

Consolidated Financial Results for Nine Months Ended December 31, 2005

SOHGO SECURITY SERVICES CO., LTD

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

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

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1. Information related to the preparation of Quarterly Financial Statements

(1) Adoption of simplified accounting methods : Yes

(Details) · Depreciation method for fixed assets : The estimated amount is charged to the third quarter, out of the estimated expense on annual-basis.

· Calculation of income tax : Income taxes are calculated at the estimated rate on annual-basis, based on the statutory tax rate.

(2) Changes in accounting methods : No

(3) Changes in scope of consolidation and application of equity method from the financial results ended March 31, 2005 : Yes

(Details) · Number of newly consolidated company : 1

2. Summary of the consolidated financial results for the nine months ended December 31, 2005

(April 1,2005- December 31, 2005)

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Nine months ended December 31		Year ended March 31
	2005	2004	2005
Sales	¥198,151 million	¥190,940 million	¥257,789 million
% change from the previous year	3.8%	2.8%	
Operating income	¥6,861 million	¥6,030 million	¥10,962 million
% change from the previous year	13.8%	△35.7%	
Recurring profit	¥7,718 million	¥6,743 million	¥11,592 million
% change from the previous year	14.5%	△32.5%	
Net income	¥2,571 million	¥1,950 million	¥4,951 million
% change from the previous year	31.8%	△56.9%	
Basis net income per share	¥25.81	¥19.69	¥47.54
Diluted net income per share	¥25.75	¥19.67	¥47.50

Note: Percentages shown above represent the changes from the corresponding period of the previous year.

(2) Consolidated financial conditions

(Figures rounded down to the nearest million)

	Nine months ended		Year ended
	December 31, 2005	December 31, 2004	March 31, 2005
Total assets	¥297,764 million	¥283,442 million	¥282,206 million
Shareholders' equity	¥125,526 million	¥119,569 million	¥123,169 million
Shareholders' equity ratio	42.2%	42.2%	43.6%
Shareholders' equity per share	¥1,211.92	¥1,190.26	¥1,222.93

(3) Consolidated cash flows

(Figures rounded down to the nearest million)

	Nine months ended		Year ended
	December 31, 2005	December 31, 2004	March 31, 2005
Cash flows from operating activities	△¥3,038 million	△¥6,085 million	△¥7,820 million
Cash flows from investing activities	△¥10,202 million	△¥13,113 million	△¥15,161 million
Cash flows from financing activities	¥11,439 million	¥13,584 million	¥21,531 million
Cash and cash equivalents at the end of the period	¥42,562 million	¥40,200 million	¥44,364 million

3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2006

(April 1, 2005-March 31, 2006)

(Figures rounded down to the nearest million)

	Sales	Operating income	Recurring profit	Net income
Year ending March 31, 2006	¥266,000 million (3.2%)	¥12,100 million (10.4%)	¥13,000 million (12.1%)	¥5,600 million (13.1%)

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

2. Forecasted net income per share for FYE2006 is ¥53.72.

3. The above forecast has no change from the one the company had announced on November 14, 2005.

4. 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.

Consolidated Balance Sheets

(Unit: ¥ million)

	Nine months ended December 31, 2005		Year ended March 31, 2005		Change from the previous year		Nine months ended December 31, 2004	
	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)
Assets								
Current assets	164,115	55.1	150,901	53.5	13,214	8.8	151,030	53.3
Cash and deposits	107,268		90,186		17,082	18.9	99,967	
Notes and accounts receivable	18,420		17,970		450	2.5	17,573	
Other	38,425		42,744		△4,318	△10.1	33,490	
Fixed assets	133,649	44.9	131,305	46.5	2,343	1.8	132,411	46.7
Tangible fixed assets	58,853		59,194		△340	△0.6	59,123	
Intangible fixed assets	6,709		6,448		261	4.0	5,739	
Net investments and other assets	68,085		65,662		2,423	3.7	67,548	
Total assets	297,764	100.0	282,206	100.0	15,557	5.5	283,442	100.0
Liabilities								
Current liabilities	97,516	32.7	82,903	29.4	14,613	17.6	82,123	29.0
Trade notes and accounts payable	7,508		8,969		△1,460	△16.3	7,043	
Short-term borrowings	62,276		47,075		15,201	32.3	48,020	
Current portion of bonds	500		100		400	400.0	—	
Other	27,230		26,759		471	1.8	27,059	
Long-term liabilities	58,311	19.6	60,675	21.5	△2,364	△3.9	66,606	23.5
Total liabilities	155,827	52.3	143,579	50.9	12,248	8.5	148,730	52.5
Minority interests in consolidated subsidiaries	16,410	5.5	15,458	5.5	952	6.2	15,143	5.3
Shareholders' equity								
Common stock	17,584	5.9	17,152	6.1	432	2.5	17,044	6.0
Capital surplus	31,740	10.7	31,600	11.2	139	0.4	31,577	11.2
Retained earnings	76,663	25.8	77,444	27.4	△780	△1.0	74,442	26.3
Land revaluation account	△4,976	△1.7	△5,585	△2.0	609	—	△5,585	△2.0
Other securities valuation difference	4,540	1.5	2,583	0.9	1,957	75.7	2,115	0.7
Treasury stock	△26	△0.0	△25	△0.0	△1	—	△25	△0.0
Total shareholders' equity	125,526	42.2	123,169	43.6	2,357	1.9	119,569	42.2
Total	297,764	100.0	282,206	100.0	15,557	5.5	283,442	100.0

Consolidated Statements of Operations

(Unit: ¥ million)

	Nine months ended December 31, 2005		Nine months ended December 31, 2004		Change from the previous year		Year ended March 31, 2005	
	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)
Net sales	198,151	100.0	190,940	100.0	7,211	3.8	257,789	100.0
Cost of sales	148,682	75.0	143,629	75.2	5,053	3.5	192,405	74.6
Gross profit on sales	49,469	25.0	47,310	24.8	2,158	4.6	65,383	25.4
Selling, general and administrative expenses	42,607	21.5	41,280	21.6	1,327	3.2	54,421	21.1
Operating income	6,861	3.5	6,030	3.2	831	13.8	10,962	4.3
Other income	2,198	1.1	1,846	0.9	352	19.1	2,552	1.0
Other expenses	1,341	0.7	1,133	0.6	207	18.3	1,922	0.8
Recurring profit	7,718	3.9	6,743	3.5	975	14.5	11,592	4.5
Extraordinary profits	273	0.1	700	0.4	△426	△61.0	700	0.2
Extraordinary losses	831	0.4	168	0.1	662	392.6	317	0.1
Income before income taxes	7,160	3.6	7,274	3.8	△113	△1.6	11,974	4.6
Income taxes	3,761	1.9	4,291	2.3	△530	△12.4	5,778	2.2
Minority interests in income of consolidated subsidiaries	828	0.4	1,032	0.5	△204	△19.8	1,244	0.5
Net income	2,571	1.3	1,950	1.0	620	31.8	4,951	1.9

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Nine months ended December 31, 2005	Nine months ended December 31, 2004	Year ended March 31, 2005
	Amount (¥)	Amount (¥)	Amount (¥)
Cash flows from operating activities			
Income before income taxes	7,160	7,274	11,974
Depreciation	8,008	8,152	10,816
Impairment loss	263	—	—
Amortization of goodwill	364	400	569
Increase/decrease(Δ) in allowance for doubtful accounts	1	36	Δ7
Increase/decrease(Δ) in accrued retirement benefit for employees	Δ427	253	Δ14,810
Decrease in provision for loss on debt guarantees	Δ3,916	Δ3,702	Δ117
Interest income and dividend income	Δ623	Δ470	Δ628
Interest expenses	759	510	733
Equity in earnings of affiliates	Δ163	Δ191	Δ294
Loss on sales of fixed assets	0	Δ23	Δ30
Loss on disposals of fixed assets	215	288	461
Loss/profit(Δ) on sales of investments in securities	Δ244	Δ720	Δ719
Impairment loss on investment in securities	17	168	96
Increase(Δ)/decrease in accounts receivable	Δ450	Δ1,128	Δ1,525
Increase in inventories	Δ887	Δ752	Δ687
Increase/decrease(Δ) in accounts payable	Δ110	Δ682	225
Increase(Δ)/decrease in prepaid pension	518	—	Δ1,380
Other	Δ11,816	Δ7,689	Δ4,880
Sub-total	Δ1,329	1,724	Δ204
Interest and dividend income, received	662	502	633
Interest expenses, paid	Δ686	Δ472	Δ715
Income taxes, paid	Δ3,801	Δ7,839	Δ7,533
Income tax, refund	2,117	—	—
Net cash provided by operating activities	Δ3,038	Δ6,085	Δ7,820
Cash flows from investment activities			
Increase(Δ)/decrease of time deposits	Δ676	114	2,529
Payments for purchases of tangible assets	Δ7,885	Δ10,239	Δ13,441
Proceeds from sales of tangible assets	108	98	113
Payments for purchases of investments in securities	Δ2,274	Δ1,698	Δ2,644
Proceeds from sales of investments in securities	1,822	1,213	1,632
Payments purchases of investments in consolidated subsidiaries	—	Δ257	Δ257
Increase(Δ)/decrease in short-term loans	13	10	Δ0
Long-term loans made	Δ66	Δ78	Δ120
Long-term loans collected	140	137	171
Other	Δ1,382	Δ2,413	Δ3,142
Net cash used in investments activities	Δ10,202	Δ13,113	Δ15,161

Contd.

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Nine months ended December 31, 2005	Nine months ended December 31, 2004	Year ended March 31, 2005
	Amount (¥)	Amount (¥)	Amount (¥)
Cash flows from financing activities			
Increase in short-term borrowings	16,171	16,689	15,773
Proceeds from long-term debt	927	2,400	2,640
Payments on repayment of long-term debt	△3,413	△3,749	△6,061
Proceeds from issue of new bonds	—	—	10,806
Payments for redemption of bonds	△100	—	—
Proceeds from issue of new shares	570	94	224
Payments for acquisition of treasury stock	△1	△0	△0
Dividends paid	△2,563	△1,706	△1,706
Dividends paid to minority shareholders	△151	△143	△143
Net cash provided by/ (used in) financing activities	11,439	13,584	21,531
Net increase/decrease(Δ) in cash and cash equivalents	△1,801	△5,614	△1,450
Cash and cash equivalents at beginning of the year	44,364	45,814	45,814
Balance of cash and cash equivalents at the end of the year	42,562	40,200	44,364