Consolidated Financial Results for Fiscal Year Ended March 31, 2016
Prepared in Conformity with Accounting Principles Generally Accepted in Japan (Japanese GAAP)
English Translation of the Original Japanese-Language Report

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1. Summary of the consolidated financial results for fiscal year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2016	381,818	4.4	29,036	26.4	30,667	24.2	17,868	32.0
March 31, 2015	365,749	11.4	22,971	21.3	24,700	19.1	13,534	23.5

Note 1: Percentage shown in net sales, operating income, ordinary income, and profit attributable to owners of parent above represent the changes from the previous fiscal year.

Note 2: Comprehensive income: Year ended March 31, 2016 ¥5,749 million (74.0%)
Year ended March 31, 2015 ¥22,100 million 58.9%

	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, 2016	177.77	-	9.9	8.5	7.6
March 31, 2015	134.65	-	7.8	6.9	6.3

Note: Equity in earnings of affiliates: Year ended March 31, 2016 ¥790 million
Year ended March 31, 2015 ¥641 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, 2016	349,561	205,622	51.9	1,805.09
March 31, 2015	373,863	204,363	48.4	1,800.15

Note: Equity capital: Year ended March 31, 2016 ¥181,439 million
Year ended March 31, 2015 ¥180,947 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, 2016	19,678	(12,808)	(9,176)	35,630
March 31, 2015	19,666	(24,295)	6,596	37,976

2. Dividend

	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, 2015	-	17.50	-	20.50	38.00	3,820	28.2	2.2
March 31, 2016	-	20.00	-	30.00	50.00	5,026	28.1	2.8
Fiscal year ending March 31, 2017 (Forecast)	-	27.50	-	27.50	55.00		25.1	

3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2017 (April 1, 2016 - March 31, 2017)

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	200,500	9.1	12,600	0.6	13,700	2.5	8,400	9.6	83.57
Annual	425,000	11.3	32,800	13.0	35,000	14.1	22,000	23.1	218.87

Note : Percentages shown in net sales, operating income, ordinary income, profit attributable to owners of parent, and net income per share 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

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, 2016	102,040,042 shares	Year ended March 31, 2015	102,040,042 shares
② Number of shares of treasury stock	Year ended March 31, 2016	1,524,240 shares	Year ended March 31, 2015	1,521,699 shares
③ Average number of shares throughout the fiscal year	Year ended March 31, 2016	100,518,275 shares	Year ended March 31, 2015	100,518,457 shares

(Reference) Non-consolidated Financial Results for Fiscal Year Ended March 31, 2016

Summary of the non-consolidated financial results for fiscal year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(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, 2016	220,987	3.7	16,409	35.2	23,019	12.4	16,690	13.5
March 31, 2015	213,006	6.2	12,139	48.9	20,475	15.4	14,708	(1.4)

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, 2016	166.02	-
March 31, 2015	146.30	-

(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, 2016	248,611	152,589	61.4	1,517.80
March 31, 2015	266,220	141,283	53.1	1,405.34

Note: Equity capital: Year ended March 31, 2016 ¥152,589 million
Year ended March 31, 2015 ¥141,283 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.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

A. Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

In the year under review, the general trend toward modest recovery continued in Japan, but the sense of opaqueness in the economy grew slightly during the second half of the fiscal year. Moreover, several trends appeared that present the risk of placing downward pressure on the domestic economy. These trends included stagnant consumer spending stemming from poor growth in wages as well as increased uncertainty in the global economy arising from economic slowdown and geopolitical risks in China, Europe, and emerging countries.

In regard to public safety in Japan, crime is declining rapidly, as indicated by the fact that the number of reported crimes in 2015 reached a new post-World War II low. However, there seems to be no end to the occurrence of crimes that affect people's everyday lives, such as crimes targeting women and children and special-case scams aimed at senior citizens. As the same time, the range of risks faced by society is diversifying, now including such threats as cybercrimes, information leaks, natural disasters, and frequently occurring international terrorism. ALSOK thus realizes the need for it to provide a wide range of services that respond to social needs as a company responsible for an important piece of social infrastructure supporting the safety and security of society.

In this environment, based on its policy of "responding accurately to customers' various risks and outsourcing needs," the ALSOK Group continued working to strengthen and expand its mainstay security services operations while also growing businesses in peripheral fields that are highly compatible with security services, such as long-term care and building maintenance. At the same time, we pursued cost reductions by improving efficiency in security operation divisions by having human resources handle a broader range of functions.

Due to the above factors, net sales rose 4.4% year on year, to ¥381,818 million; operating income was up 26.4%, to ¥29,036 million; ordinary income rose 24.2%, to ¥30,667 million; and profit attributable to owners of parent increased 32.0%, to ¥17,868 million.

Sales by Business Segment

Business Segment	Fiscal year ended March 31, 2015		Fiscal year ended March 31, 2016		YoY	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Increase/ Decrease (%)
Security Services						
Electronic Security Services	160,409	43.9	167,132	43.8	6,723	4.2
Stationed Security Services	88,429	24.2	93,904	24.6	5,475	6.2
Transportation Security Services	52,328	14.3	54,694	14.3	2,365	4.5
Total	301,166	82.3	315,730	82.7	14,564	4.8
General Property Management and Fire Protection Services	58,309	15.9	54,976	14.4	(3,332)	(5.7)
Total for reportable segments	359,475	98.3	370,707	97.1	11,231	3.1
Long-term Care Services / Other Services	6,273	1.7	11,110	2.9	4,836	77.1
Total	365,749	100.0	381,818	100.0	16,068	4.4

Major factors behind segment results are as follows (please refer to "Segment Information and Other Related Information" for information on adjustments to income of reportable segments).

In Security Services, the Electronic Security Services segment promoted sales of Control System S-860 as well as 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. In addition, October 2015 saw the launch of the new ALSOK Image Cloud Service. This affordable yet highly functional service provides safe, cloud-based storage for images recorded by security cameras and enables the stored images to be viewed via the Internet on a smartphone or PCs. We also deployed wide-ranging initiatives to respond to demand for stronger security to protect against leakage of confidential information, which included taking steps to address the Social Security and Tax Number System ("My Number" system). These initiatives resulted in higher revenues from sales of access management systems, security cameras, and other equipment.

In services for individual users, we witnessed smooth progress in orders for the HOME ALSOK APARTMENT AND CONDOMINIUM PLAN, a service for housing complexes, as well as services for protecting the safety of senior citizens provided to municipal governments. Also during the year under review, we enhanced our product lineup with the launch of Home Security Basic, the new standard of home security services equipped with cutting-edge features that respond to such trends as the rapid spread of smartphones and the diversification of the communication methods available to different homes.

In the Stationed Security Services segment, orders for stationed security at commercial complexes as well as orders for temporary security at events contributed to higher sales. At the same time, we realized further sales growth by acquiring orders in new fields, such as train station management and wholesale market security.

In the Transportation Security Services segment, orders for the Total ATM Management System buoyed sales amid a growing trend toward outsourcing operation and management of ATMs installed in financial institutions and convenience stores.

Due to the above, net sales in the Security Services segment increased 4.8% year on year, to ¥315,730 million, and operating income rose 21.5%, to ¥32,707 million.

In the General Property Management and Fire Protection Services segment, we bolstered intra-Group coordination in order to strengthen our system for providing one-stop response to customer needs related to the maintenance, management, and operation of buildings, condominiums, and other facilities, resulting in the smooth acquisition of facility-related orders. In addition, sales were up for ALSOK Aerial Photography Services, which utilize aerial robots to efficiently manage large-scale solar power installations and help maintain high levels of generation efficiency, as well as for fire extinguishing equipment and charging facilities for electric vehicles. However, revenue from installation work was down. As a result, net sales in the General Property Management and Fire Protection Services segment decreased 5.7% year on year, to ¥54,976 million, but operating income increased 10.1%, to ¥4,376 million.

In the Long-term Care Services / Other Services segment, net sales increased 77.1% year on year, to ¥11,110 million, and operating income rose 40.7%, to ¥729 million, as a result of the improved performance of HCM Corporation and ALSOK Care & Support Co., Ltd., which were both consolidated in the fiscal year ended March 31, 2015. Going forward, the Group will fully leverage its management resources to develop its conventional long-term care service operations while also creating new hybrid services by fusing security services and long-term 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, 2015		Fiscal year ended March 31, 2016		YoY	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Increase/ Decrease (%)
Net sales	365,749	100.0	381,818	100.0	16,068	4.4
Cost of sales	276,116	75.5	282,880	74.1	6,763	2.4
Gross profit	89,632	24.5	98,937	25.9	9,305	10.4
Selling, general and administrative expenses	66,660	18.2	69,901	18.3	3,240	4.9
Operating income	22,971	6.3	29,036	7.6	6,065	26.4
Non-operating income	3,217	0.9	3,066	0.8	(150)	(4.7)
Non-operating expenses	1,488	0.4	1,436	0.4	(52)	(3.5)
Ordinary income	24,700	6.8	30,667	8.0	5,966	24.2
Extraordinary income	16	0.0	93	0.0	77	482.4
Extraordinary loss	63	0.0	77	0.0	14	22.7
Income taxes	9,780	2.7	11,284	3.0	1,503	15.4
Profit attributable to non-controlling interests	1,337	0.4	1,529	0.4	191	14.3
Profit attributable to owners of parent	13,534	3.7	17,868	4.7	4,334	32.0

In the year under review, net sales increased ¥16,068 million, or 4.4%, year on year, to ¥381,818 million.

Cost of sales was ¥282,880 million, primarily due to a ¥3,978 million increase in labor costs and a ¥5,601 million increase in miscellaneous expenses.

Selling, general and administrative expenses amounted to ¥69,901 million due to a ¥1,053 million increase in salaries and allowances.

Ordinary income rose ¥5,966 million, or 24.2%, to ¥30,667 million.

Extraordinary income was up due to ¥58 million increase in gain on sales of investment securities and a ¥19 million increase in compensation income.

Extraordinary loss rose as a result of a ¥75 million increase in impairment loss.

Profit attributable to owners of parent increased ¥4,334 million, or 32.0%, to ¥17,868 million.

C. Forecast for the Fiscal Year Ending March 31, 2017

In the fiscal year ending March 31, 2017, the benefits of various government measures will be felt in the Japanese economy. However, we will need to remain wary of the opaque nature of overseas markets as well as developments in the financial market and trends in corporate business confidence.

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 both tangible and intangible social infrastructure as part of post-earthquake reconstruction efforts, national resilience improvement plans, and preparations for large-scale events. However, intensified competition, due in part to decreases in earnings among financial institutions resulted from Japan’s negative interest rate policy, is forecast to create a harsh operating environment for the security industry during the fiscal year ending March 31, 2017. 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, 2017, the ALSOK Group forecasts net sales of ¥425,000 million, up 11.3% year on year; operating income of ¥32,800 million, up 13.0%; ordinary income of ¥35,000 million, up 14.1%; and profit attributable to owners of parent of ¥22,000 million, up 23.1%, 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, 2015		As of March 31, 2016		YoY	
		Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Increase/ Decrease (%)
Assets	Current assets	210,445	56.3	188,013	53.8	(22,432)	(10.7)
	Noncurrent assets	163,418	43.7	161,548	46.2	(1,869)	(1.1)
	Total assets	373,863	100.0	349,561	100.0	(24,301)	(6.5)
Liabilities	Current liabilities	130,464	34.9	87,222	25.0	(43,242)	(33.1)
	Noncurrent liabilities	39,035	10.4	56,717	16.2	17,681	45.3
	Total liabilities	169,500	45.3	143,939	41.2	(25,560)	(15.1)
Total net assets		204,363	54.7	205,622	58.8	1,258	0.6

Total assets at the end of the year under review decreased ¥24,301 million, or 6.5%, from the previous fiscal year-end, to ¥349,561 million. Total current assets decreased ¥22,432 million, or 10.7%, to ¥188,013 million, and total noncurrent assets decreased ¥1,869 million, or 1.1%, to ¥161,548 million.

The ¥22,432 million decrease in current assets was primarily due to a ¥3,363 million decrease in cash and deposits, and a ¥23,617 million decrease in cash for Transportation Security Services, which offset a ¥1,623 million increase in notes and accounts receivable-trade.

The ¥1,869 million decrease in noncurrent assets was mainly attributable to a ¥1,022 million decrease in goodwill and a ¥9,173 million decrease in net defined benefit asset, which offset a ¥4,175 million increase in buildings and structures and a ¥5,222 million increase in deferred tax assets.

Total liabilities at the end of the year under review decreased ¥25,560 million, or 15.1%, from the previous fiscal year-end, to ¥143,939 million. Total current liabilities decreased ¥43,242 million, or 33.1%, to ¥87,222 million, and total noncurrent liabilities increased ¥17,681 million, or 45.3%, to ¥56,717 million.

The ¥43,242 million decrease in current liabilities was a result of factors such as a ¥38,415 million decrease in short-term loans payable and a ¥5,501 million decrease in accrued consumption taxes,

The ¥17,681 million increase in noncurrent liabilities was due to a ¥10,013 million increase in long-term loans payable and a ¥5,725 million increase in net defined benefit liability.

Total net assets at March 31, 2016, were up ¥1,258 million, or 0.6%, from the previous fiscal year-end, to ¥205,622 million.

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	YoY (%)
Net cash provided by (used in) operating activities	19,666	19,678	0.1
Net cash provided by (used in) investing activities	(24,295)	(12,808)	(47.3)
Net cash provided by (used in) financing activities	6,596	(9,176)	—
Effect of exchange rate change on cash and cash equivalents	40	(38)	—
Net increase (decrease) in cash and cash equivalents	2,007	(2,345)	—
Cash and cash equivalents at beginning of period	35,791	37,976	6.1
Increase in cash and cash equivalents resulting from merger with non-consolidated subsidiaries	177	—	—
Cash and cash equivalents at end of period	37,976	35,630	(6.2)

a. Cash flows from operating activities

As a result of our operating activities in the year under review, net cash provided by operating activities increased 0.1% year on year, to ¥19,678 million. Principal items increasing cash included ¥30,682 million in income before income taxes, an increase of 24.5% year on year, and ¥12,109 million in depreciation and amortization, an increase of 6.9%. Conversely, major items decreasing cash included ¥3,538 million in decrease in assets and liabilities for Transportation Security Services, a decrease of 69.6%; ¥8,378 million in income taxes paid, a decrease of 2.3%; and ¥2,083 million in increase in net defined benefit asset, an increase of 5.8%.

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 ¥12,808 million, a 47.3% year-on-year decrease. The primary factors were ¥13,736 million in purchase of property, plant and equipment, up 13.0% from the previous fiscal year, and ¥2,692 million in purchase of investment securities, up 192.9%.

c. Cash flows from financing activities

Net cash used in financing activities was ¥9,176 million, compared with net cash provided by financing activities of ¥6,596 million in the previous fiscal year. Principal items increasing cash included ¥12,690 million in proceeds from long-term loans payable, a year-on-year increase of 1,279.3%. Conversely, major items decreasing cash included ¥10,900 million in net decrease in short-term loans payable, compared with net increase in short-term loans payable of ¥15,802 million in the previous fiscal year; ¥4,071 million in cash dividends paid, an increase of 15.7%; and ¥3,519 million in repayment of long-term loans payable, an increase of 2.1%.

C. Trends in Cash Flow Indicators for the ALSOK Group

	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Equity ratio	46.2%	48.4%	51.9%
Equity ratio on a market value basis	63.5%	110.1%	175.4%
Interest-bearing liabilities to cash flow ratio	302.3%	331.0%	181.8%
Interest coverage ratio	36.4 times	28.5 times	30.1 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).

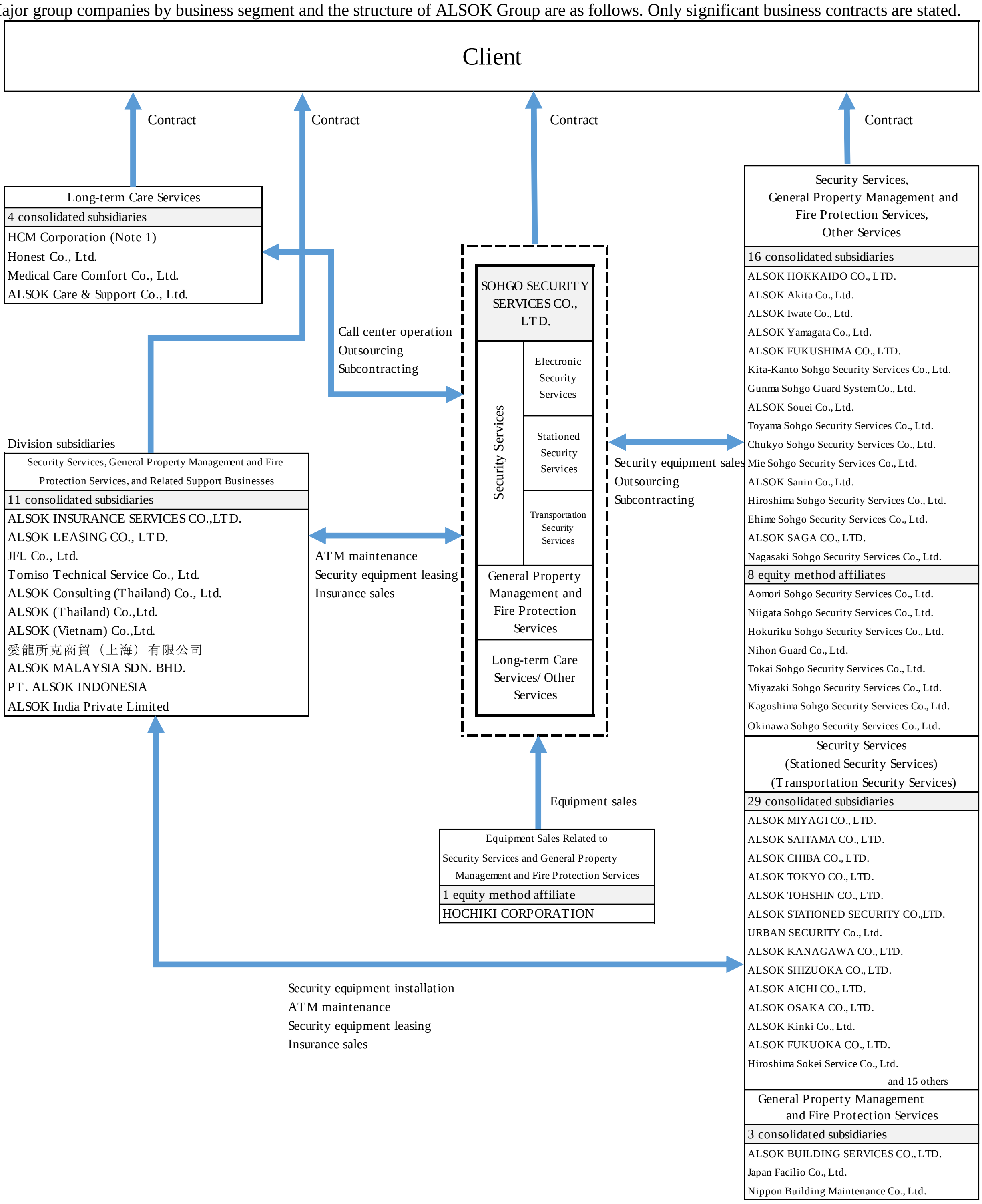
Note 3: Cash flow is net cash provided by (used in) operating activities.

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, 2015, the long-term care support and in-home long-term care service operations of consolidated subsidiary ALSOK CARE Co., Ltd., were transferred to HCM Corporation, after which ALSOK CARE Co., Ltd., was dissolved.

Note 2: On April 1, 2016, the Company established and consolidated ALSOK Nagano Co., Ltd., through a simple incorporation-type company split to perform stationed security and general property management and fire protection services operations in Nagano Prefecture.

Note 3: On May 6, 2016, the Company acquired 69.5% of the shares with voting rights (8,864 shares) in Wisnet Co., Ltd., which performs long-term care serve operations in Saitama Prefecture and other parts of the Tokyo Metropolitan area, and subsequently converted this company into a consolidated subsidiary.

3. Management Policies

(1) Basic Corporate Management Policy

Our management philosophy is “Based on two core principles exemplified by “*arigato no kokoro*” (a feeling of gratefulness and gratitude) and “*bushi no seishin*” (a samurai spirit), we devote ourselves to protecting the safety and security of our customers and of society as a whole.” Based on this management philosophy, we have established a management policy that encourages us to act in accordance with a fundamental spirit driving us to ensure that ALSOK is a principled company and stating that our top priority is to provide services and products of the first rank. This policy calls on us to make ALSOK a company that offers employees fulfillment in their work while growing earnings, providing services and products in an ever-expanding range of new fields based around our core security services business, and developing products services and products that contribute to the advancement of society.

(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 as well as its general property management and fire protection service and long-term care service operations while also providing ideal products and services based on the policy of “responding accurately to customers’ various risks and outsourcing needs.” At the same time, we will drastically reform cost structures to reinforce earnings foundations.

(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 acting as a principled company 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 top-quality products and services that accurately respond to these needs.

For large-scale events and facilities, we are developing services that will enable us to provide swifter, wider ranging, and more competent security at optimal costs. Specifically, we offer ALSOK Zone Security Management, a service that is linked with our ALSOK Hyper Security Guard 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.

Furthermore, we provide a range of other products and services that offer security and convenience for all areas of both the public sector and the private sector. These products and services include our various outsourcing services for financial institutions as well as volcano eruption countermeasure solutions that support users in collecting information in the event of an eruption and in formulating evacuation plans.

For individual users, we have begun offering such services as Home Security Basic, which represents the new standard of home security services, and MAMOLOOK, which allows customers to watch over family members living separately. Going forward, we will continue to enhance our lineup of products and services for responding to the diversifying safety and security needs of individual users.

B. Expanding Business Scope

The ALSOK Group looks to address the various safety and security needs of individual users while providing multifaceted support for corporate clients’ business activities. To this end, the Group has continued to actively develop new businesses and services that have the potential for synergies with its security services operations, such as its long-term care and property management 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 earnings foundations and ensure an appropriate level of profitability, the ALSOK Group is further cutting costs by expanding the range of functions provided by individual work processes. The Group will also improve service quality to accomplish these goals.

(5) Other Important Items in Management of the Company

A. On February 5, 2016, the Company concluded a capital and business alliance with Nippon Dry-Chemical Co., Ltd. (NDC). Through this alliance, the Company aims to develop and sell new products and services related to crime and disaster prevention by leveraging the synergies generated between the management resources of NDC and the Company. We also believe that it will be important to build, through this alliance, a system for responsibly supplying customers with high-value-added services. The Company accumulated a total of 550,000 shares of common stock, or 15.32% of the total number of shares issued by NDC, through acquisitions from shareholders of NDC on February 9, 2016, and the acceptance of an allocation of new shares to a third party conducted on February 15, 2016. NDC is slated to become an associate accounted for using the equity method in the future.

B. On April 1, 2016, the Company conducted a simple incorporation-type company split with regard to its stationed security and general property management and fire protection services operations in Nagano Prefecture in order to form ALSOK Nagano Co., Ltd., a wholly owned subsidiary. The purpose of this move was to improve responsiveness to market changes in these operations and further strengthen sales capabilities and competitiveness.

4. Basic Policy Regarding Selection of Accounting Standards

For the foreseeable future, the Company intends to prepare its consolidated financial statements in accordance with accounting principles that are generally accepted in Japan (Japanese GAAP) out of consideration for the ability to make comparisons with performance from different fiscal years and of different companies.

The Company is examining the possibility of adopting International Financial Reporting Standards (IFRS) in the future, and it 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, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits (Note 3)	46,113	42,750
Cash for Transportation Security Services (Note 1)	96,760	73,142
Notes and accounts receivable-trade (Note 3)	44,020	45,643
Lease receivables and investment assets	3,108	4,114
Short-term investment securities	861	419
Raw materials and supplies	4,759	6,150
Costs on uncompleted construction contracts	393	436
Advances paid	6,301	6,030
Deferred tax assets	1,868	1,880
Other	6,502	7,682
Allowance for doubtful accounts	(243)	(236)
Total current assets	210,445	188,013
Noncurrent assets		
Property, plant and equipment		
Buildings and structures (Note 3)	42,599	47,269
Accumulated depreciation	(23,758)	(24,252)
Buildings and structures, net	18,840	23,016
Machinery, equipment and vehicles	124,784	127,800
Accumulated depreciation	(106,286)	(108,573)
Machinery, equipment and vehicles, net	18,498	19,227
Land (Notes 2 and 3)	23,219	23,180
Lease assets	11,063	13,394
Accumulated depreciation	(6,126)	(6,712)
Lease assets, net	4,937	6,682
Construction in progress	2,712	1,274
Other	13,310	14,340
Accumulated depreciation	(9,814)	(10,381)
Other, net	3,495	3,958
Total property, plant and equipment	71,704	77,340
Intangible assets		
Software	4,192	4,033
Goodwill	11,172	10,149
Other	1,489	1,210
Total intangible assets	16,853	15,394
Investments and other assets		
Investment securities (Notes 3 and 4)	38,629	37,633
Long-term loans receivable	395	350
Lease and guarantee deposits	8,039	8,282
Insurance funds	2,053	1,955
Net defined benefit asset	9,514	341
Deferred tax assets	5,587	10,810
Other	11,192	9,788
Allowance for doubtful accounts	(552)	(347)
Total investments and other assets	74,859	68,813
Total noncurrent assets	163,418	161,548
Total assets	373,863	349,561

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	23,946	22,602
Short-term loans payable (Note 1)	59,538	21,122
Current portion of long-term loans payable (Note 3)	3,459	2,616
Current portion of bonds	64	64
Accounts payable-other	15,680	15,357
Lease obligations	2,775	3,192
Income taxes payable	4,232	6,188
Accrued consumption taxes	8,544	3,043
Provision for bonuses	1,460	1,470
Provision for directors' bonuses	186	137
Deferred tax liabilities	0	2
Other	10,576	11,424
Total current liabilities	130,464	87,222
Noncurrent liabilities		
Bonds payable	115	51
Long-term loans payable (Note 3)	1,915	11,928
Lease obligations	5,832	8,235
Deferred tax liabilities	615	332
Deferred tax liabilities for land revaluation	332	314
Net defined benefit liability	25,484	31,210
Provision for directors' retirement benefits	1,725	1,669
Asset retirement obligations	68	75
Other	2,946	2,900
Total noncurrent liabilities	39,035	56,717
Total liabilities	169,500	143,939
Net Assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	130,753	144,551
Treasury stock	(1,989)	(1,991)
Total shareholders' equity	179,557	193,352
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,235	6,570
Revaluation reserve for land (Note 2)	(5,293)	(5,286)
Foreign currency translation adjustment	173	113
Remeasurements of defined benefit plans	(1,725)	(13,309)
Total valuation and translation adjustments	1,389	(11,912)
Minority interests	23,415	24,182
Total net assets	204,363	205,622
Total liabilities and net assets	373,863	349,561

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

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	365,749	381,818
Cost of sales (Note 5)	276,116	282,880
Gross profit	89,632	98,937
Selling, general and administrative expenses (Notes 1 and 2)	66,660	69,901
Operating income	22,971	29,036
Non-operating income		
Interest income	249	209
Dividends income	548	617
Gain on sales of investment securities	159	24
Rent income	247	263
Gain from insurance claim	89	63
Equity in earnings of affiliates	641	790
Amortization of negative goodwill	60	-
Penalty income	268	358
Other	952	739
Total non-operating income	3,217	3,066
Non-operating expenses		
Interest expenses	689	652
Loss on sales of investment securities	0	7
Loss on retirement of noncurrent assets (Note 3)	228	217
Financing expenses	290	297
Other	279	260
Total non-operating expenses	1,488	1,436
Ordinary income	24,700	30,667
Extraordinary income		
Gain on sales of investment securities	2	60
Compensation income	13	33
Total extraordinary income	16	93
Extraordinary loss		
Loss on valuation of investment securities	49	2
Impairment loss (Note 4)	0	75
Loss on extinguishment of tie-in shares	13	-
Total extraordinary loss	63	77
Income before income taxes	24,653	30,682
Income taxes-current	8,653	10,429
Income taxes-deferred	1,127	855
Total income taxes	9,780	11,284
Net income	14,872	19,398
Profit attributable to non-controlling interests	1,337	1,529
Profit attributable to owners of parent	13,534	17,868

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income	14,872	19,398
Other comprehensive income		
Valuation difference on available-for-sale securities	2,413	(1,787)
Revaluation reserve for land	33	17
Foreign currency translation adjustment	29	(23)
Remeasurements of defined benefit plans, net of tax	4,416	(11,742)
Share of other comprehensive income (loss) of associates accounted for using equity method	335	(111)
Total other comprehensive income (loss) (Note)	7,228	(13,648)
Comprehensive income	22,100	5,749
(Contents)		
Comprehensive income attributable to owners of the parent	20,400	4,566
Comprehensive income attributable to non-controlling interests	1,700	1,183

(3) Consolidated Statements of Changes in Net Assets

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	(1,988)	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)
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)
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

Fiscal year ended March 31, 2016

(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	130,753	(1,989)	179,557
Cumulative effects of changes in accounting policies					-
Balance at the beginning of current period reflected changes in accounting policies	18,675	32,117	130,753	(1,989)	179,557
Changes of items during the period					
Dividends from surplus			(4,071)		(4,071)
Net income			17,868		17,868
Purchase of treasury stock				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	13,797	(2)	13,794
Balance at the end of current period	18,675	32,117	144,551	(1,991)	193,352

		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	8,235	(5,293)	173	(1,725)	1,389	23,415	204,363
Cumulative effects of changes in accounting policies							-
Balance at the beginning of current period reflected changes in accounting policies	8,235	(5,293)	173	(1,725)	1,389	23,415	204,363
Changes of items during the period							
Dividends from surplus							(4,071)
Net income							17,868
Purchase of treasury stock							(2)
Net changes of items other than shareholders' equity	(1,665)	7	(59)	(11,584)	(13,302)	766	(12,535)
Total changes of items during the period	(1,665)	7	(59)	(11,584)	(13,302)	766	1,258
Balance at the end of current period	6,570	(5,286)	113	(13,309)	(11,912)	24,182	205,622

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net cash provided by (used in) operating activities		
Income before income taxes	24,653	30,682
Depreciation and amortization	11,331	12,109
Impairment loss	0	75
Amortization of goodwill	768	1,098
Amortization of negative goodwill	(60)	-
Increase (decrease) in allowance for doubtful accounts	(281)	(210)
Increase (decrease) in net defined benefit liability	213	(25)
Increase (decrease) in provision for bonuses	(246)	10
Increase (decrease) in provision for directors' bonuses	(54)	(49)
Interest and dividends income	(797)	(827)
Interest expenses	689	652
Equity in (earnings) losses of affiliates	(641)	(790)
Loss (gain) on sales of noncurrent assets	1	(1)
Loss on retirement of noncurrent assets	228	217
Loss (gain) on sales of investment securities	(161)	(77)
Loss (gain) on valuation of investment securities	49	2
Loss (gain) on valuation of derivatives	(105)	10
Decrease (increase) in notes and accounts receivable-trade	(5,391)	(1,640)
Decrease (increase) in inventories	(348)	(1,451)
Increase (decrease) in notes and accounts payable-trade	2,676	(1,425)
Decrease (increase) in net defined benefit asset	(1,970)	(2,083)
Decrease (increase) in assets and liabilities for Transportation Security Services	(11,624)	(3,538)
Other	8,953	(5,028)
Subtotal	27,884	27,711
Interest and dividends income received	953	988
Interest expenses paid	(698)	(653)
Income taxes paid	(8,573)	(8,378)
Income taxes refund	100	11
Net cash provided by (used in) operating activities	19,666	19,678

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	(498)	1,066
Purchase of property, plant and equipment	(12,153)	(13,736)
Proceeds from sales of property, plant and equipment	2	69
Purchase of investment securities	(919)	(2,692)
Proceeds from sales of investment securities	1,357	1,770
Purchase of investments in subsidiaries	(498)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(11,435)	-
Decrease (increase) in short-term loans receivable	(12)	(28)
Payments of long-term loans receivable	(102)	(41)
Collection of long-term loans receivable	133	86
Other	(168)	697
Net cash provided by (used in) investing activities	(24,295)	(12,808)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	15,802	(10,900)
Proceeds from long-term loans payable	920	12,690
Repayment of long-term loans payable	(3,447)	(3,519)
Redemption of bonds	(57)	(64)
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(2,700)	(2,903)
Cash dividends paid	(3,518)	(4,071)
Cash dividends paid to attributable to non-controlling interests	(401)	(406)
Net cash provided by (used in) financing activities	6,596	(9,176)
Effect of exchange rate change on cash and cash equivalents	40	(38)
Net increase (decrease) in cash and cash equivalents	2,007	(2,345)
Cash and cash equivalents at beginning of period	35,791	37,976
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	177	-
Cash and cash equivalents at end of period (Note)	37,976	35,630

(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, 2016

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 63

Name of significant consolidated subsidiaries

Japan Facilio Co., Ltd.
ALSOK STATIONED SECURITY CO., LTD.
ALSOK FUKUSHIMA CO., LTD.
ALSOK BUILDING SERVICES CO., LTD.
ALSOK Souei Co., Ltd.

On April 1, 2015, the long-term care support and in-home long-term care service operations of consolidated subsidiary ALSOK CARE Co., Ltd., were transferred to HCM Corporation, after which ALSOK CARE Co., Ltd., was dissolved.

(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 total assets, net sales, net income (portion associated with equity holding), and retained earnings (portion associated with equity holding); 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 (portion associated with equity holding) and retained earnings (portion associated with equity holding); 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., 愛龍所克商易（上海）有限公司 (ALSOK Trading 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 by certain consolidated subsidiaries 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 by certain consolidated subsidiaries for the current portion of the future expected payment in order to prepare for the payment of bonuses to directors and Audit & Supervisory Board members.

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 certain consolidated subsidiaries 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.

C. Application of simplified method by small-scale companies

Certain consolidated subsidiaries employ a simplified method for calculating net defined benefit liability and retirement benefit expenses in which the amount that would be required if all members voluntarily resigned at each balance sheet date is used as the retirement benefit obligation.

(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.

(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 Revised Accounting Standard for Business Combinations

The Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, issued on September 13, 2013), the Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on September 13, 2013), and the Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, issued on September 13, 2013) had been adopted as of the year under review. In accordance with these standards, for subsidiaries the Company continues to control, differences arising due to changes in the equity portion are now recorded in capital surplus, and costs associated with acquisitions are now recognized as expenses in the fiscal year in which they are incurred. In addition, for business combinations that are conducted on and after April 1, 2015, the review of the allocation of acquisition costs, as determined through provisional accounting treatments, is now reflected in the consolidated financial statements for the fiscal year in which the business combination took place. Additionally, the Company has altered the method of presenting net income and has changed the item previously displayed as "net income attributable to minority interests" to "net income attributable to non-controlling interests." To reflect these changes, the Company has restated figures on the consolidated financial statements for the fiscal year ended March 31, 2015.

With regard to application of the Revised Accounting Standard for Business Combinations, as per the past treatment stipulated in Article 58-2 (4) of the Revised Accounting Standard for Business Combinations, Article 44-5 (4) of the Revised Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Revised Accounting Standard for Business Divestitures, these standards have applied effective from the beginning of the year under review.

On the Consolidated Statements of Cash Flows for the year under review, the following changes in classification of cash flows have been instituted. Cash flows from acquisitions or sales of shares of subsidiaries not resulting in changes in the scope of consolidation have been classified under net cash provided by (used in) financing activities. Meanwhile, cash flows related to expenses from acquisitions of shares of subsidiaries resulting in changes in the scope of consolidation and expenses from acquisitions or sales of shares of subsidiaries not resulting in changes in the scope of consolidation have been classified under net cash provided by (used in) operating activities.

Furthermore, the effect of these changes on the consolidated financial statements for the year under review was minimal.

Unapplied Accounting Standards

Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, issued on March 28, 2016)

(1) Outline

The Revised Implementation Guidance on Recoverability of Deferred Tax Assets implements necessary revisions to certain conditions for categorizing companies and certain treatment procedures for recorded amounts of deferred tax assets and contains guidances to be applied to the Accounting Standard for Tax Effects (Business Accounting Council) with regard to the recoverability of deferred tax assets. These revisions were implemented based on the treatment framework of dividing companies into five categories and estimating amounts of deferred tax assets to be recorded that was instituted with regard to deferred tax asset recoverability guidances contained primarily in Audit Treatment of Judgments with Regard to Recoverability of Deferred Tax Assets (Report No. 66, the audit committee of the Japanese Institute of Certified Public Accountants) by the Accounting Standards Board of Japan upon transference of the tax effect accounting and auditing operational guidelines (portion related to accounting treatments) from the Japanese Institute of Certified Public Accountants.

Revisions to conditions for categorizing companies and treatment procedures for recorded amounts of deferred tax assets

・Treatment of companies that do not meet the conditions for categories 1–5
・Conditions for categories 2 and 3
・Treatment of future deductible temporary differences for which scheduling is impossible with regard to companies in category 2
・Treatment of rational estimate period for future taxable income prior to temporary adjustments with regard to companies in category 3
・Treatment of companies that meet the conditions for category 4 and are applicable under in categories 2 or 3

(2) Application schedule

The accounting guidance is to be adopted for fiscal year beginning after April 1, 2016.

(3) Effect of adoption of accounting standards

The effect of adopting the Revised Implementation Guidance on Recoverability of Deferred Tax Assets on the Company's consolidated financial statements is currently being measured.

Supplementary Information

Revisions to Amounts of Deferred Tax Assets and Deferred Tax Liabilities Resulted from Changes in Statutory Tax Rate

On March 29, 2016, the Bill for Partial Amendment of the Income Tax Act, etc. (Law No. 15 of 2016) and the Bill for Partial Amendment of the Local Tax Act, etc. (Law No. 13 of 2016) were approved by the National Diet. These bills resulted in a decline in the corporate income tax rate for fiscal years commenced on or after April 1, 2016. Accordingly, the statuary tax rate used to calculate deferred tax assets and deferred tax liabilities will be change from 33.1% to 30.9% in consideration of the forecast disappearance of temporary differences in the fiscal year ending March 31, 2017, and the fiscal year ending March 31, 2018, and then to 30.6% in consideration of the forecast disappearance of temporary differences in the fiscal year ending March 31, 2019.

As a result, net deferred tax assets (deferred tax assets less deferred tax liabilities) decreased ¥506 million, deferred tax liabilities for land revaluation decreased ¥17 million, and income taxes-deferred increased ¥394 million in the year under review.

In addition, the loss carry forward deduction system will be revised to lower the maximum deduction amount to 60% of the amount of taxable income prior to loss carryforward for fiscal years beginning after April 1, 2016, 55% of the amount of taxable income prior to loss carryforward for fiscal years beginning after April 1, 2017, and 50% of the amount of taxable income prior to loss carryforward for fiscal years beginning after April 1, 2018. The effect of these changes on the Company's consolidated financial statements is expected to be minimal.

Consolidated Balance Sheets

*1. Cash for Transportation Security Services

Fiscal year ended March, 31, 2015

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

Fiscal year ended March, 31, 2016

Cash for Transportation Security Services on the Consolidated Balance Sheets is restricted as to use by the ALSOK Group. Short-term borrowings from banks include ¥11,057 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, 2015	Fiscal year ended March 31, 2016
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:	1,062	994

*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, 2015	Fiscal year ended March 31, 2016
Cash and deposits	445	210
Accounts receivable	558	-
Buildings and structures	1,576	1,338
Land	2,722	2,573
Investment securities	88	88
Total	5,391	4,210

The obligations collateralized by the above assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Current portion of long-term loans payable	307	149
Long-term loans payable	672	609
Total	979	759

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Investment securities (stocks)	10,753	11,277

Consolidated Statements of Income

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

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Advertising expenses	1,929	2,309
Salaries and allowances	37,090	38,144
Provision for bonuses	303	309
Provision for directors' bonuses	186	137
Provision for directors' retirement benefits	112	128
Provision of allowance for doubtful accounts	40	10
Welfare expenses	6,535	6,797
Retirement benefit expenses	1,609	1,637
Rent expenses	5,151	5,253
Depreciation	1,577	1,638
Taxes and dues	1,426	1,796
Communication expenses	1,360	1,400

*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, 2015	Fiscal year ended March 31, 2016
	414	343

*3. Loss on retirement of noncurrent assets

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Machinery and equipment	88	106
Others	139	110
Total	228	217

*4. Impairment losses

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 nonperforming 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.

For the fiscal year ended March 31, 2016, the ALSOK Group recorded impairment losses as follows:

(Millions of yen)

Type	Purpose	Impairment losses
Building	Sold assets	39
Land	Sold assets	35
Land	Vacant lot	0

Asset groups of the Company and consolidated subsidiaries are classified by unit of individual property for nonperforming assets and sold 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 nonperforming asset and sold asset exceeded its estimated recoverable value, making for a total of ¥75 million for the year ended March 31, 2016.

The recoverable value for this asset group is calculated using the fair value cost to sell. The fair value cost to sell of nonperforming assets 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. The fair value cost to sell of sold assets is evaluated based on the agreed selling price.

*5. 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, 2015	Fiscal year ended March 31, 2016
	3	(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, 2015	Fiscal year ended March 31, 2016
Valuation difference on available-for-sale securities:		
Amount recognized in the period under review	3,100	(2,859)
Amount of recycling	28	(33)
Before income tax effect adjustment	3,128	(2,893)
Amount of income tax effect	(715)	1,105
Valuation difference on available-for-sale securities	2,413	(1,787)
Revaluation reserve for land:		
Amount of income tax effect	33	17
Foreign currency translation adjustment:		
Amount recognized in the period under review	29	(23)
Remeasurements of defined benefit plans:		
Amount recognized in the period under review	6,322	(17,394)
Amount of recycling	626	386
Before income tax effect adjustment	6,948	(17,007)
Amount of income tax effect	(2,532)	5,264
Remeasurements of defined benefit plans	4,416	(11,742)
Share of other comprehensive income of associates accounted for using equity method:		
Amount recognized in the period under review	319	(84)
Amount of recycling	16	(27)
Share of other comprehensive income (loss) of associates accounted for using equity method	335	(111)
Total other comprehensive income (loss)	7,228	(13,648)

Consolidated Statements of Changes in Net Assets

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

Fiscal year ended March, 31, 2016

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

	Number of shares as of April 1, 2015	Number of increased shares during the fiscal year	Number of decreased shares during the fiscal year	Number of shares as of March 31, 2016
Issued shares				
Common stock	102,040,042	-	-	102,040,042
Total	102,040,042	-	-	102,040,042
Treasury stock				
Common stock (Note)	1,521,699	2,541	-	1,524,240
Total	1,521,699	2,541	-	1,524,240

Note: The increase of 2,541 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, 2015	Common stock	2,060	20.5	March 31, 2015	June 26, 2015
Board of Directors Meeting on October 30, 2015	Common stock	2,010	20.0	September 30, 2015	December 3, 2015

(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 24, 2016	Common stock	3,015	Retained earnings	30.0	March 31, 2016	June 27, 2016

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, 2015	Fiscal year ended March 31, 2016
Cash and deposits	46,113	42,750
Deposits to mature in excess of 3 months	(8,352)	(7,283)
Short-term investments (securities) to be redeemed within 3 months of acquisition date	213	163
Other (deposits at securities companies)	0	0
Cash and cash equivalents	37,976	35,630

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 plumbing installation, electrical installation, and other facility installation; facility operation and management services; environmental hygiene management; cleaning services; fire extinguishing equipment inspection and installation; and sales of various disaster prevention equipment.

The “Long-term Care Services / Other Services” category incorporates operations not included in reportable segments and is equivalent to segments in the other category described in Article 15 of the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Statement No.17, issued on June 30, 2010). This segment is primarily comprised of long-term care service operations, but also includes other operations such as the provision of MMK multi-function ATMs, ALSOK Safety Confirmation Services, and MAMOLOOK multi-function mobile security terminals as well as security solutions operations and information security services.

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

The accounting methods used for reportable segments are the same as those described in “Notes on the Basic Important Points for Preparing the Consolidated Financial Statements of Fiscal year ended March 31, 2016.”
Income by reportable segment is calculated based on operating income.
Intersegment sales are calculated based on market prices.

Adoption of Revised Accounting Standard for Business Combinations

As described in “Changes in Accounting Policies” above, the Revised Accounting Standard for Business Combinations has been adopted as of the year under review. In accordance with this standard, for subsidiaries the Company continues to control, differences arising due to changes in the equity portion are now recorded in capital surplus, and costs associated with acquisitions are now recognized as expenses in the fiscal year in which they are incurred. In addition, for business combinations that are conducted on and after April 1, 2015, the review of the allocation of acquisition costs, as determined through provisional accounting treatments, is now reflected in the consolidated financial statements for the fiscal year in which the business combination took place.

Furthermore, the effect of these changes on income by reportable segment for the year under review was minimal.

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

A. For the year ended March 31, 2015

(Millions of yen)

	Reportable segments			Long-term Care Services / Other Services (Note 1)	Total	Elimination and corporate (Note 2)	Consolidation (Note 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 and is equivalent to segments in the other category described in Article 15 of the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Statement No.17, issued on June 30, 2010). This segment is primarily comprised of long-term care service operations, but also includes other operations such as 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 ¥8,442 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.

B. For the year ended March 31, 2016

(Millions of yen)

	Reportable segments			Long-term Care Services / Other Services (Note 1)	Total	Elimination and corporate (Note 2)	Consolidation (Note 3)
	Security Services	General Property Management and Fire Protection Services	Total				
Net sales							
Outside sales	315,730	54,976	370,707	11,110	381,818	-	381,818
Intersegment sales	778	42	820	444	1,265	(1,265)	-
Total	316,508	55,019	371,528	11,555	383,083	(1,265)	381,818
Income by reportable segment	32,707	4,376	37,083	729	37,813	(8,776)	29,036
Depreciation	10,860	774	11,634	449	12,083	25	12,109
Amortization of goodwill	185	429	614	484	1,098	-	1,098

Note 1: The "Long-term Care Services / Other Services" category incorporates operations not included in reportable segments and is equivalent to segments in the other category described in Article 15 of the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Statement No.17, issued on June 30, 2010). This segment is primarily comprised of long-term care service operations, but also includes other operations such as the provision of MMK multi-function ATMs, ALSOK Safety Confirmation Services, and MAMOLOOK multi-function mobile security terminals as well as security solutions operations and information security services.

Note 2: The ¥8,776 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, 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.

(2) For the Fiscal Year Ended March 31, 2016

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, 2015

There were no impairment losses attributed to reportable segments. An impairment loss of ¥0 million not attributed to reportable segments was recorded of which ¥0 million was on the value of land.

(2) For the Fiscal Year Ended March 31, 2016

There were no impairment losses attributed to reportable segments. An impairment loss of ¥75 million not attributed to reportable segments was recorded of which ¥39 million was on the value of buildings and ¥36 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, 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.

(2) For the Fiscal Year Ended March 31, 2016

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, 2016, the balance of unamortized goodwill was ¥10,149 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.

5. Information on Negative Goodwill by Reportable Segment

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

Not applicable

(2) For the Fiscal Year Ended March 31, 2016

Not applicable

Per Share Information

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net assets per share (yen)	1,800.15	1,805.09
Net income per share (yen)	134.65	177.77

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, 2015	Fiscal year ended March 31, 2016
Net income per share		
Profit attributable to owners of parent (Millions of yen)	13,534	17,868
Amount not belonging to ordinary shareholders (Millions of yen)	-	-
Net income attributable to common stock owners of the parent (Millions of yen)	13,534	17,868
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, 2015	Fiscal year ended March 31, 2016
Total net assets (Millions of yen)	204,363	205,622
Amount deducted from total net assets (Millions of yen)	23,415	24,182
(non-controlling interests)	(23,415)	(24,182)
Net assets at end of year relating to common stock (Millions of yen)	180,947	181,439
Amount of common stock at end of year used for calculating net assets per share (Thousands of shares)	100,518	100,515

Significant Subsequent Events

Consolidation of Company through Acquisition of Shares

On May 6, 2016, the Company acquired 69.5% of the shares with voting rights (8,864 shares) in Wisnet Co., Ltd., and subsequently converted this company into a consolidated subsidiary.

1 Aim of Share Acquisition

ALSOK provides various security services to national and municipal government organizations, financial institutions, and general companies and also offers individual users safety, security, and convenience through home security and other services tailored to a diverse range of lifestyle needs.

Enhancing and strengthening ALSOK’s lineup of services for senior citizens has been positioned as a top priority. To date, we have developed and provided such offerings as HOME ALSOK MIMAMORI SUPPORT and emergency support services. In addition, we began systematically expanding long-term care service operations in 2014 through the acquisition of HCM Corporation and ALSOK Care & Support Co., Ltd.

The newly consolidated Wisnet operates a wide range of businesses in Saitama Prefecture and other parts of the Tokyo metropolitan area. These businesses include group living facilities; fee-based, long-term care facilities; and other facility-based care services and day services, in-home care services, and other home-based care services as well as various peripheral businesses. Over the course of its business activities, this company has steadily earned the trust of local communities, customers, and other related individuals, growing as a result.

The acquisition of Wisnet will serve purposes beyond simply complementing the long-term care service operations of ALSOK’s two other long-term care subsidiaries (focused on in-home care services with bases in the southern Tokyo metropolitan area as well as in the Kinki, Tokai, and Tohoku regions). Rather, we anticipate that the acquisition of this company will lead to new developments in the Company’s long-term care service operations in terms of business scale, the portions of operations attributed to facility-based and home-based care services, and regions of operations.

Specifically, the acquisition of Wisnet will increase the scale of ALSOK’s long-term care service operations by nearly ¥30.0 billion on a sales basis (including peripheral businesses) and approximately 14,000 people on a customer basis.

Taking advantage of the enlarged business scale and scope resulted from this acquisition, the ALSOK Group will pursue organic coordination and unions between Wisnet’s operations and those of the two other long-term care subsidiaries to heighten its ability to respond to customers’ long-term care needs. We believe that these efforts will help improve our services by allowing them to provide new value.

Going forward, the Group will fully leverage Wisnet and all of its other management resources in order to further develop its business and improve corporate value.

2 Profile of Acquired Company

(1) Company name	Wisnet Co., Ltd.
(2) Head office address	2-795 Mihashi, Omiya-ku, Saitama-shi, Saitama
(3) Representative	Yukinori Takahashi, President and Representative Director
(4) Main lines of business	Long-term care service business and peripheral businesses
(5) Capital	¥347 million
(6) Date established	July 27, 1990
(7) Major shareholders	Yukinori Takahashi (40.9%) AYA Co., Ltd. (10.9%) Toshinori Takahashi (10.5%)
(8) Number of shares issued	12,051 shares (including 154 shares of treasury stock)
(9) Relationship with the Company	There are no capital, personal, or transactional relationships to note.

(10) Financial figures for the acquired company from the past three years			
Fiscal year	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
Total assets (Millions of yen)	8,223	7,770	7,806
Net sales (Millions of yen)	15,926	16,860	17,664

Note: In addition to the number of shares issued above, 850 shares have been issued through the exercise of stock options.

3 Share Transferees

A. Yukinori Takahashi

(1) Name	Yukinori Takahashi
(2) Relationship with the Company	Mr. Yukinori Takahashi is the president and representative director of the acquired company. There are no capital, personal, or transactional relationships or other conflicts of interests to note between this individual and the Company.

B. AYA Co., Ltd.

(1) Name	AYA Co., Ltd.
(2) Head office address	4-590 Sakuragicho, Omiya-ku, Saitama-shi, Saitama
(3) Representative	Yukinori Takahashi
(4) Relationship with the Company	There are no capital, personal, or transactional relationships or other conflicts of interests to note between AYA Co., Ltd., and the Company

C. Toshinori Takahashi

(1) Name	Toshinori Takahashi
(2) Relationship with the Company	Mr. Toshinori Takahash is the vice president and director of the acquired company. There are no capital, personal, or transactional relationships or other conflicts of interests to note between this individual and the Company.

Note: In addition to the above, shares were acquired from one individual shareholder. There are no capital, personal, or transactional relationships or other conflicts of interests to note between this individual and the Company.

4 Number of Shares Acquired and Shareholding Status Before and After Acquisition

(1) Number of shares held before acquisition	0 shares (Number of voting rights: 0) (Percentage of total voting rights: 0.0%)
(2) Number of shares acquired	8,864 shares (Number of voting rights: 8,864) (Percentage of total voting rights: 69.5%)
(3) Number of shares held after acquisition	8,864 shares (Number of voting rights: 8,864) (Percentage of total voting rights: 69.5%)

Note 1: Voting rights calculations exclude the 154 shares of treasury stock.

Note 2: In addition to the number of shares issued above, 850 shares have been issued through the exercise of stock options.

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

Hiraku Otani
(Current position)
Senior Executive Officer
Financial & Accounting
International Affairs, Internal Control
Chief Officer of International Affairs
(New position)
Director, Senior Executive Officer
Financial & Accounting
International Affairs
Internal Control
Chief Officer of International Affairs

Tsuyoshi Murai
(Current position)
Senior Executive Officer
Human Resources
Corporate Ethics
Deputy Chief Officer of Business Promotion Division
(New position)
Director
Senior Executive Officer
Human Resources
Corporate Ethics
Deputy Chief Officer of Business Promotion Division

Masakazu Iwaki
(Current position)
Executive Advisor, Nippon Steel & Sumitomo Metal Corporation
(New position)
Director (Outside Director)

c. Retiring directors

Seiki Miyamoto
(Current position)
Director (Outside Director)

C. Scheduled date of changes

June 24, 2016

(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, 2015	Fiscal year ended March 31, 2016	YoY (%)
Security Services			
Electronic Security Services	803,601	854,083	6.3
Stationed Security Services	3,597	3,970	10.4
Transportation Security Services	59,134	62,146	5.1
Total	866,332	920,199	6.2
General Property Management and Fire Protection Services	73,898	81,908	10.8
Total for reportable segments	940,230	1,002,107	6.6
Long-term Care Services / Other Services	22,477	31,021	38.0
Total	962,707	1,033,128	7.3

Note: The above figures for number of contracts represent the number of contracts concluded with customers as opposed to the number of individual facilities served by the Company.

B. Sales

Sales for each business category are as follows.

(Millions of yen)

Business segment	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016	YoY (%)
Security Services			
Electronic Security Services	160,409	167,132	4.2
Stationed Security Services	88,429	93,904	6.2
Transportation Security Services	52,328	54,694	4.5
Total	301,166	315,730	4.8
General Property Management and Fire Protection Services	58,309	54,976	(5.7)
Total for reportable segments	359,475	370,707	3.1
Long-term Care Services / Other Services	6,273	11,110	77.1
Total	365,749	381,818	4.4

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

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