margin, %	*5.4*	*5.5*	*6.1*	*6.1*
Amortization and impairment of acquisition related intangible assets	–22.5	–22.3	–25.9	–31.5
Acquisition related restructuring costs	–	–0.8	–9.4	–42.4
Items affecting comparability	–	–	–	–29.3
Operating income after amortization	**674.3**	**709.6**	**832.3**	**870.4**
Financial income and expense	–119.7	–103.6	–115.4	–133.6
Revaluation of financial instruments	0.7	1.4	–	0.6
Income before taxes	**555.3**	**607.4**	**716.9**	**737.4**
Net margin, %	*4.3*	*4.6*	*5.0*	*4.6*
Current taxes	–125.0	–136.7	–161.4	–228.7
Deferred taxes	–29.0	–31.7	–37.4	22.8
Net income for the period, continuing operations	**401.3**	**439.0**	**518.1**	**531.5**
Net income for the period, discontinued operations	92.3	107.6	136.0	95.9
Net income for the period, all operations	**493.6**	**546.6**	**654.1**	**627.4**
Whereof attributable to:				
Equity holders of the Parent Company	493.3	546.4	653.1	630.8
Minority interests	0.3	0.2	1.0	–3.4
Earnings per share before dilution, continuing operations (SEK)	1.10	1.20	1.42	1.47
Earnings per share before dilution, discontinued operations (SEK)	0.25	0.30	0.37	0.26
Earnings per share before dilution, all operations (SEK)	**1.35**	**1.50**	**1.79**	**1.73**
Earnings per share after dilution, continuing operations (SEK)	1.10	1.20	1.42	1.47
Earnings per share after dilution, discontinued operations (SEK)	0.25	0.30	0.37	0.26
Earnings per share after dilution, all operations (SEK)	**1.35**	**1.50**	**1.79**	**1.73**

Statement of cash flow 2008

MSEK	Q1 2008	Q2 2008	Q3 2008	Q4 2008
Continuing operations				
Operating income before amortization	**696.8**	**732.7**	**867.6**	**973.6**
Investments in non-current tangible and intangible assets	–218.4	–214.0	–179.1	–365.5
Reversal of depreciation	190.7	192.0	192.1	265.1
Change in accounts receivable	–310.9	–153.1	17.5	454.3
Change in other operating capital employed	–155.1	97.1	100.1	65.2
Cash flow from operating activities	**203.1**	**654.7**	**998.2**	**1,392.7**
Cash flow from operating activities, %	*29*	*89*	*115*	*143*
Financial income and expenses paid	–114.1	–56.5	–91.6	–171.2
Current taxes paid	–222.6	–196.8	–159.1	–225.0
Free cash flow	**–133.6**	**401.4**	**747.5**	**996.5**
Free cash flow, %	*–30*	*82*	*127*	*163*
Cash flow from investing activities, acquisitions	–118.7	–453.2	–169.6	–280.0
Cash flow from items affecting comparability	–0.6	–79.0	–0.8	–30.4
Cash flow from financing activities	–1,027.1	–759.8	1,518.2	69.4
Cash flow for the period, continuing operations	**–1,280.0**	**–890.6**	**2,095.3**	**755.5**
Cash flow for the period, discontinued operations	402.1	–13.6	–640.0	–539.0
Cash flow for the period, all operations	**–877.9**	**–904.2**	**1,455.3**	**216.5**

Capital employed and financing 2008

MSEK	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008
Operating capital employed, continuing operations	**3,552.7**	**3,781.3**	**3,422.8**	**2,959.4**
Operating capital employed as % of sales, continuing operations	*7*	*7*	*6*	*5*
Return on operating capital employed, continuing operations, %	*84*	*84*	*91*	*108*
Goodwill, continuing operations	10,801.1	11,299.5	12,376.4	14,104.3
Acquisition related intangible assets, continuing operations	516.0	563.5	624.4	751.3
Shares in associated companies, continuing operations	94.6	91.6	95.3	104.9
Capital employed, continuing operations	**14,964.4**	**15,735.9**	**16,518.9**	**17,919.9**
Return on capital employed, continuing operations, %	*19*	*18*	*18*	*18*
Capital employed, discontinued operations	3,945.6	4,328.9	4,761.1	–
Capital employed, all operations	**18,910.0**	**20,064.8**	**21,280.0**	**17,919.9**
Net debt, all operations	**–10,046.1**	**–11,721.3**	**–11,513.4**	**–9,412.6**
Shareholders' equity, all operations	**8,863.9**	**8,343.5**	**9,766.6**	**8,507.3**
Net debt equity ratio/multiple, all operations	*1.13*	*1.40*	*1.18*	*1.11*

Statement of income 2007

MSEK	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Continuing operations				
Sales	12,186.8	12,522.5	12,792.9	12,968.3
Sales, acquired business	234.7	277.1	267.3	286.5
Total sales	**12,421.5**	**12,799.6**	**13,060.2**	**13,254.8**
Organic sales growth, %	*6*	*5*	*6*	*7*
Production expenses	–10,207.2	–10,568.3	–10,713.6	–10,723.7
Gross income	**2,214.3**	**2,231.3**	**2,346.6**	**2,531.1**
Selling and administrative expenses	–1,542.7	–1,589.1	–1,570.0	–1,751.2
Other operating income	3.9	4.9	5.0	4.4
Share in income of associated companies	–	–	–	0.3
Operating income before amortization	**675.5**	**647.1**	**781.6**	**784.6**
Operating margin, %	*5.4*	*5.1*	*6.0*	*5.9*
Amortization and impairment of acquisition related intangible assets	–21.7	–24.2	–369.2	–24.7
Acquisition related restructuring costs	–	–0.9	–0.4	–0.8
Items affecting comparability	49.7	0.4	–	–128.2
Operating income after amortization	**703.5**	**622.4**	**412.0**	**630.9**
Financial income and expense	–111.8	–123.2	–120.2	–120.0
Revaluation of financial instruments	–0.3	3.6	–7.3	–2.7
Share in income of associated companies	0.4	1.8	–	–
Income before taxes	**591.8**	**504.6**	**284.5**	**508.2**
Net margin, %	*4.8*	*3.9*	*2.2*	*3.8*
Current taxes	–133.2	–113.6	–64.1	–114.3
Deferred taxes	–34.4	–29.4	–16.6	–29.5
Net income for the period, continuing operations	**424.2**	**361.6**	**203.8**	**364.4**
Net income for the period, discontinued operations	93.5	–414.1	–109.4	–398.0
Net income for the period, all operations	**517.7**	**–52.5**	**94.4**	**–33.6**
Whereof attributable to:				
Equity holders of the Parent Company	517.7	–52.5	94.4	–35.2
Minority interests	–	–	–	1.6
Earnings per share before dilution, continuing operations (SEK)	1.16	0.99	0.56	0.99
Earnings per share before dilution, discontinued operations (SEK)	0.26	–1.13	–0.30	–1.09
Earnings per share before dilution, all operations (SEK)	**1.42**	**–0.14**	**0.26**	**–0.10**
Earnings per share after dilution, continuing operations (SEK)	1.16	0.99	0.56	0.99
Earnings per share after dilution, discontinued operations (SEK)	0.25	–1.13	–0.30	–1.09
Earnings per share after dilution, all operations (SEK)	**1.41**	**–0.14**	**0.26**	**–0.10**

Statement of cash flow 2007

MSEK	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Continuing operations				
Operating income before amortization	**675.5**	**647.1**	**781.6**	**784.6**
Investments in non-current tangible and intangible assets	–267.0	–185.6	–154.7	–230.8
Reversal of depreciation	191.3	193.4	197.5	193.4
Change in accounts receivable	–192.6	–264.0	–505.2	181.2
Change in other operating capital employed	30.3	219.1	548.4	271.3
Cash flow from operating activities	**437.5**	**610.0**	**867.6**	**1,199.7**
Cash flow from operating activities, %	*65*	*94*	*111*	*153*
Financial income and expenses paid	–64.3	–105.3	–97.6	–129.0
Current taxes paid	–88.9	–221.9	–75.3	–71.5
Free cash flow	**284.3**	**282.8**	**694.7**	**999.2**
Free cash flow, %	*66*	*69*	*116*	*182*
Cash flow from investing activities, acquisitions	–144.5	–112.0	–41.1	–286.8
Cash flow from items affecting comparability	23.1	–19.1	–17.1	–2.0
Cash flow from financing activities	1,505.0	–557.2	–825.7	250.0
Cash flow for the period, continuing operations	**1,667.9**	**–405.5**	**–189.2**	**960.4**
Cash flow for the period, discontinued operations	445.9	125.7	52.7	34.6
Cash flow for the period, all operations	**2,113.8**	**–279.8**	**–136.5**	**995.0**

Capital employed and financing 2007

MSEK	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Operating capital employed, continuing operations	**3,859.1**	**3,916.9**	**3,604.3**	**3,061.9**
Operating capital employed as % of sales, continuing operations	*8*	*8*	*7*	*6*
Return on operating capital employed, continuing operations, %	*63*	*63*	*72*	*86*
Goodwill, continuing operations	11,863.2	11,716.9	11,054.9	11,260.4
Acquisition related intangible assets, continuing operations	458.3	528.4	513.7	548.7
Shares in associated companies, continuing operations	178.8	–	–	103.5
Capital employed, continuing operations	**16,359.4**	**16,162.2**	**15,172.9**	**14,974.5**
Return on capital employed, continuing operations, %	*14*	*15*	*17*	*19*
Capital employed, discontinued operations	3,953.9	3,750.0	4,541.6	3,717.5
Capital employed, all operations	**20,313.3**	**19,912.2**	**19,714.5**	**18,692.0**
Net debt, all operations	**-9,885.5**	**-10,662.8**	**-10,812.8**	**-9,878.0**
Shareholders' equity, all operations	**10,427.8**	**9,249.4**	**8,901.7**	**8,814.0**
Net debt equity ratio/multiple, all operations	*0.95*	*1.15*	*1.21*	*1.12*

Financial Information

Reporting dates of Interim Reports 2009

Securitas will publish the following financial reports during 2009:

January – March	May 7, 2009
January – June	August 7, 2009
January – September	November 11, 2009

Financial information

All financial information is available both in English and in Swedish and may be requested from:

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HQ Bank	Daniel Ek
Kaupthing	Mikael Laséen
Merrill Lynch	Andrew Ripper
Morgan Stanley	David Hancock/Jessica Flounders
Nordea	Johan Grabe
Swedbank	Henrik Fröjd
UBS	Jaime Brandwood

Annual General Meeting of Shareholders in Securitas AB

The shareholders in Securitas AB are hereby invited to attend the Annual General Meeting ("AGM") to be held at 4 p.m. CET on Thursday May 7, 2009 in "Vinterträdgården" at the Grand Hotel, Stockholm, Södra Blasieholmshamnen 8, entry via "Royal entré", Stallgatan 6. Registration for the AGM begins at 3 p.m. CET.

Notice of attendance

Shareholders who wish to attend the AGM must:
(i) be recorded in the share register maintained by the Nordic Central Securities Depository ("NCSD"), made as of Thursday, April 30, 2009:
and
(ii) notify Securitas AB of their intent to participate in the AGM at the address:

Securitas AB, "AGM"
P.O. Box 47021, SE-100 74 Stockholm, Sweden
or
by telephone +46 10 470 31 30
by telefax +46 10 470 31 31 marked "Securitas AGM"
or via the company website www.securitas.com/agm2009,
by 4.00 p.m. Thursday, April 30, 2009, at the latest.

On giving notice of attendance, the shareholder shall state name, personal registration number or equivalent (corporate identity number), address and telephone number. Proxy and representative of a legal person shall submit papers of authorisation prior to the AGM. As confirmation of the notification, Securitas AB will send an entry card, which should be presented at registration for the AGM.

In order to participate in the proceedings of the AGM, owners with nominee-registered shares must request their bank or broker to have their shares temporarily owner-registered with the NCSD. Such registration must be made as of Thursday, April 30, 2009 and the banker or broker should therefore be notified in due time before said date.

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