

# Consolidated Financial Results for the Third Quarter Ended December 31, 2009

## SOHGO SECURITY SERVICES CO., LTD

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

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

Representative: Atsushi Murai, President, CEO and COO

For inquiries: Teruhiko Wakaki, General Manager of IR Office

(Phone: +81-3-3423-2331)

Date of the Board Meeting for the settlement of consolidated account: February 2, 2010

Scheduled Date to File Quarterly Report: February 10, 2010

### 1. Summary of the consolidated financial results for the third quarter ended December 31, 2009

(April 1, 2009 – December 31, 2009)

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Nine months ended	
	December 31, 2009	December 31, 2008
Sales	¥207,492 million	¥213,278 million
% change from the previous year	-2.7%	—
Operating profit	¥7,875 million	¥7,636 million
% change from the previous year	3.1%	—
Recurring profit	¥8,980 million	¥8,642 million
% change from the previous year	3.9%	—
Net income	¥4,136 million	¥3,516 million
% change from the previous year	17.6%	—
Net income per share	¥41.14	¥34.84
Diluted net income per share	—	¥34.84

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

(2) Consolidated financial conditions

(Figures rounded down to the nearest million)

	As of	
	December 31, 2009	March 31, 2009
Total assets	¥285,041 million	¥287,561 million
Net assets	¥157,716 million	¥154,898 million
Capital adequacy ratio	49.1%	47.7%
Net assets per share	¥1,391.45	¥1,364.33

Note: Equity capital: Nine months ended December 31, 2009 ¥139,889 million, Year ended March 31, 2009 ¥137,162 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, 2009	—	¥10.00	—	¥10.00	¥20.00
Fiscal year ending March 31, 2010	—	¥10.00	—	—	—
Fiscal year ending March 31, 2010 (Forecast)	—	—	—	¥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, 2010

(April 1, 2009 – March 31, 2010)

	Sales	Operating profit	Recurring profit	Net income	Net income per share
Annual	¥286,000 million (0.3%)	¥8,000 million (-19.5%)	¥9,000 million (-15.3%)	¥4,200 million (-0.6%)	¥41.66

Notes: 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.

[ Comment added by the IR Office ]

On October 28, the Company has announced a revision of its financial forecasts for the first half of Fiscal Year Ending March 2010, however, the Company will keep its forecasts for the full fiscal year unchanged as business environment remains uncertain.

### 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 principles, procedures and presentation methods for consolidated financial results

① Changes arising from revision of accounting standards : No

② Changes arising from other factors : Yes

(4) Number of shares outstanding(Ordinary shares)

① Number of shares issued (including treasury stock) : Nine months ended December 31, 2009 102,040,042 shares  
Year ended March 31, 2009 102,040,042 shares

② Number of shares of treasury stock : Nine months ended December 31, 2009 1,505,483 shares  
Year ended March 31, 2009 1,505,245 shares

③ Average number of shares during the period (cumulative quarterly period) : Nine months ended December 31, 2009  
100,534,658 shares  
Nine months ended December 31, 2008  
100,917,228 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 December 31, 2009	As of March 31, 2009
<b>Assets</b>		
Current assets		
Cash and deposits	42,221	53,506
Cash for Transportation Security Services	49,060	30,910
Notes and accounts receivable	19,328	20,862
Short-term investments in securities	1,756	1,618
Raw materials and supplies	4,222	4,249
Advance payment	30,713	43,821
Other	15,133	8,938
Allowance for doubtful accounts	-215	-216
Total current assets	162,220	163,690
Fixed assets		
Tangible fixed assets	58,461	59,095
Intangible fixed assets		
Goodwill	—	37
Other	4,639	5,384
Total intangible fixed assets	4,639	5,422
Investments and other assets		
Investments in securities	25,482	24,039
Other	34,736	35,788
Allowance for doubtful accounts	-498	-474
Net investments and other assets	59,719	59,353
Total fixed assets	122,820	123,871
<b>Total assets</b>	<b>285,041</b>	<b>287,561</b>

**Consolidated Balance Sheets**

(Unit: ¥ million)

	As of December 31, 2009	As of March 31, 2009
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	6,072	8,668
Short-term borrowings	47,792	53,182
Accrued income taxes	1,797	1,541
Allowance	507	1,051
Other	28,424	24,937
Total current liabilities	84,594	89,381
Long-term liabilities		
Bonds	3,300	4,400
Long-term borrowings	2,351	2,852
Accrued retirement benefits for employees	27,851	27,773
Accrued retirement benefits for directors and corporate auditors	1,679	1,658
Negative goodwill	404	—
Other	7,142	6,597
Total long-term liabilities	42,729	43,282
Total liabilities	127,324	132,663
<b>Net Assets</b>		
Shareholders' equity		
Common stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	95,129	93,004
Treasury stock	-1,974	-1,974
Total shareholders' equity	143,948	141,822
Valuation and translation adjustments		
Other securities valuation difference	1,340	738
Land revaluation account	-5,395	-5,395
Translation adjustment	-3	-3
Total valuation and translation adjustments	-4,059	-4,660
Minority interests in consolidated subsidiaries	17,827	17,735
Total net assets	157,716	154,898
<b>Total</b>	<b>285,041</b>	<b>287,561</b>

**Consolidated Statements of Operations**

(Unit: ¥ million)

	Nine months ended December 31, 2009	Nine months ended December 31, 2008
Sales	207,492	213,278
Cost of sales	155,595	161,157
Gross profit on sales	51,897	52,121
Selling, general and administrative expenses	44,021	44,484
Operating profit	7,875	7,636
Other income		
Interest received	163	182
Dividends received	561	563
Amortization of negative goodwill	—	81
Equity in earnings of affiliates	270	227
Other	1,209	1,668
Total other income	2,205	2,722
Other expenses		
Interest	465	714
Loss on disposals of fixed assets	252	—
Other	383	1,001
Total other expenses	1,100	1,716
Recurring profit	8,980	8,642
Extraordinary profits		
Other	3	6
Total extraordinary profits	3	6
Extraordinary losses		
Impairment loss on investments in securities	264	1,401
Other	17	26
Total extraordinary losses	281	1,427
Income before income taxes	8,702	7,220
Income taxes	3,838	3,219
Minority interests in income of consolidated subsidiaries	727	485
Net income	4,136	3,516

## Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Nine months ended December 31, 2009	Nine months ended December 31, 2008
<b>Cash flows from operating activities</b>		
Income before income taxes	8,702	7,220
Depreciation	9,187	8,400
Impairment loss	15	0
Depreciation of goodwill	37	1
Increase/decrease(-) in allowance for doubtful accounts	22	42
Increase/decrease(-) in accrued retirement benefit for employees	77	-428
Increase/decrease(-) in allowance for bonuses	-502	-491
Increase/decrease(-) in allowance for directors' bonuses	-40	-45
Interest income and dividend income	-725	-745
Interest expenses	465	714
Equity in earnings of affiliates	-270	-227
Loss on sales of fixed assets	0	11
Loss on disposals of fixed assets	252	212
Profit on sales of investments in securities	-41	-24
Impairment loss on investment in securities	264	1,401
Loss on revaluation of derivatives	37	295
Increase(-)/decrease in accounts receivable	1,534	1,712
Increase(-)/decrease in inventories	27	149
Increase/decrease(-) in accounts payable	-2,576	-489
Increase(-)/decrease in prepaid pension	321	-396
Decrease in assets and liabilities for Transportation Security Services	-14,015	-3,424
Other	-3,268	-4,459
Sub-total	-494	9,430
Interest and dividend income, received	789	812
Interest expenses, paid	-440	-671
Income taxes, paid	-4,012	-5,297
Income tax, paid, received	1,185	739
Net cash provided by operating activities	-2,972	-5,013
<b>Cash flows from investment activities</b>		
Increase(-)/decrease of time deposits	567	-35
Payments for purchases of tangible assets	-6,513	-6,874
Proceeds from sales of tangible assets	3	8
Payments for purchases of investments in securities	-1,255	-1,383
Proceeds from sales of investments in securities	945	2,153
Purchase of investments in subsidiaries	-160	—
Increase(-)/decrease in short-term loans	-38	-21
Long-term loans made	-74	-70
Long-term loans collected	113	120
Other	-282	-1,308
Net cash used in investment activities	-6,693	-7,411

**Consolidated Statements of Cash Flows**

(Unit: ¥ million)

	Nine months ended December 31, 2009	Nine months ended December 31, 2008
<b>Cash flows from financing activities</b>		
Increase/decrease(-) in short-term borrowings	4,822	4,864
Proceeds from long-term debt	500	1,200
Payments on repayment of long-term debt	-2,237	-2,386
Payments for redemption of bonds	-1,100	-1,600
Proceeds from issue of new shares	—	1
Proceeds from stock issuance to minority shareholders	—	25
Payments for purchase of treasury stock	-0	-1,054
Purchase of treasury stock of subsidiaries in consolidation	—	-16
Repayments of lease obligations	-726	—
Dividends paid	-2,010	-2,019
Dividends paid to minority shareholders	-196	-190
Net cash used in financing activities	-948	-1,176
<b>Effect of exchange rate changes on cash and cash equivalents</b>	0	-3
<b>Net decrease in cash and cash equivalents</b>	-10,614	-3,577
<b>Cash and cash equivalents at beginning of the year</b>	45,866	49,790
<b>Change in cash and cash equivalents due to newly consolidated subsidiaries</b>	—	162
<b>Balance of cash and cash equivalents at the end of the period</b>	35,251	46,375