



Financial Results of 1H of FYE3/09 Report Meeting

ALSOK

November 17, 2008

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Summary of Financial Results of 1H



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Summary of Financial Results of 1H

Section 1

Summary of P/L

(Unit: ¥ billion)	1H FYE 3/09	1H FYE 3/08	YoY	Change (%)
S a l e s	142.1	139.7	2.4	1.7%
Gross profit	35.1	37.9	- 2.9	- 7.5%
Operating profit	5.9	8.8	- 2.8	- 32.1%
Recurring profit	6.8	9.6	- 2.8	- 28.9%
Net income	2.9	4.6	- 1.7	- 36.2%



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Comparison with Business Forecasts

(Unit: ¥ billion)	1H FYE 3/09	Original plan	Gap	Achievement ratio(%)
S a l e s	142.1	145.0	- 2.9	98.0%
Gross profit	35.1	37.2	- 2.1	94.3%
Operating profit	5.9	7.2	- 1.3	82.4%
Recurring profit	6.8	8.1	- 1.3	84.4%
Net income	2.9	3.8	- 0.9	77.3%



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Comparison with Business Forecasts (breakdown of sales)

(Unit: ¥ billion)	1H FYE 3/09	Original plan	Gap	Achievement ratio(%)	
Security Services	Electronic Security Services	70.7	73.4	- 2.7	96.3%
	Stationed Security Services	36.1	36.6	- 0.5	98.6%
	Transportation Security Services	23.6	23.9	- 0.3	98.9%
Other Services	11.6	10.9	- 0.6	105.7%	
T o t a l	142.1	145.0	- 2.9	98.0%	



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Overview of Electronic Security Services

(Unit: ¥ billion)	1H FYE 3/09	1H FYE 3/08	YoY	Change(%)
S a l e s	70.7	70.8	- 0.1	- 0.2%
(%to Total Sales)	(49.8%)	(50.7%)		
Net increase in contracts	11,433	13,105	- 1,672	▲12.8%
Corporate clients	6,199	7,027	- 828	▲11.8%
Individual clients	5,234	6,078	- 844	▲13.9%

[Circumstances of Corporate Clients]

- 1 Newly booked contracts : Decreased than 1H FYE 3/08
- 2 Cancellation : Increased than 1H FYE 3/08
- 3 Newly booked contract price : Price declined than 1H FYE 3/08
- 4 Price cut : Amount increased than 1H FYE 3/08



Overview of Electronic Security Services

[Individual Clients]

[Circumstances of Individual Clients]

- 1 Newly booked contracts : Decreased than 1H FYE 3/08
- 2 Cancellation : Decreased than 1H FYE 3/08
- 3 Newly booked contract price : Price declined than 1H FYE 3/08
- 4 Price cut : None



Details of Electronic Security Services

● Sales from contracts

YoY ratio +0.6%, Gap against the plan - ¥1.0 billion

① Worsened business confidence

② Negative impact of consumer finance companies increased that the original prediction

< Newly booked contracts >

Decreased in construction industry, real estate industry and convenience-store industry

< Cancellation >

Increased in service industry and retailing industry

● Construction sales

YoY ratio - 13.8%, Gap against the plan - ¥ 0.2 billion

● Equipment sales

YoY ratio - 0.9%, Gap against the plan - ¥1.4 billion



Overview of Stationed Security Services

(Unit: ¥ billion)	1H FYE 3/09	1H FYE 3/08	YoY	Change(%)
S a l e s	36.1	35.9	0.2	0.6%
(% to Total Sales)	(25.4%)	(25.7%)		

•Harima Correctional Facility and others (prison)

Sales from contracts ¥0.2 billion

•Shimane Asahi Correctional Facility (prison)

Equipment sales ¥ 0.2 billion

•G8 Hokkaido Toyako Summit

Temporary Sales from contracts ¥ 0.3 billion

•Shimane Asahi Correctional Facility starts from October 2008



Overview of Transportation Security Services

(Unit: ¥ billion)	1H FYE 3/09	1H FYE 3/08	YoY	Change(%)
S a l e s	23.6	23.1	0.5	2.2%
(% to Total Sales)	(16.6%)	(16.6%)		

- Cash Deposit Machine On-line System Net increase 450 contracts
- Bank ATMs inside convenience stores Net increase 250 contracts
- Achieved an outsourcing need for back-office work from a regional bank



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Overview of Other Services

(Unit: ¥ billion)	1H FYE 3/09	1H FYE 3/08	YoY	Change(%)
S a l e s	11.6	9.8	1.8	18.5%
(% to Total Sales)	(8.2%)	(7.0%)		

- 6,666 AEDs (Automated External Defibrillators)
- 140 thousand residential fire alarms
- Achieved a Total Building Management Service contracts for Universities and public facilities



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Sales by Client Industry

(Unit: ¥ billion)	1H FYE 3/09 (% to Total Sales)	1H FYE 3/08 (% to Total Sales)	YoY	Change (%)
Financial institutions	42.6 (30.0%)	42.5 (30.5%)	0.1	0.2%
Business corporations	82.5 (58.1%)	80.6 (57.7%)	1.9	2.4%
Government offices and Japan Post	12.3 (8.7%)	12.1 (8.7%)	0.3	2.3%
Individuals	4.5 (3.2%)	4.4 (3.2%)	0.1	2.8%
T o t a l	142.1 (100.0%)	139.7 (100.0%)	2.4	1.7%



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Major Changes in P/L

Sales + ¥2.4 billion (YoY +1.7%)

Cost of Sales + ¥5.2 billion (YoY+5.2%)

<Major items>

Labor cost	+ ¥2.6 billion
Cost of product sold	+ ¥0.8 billion
Subcontract cost	+ ¥0.4 billion
Lease payments	+ ¥0.3 billion

SG&A ±¥0 billion (YoY±0.0%)

<Major items>

Personnel cost	+ ¥0.5 billion
Advertising expenses	- ¥0.4 billion
Others	- ¥0.2 billion

Operating profit - ¥2.8 billion (YoY -32.1%)



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Major Changes in Personnel Expenses

Labor cost + ¥2,566 million (YoY +4.7%)

Salaries	+ ¥1,049 million
(Number of employees increased by 709)	
Bonuses	+ ¥825 million
Accrued retirement benefits	+ ¥249 million

Personnel cost + ¥511 million (YoY +2.9%)

Salaries	+ ¥156 million
(Number of employees increased by 101)	
Bonuses	+ ¥100 million
Accrued retirement benefits	+ ¥145 million



Major Reasons for the Increase in Employees

Ensuring personnel for...

- **Future sales staff**
- **Labor environment improvements**
- **Enhancement of technical capabilities**



Extraordinary Losses

Extraordinary losses **¥697 million**

- Impairment loss on investments in securities **¥673 million**
- Loss on disposals of fixed assets **¥23 million**

- Even though the present stock price level remains, we do not assume any large impairment loss exceeding that of the 1H.



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Others

Number of employees (Unit: person)

1H FYE 3/07	1H FYE 3/08	1H FYE 3/09
25,376	26,113	26,923 *

*Note: Number of employees will be 27,068 when including 145 employees of URBAN SECURITY Co., Ltd. which was consolidated from September 30, 2008

Capital expenditures (Unit: ¥ billion)

1H FYE 3/07	1H FYE 3/08	1H FYE 3/09
5.5	4.6	4.6

Depreciation (Unit: ¥ billion)

1H FYE 3/07	1H FYE 3/08	1H FYE 3/09
4.8	5.2	5.2



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Section 2

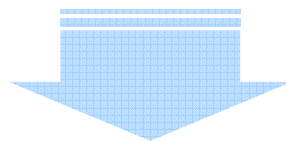
Current Strategy



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Efforts to Increase Sales

Major issue is the Sluggish Growth of Electronic Security Services



« Countermeasures »

- 1 Launch a New Home Security Product
- 2 Reinforce Sales Structure
- 3 Aggressively Pursue M&A Opportunities



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Efforts to Increase Sales

< New Home Security Product >

Successor Model of ALSOK Home Security 7

ALSOK Home Security α



Advance Sales Accepted from
Nov. 1, 2008

Service Launch Date: Dec. 1, 2008

FYE 3/09 Sales Target - 5,000 Contracts

✓ Same price range as ALSOK Home Security 7



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Efforts to Increase Sales

< New Home Security Product >

Feature of ALSOK Home Security α

- 1 Standardization of Internet Security Services
- 2 Enhanced Functions / Services
- 3 Introduction of 'Zero Start Plan' (no initial cost offering plan that is very acceptable)

Example of a standard condominium (3LDK)

(Tax Included)

	'Zero Start Plan' (no initial costs)	Rental Plan	Purchase Plan
Monthly Fee	¥5,386	¥4,819	¥2,940
Installation Cost	—	¥33,600	¥33,600
Equipment Cost	—	—	¥108,570



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Efforts to Increase Sales

< Reinforcing Sales Structure >

- 1 Urgent increase of Tokyo area sales staff
- 2 Strengthen the sales engineer force
- 3 Strengthening of sales distribution network
- 4 Promoting measures aimed at preventing service contract terminations



Efforts to Increase Sales

< M&A Activities >

● Business Transfer of Electronic Security Operations

Track Record (# companies)

In 2006 : 3, in 2007 : 1, in 2008 : 2

Negotiations are ongoing with several companies regarding their Electronic Security operations

<Reference>

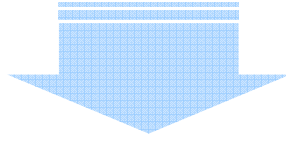
Consolidation of URBAN SECURITY Co., Ltd as a subsidiary from September 30, 2008

(Consolidation impact)	FYE 3/09	FYE 3/10
Sales	¥550 million	¥1,100 million
Recurring profit	¥44 million	¥90 million



Strengthening Cost Controls

Promoting Further Cost Controls



- ① **SG&A Cutbacks**
- ② **Procurement Cost Reductions**
- ③ **Limiting Mid-Career Recruitment**



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Section 3

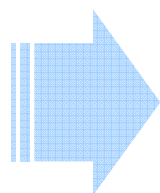
Focus on Shareholders' Returns



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Share Buybacks

To enable the implementation of flexible capital policies in accordance with the business environment.



Execution of Share Buybacks

- Acquisition period :
February 14, 2008 ~ September 19, 2008
- Aggregate number of shares repurchased:
1.5 million shares
- Aggregate repurchase price : ¥1,965 million



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Dividends

	FYE 3/06	FYE 3/07	FYE 3/08	FYE 3/09 (Forecast)
Dividends per share	¥17	¥20	¥20	¥20
Payout ratio	32.1%	26.8%	26.6%	39.5%
(Consolidated)	46.4%	42.2%	32.2%	39.1%
(Non-consolidated)				

Note: Dividends per share for the end of 2Q of FYE 3/09 is ¥10.



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Section 4

Business Forecast of FYE 3/09



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Business Forecast of FYE 3/09

Section 4

Business Forecast of FYE 3/09

(Unit: ¥ billion)	FYE 3/09 Revised Forecast	FYE 3/08	YoY	Change (%)
S a l e s	288.3	284.9	3.3	1.2%
Gross profit	68.6	72.7	- 4.1	- 5.7%
Operating p r o f i t	10.2	13.7	- 3.6	- 26.1%
Recurring p r o f i t	11.4	14.6	- 3.2	- 22.1%
Net income	5.1	7.6	- 2.6	- 33.4%



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Sales Targets by Business Segment

(Unit: ¥ billion)		FYE 3/09 Revised Forecast (% to Total Sales)	FYE 3/08 (% to Total Sales)	YoY	Change (%)
Security Services	Electronic Security Services	142.8 (49.5%)	143.9 (50.5%)	- 1.1	- 0.8%
	Stationed Security Services	75.4 (26.2%)	72.7 (25.5%)	2.6	3.6%
	Transportation Security Services	47.4 (16.5%)	46.6 (16.4%)	0.9	1.9%
Other Services		22.6 (7.8%)	21.6 (7.6%)	1.0	4.7%
T o t a l		288.3 (100.0%)	284.9 (100.0%)	3.3	1.2%



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<Reference>

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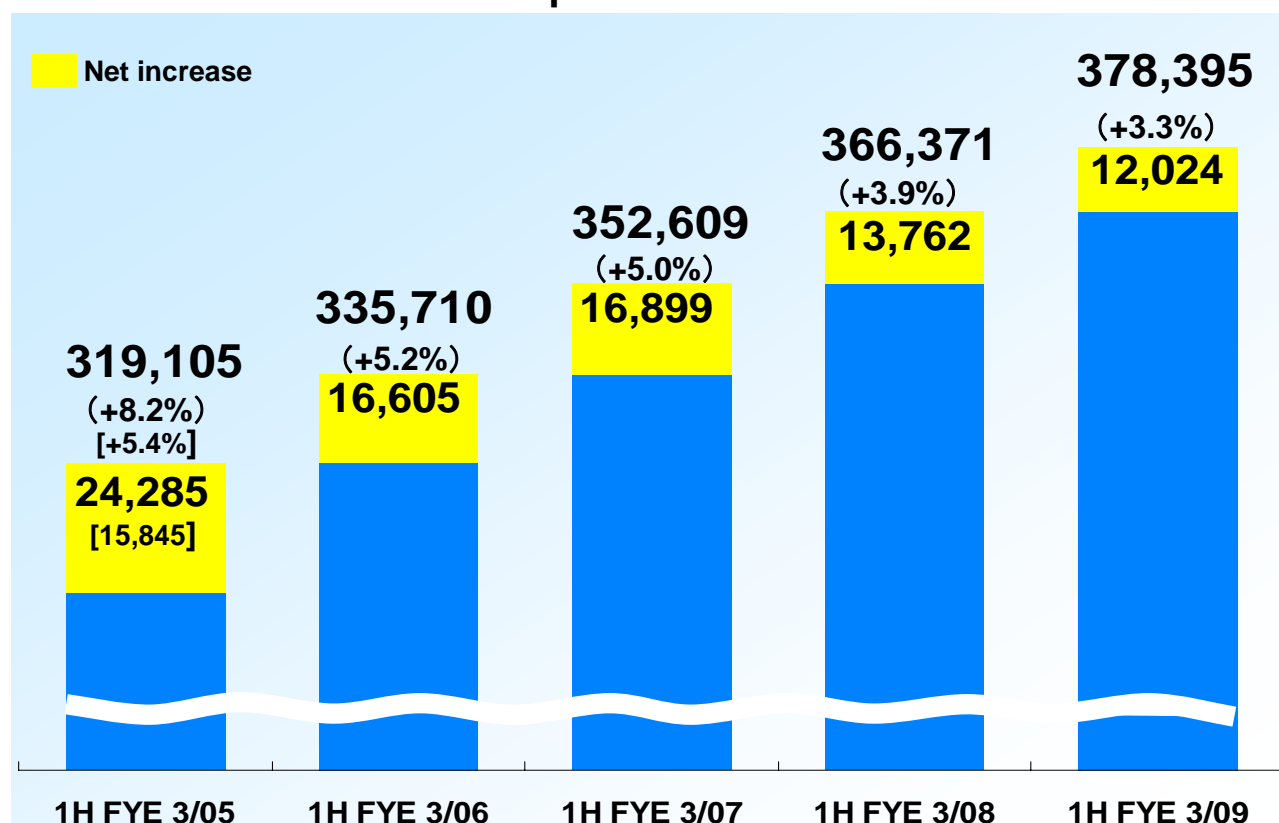
Cumulative Contracts by Services

	1H FYE 3/09	1H FYE 3/08	YoY	Change(%)
Electronic Security	498,661	476,018	22,643	4.8%
Corporate Clients	378,395	366,371	12,024	3.3%
Individual Clients	120,266	109,647	10,619	9.7%
Stationed Security	2,948	2,938	10	0.3%
Transportation Security	33,217	33,030	187	0.6%
Other Services	54,156	58,216	- 4,060	- 7.0%



Increase in Contracts of Electronic Security Services

« Corporate Clients »

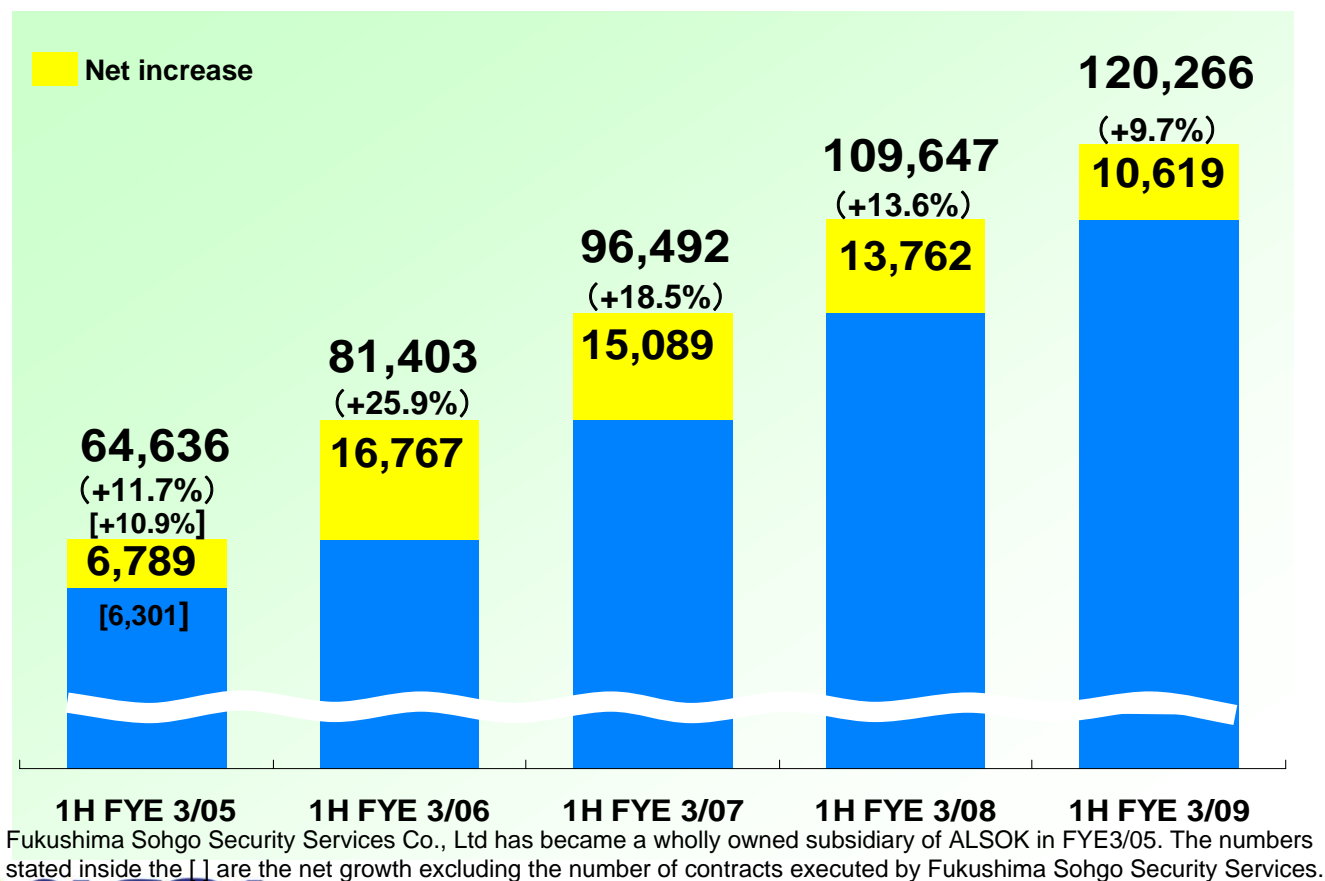


Fukushima Sohgo Security Services Co., Ltd has become a wholly owned subsidiary of ALSOK in FYE3/05. The numbers stated inside the [] are the net growth excluding the number of contracts executed by Fukushima Sohgo Security Services.



Increase in Contracts of Electronic Security Services

« Individual Clients »



Net Increase of Electronic Security Services Contracts

	FYE 3/09 Revised Annual Plan	FYE 3/09 Original Plan	Gap
Electronic Security Services	25,400	32,000	- 6,600
Corporate Clients	13,400	17,000	- 3,600
Individual Clients	12,000	15,000	- 3,000



Disclaimer

Figures regarding the company's current plans and strategies that are not historical facts are forecasts of future performance, which contain risks and uncertainty.

Actual performance may differ widely from these figures as a result of economic conditions, competitive situation, progress in technology and other factors. Investors are advised to use independent judgement before making any investment.

