

Consolidated Financial Results for Six Months Ended September 30, 2007

SOHGO SECURITY SERVICES CO., LTD

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

(URL <http://ir.alsok.co.jp/english>)

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Date of the Board Meeting for the settlement of consolidated account: November 13, 2007

Scheduled Date of Payment of Interim Dividend: December 7, 2007

Scheduled Date of Filing Hanki-Houkokusho: December 19, 2007

1. Summary of the consolidated financial results for six months ended September 30, 2007 (April 1,2007- September 30, 2007)

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Six months ended		Year ended
	September 30, 2007	September 30, 2006	March 31, 2007
Sales	¥139,781 million	¥135,833 million	¥276,560 million
% change from the previous year	2.9%	3.2%	
Operating income	¥8,840 million	¥8,420 million	¥15,972 million
% change from the previous year	5.0%	99.6%	
Recurring profit	¥9,630 million	¥9,222 million	¥16,917 million
% change from the previous year	4.4%	87.5%	
Net income	¥4,683 million	¥5,029 million	¥7,558 million
% change from the previous year	△6.9%	350.7%	
Basis net income per share	¥45.94	¥49.86	¥74.71
Diluted net income per share	¥45.85	¥49.67	¥74.43

Note 1: Percentage shown in sales, operating income, recurring profit and net income above represent the changes from the previous fiscal year.

Note 2: Equity in earnings of affiliates :

Six months ended September 30, 2007 ¥145 million

Six months ended September 30, 2006 ¥146 million

Year ended March 31, 2007 ¥256 million

(2) Consolidated financial conditions

(Figures rounded down to the nearest million)

	Six months ended		Year ended
	September 30, 2007	September 30, 2006	March 31, 2007
Total assets	¥280,044 million	¥277,749 million	¥285,219 million
Net assets	¥154,780 million	¥149,244 million	¥151,816 million
Capital adequacy ratio	49.1%	47.7%	47.2%
Net assets per share	¥1,349.03	¥1,306.34	¥1,322.82

Note: Equity capital:

Six months ended September 30, 2007 ¥137,590 million

Six months ended September 30, 2006 ¥132,567 million

Year ended March 31, 2007 ¥134,775 million

(3) Consolidated cash flows

(Figures rounded down to the nearest million)

	Six months ended		Year ended
	September 30, 2007	September 30, 2006	March 31, 2007
Cash flows from operating activities	¥4,002 million	¥9,263 million	¥16,570 million
Cash flows from investing activities	△¥4,606 million	△¥5,562 million	△¥8,813 million
Cash flows from financing activities	△¥6,918 million	△¥8,892 million	△¥5,387 million
Cash and cash equivalents at the end of the period	¥45,069 million	¥45,030 million	¥52,591 million

2. Dividend

		Fiscal year ended		Fiscal year ended
		March 31, 2008	March 31, 2007	March 31, 2008 forecast
Dividend per share	1H	¥10.00	¥8.50	—
	2H	—	¥11.50	¥10.00
	Annual	—	¥20.00	¥20.00

3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2008 (April 1, 2007 — March 31, 2008)

(Figures rounded down to the nearest million)

	Sales	Operating income	Recurring profit	Net income	Net income per share
Annual	¥285,900 million (3.4%)	¥17,800 million (11.4%)	¥18,600 million (9.9%)	¥9,900 million (31.0%)	¥97.11

Note: 1. The forecasts for the consolidated financial results shown above refer to the company's outlook for the future including risks and uncertain factors, therefore future financial results may be significantly different from the forecast.

2. Percentages shown in sales, operating income, 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) 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 : Yes

(3) Number of shares outstanding(Ordinary shares)

① Number of shares outstanding(including treasury stock) : Six months ended September 30, 2007 101,995,942 shares
Six months ended September 30, 2006 101,483,442 shares
Year ended March 31, 2007 101,889,342 shares

② Number of shares of treasury stock : Six months ended September 30, 2007 4,343 shares
Six months ended September 30, 2006 3,343 shares
Year ended March 31, 2007 3,958 shares

(Reference) Non-consolidated Financial Results for Six Months Ended September 30, 2007

1. Summary of the consolidated financial results for six months ended September 30, 2007 (April 1, 2007- September 30, 2007)

(1) Non-consolidated operating results

(Figures rounded down to the nearest million)

	Six months ended		Year ended
	September 30, 2007	September 30, 2006	March 31, 2007
Sales	¥96,230 million	¥94,244 million	¥192,203 million
% change from the previous year	2.1%	4.2%	
Operating income	¥2,628 million	¥3,756 million	¥4,514 million
% change from the previous year	△30.0%	—	
Recurring profit	¥7,476 million	¥7,261 million	¥7,898 million
% change from the previous year	3.0%	168.9%	
Net income	¥5,659 million	¥5,686 million	¥4,807 million
% change from the previous year	△0.5%	232.4%	
Basis net income per share	¥55.51	¥56.10	¥47.36

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

(2) Non-consolidated financial conditions

(Figures rounded down to the nearest million)

	Six months ended		Year ended
	September 30, 2007	September 30, 2006	March 31, 2007
Total assets	¥195,847 million	¥193,943 million	¥198,772 million
Net assets	¥100,638 million	¥97,842 million	¥96,662 million
Capital adequacy ratio	51.4%	50.4%	48.6%
Net assets per share	¥986.74	¥964.16	¥948.74

Note: Equity capital:

Six months ended September 30, 2007 ¥100,638 million

Six months ended September 30, 2006 ¥97,842 million

Year ended March 31, 2007 ¥96,662 million

2. Forecasts for the non-consolidated financial results for the fiscal year ending March 31, 2008

(April 1, 2007 — March 31, 2008)

(Figures rounded down to the nearest million)

	Sales	Operating income	Recurring profit	Net income	Net income per share
Annual	¥199,900 million (4.0%)	¥6,700 million (48.4%)	¥10,400 million (31.7%)	¥7,300 million (51.9%)	¥71.60

Note 1: The forecasts for the consolidated financial results shown above refer to the company's outlook for the future including risks and uncertain factors, therefore future financial results may be significantly different from the forecast.

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

Consolidated Balance Sheets

(Unit: ¥ million)

	Six months ended September 30, 2007		Six months ended September 30, 2006		YoY	Fiscal year ended March 31, 2007	
	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)	Amount(¥)	Amount(¥)	Ratio(%)
Assets							
Current assets							
Cash and deposits	54,381		90,871			61,029	
Cash for Transportation Security Services	41,425		—			39,382	
Notes and accounts receivable	21,607		19,582			20,879	
Short-term investments in securities	1,412		576			706	
Inventories	4,316		4,774			4,092	
Advance payment	20,467		19,127			19,684	
Deferred tax assets	2,434		4,093			2,433	
Other	6,298		4,578			5,200	
Allowance for doubtful accounts	△182		△151			△172	
Total current assets	152,160	54.3	143,452	51.6	8,708	153,237	53.7
Fixed assets							
Tangible fixed assets							
Buildings and structures	19,993		19,297			19,037	
Machinery, equipment and delivery equipment	16,443		17,667			16,920	
Land	17,922		17,867			17,883	
Construction in progress	691		1,408			2,319	
Other	3,856		3,491			3,539	
Total tangible fixed assets	58,908		59,732		△824	59,700	
Intangible fixed assets							
Software	4,890		2,938			2,853	
Goodwill	202		312			257	
Other	115		2,796			3,010	
Total intangible fixed assets	5,209		6,048		△838	6,121	
Investments and other assets							
Investments in securities	31,576		35,545			34,618	
Long-term loan	1,782		1,906			1,920	
Lease deposits	8,451		8,929			8,885	
Insurance reserve fund	3,351		4,265			3,274	
Prepaid pension expenses	2,669		1,238			1,988	
Deferred tax assets	16,394		16,846			15,827	
Other	1,824		2,045			1,857	
Allowance for doubtful accounts	△2,285		△2,263			△2,214	
Net investments and other assets	63,765		68,515		△4,750	66,159	
Total fixed assets	127,883	45.7	134,296	48.4	△6,412	131,981	46.3
Total assets	280,044	100.0	277,749	100.0	2,295	285,219	100.0

Contd.

Consolidated Balance Sheets

(Unit: ¥ million)

	Six months ended September 30, 2007		Six months ended September 30, 2006		YoY	Fiscal year ended March 31, 2007	
	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)	Amount(¥)	Amount(¥)	Ratio(%)
Liabilities							
Current liabilities							
Trade notes and accounts payable	8,109		7,938			9,401	
Short-term borrowings	38,872		36,614			41,769	
Current portion of bonds	2,700		1,100			2,200	
Accounts payable	11,754		11,324			13,183	
Accrued income taxes	3,730		2,787			2,628	
Accrued consumption taxes	1,855		1,734			1,961	
Allowance for bonuses	915		3,497			1,858	
Allowance for director's bonuses	112		124			223	
Other	8,763		8,614			8,064	
Total current liabilities	76,815	27.4	73,735	26.6	3,079	81,291	28.5
Long-term liabilities							
Bonds	7,700		10,400			9,300	
Long-term borrowings	6,074		9,115			7,773	
Deferred tax liabilities	40		56			38	
Deferred income taxes on land revaluation	418		418			418	
Accrued retirement benefits for employees	28,922		29,458			29,157	
Accrued retirement benefits for directors and corporate auditors	1,487		1,459			1,545	
Other	3,805		3,860			3,878	
Total long-term liabilities	48,448	17.3	54,768	19.7	△6,320	52,111	18.3
Total liabilities	125,263	44.7	128,504	46.3	△3,240	133,402	46.8

Contd.

Consolidated Balance Sheets

(Unit: ¥ million)

	Six months ended September 30, 2007		Six months ended September 30, 2006		YoY	Fiscal year ended March 31, 2007	
	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)	Amount(¥)	Amount(¥)	Ratio(%)
Net Assets							
Shareholders' equity							
Common stock	18,644	6.7	18,093	6.5	551	18,536	6.5
Capital surplus	32,087	11.5	31,930	11.5	156	32,047	11.2
Retained earnings	88,770	31.7	83,591	30.1	5,178	85,258	29.9
Treasury stock	△7	△0.0	△5	△0.0	△2	△6	△0.0
Total shareholders' equity	139,494	49.9	133,610	48.1	5,884	135,835	47.6
Valuation and translation adjustments							
Other securities valuation difference	3,490	1.2	4,352	1.5	△861	4,335	1.5
Land revaluation account	△5,395	△1.9	△5,395	△1.9	—	△5,395	△1.9
Total valuation and translation adjustments	△1,904	△0.7	△1,043	△0.4	△861	△1,060	△0.4
Minority interests in consolidated subsidiaries	17,190	6.1	16,677	6.0	513	17,040	6.0
Total net assets	154,780	55.3	149,244	53.7	5,536	151,816	53.2
Total	280,044	100.0	277,749	100.0	2,295	285,219	100.0

Consolidated Statements of Operations

(Unit: ¥ million)

	Six months ended September 30, 2007		Six months ended September 30, 2006		YoY	Fiscal year ended March 31, 2007	
	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)	Amount(¥)	Amount(¥)	Ratio(%)
Net sales	139,781	100.0	135,833	100.0	3,947	276,560	100.0
Cost of sales	101,803	72.8	99,025	72.9	2,777	203,080	73.4
Gross profit on sales	37,978	27.2	36,807	27.1	1,170	73,479	26.6
Selling, general and administrative expenses	29,138	20.9	28,387	20.9	750	57,507	20.8
Operating income	8,840	6.3	8,420	6.2	419	15,972	5.8
Other income							
Interest received	221		196			372	
Dividends received	551		416			592	
Profit on sales of investments in securities, net	2		35			39	
Rental income	218		209			425	
Gain from insurance claim	98		81			118	
Equity in earnings of affiliates	145		146			256	
Dividend income on insurance policies	125		188			245	
Received penalties for contracts cancellation	204		—			518	
Other	345	1.4	496	1.3	142	699	1.2
Other expenses							
Interest	488		458			957	
Loss on sales of investments in securities, net	—		—			35	
Loss on disposals of fixed assets	193		193			497	
Other	441	0.8	317	0.7	154	833	0.9
Recurring profit	9,630	6.9	9,222	6.8	407	16,917	6.1

Contd.

Consolidated Statements of Operations

(Unit: ¥ million)

	Six months ended September 30, 2007		Six months ended September 30, 2006		YoY	Fiscal year ended March 31, 2007	
	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)	Amount(¥)	Amount(¥)	Ratio(%)
Extraordinary profits							
Profit on sales of investments in securities, net	49		114			114	
Restitution income	287		—			—	
Other	—	0.3	11	0.1	211	11	0.1
Extraordinary losses							
Impairment loss on investments in securities	102		74			122	
Loss on disposal and impairment of fixed assets	120		—			—	
Loss on disposal of inventories	—		96			410	
Impairment loss	12		83			83	
Bad debt loss	—	0.2	183	0.3	△201	185	0.3
Income before income taxes	9,732	7.0	8,910	6.6	821	16,241	5.9
Income taxes	4,654		3,393			5,106	
Income taxes adjustment	—	3.3	—	2.5	1,261	2,716	2.9
Minority interests in income of consolidated subsidiaries	393	0.3	487	0.4	△94	859	0.3
Net income	4,683	3.4	5,029	3.7	△345	7,558	2.7

Consolidated Statements of Changes in Net Assets

• Six months ended September 30, 2007 (April 1, 2007 – September 30, 2007)

(Unit: ¥ million)

	Shareholders' Equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at March 31, 2007	18,536	32,047	85,258	△6	135,835
Changes during the period					
Issue of new shares	107	39			147
Dividend of surplus*			△1,171		△1,171
Net income			4,683		4,683
Purchase of treasury stock				△0	△0
Net amount of changes in the interim period other than shareholders' equity					
Total	107	39	3,512	△0	3,658
Balance at September 30, 2007	18,644	32,087	88,770	△7	139,494

Contd.

(Unit: ¥ million)

	Valuation and translation adjustments			Minority interests in consolidated subsidiaries	Net assets
	Other securities valuation difference	Land revaluation account	Total valuation and translation adjustments		
Balance at March 31, 2007	4,335	△5,395	△1,060	17,040	151,816
Changes during the period					
Issue of new shares					147
Dividend of surplus*					△1,171
Net income					4,683
Purchase of treasury stock					△0
Net amount of changes in the interim period other than shareholders' equity	△844	—	△844	149	△694
Total	△844	—	△844	149	2,964
Balance at September 30, 2007	3,490	△5,395	△1,904	17,190	154,780

*Note: Appropriation of retained earnings resolved at General Shareholders' Meeting held in June 2007.

Consolidated Statements of Changes in Net Assets

• Six months ended September 30, 2006 (April 1, 2006 – September 30, 2006)

(Unit: ¥ million)

	Shareholders' Equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at March 31, 2006	17,830	31,811	79,642	△27	129,258
Changes during the period					
Issue of new shares	262	115			377
Dividend of surplus*			△859		△859
Director's bonuses*			△220		△220
Net income			5,029		5,029
Purchase of treasury stock				△0	△0
Disposal of treasury stock		4		22	26
Net amount of changes in the interim period other than shareholders' equity					
Total	262	119	3,948	21	4,352
Balance at September 30, 2006	18,093	31,930	83,591	△5	133,610

Contd.

(Unit: ¥ million)

	Valuation and translation adjustments			Minority interests in consolidated subsidiaries	Net assets
	Other securities valuation difference	Land revaluation account	Total valuation and translation adjustments		
Balance at March 31, 2006	4,911	△4,976	△64	16,645	145,839
Changes during the period					
Issue of new shares					377
Dividend of surplus*					△859
Director's bonuses*					△220
Net income					5,029
Purchase of treasury stock					△0
Disposal of treasury stock					26
Net amount of changes in the interim period other than shareholders' equity	△559	△418	△978	31	△946
Total	△559	△418	△978	31	3,405
Balance at September 30, 2006	4,352	△5,395	△1,043	16,677	149,244

*Note: Appropriation of retained earnings resolved at General Shareholders' Meeting held in June 2006.

Consolidated Statements of Changes in Net Assets

• Fiscal year ended March 31, 2007 (April 1, 2006 – March 31, 2007)

(Unit: ¥ million)

	Shareholders' Equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at March 31, 2006	17,830	31,811	79,642	△27	129,258
Changes during the period					
Issue of new shares	705	232			938
Dividend of surplus			△862		△862
Dividend of surplus*			△859		△859
Director's bonuses*			△220		△220
Net income			7,558		7,558
Purchase of treasury stock				△1	△1
Disposal of treasury stock		4		22	26
Net amount of changes in the interim period other than shareholders' equity					
Total	705	236	5,615	20	6,577
Balance at March 31, 2007	18,536	32,047	85,258	△6	135,835

Contd.

(Unit: ¥ million)

	Valuation and translation adjustments			Minority interests in consolidated subsidiaries	Net assets
	Other securities valuation difference	Land revaluation account	Total valuation and translation adjustments		
Balance at March 31, 2006	4,911	△4,976	△64	16,645	145,839
Changes during the period					
Issue of new shares					938
Dividend of surplus					△862
Dividend of surplus*					△859
Director's bonuses*					△220
Net income					7,558
Purchase of treasury stock					△1
Disposal of treasury stock					26
Net amount of changes in the interim period other than shareholders' equity	△576	△418	△995	394	△600
Total	△576	△418	△995	394	5,977
Balance at March 31, 2007	4,335	△5,395	△1,060	17,040	151,816

*Note: Appropriation of retained earnings resolved at General Shareholders' Meeting held in June 2006.

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Six months ended September 30, 2007	Six months ended September 30, 2006	YoY	Fiscal year ended March 31, 2007
	Amount (¥)	Amount (¥)	Amount (¥)	Amount (¥)
Cash flows from operating activities				
Income before income taxes	9,732	8,910		16,241
Depreciation	5,228	4,837		10,222
Impairment loss	12	83		83
Depreciation of goodwill	54	54		109
Increase/decrease(Δ) in allowance for doubtful accounts	80	1		Δ26
Decrease(Δ) in accrued retirement benefit for employees	Δ234	Δ444		Δ746
Decrease(Δ) in allowance for bonuses	Δ942	Δ1,191		Δ2,829
Increase/decrease(Δ) in allowance for director's bonuses	Δ111	124		223
Interest income and dividend income	Δ773	Δ613		Δ964
Interest expenses	488	458		957
Equity in earnings of affiliates	Δ145	Δ146		Δ256
Loss on sales of fixed assets	5	0		2
Loss on disposals of fixed assets	193	193		497
Loss on sales of investments in securities	Δ51	Δ149		Δ117
Impairment loss on investment in securities	102	74		122
Increase(Δ) in accounts receivable	Δ727	Δ566		Δ1,864
Increase(Δ)/decrease in inventories	Δ223	Δ316		366
Increase/decrease(Δ) in accounts payable	Δ2,044	Δ209		2,381
Increase(Δ)/decrease in prepaid pension	Δ681	Δ377		Δ1,127
Other	Δ2,545	965		Δ1,821
Sub-total	7,417	11,689	Δ4,272	21,453
Interest and dividend income, received	833	621		1,027
Interest expenses, paid	Δ489	Δ471		Δ970
Income taxes, paid	Δ4,292	Δ3,162		Δ5,526
Income tax, refund	533	586		586
Net cash provided by operating activities	4,002	9,263	Δ5,261	16,570
Cash flows from investment activities				
Increase(Δ) of time deposits	Δ1,077	Δ180		Δ298
Payments for purchases of tangible assets	Δ4,515	Δ5,280		Δ10,585
Proceeds from sales of tangible assets	245	1		5
Payments for purchases of investments in securities	Δ1,668	Δ1,492		Δ3,146
Proceeds from sales of investments in securities	2,659	1,196		3,767
Decrease in short-term loans	1	2		4
Long-term loans made	Δ141	Δ76		Δ177
Long-term loans collected	280	91		178
Other	Δ389	174		1,439
Net cash used in investments activities	Δ4,606	Δ5,562	956	Δ8,813

Contd.

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Six months ended September 30, 2007	Six months ended September 30, 2006	YoY	Fiscal year ended March 31, 2007
	Amount (¥)	Amount (¥)	Amount (¥)	Amount (¥)
Cash flows from financing activities				
Decrease in short-term borrowings	△1,840	△7,604		△2,415
Proceeds from long-term debt	400	2,200		2,950
Payments on repayment of long-term debt	△3,155	△2,411		△4,536
Payments for redemption of bonds	△1,100	△500		△500
Proceeds from issue of new shares	145	373		928
Proceeds from issue of new shares to minority shareholders	2	—		—
Payments for acquisition of treasury stock	△0	△0		△1
Proceeds from disposal of parent company's share by subsidiary	—	63		63
Dividends paid	△1,171	△859		△1,722
Dividends paid to minority shareholders	△197	△153		△153
Net cash provided by/ (used in) financing activities	△6,918	△8,892	1,974	△5,387
Net increase/decrease(Δ) in cash and cash equivalents	△7,521	△5,191	△2,330	2,369
Cash and cash equivalents at beginning of the year	52,591	50,221	2,369	50,221
Balance of cash and cash equivalents at the end of the year	45,069	45,030	39	52,591