



Securitas Annual Report 2007

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A Knowledge Leader in Security

Security is our business. By focusing on providing adapted solutions to fit each customer's individual needs, Securitas has managed to develop a sustainable growth and profitability in all markets. The key success component and a cornerstone in our business philosophy is knowledge. Securitas long-term strategy of continuous benchmarking, transfer of best practice, knowledge about the customers and their needs and tailored training programs across all levels in the organization has resulted into a solid base of industry know-how.

Securitas services a wide range of customers in a variety of industries and segments. They range from governments, airports, critical infrastructure, office buildings, banks, shopping centers, hotels, manufacturing industries, mines, hospitals, residential areas to high-tech and IT companies. As the size of the customers varies from the 'shop on the corner' to multi-billion industries, the security solutions are as multi-faceted as the number of assignments.

To solve the challenge of delivering tailor-made solutions to the mixed base of customers, Securitas has organized its operations in a flat, decentralized structure, supported by a vertical structure for customer segments where it makes financial sense. For those segments, there are specialized units geared towards specific industries, such as petrochemical industry, public transportation and financial sector. Our core business is security services, including the main business lines specialized guarding, mobile and monitoring. In addition, Securitas provides consulting and investigation services through Pinkerton and cash handling services through Loomis, two wholly-owned subsidiaries. Today, Securitas is present in more than 30 countries in North America, South America, Europe and Asia, with more than 250,000 employees. The Group's global market share of the outsourced security services market is approximately 12 percent.

The divisions are: Security Services North America, Security Services Europe, Mobile and Monitoring, and Loomis.



The Divisions

	Sales	Operating income	Total capital employed	Number of employees
Security Services North America, page 38.	MSEK 20,933	MSEK 1,080	MSEK 6,513	108,500
<p>Security Services North America offers specialized guarding services in the USA, Canada and Mexico. In the USA the division is split into 17 business units – one organization for national and global customers, ten geographical regions and three specialized regions (the automotive industry, the public sector and the energy industry). Canada and Mexico are separate regions. The division also includes Pinkerton Consulting & Investigations. Altogether this division encompasses just over 600 branch offices and more than 100,000 employees. Security Services North America's service offering covers all segments in most industries. Market share: 16 percent.</p>	33%	34%	35%	43%
Security Services Europe, page 40.	MSEK 25,353	MSEK 1,433	MSEK 5,278	102,500
<p>Securitas' European guarding operation consists of Security Services Europe, which offers specialized guarding services for large and medium-sized customers in 20 countries, and Aviation, which offers airport security in nine countries. The organization has more than 800 branch offices and has more than 100,000 employees. The customers' operations and businesses range from financial services, retail, energy, healthcare and the public sector to special events, to mention a few. Aviation offers specialized services for airports, airport-related business and airlines. Market share, existing markets: 18 percent.</p>	40%	45%	28%	40%
Mobile and Monitoring, page 42.	MSEK 4,836	MSEK 578	MSEK 1,915	9,300
<p>Mobile offers mobile services for small and medium-sized companies, such as beat patrol and call-out services. Mobile operates in eleven countries in Europe with 8,600 employees and 274 branch offices. Monitoring offers electronic alarm surveillance to both homes and businesses under the Alert Services brand. Alert Services also offers an integrated GPS service, track and trace, that covers a major part of the EU area. Alert Services operates control rooms in eight countries in Europe and has 700 employees. Market share, existing markets: 22 percent.</p>	8%	18%	10%	4%
Loomis, page 44.	MSEK 11,397	MSEK 293	MSEK 3,717	21,000
<p>Loomis offers a complete range of integrated cash handling solutions and has a strong market position in the USA and Western Europe. The company's services are primarily aimed at banks and retail companies. Loomis offers its customers a secure and efficient service for cash handling. Services are divided into three areas: cash transportation, cash handling and technical services. Altogether Loomis has more than 440 branch offices with almost 21,000 employees in Western Europe and the USA. Market share, existing markets: 20 percent.</p>	18%	9%	20%	8%
Group ¹	MSEK 62,908	MSEK 3,182	MSEK 18,692	254,000

¹Including Other and Eliminations.

2007 in Brief

The year of 2007 showed continued good organic sales growth and stable operating margins in Security Services, while Loomis was burdened by difficulties primarily in the United Kingdom. Securitas strategy for the future was launched in August 2007 and then rolled out in the Group during the latter half of the year. The three key elements in the strategy are: a higher degree of specialization in the service offering, driven by more customer segmentation; expansion of the Mobile and Monitoring organization; and increased global presence. In addition, Securitas' new financial objectives going forward are an annual average increase in Earnings Per Share (EPS) of 10 percent and a free cash flow in relation to net debt of at least 0.20.

- New CEO and Group Management in place.
- Stable growth and operating margins in Security Services.
- Loomis Cash Management (LCM) UK Ltd., part of Loomis, was sold to Vaultex UK Ltd. in November 2007.
- Total sales amounted to MSEK 62,908 (60,523).
- Income before taxes amounted to MSEK 1,397 (883).
- Net income after tax amounted to MSEK 526 (513).
- Earnings per share amounted to SEK 1.44 (1.41).
- Earnings per share before items affecting comparability and impairment losses of goodwill were SEK 4.78 (6.00). Adjusted also for the LCM and Note Circulation Rules (NCS) investigation costs but not for the LCM operational losses, the earnings per share was SEK 5.36, which Securitas considers to be the relevant basis for future performance comparisons.
- Total impact from impairment losses of goodwill and items affecting comparability amounted to MSEK -1,068 (-2,060).
- Proposed dividend SEK 3.10 (3.10). The total dividend amounts to 47 percent of free cash flow, which is in line with the dividend level that Securitas should sustain.

Key ratios			
MSEK	2007	2006	2005
Sales	62,908	60,523	58,201
Organic sales growth, %	5	6	4
Operating income before amortization	3,182	3,591	3,526
Operating margin, %	5.1	5.9	6.1
Real change, %	-8	4	5
Income before taxes and items affecting comparability and impairment losses of goodwill	2,465	2,943	2,992
Real change, %	-12	4	8
Income before taxes	1,397	883	2,841
Real change, %	72	-67	4
Net income for the period, continuing operations	526	513	2,158
Earnings per share, before items affecting comparability, continuing operations (SEK) ¹	4.78	6.00	6.32
Earnings per share, continuing operations (SEK) ¹	1.44	1.41	5.91

¹For the purpose of the earnings per share (EPS) calculation, the impairment losses of goodwill have also been added back. EPS is calculated before dilution.

Our Strategy for the Future

In 2007 we began the implementation of our strategy for the future. Step by step our customers will see a more specialized organization, where we will develop our knowledge and expertise according to the needs of each customer segment. The most important challenge for Securitas in 2007 was to deal with the weak performance of our cash handling division Loomis. The unsatisfactory financial performance of the Group as a whole was primarily related to this problem.

Security Services

Profitability rather than volume has been the prime focus in Security Services North America. With this focus well managed, in combination with stability and high quality services, we improved our operating margin satisfactorily from 5.0 percent to 5.2 percent.

The organic sales growth of 4 percent was slightly below the market growth. The weak US Dollar negatively affected earnings in Swedish kronor, but the growth in real terms was 8 percent.

Security Services Europe had an impressive 8 percent organic sales growth in 2007 and has increased its market share by growing faster than the market. The operating profit improved by 9 percent in real terms.

The main concern within our European operations is pressure on and decline in gross margins with new sales coming in at lower margins than the average portfolio. Short term, profitability rather than volume will also be prioritized in Europe, and in the long term, the strategic measures will aim to level off the trend of declining gross margins.

Mobile and Monitoring

In Mobile and Monitoring, major investments were initiated in sales resources and opening up new routes in order to speed up organic sales growth. These investments have impacted the operating margin, which has declined from 13.5 percent to 12.0 percent. The sales force was increased by around 40 people in 2007 and the plan is to continue to increase it during 2008.

This investment is expected to improve organic sales growth in 2008 in comparison with the 7 percent achieved in 2007.

Loomis

The main reason for the unsatisfactory financial performance of the Securitas Group in 2007 is the weak performance of the cash handling division Loomis, which achieved an operating margin of 2.6 percent and an operating profit of MSEK 293 (838). Excluding the cash handling operations Loomis Cash Management (LCM) in the United Kingdom, Loomis' operating margin was 5.7 percent.

In November 2007, Loomis sold the LCM business to Vaultex Ltd, which is owned by the banks HSBC and Barclays. The result of the final stock-taking meant that no further

provisions for historic variances were necessary beyond the provision of MSEK 824 established as of December 31, 2006. A provision of MSEK 160, related to the sale, was made in the fourth quarter of 2007. A provision for non-compliant declarations under the Note Circulations Rules of MSEK 375 was also made. As of year end, discussions between the Bank of England and Securitas regarding the final amount had not been finalized. Compared to 2006, Loomis has also had weak performance in operating profits in countries such as USA, France, Sweden and Denmark. Actions have been taken in a number of countries to manage the pressure from cost inflation through efficiency improvements and/or price increases.

As soon as stability has been restored with Loomis, primarily by the actions described above, the listing process will be initiated, with the aim of listing Loomis by the end of 2008 on the OMX Nordic Exchange.

Strategy for the future

The Securitas strategy for improved profitability is simply to put the customer in focus and make sure that we make a difference by adding more value for our customers. We will do this on a two dimensional basis.

The first dimension is the classical approach in service businesses, by climbing the value chain and providing more technology, combined contracts with an optimal mix of patrolling and specialized guarding, pre packaged solutions, high quality services, integrity, and an ability to serve our customers on a global basis.



The Toolbox, Securitas' management model, enhancing our culture and values.

In Latin America, we made acquisitions in Argentina, Colombia, Uruguay and Peru in 2007. In Asia, we have acquired a large part of the Indian security company Walsons. We also acquired European security companies in Turkey, The Netherlands and Romania. In addition to the acquisitions, we have allocated resources to start operations in China, the Middle East and in most countries in Eastern Europe.

Although we will boost our strategy with a sharpened focus and greater resources and investments in the years to come, this is not “breaking news” for Securitas or for the security industry. But we are now “taking it from the drawing board into reality.”

The second dimension is a more substantial change for Securitas and it is my belief that we will set a trend in the industry and make a difference to the customers in the sense that they will see more expertise and specialization. Securitas will, step by step, move from a geographical market driven organization to a more customer segment focused organization. The strong functional line of command and the culture of decentralized profitability responsibility will remain in place, even though branch offices, where market penetration allows and justifies it, will become specialized by customer segments.

It is my belief, as proved in a few but significant cases in Securitas, that specialization will lead to improved margins and higher growth, as well as improved customer focus and closer relationships. This will allow us to improve the status of the security officers, pay higher wages and reduce turnover.

The pace and degree of specialization and segmentation will vary from country to country, and it will be supported, among other

activities, by Securitas new websites where our customers and our sales force will have access to a “best practice” search service on a global basis.

Many people I have met tell me that business is local. I disagree – relationships are certainly local, but knowledge is global. Securitas will organize itself accordingly.

High quality guarding services

Is Business Class always better than Economy Class? Is First Class always better than Second Class? My answer is that you get what you pay for, and you ask for what you need.

Even though Securitas will be organizing itself for specialization and more of value-added services, most of our guarding business will for many years remain geographically focused and will keep providing high quality guarding services. In these areas there will be no need for additional technology, combined contracts, service kits or sophistication. We will provide pure guarding services and we will organize our branch offices accordingly, making sure we keep our operations lean. In my opinion, there is nothing wrong with keeping it simple, on the contrary, it is another form of specialization.

Step by step transformation

Our challenge is to get a large organization like Securitas, with more than 250,000 employees, to be motivated to transform the Group in this direction. I believe that changes and improvements are made in increments of 0.1 percent at a time. We can not experiment in such a large organization like ours; we need to move carefully and systematically in line with Securitas’ Toolbox for building our corporate culture and values. Changes take time, and patience is likely to be needed companion during the years to come, even if impatience is a prerequisite for motion and success.



Our multicultural organization, the geographically wide-spread operation and the various levels of development on the specialization ladder, makes my job so much more interesting and exciting. I am sure that every ounce of motivation that we can create in this direction is worth more than every tonne of facts.

Alf Göransson
President and CEO
Securitas AB

Focus on Security

Securitas provides security services aimed at protecting homes, workplaces and society. The main service offering lines are specialized guarding, mobile services and monitoring. In addition, Securitas provides consulting and investigation services through Pinkerton and cash handling services through Loomis, two wholly-owned subsidiaries.

Specialized Guarding

Securitas provides specialized guarding in 30 countries, delivering solutions to a range of businesses, such as financial services, retail, energy services, health care, aviation, the public sector and special events. The solutions and services are customized to each site and situation based on the individual customer's needs and requirements.

A security solution always includes deployment of security officers in combination with some or all of the following components:

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

The service offering provided by security officers ranges from mobile patrols, access control, fire prevention, receptionist/concierge, monitoring and call-out services to total security solutions. In the USA, Securitas offers security solutions to customers in vertical sectors such as the automotive industry, high-rise buildings, the petrochemical industry, ports and gated communities. Nationwide customers are also offered specialist expertise in such areas as high-tech security services, telecommunications and retail security. In Europe, there are specialized organizations that provide tailor-made services for such sectors as the retail industry and ports. In addition, there is a specialized organization that provides aviation security services to airports, airlines and airport-related businesses, including such services as security screening of passengers and baggage, cargo security, document screening and aircraft guarding and search.

Mobile Services

Securitas' Mobile Services provides cost-effective solutions for small and medium-sized businesses that need 24-hour security but at less cost than a permanent solution. One guard typically attends to the needs of 20–30 customers within a limited geographical area, performing regular external and internal patrols, alarm activations, and opening and closing of premises. Through their local presence, the mobile security officers also serve as a crime deterrent and are close at hand for alarm response calls. In metropolitan areas, Mobile Services also provides city patrols and special alarm response units.

Monitoring

Under the Alert Services brand, Securitas provides monitoring services to businesses, homes and private individuals. The services include alarm monitoring, verification and alarm response. In addition, Alert Services provides track and trace services for moving objects, such as 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, electronic discovery and IT security.

Cash Handling Services

Securitas' cash handling division, Loomis, provides a range of cash handling services to banks, retailers and commercial enterprises. Cash transportation is primarily provided to banks and retailers and mainly involves the movement of cash to and from banks, retail outlets, ATMs and Loomis' cash processing centers. In the processing centers, modern cash processing systems are used for registration, reconciliation and providing deposit reports directly to customers. Deposits into the customers' accounts are made via clearing systems in partnership with banks.

In addition, Loomis offers technical services for ATMs, including filling, reconciliation, monitoring, quality sorting of bills and technical and repair services. In some markets Loomis also provides specialized solutions that may involve deposit safes, cash and coin recycling, centralized depositories or online services to expedite cash repackaging and delivery.



Carrefour Chose the Most Professional Solution



“We compared competitors and found that Securitas responded quicker and acted in a more professional way. They have a nationwide presence combined with a local organization and resources close to the customer, which convinced us that we can rely upon support when needed. The security officers are recruited locally by Securitas close to our department stores, and it is an advantage that they know the neighborhood.”

Geoffroy Berger, Director of Security and Safety,
Carrefour hypermarkets, France

At Carrefour in Rambouillet, a few miles from Paris, just like in any supermarket around the world, merchandise worth significant sums is stolen every day. Security personnel has since long been mandatory, but Carrefour's management wanted to raise the level of ambition and signed a contract with Securitas, which offers security officers specialized in the retail sector.

The store space at Carrefour in Rambouillet covers 11,950 square meters, which is considered an average size. Two million customers a year, 472 employees, a couple of thousand parking lots and a shopping mall is the extent of Securitas' assignment in Rambouillet. Eight security officers on daytime and two security officers at night have been assigned to solve the task.

The central purchasing department of Carrefour decides about the content and quality of security services at the chain's department stores. The choice of supplier is also decided upon centrally following a procurement procedure. Price was not decisive when Securitas won the Rambouillet procurement.

“Until now we have been contracting several small suppliers who sometimes fail to match our needs. Their security officers do not comply with our training requirements”, says Geoffroy Berger, Director of Security and Safety in all Carrefour's French hypermarkets. “We compared competitors and found that Securitas responded quicker and acted in a more professional way. They have a nationwide presence combined with a local organization and resources close to the customer, which convinced us that we can rely upon support when needed. The security officers are recruited locally by Securitas close to our department stores, and it is an advantage that they know the neighborhood.”

Securitas today is the largest contracted private security company within the retail sector in France. 2,500 Securitas officers are active within retail and the segment's turnover is estimated at 50 million euro.

In Rambouillet security officers are specialized in different fields; some are specifically trained in detecting potential thefts and are posted at exits and check-out counters, others patrol inside the department store or are in charge of video surveillance. Securitas officers also receive training in fire protection and first aid.

Cameras are also installed in the ceiling throughout the entire department store. The cameras are connected to a video headquarter where a Securitas officer monitors screens receiving images from 125 cameras. The training program of Securitas officers includes operating and maintaining video equipment, processing and handling of images and when required saving sequences that subsequently could represent evidence. Everything else gets destroyed within a short time span.

Carrefour's 218 hypermarkets in France generally have a similar design. This implies that the security assignments are similar from place to place. Carrefour and Securitas have mutually developed a framework agreement signed on a national level, and implemented locally when required. Securitas is presently contracted by five department stores.

“Our experience from cooperating with Securitas has been satisfactory”, says Geoffroy Berger. “An advantage is that we will be able to measure Securitas presence financially through key-ratios, thus providing us with progressive information regarding theft for instance”.

A Solution for Residential Security

All gated communities have something in common. There is a gate and there is someone who needs to open the gate for residents and visitors. Securitas recognized the need for developing this service and created a solution including the right technology and the right people.

The Harbourage Place, a condominium of Fort Lauderdale in Florida, USA, is a 44-unit, 23 stories high building by the waterfront. It is an exclusive unit, primarily with residents that keep this as their second or third home. People come and go all year around and they want to feel secure, knowing that when they go away for a while, their home will be in safe hands.

“Our residents want to know that the outside perimeter is secure, and that we have a security staff monitoring the building 24-hours a day. Primarily, they want to know who comes and goes in the building,” says Property Manager Mark Benjamin. “We worked with Securitas to implement the Solutions system that has upgraded the security system, both for our officers but also for the access control system that they use with that.”

Gated communities or upscale condominiums are common in the USA and security is critical. Securitas has since long been providing basic services on an hourly basis to this special segment – basic services of a posted officer without specialized training or tools to perform his/her duties. However, there was a clear need across all gated communities for a more efficient way of handling security. A specialized division in the USA, Securitas Special Markets, researched the needs and potential and after 12 months of development the result was a solid knowledge base and a gated communities solutions package.

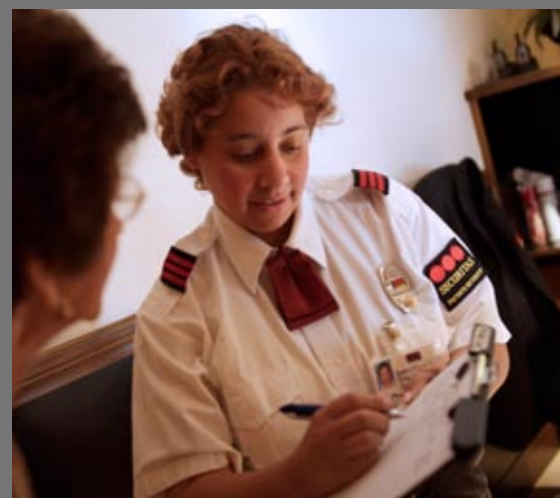
“Instead of selling guards by the hour, I can now go to a client and say: Look how much we have to offer, and how prepared we are! We have dedicated our expertise to making sure that this particular vertical market that we have experienced, is pulled to your advantage,” says Vice President Special Markets, Nicole McDargh.

During the development process, it became clear that all gated communities had some elements in common. The visitor's management system was one of the more critical factors and the service level was partially depending on what was installed – or not – by the client. Some communities had automated processes, some had computer programs or software; others just had pen and paper or nothing at all. Securitas realized that a software program needed to be developed as part of the service offering.

“The difference is that we now have better control over things, and at the same time we have been able to cut down on a lot of paper work. All Information is generated and stored by the computer. For example, the security officers use a personal digital assistant (PDA) with bar codes when on patrol, so we can easily monitor their movements to see whether they have secured a specific area or performed a specific procedure”, Mark Benjamin says.

In addition to the improved reporting there has also been a substantial reduction of administrative procedures. “We now pay on a monthly billing and we know every month that it is X amount of dollars and I know going forward that this is our budget for each month. It makes life simpler”, continues Mark Benjamin.

The most crucial element in a gated community though, is the people. With better recruitment procedures, better training and a better wage level, Securitas was able to provide high quality security officers. Clients were able to immediately see a noticeable difference. Concludes Nicole McDargh: “We are the same company, but we are going to bring in new officers and new technology and really change everything about what we are doing. It makes perfect sense and it is just the right thing for us to do.”



“The difference is that we now have better control over things, and at the same time we have been able to cut down on a lot of paper work.”

Mark Benjamin, Property Manager,
Harbourage Place, Fort Lauderdale, Florida.

Continued Development and Stable Growth

The development of the market for security services has been beneficial for all parties. Customers now receive better service with more value-added, and companies have managed to grow and improve their businesses. Emerging markets with high growth and more specialized services in established markets provide for good future growth prospects.

Industry dynamics

Security services are generally sold on a one year contract basis. There are low entry barriers in the industry and thousands of new competitors emerge every year. Whenever a contract is up for tender or renewal, the competition is tough. Security companies within permanent guarding are also dependent on a large workforce and thereby sensitive to wage conditions and any changes in these. All of this puts constant pressure on margins, making profitability an industry-wide challenge. In response, Securitas has for some time been leading the industry in developing a more professional market. Consolidation and focusing on security were the first steps. Refined specialization within specialized guarding and providing security solutions is next.

Consolidation and focus

The security industry has been extremely fragmented and dominated by multi-service companies, conglomerates and a very large number of smaller local players. The four largest security companies in the European

market had a combined market share of 15 percent in 1990. Today the three largest companies have approximately 35 percent. In the USA the five largest security companies accounted for 33 percent of the total market in 1990, while today they have a market share of close to 50 percent. While the scope for economies of scale is limited, it is possible to leverage overhead and structural capital such as an understanding of how to optimize guarding work schedules by gaining size. Due to the low entry barriers, there will always be numerous smaller local alternatives for basic security services, although the major players have definitely consolidated the industry.

Today most successful companies in the industry have a clear focus on providing only security services. There are some, however, notably within facilities management, that are offering security and guarding services with other services. The emergence of a focused independent security services industry has led to improved industry regulations and standards. While these may differ

significantly between countries, they are basically concerned with the rights or permits required to run security companies, employee background checks and training requirements. These standards are constantly being improved, which further enhances the level of quality and professionalism in the industry and is thereby also contributing to higher margins.

More customized services

As the next step in upgrading its offering, Securitas will gradually segment its services according to various customer sectors and characteristics. An increased focus on particular segments results in more specialized and deeper knowledge of customer requirements, and facilitates finding the right solutions for each customer. More tailored and optimized services means higher value-added for the customer and improved operating margins for Securitas. In addition, growth in specialized guarding, mobile and monitoring services is higher than in general permanent guarding.

Security Services Market (guarding)

Source: Securitas and Freedonia

	2007					2015		
	Size 2007, BUSD	Size 2007, BSEK	% of total	Long-term growth	Securitas' market share	Size 2015, BUSD	Size 2015, BSEK	% of total
North America ¹	20	125	30%	4–6%	16%	26	168	26%
Europe ²	27	176	42%	4–6%	17%	33	209	32%
Japan	3	20	5%	6%	0%	5	33	5%
Rest of Asia	7	43	10%	10–11%	0%	16	101	16%
Africa/Middle East	3	21	5%	10–12%	0%	7	47	7%
Latin America	6	37	9%	10–12%	2%	14	89	14%
Total	66	422	100%	7%	12%	101	647	100%

SEK/USD = 6.40

¹North America includes USA, Canada and Mexico.

²Europe includes Turkey.

A thorough comparison of margins indicates that security companies succeeded in raising the average margin in Europe from 4–6 percent in the late 1990s to 5–7 percent today. In the USA, margins have more or less doubled, to 4–6 percent in the same period. At the same time, the total cost for the individual customer of constantly improved security has fallen.

Trends and drivers

Demand for security services depends on multiple factors and it is hard to generalize about these. It is quite clear, however, that the security industry is positively correlated with most structural trends. Globalization, industrialization, deregulation and increased living standards are all drivers of demand for security services. It is less obvious how demand relates to the general economic climate and its indicators such as GDP growth in the short term. Security revenues are derived from diverse contract portfolios spanning most industries and public and governmental sectors. A reasonable composite assessment is that spending on security services acts as a lagging economic indicator and that the security industry is less cyclical than others.

Size and growth

The current estimated value of the total world security market is BUSD 139. Europe and North America account for 70 percent of the market and have annual growth averaging around 8 percent. In the rest of the world the market is growing at a double-digit rate and by 2015 will account for an estimated 35 percent of a total world market worth BUSD 230.

Guarding accounts for the largest share of the total worldwide security market with about 47 percent. Other major sub-markets are alarms (about 30 percent) and cash handling (about 9 percent). The guarding market is expected to achieve an average annual global growth rate of around 7 percent. However, the growth rate for guarding differs significantly between the mature markets of Europe, the USA and Japan, and the less developed markets in the rest of Asia and in Latin America. While the mature markets are expected to average long-term annual growth of around 4–6 percent, estimates point to figures of 10–12 percent in the rest of Asia and Latin America. The share of the worldwide guarding market represented by these growth markets will rise from some 25 percent today to 37 percent by 2015.

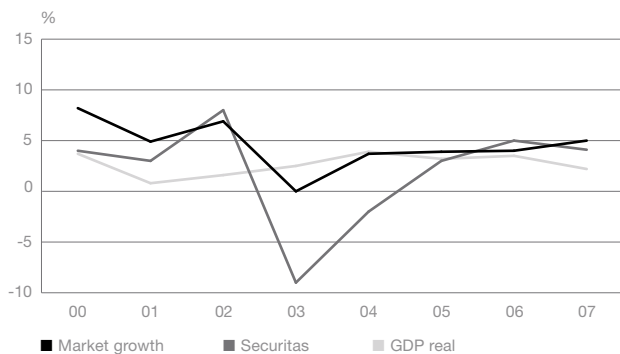
Emerging markets

Emerging market countries are rapidly becoming integral in an increasingly global economy. As multinational companies expand their business into these markets, they frequently prefer to work with their current security service providers. Consequently, Securitas' strategy to increase its presence in Latin America and Asia is not only to take advantage of high growth opportunities, but also to meet the demand from global customers.

In emerging markets the industry is even more fragmented and there is less specialization. As Securitas and other major industry players grow their presence in these regions, the consolidation trend will rapidly pick up.

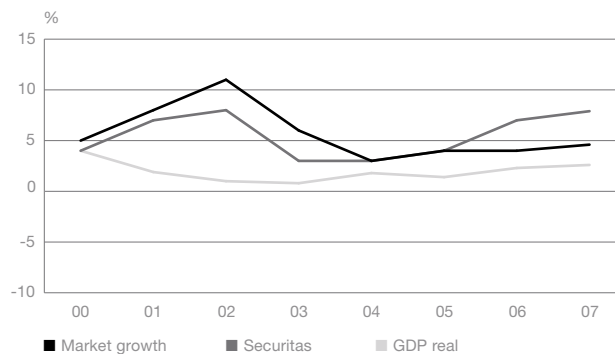
Security market growth, USA (guarding)

Source: Securitas and Freedonia



Security market growth, Europe (guarding)

Source: Securitas and Freedonia



Car Dealer Safety Without Barriers



“Fences and other protective barriers are not an option for our business. Therefore we needed to develop a solution that would secure the vehicles without hindering access for the potential buyer.”

Timm Moll, President, Autohaus Moll.

Car dealerships in Germany often display their vehicles in open, outdoor areas and this makes security challenging. By performing necessary research, Securitas defined dealership security needs and developed a flexible security program that saves time and money.

The car sales industry demands security solutions that are designed to protect vehicles, but at the same time allows potential buyers full access. “Fences and other protective barriers are not an option for our business. We want our customers to see and freely interact with all the cars on our lot,” explains dealership President, Timm Moll. “Therefore we needed to develop a solution that would secure the vehicles without hindering access for the potential buyer.”

Intruders had been known to trespass the car lots at night and steal a wide variety of equipment including aluminum hub-caps, exterior mirrors, navigation and stereo systems, tail lamps and even airbags. Because of a car dealership’s vast size, complete external video surveillance had proven to be inefficient and made little financial sense.

An industry survey, conducted by Securitas, revealed that the only kind of solution that could be considered was one that would be adapted to the dealership’s sales process and which could be used in a mobile mode, unlimited by location. To be fully secure, a car dealership required coverage of its entire lot, the showroom, the individual cars and all vehicle keys. As a detailed security solution was developed, it became apparent that the needed technology was not yet available on the market. To solve this, Securitas Mobile cooperated with an electronics manufacturer that offered experience and solutions to these needs.

The technological system is based on a vehicle alarm which is mounted on the window aperture of a vehicle, and then activated. Movements within or surrounding the vehicle trigger a pre-programmed acoustic alarm. Every alarm is transmitted to the Securitas central emergency and service center, and a Securitas security officer intervenes in accordance with the established action plan.

The other major challenge for car dealers was to keep track of the car keys. This need was solved by a “Key Control” safe. Each key is allocated to an electronic inventory in the safe. Each staff member is recorded via an electronic combination lock on the outer door, and the removal of keys is recorded electronically.

“I can now store vehicle keys safely away and I always know which employee has removed a specific key and when they did so. These are two enormous benefits as the changes will save the dealership a great deal of money. Tedious searching for car keys will be a thing of the past and my staff will pay extra attention to keys in their possession. The costs for changing locks because of missing keys fell to zero over the test period,” says dealership President Timm Moll.

Track and Trace across Europe

Three years ago, more than 450,000 cars vanished from European streets, never to be recovered. Today, there is a 90 percent chance of getting a stolen vehicle back. Securitas can offer a stolen vehicle recovery service across 20 countries in Europe.

Track and trace systems are rapidly spreading. Today, more than 25,000 vehicles in Europe are connected to Securitas, and the company registers about 500 new vehicles every month. There is also an increasing interest among transport companies to protect attractive goods by means of a tracking device inside the load. Truck manufacturer Volvo Trucks went one step further and added the track and trace system to their own fleet management system, Dynafleet. The system assists drivers on the road, and includes features such as monitoring current location of the trucks, their fuel consumption, messages, driver times and service intervals.

“One feature was lacking in this very complete offering, and that was a solid security feature,” says Product Support Manager Pascal Claes at Volvo Trucks, Belgium. “Often, drivers have to pull over for a scheduled break in isolated parking lots, or by the road. Today, it is becoming more and more common with truck-jacking, even in broad daylight. Both the truck and the cargo are desirable goods.”

“As we explored the possibilities, we turned to Securitas that has already managed to migrate other track and trace technologies into their network. They also have the best coverage of alarm monitoring centers in Europe and the necessary expertise.”

Volvo Truck’s customers were looking for a security system that would secure the driver, the cargo and the truck, Pascal Claes explains. To meet those needs, Securitas’ system was connected to the existing fleet management system.

When there is an emergency situation, the driver can push a button in the truck, and an alarm is transmitted to the high-security Alert Services monitoring center in Brussels. Here, crisis management trained operators can through satellite positioning and mobile phone technology pinpoint a vehicles position and immediately alert local authorities.

At present a number of tracking technologies and service providers are available on the market. For Securitas, the next step will be to lead the industry towards a common technical platform. Agreeing on a common platform will likely become easier as monitoring equipment and services will become more of a standard feature. By 2011, all European vehicles will have to be equipped with a monitoring device, according to the “e-call-directive” from the European Union.



“We were looking to add a security feature to our fleet management system, Dynafleet, to increase the safety of our customers. As we explored the possibilities, we turned to Securitas that has already managed to migrate other track and trace technologies into their network.”

Pascal Claes, Product Support Manager,
Volvo Trucks.

A Business Built on Trust

Securitas is its people – more than 250,000 employees, men and women, in over 30 countries. To ensure that customers, employees, shareholders and other stakeholders have confidence in our company, our ethics and values play a prominent role in our operations. Securitas' Code of Conduct, based on our three fundamental values: Integrity, Vigilance and Helpfulness, serve as guidance for all of our employees in building trust with customers, colleagues and the surrounding community.

Securitas' Code of Conduct

As a leading company in the security industry, Securitas has a long-standing responsibility to the countries and communities in which we operate. We comply with laws and regulations wherever we operate and strive to be a good corporate citizen.

Securitas' Code of Conduct requires that the company supports and respects basic human rights and recognizes its responsibility to see that they are followed in daily operations. The rights that Securitas regards as fundamental are defined in the United Nation's Universal Declaration of Human Rights and the conventions of the International Labour Organization (ILO) on the fundamental principles and rights at the workplace.

Accordingly, we respect the basic human freedoms such as freedom of opinion and expression, religious freedom and freedom to organize. Securitas is strongly opposed to all forms of discrimination, arbitrary detention, execution or torture. We strive for an equal distribution in terms of gender. Securitas does not employ anyone under the age of 15 or under the minimum legal age in any country where the minimum is higher than 15.

Implementation of our Code of Conduct

It is every Securitas employee's responsibility to live up to the company's Code of Conduct and to report any breaches of the Code to local management, who in turn is responsible for taking the appropriate steps. The ultimate responsibility for ensuring compliance with the Code rests with the company's Country President.

Implementation and follow-up of the Code was further strengthened when Securitas entered into an implementation agreement with Union Network International (UNI) and the Swedish Transport Workers Association in 2006. Under this agreement, both the company and the unions take responsibility for communicating the Code. The Code and the implementation agreement have been translated into the languages of the majority of the markets where Securitas operates.

A special implementation committee has been formed within the framework of the agreement. The committee consists of representatives from the contracting parties, i.e. Securitas, the Swedish Transport Workers Association and UNI. The committee will follow up, on an annual basis, cross-border issues of relevance to the Code. Such issues may relate to development in the industry, e.g. licensing systems and exchange of experiences between countries.

Business ethics

All of Securitas' business contacts are characterized by the greatest possible transparency. Securitas always complies with existing laws and regulations, but often sets its own standards above and beyond these. We support the efforts of international and national authorities to establish and maintain high business ethics standards.

Corruption and cartel activity distort the market and impede economic and social growth. Securitas complies with the applicable competition laws, will not participate in restrictive trade practices and does not accept bribes

of any kind. Business decisions are based on honest competition, integrity, product quality, price and customer service. All employees must also avoid conflicts of interest between their private lives and Securitas' business.

In these efforts, Securitas appreciates open communication with all stakeholders about the company's operations, regardless of whether they are employees, customers, investors or the general public and its representatives. Comprehensive information about the company will always be available and questions will be answered in a timely manner.

Our values

Our three fundamental values: Integrity, Vigilance and Helpfulness, serve as guidance for all of our employees in building trust with customers, colleagues and the surrounding community.

Integrity: A Securitas employee is honest and therefore trusted to work unsupervised on the customer's premises and with valuables. Securitas never compromises in its demand for integrity. Integrity also includes openly expressing one's opinion, reporting improprieties and not withholding information.

Vigilance: Professionalism entails seeing, hearing and evaluating. A Securitas employee is always attentive and often notices things that others do not. Their vigilance is necessary in order to be aware of potential risks or incidents that may take place on our customers' premises.

Helpfulness: When needed, a Securitas employee will lend assistance, even if it is not directly related to his or her job. As part of an ongoing effort to make life safer, a Securitas employee will always help if an incident occurs that requires intervention.

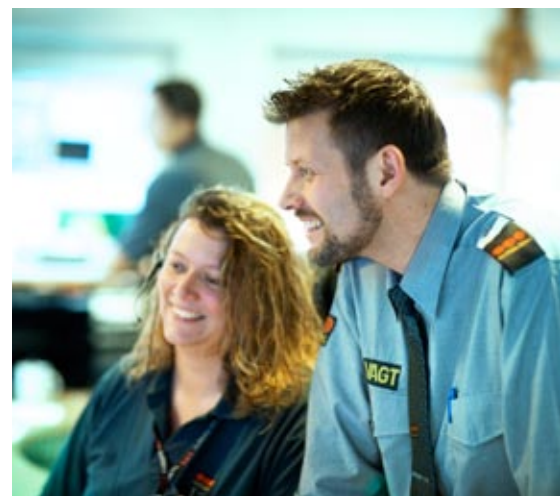
An attractive employer

Securitas strives to be an attractive employer in the industry. Our employees are by far our most important resource and Securitas has long been a driving force in raising the standards and level of professionalism in the security industry. A higher level of professionalism raises the status of the security officer profession as well as wage levels. It also makes it easier to recruit and retain more qualified employees with greater experience and better training. This in turn makes it possible to further refine and specialize Securitas' service offering.

In line with this strategy, Security Services Europe launched an extensive initiative in 2007 to learn more about the best ways in which the company can improve its ability to attract, recruit, develop and retain employees. This initiative will be based, among other things, on an employee survey. In the fall of 2007 the foundations for the survey were laid and it will be conducted in four countries in 2008 involving around 30,000 employees. The plan is to continue to roll out the survey in the rest of Europe starting in 2009. The results will be followed up on a continuous basis.

Good leadership

The emphasis in Securitas' organization is strong decentralization, strong and independent leadership at the local branch offices and being close to our customers. Therefore, the quality of our local leadership is key to attract and retain employees and reduce staff turnover. The basic leadership philosophy is: Business relations are local, but knowledge is global. To develop our local, regional and national managers' skills and competencies, there are numerous management training programs in place. Most countries conduct regular branch manager training programs, aimed at strengthening financial knowledge and performance as well as planning and hu-



man resources skills. In some areas of Europe and the USA, there are specialized training programs geared towards particular sectors, such as gated communities or retail. On an international level, Securitas has for many years been offering a one-year senior management training program, tailored to exchange knowledge of business best practice and refinement of operations.

For frontline employees, there are also numerous opportunities to either specialize in a particular discipline at the national level or apply for an international scholarship.

Safety and Security in India



“I would say we are partners with Walsons. Security is not my core business – it is a specialist business, like everything we do for our clients at Genpact.”

Vibhu Narayan, Vice President
Infrastructure & Logistics, Genpact.

In November, 2007, Securitas entered the Indian market by partnering with the fourth largest security services company in the country, Walsons Services. With a strong, national foothold, particularly among the new age economy businesses, the company now stands even more prepared to meet the growth and needs of its customers.

The second-fastest growing economy in the world, India, has become the global corporations' favorite acquisition and outsourcing arena. Over the past four years, the GDP growth has been around 9 percent annually. This is primarily driven by industries such as finance, IT and infrastructure, in which the growth rate is significantly higher than in other sectors.

A typical example of this development is the joint venture between AIG (American International Group, Inc.), the second largest insurance company in the world, and Tata Group, one of India's largest corporations. Together they formed Tata AIG Life in 2001, only two years after the life insurance market was privatized. Today, only 3–4 percent of the Indian population is insured. Naturally, this offers an enormous growth potential for companies such as Tata AIG, and they have seized that opportunity: In 2006, the company hired Walsons Services to provide security for 85 offices. By the end of 2007, there were 250 offices across the country, and the by the end of 2008, there will be approximately 500.

“Being a multinational company, we were really looking for a multinational security company,” says Vice President of Facilities & Projects, Captain Suman Banerjee. “At the time, Walsons was a domestic company, but we felt that their management was very good. Our rationale was that outsourcing our security would ensure a professional standard, including providing the necessary manpower,

but also conducting drills and inspections. I also expect that the company will advise me from time to time about certain areas, such as personnel issues or improving efficiency. In addition, when hiring a larger national player, it would also ensure faster deployment of security staff, which a smaller firm would not be able to do.”

Captain Banerjee believes that one of the many challenges for security companies today in India is to maintain a consistent level of training, an issue also addressed by the government. In 2006, the Private Security Agencies Regulation Act (PSAR) was passed and includes a strict mandatory basic training period for security officers of 21 days, a much appreciated step in raising industry standards.

“Another client of Walsons, the EDS company Mphasis with its corporate head office in India's IT center Bangalore, agrees with Banerjee. “It's imperative that the security companies invest in training and the training has to be tailored to the industry,” says Captain K. Srinivas, Head of Supply Chain and Real Estate at Mphasis. He explains that it is imperative for private security firms to deliver specialized security services in line with industry requirements. This often needs to be standardized for a particular sector or line of businesses. Mphasis is a large player in technology and business process outsourcing. Captain Srinivas explains: “We have client contracts which are very sensitive with high compliance and stringent requirements, which could involve drug testing or background screening in addition to surveillance and physical guarding

requirements. Providing security services at these sites is a challenging task. Not having many organized players in the security sector adds to the challenge. Our demands on our security supplier are high.”

Walsons provides access control, system maintenance, mobile patrols for workplace safety and evacuation drills for EDS Mphasis. The access control at the sites is stringent and the security officers are trained in physical guarding duties specific to the needs of multiple clients.”

Multinational companies outsource a range of processes, such as accounting, customer service, insurance handling and IT infrastructure to the specialized business processing operations (BPO) companies. Genpact India – previously the India-based business process services operations of GE Capital – specializes in back-office work for the insurance and financial sector, such as claims handling and settlements, medical assessments, transactions, taxations, and payroll. Explains Vice President Infrastructure & Logistics Vibhu Narayan: “A lot of people think BPOs are all about call centers, but we are not in the calling business. In fact, only about 15 percent of our business is call center services. Our employees are young and highly educated, most have post-graduate degrees. For example, we have 600 doctors on our payroll for the insurance sector and US law trained lawyers providing legal services for air carriers.”

Common for most BPOs, be it a call center or highly sophisticated back-office services, is the 24/7 office hours and the constant need for staff. The country is not suffering from a

labor shortage, but it can be difficult to find people with the appropriate education. Companies need to provide a good package of benefits and services to their employees in order to attract and retain the right people. In the case of Genpact and many others with similar working hours, the company offers employees transportation to and from work. Being complicated logistically, transportation poses not only an administrative challenge, but a security one too. Genpact has had to offer transportation that includes a security escort service to ensure that female employees would not be harassed or attacked late at night if they were the last one in the taxi on a route.

“The safety and security of our employees is a priority, not only when they are on site, but also commuting here. In the Delhi/Gurgaon area alone, we have seven sites, and each night 1,000 taxis transport employees to and from work,” continues Vibhu Narayan. “I would say we are partners with Walsons. Security is not my core business – it is a specialist business, like everything we do for our clients at Genpact. We started our partnership with Walsons eight years ago with seven officers guarding a small site. Today, we have about 500 security officers nationwide. I feel it is a flexible pool of security personnel, because whenever we need to upgrade or up-scale, I just talk to Walsons, and they are interactive both with me as well as our staff.”

The Securitas Share

The Securitas share has been listed on the Stockholm Stock Exchange, now OMX Nordic Exchange Stockholm, since 1991. The share is included in the OMX Nordic Exchange's OMXS and OMXS30 indexes. At the end of 2007 Securitas' weight in the OMXS index was 0.80 percent (0.87) and in the OMXS30 index 1.19 percent (1.30).

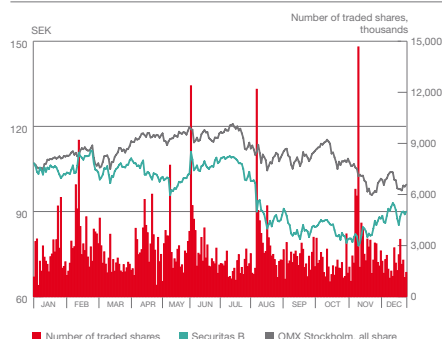
During the year a total of 660 million (672) Securitas shares were traded on the OMX Nordic Exchange, representing a value of SEK 64,006 million (85,433). The turnover rate in 2007 was 190 percent (191), against a turnover rate of 130 percent (148) for the entire OMX Nordic Exchange Stockholm. A trading unit comprises 200 shares. Market capitalization for Securitas at year-end was SEK 31,312 million (38,696).

The share capital amounted to SEK 365,058,897 at December 31, 2007, shared between an equal number of shares, each with a quota value of SEK 1.00. Of these shares, 17,142,600 are Series A shares and 347,916,297 are Series B shares. Each Series A share carries ten votes and each Series B share carries one vote.

Share prices for Securitas,
January 1 – December 31, 2007

Source: SIX

Securitas



Share price performance

In 2007 the market price of the Securitas share fell by 15.9 percent. The OMXS index fell by 7 percent and OMXS30 index fell by 7.1 percent. The lowest price paid for a Securitas share in 2007 was SEK 75 and the highest price paid was SEK 114.

Shareholder structure

At December 31, 2007 Securitas had 27,770 shareholders (33,462), a decrease of 17 percent since 2006. The principal shareholders are Investment AB Latour, which together with Säk AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB holds 11.6 percent (11.4) of the capital and 30.1 percent (30.0) of the votes, and Melker Schörling AB,

which holds 4.7 percent (4.5) of the capital and 11.1 percent (10.9) of the votes. At year-end, institutional investors accounted for more than 90 percent of the total share capital. Shareholders outside Sweden accounted for 38 percent (36) of the capital and 26 percent (25) of the votes.

Distribution of Securitas Systems, Securitas Direct and Loomis

On February 9, 2006, Securitas announced plans to transform three of its divisions, Loomis AB, Securitas Systems AB and Securitas Direct AB, into specialized security companies. The Extraordinary General Meeting of Securitas AB held on September 25, 2006, voted in favor of the Board of Direc-

Largest shareholders at December 31, 2007		Source: VPC (the Swedish Central Securities Depository) and changes known to Securitas.		
Shareholder	A-shares	B-shares	% of capital	% of votes
Säk AB	8,642,600	4,000,000	3.5	17.4
Investment AB Latour	4,000,000	23,090,000	7.4	12.2
Melker Schörling AB	4,500,000	12,701,500	4.7	11.1
Alecta pension fund	0	34,510,000	9.5	6.6
JP Morgan Chase Bank	0	17,280,884	4.7	3.3
Goldman Sachs International Ltd.	0	13,379,358	3.7	2.6
UBS AG LND IPB	0	10,874,860	3.0	2.1
Morgan Stanley & Co Inc.	0	9,841,587	2.7	1.9
Caceis Bank	0	8,787,281	2.4	1.7
Didner & Gerge aktiefond	0	7,609,000	2.1	1.5
Total largest shareholders	17,142,600	142,074,470	43.6¹	60.4

¹Does not sum up due to data differences in the reports from VPC.

Shareholder structure at December 31, 2007		Source: VPC (the Swedish Central Securities Depository) and changes known to Securitas.			
Number of shares	Number of shareholders	Number of A-shares	Number of B-shares	% of capital	% of votes
1–500	19,107	0	3,308,271	0.91	0.64
501–1,000	3,974	0	3,328,462	0.91	0.64
1,001–5,000	3,374	0	7,950,004	2.18	1.53
5,001–10,000	481	0	3,626,948	0.99	0.70
10,001–15,000	154	0	1,937,972	0.53	0.37
15,001–20,000	118	0	2,124,727	0.58	0.41
20,001–	561	17,142,600	325,639,413	93.90	95.71
Total	27,770¹	17,142,600	347,916,297	100	100

¹Does not sum up due to data differences in the reports from VPC.

tors' proposal that all shares in the wholly-owned subsidiaries Securitas Systems AB and Securitas Direct AB should be distributed to the shareholders and that the companies should be listed on the OMX Nordic Exchange Stockholm. The distribution date was September 29, 2006. For each Series A or Series B share in Securitas, shareholders received one share of the same Series (A

or B) in Securitas Systems and in Securitas Direct. Preparations for the listing of Loomis AB are continuing and the plan is for this division to be listed on the OMX Nordic Exchange Stockholm at the end of 2008.

Cash dividend and dividend policy

The Board of Directors and the President propose a dividend of SEK 3.10 (3.10) per share.

With a free cash flow averaging 75–80 per cent of adjusted income and a balance sheet 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 that objective, 47 percent.

Data per share					
SEK/Share	2007	2006	2005	2004	2003
Earnings per share before dilution	4.78 ¹	6.00 ¹	6.32 ¹	5.55 ¹	3.66
Earnings per share after dilution	4.78 ¹	5.97 ¹	6.24 ¹	5.47 ¹	3.45
Dividend	3.10 ²	3.10	3.50 ³	3.00 ³	2.00
Dividend as % of earnings per share	65 ¹	52 ¹	56 ³	55 ³	58
Yield, %	3.4	2.9 ⁴	3.9 ³	3.9 ³	2.1
Free cash flow per share	6.61	4.88 ⁵	6.53 ⁵	5.46 ⁵	4.94
Share price at end of period	90.00	106.00	90.00 ⁵	76.00 ⁵	97.00
Highest share price	114.00	114.00	93.00 ⁵	82.00 ⁵	116.00
Lowest share price	75.00	82.00	73.00 ⁵	57.00 ⁵	69.50
Average share price	97.00	98.00	83.00 ⁵	68.00 ⁵	93.20
P/E ratio	19	18	14 ⁵	14 ⁵	28
Number of shares outstanding (000s)	365,059	365,059	365,059	365,059	365,059
Average number of shares outstanding, after dilution (000s)	369,366	376,165	378,712	382,409	382,417
Number of shares outstanding, after dilution (000s)	365,059 ⁶	379,615	375,015	382,409	382,409

¹ Calculated before items affecting comparability and for continuing operations.

⁴ Calculated on proposed dividend.

⁶ Convertible debenture loan 2002/2007 matured in May 2007 and there is currently no potential dilution.

² Proposed dividend.

⁵ Excluding Securitas Systems and Direct.

³ Including Securitas Systems and Direct.

Development of share capital			
Year	Transaction	No. of shares	SEK
1987	Opening capital	200,000	20,000,000
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	Rights 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	Rights issue 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	Rights issue ²	73,439,693	293,758,772

¹A 3:1 split was effected in 1996, as was a stock dividend, changing the par value of the share from SEK 5 to SEK 2.

²A 4:1 split was effected in 1998, as was a stock dividend, changing the par value of the share from SEK 2 to SEK 1.

Development of share capital (cont.)			
Year	Transaction	No. of shares	SEK
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

³148,200 refers to interim shares registered with the Swedish Patent and Registration Office on January 11, 2002.

⁴The 1998/2003 convertible debenture loan was converted on March 31, 2003 except for MSEK 5 that was not converted. The total number of shares after dilution of all outstanding convertible debenture loans is 375,015,400.

Definitions

Yield: Dividend relative to share price at the end of each year. For 2007, 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.

Risk management a Natural Part of our Operations Strategy

Managing risk is necessary for Securitas in order to be able to accomplish our strategies and achieve our objectives. The management of risk takes place through a structured process of assigning responsibility, which is the basis of the Group's corporate governance and internal control, and stretches upwards from branch managers to Group Management and the Board of Directors who answer to the Annual General Meeting.

Background

Securitas is exposed to various types of risks in its day-to-day business. These risks fall into two main categories: operational risks and financial risks. Both can impact the Group's financial performance and position if they are not managed in a structured way. Operational risks are risks associated with day-to-day 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. Financial risks arise because the Group has external financing needs and operates in a number of foreign currencies.

To allow the divisions, countries and regions to focus fully on their operations, financial risk management is centralized to the greatest extent possible to the Group Treasury Centre. For a further description of the management of financial risks, please refer to Note 6 on page 59 in the notes and comments to the consolidated financial statements. For details on the assumptions and assessments used in the preparation of the financial reports, and that may affect the Group's financial position, please refer to Note 4 on page 57 of the notes and comments to the consolidated financial statements.

Organization

Since operational risks arise in local operations, they must be managed with a decentralized approach. Customer contract management and loss prevention measures

are essential aspects of this task. All of Securitas' Branch Managers must assess and understand the risks associated with providing services. The Group's divisional Presidents are responsible for all aspects of operations in their divisions, including operational risk management and risk minimization. The ultimate responsibility for claims settlement and for purchasing certain strategic insurance programs lies at Group level.

At Group level, Group Management sets risk management policies for the entire Group. The Security Services North America, Security Services Europe and Loomis divisions have their own risk committees which meet on a regular basis.

Management of operational risks

The most important objective of operational risk management is preventing losses from occurring and thereby protecting clients and employees. In order to evaluate the operational risks in new and existing business activities, Securitas uses a business risk evaluation model. This model, which focuses on a number of important aspects of the assignment and the relationship with the customer, is described in more detail on the following page. Should a loss occur and Securitas be deemed fully or partly responsible, insurance solutions are used to minimize the financial impact of any claims by customers or third parties.

Business risk evaluation model**Assignment**

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

Risk

The type of customer involved in an assignment is significant both in terms of the customer's operational risk level and financial position. High-risk customers and potential large losses must be identified and the necessary insurance cover taken out for the risk in question. 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 liability caps and indemnification for third-party claims are important components of customer contracts.

Profitability

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

Risk business plan

As part of the budget process, each division presents annually a risk business plan, which is built from the bottom up. The business plan sets out the main focus and priorities in ongoing operational risk management within the divisions for the coming year. In addition, at least one business risk evaluation seminar is held each year for all divisions with participants from the divisions, country or region and from the Group.

The purpose of these meetings is to increase awareness and understanding of the risks the company is exposed to by, for example, reviewing certain contracts or processes.

Insurance

Securitas has decided to transfer certain operational risks to the insurance market through Group-wide insurance programs. The main programs are General Liability Insurance, which covers claims relating to property damage and bodily injury; Workers Compensation Insurance in the USA, which covers work-related claims; and Cash Handling Insurance, which covers losses that may occur in Loomis' operations. By purchasing the Group's insurance programs centrally, Securitas achieves economies of scale for pricing and better access to more specialized international insurance markets.

The transfer of risk to the insurance market is done in a three-step process. In the first step,

the local operations retain a predetermined portion of all losses through a local deductible. In the next step, the Group's own reinsurance companies (so-called captives) are used to retain a predetermined and capped risk in the Group above the level of the local deductible. The total self-retention, that is the total level of risk retained in the Group in local operations and in the reinsurance companies, depends on the estimated risk exposure and the pricing of external reinsurance. Normally it makes financial sense to retain a certain portion of the risk within the Group as there is a certain level of loss that normally occurs more frequently. To insure these losses externally would usually cost more than the value of the losses.

As a third step, the risk above the self-retention level is reinsured to appropriate limits in the external insurance markets. By using captives, Securitas gains some independence from the insurance markets and can minimize the impact of short-term fluctuations in price and capacity in these markets.

Losses and cost of risk

The cost of risk consists of external insurance premiums plus the self-retained part of the losses. The Group Insurance Centre is responsible for centrally purchasing the Group's insurance programs and thereby securing competitive premiums and terms.

The operating units are responsible for keeping losses to a minimum in terms of number and size. As a main principle, the cost of risk and the consequences of good or poor management of risk cost are carried down to the branch level. Loss patterns and the cost of risk for each unit are reported and monitored on a monthly basis as a part of the financial reporting process.

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



Financial Control for Correct Decisions

To accomplish our strategies and guide our people and organization towards achieving its objectives, Securitas has an established financial framework that continuously measures the Group's performance from the branch offices up to Group level. This method of reporting makes it possible to follow a number of clear and simple key ratios that are understood by all of our employees.

The aim of the Group's financial reporting is to produce information that is as accurate as possible so that managers and employees can take the decisions necessary to achieve profitable growth in line with Securitas' strategies, and control risks to ensure that objectives are achieved. Financial reporting also forms the basis for good internal control.

The Group's financial reporting is based on the following foundations:

- Guidelines provided by our financial model for the divisions' financial focus and division of responsibilities between different levels within the organization with respect to financial key ratios – Securitas Six Fingers.
- Financial Policies and Guidelines, the Board of Directors' policy document which is built around three central themes: transparent and coherent internal and external reporting, proactive risk management, and continuous improvement of financial oversight and control processes.
- Securitas Reporting Manual, which provides all managers and financial staff with detailed instructions and definitions for financial reporting.
- The Controller, whose role it is to work with integrity and professionalism to lead and collaborate with others to inspire high ethical standards and high levels of competence and dedication, as well as to constantly strive for accurate, transparent, relevant and up-to-date financial information.

Clarity and simplicity

Securitas' financial model is basically simple. It focuses on transparency and distinct relationships between income and expenses in the statement of income, capital in the balance sheet, and the generation of cash flow to attain the highest possible levels of free cash flow and shareholder value. Managers and employees will thereby gain an understanding of the relationships between risk and opportunities and how they can be monitored and controlled and in turn impact their business areas. Transparent, accurate financial reporting is also the basis of good internal control.

The diagram on page 26 shows the statement of income, the statement of cash flow and the balance sheet and the relationships between them.

Statement of income

The statement of income is divided according to function and thus reflects the Group's organization. Responsibility for each profit level is therefore clear, and managers with operational responsibility can 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, the operating income should generate the same amount of cash flow from operating activities. The cash flow is affected

by investments in, and depreciation of, fixed 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 plus depreciation, less net investments, 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 fixed assets and working capital, is constantly monitored at the operating level to avoid unnecessary tied-up capital. Capital employed is financed by net debt and shareholders' equity.

Securitas' financial model

To create a simple, clear internal reporting method for timely and accurate follow-up, Securitas has used a financial model called Six Fingers since the late 1980s. In 2007 the model was adapted to reflect the new organization within the Group's European guarding operations and the continuing specialization and differentiation within the Group.

Our model focuses on the key factors that impact profit, not the profit itself. These key factors are clearly linked to operations. They are grouped into categories – volume-related factors, efficiency-related factors and capital-usage-related factors and allow managers to make decisions based on precise determinations so as to act quickly to improve results. The model is also used to analyze acquisition targets.

The diagram on page 27 shows the key factors, how they are applied in the divisions, and how they are linked to the Group's key ratios.

Volume-related factors

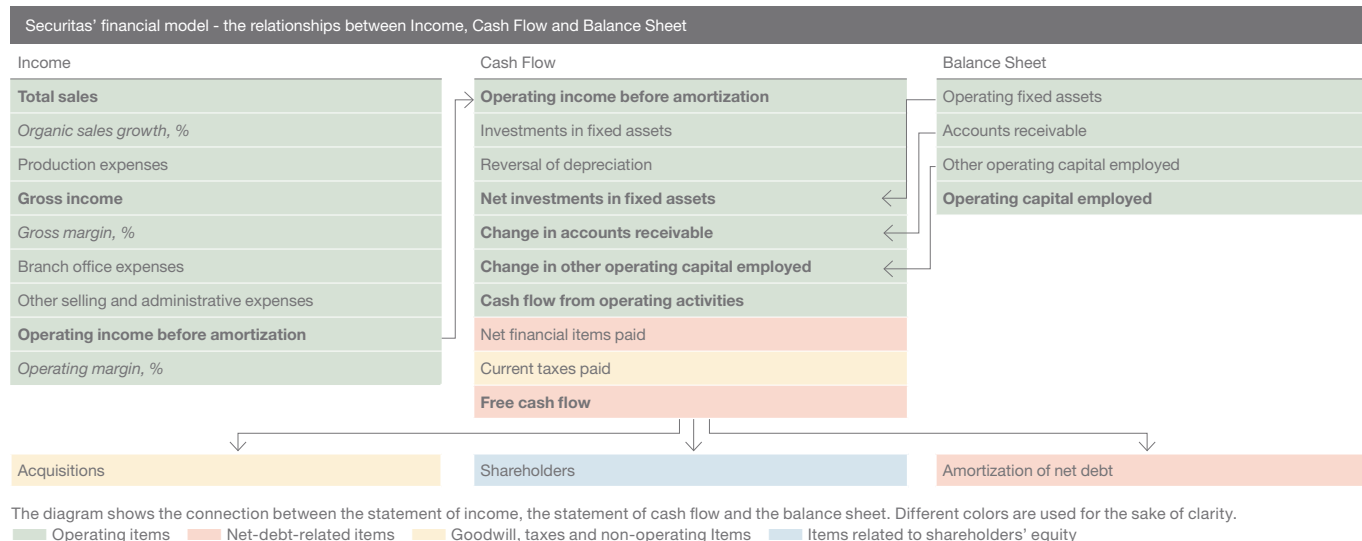
Selling services and sustaining and increasing income are based on establishing long-term relationships with customers. Guarding and cash handling services are often purchased on an annual or multi-year basis. The first three key factors, 1. New sales (of contracts), 2. Net change (of contract portfolio), and 3. Total sales

therefore relate to the development of the customer contract portfolio.

Details of contract portfolios (example)

	Value	% change in op. 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

Net change in the customer contract portfolio is new sales plus increased sales in existing contracts, less terminated customer contracts and reduced sales in existing contracts.



Price changes are measured separately and added to the net change to determine the period's closing balance. Total sales, in addition to contract-based sales, includes short-term assignments.

Efficiency related factors

The efficiency-related factors provide managers with tools to monitor service efficiency and cost trends. Accordingly, the fourth and fifth key factors are the following:

4. Gross margin, which is defined as total sales less direct expenses as a percentage of total sales.

5. Indirect expenses, which relate to the organization and include administrative expenses, that is the 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

Although Securitas' operations in general are not capital-intensive, there are differences between the divisions. Security Services has the lowest capital requirements and Loomis has the highest. Accounts receivable tie up the most capital and the sixth key factor is therefore:

6. Days of sales outstanding (DSO). Payment terms and effective collection procedures are

Securitas' model for financial key ratios

	The Group's key ratios	Key ratios by division		
		Security Services	Mobile and Monitoring	Loomis
Volume-related factors		1. New sales	1. New sales/New starts	1. New sales
		Gross margin on new sales		Number of monitored ATM:s
		Terminations	Terminations	Terminations
			New/cancelled connections (Alert)	
		2. Net change	2. Net change	2. Net change
		Price change	Price change	Price change
	Organic sales growth	Organic sales growth	Organic sales growth	Organic sales growth
	Acquired sales growth			
	Total sales	3. Total sales	3. Total sales	3. Total sales
		Employee turnover	Employee turnover	Employee turnover
Efficiency-related factors		Wage cost increase	Prospects visited (Mobile)	Cash handling losses
			Cost per sale/order	
			Average contract size (Mobile)	
			Pay back time/duration	
		4. Gross margin	4. Gross margin	4. Gross margin
		5. Indirect expenses	5. Indirect expenses	5. Indirect expenses
	Operating margin	Operating margin	Operating margin	Operating margin
	Income before taxes			
	Earnings per share			
		6. Days of sales outstanding	6. Days of sales outstanding	6. Days of sales outstanding
Capital-usage-related factors				Investments in fixed assets
	Operating capital employed as a % of total sales	Operating capital employed as % of total sales	Operating capital employed as % of total sales	Operating capital employed as % of total 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	Return on capital employed
	Free cash flow in relation to net debt			

decisive in determining how much capital is tied up in accounts receivable. These factors are followed up on an ongoing basis at all levels in the organization.

One measure of capital usage is operating capital employed as a percentage of total sales. Operating capital employed is calculated as operating non-interest-bearing assets less operating non-interest-bearing liabilities.

External financial key ratios

For external communication Securitas has decided to refine the financial key ratios and to focus on two objectives:

1. Earnings per share.
2. Free cash flow in relation to net debt.

Earnings per share

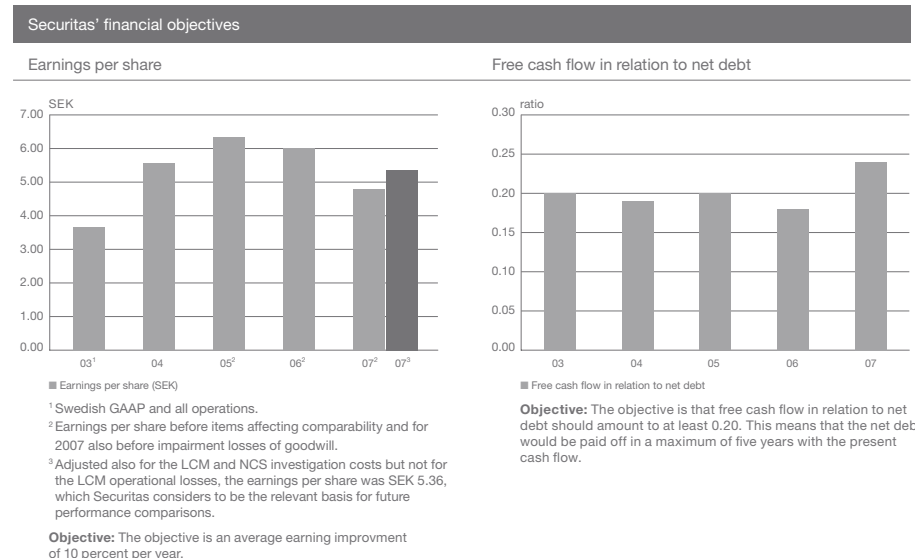
Earnings per share is income for the year after tax after deducting possible minority interests in relation to the average number of outstanding shares. Since all of the outstanding convertible debenture loans have been repaid there is no potential dilution effect.

Adjusted for impairment losses of goodwill, items affecting comparability and the LCM and NCS investigation costs but not for the LCM operational losses, the earnings per share was SEK 5.36 in 2007. Securitas consider this to be the relevant basis for the objective going forward. The objective is for the average annual growth in earnings per share to reach 10 percent.

Free cash flow in relation to net debt

The Group's free cash flow is cash flow from operations less financial items paid and current taxes paid. Free cash flow indicates how much cash flow can be used for dividends to shareholders, for acquisitions and for amortization of net debt. Change in net debt is free cash flow less items such as dividends and acquisition related payments.

The objective is for free cash flow in relation to net debt to be at least 0.20. This means that the net debt should be able to be paid off in five years.



	Previous accounting principles	IFRS						
		Securitas all businesses			Securitas excluding Systems and Direct			
MSEK		2003	2004	2005	2004	2005	2006	2007
INCOME								
■ Total sales		58,850.3	59,686.6	66,013.6	53,404.1	58,200.6	60,523.0	62,907.6
of which acquired business		964.0	1,519.0	2,074.3	818.8	1,399.5	970.5	1,355.8
■ Acquired sales growth, %¹		1	3	3	2	3	2	2
■ Organic sales growth, %		-3	3	5	3	4	6	5
Operating income before amortization		3,732.0	4,027.3	4,445.7	3,272.2	3,526.0	3,591.1	3,182.3
■ Operating margin, %		6.3	6.7	6.7	6.1	6.1	5.9	5.1
Amortization of goodwill		-1,137.0	-	-	-	-	-	-
Amortization and impairment of acquisition related intangible assets		-	-99.6	-122.5	-85.4	-98.1	-93.3	-458.0
Acquisition related restructuring costs		-	-26.5	-35.1	-23.0	-1.1	-0.4	-39.0
Items affecting comparability		-	-	-150.6	-	-150.6	-2,060.2	-718.0
Financial income and expenses excluding revaluation of financial instruments		-596.8	-516.6	-523.1	-500.6	-483.2	-519.8	-565.2
Revaluation of financial instruments		-	-	36.2	-	36.2	-35.8	-6.7
Share of income in associated companies		-	-	11.8	-	11.8	1.2	2.2
■ Income before taxes		1,998.2	3,384.6	3,662.4	2,663.2	2,841.0	882.8	1,397.5
Taxes		-754.1	-855.5	-948.7	-637.2	-683.0	-369.3	-871.5
Net income for the year		1,244.1	2,529.1	2,713.7	2,026.0	2,158.0	513.5	526.0
Minority share in net income		-1.8	-	-	0.7	1.5	1.6	1.6
Average number of shares after dilution (¹000)		382,417	382,409	378,712	382,409	378,712	376,165	369,366
■ Earnings per share, after dilution (SEK)		3.45	6.79	7.31	5.47	5.84	1.41	1.44
CASH FLOW								
Operating income before amortization		3,732.0	4,026.4	4,293.6	3,272.2	3,526.0	3,591.1	3,182.3
Investments in fixed assets		-1,718.6	-1,969.9	-2,220.4	-1,408.5	-1,496.0	-1,511.8	-1,574.8
Reversal of depreciation		1,564.1	1,613.0	1,948.6	1,270.3	1,509.7	1,477.9	1,448.0
Changes in other operating capital employed²		-650.3	-39.5	50.6	-209.4	88.1	-492.1	519.1
Cash flow from operating activities		2,927.2	3,630.0	4,072.4	2,924.6	3,627.8	3,065.1	3,574.6
as % of operating income before amortization		78	90	95	89	103	85	112
Financial income and expenses paid		-615.0	-518.4	-485.2	-502.2	-445.3	-516.1	-505.5
Current taxes paid		-510.9	-581.5	-926.1	-428.3	-796.9	-769.0	-656.7
■ Free cash flow		1,801.3	2,530.1	2,661.1	1,994.1	2,385.6	1,780.0	2,412.4
as % of adjusted income		73	93	94	96	105	75	115
Acquisitions, including cash payments from restructuring reserves		-1,307.8	-2,362.3	-1,213.2	-686.0	-862.5	-361.2	-901.8
Cash flow from items affecting comparability		-	-	-	-	19.5	-129.3	-564.0
Cash flow from financing activities		1,572.3	-1,495.3	-1,192.6	-2,040.1	-3,313.5	-1,106.3	1,745.9
Cash flow for the year, continuing operations		2,065.8	-1,327.5	255.3	-732.0	-1,770.9	183.2	2,692.5
Cash flow for the year, discontinued operations		-	-	-	-595.5	2,026.2	-1,251.0	-
Cash flow for the year, all operations		2,065.8	-1,327.5	255.3	-1,327.5	255.3	-1,067.8	2,692.5
Interest-bearing net debt at beginning of year adjusted for new principle		-9,886.8	-10,686.8	-10,636.9	-10,686.8	-10,636.9	-11,944.8	-9,734.6
Change in loans		-2,095.5	765.2	97.4	765.2	97.4	966.6	-2,877.6
Revaluation of financial instruments		-	-	51.8	-	51.8	-16.2	-35.2
Translation differences on interest-bearing net debt		834.0	616.0	-1,712.4	616.0	-1,712.4	695.2	76.9
Effect of dividend of discontinued operations		-	-	-	-	-	1,632.4	-
Interest-bearing net debt at year-end		-9,082.5	-10,633.1	-11,944.8	-10,633.1	-11,944.8	-9,734.6	-9,878.0
CAPITAL EMPLOYED AND FINANCING								
Fixed assets excluding acquisition related items		8,047.6	7,971.5	8,390.4	7,971.5	8,390.4	7,383.5	6,898.8
Accounts receivable		6,736.0	8,828.0	10,362.5	8,828.0	10,362.5	8,855.6	9,889.4
Other operating capital employed		-9,262.2	-10,135.4	-10,844.7	-10,135.4	-10,844.7	-11,569.9	-12,617.2
Operating capital employed, all operations		5,521.4	6,664.1	7,908.2	6,664.1	7,908.2	4,669.2	4,171.0
■ as % of total sales		9	11	12	10	10	8	7
Operating capital employed, continuing operations		5,521.4	6,664.1	7,908.2	5,265.4	5,923.7	4,669.2	4,171.0
Operating capital employed, discontinued operations		-	-	-	1,398.7	1,984.5	-	-
Goodwill, all operations		14,777.8	15,301.9	17,792.4	15,301.9	17,792.4	14,031.6	13,793.5
Of which goodwill, continuing operations		14,777.8	15,301.9	17,792.4	13,352.5	15,317.6	14,031.6	13,793.5
Of which goodwill, discontinued operations		-	-	-	1,949.4	2,474.8	-	-
Acquisition related intangible assets, all operations		-	433.2	638.5	433.2	638.5	464.2	624.0
Of which acquisition related intangible assets, continuing operations		-	433.2	638.5	212.3	359.3	464.2	624.0
Of which acquisition related intangible assets, discontinued operations		-	-	-	220.9	279.2	-	-
Shares in associated companies, all operations		-	-	178.6	-	178.6	172.7	103.5
Of which shares in associated companies, continuing operations		-	-	178.6	-	178.6	172.7	103.5
Of which shares in associated companies, discontinued operations		-	-	-	-	-	-	-
Capital employed, all operations		20,299.2	22,399.2	26,517.7	22,399.2	26,517.7	19,337.7	18,692.0
■ Return on capital employed, %		18	18	16	17	16	8	13
Of which capital employed, continuing operations		20,299.2	22,399.2	26,517.7	18,830.2	21,779.2	19,337.7	18,692.0
Of which capital employed, discontinued operations		-	-	-	3,569.0	4,738.5	-	-
Net debt								
Net debt		9,082.5	10,633.1	11,944.8	10,633.1	11,944.8	9,734.6	9,878.0
Net debt equity ratio, multiple		0.81	0.90	0.80	0.90	0.82	1.01	1.12
Interest coverage ratio, multiple		5.3	6.5	6.0	5.5	5.5	4.4	3.9
■ Free cash flow in relation to net debt		0.20	0.24	0.22	0.19	0.20	0.18	0.24
Minority interests								
Minority interests		15.6	16.6	1.5	16.6	1.5	0.4	1.9
Shareholders' equity attributable to equity holders of the Parent Company								
Shareholders' equity attributable to equity holders of the Parent Company		11,201.1	11,749.5	14,571.4	11,749.5	14,571.4	9,602.7	8,812.1
Return on equity, %		9	17	17	14	14	6	5
Equity ratio, %		30	30	32	30	31	27	22
Financing of capital employed		20,299.2	22,399.2	26,517.7	22,399.2	26,517.7	19,337.7	18,692.0

¹ Acquired sales growth is calculated as the year's acquisitions as a percentage of the previous year's total sales. ² Including changes in accounts receivable.

For definitions and calculations of key ratios refer to Note 3, page 56.

■ Group key ratios.

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 2007 financial year.

Securitas provides security services including specialized guarding, mobile services, monitoring, as well as consulting and investigation services. In addition Loomis provides cash handling services. Securitas is present in more than 30 countries in North America, South America, Europe and Asia, with more than 250,000 employees.

Sales and operating income before amortization

Sales amounted to MSEK 62,908 (60,523). Organic sales growth was 5 percent (6). The organic sales growth for Securitas excluding Loomis was on the same level as the previous year primarily as a result of good growth in Security Services Europe.

Sales January–December			
MSEK	2007	2006	%
Total sales	62,908	60,523	4
Acquisitions/Divestitures	–1,356	–103	
Currency change from 2006	1,967	–	
Organic sales	63,519	60,420	5

Operating income before amortization was MSEK 3,182 (3,591). Adjusted for changes in exchange rates, the decrease was 8 percent.

Income January–December			
MSEK	2007	2006	%
Operating income before amortization	3,182	3,591	–11
Currency change from 2006	109	–	
Operating income before amortization	3,291	3,591	–8

The operational losses, cost for the legal investigations and audits in the LCM operation in the United Kingdom impacted the year by MSEK –308 (49) explaining MSEK 357 of the decrease compared to last year. Provisions related to organizational restructuring in Loomis affected the year negatively by MSEK 41 and an impairment loss of MSEK 29 relating to premises in Austria has also been recognized by Loomis.

The operating margin was 5.1 percent (5.9).

Operating income after amortization

Operating income after amortization was MSEK 1,967 (1,437).

Following the annual impairment test of all cash generating units during the third quarter the goodwill value in the Security Services and Mobile operations in the Netherlands has been adjusted through an impairment of goodwill of MSEK –350 (0).

Acquisition related restructuring costs primarily related to Loomis' acquisition of G4S cash handling operation in France and Brinks cash handling operation in the United Kingdom of MSEK –39 (0) has affected the result.

Items affecting comparability impacted the year by MSEK –718 (–2,060) and consist of the following items:

- The settlement of the Globe/Federal Aviation Administration dispute in the USA had a positive effect of MSEK 50.
- The sale of the assets and operations of LCM in the United Kingdom resulted in a loss of MSEK 160. On November 24, 2007, a final stock take was made when the assets and operation in LCM in the United

Kingdom was sold to Vaultex. The reconciliation of all accounts and the results of the stock take mean that no further provisions are necessary in relation to the historic variances beyond the provision of MSEK 824 established as of December 31, 2006.

- A total provision for LCM of MSEK 375 for non-compliance to the Note Circulation Rules (NCS) in the United Kingdom has burdened the year. The final amount of possible claims is under discussion between Securitas and the Bank of England.
- Re-branding costs in Loomis amounted to MSEK 46.
- A provision of MSEK 187, related to labor overtime compensation claims in Spain, has been recognized in the fourth quarter.

Financial income and expense

Financial income and expense amounted to MSEK –565 (–520). Revaluation of financial instruments amounted to MSEK –7 (–36).

Income before taxes

Income before taxes amounted to MSEK 1,397 (883). The LCM operational losses, costs for legal investigations and audits of MSEK 308, the Loomis' restructuring costs of MSEK 41, the impairment loss relating to Loomis' premises in Austria of MSEK 29, the impairment losses of goodwill of MSEK 350, the positive Globe/FAA settlement of MSEK 50, the loss related to the sale of LCM of MSEK 160, the total provision related to the NCS non-compliance of MSEK 375, the Loomis' re-branding costs of MSEK 46 and the provision related to labor overtime compensation claims in Spain of MSEK 187, impacted the result in 2007 by a total of MSEK –1,446. Of this total impact, MSEK –378 has burdened operating income before amortization and consequently the operating margin, while MSEK –350 relates to impairment losses of goodwill and MSEK –718 to items affecting comparability.

As a comparison, the bad debt provision relating to the Globe/Federal Aviation Administration dispute in the USA of MSEK 69 had a negative effect on the result in 2006. Furthermore, 2006 was impacted by MSEK 373 for the write-down of the Welo receivable, the provision of MSEK 824 for historical variances in the LCM in the United Kingdom and a total of MSEK 216 related to the listing projects of Securitas Systems AB and Securitas Direct AB as well as the relocation of the head office. Finally, MSEK 578 relating to other items affecting comparability also impacted 2006 negatively. For further background information regarding items affecting comparability, refer to Note 4.

Impact of impairment losses of goodwill and items affecting comparability		
MSEK	2007	2006
Income before taxes, impairment losses of goodwill and items affecting comparability	2,465	2,943
Impairment losses of goodwill ¹	–350	–
Items affecting comparability		
Globe/FAA	50	–69
Write-down of Welo	–	–373
LCM provision for historical variances	–	–824
LCM sale of assets and operations	–160	–
LCM provision for NCS declarations	–375	–
Re-branding	–46	–
Listing and relocation of head office	–	–216
Overtime compensation Spain	–187	–
Other items	–	–578
Total items affecting comparability	–718	–2,060
Total impact from impairment losses of goodwill and items affecting comparability	–1,068	–2,060
Income before taxes	1,397	883

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

Taxes

The Group's tax rate was 62.4 percent (41.8). Adjusted for non-deductible impairment of goodwill and tax on items affecting comparability the tax rate was 29.1 percent. The tax on these items includes a write-down of a deferred tax asset relating to uncertainty about the use of a tax loss carry-forward arising from the exit of the LCM business in the United Kingdom. The underlying tax rate was 24.3 percent adjusted for the revaluation of deferred tax assets relating to a tax loss carry-forward due to German and Danish tax reforms.

The tax rate of 41.8 percent in 2006 includes the tax effects of items affecting comparability of approximately 16.3 percentage points.

Net income and earnings per share

The net income was MSEK 526 (514). Earnings per share were SEK 1.44 (1.41).

Earnings per share before items affecting comparability and impairment losses of goodwill were SEK 4.78 (6.00). Adjusted also for the LCM and NCS investigation costs but not for the LCM operational losses, the earnings per share was SEK 5.36, which Securitas considers to be the relevant basis for future performance comparisons.

Condensed Statement of Income according to Securitas' financial model		
MSEK	2007	2006
Total sales	62,907.6	60,523.0
Organic sales growth, %	5	6
Production expenses	-51,135.5	-49,029.8
Gross income	11,772.1	11,493.2
Selling and administrative expenses	-8,608.3	-7,907.0
Other operating income	18.2	4.9
Share in income of associated companies	0.3	-
Operating income before amortization	3,182.3	3,591.1
Operating margin, %	5.1	5.9
Amortization and impairment of acquisition related intangible assets	-458.0	-93.3
Acquisition related restructuring costs	-39.0	-0.4
Items affecting comparability	-718.1	-2,060.2
Operating income after amortization	1,967.2	1,437.2
Financial income and expenses excluding revaluation of financial instruments	-565.2	-519.8
Revaluation of financial instruments	-6.7	-35.8
Share in income of associated companies	2.2	1.2
Income before taxes	1,397.5	882.8
Taxes	-871.5	-369.3
Net income for the year, continuing operations	526.0	513.5
Net income for the year, discontinued operations	-	338.5
Net income for the year, all operations	526.0	852.0

Securitas' financial model is described on pages 25–28. ■ Operating items.
■ Net debt related items. ■ Goodwill, taxes and non-operating items.
■ Items related to shareholder's equity.

Cash flow

Operating income before amortization amounted to MSEK 3,182 (3,591). Net investments in fixed assets after depreciation amounted to MSEK -126 (-34).

Changes in accounts receivable amounted to MSEK -833 (-703). Changes in other operating capital employed amounted to MSEK 1,352 (211).

Cash flow from operating activities amounted to MSEK 3,575 (3,065), equivalent to 112 percent (85) of operating income before amortization. The cash flow from operating activities has been impacted positively by MSEK 181 from the liquidation of Securitas Employee Convertible 2002 Holding S.A.

Free cash flow was MSEK 2,412 (1,780), equivalent to 115 percent (75) of adjusted income.

Cash flow from investing activities, acquisitions was MSEK -902 (-362).

Cash flow from items affecting comparability was MSEK -564 (-129). This is mainly explained by a payment of MSEK 654 to settle part of the cash stock variance for LCM made in the third quarter, partly offset by the cash flow impact from the sale of LCM's fixed assets.

Cash flow from financing activities was MSEK 1,746 (-1,106), due to increased short-term borrowings.

Cash flow for the period was MSEK 2,692 (183).

Condensed Statement of Cash Flow according to Securitas' financial model		
MSEK	2007	2006
Operating income before amortization	3,182.3	3,591.1
Investments in fixed assets	-1,574.8	-1,511.8
Reversal of depreciation	1,448.0	1,477.9
Net investments in fixed assets	-126.8	-33.9
Change in accounts receivable	-832.8	-702.6
Change in other operating capital employed	1,351.9	210.5
Cash flow from operating activities	3,574.6	3,065.1
Cash flow from operational activities, %	112	85
Financial income and expenses paid	-505.5	-516.1
Current taxes paid	-656.7	-769.0
Free cash flow	2,412.4	1,780.0
Free cash flow, %	115	75
Cash flow from investing activities, acquisitions	-901.8	-361.2
Cash flow from items affecting comparability	-564.0	-129.3
Cash flow from financing activities	1,745.9	-1,106.3
Cash flow for the year, continuing operations	2,692.5	183.2
Cash flow for the year, discontinued operations	-	-1,251.0
Cash flow for the year, all operations	2,692.5	-1,067.8

Securitas' financial model is described on pages 25–28. ■ Operating items.
■ Net debt related items. ■ Goodwill, taxes and non-operating items.

Capital employed and financing

The Group's operating capital employed was MSEK 4,171 (4,669).

Acquisitions increased operating capital employed by MSEK 76.

Acquisitions have increased consolidated goodwill by MSEK 376. The annual impairment test of goodwill in the Group's cash generating units took place during the third quarter 2007 when the business plans for 2008 were being prepared. As a result of this a decision was made to recognize impairment losses of goodwill amounting to MSEK 350 in Security Services Netherlands and Mobile Netherlands. The impairment does not affect the cash flow. Adjusted for negative exchange rate differences of MSEK 264, the total goodwill for the Group amounted to MSEK 13,794 (14,032).

Acquisitions have increased acquisition related intangible assets by MSEK 308. After amortization of MSEK 108, reclassifications of MSEK -22 and negative exchange rate differences of MSEK 18, acquisition related intangible assets amounted to MSEK 624 (464).

Report of the Board of Directors – Financial overview

The Group's total capital employed was MSEK 18,692 (19,338). The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK -284 after taking into account net investment hedging and MSEK -359 before net investment hedging of MSEK 75.

The return on capital employed was 13 percent (8).

The Group's net debt amounted to MSEK 9,878 (9,735). Acquisitions and acquisition related payments in 2007 increased the Group's net debt by MSEK 902, of which purchase price payments accounted for MSEK 917, assumed net debt for MSEK -54 and acquisition related restructuring costs paid for MSEK 39. The Group's net debt decreased by MSEK 77 due to the translation to Swedish kronor of net debt in foreign currencies.

Dividends of MSEK 1,132 (1,278) were paid to the shareholders in April 2007.

The four convertible loans issued by Securitas AB to Securitas Employee Convertible 2002 Holding S.A. in Luxembourg in May 2002, totaling MEUR 254, were repaid back on May 2, 2007. No conversions have taken place.

In the first quarter 2007, Securitas AB's 6.125 percent MEUR 500 Euro Bond was reclassified from an interest bearing long-term liability to an interest bearing current liability as it matures in March 2008. Securitas has access to long-term funding through its MUSD 1,100 Revolving Credit Facility that matures in 2011 and its MEUR 550 Term Loan Facility maturing in 2010.

The interest coverage ratio amounted to 3.9 (4.4). The free cash flow to net debt ratio amounted to 0.24 (0.18).

Interest expense for the period on the convertible debenture loans that matured on May 2, 2007 amounted to MSEK -30 (-74).

Shareholders' equity amounted to MSEK 8,814 (9,603). The translation of foreign assets and liabilities to Swedish kronor impacted shareholders' equity by MSEK -207 after taking into account net investment hedging of MSEK 75 and MSEK -282 before net investment hedging. Refer to page 50, Statement of recognized income and expense, for further information.

The total number of outstanding shares amounted to 365,058,897 as of December 31, 2007. The average number of shares after full conversion of the convertible debenture loans that matured on May 2, 2007 was 369,365,776 for 2007.

Condensed Balance Sheet according to Securitas' financial model		
MSEK	2007	2006
Operating capital employed	4,171.0	4,669.2
Goodwill	13,793.5	14,031.6
Acquisition related intangible assets	624.0	464.2
Shares in associated companies	103.5	172.7
Total capital employed	18,692.0	19,337.7
Return on capital employed, %	13	8
Net debt	9,878.0	9,734.6
Shareholders' equity	8,814.0	9,603.1
Total financing	18,692.0	19,337.7

Securitas' financial model is described on pages 25–28. ■ Operating items.
■ Net debt related items. ■ Goodwill, taxes and non-operating items.
■ Items related to shareholder's equity.

Acquisitions

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

Acquisitions January – December 2007 (MSEK)						
Company	Division ¹	Included from	Annual sales ²	Enterprise value ³	Goodwill	Acquisition related intangible assets
Opening balance					14,032	464
KARE, Turkey ⁴	Security Services Europe	n/a	–	54	61	–
Black Star, Spain ⁴	Security Services Europe	n/a	–	47	–	–
Chubb van den Enden, the Netherlands	Security Services Europe, Mobile and Monitoring	Mar 1	56	17	5	16
PSI, Spain ⁵	Security Services Europe	n/a	–	47	8	–
Protection Service, France	Security Services Europe	Apr 1	210	6	–	19
Seguridad Argentina, Argentina	New Markets ⁷	May 1	186	36	49	34
CPI Security, Romania	Security Services Europe	May 1	87	3	–	10
Seguridad Burns de Colombia, Colombia	New Markets ⁷	Jun 1	72	20	7	13
G4S Cash Services, France	Loomis	Jul 2	405	234	140	59
Brink's cash handling, Great Britain	Loomis	Aug 6	165	17	–	–
Guardian Armored Security cash handling, USA	Loomis	Sep 1	55	24	–	16
Cono Sur, Argentina	New Markets ⁷	Sep 1	58	24	20	9
Walsons, India	New Markets ⁷	Nov 9	–	103	–	–
Forza, Peru	New Markets ⁷	Dec 1	160	85	66	18
Other acquisitions ⁶			257	146	20	114
Total acquisitions January – December 2007			–	863	376	308
Impairment losses of goodwill					–350	–
Amortization/impairment of acquisition related intangible assets					–	–108
Reclassification					–	–22
Translation differences					–264	–18
Closing balance					13,794	624

¹ Refers to division with main responsibility for the acquisition.

² Estimated annual sales.

³ Purchase price plus acquired net debt.

⁴ Deferred considerations paid in Q1 2007 for KARE and Black Star acquisitions.

⁵ Deferred consideration paid in Q2 2007 for PSI acquisition.

⁶ Värmlandsvakt (contract portfolio), Schäferhundvakt (contract portfolio), Royal Säkerhet AB, Kristianstad Hundbevakning (contract portfolio), Nässjö/Eksjö Bevakning (contract portfolio), WGA (contract portfolio), PBB Borlänge (contract portfolio) and UVOS, Services Sweden, Facility Network A/S, Services Denmark, Rometex Oy (contract portfolio), Services

Finland, IDS (contract portfolio) and Alsterwacht, Services Germany, Actir, Advantage Sécurité SARL, Bretagne Protection Surveillance (contract portfolio), SARL Départementale Sécurité (contract portfolio), ESG Sécurité (contract portfolio) and Lahire Protection Sécurité, Services France, Actir (contract portfolio), Lahire (contract portfolio) and Team & MVS, Alert Services France, Patrol (contract portfolio), Services Switzerland, FS&P NV and M.O.T, Services Belgium, Eureka (contract portfolio), Kuypers (contract portfolio), Hummel (contract portfolio) and Vision (contract portfolio), Alert Services Netherlands, Vigilancia y Seguridad S.A., Services Argentina, Ascco and Proguard, Services Uruguay, Security Services Northwest, Loomis USA.

⁷ New Markets is included in the segment Other.

KARE, Turkey

As announced in the full year report for 2006 Security Services Europe has, through DAK Güvenlik, acquired 100 percent of KARE in Turkey. The company, which has 900 employees, has annual sales of MTRY 15 (MSEK 72) in guarding services.

Black Star, Spain

Black Star in Spain was acquired in December 2005 and a deferred consideration of MEUR 5 (MSEK 47) was paid as planned during the first quarter 2007. A further MEUR 5 will be paid in the first quarter 2008.

Chubb van den Enden, the Netherlands

In March 2007, Securitas acquired Chubb van den Enden in the Netherlands which had total sales of MEUR 6 (MSEK 56), in 2006 and 200 employees. This acquisition confirms Securitas' market-leading position in mobile guarding in the Netherlands.

PSI, Spain

PSI in Spain was acquired in June 2006 and a deferred consideration of MEUR 5 (MSEK 44) was paid as planned during the second quarter 2007. A further MEUR 5 will be paid during the second quarter 2008.

Protection Service, France

In April 2007, Security Services Europe acquired certain assets and customer contracts from Protection Service in France. This company is focused on retail clients and Securitas has taken over personnel and customers representing annual sales of MEUR 23 (MSEK 210). This acquisition makes Securitas the leading player in the French private security market for retail customers.

Seguridad Argentina, Argentina

In April 2007, Securitas in Argentina entered into an agreement to acquire 100 percent of the shares in Seguridad Argentina. This acquisition will bring estimated sales in 2007 of approximately MARS 84 (MSEK 186). Seguridad Argentina is one of the four major players in security services in Argentina with 2,500 employees. This acquisition makes Securitas the leading security services supplier in Argentina with approximately 7,000 employees and annual sales of MSEK 500. The estimated final enterprise value of the acquisition is MARS 42 (MSEK 93).

CPI Security, Romania

Security Services Europe has acquired 55 percent of the shares in CPI Security in Romania. In December 2007 a capital contribution was made which increased Securitas' ownership to 87.75 percent. Under the agreement the remaining 12.25 percent will be purchased in 2010 and the purchase will be based on the financial performance of the company until the year 2009. CPI Security is one of the major players on the Romanian security market. The company's estimated annual sales in 2007 are MRON 30 (MSEK 87) and it has more than 2,000 employees. The estimated final enterprise value is 6 MRON (MSEK 16).

Seguridad Burns de Colombia, Colombia

Following the strategy to expand the Latin American platform, Securitas has acquired 71 percent of the shares in Seguridad Burns de Colombia. Under this agreement the remaining 29 percent of the shares will be purchased in 2010 and the purchase will be based on the financial performance of the company in 2009. The company has approximately 1,000 employees. The company's annual sales are about MCOL 21,500 (MSEK 72). The estimated final enterprise value is MCOL 8,500 (MSEK 27).

G4S cash handling operation, France

Loomis has acquired the G4S cash handling operation in France with 720 employees. The acquisition makes Loomis the market leader in France. The operation has annual sales of approximately MEUR 46 (MSEK 430). The enterprise value is MEUR 25 (MSEK 234).

Brinks' cash handling operation, Great Britain

Loomis has acquired Brinks' cash handling operations in Great Britain. The enterprise value is MGBP 1.1 (MSEK 18). The Brinks' cash handling operations in Great Britain consists of 350 employees, whereof 260 are in England and 90 in Scotland. The operation has annual sales of approximately MGBP 13 (MSEK 180) and comprises cash transportation and ATM services.

Guardian Armored Security cash handling operation, USA

Loomis has acquired Guardian Armored Security, a Michigan-based cash handling services company. This acquisition makes Loomis the leading cash handling company in the Michigan market. The enterprise value is approximately MUSD 4 (MSEK 23). The operation was consolidated into Loomis' accounts on September 1, 2007. The Guardian cash handling operations in Michigan consists of 205 employees based in three operating locations within the state. The operation has annual sales of approximately MUSD 9 (MSEK 64) and comprises cash transport and cash handling services.

Cono Sur, Argentina

Securitas in Argentina has entered into an agreement to acquire 100 percent of the shares in the security services company Cono Sur. The final enterprise value is estimated at MARS 17 (MSEK 33). Cono Sur has annual sales of approximately MARS 27 (MSEK 60). The company operates in the Province of Buenos Aires, the City of Buenos Aires and the southern part of the country. Cono Sur is primarily active within permanent guarding, in the health, banks and industry market segments. With this acquisition Securitas adds important clients to its portfolio.

Walsons, India

Securitas has acquired 49 percent of the shares in the Indian security services company Walsons. The estimated enterprise value of the 49 percent acquisition is approximately MINR 633 (MSEK 103). Walsons is the fourth largest national security services company in India and has annual sales of approximately MINR 475 (MSEK 76). Walsons has a high quality contract portfolio with a majority of the business within the IT, insurance and finance sectors. The company has approximately 6,500 employees and is located in nine regions in India.

Forza, Peru

Securitas has acquired 90 percent of the shares in the security services company Forza with subsidiaries Forza Alarmas and Forza Amazonica in Peru. Estimated final enterprise value of the acquisition is approximately MPEN 44 (MSEK 94). Forza has annual sales of approximately MPEN 75 (MSEK 160) and is one of the four largest security services providers in Peru. Forza is based in Lima but with a strong presence in the mining sector in the interior part of the country. The company has approximately 3,200 employees.

Other significant events

USA – Globe/Federal Aviation Administration

This dispute was settled in the first quarter 2007.

Brazil – Estrela Azul

In connection with the efforts of Securitas to expand its activities in South America, Securitas entered into an agreement in 2005 with respect to the possible acquisition of a security guarding company in Brazil. The company has since filed for protection from its creditors under Brazilian legislation providing for a judicial restructuring process. In connection with the commencement of this judicial restructuring process, the company has asserted a claim of MUSD 155 against Securitas alleging that Securitas is responsible for the company's failure. 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 has now been appealed by Securitas. 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. Securitas management believes that these claims are without merit.

Spain – Esabe

The final settlement has been signed by all parties and has been submitted to the relevant Spanish court for its approval. A provision for the settlement amount was established as of December 31, 2006. The court has approved the settlement; however the court approval has been appealed.

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 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. The decision by the court was delivered on January 29, 2008 and supports the opinion of the company on how compensation shall be calculated. The decision will likely be appealed by the local unions.

In the absence of final specific guidance on overtime compensation Securitas will have to prepare for several suits from employees and former employees in respect of historic overtime compensation.

Simultaneously, one industry association has 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. Judgment is not expected until the beginning of 2008. This decision may also be appealed.

Securitas various divisions including Loomis are already the target of several labor claims in Spain and the number of claims is increasing. Based on this fact the management currently estimates the additional compensation to amount to MSEK 187 and a provision of this amount has been recognized as of December 31, 2007. If appealed, Securitas will vigorously defend its position. If the decision is appealed by local unions the final outcome will not be known until 2009.

Germany – US Army

Securitas Germany has filed a law suit against the US Army for unpaid services under a now expired contract for guarding services. Securitas' claim is approximately MEUR 4.4. The US Army has filed a counterclaim of MEUR 10.5 plus penalties (counterclaim amount maximized to three times the base claim) alleging over-billings by Securitas. Securitas is taking adequate steps to secure a favorable outcome of its claim. Management currently believes the US Army counterclaim to be without merit.

The United Kingdom – Loomis Cash Management (LCM)

On November 24, 2007, Loomis AB's cash handling operation in the United Kingdom, Loomis Cash Management Ltd. (LCM), sold its fixed assets and operation to Vaultex UK Ltd. jointly owned by HSBC Bank plc and Barclays Bank PLC.

The sale of the fixed assets and operations resulted in a loss of MSEK 160 in the fourth quarter, due to a lower transaction price than book value and a provision made for warranties agreed with the buyer. The provision is 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 have to be presented to LCM for investigation by LCM prior to August 31, 2008. After that date this obligation expires. LCM has also provided the banks with a capped standard warranty related to the business assets, subject to relevant disclosures.

On November 24, 2007, a final stock take of all cash was made. The reconciliation of all accounts and the results of the stock take mean that no further provisions are necessary in relation to the historic variances beyond the provision of MSEK 824 established as of December 31, 2006.

During Loomis' work to improve its internal control and cut-off processes in the cash handling services of LCM, it came to the attention of management in the second quarter 2007 that for some time LCM had been making declarations that did not comply with the Note Circulation Rules (NCS Rules) in the United Kingdom. In particular, the value of notes eligible for declaration under the NCS Rules appears to have been overstated. One important consequence is that any overstatement could reduce LCM's financing costs.

Both Securitas and the Bank of England have launched investigations into the extent and consequences of declarations made by LCM, as announced on August 7, 2007. As required under the NCS Rules, LCM will pay the costs for this investigation. Securitas has also indemnified the Bank of England against these costs as well as the potential loss of interest and contractual penalties that it is entitled to claim as a direct result of this matter.

As disclosed, in August 2007, Securitas made a provision in relation to this claim of MSEK 206 and a further provision for possible additional claims and related costs of MSEK 169 has been taken in the fourth quarter of 2007 making a total provision of MSEK 375. The final amount of the possible claims is under discussion between Securitas and the Bank of England. NCS membership was transferred to Barclays and HSBC on November 24, 2007.

According to the listing agreement, Securitas has continuously informed the OMX Nordic Exchange about the LCM situation and according with normal procedures the Stock Exchange has initiated a review which is not finalized.

For further background information regarding items affecting comparability and contingent liabilities, please refer to Note 4 and Note 38.

Securitas Employee Convertible series 1-4 2002/2007

The conversion period for the four convertible loans, issued by Securitas to Securitas Employee Convertible 2002 Holding in Luxembourg in May 2002, ended on April 18, 2007. The loans amounted to EUR 254,497,500 corresponding to 14,555,657 new Series B shares in Securitas AB. No conversion has taken place and the loans were paid back in full on May 2, 2007. Securitas Employee Convertible 2002 Holding has now been liquidated according to plan.

New syndicated loan facility

In May, Securitas signed a three year MEUR 550 Multi-Currency Term Loan Facility. The Mandated Lead Arrangers and Bookrunners were BNP Paribas, Citi, The Royal Bank of Scotland and SEB. The Facility is used for refinancing of expiring committed financing as well as for general corporate purposes. The syndication was oversubscribed having been launched at MEUR 450.

Changes in Group Management

Tore K. Nilsen, the Divisional President of Security Services Europe, will leave Securitas for a position in the Norwegian Post. Tore K. Nilsen has been employed at Securitas since 1988, and has been part of Group Management since 1997. He will stay at Securitas as longest until July 1, 2008.

Bart Adam, presently Chief Operating Officer in Security Services Europe, has been appointed Divisional President and will assume his position when Tore K. Nilsen leaves Securitas. Bart Adam, Belgian citizen and Commercial Engineer from Leuven University, has been employed with Securitas since 2000. Bart Adam is already a member of Group Management.

Erik-Jan Jansen, presently Country President of Securitas Services Netherlands, has been appointed Chief Operating Officer in Security Services Europe and will be a new member of Group Management.

Personnel

Securitas has more than 250,000 employees in over 30 countries mainly in Europe and North America. As a framework for Securitas and all of its employees the Group's Board of Directors has adopted a Code of Conduct. It is every Securitas employee's responsibility to live up to and actively promote the company's Code of Conduct. All employees are encouraged to report breaches of the code to their superior for further investigation. If a case is ignored or if a charge is sufficiently serious in nature, it should be reported to local management, whose responsibility it will be to conduct a full investigation and, where necessary, take the appropriate steps. In March 2006, Securitas entered into an agreement with the Union Network International (UNI) and the Swedish Transport Workers Association. This agreement serves to further strengthen our commitment to the Securitas Code of Conduct in all of our operations around the world.

Securitas supports and respects basic human rights and recognizes its responsibility to see that they are followed in its daily operations.

Securitas is not associated in any way with forced labor or other forms of involuntary work. The company does not employ anyone under the age of 15 or under the minimum legal age in any country where the minimum is higher than 15.

Securitas respects every employee's right to form a union or to belong to a union he or she chooses, or to negotiate in accordance with local laws and ordinances.

Securitas strives to offer a secure and healthy working environment and endeavors to take reasonable measures to prevent accidents.

Wages and other benefits should at least meet the locally applicable minimum wage level or the minimum level for the industry.

Securitas should follow working regulations in accordance with national laws and/or those stipulated as standard for the industry.

Research and development

Securitas is a service company and does not carry out any research 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, 2007 the Group had no capitalized research expenditures.

Environment

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

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 in the printed version of the Annual Report under the heading: The share, shareholders and dividend on pages 20 and 21.

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 pre-emption 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's focus for 2008 will be to implement the strategy established in 2007 and to list Loomis at the end of 2008. The main emphasis of the strategy is to increase the degree of specialization and segmentation, leading to a more customer-oriented organizational structure within Securitas and thereby a platform to maximize value creation for the Group's customers. The Group is also increasing its investment in sales resources within Mobile and Monitoring to further grow this business area. Securitas also aims to gradually increase its international presence through acquisitions or by starting up operations with an initial focus on Latin America and Asia.

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 378 (469) and mainly relates to administrative contributions and other income from subsidiaries.

Income after financial items amounted to MSEK 612 (2,868).

Income after financial items includes gains from the sale of shares in subsidiaries of MSEK 15 (–), dividends from subsidiaries of MSEK 2,434 (5,338), interest income of MSEK 1,208 (1,154), interest expense of MSEK –2,160 (–1,692) and other financial income and expenses, net, of MSEK –972 (–1,726). Included in other financial income and expenses, net are impairment losses relating to shares in subsidiaries of MSEK –639 (–1,539). Impairment losses have been recognized in conjunction with the Parent Company having received dividend from the subsidiary and also as a result of the impairment losses of goodwill recognized in relation to Service's and Mobile's operations in the Netherlands. Last year the impairment losses were

also impacted by intra-group restructuring resulting from the dividend of Securitas Direct AB and Securitas Systems AB. Net income for the year amounted to MSEK 588 (2,877).

Cash flow for the year amounted to MSEK 2,374 (–945).

The Parent Company's fixed assets amounted to MSEK 51,264 (53,032) and mainly comprise shares in subsidiaries of MSEK 51,050 (51,581). Current assets amounted to MSEK 19,453 (13,979) of which liquid funds amounted to MSEK 3,187 (813).

Shareholders' equity amounted to MSEK 24,483 (24,954).

The Parent Company's liabilities amounted to MSEK 46,234 (42,057), and mainly consist of interest-bearing debt.

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

Proposed guidelines for remuneration to senior management in Securitas for 2008

The Board of Directors of Securitas AB (publ) proposes that the Annual General Meeting on April 17 2008 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 2008, amount to a maximum of MSEK 43.

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 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 6 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 2007 guidelines adopted by the AGM on April 17, 2007, 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 April 17, 2008.

Funds in the Parent Company available for distribution:		SEK
Hedging reserve		4,870,363
Translation reserve		266,566,503
Retained earnings		15,895,922,492
Net income for the year		588,401,473
Total		16,755,760,831

The Board of Directors propose a dividend to the shareholders of:		SEK
SEK 3.10 per share		1,131,682,581
To be carried forward		15,624,078,250
Total		16,755,760,831

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, 2007 amount to SEK 16,167,359,358.

The net income for the year amounts to SEK 588,401,473, of which SEK –2,982,709 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 have been SEK 624,845 lower as per December 31, 2007 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.

Unappropriated earnings of SEK 16,755,760,831 are therefore at the Annual General Meeting's disposal.

Provided that the 2008 Annual General Meeting resolves to allocate the results in accordance with the Board's proposal, SEK 15,624,078,250 will be carried forward. After distribution of the proposed dividend, there will be full coverage for the Company's restricted equity.

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

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

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



Security Services North America provides specialized guarding services in Canada, USA and Mexico. The division consists of 17 business units – one organization for national and global accounts, 10 geographical regions and three specialty regions (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.

Financial information

Organic sales growth was 4 percent, compared to 5 percent last year. The operating margin was 5.2 percent (5.0). There are several factors leading to this improvement. The main one is the focus on profitability and supporting incentive systems. The organic sales growth and client retention was strong and internal efficiency was improved. The improvement in the operating margin was driven by improved gross margins in the US guarding operations, while the development in Canada and C&I was less than anticipated. The weaker US dollar negatively affects operating income in Swedish kronor. The real change was 8 percent for the full year.

The client retention rate remained at over 90 percent. The employee turnover increased slightly to 71 percent (70). The increase from last year is due to sustained improvement in the labor market in the USA.

In 2007 new value-added services that incorporate technical solutions were introduced. These are helping to speed up growth and further improve margins. Pilot programs and partnerships for these services are now in place, and they will continue to be rolled out progressively over the next two years.

Service offering

The service offering ranges from security consulting, mobile patrols, specialized guarding, receptionist services, console operations, alarm response and event security to onestop security solutions. The customer base represents many industries and sectors, including banking and finance, manufacturing, education, high-tech, healthcare, residential areas, utilities, power, entertainment and retail. In certain regions, Securitas has a greater presence in specific customer segments, such as ports and gated communities, high-rise buildings and the petrochemical industry. In addition, the National Accounts team has a high level of specialization in customer segments such as high-tech and telecom.

Securitas wholly-owned subsidiary Pinkerton Consulting & Investigations provides security consulting and investigative services such 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.

Market

The North American market for contracted security has been relatively stable over the past three years and currently stands at 55 percent, compared to 45 percent for proprietary security. In Canada and Mexico most of the market is outsourced - almost 80 percent in Canada and close to 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 US security market there are seven major players that have a combined market share of 56 percent. The rest of the US security market is very fragmented. In Canada, the market is more consolidated with the top four companies holding 70 percent of the market. In Mexico the market consists of a large number of companies, each with almost an equal share. The main competitor is the private security division of the State Police in Mexico City.

Strategy and objectives

The overall long-term financial objective for Security Services USA, Canada and Mexico is to grow at least in line with the market for private security and to improve profitability year-on-year. To develop the business further, Securitas has a clear strategy of shifting from merely selling service hours to providing customized solutions adapted to the clients' needs. The division will strive to maintain its 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.

Our employees

The branch manager training program in the USA, which was introduced in 2004, continued and more training modules were added in 2007. The primary purpose of this training process is to ensure a consistent level of service quality 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. This process, combined with our Securitas Services Excellence program, improved our performance in 2007. The Securitas Services Excellence program, which aims to promote and maintain high and consistent service quality, was a major contributor to our high client retention rate of more than 90 percent. This forms a good platform for continued growth in the years to come.

Key figures and events in 2007

- Total sales amounted to MSEK 20,933 (21,736). Organic sales growth amounted to 4 percent (5).
- Operating income amounted to MSEK 1,080 (1,088). The operating margin was 5.2 percent (5.0).
- Return on total capital employed amounted to 17 percent (14).
- The Securitas Service Excellence program has helped to significantly improve consistency in service quality over the past year.

Financial key ratios

MSEK	2007	2006
Total sales	20,933	21,736
<i>Organic sales growth, %</i>	<i>4</i>	<i>5</i>
Operating income before amortization	1,080	1,088
<i>Operating margin, %</i>	<i>5.2</i>	<i>5.0</i>
<i>Real change, %</i>	<i>8</i>	<i>-</i>
Cash flow from operating activities	1,036	877
<i>Cash flow from operating activities, %</i>	<i>96</i>	<i>81</i>
Operating capital employed	952	1,163
<i>Operating capital employed as % of sales</i>	<i>5</i>	<i>5</i>
Total capital employed	6,513	7,116
<i>Return on capital employed, %</i>	<i>17</i>	<i>14</i>



Santiago Galaz, Divisional President,
Security Services North America



Securitas' European guarding operation consists of Security Services Europe, providing specialized guarding services for large and medium-sized customers in 20 countries, and Aviation, providing airport security services in nine countries. The organization has more than 800 branch offices and more than 100,000 employees.

Financial information

The organic sales growth for Security Services Europe, including Aviation, was 8 percent (7). Strong organic sales growth was seen in markets such as Norway, Denmark, Estonia, Switzerland, Austria, Turkey and Eastern Europe. In Germany, the lost US Army contract and sales related to the Football World Cup in 2006 resulted in negative organic sales growth. Adjusted for this decline, the growth rate in Germany would have been around 9 percent. Aviation is continuing to show double-digit organic sales growth, which is largely attributable to the Arlanda/Bromma contract in Sweden that started in February 2007 and has a total value of more than MSEK 1,000 over five years.

The operating margin was 5.7, compared to 5.8 percent last year. After adjustment for the impact of last year's repayment of pension premiums from FORA AB in Sweden in the amount of MSEK 24, the margin remains unchanged. Operating income showed a real change of 9 percent in the period.

There is continued pressure on price levels and gross margins for Security Services Europe, and this therefore remains a focus area. The client retention rate was stable at around 90 percent. The employee turnover is slightly higher than in 2006, at 39 percent compared to 38 percent. The strong labor markets in most European countries challenged the organization's ability to retain its employees.

Service offering

Customer segments range from health care, financial services, retail, energy services, industry, aviation, maritime, logistics and the public sector to special events among others, to mention a few. 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 its customers by being the single point of contact, combining the elements above and partnering with sub-contractors on specific requirements.

As an independent organization within Security Services Europe, Aviation provides specialized services for airports, airport-related business and airlines. The services range from security screening of hand and hold baggage to cargo security, document profiling and aircraft guarding and search.

Market

The market for outsourced security services, (excluding Mobile and Monitoring) in the countries where Security Services Europe operates grew by 4 percent in 2007 and reached a value of BSEK 140.

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 2007 Security Services Europe's market share was 18 percent compared to 17 percent in 2006.

There are close to 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, which operates across Europe except in Spain, Portugal and Italy, and Prosegur, which mainly operates in Spain, Portugal, France and Italy.

Strategy and objectives

The overall objective of Security Services Europe is to grow faster than the market average and to see yearly margin improvements. This will 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 in the whole of the EU. To support the growth strategy a specialization process is ongoing, and in 2007 the first two competence centers were introduced to strengthen cross-border development of the customer segments Retail and Maritime/Logistics.

Our employees

Continually striving to improve and develop our employees is of great importance. As an example of this, the division is developing a pilot for an employee survey. In addition, a number of managers are trained every year under the Securitas Management Training program which aims to strengthen local leadership and firmly establish Securitas' culture and business model. An even stronger customer focus and increased human resources efforts will be the main ingredients in the business strategy for Security Services Europe in 2008. In combination they will contribute to organic sales growth and improved profitability in the years to come.

Key figures and events in 2007

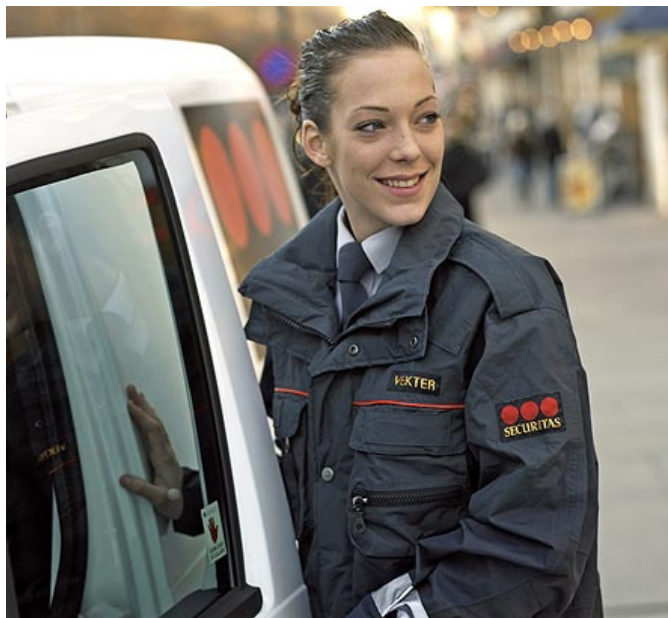
- Total sales amounted to MSEK 25,353 (22,786). Organic sales growth amounted to 8 percent (7).
- Operating income amounted to MSEK 1,433 (1,316). The operating margin was 5.7 percent (5.8).
- Return on total capital employed amounted to 25 percent (23).
- Bart Adam, presently Chief Operating Officer for Security Services Europe, was appointed Divisional President of Security Services Europe in January 2008. At the same time Erik-Jan Jansen, Country President of Securitas Services Netherlands, was appointed Chief Operating Officer for the Security Services Europe division. They will assume their new positions in spring 2008.

Financial key ratios

MSEK	2007	2006
Total sales	25,353	22,786
<i>Organic sales growth, %</i>	<i>8</i>	<i>7</i>
Operating income before amortization	1,433	1,316
<i>Operating margin, %</i>	<i>5.7</i>	<i>5.8</i>
<i>Real change, %</i>	<i>9</i>	<i>–</i>
Cash flow from operating activities	1,428	1,162
<i>Cash flow from operating activities, %</i>	<i>100</i>	<i>88</i>
Operating capital employed	1,059	1,078
<i>Operating capital employed as % of sales</i>	<i>4</i>	<i>5</i>
Total capital employed	5,278	5,252
<i>Return on capital employed, %</i>	<i>25</i>	<i>23</i>



Tore K. Nilsen, Divisional President,
Security Services Europe



Mobile provides mobile security services for small and medium-sized businesses, while Monitoring provides electronic alarm services. The division operates 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 cannot have or do not need a full-time security service. Mobile operates in 11 countries across Europe and has 8,600 employees in 37 areas and 274 branches.

Monitoring provides electronic alarm surveillance, and operates under the Alert Services brand. Its core business is to provide independent alarm, security and safety monitoring services for both homes and businesses. Alert Services operates in eight countries across Europe and has 700 employees.

Financial information

The organic sales growth in 2007 was 7 percent, compared to 4 percent the previous year. The growth is a result of the division's growth strategy, including expansion of the sales organization.

In Mobile, strong organic sales growth was seen in markets such as the Netherlands, Norway and Spain. In Monitoring, strong organic sales growth was seen in Finland, the Netherlands and Poland.

The operating margin was 12.0 percent, compared to 13.5 percent in 2006, and has been impacted by the cost of investment in the sales organization.

Service offering

Mobile provides mobile security services such 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. In 2006 and 2007, Mobile focused on the sales process and concept development. As the sales process for mobile services is fast and based on volume, Mobile has built a dedicated sales organization, separate from operations.

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

Market

The market for mobile services is highly fragmented and difficult to measure, as 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 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. The average contract value is EUR 300 per month.

Alert Services is the only third-party 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 market for the track and trace services is relatively new and has grown proportionally faster. Alert Services has provided this service for years, mainly in the Benelux countries, and has been at the forefront of developing services for this segment. Either directly or via partnerships (mainly within the Securitas organization), Alert Services offers an integrated service covering practically the whole of the European Union.

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 employees

In 2007, Mobile continued to focus on the sales process. As the sales process for mobile services is fast and based on volume, Mobile has started to build a dedicated sales organization, separated from operations. Sales specialists are now in place in most European countries and the objective is to have dedicated sales people in every country of operation.

A strong part of the value chain for 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 Alert Services established an even more sales-oriented organization, cooperating with these partners.

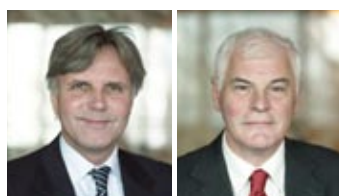
During 2007, a number of managers have been trained under the Securitas Management Training Program.

Key figures and events in 2007

- Total sales amounted to MSEK 4,836 (4,419). Organic sales growth amounted to 7 percent (4).
- Operating income amounted to MSEK 578 (597). The operating margin was 12.0 (13.5).
- Return on total capital amounted to 30 percent (31).

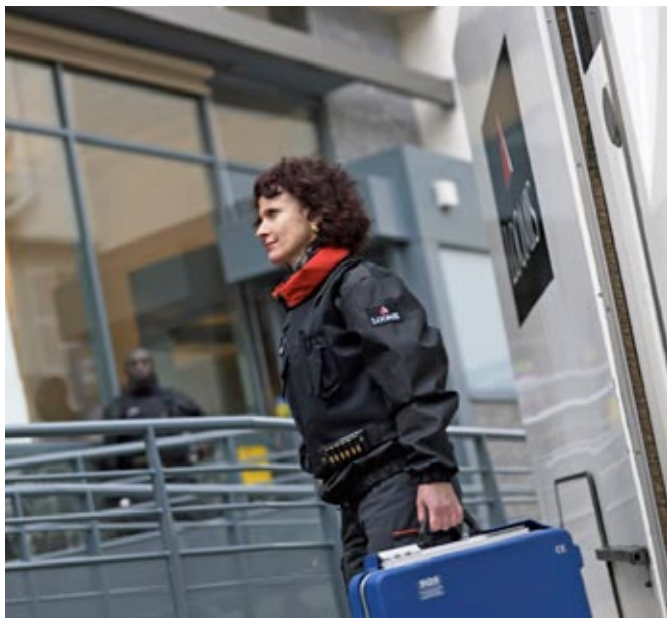
Financial key ratios

MSEK	2007	2006
Total sales	4,836	4,419
<i>Organic sales growth, %</i>	<i>7</i>	<i>4</i>
Operating income before amortization	578	597
<i>Operating margin, %</i>	<i>12.0</i>	<i>13.5</i>
<i>Real change, %</i>	<i>-4</i>	<i>-</i>
Cash flow from operating activities	569	545
<i>Cash flow from operating activities, %</i>	<i>98</i>	<i>91</i>
Operating capital employed	140	111
<i>Operating capital employed as % of sales</i>	<i>3</i>	<i>3</i>
Total capital employed	1,915	1,935
<i>Return on capital employed, %</i>	<i>30</i>	<i>31</i>



Morten Rønning, President, Mobile

Lucien Meeus, President, Alert Services



Loomis provides a complete range of integrated cash handling solutions and has almost 21,000 employees in eleven countries in the USA and Europe. Services are primarily targeted at central banks, commercial banks, retail chains and shops. Loomis provides customers with a secure and efficient service for cash handling. Loomis' services are divided into three areas: cash transport, cash handling and technical services. Loomis is a separate legal entity within the Securitas Group.

Financial information

The organic sales growth was 1 percent (5). In the United Kingdom sales were below the previous year due to a loss of volume within the Loomis Cash Management (LCM) operation, which was sold at the end of the year. In Sweden, volume was reduced due to the loss of the Swedbank contract in early 2007. The growth rate remains moderate in the USA. The decrease in organic sales growth in Denmark and France also explains the division's lower growth. Spain and Norway showed good organic sales growth.

The operating income was MSEK 293 (838). Operational losses, costs for legal investigations and audits of the LCM operation explain MSEK 357 of the decline compared to the previous year. Higher cost of risk in the USA of MSEK 25 also affected the result. The year was negatively affected by an impairment loss of MSEK 29 relating to premises in Austria. Provisions for onerous customer contracts of MSEK 13 have negatively affected Loomis Denmark. Provisions relating to the organizational restructuring of Loomis affected the 2007 results in the amount of MSEK 41. Costs relating to wage harmonization in France have also impacted the year.

The weaker US dollar has negatively affected the US operation's operating income compared to 2006.

The operating margin was 2.6 percent (7.3).

Excluding LCM's operational losses, legal investigations and audits, Loomis' operating margin was 5.7 percent (7.5) and the operating income was MSEK 601 (789).

Service offering

Loomis manages the flow of cash in society by offering retailers and banks products and services to handle all of the logistics surrounding cash handling. This means secure solutions for the transportation, storage, processing, replenishment and recycling of cash, including the distribution of cash vault solutions and so-called night boxes to the retail industry. These services are divided into three areas: cash transport, cash handling and technical services.

By managing all of the logistics of cash handling, Loomis is able to offer customers economies of scale and provide them with ready access to cash.

Loomis offers national banks and governments all they need to run their commercial activities efficiently and with a minimum of cash in circulation. This is made possible partly by the size and diversification that the aggregate customer base represents, and partly by the wide-ranging, highly integrated offering.

Market

The market for outsourced services is estimated at BSEK 23 in the European countries where Loomis is present, and at BSEK 18 in the USA. Loomis has a strong market presence in Western Europe and in the USA with a total of around 440 branch offices. Its market share in Western Europe is estimated at 21 percent and in the USA at over 20 percent.

Today Loomis has operations in 11 countries. In three of these – France, Sweden and Denmark – Loomis is the market leader. In Spain, Austria, Finland, United Kingdom, Norway and USA Loomis is number two and in Portugal and Switzerland the company is number three.

Loomis' primary customer segments are banks and the retail sector. For Loomis as a whole the banking sector accounts for more than 50 percent of sales. However, the proportional share varies substantially from country to country depending on to what extent the banks have traditionally outsourced their cash handling operations.

Loomis' main competitors within cash transport and cash handling are G4S in Europe and Brinks in the USA.

Strategy and objectives

Loomis prioritizes profitability – even at the expense of growth – in order to restore acceptable profit margins in markets where profitability is unsatisfactory. An important objective is to offer integrated service solutions where cash transport and cash handling as well as technical solutions are combined into tailor-made solutions for the customer.

Our employees

Loomis' business is very much local in nature and therefore demands hands-on, goal-oriented management. Risk management permeates everything Loomis does and the employees strive after operational superiority by developing processes for best practice where they learn from one another.



Alf Göransson, President and CEO, Securitas AB, Acting Divisional President for Loomis during parts of 2007

Lars Blecko, Divisional President, Loomis as of February 1, 2008

Key figures and events in 2007

- Total sales amounted to MSEK 11,397 (11,474). Organic sales growth amounted to 1 percent (5).
- Operating income amounted to MSEK 293 (838). The operating margin was 2.6 percent (7.3).
- Three acquisitions were made during the year: the G4S cash handling services in France, the British cash handling services of Brinks and of Guardian Armored Securities Inc. based in Michigan.
- On November 24, 2007, Loomis' cash handling operation in the United Kingdom, Loomis Cash Management Ltd (LCM), sold its fixed assets and operations to Vaultex UK Ltd., which is jointly owned by HSBC Bank plc and Barclays Bank PLC.
- Lars Blecko was appointed the new Divisional President of Loomis AB. He took up his position on February 1, 2008.
- On January 25, 2008, the County Administrative Court in Stockholm decided to grant Loomis' appeal and thereby reversed the ruling made by the Stockholm County Administrative Board to withdraw Loomis' permit to operate cash handling services in Sweden.
- Securitas plans to list Loomis on the OMX Nordic Exchange Stockholm in late 2008.

Financial key ratios

MSEK	2007	2006
Total sales	11,397	11,474
<i>Organic sales growth, %</i>	<i>1</i>	<i>5</i>
Operating income before amortization	293	838
<i>Operating margin, %</i>	<i>2.6</i>	<i>7.3</i>
<i>Real change, %</i>	<i>-63</i>	<i>-</i>
Operating income before amortization, excl. LCM	601	789
<i>Operating margin, excl. LCM, %</i>	<i>5.7</i>	<i>7.5</i>
Cash flow from operating activities	460	715
<i>Cash flow from operating activities, %</i>	<i>157</i>	<i>85</i>
Operating capital employed	1,109	1,158
<i>Operating capital employed as % of sales</i>	<i>9</i>	<i>10</i>
Total capital employed	3,717	3,674
<i>Return on capital employed, %</i>	<i>Neg</i>	<i>Neg</i>

Statement of income				
MSEK	Note	2007	2006	2005
Continuing operations				
Sales		61,551.8	59,552.5	56,801.1
Sales, acquired business		1,355.8	970.5	1,399.5
Total sales	9, 10	62,907.6	60,523.0	58,200.6
Production expenses	11, 12, 13	-51,135.5	-49,029.8	-46,781.8
Gross income		11,772.1	11,493.2	11,418.8
Selling and administrative expenses	11, 12, 13	-8,608.3	-7,907.0	-7,892.8
Other operating income	10	18.2	4.9	-
Share in income of associated companies	21	0.3	-	-
Amortization and impairment of acquisition related intangible assets	18	-458.0	-93.3	-98.1
Acquisition related restructuring costs		-39.0	-0.4	-1.1
Items affecting comparability	4, 11	-718.1	-2,060.2	-150.6
Operating income		1,967.2	1,437.2	3,276.2
Financial income	14	356.0	449.1	303.7
Financial expense	14	-927.9	-1,004.7	-750.7
Share in income of associated companies	14, 21	2.2	1.2	11.8
Income before taxes		1,397.5	882.8	2,841.0
Taxes	15	-871.5	-369.3	-683.0
Net income for the year, continuing operations		526.0	513.5	2,158.0
Net income for the year, discontinued operations	39	-	338.5	555.7
Net income for the year, all operations		526.0	852.0	2,713.7
Whereof attributable to:				
Equity holders of the Parent Company		524.4	850.4	2,712.2
Minority interest		1.6	1.6	1.5
Average number of shares before dilution		365,058,897	365,058,897	365,058,897
Average number of shares after dilution		369,365,776	376,165,189	378,712,105
Earnings per share before dilution, continuing operations (SEK)		1.44	1.41	5.91
Earnings per share before dilution, discontinued operations (SEK)		-	0.92	1.52
Earnings per share before dilution, all operations (SEK)	3	1.44	2.33	7.43
Earnings per share after dilution, continuing operations (SEK)		1.44	1.41	5.84
Earnings per share after dilution, discontinued operations (SEK)		-	0.90	1.47
Earnings per share after dilution, all operations (SEK)	3	1.44	2.31	7.31
Earnings per share before dilution and before items affecting comparability, continuing operations (SEK)	3	4.78	6.00	6.32
Earnings per share after dilution and before items affecting comparability, continuing operations (SEK)	3	4.78	5.97	6.24

Securitas' financial model – consolidated statement of income

Supplementary information				
MSEK	2007	2006	2005	
Continuing operations				
Sales	61,551.8	59,552.5	56,801.1	
Sales, acquired business	1,355.8	970.5	1,399.5	
Total sales	62,907.6	60,523.0	58,200.6	
Organic sales growth, %	5	6	4	
Production expenses	-51,135.5	-49,029.8	-46,781.8	
Gross income	11,772.1	11,493.2	11,418.8	
Gross margin, %	18.7	19.0	19.6	
Expenses for branch offices	-4,100.4	-3,991.1	-3,877.6	
Other selling and administrative expenses	-4,507.9	-3,915.9	-4,015.2	
Total expenses	-8,608.3	-7,907.0	-7,892.8	
Other operating income	18.2	4.9	-	
Share in income of associated companies	0.3	-	-	
Operating income before amortization	3,182.3	3,591.1	3,526.0	
Operating margin, %	5.1	5.9	6.1	
Amortization and impairment of acquisition related intangible assets	-458.0	-93.3	-98.1	
Acquisition related restructuring costs	-39.0	-0.4	-1.1	
Items affecting comparability	-718.1	-2,060.2	-150.6	
Operating income after amortization	1,967.2	1,437.2	3,276.2	
Financial income and expenses excluding revaluation of financial instruments	-565.2	-519.8	-483.2	
Revaluation of financial instruments	-6.7	-35.8	36.2	
Share of income in associated companies	2.2	1.2	11.8	
Income before taxes	1,397.5	882.8	2,841.0	
Net margin, %	2.2	1.5	4.9	
Taxes	-871.5	-369.3	-683.0	
Net income for the year, continuing operations	526.0	513.5	2,158.0	
Net income for the year, discontinued operations	-	338.5	555.7	
Net income for the year, all operations	526.0	852.0	2,713.7	

Securitas' financial model is described on page 25–28. ■ Operating items. ■ Net debt-related items. ■ Goodwill, taxes and non-operating items. ■ Items related to shareholders' equity.

Statement of cash flow				
MSEK	Note	2007	2006	2005
Operations				
Operating income		1,967.2	1,437.2	3,276.2
Adjustment for effect on cash flow of items affecting comparability	11	154.1	1,930.9	170.1
Reversal of depreciation and impairment losses	18, 19, 20	1,906.0	1,571.2	1,607.8
Financial items received		337.8	697.5	246.1
Financial items paid		-843.3	-1,213.6	-691.4
Current taxes paid		-656.7	-769.0	-796.9
Change in accounts receivable		-832.8	-702.6	-311.8
Payments from provisions for restructuring		-	-	-3.2
Change in other operating capital employed		1,351.9	210.5	399.9
Cash flow from operations, continuing operations		3,384.2	3,162.1	3,896.8
Cash flow from operations, discontinued operations	39	-	563.4	965.9
Cash flow from operations, all operations		3,384.2	3,725.5	4,862.7
Investing activities				
Investments in fixed assets		-1,574.8	-1,511.8	-1,496.0
Acquisition of subsidiaries	16	-862.8	-360.8	-858.2
Cash flow from investing activities, continuing operations		-2,437.6	-1,872.6	-2,354.2
Cash flow from investing activities, discontinued operations	39	-	-676.4	-1,060.6
Cash flow from investing activities, all operations		-2,437.6	-2,549.0	-3,414.8
Financing activities				
Dividend paid to shareholders of the Parent Company		-1,131.7	-1,277.7	-1,095.2
Redemption and premature redemption of convertible debenture loans		-2,363.1	-	-1,780.0
Redemption of bond loans		-	-3,240.1	-
Proceeds from other long-term borrowings		4,005.1	-	-
Change in other interest-bearing net debt excluding liquid assets		1,235.6	3,411.5	-438.3
Cash flow from financing activities, continuing operations		1,745.9	-1,106.3	-3,313.5
Cash flow from financing activities, discontinued operations	39	-	-1,138.0	2,120.9
Cash flow from financing activities, all operations		1,745.9	-2,244.3	-1,192.6
Cash flow for the year		2,692.5	-1,067.8	255.3
Liquid funds at beginning of year		1,668.0	3,470.8	3,120.4
Translation differences on liquid funds		-9.8	-95.5	95.1
Effect on liquid funds of discontinued operations	39	-	-639.5	-
Liquid funds at year-end	28	4,350.7	1,668.0	3,470.8

Supplementary information
Change in interest-bearing net debt in 2007

	Opening balance 2007	Cash Flow for the year, all operations	Change in loans ¹ , all operations	Revaluation of financial instruments, all operations	Translation differences, all operations	Effect of discontinued operations	Closing balance 2007
Liquid funds	1,668.0	2,692.5	-	-	-9.8	-	4,350.7
Other net debt	-11,402.6	-	-2,877.6	-35.2	86.7	-	-14,228.7
Interest-bearing net debt	-9,734.6	2,692.5	-2,877.6	-35.2	76.9	-	-9,878.0

¹Refers to the net effect of the redemption of convertible debenture loans MSEK 2,363.1, proceeds from other long-term borrowings MSEK -4,005.1 and change in other interest-bearing net debt excluding liquid funds, MSEK -1,235.6.

Securitas' financial model – consolidated statement of cash flow

Supplementary information			
MSEK	2007	2006	2005
Continuing operations			
Operating income before amortization	3,182.3	3,591.1	3,526.0
Investments in fixed assets	-1,574.8	-1,511.8	-1,496.0
Reversal of depreciation	1,448.0	1,477.9	1,509.7
Net investments in fixed assets	-126.8	-33.9	13.7
Change in accounts receivable	-832.8	-702.6	-311.8
Change in other operating capital employed	1,351.9	210.5	399.9
Cash flow from operating activities	3,574.6	3,065.1	3,627.8
<i>Cash flow from operating activities as % of operating income before amortization</i>	<i>112</i>	<i>85</i>	<i>103</i>
Financial income and expenses paid	-505.5	-516.1	-445.3
Current taxes paid	-656.7	-769.0	-796.9
Free cash flow	2,412.4	1,780.0	2,385.6
<i>Free cash flow as % of adjusted income</i>	<i>115</i>	<i>75</i>	<i>105</i>
Acquisitions of subsidiaries	-862.8	-360.8	-858.2
Acquisition related restructuring costs paid	-39.0	-0.4	-1.1
Payments from provisions for restructuring	-	-	-3.2
Cash flow for items affecting comparability	-564.0	-129.3	19.5
Cash flow from financing activities	1,745.9	-1,106.3	-3,313.5
Cash flow for the year, continuing operations	2,692.5	183.2	-1,770.9
Cash flow for the year, discontinued operations	-	-1,251.0	2,026.2
Cash flow for the year, all operations	2,692.5	-1,067.8	255.3

Securitas' financial model is described on page 25–28. ■ Operating items. ■ Net debt-related items. ■ Goodwill, taxes and non-operating items. ■ Items related to shareholders' equity.

Balance sheet				
MSEK	Note	2007	2006	2005
ASSETS				
Fixed assets				
Goodwill	17	13,793.5	14,031.6	17,792.4
Acquisition related intangible assets	18	624.0	464.2	638.5
Other intangible assets	19	234.4	172.7	313.3
Buildings and land	20	706.1	848.8	965.7
Machinery and equipment	20	3,945.4	3,897.7	4,975.8
Shares in associated companies	21	103.5	172.7	178.6
Deferred tax assets	15	1,633.4	2,083.0	1,706.3
Interest-bearing financial fixed assets	22	286.3	1,251.8	1,166.8
Other long-term receivables	23	379.5	381.3	429.3
Total fixed assets		21,706.1	23,303.8	28,166.7
Current assets				
Inventories	24	39.5	87.1	777.5
Accounts receivable	25	9,889.4	8,855.6	10,362.5
Current tax assets	15	378.6	234.9	307.6
Other current receivables	26	1,372.0	1,323.1	2,527.3
Other interest-bearing current assets	27	1,448.9	247.3	668.5
Liquid funds	28	4,350.7	1,668.0	3,470.8
Total current assets		17,479.1	12,416.0	18,114.2
TOTAL ASSETS		39,185.2	35,719.8	46,280.9
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		365.1	365.1	365.1
Other capital contributed		7,362.6	7,362.6	7,362.6
Other reserves		-479.9	-252.1	739.9
Retained earnings		1,564.3	2,127.1	6,103.8
Shareholders' equity attributable to equity holders of the Parent Company		8,812.1	9,602.7	14,571.4
Minority interests		1.9	0.4	1.5
Total Shareholders' equity	29	8,814.0	9,603.1	14,572.9
Long-term liabilities				
Long-term convertible debenture loans	30, 31	-	-	2,388.4
Other long-term loan liabilities	31	4,172.4	4,906.9	5,246.8
Other long-term liabilities	31	145.5	368.9	99.1
Provisions for pensions and similar commitments	32	946.1	1,055.9	1,191.1
Deferred tax liabilities	15	243.1	300.5	387.9
Other long-term provisions	33	1,651.4	2,179.7	870.8
Total long-term liabilities		7,158.5	8,811.9	10,184.1
Current liabilities				
Short-term convertible debenture loans	30, 34	-	2,300.0	-
Other short-term loan liabilities	34	11,791.5	5,694.8	9,615.7
Accounts payable		1,247.2	1,153.1	1,560.8
Current tax liabilities	15	392.6	374.7	622.7
Other current liabilities	35	8,445.4	6,963.2	8,718.2
Other short-term provisions	36	1,336.0	819.0	1,006.5
Total current liabilities		23,212.7	17,304.8	21,523.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		39,185.2	35,719.8	46,280.9

Securitas' financial model – consolidated capital employed and financing¹

Supplementary information			
MSEK	2007	2006	2005
Operating capital employed, all operations			
Other intangible assets	234.4	172.7	313.3
Buildings and land	706.1	848.8	965.7
Machinery and equipment	3,945.4	3,897.7	4,975.8
Deferred tax assets	1,633.4	2,083.0	1,706.3
Other long-term receivables	379.5	381.3	429.3
Inventories	39.5	87.1	777.5
Accounts receivable	9,889.4	8,855.6	10,362.5
Current tax assets	378.6	234.9	307.6
Other current receivables	1,372.0	1,323.1	2,527.3
Total assets, all operations	18,578.3	17,884.2	22,365.3
Other long-term liabilities	145.5	368.9	99.1
Provisions for pensions and similar commitments	946.1	1,055.9	1,191.1
Deferred tax liability	243.1	300.5	387.9
Other long-term provisions	1,651.4	2,179.7	870.8
Accounts payable	1,247.2	1,153.1	1,560.8
Current tax liabilities	392.6	374.7	622.7
Other current liabilities	8,445.4	7,782.2	9,724.7
Other short-term provisions	1,336.0	–	–
Total liabilities, all operations	14,407.3	13,215.0	14,457.1
Total operating capital employed, all operations	4,171.0	4,669.2	7,908.2
<i>Of which total operating capital employed, continuing operations</i>	<i>4,171.0</i>	<i>4,669.2</i>	<i>5,923.7</i>
<i>Of which total operating capital employed, discontinued operations</i>	<i>–</i>	<i>–</i>	<i>1,984.5</i>
Goodwill, all operations	13,793.5	14,031.6	17,792.4
<i>Of which goodwill, continuing operations</i>	<i>13,793.5</i>	<i>14,031.6</i>	<i>15,317.6</i>
<i>Of which goodwill, discontinued operations</i>	<i>–</i>	<i>–</i>	<i>2,474.8</i>
Acquisition related intangible assets, all operations	624.0	464.2	638.5
<i>Of which acquisition related intangible assets, continuing operations</i>	<i>624.0</i>	<i>464.2</i>	<i>359.3</i>
<i>Of which acquisition related intangible assets, discontinued operations</i>	<i>–</i>	<i>–</i>	<i>279.2</i>
Shares in associated companies, all operations	103.5	172.7	178.6
<i>Of which shares in associated companies, continuing operations</i>	<i>103.5</i>	<i>172.7</i>	<i>178.6</i>
<i>Of which shares in associated companies, discontinued operations</i>	<i>–</i>	<i>–</i>	<i>–</i>
Total capital employed, all operations	18,692.0	19,337.7	26,517.7
<i>Of which total capital employed, continuing operations</i>	<i>18,692.0</i>	<i>19,337.7</i>	<i>21,779.2</i>
<i>Of which total capital employed, discontinued operations</i>	<i>–</i>	<i>–</i>	<i>4,738.5</i>
<i>Operating capital employed as % of sales, continuing operations</i>	<i>7</i>	<i>8</i>	<i>10</i>
<i>Return on capital employed, continuing operations, %</i>	<i>13</i>	<i>8</i>	<i>16</i>

Net debt, all operations			
Interest-bearing financial fixed assets	286.3	1,251.8	1,166.8
Other interest-bearing current assets	1,448.9	247.3	668.5
Liquid funds	4,350.7	1,668.0	3,470.8
Total interest-bearing assets, all operations	6,085.9	3,167.1	5,306.1
Long-term convertible debenture loans	–	–	2,388.4
Other long-term loan liabilities	4,172.4	4,906.9	5,246.8
Short-term convertible debenture loans	–	2,300.0	–
Other short-term loan liabilities	11,791.5	5,694.8	9,615.7
Total interest-bearing liabilities, all operations	15,963.9	12,901.7	17,250.9
Total net debt, all operations	9,878.0	9,734.6	11,944.8
<i>Net debt equity ratio, multiple</i>	<i>1.12</i>	<i>1.01</i>	<i>0.82</i>
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	–479.9	–252.1	739.9
Retained earnings	1,564.3	2,127.1	6,103.8
Minority interests	1.9	0.4	1.5
Total shareholders' equity, all operations	8,814.0	9,603.1	14,572.9
Total financing, all operations	18,692.0	19,337.7	26,517.7

¹In accordance with IFRS 5, the comparative figures for the consolidated balance sheet have not been adjusted. The comparative figures thus include Securitas Systems and Securitas Direct. In Securitas's financial model – the Group's 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 operating capital employed as a percentage of sales and the return on capital employed for continuing operations.

Securitas' financial model is described on page 25–28. ■ Operating items. ■ Net debt-related items.
■ Goodwill, taxes and non-operating items. ■ Items related to shareholders' equity.

Statement of recognized income and expense ¹									
MSEK	2007			2006			2005		
	Attributable to equity holders of the Parent Company	Minority interests	Total	Attributable to equity holders of the Parent Company	Minority interests	Total	Attributable to equity holders of the Parent Company	Minority interests	Total
Net income/expense recognized directly in equity									
Actuarial gains and losses net of tax, all operations	44.5	–	44.5	–8.6	–	–8.6	–198.2	–	–198.2
Cash flow hedges net of tax, all operations	–20.5	–	–20.5	14.1	–	14.1	11.2	–	11.2
Net investments hedges, all operations	74.8	–	74.8	354.5	–	354.5	–544.6	–	–544.6
Translation differences, all operations	–282.1	–0.1	–282.2	–1,288.8	–1.3	–1,290.1	1,939.2	1.3	1,940.5
Net income/expense recognized directly in equity	–183.3	–0.1	–183.4	–928.8	–1.3	–930.1	1,207.6	1.3	1,208.9
Net income for the year, all operations	524.4	1.6	526.0	850.4	1.6	852.0	2,712.2	1.5	2,713.7
Total income/expense for the year	341.1	1.5	342.6	–78.4	0.3	–78.1	3,919.8	2.8	3,922.6

¹ For further information, refer to Note 29.

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Notes and comments to the consolidated financial statements

Note 1. General corporate information

Operations

Securitas AB (the Parent Company) and its subsidiaries (together the Securitas Group) provides security services including specialized guarding, mobile services, monitoring, as well as consulting and investigation services. In addition Loomis provides cash handling services. Securitas is present in more than 30 countries in North America, South America, Europe and Asia, with more than 250,000 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 Stockholm Stock Exchange, now OMX Nordic Exchange Stockholm since 1991 and is included in the Nordic Exchange's OMXS and OMXS 30 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 February 18, 2008.

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 April 17, 2008.

Note 2. Accounting principles

Basis of preparation

Securitas' consolidated financial statements are from January 1, 2005 prepared in accordance with International Financial Reporting Standards (formerly IAS) as endorsed by the European Union (EU), The Swedish Financial Accounting Standards Council standard RR 30:06 Complementary Accounting Rules for Groups and the Swedish Annual Accounts Act. 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 2007

IAS 1 supplement – Presentation of financial statements: capital disclosures
Came into effect on January 1, 2007. This supplement has not resulted in any additional disclosures in the Annual Report.

IFRS 7 Financial instruments: disclosures

This standard came into effect on January, 1 2007. For Securitas this standard has resulted in further supplementary disclosures in the Annual Report.

IFRIC 7 Application of the IAS 29 inflationary adjustment method financial reporting in hyperinflationary economies

IFRIC 7 came into effect on March 1, 2006 and will apply to financial years beginning after March 1, 2006. The Group does not currently have operations in any countries where the adoption of financial reporting in hyperinflationary economies is likely.

IFRIC 8 Scope of IFRS 2

Came into effect on May 1, 2006 and applies to financial years beginning after May 1, 2006. According to IFRIC 8 the rules in IFRS 2 relate to goods and services received in exchange for a vendor's capital instruments even if such goods and services, wholly or partly, cannot be specifically identified. This interpretation does not apply to the Group since this type of transaction does not occur.

IFRIC 9 Reassessment of embedded derivatives

Came into effect on June 1, 2006 and applies to financial years beginning after June 1, 2006. This interpretation does not apply to the Group since this type of transaction does not occur.

IFRIC 10 Interim financial reporting and impairment

Came into effect on January 1, 2006 and applies to financial years beginning after that date. According to the interpretation the reversal of impairment losses recognized in an earlier reporting period is not permitted in a later interim or full-year report. The Group has applied IFRIC 10 with effect from January 1, 2007. The application of this interpretation has not had any impact on the consolidated financial statements.

Introduction and effect of new and revised IFRS

When the consolidated financial statements as of December 31, 2007 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:

IAS 1 amendment – Presentation of financial statements

This amendment will come into effect on January 1, 2009. The amendment to the standard is still subject to endorsement by the European Union. The changes apply particularly to the presentation and names of the financial statements. Consequently, the future presentation of the Group's financial statements will be influenced by the introduction of this amendment.

IAS 23 amendment – Borrowing costs

This amendment will come into effect on January 1, 2009. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The group will apply IAS 23 (amended) from January 1, 2009 but is currently not applicable to the Group as there are no qualifying assets.

IAS 27 amendment – Consolidated and separate financial statements

This amendment will come into effect on July 1, 2009. The amendment to the standard is still subject to endorsement by the European Union. The change implies, among other things, that minority interest shall always be recognised even if the minority interest is negative, transactions with minority interests shall always be recorded in equity and in those cases when a partial disposal of a subsidiary results in that the entity loses control of the subsidiary any remaining interest should be revalued to fair value. The change in the standard will influence the accounting of future transactions.

IAS 32 Financial instruments: presentation and IAS 1 Presentation of financial statements (amendment) – puttable financial instruments and obligations arising on liquidation.

The amendments classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions:

- puttable financial instruments (for example, some shares issued by co-operative entities)
- 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 (for example, some partnership interests and some shares issued by limited life entities).

The amendment is effective for financial years beginning on or after January 1, 2009.

IFRS 2 amendment – Share-based payment – vesting conditions and cancellations

This amendment will come into effect on January 1, 2009. The amendment to the standard is still subject to endorsement by the European Union. The amendment effects the definition of vesting conditions and introduces a new concept of non-vesting conditions. The amendment has no impact on the financial statements of the Group.

IFRS 3 amendment – Business combinations

This amendment will come into effect on July 1, 2009. The amendment to the standard is still subject to endorsement by the European Union. The amendment will have an effect on how future business combinations will be accounted for, that is the accounting of transaction costs, possible contingent considerations and business combinations achieved in stages. The Group will apply the standard from January 1, 2010. The amendment shall be applied prospectively to business combinations for which the acquisition date is on or after January 1, 2010. The amendment to the standard will not have any impact on previous business combinations but will impact future transactions.

IFRS 8 Operating segments

This standard will come into effect on January, 1 2009. It will apply to financial years beginning on or after this date. The standard deals with the breakdown of the company's operations into different segments. According to the standard, the company shall base this on its internal reporting structure and decide the segments to be reported on in accordance with this structure. Securitas' segment reporting will not be impacted by this standard.

IFRIC 11 IFRS 2 Group and treasury share transactions

Will come into effect on January 1, 2008 and will apply to financial years beginning after that date. The Group will apply IFRIC 11 as of January 1, 2008 but the interpretation is not expected to have any impact on the consolidated financial statements.

IFRIC 12 Service concession arrangements

Comes into effect on January 1, 2008 and will apply to financial years beginning after that date. This interpretation does not apply to the Group since this type of transaction does not occur.

IFRIC 13, Customer loyalty programmes

This interpretation will come into effect on July 1, 2008. IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to the Group's operations.

IFRIC 14 – IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

This interpretation will come into effect on January 1, 2008. The interpretation is still subject to endorsement by the European Union. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The group will apply IFRIC 14 from 1 January 2008, but it is not expected to have any material impact on the Group's financial statements.

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 2007; 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 normally 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.

Revenue recognition (IAS 11 and IAS 18)

The Group's revenue is generated from various types of security services and cash handling 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 subsidiaries Securitas Direct AB and Securitas Systems 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 and Securitas Systems 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 as of January 1, 2007 divided into four divisions (Security Services North America, Security Services Europe, Mobile and Monitoring, and Loomis) that provide the operational structure for governance, monitoring and reporting. Each division represents a primary segment. The segment structure has been changed compared to last year as follows: The primary segment Mobile and Monitoring consists of the two business units Mobile and Alert Services, which previously were included in Security Services Europe. The guarding operations in Argentina, which previously was included in Security Services Europe now together with the newly acquired subsidiaries in Uruguay, Colombia and Peru as well as the newly acquired associated company in India form part of Other. Other already 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) is 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. The segments Security Services North America and Loomis (previously Cash Handling Services) have not been affected by the changed segment structure. 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

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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 fixed 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 fixed assets and operations of Loomis Cash Management Ltd is included in Items affecting comparability. For further information, refer to Note 11 and Note 16.

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. As a consequence all items from the statement of income are included as a net on the line net income for the year, discontinued operations, the related notes have been adjusted to exclude discontinued operations.

An Extraordinary General Meeting in Securitas held on 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 Securitas Direct AB (Direct) and Securitas Systems AB (Securitas Systems) would be distributed to the shareholders. The dividend date was September 29, 2006 and from that date Direct and Securitas Systems are no longer part of the Securitas Group. These operations, which in the Securitas Group previously comprised the two primary segments 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 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.

Foreign currency receivables and liabilities (IAS 21)

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.

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 (MEEEM) 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, 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 division (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 costs are costs that are either recognized on an accrual basis, or costs that are recognized with a corresponding provision for restructuring in the balance sheet in accordance with the specific criteria in IAS 37 that deals with this type of provision. The costs that have been recognized in the statements of income for 2007, 2006 and 2005 are all costs belonging to the first cost category and thus no provisions for restructuring that would fall under the specific criteria for provisions for restructuring under IAS 37 have been included in acquisition related restructuring costs.

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.
- Material cash stock variances, provisions for the non-compliance with the so-called NCS-rules as well as the result from the sale of the fixed assets and operations of Loomis Cash Management Ltd.
- 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 fixed assets (IAS 16 and IAS 36)

Tangible fixed 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 fixed 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 in the period the lease relates to. 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 (IAS 39¹)

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 hedging,
- 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.

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 for hedging

Financial liabilities designated for hedging are liabilities that are hedged instruments in a hedge relationship qualifying for hedge accounting. The hedging instrument is normally a derivative included in the category derivatives designated for hedging. They 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 for hedging. 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 qualify for hedge 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, 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 for hedging includes both long-term and short-term loans designated as hedged instruments and hedged effectively via derivatives designated for hedging. 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.

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 instruments 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 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 for hedging that qualify for fair value hedge accounting are subsequently adjusted for fair value in 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 gain or loss from re-measuring the hedging instrument 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 that arise from derivative instruments are recognized as interest income and/or interest expense in the period to which they relate. Changes in fair value for both the hedged instrument 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

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

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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 Provisions for pensions and similar commitments. 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 consolidated 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 probable 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 obligations.

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.

Transition to International Financial Reporting Standards in 2005 (IFRS/IAS)

Securitas has adopted International Financial Reporting Standards (formerly IAS) as endorsed by the European Union (EU) from January 1, 2005.

The first complete financial statements that were published according to IFRS were in the Annual Report for 2005. For further information regarding the transition to IFRS/IAS refer to Note 37 in the Annual Report for 2005.

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

DEFINITIONS

Statement of income according to Securitas financial model

Production expenses¹

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 expenses¹

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 and 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 fixed 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 year¹

Free cash flow adjusted for acquisitions of subsidiaries, restructuring costs paid, payments from provisions for restructuring, cash flow from items affecting comparability, dividends, share issues and change in interest-bearing net debt excluding liquid assets.

Balance sheet according to Securitas financial model

Operating capital employed

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

Capital employed

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

Net debt

Interest-bearing fixed 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

Organic sales growth, actual 2007: 5%

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

Calculation 2007: $(62,907.6 - 1,355.8 + 1,967.0) / (60,523.0 - 103.0) - 1 = 5\%$

Operating margin, actual 2007: 5.1%

Operating income before amortization as a percentage of total sales.

Calculation 2007: $3,182.3 / 62,907.6 = 5.1\%$

Earnings per share before dilution, actual 2007: SEK 1.44

Net income for the year less the net income attributable to the minority, in relation to the average number of shares before dilution.

Calculation 2007: $((526.0 - 1.6) / 365,058,897) \times 1,000,000 = \text{SEK } 1.44$

Earnings per share after dilution, actual 2007: SEK 1.44

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.

Calculation 2007: $((526.0 - 1.6 + 21.6) / 369,365,776) \times 1,000,000 = \text{SEK } 1.48$

In accordance with paragraph 41 of IAS 33 earnings per share after dilution has been limited to SEK 1.44. Average number of shares after dilution has been calculated as follows: $(379,614,554 \times 108 / 365) + (365,058,897 \times 257 / 365) = 369,365,776$

Earnings per share before dilution, before items affecting comparability and LCM investigation costs, actual 2007: SEK 5.36

Net income for the year before items affecting comparability (after tax), LCM investigation costs and 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.

Calculation 2007: $((526.0 - 1.6 + 1,068.0 + 208.8 + 153.8) / 365,058,897) \times 1,000,000 = \text{SEK } 5.36$

Earnings per share before dilution and before items affecting comparability, actual 2007: SEK 4.78

Net income for the year before items affecting comparability (after tax) and less the net income attributable to the minority in relation to the average number of shares before dilution.

Calculation 2007: $((526.0 - 1.6 + 1,068.0 + 153.8) / 365,058,897) \times 1,000,000 = \text{SEK } 4.78$

¹ The definition is also valid for the formal primary statements – statement of income and the statement of cash flow.

Earnings per share after dilution and before items affecting comparability, actual 2007: SEK 4.78

Net income for the year before items affecting comparability (after tax and 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. Calculation 2007: $((526.0 - 1.6 + 1,068.0 + 153.8 + 21.6) / 369,365,776) \times 1,000,000 = \text{SEK } 4.79$

In accordance with paragraph 41 of IAS 33 earnings per share after dilution has been limited to SEK 4.78

Cash flow from operating activities as % of operating income before amortization, actual 2007: 112%

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

Calculation 2007: $3,574.6 / 3,182.3 = 112\%$

Free cash flow as % of adjusted income, actual 2007: 115%

Free cash flow as a percentage of adjusted income.

Calculation 2007: $2,412.4 / (3,182.3 - 565.2 - 515.5) = 115\%$

Free cash flow in relation to net debt, actual 2007: 0.24

Free cash flow in relation to closing balance net debt.

Calculation 2007: $2,412.4 / 9,878.0 = 0.24$

Operating capital employed as % of total sales, actual 2007: 7%

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

Calculation 2007: $4,171.0 / (62,907.6 + 782.2) = 7\%$

Return on capital employed, actual 2007: 13%

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 2007: $(3,182.3 - 718.1) / (18,692.0) = 13\%$

Net debt equity ratio, actual 2007: 1.12

Net debt in relation to shareholders' equity.

Calculation 2007: $9,878.0 / 8,814.0 = 1.12$

Interest coverage ratio, actual 2007: 3.9

Operating income before amortization plus interest income in relation to interest expense.

Calculation 2007: $(3,182.3 + 356.0) / 896.1 = 3.9$

Return on equity, actual 2007: 5%

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 2007: $(526.0 + 21.6) / ((8,814.0 + 9,603.1 + 2,300.0) / 2) = 5\%$

Equity ratio, actual 2007: 22%

Shareholders' equity as a percentage of total assets.

Calculation 2007: $8,814.0 / 39,185.2 = 22\%$

Exchange rates used in the Consolidated financial statements 2005–2007

Country	Currency		Weighted average 2007	End-rate December 2007	Weighted average 2006	End-rate December 2006	Weighted average 2005	End-rate December 2005
Norway	NOK	1	1.16	1.18	1.15	1.10	1.16	1.18
Denmark	DKK	1	1.24	1.26	1.24	1.21	1.25	1.26
United Kingdom	GBP	1	13.49	12.83	13.57	13.45	13.62	13.70
Switzerland	CHF	1	5.63	5.69	5.87	5.62	6.01	6.04
Hungary	HUF	100	3.69	3.73	3.50	3.59	3.74	3.71
Poland	PLN	1	2.46	2.63	2.37	2.36	2.31	2.44
Estonia	EEK	1	0.59	0.60	0.59	0.58	0.59	0.60
Czech Republic	CZK	1	0.34	0.35	0.33	0.33	0.31	0.32
Romania	RON	1	2.80	2.64	—	—	—	—
Turkey	TRY	1	5.23	5.49	4.77	4.85	—	—
USA	USD	1	6.71	6.40	7.32	6.87	7.55	7.96
Canada	CAD	1	6.34	6.53	6.45	5.91	6.25	6.82
Mexico	MXN	1	0.61	0.59	0.67	0.63	0.69	0.75
Argentina	ARS	1	2.13	2.03	2.37	2.24	2.60	2.60
Uruguay	UYU	1	0.29	0.30	—	—	—	—
Colombia	COP	100	0.33	0.32	—	—	—	—
Peru	PEN	1	2.14	2.14	—	—	—	—
	EUR	1	9.26	9.43	9.26	9.04	9.31	9.38

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. 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 13,793.5, and

Acquisition related intangible assets, which amounts to MSEK 624.0, 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.

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 17.9 and which is stated under other long-term receivables, and the balance sheet item provisions for pensions and similar commitments, which amounts to MSEK 946.1, are subject to critical estimates and judgments. The Group's opinion is that the most important assumptions are the discount rate, the inflation rate and the expected life span. A sensitivity analysis regarding these three variables is provided in Note 32 Provisions for pensions and similar commitments.

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 including property claims arising from the cash handling operations 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. 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 694.6 and is included in other short-term provisions (Note 36) and liability insurance-related claims reserves, which amounts to MSEK 724.3 and is included in other provisions (Note 33), are subject to critical estimates and judgments.

Notes and comments to the consolidated financial statements

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 arising out of the ordinary course of their businesses. Further information is provided in Note 38.

Items affecting comparability

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:

- Overtime compensation claims in Spain - court decisions can be appealed by both parties.
- The sale of the fixed assets and operations of Loomis Cash Management Ltd. – the period for the buyer to claim reconciliation errors or omissions expires on August 31, 2008.
- The final amount of claims on Loomis Cash Management Ltd, due to its non-compliance with the NCS-rules is subject to discussion between Securitas and the Bank of England.
- Heros – an insolvency proceeding is still ongoing and includes the examination of all relevant prior transactions of the insolvent companies, including the German cash handling companies that Securitas sold to the Heros Group.

Items affecting comparability amounted to MSEK –718.1 (–2,060.2 and –150.6).

Further information regarding the items that are included under items affecting comparability is provided below.

USA – Globe/Federal Aviation Administration

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 by MSEK 50 (–69).

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 has been submitted to the relevant Spanish court for its approval. The court has approved the settlement; however the court approval has been appealed.

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 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. The decision by the court was delivered on January 29, 2008 and supports the opinion of the company on how compensation shall be calculated. The decision will likely be appealed by the local unions. If appealed, Securitas will vigorously defend its position. If the decision is appealed by local unions the final outcome will not be known until 2009.

In the absence of final specific guidance on overtime compensation Securitas will have to prepare for several suits from employees and former employees in respect of historic overtime compensation.

Simultaneously, one industry association has 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. Judgment is not expected until the beginning of 2008. This decision may also be appealed.

Securitas various divisions including Loomis are already the target of several labor claims in Spain and the number of claims is increasing. Based on this fact the management currently estimates the additional compensation to amount to MSEK 187 and a provision of this amount has been recognized as of December 31, 2007.

The United Kingdom – Loomis Cash Management (LCM)

LCM was a company that was jointly owned by Loomis (75 percent) and HSBC Bank plc and Barclays Bank PLC (12.5 percent respectively). The company was created when the two banks in 2001 decided to outsource their handling of physical cash (notes and coins) in the United Kingdom. On November 24, 2007 LCM, sold its fixed assets and operation to Vaultex UK 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, due to a lower transaction price than book value and a provision made for warranties agreed with the buyer. The provision is 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 have to be presented to LCM for investigation by LCM prior to August 31, 2008. After that date this obligation expires. LCM has also provided the banks with a capped standard warranty related to the business assets, subject to relevant disclosures.

On November 24, 2007, a final stock take of all cash was made. The reconciliation of all accounts and the results of the stock take mean that no further provisions are necessary in relation to the historic variances beyond the provision of MSEK 824 established as of December 31, 2006.

During Loomis' work to improve its internal control and cut-off processes in the cash handling services of LCM, it came to the attention of management in the second quarter 2007 that for some time LCM had been making declarations that did not comply with the Note Circulation Rules (NCS Rules) in the United Kingdom. In particular, the value of notes eligible for declaration under the NCS Rules appears to have been overstated. One important consequence is that any overstatement could reduce LCM's financing costs.

Both Securitas and the Bank of England have launched investigations into the extent and consequences of declarations made by LCM, as announced on August 7, 2007. As required under the NCS Rules, LCM will pay the costs for this investigation. Securitas has also indemnified the Bank of England against these costs as well as the potential loss of interest and contractual penalties that it is entitled to claim as a direct result of this matter.

As disclosed, in August 2007, Securitas made a provision in relation to this claim of MSEK 206 and a further provision for possible additional claims and related costs of MSEK 169 has been taken in the fourth quarter of 2007 making a total provision of MSEK 375. The final amount of the possible claims is under discussion between Securitas and the Bank of England,

NCS membership was transferred to Barclays and HSBC on November 24, 2007.

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 is 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. However, no formal claim has been received by Securitas. As of December 31, 2006 a provision was recognized to cover the exposure, according to management's best estimate. This provision remains unchanged.

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 2007
This Annual Report including the Consolidated Financial Statements was signed by the Board of Directors of Securitas AB on February 18, 2008.

Note 6. Financial risk management**Financial risk factors**

The Group's business activities expose it to financial risks, such as interest rate risk, foreign currency risks, financing and liquidity risk and credit/counterparty risk as detailed in sections 1 to 4 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.

Subsidiaries/Divisions

Treasury operations in the subsidiaries and divisions concentrate on improving cash flow by focusing on profitability in the business operations, reduction of capital tied-up in accounts receivable and inventories, and in the most efficient way handle 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 US dollars 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, in GTC in Dublin, 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 also 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 three 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.

1. 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 financial instruments such as interest rate swaps and cross currency swaps to convert 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 below together with information on interest rate fixings, see tables 1A and 1B.

The target for the free cash flow to net debt ratio is always to exceed 0.20. The Group's interest coverage ratio, a measure of its ability to pay interest costs, was 3.9 as of December 31, 2007 (4.4). Free cash flow to net debt was 0.24 (0.18).

Table 1A
The Group's interest bearing liabilities and assets per currency

Currency	Size MSEK	Duration (days)	Current book cost (incl. credit margin)	Interest rates, +1%	Interest rates, -1%
USD liabilities	-6,500	313	5.53	6.18	4.89
EUR liabilities	-6,886	219	4.66	5.29	4.02
GBP liabilities	-549	52	6.12	7.12	5.12
SEK liabilities	-4,301	21	4.89	5.87	3.87
Other currencies liabilities	-336	25	5.04	6.04	4.04
Total liabilities	-18,572	197	5.07	5.81	4.32
USD assets	2,032	24	4.95	5.92	3.97
EUR assets	2,258	3	4.85	5.85	3.85
GBP assets	186	7	5.90	6.90	4.90
SEK assets	4,032	27	4.78	5.78	3.78
Other currencies assets	186	12	4.87	5.87	3.87
Total assets	8,694	20	4.86	5.86	3.87
Total	-9,878	-	-	-	-

Table 1B
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.

Table 1B Interest fixing per currency

Currency	Dec 31, 2007			Dec 31, 2008			Dec 31, 2009			Final maturity
	Amount MSEK	Amount MLOC	Rate ¹ %	Amount MSEK	Amount MLOC	Rate ¹ %	Amount MSEK	Amount MLOC	Rate ¹ %	
USD	1,921	300	5.34	2,241	350	5.24	320	50	4.79	mar 2010
EUR	2,507	266	4.02	2,008	213	4.32	1,225	130	4.51	dec 2009
Total	4,428			4,249			1,545			

¹Average rate including credit margin.

Table 2A 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
<i>Net debt to equity ratio</i>	<i>1.33</i>	<i>1.10</i>	<i>0.67</i>	<i>0.20</i>	<i>1.09</i>	<i>-9.23</i>	<i>1.12</i>	<i>1.12</i>	<i>1.12</i>

Table 2B 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
<i>Net debt to equity ratio</i>	<i>0.80</i>	<i>0.77</i>	<i>0.78</i>	<i>0.76</i>	<i>0.78</i>	<i>-0.97</i>	<i>1.01</i>	<i>0.99</i>	<i>1.04</i>

Notes and comments to the consolidated financial statements

2. 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, 2007 was MSEK 18,453. 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.

Tables 2A (2007) and 2B (2006) at the bottom of page 59 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.

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.

3. 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 five percent of consolidated annual sales. As of December 31, 2007 the short-term liquidity reserve corresponded to 13 percent 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, 2007 long-term financing corresponded to 163 percent 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, 2007 the average maturity was two years and two months. The deviation from policy is mainly explained by the fact that the MEUR 500 Eurobond has a short duration of less than three months. Tables 3A and 3B summarize the Group's liquidity risk at end 2007 and 2006 respectively.

Table 3A Liquidity report as per December 31, 2007

	Total	< 1 Year	Between 1 Yr and 5 Yrs	> 5 Years
Borrowings	-17,206	-9,306	-7,900	0.00
Derivatives Out Flows	-8,304	-8,157	-147	0.00
Investments	4,541	4,541	0	0.00
Derivatives Receipts	9,937	9,792	145	0.00
Total	-11,032	-3,130	-7,902	0.00

Table 3B Liquidity report as per December 31, 2006

	Total	< 1 Year	Between 1 Yr and 5 Yrs	> 5 Years
Borrowings	-12,982	-5,905	-7,076	0
Derivatives Out Flows	-20,546	-16,163	-4,383	0
Investments	829	829	0	0
Derivatives Receipts	21,972	16,416	5,556	0
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 2011. 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 with a maximum limit of MEUR 1,500 under which public and private funding can be raised on international capital

markets. As of December 31, 2007 there was one outstanding bond loan: a MEUR 500 Eurobond maturing in March 2008. This loan carries a coupon of 6.125 percent and the entire issue proceeds were swapped into floating rate funding using cross currency and interest rate swaps with matching maturity dates. The loan is listed on the Luxembourg Stock Exchange.

In 2007 Securitas arranged three rollovers of bilateral committed credit facilities, each for MSEK 1,000 and having durations of 12 months, with three banks. In January 2008 the three bilaterals were replaced with a MSEK 3,000 bridge to bond club deal, which matures in 2010.

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

Securitas has a securitization agreement in the USA to sell on a continuous basis undivided interests in certain eligible accounts receivable, to a maximum amount of MUSD 250. Securitas has a committed credit facility of MUSD 250 available solely as a back up for this securitization program. The agreement and the related credit facility expire June 16, 2008 and are renewable annually thereafter.

Drawings and renewals under the facility are priced based on the prevailing 60 day market interest rate.

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.

4. 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 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.

Table 4A Accounts receivable and ageing analysis

MSEK	2007	%	2006	%	2005	%
Accounts receivable before deduction of provision for bad debt losses	10,213.7	100	9,152.6	100	10,790.4	100
Provision for bad debt losses	-324.3	-3	-297.0	-3	-427.9	-4
Total accounts receivable	9,889.4	97	8,855.6	97	10,362.5	96
Ageing of accounts receivable before deduction of provision for bad debt losses						
Overdue 1-30 days	1,460.9	14	1,223.1	14	1,682.2	16
Overdue 31-90 days	692.9	7	487.6	5	705.8	6
Overdue >90 days	560.6	6	396.8	4	642.7	6
Total overdue	2,714.4	27	2,107.5	23	3,030.7	28

Table 4B details the credit quality of non-trade receivables.

Table 4B Counterparties with External Credit ratings

Credit Quality	MSEK 2007	MSEK 2006
Non Trade Receivables		-
P1	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, 2007 the weighted average credit rating of these institutions was short-term A1/P1. The largest total weighted exposure for all instrument types to any one institution was MSEK 1,400. 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 credit ratings from both Standard & Poor's and Moody's. The rating from Standard & Poor's is BBB+ with "Stable Outlook" and that from Moody's is Baa2 with "Negative Outlook". The Swedish short-term rating is K-1 from Standard & Poor's.

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.

Table 4C Revaluation of financial instruments

MSEK	2007	2006	2005
Recognized in the statement of income			
Financial income	–	–	36.2
Financial expenses	–6.7	–35.8	–
Deferred tax	1.9	10.0	–10.1
Impact on net income for the year	–4.8	–25.8	26.1
Recognized via statement of recognized income and expense			
Transfer to hedging reserve before tax	4.6	30.6	15.6
Deferred tax on transfer to hedging reserve	–1.3	–8.6	–4.4
Transfer to hedging reserve net of tax	3.3	22.0	11.2
Transfer to statement of income before tax			
Transfer to statement of income before tax	–33.1	–11.0	–
Deferred tax on transfer to statement of income	9.3	3.1	–
Transfer to statement of income net of tax	–23.8	–7.9	–
Total change of hedging reserve before tax¹			
Total change of hedging reserve before tax ¹	–28.5	19.6	15.6
Deferred tax on total change of hedging reserve before tax ¹	8.0	–5.5	–4.4
Total change of hedging reserve net of tax	–20.5	14.1	11.2
Total impact on shareholders' equity as specified above			
Total revaluation before tax ²	–35.2	–16.2	51.8
Deferred tax on total revaluation ²	9.9	4.5	–14.5
Total revaluation after	–25.3	–11.7	37.3

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 statement of recognized income and expense.

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	2007	2006	2005
Total sales	45	44	43
Operating income before amortization	6	4	6
Operating income after amortization	6	4	5
Operating fixed assets			
Operating fixed assets	9	8	9
Accounts receivable	4	4	5
Other assets	5	6	6
Other liabilities	9	7	7
Total operating capital employed	9	11	13
Goodwill	8	7	9
Acquisition related intangible assets	–	–	1
Total capital employed	17	18	23

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 affiliated 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, 2007 decided upon guidelines for remuneration to the Board of Directors and senior management regarding 2007 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 35–100 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 2007, amount to a maximum of MSEK 34.

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.

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.

Notes and comments to the consolidated financial statements

Cont. Note 8. Remuneration to the board of directors and senior management

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 6 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 April 2008 on guidelines for remuneration to the Board of Directors and senior management regarding 2008, are presented in the Report of the Board of Directors - Financial overview, page 36 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 two meetings in 2007.

Board of Directors

For the 2007 financial year, the Chairman Melker Schörling received a director's and committee work fee of MSEK 1.0. The other Directors received an aggregate director's and committee work fee of MSEK 3.9. 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, started his employment with Securitas on March 5, 2007. During the 2007 financial year, Alf Göransson received a fixed salary amounting to MSEK 8.3 and salary benefits of MSEK 0.1. No normal variable compensation was earned in 2007 but an extraordinary compensation of MSEK 2.0 was decided upon by the Board of Directors on 11 February 2008, relating to extraordinary work with Loomis and LCM.

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 2007 the pension costs for the President and CEO amounted to MSEK 2.5. No pension benefit is conditioned by future employment.

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

Remuneration to the previous President and CEO Thomas Berglund, who left Securitas on March 5, 2007, amounted to a fixed salary of MSEK 2.1. Furthermore a severance pay has been paid in 2007, as described in Note 8 of the Annual Report 2006, this was fully provided for in 2006 and has not affected the 2007 profit.

Other members of Group Management

The other 10 members of Group Management are; the Divisional Presidents Santiago Galaz (Security Services North America) and Tore K. Nilsen (Security Services Europe), Morten Rønning (President Mobile), Lucien Meeus (as of May 14, President Alert), William Barthelemy (COO Security Services North America), Bart Adam (as of May 14, COO Security Services Europe), Olof Bengtsson (as of May 14, Senior Vice President Corporate Finance), Bengt Gustafson (as of September 1, Senior Vice President Chief Legal Counsel), Gisela Lindstrand (as of May 14, Senior Vice President Corporate Communications and Public Affairs) and Jan Lindström (as of May 14, Senior Vice President Finance).

In the 2007 financial year their aggregate fixed salaries amounted to MSEK 29.5 and other salary benefits to MSEK 4.2. For members who joined the Group Management in 2007, their compensation relates to the period starting from the date they joined. The aggregate variable compensation relating to the 2007 performance amounted to MSEK 16.2. This will be paid out in 2008.

These 10 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 2007 the pension costs for these members of Group Management amounted to MSEK 2.9. 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 age 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 2007 was MSEK 0.9.

Two members have a Norwegian defined benefit pension plan, but may also allocate part of their remuneration to a defined contribution plan. The Norwegian defined benefit plan guarantees a lifetime pension from age 67. The pension compensation corresponds to a certain percentage of the final salary, and the maximum pensionable income is MSEK 0.9 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 two members in 2007 was MSEK 0.1. The provision for defined benefit plans for these two members was net MSEK 1.3 as per December 31, 2007.

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.

Remuneration during the year
Group Management remuneration related to 2007:

MSEK	Base Salary/Fee	Other benefits	Variable compensation	Long-term incentive ²	Pension	Total remuneration
Melker Schörling, Chairman of the Board ¹	1.0	0.0	–	–	–	1.0
Gustaf Douglas, deputy Chairman ¹	0.8	–	–	–	–	0.8
Carl Douglas	0.4	–	–	–	–	0.4
Sofia Schörling Högberg	0.4	–	–	–	–	0.4
Marie Ehrling ¹	0.5	–	–	–	–	0.5
Annika Falkengren	0.4	–	–	–	–	0.4
Stuart E. Graham	0.4	–	–	–	–	0.4
Berthold Lindqvist ¹	0.6	–	–	–	–	0.6
Fredrik Palmstierna	0.4	–	–	–	–	0.4
Subtotal Board of Directors	4.9	–	–	–	–	4.9
President and CEO	8.3	0.1	2.0	–	2.5	12.9
Other members of Group Management (10 persons) ³	29.5	4.1	16.2	16.9	2.9	69.6
Subtotal President and CEO and Group Management	37.8	4.2	18.2	16.9	5.4	82.5
Total	42.7	4.2	18.2	16.9	5.4	87.4

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 2007, please find further reference below under section long-term incentive.

³ The compensation for 6 members who joined the Group Management on May 14 and September 1, 2007 respectively relates to the period starting from the date they joined.

Compensation to two previous members of the Group Management, who resigned on May 14, 2007, amounted up to that date to MSEK 3.4 in fixed salary and benefits, and MSEK 0.3 in variable compensation and MSEK 0.5 as pension costs.

Long-term incentive

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

For four other members of the Group Management long-term incentive plans exist in which the maximum bonus is limited to two to three years' 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 includes financial years 2005 to 2007 respectively. Any payment will be received in 2008 or 2009 respectively. The 2007 provision for long-term bonus plans amounted to MSEK 16.9. The accumulated provision for these plans amounts to MSEK 26.8 as per December 31, 2007.

Shareholdings

The Board of Directors 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 A och B-shares ¹				
	A-shares		B-shares	
	2007	2006	2007	2006
Melker Schörling, Chairman of the Board ²	4,500,000	4,500,000	12,701,500	11,761,700
Gustaf Douglas, deputy Chairman ³	12,642,600	12,642,600	29,590,000	29,490,000
Carl Douglas	–	–	100,000	100,000
Sofia Schörling Högberg	–	–	2,400	2,400
Marie Ehrling	–	–	4,000	4,000
Annika Falkengren	–	–	7,500	7,500
Stuart E. Graham	–	–	5,000	5,000
Berthold Lindqvist	–	–	10,000	2,000
Fredrik Palmstierna	–	–	17,200	80,224
Alf Göransson, President and CEO ⁴	–	–	30,000	–
Santiago Galaz	–	–	50,000	50,000
William Barthelemy	–	–	17,000	17,000
Tore K. Nilsen	–	–	223,479	153,811
Bart Adam ⁴	–	–	4,500	–
Morten Rønning	–	–	130,837	89,998
Lucien Meeus ⁴	–	–	–	–
Olof Bengtsson ⁴	–	–	26,756	–
Bengt Gustafson ⁴	–	–	–	–
Gisela Lindstrand ⁴	–	–	1,000	–
Jan Lindström ⁴	–	–	2,500	–
Total Holdings	17,142,600	17,142,600	42,923,672	41,763,633

¹ Information refers to shareholdings as of December 31, 2007 and 2006.

² Holdings through Melker Schörling AB.

³ Holdings through Investment AB Latour, SÄKI AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB.

⁴ Göransson, Adam, Meeus, Bengtsson, Gustafson, Lindstrand and Lindström have joined the Group Management during 2007 which is why an earlier holding is not stated.

Note 9. Segment reporting

Changes to the segment structure as of January 1, 2007

The Group's operations are as of January 1, 2007 divided into four divisions (Security Services North America, Security Services Europe, Mobile and Monitoring, and Loomis) that provide the operational structure for governance, monitoring and reporting. Each division represents a primary segment. The segment structure has been changed from last year as follows: The primary segment Mobile and Monitoring consists of the two business units Mobile and Alert Services, which were previously included in Security Services Europe. The guarding operations in Argentina, which were previously included in Security Services Europe now together with the newly acquired subsidiaries in Uruguay, Colombia and Peru as well as the newly acquired associated company in India forms part of Other. Other already includes general administrative expenses, expenses for head offices and other central expenses that according to IAS 14 should be excluded from the segments as they relate to the Group as a whole. Furthermore the Group's joint venture Securitas Direct S.A. (Switzerland) is included in Other. The assets and liabilities of each segment include only those items which 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 separately under the Other heading. The segments Security Services North America and Loomis (previously Cash Handling Services) have not been affected by the changed segment structure.

Comparatives have been adjusted for the changes described above.

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 offers specialized guarding services in the USA, Canada and Mexico. In the USA the division is split into one organization for National and Global contracts, ten geographical regions and three specialized regions (the automotive industry, the public sector and the energy industry). Canada and Mexico are separate regions. The division also includes Pinkerton Consulting & Investigations. Altogether this division encompasses just 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

As of 2007, Securitas European guarding operation consists of Security Services Europe, which offers specialized guarding services for large and medium-sized customers in 20 countries, and Aviation, which offers airport security in nine countries. The organization has more than 800 branch offices and more than 100,000 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 offers mobile services for small and medium-sized companies, such as beat patrol and call-out services. Mobile operates in eleven countries in Europe and has 8,600 employees and 274 branch offices. Monitoring offers electronic alarm surveillance to both homes and businesses under the Alert Services brand. Alert Services also offers an integrated GPS service that essentially covers the entire EU area. Alert Services operates in eight countries in Europe and has 700 employees.

Loomis

Loomis offers a complete range of integrated cash handling solutions and has operations in the USA and Western Europe. The divisions' services are primarily aimed at banks and retail companies. Services are divided into three areas: cash transport, cash handling and technical services. Altogether Loomis has more than 440 branch offices and more than 20,000 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 Argentina, Uruguay, Colombia and Peru, the investment in the associated company Walson Services Pvt Ltd in India as well as the Group's joint venture Securitas Direct S.A. (Switzerland) are also included in Other.

Secondary segments

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

Cont. Note 9. Segment reporting

January – December 2007									
MSEK	Security Services North America	Security Services Europe	Mobile and Monitoring	Other	Eliminations	Security Services	Total Loomis	Eliminations	Group
Income									
Sales, external	20,933	25,322	4,661	598	–	51,514	11,394	–	62,908
Sales, intra-group	–	31	175	–	–184	22	3	–25	–
Total sales	20,933	25,353	4,836	598	–184	51,536	11,397	–25	62,908
Organic sales growth, %	4	8	7	–	–	6	1	–	5
Operating income before amortization	1,080	1,433	578	–202	–	2,889	293	–	3,182
of which income in associated companies	–	–	–	0	–	0	–	–	0
Operating margin, %	5.2	5.7	12.0	–	–	5.6	2.6	–	5.1
Amortization and impairment of acquisition related intangible assets ¹	–15	–271	–149	–5	–	–440	–18	–	–458
Acquisition related restructuring costs	–	0	–1	–1	–	–2	–37	–	–39
Items affecting comparability	50	–124	–4	–	–	–78	–640	–	–718
Operating income after amortization	1,115	1,038	424	–208	–	2,369	–402	–	1,967
Financial income and expense	–	–	–	–	–	–	–	–	–572
Share in income of associated companies	–	–	–	–	–	–	–	–	2
Income before taxes	–	–	–	–	–	–	–	–	1,397
Taxes	–	–	–	–	–	–	–	–	–871
Net income for the year, continuing operations	–	–	–	–	–	–	–	–	526
Net income for the year, discontinued operations	–	–	–	–	–	–	–	–	–
Net income for the year, all operations	–	–	–	–	–	–	–	–	526
Operating cash flow									
Operating income before amortization	1,080	1,433	578	–202	–	2,889	293	–	3,182
Investments in fixed assets	–123	–415	–289	–11	–	–838	–737	–	–1,575
Reversal of depreciation	150	366	245	15	–	776	672	–	1,448
Change in operating capital employed	–71	44	35	280	–	288	232	–	520
Cash flow from operating activities	1,036	1,428	569	82	–	3,115	460	–	3,575
Cash flow from operating activities, %	96	100	98	–	–	108	157	–	112
Capital employed and financing									
Operating fixed assets	513	1,339	707	129	–	2,688	2,577	–	5,265
Accounts receivable	3,026	4,827	513	178	–73	8,471	1,424	–6	9,889
Other assets	182	593	116	2,353	–86	3,158	293	–27	3,424
Other liabilities	2,769	5,700	1,196	1,749	–159	11,255	3,185	–33	14,407
Total operating capital employed	952	1,059	140	911	–	3,062	1,109	–	4,171
Goodwill	5,515	3,980	1,595	170	–	11,260	2,533	–	13,793
Acquisition related intangible assets	46	238	180	85	–	549	75	–	624
Shares in associated companies	–	1	–	103	–	104	–	–	104
Total capital employed	6,513	5,278	1,915	1,269	–	14,975	3,717	–	18,692
Operating capital employed as % of sales	5	4	3	–	–	6	9	–	7
Return on capital employed, %	17	25	30	–	–	19	Neg	–	13
Net debt	–	–	–	–	–	–	–	–	9,878
Equity	–	–	–	–	–	–	–	–	8,814
Total financing	–	–	–	–	–	–	–	–	18,692
Net debt equity ratio/multiple	–	–	–	–	–	–	–	–	1.12

¹Amortization and impairment of acquisition related intangible assets									
Amortization of acquisition related intangible assets	–15	–32	–38	–5	–	–90	–17	–	–107
Impairment of acquisition related intangible assets	–	–	–	–	–	–	–1	–	–1
Impairment losses of goodwill	–	–239	–111	–	–	–350	–	–	–350
Total	–15	–271	–149	–5	–	–440	–18	–	–458

January – December 2006									
MSEK	Security Services North America	Security Services Europe	Mobile and Monitoring	Other	Eliminations	Totalt Security Services	Loomis	Eliminations	Group
Income									
Sales, external	21,736	22,773	4,251	292	–	49,052	11,471	–	60,523
Sales, intra-group	–	13	168	–	–148	33	3	–36	–
Total sales	21,736	22,786	4,419	292	–148	49,085	11,474	–36	60,523
Organic sales growth, %	5	7	4	–	–	6	5	–	6
Operating income before amortization	1,088	1,316	597	–248	–	2,753	838	–	3,591
of which income in associated companies	–	–	–	–	–	–	–	–	–
Operating margin, %	5.0	5.8	13.5			5.6	7.3		5.9
Amortization and impairment of acquisition related intangible assets	–25	–24	–29	–2	–	–80	–13	–	–93
Acquisition related restructuring costs	–	–1	–	–	–	–1	–	–	–1
Items affecting comparability	–69	–120	–	–360	–	–549	–1,511	–	–2,060
Operating income after amortization	994	1,171	568	–610	–	2,123	–686	–	1,437
Financial income and expense	–	–	–	–	–	–	–	–	–555
Share in income of associated companies	–	–	–	–	–	–	–	–	1
Income before taxes	–	–	–	–	–	–	–	–	883
Taxes	–	–	–	–	–	–	–	–	–370
Net income for the year, continuing operations	–	–	–	–	–	–	–	–	513
Net income for the year, discontinued operations	–	–	–	–	–	–	–	–	339
Net income for the year, all operations	–	–	–	–	–	–	–	–	852
Operating cash flow									
Operating income before amortization	1,088	1,316	597	–248	–	2,753	838	–	3,591
Investments in fixed assets	–138	–341	–207	19	–	–667	–845	–	–1,512
Reversal of depreciation	156	354	236	30	–	776	702	–	1,478
Change in operating capital employed	–229	–167	–81	–35	–	–512	20	–	–492
Cash flow from operating activities	877	1,162	545	–234	–	2,350	715	–	3,065
Cash flow from operating activities, %	81	88	91	–	–	85	85	–	85
Capital employed and financing									
Operating fixed assets	551	1,269	599	126	–1	2,544	2,756	–	5,300
Accounts receivable	2,951	4,144	422	78	–41	7,554	1,315	–13	8,856
Other assets	328	621	148	2,668	–253	3,512	344	–128	3,728
Other liabilities	2,667	4,956	1,058	1,713	–295	10,099	3,257	–141	13,215
Total operating capital employed	1,163	1,078	111	1,159	–	3,511	1,158	–	4,669
Goodwill	5,891	3,982	1,638	19	–	11,530	2,502	–	14,032
Acquisition related intangible assets	62	192	186	10	–	450	14	–	464
Shares in associated companies	–	–	–	173	–	173	–	–	173
Total capital employed	7,116	5,252	1,935	1,361	–	15,664	3,674	–	19,338
Operating capital employed as % of sales	5	5	3	–	–	7	10	–	8
Return on capital employed, %	14	23	31	–	–	14	Neg	–	8
Net debt	–	–	–	–	–	–	–	–	9,735
Equity	–	–	–	–	–	–	–	–	9,603
Total financing	–	–	–	–	–	–	–	–	19,338
Net debt equity ratio/multiple	–	–	–	–	–	–	–	–	1.01

Secondary segments and geographical information

MSEK	Total sales		Assets		Investments in fixed assets	
	2007	2006	2007	2006	2007	2006
Nordic region	8,059	7,207	10,926	7,963	–486	–428
Europe excluding Nordic region	29,629	27,413	14,756	14,139	–771	–741
North America	24,666	25,655	13,227	13,532	–307	–335
Rest of world	554	248	276	86	–11	–8
Total	62,908	60,523	39,185	35,720	–1,575	–1,512

Notes and comments to the consolidated financial statements

Note 10. Allocation of revenue

Sales

The Group's revenue is generated from a range of guarding services and cash handling services. The sale of alarm products is limited in extent following the dividend of Securitas Systems and Direct. The breakdown of sales by division is provided in Note 9, Segment reporting.

Other operating income

Other operating income consists in its entirety of trade mark fees from Securitas Direct AB and Securitas Systems AB.

Financial income and expenses

Interest income and borrowing costs are accounted in the statement of income in the period to which they are attributable. Financial income and expenses are specified in Note 14.

Note 11. Operating expenses

Income statement classified according to type of cost in summary			
MSEK	2007	2006	2005
Total sales	62,907.6	60,523.0	58,200.6
Salaries (Note 12)	-39,841.3	-37,487.1	-36,054.7
Social benefits (Note 12)	-9,194.2	-9,755.8	-8,624.8
Depreciation and amortization (Notes 13, 18, 19 and 20)	-1,555.6	-1,571.2	-1,632.2
Impairment losses (Notes 17, 18, 19 and 20)	-380.9	-77.8	-
Bad debt losses (Note 25)	-14.5	-142.0	-74.0
Other operating expenses	-9,953.9	-10,051.9	-8,538.7
Total operating expenses	-60,940.4	-59,085.8	-54,924.4
Operating income	1,967.2	1,437.2	3,276.2

Items affecting comparability ¹			
MSEK	2007	2006	2005
Capital losses ¹	-66.8	-	-150.6
Impairment and bad debt losses ²	50.1	-550.0	-
Provisions ³	-655.7	-1,246.1	-
Other items	-45.7	-264.1	-
Total items affecting comparability	-718.1	-2,060.2	-150.6

¹ In 2007 relating to Loomis Cash Management Ltd and in 2005 to the divestiture of the German cash handling operation.

² Including other items as well as fixed assets and accounts receivable.

³ Of which MSEK -468.1 (-824.5) are provisions relating to Loomis Cash Management Ltd. Further information is provided in Note 4.

Items affecting comparability allocated per function ¹			
MSEK	2007	2006	2005
Production expenses	-605.6	-893.4	-
Selling and administrative expenses	-112.5	-1,125.6	-150.6
Amortization and impairment of acquisition related intangible assets	-	-41.2	-
Total items affecting comparability allocated per function	-718.1	-2,060.2	-150.6

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	2007	2006	2005
Security Services North America	50.1	-69.0	-
Security Services Europe	-124.4	-120.6	-
Mobile and Monitoring	-3.8	-	-
Loomis	-640.0	-1,511.1	-150.6
Other (Group related)	-	-359.5	-
Total items affecting comparability allocated per segment	-718.1	-2,060.2	-150.6

Cash flow impact from items affecting comparability			
MSEK	2007	2006	2005
Items affecting comparability according to the statement of income	-718.1	-2,060.2	-150.6
Cash flow ¹	-564.0	-129.3	19.5
Adjustment for effect on cash flow of items affecting comparability	154.1	1,930.9	170.1

¹ For the 2007 cash flow MSEK -503.2 relates to LCM, MSEK -45.7 to the re-branding in Loomis, MSEK 50.1 to Globe/FAA, MSEK -58.7 to the listing 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 project, and MSEK -4.2 to other items affecting comparability. The cash flow for 2005 relates to the divestiture of the German cash handling operations.

Audit fees and reimbursements			
MSEK	2007	2006	2005
PricewaterhouseCoopers			
- audit assignments	43.9	40.6	38.0
- other assignments ¹	30.9 ²	54.6	44.6
Total PricewaterhouseCoopers	74.8	95.2	82.6
Other auditors			
- audit assignments	5.4	4.0	4.6
Total	80.2	99.2	87.2

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 1.1 in other assignments to PwC has been capitalized making the total MSEK 32.0 on page 95.

Operating leasing contracts and rental contracts

Fees paid during the year for operating leases for buildings, vehicles and machinery and equipment amounted to MSEK 869.3 (850.6 and 813.1). The nominal value of contractual future leasing fees is distributed as follows:

MSEK	2007	2006	2005
Maturity < 1 year	779.1	716.1	712.5
Maturity 1-5 years	1,789.5	1,687.6	1,789.2
Maturity > 5 years	1,159.4	1,267.8	1,401.9

Exchange rate differences, net ¹			
MSEK	2007	2006	2005
Exchange rate differences included in Operating income amounted to:	-1.2	-0.5	0.4

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		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Nordic region	3,924	3,716	3,736	10,426	9,982	9,686	14,350	13,698	13,422
Europe excluding Nordic region	20,969	18,965	16,474	78,645	73,403	64,797	99,614	92,368	81,271
North America	28,126	26,999	26,233	79,314	78,420	84,092	107,440	105,419	110,325
Rest of world	3,419	359	312	6,765	3,535	3,604	10,184	3,894	3,916
Total	56,438	50,039	46,755	175,150	165,340	162,179	231,588	215,379	208,934

In 2007, the number of Board members and Presidents was 173 (147, 139), of whom 13 (16, 13) were women.

Staff costs for boards of directors and presidents											
	2007			2006			2005			Of which bonuses	
	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2007	2006
MSEK										2005	
Nordic region	81.5	32.8	(9.3)	30.2	11.0	(3.8)	26.4	8.5	(2.6)	14.8	2.5
Europe excluding Nordic region	95.5	27.9	(2.9)	119.2	30.6	(8.3)	85.9	17.8	(3.8)	28.5	28.9
North America	92.6	14.7	(8.7)	74.3	15.7	(9.5)	99.0	18.5	(9.6)	47.5	25.6
Rest of world	3.9	0.0	(–)	2.6	–	(–)	1.7	0.1	(–)	0.8	0.6
Total	273.5	75.4	(20.9)	226.3	57.3	(21.6)	213.0	44.9	(16.0)	91.6	57.6

Staff costs for other employees									
	2007			2006			2005		
	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
MSEK									
Nordic region	4,313.3	1,400.0	(278.7)	3,796.9	1,271.4	(196.5)	3,648.9	972.7	(208.2)
Europe excluding Nordic region	17,370.4	4,932.4	(171.0)	15,165.8	5,480.3	(262.8)	13,151.9	4,526.9	(220.2)
North America	17,553.8	2,681.9	(5.1)	18,134.7	2,911.9	(16.3)	18,894.6	3,054.5	(–2.4)
Rest of world	330.3	104.5	(1.6)	163.4	34.9	(0.9)	146.3	25.8	(1.5)
Total	39,567.8	9,118.8	(456.4)	37,260.8	9,698.5	(476.5)	35,841.7	8,579.9	(427.5)

Total staff costs: boards of directors, presidents and other employees									
	2007			2006			2005		
	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
MSEK									
Nordic region	4,394.8	1,432.8	(288.0)	3,827.1	1,282.4	(200.3)	3,675.3	981.2	(210.8)
Europe excluding Nordic region	17,465.9	4,960.3	(173.9)	15,285.0	5,510.9	(271.1)	13,237.8	4,544.7	(224.0)
North America	17,646.4	2,696.6	(13.8)	18,209.0	2,927.6	(25.8)	18,993.6	3,073.0	(7.2)
Rest of world	334.2	104.5	(1.6)	166.0	34.9	(0.9)	148.0	25.9	(1.5)
Total	39,841.3	9,194.2	(477.3)	37,487.1	9,755.8	(498.1)	36,054.7	8,624.8	(443.5)

A complete specification of the average number of yearly employees and salary costs by country is provided in the annual report submitted to the Swedish Patent and 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	2007	2006	2005
Software licences	54.9	50.6	53.4
Other intangible assets	11.5	8.0	6.6
Buildings	40.6	36.6	41.7
Machinery and equipment	1,341.0	1,382.7	1,408.0
Total depreciation and amortization	1,448.0	1,477.9	1,509.7

Depreciation and amortization for the year is distributed in the statement of income as below:			
MSEK	2007	2006	2005
Production expenses	1,096.6	1,104.6	1,096.2
Selling and administrative expenses	351.4	373.3	413.5
Total depreciation and amortization	1,448.0	1,477.9	1,509.7

The breakdown of the year's depreciation of intangible assets in the statement of income is as follows: MSEK 23.4 (8.3) production expenses and MSEK 43.0 (50.3) selling and administrative expenses.

Note 14. Net financial items

MSEK	2007	2006	2005
Interest income	356.0	446.2	264.8
Exchange rate differences, net ¹	–	2.9	2.7
Revaluation of financial instruments (IAS 39)	–	–	36.2
Financial income	356.0	449.1	303.7

MSEK	2007	2006	2005
Interest expenses	–896.2	–917.0	–705.4
Exchange rate differences, net ¹	–1.0	–	–
Revaluation of financial instruments (IAS 39)	–6.7	–35.8	–
Other items, net	–24.0	–51.9	–45.3
Financial expenses	–927.9	–1,004.7	–750.7

Share in income of associated companies	2.2	1.2	11.8
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Finance net	–569.7	–554.4	–435.2
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Of which revaluations estimated with the use of valuation methods	–3.9	–35.8	36.2
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¹ Exchange rate differences included in operating income are reported in Note 11.

Notes and comments to the consolidated financial statements

Note 15. Taxes

Statement of income Tax expense						
MSEK	2007	%	2006	%	2005	%
Tax on income before taxes						
– current taxes	–515.5	–36.9	–690.7	–78.2	–777.5	–27.3
– deferred taxes	–356.0	–25.5	321.4	36.4	94.5	3.3
Total tax expense	–871.5	–62.4	–369.3	–41.8	–683.0	–24.0

The Swedish corporate tax rate was 28 percent in 2007, 2006 och 2005. The total tax rate on income before taxes was 62.4 percent (41.8 and 24.0). The 2007 tax rate, adjusted for non-deductible impairment of goodwill, tax on items affecting comparability (including write-down of a deferred tax asset relating to an uncertainty about the use of a tax loss carry-forward arising from the exit of the LCM business in the United Kingdom) and revaluation of deferred tax assets relating to tax losses carry-forward due to tax reforms in Germany and Denmark, was 24.3 percent. The 2006 tax rate adjusted for tax on items affecting comparability, was 25.5 percent. The tax rate for 2005 is adjusted for the dividend of Systems and Direct and amounted to 25.9 percent prior to adjustment.

Difference between statutory Swedish tax rate and actual tax expense for the Group						
MSEK	2007	%	2006	%	2005	%
Tax based on Swedish tax rate	–391	–28.0	–247	–28.0	–795	–28.0
Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries	206	14.7	189	21.4	142	5.0
Tax related to previous years	–42	–3.0	20	2.3	–14	–0.5
Capital gains taxation from Group internal restructuring	–	–	–47	–5.3	–	–
Non-deductible items affecting comparability	–299	–21.4	–232	–26.3	–	–
Non-deductible impairment losses of goodwill	–98	–7.0	–	–	–	–
Write down of/revaluation tax rate regarding tax losses in Germany and Denmark	–187	–13.4	–	–	–	–
Other non-deductible/tax exempt, net	–61	–4.3	–52	–5.9	–16	–0.5
Actual tax charge	–872	–62.4	–369	–41.8	–683	–24.0

Provisions have been made for taxes from anticipated dividends coming from the subsidiaries to the Parent Company next year. Tax costs that may arise from dividends out of the remaining distributable earnings have not been provided for.

Balance sheet

Deferred tax assets were attributable to:			
	2007	2006	2005
Pension provisions and staff-related liabilities	605.8	551.5	656.0
Liability insurance-related claims reserves	32.9	18.6	51.1
Tax loss carryforwards	525.8	976.3	665.3
Tax-deductible goodwill	212.8	232.1	243.9
Machinery and equipment	116.4	29.4	7.9
Other temporary differences	323.8	433.7	303.7
Total deferred tax assets	1,817.5	2,241.6	1,927.9
Net accounting¹	–184.1	–158.6	–221.6
Total deferred tax assets according to balance sheet	1,633.4	2,083.0	1,706.3

Deferred tax assets change analysis	
	2007
Opening balance deferred tax assets	2,241.6
Change due to:	
Deferred tax booked in income statement	–338.1
Changed tax rate	–59.2
Translation difference	–10.6
Recognized in equity	–21.7
Acquisitions	5.5
Closing balance deferred tax assets	1,817.5
Change during year	–424.1

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 were attributable to:			
	2007	2006	2005
Pension provisions and staff-related liabilities	8.7	23.3	7.3
Acquisition related intangible assets	194.5	140.4	103.4
Machinery and equipment	113.0	123.4	204.4
Other temporary differences	111.0	172.0	294.4
Total deferred tax liabilities	427.2	459.1	609.5
Net accounting¹	–184.1	–158.6	–221.6
Total deferred tax liabilities according to balance sheet	243.1	300.5	387.9
Deferred tax assets/liabilities, net	1,390.3	1,782.5	1,318.4

Deferred tax liabilities change analysis	
	2007
Opening balance deferred tax liabilities	459.1
Change due to:	
Deferred tax booked in income statement	–42.4
Changed tax rate	1.2
Translation difference	–8.0
Recognized in equity	–14.7
Acquisitions	32.5
Divestitures	–0.5
Closing balance deferred tax liabilities	427.2
Change during year	–31.9

	2007	2006	2005
Current tax assets/liabilities	378.6	234.9	307.6
Current tax assets	392.6	374.7	622.7
Current tax assets/liabilities, net	–14.0	–139.8	–315.1

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. Changes in deferred taxes between 2005 and 2006 are mainly explained by items recognized in the statement of income and exchange rate differences, plus valued tax losses in France, UK and the dividend of Securitas Systems and Direct Divisions. There are no unrecognized temporary differences related to subsidiaries, associated companies or joint ventures. Long-term items except deferred taxes are reported in Note 33.

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

Tax loss carryforwards

Subsidiaries in Sweden and primarily in Germany and France had tax loss carryforwards of MSEK 3,324 (3,422 and 2,466) at December 31, 2007. These tax loss carryforwards expire as follows:

Tax loss carryforwards	
2008	3
2009	2
2010	2
2011	1
Unlimited duration	3,316
Total tax loss carryforwards	3,324

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, 2007, tax loss carry forwards for which deferred tax assets had been recognised amounted to MSEK 1,754 (3,026 and 2,050) and deferred tax assets related to the tax losses amounted to MSEK 526 (976 and 665). Tax losses can be used to reduce future taxable income. Their future utilization does not mean a lower tax charge 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 13 (–120 and 213).

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

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
KARE, Turkey ^{3,4}	-51.5	-2.1	-53.6	-61.3	-	7.7	-	-53.6
Black Star, Spain ⁴	-46.7	-	-46.7	-	-	-46.7	-	-46.7
Chubb van den Enden, the Netherlands	-16.8	-	-16.8	-4.5	-15.9	3.6	-	-16.8
PSI, Spain ⁴	-47.2	-	-47.2	-8.1	-	-39.1	-	-47.2
Protection Service, France	-5.9	-	-5.9	-	-19.2	13.3	-	-5.9
Seguridad Argentina, Argentina	-26.0	-9.6	-35.6	-49.5	-34.3	48.2	-	-35.6
CPI Security, Romania	-1.2	-1.5	-2.7	-	-10.0	7.3	-	-2.7
Seguridad Burns de Colombia, Colombia	-26.5	6.9	-19.6	-7.5	-13.5	1.4	-	-19.6
G4S Cash Services, France	-283.1	49.4	-233.7	-140.2	-59.3	-34.2	-	-233.7
Brink's cash handling, Great Britain	-17.5	-	-17.5	-	-	-17.5	-	-17.5
Guardian Armored Security cash handling, USA	-23.6	-	-23.6	-	-16.0	-7.6	-	-23.6
Cono Sur, Argentina	-27.2	3.7	-23.5	-20.1	-9.5	6.1	-	-23.5
Walsons, India	-102.8	-	-102.8	-	-	-	-102.8	-102.8
Forza, Peru	-77.9	-7.3	-85.2	-65.9	-18.0	-1.3	-	-85.2
Other acquisitions and adjustments ⁵	-163.0	14.6	-148.4	-19.0	-111.8	-17.0	-0.6	-148.4
Total acquisitions and divestments	-916.9	54.1	-862.8	-376.1	-307.5	-75.8	-103.4	-862.8
Liquid funds according to acquisition analyses	102.9	-	-	-	-	-	-	-
Total effect on Group's liquid funds	-814.0	-	-	-	-	-	-	-

¹ Price paid to seller.² Purchase price plus acquired net debt.³ Final adjustment to acquisition analysis.⁴ Deferred considerations paid in 2007.

⁵ Värmlandsvakt (contract portfolio), Schäferhundvakt (contract portfolio), Royal Säkerhet AB, Kristianstad Hundbevakning (contract portfolio), Nässjö/Eksjö Bevakning (contract portfolio), WGA (contract portfolio), PBB Borlänge (contract portfolio) and UVOS, Services Sweden, Facility Network A/S, Services Denmark, Rometex Oy (contract portfolio), Services Finland, IDS (contract portfolio) and Alsterwacht, Services Germany, Actir, Avantage Sécurité SARL, Bretagne Protection Surveillance (contract portfolio), SARL Départementale Sécurité (contract portfolio), ESG Sécurité (contract portfolio) and Lahire Protection Sécurité, Services France, Actir (contract portfolio), Lahire (contract portfolio) and Team & MVS, Alert Services France, Patrol (contract portfolio), Services Switzerland, FS&P NV and M.O.T. Services Belgium, Eureka (contract portfolio), Kuypers (contract portfolio), Hummel (contract portfolio) and Vision (contract portfolio), Alert Services Netherlands, Vigilancia y Seguridad S.A., Services Argentina, Aseco and Proguard, Services Uruguay, Security Services Northwest, Loomis USA.

Acquisitions**Chubb van den Enden, the Netherlands**

In March 2007, Securitas acquired Chubb van den Enden in the Netherlands with an, at the time of acquisition, estimated annual sales of MEUR 6 (MSEK 56) and 200 employees. This acquisition confirms Securitas' market-leading position in mobile guarding in the Netherlands. Goodwill, which amounts to MEUR 0.5 (MSEK 4.5), is mainly related to geographical coverage and synergies in the customer contract portfolio.

Acquisition of the business in Chubb van den Enden
Summary Balance Sheet as of acquisition date March 1, 2007

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating fixed assets	1.4	-	1.4
Accounts receivable	11.2	-0.4	10.8
Other assets	4.3	-	4.3
Other liabilities	-15.5	-4.6	-20.1
Total operating capital employed	1.4	-5.0	-3.6
Goodwill from the acquisition	-	4.5	4.5
Other acquisition related intangible assets	-	15.9	15.9
Total capital employed	1.4	15.4	16.8
Net debt	-	-	-
Total acquired net assets	1.4	15.4	16.8
Purchase price ¹	-	-	-16.8
Liquid funds in accordance with acquisition analysis	-	-	-
Total impact on the Group's liquid funds	-	-	-16.8

¹Whereof acquisition costs of MSEK 0.5.

All the shares in Chubb van den Enden were acquired.

The acquisition has contributed to Total sales with MSEK 43.5 and to Net income for the year with MSEK 1.0.

The acquisition would, if it had been consolidated from January 1, 2007, have contributed to Total sales with MSEK 52.2 and to Net income for the year with MSEK 1.4.

Protection Service, France

In April 2007, Security Services Europe acquired certain assets and customer contracts from Protection Service in France. This company is focused on retail clients and Securitas has taken over personnel and customers representing forecasted annual sales at the time of acquisition of MEUR 23 (MSEK 210). This acquisition makes Securitas the leading player in the French private security market for retail customers.

Acquisition of the business in Protection Service
Summary Balance Sheet as of acquisition date April 1, 2007

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating fixed assets	-	-	-
Accounts receivable	-	-	-
Other assets	-	-	-
Other liabilities	-13.3	-	-13.3
Total operating capital employed	-13.3	-	-13.3
Goodwill from the acquisition	-	-	-
Other acquisition related intangible assets	-	19.2	19.2
Total capital employed	-13.3	19.2	5.9
Net debt	-	-	-
Total acquired net assets	-13.3	19.2	5.9
Purchase price ¹	-	-	-5.9
Liquid funds in accordance with acquisition analysis	-	-	-
Total impact on the Group's liquid funds	-	-	-5.9

¹Whereof acquisition costs of MSEK 2.4.

The acquisition of Protection Service comprised the contract portfolio.

The acquisition has contributed to Total sales with MSEK 154.9 and to Net income for the year with MSEK -3.6.

The acquisition would, if it had been consolidated from January 1, 2007, have contributed to Total sales with MSEK 203.6 and to Net income for the year with MSEK -4.7.

Notes and comments to the consolidated financial statements

Seguridad Argentina, Argentina

In April 2007, Securitas in Argentina entered into an agreement to acquire 100 percent of the shares in Seguridad Argentina. At the time of acquisition the company had forecasted sales for 2007 of MARS 84 (MSEK 186). Seguridad Argentina is one of the four major players in security services in Argentina with 2,500 employees. This acquisition makes Securitas the leading security services supplier in Argentina with approximately 7,000 employees and annual sales of MSEK 500. The estimated final enterprise value of the acquisition is MARS 42 (MSEK 93). Goodwill, which amounts to MARS 23.4 (MSEK 49.5), is mainly related to synergies in the customer contract portfolio.

Acquisition of the business in Seguridad Argentina
Summary Balance Sheet as of acquisition date May 1, 2007

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating fixed assets	6.3	–	6.3
Accounts receivable	33.4	–	33.4
Other assets	17.5	–	17.5
Other liabilities	–66.0	–39.4	–105.4
Total operating capital employed	–8.8	–39.4	–48.2
Goodwill from the acquisition	–	49.5	49.5
Other acquisition related intangible assets	–	34.3	34.3
Total capital employed	–8.8	44.4	35.6
Net debt	–9.6	–	–9.6
Total acquired net assets	–18.4	44.4	26.0
Purchase price ¹	–	–	–26.0
Liquid funds in accordance with acquisition analysis	–	–	0.2
Total impact on the Group's liquid funds	–	–	–25.8

¹ Whereof acquisition costs of MSEK 1.2.

All the shares in Seguridad Argentina were acquired.

The acquisition has contributed to Total sales with MSEK 150.7 and to Net income for the year with MSEK 7.6.

The acquisition would, if it had been consolidated from January 1, 2007, have contributed to Total sales with MSEK 178.5 and to Net income for the year with MSEK 5.7.

CPI Security, Romania

Security Services Europe has acquired 55 percent of the shares in CPI Security in Romania. In December 2007 a capital contribution was made which increased Securitas' ownership to 87.75 percent. Under the agreement the remaining 12.25 percent will be purchased in 2010 and the purchase will be based on the financial performance of the company until the year 2009. CPI Security is one of the major players on the Romanian security market. The company's estimated annual sales in 2007 were at the time of acquisition MRON 30 (MSEK 87) and it has more than 2,000 employees. The estimated final enterprise value is 6 MRON (MSEK 16).

Acquisition of the business in CPI Security
Summary Balance Sheet as of acquisition date May 1, 2007

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating fixed assets	2.2	–	2.2
Accounts receivable	16.4	–	16.4
Other assets	0.8	–	0.8
Other liabilities	–12.1	–14.6	–26.7
Total operating capital employed	7.3	–14.6	–7.3
Goodwill from the acquisition	–	–	–
Other acquisition related intangible assets	–	10.0	10.0
Total capital employed	7.3	–4.6	2.7
Net debt	–1.5	–	–1.5
Total acquired net assets	5.8	–4.6	1.2
Purchase price ¹	–	–	–1.2
Liquid funds in accordance with acquisition analysis	–	–	0.1
Total impact on the Group's liquid funds	–	–	–1.1

¹ Whereof acquisition costs of MSEK 1.2.

55% of the shares in CPI Security were acquired.

The acquisition has contributed to Total sales with MSEK 69.9 and to Net income for the year with MSEK 3.4.

The acquisition would, if it had been consolidated from January 1, 2007, have contributed to Total sales with MSEK 99.3 and to Net income for the year with MSEK 7.2.

Seguridad Burns de Colombia, Colombia

Following the strategy to expand the Latin American platform, Securitas has acquired 71 percent of the shares in Seguridad Burns de Colombia. Under this agreement the remaining 29 percent of the shares will be purchased in 2010 and the purchase will be based on the financial performance of the company in 2009. The company has approximately 1,000 employees. The company's estimated annual sales were at the time of acquisition MCOL 21,500 (MSEK 72). The estimated final enterprise value is MCOL 8,500 (MSEK 27). Goodwill, which amounts to MCOL 2,140.4 (MSEK 7.5), is mainly related to geographical coverage and human resources.

Acquisition of the business in Seguridad Burns de Colombia
Summary Balance Sheet as of acquisition date June 1, 2007

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating fixed assets	11.3	–	11.3
Accounts receivable	4.9	–	4.9
Other assets	2.3	–	2.3
Other liabilities	–9.5	–10.4	–19.9
Total operating capital employed	9.0	–10.4	–1.4
Goodwill from the acquisition	–	7.5	7.5
Other acquisition related intangible assets	–	13.5	13.5
Total capital employed	9.0	10.6	19.6
Net debt	6.9	–	6.9
Total acquired net assets	15.9	10.6	26.5
Purchase price ¹	–	–	–26.5
Liquid funds in accordance with acquisition analysis	–	–	6.5
Total impact on the Group's liquid funds	–	–	–20.0

¹ Whereof acquisition costs MSEK 1.4.

71% of the shares in Seguridad Burns de Colombia were acquired.

The acquisition has contributed to Total sales with MSEK 25.8 and to Net income for the year with MSEK –0.9.

The acquisition would, if it had been consolidated from January 1, 2007, have contributed to Total sales with MSEK 45.6 and to Net income for the year with MSEK –2.9.

G4S cash handling operation, France

Loomis has acquired the G4S cash handling operation in France with 720 employees. The acquisition makes Loomis the market leader in France. At the time of acquisition the operation had forecast annual sales of MEUR 46 (MSEK 430). The enterprise value is MEUR 25 (MSEK 234). Goodwill, which amounts to MEUR 15.3 (MSEK 140.2), is mainly related to synergies in the customer contract portfolio.

Acquisition of the business in G4S Cash Services, France
Summary Balance Sheet as of acquisition date July 2, 2007

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating fixed assets	89.4	9.2	98.6
Accounts receivable	63.9	–	63.9
Other assets	3.0	–	3.0
Other liabilities	–119.7	–11.6	–131.3
Total operating capital employed	36.6	–2.4	34.2
Goodwill from the acquisition	–	140.2	140.2
Other acquisition related intangible assets	–	59.3	59.3
Total capital employed	36.6	197.1	233.7
Net debt	58.6	–9.2	49.4
Total acquired net assets	95.2	187.9	283.1
Purchase price ¹	–	–	–283.1
Liquid funds in accordance with acquisition analysis	–	–	75.4
Total impact on the Group's liquid funds	–	–	–207.7

¹ Whereof acquisition costs of MSEK 4.6.

All the shares in G4S Cash Services, France, were acquired.

The acquisition has contributed to Total sales with MSEK 199.7 and to Net income for the year with MSEK 2.8.

The acquisition would, if it had been consolidated from January 1, 2007, have contributed to Total sales with MSEK 400.5 and to Net income for the year with MSEK –0.3.

Brinks' cash handling operation, Great Britain

Loomis has acquired Brinks' cash handling operations in Great Britain. The enterprise value is MGBP 1.1 (MSEK 18). The Brinks' cash handling operations in Great Britain consists of 350 employees, whereof 260 are in England and 90 in Scotland. At the time of acquisition the operation had forecast annual sales of MGBP 13 (MSEK 180) and comprises cash transportation and ATM services. The fair value adjustments are primarily related to market valuation of fixed assets.

Acquisition of the business in Brink's cash handling, Great Britain
Summary Balance Sheet as of acquisition date August 6, 2007

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating fixed assets	42.7	-19.4	23.3
Accounts receivable	-	-	-
Other assets	-	-	-
Other liabilities	-	-5.8	-5.8
Total operating capital employed	42.7	-25.2	17.5
Goodwill from the acquisition	-	-	-
Other acquisition related intangible assets	-	-	-
Total capital employed	42.7	-25.2	17.5
Net debt	-	-	-
Total acquired net assets	42.7	-25.2	17.5
Purchase price ¹	-	-	-17.5
Liquid funds in accordance with acquisition analysis	-	-	-
Total impact on the Group's liquid funds	-	-	-17.5

¹ Whereof acquisition costs of MSEK 3.0.

The assets and liabilities in Brink's cash handling, Great Britain, were acquired.

The acquisition has contributed to Total sales with MSEK 64.7 and to Net income for the year with MSEK 0.5.

The acquisition would, if it had been consolidated from January 1, 2007, have contributed to Total sales with MSEK 168.7 and to Net income for the year with MSEK 1.4.

Guardian Armored Security cash handling operation, USA

Loomis has acquired Guardian Armored Security, a Michigan-based cash handling services company. This acquisition makes Loomis the leading cash handling company in the Michigan market. The enterprise value is approximately MUSD 4 (MSEK 23). The operation was consolidated into Loomis' accounts on September 1, 2007.

The Guardian cash handling operations in Michigan consists of 205 employees based in three operating locations within the state. At the time of acquisition the company had forecast annual sales of MUSD 9 (MSEK 64) and comprises cash transport and cash handling services.

Acquisition of the business in Guardian Armored Security cash handling
Summary Balance Sheet as of acquisition date September 1, 2007

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating fixed assets	4.2	6.9	11.1
Accounts receivable	-	-	-
Other assets	-	-	-
Other liabilities	-0.1	-3.4	-3.5
Total operating capital employed	4.1	3.5	7.6
Goodwill from the acquisition	-	-	-
Other acquisition related intangible assets	-	16.0	16.0
Total capital employed	4.1	19.5	23.6
Net debt	-	-	-
Total acquired net assets	4.1	19.5	23.6
Purchase price ¹	-	-	-23.6
Liquid funds in accordance with acquisition analysis	-	-	-
Total impact on the Group's liquid funds	-	-	-23.6

¹ Whereof acquisition costs of MSEK 0.7.

The assets and liabilities in Guardian Armored Security cash handling, USA, were acquired.

The acquisition has contributed to Total sales with MSEK 19.5 and to Net income for the year with MSEK -3.7.

The acquisition would, if it had been consolidated from January 1, 2007, have contributed to Total sales with MSEK 58.0 and to Net income for the year with MSEK -4.4.

Cono Sur, Argentina

Securitas in Argentina has entered into an agreement to acquire 100 percent of the shares in the security services company Cono Sur. The final enterprise value is estimated at MARS 17 (MSEK 33).

At the time of acquisition Cono Sur had forecast annual sales of MARS 27 (MSEK 60). The company operates in the Province of Buenos Aires, the City of Buenos Aires and the southern part of the country. Cono Sur is primarily active within permanent guarding, in the health, banks and industry market segments. With this acquisition Securitas adds important clients to its portfolio. Goodwill, which amounts to MARS 9.8 (MSEK 20.1), is mainly related to synergies in the customer contract portfolio.

Acquisition of the business in Cono Sur
Summary Balance Sheet as of acquisition date September 1, 2007

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating fixed assets	0.3	-	0.3
Accounts receivable	9.0	-	9.0
Other assets	1.6	-	1.6
Other liabilities	-6.7	-10.3	-17.0
Total operating capital employed	4.2	-10.3	-6.1
Goodwill from the acquisition	-	20.1	20.1
Other acquisition related intangible assets	-	9.5	9.5
Total capital employed	4.2	19.3	23.5
Net debt	3.7	-	3.7
Total acquired net assets	7.9	19.3	27.2
Purchase price ¹	-	-	-27.2
Liquid funds in accordance with acquisition analysis	-	-	3.7
Total impact on the Group's liquid funds	-	-	-23.5

¹ Whereof acquisition costs of MSEK 1.9.

All the shares in Cono Sur were acquired.

The acquisition has contributed to Total sales with MSEK 22.7 and to Net income for the year with MSEK 2.0.

The acquisition would, if it had been consolidated from January 1, 2007, have contributed to Total sales with MSEK 66.1 and to Net income for the year with MSEK 4.9.

Walsons, India

Securitas has acquired 49 percent of the shares in the Indian security services company Walsons. The estimated enterprise value of the 49 percent acquisition is approximately MINR 633 (MSEK 103).

Walsons is the fourth largest national security services company in India and had at the time of acquisition an estimated annual sales of MINR 475 (MSEK 76). Walsons has a high quality contract portfolio with a majority of the business within the IT, insurance and finance sectors. The company has approximately 6,500 employees and is located in nine regions in India.

Acquisition of 49% of the business in Walsons
Summary Balance Sheet as of acquisition date November 9, 2007

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating fixed assets	0.6	-0.2	0.4
Accounts receivable	7.8	-1.4	6.4
Other assets	1.5	0.0	1.5
Other liabilities	-4.9	-3.1	-8.0
Goodwill from the acquisition	-	98.1	98.1
Other acquisition related intangible assets	-	7.4	7.4
Net debt	-2.8	-0.2	-3.0
Total net assets acquired included under shares in associated companies	2.2	100.6	102.8
Purchase price ¹	-	-	-102.8

¹ Whereof acquisition costs of MSEK 1.1.

49% of the shares in Walsons were acquired.

The acquisition has contributed to Net income for the year with MSEK 0.3.

Forza, Peru

Securitas has acquired 90 percent of the shares in the security services company Forza with subsidiaries Forza Alarmas and Forza Amazonica in Peru. Forza is based in Lima but with a strong presence in the mining sector in the interior part of the country. The company has approximately 3,200 employees. Goodwill, which amounts to MPEN 30.9 (MSEK 65.9), is mainly related to geographical coverage and human resources.

At the time of acquisition Forza had forecast annual sales of MPEN 75 (MSEK 160) and is one of the four largest security services providers in Peru. Forza is based in Lima but with a strong presence in the mining sector in the interior part of the country. The company has approximately 3,200 employees. Goodwill, which amounts to MPEN 30.9 (MSEK 65.9), is mainly related to geographical coverage and human resources.

Acquisition of the business in Forza
Summary Balance Sheet as of acquisition date December 1, 2007

MSEK	Book value of acquisition balance	Fair value adjustment and purchase price alloc.	Fair value acquisition balance
Operating fixed assets	7.0	–	7.0
Accounts receivable	21.2	–	21.2
Other assets	5.3	–	5.3
Other liabilities	–23.7	–8.5	–32.2
Total operating capital employed	9.8	–8.5	1.3
Goodwill from the acquisition	–	65.9	65.9
Other acquisition related intangible assets	–	18.0	18.0
Total capital employed	9.8	75.4	85.2
Net debt	–7.3	–	–7.3
Total acquired net assets	2.5	75.4	77.9
Purchase price ¹	–	–	–77.9
Liquid funds in accordance with acquisition analysis	–	–	3.9
Total impact on the Group's liquid funds	–	–	–74.0

¹ Whereof acquisition costs of MSEK 1.3. 90% of the shares in Forza were acquired. The acquisition has contributed to Total sales with MSEK 14.0 and to Net income for the year with MSEK -0.1. The acquisition would, if it had been consolidated from January 1, 2007, have contributed to Total sales with MSEK 160.2 and to Net income for the year with MSEK -2.7.

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 fixed assets	2.9	0.2	3.1
Accounts receivable	18.3	2.4	20.7
Other assets	6.6	0.3	6.9
Other liabilities	–30.1	16.4	–13.7
Total operating capital employed	–2.3	19.3	17.0
Goodwill from the acquisition	1.8	17.2	19.0
Other acquisition related intangible assets	2.3	109.5	111.8
Shares in associated companies	–	–	0.6
Total capital employed	1.8	146.0	148.4
Net debt	14.1	0.5	14.6
Total acquired net assets	15.9	146.5	163.0
Purchase price	–	–	–163.0
Liquid funds in accordance with acquisition analysis	–	–	13.0
Total impact on the Group's liquid funds	–	–	–150.0

Sale of operations and fixed assets
of Loomis Cash Management Ltd as of November 24, 2007

MSEK	Book value of acquisition balance
Operating fixed assets	323.5
Total capital employed	323.5
Consideration received	256.7
Total impact on the Group's liquid funds	256.7

The total consideration received is included with other receipts and payments relating to the sale of the operations and fixed assets as cash flow from items affecting comparability. The capital loss of MSEK 159.5 is included in items affecting comparability.

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, "CGU"), that is, per country in a division.

Goodwill is distributed, according to this allocation, summarized per segment according as follows:

MSEK	2007	2006
Security Services North America	5,514.5	5,890.6
Security Services Europe	3,980.1	3,981.7
Mobile and Monitoring	1,595.1	1,637.7
Loomis	2,533.1	2,502.4
Other	170.7	19.2
Total goodwill	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 division. The plans have been ascertained by Group Management and have been approved by the Board of Directors. These plans normally cover a period of five years. Cash flows beyond this point have been extrapolated using an estimated growth rate of two percent for all countries and divisions. 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 Security Services in Europe will grow at an average rate of some six percent per annum during the period 2010 to 2015. 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 estimated long-term growth rate of two percent is regarded as cautions in the case of Loomis as well. Freedonia's assessment is that the market can be expected to grow at an average rate of six percent per annum between 2010 and 2015.

The estimate for the value in use is based on assumptions and estimates in addition to the estimated growth after the five year period. The most significant of these relate to the organic sales growth rate, 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, %
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
Loomis	2.0	7.3–9.0
Other ¹	2.0	9.4–12.6

¹ The operations within the area New Markets is included in Other.

The impairment testing of all Cash Generating Units took place during the third quarter 2007 when the business plans for 2008 were being prepared. The result of the impairment testing showed impairment within the divisions Security Services Europe and Mobile and Monitoring, and that on impairment of goodwill totalling MSEK 350 was necessary. This impairment loss and adjustment of goodwill of MSEK 350 was booked in the third quarter.

The impaired goodwill relates to the acquisition of VNV Beveiliging B.V. in the Netherlands in January 2002. After the impairment, the remaining goodwill in the Dutch divisions amount to MSEK 1,650.

Sensitivity analyses have been made of the estimates of value in use in connection with impairment testing. A general reduction of 1 percentage point in the organic sales growth rate during the forecasting period would result in an impairment loss of MSEK 45 in Security Services Europe and MSEK 15 in Mobile and Monitoring. The sensitivity analysis on organic sales growth does not generate an impairment loss in Security Services North America or in Loomis.

A general reduction of 0.5 percentage point in the operating margin would result in an impairment loss of MSEK 98 in Security Services Europe, MSEK 21 in Mobile and Monitoring. For Loomis, the corresponding decrease in operating margin would result in an impairment loss of MSEK 3. The sensitivity analysis on operating margin does not generate an impairment loss in Security Services North America.

A general increase of 0.5 percentage points in the WACC would result in an impairment loss of MSEK 84 in Security Services Europe, MSEK 29 in Mobile and Monitoring, and MSEK 4 in Loomis. The sensitivity analysis on WACC does not generate an impairment loss in Security Services North America.

A general decrease of the estimated growth after the five year period by 0.5 percentage points would result in an impairment loss of MSEK 63 in Security Services Europe and MSEK 20 in Mobile and Monitoring. For Loomis, the corresponding decrease of estimated growth would result in an impairment loss of MSEK 1. The sensitivity analysis on the estimated growth after the five year period does not generate an impairment loss in Security Services North America.

Note 17. Goodwill

MSEK	2007	2006	2005
Opening balance	14,072.8	17,792.4	15,301.9
Capital expenditures, continuing operations	376.1	253.0	630.6
Capital expenditures, discontinued operations	–	29.4	–
Divestitures	–39.3	–	–105.2
Discontinued operations	–	–2,513.5	–
Translation difference	–257.9	–1,488.5	1,965.1
Closing accumulated balance	14,151.7	14,072.8	17,792.4
Opening impairment losses	–41.2	–	–
Impairment losses ¹	–349.9	–41.2	–
Divestitures	39.3	–	–
Translation difference	–6.4	–	–
Closing accumulated impairment losses	–358.2	–41.2	–
Closing residual value	13,793.5	14,031.6	17,792.4

¹ Further information is provided in Note 16 under impairment testing.

Note 18. Acquisition related intangible assets¹

MSEK	2007	2006	2005
Opening balance	687.8	850.6	529.8
Capital expenditures, continuing operations	307.9	202.1	285.0
Capital expenditures, discontinued operations	–	2.7	–
Divestitures	–	–	–48.5
Derecognition of fully amortized assets ²	–78.3	–	–
Reclassification	–24.3	–	–
Discontinued operations	–	–334.0	–
Translation difference	–20.8	–33.6	84.3
Closing accumulated balance	872.3	687.8	850.6
Opening amortization	–223.6	–212.1	–96.6
Divestitures	–	–	22.5
Reversal of amortization on derecognized assets ²	78.3	–	–
Reclassification	1.9	–	–
Amortization for the year, continuing operations	–107.6	–93.3	–98.1
Amortization for the year, discontinued operations	–	–18.4	–24.4
Discontinued operations	–	70.4	–
Translation difference	3.3	29.8	–15.5
Closing accumulated amortization	–247.7	–223.6	–212.1
Opening impairment losses	–	–	–
Impairment losses	–0.6	–	–
Translation difference	0.0	–	–
Closing accumulated impairment losses	–0.6	–	–
Closing residual value	624.0	464.2	638.5

¹ The balance consists mainly of contract portfolios and related customer relations.

² The Group derecognizes fully amortized acquisition related intangible assets if a reliable estimate of future cash flows cannot be established. The net impact of such derecognition on the closing residual value is nil.

Notes and comments to the consolidated financial statements

Note 19. Other intangible assets

	Software licences			Other items		
MSEK	2007	2006	2005	2007	2006	2005
Opening balance	441.1	490.2	359.1	78.3	168.1	128.6
Acquisitions/divestitures	16.9	1.1	1.4	-16.5	3.1	2.7
Capital expenditures	74.2	51.6	82.9	21.7	29.6	26.0
Disposals/write-offs	-31.4	-8.7	-20.9	-2.1	-3.2	-13.5
Reclassification	35.5	0.5	-	0.3	-3.2	-
Discontinued operations	-	-166.8	-	-	-95.5	-
Translation difference	17.1	73.2	67.7	3.2	-20.6	24.3
Closing accumulated balance	553.4	441.1	490.2	84.9	78.3	168.1
Opening amortization	-291.8	-250.7	-160.5	-44.3	-94.3	-58.6
Acquisitions/divestitures	-12.7	-0.8	-0.8	6.1	-0.7	-2.1
Disposals/write-offs	19.5	8.2	26.9	1.5	2.3	-3.9
Reclassification	-9.1	-	-	7.3	3.1	-
Amortization for the year, continuing operations	-54.9	-50.6	-53.4	-11.5	-8.0	-6.6
Amortization for the year, discontinued operations	-	-16.9	-20.2	-	-8.7	-7.4
Discontinued operations	-	97.7	-	-	43.6	-
Translation difference	-12.2	-78.7	-42.7	-1.8	18.4	-15.7
Closing accumulated amortization	-361.2	-291.8	-250.7	-42.7	-44.3	-94.3
Opening impairment losses	-10.6	-	-	-	-	-
Impairment losses	-	-10.6	-	-	-	-
Write-offs	10.6	-	-	-	-	-
Closing accumulated impairment losses	-	-10.6	-	-	-	-
Closing residual value	192.2	138.7	239.5	42.2	34.0	73.8

Note 20. Tangible fixed assets

	Buildings and land ^{1,3}			Machinery and equipment ^{2,3}		
MSEK	2007	2006	2005	2007	2006	2005
Opening balance	1,283.5	1,360.3	1,394.1	11,188.1	12,543.9	11,067.8
Acquisitions/divestitures	67.5	6.9	-114.6	229.6	23.4	-437.5
Capital expenditures	22.7	21.8	32.3	1,634.8	2,277.8	1,888.4
Disposals/write-offs	-233.1	-21.7	-12.9	-1,494.2	-1,086.9	-767.4
Reclassification	40.9	-14.1	-27.7	-20.3	88.0	27.7
Discontinued operations	-	-31.2	-	-	-3,273.3	-
Translation difference	13.5	-38.5	89.1	-0.2	615.2	764.9
Closing accumulated balance	1,195.0	1,283.5	1,360.3	11,537.8	11,188.1	12,543.9
Opening depreciation	-412.8	-394.6	-350.9	-7,286.3	-7,568.1	-6,291.0
Acquisitions/divestitures	-13.5	-0.2	27.7	-110.3	-14.7	350.1
Disposals/write-offs	56.9	1.1	-3.4	1,143.3	772.1	596.6
Reclassification	-20.8	-2.8	-0.4	2.9	-71.5	0.4
Depreciation for the year, continuing operations	-40.6	-36.6	-41.7	-1,341.0	-1,382.7	-1,408.0
Depreciation for the year, discontinued operations	-	-1.6	-2.4	-	-360.1	-380.1
Discontinued operations	-	10.8	-	-	1,780.3	-
Translation difference	-5.8	11.1	-23.5	-1.0	-441.6	-436.1
Closing accumulated depreciation	-436.6	-412.8	-394.6	-7,592.4	-7,286.3	-7,568.1
Opening impairment losses	-21.9	-	-	-4.1	-	-
Impairment losses	-30.4	-21.9	-	-	-4.1	-
Divestitures	-	-	-	4.1	-	-
Closing accumulated impairment losses	-52.3	-21.9	-	-	-4.1	-
Closing residual value	706.1	848.8	965.7	3,945.4	3,897.7	4,975.8
Tax assessment value of properties in Sweden	-	-	-	-	-	-

¹The closing residual value of land included in Buildings and land above was MSEK 114.0 (112.3 and 123.8).

²Machinery and equipment comprises vehicles, equipment, security equipment (including alarm systems) and IT and telecom equipment.

³Of which closing residual value under finance leases in 2007 for Buildings and land was MSEK 36.6 (106.8 and 122.2) and for Machinery and equipment was MSEK 306.4 (332.6 and 343.5). The reduced residual value for Buildings and land under finance leases is mainly explained by purchase of a building previously leased.

Note 21. Shares in associated companies

	2007	2006	2005
MSEK			
Opening balance	172.7	178.6	–
Purchase price ^{1,2}	102.9	–	163.8
Reversal of negative goodwill	–	–	11.3
Liquidation ³	–181.1	–	–
Share of income in associated company	2.5	1.2	0.5
Translation differences	6.5	–7.1	3.0
Closing balance⁴	103.5	172.7	178.6

¹ Walsons Security Ltd MSEK 102.8 and Facility Network A/S MSEK 0.1 (formation of company).

² Refer to Note 16 for purchase price allocation.

³ Refers to Securitas Employee Convertible 2002 Holding S.A.

⁴ Of which goodwill MSEK 98.1 (– and –) and acquisition related intangible assets MSEK 7.4 (– and –).

Holdings 2007

Name	Domicile	Share of capital, %	Attributable to the Group			
			Assets	Liabilities	Sales	Net income
Walsons Services Pvt Ltd	Dehli	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 and 2005 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 has been liquidated during 2007.

Note 22. Interest-bearing financial fixed assets¹

	2007	2006	2005
MSEK			
Fair value hedges			
Derivatives with positive fair value, long-term	–	1,121.9	1,082.8
Cash flow hedges			
Derivatives with positive fair value, long-term	13.1	19.3	15.7
Other derivative positions			
Derivatives with positive fair value, long-term	–	–	18.7
Other items	273.2	110.6	49.6
Total interest-bearing financial fixed assets	286.3	1,251.8	1,166.8

¹ Further information regarding financial instruments is provided in Note 6.

Note 23. Other long-term receivables

	2007	2006	2005
MSEK			
Pension balances, defined benefit plans ¹	17.9	7.0	–
Pension balances, defined contribution plans ²	58.3	54.0	41.0
Other long-term receivables	303.3	320.3	388.3
Total other long-term receivables	379.5	381.3	429.3

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

	2007	2006	2005
MSEK			
Material and consumables	15.1	18.0	496.5
Work in progress	2.1	40.5	257.4
Advance payments to suppliers	22.3	28.6	23.6
Total inventories	39.5	87.1	777.5

Note 25. Accounts receivable

	2007	2006	2005
MSEK			
Accounts receivable before deduction of provisions for bad debt losses	10,213.7	9,152.6	10,790.4
Provisions for bad debt losses ¹	–324.3	–297.0	–427.9
Total accounts receivable	9,889.4	8,855.6	10,362.5
Opening balance provision for bad debt losses	–297.0	–427.9	–417.3
Change in provision for the year	–25.3	110.3	18.1
Translation difference	–2.0	20.6	–28.7
Closing balance provision for bad debt losses	–324.3	–297.0	–427.9

¹ The bad debt losses for the year amounted to MSEK 14.5 (142.0 and 74.0). Bad debt losses for the year includes recovered bad debt losses in respect of Globe/Federal Aviation Administration of MSEK 50.1, stated under items affecting comparability. Last year's bad debt losses included bad debt losses in respect of Globe/Federal Aviation Administration of MSEK –69.0 stated under items affecting comparability.

Note 26. Other current receivables

	2007	2006	2005
MSEK			
Prepaid expenses and accrued income	795.0	652.7	1,150.5
Accrued interest income and prepaid financial expenses	297.9	279.7	528.1
Insurance-related receivables ¹	63.2	70.9	450.6
Other items	215.9	319.8	398.1
Total other current receivables	1,372.0	1,323.1	2,527.3

¹ Insurance-related receivables in 2005 includes MSEK 375.4 (366.4) relating to the WELO project in Cash Handling Services Germany. The receivable has in connection with the disposal been taken over by another company within Loomis. This receivable was written down in 2006.

Note 27. Other interest-bearing current assets¹

	2007	2006	2005
MSEK			
Fair value hedges			
Derivatives with positive fair value, short-term	1,421.2	–	–
Cash flow hedges			
Derivatives with positive fair value, short-term	8.2	18.0	–
Other derivative positions			
Derivatives with positive fair value, short-term	19.5	229.3	668.5
Total other interest-bearing current assets	1,448.9	247.3	668.5

¹ Further information regarding financial instruments is provided in Note 6.

Note 28. Liquid funds¹

	2007	2006	2005
MSEK			
Short-term investments ²	3,453.7	974.9	2,115.5
Cash and bank deposits ³	897.0	693.1	1,355.3
Total liquid funds	4,350.7	1,668.0	3,470.8

¹ Liquid funds include Short-term investments with a maximum duration of 90 days and Cash and bank deposits.

² Short-term investments refers 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

MSEK	Shareholders' equity attribution to equity holders of the Parent Company						Minority interests	Total
	Share capital	Other capital contribution	Hedging reserve	Translation reserve	Retained earnings	Total		
Opening balance 2005	365.1	7,362.6	–	–665.9	4,687.7	11,749.5	16.6	11,766.1
Effect of change in accounting principle IAS 39	–	–	–	–	–2.7	–2.7	–	–2.7
Opening balance 2005 adjusted in accordance with new principle	365.1	7,362.6	–	–665.9	4,685.0	11,746.8	16.6	11,763.4
Actuarial gains and losses net of tax	–	–	–	–	–198.2	–198.2	–	–198.2
Cash flow hedges before tax	–	–	15.6	–	–	15.6	–	15.6
Tax relating to cash flow hedges	–	–	–4.4	–	–	–4.4	–	–4.4
Net investments hedges	–	–	–	–544.6	–	–544.6	–	–544.6
Translation differences	–	–	–	1,939.2	–	1,939.2	1.3	1,940.5
Net income/expense recognized directly in equity	–	–	11.2	1,394.6	–198.2	1,207.6	1.3	1,208.9
Net income for the year	–	–	–	–	2,712.2	2,712.2	1.5	2,713.7
Total change excluding transactions with equity holders	–	–	11.2	1,394.6	2,514.0	3,919.8	2.8	3,922.6
Acquisition of minority interests	–	–	–	–	–	–	–17.9	–17.9
Dividend paid to shareholders of the Parent Company	–	–	–	–	–1,095.2	–1,095.2	–	–1,095.2
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 statement of income before tax	–	–	–11.0	–	–	–11.0	–	–11.0
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	–	–	–	–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 statement of income before tax	–	–	–33.1	–	–	–33.1	–	–33.1
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
Closing balance 2007	365.1	7,362.6	4.8	–484.7	1,564.3	8,812.1	1.9	8,814.0

Number of shares outstanding December 31, 2007			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, 2006. As of December 31, 2007 there were no outstanding convertible debenture loans that could result in any dilution of the share capital.

Each Series A share carried ten votes and each Series B share one vote. This is the only difference between the two series of shares.

Shareholders with more than 10 percent of the votes

The principal shareholders are Investment AB Latour, which together with Sökl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB holds 11.6 percent of the capital and 30.1 percent of the votes, and Melker Schörling AB, which holds 4.7 percent of the capital and 11.1 percent of the votes.

Dividend

The Board of Directors and the President propose a dividend to the shareholders of the Parent Company of SEK 3.10 per share, or a total of MSEK 1,131.7. The dividend to the shareholders for the previous year 2006, which was paid out in 2007, was SEK 3.10 per share, or a total of MSEK 1,131.7. The dividend to the shareholders for 2005, which was paid in 2006, was SEK 3.50 per share, or a total of MSEK 1,277.7.

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 2007.

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, 2007 (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.

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. The loans carried a floating interest rate equivalent to 90 percent of 3-month EURIBOR plus 0.49 percentage points. Interest expense on the loan was charged against net income for the year in the amount of MSEK 30.1 (73.6 and 77.9).

The reference price for Securitas share, defined as the average closing price during the period April 24–30, 2002 was set at SEK 186.90. The EUR–SEK exchange rate was fixed at SEK 9.23. This produced a conversion rate of EUR 20.30 (0 percent premium) on the first convertible loan. The second, third and fourth series had conversion rates of EUR 24.30 (20 percent premium), EUR 28.40 (40 percent premium) and EUR 32.40 (60 percent premium) respectively.

In 2005 Securitas repurchased and redeemed part of the convertible debenture loans. The redemption value amounted to EUR 47,245,625 for each of the four series, in total EUR 189,982,500. The total amount outstanding thereafter was EUR 254,497,500.

In accordance with the terms and conditions of the four convertible debenture loans issued by Securitas AB under Securitas Employee Convertible 2002, the conversion price of the convertible debenture loans was recalculated as a result of the dividend of Securitas Systems AB and Securitas Direct AB in 2006.

The recalculation was based on the value of the shares in Securitas AB, Securitas Systems AB and Securitas Direct AB, which was determined during the period September 29 until November 2, 2006. The recalculation factor was fixed at 0.684555, which meant that the value of the shares in Securitas AB corresponded to approximately 68.5 percent of the sum of the values of one share in each of Securitas AB, Securitas Systems AB and Securitas Direct AB.

The loan amounts and conversion rates were as follows

	Outstanding Amount, EUR	Conversion rate (EUR)		No. of new B-shares
		Original	New	
Loan 2002/2007 series 1	63,624,375	20.30	13.90	4,577,293
Loan 2002/2007 series 2	63,624,375	24.30	16.60	3,832,794
Loan 2002/2007 series 3	63,624,375	28.40	19.40	3,279,607
Loan 2002/2007 series 4	63,624,375	32.40	22.20	2,865,963
Total	254,497,500			14,555,657
Number of shares outstanding				365,058,897
Number of shares after dilution				379,614,554

A full conversion of all four convertibles would have resulted in a total of 14,555,657 new B-shares in Securitas AB being issued, which would correspond to a dilution of 3.99 percent of the capital and 2.88 percent of the votes.

Note 31. Long-term liabilities excluding provisions¹

MSEK	2007	2006	2005
Convertible debenture loan EUR, 2002/2007, Series 1–4 ²	–	–	2,388.4
Total convertible debenture loans	–	–	2,388.4
EMTN Nom MEUR 500, 2001/2008, 6.125 % ^{2,3}	–	4,575.6	4,895.7
Finance leases	218.4	298.0	292.5
Other long-term loans	3,939.4	33.3	29.5
Total other long-term loan liabilities excluding derivatives	4,157.8	4,906.9	5,217.7
Cash flow hedges			
Derivatives with negative fair value, long-term	14.6	–	–
Other derivative positions			
Derivatives with negative fair value, long-term	–	–	29.1
Total derivatives	14.6	–	29.1
Total other long-term loan liabilities	4,172.4	4,906.9	5,246.8
Pensions balances, defined contribution plans ⁴	58.3	54.0	41.0
Other long-term liabilities	87.2	314.9	58.1
Total other long-term liabilities	145.5	368.9	99.1
Total long-term liabilities	4,317.9	5,275.8	7,734.3

¹ For further information regarding financial instruments, refer to Note 6.

² Bond loans EMTN Nom MEUR 350 and the convertible debenture loan are issued by the Parent Company. Interest on bond loans refers to the coupon rate of interest for the entire loan period. Convertible debenture loan EUR, 2002/2007, serie 1–4 fell due on May 2, 2007 and is reported in 2006 under Short-term loan liabilities.

³ The maturity date of Bond loan EMTN Nom MEUR 500, 2001/2008 is March 14, 2008 and is included under Short-term loan liabilities as per December 31, 2007.

⁴ Refers to liability for insured pension plan excluding social costs.

Long-term liabilities fall due for payment as follows

MSEK	2007	2006	2005
Maturity < 5 years	4,249.1	5,245.5	7,675.5
Maturity > 5 years	68.8	30.3	58.8
Total long-term liabilities	4,317.9	5,275.8	7,734.3

Notes and comments to the consolidated financial statements

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.

UK

Two funded defined benefit plans are operated in the UK with assets held separately from those of the employer. Both provide benefits linked to members' service and final salary. In addition, the operations in the UK participate in various defined contribution arrangements. As a result of the sale of the fixed assets and operations of Loomis Cash Management Ltd a curtailment gain of MSEK 21.8 has been recognized relating to the employees that transferred over to the new company that took over the operations. This amount is included in the line Settlements/curtailments/terminations in the table Pension costs below.

Sweden

Blue-collar workers are covered by the SAF-LO collective pension plan, an industry-wide multi-employer defined contribution arrangement. White-collar workers are covered by the industry-wide ITP plan, which is 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 2007 amounts to MSEK 20.5 (20.1 and 24.6). The surplus in Alecta can be allocated to the insured employer and/or the insured employees. Alecta's level of consolidation was 152.0 percent (143.1 and 128.5) as of December 31, 2007. 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 one third 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 France and Germany.

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 45. An increase in the inflation rate by 0.1 percentage points would increase the provisions for pensions and similar commitments by approximately MSEK 23. An increase in the average expected life span by 1 year would increase the provisions for pensions and similar commitments by approximately MSEK 63. 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.

Pension cost									
MSEK	2007			2006			2005		
	Continuing operations	Discontinued operations	All operations	Continuing operations	Discontinued operations	All operations	Continuing operations	Discontinued operations	All operations
Current service cost	115.5	–	115.5	110.9	5.8	116.7	96.2	7.7	103.9
Interest cost	176.4	–	176.4	166.6	3.0	169.6	177.7	3.9	181.6
Expected return on assets	–168.2	–	–168.2	–159.4	–2.6	–162.0	–165.7	–3.5	–169.2
Recognized actuarial gain/loss ¹	–2.1	–	–2.1	–2.1	–	–2.1	–	–	–
Recognized past service cost	–	–	–	–0.9	–	–0.9	0.1	–	0.1
Settlements/curtailments/terminations	–26.2	–	–26.2	–27.3	–	–27.3	–96.0	–1.4	–97.4
Total pension cost	95.4	–	95.4	87.8	6.2	94.0	12.3	6.7	19.0

¹Relates to other long-term employee benefits.

This table shows the total cost for defined benefit plans. The settlements/curtailments 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 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. During 2005 settlements/curtailments were mainly explained by the reduction of a health care plan in the USA and the changed status to the TEL-plan in Finland. Included above are pension costs for non-material defined benefit plans for continuing operations of MSEK 0.3 (0.6 and 0.0). The cost for defined contribution plans for continuing operations was MSEK 381.9 (410.3 and 431.2). The actual return on plan assets for all operations for 2007 was MSEK 138.1 (213.0 and 253.6).

Movements in provision for pensions and similar commitments, net									
MSEK	2007			2006			2005		
	Obligations	Plan assets	Net	Obligations	Plan assets	Net	Obligations	Plan assets	Net
Opening balance	3,547.4	–2,498.5	1,048.9	3,763.2	–2,572.1	1,191.1	2,949.0	–2,054.5	894.5
Current service cost	115.5	–	115.5	116.7	–	116.7	103.9	–	103.9
Interest cost	176.4	–	176.4	169.6	–	169.6	181.6	–	181.6
Expected return on assets	–	–168.2	–168.2	–	–162.0	–162.0	–	–169.2	–169.2
Recognized actuarial gain/loss ¹	–2.1	–	–2.1	–2.1	–	–2.1	–	–	–
Recognized past service cost	–	–	–	–0.9	–	–0.9	0.1	–	0.1
Settlements/curtailments/terminations	–32.4	6.2	–26.2	–27.3	–	–27.3	–97.4	–	–97.4
Total pension cost recognized in the statement of income	257.4	–162.0	95.4	256.0	–162.0	94.0	188.2	–169.2	19.0
Actuarial gains and losses – obligations ^{2,3}	–88.9	–	–88.9	63.4	–	63.4	392.0	–	392.0
Actuarial gains and losses – plan assets ²	–	30.1	30.1	–	–51.0	–51.0	–	–84.4	–84.4
Total actuarial gains and losses before tax²	–88.9	30.1	–58.8	63.4	–51.0	12.4	392.0	–84.4	307.6
Employer contributions ⁴	–	–167.8	–167.8	–	–133.4	–133.4	–	–117.0	–117.0
Employee contributions	9.4	–9.4	–	11.0	–11.0	–	11.7	–11.7	–
Benefits paid to participants	–172.6	172.6	–	–154.7	154.7	–	–160.3	160.3	–
Acquisitions/divestitures	19.1	–	19.1	–	–	–	0.8	–	0.8
Reclassifications	–	–	–	–	–	–	4.7	–3.6	1.1
Discontinued operations	–	–	–	–101.9	71.6	–30.3	–	–	–
Translation difference	–81.8	73.2	–8.6	–289.6	204.7	–84.9	377.1	–292.0	85.1
Closing 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

Discontinued operations relates to the obligations and plan assets that as of September 29, 2006 were included in Securitas Systems and Direct.

¹Relates to other long-term employee benefits.

²Relates to post-employment benefits.

³Actuarial losses for 2007 relates to changes in assumptions (gains) of MSEK –131.5 (gains of –7.2 and losses of 397.5) and changes in plan experience (losses) of MSEK 42.6 (losses of 70.6 and gains of –5.5).

⁴Employer contributions expected to be paid in 2008 are deemed to be in line with 2007, adjusted for the planned dividend of Loomis.

Notes and comments to the consolidated financial statements

Funded status, net			
MSEK	2007	2006	2005
Fair value of plan assets	-2,561.8	-2,498.5	-2,572.1
Defined benefit obligation funded plans	2,886.3	2,941.1	3,067.8
Defined benefit obligation unfunded plans	603.7	606.3	695.4
Funded status, net	928.2	1,048.9	1,191.1

Provisions for pensions and similar commitments, net			
MSEK	2007	2006	2005
Plans reported under			
Other long-term receivables	-17.9	-7.0	-
Plans reported under Provisions for pensions and similar commitments	946.1	1,055.9	1,191.1
Total provisions for pensions and similar commitments, net	928.2	1,048.9	1,191.1

This table 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.

Allocation of plan assets			
Percent	2007	2006	2005
Equity investments	55	56	61
Interest bearing assets	39	37	30
Other assets	6	7	9
Total allocation of plan assets	100	100	100

This table 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.

Accumulated actuarial losses			
MSEK (net of tax)	2007	2006	2005
Relating to 2007	44.5	-	-
Relating to 2006	-8.6	-8.6	-
Relating to 2005	-198.2	-198.2	-198.2
Relating to 2004	-77.4	-77.4	-77.4
Total accumulated actuarial losses¹	-239.7	-284.2	-275.6

¹ Refers to actuarial losses recognized via the statement of recognized income and expense, net after tax.

Main actuarial assumptions									
Percent (per annum)	2007			2006			2005		
	USA	Eurozone	Other countries	USA	Eurozone	Other countries	USA	Eurozone	Other countries
Discount rate ¹	6.00	5.50-5.75	4.70-5.70	5.75-6.00	4.50-4.75	4.50-5.25	5.50	4.00-4.25	4.00-5.00
Expected return on plan assets	8.50	5.25	5.70-6.80	8.50	4.80	5.00-6.75	8.50	4.80	5.50-6.75
General salary increases ²	n/a	2.00-3.50	3.50-4.80	n/a	2.00-3.50	2.50-4.50	n/a	2.50-3.50	2.50-4.25
Inflation ²	n/a	1.75-2.00	2.50-3.30	n/a	1.75-2.00	2.50-3.00	n/a	1.75-2.20	2.50-2.75
Pension increases ²	n/a	1.00-1.75	2.00-4.25	n/a	1.75	2.25-3.00	n/a	1.75-2.00	2.25-2.75
Health care cost inflation ³	n/a	n/a	2.50-8.00	n/a	n/a	n/a	n/a	n/a	n/a

This table shows the main actuarial assumptions as of December 31, 2007, 2006 and 2005 used to value the defined benefit obligation at the end of 2007, 2006 and 2005 as well as in determining the pension cost for 2008, 2007 and 2006.

¹ In the USA Moody's corporate bonds AA 20+ index is used, 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) and the UK (Iboxx UK AA 15 year +).

² Plans in the USA are non-inflation-linked cash balance plans which are closed for future benefit accrual.

³ The US health care plan has for the most part been terminated during 2005. A small health care plan has been added in Canada and the assumptions for 2007 relate to this plan. The assumption represents the range of current expected health care cost inflation for the different benefits. This range is expected to fall to 2.00-4.00 (depending on benefit type) by 2015.

As of December 31, 2007 the following assumptions were used for the major plans in Securitas concerning mortality: USA – "193 Group Annuity Mortality Table". UK – "PA 92 tables", rated up 2 years, with a medium cohort adjustment to allow for future improvements in longevity. Norway – tables in series "K2005". These tables have been established for use after consultation with the company's actuaries and reflect Securitas' view concerning future mortality considering future expected increases in the length of life.

Notes and comments to the consolidated financial statements

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	595.7	224.9	1,359.1	2,179.7
Reclassification	–	–	54.6	54.6
New/increased provisions	249.4	43.4	827.5	1,120.3
Provisions utilized	–28.5	–12.0	–923.6	–964.1
Reversal of unutilized provisions	–52.6	–	–12.2	–64.8
Translation differences	–39.7	–4.8	11.6	–32.9
Less short-term items	–	–	–641.4	–641.4
Closing balance	724.3	251.5	675.6	1,651.4

¹ Liability insurance-related claims reserves primarily consist of estimated provisions for the portion of claims payable by the Group, i.e. its self-retention.

Other provisions			
MSEK	2007	2006	2005
Provisions related to Loomis Cash Management Ltd ¹	–	824.4	–
Other items	675.6	534.7	121.4
Total other provisions	675.6	1,359.1	121.4

¹ Further information is provided in Note 4.

Note 34. Short-term loan liabilities¹

MSEK	2007	2006	2005
Convertible debenture loans	–	2,300.0	–
EUR, 2002/2007, series 1–4 ²	–	–	–
Total short-term convertible debenture loans	–	2,300.0	–
EMTN Nom MEUR 350, 2000/2006, 6.125 % ³	–	–	3,244.6
EMTN Nom MEUR 500, 2001/2008, 6.125 % ⁴	4,717.1	–	–
Commercial paper issued ⁵	2,023.4	1,468.1	1,744.0
Finance leases	114.6	141.4	174.2
Other short-term loans ⁶	4,897.4	4,001.8	4,306.4
Total other-short-term loan liabilities excluding derivatives	11,752.5	5,611.3	9,469.2
Other derivative positions	–	–	–
Derivatives with negative fair value, short-term	39.0	83.5	146.5
Total other short-term loan liabilities	11,791.5	5,694.8	9,615.7

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 350 was issued by the Parent Company.

⁴ Interest on the bond loan refers to the coupon rate of interest for the entire loan period. The loan matured on January 12, 2006.

⁵ The bond loan EMTN Nom MEUR 500, 2001/2008 matures on March 14, 2008 and is in 2007 reported under Other short-term liabilities. Previously, this loan has been reported under Long-term liabilities.

⁶ Commercial paper is issued by the Parent Company within the framework of a MSEK 5,000 Swedish commercial paper program.

⁷ Other short-term loans include loans raised within the framework of a MUS\$ 1,100 (1,100 and 1,100) Multi Currency Revolving Credit Facility maturing in June 2011, as well as loans raised within the framework of the MEUR 550 syndicated loan facility arranged in May 2007. It also includes loans raised within the framework of a MUS\$ 250 (250 and 250) securitization programme.

Note 35. Other current liabilities

MSEK	2007	2006	2005
Staff-related items	5,462.3	4,709.4	5,053.2
Accrued interest and financial expenses	354.7	279.0	524.7
Other accrued expenses and deferred income	795.7	515.8	1,136.0
Advance payments from customers	215.9	177.3	355.6
Other items ¹	1,616.8	1,281.7	1,648.7
Total other current liabilities	8,445.4	6,963.2	8,718.2

¹ Other items include VAT liability.

Note 36. Other short-term provisions¹

MSEK	2007	2006	2005
Liability insurance-related claims reserves ²	694.6	819.0	1,006.5
Provisions related to Loomis Cash Management Ltd ³	483.5	–	–
Other items	157.9	–	–
Total other short-term provisions	1,336.0	819.0	1,006.5

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.

³ Refers to provisions recognized as items affecting comparability (here stated at the balance sheet rate).

Note 37. Pledged assets

MSEK	2007	2006	2005
Real estate mortgages	–	76.4	–
Pension balances defined contribution plans	58.3	54.0	–
Total pledged assets	58.3	130.4	–

Note 38. Contingent liabilities

MSEK	2007	2006	2005
Sureties and guarantees	17.3	4.5	109.8
Other contingent liabilities	–	90.0	148.8
Total contingent liabilities	17.3	94.5	258.6

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 2006. All investigations of the events of September 11 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 is 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 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 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.

Together with the relevant airline and other parties, Globe or another Securitas company is a defendant in 25 lawsuits pertaining to the events of September 11. 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. Seven (7) of the remaining suits pertain to persons who died or who were injured and 18 relate to damage to property and businesses owing to the events of September 11. 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 claims are limited to the amount of liability coverage maintained. Globe and the other companies in the Group named as defendants are challenging these suits. All coverage disputes with the relevant 9/11 insurers have been resolved.

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

Brazil – Estrela Azul

In connection with the efforts of Securitas to expand its activities in South 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. In connection with the commencement of this judicial restructuring process, the company has asserted a claim of MUS\$ 155 against Securitas alleging that Securitas is responsible for the company's failure. 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 has now been appealed by Securitas. 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 labour suits. Securitas management believes that these claims are without merit.

Germany – US Army

Securitas Germany has filed a law suit against the US Army for unpaid services under a now expired contract for guarding services. Securitas' claim is approximately MEUR 4.4. The US Army has filed a counterclaim of MEUR 10.5 plus penalties (counterclaim amount maximized to three times the base claim) alleging over-billings by Securitas. Securitas is taking adequate steps to secure a favorable outcome of its claim. Management currently believes the US Army counterclaim to be without merit.

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 involved in a number of other legal proceedings arising out of the ordinary course of their businesses. 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 two previous primary segments Direct and Securitas Systems (Systems) as they were presented in the Securitas Group. The previous primary segments Direct and Systems as included in the Securitas Group will differ from the listed companies Securitas Direct AB and 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 has been adjusted for intra-group sales to and from Direct and Systems. This adjustment impacts the intra-group sales previously recognized in 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 Direct and Systems up to September 29, 2006.
- The net income in 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 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 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 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 assets in discontinued operations also for comparatives. The net assets (operating capital employed and capital employed) previously included under the segments 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 September 29, 2006 are included below. The corresponding impact on shareholders' equity of the Securitas Group is included in Note 29, Changes in shareholders' equity, on the line Dividend of net assets in Direct and Systems.

In the tables below the following information is provided:

- Condensed statement of income for discontinued operations.
- Condensed statement of cash flow for discontinued operations.
- Specification of the condensed statement of income.
- Assets and liabilities in discontinued operations as of September 29, 2006.
- Capital employed and financing in discontinued operations as of September 29, 2006.

Income			
MSEK	2007	2006	2005
Total Sales	–	6,511.3	7,813.0
Operating income before amortization	–	599.6	919.7
Amortization of acquisition related intangible assets	–	–18.4	–24.4
Acquisition related restructuring costs	–	–14.3	–34.0
Operating income after amortization	–	566.9	861.3
Financial income and expense	–	–36.2	–39.9
Income before taxes	–	530.7	821.4
Taxes	–	–192.2	–265.7
Net income for the year	–	338.5	555.7

Cash flow			
MSEK	2007	2006	2005
Cash flow from operations	–	563.4	965.9
Cash flow from investing activities	–	–676.4	–1,060.6
Cash flow from financing activities	–	–1,138.0	2,120.9
Cash flow for the year	–	–1,251.0	2,026.2

Specification to income			
MSEK	2007	2006	2005
Total Sales			
Securitas Systems and Direct	–	6,952.6	8,504.0
Intra-group sales	–	–441.3	–691.0
Total Sales	–	6,511.3	7,813.0
Operating income before amortization			
Securitas Systems and Direct	–	608.0	926.3
Intra-group margin	–	–8.4	–6.6
Operating income before amortization	–	599.6	919.7
Operating income after amortization			
Securitas Systems and Direct	–	575.3	867.9
Intra-group margin	–	–8.4	–6.6
Operating income after amortization	–	566.9	861.3

Assets and liabilities	
MSEK	Sep 29, 2006
Goodwill	2,513.5
Acquisition related intangible assets	263.6
Other intangible assets	121.0
Tangible fixed assets	1,513.4
Non-interest bearing financial fixed assets	128.6
Interest bearing financial fixed assets	3.1
Non-interest bearing current assets	3,037.0
Liquid funds	639.5
Total assets	8,219.7
Non-interest bearing long-term liabilities	1.1
Interest bearing long-term liabilities	2,201.3
Non-interest bearing provisions	227.6
Non-interest bearing current liabilities	2,102.0
Interest bearing current liabilities	73.7
Total liabilities	4,605.7
Net assets in discontinued operations	3,614.0

Capital employed and financing	
MSEK	Sep 29, 2006
Operating capital employed	2,469.3
Goodwill	2,513.5
Acquisition related intangible assets	263.6
Capital employed	5,246.4
Net debt	–1,632.4
Net assets in discontinued operations	3,614.0

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Statement of income				
MSEK	Note	2007	2006	2005
Administrative contribution and other revenues	41	378.2	469.4	479.7
Gross income		378.2	469.4	479.7
Administrative expenses	43, 44	-290.9	-675.2	-469.6
Operating income/loss		87.3	-205.8	10.1
Result of financial investments				
Result of sale of shares in subsidiaries and associates	41	15.1	-	-46.4
Dividend	41	2,434.2	5,337.8	4,618.7
Interest income	41	1,207.9	1,154.2	1,196.7
Interest expenses	41	-2,160.2	-1,691.7	-1,567.8
Other financial income and expenses, net	45	-971.9	-1,726.2	-270.5
Total financial income and expenses		525.1	3,074.1	3,930.7
Income after financial items		612.4	2,868.3	3,940.8
Appropriations				
Allocation to tax allocation reserve		-	-	8.1
Difference between book depreciation and depreciation according to plan		0.1	7.7	1.6
Total appropriations		0.1	7.7	9.7
Income before taxes		612.5	2,876.0	3,950.5
Current taxes	46	-13.6	-27.7	-32.4
Deferred taxes	46	-10.5	28.8	96.8
Net income for the year		588.4	2,877.1	4,014.9
Statement of cash flow				
MSEK	Note	2007	2006	2005
Operations				
Operating income/loss		87.3	-205.8	10.1
Reversal of depreciation		3.8	7.5	10.4
Financial items received		3,605.0	6,752.9	3,669.3
Financial items paid		-2,114.4	-1,943.6	-1,593.5
Current taxes paid		-11.2	-17.5	-11.4
Change in other operating capital employed		-500.8	1,347.7	-202.6
Cash flow from operations		1,069.7	5,941.2	1,882.3
Investing activities				
Investments in fixed assets		-24.0	3.7	-7.5
Shares in subsidiaries		-108.5	-7,241.6	-8,908.0
Cash flow from investing activities		-132.5	-7,237.9	-8,915.5
Financing activities				
Dividend paid		-1,131.7	-1,277.7	-1,095.2
Premature redemption of convertible debenture loans	30	-	-	-1,780.0
Redemption of bond loans		-	-3,240.1	-
Change in interest-bearing net debt, excluding liquid assets		2,568.5	4,869.2	9,508.0
Cash flow from financing activities		1,436.8	351.4	6,632.8
Cash flow for the year		2,374.0	-945.3	-400.4
Liquid funds at beginning of year		813.3	1,758.6	2,159.0
Liquid funds at year-end	52	3,187.3	813.3	1,758.6

Balance sheet				
MSEK	Note	2007	2006	2005
ASSETS				
Fixed assets				
Other intangible assets	47	29.1	8.9	21.5
Machinery and equipment	48	3.7	3.6	2.2
Shares in subsidiaries	49	51,050.1	51,580.5	54,397.2
Shares in associated companies	50	110.0	163.8	163.8
Interest-bearing financial fixed assets	42	13.1	1,181.9	42.5
Deferred tax assets		–	38.9	–
Other long-term receivables		58.2	54.1	54.6
Total fixed assets		51,264.2	53,031.7	54,681.8
Current assets				
Current receivables from subsidiaries		2,027.1	1,705.5	3,501.9
Interest-bearing current receivables from subsidiaries	42	12,415.5	10,991.9	13,262.0
Other current receivables		14.8	8.4	0.1
Current tax assets		3.3	5.8	16.0
Prepaid expenses and accrued income	51	371.8	287.4	521.3
Other interest-bearing current receivables	42	1,433.5	166.3	–
Short-term investments	52	3,187.2	813.3	1,758.6
Cash and bank deposits	52	0.1	–	0.0
Total current assets		19,453.3	13,978.6	19,059.9
TOTAL ASSETS		70,717.5	67,010.3	73,741.7
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		4.8	25.3	–
Translation reserve		266.5	172.9	248.9
Retained earnings		15,896.0	14,150.6	19,907.9
Net income for the year		588.4	2,877.1	4,014.9
Total non-restricted equity		16,755.7	17,225.9	24,171.7
Total shareholders' equity	53	24,483.4	24,953.6	31,899.4
Untaxed reserves				
Accumulated accelerated depreciation		–	0.1	7.8
Total untaxed reserves		–	0.1	7.8
Long-term liabilities				
Long-term liabilities to subsidiaries		–	–	7.7
Long-term interest-bearing liabilities to subsidiaries		–	–	54.3
Long-term convertible debenture loans	54	–	–	2,386.4
Other long-term loan liabilities		3,943.0	4,575.6	3,878.1
Other long-term liabilities		58.8	55.4	56.6
Total long-term liabilities	55	4,001.8	4,631.0	6,383.1
Current liabilities				
Current liabilities to subsidiaries		59.9	153.8	181.0
Interest-bearing current liabilities to subsidiaries	42	31,009.6	30,113.8	27,409.0
Group account bank overdraft		731.4	825.0	642.3
Short-term convertible debenture loans	54	–	2,300.0	–
Other short-term loan liabilities	42	9,935.9	3,714.9	6,660.8
Accounts payable		32.8	11.7	12.7
Accrued expenses and prepaid income	56	448.8	299.6	540.6
Other current liabilities		13.9	6.8	5.0
Total current liabilities		42,232.3	37,425.6	35,451.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		70,717.5	67,010.3	73,741.7
Pledged assets	57	58.3	54.0	None
Contingent liabilities	58	2,311.4	2,488.6	4,816.5

Changes in shareholders' equity

MSEK	Share capital ¹	Legal reserve	Premium reserve	Hedging reserve	Translation reserve	Retained earnings and net income for the year	Total
Opening balance 2005	365.1	695.2	6,667.4	–	–	21,003.1	28,730.8
Transfer of opening balance, Premium reserve	–	6,667.4	–6,667.4	–	–	–	–
Net investment hedges	–	–	–	–	248.9	–	248.9
Net income for the year	–	–	–	–	–	4,014.9	4,014.9
Total change excluding transactions with equity holders	–	6,667.4	–6,667.4	–	248.9	4,014.9	4,263.8
Dividend paid	–	–	–	–	–	–1,095.2	–1,095.2
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 statement of income before tax	–	–	–	–11.0	–	–	–11.0
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 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 statement of income before tax	–	–	–	–33.1	–	–	–33.1
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
Closing balance 2007	365.1	7,362.6	–	4.8	266.5	16,484.4	24,483.4

¹ For information regarding the numbers of shares outstanding refer to Note 53.

Notes and comments to the Parent Company financial statements

Note 40. Accounting principles

The Parent Company's financial statements are from January 1, 2005 prepared in accordance with the Swedish Annual Accounts Act and RR 32:06 Reporting by 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 in RR 32:06 allow for the adoption of 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 Accounting principles. Note that the principles in force for the Group until December 31, 2004 remained in force for the Parent Company until December 31, 2005, these principles are described below.

Financial instruments recognition and measurement – to December 31, 2005

Short-term investments are accounted according to the lower of cost or market principle if they pertain to transferable securities, and at acquisition value for bank deposits.

Convertible debenture loans are compound financial instruments whose financial liability (the loan) and the shareholders' equity-related instrument (the issued put) should be accounted separately at the time of issue. Because the convertible debenture loan 2002/2007 series 1-4 was issued at market interest, the related shareholders' equity-related instrument constituted an insignificant portion of the issue proceeds, whereupon the convertible debenture loan was classified as a financial liability in its entirety.

Bond loans issued are accounted at amortized cost, which means the present value of future payments calculated by the effective historical rate of interest at the time of issue.

Commercial paper has been issued as part of a short-term Swedish commercial paper program and accounted under Other short-term loan liabilities at the original settlement value. Accrued interest is accounted under Accrued interest expenses using a linear valuation method. Due to the short tenor of issued commercial paper, the difference between accrued interest estimated linearly and by discounting is immaterial.

Loan receivables and loan liabilities hedged through forward currency contracts are valued at the spot rate on the day the hedge was entered into. Forward premiums and discounts, that is the difference between the forward rate and the spot rate, are accounted as interest. Interest rate derivatives are used for hedging purposes only and accounted through the deferral of unrealized gains and losses, known as deferral hedge accounting. As a result, the Group's gains or losses from interest rate derivatives comprise only interest income and interest expenses based on actual cash flows from interest rate derivatives. Option premiums paid are expensed over the term of the hedged position and are accounted as interest expenses.

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 RR 32:06 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 RR 32:06 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	2007	2006	2005
Administrative contributions and other revenues from subsidiaries	360.0	460.5	474.3
– of which discontinued operations	–	81.4	70.5
Result of sale of shares in subsidiaries ¹	15.1	–	–46.4
– of which discontinued operations	–	–	–
Dividends from subsidiaries	2,434.2	5,337.8	4,618.7
– of which discontinued operations	–	–	301.9
Interest income from subsidiaries	643.1	577.6	487.0
– of which discontinued operations	–	26.1	30.7
Interest expenses to subsidiaries	–1,150.8	–737.0	–479.5
– of which discontinued operations	–	–6.4	–2.5

¹ For 2007 the result from liquidation of associated company and for 2005 the result of sale of shares in subsidiaries in relation to internal restructuring.

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 above, adopted IAS 39 Financial instruments; recognition and measurement as of January 1, 2006. 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	2007	2006
Recognized in the statement of income		
Financial expenses	–4.1	–38.6
Deferred tax	1.1	10.8
Impact on net income for the year	–3.0	–27.8
Recognized via hedging reserve in shareholders' equity		
Transfer to hedging reserve before tax	4.6	30.6
Deferred tax on transfer to hedging reserve	–1.3	–8.6
Transfer to hedging reserve net of tax	3.3	22.0
Transfer to statement of income before tax	–33.1	–11.0
Deferred tax on transfer to statement of income	9.3	3.1
Transfer to statement of income net of tax	–23.8	–7.9

Derivatives in the balance sheet		
MSEK	2007	2006
Interest-bearing financial fixed assets		
Fair value hedges	–	1,121.8
Cash flow hedges	13.1	19.4
Other derivative positions	–	–
Total derivatives included in interest-bearing financial fixed assets	13.1	1,141.2
Interest-bearing current receivables from subsidiaries		
Fair value hedges	–	–
Cash flow hedges	–	–
Other derivative positions	10.2	42.1
Total derivatives included in interest-bearing current receivables from subsidiaries	10.2	42.1
Other interest-bearing current assets		
Fair value hedges	1,421.2	–
Cash flow hedges	8.2	18.0
Other derivative positions	4.1	148.3
Total derivatives included in other interest-bearing current assets	1,433.5	166.3
Other long-term loan liabilities		
Fair value hedges	–	–
Cash flow hedges	14.6	–
Other derivative positions	–	–
Total derivatives included in other long-term loan liabilities	14.6	–
Interest-bearing current liabilities to subsidiaries		
Fair value hedges	–	–
Cash flow hedges	–	–
Other derivative positions	7.3	71.1
Total derivatives included in interest-bearing current liabilities to subsidiaries	7.3	71.1
Other short-term loan liabilities		
Fair value hedges	–	–
Cash flow hedges	–	–
Other derivative positions	17.3	61.3
Total derivatives included in other short-term loan liabilities	17.3	61.3

Note 43. Operating expenses

Audit fees and reimbursements			
MSEK	2007	2006	2005
PricewaterhouseCoopers			
– audit assignments	7.7	8.2	6.9
– other assignments ¹	3.1	12.7	3.0
Total PricewaterhouseCoopers	10.8	20.9	9.9
Other auditors			
– audit assignments	–	–	–
Total	10.8	20.9	9.9

¹The 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 employees; distribution by gender									
	Women			Men			Total		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Sweden	20	19	14	13	13	15	33	32	29

In 2007 the number of Board members and Presidents was 9 (10, 11) of whom 3 (3, 2) were women.

Personnel costs											
MSEK	2007			2006			2005			Of which bonuses	
	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2007	2006
Board of Directors and Presidents	16.1	8.3	(2.6)	6.1	2.5	(–)	4.7	1.8	(–)	2.0	–
Other employees	40.0	22.7	(9.7)	36.0	21.0	(9.4)	28.9	25.0	(15.6)	0.0	6.2
Total	56.1	31.0	(12.3)	42.1	23.5	(9.4)	33.6	26.8	(15.6)	2.0	6.2

In addition to personnel costs for 2005 Securitas AB made a provision for a pension for Juan Vallejo, a member of the Group Management.

Sick leave			
	2007	2006	2005
Total number of hours reported as sick leave among employees	1,493.1	770.2	599.7
Men, by age:			
<30 years	–	–	15.0
30–49 years	54.4	52.5	22.5
>49 years	–	–	–
Women, by age:			
<30 years	–	–	195.0
30–49 years	362.5	195.0	352.2
>49 years	1,076.3	522.7	15.0
Normal annual working hours per person:			
Employees' total normal working hours	64,350	62,400	56,550
Men	25,350	25,350	27,300
Women	36,000	37,050	29,250
Sick leave as % of normal working hours:			
Men	0.21	0.21	0.14
Women	3.69	1.94	1.90

Note 45. Other financial income and expense, net

MSEK	2007	2006	2005
Impairment losses, shares in subsidiaries ¹	–638.9	–1,539.1	–
Exchange rate differences, net	–314.5	–106.0	–243.8
Bank costs and similar income/expense items	–12.5	–34.3	–12.1
Revaluation of financial instruments (IAS 39) ²	–4.1	–38.6	–
Other items, net	–1.9	–8.2	–14.6
Total other financial income and expense, net	–971.9	–1,726.2	–270.5

¹The value of shares in subsidiaries was written down in connection with the receipt by the Parent Company of dividends from the subsidiary and in connection with recognition of impairment losses of goodwill in the Netherlands in 2007 where an impairment was also recognized for shares in subsidiaries, and intra-group restructuring in connection with the dividend of Securitas Direct AB and Securitas Systems AB in 2006.

²IAS 39 has been applied by the Parent Company since January 1, 2006.

Note 46. Taxes

Statement of Income Tax expense			
MSEK	2007	2006	2005
Tax on income before taxes			
– current taxes	–13.6	–27.7	–32.4
– deferred taxes	–10.5	28.8	96.8
Total taxes	–24.1	1.1	64.4

The Swedish Corporate tax rate was 28 percent in 2007, 2006 and 2005. Deferred taxes for 2005 have been adjusted for effects of change of accounting principle according to IAS 21 concerning translation reserve. See also note 40.

Difference between statutory Swedish tax rate and actual tax expense for the Parent Company			
MSEK	2007	2006	2005
Tax based on the Swedish tax rate 28%	–172	–805	–1,106
Tax from prior years	0	–7	2
Tax effect related to non-taxable income	371	1,246	1,114
Tax effect related to non-deductible expenses	–223	–433	–58
Tax effect on loss carryforwards	–	–	112
Actual tax charge	–24	1	64

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, 2007.

Notes and comments to the Parent Company financial statements

Note 47. Other intangible assets

MSEK	2007	2006	2005
Opening balance	63.0	58.4	51.5
Capital expenditures	23.0	4.6	6.9
Disposals/write-off	-10.6	-	-
Closing accumulated balance	75.4	63.0	58.4
Opening amortization	-43.5	-36.9	-27.6
Amortization for the year	-2.8	-6.6	-9.3
Closing accumulated amortization	-46.3	-43.5	-36.9
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	29.1	8.9	21.5

Note 48. Machinery and equipment

MSEK	2007	2006	2005
Opening balance	11.8	9.6	9.0
Capital expenditures	1.1	2.3	0.6
Disposals/write-off	-0.4	-0.1	-
Closing accumulated balance	12.5	11.8	9.6
Opening depreciation	-8.2	-7.4	-6.3
Disposals/write-off	0.4	0.1	-
Depreciation for the year	-1.0	-0.9	-1.1
Closing accumulated depreciation	-8.8	-8.2	-7.4
Closing residual value	3.7	3.6	2.2

Note 49. Shares in subsidiaries¹

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 Seguridad Holding SL	B83446831	Madrid	30,100	100	100	6,841.0
Securitas Deutschland Finanz Holding GmbH	HRB 33348	Düsseldorf	100%	100	100	2,166.0
SL Sicherheit GmbH	HRB 53995	Düsseldorf	100%	100	100	0.2
Securitas Nordic Holding AB	556248-3627	Stockholm	1,000,000	100	100	5,130.5
Loomis AB	556620-8095	Stockholm	1,000	100	100	4,965.4
Securitas Canada Ltd	036580-6	Montreal	4,004	100	100	85.6
Securitas Services International BV	33287487	Amsterdam	25,000	100	100	3,733.4
Securitas N V	0427.388.334	Brussels	1,000	100	100	272.8
Alert Services Holding NV ²	RPR617707	Brussels	3,311,669	53.01	53.01	576.3
Securitas Services Holding UK Ltd	5759961	Feltham	250,000	100	100	109.0
Protectas S.A.	CH-550-0084385-3	Lausanne	25,000	100	100	32.8
Securitas Direct S.A.	272139	Bern	500,000	50	50	2.1
Securitas Sicherheitsdienstleistungen GmbH	FN148202w	Vienna	100	100	100	58.3
Grupo Securitas Mexico, S A de C V	GSM930817U48	Monterrey	5,000	100	100	14.5
Securitas Polska Sp. z o. o.	36743	Warsaw	594,000	100	100	15.7
Securitas Argentina S.A. ²	1587929	Buenos Aires	1,412,000	20	20	13.5
Securitas CR s r o	CZ43872026	Prague	100%	100	100	8.8
Securitas KFT	Cg.01-09-721946	Budapest	100%	100	100	0.9
Securitas Eesti AS	10188743	Tallinn	1,371	100	100	32.1
Securitas Transport Aviation Security AB	556691-8917	Stockholm	100,000	100	100	126.8
Securitas Treasury Ireland Ltd	152440	Dublin	21,075,470	100	100	2,344.0
Securitas Group Reinsurance Ltd	317030	Dublin	50,000,000	100	100	576.5
Securitas Toolbox Ltd	316907	Dublin	100	100	100	0.0
Securitas Rental AB	556376-3829	Stockholm	1,000	100	100	3.6
Securitas Invest AB	556630-3995	Stockholm	1,000	100	100	21,719.7
AB Jourmontör	556087-1468	Stockholm	100	100	100	0.0
Securitas Security Services SRL	13740159	Bukarest	22	87.75	87.75	5.6
Securitas Alert Services Polska Sp.z o.o.	KRS 0000289244	Warsaw	2,000	100	100	2.4
Other holdings						4.6
Total shares in subsidiaries						51,050.1

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.

Change analysis of shares in subsidiaries			
MSEK	2007	2006	2005
Opening balance	51,580.5	54,397.2	45,489.2
Acquisitions	8.2	3.6	579.0
Capital contribution	100.3	7,238.0	8,525.7
Divestitures	-	-	-196.7
Impairment losses	-638.9	-1,539.1	-
Dividend of shares	-	-8,519.2	-
Closing balance	51,050.1	51,580.5	54,397.2

Dividend 2006 regards Securitas Direct AB and Securitas Systems AB.

Note 50. Shares in associated companies

Holdings 2007				
Company	Domicile office	Share in equity, %	% of voting rights	Book Value
Walsons Services Pvt Ltd	Dehli	49.0	49.0	110.0
Total shares in associated companies	–	–	–	110.0

Holdings 2006 and 2005				
Company	Domicile office	Share in equity, %	% of voting rights	Book Value
Securitas Employee Convertible 2002 Holding S.A.	Luxembourg	43.1	42.4	163.8
Total shares in associated companies	–	–	–	163.8

Note 51. Prepaid expenses and accrued income

	2007	2006	2005
MSEK			
Prepaid rent	53.0	12.2	0.2
Prepaid financial expenses	22.4	27.8	43.0
Other prepaid expenses	21.6	9.5	6.2
Accrued interest income	274.8	237.9	471.9
Total prepaid expenses and accrued income	371.8	287.4	521.3

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 2007				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, 2006. As of December 31, 2007 there were no outstanding convertible debenture loans that could result in any dilution of the share capital.

Each Series A share carried ten votes and each Series B share one vote. This is the only difference between the two series of shares.

Shareholders with more than 10 percent of the votes

The principal shareholders are Investment AB Latour, which together with Säkl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB holds 11.6 percent of the capital and 30.1 percent of the votes, and Melker Schörling AB, which holds 4.7 percent of the capital and 11.1 percent of the votes.

Dividend

The Board of Directors and the President propose a dividend to the shareholders of the Parent Company of SEK 3.10 per share, or a total of MSEK 1,131.7. The dividend to the shareholders for the previous year 2006, which was paid out in 2007, was SEK 3.10 per share, or a total of MSEK 1,131.7. The dividend to the shareholders for 2005, which was paid in 2006, was SEK 3.50 per share, or a total of MSEK 1,277.7.

Note 54. Convertible debenture 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	2007	2006	2005
Maturity < 5 years	3,943.0	4,631.0	6,332.1
Maturity > 5 years	58.8	–	51.0
Total long-term liabilities	4,001.8	4,631.0	6,383.1

Note 56. Accrued expenses and prepaid income

	2007	2006	2005
MSEK			
Staff-related items	22.1	14.6	20.5
Accrued interest expenses	354.6	278.5	515.7
Other accrued expenses	72.1	6.5	4.4
Total accrued expenses and prepaid income	448.8	299.6	540.6

Note 57. Pledged assets

	2007	2006	2005
MSEK			
Pensions balances, defined contribution plans	58.3	54.0	–
Total pledged assets	58.3	54.0	–

Note 58. Contingent liabilities

	2007	2006	2005
MSEK			
Sureties and guarantees ¹	2,217.5	2,398.6	4,723.1
Other contingent liabilities	93.9	90.0	93.4
Total contingent liabilities	2,311.4	2,488.6	4,816.5
(Of which on behalf of subsidiaries)	(2,311.4)	(2,488.6)	(4,816.5)

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.

Notes and comments to the Parent Company financial statements

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 April 17, 2008.

Stockholm, February 18, 2008

Melker Schörling
Chairman

Gustaf Douglas
Vice Chairman

Annika Falkengren
Director

Marie Ehrling
Director

Carl Douglas
Director

Berthold Lindqvist
Director

Fredrik Palmstierna
Director

Stuart E. Graham
Director

Sofia Schörling Högberg
Director

Susanne Bergman Israelsson
Director
Employee Representative

Gunnar Larsson
Director
Employee Representative

Björn Drewa
Director
Employee Representative

Alf Göransson
President and Chief Executive Officer, Director

Our audit report has been submitted on February 19, 2008
PricewaterhouseCoopers AB

Göran Tidström
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 2007. The company's annual accounts and the consolidated accounts are included in the printed version on pages 30–90. 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 presidents be discharged from liability for the financial year.

Stockholm February 19, 2008

PricewaterhouseCoopers AB

Göran Tidström
Authorized Public Accountant
Auditor in charge

Lennart Danielsson
Authorized Public Accountant

Report of the Board of Directors – Corporate Governance and Internal Control**Report of the Board of Directors – Corporate Governance and Internal Control**

Securitas AB is a Swedish public company with its registered office in Stockholm, Sweden. Securitas AB, which has been listed since 1991 on the Stockholm Stock Exchange, now called the OMX Nordic Exchange Stockholm, is governed by the Swedish Companies Act and Swedish stock exchange rules. This report does not form a part of the Annual Accounts and has not been audited.

Securitas Approach to Corporate Governance

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 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 all deviations from the Code are presented and explained in the below table. In all other respects Securitas believes that the Code requirements were met as of year end 2007.

Significant Shareholders

The principal shareholders in Securitas AB on December 31, 2007 were Investment AB Latour, which together with Säkl AB, Förvaltnings AB Wasatornet and Karpalunds Ångbryggeri AB held 11.6 percent (11.4) of the share capital and 30.1 percent (30.0) of the votes, and Melker Schörling AB, with 4.7 percent (4.5) of the share capital and 11.1 percent (10.9) of the votes. These shareholders are represented on the Board of Directors by Gustaf Douglas, Carl Douglas, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg. For more detailed information on shareholders please see the table on page 20. The company's share capital consisted of 17,142,600 Series A shares and 347,916,297 Series B shares as of December 31, 2007. 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 also provides shareholders with an opportunity to ask questions directly to the Chairman of the Board, the Board of Directors and the President and CEO, even though the company strives to respond to queries from shareholders as they arise during the year. The company's auditors are present at the meeting. The minutes from the Annual General Meeting can be found at Securitas website. The Annual General Meeting resolves, among other things, on the following issues:

- adoption of income statement and balance sheet;
- appropriation of the company's profit or loss;
- appointment of Nomination Committee members;
- discharge of the Directors of the Board and the President and CEO from their liability;
- election of Directors of the Board, Chairman of the Board and appointment of Auditors;
- determination of fees for the Board of Directors and the Auditors.

The Annual General Meeting of Securitas AB (publ.) was held on April 17, 2007 and the minutes are available on Securitas webpage.

Nomination Committee

The Nomination Committee is an organ established by the Annual General Meeting of the company with the task of preparing the election of members of the Board of Directors and the election of the Chairman of the Board, the establishment of fees to the Board of Directors and other related matters before the forthcoming Annual General Meetings. In addition, before General Meetings at which the election of auditors is to take place and after consultation with the Board of Directors and Audit Committee, the Committee shall prepare for the election of auditors, the resolution on fees to the auditors, and matters pertaining thereto.

§	Deviation	Explanation
2.1.2	The majority of the Nomination Committee members do not consist of non Board members and the chairman of the Nomination Committee is a Board member.	Two out of four members of the Securitas Nomination Committee are Board members and one of these is the chairman of the Committee. The principal owners presently represented in the Nomination Committee find it important for an efficient continuously ongoing nomination work that there are a limited number of Nomination Committee members. At the same time, the two major owners must be represented. This results in an equal number of Board members and external members of the Nomination Committee. A majority of external members would require a total number of five members, which is considered too many. Furthermore, the above mentioned owners find it natural that the representative of the largest shareholder in terms of votes is the chairman of the Committee.
3.2.4	The majority of the Directors elected by the shareholders' meeting are not considered independent of the company and its management.	The provision is not complied with because of the so called "12-year-rule". Out of ten Board members in total, six are considered as dependent of the company according to the definition of the Code. With respect to five of these, the dependence arises merely due to the so called "12-year-rule". The Nomination Committee is of the opinion that in a company such as Securitas dependence does not arise merely due to the fact that a Board member has worked with and gained knowledge about the company over a period of time. Refer to Board of Directors section on page 93 for an overview of the Board's independence.
3.8.2	The majority of the Audit Committee members are not considered independent of the company and its management.	Out of the three members in total, two are considered as dependent of the company according to the definition of the Code merely due to the "12 year rule". The Board of Directors is of the opinion that in a company such as Securitas dependence does not arise merely due to the fact that a Board member has worked with and gained knowledge about the company over a period of time.
4.2.1	None of the Remuneration Committee members are considered independent of the company and its management.	Both of the members of the Remuneration Committee are considered as dependent of the company according to the definition of the Code merely due to the "12 year rule". The Board of Directors is of the opinion that in a company such as Securitas dependence does not arise merely due to the fact that a Board member has worked with and gained knowledge about the company over a period of time.

At the Annual General Meeting held on April 17, 2007, Gustaf Douglas and Melker Schörling, representing the principal owners of Securitas AB with 16 percent of the share capital and 41 percent of the votes, together with Marianne Nilsson (representing Swedbank Robur with 2.8 percent of the share capital and 2.0 percent of the votes) were re-elected as members and Mats Tunér (representing SEB Fonder with 3.9 percent of the share capital and 2.8 percent of the votes) was elected as new member of the Nomination Committee before the Annual General Meeting 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 Committee. 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 2008, 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 2007 the committee has met 4 times.

During 2007 the Committee has prepared for the election of auditors, since the four-year period for which the Annual General Meeting in 2004 elected PricewaterhouseCoopers AB as audit firm expired with the financial year end 2007 and thus the election of Group auditors will be on the agenda at the Annual General Meeting in 2008. The Nomination Committee has consulted with the Board of Directors and Audit Committee in this process.

As part of the proposed process for the election of Group auditors for the period 2008-2011, the Audit Committee suggested that an internal evaluation of current auditors be conducted. The evaluation has been carried out via a questionnaire focusing on certain key areas with statements to be ranked. This evaluation covered all reporting units within the Group including Loomis.

The Audit Committee made a recommendation to the Board of Directors based on the comprehensive evaluation and other information presented and the Nomination Committee has been recommended to base its recommendation to the Annual General Meeting upon this.

Board of Directors

The Members of the Board of Directors

According to the Articles of Association the Board of Directors shall have five to ten Board members elected by the Annual General Meeting, with no more than two deputy directors. Securitas has ten members elected by the Annual General Meeting, three employee representatives and two deputy employee representatives. The General Meeting 2007 re-elected Carl Douglas, Gustaf Douglas, Marie Ehrling, Annika Falkengren, Stuart E. Graham, Berthold Lindqvist, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högborg and elected as a new Board member Alf Göransson, who succeeded Thomas Berglund as President as of March 5, 2007. Thomas Berglund declined re-election. The General Meeting re-elected Melker Schörling as Chairman of the Board. Mikael Ekdahl, Attorney of 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 102–103.

Board Member	Independence in relation to the company	Independence in relation to shareholders
Melker Schörling	No (owing to: Board Member > 12 yrs)	No
Gustaf Douglas	No (owing to: Board Member > 12 yrs)	No
Alf Göransson	No (President and CEO)	Yes
Annika Falkengren	Yes	Yes
Carl Douglas	No (owing to: Board Member > 12 yrs)	No
Stuart E. Graham	Yes	Yes
Berthold Lindqvist	No (owing to: Board Member > 12 yrs)	Yes
Fredrik Palmstierna	No (owing to: Board Member > 12 yrs)	No
Sofia Schörling Högborg	Yes	No
Marie Ehrling	Yes	Yes
Total	4	5

It was resolved that the fees to the Board should amount to SEK 4,350,000 in total (excluding fees for committee work) to be distributed among the Board members as follows; Chairman of the Board: SEK 900,000, deputy Chairman of the Board: SEK 650,000 and each of the other Board members (except the President and CEO) SEK 400,000.

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. At least one meeting per year involves visiting the operations of one of the Group's divisions. The Group's auditors participate in the meeting of the Board of Directors in conjunction with the yearly closing of the books.

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, 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 rules include a work instruction for the Chief Executive Officer as well as instruction for the financial reporting. The Board's procedures are documented in a written instruction. The procedures prescribe that an annual evaluation of the work of the Board of Directors shall be carried out.

Report of the Board of Directors – Corporate Governance and Internal Control**The Work of the Board of Directors**

In 2007, the Board held 9 meetings, of which 2 were telephone conferences. The auditors participated and presented the audit at the Board meeting in February 2007. Topics which have been discussed among other things are:

- The new strategy
- Interim and Annual Reports
- Presentation of the divisional business plans and budgets for 2008
- Discussions regarding timetable for the listing of Loomis and continuous updates on the subsidiary Loomis Cash Management Ltd.
- Investment and acquisition activities
- Valuation and impairment assessment regarding goodwill
- Financing
- Guidelines for remuneration and bonuses and other personnel related matters
- Reporting by the Board of Directors' Committees
- Policies and instructions
- Audit and election of auditors for 2008–2011
- Annual assessment of the work of the Board of Directors

The attendance of each of

the Board members during 2007 is presented below:

	Board	Audit Committee	Remuneration Committee
No of meetings in 2007	9	6	2
Board of Directors			
Melker Schörling	9		2
Gustaf Douglas	8	6	
Alf Göransson ¹	7		
Thomas Berglund ²	1		
Annika Falkengren	7		
Carl Douglas	8		
Stuart E. Graham	6		
Berthold Lindqvist	6	5	2
Fredrik Palmstierna	9		
Sofia Schörling Högberg	8		
Marie Ehrling ³	8	3	
Employee representatives			
Susanne Bergman Israelsson	7		
Gunnar Larsson	9		
Björn Drewa	9		

¹ Appointed member of Board of Directors at Annual General Meeting April 17, 2007.

² Resigned from Board of Directors at Annual General Meeting April 17, 2007.

³ Appointed member of Audit Committee at the Statutory Meeting of the Board of Directors on April 17, 2007.

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.

The Board of Directors has elected Gustaf Douglas (Chairman), Berthold Lindqvist and Marie Ehrling as members of the Audit Committee for the period up to and including the Annual General Meeting 2008. The committee met 6 times in 2007.

Topics which have been discussed among other things are:

- Continuous updates on the subsidiary Loomis Cash Management Ltd's operations and its main exposures
- Discussions and updates within the areas of; accounting, financing, acquisitions, risk, insurance strategy, tax and legal
- Financial Reporting for 2007
- Internal control activities
- Audit-related matters including audit cost and policy for approval of additional services

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 Board of Directors has elected Melker Schörling (Chairman) and Berthold Lindqvist as members of the Remuneration Committee for the period up to and including the Annual General Meeting 2008. The committee held 2 meetings during 2007.

Guidelines for Remuneration to Management

The Annual General Meeting 2007 resolved on adoption of guidelines for remuneration to Group Management principally entailing that the remuneration and other terms of employment shall be competitive and in accordance with market conditions in order to ensure that the Group will be able to attract and keep competent Group Management employees. To sum up, the guidelines entail that the total remuneration to management shall consist of fixed annual salary, variable remuneration, pensions and other benefits. The variable remuneration shall amount to a maximum of 50 percent of the fixed annual salary for the President and CEO, and 35–100 percent for other Group Management employees, and be based on the outcome in relation to financial goals and growth targets within the individual area of responsibility (Group or division).

Pension rights for Group Management employees shall be applicable as from the age of 65 at the earliest. The pension plans shall be fee-based and insurance premiums transferred from the individual's total remuneration and paid by the company during the term of employment. At dismissal of a Group Management employee, the notice period shall amount to a maximum of 12 months with a right to redundancy payment equivalent to a maximum of 100 percent of the fixed salary for not more than 12 months. At resignation by a management employee, the notice period shall amount to a maximum of 6 months.

Additional information on remuneration to the Board of Directors and Senior Management is disclosed in the Notes and Comments to the Consolidated Financial Statements 2007. See note 8 page 61.

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. Group Management 2007 comprised the President and CEO and ten executives. For further information on the members of the Group Management, please see pages 104–105.

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, judgments 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 reports and the full year reports are approved by the Board.

The auditors of the company 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 Group's operations, their 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 2004 elected PricewaterhouseCoopers AB as audit firm, with authorized public accountant Göran Tidström as auditor in charge, for a period of four years.

The auditors' work is performed from 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 Board of Directors of services rendered other than 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, 2007.

Göran Tidström has been an auditor of Securitas AB since 1999. In addition to the Securitas assignment, in 2007 he acted as auditor in charge for TeliaSonera, Trelleborg, Meda and Volvo, among other stock listed 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

MSEK	Group			Parent Company		
	2007	2006	2005	2007	2006	2005
Audit Assignment	43.9	40.6	38.0	7.7	8.2	6.9
Other Assignments	32.0	54.6	44.6	3.1	12.7	3.0

¹ Audit fees and reimbursement to PwC relates to continuing operations (excluding Systems and Direct). Comparatives have been restated.

Report of the Board of Directors – Corporate Governance and Internal Control**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 leaks 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 regularly reviewed.

The Insider Policy sets the routine for "closed periods", during which trading in financial instruments issued by (or related to shares in) Securitas AB is prohibited.

Securitas AB 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.

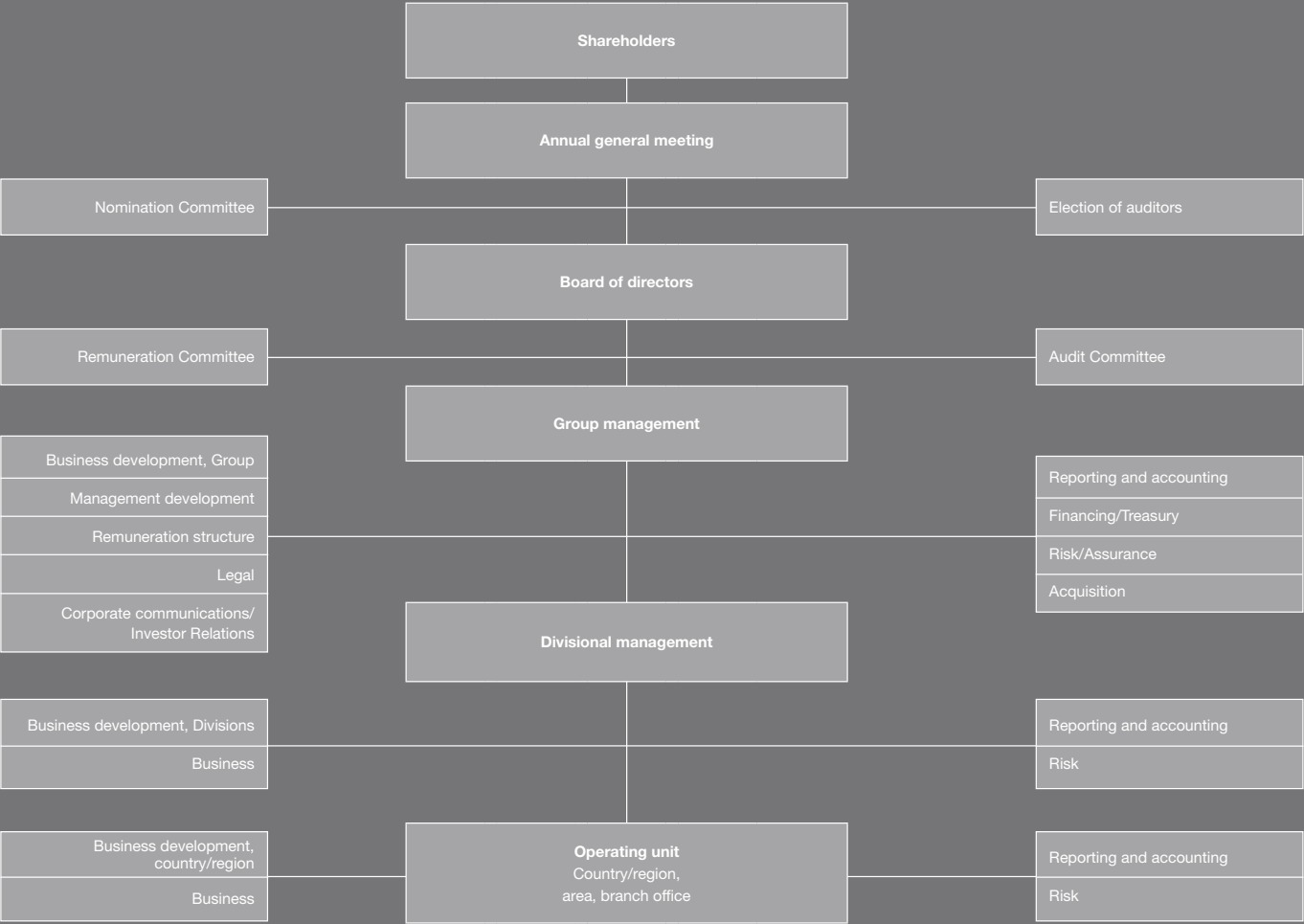
An insider trading report covering all insider trading activities in Securitas AB is presented every calendar quarter to the Board of Directors, the Auditors and the Group Management.

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.

Organization of Corporate Governance



Report of the Board of Directors – Corporate Governance and Internal Control**Report of the Board of Directors – Internal Control**

According to the Swedish Companies Act and the Swedish Code of Corporate Governances, the Board of Directors is responsible for the internal control. This report has been prepared in accordance with section 3.7.2 and 3.7.3 of the Swedish Code of Corporate Governance as well as the “Instructions for Application of the Code’s Rules on Internal Control Reporting” issued by the Swedish Corporate Governance Board, and is therefore limited to internal controls over financial reporting.

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’ system of internal control is based on Securitas’ governance framework but additional areas and control activities have been 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. 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, Financial Policies and Guidelines, a Reporting Manual, Securitas model for financial control (for more detailed information on the model refer to page 26, 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 operational 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. 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.

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 Financial 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 as well as the Controller within the respective entities. As a part of the process, the external auditor performs a validation of the answers given in the questionnaire. 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. In addition to the recurring areas of the self assessment questionnaire, the areas of Customer Contract Policy and Labor Law were included as part of an expanded self assessment questionnaire in 2007, and have been subject to reviews and assessments of pervasive controls using the Group’s designated control framework (COSO) as a reference point. 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 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. 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 managers 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.

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

1. 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 independent oversight of the effectiveness of the Group's internal control systems and financial reporting process.

2. 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 judgments that have been applied in preparing the reports. The Audit Committee supervises the quality and independence of the external auditors.

3. 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 adapted by division) and regular forecasting. This reporting is also reviewed by the Board.

4. Functional Committees

The Group has established a number of functional committees and working groups including for the functions Reporting, Finance, Insurance/Risk, Legal, Tax, and IT. 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.

5. 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. In line with one of the Group's fundamental principles, it is developing this function step-by-step and foresees further evolution over the next few years. 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
- 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 Financial Policies and Guidelines, contributing with feedback on the Reporting Manual and the IT Security Manual

6. Group Legal Function

This function has responsibility for maintaining an adequate infrastructure to ensure that legal matters are appropriately brought to the attention of Group Management on a timely basis through the Senior Vice President Chief Legal Counsel who is also part of Group Management. In addition, this function follows up on any legal risk exposures identified by each operating unit and a large claims report is presented to the Audit Committee on a quarterly basis. In addition a full consolidated legal report is compiled twice a year and is available to the Group Management and the Audit Committee.

7. 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 which continuously evolves as a process. The risk management of the Group is further described on page 22.

Internal Audit Function Assessment

Basis for Assessment

In compliance with the requirements of section 3.7.3 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 is to consider how the existence of an internal audit function would help it achieve its objectives and create shareholder value by adding an objective analysis of how the Board and Group Management manage risks and monitor operations.

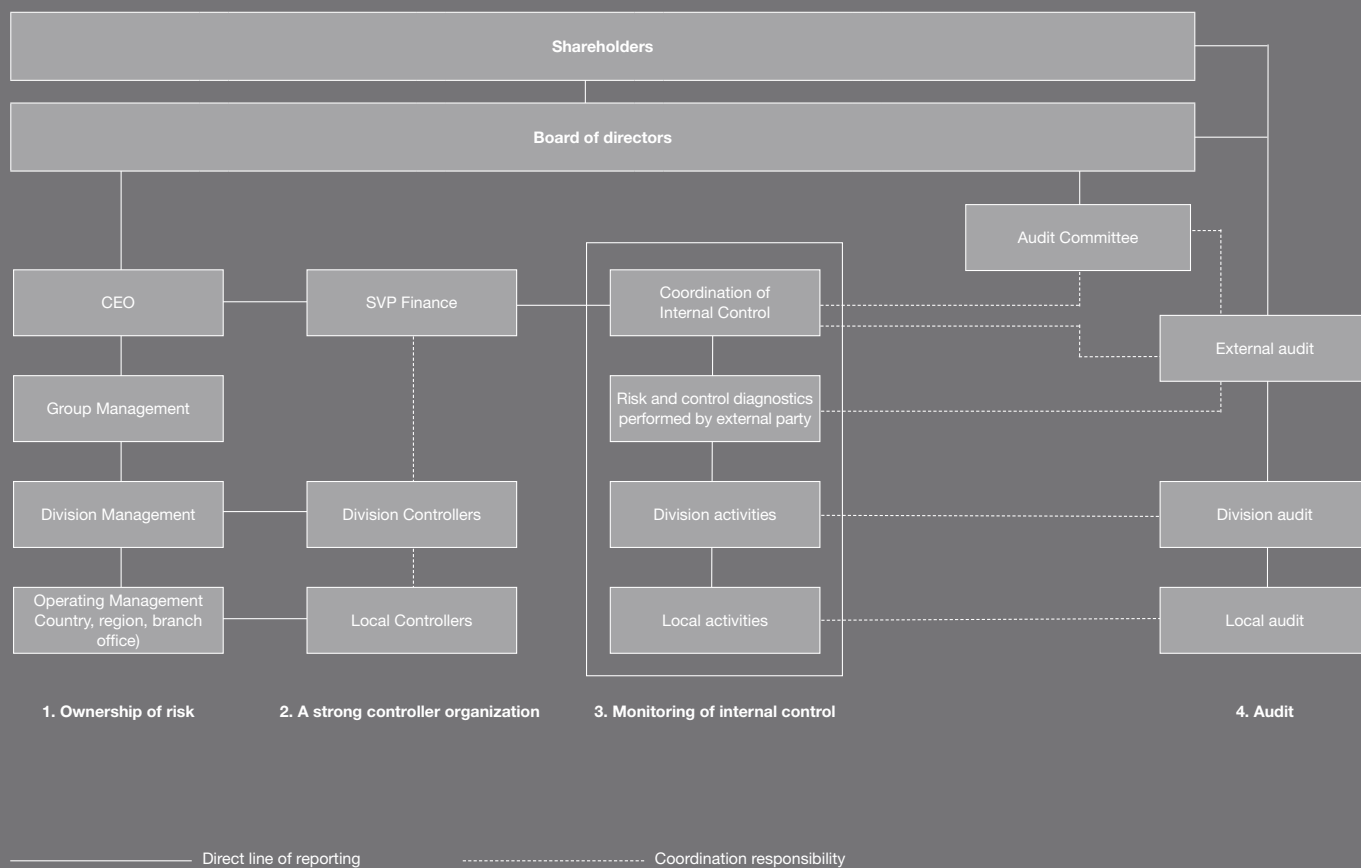
The assessment process highlighted certain inherent risks in the Group's business model and organizational structure such as the decentralized structure and a results-driven culture. The assessment process also involved analyzing the major control mechanisms in place to address these inherent risks.

A summary of these control mechanisms is listed above and they had a significant influence on the Board's analysis. The Board's intention is to further develop the created function for monitoring the internal control.

Assessment

In the light of the assessment made, it has not been deemed necessary to create a special Internal Audit Function. The assessment performed by the Board of Directors will henceforth be carried out on yearly basis as a part of the corporate governance process within the Group.

Organization of internal control





Melker Schörling

Board of Directors

Melker Schörling (Chairman) b. 1947

Director of Securitas AB since 1987 and Chairman since 1993.

Other board assignments: Chairman of MSAB, AarhusKarlshamn AB, Hexagon AB and Securitas Systems AB. Vice Chairman of Assa Abloy AB. Director of Hennes & Mauritz AB.

Principal education: BSc in Economics and Business Administration.

Previously: President and CEO of Securitas AB 1987–1992, President and CEO of Skanska AB 1993–1997.

Shares in Securitas: 4,500,000 Series A-shares and 12,701,500 Series B-shares through Melker Schörling AB.



Gustaf Douglas



Alf Göransson

Gustaf Douglas (Vice Chairman) b. 1938

Chairman of Securitas AB 1985–1992 and Vice Chairman since 1993.

Other board assignments: Chairman of Assa Abloy AB, Investment AB Latour and Säkl AB. Director of Securitas Direct AB, Stiftelsen Svenska Dagbladet and the Conservative Party of Sweden.

Principal education: MBA Harvard with distinction, 1964.

Previously: CEO of Dagens Nyheter AB 1973–1980. Business owner. Owns with family Förvaltnings AB Wasatornet. Principal owner of Investment AB Latour and Säkl AB.

Shares in Securitas: through Investment AB Latour 4,000,000 Series A-shares and 23,090,000 Series B-shares, through Säkl AB 8,642,600 Series A-shares and 4,000,000 Series B-shares, through Förvaltnings AB Wasatornet 2,000,000 Series B-shares and through Karpalunds Ångbryggeri-aktiebolag 500,000 Series B-shares.



Carl Douglas



Marie Ehrling



Annika Falkengren



Stuart E. Graham

Alf Göransson b. 1957

Director of Securitas AB since 2007.

President of Securitas AB and Chief Executive Officer of the Securitas Group since March 5, 2007.

Other board assignments: Chairman of the Lund Institute of Technology, Board member of Axel Johnson Inc., USA.

Principal education: International BSc in Economics and Business Administration, School of Business, Economics and Law, Göteborg University.

Previously: Alf Göransson's previous experience includes posts as 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.

Carl Douglas b.1965

Deputy Director of Securitas AB since 1992.

Director since 1999.

Business owner.

Other board assignments: Director of Assa Abloy AB, Securitas Systems AB, Swegon AB and Säkl AB.

Principal education: Bachelor of Arts.

Previously: Business owner.

Shares in Securitas: 100,000 Series B-shares.

Marie Ehrling b. 1955

Director of Securitas AB since 2006.

Other board assignments: Director of Nordea AB, Oriflame Cosmetic SA, HomeMaid AB, Safegate AB, CASL at Stockholm School of Economics, World Childhood Foundation.

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.

President and CEO of Skanska AB.

Other board assignments: Director of Skanska AB.

Principal education: BSc in Economics.

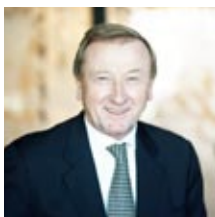
Previously: Various executive positions in the construction industry including 17 years with Skanska.

Shares in Securitas: 5,000 Series B-shares.

All figures refer to holdings on December 31, 2007.

For information about independence of the Board members, please see the section The members of the Board of Directors on page 93.

For information about remuneration to the Board of Directors and Senior Management, please see note 8 on page 61.

Sofia Schörling
Högberg

Berthold Lindqvist



Fredrik Palmstierna

Susanne Bergman
Israelsson

Björn Drewa



Gunnar Larsson

Sofia Schörling Högberg b. 1978

Director of Securitas AB since 2005.

Trademark consultant at Essen International AB.

Other board assignments: Director of MSAB.

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: Chairman of Munters AB.

Director of Cardo AB, Trelleborg AB and JM AB.

Principal education: Ing. Med. Dr.hc.

Previously: Executive Vice President of Wilhelm Sonesson AB 1983–1984, President and CEO of Gambro 1984–1998.

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: Director of Säkl AB, Investment AB Latour, AB Fagerhult, Hultafor AB, Nobia AB and Academic Work AB.

Principal education: BSc in Economics and Business Administration, MBA.

Previously: CEO of Säkl AB since 1997.

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.

Security Officer at Securitas Sverige AB.

Shares in Securitas: 0.

Björn Drewa b. 1946

Director of Securitas AB since September 2006.

Deputy Director of Securitas AB since 1996.

Employee Representative, Salaried Employees' Union local branch in Stockholm.

Staff Engineer at Securitas.

Shares in Securitas: 0.

Gunnar Larsson b. 1959

Director of Securitas AB since 2005.

Deputy Director of Securitas AB since 2002.

Employee Representative, Chairman of Swedish Transport Workers' Union local branch in Gothenburg.

Shares in Securitas: 0.

Deputies**Joakim Hellmouth** b. 1966

Deputy Director of Securitas AB since 2007.

Employee Representative, Swedish Transport Workers' Union.

Shares in Securitas: 0.

Åse Hjelm b. 1962

Deputy Director of Securitas AB since 2007.

Employee Representative, Salaried Employees' Union.

Shares in Securitas: 120 Series B-shares.

Auditors**Göran Tidström** b. 1946

Authorized Public Accountant, Auditor in charge, PricewaterhouseCoopers AB.

Auditor in charge of Securitas AB since 1999.

Other audit assignments: TeliaSonera, Trelleborg, Volvo, Meda and Studsvik.

Other assignments: Chairman of EFRAG (European Financial Reporting Advisory Group), Director of IFAC (International Federation of Accountants) and Member of the Swedish Industry & Commerce Stock Exchange Committee.

Lennart Danielsson b. 1959

Authorized Public Accountant,

PricewaterhouseCoopers AB.

Auditor of Securitas AB since 2006.

Other audit assignment: Industrade, Dometic and Nordic Capital.

All figures refer to holdings on December 31, 2007.

For information about independence of the Board members, please see the section The members of the Board of Directors on page 93.

For information about remuneration to the Board of Directors and Senior Management, please see note 8 on page 61.



Olof Bengtsson, Alf Göransson, Bart Adam



Gisela Lindstrand, Morten Rønning

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 the Group 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.

Alf Göransson b. 1957

President of Securitas AB and Chief Executive Officer of the Securitas Group
Shares in Securitas: 30,000 Series B-shares.

Alf Göransson's previous experience includes posts as 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. He holds an international BSc in Economics and Business Administration from the School of Business, Economics and Law, Göteborg university. Other assignments: Chairman of the Lund Institute of Technology, Board member of Axel Johnson Inc., USA.

Bart Adam b. 1965

Chief Operating Officer, Security Services Europe
Shares in Securitas: 4,500 Series B-shares.

Bart 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 holds a Commercial Engineering degree from the University of Leuven, Belgium, specialized in Quantitative Applied Economics and Information Technology. After university in 1987 he started to work at an insurance company. Bart worked from 1998 to 2000 at PricewaterhouseCoopers and he also worked in Hamburg, Germany for AviaPartner.

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 Lindstrand was Press Relations Manager and Political Advisor to the former Swedish Prime Minister Ingvar Carlsson 1989–1996. Before then, she worked as a journalist.

Morten Rønning b. 1960

President, Mobile
Shares in Securitas: 130,837 Series B-shares.

Morten Rønning has been with the company for 22 years and joined Securitas 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 UK and Ireland for two years.



Bengt Gustafson, Tore K. Nilsen, William Barthelemy



Lucien Meeus, Jan Lindström, Santiago Galaz

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: He was the President of European Company Lawyers Association, which is based in Brussels 2004–2007.

Tore K. Nilsen b. 1956

Divisional President, Security Services Europe
Shares in Securitas: 223,479 Series B-shares.

Tore K. Nilsen joined Securitas as a sales representative for Securitas Services in Stavanger, Norway after eight years as a police officer. Tore K. Nilsen has a degree from the Norwegian Police Academy. He has now been with the company for 21 years. In 1988 he was appointed Branch Manager for Stavanger, where he stayed for a year before becoming Area Manager for Rogaland and later for Oslo. Before his appointment as Divisional President of Security Services Europe he was the Managing Director of Securitas AS in Norway for five years.

William Barthelemy b. 1954

Chief Operating Officer, Security Services
North America
Shares in Securitas: 17,000 Series B-shares.

William Barthelemy brings nearly 31 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 brings further client service focus to the management team. Bill is an active member of the American Society of Industrial Security, as well as the National Association of Chiefs of Police.

Lucien Meeus b. 1947
President, Alert Services
Shares in Securitas: 0.

Lucien Meeus 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. He 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. He 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.

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 worked as an Authorized Public Accountant in PricewaterhouseCoopers between 1991 and 1999.

Santiago Galaz b. 1959

Divisional President, Security Services
North America
Shares in Securitas: 50,000 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. He was appointed Divisional President of Security Services USA in March 2003.

Changes during 2008

Bart Adam is appointed new Divisional President of Security Services Europe. He will assume his position early summer 2008, when Tore K. Nilsen leaves the company. Erik-Jan Jansen is appointed new Chief Operating Officer in the division Security Services Europe and will take up his new position during the summer 2008. He will also be part of the Group Management. Lars Blecko took up his position as Managing Director for Loomis AB on February 1, 2008.

Statement of income 2007				
MSEK	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Continuing operations				
Sales	14,982.6	15,303.3	15,605.9	15,660.0
Sales, acquired business	234.9	279.3	404.8	436.8
Total sales	15,217.5	15,582.6	16,010.7	16,096.8
Organic sales growth, %	5	4	4	6
Production expenses	-12,380.3	-12,737.5	-13,042.1	-12,975.6
Gross income	2,837.2	2,845.1	2,968.6	3,121.2
Selling and administrative expenses	-2,017.7	-2,067.3	-2,142.8	-2,380.5
Other operating income	3.9	4.9	5.0	4.4
Share in income of associated companies	—	—	—	0.3
Operating income before amortization	823.4	782.7	830.8	745.4
Operating margin, %	5.4	5.0	5.2	4.6
Amortization and impairment of acquisition related intangible assets	-24.8	-27.4	-372.8	-33.0
Acquisition related restructuring costs	0.0	-0.9	-16.2	-21.9
Items affecting comparability	23.7	-218.8	-4.3	-518.7
Operating income after amortization	822.3	535.6	437.5	171.8
Financial income and expense	-128.5	-137.8	-148.3	-150.6
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	693.9	403.2	281.9	18.5
Net margin, %	4.6	2.6	1.8	0.1
Current taxes	-155.9	-129.7	-145.9	-84.0
Deferred taxes	-20.3	-326.0	-41.6	31.9
Net income for the year, continuing operations	517.7	-52.5	94.4	-33.6
Net income for the year, discontinued operations	—	—	—	—
Net income for the year, 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	0.0	0.0	0.0	1.6
Earnings per share before dilution, continuing operations (SEK)	1.42	-0.14	0.26	-0.10
Earnings per share before dilution, discontinued operations (SEK)	—	—	—	—
Earnings per share before dilution, all operations (SEK)	1.42	-0.14	0.26	-0.10
Earnings per share after dilution, continuing operations (SEK)	1.41	-0.14	0.26	-0.10
Earnings per share after dilution, discontinued operations (SEK)	—	—	—	—
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 activities				
Operating income before amortization	823.4	782.7	830.8	745.4
Investments in fixed assets	-376.0	-314.8	-321.0	-563.0
Reversal of depreciation and impairment losses	359.4	355.8	368.3	364.5
Change in accounts receivable	-136.7	-336.9	-554.7	195.5
Change in other operating capital employed	-243.7	332.8	605.3	657.5
Cash flow from operating activities	426.4	819.6	928.7	1,399.9
Cash flow from operating activities, %	52	105	112	188
Financial income and expenses paid	-90.5	-129.5	-135.3	-150.2
Current taxes paid	-131.2	-313.8	-112.9	-98.8
Free cash flow	204.7	376.3	680.5	1,150.9
Free cash flow, %	38	73	127	225
Cash Flow from investment activities, acquisitions	-144.5	-117.3	-332.3	-307.7
Cash flow for items affecting comparability	14.1	-42.6	-681.9	146.4
Cash flow from financing activities	2,039.5	-496.2	197.2	5.4
Cash flow for the year, continuing operations	2,113.8	-279.8	-136.5	995.0
Cash flow for the year, discontinued operations	—	—	—	—
Cash flow for the year, 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	5,241.6	5,143.3	5,545.2	4,171.0
Operating capital employed as % of sales, continuing operations	8	8	9	7
Return on operating capital employed, continuing operations	32	35	34	56
Goodwill, continuing operations	14,423.0	14,228.9	13,635.2	13,793.5
Acquisition related intangible assets, continuing operations	469.9	540.0	534.1	624.0
Shares in associated companies, continuing operations	178.8	—	—	103.5
Capital employed, continuing operations	20,313.3	19,912.2	19,714.5	18,692.0
Return on capital employed, continuing operations %	8	9	9	13
Capital employed, discontinued operations	—	—	—	—
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

Statement of income 2006				
MSEK	Q1 2006	Q2 2006	Q3 2006	Q4 2006
Continuing operations				
Sales	14,804.1	14,801.2	15,076.8	14,870.4
Sales, acquired business	143.8	224.4	292.7	309.6
Total sales	14,947.9	15,025.6	15,369.5	15,180.0
Organic sales growth, %	5	6	6	5
Production expenses	-12,144.6	-12,245.0	-12,481.5	-12,158.7
Gross income	2,803.3	2,780.6	2,888.0	3,021.3
Selling and administrative expenses	-1,994.3	-1,951.2	-1,931.1	-2,030.4
Other operating income	-	-	-	4.9
Share in income of associated companies	-	-	-	-
Operating income before amortization	809.0	829.4	956.9	995.8
Operating margin, %	5.4	5.5	6.2	6.6
Amortization and impairment of acquisition related intangible assets	-23.6	-23.2	-25.3	-21.2
Acquisition related restructuring costs	-0.2	-0.1	-0.2	0.1
Items affecting comparability	-10.0	-389.0	-158.3	-1,502.9
Operating income after amortization	775.2	417.1	773.1	-528.2
Financial income and expense	-119.3	-151.0	-126.3	-123.2
Revaluation of financial instruments	-1.8	-8.2	-17.8	-8.0
Share in income of associated companies	0.4	0.3	0.4	0.1
Income before taxes	654.5	258.2	629.4	-659.3
Net margin, %	4.4	1.7	4.1	-4.3
Current taxes	-165.4	-154.3	-160.3	-210.7
Deferred taxes	-37.9	74.1	-35.2	320.4
Net income for the year, continuing operations	451.2	178.0	433.9	-549.6
Net income for the year, discontinued operations	154.5	116.4	67.6	-
Net income for the year, all operations	605.7	294.4	501.5	-549.6
Whereof attributable to:				
Equity holders of the Parent Company	605.4	292.9	501.7	-549.6
Minority interests	0.3	1.5	-0.2	0.0
Earnings per share before dilution, continuing operations (SEK)	1.24	0.48	1.19	-1.50
Earnings per share before dilution, discontinued operations (SEK)	0.42	0.32	0.18	-
Earnings per share before dilution, all operations (SEK)	1.66	0.80	1.37	-1.50
Earnings per share after dilution, continuing operations (SEK)	1.23	0.48	1.17	-1.50
Earnings per share after dilution, discontinued operations (SEK)	0.41	0.31	0.18	-
Earnings per share after dilution, all operations (SEK)	1.64	0.79	1.35	-1.50

Statement of cash flow 2006				
MSEK	Q1 2006	Q2 2006	Q3 2006	Q4 2006
Continuing operations				
Operating activities				
Operating income before amortization	809.0	829.4	956.9	995.8
Investments in fixed assets	-342.7	-411.7	-336.7	-420.7
Reversal of depreciation and impairment losses	368.0	370.4	408.2	331.3
Change in accounts receivable	-188.7	-164.9	-774.2	425.2
Change in other operating capital employed	-697.0	127.4	702.4	77.7
Cash flow from operating activities	-51.4	750.6	956.6	1,409.3
Cash flow from operating activities, %	-6	90	100	142
Financial income and expenses paid	-114.5	-144.5	-123.0	-134.1
Current taxes paid	-90.1	-249.0	-156.8	-273.1
Free cash flow	-256.0	357.1	676.8	1,002.1
Free cash flow, %	-49	68	101	151
Cash Flow from investment activities, acquisitions	-39.7	-202.6	-32.8	-86.1
Cash flow for items affecting comparability	-	-	-102.2	-27.1
Cash flow from financing activities	849.3	-1,421.9	3,125.3	-3,659.0
Cash flow for the year, continuing operations	553.6	-1,267.4	3,667.1	-2,770.1
Cash flow for the year, discontinued operations	847.6	-371.4	-1,727.2	-
Cash flow for the year, all operations	1,401.2	-1,638.8	1,939.9	-2,770.1

Capital employed and financing 2006				
MSEK	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006
Operating capital employed, continuing operations	6,651.8	6,337.7	6,512.4	4,669.2
Operating capital employed as % of sales, continuing operations	11	10	11	8
Return on operating capital employed, continuing operations	54	49	47	29
Goodwill, continuing operations	15,195.2	14,544.9	14,692.9	14,031.6
Acquisition related intangible assets, continuing operations	354.5	414.3	446.1	464.2
Shares in associated companies, continuing operations	179.5	176.0	177.2	172.7
Capital employed, continuing operations	22,381.0	21,472.9	21,828.6	19,337.7
Return on capital employed, continuing operations %	15	14	13	8
Capital employed, discontinued operations	4,837.2	4,980.6	-	-
Capital employed, all operations	27,218.2	26,453.5	21,828.6	19,337.7
Net debt, all operations	-11,961.9	-12,829.7	-10,992.8	-9,734.6
Shareholders' equity, all operations	15,256.3	13,623.8	10,835.8	9,603.1
Net debt equity ratio/multiple, all operations	0.78	0.94	1.01	1.01

Reporting dates

Securitas will publish the following financial reports during 2008

Interim reports 2008

January-March	May 7, 2008
January-June	August 7, 2008
January-September	November 6, 2008

Financial information

All financial information is available both in English and in Swedish and may be requested from:

Securitas AB
Investor Relations
Box 12307
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Telephone: +46 10 470 30 00
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www.securitas.com

Financial analysts who cover Securitas

Company name	Name
ABG Securities	Henrik Vikström/ Jesper Wilgodt
ABN Amro	Jeff Saul
CAI Cheuvreux	Lars Norrby
Carnegie Fondkommission	Mikael Löfdahl
Cazenove	Robert Plant
Cenkos	Andrew Brooke/ David Greenall
Citigroup	Edward Steele
Credit Suisse	Karl Green
Danske Equities	Peter Trigarszky
Deutsche Bank	Tom Sykes
Enskilda Securities	Stefan Andersson
Exane BNP Paribas	Laurent Brunelle
Goldman Sachs International	Andrew Grobler
Handelsbanken Capital Markets	Lars Hallström
Jyske Bank	Jesper Klitgaard Frederiksen
Kaupthing	Henrik Fröjd
Merrill Lynch	Andrew Ripper
Morgan Stanley	David Hancock/ Jessica Flounders
Standard&Poor's	Christian Lee
Swedbank	Stefan Stjernholm
UBS Warburg	Jaime Brandwood
Öhman Fondkommission	Oscar Rundlöf

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 5.00 p.m. CET on Thursday April 17, 2008 in "Vinterträdgården" at the Grand Hotel, Stockholm, Södra Blasieholmshamnen 8, Spegelsalens entrance, to the right of the main entrance. Registration for the AGM begins at 4.00 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 ("VPC"), made as of Friday April 11, 2008; 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,
by telephone +46 10 470 31 30, +46 10 470 31 32
by telefax +46 10 470 31 31 marked "Securitas AGM"
or via the company website www.securitas.com/agm2008,
by 4.00 p.m. Friday April 11, 2008, 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 VPC. Such registration must be made as of Friday April 11, 2008 and the banker or broker should therefore be notified in due time before said date.





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