

Consolidated Financial Results for the Second Quarter Ended September 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: October 29, 2010

Scheduled Date to File Quarterly Report: November 10, 2010

Scheduled Date of Payment of Dividend: December 3, 2010

1. Summary of the consolidated financial results for the first quarter ended September 30, 2010

(April 1, 2010- September 30, 2010)

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Six months ended	
	September 30, 2010	September 30, 2009
Sales	¥138,136 million	¥138,402 million
% change from the previous year	-0.2%	-2.7%
Operating profit	¥6,831 million	¥6,245 million
% change from the previous year	9.4%	4.1%
Recurring profit	¥7,649million	¥7,146 million
% change from the previous year	7.0%	4.3%
Net income	¥3,544 million	¥3,391 million
% change from the previous year	4.5%	13.4%
Net income per share	¥35.26	¥35.74
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	
	September 30, 2010	March 31, 2010
Total assets	¥265,053 million	¥276,069 million
Net assets	¥160,644 million	¥158,674 million
Capital adequacy ratio	53.7%	50.9%
Net assets per share	¥1,416.77	¥1,397.90

Note: Equity capital: Six months ended September 30, 2010 ¥142,434 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	—	¥10.00			
Fiscal year ending March 31, 2011 (Forecast)			—	¥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
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) : Six months ended September 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 : Six months ended September 30, 2010 1,505,588 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) : Six months ended September 30, 2010
100,534,4991 shares
Six months ended September 30, 2009
100,534,706 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 September 30, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	42,417	44,408
Cash for Transportation Security Services	57,460	64,331
Notes and accounts receivable	19,099	20,803
Short-term investments in securities	1,677	1,859
Raw materials and supplies	3,974	3,269
Advance payment	5,559	5,389
Other	8,691	8,400
Allowance for doubtful accounts	-157	-184
Total current assets	138,722	148,279
Fixed assets		
Tangible fixed assets	59,167	58,351
Intangible fixed assets	4,791	5,203
Investments and other assets		
Investments in securities	24,528	26,010
Other	38,298	38,700
Allowance for doubtful accounts	-455	-475
Net investments and other assets	62,372	64,235
Total fixed assets	126,331	127,790
Total assets	265,053	276,069

Consolidated Balance Sheets

(Unit: ¥ million)

	As of September 30, 2010	As of March 31, 2010
Liabilities		
Current liabilities		
Trade notes and accounts payable	6,719	8,419
Short-term borrowings	29,734	40,114
Accrued income taxes	2,645	1,814
Allowance	1,165	1,121
Other	23,507	25,182
Total current liabilities	63,772	76,653
Long-term liabilities		
Bonds	1,100	2,200
Long-term borrowings	2,937	2,053
Accrued retirement benefits for employees	27,116	27,135
Accrued retirement benefits for directors and corporate auditors	1,634	1,703
Asset retirement obligations	88	-
Other	7,759	7,648
Total long-term liabilities	40,636	40,741
Total liabilities	104,409	117,394
Net Assets		
Shareholders' equity		
Common stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	98,217	95,556
Treasury stock	-1,974	-1,974
Total shareholders' equity	147,036	144,375
Valuation and translation adjustments		
Other securities valuation difference	798	1,560
Land revaluation account	-5,395	-5,395
Translation adjustment	-4	-2
Total valuation and translation adjustments	-4,601	-3,837
Minority interests in consolidated subsidiaries	18,209	18,137
Total net assets	160,644	158,674
Total	265,053	276,069

Consolidated Statements of Operations

(Unit: ¥ million)

	Six months ended September 30, 2010	Six months ended September 30, 2009
Sales	138,136	138,402
Cost of sales	101,960	103,033
Gross profit on sales	36,176	35,368
Selling, general and administrative expenses	29,344	29,122
Operating profit	6,831	6,245
Other income		
Interest received	149	111
Dividends received	341	508
Equity in earnings of affiliates	134	185
Other	963	863
Total other income	1,589	1,668
Other expenses		
Interest	292	321
Loss on disposals of fixed assets	150	163
Other	328	283
Total other expenses	772	768
Recurring profit	7,649	7,416
Extraordinary profits		
Profit on sales of investments in securities	1	1
Total extraordinary profits	1	1
Extraordinary losses		
Impairment loss on investments in securities	320	153
Impairment loss	9	15
Loss on adjustment for changes of accounting standard for asset retirement obligations	340	-
Other	0	1
Total extraordinary losses	670	170
Income before income taxes	6,980	6,976
Income taxes	3,069	3,065
Income before minority interests	3,911	-
Minority interests in income of consolidated subsidiaries	366	518
Net income	3,544	3,391

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Six months ended September 30, 2010	Six months ended September 30, 2009
Cash flows from operating activities		
Income before income taxes	6,980	6,976
Depreciation	5,828	5,930
Impairment loss	9	15
Amortization of goodwill	-	37
Amortization of negative goodwill	-40	-
Increase/decrease(-) in allowance for doubtful accounts	-47	27
Increase/decrease(-) in accrued retirement benefit for employees	-19	-49
Increase/decrease(-) in allowance for bonuses	121	149
Increase/decrease(-) in allowance for director's bonuses	-77	-46
Interest income and dividend income	-491	-619
Interest expenses	292	321
Equity in earnings of affiliates	-134	-185
Loss on sales of fixed assets	-6	0
Loss on disposals of fixed assets	150	163
Profit on sales of investments in securities	-6	-25
Impairment loss on investment in securities	320	153
Loss on revaluation of derivatives	93	55
Loss on adjustment for changes of accounting standard for asset retirement obligations	340	-
Increase(-)/decrease in accounts receivable	1,703	1,756
Increase(-)/decrease in inventories	-704	-243
Increase/decrease(-) in accounts payable	-3,691	-4,972
Increase(-)/decrease in prepaid pension	110	214
Decrease in assets and liabilities for Transportation Security Services	-3,300	-6,581
Other	-172	-850
Sub-total	7,257	2,228
Interest and dividend income, received	593	656
Interest expenses, paid	-292	-318
Income taxes, paid	-2,822	-2,543
Income tax, paid, received	949	1,185
Net cash provided by operating activities	5,684	1,209

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Six months ended September 30, 2010	Six months ended September 30, 2009
Cash flows from investment activities		
Increase(-)/decrease of time deposits	1,079	421
Payments for purchases of tangible assets	-5,313	-3,865
Proceeds from sales of tangible assets	22	2
Payments for purchases of investments in securities	-705	-811
Proceeds from sales of investments in securities	800	509
Increase(-)/decrease in short-term loans	-0	-8
Long-term loans made	-57	-64
Long-term loans collected	53	66
Other	141	-251
Net cash used in investment activities	-3,979	-4,001
Cash flows from financing activities		
Increase/decrease(-) in short-term borrowings	-547	-344
Proceeds from long-term debt	1,650	200
Payments on repayment of long-term debt	-670	-1,979
Redemption of bonds	-1,100	-1,100
Proceeds from stock issuance to minority share holders	14	-
Payments for purchase of treasury stock	-0	-0
Repayments of lease obligations	-681	-501
Dividends paid	-1,005	-1,005
Dividends paid to minority shareholders	-273	-196
Net cash used in financing activities	-2,614	-4,927
Effect of exchange rate changes on cash and cash equivalents	-2	-0
Net decrease in cash and cash equivalents	-911	-7,719
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	36,437	38,146

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