Consolidated Financial Results for Fiscal Year Ended March 31, 2015
Prepared in Conformity with Accounting Principles Generally Accepted in Japan (Japanese GAAP)
English Translation of the Original Japanese-Language Report

SOHGO SECURITY SERVICES CO., LTD. (Code No.:2331, TSE 1st Sec.)

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

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1. Summary of the consolidated financial results for fiscal year ended March 31, 2015 (April 1, 2014 - March 31, 2015)

(1) Consolidated operating results (Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2015	365,749	11.4	22,971	21.3	24,700	19.1	13,534	23.5
March 31, 2014	328,209	4.0	18,932	60.6	20,745	40.7	10,955	27.8

Note 1: Percentage shown in net sales, operating income, ordinary income, and net income above represent the changes from the previous fiscal year.

Note 2: Comprehensive income: Year ended March 31, 2015 ¥22,100 million 58.9%
Year ended March 31, 2014 ¥13,908 million 12.5%

	Net income per share	Diluted net income per share	ROE (Net income to equity)	Ordinary income to total assets	Operating income to sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2015	134.65	-	7.8	6.9	6.3
March 31, 2014	108.99	-	7.0	6.5	5.8

Note: Equity in earnings of affiliates: Year ended March 31, 2015 ¥641 million
Year ended March 31, 2014 ¥517 million

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended				
March 31, 2015	373,863	204,363	48.4	1,800.15
March 31, 2014	342,495	180,205	46.2	1,574.74

Note: Equity capital: Year ended March 31, 2015 ¥180,947 million
Year ended March 31, 2014 ¥158,290 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
March 31, 2015	19,666	(24,295)	6,596	37,976
March 31, 2014	21,056	(16,701)	(9,142)	35,791

2. Dividend

(Figures rounded down to the nearest million)

	Dividends per share					Total dividend (Annual)	Consolidated payout ratio	Consolidated dividends to net assets
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended								
March 31, 2014	-	12.50	-	17.50	30.00	3,016	27.5	1.9
March 31, 2015	-	17.50	-	20.50	38.00	3,820	28.2	2.2
Fiscal year ending March 31, 2016 (Forecast)	-	20.00	-	20.00	40.00		23.7	

Note : Breakdown of year-end dividend in fiscal year ended March 31, 2015: Standard dividend ¥17.50
Special commemorative dividend: ¥3.00

3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2016 (April 1, 2015 - March 31, 2016)

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	187,400	9.3	11,600	44.0	12,500	37.3	6,800	39.3	67.65
Annual	405,000	10.7	29,400	28.0	31,000	25.5	17,000	25.6	169.12

Note : Percentages shown in net sales, operating income, ordinary income, and net income above represent the prospected changes from the previous year.

Notes:

(1) Changes in consolidated subsidiaries (Changes in scope of consolidation) : No

Added: - Removed: -

(2) Changes in accounting policies, changes in accounting estimates, and restatement

① Changes arising from revision of accounting standards : Yes

② Changes arising from other factors : No

③ Changes arising from accounting estimate : No

④ Restatement : No

Changes are conducted in accordance with Article 14-2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (changes in accounting policies accompanying revisions or other changes in accounts and other standards). For more details, please refer to page 21 "(5) Notes on the Preparation of the Consolidated Financial Results (Changes in Accounting Policies)" under "5. Consolidated Financial Statements."

(3) Number of shares outstanding (Ordinary shares)

① Number of shares issued (including treasury stock)	Year ended March 31, 2015	102,040,042 shares	Year ended March 31, 2014	102,040,042 shares
② Number of shares of treasury stock	Year ended March 31, 2015	1,521,699 shares	Year ended March 31, 2014	1,521,424 shares
③ Average number of shares throughout the fiscal year	Year ended March 31, 2015	100,518,457 shares	Year ended March 31, 2014	100,518,951 shares

(Reference) Non-consolidated Financial Results for Fiscal Year Ended March 31, 2015

Summary of the non-consolidated financial results for fiscal year ended March 31, 2015 (April 1, 2014 - March 31, 2015)

(1) Non-consolidated operating results (Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2015	213,006	6.2	12,139	48.9	20,475	15.4	14,708	(1.4)
March 31, 2014	200,635	2.0	8,150	111.4	17,736	144.9	14,915	186.4

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

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended		
March 31, 2015	146.30	-
March 31, 2014	148.36	-

(2) Non-consolidated financial conditions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended				
March 31, 2015	266,220	141,283	53.1	1,405.34
March 31, 2014	246,437	124,717	50.6	1,240.56

Note: Equity capital: Year ended March 31, 2015 ¥141,283 million
Year ended March 31, 2014 ¥124,717 million

*Indication of audit procedure implementation status

This summary of financial results is exempt from audit procedure based upon the Financial Instruments and Exchange Act. The audit procedure process had not been completed at the time of disclosure of this report.

*Explanation for Appropriate Use of Forecasts and Other Notes

The forward-looking statements such as operational forecasts contained in this summary of financial results are based on the information currently available to the Company and certain assumptions which are regarded as legitimate, and the Company does not promise the achievement of these results. Actual results may differ significantly from these forecasts due to various factors.

Please refer to page 2 “(1) Analysis of Operating Results” under “1. Operating Results” for more information regarding the presumptions for forecasts and cautionary statements regarding the use of forecasts.

Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

A. Consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 – March 31, 2015)

In the year under review, in Japan, certain sectors of the economy were weak due to the impacts of the consumption tax hike on consumer spending as well as the effects of natural disasters. However, a modest recovery trend was seen centered on the corporate sector as a result of improvements in corporate performance, the job market, and personal income. Overseas, the overall trend was that of recovery, but there remains a need to carefully monitor the impacts of political conditions in the United States and deteriorating public safety in principal Middle Eastern countries.

In regard to public safety in Japan, there seems to be no end to the occurrence of crimes targeting women and children, scams aimed at senior citizens, and issues involving confidential information. At the same time, there is a pressing need to prepare for natural disasters. For these reasons, the safety and security needs of society are growing more diverse.

In this environment, the ALSOK Group continued working to strengthen its mainstay security services operations while also expanding businesses in peripheral fields that are highly compatible with security services, such as nursing care and building maintenance. At the same time, we pursued cost reductions by consolidating functions in back-office and operating divisions.

Due to the above factors, net sales rose 11.4% year on year, to ¥365,749 million; operating income was up 21.3%, to ¥22,971 million; ordinary income was up 19.1%, to ¥24,700 million; and net income increased 23.5%, to ¥13,534 million.

Sales by Business Segment

Business Segment	Fiscal year ended March 31, 2014		Fiscal year ended March 31, 2015		YoY	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Increase/ Decrease (%)
Security Services						
Electronic Security Services	151,844	46.3	160,409	43.9	8,564	5.6
Stationed Security Services	77,284	23.5	88,429	24.2	11,144	14.4
Transportation Security Services	51,050	15.6	52,328	14.3	1,277	2.5
Total	280,179	85.4	301,166	82.3	20,987	7.5
General Property Management and Fire Protection Services	44,808	13.7	58,309	15.9	13,500	30.1
Total for reportable segments	324,988	99.0	359,475	98.3	34,487	10.6
Long-term Care Services / Other Services	3,221	1.0	6,273	1.7	3,052	94.8
Total	328,209	100.0	365,749	100.0	37,540	11.4

Major factors behind segment results

a. Security Services

Electronic Security Services

In services for corporate clients, the Company worked to promote sales of ALSOK-GV (read ALSOK G-five), a service that combines Internet-based security services utilizing image monitoring with ALSOK Information Service, which allows for information regarding when employees arrive at or leave premises to be viewed online while also providing Internet-based remote control functionality for equipment. Furthermore, in May 2014, we added ALSOK-FM SUPPORT to our lineup. This product features enhanced facility management functions for medium- to large-scale facilities, and thereby enables facility value to be boosted for only a small cost. Sales of ALSOK-FM SUPPORT were aggressively promoted throughout the year.

In services for individual users, we witnessed an increase in orders for the HOME ALSOK APARTMENT AND CONDOMINIUM PLAN, a service for housing complexes, as well as for HOME ALSOK MIMAMORI SUPPORT, an emergency report and consultation service for senior citizens. HOME ALSOK ALBO eye, which was launched in September 2014, performed favorably as well. At the same time, we continued to reinforce alliances with housing developers and real estate companies while also strengthening ties with financial institutions and insurance companies to promote sales of HOME ALSOK PREMIUM, a service for standard households.

As a result, net sales in the Electronic Security Services segment rose 5.6% year on year, to ¥160,409 million, due in part to the sales increases stemming from the consolidation of ALSOK Souei Co., Ltd., and ALSOK Care & Support Co., Ltd.

Stationed Security Services

In the year under review, we made smooth progress in acquiring new orders, and there was an increase in orders for temporary, large-scale stationed security operations. Accordingly, net sales in the Stationed Security Services segment increased 14.4% year on year, to ¥88,429 million.

Transportation Security Services

In the year under review, we saw favorable performance for the Cash Deposit Machine On-line System, which utilizes the Company's Internet-based information management functions as well as its transportation security network to provide comprehensive support for managing the sales revenues and change of distributors and retailers. In addition, contracts increased for the Total ATM Management System, a total operation and management support system for ATMs installed in financial institutions and convenience stores. Due to these factors, net sales in the Transportation Security Services segment increased 2.5% year on year, to ¥52,328 million.

b. General Property Management and Fire Protection Services

In the year under review, the benefits of the consolidation of ALSOK Souei Co., Ltd., and Nippon Building Maintenance Co., Ltd., appeared in the form of sales increases. At the same time, we strengthened our system for providing one-stop response to customer needs related to the maintenance, management, and operation of buildings, condominiums, and other facilities. As a result, net sales in the General Property Management and Fire Protection Services segment increased 30.1% year on year, to ¥58,309 million.

c. Long-term Care Services Services / Other Services

The Company views services for senior citizens are representing an important business field, and has therefore been developing operations in the area since 2013. In the year under review, HCM Corporation and ALSOK Care & Support Co., Ltd., were consolidated into the Group. As a result, net sales in the Long-term Care Services / Other Services segment amounted to ¥6,273 million, representing a massive increase from the performance of the former Other Services segment in the fiscal year ended March 31, 2014.

Going forward, the Group will fully leverage its management resources to develop its conventional nursing care service operations while also creating new hybrid services by fusing security services and nursing care.

B. Comparative Analysis of the Consolidated Statements of Income

The following table is a year-on-year comparison of the ALSOK Group's Consolidated Statements of Income.

	Fiscal year ended March 31, 2014		Fiscal year ended March 31, 2015		YoY	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Increase/ Decrease (%)
Net sales	328,209	100.0	365,749	100.0	37,540	11.4
Cost of sales	248,900	75.8	276,116	75.5	27,215	10.9
Gross profit	79,308	24.2	89,632	24.5	10,324	13.0
Selling, general and administrative expenses	60,375	18.4	66,660	18.2	6,285	10.4
Operating income	18,932	5.8	22,971	6.3	4,039	21.3
Non-operating income	3,124	1.0	3,217	0.9	92	3.0
Non-operating expenses	1,311	0.4	1,488	0.4	176	13.5
Ordinary income	20,745	6.3	24,700	6.8	3,955	19.1
Extraordinary income	258	0.1	16	0.0	(242)	(93.8)
Extraordinary loss	92	0.0	63	0.0	(28)	(31.3)
Income taxes	8,853	2.7	9,780	2.7	927	10.5
Minority interests in income	1,102	0.3	1,337	0.4	234	21.3
Net income	10,955	3.3	13,534	3.7	2,579	23.5

In the year under review, net sales increased ¥37,540 million year on year, to ¥365,749 million.

Cost of sales was ¥276,116 million, primarily due to a ¥4,119 million increase in cost of sales from procurement of products and installation of equipment and a ¥13,264 million increase in labor costs.

Selling, general and administrative expenses were ¥66,660 million due to a ¥4,050 million increase in salaries and allowances.

Ordinary income rose ¥3,955 million, or 19.1%, to ¥24,700 million.

Extraordinary income was down due to a ¥110 million decrease in compensation income and a ¥106 million decrease in gain on sales of investment securities.

Extraordinary loss declined as a result of a ¥66 million decrease in loss on retirement of noncurrent assets.

Net income increased ¥2,579 million, or 23.5%, to ¥13,534 million.

C. Forecast for the Fiscal Year Ending March 31, 2016

In the fiscal year ending March 31, 2016, there will be some concern with regard to the opaque nature of conditions overseas, but Japan will continue to see improvements in corporate performance, the job market, and personal income, and these improvements are anticipated to create a pronounced virtuous cycle in the domestic economy.

In the security industry, traditional security needs will remain present. At the same time, we expect to see expanding business opportunities resulted from the accelerated development of social infrastructure as part of national resilience improvement plans, post-Great East Japan Earthquake reconstruction efforts, and preparations for large-scale events. However, intensified competition is forecast to create a harsh operating environment for the security industry during the fiscal year ending March 31, 2016. Success under these difficult conditions will require that we promote the further differentiation of our products and services.

ALSOK has always been a company that protects the bodies, lives, and assets of its customers, and it has continued to build upon its security services track record since its establishment. In addition to growing its security services operations, the entire Group will actively develop businesses in peripheral fields going forward as it creates products and services that live up to customer expectations and improves its business performance.

In the fiscal year ending March 31, 2016, the ALSOK Group forecasts net sales of ¥405,000 million, up 10.7% year on year; operating income of ¥29,400 million, up 28.0%; ordinary income of ¥31,000 million, up 25.5%; and net income attributable to owners of the parent of ¥17,000 million, up 25.6%, results that will be achieved through the implementation of initiatives such as those described above.

(2) Analysis of Financial Position

A. Comparative Analysis of the Consolidated Balance Sheets

The following table shows a year-on-year comparison of the ALSOK Group's Consolidated Balance Sheets.

		As of March 31, 2014		As of March 31, 2015		YoY	
		Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Increase/ Decrease (%)
Assets	Current assets	199,458	58.2	210,445	56.3	10,986	5.5
	Noncurrent assets	143,036	41.8	163,418	43.7	20,381	14.2
	Total assets	342,495	100.0	373,863	100.0	31,368	9.2
Liabilities	Current liabilities	114,322	33.4	130,464	34.9	16,142	14.1
	Noncurrent liabilities	47,968	14.0	39,035	10.4	(8,932)	(18.6)
	Total liabilities	162,290	47.4	169,500	45.3	7,209	4.4
Total net assets		180,205	52.6	204,363	54.7	24,158	13.4

Total assets at the end of the year under review increased ¥31,368 million, or 9.2%, from the previous fiscal year-end, to ¥373,863 million. Total current assets increased 10,986 million, or 5.5%, to ¥210,445 million, and total noncurrent assets increased ¥20,381 million, or 14.2%, to ¥163,418 million.

The ¥10,986 million increase in current assets was primarily due to a ¥7,964 million increase in notes and accounts receivable-trade, a ¥2,951 million increase in cash and deposits, and a ¥1,121 million in lease receivables and investment assets, which offset a ¥1,819 million decrease in cash for Transportation Security Services.

The ¥20,381 million increase in noncurrent assets was mainly attributable to a ¥10,402 million increase in goodwill, a ¥9,463 million increase in net defined benefit asset, and a ¥4,162 million increase in investment securities.

Total liabilities at the end of the year under review increased ¥7,209 million, or 4.4%, from the previous fiscal year-end, to ¥169,500 million. Total current liabilities increased ¥16,142 million, or 14.1%, to ¥130,464 million, and total noncurrent liabilities decreased ¥8,932 million, or 18.6%, to ¥39,035 million.

The ¥16,142 million increase in current liabilities was a result of factors such as a ¥6,864 million increase in accrued consumption taxes, a ¥3,065 million increase in short-term loans payable, and a ¥2,876 million increase in notes and accounts payable-trade.

The ¥8,932 million decrease in noncurrent liabilities was due to a ¥8,069 million decrease in net defined benefit liability and a ¥2,068 million decrease in long-term loans payable.

Total net assets at March 31, 2015, were up ¥24,158 million, or 13.4%, from the previous fiscal year-end, to ¥204,363 million.

B. Analysis of Cash and Cash Equivalents (hereafter referred to as “cash”)

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	YoY (%)
Net cash provided by (used in) operating activities	21,056	19,666	(6.6)
Net cash provided by (used in) investing activities	(16,701)	(24,295)	45.5
Net cash provided by (used in) financing activities	(9,142)	6,596	(172.2)
Effect of exchange rate change on cash and cash equivalents	2	40	1,826.3
Net increase (decrease) in cash and cash equivalents	(4,785)	2,007	(142.0)
Cash and cash equivalents at beginning of period	40,541	35,791	(11.7)
Increase in cash and cash equivalents from newly consolidated subsidiary	36	-	(100.0)
Increase in cash and cash equivalents resulting from merger with non-consolidated subsidiaries	-	177	-
Cash and cash equivalents at end of period	35,791	37,976	6.1

a. Cash flows from operating activities

As a result of our operating activities in the year under review, net cash provided by operating activities decreased 6.6% year on year, to ¥19,666 million. Principal items increasing cash included ¥24,653 million in income before income taxes, an increase of 17.9% year on year; ¥11,331 million in depreciation and amortization, an increase of 23.2%; and ¥2,676 million in increase notes and accounts payable-trade, an increase of 48.6%. Conversely, major items decreasing cash included ¥11,624 million in decrease in assets and liabilities for Transportation Security Services, compared with ¥2,329 million in increase in assets and liabilities for Transportation Security Services in the previous fiscal year; ¥8,573 million in income taxes paid, a year-on-year increase of 8.5%; and ¥5,391 million in increase in notes and accounts receivable-trade, a year-on-year increase of 13.6%.

Increase (decrease) in assets and liabilities for Transportation Security Services includes the increases and decreases in funds procured for transportation security services that are included in cash for Transportation Security Services and short-term loans payable.

b. Cash flows from investing activities

Net cash used in investing activities in the year under review was ¥24,295 million, a 45.5% year-on-year increase. The primary factors were ¥12,153 million in purchase of property, plant and equipment, down 20.2% from the previous fiscal year, and ¥11,435 million in purchase of shares of subsidiaries resulting in change in scope of consolidation.

c. Cash flows from financing activities

Net cash provided by financing activities was ¥6,596 million, compared with net cash used in financing activities of ¥9,142 million in the previous fiscal year. Principal items increasing cash included ¥15,802 million in net increase in short-term loans payable, compared with ¥439 million in net decrease in short-term loans payable. Conversely, major items decreasing cash included ¥3,518 million in cash dividends paid, an increase of 32.1%; ¥3,447 million in repayment of long-term loans payable, an increase of 1.8%; and ¥2,700 million in repayment of lease obligations, a decrease of 3.3%.

C. Trends in Cash Flow Indicators for the ALSOK Group

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Equity ratio	52.1%	46.2%	48.4%
Equity ratio on a market value basis	46.5%	63.5%	110.1%
Interest-bearing liabilities to cash flow ratio	142.8%	302.3%	331.0%
Interest coverage ratio	36.9 times	36.4 times	28.5 times

Equity ratio is shareholders' equity divided by total assets.

Equity ratio on a market value basis is market capitalization divided by total assets.

Interest-bearing liabilities to cash flow ratio is interest-bearing liabilities divided by cash flow.

Interest coverage ratio is cash flow divided by interest expense.

Note 1: All indicators are calculated based on the consolidated financial statements.

Note 2: Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the total number of shares issued and outstanding at the end of the fiscal year (excluding treasury stock).

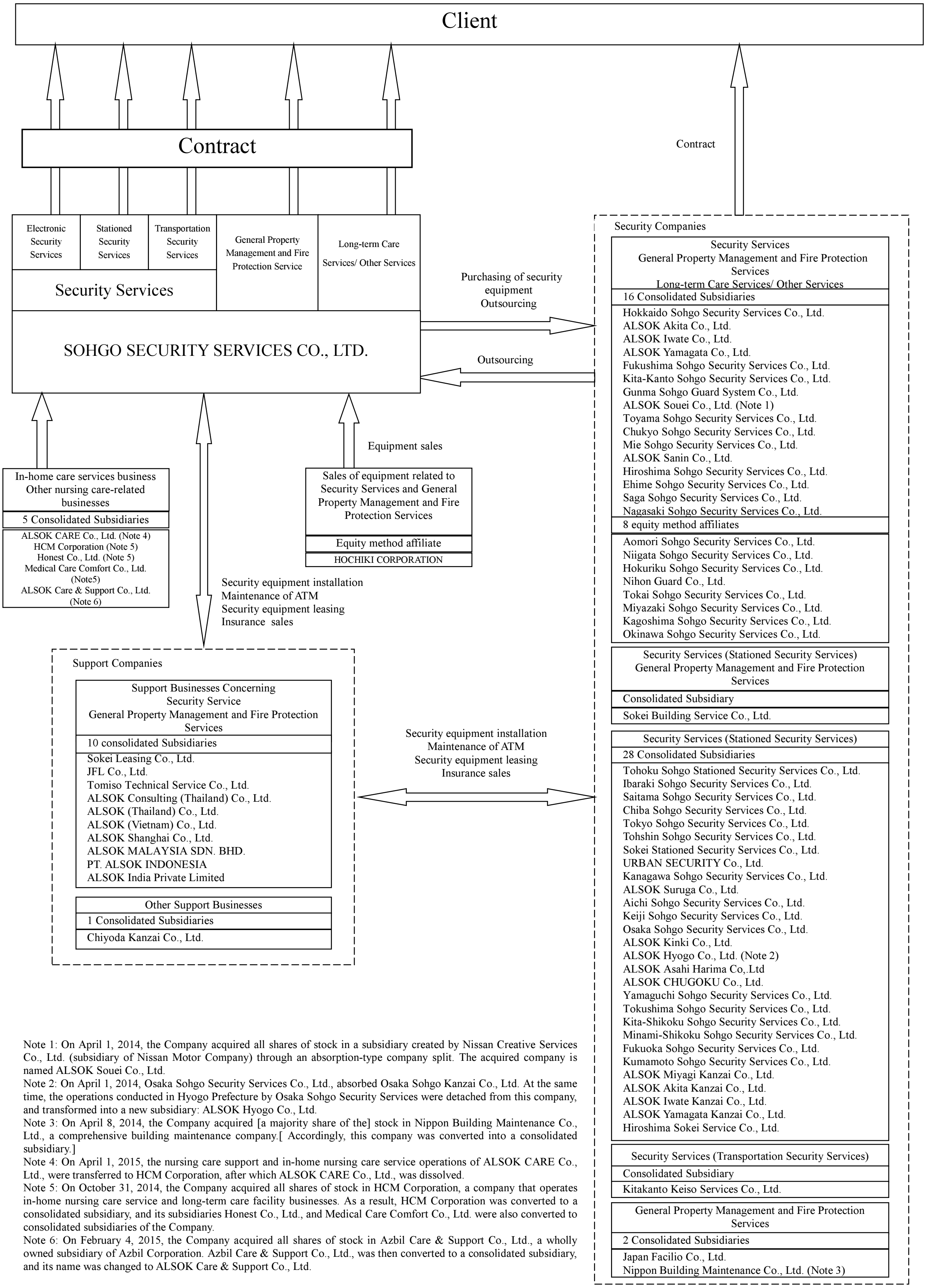
Note 3: Cash flow is net cash provided by (used in) operating activities.

Note 4: Interest-bearing liabilities are all liabilities on which interest is paid on the Consolidated Balance Sheets.

2. Status of the Corporate Group

〔Structure of our company group〕

Major group companies by business segment and the structure of ALSOK Group are as follows. Only significant business contracts are stated.



Note 1: On April 1, 2014, the Company acquired all shares of stock in a subsidiary created by Nissan Creative Services Co., Ltd. (subsidiary of Nissan Motor Company) through an absorption-type company split. The acquired company is named ALSOK Souei Co., Ltd.

Note 2: On April 1, 2014, Osaka Sohgo Security Services Co., Ltd., absorbed Osaka Sohgo Kanzai Co., Ltd. At the same time, the operations conducted in Hyogo Prefecture by Osaka Sohgo Security Services were detached from this company, and transformed into a new subsidiary: ALSOK Hyogo Co., Ltd.

Note 3: On April 8, 2014, the Company acquired [a majority share of the] stock in Nippon Building Maintenance Co., Ltd., a comprehensive building maintenance company.[Accordingly, this company was converted into a consolidated subsidiary.]

Note 4: On April 1, 2015, the nursing care support and in-home nursing care service operations of ALSOK CARE Co., Ltd., were transferred to HCM Corporation, after which ALSOK CARE Co., Ltd., was dissolved.

Note 5: On October 31, 2014, the Company acquired all shares of stock in HCM Corporation, a company that operates in-home nursing care service and long-term care facility businesses. As a result, HCM Corporation was converted to a consolidated subsidiary, and its subsidiaries Honest Co., Ltd., and Medical Care Comfort Co., Ltd. were also converted to consolidated subsidiaries of the Company.

Note 6: On February 4, 2015, the Company acquired all shares of stock in Azbil Care & Support Co., Ltd., a wholly owned subsidiary of Azbil Corporation. Azbil Care & Support Co., Ltd., was then converted to a consolidated subsidiary, and its name was changed to ALSOK Care & Support Co., Ltd.

3. Management Policies

(1) Basic Corporate Management Policy

Our management philosophy is "Our business operations are based on a management philosophy exemplified by a spirit of gratitude and a samurai spirit. Our mission is to help maintain safety throughout society—an indispensable element of our lives—as well as to make constant improvements to become the industry's leading company." Based on this management philosophy, we have developed a management policy stating that our top priority is to provide security services of the first rank. This policy encourages us to generate appropriate profits through these security services and contribute to society by leveraging our security expertise to provide a diverse range of services that meet contemporary demands.

(2) Stance on Target Management Indicators

The ALSOK Group believes that expanding its security services and other operations as well as improving the rationality and efficiency of all of its business activities are essentials tasks for increasing profitability. Accordingly, it is focusing on the ordinary income ratio as an important management indicator. We will also emphasize the ratio of net income to equity, otherwise known as return on equity (ROE), as an indicator of how optimally shareholders' equity is being utilized. Accordingly, we have set the medium-term target of achieving ROE of 10%.

(3) Medium- and Long-term Corporate Strategy

The ALSOK Group will continue to strengthen its mainstay security services operations, while also providing products and services that are optimal for addressing customers' risk management and outsourcing needs. At the same time, we will drastically reform cost structures to improve profitability.

(4) Pressing Issues for the Company

The ALSOK Group is one of Japan's leading security services conglomerates. Recognizing the responsibility this represents, we are actively working to help protect the safety and security of society while practicing stringent compliance and strong corporate ethics to improve corporate value. Moreover, as a provider of an important form of social infrastructure related to safety and security, the Group is developing cutting-edge products and services in order to take advantage of a wider range of business opportunities in various fields that lie outside of the framework of its traditional security services operations.

A. Responding to Diversifying Needs of Customers

Customers' needs for safety and security are diversifying, and it is therefore important that the ALSOK Group continue to provide high-quality products and services that accurately respond to these needs.

For corporate clients, we are developing services that will enable us to provide swifter, wider ranging, and more competent security at optimal costs. Specifically, we have launched ALSOK Zone Security Management®, a service that is linked with our new brand of security guards armed with the security services expertise we have developed to date together with state-of-the-art ICT and IT equipment: ALSOK Hyper Security Guard®.

Furthermore, we provide a range of other products and services that offer corporate clients both security and convenience in their various business activities. These include our various outsourcing services for financial institutions, the Underpass Monitoring Service designed to help prevent road flooding, and services for large-scale solar power generation (megasolar) facilities that utilize aerial robots.

For individual users, we offer a wide range of services that respond to various customer needs to provide comprehensive protection of safety and security for all aspects of customers' lives. These include HOME ALSOK Premium, a standard home security service that allows for remote control of security systems via the Internet and provides image monitoring functions for outside of premises. Another service is HOME ALSOK ALBO eye a monitoring service that uses sensor-equipped web cameras to allow customers to personally confirm images from their own homes and request security dispatch services as they deem necessary. We also provide MAMOLOOK, a multifunctional mobile security terminal equipped with communications and safety confirmation functions.

B. Expanding Business Scope

The ALSOK Group looks to provide support for all aspects of customers' lives and business activities. To this end, it has continued to actively develop new businesses and services that are synergistic with its security services operations, such as its facility management and long-term care businesses. These efforts will be accelerated going forward.

C. Expanding Overseas

The trend of Japanese companies expanding their operations overseas is expected to accelerate into the future. The ALSOK Group will leverage the security expertise accumulated through its operations in Japan to develop businesses in which it supports the overseas operations of clients by providing security products and services custom-tailored to match the circumstances of different countries.

D. Reforming Cost Structure to Improve Profitability

To strengthen its cost structure and ensure an appropriate level of profitability, the ALSOK Group is further cutting costs by consolidating back office functions and expanding the range of duties handled by security guards and other employees. The Group will also improve service quality to accomplish these goals.

(5) Other Important Items in Management of the Company

A. On April 1, 2014, the Company transferred the operations of Regional Division (VIII) in Hyogo Prefecture and the operations of Regional Division (X) in Shiga, Kyoto, Nara, and Wakayama prefectures to Regional Division (II). The aim of this reorganization was to strengthen wide-ranging sales systems in the Kansai region. Following the reorganization, Regional Division (X) was dissolved.

B. On April 1, 2014, wholly owned subsidiary Osaka Sohgo Security Services Co., Ltd., absorbed wholly owned subsidiary Osaka Sohgo Kanzai Co., Ltd. At the same time, the Kobe Branch of Osaka Sohgo Security Services was detached from this company, and converted into a new subsidiary: ALSOK Hyogo Co., Ltd. The aim of this reorganization was to integrate business operation, promote more effective use of management resources, and allow for more efficient management that better reflects the characteristics of each region of operation.

C. On April 1, 2014, the Company absorbed Sokei Information System Co., Ltd., to accelerate development ventures and improve managerial efficiency by concentrating management resources.

D. On April 1, 2014, the Company acquired all shares in a subsidiary created by Nissan Creative Services Co., Ltd. (wholly owned subsidiary for Nissan Motor Company) for the purpose of inheriting the security services and building maintenance operations of Nissan Creative Services. The acquired company is now a wholly owned subsidiary of the Company named ALSOK Souei Co., Ltd.

E. On April 8, 2014, the Company acquired 77.1% (111,940 shares) of the outstanding shares of common stock of Nippon Building Maintenance Co., Ltd., a company that provides building maintenance and management services. Later, on August 5, 2014, the remaining shares were acquired, and Nippon Building Maintenance Co., Ltd., was converted into a wholly owned subsidiary of the Company.

F. On September 18, 2014, to expand its long-term care service operations, the Company acquired all shares of ANTEI CARE Inc., and this company was converted into a wholly owned subsidiary of the Company.

G. On October 31, 2014, the Company acquired all shares of stock in HCM Corporation, a company that operates in-home nursing care service and long-term care facility businesses. As a result, HCM Corporation was converted to a consolidated subsidiary, and its subsidiaries Honest Co., Ltd., and Medical Care Comfort Co., Ltd. were also converted to consolidated subsidiaries of the Company. In addition, all outstanding share warrants issued by HCM Corporation were either acquired by the Company or acquired and subsequently cancelled by HCM Corporation.

H. On February 4, 2015, the Company acquired all shares of stock in Azbil Care & Support Co., Ltd., a company that provides emergency report response services and various healthcare support services. Azbil Care & Support Co., Ltd., was then converted to a consolidated subsidiary, and its name was changed to ALSOK Care & Support Co., Ltd.

4. Basic Policy Regarding Selection of Accounting Standards

The Company is examining the possibility of adopting International Financial Reporting Standards (IFRS) in the future, and is currently in the process of developing internal manuals and guidances and determining the potential timing for adoption.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits (Note 3)	43,161	46,113
Cash for Transportation Security Services (Note 1)	98,579	96,760
Notes and accounts receivable-trade (Note 3)	36,055	44,020
Lease receivables and investment assets	1,986	3,108
Short-term investment securities	415	861
Raw materials and supplies	4,380	4,759
Costs on uncompleted construction contracts	343	393
Advances paid	6,370	6,301
Deferred tax assets	1,842	1,868
Other	6,534	6,502
Allowance for doubtful accounts	(211)	(243)
Total current assets	199,458	210,445
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	42,165	42,599
Accumulated depreciation	(22,982)	(23,758)
Buildings and structures, net (Note 3)	19,183	18,840
Machinery, equipment and vehicles	119,885	124,784
Accumulated depreciation	(104,169)	(106,286)
Machinery, equipment and vehicles, net	15,716	18,498
Land (Notes 2 and 3)	22,933	23,219
Lease assets	11,092	11,063
Accumulated depreciation	(5,529)	(6,126)
Lease assets, net	5,562	4,937
Construction in progress	1,410	2,712
Other	12,882	13,310
Accumulated depreciation	(9,462)	(9,814)
Other, net	3,419	3,495
Total property, plant and equipment	68,225	71,704
Intangible assets		
Software	3,681	4,192
Goodwill	769	11,172
Other	1,699	1,489
Total intangible assets	6,151	16,853
Investments and other assets		
Investment securities (Notes 3 and 4)	34,466	38,629
Long-term loans receivable	456	395
Lease and guarantee deposits	7,798	8,039
Insurance funds	2,004	2,053
Net defined benefit asset	50	9,514
Deferred tax assets	12,638	5,587
Other	12,097	11,192
Allowance for doubtful accounts	(853)	(552)
Total investments and other assets	68,659	74,859
Total noncurrent assets	143,036	163,418
Total assets	342,495	373,863

(Millions of yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	21,069	23,946
Short-term loans payable (Note 1)	56,472	59,538
Current portion of long-term loans payable (Note 3)	3,165	3,459
Current portion of bonds	10	64
Accounts payable-other	13,672	15,680
Lease obligations	2,506	2,775
Income taxes payable	4,203	4,232
Accrued consumption taxes	1,680	8,544
Provision for bonuses	1,072	1,460
Provision for directors' bonuses	238	186
Deferred tax liabilities	0	0
Other	10,230	10,576
Total current liabilities	114,322	130,464
Noncurrent liabilities		
Bonds payable	20	115
Long-term loans payable (Note 3)	3,983	1,915
Lease obligations	5,510	5,832
Deferred tax liabilities	33	615
Deferred tax liabilities for land revaluation	366	332
Net defined benefit liability	33,554	25,484
Provision for directors' retirement benefits	1,696	1,725
Asset retirement obligations	67	68
Negative goodwill	60	-
Other	2,674	2,946
Total noncurrent liabilities	47,968	39,035
Total liabilities	162,290	169,500
Net Assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	114,961	130,753
Treasury stock	(1,988)	(1,989)
Total shareholders' equity	163,766	179,557
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,969	8,235
Revaluation reserve for land (Note 2)	(5,343)	(5,293)
Foreign currency translation adjustment	46	173
Remeasurements of defined benefit plans	(6,148)	(1,725)
Total valuation and translation adjustments	(5,475)	1,389
Minority interests	21,914	23,415
Total net assets	180,205	204,363
Total liabilities and net assets	342,495	373,863

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net sales	328,209	365,749
Cost of sales (Note 6)	248,900	276,116
Gross profit	79,308	89,632
Selling, general and administrative expenses (Notes 1 and 2)	60,375	66,660
Operating income	18,932	22,971
Non-operating income		
Interest income	250	249
Dividends income	512	548
Gain on sales of investment securities	123	159
Rent income	243	247
Gain from insurance claim	114	89
Equity in earnings of affiliates	517	641
Amortization of negative goodwill	80	60
Penalty income	336	268
Other	945	952
Total non-operating income	3,124	3,217
Non-operating expenses		
Interest expenses	578	689
Loss on sales of investment securities	7	0
Loss on retirement of noncurrent assets (Note 3)	151	228
Financing expenses	258	290
Other	314	279
Total non-operating expenses	1,311	1,488
Ordinary income	20,745	24,700
Extraordinary income		
Gain on sales of investment securities	108	2
Compensation income	124	13
Gain on reversal of asset retirement obligations	25	-
Total extraordinary income	258	16
Extraordinary loss		
Loss on valuation of investment securities	23	49
Loss on retirement of noncurrent assets (Note 4)	66	-
Impairment loss (Note 5)	2	0
Loss on extinguishment of tie-in shares	-	13
Total extraordinary loss	92	63
Income before income taxes	20,911	24,653
Income taxes-current	8,372	8,653
Income taxes-deferred	481	1,127
Total income taxes	8,853	9,780
Income before minority interests	12,057	14,872
Minority interests in income	1,102	1,337
Net income	10,955	13,534

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Income before minority interests	12,057	14,872
Other comprehensive income		
Valuation difference on available-for-sale securities	1,761	2,413
Revaluation reserve for land	-	33
Foreign currency translation adjustment	7	29
Remeasurements of defined benefit plans, net of tax	-	4,416
Share of other comprehensive income of associates accounted for using equity method	81	335
Total other comprehensive income (Note)	1,850	7,228
Comprehensive income	13,908	22,100
(Contents)		
Comprehensive income attributable to owners of the parent	12,736	20,400
Comprehensive income attributable to minority interests	1,171	1,700

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	18,675	32,117	106,731	(1,987)	155,536
Cumulative effects of changes in accounting policies					
Balance at the beginning of current period reflected changes in accounting policies	18,675	32,117	106,731	(1,987)	155,536
Changes of items during the period					
Dividends from surplus			(2,664)		(2,664)
Net income			10,955		10,955
Purchase of treasury stock				(0)	(0)
Change of scope of consolidation			(60)		(60)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	8,230	(0)	8,229
Balance at the end of current period	18,675	32,117	114,961	(1,988)	163,766

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total valuation and translation adjustments		
Balance at the beginning of current period	4,245	(5,343)	(10)	-	(1,109)	21,135	175,563
Cumulative effects of changes in accounting policies							
Balance at the beginning of current period reflected changes in accounting policies	4,245	(5,343)	(10)	-	(1,109)	21,135	175,563
Changes of items during the period							
Dividends from surplus							(2,664)
Net income							10,955
Purchase of treasury stock							(0)
Change of scope of consolidation							(60)
Net changes of items other than shareholders' equity	1,724	0	56	(6,148)	(4,366)	778	(3,587)
Total changes of items during the period	1,724	0	56	(6,148)	(4,366)	778	4,641
Balance at the end of current period	5,969	(5,343)	46	(6,148)	(5,475)	21,914	180,205

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	18,675	32,117	114,961	(1,98)8	163,766
Cumulative effects of changes in accounting policies			5,776		5,776
Balance at the beginning of current period reflected changes in accounting policies	18,675	32,117	120,738	(1,988)	169,542
Changes of items during the period					
Dividends from surplus			(3,518)		(3,518)
Net income			13,534		13,534
Purchase of treasury stock				(0)	(0)
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	10,015	(0)	10,015
Balance at the end of current period	18,675	32,117	130,753	(1,989)	179,557

		Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans, net of tax	Total valuation and translation adjustments		
Balance at the beginning of current period	5,969	(5,343)	46	(6,148)	(5,475)	21,914	180,205
Cumulative effects of changes in accounting policies						190	5,966
Balance at the beginning of current period reflected changes in accounting policies	5,969	(5,343)	46	(6,148)	(5,475)	22,104	186,171
Changes of items during the period							
Dividends from surplus							(3,518)
Net income							13,534
Purchase of treasury stock							(0)
Change of scope of consolidation							
Net changes of items other than shareholders' equity	2,266	49	126	4,423	6,865	1,311	8,176
Total changes of items during the period	2,266	49	126	4,423	6,865	1,311	18,192
Balance at the end of current period	8,235	(5,293)	173	(1,725)	1,389	23,415	204,363

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net cash provided by (used in) operating activities		
Income before income taxes	20,911	24,653
Depreciation and amortization	9,198	11,331
Impairment loss	2	0
Amortization of goodwill	370	768
Amortization of negative goodwill	(80)	(60)
Increase (decrease) in allowance for doubtful accounts	11	(281)
Increase (decrease) in net defined benefit liability	(310)	213
Increase (decrease) in provision for bonuses	24	(246)
Increase (decrease) in provision for directors' bonuses	36	(54)
Interest and dividends income	(762)	(797)
Interest expenses	578	689
Equity in (earnings) losses of affiliates	(517)	(641)
Loss (gain) on sales of noncurrent assets	1	1
Loss on retirement of noncurrent assets	218	228
Gain on reversal of asset retirement obligations	(25)	-
Loss (gain) on sales of investment securities	(222)	(161)
Loss (gain) on valuation of investment securities	23	49
Loss (gain) on valuation of derivatives	(180)	(105)
Decrease (increase) in notes and accounts receivable-trade	(4,744)	(5,391)
Decrease (increase) in inventories	956	(348)
Increase (decrease) in notes and accounts payable-trade	1,801	2,676
Decrease (increase) in net defined benefit asset	(1,279)	(1,970)
Decrease (increase) in assets and liabilities for Transportation Security Services	2,329	(11,624)
Other	257	8,953
Subtotal	28,597	27,884
Interest and dividends income received	900	953
Interest expenses paid	(574)	(698)
Income taxes paid	(7,900)	(8,573)
Income taxes refund	32	100
Net cash provided by (used in) operating activities	21,056	19,666

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	63	(498)
Purchase of property, plant and equipment	(15,224)	(12,153)
Proceeds from sales of property, plant and equipment	10	2
Purchase of investment securities	(878)	(919)
Proceeds from sales of investment securities	1,627	1,357
Purchase of investments in subsidiaries	(30)	(498)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(11,435)
Decrease (increase) in short-term loans receivable	3	(12)
Payments of long-term loans receivable	(74)	(102)
Collection of long-term loans receivable	158	133
Other	(2,356)	(168)
Net cash provided by (used in) investing activities	(16,701)	(24,295)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(439)	15,802
Proceeds from long-term loans payable	459	920
Repayment of long-term loans payable	(3,388)	(3,447)
Redemption of bonds	(10)	(57)
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(2,793)	(2,700)
Cash dividends paid	(2,664)	(3,518)
Cash dividends paid to minority shareholders	(304)	(401)
Net cash provided by (used in) financing activities	(9,142)	6,596
Effect of exchange rate change on cash and cash equivalents	2	40
Net increase (decrease) in cash and cash equivalents	(4,785)	2,007
Cash and cash equivalents at beginning of period	40,541	35,791
Increase in cash and cash equivalents from newly consolidated subsidiary	36	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	177
Cash and cash equivalents at end of period (Note)	35,791	37,976

(5) Notes on the Preparation of the Consolidated Financial Results

Events or Situations Giving Cause for Serious Doubt Regarding the Premise of a Going Concern

Not applicable

Notes on the Basic Important Points for Preparing the Consolidated Financial Statements of Fiscal Year Ended March 31, 2015

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 64

Name of significant consolidated subsidiaries

Japan Facilio Co., Ltd.
Sokei Stationed Security Service Co., Ltd.
Fukushima Sohgo Security Services Co., Ltd.
ALSOK Souei Co., Ltd.
Sokei Building Service Co., Ltd.

During the year under review, the Company acquired all shares of stock in ALSOK Souei Co., Ltd.; Nippon Building Maintenance Co., Ltd.; HCM Corporation; Honest Co., Ltd.; Medical Care Comfort Co., Ltd.; and ALSOK Care & Support Co., Ltd., and these companies were subsequently added to the scope of consolidation.

On April 1, 2014, consolidated subsidiary Osaka Sohgo Security Services Co., Ltd., absorbed consolidated subsidiary Osaka Sohgo Kanzai Co., Ltd. At the same time, the Kobe Branch of Osaka Sohgo Security Services was detached from this company, and its operations in Hyogo Prefecture were transformed into a new subsidiary: ALSOK Hyogo Co., Ltd.

On April 1, 2014, consolidated subsidiary Sokei Information System Co., Ltd., was absorbed by the Company.

(2) Name of significant non-consolidated subsidiaries:

Ehime Sokei Services Co., Ltd.

[Rationale for exclusion of non-consolidated subsidiaries, etc., from the scope of consolidation]

Each of the non-consolidated subsidiaries is small in scale in terms of the amount of assets, net sales, net income, and retained earnings; each has little influence on the finances and performance of the Group and has little materiality as a whole.

2. Application of equity method

(1) Number of affiliates accounted for under the equity method: 9

Name of significant affiliates:

HOCHIKI CORPORATION
Niigata Sohgo Security Services Co., Ltd.
Hokuriku Sohgo Security Services Co., Ltd.

(2) Major non-consolidated subsidiaries and affiliates not accounted for under the equity method

Ehime Sokei Services Co., Ltd.

[Rationale for non-application of the equity method]

Each of the subsidiaries or affiliates to which the equity method is not applied is small in scale in terms of net income and retained earnings; the influence on the finances and performance of the Group of each when the equity method is not applied is little and each has little materiality as a whole.

3. Matters concerning fiscal year-end of consolidated subsidiaries

The date of settlement of accounts for consolidated subsidiaries ALSOK (Vietnam) Co., Ltd., ALSOK (Shanghai) Co., Ltd., ALSOK MALAYSIA SDN. BHD., and PT. ALSOK INDONESIA is December 31. The financial statements presented on this date are used for the preparation of the consolidated financial statements of the Company. However, with regard to transactions with material importance between January 1 and March 31, the date of settlement of the consolidated accounts, adjustments are as necessary based on the terms of consolidation.

4. Matters concerning accounting methods

(1) Valuation basis and method of major assets

A. Marketable securities

Other marketable securities

With market value:

By the mark-to-market method based on market values on the date of settlement of the consolidated accounts (valuation differences are reported as a separate component of net assets and the cost of securities sold is determined by the moving-average method); derivative embedded bonds that cannot be treated separately are reported using the mark-to-market method (the cost of securities sold is determined by the moving-average method)

Without market value:

At cost, using the moving-average method

B. Derivatives

By the mark-to-market method

C. Inventories

Raw materials and supplies

Inventories are principally stated using the first-in first-out method (for the value stated in the balance sheet, the book value is written down based on the decreased profitability).

Costs on uncompleted installation contracts

Evaluated individually at cost

(2) Depreciation method for major depreciable assets

A. Property, plant and equipment (excluding lease assets)

Stated at cost. Depreciation is computed using the straight-line method at rates based on the estimated useful lives of the assets. The range of useful lives is principally as follows:

Buildings and structures: 15 to 50 years

Machinery, equipment and delivery equipment: 3 to 5 years

B. Intangible fixed assets (excluding lease assets)

Straight-line method

Software used for internal purposes is recorded at cost less accumulated amortization and is amortized using the straight-line method over 5 years (the estimated useful life of the software).

C. Lease assets

The straight-line method has been applied, using the lease period as the useful life and taking the residual value as zero.

(3) Accounting criteria for major allowances

A. Allowance for doubtful accounts

To prepare for losses on doubtful accounts from account receivable and loans, general provisions are determined on the basis of past credit loss experience, and specific provisions, such as loss apprehensive credits, are determined by considering individual collectability.

B. Allowance for bonuses

Allowance for bonuses is provided for the current portion of the future expected payment, in order to prepare for the payment of bonuses to employees.

C. Allowance for directors' bonuses

Allowance for directors' bonus is provided for the current portion of the future expected payment, in order to prepare for the payment of bonuses to directors and corporate auditors.

D. Retirement benefit plan for directors and corporate auditors

The accrued liabilities are provided for in full on an annual basis, based on the amount which the ALSOK Group would be required to pay under the relevant rules and bylaws if all members resigned at each balance sheet date.

(4) Accounting method for retirement benefits

A. Allocation of expected benefit payments

When calculating retirement benefit obligation, the benefit formula standard is used to allocate expected benefit payments to the period until this fiscal year end.

B. Actuarial differences and prior service cost

Prior service cost is charged to expenses using the straight-line method based on determined years (generally 5 years) within average remaining service years of the employees when incurred.

Actuarial differences are also charged to expenses from the following fiscal year using the straight-line method based on determined years (generally 10 years) within average remaining service years of the employees when incurred.

(5) Important accounting standard for income and expenses

A. The accounting standard used for income relating to finance leases

When lease payment is received it is accounted using the method for sale amount and cost of sale.

B. The accounting standard used for balance of completed installation contracts and costs of completed installation contracts

For contracts started in the year under review, the percentage-of-completion method has been applied for recognizing sales from installation projects; otherwise, the completed-contract method has been applied. For contracts using the percentage-of-completion method, the cost ratio method is used for calculating installation costs.

(6) Hedge accounting

A. Method of hedge accounting

Gains or losses on derivatives are deferred until maturity of the hedged transactions. And the interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, are not remeasured at market value, but the differential paid or received under the swap agreements is charged to income.

B. Hedging instruments and hedged items

Hedging instruments and hedged items to which hedge accounting was applied in the current fiscal year are as follows:

Hedging instruments: interest rate swaps

Hedged items: bank loans and bonds

C. Hedge policy

For the purpose of reducing financial costs and exposures to market risks resulting from fluctuations in interest rates, the interest rate fluctuation risk is hedged in accordance with internal rules.

D. Hedge effective assessment

Assessment of hedge effectiveness is omitted for interest rate swaps accounted by exceptional accounting that qualify for hedge accounting and meet specific matching criteria, as they are considered highly hedge effective.

(7) Method and period for amortization of goodwill

By principle, goodwill is amortized evenly over the estimated investment recovery period, which is determined based on the circumstances of individual investments and shall not exceed 20 years.

Additionally, negative goodwill incurred before March 31, 2010, is amortized evenly over a 5-year period.

(8) Scope of funds used to prepare consolidated cash flow statements

Cash on hand, deposits withdrawable at immediate notice, and easily convertible short-term investments redeemable within 3 months of acquisition with minimal risk of fluctuations in value.

(9) Other important matters

Accounting for consumption tax

Consumption tax and regional consumption taxes are accounted for using the tax exclusion method. However, consumption tax and regional consumption taxes not eligible for deduction are charged to expenses in the applicable fiscal year.

Changes in Accounting Policies

Adoption of Accounting Standard for Retirement Benefits

The “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, issued on May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, issued on March 26, 2015) as well as the standards prescribed by Article 35 of the “Accounting Standard for Retirement Benefits” and Article 67 of the “Guidance on Accounting Standard for Retirement Benefits” had been adopted as of the year under review. In accordance with these standards, the calculation method for projected retirement benefit obligation and service cost was revised, and the method used to allocate expected benefit payments to periods was changed from the straight-line method to the benefit formula method. In addition, the method for calculation of the discount rate was changed from the previous method (calculation using the period approximate to the expected average remaining working lives of employees in practice as the basis for calculation) to a method entailing the use of a single weighted average discount rate reflecting the estimated timing and amount of benefit payment and the use of different discount rates according to the estimated timing of benefit payment.

With regard to application of the “Accounting Standard for Retirement Benefits,” as per the past treatment stipulated in Article 37 of the “Accounting Standard for Retirement Benefits,” the amount of the effect from the change in the method of calculating retirement benefit obligations and service cost was added to or subtracted from retained earnings at the beginning of the year under review.

As a result, at the beginning of the year under review, net defined benefit liability decreased ¥8,933 million and retained earnings increased ¥5,776 million. In addition, operating income, ordinary income, and income before income taxes increased ¥246 million in the year under review.

Furthermore, net assets per share increased ¥57.46 and net income per share increased ¥2.45.

Unapplied Accounting Standards

“Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on September 13, 2013)
“Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on September 13, 2013)
“Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, issued on September 13, 2013)
“Accounting Standard for Earnings Per Share” (ASBJ Statement No. 2, issued on September 13, 2013)
“Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10, issued on September 13, 2013)
“Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No.4, issued on September 13, 2013)

(1) Outline

The accounting standards and guidances stipulate measures related to the acquisition of additional shares of stock in subsidiaries including accounting treatments for changes in equity held by the parent company with regard to subsidiaries in which acquisition payments are ongoing, accounting treatments of acquisition-related expenses, and accounting treatments related to displaying net income and changing from net income attributable to minority interests to net income attributable to non-controlling interests as well as finalization of related provisional accounting treatments.

(2) Application schedule

The accounting standards and guidances are to be adopted effective April 1, 2015.
The standards regarding the finalization of related provisional accounting treatments are to be adopted following a business combination scheduled to be conducted after April 1, 2015.

(3) Effect of adoption of accounting standards

The effect of adopting the “Accounting Standard for Business Combinations” on the Company’s consolidated financial statements is currently being measured.

Supplementary Information

Changes in Statutory Tax Rate

On March 31, 2015, the “Bill for Partial Amendment of the Income Tax Act, etc.” (Law No. 9 of 2015) and the “Bill for Partial Amendment of the Local Tax Act, etc.” (Law No. 2 of 2015) were announced. These bills resulted in a decline in the corporate income tax rate for fiscal years commenced on or after April 1, 2015. Accordingly, the statuary tax rate used to calculate deferred tax assets and deferred tax liabilities will be change from 35.6% to 33.1% in consideration of the forecast disappearance of temporary differences in the fiscal year ending March 31, 2016, and then to 32.3% in consideration of the forecast disappearance of temporary differences in the fiscal year ending March 31, 2017.

As a result, net deferred tax assets (deferred tax assets less deferred tax liabilities) decreased ¥514 million, deferred tax liabilities for land revaluation decreased ¥33 million, and income taxes-deferred increased ¥856 million in the year under review.

Consolidated Balance Sheets

*1. Cash for Transportation Security Services

Fiscal year ended March, 31, 2014

Cash for Transportation Security Services on the Consolidated Balance Sheets are restricted as to use by the ALSOK Group. Short-term borrowings from banks include ¥51,927 million relating to this operation.

Fiscal year ended March, 31, 2015

Cash for Transportation Security Services on the Consolidated Balance Sheets are restricted as to use by the ALSOK Group. Short-term borrowings from banks include ¥38,571 million relating to this operation.

*2. Based on the Law concerning Land Revaluation (Law No. 34, promulgated on March 31, 1998, and Law No. 24, amended March 31, 1999), the ALSOK Group revalued its land used for business purposes on March 31, 2002.

Land revaluation

The method for calculating the value of land is based on prices computed as per a formula publicized by the Commissioner of the National Tax Administration after making reasonable adjustments such as those for land shape in order to calculate the value of land on which the calculation of the landholding tax is based as stipulated in Article 16 of the Landholding Tax Law (Law No. 69 of 1991) provided in Article 2, Item 4 of the Enforcement Regulations of the Law Concerning Revaluation of Land (Ordinance No. 119 enforced on March 31, 1998).

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Amount by which the market price at the end of the current fiscal year for revaluated land is lower than the book value after revaluation:	1,165	1,062

*3. Assets pledged as collateral and obligations collateralized by the assets

Assets pledged as collateral are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash and deposits	445	445
Accounts receivable	–	558
Buildings and structures	1,624	1,576
Land	2,817	2,722
Investment securities	26	88
Total	4,913	5,391

The obligations collateralized by the above assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Current portion of long-term loans payable	201	307
Long-term loans payable	720	672
Total	921	979

*4. Investments in non-consolidated subsidiaries and affiliated companies are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Investment securities (stocks)	9,265	10,753

Consolidated Statements of Income

*1. Selling, general and administrative expenses comprise the following:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Advertising expenses	2,062	1,929
Salaries and allowances	33,040	37,090
Provision for bonuses	345	303
Provision for directors' bonuses	238	186
Provision for directors' retirement benefits	128	112
Provision of allowance for doubtful accounts	105	40
Welfare expenses	5,628	6,535
Retirement benefit expenses	1,618	1,609
Rent expenses	4,951	5,151
Depreciation	1,378	1,577
Taxes and dues	1,321	1,426
Communication expenses	1,215	1,360

*2. Total amount of research and development expenses

Research and development expenses included in administrative expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	408	414

*3. Loss on retirement of noncurrent assets

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Machinery and equipment	76	88
Others	75	139
Total	151	228

*4. Loss on retirement of noncurrent assets

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Software	17	−
Others	48	−
Total	66	−

*5. Impairment losses

For the fiscal year ended March 31, 2014, the ALSOK Group recorded impairment losses as follows:

(Millions of yen)

Type	Purpose	Impairment losses
Land	Vacant lot	2

Asset groups of the Company and consolidated subsidiaries are classified by unit of individual property for nonperforming assets and by unit of managerial accounting for performing assets in business.

Aforementioned impairment losses were recorded at the amount by which the book value of each asset exceeded its estimated recoverable value, making for a total of ¥2 million for the year ended March 31, 2014.

The recoverable value for this asset group is calculated using the fair value cost to sell. The fair value cost to sell is calculated by deducting the price calculated reflecting appropriate adjustments for land shape based on the land assessments length measured along the road and the estimated disposal costs from prices based on appraisals.

For the fiscal year ended March 31, 2015, the ALSOK Group recorded impairment losses as follows:

(Millions of yen)

Type	Purpose	Impairment losses
Land	Vacant lot	0

Asset groups of the Company and consolidated subsidiaries are classified by unit of individual property for nonperforming assets and by unit of managerial accounting for performing assets in business.

Aforementioned impairment losses were recorded at the amount by which the book value of each asset exceeded its estimated recoverable value, making for a total of ¥0 million for the year ended March 31, 2015.

The recoverable value for this asset group is calculated using the fair value cost to sell. The fair value cost to sell is calculated by deducting the price calculated reflecting appropriate adjustments for land shape based on the land assessments length measured along the road and the estimated disposal costs from prices based on appraisals.

*6. Inventories at the end of the period were written down from book value following decrease in profitability, and the following loss on disposal and impairment of inventories was included in the cost of sales.

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
	(1)	3

Consolidated Statements of Comprehensive Income

* Amount of recycling and amount of income tax effect associated with other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Valuation difference on available-for-sale securities:		
Amount recognized in the period under review	2,878	3,100
Amount of recycling	(141)	28
Before income tax effect adjustment	2,737	3,128
Amount of income tax effect	(975)	(715)
Valuation difference on available-for-sale securities	1,761	2,413
Revaluation reserve for land:		
Amount of income tax effect	-	33
Foreign currency translation adjustment:		
Amount recognized in the period under review	7	29
Remeasurements of defined benefit plans:		
Amount recognized in the period under review	-	6,322
Amount of recycling	-	626
Before income tax effect adjustment	-	6,948
Amount of income tax effect	-	(2,532)
Remeasurements of defined benefit plans	-	4,416
Share of other comprehensive income of associates accounted for using equity method:		
Amount recognized in the period under review	81	319
Amount of recycling	-	16
Share of other comprehensive income of associates accounted for using equity method	81	335
Total other comprehensive income	1,850	7,228

Consolidated Statements of Changes in Net Assets

Fiscal year ended March, 31, 2014

1. Matters concerning type and total number of issued shares and treasury stock

	Number of shares as of April 1, 2013	Number of increased shares during the fiscal year	Number of decreased shares during the fiscal year	Number of shares as of March 31, 2014
Issued shares				
Common stock	102,040,042	-	-	102,040,042
Total	102,040,042	－-	-	102,040,042
Treasury stock				
Common stock (Note)	1,520,950	474	-	1,521,424
Total	1,520,950	474	-	1,521,424

Note : The increase of 474 shares of common stock in the amount of treasury stock is due to the purchase of odd lots.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

Not applicable.

3. Matters concerning dividends

(1) Dividends paid

Date of resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2013	Common stock	1,407	14.0	March 31, 2013	June 26, 2013
Board of Directors Meeting on October 31, 2013	Common stock	1,256	12.5	September 30, 2013	December 3, 2013

(2) Dividends with a record date in the current fiscal year but with an effective date in the next fiscal year

Date of resolution	Type of shares	Total dividends (Millions of yen)	Dividend resource	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2014	Common stock	1,759	Retained earnings	17.5	March 31, 2014	June 26, 2014

Fiscal year ended March, 31, 2015

1. Matters concerning type and total number of issued shares and treasury stock

	Number of shares as of April 1, 2014	Number of increased shares during the fiscal year	Number of decreased shares during the fiscal year	Number of shares as of March 31, 2015
Issued shares				
Common stock	102,040,042	-	-	102,040,042
Total	102,040,042	-	-	102,040,042
Treasury stock				
Common stock (Note)	1,521,424	275	-	1,521,699
Total	1,521,424	275	-	1,521,699

Note : The increase of 275 shares of common stock in the amount of treasury stock is due to the purchase of odd lots.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

Not applicable.

3. Matters concerning dividends

(1) Dividends paid

Date of resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2014	Common stock	1,759	17.5	March 31, 2014	June 26, 2014
Board of Directors Meeting on October 31, 2014	Common stock	1,759	17.5	September 30, 2014	December 3, 2014

(2) Dividends with a record date in the current fiscal year but with an effective date in the next fiscal year

Date of resolution	Type of shares	Total dividends (Millions of yen)	Dividend resource	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2015	Common stock	2,060	Retained earnings	20.5	March 31, 2015	June 26, 2015

Consolidated Statements of Cash Flows

Reconciliation of each item in the Consolidated Balance Sheets and cash and cash equivalents in the Consolidated Statements of Cash Flows:

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Cash and deposits	43,161	46,113
Deposits to mature in excess of 3 months	(7,702)	(8,352)
Short-term investments (securities) to be redeemed within 3 months of acquisition date	214	213
Other (deposits at securities companies)	117	0
Cash and cash equivalents	35,791	37,976

Segment Information and Other Related Information

1. Segment Information

(1) Outline of Reportable Segments

The reportable segments the Company reports are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors, etc., to evaluate regularly in determining how to allocate resources and assess their business performance.

The Group has two reportable segments: Security Services, which conducts electronic security services, stationed security services, and transportation security services; and General Property Management and Fire Protection Services, which conducts activities including facility operation and management services, environmental hygiene management, cleaning services, fire extinguishing equipment inspection and installation, and sales of various fire protection equipment.

The “Long-term Care Services / Other Services” category incorporates operations not included in reportable segments, including the provision of long-term care services, MMK multi-function ATMs, security solutions operations, information security services, and emergency dispatch services in which employees are sent to accident sites.

(2) Method of Calculating Sales and Income (Loss) and Other Items by Reportable Segments

Accounting method for reportable segments is the same as presentations on “Notes on the Basic Important Points for Preparing the Consolidated Financial Statements of Fiscal year ended March 31, 2015.”

Income by reportable segments is calculated based on operating income.

Intersegment sales are calculated based on market prices.

Changes in Reportable Segments, etc.

The “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, issued on May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, issued on March 26, 2015) as well as the standards prescribed by Article 35 of the “Accounting Standard for Retirement Benefits” and Article 67 of the “Guidance on Accounting Standard for Retirement Benefits” had been adopted as of the year under review. In accordance with these standards, the calculation method for projected retirement benefit obligation and service cost was revised, and the method used to allocate expected benefit payments to periods was changed from the straight-line method to the benefit formula method. In addition, the method for calculation of the discount rate was changed from the previous method (calculation using the period approximate to the expected average remaining working lives of employees in practice as the basis for calculation) to a method entailing the use of a single weighted average discount rate reflecting the estimated timing and amount of benefit payment and the use of different discount rates according to the estimated timing of benefit payment.

Because of this change, income by reportable segment increased ¥240 million for Security Services, ¥3 million for General Property Management and Fire Protection Services, and ¥1 million for Long-term Care Services / Other Services compared to the amount calculated by the previous method.

Changes in Goodwill Amount

During the year under review, the Company acquired all shares of stock in ALSOK Souei Co., Ltd.; Nippon Building Maintenance Co., Ltd.; HCM Corporation; Honest Co., Ltd.; Medical Care Comfort Co., Ltd.; and ALSOK Care & Support Co., Ltd., and these companies were subsequently converted to consolidated subsidiaries of the Company, resulting in a material change in the amount of goodwill. The increase in goodwill associated with this event was ¥11,164 million. This goodwill is not allocated to specific reportable segments.

(3) Information on Sales and Income (Loss) and Other Items by Reportable Segments

A. For the year ended March 31, 2014

(Millions of yen)

	Reportable segments			Others*1	Total	Elimination and corporate*2	Consolidation *3
	Security Services	General Property Management and Fire Protection Services	Total				
Net sales							
Outside sales	280,179	44,808	324,988	3,221	328,209	-	328,209
Intersegment sales	2,843	118	2,962	378	3,340	(3,340)	-
Total	283,022	44,927	327,950	3,600	331,550	(3,340)	328,209
Income by reportable segment	23,831	3,321	27,152	375	27,527	(8,594)	18,932
Depreciation	8,302	415	8,718	457	9,175	22	9,198
Amortization of goodwill	26	343	370	0	370	-	370

Note 1: The "Others" category incorporates operations not included in reportable segments, including the provision of MMK multi-function ATMs, security solutions operations, information security services, and emergency dispatch services in which employees are sent to accident sites.

Note 2: The ¥8,594 million deduction to income by reportable segment under eliminations and corporate represents companywide expenses that cannot be attributed to any specific reportable segment. These expenses are primarily administrative costs not associated with specific reportable segments.

Note 3: Income by reportable segment has been adjusted for the operating income figure on the Consolidated Statements of Income.

Note 4: Assets are not allocated to specific reportable segments.

B. For the year ended March 31, 2015

(Millions of yen)

	Reportable segments			Long-term Care Services / Other Services*1	Total	Elimination and corporate*2	Consolidation *3
	Security Services	General Property Management and Fire Protection Services	Total				
Net sales							
Outside sales	301,166	58,309	359,475	6,273	365,749	-	365,749
Intersegment sales	784	26	811	385	1,196	(1,196)	-
Total	301,951	58,335	360,286	6,659	366,946	(1,196)	365,749
Income by reportable segment	26,920	3,975	30,896	518	31,414	(8,442)	22,971
Depreciation	10,268	622	10,890	419	11,310	21	11,331
Amortization of goodwill	114	404	518	250	768	-	768

Note 1: The "Long-term Care Services / Other Services" category incorporates operations not included in reportable segments, including the provision of long-term care services, MMK multi-function ATMs, security solutions operations, information security services, and emergency dispatch services in which employees are sent to accident sites.

Note 2: The ¥8,442 million deduction to income by reportable segment under eliminations and corporate represents companywide expenses that cannot be attributed to any specific reportable segment. These expenses are primarily administrative costs not associated with specific reportable segments.

Note 3: Income by reportable segment has been adjusted for the operating income figure on the Consolidated Statements of Income.

Note 4: Assets are not allocated to specific reportable segments.

2. Relative Information

(1) For the Fiscal Year Ended March 31, 2014

A. Product and services information

Product and services information is omitted as it is the same as segment information.

B. Regional information

a. Net sales

Information regarding regional sales is omitted as sales to customers in Japan account for over 90% of the total sales recorded on the Consolidated Statements of Income.

b. Property, plant and equipment

Information regarding property, plant and equipment in specific is omitted as the value of property, plant and equipment in Japan accounts for over 90% of the total value recorded on the Consolidated Balance Sheets.

C. Major customer information

Information regarding major customers is omitted as there are no customers to which over 10% of the total sales recorded on the Consolidated Statements of Income can be attributed.

(2) For the Fiscal Year Ended March 31, 2015

A. Product and services information

Product and services information is omitted as it is the same as segment information.

B. Regional information

a. Net sales

Information regarding regional sales is omitted as sales to customers in Japan account for over 90% of the total sales recorded on the Consolidated Statements of Income.

b. Property, plant and equipment

Information regarding property, plant and equipment in specific is omitted as the value of property, plant and equipment in Japan accounts for over 90% of the total value recorded on the Consolidated Balance Sheets.

C. Major customer information

Information regarding major customers is omitted as there are no customers to which over 10% of the total sales recorded on the Consolidated Statements of Income can be attributed.

3. Information on Impairment Loss in Noncurrent Assets by Reportable Segment

(1) For the Fiscal Year Ended March 31, 2014

There were no impairment losses attributed to reportable segments. An impairment loss of ¥2 million was recorded of which ¥2 million was on the value of land.

(2) For the Fiscal Year Ended March 31, 2015

There were no impairment losses attributed to reportable segments. An impairment loss of ¥0 million was recorded of which ¥0 million was on the value of land.

4. Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment

(1) For the Fiscal Year Ended March 31, 2014

Amortization of goodwill and unamortized balance

Information regarding amortization of goodwill is omitted as it is the same as the information disclosed in segment information.

On March 31, 2014, the balance of unamortized goodwill was ¥769 million. As assets are not allocated to specific reportable segments, the balance of unamortized goodwill at the end of the fiscal year is not included in reportable segments.

Amortization of negative goodwill and unamortized balance related to business combinations performed before April 1, 2010

Amortization of negative goodwill and unamortized balance related to business combinations performed before April 1, 2010, is as follows. Amortization of negative goodwill and unamortized balance is not included in reportable segments.

(Millions of yen)

Amortization of negative goodwill	80
Balance at end of period	60

(2) For the Fiscal Year Ended March 31, 2015

Amortization of goodwill and unamortized balance

Information regarding amortization of goodwill is omitted as it is the same as the information disclosed in segment information.

On March 31, 2015, the balance of unamortized goodwill was ¥11,172 million. As assets are not allocated to specific reportable segments, the balance of unamortized goodwill at the end of the fiscal year is not included in reportable segments.

Amortization of negative goodwill and unamortized balance related to business combinations performed before April 1, 2010

Amortization of negative goodwill and unamortized balance related to business combinations performed before April 1, 2010, is as follows. Amortization of negative goodwill and unamortized balance is not included in reportable segments.

(Millions of yen)

Amortization of negative goodwill	60
Balance at end of period	-

5. Information on Negative Goodwill by Reportable Segment

(1) For the Fiscal Year Ended March 31, 2014

Not applicable

(2) For the Fiscal Year Ended March 31, 2015

Not applicable

Per Share Information

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net assets per share (yen)	1,574.74	1,800.15
Net income per share (yen)	108.99	134.65

Note 1: Fully diluted net income per share is not shown because no applicable shares existed.

Note 2: The following is the basis for calculating net income per share (basic and diluted).

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Net income per share		
Net income (Millions of yen)	10,955	13,534
Amount not belonging to ordinary shareholders (Millions of yen)	-	-
Net income attributable to common stock (Millions of yen)	10,955	13,534
Weighted-average numbers of ordinary shares (Thousands of shares)	100,518	100,518

Note 3: The basis for calculating net assets per share is as follows.

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Total net assets (Millions of yen)	180,205	204,363
Amount deducted from total net assets (Millions of yen)	21,914	23,415
(minority interests)	(21,914)	(23,415)
Net assets at end of year relating to common stock (Millions of yen)	158,290	180,947
Amount of common stock at end of year used for calculating net assets per share (Thousands of shares)	100,518	100,518

Significant Subsequent Events

Not applicable

6. Other

(1) Changes in Directors, Corporate Auditors, and Executive Officers

A. Change in representative director

Not applicable

B. Change in other directors, corporate auditors, and executive officers

a. New director candidates

Yutaka Takehana
(Current position)
President & CEO, Tokyo Big Sight Inc.
(New position)
Director (Outside Director)

b. New corporate auditor candidates

Masaki Tatsuguchi
(New position)
Corporate Auditor

Ikuhiro Watanabe
(Current position)
Corporate Advisor, Norinchukin Research Institute Co., Ltd.
(New position)
Corporate Auditor (Outside Corporate Auditor)

c. Retiring directors

Takashi Oizumi
(Current position)
Director (Outside Director)

d. Retiring corporate auditors

Takao Fujikawa
(Current position)
Corporate Auditor

Hideto Sudo
(Current position)
Corporate Auditor (Outside Corporate Auditor)

C. Scheduled date of changes

June 25, 2015

(2) Information Regarding Production, Orders, and Sales

A. Production

The ALSOK Group does not conduct production. Contracts for each business category are as follows.

(Number of contracts)

Business segment	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	YoY (%)
Security Services			
Electronic Security Services	677,672	803,601	18.6
Stationed Security Services	3,227	3,597	11.5
Transportation Security Services	55,420	59,134	6.7
Total	736,319	866,332	17.7
General Property Management and Fire Protection Services	63,004	73,898	17.3
Total for reportable segments	799,323	940,230	17.6
Long-term Care Services / Other Services	13,725	22,477	63.8
Total	813,048	962,707	18.4

B. Sales

Sales for each business category are as follows.

(Millions of yen)

Business segment	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	YoY (%)
Security Services			
Electronic Security Services	151,844	160,409	5.6
Stationed Security Services	77,284	88,429	14.4
Transportation Security Services	51,050	52,328	2.5
Total	280,179	301,166	7.5
General Property Management and Fire Protection Services	44,808	58,309	30.1
Total for reportable segments	324,988	359,475	10.6
Long-term Care Services / Other Services	3,221	6,273	94.8
Total	328,209	365,749	11.4

Note 1: Values have not been adjusted for consumption and other taxes.

Note 2: No one customer accounts for over 10% of total sales.