

Consolidated Financial Results for the Second Quarter Ended September 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

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

Date of the Board Meeting for the settlement of consolidated account: October 31, 2011 at 13:00 (GMT+9)

Scheduled Date to File Quarterly Report: November 8, 2011

Scheduled Date of Payment of Dividend: December 5, 2011

1. Summary of the consolidated financial results for the second quarter ended September 30, 2011

(April 1, 2011- September 30, 2011)

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Six months ended	
	September 30, 2011	September 30, 2010
Sales	¥147,569 million	¥138,136 million
% change from the previous year	6.8%	-0.2%
Operating profit	¥6,336 million	¥6,831 million
% change from the previous year	-7.3%	9.4%
Recurring profit	¥7,208 million	¥7,649 million
% change from the previous year	-5.8%	7.0%
Net income	¥2,890 million	¥3,544 million
% change from the previous year	-18.5%	4.5%
Net income per share	¥28.75	¥35.26
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: Six months ended September 30, 2011 ¥2,904 million (-6.5%)

Six months ended September 30, 2010 ¥3,107 million (—%)

(2) Consolidated financial conditions

(Figures rounded down to the nearest million)

	As of	
	September 30, 2011	March 31, 2011
Total assets	¥276,009 million	¥284,350 million
Net assets	¥164,326 million	¥162,178 million
Capital adequacy ratio	52.4%	50.3%
Net assets per share	¥1,438.40	¥1,421.67

Note: Equity capital: Six months ended September 30, 2011 ¥144,608 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	—	¥10.00	—	—	—
Fiscal year ending March 31, 2012 (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, 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
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) :
Six months ended September 30, 2011 102,040,042 shares
Year ended March 31, 2011 102,040,042 shares

② Number of shares of treasury stock :
Six months ended September 30, 2011 1,505,651 shares
Year ended March 31, 2011 1,505,605 shares

③ Average number of shares during the period :
Six months ended September 30, 2011 100,534,432 shares
(cumulative quarterly period) Six months ended September 30, 2010 100,534,491 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 September 30, 2011	As of March 31, 2011
Assets		
Current assets		
Cash and deposits	44,655	51,062
Cash for Transportation Security Services	57,125	57,676
Notes and accounts receivable	24,061	25,722
Short-term investments in securities	628	942
Raw materials and supplies	4,640	4,254
Costs on uncompleted construction contracts	940	1,256
Advance payment	6,740	5,862
Other	8,488	8,138
Allowance for doubtful accounts	-188	-180
Total current assets	147,092	154,735
Fixed assets		
Tangible fixed assets	59,790	59,514
Intangible fixed assets		
Goodwill	1,541	1,712
Other	5,503	5,759
Total intangible fixed assets	7,044	7,471
Investments and other assets		
Investments in securities	24,879	24,699
Other	37,922	38,673
Allowance for doubtful accounts	-720	-743
Net investments and other assets	62,081	62,628
Total fixed assets	128,916	129,615
Total assets	276,009	284,350

Consolidated Balance Sheets

(Unit: ¥ million)

	As of September 30, 2011	As of March 31, 2011
Liabilities		
Current liabilities		
Trade notes and accounts payable	11,129	13,384
Short-term borrowings	21,733	28,782
Accrued income taxes	2,779	1,826
Allowance	1,289	1,130
Other	24,870	26,646
Total current liabilities	61,802	71,771
Long-term liabilities		
Bonds	50	100
Long-term borrowings	10,823	12,226
Accrued retirement benefits for employees	28,254	28,099
Accrued retirement benefits for directors and corporate auditors	1,603	1,641
Asset retirement obligations	90	89
Other	9,057	8,244
Total long-term liabilities	49,880	50,400
Total liabilities	111,682	122,172
Net Assets		
Shareholders' equity		
Common stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	100,260	98,374
Treasury stock	-1,974	-1,974
Total shareholders' equity	149,078	147,192
Valuation and translation adjustments		
Other securities valuation difference	935	1,139
Land revaluation account	-5,395	-5,395
Translation adjustment	-9	-10
Total valuation and translation adjustments	-4,470	-4,265
Minority interests in consolidated subsidiaries	19,718	19,251
Total net assets	164,326	162,178
Total	276,009	284,350

Consolidated Statements of Operations

(Unit: ¥ million)

	Six months ended September 30, 2011	Six months ended September 30, 2010
Sales	147,569	138,136
Cost of sales	111,114	101,960
Gross profit on sales	36,455	36,176
Selling, general and administrative expenses	30,118	29,344
Operating profit	6,336	6,831
Other income		
Interest received	135	149
Dividends received	342	341
Equity in earnings of affiliates	84	134
Other	1,131	963
Total other income	1,694	1,589
Other expenses		
Interest	243	292
Loss on disposals of fixed assets	168	150
Other	409	328
Total other expenses	821	772
Recurring profit	7,208	7,649
Extraordinary Income		
Gain on sales of investment securities	0	1
Total extraordinary income	0	1
Extraordinary losses		
Impairment loss on investments in securities	124	320
Impairment loss	29	9
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	340
Loss by disaster	160	—
Other	0	0
Total extraordinary losses	314	670
Income before income taxes	6,894	6,980
Income taxes	3,704	3,069
Net income before adjusting for minority interests	3,190	3,911
Minority interests in income of consolidated subsidiaries	299	366
Net income	2,890	3,544

Consolidated Statements of Operations

	Six months ended September 30, 2011	Six months ended September 30, 2010
Net income before adjusting for minority interests	3,190	3,911
Other comprehensive income		
Valuation difference on available-for-sale securities	-304	-782
Foreign currency translation adjustment	1	-6
Share of other comprehensive income of associates accounted for using equity method	16	-14
Total other comprehensive income	-285	-803
Comprehensive income	2,904	3,107
(Contents)		
Comprehensive income attributable to owners of the parent	2,686	2,780
Comprehensive income attributable to minority interests	217	326

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Six months ended September 30, 2011	Six months ended September 30, 2010
Cash flows from operating activities		
Income before income taxes	6,894	6,980
Depreciation	6,079	5,828
Impairment loss	29	9
Depreciation of goodwill	171	—
Depreciation of negative goodwill	-40	-40
Increase/decrease(-) in allowance for doubtful accounts	-15	-47
Increase/decrease(-) in accrued retirement benefit for employees	93	-19
Increase/decrease(-) in allowance for bonuses	198	121
Increase/decrease(-) in allowance for director's bonuses	-81	-77
Interest income and dividend income	-478	-491
Interest expenses	243	292
Equity in earnings of affiliates	-84	-134
Loss on sales of fixed assets	-0	-6
Loss on disposals of fixed assets	168	150
Profit on sales of investments in securities	7	-6
Impairment loss on investment in securities	124	320
Loss on revaluation of derivatives	140	93
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	340
Increase(-)/decrease in accounts receivable	1,675	1,703
Increase(-)/decrease in inventories	-70	-704
Increase/decrease(-) in accounts payable	-3,482	-3,691
Increase(-)/decrease in prepaid pension	380	110
Decrease in assets and liabilities for Transportation Security Services	-7,254	-3,300
Other	535	-172
Sub-total	5,236	-7,257
Interest and dividend income, received	547	593
Interest expenses, paid	-236	-292
Income taxes, paid	-2,856	-2,822
Income taxes refund	602	949
Net cash provided by operating activities	3,293	5,684

Consolidated Statements of Cash Flows

(Unit: ¥ million)

	Six months ended September 30, 2011	Six months ended September 30, 2010
Cash flows from investment activities		
Increase(-)/decrease of time deposits	173	1,079
Payments for purchases of tangible assets	-4,089	-5,313
Proceeds from sales of tangible assets	0	22
Payments for purchases of investments in securities	-1,520	-705
Proceeds from sales of investments in securities	1,022	800
Increase(-)/decrease in short-term loans	-12	-0
Long-term loans made	-66	-57
Long-term loans collected	65	53
Other	-352	141
Net cash used in investment activities	-4,779	-3,979
Cash flows from financing activities		
Increase/decrease(-) in short-term borrowings	-64	-547
Proceeds from long-term debt	450	1,650
Payments on repayment of long-term debt	-1,898	-670
Redemption of bonds	-1,150	-1,100
Payments for purchase of treasury stock	—	14
Purchase of treasury stock	-0	-0
Repayments of lease obligations	-1,296	-681
Dividends paid	-1,005	-1,005
Dividends paid to minority shareholders	-227	-273
Net cash used in financing activities	-5,192	-2,614
Effect of exchange rate changes on cash and cash equivalents	-5	-2
Net decrease in cash and cash equivalents	-6,683	-911
Cash and cash equivalents at beginning of the year	43,654	37,349
Increase in cash and cash equivalents from newly consolidated subsidiary	379	—
Balance of cash and cash equivalents at the end of the period	37,351	36,437

For inquiries: Yasuo Ishiwata,

General Manager of IR Office

Phone: +81-3-3423-2331

E-mail: alsok-ir@alsok.co.jp

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