

ANNUAL REPORT 2013



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Fiscal year ended March 31, 2013

SOHGO SECURITY SERVICES CO., LTD.

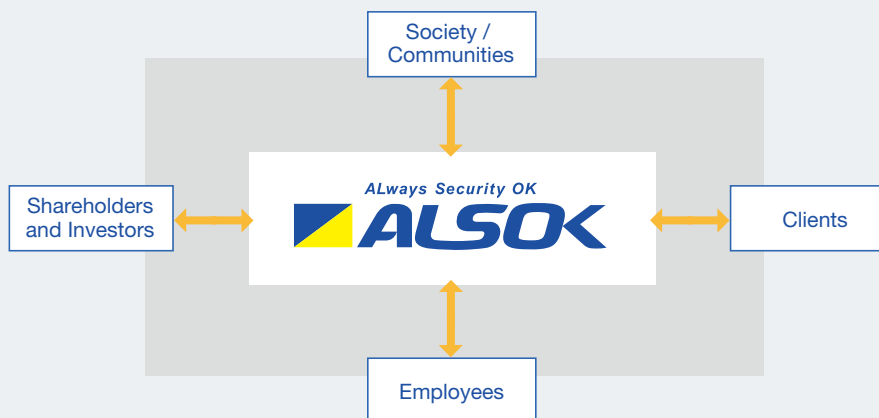
The ALSOK Group is developing services that accurately respond to social needs with the aim of contributing to the safety and security of society.



SOHGO SECURITY SERVICES CO., LTD. (ALSOK), was established in July 1965. An innovator in the Japanese security services industry, the Company was the first to earn the Tokyo Metropolitan Public Safety Commission's security business certification. The Company listed on the First Section of the Tokyo Stock Exchange in October 2002 (securities code: 2331), subsequently adopting the corporate brand name "ALSOK" in 2003. Since then, ALSOK has continued to drive the industry as its leading company.

Since its founding, ALSOK has developed its operations in the security services industry based on its management philosophy centered on a spirit of gratitude and a tough yet fair, kind samurai spirit. The security services industry has come to play an ever more important role in today's diversified society, and ALSOK will continue to improve the quality of its security services in response to changing social needs and will help maintain safety and security throughout society.

MANAGEMENT PHILOSOPHY



Our business operations are based on a management philosophy exemplified by a spirit of gratitude¹ and a samurai spirit². Our mission is to help maintain safety throughout society, an indispensable element of our lives, as well as to make constant improvements to become the industry's leading company.

1. Human beings in society agree to live and let others live. The spirit of gratitude is a humble feeling of thankfulness to all the people and things around ourselves.
2. The samurai spirit embodies a strong and honorable concept of discipline, purpose, and the will to succeed and develop.

MANAGEMENT POLICIES

1. Fundamental Spirit

Under any conditions, we work hard to abide by our core principles as exemplified in a samurai spirit based on toughness, fairness, and generosity, and in a spirit of gratitude. We are also committed to developing the human resources needed to provide reliable services.

2. Priority

Our top priority is to provide security services of the first rank, as reflected in profits, while meeting shareholder expectations and enhancing the welfare of our employees.

3. Basic Strategy

While we devote ourselves to security services, we also seek to offer diversified services to meet contemporary demands to the extent made possible by our cumulative expertise in the area of security operations.

4. Contributing to Society

In the spirit of service, we adhere to all government security policies and seek to make positive contributions to society.

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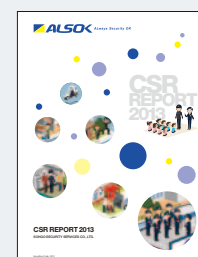
INFORMATION DISCLOSURE

ALSOK's security services business protects the safety and security of society, and is therefore closely linked to corporate social responsibility (CSR). The Company has thus decided to construct its annual report, which explains the Company's economic value, and its CSR report, which describes its social and environmental initiatives, in a manner that enables both of these reports to supplement each other as a set. We believe this will allow us to better illustrate the link between our growth strategies for our security services business and our CSR activities, thus providing a more comprehensive view of the Company's corporate value.

Annual Report 2013 focuses on describing what ALSOK has accomplished by offering products and services offered in its security services business that contribute to the resolution of various social issues, as well as the economic value of these accomplishments.



CSR Report 2013 focuses on the CSR activities ALSOK conducts as a good corporate citizen with the goal of explaining the social and environmental value of the Company. This report contains a special feature detailing ALSOK's initiatives as a company that protects the safety and security of society, with a particular emphasis placed on those implemented during the fiscal year ended March 31, 2013.



Cautionary statement regarding projections

Of the plans, strategies, and other matters of SOHGO SECURITY SERVICES CO., LTD. (ALSOK), and of the ALSOK Group, that are expressed in this annual report, the projections of future performance are not founded on historical facts. Readers are advised to be aware that actual performance could differ materially from these projections due to various factors such as economic circumstances, competitive conditions, and technological innovations.

Note

Figures in the Financial Highlights and Financial Section are based on the English translation of "Summary of Financial Results for the Fiscal Year Ended March 31, 2013." For notes on this Summary, please refer to the document "Financial Results for the Fiscal Year Ended March 31, 2013," available on the ALSOK IR website. <http://www.alsok.co.jp/en/ir/library/settlement.html>

SEVEN CONSECUTIVE YEARS OF INCLUSION IN PRINCIPAL SRI INDEX

Since 2007, ALSOK has been selected for inclusion in the FTSE4Good Global Index, a socially responsible investment (SRI) index. We believe this continued inclusion reflects recognition of ALSOK's active engagement in CSR activities.



FTSE4Good

ABOUT ALSOK

PRINCIPAL BUSINESSES

Security Services

- **Electronic Security Services**

ALSOK's nationwide network of 37 Guard Centers remotely monitors clients' office buildings, residences, and other premises through security equipment installed by the Company. Should a disturbance, such as an intrusion, a fire, or other emergency alert, be detected, the Guard Centers will respond appropriately; if necessary, security guards can be on the scene in less than 25 minutes from the detection of the disturbance.

- **Stationed Security Services**

Security guards stationed at office buildings, commercial facilities, hotels, and various other client facilities administer access control by monitoring or checking the identity of each person who enters or exits designated client facilities, and also conduct patrols to detect irregularities. Further, our disaster prevention centers and central management centers conduct monitoring activities.

- **Transportation Security Services**

We provide the Total ATM Management System for use by banks and convenience stores, the Cash Deposit Machine On-line System in which we manage the daily sales revenues of business owners, and the Cash Transport System service that provides safe transportation of cash, marketable securities, and other valuables.

Total Building Management Services and Disaster Prevention Services

We provide operational and management support for buildings and condominiums including cleaning, fire extinguishing equipment sales, facility inspection, and internal remodeling and renovation construction. In addition, we offer call center services, conduct AED sales, and provide other services.

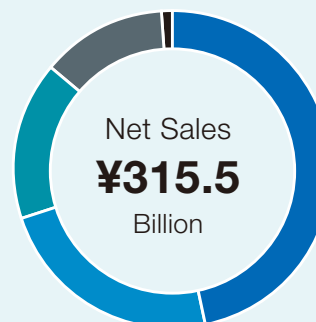
Other Services

We provide a wide range of products and services that exceed the boundaries of our conventional security services. These include information security services and the ALSOK DENPO telegram service.

* Previously included under Other Services, Total Building Management Services and Disaster Prevention Services will be disclosed as a separate segment from the fiscal year ended March 31, 2012, onward.

Net Sales by Service Type

(Fiscal year ended March 31, 2013)

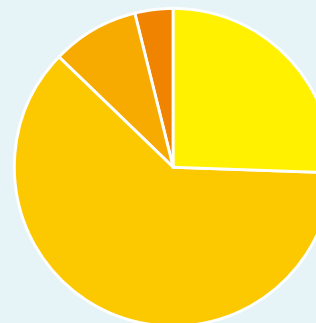


SECURITY SERVICES

• ELECTRONIC SECURITY SERVICES	46.6%
• STATIONED SECURITY SERVICES	23.4%
• TRANSPORTATION SECURITY SERVICES	16.1%
• TOTAL BUILDING MANAGEMENT SERVICES AND DISASTER PREVENTION SERVICES	12.9%
• OTHER SERVICES	1.0%

Net Sales by Customer Type

(Fiscal year ended March 31, 2013)



• FINANCIAL INSTITUTIONS	25.8%
• BUSINESS CORPORATIONS	61.6%
• GOVERNMENT OFFICES / JAPAN POST	8.9%
• INDIVIDUALS	3.7%

Group Companies 2013 (As of September 30, 2013)

Security Services Companies

Consolidated subsidiaries: 44

Associates accounted for using equity method: 8

We provide high-quality security services with our nationwide network of Group companies. In addition, there are six Group companies that develop operations overseas.

Other Companies

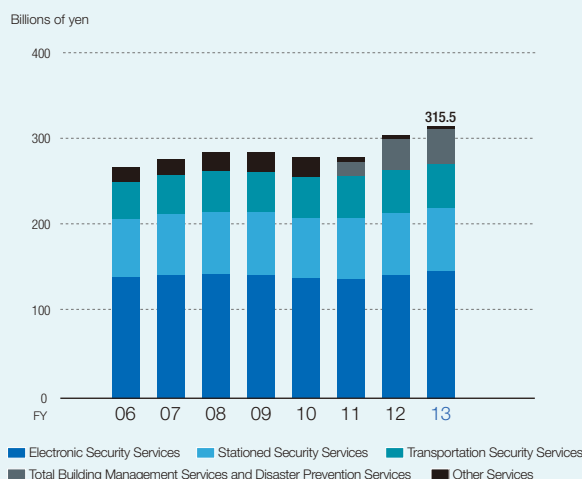
We are expanding into new fields through the businesses of Sokei Building Service Co., Ltd. (building management and disaster prevention services), Japan Facilio Co., Ltd. (construction), Hochiki Corporation (fire extinguishing equipment), and ALSOK CARE Co., Ltd. (nursing care services).

BUSINESS MODEL

With its Electronic Security Services, which account for approximately 50% of total net sales, and its Stationed Security Services and Transportation Security Services, ALSOK provides a comprehensive lineup of products and services that contributes to safety and security. Moreover, we possess a nationwide network of offices and operating bases, and we have established unshakable trust among banks and other financial institutions, which account for approximately 30% of total net sales, and have currently been entrusted with the management of an impressive nearly 50,000 ATMs located throughout Japan.

Further, the Electronic Security Services segment operates a business model in which clients from the previous fiscal year generally continue their contracts, thus allowing it to continue to grow. Presently, 422,676 corporate customer facilities (up 4.0% year on year) and 208,301 residential households (up 19.7% year on year) are connected to ALSOK's Guard Centers through telecommunications lines, proving the stable growth potential of this business.

Net Sales by Service Type



BUSINESS DOMAIN

Industry Trends

Total annual sales in the Japanese security services industry exceed ¥3 trillion¹. Presently, there are approximately 9,091¹ security companies in Japan; however, the great majority of these security companies are small to medium-sized companies. Moreover, including ALSOK, there are currently only two companies with annual sales of more than ¥300 billion. The third-largest company has sales of approximately ¥40.8 billion, and there is a wide gap between this company and ALSOK in terms of profitability.

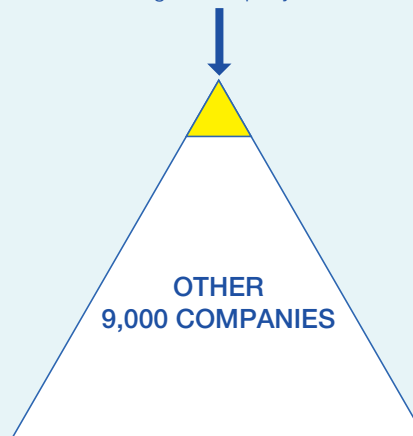
Moreover, the majority of security companies primarily offer stationed security services, including traffic control², which are labor intensive services. Only a small percentage of these companies are capable of offering electronic and transportation security services, which require a large amount of capital investment. Looking forward, we anticipate that the reorganization of small to medium-sized companies in the industry will continue to progress.

Security Characteristics

In the United States, when a security alarm signal is transmitted, police receive the information directly from the security company and rush to the scene. Japan's system, however, is more centered on the security company as, after a disturbance is detected, it is the security company's security guards that rush to the scene. Working together with the company's guard centers, these security guards address the situation, contacting

Overview of the Japanese Security Services Industry

Number of large companies with sales of over ¥300 billion: 2 (including ALSOK)
(Sales of third-largest company ¥40.8 billion)



1. Source: "Overview of the Security Industry in 2012," National Police Agency
2. Some countries do not consider this part of security services.

the police, fire, and other designated bodies as deemed necessary. For this reason, security companies hold the keys to their clients' premises. As such, the Japanese system is significantly different from that of the United States.

ALSOK feels a strong sense of commitment toward its mission of protecting the safety and security of society.



Atsushi Murai

Chairman and
Representative Director
Chief Executive Officer (CEO)



Yukiyasu Aoyama

President and
Representative Director
Chief Operating Officer (COO)

• Higher Sales and Income in the Fiscal Year Ended March 31, 2013

In the year under review, the fiscal year ended March 31, 2013, the Japanese economy was met with a mix of positive and negative circumstances. On the positive side, the economy benefited from the full-fledged reconstruction demand associated with the Great East Japan Earthquake, which occurred on March 11, 2011. Conversely though, the sovereign debt crisis in Europe, rising price of crude oil, and concerns for economic conditions in the United States resulted in depressed overseas economies, the influence of which led to continued instability in the domestic economy. Regardless of these issues in the global economy, there was still a trend toward recovery as exemplified by the yen's depreciation and rise in Japanese stock prices that were driven by anticipation of the financial and other measures implemented by the new government administration headed by Prime Minister Shinzo Abe to combat deflation. Looking at the safety of Japan, the number of reporting crimes is declining. However, violent crimes resulting from stalking and other disturbances have failed to decrease, and cybercrimes, including bank transfer scams and skimming, are becoming ever more sinister and the situation with regard to these crimes is worsening. As such, the citizens of Japan are facing even more reasons to feel insecure or threatened.

Under these circumstances, the ALSOK Group remained

devoted to its mission of comprehensively providing products and services to help protect the safety and security of society. In this pursuit, we expanded our business by offering high-quality products and services that accurately respond to the ever more diverse and complex needs of society. At the same time, we worked to cultivate human resources that can facilitate the provision of such products and services, while improving the efficiency and rationality of operations to cut costs.

As a result of these efforts, we recorded higher sales and income in the year under review with consolidated net sales up 3.6% year on year, to ¥315,564 million; operating income increasing 9.1%, to ¥11,790 million; and net income surging 119.7%, to ¥8,574 million.

Outlining Major Initiatives

Aiming to generate further income and achieve ongoing growth, the entire Company came together to strengthen sales activities, enhance existing products and services, and develop new offerings for both corporate customers and individual users.

Services for Corporate Customers

In the Electronic Security Services segment, we saw favorable growth in contracts for our ALSOK-GV (read ALSOK G-five) service for corporate customers. There were also increases in sales

of equipment such as internal/external access control systems and security cameras. We feel that these successes were the result of our efforts to strengthen sales capabilities and conduct aggressive sales activities against the backdrop of demand for more stringent security from financial institutions, retailers, office buildings, and condominiums.

In the Stationed Security Services segment, we were able to capture orders for stationed security operations at large-scale facilities.

As for the Transportation Security Services segment, contract numbers rose smoothly for the Total ATM Management System, the most prominent service in this business, because we made greater efforts to approach prefectural financial institutions. Sales were also up for this system in conjunction with solid growth in the number of stores for the major convenience store chain that has contracted this service. Meanwhile, we accelerated sales activities targeting retailers and restaurants for the Cash Deposit Machine On-line System, and we were thus able to acquire a large-scale contract from a major restaurant chain, and sales were more than double last year's figures as a result. Going forward, we will continue to devote our efforts toward expanding sales of these services.

Services for Individual Users

In 2004, we launched our line of ALSOK HOME SECURITY services amidst a rise in interest for home security systems. Today, these services are used by approximately 200,000 households, and the number of contracted households rises by around 10% each year. In the year under review, we worked together with housing developers, and were thereby able to expand sales of security systems for rental housing. As the next step in these services, we launched the new HOME ALSOK brand of services for individual users in September 2012 with the aim of further evolving home security, and simultaneously released HOME ALSOK PREMIUM and other new products and services. These new offerings effectively strengthened our lineup of services for individual users. HOME ALSOK PREMIUM includes new value-added features such as Internet-based remote control functions, which allow the system to be turned on or off via the Internet, as well as image monitoring capabilities that help prevent intrusions by watching the outside of the premises. We believe that, with these new features, the system will make great contributions toward expanding our market to encompass a wider variety of residences, expanding the range of homes we can serve from standard housing to duplexes and housing combined with stores.

• Initiatives Targeting Ongoing Growth

Aiming to lead the ALSOK Group to grow rapidly going forward, we have defined diversifying businesses as one of our core growth strategies. In this manner, we will work to respond flexibly to changes in society's needs for safety and security and to social changes, such as the aging of the population. To realize such business diversification, we are working to expand the scope of our security business, create more-sophisticated services for individual users, establish new businesses, and develop operations in overseas markets, particularly those in Southeast Asia. In addition, we aim to improve flexibility, strengthen technological capabilities, boost sales abilities, and expand our customer base by conducting M&A activities and forming alliances more proactively. Further, we will revise cost structures to ensure that the Company continues to grow into the future.

Creating New Services to Expand the Scope of the Security Business

The Transportation Security Services segment, which offers such services as the Total ATM Management System for financial institutions and the Cash Deposit Machine On-line System, currently accounts for only around 20% of total net sales. However, sales in this segment are 1.4 times higher than 10 years ago, and it is rapidly growing into a new pillar supporting our transportation security service operations. In recent years, financial institutions that handle cash have been working to lower the risk of cash transportation and to reduce costs. To these ends, banks have been actively outsourcing their operations. In tandem with this trend, ALSOK, with its strong reputation for trust that it has forged over the years, has been developing increasingly more-sophisticated transportation security services. As part of this endeavor, we are actively working to capture new customers with services such as the Cash Transport System, a service that provides safe transportation of cash, marketable securities, and other valuables, and the Total ATM Management System. In this manner, we are expanding our operations to develop a business that provides comprehensive management for handling cash and other valuables.

Expanding the Range of Services for Individual Users

In the security market for individual users, we are seeing smooth growth in the number of contracts for our home security services, a result of our efforts to address unmet needs, such as those related to rental housing. In fact, we are seeing greater growth in individual user contracts than in corporate customer contracts.



Factors behind this growth include such trends as increasing numbers of elderly people and women living alone as well as the dilution of interpersonal relationships in local communities, which have contributed to rising demand for safety and security among residential households. Currently, only around 2% of all households in Japan are subscribed to home security systems, relatively low compared to the level of 20% seen in the United States. Accordingly, we can expect significant growth in contract numbers going forward. At present, services for individual users only account for 3.7% of total net sales, but we intend to increase this ratio to approximately 10% in the future.

Going forward, we will further develop the newly launched HOME ALSOK brand of services for the individual user market, which we expect to continue growing into the future. We aim to evolve this brand from simply being a traditional home security service that protects the facilities known as homes to become a security service matched to customers' lifestyle needs that provides comprehensive protection of safety and security for all aspects of customers' lives. By realizing this type of service, we hope to respond to the needs of all types of households, including those created by ongoing trends like the aging of the population and the rise in two-income households in the future. At present, we are developing and providing various services to better respond to such needs. Among these services is our HOME ALSOK MIMAMORI SUPPORT service, which provides emergency reporting, emergency information registry, fire monitoring, gas leak detection, and life rhythm monitoring services to help protect senior citizens living alone, and also includes the transmission of information related to this task. Another service is the HOME ALSOK RUSUTAKU SERVICE, which was designed to protect unoccupied vacation houses or second homes.

Going forward, we will continue to develop standalone products and services designed to meet the needs of customers that differ based on region, age, family structure, and health condition. By enhancing our lineup of products for the individual user market in this manner, we hope to provide security services that exceed the boundaries of traditional home security.

Broadening Business Scope

ALSOK is working to develop new products and services that meet the needs of people and companies for convenience based on a foundation of safety and security. In particular, we are turning our attention toward businesses that are highly compatible with our security business. As one facet of these efforts, we are broadening the scope of our business to include new fields outside of security services. This is being accomplished by strengthening alliances and conducting M&A activities with housing manufacturers and other companies in different industries and strengthening capital ties and coordination with affiliates. For example, in February 2011, Japan Facilio Co., Ltd., which conducts an equipment installation business, was converted into a consolidated subsidiary, and in October 2012 we established ALSOK CARE Co., Ltd., to conduct a nursing care business. Later in November 2012, Hochiki Corporation, a manufacturer of fire prevention and firefighting supplies, became an affiliated company of the Company accounted for by the equity method. In this way, we are conducting businesses that step outside of the boundaries of our security services business. Going forward, we plan to collaborate with our security services business in these businesses with the aim of creating greater added value.

Developing Operations in Southeast Asia and Other Overseas Markets

Japanese companies are increasingly expanding their operations overseas, and it is therefore expected that the demand for security at their overseas bases will continue growing into the future. At the ALSOK Group, we are committed to supporting such customers by leveraging the security expertise we have accumulated through our domestic operations to provide them with security services that are custom-tailored to the needs of each individual overseas base. In developing our overseas operations, we are constructing a network of overseas subsidiaries. In 2007, we founded a subsidiary in Thailand, which was followed by the establishment of other overseas subsidiaries in Vietnam during 2009, Shanghai during 2010, Malaysia during 2012, and Indonesia and India during 2013.

Revising Cost Structures

The ALSOK Group aims to prevent declines in profitability resulting from intensified competition while also strengthening revenue bases. To accomplish this, we have drastically revised cost structures and developed more-efficient, more-effective operating processes. These efforts have enabled us to improve the quality of services and simultaneously limit costs. Specific measures included expanding the range of duties handled by security staff, consolidating administrative functions previously dispersed among different bases, and centralizing cash processing functions. Through these and other measures, we are constantly pursuing improved efficiency.

• Shareholder Returns

The ALSOK Group realizes the importance of providing shareholder returns and thus prioritizes this in its management activities. Further, it regards the stability of shareholder dividends and the continuity of operations as important management issues. It therefore makes distributions to shareholders that reflect its business performance while also balancing the need to maintain internal reserves. These internal reserves are used to invest in R&D for future growth and development, qualitative upgrades to information systems, and capital investment for new businesses. Through such investments, ALSOK works to improve its business performance and increase its corporate value from the viewpoint of its shareholders and other investors.

In the year under review, we issued total dividend payments of ¥25 per share, which included an interim dividend of ¥11 per share, making for a consolidated payout ratio of 29.3%. This decision was made based on a comprehensive evaluation of the Group's performance in the year under review, forecast future performance, capital investment plans, and other factors. Going forward, we will continue to strengthen our financial position and secure internal reserves through improved profitability. At the same time, we intend to maintain stable distributions to shareholders, while taking into consideration such factors as our business performance and the payout ratio.

• ALSOK Going Forward

Since it was founded in 1965, ALSOK has continued to be a leader in the security services industry, working to maintain the safety and security of Japanese society and also further its development. We have been operating for 48 years now, and the ALSOK Group's net sales have come to exceed ¥300.0 billion. Moreover, we are playing an important role as a form of social



infrastructure that is indispensable for both economic development and our daily lives. ALSOK is also actively supporting sports, such as wrestling and judo. We played a role in attracting the 2020 Olympic and Paralympic Games to Tokyo, and we were thereby able to further our contribution to the development of the Japanese economy.

In 2015, we will celebrate the 50th anniversary of our founding. Passing this milestone, the ALSOK Group will work to provide products and services that accurately respond to social needs. Through these efforts, we will further develop our business and help ensure the safety and security of our customers and society. At the same time, we will contribute to the realization of a more sustainable society by supporting social welfare, disaster relief, and the arts and other cultural activities.

We look forward to the continued support and encouragement of all our stakeholders.

August 2013

Chairman and
Representative Director
Chief Executive Officer (CEO)

President and
Representative Director
Chief Operating Officer (COO)

New Business Model for Responding

As a leader in the Japanese security services industry, the ALSOK Group has continued to provide an important part of Japan's economic and social infrastructure. Amidst rapidly changing conditions in the security services industry brought on by such trends as the spread of information and communications technologies, declining birthrate, and aging population, the Group is working to develop a new, more advanced business model. Based on this model, we will offer products and services that accurately respond to social needs to ensure the safety and security of our customers and society.

Security Services Matched to Customers' Lifestyles

Individual User Brand—HOME ALSOK

HOME ALSOK is the name given to our new brand of services for individual users. These services exceed the boundaries of traditional security services to provide higher levels of safety, security, and convenience based on the diverse needs of individuals, which vary based on their lifestyle, age, and family structure. The range of services offered to individuals and families as part of this brand is truly vast. For example, we offer high-value-added security services that provide greater levels of security and convenience to senior citizens and women living alone. We also have services that help keep people safe, including measures for protecting children when commuting to and from school or women that have fallen victim to stalking. Further,



we provide periodic patrolling services to protect homes that are usually uninhabited. Moreover, we are looking 10 and 20 years down the line at the needs of Japanese society after its age balance has shifted significantly to the elderly side of the spectrum. Accordingly, we are working to create new businesses that represent evolutionary steps forward for security and nursing care services. In this manner, we will evolve from protecting houses to protecting people's lifestyles, and will provide a comprehensive lineup of services to this end.



HOME ALSOK PREMIUM includes Internet-based remote control functions as well as image monitoring capabilities and can be controlled using smartphones or tablets.



HOME ALSOK APARTMENT AND CONDOMINIUM PLAN is a service for rental housing that features convenient Internet functionality and control terminals with a simple and compact design based on customer feedback.



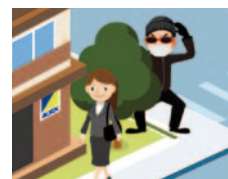
HOME ALSOK MIMAMORI SUPPORT features an optimal service lineup carefully selected based on the needs of senior citizens combined with an easy-to-understand control terminal that can be operated with the push of a single button.



HOME ALSOK RUSUTAKU SERVICE protects vacation houses and other homes that are not regularly occupied by patrolling the premises and providing support for collecting mail and otherwise maintaining order.



Through its ALSOK KODOMO MUKE KAKETSUKE SERVICE, ALSOK security staff will rush to the aid of a child that has activated the alarm on a special cell phone for children.



The HOME ALSOK LADY'S SUPPORT service is designed to protect the safety of women that have become the victim of stalkers by providing a wide range of support services and items.

Establishment of ALSOK CARE to Enter into Nursing Care Business

ALSOK is working to establish new businesses that meet the needs of people and companies for convenience based on a foundation of safety and security. In particular, the Company is turning its attention toward businesses that are highly compatible with the security business. As one facet of these efforts, we established ALSOK CARE Co., Ltd., in October 2012, and created a total of six bases located in Tokyo and Chiba Prefecture to provide nursing care services. ALSOK's nursing care business will not be restricted to standard care services. Rather, we will work within the framework of the HOME ALSOK brand to utilize the management resources and infrastructure accumulated through our security services business in order to offer customers lifestyle support services of the highest possible value. In this manner, we aim to provide services that exceed the traditional boundaries of home security.

For details ▶ See "VOICE—President and Representative Director of ALSOK CARE Co., Ltd." in CSR Report 2013.



Accurately to Social Needs



Products and Services that Exceed the Boundaries of Security Services

Total ATM Management System

Cumulative total of managed ATMs **Approximately 50,000**

The Total ATM Management System offers comprehensive support for operating and managing ATMs. Targeting the ATMs of financial institutions located inside stores or in other locations as well as convenience store ATMs, we restock machines with cash, provide cash counting and collection services, and respond to any malfunctions that may occur. In addition, this service offers cash management planning services that propose the amount of cash to be replenished as well as how often and when cash should be collected and replenished in order to ensure operational efficiency. Centered on ATMs belonging to Seven Bank, Ltd., the number of ATMs we manage represents a dominating share of the nationwide market.

[For details](http://www.alsok.co.jp/corporate/service/outsourcing.html) <http://www.alsok.co.jp/corporate/service/outsourcing.html> (Japanese only)



Cash Deposit Machine On-line System

Cumulative total of installed machines **Approximately 13,000**

The Cash Deposit Machine On-line System combines cash deposit machines equipped with network-based information management functions with ALSOK's transportation security services network to provide optimal support for processing sales proceeds, thus enabling this system to realize safe, hassle-free cash management services. We are seeing increased usage among small to medium-scale retail facilities and large-scale service providers, and further growth is expected in the future.

[For details](http://www.alsok.co.jp/corporate/nyukin/) <http://www.alsok.co.jp/corporate/nyukin/> (Japanese only)



Comprehensive Proposals Encompassing Everything from Installation to Operation and Management

Japan Facilio Co., Ltd., which became a consolidated subsidiary in February 2011, conducts and manages construction centered on the installation of air conditioning, plumbing sanitation, electrical, and other equipment. In addition, Hochiki Corporation, a major manufacturer of fire prevention and firefighting supplies, became an affiliated company of the Company accounted for by the equity method in November 2012. The inclusion of these two companies into the ALSOK Group has enabled us to provide comprehensive proposals that encompass security, disaster prevention, equipment installation, and operation and management. Going forward, we will pursue further synergies and enhance the quality of our total package of property management services as we continue to differentiate ALSOK from its competitors.

[For details](http://www.j-facilio.com/) <http://www.j-facilio.com/> (Japanese only)
<http://www.hochiki.co.jp/overseas/> (Japanese only)





Expanding Overseas Operations Centered on Southeast Asia

Establishing Six Subsidiaries

The ALSOK Group began its aggressive overseas expansion amidst the rise in Japanese companies entering overseas markets in 2007. Leveraging the security expertise we have accumulated through domestic operations to date, we provide Japanese companies expanding overseas with comprehensive security support. The services we offer range from analyzing the security issues faced by

individual overseas bases in consideration of their specific needs and developing security plans to introducing these companies to our local security partners and managing security staff. At the moment, we are focusing on training local security staff members with the aim of providing security services overseas that are of the same high caliber as those we offer in Japan.

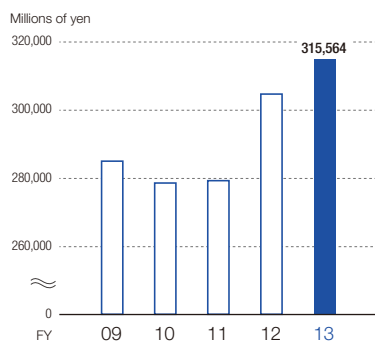


FINANCIAL HIGHLIGHTS

Net Sales

¥ **315.5** Billion

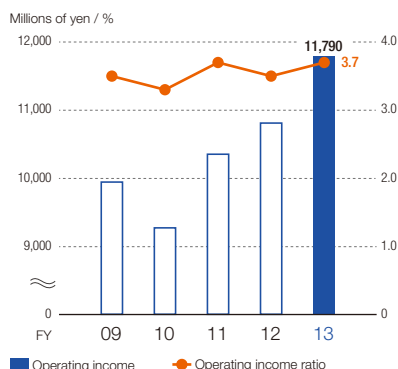
YOY **3.6** % UP



Operating Income

¥ **11.7** Billion

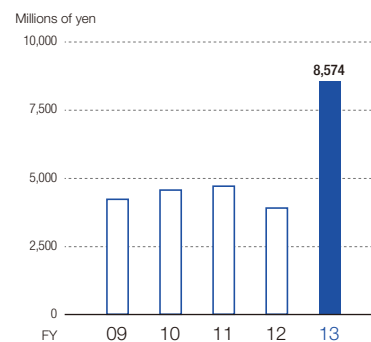
YOY **9.1** % UP



Net Income

¥ **8.5** Billion

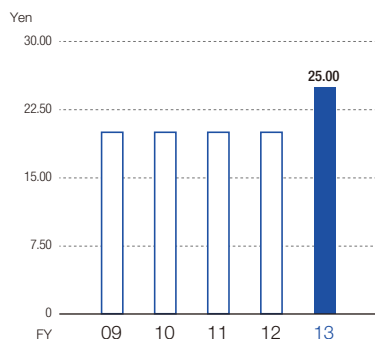
YOY **119.7** % UP



Dividends per Share

¥ **25.00**

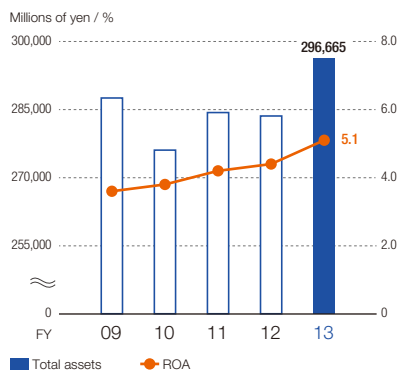
YOY **25.0** % UP



ROA

5.1 %

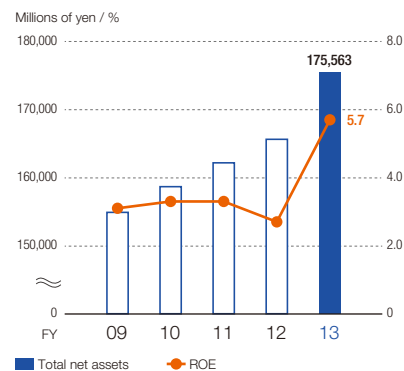
YOY **0.7** p UP



ROE

5.7 %

YOY **3.0** p UP



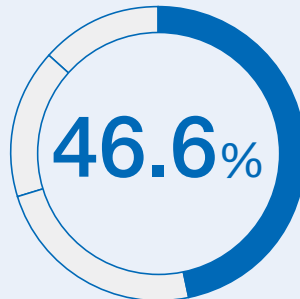
Fiscal years ended March 31	Millions of yen		
	2011	2012	2013
Fiscal year			
Net sales	279,272	304,723	315,564
Operating income	10,352	10,810	11,790
Net income	4,706	3,903	8,574
Capital expenditures	11,288	10,498	13,249
Depreciation and amortization	12,457	13,007	12,213
At the end of fiscal year			
Total assets	284,350	283,593	296,665
Total net assets	162,178	165,634	175,563

Fiscal years ended March 31	2011			2012			2013		
	Per share (yen)			Ratios (%)					
Net income	46.82	38.83	85.30						
Net assets	1,421.67	1,446.93	1,536.30						
Dividends	20.00	20.00	25.00						
Ratios (%)									
Operating income margin	3.7	3.5	3.7						
Return on assets (ROA)	4.2	4.4	5.1						
Return on equity (ROE)	3.3	2.7	5.7						

SECURITY SERVICES

Net Sales by Service Type (FY2013)

Electronic Security Services

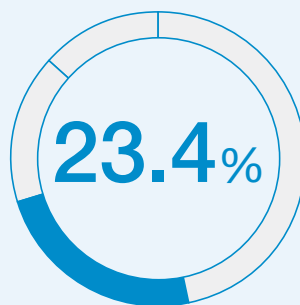


Net Sales

¥ **147.1** Billion

ALSOK's Electronic Security Services segment provides services in which sensors are used to notify Guard Centers of disturbances so that security guards can be dispatched to the scene. We offer a wide range of services, including HOME ALSOK PREMIUM for individual users and ALSOK-GV for corporate customers.

Stationed Security Services



Net Sales

¥ **73.8** Billion

ALSOK's Stationed Security Services segment stations security guards at office buildings and various other customer facilities. These security guards administer access control by monitoring or checking the identity of each person who enters or exits designated customer facilities. In addition, they also conduct patrols to detect irregularities. Further, our disaster prevention centers and central management centers conduct monitoring activities. We also offer security for events and other crucial security services.

Transportation Security Services

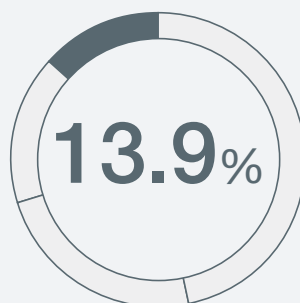


Net Sales

¥ **50.8** Billion

ALSOK's Transportation Security Services segment includes its mainstay Total ATM Management System for use by banks and convenience stores, its Cash Deposit Machine On-line System in which we manage the daily sales revenues of business owners, and the Cash Transport System service offered to financial institutions.

TOTAL BUILDING MANAGEMENT SERVICES AND DISASTER PREVENTION SERVICES / OTHER SERVICES

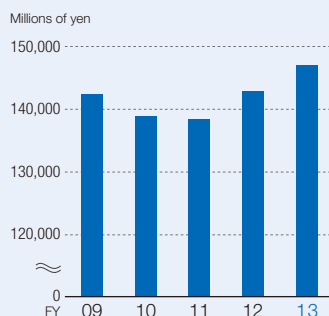


Net Sales

¥ **43.6** Billion

ALSOK provides a broad range of other services. These include comprehensive management services offered through collaboration with consolidated subsidiary Japan Facilio Co., Ltd., in which we provide integrated services spanning from security to facility installation on a contract basis. The Company also conducts AED sales. Other services include safety confirmation services, the ALSOK DENPO service, and information security services.

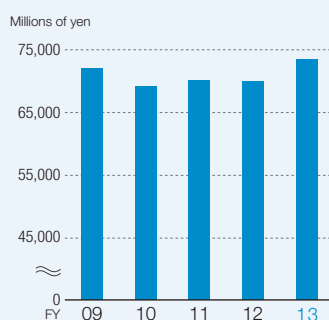
Results in the Year Under Review



Sales were up for access management systems and security camera systems. We also saw a rise in sales of home security systems that were conducted in cooperation with housing developers. These factors resulted in a net increase in total contracts of 31.4% year on year. Contracts for individual users saw a net increase of 18.6% due to the benefits of the launch of the new HOME ALSOK brand and efforts to promote sales of HOME ALSOK PREMIUM. Meanwhile, sales of ALSOK-GV and other factors drove a net increase of 69.6% in corporate customer contracts.

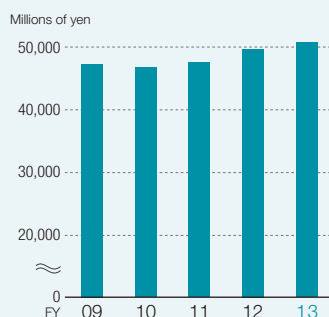
Future Initiatives

Going forward, we will continue to actively strengthen sales efforts and develop new products and services while simultaneously responding to customers' changing needs. At the same time, we will work to expand sales channels, primarily by developing alliances with housing developers. Through the implementation of this strategy, for the fiscal year ending March 31, 2014, we are targeting a net increase of 20% in individual user home security contracts, to 41,600, coupled with a 5% net increase in electronic security services for corporate customers, to 21,000.



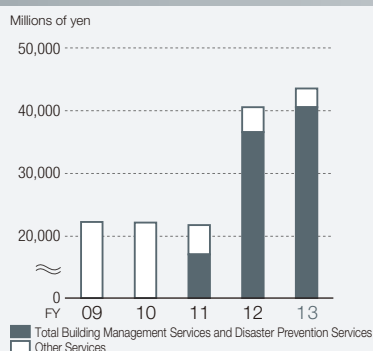
Our stationed security services business is the largest in the industry. In the fiscal year ended March 31, 2012, we captured a stationed security services contract for a prominent large-scale facility. In addition, we have won numerous contracts for temporary, large-scale security operations, such as those for an international conference held in October 2012 and for a major marathon event. These contracts have contributed to sales growth.

ALSOK began developing security robots in 1982 with the goals of addressing labor shortfalls, alleviating the burden on security guards, and improving the quality of its security services. We have since put numerous such robots to practical use nationwide, and currently boast a proven position as the industry leader in terms of research and development capabilities. We see it as our mission to protect the safety and security of customers and their facilities by fusing ALSOK's highly trained security staff with its state-of-the-art technologies. To fulfill this mission, we will continue to develop and roll out products in a manner that contributes to the realization of more sophisticated security services.



By responding to the rise in demand for sales revenue management outsourcing by retailers, restaurants, and other businesses, we achieved strong growth in contracts. We also realized a net increase of 580 in the number of financial institution ATMs managed under the Total ATM Management System by stepping up sales activities targeting regional financial institutions. As for convenience store ATMs, there was a net increase of 1,350 in the number of ATMs managed stemming from the establishment of new stores by a convenience store chain that contracts the Company. Meanwhile, the number of cash deposit machines operated under the Cash Deposit Machine On-line System saw a net increase of 2,150. This increase can be attributed to a large-scale contract received from a major restaurant chain.

ALSOK's Total ATM Management System has seen strong growth in contracts to manage bank ATMs located off-bank premises where bank staff are not present as well as convenience store ATMs. This growth has driven sales increases. In considering sales channels, we realize that ATMs are not only limited to those located in convenience stores. ATMs are also located in public places where people gather, such as airports, train stations, expressway service areas, and electronics retailers. Accordingly, ALSOK will redouble its sales efforts promoting its Total ATM Management System service to target ATMs located in such locations in pursuit of higher revenues going forward.



In the year under review, the ALSOK Group was able to solidify its sales system for facility installation and building management services, which contributed to sales growth. In addition, the benefits from collaboration with Japan Facilio, which was consolidated in 2011, drove performance improvements, and we were able to achieve increases in sales and income that exceeded expectations. In addition, AED sales were strong due to a rise in replacement demand. In other services, contracts for safety confirmation services grew in line with plans while ALSOK DENPO sales were double last year's figure.

The consolidation of Japan Facilio strengthened ALSOK's organizational and sales systems in the area of air conditioning, plumbing, and electrical installation. Leveraging this new found strength, ALSOK will strive to further improve the quality of its total package of property management services by pursuing synergies with Japan Facilio. In these ways, ALSOK will continue to differentiate itself from competitors. At the same time, we will push forward with research and development ventures geared toward creating disaster response products that meet the changing needs of customers.

CORPORATE GOVERNANCE

Basic Corporate Governance Policy and System

The ALSOK Group advocates “contribution to public welfare” as one of its management guidelines, and focuses its efforts on ensuring public safety, an indispensable part of human existence. Meanwhile, to continue to be a corporate group that is trusted by all stakeholders, we strive to reinforce groupwide corporate governance with measures that separate managerial execution and oversight functions, allow swifter decision making, establish and encourage strong corporate ethics, and provide transparency in business management.

Corporate Governance System

The Company employs the corporate auditor system, effectively creating a double-check function through which operational execution is overseen by the Board of Directors while the Board of Corporate Auditors conducts audits. ALSOK strives to clarify the division of roles in management and business execution as well as expedite management decision making. To this end, it implemented the executive officer system in June 2002, an in-house company system in April 2010, and also appointed a chief executive officer (CEO) and a chief operating officer (COO) on April 1, 2011.

Corporate governance system	Company with Auditors
Chairman of the Board of Directors	Chairman and Representative Director
Number of directors	7 (of which 2 are outside directors)
Number of corporate auditors	4 (of which 3 are outside corporate auditors)
Ratio of outside directors and corporate auditors to total directors and corporate auditors	45%
Number of independent officers	5
Number of meetings of the Board of Directors and attendance by outside directors and corporate auditors in the year under review	14 times <ul style="list-style-type: none"> • Outside directors: 1 attended 86% of meetings, 1 attended 100% of meetings held after their appointment • Outside corporate auditors: All attended 100% of meetings
Number of meetings of the Board of Corporate Auditors and attendance by outside directors and corporate auditors in the year under review	17 times <ul style="list-style-type: none"> • All outside directors and corporate auditors attended 100% of meetings

Reasons for Appointment and Duties of Outside Directors and Outside Corporate Auditors

The Company employs two outside directors and three outside corporate auditors; applications have been submitted to the Tokyo Stock Exchange identifying each of these individuals as independent officers. Each outside director and outside corporate auditor offers their opinions based on the experience and expertise acquired during their professional career. Further, these independent officers are free of circumstances that would cause them to hold conflicting interests with the general shareholders of the Company. In total, these factors enhance the ability of outside directors and corporate auditors to effectively monitor management.

Also, outside directors and outside corporate auditors attend meetings of the Board of Directors, at which they offer their opinions on the

matters at hand. They receive briefings on the issues to be discussed at meetings of the Board of Directors the day prior to the meeting, allowing them to more effectively monitor management. The participation of the outside directors in these meetings enables them to monitor the operational execution of other directors with regard to Internal Control Operations and other matters from an independent standpoint.

The outside corporate auditors coordinate with the Inspection Department and the independent auditing corporation employed by the Company in regard to audits by corporate auditors, internal audits, and accounting audits. To facilitate this coordination, the outside corporate auditors periodically exchange information with these bodies. They also evaluate the legality of the measures implemented by Internal Control Operations. To this end, they perform both operational and accounting audits of the organization and review all relevant documents.

Due to the above, the Company believes that the outside corporate auditors are able to conduct effective audits and that the governance controls for management are functioning properly.

Compensation for Directors and Corporate Auditors

Amount of Compensation

The number of members and total compensation for each classification in the fiscal year ended March 31, 2013, are as follows.

Classification	Members	Total compensation (Millions of yen)
Directors (Excluding outside directors)	5 members	208
Corporate auditors (Excluding outside corporate auditors)	1 member	23
Outside directors and corporate auditors	5 members	53
Total	11 members	284

Policies and Decisions Regarding Compensation

An annual limit of ¥400 million for compensation of directors and ¥120 million for compensation of corporate auditors has been set by a meeting of the general shareholders. The compensation of directors is a fixed amount calculated according to their positions and whether they are an outside director or not. Meanwhile, bonuses for directors include a fixed amount based on their positions and an additional bonus based on an evaluation of the operational execution performance of individual directors in the previous fiscal year conducted in accordance with predetermined standards. Decisions regarding the compensation of directors are made by the Board of Directors. The compensation of corporate auditors is decided in accordance with standards set by the Board of Corporate Auditors.

Internal Control System

The management of the ALSOK Group carried out an evaluation of the state and implementation of the Group's internal control system as of March 31, 2013, based on the Financial Instruments and Exchange Act and other applicable laws and regulations. The evaluation was conducted based on generally accepted standards for evaluating internal control for financial reporting in Japan.

This evaluation by management found that the internal control system for the ALSOK Group is effective, which has been noted in the report on the internal control system. The independent auditing

corporation, Grant Thornton Taiyo ASG LLC, has also expressed an opinion that the result of the evaluation by the management noted in the internal control report is accurate.

Compliance

The Company has a Compliance Committee, which is headed by the executive officer in charge of compliance. The committee strives to install an unwavering awareness of compliance in all executive officers and employees based on the compliance rules formulated in November 2002, and periodically verifies the status of compliance in business and other activities. Further, the Company conducts ALSOK Groupwide Compliance Activities to promote compliance on a groupwide basis. Moreover, together with the Education & Training Department, we are implementing corporate ethics training and taking other steps to cultivate and thoroughly entrench a compliance-based mindset.

The ALSOK Hotline was set up in April 2004 to facilitate the early identification and prevention of corporate ethics issues. This hotline allows employees to report any issues that they may witness.

Risk Management System

The Company places particular importance on risk management, which is central to its business of protecting the safety and security of society.

Accordingly, the Company formulated risk management rules in 2002. The Company then established the Risk Management Committee based on these risk management rules and assigned the executive officer in charge of risk management as its chairperson. In addition, individual risk management assessment bodies have also been set up at the Head Office and each individual business office to undertake exhaustive, companywide risk management activities. Further, the

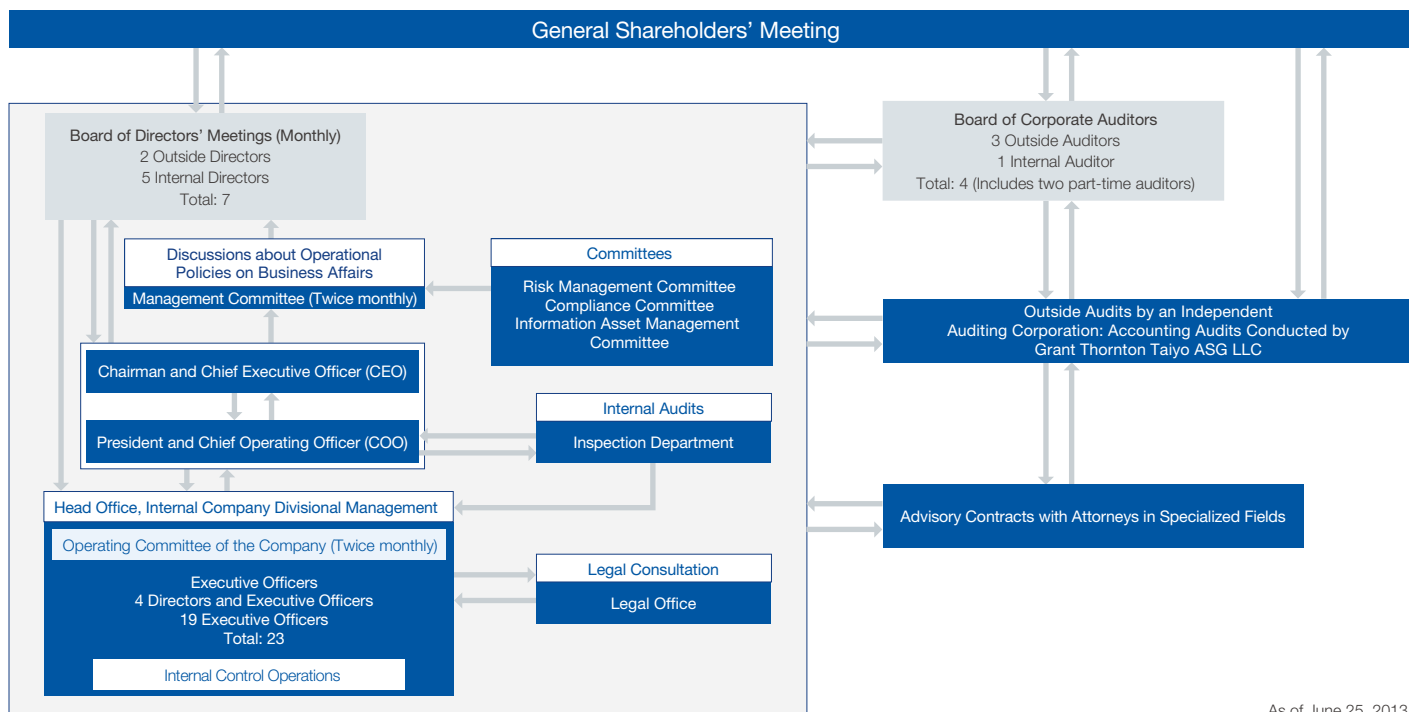
Company has developed organizational structures to ensure that it can respond quickly should a serious emergency occur, thereby calling for the Company to relay urgent orders throughout the organization, set up a response headquarters, or take other emergency response measures.

Further, the Company established the Information Asset Management Committee chaired by the executive officer in charge of information asset management in September 2004. The purpose of the committee is to respond as swiftly as possible to changes in the information asset management environment, such as the full implementation of the Personal Information Protection Law in April 2005. The committee undertakes such activities as the development of a management structure for the management of personal, business, and other important information in the Company's possession as well as the promotion of employee education on this topic.

Disclosure and IR Activities

ALSOK has formulated its Disclosure Policy based on which it actively conducts impartial and timely information disclosure. In addition, it has revised its investor relations (IR) website to provide investors and other stakeholders with greater ease in finding the information they seek. We also aim to foster a deeper understanding among overseas institutional investors of the security services industry in Japan and the growth strategies of the ALSOK Group. To this end, we provide English-language translations of financial summaries and other documents on our English-language IR website and also conduct a program of overseas IR activities each year.

ALSOK's English-language IR website (renewal in November 2013)
<http://www.alsok.co.jp/en/ir/>



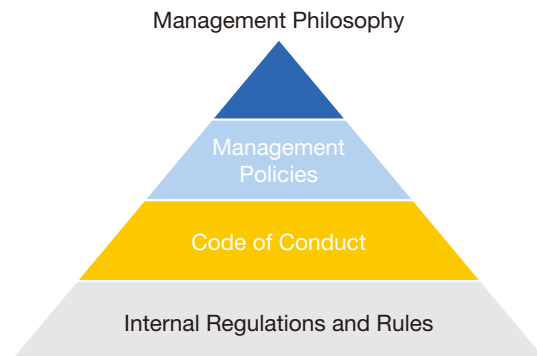
As of June 25, 2013

CSR ACTIVITIES

Basic CSR Policy

Since its founding in July 1965, ALSOK has continued its advancement in the security services industry under a management philosophy based on always acting with a spirit of gratitude and a tough yet fair, kind samurai spirit. These two spirits encapsulate the devotion we feel toward accomplishing our mission of protecting the safety and security of society. We feel that corporate social responsibility (CSR) is a means of exercising our management philosophy by working to resolve the issues faced by customers and society through our business activities.

Based on this management philosophy, ALSOK has established the management policies and the code of conduct as well as a number of regulations and internal rules. Further, the Company has outlined issues to address in these activities, giving a clear structure to the CSR ideals.



CSR Activities in the Year Under Review

The Company compiles reports on its CSR activities based on ISO 26000, an international standard for social responsibility, and employs a format based on the core subjects of this standard when collecting information with regard to CSR activities from various ALSOK Group companies. For more-detailed information regarding the Company's CSR activities, please refer to its CSR report and CSR activities website.

CSR activities website (Japanese only)
<http://www.alsok.co.jp/company/society/>

ISO 26000 Core Subjects	ALSOK CSR Issues	Results of Major Initiatives
Organizational Governance	Incorporating CSR Management	<ul style="list-style-type: none"> Enhanced information disclosure through our website Continued publishing the ALSOK <i>CSR Newsletter</i> to inform employees about CSR activities Continued publishing the CSR Activities Guide for use in CSR training Continued holding seminars aimed at spreading CSR awareness as a part of training for newly promoted managers (attended by 386 participants).
	Enhancing Corporate Governance	<ul style="list-style-type: none"> Appointed a CEO and a COO in April 2011 Designated the five outside directors and corporate auditors as independent officers Expanded the scope of availability of the ALSOK Hotline to Group companies Conducted Groupwide compliance initiatives
Human Rights / Labor Practices	Building a Comfortable Workplace Environment	<ul style="list-style-type: none"> Implemented the Employee Skill Improvement Program Held nine dialogues in which employees could discuss matters directly with the president Continued conducting employee surveys Expanded the scope of availability of the ALSOK Support Line mental health helpdesk to Group companies
The Environment	Giving Consideration for the Global Environment	<ul style="list-style-type: none"> Reduced electricity usage by 10.2% from the fiscal year ended March 31, 2012 Reduced fleet fuel usage by 8.0% from the fiscal year ended March 31, 2012 Converted 92.0% of security vehicle standby positions to facility standby Introduced electronic paystubs and bonus notices in April 2013
Fair Operating Practices	Providing Trustworthy Security Services	<ul style="list-style-type: none"> Tested understanding of the Act on Specified Commercial Transactions at 47 Head Office divisions, 65 branches, and 61 Group companies (tested a total of 2,428 employees) Conducted periodic training program on the Antimonopoly Act and the Subcontract Act Strengthened measures to address the issue of antisocial groups Acquired PrivacyMark® accreditation in July 2013
Consumer Issues	Improving Security Service Quality and Customer Satisfaction	<ul style="list-style-type: none"> Held the third annual Sohgo Security Alliance Quality Improvement Tournament Held the 13th annual judo tournament and 12th kendo tournament Promoted traffic safety management Strengthened efforts to improve customer satisfaction (see CSR activities website)
Community Involvement and Development	Contributing to Local Communities	<ul style="list-style-type: none"> Donated 86 specialized vehicles to social welfare organizations on a cumulative basis Strengthened disaster and crime prevention activities for local communities Supported healthy development of children through sports Provided scholarships totaling ¥15.8 million to 44 university students through the Jun Murai Memorial Foundation

DIRECTORS, CORPORATE AUDITORS, AND EXECUTIVE OFFICERS

As of October 1, 2013

Directors



Atsushi Murai
Chairman and
Representative Director
Chief Executive Officer (CEO)



Yukiyasu Aoyama
President and
Representative Director
Senior Executive President
Chief Operating Officer (COO)
President of ALSOK Company
Chief Officer of Business
Promotion Division



Yuichi Miyazawa
Director
Senior Executive Officer
Chief Officer of R&D Planning Dept.
Information Systems
Product and Service Planning



Kiyomi Hara
Director
Senior Executive Officer
Deputy Chief Officer of Business
Promotion Division
Sales Promotion
Corporate Customer Sales Promotion



Shinya Kuwayama
Director
Senior Executive Officer
Reorganization



Takashi Oizumi
Director (Outside Director)



Seiki Miyamoto
Director (Outside Director)

Corporate Auditors

Takao Fujikawa
Corporate Auditor

Makoto Uenoyama
Corporate Auditor
(Outside Corporate Auditor)

Hideto Sudo
Corporate Auditor
(Outside Corporate Auditor)

Takeshi Oiwa
Corporate Auditor
(Outside Corporate Auditor)

Executive Officers

Yoshimasa Hara
Senior Executive Officer
Strategic Business
Management Company
Regional Management

Hiraku Otani
Senior Executive Officer
Financial & Accounting
Internal Control
Procurement
International Affairs

Yoshiro Kuribayashi
Senior Executive Officer
Human Resources
Corporate Ethics
Deputy Chief Officer of Business
Promotion Division

Masashi Terao
Senior Executive Officer
Security Operations

Hirohisa Hokari
Senior Executive Officer
Deputy Chief Officer of Business
Promotion Division
Business Planning & Management
Financial Institution Services
Transportation Security Services

Mikio Yoshioka
Senior Executive Officer
Deputy Chief Officer of Business
Promotion Division (Central Japan)
Chief Officer of Regional Division (III)

Takayoshi Nagao
Senior Executive Officer
Deputy Chief Officer of Business
Promotion Division (Kansai)
Chief Officer of Regional Division (VIII)

Toshiro Yoshioka
Executive Officer
Corporate Planning & Administration
General Manager of Corporate Planning &
Administration Dept.

Shigeki Nomura
Executive Officer
Human Resources
General Manager of Human Resources Dept.

Masahiro Kawaguchi
Executive Officer
R&D Planning
General Manager of R&D Planning Dept.

Masahiro Masuda
Executive Officer
IT
President and Representative Director of
Sokei Information System Co., Ltd.

Eiji Kuwabara
Executive Officer
Marketing & Products Planning Dept.
General Manager of Marketing &
Products Planning Dept.

Shigeyoshi Kuroki
Executive Officer
Marketing Promotion
Regional Management Support
General Manager of Marketing Promotion Dept.

Tsuyoshi Murai
Executive Officer
Total Building Management
President of Japan Facilio Co., Ltd.

Makoto Imai
Executive Officer
Chief Officer of Regional Division (I)
Chief Officer of Regional Division (IV)

Yukio Yonago
Executive Officer
Chief Officer of Regional Division (II)

Ikuji Kayaki
Executive Officer
Chief Officer of Regional Division (IV)

Masato Yagi
Executive Officer
Chief Officer of Regional Division (VII)

Management Indexes

Fiscal years ended March 31

	2004	2005	2006	2007
Profitability				
Gross profit margin (%)	26.6	25.4	25.6	26.6
Operating income margin (%)	5.8	4.3	4.6	5.8
Ordinary income margin (%)	6.2	4.5	4.9	6.1
Return on assets (ROA) (%)	5.9	4.2	4.6	6.0
Return on equity (ROE) (%)	16.0	4.1	4.4	5.7
EV/EBITDA (times) ¹	3.9	6.3	7.4	6.9
Stability				
Equity capital ratio (%)	44.5	43.6	45.7	47.2
Equity capital ratio on market-value basis (%)	54.2	55.0	67.5	77.2
Interest-bearing liabilities (millions of yen)	48,408	72,056	65,544	61,042
Interest coverage ratio (times) ²	19.4	15.5	12.3	14.9
Efficiency				
Total asset turnover ratio (times)	0.9	0.9	0.9	1.0
Shareholders' equity turnover ratio (times)	2.2	2.1	2.1	2.1
Tangible fixed assets turnover ratio (times)	4.6	4.6	4.6	4.8
Per share information				
Net assets per share (yen)	1,188.7	1,222.9	1,274.3	1,322.8
Net income per share (yen)	175.1	47.5	52.9	74.7
Dividends per share (yen)	17	17	17	20
Consolidated dividend payout ratio (%)	9.7	35.8	32.1	26.8
Other information				
Number of employees (consolidated)	23,046	24,185	24,703	25,302

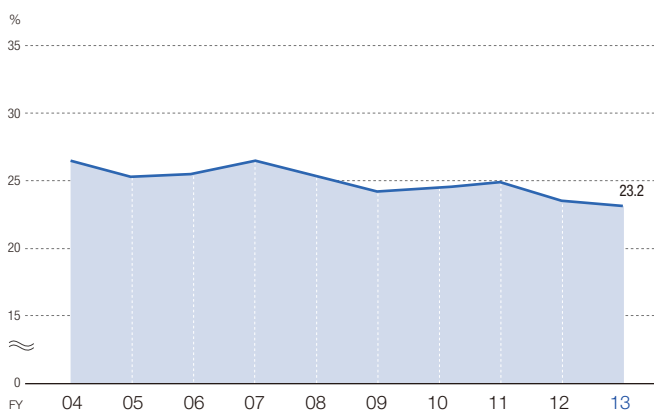
1. Method of calculation for EV/EBITDA is as follows:

EV (Enterprise value) = Market capitalization + Interest-bearing liabilities – Short-term liquidity (Cash and deposits + Short-term investments in securities)

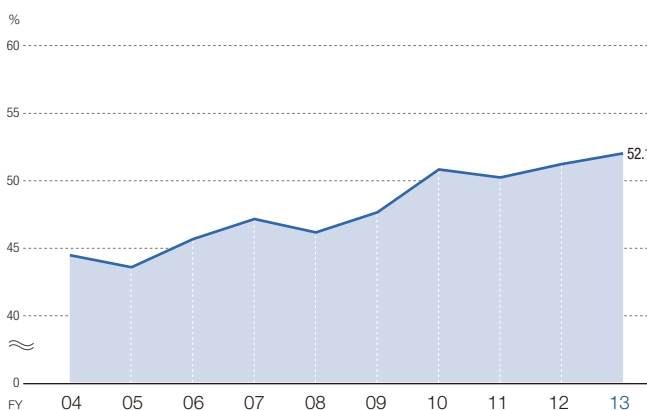
EBITDA (Earnings before interest, tax, depreciation and amortization) = Operating income + Depreciation and amortization

2. Due to changes in the method of calculation, interest coverage ratios for the fiscal year ended March 31, 2006, and earlier are calculated differently than with those from subsequent fiscal years.

Gross Profit Margin

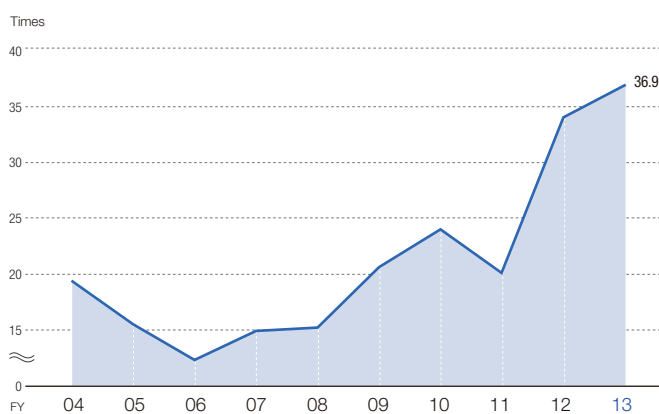


Equity Capital Ratio

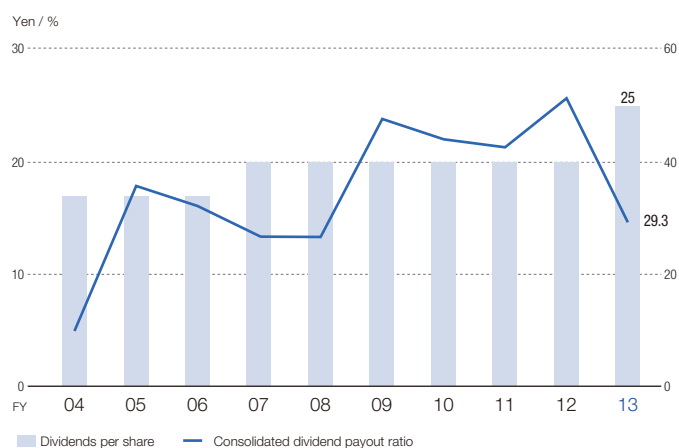


	2008	2009	2010	2011	2012	2013
	25.5	24.3	24.6	25.0	23.6	23.2
	4.8	3.5	3.3	3.7	3.5	3.7
	5.1	3.7	3.9	4.2	4.1	4.7
	5.0	3.6	3.8	4.2	4.4	5.1
	5.6	3.1	3.3	3.3	2.7	5.7
	5.0	2.8	2.0	1.2	1.1	2.5
	46.2	47.7	50.9	50.3	51.3	52.1
	47.4	29.5	39.4	32.0	34.8	46.5
	74,485	62,635	46,568	43,408	31,483	29,827
	15.2	20.7	24.0	20.1	34.1	36.9
	1.0	1.0	1.0	1.0	1.1	1.1
	2.1	2.1	2.0	2.0	2.1	2.1
	5.0	5.0	4.9	4.9	5.2	5.4
	1,356.4	1,364.3	1,397.9	1,421.7	1,446.9	1,536.3
	75.1	41.9	45.4	46.8	38.8	85.3
	20	20	20	20	20	25
	26.6	47.7	44.1	42.7	51.5	29.3
	26,014	26,960	27,322	27,790	27,868	28,054

Interest Coverage Ratio



Dividends per Share / Consolidated Dividend Payout Ratio

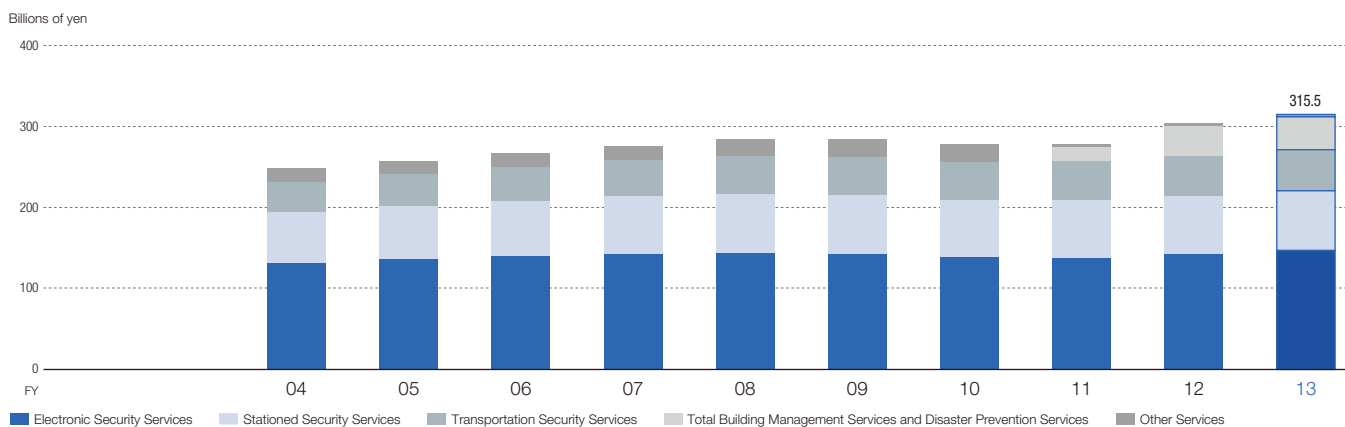


Breakdown of Sales / Number of Contracts

Net Sales by Service Type

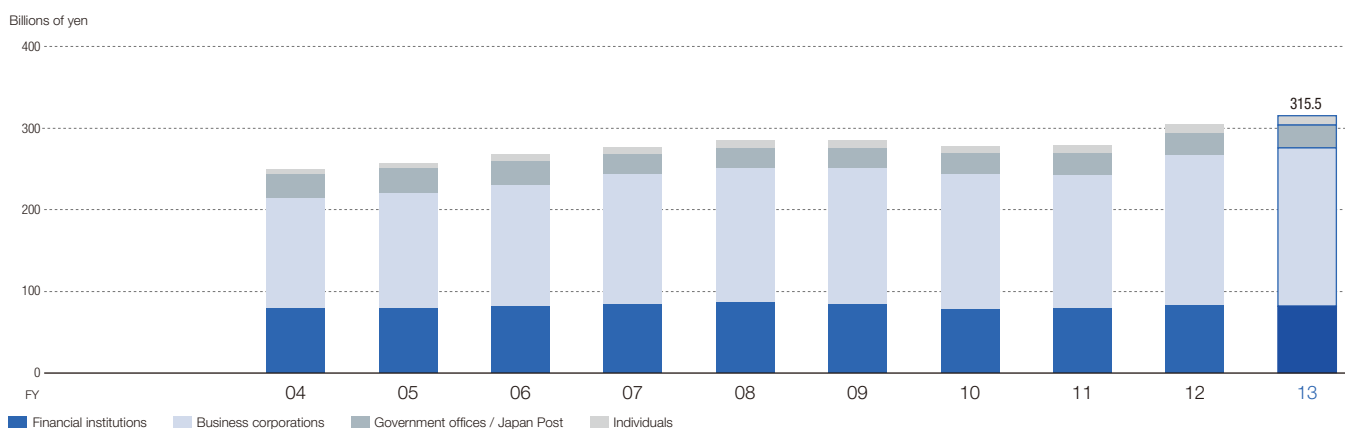
	Billions of yen									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Security Services										
Electronic Security Services	131.4	136.4	140.2	143.2	143.9	142.5	138.9	138.4	142.9	147.1
Stationed Security Services	62.8	64.9	67.5	70.9	72.7	72.8	70.6	71.3	71.3	73.8
Transportation Security Services	37.5	40.4	42.8	44.5	46.6	47.4	46.8	47.6	49.8	50.8
Total Building Management Services and Disaster Prevention Services	—	—	—	—	—	—	—	17.0	36.6	40.6
Other Services	17.4	15.8	16.8	17.8	21.6	22.2	22.1	4.7	4.0	3.0
Total	249.2	257.7	267.5	276.5	284.9	285.0	278.5	279.2	304.7	315.5

Previously included under Other Services, Total Building Management Services and Disaster Prevention Services will be disclosed as a separate segment from the fiscal year ended March 31, 2012, onward.



Net Sales by Client Type

	Billions of yen									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Financial institutions	79.5	79.3	82.2	84.1	86.0	84.3	78.4	78.8	82.3	81.5
Business corporations	134.5	140.7	147.8	159.6	165.0	166.8	165.7	164.3	184.7	194.4
Government offices / Japan Post	29.6	30.6	29.8	24.2	24.9	24.7	25.0	26.4	26.4	28.0
Individuals	5.4	7.0	7.5	8.5	8.9	9.1	9.4	9.6	11.1	11.5
Total	249.2	257.7	267.5	276.5	284.9	285.0	278.5	279.2	304.7	315.5



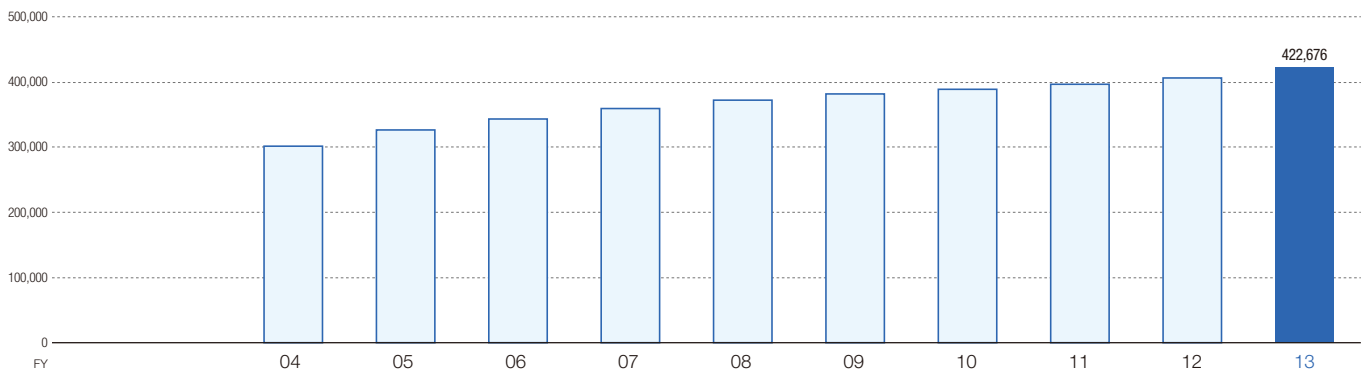
Number of Contracts

	Number of contracts									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Security Services										
Electronic Security Services	362,709	399,680	432,852	462,913	487,228	507,954	524,708	541,654	580,263	630,977
For Corporate Clients	301,574	326,480	343,292	359,344	372,196	381,759	388,853	396,580	406,261	422,676
For Individual Users	61,135	73,200	89,560	103,569	115,032	126,195	135,855	145,074	174,002	208,301
Stationed Security Services	2,340	2,651	2,726	2,843	2,922	2,854	2,785	2,866	2,934	3,020
Transportation Security Services	22,284	26,699	29,519	32,980	33,397	33,960	35,963	39,065	48,284	51,698
Total Building Management Services and Disaster Prevention Services	—	—	—	—	—	—	—	44,212	47,913	54,903
Other Services	53,414	57,312	54,505	57,425	56,099	43,171	42,909	8,307	8,957	11,989
Total	440,747	486,342	519,602	556,161	579,646	587,939	606,365	636,104	688,351	752,587

Previously included under Other Services, Total Building Management Services and Disaster Prevention Services will be disclosed as a separate segment from the fiscal year ended March 31, 2012, onward.

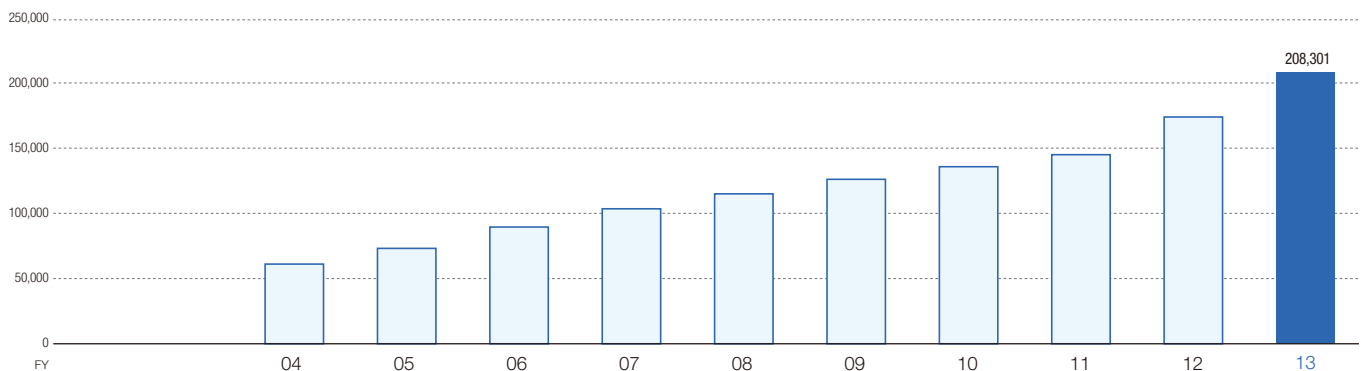
Number of Contracts for Corporate Clients

Number of contracts



Number of Contracts for Individual Users

Number of contracts



Management's Discussion and Analysis

Analysis of Business Performance

Operating Environment

In the year under review, ended March 31, 2013, the Japanese economy benefited from the rapidly expanding demand related to reconstruction after the Great East Japan Earthquake, which occurred in March 2011. However, the sovereign debt crisis in Europe, rising price of crude oil, and ongoing concern for economic situations in the United States resulted in a persisting depression in overseas economic conditions, the impacts of which led to the continued instability of conditions in the domestic economy. Regardless, signs of recovery came in the form of the depreciation of the yen and rises in Japanese stock prices reflecting the high expectations for the monetary policies implemented to combat deflation following the change in the political balance after the general election held at the end of 2012. While there still remains a sense of uncertainty with regard to international conditions, these developments represent hope for the future of the domestic economy.

Looking at the safety of Japan, while the number of reported crimes in Japan is declining, violent crimes arising from stalking and other disturbances have failed to decrease. In addition, bank transfer scams, skimming, and other increasingly more sinister cybercrimes are becoming ever more heinous. In this manner, new reasons for the citizens of Japan to feel insecure and threatened continue to rise.

Operating Results

In this environment, the ALSOK Group continued to act in its capacity as a conglomerate that protects the safety and security of society. Leveraging the expertise accumulated through our security services business, we worked to expand our business by developing a new business model that allows for more-accurate responses to social needs while also providing even higher-quality products and services. At the same time, we actively cultivated the human resources necessary for providing such high-quality products and services, and pursued cost reductions through improved operational efficiency and rationality.

As a result, net sales in the year under review rose 3.6% year on year, to ¥315,564 million. Operating income increased 9.1%, to ¥11,790 million, due to the benefits of cost reduction efforts. Net income surged 119.7%, to ¥8,574 million. This increase can be attributed to the influences of the negative goodwill recorded in association with the acquisition of shares of stock in Hochiki Corporation, which was converted into an associate accounted for using the equity method in November 2012; a lower income tax rate; and the absence of the decrease in deferred tax assets recorded in the fiscal year ended March 31, 2012.

Sales by Business Segment

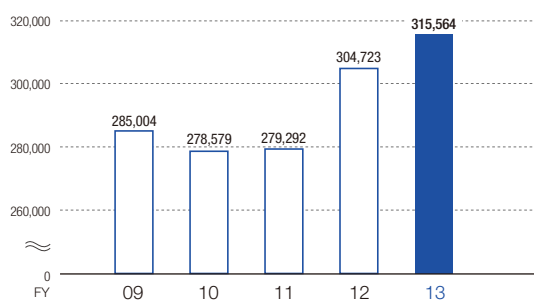
Security Services

Electronic Security Services

In services for corporate clients, we promoted sales of ALSOK-GV, a service that utilizes image sensors and high-speed Internet connections to provide real-time information relating to contracted facilities should a disturbance occur. This service has been combined with access control systems that enable the flow of people in and out of facilities to be monitored. Further, we introduced outdoor-use passive infrared sensors coupled with image sensors. This makes it possible to offer services that monitor intrusions into the premises as well as into buildings themselves. In services for individual users, we launched the new HOME ALSOK brand of services for individual users, and started sales of the HOME ALSOK PREMIUM home security system as part of this brand. At the same time, we promoted sales of the HOME ALSOK RUSUTAKU SERVICE, which was designed to protect houses when they are unoccupied, and the ALSOK SILVER PACK, a service pack that contains all the home security functions necessary to protect senior citizens. Significant demand for more-stringent security management drove strong growth in sales of access management systems and monitoring systems as well as in sales of home security systems that were conducted in cooperation with major housing developers.

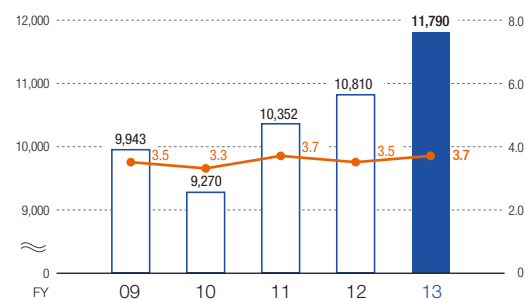
Net Sales

Millions of yen



Operating Income / Operating Income Margin

Millions of yen



Note: Figures in this section are based on the English translation of "Summary of Financial Results for the Fiscal Year Ended March 31, 2013."

For notes on this Summary, please refer to the document "Financial Results for the Fiscal Year Ended March 31, 2013," available on the ALSOK IR website.
<http://www.alsok.co.jp/en/ir/library/settlement.html>

As a result, net sales in the Electronic Security Services segment rose 3.0% year on year, to ¥147,162 million.

Stationed Security Services

In the year under review, we continued the large-scale stationed security operations at TOKYO SKYTREE TOWN®, and also received a number of orders for temporary large-scale security stationed security operations for events such as an international conference and a major marathon.

Accordingly, net sales in the Stationed Security Services segment increased 3.6% year on year, to ¥73,881 million.

Transportation Security Services

Growth in contracts for the Total ATM Management System remained strong due to the rise in outsourcing demand among financial institutions. At the same time, we worked to respond to the growing demand for sales revenue management outsourcing by retailers, restaurants, and the service industry, and successfully achieved increases in contracts for the Cash Deposit Machine On-line System as a result. These factors contributed to higher net sales.

Accordingly, net sales in the Transportation Security Services segment increased 2.1%, to ¥50,854 million.

Total Building Management Services and Disaster Prevention Services

In the year under review, the ALSOK Group was able to solidify its sales system for the facility installation and building management services offered by consolidated subsidiary Japan Facilio Co., Ltd., which contributed to sales growth. Sales of residential fire alarms and other disaster response products also drove higher sales.

As a result, net sales in the Total Building Management Services and Disaster Prevention Services segment increased 11.1%, to ¥40,661 million.

Analysis of Individual Items

In the year under review, net sales increased ¥10,841 million year on year, to ¥315,564 million.

Cost of sales was up ¥9,598 million, to ¥242,410 million, primarily due to a ¥5,695 million increase in cost of sales from the sale and installation of equipment and a ¥2,878 million increase in labor costs.

Extraordinary income was up due to a ¥651 million increase in compensation income.

Extraordinary loss declined as a result of a ¥554 million decrease in loss on valuation of investment securities and a ¥416 million decrease in loss on retirement of noncurrent assets.

Net income increased ¥4,671 million, to ¥8,574 million.

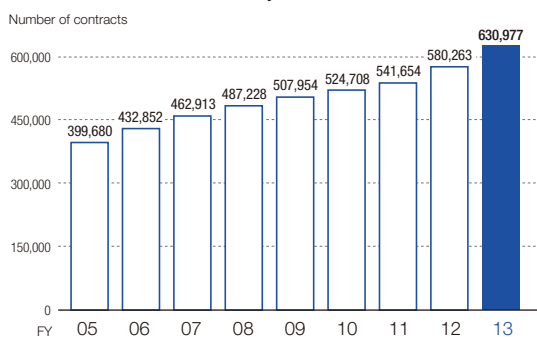
Forecast for the Fiscal Year Ending March 31, 2014

In the fiscal year ending March 31, 2014, we expect that conditions in the Japanese economy will be stimulated by the anticipation for the measures implemented by the new government administration to combat deflation. However, it will still be necessary to carefully monitor the impacts on the domestic economy of the increasingly complex circumstances in the global economy. In the security services industry, demand is forecast to continue growing due to the rising need for risk management and disaster response measures among companies and government organizations. However, intensified competition is expected to result in a harsh operating environment for the security services industry during the fiscal year ending March 31, 2014.

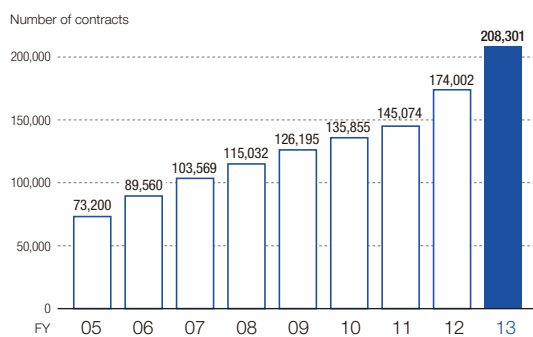
Under these conditions, the ALSOK Group will further strengthen its core security services operations while also actively expanding into peripheral areas where we can generate synergies with security service operations and thereby better support the lives and businesses of our customers.

Going forward, we will further develop the HOME ALSOK brand of services for individual customers that we launched during the year under review. We aim to evolve this brand from simply being a

Number of Electronic Security Services Contracts



Number of Contracts for Individual Users



traditional home security service that protects the facilities known as homes to become a security service matched to customers' lifestyle needs that provides comprehensive protection of safety and security for all aspects of customers' lives. In this way, we will endeavor to provide safety and security to various different households, including those created by such trends as the aging of the population and the rise in two-income households. Further, we will continue to develop our nursing care business and other services to provide customers with even greater levels of safety, security, and convenience in the future.

In managing and operating our business, we will drastically reform workflow processes and develop more-efficient, more-effective business systems while also improving quality. Through these efforts, we will target reductions in costs.

For the fiscal year ending March 31, 2014, the ALSOK Group forecasts net sales of ¥330,000 million, a year-on-year increase of 4.6%; operating income of ¥18,200 million, an increase of 54.4%; and net income of ¥10,800 million, an increase of 26.0%, on a consolidated basis. These results will be achieved through the implementation of initiatives such as those described above.

Financial Position

Assets

Total assets at the end of the year under review were ¥296,665 million, an increase of ¥13,071 million, or 4.6%, from the previous fiscal year-end. Total current assets increased ¥4,089 million, or 2.6%, to ¥164,149 million, and total noncurrent assets increased ¥8,982 million, or 7.3%, to ¥132,515 million.

The ¥4,089 million increase in current assets was primarily due to a ¥3,511 million increase in advances paid, a ¥2,958 million increase in cash for Transportation Security Services, and a ¥559 million increase in notes and accounts receivable-trade, which offset a ¥1,901 million decrease in cash and deposits and a ¥1,304 million decrease in short-term investment securities.

The ¥8,982 million increase in noncurrent assets was mainly attributable to a ¥8,418 million increase in investment securities reflecting the acquisition of shares of stock in Hochiki Corporation and other companies.

Liabilities

Total liabilities at the end of the year under review were ¥121,102 million, an increase of ¥3,143 million, or 2.7%, from the previous fiscal year-end. Total current liabilities increased ¥6,126 million, or 8.8%, to ¥75,372 million, and total noncurrent liabilities decreased ¥2,982 million, or 6.1%, to ¥45,730 million.

The ¥6,126 million increase in current liabilities was a result of factors such as the ¥1,803 million increase in income taxes payable, a ¥1,754 million increase in accounts payable-other, a ¥1,507 million increase in short-term loans payable, and a ¥977 million increase in notes and accounts payable-trade.

The ¥2,982 million decrease in noncurrent liabilities was due to a ¥2,659 million decrease in long-term loans payable.

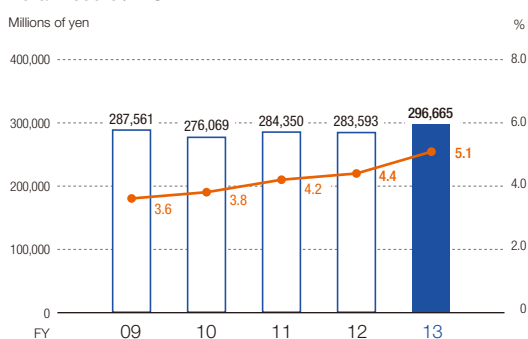
Net Assets

Total net assets at March 31, 2013, were up ¥9,928 million, or 6.0%, from the previous fiscal year-end, to ¥175,563 million.

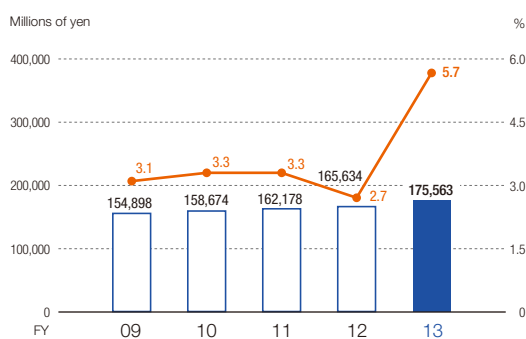
Cash and Cash Equivalents

The balance of cash and cash equivalents (hereafter referred to as "cash") at March 31, 2013, was ¥40,541 million, up from ¥40,476 million at March 31, 2012. This increase was because net cash provided by operating activities was ¥20,890 million, net cash used in investing activities was ¥12,713 million, and net cash used in financing activities was ¥8,136 million.

Total Assets / ROA



Net Assets / ROE



Cash Flows from Operating Activities

Net cash provided by operating activities increased 21.4% year on year, to ¥20,890 million. Principal items increasing cash included ¥15,248 million in income before income taxes, an increase of 34.0% year on year; ¥12,213 million in depreciation and amortization, a decrease of 6.1%; and ¥2,347 million in increase in notes and accounts payable-trade, a decrease of 53.8%. Conversely, major items decreasing cash included ¥5,122 million in decrease in assets and liabilities for Transportation Security Services, a year-on-year decrease of 22.4%; and ¥4,729 million in income taxes paid, a year-on-year increase of 2.1%.

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.

Cash Flows from Investing Activities

Net cash used in investing activities in the year under review was ¥12,713 million, a 17.1% year-on-year increase. The primary factors were ¥10,888 million in purchase of property, plant and equipment, up 26.5% from the previous fiscal year; and ¥2,239 million in purchase of investment securities, up 11.3%.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥8,136 million, a 17.9% year-on-year decrease. The main elements were ¥3,768 million in repayment of long-term loans payable, up 1.5% year on year; ¥2,753 million in repayments of lease obligations, up 3.1%; and ¥2,111 million in cash dividends paid, up 5.0%.

Basic Policy on Distribution of Profits and Dividends

The ALSOK Group considers a return of earnings to shareholders to be a top management priority, and our basic policy is to distribute profits to shareholders based on our operating results while fortifying internal reserves. The Group uses internal reserves for investments in R&D required for future growth and development, qualitative upgrades to information systems, and capital investment for new businesses as it works to improve corporate value.

Also, it is the policy of the ALSOK Group to issue dividends from retained earnings twice a year, as interim and year-end dividends. The year-end dividend is decided at the General Shareholders' Meeting, while the interim dividend is decided by the Board of Directors.

For the fiscal year ended March 31, 2013, in consideration of results in the year under review, results forecasts for the next fiscal year, and capital investment plans, the Company paid an annual dividend of ¥25 per share, including an interim dividend of ¥11 per share, for a consolidated payout ratio of 29.3%.

Risk Information

Of the risks that could impact the ALSOK Group's business operations and financial position, the following items could potentially have a significant effect on the decision making of investors. The forward-looking statements below were deemed appropriate by the Group at the time of writing.

(1) Dependency on sales from a specific business sector

Sales from the financial institutions sector accounted for 25.8% of the Group's total net sales in the fiscal year ended March 31, 2013. Consequently, factors resulting from trends in the economic environment surrounding financial institutions, including large declines in contract revenues or the possible cancellation of existing security service contracts due to the elimination or consolidation of branch locations, could have a considerable effect on the Group's operating performance. For this reason, the ALSOK Group works to develop and maintain strong relationships with existing customers, promote sales to other industries, and acquire new customers.

(2) Electronic Security Services

Of the Group's total net sales, 46.6% are dependent on the Electronic Security Services segment. Electronic Security Services operations are based on the premise of continual capital investment for developing and maintaining operational infrastructures such as the establishment of Guard Centers and depots, vehicles for electronic security services, and communications systems, as well as personnel expenses for Guard Center staff and security staff. Should the Group fail to enter into a certain volume of electronic security services contracts due to any of a wide range of factors associated with the Group's electronic security services, the Group's operating performance could be affected. For this reason, the Group is working to mitigate this risk through the diversification of its business operations.

(3) Transportation Security Services

The Group uses its own funds or funds financed through overdrafts as cash to be used in the operation of the cash deposit machines installed by the subsidiaries of financial institutions in business partners' stores and offices or cash used to deposit advances for Cash Deposit Machine On-line System contracts. Should interest rates associated with the procurement of such cash increase, the higher interest burden could impact the Group's business operations. For this reason, should there be an increase in interest rates associated with cash procured for these purposes, the Group must renegotiate the pricing conditions defined in contracts between the Group and its customers. Further, the Company has subscribed to cash securities transport insurance to cover any damage or loss that may occur during the transportation or storage of such cash.

(4) Dependency on a specified equipment supplier

The Group is highly dependent on one single equipment supplier for the development and provision of the equipment used in its Guard Centers, which are a core element of the Group's electronic security services. Should any difficulty occur in the provision of such equipment due to a major natural disaster or other reason, the operation of Guard Centers could be affected. Accordingly, the Group takes precautionary measures to avoid this risk, including entering into a master agreement for commodity purchases regarding the equipment used in Guard Centers as well as the equipment used to provide electronic security services to secure the necessary supply of equipment. It also stockpiles a certain amount of equipment to be used in case of an emergency.

(5) Adaptation to changes in the technological environment

The development of security-related equipment and the adoption of state-of-the-art IT technologies are indispensable to the Group's adequate provision of security services, due to the need to deal with "increasingly complicated and heinous crimes," "obsolescence of existing facilities due to the sophistication of information communication infrastructures," and "advances in a wide range of operations applying IT technology." Should our adaptation to technological progress fall behind the changes in the technological environment, the Group's operating performance could be affected. Therefore, the ALSOK Group continues to make efforts in the development of security-related equipment and advanced IT technologies principally within the Company's R&D Department. At the same time, we work to mitigate risks by staying abreast of the latest technology trends in communications, devices, and other related technologies.

(6) Management of personal information

In concluding a security service contract with a customer, the Group obtains a significant amount of information about the customer including the names, addresses, and phone numbers of related parties, as well as various information about the customer's premises where security services are to be employed, and utilizes that essential information for the execution of security services, business activities, etc. Should any major problem occur with regard to the management of this information, including any unforeseeable accidents, the resulting decline in public trust in the Group or monetary claims for damages could affect the operating performance and future business development of the Group.

To mitigate this risk, the Group implements various information security measures to protect information with which it is entrusted by customers. These measures include implementing employee education programs regarding personal information security, thoroughly monitoring third-party business partners providing outsourced services, and

other necessary and appropriate measures to protect customer information from leakage, loss, or damage. As a further precaution, the ALSOK Group has subscribed to Leakage of personal Information Insurance, which covers all Group companies.

(7) Securing human resources

In recent years, Japanese society has been rapidly aging due to the combination of an extended average life expectancy and a sharp drop in the birthrate. Although it can be anticipated that these trends will lead to a rise in the need for ALSOK's security services, it could become more difficult to recruit younger workers in this labor-intensive industry. Should it become necessary that personnel expenses such as wages be increased in order to secure quality human resources, the Group's operating performance could be affected. The Group is taking steps to address this risk and ensure its ability to secure high-quality human resources, including the development of a subsidiary to rehire experienced employees that have reached the mandated retirement age and the institution of a system that allows employees wishing to be rehired to be placed in the optimal position anywhere in the Group. This system was instituted in conjunction with the revision of Law Concerning Stabilization of Employment of Older Persons.

(8) Legal restrictions

In its provision of various security services, the Group is subject to a variety of statutory restrictions including the major ones stated in the table on page 27.

Should any of these statutory restrictions be amended or abolished, or any new legal provisions additionally established, the Group's operating performance could be affected.

(9) Response to natural disasters

Should any serious failure take place in the Company's security systems due to a natural disaster, accident, or other reason, signal transmission/reception from/to contracted customers could be rendered impossible, which could cause difficulties such as the suspension of security services. In such cases, the resulting claims for damages or the decline in public trust of the Group could affect the operating performance and future business development of the Group. In addition, it could become necessary to incur significant expenses to recover damaged Guard Centers and other facilities.

For this reason, the Group has established a support center backup system as part of business continuity plan measures for security systems to ensure the continuity of Guard Center operations in the event of a disaster. In addition, to protect the servers that receive transmissions from around the country, we have developed a redundancy system that entails establishing second backup centers for high-priority servers. Going forward, we will continue to institute measures for all

stages of operations to mitigate risks related to large-scale, wide-spread disasters.

(10) Pandemics

Should a pandemic of a bacteria or virus occur, it could have an effect on the operating performance and future business development of the Group. Therefore, the Group is currently taking measures to prepare for such an eventuality. Measures include raising staff awareness regarding preventive measures, distribution of preventative kits, securing stockpiles of preventative supplies, as well as formulating a business continuity plan and action plan for such an eventuality.

(11) Major natural disasters

Should a major earthquake, storm, flood, or other natural disaster occur, or a long-term blackout occur as a result of such a disaster, it is possible that the Group's network systems or other infrastructure may cease functioning, which could disrupt the Group's ability to provide

security and other services. In addition, it is possible that Group assets located on customers' premises, such as security alarms, could be damaged due to such disasters. This could force the Company to repair or replace these assets. Therefore, a major earthquake, storm, flood, or other natural disaster could impact the Group's operating performance or financial position.

For this reason, based on prior experience, the Group has established disaster response manuals in accordance with its business continuity plan and disaster response regulations, stockpiled necessary disaster prevention items, and developed a flexible nationwide response network. It also institutes periodic training and conducts other precautionary measures in preparation for a major natural disaster.

Major operations	Relevant laws	Competent authorities, etc.
Electronic Security Services Stationed Security Services Transportation Security Services	Security Business Law / Road Traffic Law	National Public Safety Commission
	Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors	Japan Fair Trade Commission / Small and Medium Enterprise Agency
	Telecommunications Business Law / Radio Law	Ministry of Internal Affairs and Communications
Electronic Security Services Total Building Management Services and Disaster Prevention Services	Construction Business Act	Ministry of Land, Infrastructure, Transport and Tourism
	Act on Ensuring Fair Electric Business Practices	Ministry of Economy, Trade and Industry
Electronic Security Services	Electrical Appliance and Material Safety Act	Ministry of Economy, Trade and Industry
	Act on Specified Commercial Transactions	Ministry of Economy, Trade and Industry / Consumer Affairs Agency
	Consumer Contract Act	Consumer Affairs Agency
Transportation Security Services and Other Services	Truck Transport Business Law / Freight Forwarding Business Law / Road Trucking Vehicle Law	Ministry of Land, Infrastructure, Transport and Tourism
Transportation Security Services	Warehousing Business Law	Ministry of Land, Infrastructure, Transport and Tourism
Stationed Security Services	Act on Penal Detention Facilities and Treatment of Inmates and Detainees	Ministry of Justice
	Act on Special Districts for Structural Reform	Cabinet Office
Total Building Management Services and Disaster Prevention Services	Fire and Disaster Management Act	Ministry of Internal Affairs and Communications
	Fire Prevention Ordinance	Each municipality
	Pharmaceutical Affairs Law / Act on Maintenance of Sanitation in Buildings	Ministry of Health, Labour and Welfare
	Solid Waste Disposal Act	Ministry of the Environment
	Real Estate Transaction Act / Act on Architects and Building Engineers / Act on Advancement of Proper Condominium Management	Ministry of Land, Infrastructure, Transport and Tourism
Other Services	Act on Ensuring Fair Electric Business Practices / Act on Ensuring Safety and Fair Transactions Regarding Liquid Petroleum Gas	Ministry of Economy, Trade and Industry
	Correspondence Delivery Act	Ministry of Internal Affairs and Communications
	Worker Dispatching Act	Ministry of Health, Labour and Welfare
	Insurance Business Law / Financial Instruments and Exchange Act / Act on Prevention of Transfer of Criminal Proceeds	Financial Services Agency
	Act on Regulation of Private Detective Services	National Public Safety Commission

Consolidated Balance Sheets

	Millions of yen	
As of March 31, 2013 and 2012	2012	2013
Assets		
Current assets		
Cash and deposits	48,553	46,652
Cash for Transportation Security Services	55,264	58,222
Notes and accounts receivable-trade	30,749	31,309
Lease receivables and investment assets	1,450	1,228
Short-term investment securities	2,744	1,439
Raw materials and supplies	5,625	4,844
Costs on uncompleted installation contracts	562	825
Advances paid	8,093	11,604
Deferred tax assets	1,718	1,972
Other	5,477	6,249
Allowance for doubtful accounts	(179)	(198)
Total current assets	160,060	164,149
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	41,290	41,614
Accumulated depreciation	(21,433)	(22,452)
Buildings and structures, net	19,857	19,162
Machinery, equipment and vehicles	109,906	114,400
Accumulated depreciation	(99,283)	(103,123)
Machinery, equipment and vehicles, net	10,622	11,277
Land	19,671	19,635
Lease assets	9,046	10,879
Accumulated depreciation	(3,149)	(4,941)
Lease assets, net	5,897	5,937
Construction in progress	512	881
Other	11,832	12,632
Accumulated depreciation	(9,246)	(9,377)
Other, net	2,585	3,255
Total property, plant and equipment	59,147	60,149
Intangible assets		
Software	3,492	3,191
Goodwill	1,470	1,129
Other	1,585	1,637
Total intangible assets	6,548	5,957
Investments and other assets		
Investment securities	23,825	32,243
Long-term loans receivable	601	539
Lease and guarantee deposits	7,724	8,031
Insurance funds	2,585	1,970
Prepaid pension cost	2,801	3,059
Deferred tax assets	11,951	10,647
Other	9,079	10,771
Allowance for doubtful accounts	(731)	(855)
Total investments and other assets	57,837	66,408
Total noncurrent assets	123,533	132,515
Total assets	283,593	296,665

Millions of yen

As of March 31, 2013 and 2012

	2012	2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,439	17,417
Short-term loans payable	18,193	19,700
Current portion of long-term loans payable	3,730	3,337
Current portion of bonds	110	10
Accounts payable-other	13,778	15,532
Lease obligations	2,231	2,487
Income taxes payable	1,929	3,732
Accrued consumption taxes	2,064	2,052
Provision for bonuses	1,019	1,048
Provision for directors' bonuses	200	202
Deferred tax liabilities	0	0
Other	9,547	9,850
Total current liabilities	69,245	75,372
Noncurrent liabilities		
Bonds payable	40	30
Long-term loans payable	9,410	6,750
Lease obligations	5,556	5,141
Deferred tax liabilities	89	55
Deferred tax liabilities for land revaluation	366	366
Provision for retirement benefits	28,346	28,783
Provision for directors' retirement benefits	1,699	1,624
Asset retirement obligations	91	93
Negative goodwill	222	141
Other	2,890	2,743
Total noncurrent liabilities	48,713	45,730
Total liabilities	117,958	121,102
Net Assets		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	100,267	106,731
Treasury stock	(1,974)	(1,987)
Total shareholders' equity	149,085	155,536
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,738	4,245
Revaluation reserve for land	(5,343)	(5,343)
Foreign currency translation adjustment	(14)	(10)
Total valuation and translation adjustments	(3,619)	(1,109)
Minority interests	20,168	21,135
Total net assets	165,634	175,563
Total liabilities and net assets	283,593	296,665

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

	Millions of yen	
Fiscal year ended March 31, 2013 and 2012	2012	2013
Net sales	304,723	315,564
Cost of sales	232,812	242,410
Gross profit	71,910	73,153
Selling, general and administrative expenses	61,100	61,363
Operating income	10,810	11,790
Non-operating income		
Interest income	297	259
Dividends income	435	435
Gain on sales of investment securities	16	93
Rent income	246	246
Gain from insurance claim	136	81
Equity in earnings of affiliates	156	1,356
Amortization of negative goodwill	80	80
Penalty income	335	444
Other	1,256	1,130
Total non-operating income	2,961	4,128
Non-operating expenses		
Interest expenses	504	566
Loss on sales of investment securities	13	33
Loss on retirement of noncurrent assets	137	109
Financing expenses	155	171
Other	403	297
Total non-operating expenses	1,214	1,177
Ordinary income	12,558	14,741
Extraordinary income		
Gain on sales of investment securities	26	150
Compensation income	—	651
Total extraordinary income	26	801
Extraordinary loss		
Loss on valuation of investment securities	567	13
Loss on sales of investment securities	0	—
Loss on retirement of noncurrent assets	416	—
Impairment loss	46	138
Loss on disaster	174	—
Loss on extinguishment of tie-in shares	—	142
Total extraordinary loss	1,207	294
Income before income taxes	11,377	15,248
Income taxes-current	4,177	6,063
Income taxes-deferred	2,629	(465)
Total income taxes	6,806	5,597
Income before minority interests	4,571	9,650
Minority interests in income	667	1,075
Net income	3,903	8,574

Consolidated Statements of Comprehensive Income

	Millions of yen	
Fiscal year ended March 31, 2013 and 2012	2012	2013
Income before minority interests	4,571	9,650
Other comprehensive income		
Valuation difference on available-for-sale securities	570	2,651
Revaluation reserve for land	52	—
Foreign currency translation adjustment	(4)	(18)
Share of other comprehensive income of associates accounted for using equity method	2	83
Total other comprehensive income	620	2,716
Comprehensive income	5,191	12,367
(Contents)		
Comprehensive income attributable to owners of the parent	4,549	11,085
Comprehensive income attributable to minority interests	641	1,281

Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2013 and 2012	Millions of yen	
	2012	2013
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	18,675	18,675
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	18,675	18,675
Capital surplus		
Balance at the beginning of current period	32,117	32,117
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	32,117	32,117
Retained earnings		
Balance at the beginning of current period	98,374	100,267
Changes of items during the period		
Dividends from surplus	(2,010)	(2,111)
Net income	3,903	8,574
Reversal of revaluation reserve for land	0	—
Total changes of items during the period	1,893	6,463
Balance at the end of current period	100,267	106,731
Treasury stock		
Balance at the beginning of current period	(1,974)	(1,974)
Changes of items during the period		
Change in equity in affiliates accounted for by equity method-treasury stock	—	(12)
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	(0)	(12)
Balance at the end of current period	(1,974)	(1,987)
Total shareholders' equity		
Balance at the beginning of current period	147,192	149,085
Changes of items during the period		
Dividends from surplus	(2,010)	(2,111)
Net income	3,903	8,574
Reversal of revaluation reserve for land	0	—
Change in equity in affiliates accounted for by equity method-treasury stock	—	(12)
Purchase of treasury stock	(0)	(0)
Total changes of items during the period	1,893	6,450
Balance at the end of current period	149,085	155,536

Fiscal year ended March 31, 2013 and 2012	Millions of yen	
	2012	2013
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	1,139	1,738
Changes of items during the period		
Net changes of items other than shareholders' equity	598	2,506
Total changes of items during the period	598	2,506
Balance at the end of current period	1,738	4,245
Revaluation reserve for land		
Balance at the beginning of current period	(5,395)	(5,343)
Changes of items during the period		
Net changes of items other than shareholders' equity	51	—
Total changes of items during the period	51	—
Balance at the end of current period	(5,343)	(5,343)
Foreign currency translation adjustment		
Balance at the beginning of current period	(10)	(14)
Changes of items during the period		
Net changes of items other than shareholders' equity	(4)	4
Total changes of items during the period	(4)	4
Balance at the end of current period	(14)	(10)
Total valuation and translation adjustments		
Balance at the beginning of current period	(4,265)	(3,619)
Changes of items during the period		
Net changes of items other than shareholders' equity	645	2,510
Total changes of items during the period	645	2,510
Balance at the end of current period	(3,619)	(1,109)
Minority interests		
Balance at the beginning of current period	19,251	20,168
Changes of items during the period		
Net changes of items other than shareholders' equity	917	966
Total changes of items during the period	917	966
Balance at the end of current period	20,168	21,135
Total net assets		
Balance at the beginning of current period	162,178	165,634
Changes of items during the period		
Dividends from surplus	(2,010)	(2,111)
Net income	3,903	8,574
Reversal of revaluation reserve for land	0	—
Change in equity in affiliates accounted for by equity method-treasury stock	—	(12)
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	1,563	3,477
Total changes of items during the period	3,456	9,928
Balance at the end of current period	165,634	175,563

Consolidated Statements of Cash Flows

	Millions of yen	
	2012	2013
Fiscal year ended March 31, 2013 and 2012		
Net cash provided by (used in) operating activities		
Income before income taxes	11,377	15,248
Depreciation and amortization	13,007	12,213
Impairment loss	46	138
Amortization of goodwill	351	363
Amortization of negative goodwill	(80)	(80)
Loss (gain) on extinguishment of tie-in shares	—	142
Increase (decrease) in allowance for doubtful accounts	(13)	142
Increase (decrease) in provision for retirement benefits	185	429
Increase (decrease) in provision for bonuses	47	28
Increase (decrease) in provision for directors' bonuses	0	1
Interest and dividends income	(732)	(695)
Interest expenses	504	566
Equity in (earnings) losses of affiliates	(156)	(1,356)
Loss (gain) on sales of noncurrent assets	3	13
Loss on retirement of noncurrent assets	554	109
Loss (gain) on sales of investment securities	(28)	(210)
Loss (gain) on valuation of investment securities	567	13
Loss (gain) on valuation of derivatives	19	(292)
Decrease (increase) in notes and accounts receivable-trade	(5,011)	(502)
Decrease (increase) in inventories	(676)	484
Increase (decrease) in notes and accounts payable-trade	5,079	2,347
Decrease (increase) in prepaid pension costs	715	(258)
Decrease in assets and liabilities for Transportation Security Services	(6,597)	(5,122)
Other	1,783	1,216
Subtotal	20,944	24,941
Interest and dividends income received	802	783
Interest expenses paid	(503)	(564)
Income taxes paid	(4,632)	(4,729)
Income taxes refund	602	458
Net cash provided by (used in) operating activities	17,213	20,890
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	(600)	550
Purchase of property, plant and equipment	(8,609)	(10,888)
Proceeds from sales of property, plant and equipment	6	140
Purchase of investment securities	(2,013)	(2,239)
Proceeds from sales of investment securities	1,451	3,410
Purchase of investments in subsidiaries	—	(245)
Purchase of stocks of subsidiaries and affiliates	—	(1,353)
Decrease (increase) in short-term loans receivable	(18)	8
Payments of long-term loans receivable	(121)	(69)
Collection of long-term loans receivable	134	132
Other	(1,089)	(2,158)
Net cash provided by (used in) investing activities	(10,859)	(12,713)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2	75
Proceeds from long-term loans payable	940	715
Repayment of long-term loans payable	(3,713)	(3,768)
Proceeds from issuance of bonds	50	—
Redemption of bonds	(2,300)	(110)
Proceeds from stock issuance to minority shareholders	—	3
Purchase of treasury stock	(0)	(0)
Proceeds from disposal of treasury stock of subsidiaries in consolidation	20	—
Repayments of lease obligations	(2,669)	(2,753)
Cash dividends paid	(2,010)	(2,111)
Cash dividends paid to minority shareholders	(227)	(186)
Net cash provided by (used in) financing activities	(9,908)	(8,136)
Effect of exchange rate change on cash and cash equivalents	(4)	(11)
Net increase (decrease) in cash and cash equivalents	(3,558)	28
Cash and cash equivalents at beginning of period	43,654	40,476
Increase in cash and cash equivalents from newly consolidated subsidiary	379	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	36
Cash and cash equivalents at end of period	40,476	40,541

CORPORATE INFORMATION / STOCK INFORMATION

As of March 31, 2013

Corporate Information

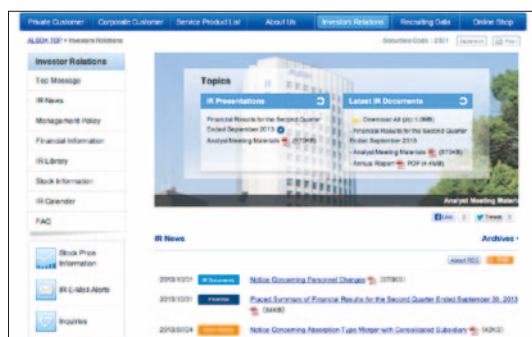
Corporate Name	SOHGO SECURITY SERVICES CO., LTD.
Head Office	1-6-6 Motoakasaka, Minato-ku, Tokyo 107-8511, Japan
Established	July 16, 1965
Capital	¥18,675,011,600
Fiscal Year-End	March 31
Employees	(Consolidated) 28,054 (Non-consolidated) 12,602
Business Operations	Head office / 11 Headquarters / 66 Branches / 37 Offices / 238 Sales Offices

Stock Information

Total Number of Shares Authorized	300,000,000
Number of Shares Issued	102,040,042 (incl. 1,505,880 shares of treasury stock)
Number of Shareholders at the End of the Preceding Fiscal Period	9,387
Stock Listing	First Section of Tokyo Stock Exchange
Securities Code	2331
Minimum Trading Lot	100

ALSOK's IR Website (renewal in November 2013)

ALSOK's corporate information can be viewed online in English. Our website features a variety of content aimed to help interested parties find out more about ALSOK's business and operating results, including a message from the president, a business overview, and financial information. Please visit the website below for more information.

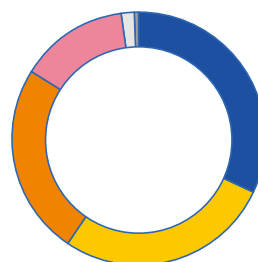


<http://www.alsok.co.jp/en/ir/>

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Distribution of Shares by Shareholder Type



- Financial Institutions — 32.1%
- Domestic Corporations — 27.4%
- Individuals and Other — 24.5%
- Foreign Investors — 14.0%
- Treasury Stock — 1.5%
- Securities Companies and Other — 0.5%

Major Shareholders (Top 10)

Name	Number of shares held (1,000 shares)	Percentage of shares held (%)
SOHGO CORPORATION	7,388	7.34
Employees Shareholding Association	6,504	6.47
Saitama Machinery Co., Ltd.	5,283	5.25
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Ltd. Retirement Benefit Trust1 Northern Trust Co. (AVFC)	4,261	4.23
Kamakura Corporation	4,150	4.12
Japan Trustee Services Bank, Ltd. (trust account)	4,027	4.00
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,420	3.40
Atsushi Murai	3,012	2.99
Kizuna Corporation	2,950	2.93
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retrust Portion, Sumitomo Mitsui Banking Corporation Pension Trust Account)	2,735	2.72

Treasury stock (1,505,880 shares) has been excluded.



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