



## Financial Result FYE3/08 Report Meeting

**ALSOK**

**May 20, 2008**

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# Section 1

## Summary of Financial Results



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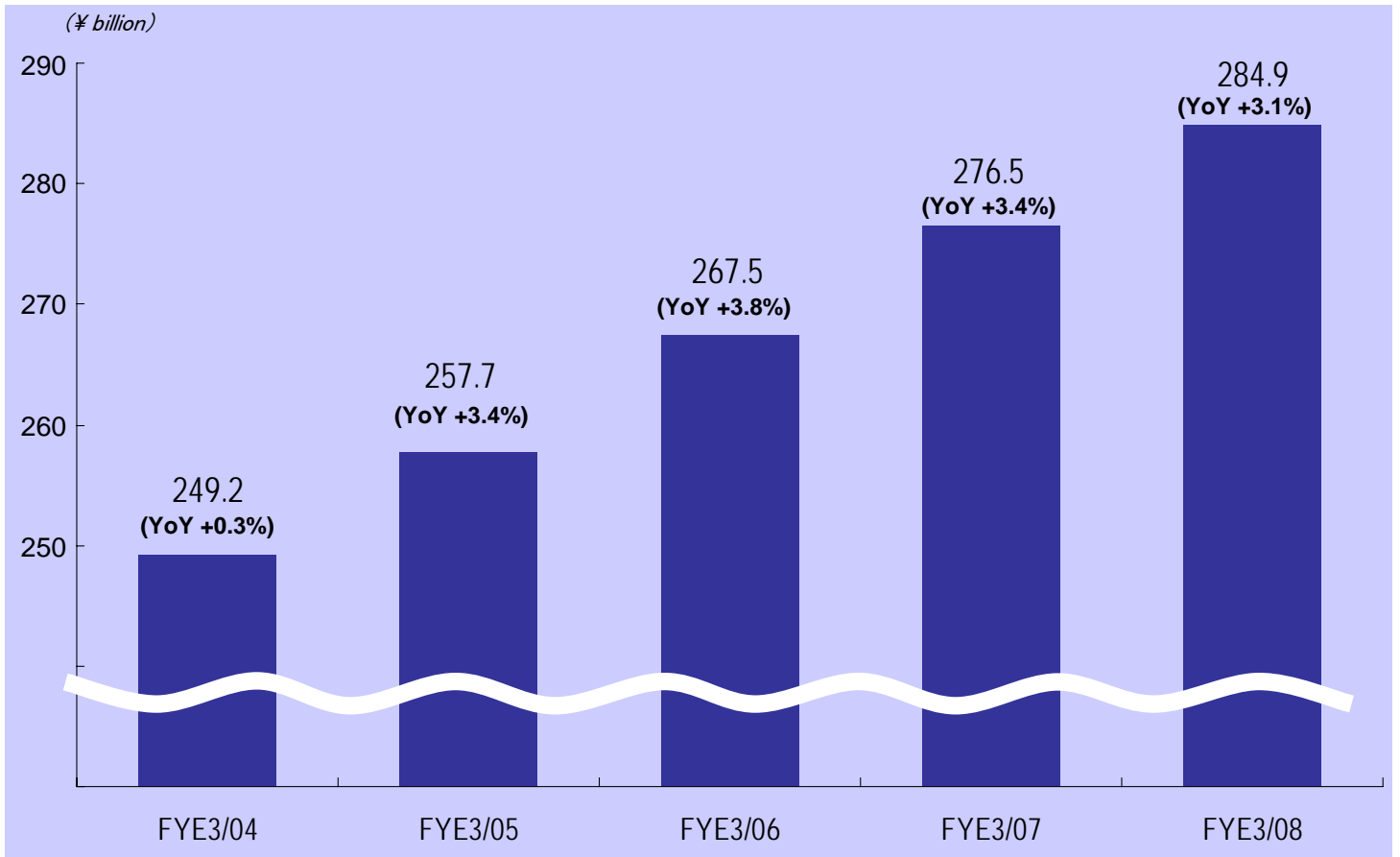
### Summary of P/L

(Unit: ¥ billion)	FYE3/08	FYE3/07	YoY	Change(%)
<b>S a l e s</b>	<b>284.9</b>	<b>276.5</b>	<b>8.4</b>	<b>3.1%</b>
<b>Gross profit</b>	<b>72.7</b>	<b>73.4</b>	<b>- 0.8</b>	<b>- 1.0%</b>
<b>Operating profit</b>	<b>13.7</b>	<b>15.9</b>	<b>- 2.2</b>	<b>- 13.6%</b>
<b>Recurring profit</b>	<b>14.6</b>	<b>16.9</b>	<b>- 2.3</b>	<b>- 13.4%</b>
<b>Net income</b>	<b>7.6</b>	<b>7.5</b>	<b>0.1</b>	<b>1.3%</b>

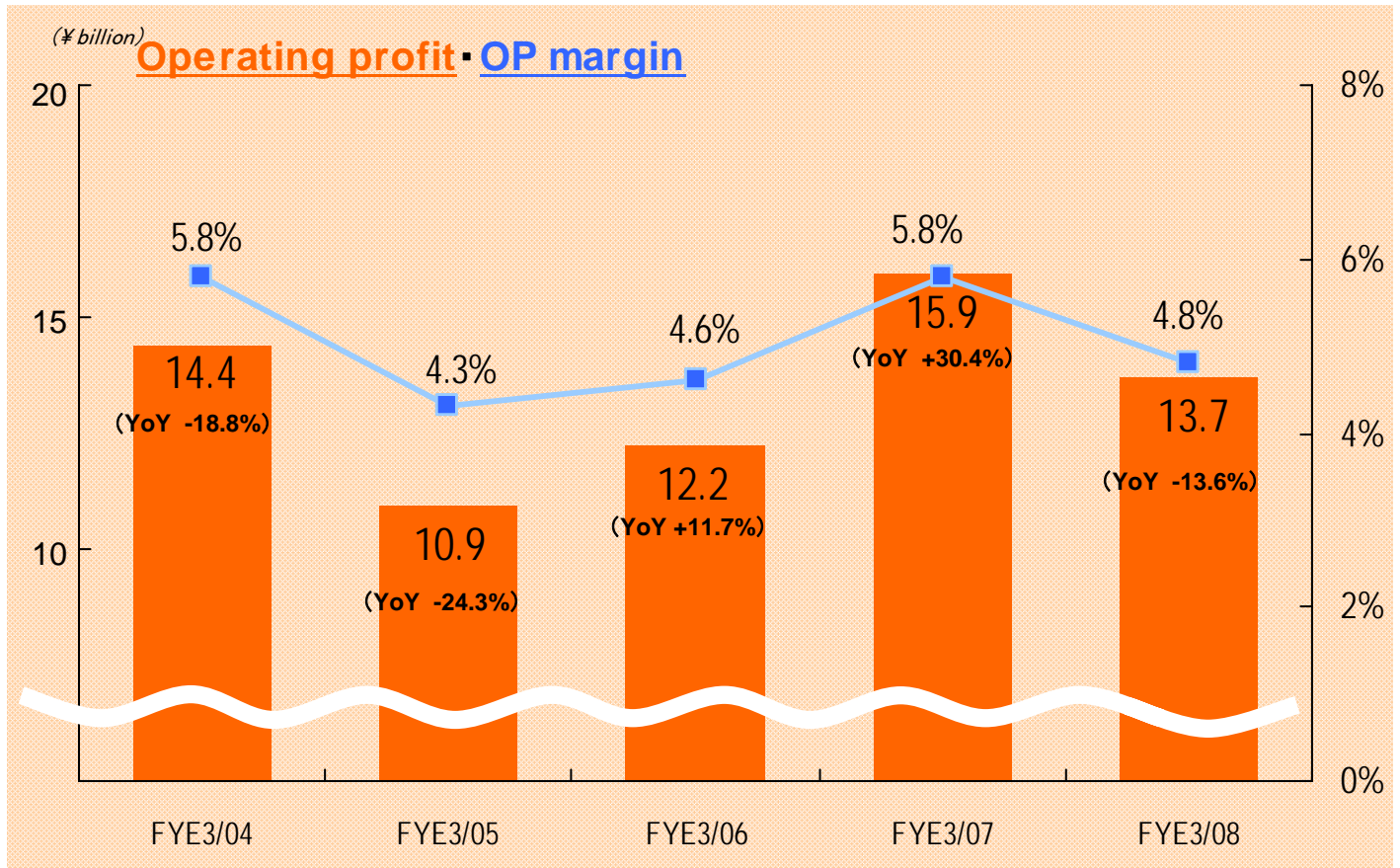


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# Sales



# Operating Profit and OP Margin



# Comparison with Business Forecasts

(Unit: ¥ billion)	FYE3/08	(Announced on 2/5/08)			(Announced on 5/15/07)	
		Revised plan	Gap	Achievement Ratio (%)	Original plan	Achievement Ratio (%)
S a l e s	284.9	285.9	- 0.9	99.7%	285.9	99.7%
Gross profit	72.7	74.2	- 1.5	97.9%	76.6	94.8%
Operating profit	13.7	16.0	-2.2	86.2%	17.8	77.4%
Recurring profit	14.6	17.0	- 2.4	86.1%	18.6	78.6%
Net income	7.6	9.3	- 1.6	82.3%	9.9	77.2%



# Comparison with Business Forecasts (breakdown of sales)

(Unit: ¥ billion)	FYE3/08	Business Forecasts	Gap	Achievement Ratio (%)	
Security Services	Electronic Security Services	143.9	148.2	- 4.2	97.1%
	Stationed Security Services	72.7	72.3	0.5	100.7%
	Transportation Security Services	46.6	46.2	0.4	100.9%
Other Services	21.6	19.2	2.4	112.6%	
T o t a l	284.9	285.9	- 0.9	99.7%	



# Overview of Electronic Security Services

(Unit: ¥ billion)	FYE3/08	FYE3/07	YoY	Change (%)
<b>S a l e s</b>	<b>143.9</b>	<b>143.2</b>	<b>0.7</b>	<b>0.5%</b>
(% to Total Sales)	(50.5%)	(51.8%)		
<b>Number of contracts</b>	<b>487,228</b>	<b>462,913</b>	<b>24,315</b>	<b>5.3%</b>
Corporate clients	372,196	359,344	12,852	3.6%
Individual clients	115,032	103,569	11,463	11.1%

- 1 Newly booked contracts : Number of contracts fewer than expected
- 2 Cancellation : Didn't decrease as expected
- 3 Unit price : Newly booked contract price higher (YoY)
- 4 Price reduction : Demands for price reduction are declining

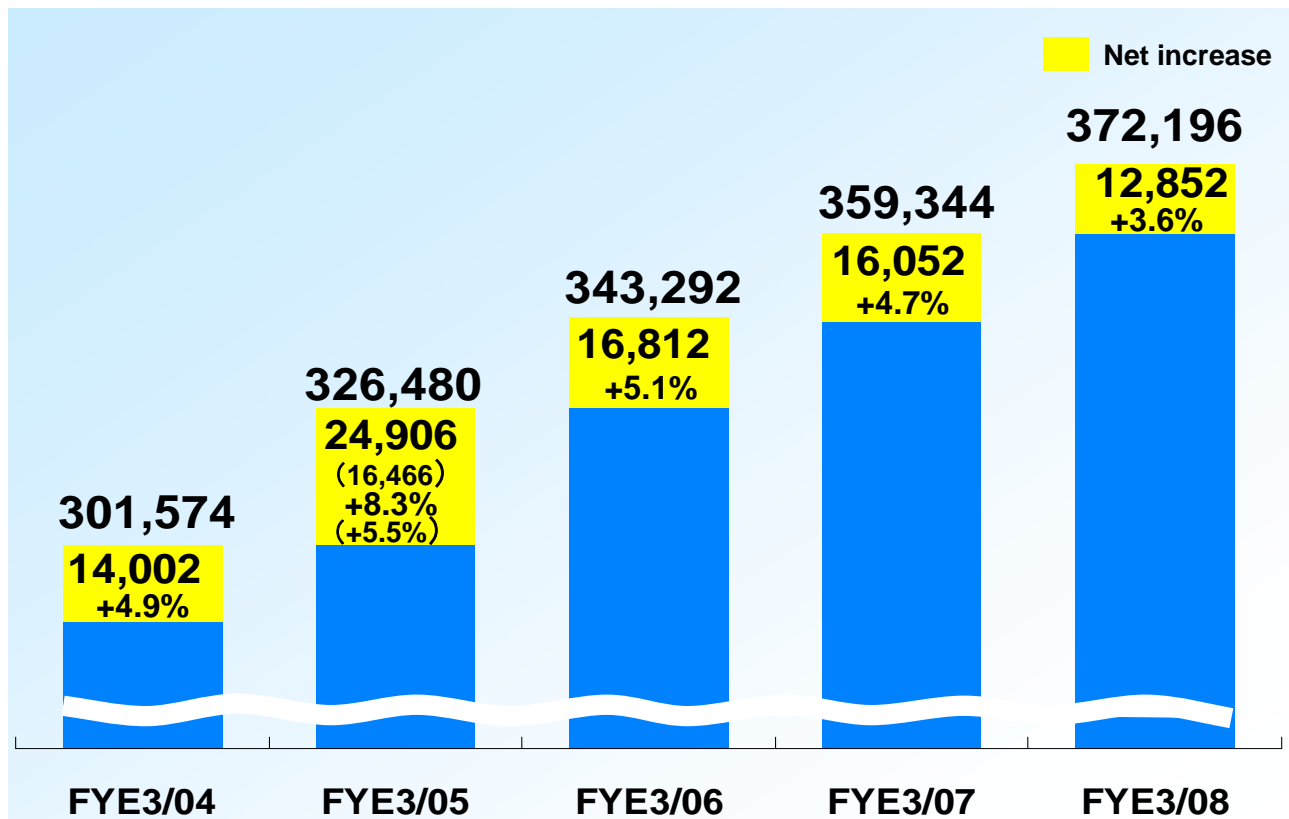


## Results for Sluggish Growth

- 1 Negative impact caused by the introduction of new ERP system
- 2 Decline of new housing units started
- 3 Worsened business confidence
- 4 Negative impact caused by the consumer finance companies increased



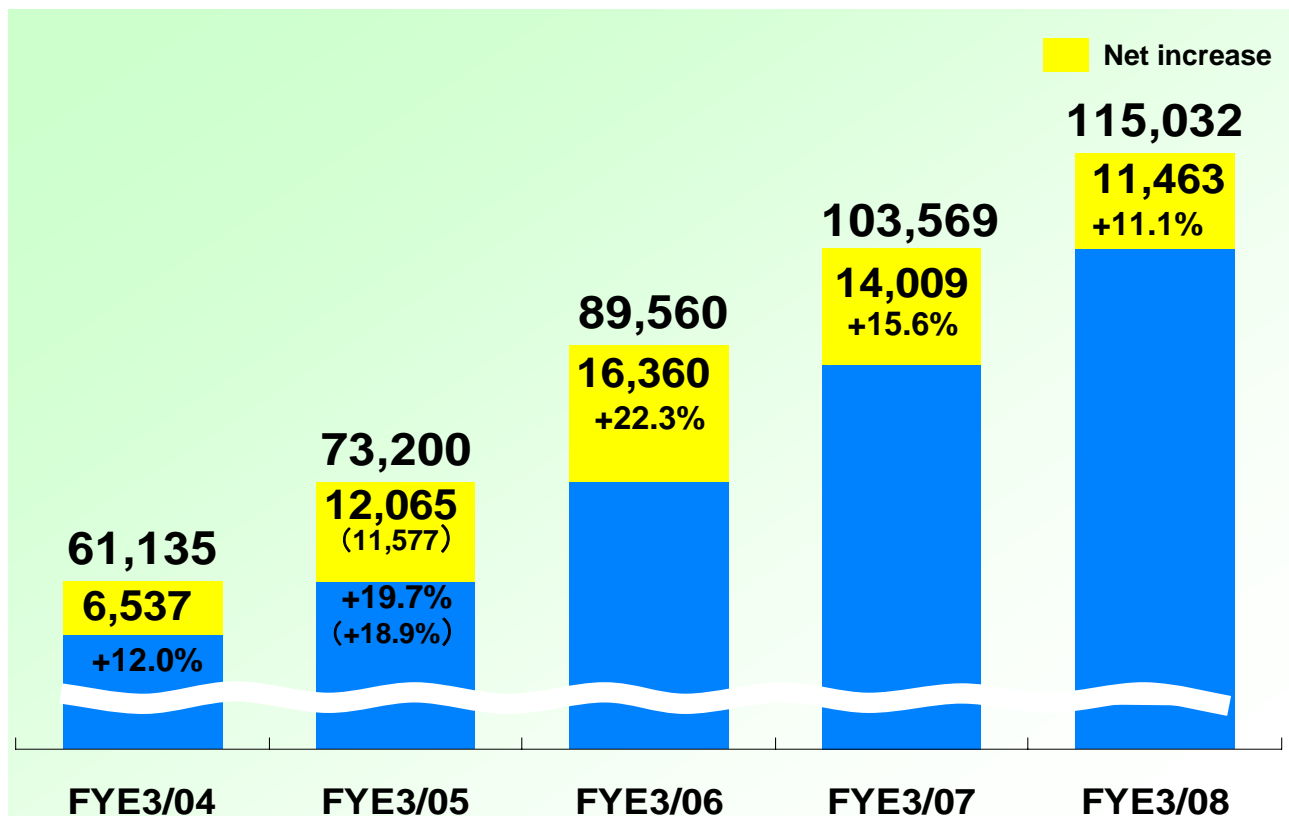
## Increase in Contracts of Electronic Security Services [ Corporate Clients ]



Fukushima Sohgo Security Services Co., Ltd has become a wholly owned subsidiary of ALSOK in FYE3/05. The numbers stated inside the ( ) are the net growth excluding the number of contracts executed by Fukushima Sohgo Security Services.



## Increase in Contracts of Electronic Security Services [ Individual Clients ]



Fukushima Sohgo Security Services Co., Ltd has become a wholly owned subsidiary of ALSOK in FYE3/05. The numbers stated inside the ( ) are the net growth excluding the number of contracts executed by Fukushima Sohgo Security Services.



## Overview of Stationed Security Services

(Unit: ¥ billion)	FYE3/08	FYE3/07	YoY	Change (%)
<b>S a l e s</b>	<b>72.7</b>	<b>70.9</b>	<b>1.9</b>	<b>2.6%</b>
(% to Total Sales)	(25.5%)	(25.7%)		

<b>Number of contracts</b>	<b>2,922</b>	<b>2,843</b>	<b>79</b>	<b>2.8%</b>
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### Steady flow of business

#### <Examples of new clients>

- Large office building
- TV studio
- Factory of an electronic manufacturer
- School building of a science and engineering department



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## Overview of Transportation Security Services

(Unit: ¥ billion)	FYE3/08	FYE3/07	YoY	Change (%)
<b>S a l e s</b>	<b>46.6</b>	<b>44.5</b>	<b>2.1</b>	<b>4.7%</b>
(% to Total Sales)	(16.4%)	(16.1%)		

<b>Number of contracts</b>	<b>33,397</b>	<b>32,980</b>	<b>417</b>	<b>1.3%</b>
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### Totally having a favorable growth

Bank ATMs inside CVS : increased by 1,000 units (YoY)

Increase of outsourcing business from financial institutions

Cash Deposit Machine On-line System : increased by 950 units (YoY)



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## Overview of Other Services

(Unit: ¥ billion)	FYE3/08	FYE3/07	YoY	Change (%)
<b>S a l e s</b> (% to Total Sales)	<b>21.6</b> (7.6%)	<b>17.8</b> (6.4%)	<b>3.8</b>	<b>21.3%</b>
<b>Number of contracts</b>	<b>56,099</b>	<b>57,425</b>	<b>- 1,326</b>	<b>- 2.3%</b>

### Made good progress in equipment sales

AED : increased by 8,333 units (YoY + 5,095 units)

Fire alarms : increased by 580,000 units (YoY + 550,000 units)



## Sales by Client Industry

(Unit: ¥ billion)	FYE3/08 (% to Total Sales)	FYE3/07 (% to Total Sales)	YoY	Change (%)
<b>Financial institutions</b>	<b>86.0</b> (30.2%)	<b>84.1</b> (30.4%)	<b>2.0</b>	<b>2.3%</b>
<b>Business corporations</b>	<b>165.0</b> (57.9%)	<b>159.6</b> (57.7%)	<b>5.4</b>	<b>3.4%</b>
<b>Government offices and Japan Post</b>	<b>24.9</b> (8.8%)	<b>24.2</b> (8.8%)	<b>0.6</b>	<b>2.7%</b>
<b>Individuals</b>	<b>8.9</b> (3.1%)	<b>8.5</b> (3.1%)	<b>0.4</b>	<b>5.1%</b>
<b>T o t a l</b>	<b>284.9</b> (100.0%)	<b>276.5</b> (100.0%)	<b>8.4</b>	<b>3.1%</b>





## Major Changes in P/L < Cost of Sales >

**Sales + ¥8.4 billion (YoY+3.1%)**



**Cost of Sales + ¥9.2 billion (YoY+4.5%)**

**<Major items>**

Labor cost	+ ¥4.0 billion
Subcontract cost	+ ¥1.9 billion
Lease payments	+ ¥1.8 billion
Cost of product sold	+ ¥1.4 billion



**SG&A + ¥1.4 billion (YoY+2.4%)**



**Operating Profit - ¥2.2 billion (YoY - 13.6%)**



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## Major Changes in P/L < SG&A >

**Sales + ¥8.4 billion (YoY+3.1%)**



**Cost of Sales + ¥9.2 billion (YoY+4.5%)**



**SG&A + ¥1.4 billion (YoY+2.4%)**

**<Major items>**

Personnel cost	+ ¥1.9 billion
Depreciation	+ ¥0.5 billion
Others	- ¥0.9 billion



**Operating Profit - ¥2.2 billion (YoY - 13.6%)**



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# Others

Number of employees

(Unit: person)

FYE3/06	FYE3/07	FYE3/08
<b>24,703</b>	<b>25,302</b>	<b>26,014</b>

Capital expenditures

(Unit: ¥ billion)

FYE3/06	FYE3/07	FYE3/08
<b>14.1</b>	<b>11.6</b>	<b>10.4</b>

Depreciation

(Unit: ¥ billion)

FYE3/06	FYE3/07	FYE3/08
<b>10.9</b>	<b>10.2</b>	<b>11.2</b> ※

\*Note: Effect of accounting change is ¥1.1 billion



## Section 2

# Business Strategy



## Effort to Increase Sales

### <Strengthening Divisional Organizational Structure>

#### Introducing divisional supervisors

##### \* To divide the country into 9 blocks

In FYE3/09, to be implemented to 5 blocks,  
“Hokkaido-Tohoku”, “Tokyo”, “Chubu”, “Kinki”,  
“Kyushu-Yamaguchi”

##### \* To establish detailed strategies for each division

##### \* To establish a strategic divisional organization for whole ALSOK Group



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## Effort to Increase Sales

### <Increasing the Number of Contracts>

- 1 Increasing the number of salespersons
- 2 Increasing the number of sales engineers
- 3 Remodeling training programs for salespersons
- 4 Promoting after-sales care by also operations department to prevent terminations



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## Effort to Increase Sales

### <New Products & M&A>

#### 1 Developing and promoting new products

(1)Launch of a new information security system

(2)Cosult on services for Business Continuity Plan

(3)Develop a new Home Security product

#### 2 Aggressively pursue M&A opportunities



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## Cost Reduction Measures

#### 1 Reducing personnel cost by

(1)Effect of new ERP system

(2)Reduction in administration cost

(3)Development of a next-generation security operating system

#### 2 Cutting down construction cost

#### 3 Reducing procurement cost of equipments

#### 4 Take action on thorough cost management



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## Section 3

# Business Plan for FYE3/09



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## Business Plan for FYE3/09

(Unit: ¥ billion)	Amount	% to total sales	YoY	Change (%)
S a l e s	294.2	100.0%	9.2	3.2%
Gross profit	74.9	25.5%	2.2	3.0%
Operating profit	14.1	4.8%	0.3	2.2%
Recurring profit	15.3	5.2%	0.7	4.5%
Net income	7.9	2.7%	0.3	3.2%



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## Sales by Business Segment

(Unit: ¥ billion)		Amount	% to total sales	YoY	Change(%)
Security Services	Electronic Security Services	148.0	50.3%	4.1	2.8%
	Stationed Security Services	75.8	25.8%	3.0	4.1%
	Transportation Security Services	48.5	16.5%	1.9	4.2%
Other Services		21.8	7.4%	0.2	1.0%
T o t a l		294.2	100.0%	9.2	3.2%



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## Others

	FYE3/09 Plan	YoY	Change(%)
Number of contracts	519,228	32,000	6.6%
Corporate clients	389,196	17,000	4.6%
Individual clients	130,032	15,000	13.0%
(Unit: ¥ billion)	FYE3/09 Plan	YoY	Change(%)
Capital expenditures	12.5	2.1	20.1%
Depreciation	12.1	0.9	7.6%



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# Dividend

	FYE3/06	FYE3/07	FYE3/08	FYE3/09 Plan
Dividend per share	¥17	¥20	¥20	¥22

**\*Note: The company has acquired 656,000 own shares between February 14, 2008 to March 31, 2008.**

- Acquisition period : From February 14, 2008 to September 30, 2008
- Number of shares to be acquired : Up to 1.5 million shares
- Aggregate purchase price of shares : Up to ¥2.3 billion



Reference

< Reference >





# CSR Activities

## 《 ALSOK ANSHIN Classes 》



Launched this volunteer work in October 2004

April 2005 we started this campaign nationwide

September 2007

Received the **Asahi Corporate Citizen Award**

November 2007

Received the **Chief Cabinet Secretary's Award**

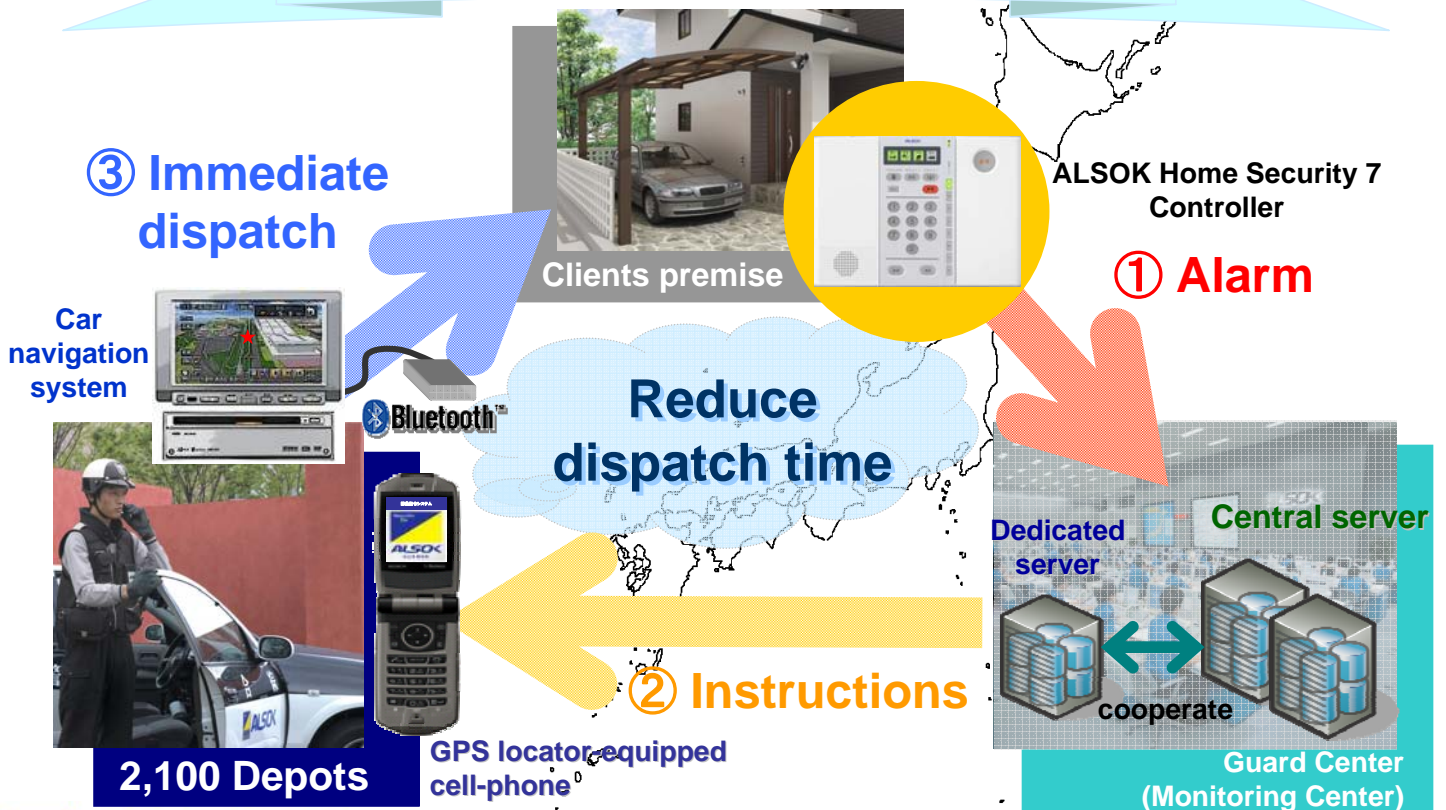
FYE3/08

About **160,000** children attended



# Navigation System Linked with Mobile Terminals

Award a grand prize from MCPC





# Representatives of Japan

Maki Tsukada Judo  
(over 78kg class)



Sae Nakazawa Judo (78kg class)



Makoto Sasamoto  
Greco-Roman (60kg class)



Tomohiro Matsunaga  
Freestyle (55kg class)



Chiharu Icho  
Wrestling (48kg class)

Saori Yoshida Wrestling (55kg class)



Kaori Icho  
Wrestling (63kg class)



## Disclaimer

Figures regarding the company's current plans and strategies that are not historical facts are forecasts of future performance, which contain risks and uncertainty.

Actual performance may differ widely from these figures as a result of economic conditions, competitive situation, progress in technology and other factors. Investors are advised to use independent judgement before making any investment.

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Security  
On

**ALSOK**

綜合警備保障

