

# Consolidated Financial Results for the Second Quarter Ended September 30, 2009

## SOHGO SECURITY SERVICES CO., LTD

(Code No.:2331, TSE 1<sup>st</sup> Sec.)

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

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Date of the Board Meeting for the settlement of consolidated account: November 5, 2009

Scheduled Date to File Quarterly Report: November 11, 2009

Scheduled Date of Payment of Dividend : December 4, 2009

### 1. Summary of the consolidated financial results for the second quarter ended September 30, 2009

(April 1, 2009- September 30, 2009)

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Six months ended	
	September 30, 2009	September 30, 2008
Sales	¥138,402 million	¥142,195 million
% change from the previous year	-2.7%	—
Operating profit	¥6,245 million	¥5,999 million
% change from the previous year	4.1%	—
Recurring profit	¥7,146 million	¥6,850 million
% change from the previous year	4.3%	—
Net income	¥3,391 million	¥2,990 million
% change from the previous year	13.4%	—
Net income per share	¥33.74	¥29.57
Diluted net income per share	—	¥29.57

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

Consolidated financial conditions

(Figures rounded down to the nearest million)

	As of	
	September 30, 2009	March 31, 2009
Total assets	¥270,534 million	¥287,561 million
Net assets	¥158,290 million	¥154,898 million
Capital adequacy ratio	51.8%	47.7%
Net assets per share	¥1,393.85	¥1,364.33

Note: Equity capital: Six months ended September 30, 2009 ¥140,130 million, Year ended March 31, 2009 ¥137,162 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, 2009	—	¥10.00	—	¥10.00	¥20.00
Fiscal year ending March 31, 2010	—	¥10.00	—	—	—
Fiscal year ending March 31, 2010 (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, 2010 (April 1, 2009 — March 31, 2010)

(Figures rounded down to the nearest million)

	Sales	Operating profit	Recurring profit	Net income	Net income per share
Annual	¥286,000 million (0.3%)	¥8,000 million (-19.5%)	¥9,000 million (-15.3%)	¥4,200 million (-0.6%)	¥41.66

Notes: 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.

[ Comment added by the IR Office ]

On October 28, the Company has announced a revision of its financial forecasts for the first half of Fiscal Year Ending March 2010, however, the Company will keep its forecasts for the full fiscal year unchanged as business environment remains uncertain.

## 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 : No

② Changes arising from other factors : Yes

(4) Number of shares outstanding(Ordinary shares)

① Number of shares issued (including treasury stock) : Six months ended September 30, 2009 102,040,042 shares  
Year ended March 31, 2009 102,040,042 shares

② Number of shares of treasury stock : Six months ended September 30, 2009 1,505,462 shares  
Year ended March 31, 2009 1,505,245 shares

③ Average number of shares during the period (cumulative quarterly period) : Six months ended September 30, 2009  
100,534,706 shares  
Six months ended September 30, 2008  
101,109,415 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, 2009	As of March 31, 2009
<b>Assets</b>		
Current assets		
Cash and deposits	45,263	53,506
Cash for Transportation Security Services	27,029	30,910
Notes and accounts receivable	19,106	20,862
Short-term investments in securities	1,952	1,618
Raw materials and supplies	4,493	4,249
Advance payment	39,737	43,821
Other	10,051	8,938
Allowance for doubtful accounts	-223	-216
Total current assets	147,409	163,690
Fixed assets		
Tangible fixed assets	58,511	59,095
Intangible fixed assets		
Goodwill	—	37
Other	4,991	5,384
Total intangible fixed assets	4,991	5,422
Investments and other assets		
Investments in securities	25,196	24,039
Other	34,919	35,788
Allowance for doubtful accounts	-494	-474
Net investments and other assets	59,620	59,353
Total fixed assets	123,124	123,871
<b>Total assets</b>	<b>270,534</b>	<b>287,561</b>

**Consolidated Balance Sheets**

(Unit: ¥ million)

	As of September 30, 2009	As of March 31, 2009
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	6,603	8,668
Short-term borrowings	36,962	53,182
Accrued income taxes	2,465	1,541
Allowance	1,154	1,051
Other	22,906	24,937
Total current liabilities	70,091	89,381
Long-term liabilities		
Bonds	3,300	4,400
Long-term borrowings	2,412	2,852
Accrued retirement benefits for employees	27,724	27,773
Accrued retirement benefits for directors and corporate auditors	1,638	1,658
Other	7,077	6,597
Total long-term liabilities	42,152	43,282
Total liabilities	112,244	132,663
<b>Net Assets</b>		
Shareholders' equity		
Common stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	95,390	93,004
Treasury stock	-1,974	-1,974
Total shareholders' equity	144,209	141,822
Valuation and translation adjustments		
Other securities valuation difference	1,320	738
Land revaluation account	-5,395	-5,395
Translation adjustment	-3	-3
Total valuation and translation adjustments	-4,078	-4,660
Minority interests in consolidated subsidiaries	18,159	17,735
Total net assets	158,290	154,898
<b>Total</b>	<b>270,534</b>	<b>287,561</b>

**Consolidated Statements of Operations**

(Unit: ¥ million)

	Six months ended September 30, 2009	Six months ended September 30, 2008
Sales	138,402	142,195
Cost of sales	103,033	107,071
Gross profit on sales	35,368	35,124
Selling, general and administrative expenses	29,122	29,125
Operating profit	6,245	5,999
Other income		
Interest received	111	124
Dividends received	508	500
Equity in earnings of affiliates	185	122
Other	863	1,135
Total other income	1,668	1,883
Other expenses		
Interest	321	485
Loss on disposals of fixed assets	163	—
Other	283	546
Total other expenses	768	1,031
Recurring profit	7,146	6,850
Extraordinary profits		
Profit on sales of investments in securities	1	3
Total extraordinary profits	1	3
Extraordinary losses		
Impairment loss on investments in securities	153	673
Impairment loss	15	—
Other	1	24
Total extraordinary losses	170	697
Income before income taxes	6,976	6,156
Income taxes	3,065	2,743
Minority interests in income of consolidated subsidiaries	518	422
Net income	3,391	2,990

## Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Six months ended September 30, 2009	Six months ended September 30, 2008
<b>Cash flows from operating activities</b>		
Income before income taxes	6,976	6,156
Depreciation	5,930	5,295
Impairment loss	15	0
Depreciation of goodwill	37	54
Increase/decrease(-) in allowance for doubtful accounts	27	21
Increase/decrease(-) in accrued retirement benefit for employees	-49	-496
Increase/decrease(-) in allowance for bonuses	149	160
Increase/decrease(-) in allowance for director's bonuses	-46	-56
Interest income and dividend income	-619	-625
Interest expenses	321	485
Equity in earnings of affiliates	-185	-122
Loss on sales of fixed assets	0	10
Loss on disposals of fixed assets	163	144
Profit on sales of investments in securities	-25	-23
Impairment loss on investment in securities	153	673
Loss on revaluation of derivatives	55	46
Increase(-)/decrease in accounts receivable	1,756	1,778
Increase(-)/decrease in inventories	-243	71
Increase/decrease(-) in accounts payable	-4,972	-2,957
Increase(-)/decrease in prepaid pension	214	-253
Decrease in assets and liabilities for Transportation Security Services	-6,581	-4,786
Other	-850	-1,237
Sub-total	-2,228	4,342
Interest and dividend income, received	656	701
Interest expenses, paid	-318	-489
Income taxes, paid	-2,543	-3,016
Income tax, paid, received	1,185	738
Net cash provided by operating activities	-1,209	-2,276
<b>Cash flows from investment activities</b>		
Increase(-)/decrease of time deposits	421	11
Payments for purchases of tangible assets	-3,865	-3,988
Proceeds from sales of tangible assets	2	6
Payments for purchases of investments in securities	-811	-1,161
Proceeds from sales of investments in securities	509	1,828
Increase(-)/decrease in short-term loans	-8	15
Long-term loans made	-64	-45
Long-term loans collected	66	80
Other	-251	-966
Net cash used in investment activities	-4,001	-4,218

**Consolidated Statements of Cash Flows**

(Unit: ¥ million)

	Six months ended September 30, 2009	Six months ended September 30, 2008
<b>Cash flows from financing activities</b>		
Increase/decrease(-) in short-term borrowings	-344	-167
Proceeds from long-term debt	200	600
Payments on repayment of long-term debt	-1,979	-2,036
Payments for redemption of bonds	-1,100	-1,600
Proceeds from issue of new shares	—	1
Payments for purchase of treasury stock	-0	-1,053
Repayments of lease obligations	-501	—
Dividends paid	-1,005	-1,013
Dividends paid to minority shareholders	-196	-190
Net cash used in financing activities	-4,927	-5,460
<b>Effect of exchange rate changes on cash and cash equivalents</b>	-0	-0
<b>Net decrease in cash and cash equivalents</b>	-7,719	-7,403
<b>Cash and cash equivalents at beginning of the year</b>	45,866	49,790
<b>Change in cash and cash equivalents due to newly consolidated subsidiaries</b>	—	162
<b>Balance of cash and cash equivalents at the end of the period</b>	38,146	42,549