

Consolidated Financial Results for the First Quarter Ended June 30, 2011

SOHGO SECURITY SERVICES CO., LTD

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

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

Representative: Atsushi Murai, President and Representative Director

Financial and Accounting : Hiraku Otani, Senior Executive Officer

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Date of the Board Meeting for the settlement of consolidated account: July 29, 2011 at 13:00 (GMT+9)

Scheduled Date to File Quarterly Report: August 9, 2011

1. Summary of the consolidated financial results for the first quarter ended June 30, 2011 (April 1,2011- June 30, 2011)

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Three months ended	
	June 30, 2011	June 30, 2010
Sales	¥72,191 million	¥68,875 million
% change from the previous year	4.8%	-0.1%
Operating profit	¥2,929 million	¥3,241 million
% change from the previous year	-9.6%	11.8%
Recurring profit	¥3,464 million	¥3,504 million
% change from the previous year	-1.1%	9.0%
Net income	¥1,521 million	¥1,457 million
% change from the previous year	4.4%	0.4%
Net income per share	¥15.14	¥14.50
Diluted net income per share	—	—

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

Note 2: Comprehensive income: Three months ended June 30, 2011 ¥1,859 million (70.2%)
Three months ended June 30, 2010 ¥1,092 million (—%)

(2) Consolidated financial conditions

(Figures rounded down to the nearest million)

	As of	
	June 30, 2011	March 31, 2011
Total assets	¥283,945 million	¥284,350 million
Net assets	¥163,281 million	¥162,178 million
Capital adequacy ratio	50.6%	50.3%
Net assets per share	¥1,428.15	¥1,421.67

Note: Equity capital: Three months ended June 30, 2011 ¥143,578 million
Year ended March 31, 2011 ¥142,926 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, 2011	—	¥10.00	—	¥10.00	¥20.00
Fiscal year ending March 31, 2012	—	—	—	—	—
Fiscal year ending March 31, 2012 (Forecast)	—	¥10.00	—	¥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, 2012 (April 1, 2011 — March 31, 2012)

(Figures rounded down to the nearest million)

	Sales	Operating profit	Recurring profit	Net income	Net income per share
Interim	¥149,000 million (7.9%)	¥5,700 million (-16.6%)	¥6,500 million (-15.0%)	¥3,200 million (-9.7%)	¥31.83
Annual	¥301,800 million (8.1%)	¥9,900 million (-4.4%)	¥11,200 million (-4.8%)	¥5,300 million (12.6%)	¥52.72

Note: 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.

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 policy, accounting estimate, and restatement for consolidated financial results

① Changes arising from revision of accounting standards : No

② Changes arising from other factors : No

③ Changes arising from accounting estimate : No

④ Restatement : No

(4) Number of shares outstanding(Ordinary shares)

① Number of shares issued (including treasury stock) :
Three months ended June 30, 2011 102,040,042 shares
Year ended March 31, 2011 102,040,042 shares

② Number of shares of treasury stock :
Three months ended June 30, 2011 1,505,605 shares
Year ended March 31, 2011 1,505,605 shares

③ Average number of shares during the period :
Three months ended June 30, 2011 100,534,437 shares
(cumulative quarterly period) Three months ended June 30, 2010 100,534,499 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 June 30, 2011

As of March 31, 2011

Assets

Current assets

Cash and deposits	46,196	51,062
Cash for Transportation Security Services	60,653	57,676
Notes and accounts receivable	22,155	25,722
Short-term investments in securities	884	942
Raw materials and supplies	4,666	4,254
Costs on uncompleted construction contracts	1,427	1,256
Advance payment	5,908	5,862
Other	12,762	8,138
Allowance for doubtful accounts	-181	-180
Total current assets	154,474	154,735

Fixed assets

Tangible fixed assets	59,441	59,514
Intangible fixed assets		
Goodwill	1,626	1,712
Other	5,420	5,759
Total intangible fixed assets	7,047	7,471
Investments and other assets		
Investments in securities	25,469	24,699
Other	38,238	38,673
Allowance for doubtful accounts	-725	-743
Net investments and other assets	62,981	62,628
Total fixed assets	129,470	129,615
Total assets	283,945	284,350

Consolidated Balance Sheets

(Unit: ¥ million)

As of June 30, 2011 As of March 31, 2011

Liabilities

Current liabilities

Trade notes and accounts payable	10,684	13,384
Short-term borrowings	28,016	28,782
Accrued income taxes	927	1,826
Allowance	608	1,130
Other	30,127	26,646
Total current liabilities	70,364	71,771

Long-term liabilities

Bonds	50	100
Long-term borrowings	11,632	12,226
Accrued retirement benefits for employees	28,453	28,099
Accrued retirement benefits for directors and corporate auditors	1,576	1,641
Asset retirement obligations	90	89
Other	8,496	8,244
Total long-term liabilities	50,298	50,400
Total liabilities	120,663	122,172

Net Assets

Shareholders' equity

Common stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	98,890	98,374
Treasury stock	-1,974	-1,974
Total shareholders' equity	147,709	147,192

Accumulated other comprehensive income

Other securities valuation difference	1,272	1,139
Land revaluation account	-5,395	-5,395
Translation adjustment	-7	-10
Total accumulated other comprehensive income	-4,130	-4,265

Minority interests in consolidated subsidiaries

Total net assets	163,281	162,178
Total	283,945	284,350

Consolidated Statements of Operations

(Unit: ¥ million)

	Three months ended June 30, 2011	Three months ended June 30, 2010
Sales	72,191	68,875
Cost of sales	54,039	50,832
Gross profit on sales	18,152	18,043
Selling, general and administrative expenses	15,222	14,801
Operating profit	2,929	3,241
Other income		
Interest received	63	80
Dividends received	161	180
Equity in earnings of affiliates	21	87
Other	592	392
Total other income	839	741
Other expenses		
Interest	123	144
Loss on disposals of fixed assets	18	104
Loss on revaluation of derivatives	47	124
Other	115	105
Total other expenses	304	479
Recurring profit	3,464	3,504
Extraordinary losses		
Impairment loss on investments in securities	72	190
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	340
Loss by disaster	126	—
Total extraordinary losses	198	530
Income before income taxes	3,265	2,973
Income taxes	1,538	1,344
Net income before adjusting for minority interests	1,726	1,628
Minority interests in income of consolidated subsidiaries	205	171
Net income	1,521	1,457

Consolidated Statements of Operations

	Three months ended June 30, 2011	Three months ended June 30, 2010
Net income before adjusting for minority interests	1,726	1,628
Other comprehensive income		
Valuation difference on available-for-sale securities	121	-517
Foreign currency translation adjustment	2	-6
Share of other comprehensive income of associates accounted for using equity method	8	-12
Total other comprehensive income	132	-536
Comprehensive income	1,859	1,092
(Contents)		
Comprehensive income attributable to owners of the parent	1,657	986
Comprehensive income attributable to minority interests	202	105

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Three months ended June 30, 2011	Three months ended June 30, 2010
Cash flows from operating activities		
Income before income taxes	3,265	2,973
Depreciation	2,917	2,773
Depreciation of goodwill	85	—
Depreciation of negative goodwill	-20	-20
Increase/decrease(-) in allowance for doubtful accounts	-17	-22
Increase/decrease(-) in accrued retirement benefit for employees	292	197
Increase/decrease(-) in allowance for bonuses	-422	-490
Increase/decrease(-) in allowance for director's bonuses	-141	-139
Interest income and dividend income	-225	-260
Interest expenses	123	144
Equity in earnings of affiliates	-21	-87
Loss on sales of fixed assets	-0	-6
Loss on disposals of fixed assets	18	104
Profit on sales of investments in securities	—	3
Impairment loss on investment in securities	72	190
Loss on revaluation of derivatives	47	124
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	340
Increase(-)/decrease in accounts receivable	3,582	1,295
Increase(-)/decrease in inventories	-582	-408
Increase/decrease(-) in accounts payable	-2,901	-2,131
Increase(-)/decrease in prepaid pension	196	81
Decrease in assets and liabilities for Transportation Security Services	-5,778	-3,276
Other	-623	-1,492
Sub-total	-133	-105
Interest and dividend income, received	292	356
Interest expenses, paid	-111	-129
Income taxes, paid	-2,768	-2,682
Net cash provided by operating activities	-2,720	-2,561

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Three months ended June 30, 2011	Three months ended June 30, 2010
Cash flows from investment activities		
Increase(-)/decrease of time deposits	897	43
Payments for purchases of tangible assets	-1,789	-2,822
Proceeds from sales of tangible assets	0	21
Payments for purchases of investments in securities	-658	-261
Proceeds from sales of investments in securities	108	267
Increase(-)/decrease in short-term loans	-5	-0
Long-term loans made	-29	-22
Long-term loans collected	41	30
Other	55	-14
Net cash used in investment activities	-1,380	-2,758
Cash flows from financing activities		
Increase/decrease(-) in short-term borrowings	2,075	2,372
Proceeds from long-term debt	350	300
Payments on repayment of long-term debt	-951	-332
Redemption of bonds	-50	—
Payments for purchase of treasury stock	—	14
Repayments of lease obligations	-508	-355
Dividends paid	-1,005	-1,005
Dividends paid to minority shareholders	-227	-273
Net cash used in financing activities	-317	720
Effect of exchange rate changes on cash and cash equivalents	0	-2
Net decrease in cash and cash equivalents	-4,418	-4,601
Cash and cash equivalents at beginning of the year	43,654	37,349
Increase in cash and cash equivalents resulting from change of scope of consolidation	379	—
Balance of cash and cash equivalents at the end of the period	39,616	32,747

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