

Consolidated Financial Results for the Third Quarter Ended December 31, 2008

SOHGO SECURITY SERVICES CO., LTD

(Securities Code:2331, TSE 1st Sec.)

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

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Date of the Board Meeting for the settlement of consolidated account: February 3, 2009

Scheduled Date to File Quarterly Report: February 10, 2009

1. Summary of the consolidated financial results for the third quarter ended December 31, 2008

(April 1, 2008-December 31, 2008)

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Nine months ended	
	December 31, 2008	December 31, 2007
Sales	¥213,278 million	¥212,433 million
% change from the previous year	—	3.6%
Operating profit	¥7,636 million	¥11,194 million
% change from the previous year	—	-5.3%
Recurring profit	¥8,642 million	¥12,229 million
% change from the previous year	—	-4.4%
Net income	¥3,516 million	¥6,029 million
% change from the previous year	—	-11.5%
Net income per share	¥34.84	¥59.14
Diluted net income per share	¥34.84	¥59.04

(2) Consolidated financial conditions

(Figures rounded down to the nearest million)

	As of	
	December 31, 2008	March 31, 2008
Total assets	¥305,741 million	¥297,396 million
Net assets	¥154,756 million	¥154,904 million
Capital adequacy ratio	44.8%	46.2%
Net assets per share	¥1,363.94	¥1,356.35

Note: Equity capital; As of December 31, 2008 ¥137,123 million, As of March 31, 2008 ¥137,504 million

2. Dividend

(Record date)	Dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	Year-end	Annual
Fiscal year ended March 31, 2008	—	¥10.00	—	¥10.00	¥20.00
Fiscal year ending March 31, 2009	—	¥10.00	—		
Fiscal year ending March 31, 2009 (Forecast)				¥10.00	¥20.00

Note: Revisions to the forecast of dividends in this quarter; No

3. Forecasts for the consolidated financial results of the fiscal year ending March 31, 2009

(April 1, 2008 -March 31, 2009)

(Figures rounded down to the nearest million)

	Sales	Operating profit	Recurring profit	Net income	Net income per share
Annual	¥288,300 million 1.2%	¥10,200 million -26.1%	¥11,400 million -22.1%	¥5,100 million -33.4%	¥50.44

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

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

4. Others

- (1) Changes in significant subsidiaries during the period (Changes of specified subsidiaries during the period) : No
- (2) Adoption of the simplified accounting polices and typical accounting procedures for preparation of the quarterly consolidated financial statements : Yes
- (3) Changes in accounting principles, procedures and presentation for preparing the quarterly consolidated financial statements
 - ① Changes due to amendment to accounting standards : Yes
 - ② Changes due to other than above : No
- (4) Number of shares issued (Common stock)
 - ① Number of shares issued (including treasury stock) : As of December 31, 2008 102,040,042 shares
As of March 31, 2008 102,039,042 shares
 - ② Number of shares of treasury stock : As of December 31, 2008 1,505,193 shares
As of March 31, 2008 660,709 shares
 - ③ Average number of shares (April 1, 2008 – December 31, 2008) : As of December 31, 2008 100,917,228 shares
As of December 31, 2007 101,964,662 shares

* Explanations about proper use of forecasts for consolidated financial results and other special instruction

1. 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.
2. Effective from this fiscal year, “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12) and “Guidance on Accounting Standard for Quarterly Financial Reporting ” (ASBJ Statement No.14) have been applied. In addition, quarterly financial statements were prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements”.

Consolidated Balance Sheets

(Unit: ¥ million)

	As of December 31, 2008	As of March 31, 2008
Assets		
Current assets		
Cash and deposits	53,990	57,375
Cash for Transportation Security Services	56,526	30,839
Notes and accounts receivable	20,878	22,460
Short-term investments in securities	1,580	1,265
Supplies	4,303	4,452
Advance payment	33,185	49,776
Other	14,690	6,272
Allowance for doubtful accounts	-255	-229
Total current assets	184,899	172,212
Fixed assets		
Tangible fixed assets	56,442	57,638
Intangible fixed assets		
Goodwill	65	147
Other	5,367	5,380
Total intangible fixed assets	5,432	5,528
Investments and other assets		
Investments in securities	23,100	27,354
Other	38,252	37,031
Allowance for doubtful accounts	-2,386	-2,369
Net investments and other assets	58,967	62,016
Total fixed assets	120,842	125,183
Total assets	305,741	297,396

Consolidated Balance Sheets

(Unit: ¥ million)

	As of December 31, 2008	As of March 31, 2008
Liabilities		
Current liabilities		
Trade notes and accounts payable	7,346	9,551
Short-term borrowings	71,352	60,766
Accrued income taxes	1,009	1,572
Allowance	485	992
Other	28,026	24,110
Total current liabilities	108,218	96,993
Long-term liabilities		
Bonds	5,500	6,600
Long-term borrowings	3,166	4,419
Accrued retirement benefits for employees	28,267	28,670
Accrued retirement benefits for directors and corporate auditors	1,615	1,575
Negative goodwill	6	—
Other	4,209	4,233
Total long-term liabilities	42,765	45,498
Total liabilities	150,984	142,491
Net Assets		
Shareholders' equity		
Common stock	18,675	18,674
Capital surplus	32,117	32,117
Retained earnings	92,217	90,720
Treasury stock	-1,974	-919
Total shareholders' equity	141,036	140,592
Valuation and translation adjustments		
Other securities valuation difference	1,487	2,310
Land revaluation account	-5,395	-5,395
Translation adjustment	-4	-2
Total valuation and translation adjustments	-3,912	-3,087
Minority interests in consolidated subsidiaries	17,633	17,399
Total net assets	154,756	154,904
Total	305,741	297,396

Consolidated Statements of Operations

(Unit: ¥ million)

	Nine months ended December 31, 2008
Sales	213,278
Cost of sales	161,157
Gross profit on sales	52,121
Selling, general and administrative expenses	44,484
Operating profit	7,636
Other income	
Interest received	182
Dividends received	563
Depreciation of negative goodwill	81
Equity in earnings of affiliates	227
Other	1,668
Total other income	2,722
Other expenses	
Interest	714
Other	1,001
Total other expenses	1,716
Recurring profit	8,642
Extraordinary profits	
Other	6
Total extraordinary profits	6
Extraordinary losses	
Impairment loss on investments in securities	1,401
Other	26
Total extraordinary losses	1,427
Income before income taxes	7,220
Income taxes	3,219
Minority interests in income of consolidated subsidiaries	485
Net income	3,516

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Nine months ended December 31, 2008
Cash flows from operating activities	
Income before income taxes	7,220
Depreciation	8,400
Impairment loss	0
Depreciation of goodwill	1
Increase in allowance for doubtful accounts	42
Decrease in accrued retirement benefit for employees	-428
Decrease in allowance for bonuses	-491
Decrease in allowance for director's bonuses	-45
Interest income and dividend income	-745
Interest expenses	714
Equity in earnings of affiliates	-227
Loss on sales of fixed assets	11
Loss on disposals of fixed assets	212
Profit on sales of investments in securities	-24
Impairment loss on investment in securities	1,401
Loss on revaluation of derivatives	295
Decrease in accounts receivable	1,712
Decrease in inventories	149
Decrease in accounts payable	-489
Increase in prepaid pension	-396
Decrease in assets and liabilities for Transportation Security Services	-3,424
Other	-4,459
Sub-total	9,430
Interest and dividend income, received	812
Interest expenses, paid	-671
Income taxes, paid	-5,297
Income tax, refund	739
Net cash provided by operating activities	5,013
Cash flows from investment activities	
Increase of time deposits	-35
Payments for purchases of tangible assets	-6,874
Proceeds from sales of tangible assets	8
Payments for purchases of investments in securities	-1,383
Proceeds from sales of investments in securities	2,153
Increase in short-term loans	-21
Long-term loans made	-70
Long-term loans collected	120
Other	-1,308
Net cash used in investment activities	-7,411

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Nine months ended December 31, 2008
Cash flows from financing activities	
Increase in short-term borrowings	4,864
Proceeds from long-term debt	1,200
Payments on repayment of long-term debt	-2,386
Payments for redemption of bonds	-1,600
Proceeds from issue of new shares	1
Proceeds from minority shareholders	25
Payments for acquisition of treasury stock	-1,054
Payments for acquisition of treasury stock by consolidated subsidiaries	-16
Dividends paid	-2,019
Dividends paid to minority shareholders	-190
Net cash used in financing activities	-1,176
Effect of exchange rate changes on cash and cash equivalents	-3
Net decrease in cash and cash equivalents	-3,577
Cash and cash equivalents at beginning of the year	49,790
Change in cash and cash equivalents due to newly consolidated subsidiaries	162
Balance of cash and cash equivalents at the end of the period	46,375

[Reference] Financial Statements for the Third Quarter Ended December 31, 2007

(Summary) Consolidated Statements of Operations (Unit: ¥ million)

	Nine months ended December 31, 2007
	Amount(¥)
Sales	212,433
Cost of sales	157,458
Gross profit on sales	54,975
Selling, general and administrative expenses	43,780
Operating profit	11,194
Other income	2,749
Other expenses	1,714
Recurring profit	12,229
Extraordinary profits	337
Extraordinary losses	301
Income before income taxes	12,265
Income taxes	5,624
Minority interests in income of consolidated subsidiaries	610
Net income	6,029

[Reference] Financial Statements for the Third Quarter Ended December 31, 2007

(Summary) Consolidated Statements of Cash Flows (Unit: ¥ million)

	Nine months ended December 31, 2007
	Amount (¥)
Cash flows from operating activities	
Income before income taxes	12,265
Depreciation	8,165
Impairment loss	12
Depreciation of goodwill	82
Increase in allowance for doubtful accounts	90
Decrease in accrued retirement benefit for employees	-154
Decrease in allowance for bonuses	-1,526
Decrease in allowance for director's bonuses	-101
Interest income and dividend income	-920
Interest expenses	723
Equity in earnings of affiliates	-260
Loss on sales of fixed assets	7
Loss on disposals of fixed assets	297
Loss on sales of investments in securities	-219
Impairment loss on investment in securities	168
Increase in accounts receivable	-1,683
Increase in inventories	-620
Decrease in accounts payable	-805
Increase in prepaid pension	-1,031
Other	-13,971
Sub-total	518
Interest and dividend income, received	977
Interest expenses, paid	-505
Income taxes, paid	-7,004
Income tax, refund	561
Net cash provided by operating activities	-5,452
Cash flows from investment activities	
Increase of time deposits	-1,219
Payments for purchases of tangible assets	-6,219
Proceeds from sales of tangible assets	230
Payments for purchases of investments in securities	-1,866
Proceeds from sales of investments in securities	3,276
Increase in short-term loans	-33
Long-term loans made	-228
Long-term loans collected	337
Other	-350
Net cash used in investments activities	-6,072

(Unit: ¥ million)

	Nine months ended December 31, 2007
	Amount (¥)
Cash flows from financing activities	
Increase in short-term borrowings	10,371
Proceeds from long-term debt	650
Payments on repayment of long-term debt	-3,551
Payments for redemption of bonds	-1,100
Proceeds from issue of new shares	167
Proceeds from issue of new shares to minority shareholders	20
Payments for acquisition of treasury stock	-1
Dividends paid	-2,191
Dividends paid to minority shareholders	-197
Net cash provided by/ (used in) financing activities	4,167
Effect of exchange rate change on cash and cash equivalents	2
Net increase/decrease(-) in cash and cash equivalents	-7,355
Cash and cash equivalents at beginning of the year	52,591
Balance of cash and cash equivalents at the end of the year	45,236