

Consolidated Financial Results for Fiscal Year Ended March 31, 2006

SOHGO SECURITY SERVICES CO., LTD

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

(URL <http://www.alsok.co.jp/>)

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Date of the Board Meeting for the settlement of consolidated account: May 16, 2006

U.S. GAAP is not applied

1. Summary of the consolidated financial results for the fiscal year ended March 31, 2006

(April 1, 2005- March 31, 2006)

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Fiscal year ended March 31	
	2006	2005
Sales	¥267,545 million	¥257,789 million
% change from the previous year	3.8%	3.4%
Operating income	¥12,246 million	¥10,962 million
% change from the previous year	11.7%	△24.3%
Recurring profit	¥13,102 million	¥11,592 million
% change from the previous year	13.0%	△25.2%
Net income	¥5,550 million	¥4,951 million
% change from the previous year	12.1%	△72.1%
Basis net income per share	¥52.91	¥47.54
Diluted net income per share	¥52.76	¥47.50
Return on equity(ROE)	4.4%	4.1%
Return on asset(ROA)	4.6%	4.2%
Recurring profit ratio	4.9%	4.5%

Note: 1. Equity in earnings of affiliates

Year ended March 31, 2006: ¥259 million

Year ended March 31, 2005: ¥294 million

2. Average number of shares outstanding during the fiscal year

Year ended March 31, 2006: 100,751,191 shares

Year ended March 31, 2005: 100,432,757 shares

3. Change in Accounting method: None

4. Percentages shown above represent the changes from the previous year.

(2) Consolidated financial conditions

(Figures rounded down to the nearest million)

	Fiscal year ended March 31	
	2006	2005
Total assets	¥282,829 million	¥282,206 million
Shareholders' equity	¥129,193 million	¥123,169 million
Shareholders' equity ratio	45.7%	43.6%
Shareholders' equity per share	¥1,274.27	¥1,222.93

Note: Number of shares outstanding

Year ended March 31, 2006: 101,192,940 shares

Year ended March 31, 2005: 100,550,784 shares

(3) Consolidated cash flows

(Figures rounded down to the nearest million)

	Fiscal year ended March 31	
	2006	2005
Cash flows from operating activities	¥29,106 million	△¥7,820 million
Cash flows from investing activities	△¥14,897 million	△¥15,161 million
Cash flows from financing activities	△¥8,351 million	¥21,531 million
Cash and cash equivalents at the end of the period	¥50,221 million	¥44,364 million

(4) Number of companies included in consolidated accounts

Consolidated subsidiaries: 43

Non-consolidated subsidiaries not accounted for under the equity method: None

Affiliates accounted for under the equity method: 8

(5) Change of the number of companies included in consolidated accounts

Newly consolidated subsidiaries: 1

2. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2007

(April 1, 2006 — March 31, 2007)

(Figures rounded down to the nearest million)

	Sales	Operating income	Recurring profit	Net income
Interim	¥136,600 million (3.8%)	¥7,600 million (80.2%)	¥8,200 million (66.7%)	¥4,700 million (321.5%)
Annual	¥277,100 million (3.6%)	¥15,000 million (22.5%)	¥15,700 million (19.8%)	¥8,300 million (49.5%)

Note: 1. The forecasts for the consolidated financial results shown above refer to the company's outlook for the future including risks and uncertain factors, therefore future financial results may be significantly different from the forecast.

2. Percentages shown in sales, operating income, recurring profit and net income above represent the prospected changes from the previous year.

3. Forecasted net income per share for FYE2007 is ¥80.98.

Consolidated Balance Sheets

(Unit: ¥ million)

	Fiscal year ended March 31, 2006		Fiscal year ended March 31, 2005		Year on year
	Amount	Ratio(%)	Amount	Ratio(%)	Amount
Assets					
Current assets					
Cash and deposits	85,856		90,186		
Notes and accounts receivable	19,015		17,970		
Short-term investments in securities	409		539		
Inventories	4,458		4,514		
Advance payment	29,777		25,700		
Deferred tax assets	4,092		6,051		
Other	4,380		6,101		
Allowance for doubtful accounts	△182		△163		
Total current assets	147,808	52.3	150,901	53.5	△3,092
Fixed assets					
Tangible fixed assets					
Buildings and structures	19,329		19,254		
Machinery, equipment and delivery equipment	17,795		18,319		
Land	17,097		17,103		
Construction in progress	1,598		865		
Other	3,687		3,651		
Total tangible fixed assets	59,508	21.0	59,194	21.0	314
Intangible fixed assets					
Software	3,290		2,972		
Consolidation adjustments account	366		853		
Other	2,795		2,622		
Total intangible fixed assets	6,452	2.3	6,448	2.3	4
Investments and other assets					
Investments in securities	36,400		29,801		
Long-term loan	1,921		2,016		
Lease deposits	9,081		8,915		
Insurance reserve fund	4,474		5,720		
Prepaid pension expenses	861		1,380		
Deferred tax assets	16,384		17,436		
Other	2,167		2,621		
Allowance for doubtful accounts	△2,230		△2,230		
Net investments and other assets	69,059	24.4	65,662	23.2	3,396
Total fixed assets	135,020	47.7	131,305	46.5	3,715
Total assets	282,829	100.0	282,206	100.0	623

Contd.

Consolidated Balance Sheet

(Unit: ¥ million)

	Fiscal year ended March 31, 2006		Fiscal year ended March 31, 2005		Year on year
	Amount	Ratio(%)	Amount	Ratio(%)	Amount
Liabilities					
Current liabilities					
Trade notes and accounts payable	8,693		8,969		
Short-term borrowings	43,350		47,075		
Current portion of bonds	500		100		
Accounts payable	10,976		10,900		
Accrued income taxes	2,130		1,325		
Accrued consumption taxes	1,537		1,367		
Allowance for bonuses	4,688		5,275		
Other	8,036		7,890		
Total current liabilities	79,913	28.2	82,903	29.4	△2,990
Long-term liabilities					
Bonds	11,500		12,000		
Long-term borrowings	10,194		12,881		
Deferred tax liabilities	62		9		
Accrued retirement benefits for employees	29,903		30,502		
Accrued retirement benefits for directors and corporate auditors	1,653		2,350		
Other	3,764		2,931		
Total long-term liabilities	57,077	20.2	60,675	21.5	△3,598
Total liabilities	136,990	48.4	143,579	50.9	△6,588
Minority interests in consolidated subsidiaries	16,645	5.9	15,458	5.5	1,187
Shareholders' equity					
Common stock	17,830	6.3	17,152	6.1	
Capital surplus	31,811	11.3	31,600	11.2	
Retained earnings	79,642	28.2	77,444	27.4	
Land revaluation account	△4,976	△1.8	△5,585	△2.0	
Other securities valuation difference	4,911	1.7	2,583	0.9	
Treasury stock	△27	△0.0	△25	△0.0	
Total shareholders' equity	129,193	45.7	123,169	43.6	6,023
Total	282,829	100.0	282,206	100.0	623

Consolidated Statements of Operations

(Unit: ¥ million)

	Fiscal year ended March 31, 2006		Fiscal year ended March 31, 2005		Year on year		
	Amount	Ratio(%)	Amount	Ratio(%)	Amount		
Net sales		267,545	100.0		257,789	100.0	9,755
Cost of sales		199,144	74.4		192,405	74.6	6,738
Gross profit on sales		68,400	25.6		65,383	25.4	3,016
Selling, general and administrative expenses		56,154	21.0		54,421	21.1	1,733
Operating income		12,246	4.6		10,962	4.3	1,283
Other income							
Interest received	301			257			
Dividends received	463			371			
Profit on sales of investments in securities, net	122			33			
Rental income	381			350			
Gain from insurance claim	167			165			
Equity in earnings of affiliates	259			294			
Received penalties for contracts cancellation	293			—			
Other	907	2,898	1.1	1,079	2,552	1.0	345
Other expenses							
Interest	1,034			733			
Loss on sales of investments in securities, net	9			13			
Loss on disposals of fixed assets	472			461			
Amortization of bond issue cost	—			193			
Other	525	2,041	0.8	519	1,922	0.8	119
Recurring profit		13,102	4.9		11,592	4.5	1,510

Contd.

Consolidated Statements of Operations

(Unit: ¥ million)

	Fiscal year ended March 31, 2006		Fiscal year ended March 31, 2005		Year on year		
	Amount	Ratio(%)	Amount	Ratio(%)	Amount		
Extraordinary profits							
Profit on sales of investments in securities, net	299		700				
Restitution income	53	353	0.1	—	700	0.2	△346
Extraordinary losses							
Impairment loss on investments in securities	33			96			
Loss on disposal and impairment of fixed assets	552			—			
Loss on disposal of inventories	196			—			
Special retirement expense	106			220			
Loss on sale of land	39			—			
Provision for doubtful accounts	59			—			
Impairment loss	263	1,252	0.4	—	317	0.1	934
Income before income taxes		12,203	4.6		11,974	4.6	228
Income taxes	4,291			3,129			
Income taxes adjustment	1,275	5,567	2.1	2,648	5,778	2.2	△210
Minority interests in income of consolidated subsidiaries		1,085	0.4		1,244	0.5	△158
Net income		5,550	2.1		4,951	1.9	598

Consolidated Statements of Capital Surplus and Retained Earnings

(Unit: ¥ million)

	Fiscal year ended March 31, 2006		Fiscal year ended March 31, 2005		Year on year
	Amount		Amount		Amount
Capital surplus					
Balance at beginning of the period		31,600		31,755	△155
Increase in capital surplus					
Exercise of stock options	210	210	39	39	171
Decrease in capital surplus					
Transfer to retained earnings	—	—	194	194	△194
Balance at end of the period		31,811		31,600	210
Retained earnings					
Balance at beginning of the period		77,444		74,181	3,262
Increase of retained earnings					
Net income	5,550		4,951		
Transfer from capital surplus	—	5,550	194	5,146	403
Decrease of retained earnings					
Cash dividends	2,563		1,706		
Directors' bonuses	178		177		
Reversal of land revaluation account	609	3,351	—	1,883	1,467
Balance at end of the period		79,642		77,444	2,198

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Fiscal year ended March	Fiscal year ended March	Year on year
	31, 2006	31, 2005	
	Amount	Amount	Amount
Cash flows from operating activities			
Income before income taxes	12,203	11,974	
Depreciation	10,907	10,816	
Impairment loss	263	—	
Amortization of goodwill	486	569	
Increase/decrease(Δ) in allowance for doubtful accounts	19	Δ7	
Increase/decrease(Δ) in accrued retirement benefit for employees	Δ599	Δ14,810	
Increase/decrease(Δ) in allowance for bonuses	Δ587	Δ117	
Interest income and dividend income	Δ765	Δ628	
Interest expenses	1,034	733	
Equity in earnings of affiliates	Δ259	Δ294	
Loss on sales of fixed assets	43	Δ30	
Loss on disposals of fixed assets	592	461	
Loss on sales of investments in securities	Δ414	Δ719	
Impairment loss on investment in securities	33	96	
Increase(Δ)/decrease in accounts receivable	Δ1,044	Δ1,525	
Increase(Δ)/decrease in inventories	55	Δ687	
Increase/decrease(Δ) in accounts payable	Δ185	225	
Increase/decrease(Δ) in prepaid pension	518	Δ1,380	
Other	8,540	Δ4,880	
Sub-total	30,845	Δ204	31,049
Interest and dividend income, received	790	633	
Interest expenses, paid	Δ1,023	Δ715	
Income taxes, paid	Δ3,622	Δ7,533	
Income tax, refund	2,117	—	
Net cash provided by operating activities	29,106	Δ7,820	36,926
Cash flows from investment activities			
Increase(Δ)/decrease of time deposits	Δ1,522	2,529	
Payments for purchases of tangible assets	Δ11,485	Δ13,441	
Proceeds from sales of tangible assets	70	113	
Payments for purchases of investments in securities	Δ4,429	Δ2,644	
Proceeds from sales of investments in securities	3,062	1,632	
Payments purchases of investments in consolidated subsidiaries	—	Δ257	
Increase(Δ)/decrease in short-term loans	13	Δ0	
Long-term loans made	Δ113	Δ120	
Long-term loans collected	170	171	
Other	Δ662	Δ3,142	
Net cash used in investments activities	Δ14,897	Δ15,161	263

Contd.

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Fiscal year ended March	Fiscal year ended March	Year on year
	31, 2006	31, 2005	
	Amount	Amount	Amount
Cash flows from financing activities			
Increase/decrease(Δ) in short-term borrowings	$\Delta 2,878$	15,773	
Proceeds from long-term debt	1,716	2,640	
Payments on repayment of long-term debt	$\Delta 5,248$	$\Delta 6,061$	
Proceeds from issue of new bonds	—	10,806	
Payments for redemption of bonds	$\Delta 100$	—	
Proceeds from issue of new shares	876	224	
Payments for acquisition of treasury stock	$\Delta 1$	$\Delta 0$	
Dividends paid	$\Delta 2,563$	$\Delta 1,706$	
Dividends paid to minority shareholders	$\Delta 151$	$\Delta 143$	
Net cash provided by/ (used in) financing activities	$\Delta 8,351$	21,531	$\Delta 29,882$
Net increase/decrease(Δ) in cash and cash equivalents	5,857	$\Delta 1,450$	7,307
Cash and cash equivalents at beginning of the year	44,364	45,814	$\Delta 1,450$
Balance of cash and cash equivalents at the end of the year	50,221	44,364	5,857