



SOHGO SECURITY SERVICES CO., LTD.

First Section, Tokyo Stock Exchange
Securities Code: 2331



Annual Report
for the year ended March 31, 2009
2009

Profile

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) and in 2003 adopted the corporate brand name "ALSOK"*.

ALSOK is a prominent player in the security field, able to offer comprehensive, round-the-clock Electronic, Stationed, and Transportation Security Services on a national scale. ALSOK contributes to the safety of society by offering high quality security, including rapid response to client emergencies. Building on its expertise and nationwide security network, the Group is now focusing on residential as well as corporate security.

* ALSOK is a corporate brand designed to increase public awareness of the Company and its corporate image. The official name remains SOHGO SECURITY SERVICES CO., LTD.

Contents

1	<i>A Conversation with the President</i>
5	Consolidated Financial Highlights
6	<i>Special Feature: Strengthening Home Security Sales Launch of "ALSOK Home Security α"</i>
10	Business Topics
12	At a Glance
14	Corporate Governance
16	Corporate Social Responsibility
18	Directors, Corporate Auditors and Executive Officers
19	Financial Section
19	Management's Discussion and Analysis
28	Consolidated Balance Sheets
30	Consolidated Statements of Operations
31	Consolidated Statements of Changes in Net Assets
34	Consolidated Statements of Cash Flows
35	Corporate Data

Cautionary statement regarding forecasts and 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 on future performance are not founded on historical facts. Readers are advised to be aware that the 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 Consolidated Financial Results and Financial Section are based on the Financial Results for the Fiscal Year Ended March 2009. For an English translation of the financial results for the fiscal year ended March 31, 2009, please refer to the document "Financial Results for the Fiscal Year Ended March 2009" available on the ALSOK IR website.
URL <http://www.alsok.co.jp/ir/en/library/results.html>



In the current severe economic conditions, ALSOK will continue to expand its existing business, while working to develop new markets.

Atsushi Murai
President, CEO and COO

Q How was the Company's business performance in the year ended March 31, 2009?

A Owing to the impact of the harsh economic environment, ALSOK's sales for the year ended March 31, 2009, remained almost flat year on year, at ¥285.0 billion.

Cost of sales, however, rose by ¥3.4 billion, and selling, general, and administrative (SG&A) expenses rose by ¥0.4 billion. This was due to an increase in labor costs and personnel costs related to staff increases to secure future sales staff and additions to staff following the commencement of the new Private Finance Initiative prison operations. These cost increases, which had been factored into our initial plans, saw operating profit fall 27.9% to ¥9.9 billion. In addition, net income decreased 44.8% from the previous fiscal year, to ¥4.2 billion, as we posted an impairment loss on investments in securities.

Please tell us about sales in Electronic Security Services.

Sales in Electronic Security Services declined 1.0% year on year, affected by deteriorating economic conditions. The primary factor behind this drop in sales was an 8.0% drop in equipment sales, due to a decline in large orders compared to the previous year, and sales of security cameras and other equipment ending the year on a down note. In terms of sales from our stock of contracts which increases each year, we saw growth in net accounts among corporate clients increase by only 2.6%, and overall sales rose only slightly due to a ¥1.0 billion yen impact from branch consolidations in the consumer finance sector.

How are conditions in Stationed Security and Transportation Security Services?

In Stationed Security Services, while the newly initiated PFI prison operation at Shimane Asahi Rehabilitation Program Center in October 2008, and the inclusion of Stationed Security firm URBAN SECURITY Co., Ltd. as a subsidiary from September of 2008 contributed

to sales, an increase in contract cancellations and price cuts resulting from the economic downturn led to sales that were flat compared to the previous year. In Transportation Security Services, as with Electronic Security Services, branch consolidations in the consumer finance sector had a negative impact of ¥1.1 billion, but with steady growth in convenience store ATMs and in our Cash Deposit Machine On-line System, the sector ended up 1.8% over the previous year.

Q You announced a new home security product in December 2008. How is this product doing?

A In December 2008, ALSOK began sales of its new “ALSOK Home Security α ” product. The number of contracts has grown steadily since the launch, with net increase in the number of contracts totaling 5,250 in the four months since its introduction – an average of 1,313 per month. This new product features an Internet security service that utilizes a broadband connection for security communications, and a newly instituted “Zero Start Plan” for payment, which eliminates upfront costs at the time of installation. These advantages to the clients in functionality and payment flexibility have made ALSOK Home Security α popular with many clients.

Please tell us about the future growth of the home security market.

Use of home security in Japan is still low, and the sector has room for significant growth going forward. Since ALSOK already has infrastructure in place to respond to the Electronic Security needs of businesses, increasing the number of contracts in the growing residential Electronic Security market, which uses the same infrastructure, will contribute to enhanced profit levels, and we will work to actively expand sales of home security products.

Going forward, we will strengthen our marketing activities, mainly around television commercials, which are the most effective means of capturing new contracts, and we will also step up sales activities targeting major home manufacturers in order to net clients in the new home market as well.

How was business in the “Cash Deposit Machine On-line System”*, which has seen a strong increase in contracts?

ALSOK’s Cash Deposit Machine On-line System has seen constant growth of about 1,000 contracts in each fiscal year since the year ended March 2003, and continues to add contracts. This is a response to the trend of eliminating overnight deposit services and downsizing of delivery and collection services at banks, and the desire of clients to avoid the risk of having to transport their daily cash takings to an overnight depository.

We have also seen strong growth in contracts for small-sized cash deposit machines, sales and marketing of which began in 2005.

As a result, as of March 2009, cumulative contracts to our Cash Deposit Machine On-line System overall reached 8,600.

* Cash Deposit Machine On-line System: A system where ALSOK transfers daily cash receipts left in a cash deposit machine located in the client’s store office to the client’s designated bank account on the next banking day.



Q **What measures do you plan in the coming year to boost sales in your existing businesses?**

A



Our levels of sales staff are about 1,000 staff lower than our main competitor. Because we expand our business model based on steady income from our stock of contracts and with a high fixed-cost ratio, expanding sales is an effective way of increasing profitability going forward. We therefore plan to add 230 sales staff on a consolidated basis in the year ending March 2010. The additional sales staff will be allocated primarily to developing new business clients, expansion of home security sales, and to strengthening sales of our Cash Deposit Machine On-line System.

Furthermore, to bolster our regional sales strategy, we divided Japan into nine regions from April 2009, set up a regional division organization, and assigned executive-level personnel as Chief Officers of each division. The Chief Officers of these regional divisions will implement sales strategies tailored to their respective region while bearing responsibility for the business management and business performance of offices and Group companies in the region.

You also established a new sales organization. What functions will these divisions carry out?

We have established the Business Development Department(I) to promote the development of new business, and the Business Development Department(II) to promote M&A projects. The Business Development Department(I) will develop and foster promising businesses in non-core and new business areas, to become future pillars of our operating base. The Business Development Department(II) will focus on promoting M&A activity targeting companies considering the transfer or discontinuation of businesses due to problems with profitability or succession, with the main goal of increasing the number of contracts in Electronic Security Services.

Q **What are the main initiatives you intend to carry out regarding cost control?**

A

In the area of cost control initiatives, we will continue to reduce purchasing costs and construction expenses. In addition, to rationalize operations and improve efficiency mainly in Electronic Security Services, we will work to reduce the number of security staff in operating divisions and curb overtime labor costs. We plan to reallocate some on-site security staff to sales positions, to add valuable resources to our efforts to strengthen our sales capability.

Amid these efforts, our greatest emphasis will be on curbing personnel expenses, which is the greatest cost control issue. Recruiting activities for new graduates ended a year ago, and since it is difficult to make adjustments mid-term, April 2009 saw the arrival of 750 new graduates, about the same level as in previous years. However, only 450 new graduates—300 fewer than this year—will be joining the company in April 2010 (new graduates for the year ending March 31, 2011), and total mid-year hires for the year ending March 31, 2010 will be more than 200 fewer than last year, essentially freezing hiring and allowing us to streamline staff. By controlling staff levels in this way, we will also achieve cost reductions, which will lead to profitability in the fiscal year to come and beyond.



Q What is your forecast for business performance in the year ending March 2010?

A With regard to our forecasts for the year ending March 31, 2010, based on the premise that business conditions will be similarly harsh to those in the year ended March 31, 2009, we expect sales in Electronic Security Services to rise only 0.7% year on year. Furthermore, we forecast a 2.3% decline in Stationed Security Services, reflecting the impact of cancellations and price reductions. In Transportation Security Services, although we expect the Cash Deposit Machine On-line System and convenience store ATMs to continue to perform strongly, we are projecting an increase in sales of only 1.5% in view of the challenging conditions that financial institutions face.

In view of these conditions, we are projecting overall sales of ¥286.0 billion, operating profit of ¥8.0 billion and net income of ¥4.2 billion.

Q What is your shareholder return policy?

A We regard the stability and continuity of dividends as an important management issue, and make distributions that reflect our performance, while also balancing the need to maintain our internal reserves. In line with this approach, we maintained an annual dividend of ¥20 for the year to March 31, 2009 and our consolidated payout ratio was 47.7%, even though our business performance was under pressure. For the year to March 31, 2010 as well, even though we are forecasting a decline in profits, we plan to pay an annual dividend of ¥20 in line with the previous year, equivalent to a consolidated payout ratio of 48.0%.

We will continue striving to strengthen our financial position and maintain internal reserves. At the same time, while considering our business performance and the payout ratio, we intend to maintain stable distributions to shareholders.

Despite the challenging management environment, we will focus on ensuring profits and corporate growth, and we are committed to meeting the expectations of our stakeholders.

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

Atsushi Murai
President, CEO and COO

Years ended March 31	Millions of yen					Thousands of U.S. dollars* ³	
	2005	2006	2007	2008	2009	2009	
Fiscal year							
Sales	¥257,789	¥267,545	¥276,560	¥284,996	¥285,004	\$2,929,429	
Operating Profit	10,962	12,246	15,972	13,795	9,943	102,202	
Net Income	4,951	5,550	7,558	7,653	4,224	43,416	
Capital Expenditures	16,537	14,142	11,677	10,477	11,977	123,112	
Depreciation	10,816	10,907	10,222	11,262	11,988	123,227	
At the end of fiscal year							
Total Assets	282,206	282,829	285,219	297,396	287,561	2,955,716	
Net Assets (former Shareholders' Equity)* ¹	123,169	129,193	151,816	154,904	154,898	1,592,127	
Per share (Yen/U.S. Dollars)							
Net Income	¥ 47.54	¥ 52.91	¥ 74.71	¥ 75.07	¥ 41.90	\$ 0.43	
Net Assets	1,222.93	1,274.27	1,322.82	1,356.35	1,364.33	14.02	
Dividends	17.00	17.00	20.00	20.00	20.00	0.21	
Ratios (%)							
Operating Profit Margin	4.3	4.6	5.8	4.8	3.5	—	
ROA (Return on Assets)* ²	4.2	4.6	6.0	5.0	3.6	—	
ROE (Return on Equity)	4.1	4.4	5.7	5.6	3.1	—	

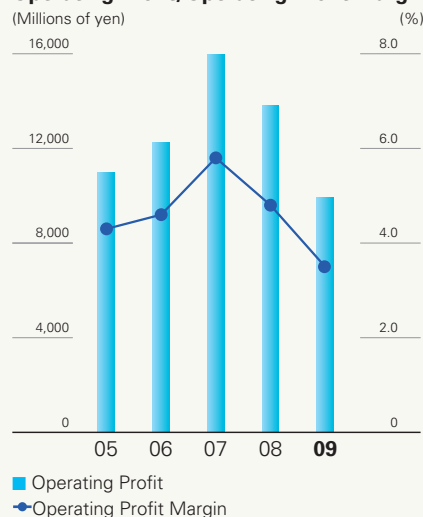
Note: Figures in this section are based on the Financial Results for the Fiscal Year Ended March 2009.

*¹ Subsequent to the revision of the accounting standard, we presented Net Assets including Minority Interests in Shareholders' Equity, effective for the Fiscal Year Ended March 31, 2007.

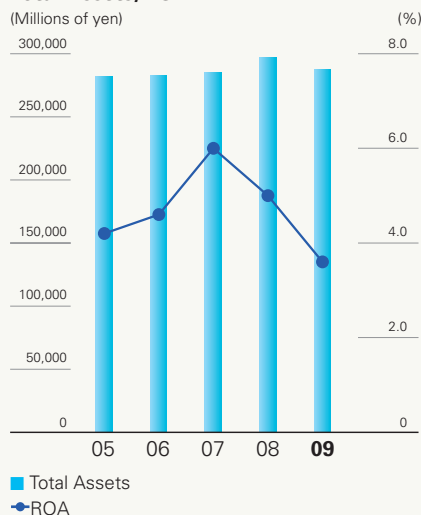
*² ROA = Recurring profit / Average of total assets at the beginning and end of the fiscal year × 100

*³ U.S. dollar amounts have been translated from yen, solely for the convenience of the reader, at the rate of ¥97.29 to U.S.\$1 prevailing on March 31, 2009.

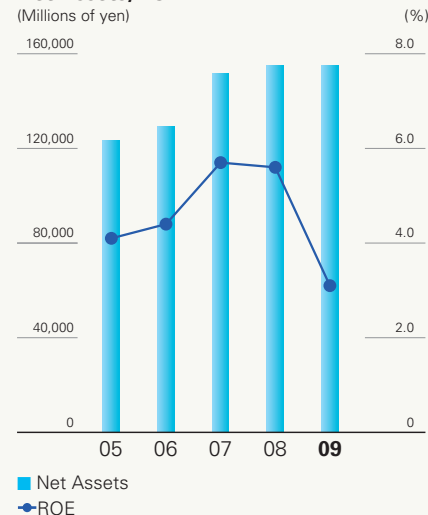
Operating Profit/Operating Profit Margin



Total Assets/ROA



Net Assets/ROE

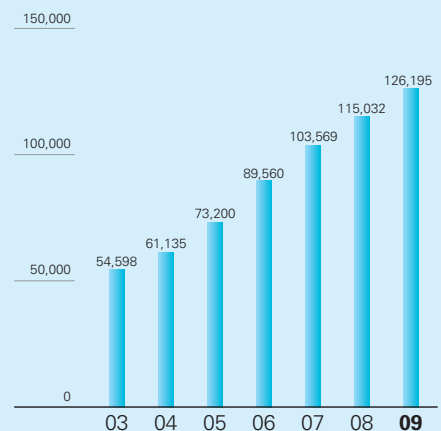


Strengthening Home Security Sales Launch of "ALSOK Home Security α"

Home Security Takes Off—the launch of ALSOK Home Security 7 offers key functions at a lower price

Until five or six years ago, the cost of home security in Japan was around ¥10,000 per month, and services were aimed primarily at high wage-earning households. In the course of developing new products, ALSOK conducted thorough market research, undertaking extensive surveys to determine what pricing would put home security within the reach of more homeowners and the functions they would require. The result of this research was ALSOK Home Security 7, which we launched in 2004. By focusing on the three most basic services — intrusion, fire, and emergency alert — ALSOK Home Security 7 gained popularity with clients by offering reasonable pricing roughly on par with the cost of a monthly newspaper subscription. Since its launch, ALSOK Home Security 7 has seen its number of contracts grow dramatically, and it has greatly expanded the user base of home security services.

Number of Contracts for Individual Clients
(Number of contracts)



ALSOK Home Security α—a new model offering reinforced safety and convenience functions

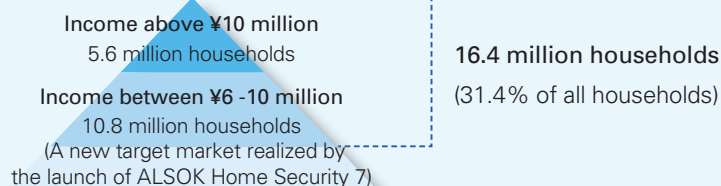
In December 2008, ALSOK launched ALSOK Home Security α, a follow-on to ALSOK Home Security 7 featuring three new enhancements: Internet security services, a "Zero Start Plan" requiring no payment for installation and equipment, and a lock-checking function.

BASIC DATA

■ Comparison with home security penetration rates in the U.S. and Europe

Japan: Barely 1% of 52.3 million households nationwide vs. 10~20% in U.S. and Europe

■ Home Security Target Market (Number of households by income)



Features of ALSOK Home Security α

Internet Security Service

The Internet security service uses the Internet to send security signals. Using this service with a flat-rate plan Internet service, such as is available in many countries, it is no longer necessary to charge separately for each transmission as it was previously, when each activation and deactivation of the system was relayed through a telephone line, resulting in additional communications costs.

* Use of the Internet is widespread in Japan, where 57.1% of all households have access. Further, according to the "2007 Survey of Differences in Pricing of Electronic Communications Services in Japan and Abroad" from the Ministry of Internal Affairs and Communications, Tokyo has some of the lowest Internet connection fees of any of the world's major cities, and in general, Internet service is cheaper in Japan than in other countries.

While Internet services in Japan are offered based on flat-rate pricing plans, fixed-line phone service is still generally charged on a metered basis.



"Zero Start Plan"

The "Zero Start Plan" is a pricing plan offered in response to clients who wish to avoid a one-off initial installation fee for setting up a service. Conventionally, we offered two plans: a Rental Plan, where an installation fee was charged at the start of service and charges for rental of the security equipment were added to the monthly service fee; and a Purchase Plan, where on top of the installation fee the client purchased their security equipment upfront, lowering their monthly security costs. With addition of the "Zero Start Plan", there is now an option where no money is required upfront, making it easier for clients to choose the home security plan that best fits their budget.

Lock-Checking Function

A unique offering by ALSOK, the new lock-checking function informs the client through a message from a controller when a door or window is left unlocked, even when closed, when they are home or before they leave the house. Previous systems could only detect when a door or window was opened or closed, but not the state of the lock. Statistics show, however, that burglars often enter through unlocked access points where the owner has forgotten to lock up properly. This lock-checking function helps prevent crime by enabling clients to check for unlocked doors and windows.

Unique Lifestyle Services

In addition to these three characteristic functions, ALSOK Home Security α offers other functions, including the ability to use a mobile phone remotely from outside to check security status and perform security settings. Also, in addition to the three traditional monitoring services covering intrusion, fire, and emergency alerts, ALSOK also offers enhanced services with “life-rhythm” monitoring. As Japan’s population ages, the number of elderly living alone has also increased. This life-rhythm service can monitor bathroom use by an elderly client living alone, using a sensor on the bathroom door. When the bathroom has not been used for a certain amount of time, an alert is sent to dispatch security staff to the home. ALSOK believes this function not only provides support for the elderly client, but can also be useful to other family members who may live far away.

Additionally, with controllers traditionally installed in the living room or other location in the home, when going outside, or upon returning home, the client would have to make their way to the controller to operate it. Now ALSOK has developed a wireless mini-controller, which enables the client to operate the controller from the entryway or any other convenient location.

Today, only ALSOK offers all of these functions in a single home security product, and despite the severe economic environment, ALSOK Home Security α has made a successful start in the market.



TOWN SECURITY

Initiatives in Services for Individual Clients

—ALSOK Watches Over Neighborhoods



ALSOK has launched Town Security to provide safe and secure living environments. In the Town Security service, ALSOK’s Home Security systems are installed in all residences in an area, and security staff are stationed at a depot provided in the area. In addition to rapidly responding when an alarm occurs, the stationed security staff regularly patrol residential areas to prevent crimes and accidents.

Currently, Town Security is installed in 50 locations nationwide, including Sakuragaoka Isaac Hiyoshi and Sakura no Sato. We are receiving growing requests for the system by developers and housing firms seeking to add distinction to neighborhoods and residences.

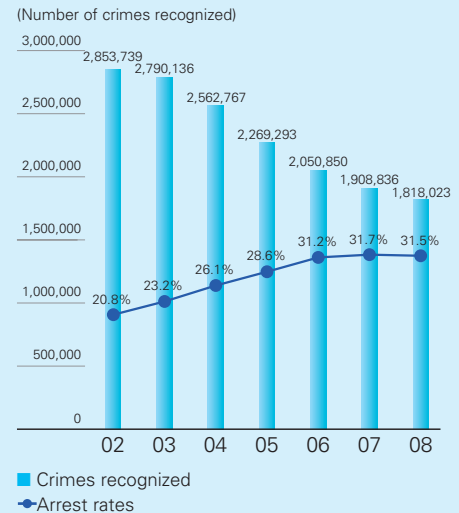
Future Growth of the Home Security Market

Looking at the environment surrounding home security, the number of crimes recognized is declining from a peak in 2002. At the same time, however, vicious crimes targeting children, and juvenile crime, have both increased, and while Japan continues to be seen as a safe country, the real perception is that security is worsening. According to a 2006 Cabinet Office safety survey, 84.3% of those questioned about safety awareness responded that they felt safety in Japan had worsened in the past ten years, a persistently high figure.

Penetration of home security in Japan remains low compared to most nations in Europe and the U.S. (see Pg. 6 for data) and the market is expected to see extremely high growth. ALSOK plans to further expand sales of its home security products centered on the ALSOK Home Security α service with its industry-leading functionality and strong reputation. ALSOK will employ the following strategies to expand sales.

With television commercials being one of the leading factors in the decision to install a home security system, ALSOK will continue to employ advertising activities based around this most effective channel for capturing new contracts. ALSOK is also working to develop new markets, starting with the town security concept, which targets not only individual homes, but protects entire communities, developing links within communities to provide community-wide security. We are also focusing on the new home market, by increasing our sales staff of home security specialists, and stepping up sales activities to major home manufacturers, efforts which will enable us to further expand our sales activities in the home security market.

Change in Number of Crimes Recognized/ Arrest Rates



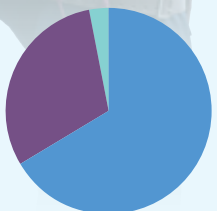
SECURITY INDUSTRY DATA



There are currently 8,924 security firms in Japan, but approximately 90% are small-scale firms that generate sales of under ¥2 billion. Moreover, the majority of security companies focus on Stationed Security and traffic control, with only a low percentage offering Electronic, Transportation, or comprehensive security services.

Security Company Sales
Total Sales:
¥3,341 billion

Breakdown of Security Companies by Sales



- Under ¥100 million: 5,745 companies (66.5%)
- ¥100–2 billion: 2,654 companies (30.7%)
- ¥2–200 billion: 244 companies (2.8%)
- Over ¥200 billion: 2 companies (0.0%)

Number of Security Companies:
8,924 companies

Number of Security Companies Providing Electronic Security Services:

773 companies
(8.7% of all Security Companies)

Number of Security Companies Providing Transportation Security Services:

464 companies
(5.2% of all Security Companies)

Industry-leading Development and Technological Capabilities in the Field of Security Robots

ALSOK started R&D on security robots in 1982 with the themes of increasing the efficiency of high-labor intensity Stationed



Guard ROBO D1 Type giving guidance

Security Services, addressing the labor shortfall predicted for Japan with its declining birthrate and aging population, and alleviating the burden on security guards. Initially, we conducted basic research centered on the primary functions of security robots, such as autonomous travel and security sensors. Later, we carried out demonstration experiments at client's premises,

including enhancement of guide functions and links with remote monitoring equipment.

In April 2002, we commercialized and launched the Guard ROBO C4 Type, a security robot equipped with reception and guide functions. Then, in June 2005, we launched the Guard



Guard ROBO D1 Type putting out a fire

ROBO D1 Type, a successor to the Guard ROBO C4 Type with even more enhanced functions required for security.

The Guard ROBO D1 Type has a variety of functions. Specifically, it conducts patrols along

designated routes based on recorded maps of the interior of buildings. It also has a function to carry out automatic battery recharging by returning to battery charging equipment when battery power is low and a function to transmit an alarm when it detects abnormal incidents such as a suspicious person or a fire during a patrol with its built-in detection sensors and camera. In addition to constantly recording and storing images taken by the camera, it also has a function to notify monitoring PCs when it approaches pre-designated priority locations. This robot is also able to patrol several floors using an elevator and perform first-aid fire fighting by itself when it detects a fire.

In addition to these functions, it is equipped with a security system based on facial recognition technology. For example,

when a face to be detected is registered in advance, the robot can perform a comparison of peoples' faces with the registered faces during patrols and during stand-by, and if the comparison matches, it can also notify security guards at a monitoring center.

At present, these robots are playing an active role in science museums and commercial facilities such as Aqua City Odaiba in Tokyo and Canal City Hakata in Fukuoka Prefecture. During the daytime, the robots provide services to visitors in an entertaining manner. For example, they display information about the interior of the building and present a quiz through the use of a touch panel monitor. At night, they perform security operations such as monitoring for fire prevention and suspicious persons.

In March 2009, we developed the An9-RR, a reception robot for corporate use that also has security functions. When the An9-RR detects an abnormal situation, such as a suspicious person, with its camera, it sends a warning e-mail message to a registered mobile phone. It also has a function to intimidate suspicious persons or other such people by making the internal



An9-RR

phones within an office all ring at once. In addition, this robot is designed to provide enhanced reception functions. For example, it is able to perform the main duties of a receptionist in place of a human, and perform unstaffed reception functions with its touch panel monitor. It also has functions to handle advance reservations and issue building-admission passes.

ALSOK is utilizing its existing security function technologies in this way to advance the commercialization of new robots. As a pioneer in Japan, we possess industry-leading development and technological capabilities in the field of security robots, and will continue to promote the development of security robots that are safe and useful in society, and that can fill roles in place of human beings.

Growth of Outsourcing by Financial Institutions



Transport Security staff supply cash to an ATM

Since the 1980s, as banks began streamlining their management and pursuing greater efficiencies, they also needed to reevaluate labor and other costs associated with management of their ATM networks, including cash collection and supply and troubleshooting. This has

resulted in an increasing trend toward outsourcing of comprehensive ATM management operations to security companies.

In this environment, ALSOK has seen broader deployment of its "Total ATM Management System"* to service bank ATMs at non-branch locations where bank staff are not present. As a result, a majority of large domestic city banks now outsource the management of their non-branch ATM operations.

Entering the 21st century, a number of new types of banks were established without their own branches, but with ATM networks installed primarily in convenience stores. ALSOK received a large, exclusive order for its Total ATM Management System for convenience store ATMs installed at a major convenience store

chain and has been steadily increasing the number of contracts for this service.

Going forward, we anticipate the further introduction of our Total ATM Management System beyond city banks into regional banks, which still perform ATM management operations themselves, and expansion of outsourcing demands for Total ATM Management Services to cover not only non-branch ATM networks, but in-branch ATMs as well. We will also add significantly to our servicing of convenience store ATMs outside of the stores themselves, as placement of ATMs spreads to airports, train stations, hospitals, securities firms, and major electronics retailers.

While the outsourcing of ATM management operations is expected to continue expanding, ALSOK plans to aggressively market its Total ATM Management System to financial institutions nationwide.

* "Total ATM Management System"

The Total ATM Management System consists of services including regular supply and collection of ATM cash, and calculation of cash collected, which takes place at ALSOK facilities. We also propose and implement cash management planning services to determine how much cash to stock in the ATMs to ensure that they always carry a certain level of cash, and the frequency of cash supply and collection.

ALSOK security staff are also prepared to provide on-site ATM troubleshooting, responding when a user's money or cash card is stuck, a bank statement fails to print, or the ATM experiences other technical difficulties.

Security at Prisons Involving Public-Private Sector Cooperation Based on the PFI Method

The Shimane Asahi PFI prison begins operations

PFI (Private Finance Initiative) projects refer mainly to the operation and management of public facilities by private-sector companies, based on the Law Relating to the Promotion of the Realization of Public Facilities by Using Private Funds (PFI Law). Although the number of prisons has grown along with the growth in the prison population, the number of prison guards remains low, and there is a need to control operating costs. The operation of certain prisons has therefore been entrusted to security companies such as ALSOK. Of the four prisons that are operated based on public-private cooperation in Japan (PFI prisons), ALSOK is single-handedly undertaking security operations for two facilities: the Harima Rehabilitation Program Center and the Shimane Asahi Rehabilitation Program Center.



Security guards riding Segways



Hideo Takahashi, president of ALSOK Asahi Harima Co., Ltd.

Actual operations at the Shimane Asahi Rehabilitation Program Center

In October 2008, the Shimane Asahi Rehabilitation Program Center began operations in Shimane Prefecture. ALSOK is undertaking some of the kind of security work previously performed by prison guards, such as patrolling inside and outside the premises of regional community facilities, monitoring prisoners, and patrolling inside detention buildings. We are the first in Japan to undertake trials of equipment that our usual clients had not introduced, such as Segways and the installation of equipment especially for prison facilities such as drug testing equipment and SafeView (a body scanning device)*. Our aim is to operate correctional facilities that work in close cooperation with regional communities, and we are actively striving to promote local employment through full-scale cooperation with the Hamada municipal government and the Hello Work Japanese government employment agency in local recruiting.

* SafeView: A security scanning portal that identifies plastic, wood, metal, tobacco, drugs, and other such substances hidden within clothing, regardless of the material, shape, or size, without the need to remove clothing. This information is displayed as a 3-D image on a monitor.

Business Segment

Breakdown of Sales

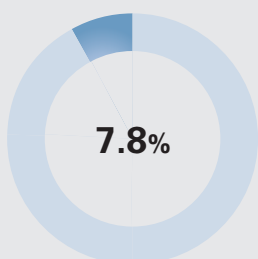
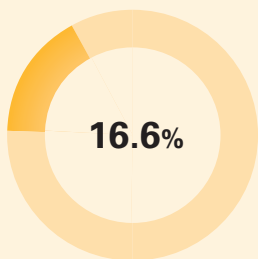
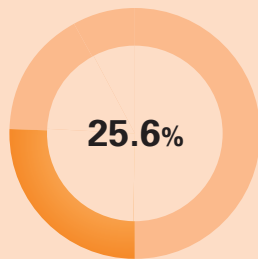
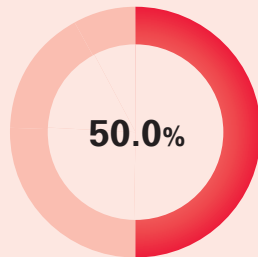
Overview of Operations

Security Services

Total Sales of
¥262,786 million

Other Services

Total Sales of
¥22,217 million



ELECTRONIC SECURITY SERVICES

ALSOK's Electronic Security Services provides remote monitoring of client premises 24 hours a day, 365 days a year, from our Guard Centers (Monitoring Centers). Our clients are residential households and corporate buildings. Guard Centers respond to alarms warning of intrusions*¹, fires, and emergency alerts*² by dispatching on-call security staff to the client's premises to respond to the situation as needed.

In Europe and 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 is significantly different in that the security company holds the keys to the client's premises since security staff employed by the company are the ones who rush to the client premises and inspect inside the premises during an emergency.

*¹ When the sensor perceives that a burglar or other intruder has entered through a door or window.

*² When an alarm is transmitted by the client pushing an emergency button due to sudden illness or injury, or from a sense of personal danger.

STATIONED SECURITY SERVICES

ALSOK's Stationed Security Services stations security guards at banks, shopping malls and other facilities. Security guards administer access control by monitoring or checking the identity of each person who enters or exits the front or side entrances of a designated facility. Patrol activities include inspections inside and outside the designated facility to check for burglaries, fires or problems with the facility.

In addition, our disaster prevention centers and central management centers conduct monitoring activities to check for burglaries, fires or other problems with facilities. Other services in this category include event security and guarding VIPs.

TRANSPORTATION SECURITY SERVICES

ALSOK's Transportation Security Services provides a Total ATM Management System for ATMs in banks or convenience stores. Here we propose and implement cash management planning services, including supplying and collecting cash and cash calculation for an ATM, as well as determining how much cash to stock in the ATM and the frequency of cash supply and collection.

In addition, we provide a Cash Deposit Machine On-line System; a safe and efficient service for shops that handle large amounts of cash such as service stations, supermarkets, and gaming parlors, in which we transfer clients' daily cash takings to their designated bank accounts on their behalf. We also provide services for financial institutions such as our Cash Transport System for safe and speedy transportation of cash or marketable securities between specified locations using cash transportation vehicles.

ALSOK also operates a number of additional services other than security. Total Building Management Services cover cleaning management, environmental hygiene management, facility management and telephone reception services.

Disaster Prevention Services include the inspection and installation of fire extinguishers and sales of various disaster prevention equipment and gear such as smoke alarms for residential use. Other services include sales of automated external defibrillators (AEDs), information security services, and an immediate dispatch service that sends security staff to the scene of car accidents upon request.

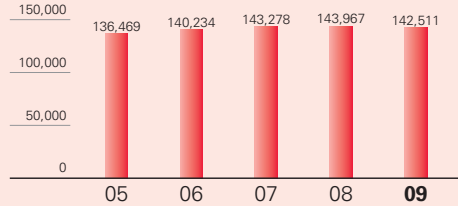
Change in Sales



ALSOK Home security α controller

Change in Sales

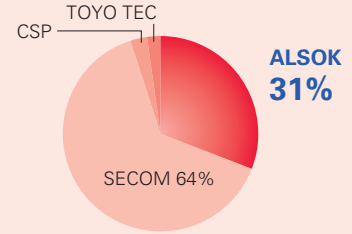
(Millions of yen)



Market Data*

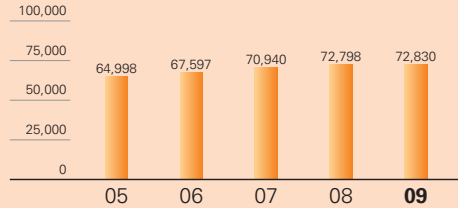
ALSOK's rank No. 2

Electronic Security Services Market Share Among Listed Companies



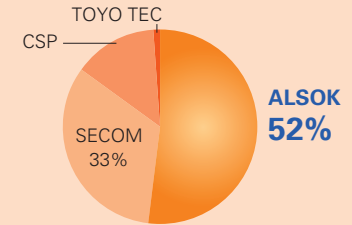
Change in Sales

(Millions of yen)



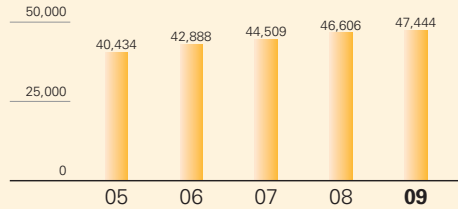
ALSOK's rank No. 1

Stationed Security Services Market Share Among Listed Companies



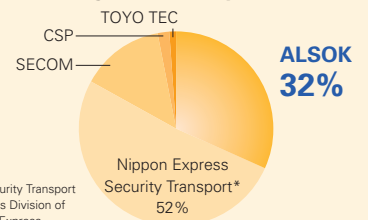
Change in Sales

(Millions of yen)



ALSOK's rank No. 2

Transportation Security Services Market Share Among Listed Companies



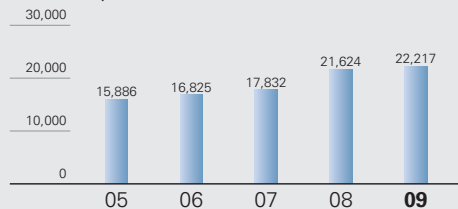
* The Security Transport Business Division of Nippon Express



Automated external defibrillator (AED)

Change in Sales

(Millions of yen)



* Data generated by ALSOK based on material disclosed by each company. SECOM's market shares are estimated by ALSOK, based on SECOM's Annual Report and so forth for the previous year.

The ALSOK Group advocates “Contribution to public welfare” as one of its management guidelines, and focuses its efforts on ensuring public safety. Meanwhile, to continue to be a corporate group trusted by all stakeholders, we strive to reinforce Group-wide corporate governance with measures for the separation of execution and oversight functions in management, swifter decision-making, establishment of corporate ethics, and transparency in business management.

Board of Directors and the Executive Officer System

ALSOK’s Board of Directors has eight members, including one outside director.

Outside Director (Activities during April 1, 2008 through March 31, 2009)
 Outside director Akira Kanno attended all 13 Board of Directors’ meetings held during the year under review. Based on his extensive experience and insight from his work in the finance industry, he offered appropriate comments on the deliberation of the agenda and other matters.

Board of Directors’ meetings are held once a month, in principle, to make decisions and oversee business execution regarding important business decisions.

Meetings of the Management Committee, which are chaired by the president, CEO and COO, are held twice a month, in principle, to discuss major decision-making matters. The Company implemented an executive officer system in June 2002 to clarify the division of roles in management and business execution and accelerate the decision-making process in business execution.

Auditing System

In order to ensure appropriate and sufficient supervisory functions for the Company, three of the Company’s five auditors are outside auditors.

The Company’s auditors (Board of Auditors) and Grant Thornton Taiyo ASG, which conducts the Company’s accounting

audits, hold a meeting once a month in principle to pursue collaboration within the auditing structure via the enhanced exchange of information regarding the agenda items of the Board of Directors’ meetings and issues of mutual awareness.

Outside Auditors (Activities during April 1, 2008 through March 31, 2009)

The three outside auditors attended all 13 Board of Directors’ meetings and all 13 Board of Auditors’ meetings held during the year under review.

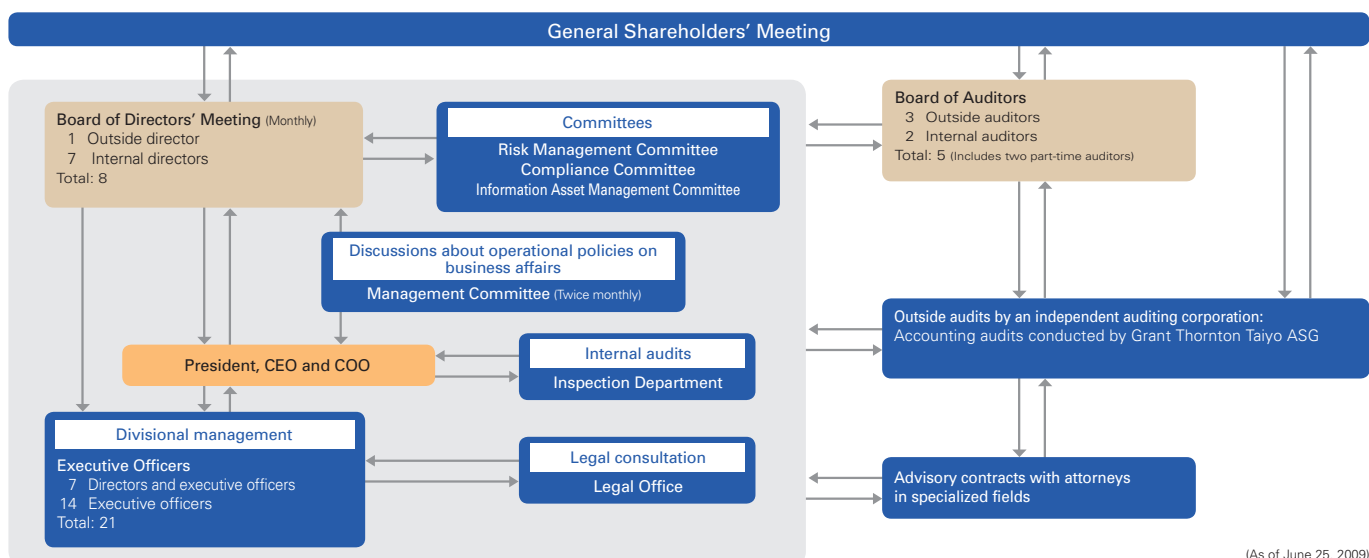
At the meetings, outside auditor Kazumasa Oizumi made appropriate remarks on the deliberation of the agenda and other matters, based on his broad experience in diverse business areas, particularly as a corporate sales manager at his previous post.

Outside auditor Teruo Kageyama made appropriate remarks on the deliberation of the agenda and other matters on the basis of his experience and abilities as an executive manager gained while serving as president of another company.

Outside auditor Tassei Iijima worked for many years at a financial institution, and currently serves as president of another company. Based on the wealth of experience gained through these activities, he made appropriate remarks on the deliberation of the agenda and other matters.

An Inspection Department that reports directly to the president, CEO and COO has also been established as an internal auditing entity. The major duties of the Inspection Department are to supervise the activities of the departments at the Head Office and other business offices to ensure that asset management, accounting management and business management are being implemented effectively in compliance with relevant laws.

The Company’s auditors (Board of Auditors) and the Inspection Department hold “auditing operations liaison meetings” once a month in principle. In addition to periodic in-depth exchanges of information and the reinforcement of collaboration in the auditing structure, they promote the sharing of information regarding the issues that they have identified in internal governance with Grant Thornton Taiyo ASG. Information is shared through reports of the results of management supervision produced by the Inspection Department.



(As of June 25, 2009)

Internal Control System

Following the enactment of the Financial Instruments Trading Act, 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, 2009 based on generally accepted standards for evaluating internal control for financial reporting in Japan.

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

Disclosure and IR

Placing great importance on the active, impartial, and prompt disclosure of information, the ALSOK Group has formulated a Disclosure Policy, available for viewing on our website. The Group is also making active IR efforts outside of Japan by preparing English-language versions of materials for earnings results briefings and English-language versions of brief financial statements, available on its English-language website. The president, CEO and COO and executive officer in charge of IR also conduct overseas IR activities to foster a deeper understanding among overseas institutional investors of the security industry in Japan and the growth strategies of the ALSOK Group.

Compliance

The Group implements security operations under the Security Business Law and has constantly placed extremely high priority on compliance since its foundation.

Currently, the Company has a Compliance Committee for legal complaints, which is headed by the executive officer in charge of compliance, and is making every effort to comply with laws and regulations. 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.

In addition, the "ALSOK Hotline" was set up in April 2004 to facilitate early identification and prevention of corporate ethics problems. If employees encounter illegal or improper conduct or unethical behavior involving the Company, they are able to report it by e-mail, via telephone, or in writing without fear of detrimental treatment.

Given ALSOK's involvement in direct business transactions with corporations and individual clients, in September 2004, the Company also established an Information Asset Management Committee chaired by the executive officer in charge of information asset management. The purpose of the Committee is to respond as swiftly as possible to changes in the regulatory environment, such as the full implementation of the Personal

Information Protection Law in April 2005. The Committee undertakes such activities as development of a management structure for personal information, business and other important information in the Company's possession and promotion of employee education on this topic.

Moreover, ALSOK has entered into advisory contracts with eight law offices in Japan, and is developing a fully secure system for legal responses in all specialized fields. In order to maintain compliance, the Company regularly seeks guidance from attorneys, thereby indirectly involving legal practitioners in corporate governance.

Risk Management

The Group gives especially high priority to the development of a risk management structure to implement security operations with the aim of ensuring public safety.

Accordingly, in December 2002 the Group formulated risk management rules to prevent serious incidents from occurring, and to ensure that any damage or detriment to the company in the case where a serious incident did occur would be minimized. The Group then organized a Risk Management Committee based on these risk management rules and assigned the executive officer in charge of risk management as chairperson. Individual risk management assessment organizations have also been set up at the Head Office and each individual business office to undertake exhaustive, Company-wide risk management activities, to identify and assess risks, and to formulate preventative measures and proposals for countermeasures.

Moreover, sector-specific risk assessment subcommittees have been set up under the Risk Management Committee to collect, analyze and assess sector-specific risk information in each of the fields of business management, administration, operations, and sales, and to examine measures for alleviating risk. In regard to the establishment of an emergency liaison system and emergency headquarters in the event of the occurrence of a serious incident, the corporate structure has been improved to be capable of a rapid emergency response. The Company obtained ISMS (Information Security Management System) certification in October 2004. As a result, development and implementation of countermeasures against alteration or falsification of information on the Internet, hardware or software problems, and information leakage are fully under way.

The new strain of influenza that appeared in 2009 is being treated as a risk relating to natural disasters. We have responded quickly based on our Plan for Countermeasures for Natural Disasters and our Action Plan to Combat New Strains of Influenza at the Office, which assumes a highly virulent new strain of influenza. Accordingly, we have installed a thermal camera at the entrance of our Head Office building to enable us to detect anyone about to enter the building with a fever before they enter. We have also distributed an influenza kit to all employees, containing hand gel and masks.

The ALSOK Group's Stakeholders



The ALSOK Charter

Management Philosophy

Our business operations are based on management philosophy exemplified by a spirit of gratitude*¹ and a samurai spirit*². Our mission is to help maintain safety throughout society, an indispensable element of our lives, as well 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 Policy

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.

Efforts for Environmental Conservation

Initiatives to Conserve Energy

ALSOK launched a Company-wide eco-driving policy as part of its environmental initiatives. In fiscal 2009, we introduced 56 hybrid vehicles for use in our Electronic Security Services and Transportation Security Services operations, and cut fuel consumption by implementing avoidance of sudden starts and stops and reduction of idling time. As a result of implementing these measures, the basic energy consumption unit*³ in the Transportation Security Services business was reduced 5.6% year on year – well above the target of an annual average 1% reduction called for in the Revised Energy Conservation Law enacted in 2006. Going forward, we will maintain our policy of selecting hybrid vehicles as replacements for the Electronic Security Services and Transport Security Service fleets, and continue to implement avoidance of sudden starts and stops and reduction of idling time to further our efforts in corporate social responsibility including reducing fuel consumption and protecting the global environment.

*³ Basic energy consumption unit: An indicator of energy efficiency
The value of the basic energy consumption unit decreases as CO₂ emissions during transport decrease and fuel efficiency during transport improves.
Energy used (fuel used × unit heat value (gasoline, diesel)) / Transport ton-kilometers

Promoting Green Purchasing

Based on its Green Purchasing Guidelines formulated in 2006, the ALSOK Group restricts use of designated harmful substances such as lead, mercury and cadmium when developing alarm signal equipment and so forth, based on the RoHS ordinance. In selecting items for procurement, the Group requires business partners to show consideration for the environment by observing green purchasing laws and so forth. ALSOK is also taking steps to recycle gold, copper and other rare metals recovered from disused alarm signal equipment.

ALSOK's Social Contribution Activities

ALSOK ANSHIN Classes: Creating Safe Neighborhoods for Peace of Mind

As crime against elementary school students and younger children increases, child safety has become an important issue for society. In order to fulfill its responsibilities as a corporate citizen and a security company, ALSOK voluntarily dispatches its staff of protection professionals



Award ceremony for the Asahi Corporate Citizen Award



An ALSOK ANSHIN crime prevention class in session

to teach ALSOK ANSHIN crime-prevention classes. The classes focus on crime prevention for secure living and teach children through role-playing to be aware of dangers around them. This program has won recognition for its contribution to society, earning the Asahi Corporate Citizen Award in September 2007 and the Chief Cabinet Secretary's Award in November 2007. Classes were held 4,534

times during fiscal 2009, and as of March 31, 2009 about 570,000 children had participated since the program began. The ALSOK Group continues to work to protect the safety of as many children as possible.

Social Service through the ALSOK Gratitude Movement

The ALSOK Gratitude Movement was launched in 1967 for the purpose of providing services to society both in and outside of Japan. The movement is based on the doctrine of the need to appreciate the benefits received daily from the nation and society and to uphold a spirit of "live-and-let-live gratitude." Supported not by business revenues, but through membership fees from employees, executives and other members of the Group who agree with its objectives, the movement supports a range of activities including social welfare and volunteer services, and culture and sports activities.

- Cash donations: The Office of the UN High Commissioner for Refugees (UNHCR), World Wide Fund for Nature Japan, the Japan Guide Dog Association, Japan Mine Action Service, Médecins du Monde Japon, the Japan Committee for UNICEF
- Disaster relief funds: The Myanmar Cyclone, the China Sichuan Earthquake, The Iwate-Miyagi Nairiku Earthquake
- Other donations: Welfare vehicles for wheelchair users, field glasses to the 2008 National Sports Festival



Maki Tsukada, women's judo over 78kg grade Olympic medalist

Promoting Sports Within the Company and Beyond

ALSOK believes that promoting sports among employees fosters and improves employees' self-defense skills and physical and mental endurance, serving to develop the Company's operations, particularly in terms of improving the quality of security services. Based on this belief, the Company holds in-house tournaments in sports such as judo and kendo, promoting the practice of martial

arts among employees. ALSOK has supported many top-class athletes; eight employees took part in the Beijing Olympic

Games in 2008 giving an outstanding performance: Saori Yoshida and Kaori Icho each took a gold medal in the women's 55kg grade and 63kg grade wrestling respectively, while Maki Tsukada took a silver medal in the over 78kg grade women's judo, Chiharu Icho took a silver medal in the 48kg grade women's wrestling, and Tomohiro Matsunaga took a silver medal in the 55kg grade freestyle wrestling. In November 2008 the Japan Olympic Committee awarded ALSOK with a Best Group Award at an award ceremony for supporters of top athletes, citing ALSOK's contribution to improving Japanese athletes' performance by providing them and their coaches with a training environment and support for their activities.



Saori Yoshida, women's wrestling 55kg grade Olympic medalist

The Company also runs children's judo classes throughout Japan in order to spread enjoyment of the sport and contribute to local communities.

Initiatives for Quality Improvement

ISO 9001 Certification

Aiming to improve the quality of security services offered and increase customer satisfaction, ALSOK obtained ISO 9001 certification in September 2002. As of March 2009, 36 Group companies have completed certification. We intend to acquire certification for the entire Group.



ALSOK Achieves Listing in FTSE4Good Index

Since 2007 ALSOK has been selected for inclusion in the FTSE Group's* FTSE4Good Index, an index that promotes socially responsible investment (SRI). We believe this appointment reflects the FTSE Group's recognition of ALSOK's active engagement in environmental conservation and social contribution activities.

* The FTSE Group, an independent organization jointly owned by The Financial Times and the London Stock Exchange, compiles and manages indices widely used by investors around the world.



FTSE4Good

Directors, Corporate Auditors and Executive Officers

As of June 25, 2009



Atsushi Murai
President, CEO and COO
Chief Officer of Business
Promotion Division



Yukiyasu Aoyama
Representative Director
Executive Vice President
Human Resources and
Security Operations



Akira Tamura
Representative Director
Executive Vice President
Deputy Chief Officer of
Business Promotion
Division



Satoshi Matsumoto
Director
Executive Vice President
CSO (Chief Strategy
Officer)
CCO (Chief Compliance
Officer)
Investor Relations



Akira Ohnishi
Director
Executive Vice President
CFO (Chief Financial
Officer)
Internal Control



Akira Ichikawa
Director
Senior Executive Officer
Osaka-based



Shiro Hashio
Director
Senior Executive Officer
Nagoya-based



Akira Kanno
Director (Outside Director)

Hideo Nakajima
Corporate Auditor

Keiji Suzuki
Corporate Auditor

Yoshihiro Onozawa
Corporate Auditor
(Outside Corporate Auditor)

Teruo Kageyama
Corporate Auditor
(Outside Corporate Auditor, part-time)

Ken Osako
Corporate Auditor
(Outside Corporate Auditor, part-time)

Susumu Hoshino
Senior Executive Officer
R&D

Shozo Sawamura
Senior Executive Officer
Deputy Chief Officer of Business
Promotion Division

Takao Fujikawa
Executive Officer
General Affairs

Satoshi Yamada
Executive Officer
New Business Development

Yoshiro Kuribayashi
Executive Officer
Human Resources

Kazumasa Oizumi
Executive Officer
Regional Management

Kiyomi Hara
Executive Officer
Support and Products/Services,
Business Promotion Division

Takayoshi Nagao
Executive Officer
Corporate Marketing, Business
Promotion Division

Masashi Terao
Executive Officer
Chief Officer of Transportation
Security Services Headquarters

Matsuo Honjyo
Executive Officer
Chief Officer of Regional Division (I)

Yuichi Miyazawa
Executive Officer
Chief Officer of Regional Division (II)

Takashi Ueno
Executive Officer
Chief Officer of Regional Division (III)

Seiichi Matsumoto
Executive Officer
Chief Officer of Regional Division (IV)

Mikio Yoshioka
Executive Officer
Chief Officer of Regional Division (VIII)

Status of the ALSOK Group

The ALSOK Group consists of 45 consolidated subsidiaries and 8 equity-method affiliates engaged in Security Services (Electronic Security Services, Stationed Security Services, and Transportation Security Services) and Other Services such as Total Building Management, fire prevention, and information security. The Company and 13 consolidated subsidiaries, as well as 8 equity-method affiliates, which together total 22 companies, are engaged in the security business and other businesses, and are developing a nationwide network. A further 23 consolidated subsidiaries are primarily engaged in the provision of Stationed Security Services. Sokei Building Service Co., Ltd. and one other company provide Stationed Service and engage in other business. In addition there are seven divisional subsidiaries involved in non-security operations including Sokei Electrical Construction Co., Ltd.

Business Environment

In the fiscal year ended March 31, 2009, Japanese economic conditions deteriorated rapidly. Exports by domestic companies declined substantially as a result of the recession originating in the worldwide financial crisis. Companies held off on capital expenditures, and employment adjustments were made, primarily in the manufacturing industries.

Japan's social environment showed statistical improvements in public safety, with the number of crimes recognized declining for the sixth consecutive year. Nevertheless, the occurrence of high-profile cases and incidents had an impact on people's

perception of public safety, and public awareness of safety remained high.

Furthermore, in company activity, security system upgrades gained momentum in line with a rising number of information leak incidents occurring through employees removing secret documents and personal data, and through file-sharing software.

These social and corporate conditions are stimulating demand for the security industry to provide a broad array of services, but conditions remained challenging due to factors such as deterioration in business sentiment among companies and a decline in consumer sentiment.

Analysis of Income and Expenses

SALES

Security Services Segment

Electronic Security Services

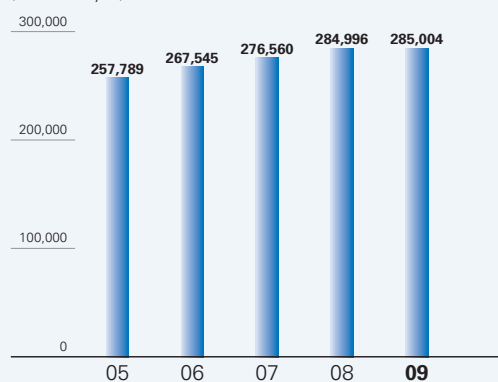
Electronic Security Services were affected by repercussions from deteriorating economic conditions and consolidation of branches of consumer finance companies. Sales were down 1.0% year on year to ¥142,511 million.

Contract sales increased only 0.4% year on year. Contributing factors were the effects of consolidation of branches of consumer finance companies, and a weak net increase in the number of contracts due to a decline in the number of new contracts and a rise in the number of contract cancellations.

Construction sales declined 10.7% as the Company could not make up for the major construction projects in the

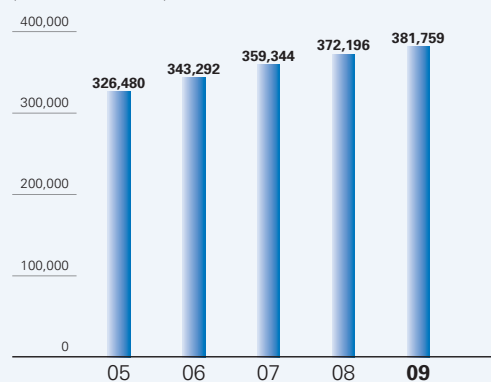
Sales

(Millions of yen)



Number of Contracts for Corporate Clients in Electronic Security Services

(Number of contracts)



Note: Figures in this section are based on the English translation of the Summary of Financial Results for the Fiscal Year Ended March 2009. For notes on this Summary, please refer to the document "Financial Results for the Fiscal Year Ended March 31, 2009" available on the ALSOK IR website.

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

Sales by Business Segment

Business type		2008		2009		2009/2008	
		Amount (¥ million)	Component ratio (%)	Amount (¥ million)	Component ratio (%)	Amount of increase/ decrease (¥ million)	Increase/decrease (%)
Security Services Segment	Electronic Security Services	143,967	50.5	142,511	50.0	(1,455)	(1.0)
	Stationed Security Services	72,798	25.5	72,830	25.6	32	0.0
	Transportation Security Services	46,606	16.4	47,444	16.6	838	1.8
	Subtotal	263,371	92.4	262,786	92.2	(584)	(0.2)
Other Services Segment		21,624	7.6	22,217	7.8	592	2.7
Total		284,996	100.0	285,004	100.0	8	0.0

previous fiscal year, and as a downturn in new orders had an impact. Equipment sales for the fiscal year ended March 31, 2009 fell 8.0% year on year as large orders dropped off in the second half, and sales of security cameras and other equipment also declined.

Note: The number of corporate contracts increased 2.6% year on year to 381,759 and the number of individual contracts increased 9.7% to 126,195.

Stationed Security Services

Sales for Stationed Security Services amounted to ¥72,830 million yen, a slight year on year increase. There were positive contributions from the commencement of public-private prison security services based on the private financing initiative model (PFI prison), the conversion of URBAN SECURITY Co., Ltd. into a subsidiary, and extra income from a large order for security

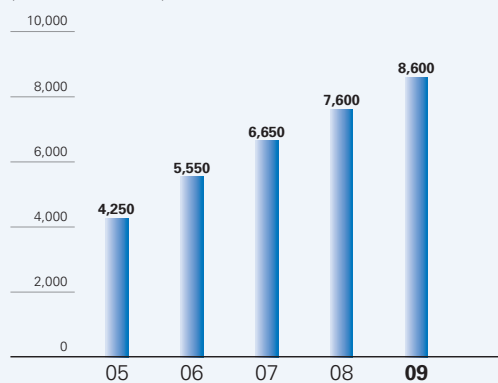
services at the G8 Hokkaido Toyako Summit. These were offset, however, by the impact of contract cancellations and price reductions associated with the economic stagnation.

Transportation Security Services

Sales for Transportation Security Services rose 1.8% year on year to ¥47,444 million. In the same way as Electronic Security Services, the result was affected by closures and consolidation of branches at consumer finance companies and others. This effect was offset, however, as sales of the Cash Deposit Machine On-line System to general corporate clients, primarily companies in the transport and services industries, remained strong and ATM installation expanded from convenience stores into new areas such as hospitals and airports. In addition, outsourcing of operations by financial institutions continued to expand not only

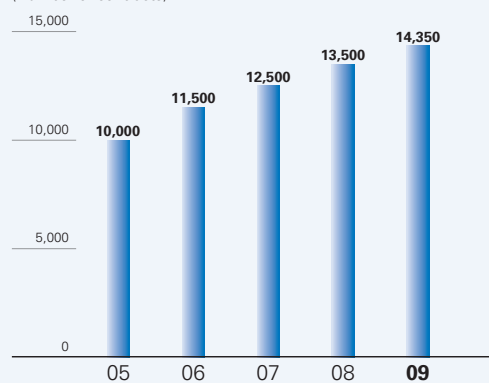
Number of Contracts for Cash Deposit Machine On-line System

(Number of contracts)



Number of Contracts for Convenience Store ATMs

(Number of contracts)



for city banks but also for regional banks and other types of institutions, resulting in growth in orders for cash management and cash transportation services.

As a result of the above, sales for the Security Services segment overall fell 0.2% year on year to ¥262,786 million.

Other Services Segment

Sales for the Other Services segment increased 2.7% year on year to ¥22,217 million. This was due to continued strong orders, with the orders for automated external defibrillators (AEDs) increasing 2,815 units year on year to 11,148, and net orders for ALSOK's "MMK" multimedia ATM increasing by five units year on year to 105 units.

COST OF SALES

The cost of sales increased ¥3,424 million, or 1.6%, year on year to ¥215,711 million.

This was due primarily to an increase of ¥3,888 million in labor costs which had already been incorporated into the initial business plan. Specifically, labor costs increased as a result of securing sales staff, mainly for the Electronic Security Services business, increasing staff for the new PFI prison business and the conversion of URBAN SECURITY Co., Ltd. into a subsidiary in the Stationed Security Services business. Other factors were the impact of amortizing pensions actuarial gains and losses and a change in the period applicable to allowance for bonuses at subsidiaries.

Additionally, expenses increased ¥74 million due to an increase in depreciation, although outsourcing expenses declined, and cost of product sold and installation declined ¥538 million on a fall in equipment sales.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses rose ¥436 million, or 0.7%, year on year to ¥59,349 million. The primary factors were an increase of ¥944 million in personnel costs, which was due to the addition of staff, the impact of amortizing pensions actuarial gains and losses, and change in the period applicable to allowance for bonuses at subsidiaries. This increase was partially offset by a decrease of ¥143 million year on year in advertising expenses as part of cost reduction measures.

As a result, operating profit declined ¥3,852 million or 27.9% year on year to ¥9,943 million.

OTHER INCOME AND EXPENSES

Other income fell ¥309 million, or 9.2%, year on year to ¥3,038 million as a result of a decrease of ¥260 million in rental income year on year.

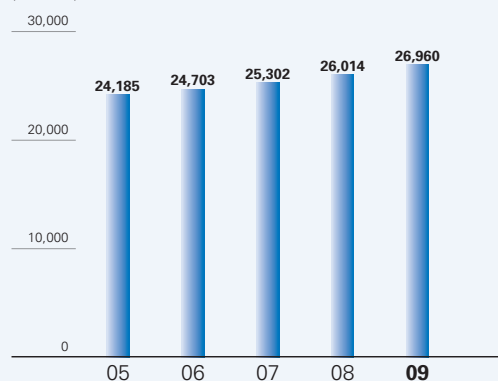
Other expenses fell ¥150 million, or 6.0%, year on year to ¥2,350 million on factors including a decrease of ¥189 million in loss on disposals of fixed assets.

EXTRAORDINARY PROFITS AND LOSSES AND NET INCOME

Extraordinary profits declined ¥703 million year on year to ¥49 million due to a fall of ¥452 million in profit on sales of

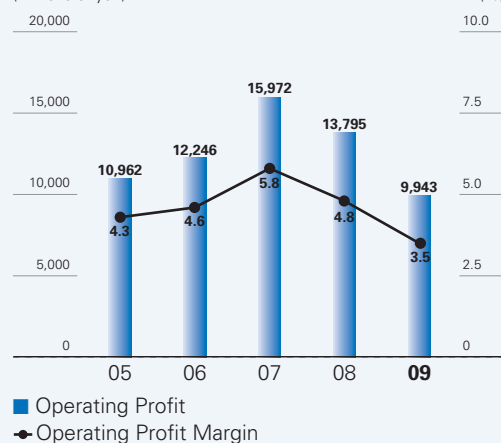
Number of Consolidated Employees

(Persons)



Operating Profit/Operating Profit Margin

(Millions of yen)



investments in securities, net. In addition, extraordinary losses rose ¥1,207 million, or 294.1%, year on year to ¥1,617 million, mainly due to factors including an increase of ¥1,359 million in impairment loss on investments in securities. Also, income taxes (the total of corporate tax, inhabitants' tax, enterprise tax and deferred income taxes) decreased by ¥2,441 million, or 37.1%, year on year to ¥4,144 million.

As a result, net income for the period decreased ¥3,429 million, or 44.8%, year on year to ¥4,224 million.

Financial Position

ASSETS

Total assets at March 31, 2009, were ¥287,561 million, down ¥9,834 million, or 3.3%, year on year.

CURRENT ASSETS

Current assets fell ¥8,522 million, or 4.9%, year on year, to ¥163,690 million. The primary factors were a decline of ¥3,797 million in cash and deposits (including cash for Transportation Security Services), a fall of ¥5,955 million in advance payments mainly for Transportation Security Services, and a decrease of ¥1,598 million in notes and accounts receivable.

Most of the amount of advance payment relates to the Cash Deposit Machine On-line System in Transportation Security Services. Since March 31, 2008 fell on a Monday the amount of cash for the preceding Saturday and Sunday was transferred to our clients' accounts from ALSOK all at once on the Monday, when the financial institutions reopened. This came to a significant amount. Since March 31, 2009 did not fall on a Monday

Cash Deposit Machine On-line System: The Relationship to Cash and Cash Advance Payment on the Balance Sheet

The majority of cash for Transportation Security Services and advance payment is used for the Cash Deposit Machine On-line System. The process of the Cash Deposit Machine On-line System is explained below.

① Depositing of proceeds from sales

After closing sales for the day, the staff at the client store deposit the day's cash takings into a cash deposit machine installed in the store's office.

② Deposit data transmitted to ALSOK

The cash deposit machine automatically calculates the amount of cash deposited and then transmits the data to ALSOK via a telephone line.

③ Transfer of sales proceeds to client's bank account

Based on the transmitted data, on the next business day ALSOK makes a transfer to the client's designated bank account. The amount transferred is entered on the balance sheet as "advance payment." Because transfers cannot be made on holidays, the amount of advance payment increases just after a holiday.

④ Collection of cash stored in the cash deposit machine

ALSOK's cash transportation vehicles collect the cash deposited in each store's machines at the most efficient intervals. When it is collected, it is recorded on the balance sheet as "Cash for Transportation Security Services," and the amount of advance payment decreases.

Year on Year Comparison of Consolidated Balance Sheets

		As of March 31, 2008		As of March 31, 2009		YoY	
		Amount (¥ million)	Component ratio (%)	Amount (¥ million)	Component ratio (%)	Amount of increase/ decrease (¥ million)	Increase/ decrease (%)
Assets	Current assets	172,212	57.9	163,690	56.9	(8,522)	(4.9)
	Fixed assets	125,183	42.1	123,871	43.1	(1,312)	(1.0)
	Total assets	297,396	100.0	287,561	100.0	(9,834)	(3.3)
Liabilities	Current liabilities	96,993	32.6	89,381	31.1	(7,612)	(7.8)
	Long-term liabilities	45,498	15.3	43,282	15.0	(2,216)	(4.9)
	Total liabilities	142,491	47.9	132,663	46.1	(9,828)	(6.9)
Total net assets		154,904	52.1	154,898	53.9	(6)	(0.0)

this effect did not occur, resulting in a decrease in advance payment year on year.

FIXED ASSETS

Fixed assets fell ¥1,312 million, or 1.0%, year on year, to ¥123,871 million. The primary factors in this were a ¥3,315 million decline in investments in securities due to many securities falling below their acquisition book value during the stock market slump, and a ¥1,178 million decrease in long-term loans.

LIABILITIES

Total liabilities at March 31, 2009, decreased ¥9,828 million, or 6.9%, year on year to ¥132,663 million. Current liabilities decreased ¥7,612 million, or 7.8%, year on year to ¥89,381 million. The main reason for the declines was a fall of ¥7,583 million in short-term borrowings for Transportation Security Services and other business areas.

In addition, long-term liabilities decreased ¥2,216 million, or 4.9%, year on year to ¥43,282 million. The main reason for the decline was a decrease of ¥2,200 million in bonds.

NET ASSETS

Net assets fell ¥6 million, or 0.0%, year on year to ¥154,898 million. Major factors in this decrease were a ¥1,054 million decline in treasury stock, and a ¥1,573 million decrease in valuation and translation adjustments.

CASH FLOWS

Cash and cash equivalents

The balance of cash and cash equivalents at March 31, 2009 was ¥45,866 million. Consolidated cash flow provided by operating activities amounted to ¥19,291 million, while net cash used in investment activities and in financing activities was ¥13,997 million and ¥9,377 million, respectively, resulting in an overall decrease of ¥3,924 million, or 7.9%, year on year.

Cash flows from operating activities

Net cash provided by operating activities was ¥19,291 million. The major components were ¥9,062 million in income before income taxes (down 39.5% year on year), ¥11,988 million in internal reserves due to depreciation (up 6.4% year on year), a ¥1,729 million increase in cash due to a decrease in accounts receivable (down 209.4% year on year), and ¥5,306 million in income taxes paid (down 21.4% year on year).

Cash flows from investment activities

Net cash used in investment activities was ¥13,997 million (up 69.0% year on year). The major components were ¥10,370 million in payments for purchases of tangible assets (up 13.5% year on year), and ¥3,862 million in payments for purchases of investments in securities (up 53.4% year on year).

Breakdown of Cash and Cash Equivalents

(Millions of yen)

	2008	2009	YoY
Cash flows from operating activities	14,986	19,291	4,304
Cash flows from investment activities	(8,283)	(13,997)	(5,714)
Cash flows from financing activities	(9,500)	(9,377)	123
Effect of exchange rate changes on cash and cash equivalents	(4)	(2)	1
Net increase/decrease in cash and cash equivalents	(2,800)	(4,086)	(1,286)
Cash and cash equivalents at beginning of the year	52,591	49,790	(2,800)
Cash and cash equivalents at the end of the year	49,790	45,866	(3,924)

Breakdown of Capital Expenditures

(Millions of yen)

Segment	Total	Breakdown	Use
Electronic Security Services	8,930	7,880	Alarm signal equipment installation (including ¥1,114 million for construction in progress)
		1,049	Construction of backup systems and installation of furniture and fixtures
Stationed Security Services	374		New construction and renovation of buildings as well as installation of furniture and fixtures
Transportation Security Services	1,463	333	New construction and renovation of buildings
		1,130	Installation of furniture and fixtures and various system improvements
Other Services	1,056		Total Building Management and Disaster Prevention Services and information communication and network systems

Cash flows from financing activities

Net cash used in financing activities was ¥9,377 million (down 1.3% year on year). The major components were ¥4,110 million for payments on repayment of long-term debt (down 21.6% year on year), and ¥2,700 million for payments for redemption of bonds (up 22.7% year on year).

CAPITAL EXPENDITURES AND DEPRECIATION

The ALSOK Group made capital expenditures of ¥11,977 million mainly for security equipment installed when clients start to use security services for the first time.

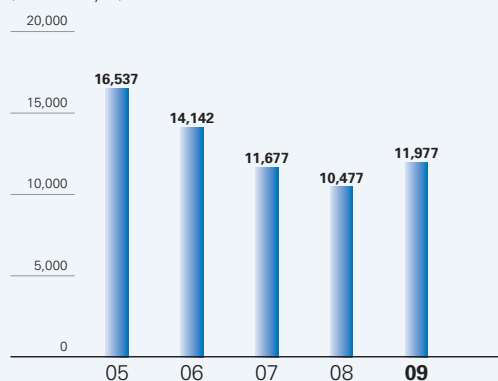
In Electronic Security Services, the Group made total capital expenditures of ¥8,930 million. This included ¥7,880 million for installation of alarm signal equipment (including ¥1,114 million for construction in progress) and ¥1,049 million for construction of backup systems and installation of furniture and fixtures. In

Stationed Security Services, the Group made total capital expenditures of ¥374 million including new construction and renovation of buildings as well as installation of furniture and fixtures. In Transportation Security Services, the Group made total capital expenditures of ¥1,463 million including ¥333 million for new construction and renovation of buildings and ¥1,130 million for installation of furniture and fixtures and various system improvements. In Other Services, the Group made capital expenditures of ¥1,056 million for Total Building Management and Disaster Prevention Services and for information communication and network systems.

Additionally, in the fiscal year ended March 31, 2009, depreciation increased ¥725 million, or 6.4%, year on year to ¥11,988 million in conjunction with the Group spending ¥11,977 million for capital expenditures.

Capital Expenditures

(Millions of yen)



Dividends/Consolidated Payout Ratio

(yen)

(%)



Basic Policy on Distribution of Profits and Dividends

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

Regarding acquisition of treasury stock, the Company exercises a flexible capital structure policy that is responsive to changes in the operating environment.

In line with these basic policies, for the fiscal year ended March 31, 2009, the Company has decided to pay a total annual dividend of ¥20 per share.

Furthermore, for the fiscal year ending March 31, 2010, the Company plans to pay an interim dividend of ¥10 per share and a year-end dividend of ¥10 per share, for an annual dividend of ¥20 per share.

Consolidated Forecasts for Fiscal Year Ending March 31, 2010

Our consolidated forecasts for the fiscal year ending March 31, 2010 are shown below.

(Millions of yen)

		2010 (projected)	Increase/decrease (%)
Sales	Electronic Security Services	143,500	0.7
	Stationed Security Services	71,100	(2.3)
	Transportation Security Services	48,100	1.5
	Other Services	23,100	4.2
	Total	286,000	0.3
Operating Profit		8,000	(19.5)
Net Income		4,200	(0.6)

Risk Information

Of the matters related to the ALSOK Group's business and accounting circumstances, the following items could potentially have a significant effect on the judgment of investors.

Future-related descriptions in the content below were deemed appropriate by the Group as of the end of the fiscal year under review.

(1) Dependency on sales from a specific business sector

Sales from the financial institutions sector accounted for 29.6% of the Group's total sales in the year ended March 31, 2009. Consequently, trends in the economic environment surrounding financial institutions, including the possible cancellations 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.

(2) Electronic Security business

Of the Group's total sales, 50.0% are dependent on the Electronic Security business. The smooth operation of the Electronic

Security business is based on the premise of continued capital investment for structuring and maintaining operational infrastructures such as the preparation 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 contracts due to any of a wide range of factors associated with the Group's Electronic Security business, the Group's operating performance could be affected.

(3) Cash used for Transportation Security Services

The Group supplies its own funds or funds financed through overdrafts as cash to be stored in the CD machines installed by the subsidiaries of financial institutions in their business partners' stores and offices and cash used to deposit advances for Cash Deposit Machine On-line System contracts.

Although ALSOK receives fees for advancing these funds from the contracted clients to compensate for the burden of interest for procuring the cash required for the Transportation

Security Services, the burden of interest could have a considerable effect on the Group's operating performance in the event of a rapid rise in interest rates.

(4) Dependency on a specified equipment supplier

The Group mostly depends on NEC Corporation for the development and provision of the center equipment that has been and is to be installed inside the Guard Centers. As for transactions involving the center equipment, the Group enters into a master agreement for commodity purchases to provide for anticipated quantities of items and additionally holds certain levels of spare items for maintenance to allow for emergencies. Should any difficulty occur in the provision of such center equipment due to a natural disaster or for whatever reason, the normal operation of the Guard Centers could be affected.

(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 of society, 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 in the R&D Department of the Group. At the same time we work to avoid risk by staying abreast of the latest technology trends in communications, devices and other technologies.

(6) Management of client information

Recognizing the importance of information management, the Group endeavors to upgrade and strengthen information management by the execution of appropriate internal audits and safety management measures relating to organizational, human, physical, and technological aspects. In concluding a security service contract with a client, the Group obtains a significant amount of information about the client including the names, addresses and phone numbers of related parties, as well as various information about the client premises where security services are to be employed, and utilizes that essential information for the execution of security services, business activities and so forth. As a precaution, the ALSOK Group has enrolled in

an insurance policy for personal information leakage, an umbrella policy covering all Group companies. However, should any major problems occur with regard to the management of client information, including any unforeseeable accidents, the resulting claims for damages and the decline in public trust of the Group could affect the operating performance and future business development of the Group.

(7) Ensuring human resources

In recent years, Japanese society has been rapidly aging due to a combination of extended average life expectancy with 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 personnel expenses such as wages be increased with the aim of securing good human resources, the Group's operating performance could be affected.

(8) Natural disasters and other problems

The Group has constructed a network in each region, through which it conducts centralized remote monitoring of various information relating to security services. One of the major network components is the telecommunications lines that connect the client premises, the Guard Centers, depots and so forth. The operation of the telecommunications lines depends on the communications services provided by the contracted type-I carrier. Accordingly, should any serious failure take place in the telecommunications lines due to a natural disaster or an accident, there could be difficulties in the operation of Guard Centers conducting remote monitoring.

Anti-seismic measures have been adopted and/or support center backup has been established for various systems, including at Guard Centers, on the premise that such a natural disaster might occur in the area where a Guard Center is established or various types of system malfunctions might happen. Nevertheless, in the event that a natural disaster of unprecedented scale were to occur, normal signal transmission/reception from/to the contracted clients would become unavailable, causing serious difficulties such as the suspension of our security services. In such cases, the resulting claims for damages and the decline in public trust of the Group could affect the operating performance and future business development of the Group and concurrently it could become necessary to pay huge expenses to recover damaged Guard Centers and other facilities.

(9) Countermeasures against new strains of influenza

The Group is currently taking measures to prepare for a feared pandemic of a highly virulent new strain of influenza. Measures include awareness raising for staff regarding preventative measures, distribution of influenza kits, securing stockpiles, and formulating a business continuity plan and action plan.

If a highly virulent new strain of influenza does reach pandemic stage, it could have an effect on the operating performance and future business development of the Group.

(10) Legal restrictions

In its provision of various security and other business services, the Group is subject to a variety of statutory restrictions including the major ones stated in the table below. 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.

Major operation	Relevant laws	Competent authorities, etc.
Electronic Security Services Stationed Security Services Transportation Security Services	Security Business Law	National Public Safety Commission Prefectural Public Safety Commission(s)
	Road Traffic Law	National Public Safety Commission (National Police Agency)
	Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors	Japan Fair Trade Commission Small and Medium Enterprise Agency
	Radio Law	Ministry of Internal Affairs and Communications
Electronic Security Services	Construction Business Act	Ministry of Land, Infrastructure, Transport and Tourism
	Electrical Appliance and Material Safety Act	Ministry of Economy, Trade and Industry
	Act on Ensuring Fair Electric Business Practices	
Transportation Security Services	Truck Transport Business Law	Ministry of Land, Infrastructure, Transport and Tourism
	Freight Forwarding Business Law	
	Road Trucking Vehicle Law	
	Warehousing Business Law	
Other Services (Total Building Management, Disaster Prevention Services and other operations)	Fire Defense Law	Ministry of Internal Affairs and Communications
	Fire Prevention Ordinance, etc	Each firefighting headquarters Each municipality
	Pharmaceutical Affairs Law	Ministry of Health, Labor and Welfare
	Law for Maintenance of Sanitation in Buildings	
	Insurance Business Law	Financial Services Agency
	Financial Instruments and Exchange Act	
	Act on Prevention of Transfer of Criminal Proceeds	

Consolidated Balance Sheets

ALSOK and Subsidiaries

	As of March 31, 2009		As of March 31, 2008		YoY
	Amount (¥ million)	Share (%)	Amount (¥ million)	Share (%)	Amount (¥ million)
Assets					
Current assets					
Cash and deposits	53,506		57,375		
Cash for Transportation Security Services	30,910		30,839		
Notes and accounts receivable	20,862		22,460		
Lease receivables and lease investment assets	1,290		—		
Short-term investments in securities	1,618		1,265		
Inventories	—		4,452		
Raw materials and supplies	4,249		—		
Advance payment	43,821		49,776		
Deferred tax assets	2,409		1,689		
Other	5,238		4,583		
Allowance for doubtful accounts	(216)		(229)		
Total current assets	163,690	56.9	172,212	57.9	(8,522)
Fixed assets					
Tangible fixed assets					
Buildings and structures	18,984		19,554		
Machinery, equipment and delivery equipment	15,140		15,364		
Land	17,972		17,933		
Leased assets	2,221		—		
Construction in progress	1,404		1,129		
Other	3,372		3,657		
Total tangible fixed assets	59,095	20.6	57,638	19.4	1,457
Intangible fixed assets					
Software	5,125		4,574		
Goodwill	37		147		
Other	259		806		
Total intangible fixed assets	5,422	1.9	5,528	1.9	(106)
Investments and other assets					
Investments in securities	24,039		27,354		
Long-term loans	636		1,815		
Lease deposits	8,429		8,460		
Insurance reserve fund	3,111		3,421		
Prepaid pension fund	4,166		3,518		
Deferred tax assets	15,909		16,111		
Other	3,535		3,704		
Allowance for doubtful accounts	(474)		(2,369)		
Net investments and other assets	59,353	20.6	62,016	20.8	(2,663)
Total fixed assets	123,871	43.1	125,183	42.1	(1,312)
Total assets	287,561	100.0	297,396	100.0	(9,834)

Note: Figures in this section are based on the English translation of the Summary of Financial Results for the Fiscal Year Ended March 2009. For notes on this Summary, please refer to the document "Financial Results for the Fiscal Year Ended March 31, 2009" available on the ALSOK IR website.
 URL <http://www.alsok.co.jp/ir/en/library/results.html>

	As of March 31, 2009		As of March 31, 2008		YoY
	Amount (¥ million)	Share (%)	Amount (¥ million)	Share (%)	Amount (¥ million)
Liabilities					
Current liabilities					
Trade notes and accounts payable	8,668		9,551		
Short-term borrowings	53,182		60,766		
Current portion of bonds	2,200		2,700		
Accounts payable	12,407		11,724		
Lease obligations	788		—		
Accrued income taxes	1,541		1,572		
Accrued consumption taxes	1,326		1,619		
Allowance for bonuses	876		807		
Allowance for directors' bonuses	174		184		
Other	8,215		8,066		
Total current liabilities	89,381	31.1	96,993	32.6	(7,612)
Long-term liabilities					
Bonds	4,400		6,600		
Long-term borrowings	2,852		4,419		
Lease obligations	2,825		—		
Deferred tax liabilities	4		25		
Deferred income taxes on land revaluation	418		418		
Accrued retirement benefits for employees	27,773		28,670		
Accrued retirement benefits for directors and corporate auditors	1,658		1,575		
Other	3,348		3,788		
Total long-term liabilities	43,282	15.0	45,498	15.3	(2,216)
Total liabilities	132,663	46.1	142,491	47.9	(9,828)
Net Assets					
Shareholders' equity					
Common stock	18,675	6.5	18,674	6.2	0
Capital surplus	32,117	11.2	32,117	10.8	0
Retained earnings	93,004	32.3	90,720	30.5	2,283
Treasury stock	(1,974)	(0.7)	(919)	(0.3)	(1,054)
Total shareholders' equity	141,822	49.3	140,592	47.2	1,230
Valuation and translation adjustments					
Other securities valuation difference	738	0.3	2,310	0.8	(1,571)
Land revaluation account	(5,395)	(1.9)	(5,395)	(1.8)	—
Translation adjustment	(3)	(0.0)	(2)	(0.0)	(1)
Total valuation and translation adjustments	(4,660)	(1.6)	(3,087)	(1.0)	(1,573)
Minority interests in consolidated subsidiaries	17,735	6.2	17,399	5.9	335
Total net assets	154,898	53.9	154,904	52.1	(6)
Total liabilities and net assets	287,561	100.0	297,396	100.0	(9,834)

Consolidated Statements of Operations

ALSOK and Subsidiaries

	Fiscal year ended March 31, 2009		Fiscal year ended March 31, 2008		YoY
	Amount (¥ million)	Share (%)	Amount (¥ million)	Share (%)	Amount (¥ million)
Sales	285,004	100.0	284,996	100.0	8
Cost of sales	215,711	75.7	212,287	74.5	3,424
Gross profit on sales	69,292	24.3	72,709	25.5	(3,416)
Selling, general and administrative expenses	59,349	20.8	58,913	20.7	436
Operating profit	9,943	3.5	13,795	4.8	(3,852)
Other income					
Interest received	241		395		
Dividends received	566		667		
Profit on sales of investments in securities, net	21		170		
Rental income	181		441		
Gain from insurance claim	322		132		
Equity in earnings of affiliates	312		329		
Received penalties for contracts cancellation	383		438		
Other	1,008		772		
Total other income	3,038	1.0	3,347	1.2	(309)
Other expenses					
Interest	930		988		
Loss on sales of investments in securities, net	2		16		
Loss on disposals of fixed assets	281		470		
Loss on revaluation of derivatives	327		540		
Other	809		484		
Total other expenses	2,350	0.8	2,500	0.9	(150)
Recurring profit	10,630	3.7	14,642	5.1	(4,011)
Extraordinary profits					
Profit on sales of investments in securities, net	11		464		
Restitution income	—		287		
Other	37		—		
Total extraordinary profits	49	0.0	752	0.3	(703)
Extraordinary losses					
Impairment loss on investments in securities	1,590		231		
Loss on sales of investments in securities	2		45		
Loss on disposals of fixed assets	23		120		
Impairment loss	0		12		
Total extraordinary losses	1,617	0.5	410	0.1	1,207
Income before income taxes	9,062	3.2	14,983	5.3	(5,921)
Income taxes	3,467		4,603		
Income taxes adjustment	676		1,982		
Total income taxes	4,144	1.5	6,586	2.3	(2,441)
Minority interests in income of consolidated subsidiaries	693	0.2	744	0.3	(50)
Net income	4,224	1.5	7,653	2.7	(3,429)

Consolidated Statements of Changes in Net Assets

ALSOK and Subsidiaries

(Amount: ¥ million)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Shareholders' equity		
Common stock		
Balance at the end of previous period	18,674	18,536
Changes during the period		
Issuance of new shares	0	137
Total changes of items during the period	0	137
Balance at the end of period	18,675	18,674
Capital surplus		
Balance at the end of previous period	32,117	32,047
Changes during the period		
Issuance of new shares	0	69
Total changes of items during the period	0	69
Balance at the end of period	32,117	32,117
Retained earnings		
Balance at the end of previous period	90,720	85,258
Changes during the period		
Cash dividends	(2,019)	(2,191)
Net income	4,224	7,653
Other	78	—
Total changes of items during the period	2,283	5,462
Balance at the end of period	93,004	90,720
Treasury stock		
Balance at the end of previous period	(919)	(6)
Changes during the period		
Purchase of treasury stock	(1,054)	(913)
Total changes of items during the period	(1,054)	(913)
Balance at the end of period	(1,974)	(919)
Total shareholders' equity		
Balance at the end of previous period	140,592	135,835
Changes during the period		
Issuance of new shares	1	207
Cash dividends	(2,019)	(2,191)
Net income	4,224	7,653
Purchase of treasury stock	(1,054)	(913)
Other	78	—
Total changes of items during the period	1,230	4,756
Balance at the end of period	141,822	140,592

Contd.

(Amount: ¥ million)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Valuation and translation adjustments		
Other securities valuation difference		
Balance at the end of previous period	2,310	4,335
Changes during the period		
Net amount of changes excluding shareholders' equity	(1,571)	(2,025)
Total changes of items during the period	(1,571)	(2,025)
Balance at the end of period	738	2,310
Land revaluation account		
Balance at the end of previous period	(5,395)	(5,395)
Changes during the period		
Total changes of items during the period	—	—
Balance at the end of period	(5,395)	(5,395)
Translation adjustments		
Balance at the end of previous period	(2)	—
Changes during the period		
Net amount of changes excluding shareholders' equity	(1)	(2)
Total changes of items during the period	(1)	(2)
Balance at the end of period	(3)	(2)
Total valuation and translation adjustments		
Balance at the end of previous period	(3,087)	(1,060)
Changes during the period		
Net amount of changes excluding shareholders' equity	(1,573)	(2,027)
Total changes of items during the period	(1,573)	(2,027)
Balance at the end of period	(4,660)	(3,087)
Minority interests in consolidated subsidiaries		
Balance at the end of previous period	17,399	17,040
Changes during the period		
Net amount of changes excluding shareholders' equity	335	359
Total changes of items during the period	335	359
Balance at the end of period	17,735	17,399
		Contd.

(Amount: ¥ million)

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Total net assets		
Balance at the end of previous period	154,904	151,816
Changes during the period		
Issuance of new shares	1	207
Cash dividends	(2,019)	(2,191)
Net income	4,224	7,653
Purchase of treasury stock	(1,054)	(913)
Other	78	—
Net amount of changes excluding shareholders' equity	(1,237)	(1,668)
Total changes of items during the period	(6)	3,088
Balance at the end of period	154,898	154,904

Consolidated Statements of Cash Flows

ALSOK and Subsidiaries

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008	YoY
	Amount (¥ million)	Amount (¥ million)	Amount (¥ million)
Cash flows from operating activities			
Income before income taxes	9,062	14,983	
Depreciation	11,988	11,262	
Impairment loss	0	12	
Depreciation of goodwill	22	109	
Increase/(decrease) in allowance for doubtful accounts	(1,907)	212	
Increase/(decrease) in accrued retirement benefit for employees	(921)	(486)	
Increase/(decrease) in allowance for bonuses	39	(1,050)	
Decrease in allowance for directors' bonuses	(10)	(38)	
Interest income and dividend income	(807)	(1,063)	
Interest expenses	930	988	
Equity in earnings of affiliates	(312)	(329)	
Loss on sales of fixed assets	13	1	
Loss on disposals of fixed assets	305	590	
Profit on sales of investments in securities	(29)	(572)	
Impairment loss on investment in securities	1,590	231	
Loss on revaluation of derivatives	327	540	
(Increase)/decrease in accounts receivable	1,729	(1,580)	
(Increase)/decrease in inventories	202	(359)	
Decrease in accounts payable	(182)	(606)	
Increase in prepaid pension	(647)	(1,529)	
Decrease in assets and liabilities for Transportation Security Services	(229)	(1,755)	
Other	2,741	1,460	
Sub-total	23,905	21,022	2,883
Interest and dividend income, received	880	1,133	
Interest expenses, paid	(928)	(989)	
Income taxes, paid	(5,306)	(6,754)	
Income tax, refund	739	574	
Net cash provided by operating activities	19,291	14,986	4,304
Cash flows from investment activities			
(Increase)/decrease of time deposits	(61)	646	
Payments for purchases of tangible assets	(10,370)	(9,138)	
Proceeds from sales of tangible assets	15	378	
Payments for purchases of investments in securities	(3,862)	(2,518)	
Proceeds from sales of investments in securities	2,178	5,700	
(Increase)/decrease in short-term loans	17	(17)	
Long-term loans made	(146)	(259)	
Long-term loans collected	144	365	
Other	(1,913)	(3,439)	
Net cash used in investment activities	(13,997)	(8,283)	(5,714)
Cash flows from financing activities			
Increase/(decrease) in short-term borrowings	(134)	246	
Proceeds from long-term debt	1,200	750	
Payments on repayment of long-term debt	(4,110)	(5,240)	
Payments for redemption of bonds	(2,700)	(2,200)	
Proceeds from issue of new shares	1	205	
Proceeds from minority shareholders	25	40	
Payments for purchase of treasury stock	(1,054)	(913)	
Payments for purchase of treasury stock by subsidiary	(16)	—	
Repayments of lease obligations	(378)	—	
Dividends paid	(2,015)	(2,191)	
Dividends paid to minority shareholders	(194)	(197)	
Net cash used in financing activities	(9,377)	(9,500)	123
Effect of exchange rate changes on cash and cash equivalents	(2)	(4)	1
Net decrease in cash and cash equivalents	(4,086)	(2,800)	(1,286)
Cash and cash equivalents at beginning of the year	49,790	52,591	(2,800)
Change in cash and cash equivalents due to newly consolidated subsidiaries	162	—	162
Balance of cash and cash equivalents at the end of the year	45,866	49,790	(3,924)

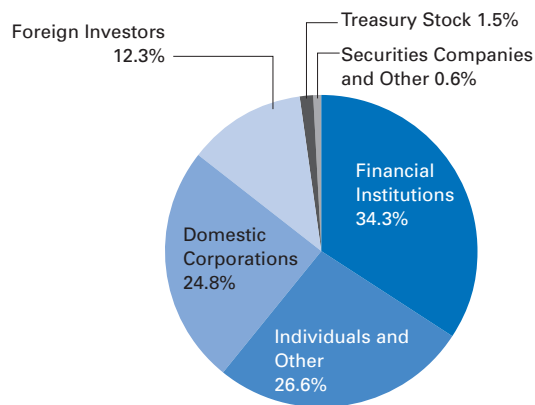
Profile

Corporate Name SOHGO SECURITY SERVICES CO., LTD.
 Head Office 1-6-6 Motoakasaka, Minato-ku, Tokyo
 107-8511, Japan
 Telephone +81-3-3470-6811
 Established July 16, 1965
 Capital 18,675,011,600 yen
 Employees (Consolidated) 26,960
 (Non-consolidated) 12,600
 Business Operations Head office/5 Headquarters
 58 Branches/45 Offices/
 241 Sales Offices
 URL <http://www.alsok.co.jp/>

Stock Information

Stock Listing First Section, Tokyo Stock Exchange
 Securities Code 2331
 Minimum Trading Lot 100
 Total Number of Shares Authorized 300,000,000
 Number of Shares Issued 102,040,042
 (incl. 1,505,245 shares of treasury stock)
 Number of Shareholders 11,138
 at the End of the Preceding
 Fiscal Period

Distribution of Shares by Shareholder Type



Major Shareholders

Name	Number of shares held (1,000 shares)	Percentage of shares held (%) *1
SOHGO CORPORATION	7,388	7.24
Employees Shareholding Association	5,996	5.87
Saitama Machinery Co., Ltd.	5,283	5.17
Kamakura Corporation	4,300	4.21
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. *2	4,261	4.17
Japan Trustee Services Bank, Ltd. (trust account) *3	4,179	4.09
Japan Trustee Services Bank, Ltd. (trust account 4G)	3,708	3.63
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,420	3.35
The Master Trust Bank of Japan, Ltd. (trust account) *3	3,172	3.10
Tsuneo Murai	2,999	2.93

*1 Percentages are rounded to the nearest thousandth of a percent, (the third place after the decimal point).

*2 The shares held by the Mizuho Trust & Banking Co., Ltd. Retirement Benefits Trust Account entrusted to Mizuho Bank, Ltd. are shares entrusted by Mizuho Bank as a contribution to retirement benefits.

*3 The above number of shares held includes the following shares associated with trust services:

Japan Trustee Services Bank, Ltd. (trust account): 2,559 thousand shares
 The Master Trust Bank of Japan, Ltd. (trust account): 2,868 thousand shares

ALSOK's IR Website

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 pages below for more information.



This page gives you access to the latest news about ALSOK, and allows you to check past information. The site is also RSS-enabled, allowing you to check the latest news quickly.

On this page you will find resources for enhancing your understanding of ALSOK, including annual reports, financial summaries, and presentation materials

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If you have any questions, please do not hesitate to contact us.

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