



Financial Result FYE3/07 Report Meeting

ALSOK

May 21, 2007

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Section 1

Summary of Financial Results



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Summary of P/L

(Unit: ¥ billion)	FYE3/07	FYE3/06	YoY	Ratio(%)
S a l e s	276.5	267.5	9.0	3.4%
Gross profit	73.4	68.4	5.1	7.4%
Operating profit	15.9	12.2	3.7	30.4%
Recurring profit	16.9	13.1	3.8	29.1%
Net income	7.5	5.5	2.0	36.2%



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Comparison with Business Plans

(Unit: ¥ billion)	FYE3/07	Revised Plan (11/14/06)	GAP	Achievement Ratio(%)	Original Plan (5/16/06)	Achievement Ratio(%)
S a l e s	276.5	277.1	- 0.6	99.8%	277.1	99.8%
Gross profit	73.4	74.7	- 1.3	98.3%	74.7	98.3%
Operating p r o f i t	15.9	15.5	0.5	103.0%	15.0	106.5%
Recurring p r o f i t	16.9	16.2	0.7	104.4%	15.7	107.8%
Net income	7.5	8.6	- 1.0	87.9%	8.3	91.1%



Sales by Client Industry

(Unit: ¥ billion)	FYE3/07 (Ratio%)	FYE3/06 (Ratio%)	YoY	Change(%)
Financial institutions	84.1 (30.4%)	82.2 (30.8%)	1.8	2.2%
B u s i n e s s corporations	153.4 (55.5%)	147.8 (55.3%)	5.6	3.8%
Government o f f i c e s	30.4 (11.0%)	29.8 (11.1%)	0.7	2.2%
Individuals	8.5 (3.1%)	7.5 (2.8%)	0.9	12.1%
T o t a l	276.5 (100.0%)	267.5 (100.0%)	9.0	3.4%



Overview of Electronic Security Services

(Unit: ¥ billion)	FYE3/07	FYE3/06	YoY	Change (%)
S a l e s	143.2	140.2	3.0	2.2%
(% to Total Sales)	(51.8%)	(52.4%)		
Number of contracts	462,913	432,852	30,061	6.9%
Corporate clients	359,344	343,292	16,052	4.7%
Individual clients	103,569	89,560	14,009	15.6%

<Business content>

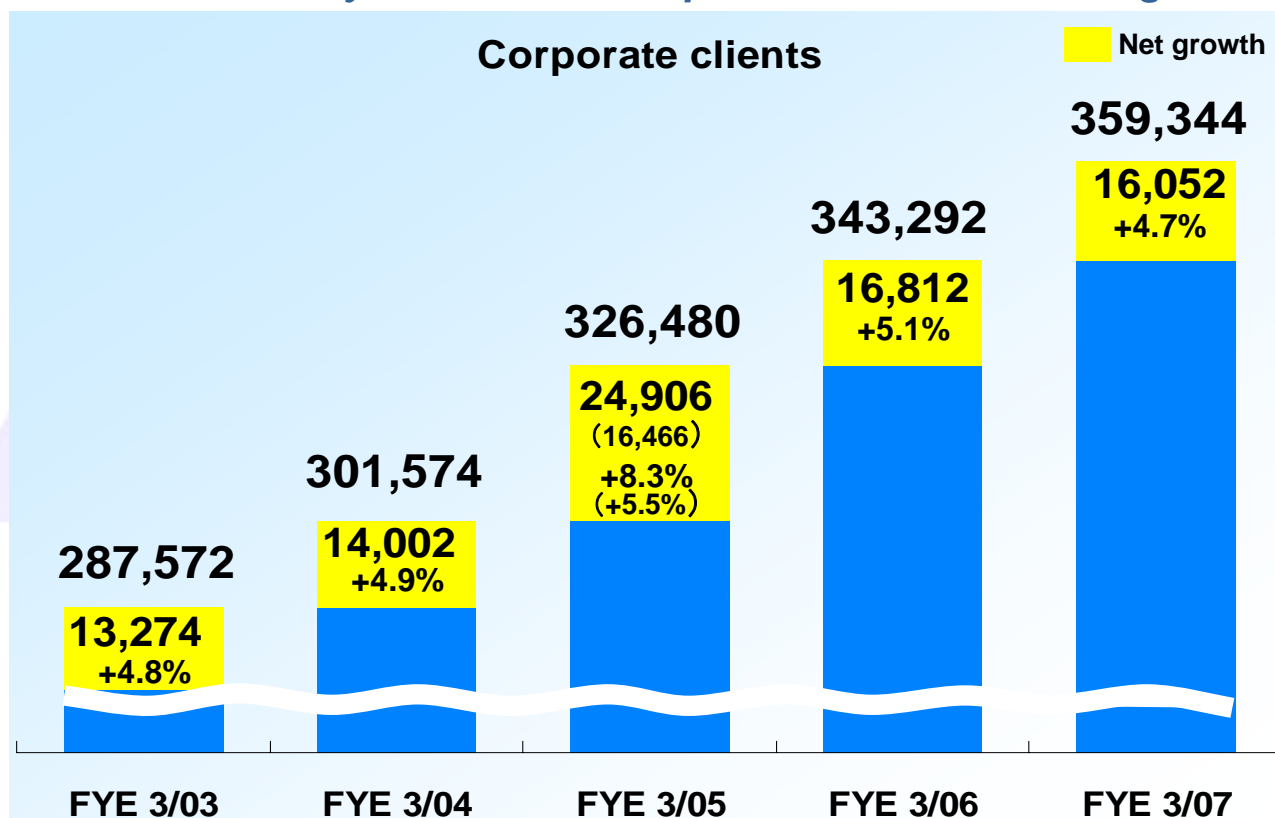
ALSOK's Electronic Security Services consist of 24/7 remote monitoring of our clients' premises from our nationwide network of Guard Centers, using on-site equipment and either telephone lines or the internet. The client base includes financial institutions and other corporate users, as well as residential households.

Guard Center
(Monitoring Center)



Increase in Contracts of Electronic Security Services

Electronic Security Services for corporate clients → stable growth

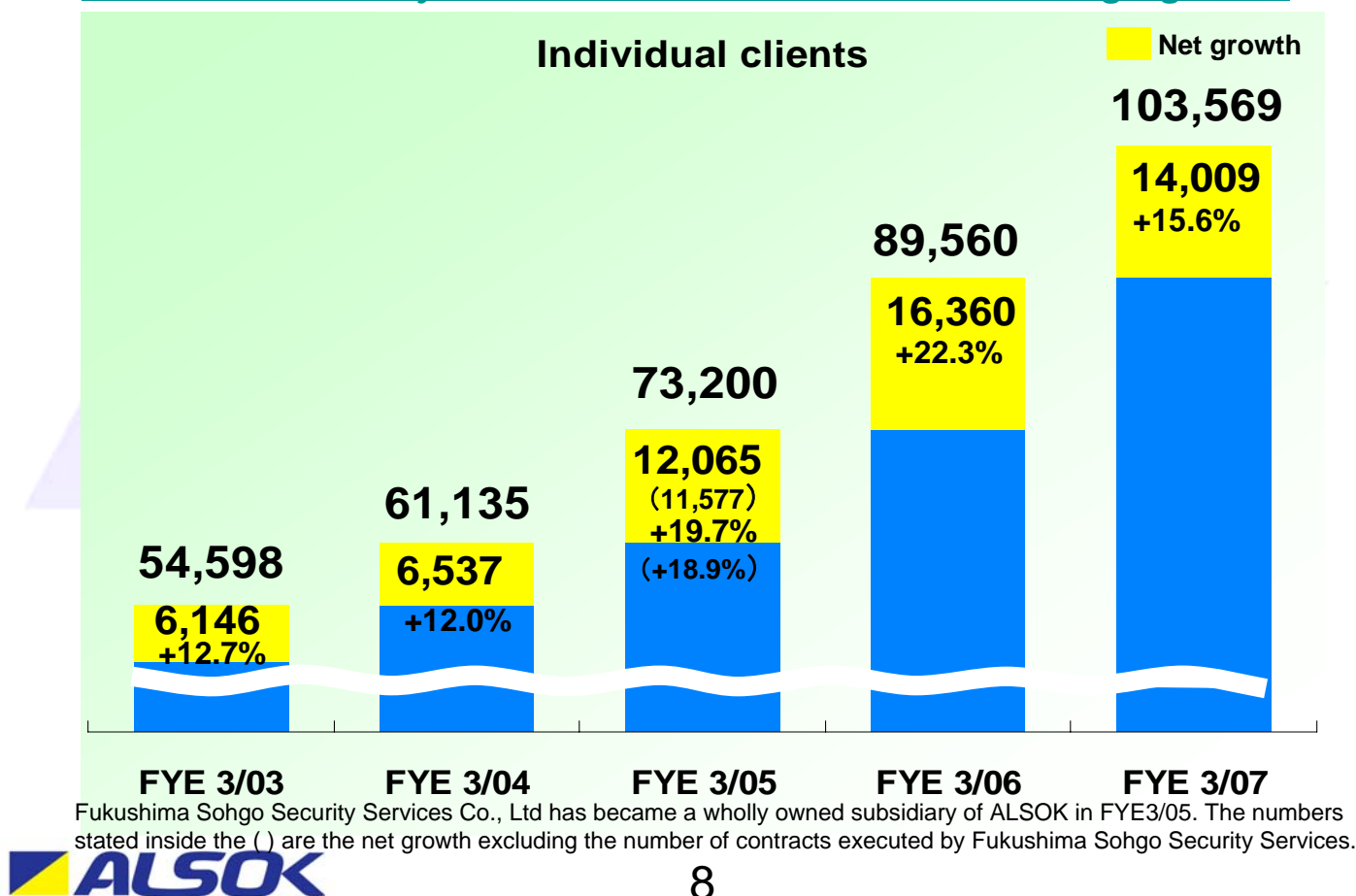


Fukushima Sohgo Security Services Co., Ltd has become a wholly owned subsidiary of ALSOK in FYE3/05. The numbers stated inside the () are the net growth excluding the number of contracts executed by Fukushima Sohgo Security Services.



Increase in Contracts of Electronic Security Services

Electronic Security Services for individual clients → high growth



Overview of Stationed Security Services

(Unit: ¥ billion)	FYE3/07	FYE3/06	YoY	Change (%)
S a l e s	70.9	67.5	3.3	4.9%
(% to Total Sales)	(25.7%)	(25.3%)		
Number of contracts	2,843	2,726	117	4.3%

<Business content>

This service consist of stationing security guards at our clients' premises to manage building access, patrol, monitor, and respond to emergencies.

ALSOK's Stationed Security Services also include crowd control at major events, and body guards of high-profile figures.



Overview of Transportation Security Services

(Unit: ¥ billion)	FYE3/07	FYE3/06	YoY	Change (%)
S a l e s	44.5	42.8	1.6	3.8%
(% to Total Sales)	(16.1%)	(16.0%)		

	FYE3/07	FYE3/06	YoY	Change (%)
Number of contracts	32,980	29,519	3,461	11.7%

<Business content>

- ◆ Transportation Security Services is to transport cash or marketable securities between two locations specified by our clients.
- ◆ Services for the retail industry include the Cash Deposit Machine On-line System, which is an integrated service that covers the calculation of sales, and the transfer to a designated bank account using machines positioned inside stores.
- ◆ Services for financial institutions include the Total ATM Management System



Cash transportation vehicle



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Overview of Other Services

(Unit: ¥ billion)	FYE3/07	FYE3/06	YoY	Change (%)
S a l e s	17.8	16.8	1.0	6.0%
(% to Total Sales)	(6.4%)	(6.3%)		

	FYE3/07	FYE3/06	YoY	Change (%)
Number of contracts	57,425	54,505	2,920	5.4%

<Business content>

- ◆ Total Building Management consists of functions such as cleaning management.
- ◆ Disaster Prevention includes checking of fire response systems.
- ◆ ALSOK also provide such services such as the sale of AEDs (Automated External Defibrillators), and a dispatching service in case of vehicle accidents



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Major Changes in P/L

Sales + ¥9.0 billion (YoY+3.4%)

Cost of Sales + ¥3.9 billion (YoY+2.0%)

<Major items>

Outsourcing costs +¥1.9 billion

Lease payments +¥0.7 billion

Cost of installation and product sold +¥0.7 billion

SG&A + ¥1.3 billion (YoY+2.4%)

<Major items>

Advertisement expenses +¥0.1 billion

Lease payments +¥0.2 billion

Others +¥1.1 billion

Operating profit + ¥3.7 billion (YoY+30.4%)



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Dividends

	FYE3/05	FYE3/06	FYE3/07
Dividends per share (JPY)	17	17	20
Payout ratio (%)	35.8% (43.4%)	32.1% (46.6%)	26.8% (42.2%)

※ The number stated inside the () are the non-consolidated payout ratio.



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Others

Number of employees

(Unit: person)

FYE 3/05	FYE 3/06	FYE 3/07
24,185	24,703	25,302

Capital expenditures

(Unit: ¥ billion)

FYE 3/05	FYE 3/06	FYE 3/07
16.5	14.1	11.6

Depreciation

(Unit: ¥ billion)

FYE 3/05	FYE 3/06	FYE 3/07
10.8	10.9	10.2

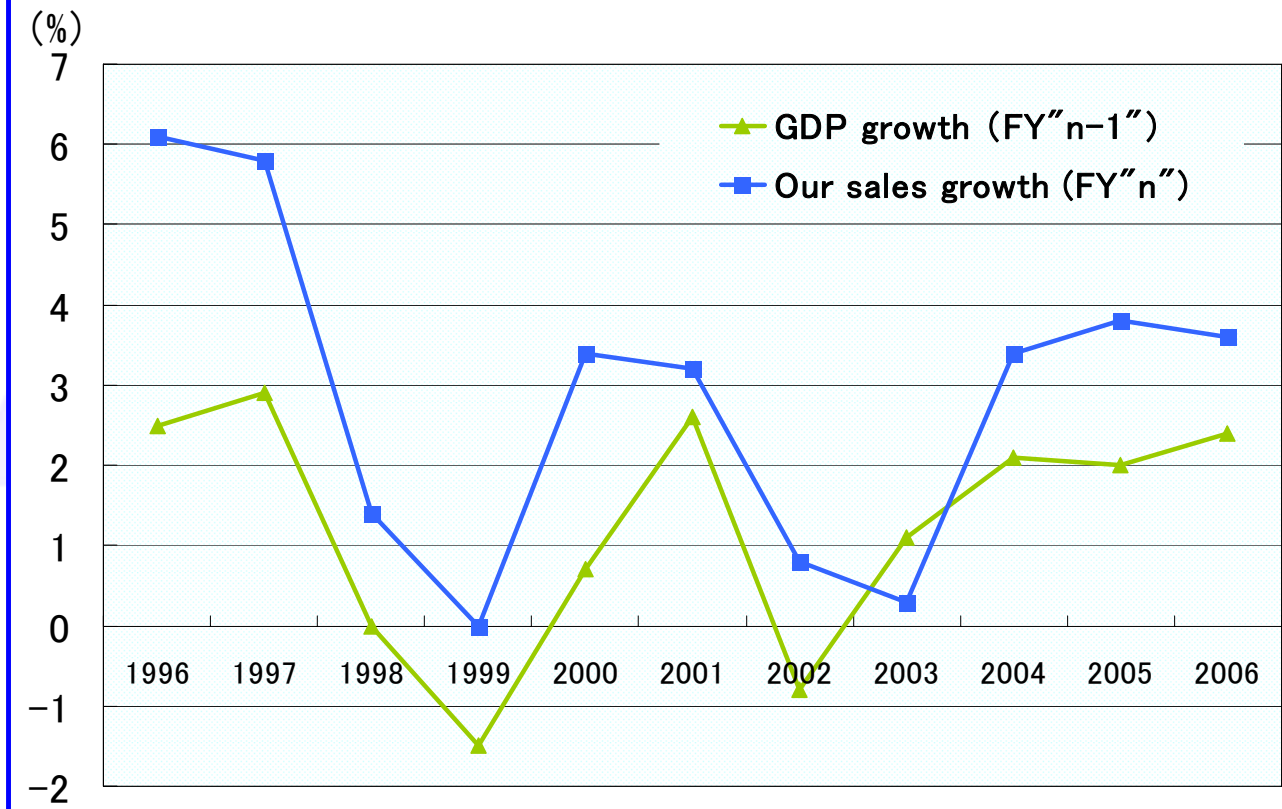


Section 2 Business Strategy



Economic Growth and Our Sales Growth

Our sales growth react on GDP



Source: Government Cabinet Office

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Business Strategy

Actions for achieving ¥300 billion sales

- **Strengthening sales force in Electronic Security Services**
 - Corporate clients
 - Individual clients
- **Outsourcing needs of financial institutions**
- **Positively deploying Station Security Services**
- **Approaching to the newly arising social needs**
 - PFI project
- **Developing foreign operations**



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Strengthening Sales Force in Electronic Security Services

《 Corporate clients 》

- Promoting business strategies for each geographical region

Reinforcing business in major cities such as Tokyo, Nagoya and Osaka

- Providing “Solution-Providing Proposals”

Enforce consultation style and solution style sales

- Developing relations with existing clients

Carry out thorough client management



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Strengthening Sales Force in Electronic Security Services

《 Individual clients 》

- Reinforcing advertisement
- Expanding sales channels such as house-builders
- Building more “home security shops”



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Outsourcing Needs of Financial Institutions

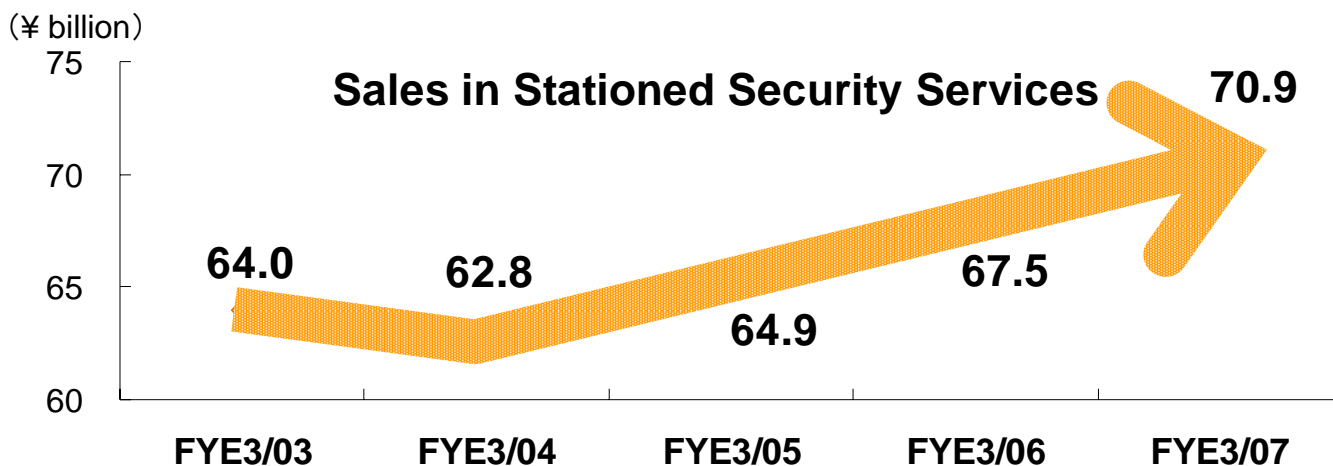
- **Developing ATM management business**
 - **Business with regional banks**
 - **ATMs placed inside bank branches**
- **Taking in back-office service of financial institutions' subsidiaries**
- **Cash transportation business outsourced by Bank of Japan**
- **Privatization of the postal services**



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Positively Deploying Station Security Services



- **Systematically strengthening the sales forces**
- **Security Robot**
 Launched a new system “*Reborg-Q*” at AQUA CITY ODAIBA, Tokyo in 2006



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at ODAIBA (Tokyo)

Approaching to the Newly Arising Social Needs

PFI(Private Financial Initiative) project

[Recent orders]

- **Shimane Asahi Correctional Facility (Prison)**
from October 2008 to March 2026
Sales over ¥10 billion
- **Harima Correctional Facility and others (Prison)**
from October 2007 to March 2022
Sales over ¥5 billion
- **Others**
 - Hall of House of Representative member
 - The central common government offices No.7
 - Kudan common government offices No.3 / Chiyoda City Office, etc.



Harima Correctional Facility (rendering)



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Developing Foreign Operations

● Basic strategy

Reacting to the demands of Japanese companies setting up overseas operations

● Next step

Developing operating base in Southeast Asia



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Actions for Achieving Recurring Profit of ¥30 Billion

- ◆ Increase sales and number of contracts
- ◆ Reduce cost in security service operations
 - Minimize false alarm dispatches
 - Improve the efficiency of operations of Transportation Security Services
- ◆ Cost reduction
 - Accounting System Development Project (an ERP System)
 - Reducing purchase cost of equipments

Section 3

Business Plan for FYE3/08

Business Plan for FYE3/08

(Unit: ¥ billion)	Amount	% to total sales	YoY	Change(%)
S a l e s	285.9	100.0	9.3	3.4
G r o s s p r o f i t	76.6	26.8	3.2	4.3
O p e r a t i n g p r o f i t	17.8	6.2	1.9	11.4
R e c u r r i n g p r o f i t	18.6	6.5	1.7	9.9
N e t i n c o m e	9.9	3.5	2.4	31.0



Sales by Sales Segment

(Unit: ¥ billion)	Amount	% to total sales	YoY	Change(%)	
Security Services	Electronic Security Services	148.2	51.8	4.9	3.4
	Stationed Security Services	72.3	25.3	1.4	1.9
	Transportation Security Services	46.2	16.2	1.7	3.8
Other Services	19.2	6.7	1.4	7.7	
T o t a l	285.9	100.0	9.3	3.4	



Major Changes in P/L

Sales + ¥9.3 billion (YoY +3.4%)

Cost of Sales + ¥6.1 billion (YoY +3.0%)

<Major items>

Labor cost	+¥4.6 billion
Depreciation	+¥0.8 billion
Cost of goods sold	+¥1.1 billion

SG&A + ¥1.3 billion (YoY +2.3%)

<Major items>

Personnel cost	+¥1.5 billion
Depreciation	+¥0.4 billion

Operating profit + ¥1.9 billion (YoY +11.4%)



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Other Plans

【 Electronic Security Services 】

	FYE3/08 Plan	YoY	Change (%)
Number of contracts	39,600	9,539	31.7%
Corporate clients	20,500	4,448	27.7%
Individual clients	19,100	5,091	36.3%
(Unit: ¥ billion)	FYE3/08 Plan	YoY	Change (%)
Capital expenditures	11.8	0.1	1.1%
Depreciation	11.4	1.2	11.7%



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<Reference>



Kidzania Tokyo

Opening of ALSOK's Security Center Pavilion



Opening ceremony



Experience-oriented training



Becoming a security guard



ALSOK's Athletes



Yuka Kamino
short-track speed skating

Maki Tsukada
judo (over 78kg class)



Kousei Inoue
judo (over 100kg class)

Sae Nakazawa
judo (78kg class)



Ken Akashi
competitive walking



Chiharu Icho
wrestling (48kg class)

Saori Yoshida
wrestling (55kg class)



Kaori Icho
wrestling (63kg class)



New Headquarters



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.

