

# Consolidated Financial Results for Three Months Ended June 30, 2007

## SOHGO SECURITY SERVICES CO., LTD

(Code No.:2331, TSE 1<sup>st</sup> Sec.)

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

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### 1. Summary of the consolidated financial results for three months ended June 30, 2007 (April 1, 2007- June 30, 2007)

#### (1) Consolidated operating results

(Figures rounded down to the nearest million)

	Three months ended		Year ended
	June 30, 2007	June 30, 2006	March 31, 2007
Sales	¥68,386 million	¥66,890 million	¥276,560 million
% change from the previous year	2.2%	2.3%	
Operating profit	¥3,846 million	¥3,609 million	¥15,972 million
% change from the previous year	6.6%	41.8%	
Recurring profit	¥4,359 million	¥3,893 million	¥16,917 million
% change from the previous year	12.0%	32.8%	
Net income	¥1,164 million	¥1,644 million	¥7,558 million
% change from the previous year	△29.2%	164.0%	
Net income per share	¥11.43	¥16.48	¥74.71
Diluted net income per share	¥11.40	¥16.42	¥74.43

#### (2) Consolidated financial conditions

(Figures rounded down to the nearest million)

	Three months ended		Year ended
	June 30, 2007	June 30, 2006	March 31, 2007
Total assets	¥280,991 million	¥276,422 million	¥285,219 million
Net assets	¥151,951 million	¥145,720 million	¥151,816 million
Capital adequacy ratio	48.0%	46.7%	47.2%
Net assets per share	¥1,322.66	¥1,274.69	¥1,322.82

#### (3) Consolidated cash flows

(Figures rounded down to the nearest million)

	Three months ended		Year ended
	June 30, 2007	June 30, 2006	March 31, 2007
Cash flows from operating activities	△¥1,744 million	△¥453 million	¥16,570 million
Cash flows from investing activities	△¥2,091 million	△¥3,478 million	△¥8,813 million
Cash flows from financing activities	△¥5,240 million	△¥4,376 million	△¥5,387 million
Cash and cash equivalents at the end of the period	¥43,514 million	¥41,913 million	¥52,591 million

## 2. Dividend

		Fiscal year ended	Fiscal year ended
		March 31, 2007	March 31, 2008 forecast
Dividend per share	1H	¥8.50	¥10.00
	2H	¥11.50	¥10.00
	Annual	¥20.00	¥20.00

## 3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2008 (April 1, 2007 – March 31, 2008)

(Figures rounded down to the nearest million)

	Sales	Operating income	Recurring profit	Net income	Net income per share
Interim	¥140,000 million (3.1%)	¥9,100 million (8.1%)	¥10,000 million (8.4%)	¥4,800 million (Δ4.6%)	¥47.29
Annual	¥285,900 million (3.4%)	¥17,800 million (11.4%)	¥18,600 million (9.9%)	¥9,900 million (31.0%)	¥97.54

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.

## 4. Others

- (1) Changes in consolidated subsidiaries(Changes in scope of consolidation) : No
- (2) Use of compendium method in accounting procedure : Yes
- (3) Any change in the accounting method used here from those used in preparing consolidated accounts for the previous year : No

## Consolidated Balance Sheets

(Unit: ¥ million)

	Three months ended June 30, 2007		Year ended March 31, 2007		Change from the previous year		Three months ended June 30, 2006	
	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)
<b>Assets</b>								
Current assets	151,052	53.8	153,237	53.7	△2,185	△1.4	141,777	51.3
Cash and deposits	91,234		100,411		△9,177		78,706	
Notes and accounts receivable	21,645		20,879		765		18,463	
Others	38,172		31,945		6,226		44,608	
Fixed assets	129,939	46.2	131,981	46.3	△2,042	△1.5	134,644	48.7
Tangible fixed assets	59,293		59,700		△407		60,192	
Intangible fixed assets	5,510		6,121		△611		6,247	
Net investments and other assets	65,135		66,159		△1,023		68,204	
<b>Total assets</b>	<b>280,991</b>	<b>100.0</b>	<b>285,219</b>	<b>100.0</b>	<b>△4,227</b>	<b>△1.5</b>	<b>276,422</b>	<b>100.0</b>
<b>Liabilities</b>								
Current liabilities	76,712	27.3	81,291	28.5	△4,578	△5.6	71,841	26.0
Trade notes and accounts payable	6,710		9,401		△2,691		7,212	
Short-term borrowings	37,542		41,769		△4,226		38,486	
Current portion of bonds	2,200		2,200		—		—	
Others	30,259		27,920		2,339		26,141	
Long-term liabilities	52,327	18.6	52,111	18.3	215	0.4	58,860	21.3
Total liabilities	129,039	45.9	133,402	46.8	△4,362	△3.3	130,701	47.3
<b>Net Assets</b>								
Shareholders' equity	135,924	48.4	135,835	47.6	88	0.1	130,063	47.0
Common stock	18,598	6.6	18,536	6.5	61		17,999	
Capital surplus	32,081	11.4	32,047	11.2	33		31,883	
Retained earnings	85,251	30.4	85,258	29.9	△6		80,207	
Treasury stock	△6	△0.0	△6	△0.0	△0		△27	
Valuation and translation adjustments	△1,073	△0.4	△1,060	△0.4	△13	1.3	△850	△0.3
Other securities valuation difference	4,321	1.5	4,335	1.5	△13		4,544	
Land revaluation account	△5,395	△1.9	△5,395	△1.9	—		△5,395	
Minority interests in consolidated subsidiaries	17,101	6.1	17,040	6.0	60	0.4	16,508	6.0
Total net assets	151,951	54.1	151,816	53.2	135	0.1	145,720	52.7
<b>Total</b>	<b>280,991</b>	<b>100.0</b>	<b>285,219</b>	<b>100.0</b>	<b>△4,227</b>	<b>△1.5</b>	<b>276,422</b>	<b>100.0</b>

## Consolidated Statements of Operations

(Unit: ¥ million)

	Three months ended June 30, 2007		Three months ended June 30, 2006		Change from the previous year		Year ended March 31, 2007	
	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)	Amount(¥)	Ratio(%)
Net sales	68,386	100.0	66,890	100.0	1,495	2.2	276,560	100.0
Cost of sales	49,627	72.6	48,718	72.8	908	1.9	203,080	73.4
Gross profit on sales	18,758	27.4	18,172	27.2	586	3.2	73,479	26.6
Selling, general and administrative expenses	14,912	21.8	14,562	21.8	349	2.4	57,507	20.8
Operating profit	3,846	5.6	3,609	5.4	237	6.6	15,972	5.8
Other income	983	1.5	899	1.3	83	9.3	3,269	1.2
Other expenses	470	0.7	615	0.9	△144	△23.6	2,324	0.9
Recurring profit	4,359	6.4	3,893	5.8	466	12.0	16,917	6.1
Extraordinary profits	48	0.1	—	—	48	—	125	0.1
Extraordinary losses	63	0.1	9	0.0	54	570.1	802	0.3
Income before income taxes	4,343	6.4	3,883	5.8	459	11.8	16,241	5.9
Income taxes	2,973	4.4	1,993	3.0	980	49.2	7,822	2.9
Minority interests in income of consolidated subsidiaries	205	0.3	245	0.3	△40	△16.5	859	0.3
Net income	1,164	1.7	1,644	2.5	△479	△29.2	7,558	2.7

## Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Three months ended	Three months ended	Change from the previous year	Year ended March 31, 2007
	June 30, 2007	June 30, 2006		
	Amount (¥)	Amount (¥)	Amount (¥)	Amount (¥)
<b>Cash flows from operating activities</b>				
Income before income taxes	4,343	3,883		16,241
Depreciation	2,501	2,377		10,222
Impairment loss	—	—		83
Depreciation of goodwill	27	27		109
Increase/decrease(Δ) in allowance for doubtful accounts	66	106		Δ26
Increase/decrease(Δ) in accrued retirement benefit for employees	2	Δ227		Δ746
Decrease(Δ) in allowance for bonuses	Δ1,467	Δ3,352		Δ2,829
Increase/decrease(Δ) in allowance for director's bonuses	Δ166	—		223
Interest income and dividend income	Δ410	Δ298		Δ964
Interest expenses	234	226		957
Equity in earnings of affiliates	Δ44	Δ51		Δ256
Loss on sales of fixed assets	1	Δ0		2
Loss on disposals of fixed assets	138	89		497
Loss on sales of investments in securities	Δ50	0		Δ117
Impairment loss on investment in securities	63	9		122
Increase(Δ)/decrease in accounts receivable	Δ765	552		Δ1,864
Increase(Δ)/decrease in inventories	Δ606	Δ174		366
Increase/decrease(Δ) in accounts payable	Δ1,566	Δ1,504		2,381
Increase(Δ) in prepaid pension	Δ343	Δ120		Δ1,127
Others	81	1,106		Δ1,821
Sub-total	2,037	2,649	Δ612	21,453
Interest and dividend income, received	475	332		1,027
Interest expenses, paid	Δ188	Δ186		Δ970
Income taxes, paid	Δ4,069	Δ3,248		Δ5,526
Income tax, refund	—	—		586
Net cash provided by operating activities	Δ1,744	Δ453	Δ1,291	16,570
<b>Cash flows from investment activities</b>				
Increase(Δ) of time deposits	Δ819	Δ422		Δ298
Payments for purchases of tangible assets	Δ2,086	Δ3,172		Δ10,585
Proceeds from sales of tangible assets	14	0		5
Payments for purchases of investments in securities	Δ571	Δ923		Δ3,146
Proceeds from sales of investments in securities	1,955	724		3,767
Increase(Δ)/decrease in short-term loans	2	Δ0		4
Long-term loans made	Δ103	Δ17		Δ177
Long-term loans collected	147	44		178
Others	Δ630	288		1,439
Net cash used in investments activities	Δ2,091	Δ3,478	1,386	Δ8,813

Contd.

## Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Change from the previous year	Year ended March 31, 2007
	Amount (¥)	Amount (¥)	Amount (¥)	Amount (¥)
<b>Cash flows from financing activities</b>				
Decrease in short-term borrowings	△3,925	△4,640		△2,415
Proceeds from long-term debt	400	2,200		2,950
Payments on repayment of long-term debt	△442	△660		△4,536
Payments for redemption of bonds	—	△500		△500
Proceeds from issue of new shares	94	238		928
Proceeds from issue of new shares to minority shareholders	2	—		—
Payments for acquisition of treasury stock	△0	△0		△1
Proceeds from disposal of parent company's share by subsidiary	—	—		63
Dividends paid	△1,171	△859		△1,722
Dividends paid to minority shareholders	△197	△153		△153
Net cash provided by/ (used in) financing activities	△5,240	△4,376	△863	△5,387
<b>Net increase/decrease(Δ) in cash and cash equivalents</b>	△9,076	△8,308	△768	2,369
<b>Cash and cash equivalents at beginning of the year</b>	52,591	50,221	2,369	50,221
<b>Balance of cash and cash equivalents at the end of the year</b>	43,514	41,913	1,600	52,591