

**Consolidated Financial Results for the First Quarter Ended June 30, 2013**  
**Prepared in Conformity with Accounting Principles Generally Accepted in Japan (Japanese GAAP)**  
English Translation of the Original Japanese-Language Report

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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**1. Summary of the consolidated financial results for the first quarter ended June 30, 2013 (April 1, 2013 – June 30, 2013)**

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2013	77,210	1.6	3,355	0.1	3,676	1.9	1,861	(4.3)
June 30, 2012	75,971	5.2	3,352	14.4	3,606	4.1	1,944	27.8

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

Note 2: Comprehensive income: Three months ended June 30, 2013      ¥ 2,906 million      47.6%  
Three months ended June 30, 2012      ¥ 1,969 million      5.9%

	Net income per share	Diluted net income per share
Three months ended		
June 30, 2013	18.51	—
June 30, 2012	19.34	—

(2) Consolidated financial conditions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Three months ended				
June 30, 2013	289,095	176,697	53.8	1,548.06
Fiscal year ended				
March 31, 2013	296,665	175,563	52.1	1,536.30

Note: Equity capital: Three months ended June 30, 2013      ¥155,609 million  
Year ended March 31, 2013      ¥154,427 million

**2. Dividend**

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended					
March 31, 2013	—	11.00	—	14.00	25.00
March 31, 2014	—				
Fiscal year ending					
March 31, 2014 (Forecast)		12.50	—	12.50	25.00

Note 1: Revisions to the dividend forecast in this quarter: No

**3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2014 (April 1, 2013 - March 31, 2014)**

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	159,300	3.4	6,800	(3.9)	7,600	(2.9)	4,000	(4.9)	39.79
Annual	330,000	4.6	18,200	54.4	20,000	35.7	10,800	26.0	107.44

Note 1: Revisions to the forecast of financial results in this quarter: No

#### 4. Others

(1) Changes in consolidated subsidiaries (Changes in scope of consolidation) : No

Added: —                      Removed: —

(2) Application of accounting which is simplified or exceptional for quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

a Changes arising from revision of accounting standards : No

b Changes arising from other factors : Yes

c Changes arising from accounting estimate : Yes

d Restatement : No

Changes are conducted in accordance with Article 10-5 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements

(4) Number of shares outstanding (Ordinary shares)

a Number of shares issued (including treasury stock)	Three months ended June 30, 2013	102,040,042 shares	Year ended March 31, 2013	102,040,042 shares
b Number of shares of treasury stock	Three months ended June 30, 2013	1,521,005 shares	Year ended March 31, 2013	1,520,950 shares
c Average number of ordinary shares throughout the fiscal year	Three months ended June 30, 2013	100,519,059 shares	Three months ended June 30, 2012	100,534,288 shares

\*Indication of review procedure implementation status

This summary of quarterly consolidated financial results is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. The quarterly review procedure is in progress at the time of disclosure of this report.

\*Explanation for Appropriate Use of Forecasts and Other Notes

The forward-looking statements such as operational forecasts contained in this summary of financial results are based on the information currently available to the Company and certain assumptions which are regarded as legitimate, and the Company does not promise the achievement of these results. Actual results may differ significantly from these forecasts due to various factors.

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
Assets		
Current assets		
Cash and deposits	46,652	41,287
Cash for Transportation Security Services	64,094	59,633
Notes and accounts receivable-trade	31,309	26,035
Short-term investment securities	1,439	571
Raw materials and supplies	4,844	5,652
Costs on uncompleted construction contracts	825	1,122
Advances paid	5,732	5,075
Other	9,450	15,765
Allowance for doubtful accounts	(198)	(173)
Total current assets	164,149	154,970
Noncurrent assets		
Property, plant and equipment	60,149	61,234
Intangible assets		
Goodwill	1,129	1,037
Other	4,828	4,752
Total intangible assets	5,957	5,789
Investments and other assets		
Investment securities	32,243	32,911
Other	35,020	35,042
Allowance for doubtful accounts	(855)	(852)
Total investments and other assets	66,408	67,101
Total noncurrent assets	132,515	134,125
Total assets	296,665	289,095

	As of March 31, 2013	As of June 30, 2013
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	17,417	14,082
Short-term loans payable	23,038	17,215
Income taxes payable	3,732	914
Provision	1,250	602
Other	29,932	34,132
<b>Total current liabilities</b>	<b>75,372</b>	<b>66,947</b>
<b>Noncurrent liabilities</b>		
Bonds payable	30	25
Long-term loans payable	6,750	6,079
Provision for retirement benefits	28,783	29,082
Provision for directors' retirement benefits	1,624	1,602
Asset retirement obligations	93	94
Other	8,448	8,566
<b>Total noncurrent liabilities</b>	<b>45,730</b>	<b>45,450</b>
<b>Total liabilities</b>	<b>121,102</b>	<b>112,397</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	106,731	107,125
Treasury stock	(1,987)	(1,987)
<b>Total shareholders' equity</b>	<b>155,536</b>	<b>155,930</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,245	5,027
Revaluation reserve for land	(5,343)	(5,343)
Foreign currency translation adjustment	(10)	(3)
<b>Total accumulated other comprehensive income</b>	<b>(1,109)</b>	<b>(320)</b>
Minority interests	21,135	21,088
<b>Total net assets</b>	<b>175,563</b>	<b>176,697</b>
<b>Total liabilities and net assets</b>	<b>296,665</b>	<b>289,095</b>

## Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Net sales	75,971	77,210
Cost of sales	57,332	58,610
Gross profit	18,639	18,600
Selling, general and administrative expenses	15,287	15,244
Operating income	3,352	3,355
Non-operating income		
Interest income	45	54
Dividends income	150	169
Equity in earnings of affiliates	38	—
Other	358	409
Total non-operating income	593	634
Non-operating expenses		
Interest expenses	126	140
Loss on sales of investment securities	27	—
Equity in losses of affiliates	—	1
Other	185	171
Total non-operating expenses	338	313
Ordinary income	3,606	3,676
Extraordinary income		
Gain on sales of investment securities	1	24
Compensation income	287	88
Total extraordinary income	288	113
Extraordinary loss		
Loss on valuation of investment securities	218	8
Loss on retirement of noncurrent assets	—	64
Total extraordinary losses	218	73
Income before income taxes	3,677	3,716
Income taxes	1,548	1,606
Income before minority interests	2,129	2,110
Minority interests in income	185	249
Net income	1,944	1,861

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Income before minority interests	2,129	2,110
Other comprehensive income		
Valuation difference on available-for-sale securities	(181)	784
Foreign currency translation adjustment	10	(8)
Share of other comprehensive income of associates accounted for using equity method	10	19
Total other comprehensive income	(160)	795
Comprehensive income	1,969	2,906
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	1,802	2,649
Comprehensive income attributable to minority interests	166	256

	Three months ended June 30, 2012	Three months ended June 30, 2013
Net cash provided by (used in) operating activities		
Income before income taxes	3,677	3,716
Depreciation and amortization	2,759	2,193
Amortization of goodwill	91	92
Amortization of negative goodwill	(20)	(20)
Increase (decrease) in allowance for doubtful accounts	75	(27)
Increase (decrease) in provision for retirement benefits	403	299
Increase (decrease) in provision for bonuses	(503)	(509)
Increase (decrease) in provision for directors' bonuses	(139)	(137)
Interest and dividends income	(195)	(224)
Interest expenses	126	140
Equity in (earnings) losses of affiliates	(38)	1
Loss (gain) on sales of noncurrent assets	—	2
Loss on retirement of noncurrent assets	0	86
Loss (gain) on sales of investment securities	25	(24)
Loss (gain) on valuation of investment securities	218	8
Loss (gain) on valuation of derivatives	33	(33)
Decrease (increase) in notes and accounts receivable-trade	2,436	5,275
Decrease (increase) in inventories	(598)	(1,106)
Increase (decrease) in notes and accounts payable-trade	(3,961)	(3,999)
Decrease (increase) in prepaid pension costs	(21)	(222)
Decrease in assets and liabilities for Transportation Security Services	(3,623)	(5,423)
Other	(682)	(2,344)
Subtotal	63	(2,257)
Interest and dividends income received	271	304
Interest expenses paid	(124)	(150)
Income taxes paid	(2,531)	(3,514)
Income taxes refund	3	—
Net cash provided by (used in) operating activities	(2,317)	(5,617)

## Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	232	86
Purchase of property, plant and equipment	(1,945)	(2,725)
Proceeds from sales of property, plant and equipment	—	8
Purchase of investment securities	(330)	(397)
Proceeds from sales of investment securities	2,208	343
Decrease (increase) in short-term loans receivable	(0)	(6)
Payments of long-term loans receivable	(13)	(17)
Collection of long-term loans receivable	39	37
Other	(159)	(12)
Net cash provided by (used in) investing activities	29	(2,684)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2,318	4,761
Proceeds from long-term loans payable	400	150
Repayment of long-term loans payable	(937)	(884)
Redemption of bonds	(55)	(5)
Purchase of treasury stock	—	(0)
Repayments of lease obligations	(773)	(727)
Cash dividends paid	(1,005)	(1,407)
Cash dividends paid to minority shareholders	(186)	(304)
Net cash provided by (used in) financing activities	(239)	1,582
Effect of exchange rate change on cash and cash equivalents	6	(11)
Net increase (decrease) in cash and cash equivalents	(2,520)	(6,729)
Cash and cash equivalents at beginning of period	40,476	40,541
Increase in cash and cash equivalents from newly consolidated subsidiary	—	36
Cash and cash equivalents at end of period	37,955	33,847

Information regarding production, orders, and sales

a. Production

The ALSOK Group does not conduct production. Contracts for each business category are as follows.

(Number of contracts)

Business segment	As of June 30, 2013	YoY(%)
Security Services		
Electronic Security Services	646,585	8.6
Stationed Security Services	3,113	3.4
Transportation Security Services	52,907	7.4
Total	702,605	8.4
Total Building Management Services and Disaster Prevention Services	56,995	10.7
Total for reportable segments	759,600	8.6
Others	11,673	15.0
Total	771,273	8.7

b. Sales

Sales for each business category are as follows.

(Millions of yen)

Business segment	Three months ended June 30, 2013	YoY(%)
Security Services		
Electronic Security Services	36,474	1.6
Stationed Security Services	18,836	4.5
Transportation Security Services	12,685	(0.2)
Total	67,996	2.0
Total Building Management Services and Disaster Prevention Services	8,457	(1.0)
Total for reportable segments	76,454	1.7
Others	755	(2.4)
Total	77,210	1.6

Note: 1. Values have not been adjusted for income taxes and other taxes.

2. No one customer accounts for over 10% of total sales.

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