

Consolidated Financial Results for the First Quarter Ended June 30, 2010

SOHGO SECURITY SERVICES CO., LTD

(Code No.:2331, TSE 1st Sec.)

(URL <http://www.alsok.co.jp/ir/en/index.html>)

Representative: Atsushi Murai, President and Representative Director

Financial and Accounting : Hiraku Otani, Executive Officer

Date of the Board Meeting for the settlement of consolidated account: July 30, 2010

Scheduled Date to File Quarterly Report: August 11, 2010

1. Summary of the consolidated financial results for the first quarter ended June 30, 2010 (April 1, 2010- June 30, 2010)

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Three months ended	
	June 30, 2010	June 30, 2009
Sales	¥68,875 million	¥68,978 million
% change from the previous year	-0.1%	-1.8%
Operating profit	¥3,241 million	¥2,899 million
% change from the previous year	11.8%	-5.4%
Recurring profit	¥3,504 million	¥3,214 million
% change from the previous year	9.0%	-12.1%
Net income	¥1,457 million	¥1,451 million
% change from the previous year	0.4%	-14.9%
Net income per share	¥14.50	¥14.44
Diluted net income per share	—	—

Note: Percentage shown in sales, operating profit, recurring profit and net income above represent the changes from the previous fiscal year.

(2) Consolidated financial conditions

(Figures rounded down to the nearest million)

	As of	
	June 30, 2010	March 31, 2010
Total assets	¥272,596 million	¥276,069 million
Net assets	¥158,628 million	¥158,674 million
Capital adequacy ratio	51.6%	50.9%
Net assets per share	¥1,398.93	¥1,397.90

Note: Equity capital: Three months ended June 30, 2010 ¥140,640 million, Year ended March 31, 2010 ¥140,537 million

2. Dividend

(Record date)	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
Fiscal year ended March 31, 2010	—	¥10.00	—	¥10.00	¥20.00
Fiscal year ending March 31, 2011	—	—	—	—	—
Fiscal year ending March 31, 2011 (Forecast)	—	¥10.00	—	¥10.00	¥20.00

Note: Revisions to the forecast of dividends in this quarter; No

**3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2011
(April 1, 2010 — March 31, 2011)**

(Figures rounded down to the nearest million)

	Sales	Operating profit	Recurring profit	Net income	Net income per share
Interim	¥139,200 million (0.6%)	¥5,900 million (-5.5%)	¥6,800 million (-4.8%)	¥3,300 million (-2.7%)	¥32.82
Annual	¥281,900 million (1.2%)	¥9,500 million (2.5%)	¥11,100 million (2.6%)	¥5,200 million (13.9%)	¥51.72

Note: 1. Revisions to the forecast of financial results in this quarter; No

2. Percentages shown in sales, operating profit, recurring profit and net income above represent the prospected changes from the previous year.

4. Others

(1) Changes in consolidated subsidiaries(Changes in scope of consolidation) : No

(2) Application of accounting which is simplified or exceptional for quarterly consolidated financial statements : Yes

(3) Changes in accounting principles, procedures and presentation methods for consolidated financial results

① Changes arising from revision of accounting standards : Yes

② Changes arising from other factors : No

(4) Number of shares outstanding(Ordinary shares)

① Number of shares issued (including treasury stock) : Three months ended June 30, 2010 102,040,042 shares

① Number of shares issued (including treasury stock) : Year ended March 31, 2010 102,040,042 shares

② Number of shares of treasury stock : Three months ended June 30, 2010 1,505,543 shares

② Number of shares of treasury stock : Year ended March 31, 2010 1,505,543 shares

③ Average number of shares during the period (cumulative quarterly period) : Three months ended June 30, 2010
100,534,499 shares

Three months ended June 30, 2009

101,534,739 shares

* Explanations about proper use of forecasts for consolidated financial results and other special instruction

The above forecasts were prepared based on information obtainable as of the date of release of this document.

Going forward, due to a variety of factors accrual results may differ from the estimated figures.

Consolidated Balance Sheets

(Unit: ¥ million)

As of June 30, 2010

As of March 31, 2010

	As of June 30, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	39,763	44,408
Cash for Transportation Security Services	61,918	64,331
Notes and accounts receivable	19,507	20,803
Short-term investments in securities	1,778	1,859
Raw materials and supplies	3,678	3,269
Advance payment	5,690	5,389
Other	13,433	8,400
Allowance for doubtful accounts	-165	-184
Total current assets	145,603	148,279
Fixed assets		
Tangible fixed assets	58,907	58,351
Intangible fixed assets	5,034	5,203
Investments and other assets		
Investments in securities	25,005	26,010
Other	38,517	38,700
Allowance for doubtful accounts	-472	-475
Net investments and other assets	63,050	64,235
Total fixed assets	126,992	127,790
Total assets	272,596	276,069

Consolidated Balance Sheets

(Unit: ¥ million)

As of June 30, 2010 As of March 31, 2010

Liabilities

Current liabilities

Trade notes and accounts payable	6,766	8,419
Short-term borrowings	36,928	40,114
Accrued income taxes	927	1,814
Allowance	492	1,121
Asset retirement obligations	3	-
Other	27,954	25,182
Total current liabilities	73,071	76,653

Long-term liabilities

Bonds	2,200	2,200
Long-term borrowings	2,008	2,053
Accrued retirement benefits for employees	27,333	27,135
Accrued retirement benefits for directors and corporate auditors	1,622	1,703
Asset retirement obligations	88	-
Other	7,644	7,648
Total long-term liabilities	40,895	40,741
Total liabilities	113,967	117,394

Net Assets

Shareholders' equity

Common stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	96,130	95,556
Treasury stock	-1,974	-1,974
Total shareholders' equity	144,948	144,375

Valuation and translation adjustments

Other securities valuation difference	1,091	1,560
Land revaluation account	-5,395	-5,395
Translation adjustment	-4	-2
Total valuation and translation adjustments	-4,308	-3,837

Minority interests in consolidated subsidiaries

Minority interests in consolidated subsidiaries	17,988	18,137
Total net assets	158,628	158,674
Total	272,596	276,069

Consolidated Statements of Operations

(Unit: ¥ million)

	Three months ended June 30, 2010	Three months ended June 30, 2009
Sales	68,875	68,978
Cost of sales	50,832	51,310
Gross profit on sales	18,043	17,668
Selling, general and administrative expenses	14,801	14,768
Operating profit	3,241	2,899
Other income		
Interest received	80	61
Dividends received	180	166
Equity in earnings of affiliates	87	63
Other	392	363
Total other income	741	654
Other expenses		
Interest	144	166
Loss on disposals of fixed assets	104	85
Loss on revaluation of derivatives	124	-
Other	105	87
Total other expenses	479	340
Recurring profit	3,504	3,214
Extraordinary profits		
Profit on sales of investments in securities	-	1
Total extraordinary profits	-	1
Extraordinary losses		
Impairment loss on investments in securities	190	132
Loss on adjustment for changes of accounting standard for asset retirement obligations	340	-
Total extraordinary losses	530	132
Income before income taxes	2,973	3,083
Income taxes	1,344	1,394
Income before minority interests	1,628	-
Minority interests in income of consolidated subsidiaries	171	237
Net income	1,457	1,451

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Three months ended June 30, 2010	Three months ended June 30, 2009
Cash flows from operating activities		
Income before income taxes	2,973	3,083
Depreciation	2,773	2,877
Depreciation of goodwill	-20	18
Increase/decrease(-) in allowance for doubtful accounts	-22	33
Increase/decrease(-) in accrued retirement benefit for employees	197	170
Increase/decrease(-) in allowance for bonuses	-490	-451
Increase/decrease(-) in allowance for director's bonuses	-139	-110
Interest income and dividend income	-260	-227
Interest expenses	144	166
Equity in earnings of affiliates	-87	-63
Loss on sales of fixed assets	-6	0
Loss on disposals of fixed assets	104	85
Profit on sales of investments in securities	3	-1
Impairment loss on investment in securities	190	132
Loss on revaluation of derivatives	124	-24
Loss on adjustment for changes of accounting standard for asset retirement obligations	340	-
Increase(-)/decrease in accounts receivable	1,295	1,649
Increase(-)/decrease in inventories	-408	-534
Increase/decrease(-) in accounts payable	-2,131	-3,861
Increase(-)/decrease in prepaid pension	81	113
Decrease in assets and liabilities for Transportation Security Services	-3,276	-6,434
Other	-1,492	-750
Sub-total	-105	-4,129
Interest and dividend income, received	356	283
Interest expenses, paid	-129	-147
Income taxes, paid	-2,682	-2,501
Income tax, paid, received	-	22
Net cash provided by operating activities	-2,561	-6,471

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Three months ended June 30, 2010	Three months ended June 30, 2009
Cash flows from investment activities		
Increase(-)/decrease of time deposits	43	472
Payments for purchases of tangible assets	-2,822	-1,672
Proceeds from sales of tangible assets	21	1
Payments for purchases of investments in securities	-261	-298
Proceeds from sales of investments in securities	267	319
Increase(-)/decrease in short-term loans	-0	-6
Long-term loans made	-22	-43
Long-term loans collected	30	43
Other	-14	124
Net cash used in investment activities	-2,758	-1,059
Cash flows from financing activities		
Increase/decrease(-) in short-term borrowings	2,372	2,301
Proceeds from long-term debt	300	-
Payments on repayment of long-term debt	-332	-425
Proceeds from stock issuance to minority share holders	14	-
Payments for purchase of treasury stock	-	-0
Repayments of lease obligations	-355	-209
Dividends paid	-1,005	-1,005
Dividends paid to minority shareholders	-273	-196
Net cash used in financing activities	720	464
Effect of exchange rate changes on cash and cash equivalents	-2	0
Net decrease in cash and cash equivalents	-4,601	-7,065
Cash and cash equivalents at beginning of the year	37,349	45,866
Balance of cash and cash equivalents at the end of the period	32,747	38,800

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