Consolidated Financial Results for Fiscal Year Ended March 31, 2008

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

(URL http://ir.alsok.co.jp/english)

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Date of the Board Meeting for the Settlement of Consolidated Accounts: May 15, 2008

Scheduled Date of the General Meeting of Shareholders: June 27, 2008

Scheduled Date of Payment of Dividend: June 30, 2008

Scheduled Date of Filing Securities Report: June 27, 2008

1. Summary of consolidated financial results for the fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Fiscal year ended	
	March 31, 2008	March 31, 2007
Sales	¥284,996 million	¥276,560 million
% change from the previous year	3.1 %	3.4 %
Operating profit	¥13,795 million	¥15,972 million
% change from the previous year	-13.6%	30.4%
Recurring profit	¥14,642 million	¥16,917 million
% change from the previous year	-13.4%	29.1%
Net income	¥7,653 million	¥7,558 million
% change from the previous year	1.3%	36.2%
Net income per share	¥75.07	¥74.71
Diluted net income per share	¥74.96	¥74.43
ROE (Net income to equity)	5.6%	5.7%
Ordinary profit to total assets	5.0%	6.0%
Operating profit to sales	4.8%	5.8%

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

Note 2: Equity in earnings of affiliates - Year ended March 31, 2008: ¥329 million; Year ended March 31, 2007: ¥256 million

(2) Consolidated financial conditions

(Figures rounded down to the nearest million)

	As of	
	March 31, 2008	March 31, 2007
Total assets	¥297,396 million	¥285,219 million
Net assets	¥154,904 million	¥151,816 million
Capital adequacy ratio	46.2%	47.2%
Net assets per share	¥1,356.35	¥1,322.82

Note: Equity capital - As of March 31, 2008: ¥137,504 million; As of March 31, 2007: ¥134,775 million

(3) Consolidated cash flows

(Figures rounded down to the nearest million)

	Fiscal year ended	
	March 31, 2008	March 31, 2007
Cash flows from operating activities	¥14,986 million	¥16,570 million
Cash flows from investment activities	-¥8,283 million	-¥8,813 million
Cash flows from financing activities	-¥9,500 million	-¥5,387 million
Cash and cash equivalents at the end of the period	¥49,790 million	¥52,591 million

2. Dividend

		Fiscal year ended		Fiscal year ending
		March 31, 2008	March 31, 2007	March 31, 2009 forecast
Dividends per share	Interim	¥10.00	¥8.50	¥11.00
	Year-end	¥10.00	¥11.50	¥11.00
	Annual	¥20.00	¥20.00	¥22.00
Total dividend (Annual)		¥2,033 million	¥2,034 million	
Consolidated payout ratio		26.6%	26.8%	28.4%
Consolidated dividends to net assets		1.5%	1.5%	

3. Forecasts for consolidated financial results for the fiscal year ending March 31, 2009 (April 1, 2008 ― March 31, 2009)

(Figures rounded down to the nearest million)

	Sales	Operating profit	Recurring profit	Net income	Net income per share
Interim	¥145,000 million 3.7%	¥7,200 million -18.6%	¥8,100 million -15.9%	¥3,800 million -18.9%	¥37.27
Annual	¥294,200 million 3.2%	¥14,100 million 2.2%	¥15,300 million 4.5%	¥7,900 million 3.2%	¥77.48

Note 1: The forecasts for consolidated financial results shown above include risks and uncertain factors that may cause financial results to differ significantly from forecasts.

Note 2: Percentages shown in sales, operating profit, recurring profit and net income above represent expected changes from the previous year.

4. Others

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

(2) Changes in accounting principles, procedures and presentation methods for consolidated financial results

① Changes arising from revision of accounting standards : Yes

② Changes arising from other factors : Yes

(3) Number of shares issued (Common stock)

① Number of shares issued (including treasury stock) : As of March 31, 2008 102,039,042 shares
As of March 31, 2007 101,889,342 shares

② Number of shares of treasury stock : As of March 31, 2008 660,709 shares
As of March 31, 2007 3,958 shares

(Reference) Non-consolidated Financial Results for Fiscal Year Ended March 31, 2008

1. Summary of non-consolidated financial results for fiscal year ended March 31, 2008 (April 1, 2007 - March 31, 2008)

(1) Non-consolidated operating results

(Figures rounded down to the nearest million)

	Fiscal year ended	
	March 31, 2008	March 31, 2007
Sales	¥197,115 million	¥192,203 million
% change from the previous year	2.6%	3.8%
Operating profit	¥2,827 million	¥4,514 million
% change from the previous year	-37.4%	74.3%
Recurring profit	¥7,761 million	¥7,898 million
% change from the previous year	-1.7%	40.2%
Net income	¥6,338 million	¥4,807 million
% change from the previous year	31.9%	29.5%
Basic net income per share	¥62.17	¥47.36
Diluted net income per share	¥62.08	¥47.18

Note: Percentages shown in sales, operating profit, recurring profit and net income above represent changes from the previous fiscal year.

(2) Non-consolidated financial conditions

(Figures rounded down to the nearest million)

	As of	
	March 31, 2008	March 31, 2007
Total assets	¥213,873 million	¥198,772 million
Net assets	¥98,652 million	¥96,662 million
Capital adequacy ratio	46.1%	48.6%
Net assets per share	¥973.11	¥948.74

Note: Shareholders' equity - As of March 31, 2008: ¥98,652 million; As of March 31, 2007: ¥96,662 million

2. Forecasts for non-consolidated financial results for the fiscal year ending March 31, 2009 (April 1, 2008 — March 31, 2009)

(Figures rounded down to the nearest million)

	Sales	Operating profit	Recurring profit	Net income	Net income per share
Interim	¥100,600 million 4.5%	¥3,200 million 21.7%	¥7,500 million 0.3%	¥5,400 million -4.6%	¥52.96
Annual	¥204,300 million 3.6%	¥5,900 million 108.7%	¥10,100 million 30.1%	¥7,300 million 15.2%	¥71.60

Note 1: The forecasts for non-consolidated financial results shown above include risks and uncertain factors that may cause financial results to differ from forecasts.

Note 2: Percentages shown in sales, operating profit, recurring profit and net income above represent expected changes from the previous year.

II. Qualitative Information and Financial Statements

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2008 (April 1, 2007–March 31, 2008)

(1) Analysis of Operating Results

A. Operating Results

In the first half of the fiscal year ended March 31, 2008, the Japanese economy was in a moderate recovery mode, supported by improving corporate earnings and rising capital investment. The outlook became uncertain in the second half, however, as the subprime housing loan crisis in the United States destabilized financial markets around the world, while forex rates fluctuated widely and oil prices skyrocketed.

In the social environment in Japan, the number of reported crimes declined for the fifth consecutive year and the arrest rate increased. While this would suggest improved law and order, the frequency of street crimes and break-ins remained high. In addition, crimes and incidents that grabbed public attention have affected the public's sense of peace and order. Awareness of public safety also remained high. Meanwhile, a rising number of incidents of information leaks through file sharing software has also prompted corporations to actively upgrade their security systems. These social and corporate conditions are stimulating demand for the security industry to provide a broad spectrum of services.

In response, the ALSOK Group sought to increase sales and expand business centered on the security field by offering enhanced information security solutions, opening security shops in strategic districts, and bolstering our indirect sales channels.

We augmented our lineup of conventional electronic security systems for corporate clients with the launch of Gate Control System Net (GTACS-NET) providing multiple-point control in a single system rather than requiring separate control systems for each access control point. We also launched the 4th Eye information protection system that protects data, such as personal information, by preventing files from being exported to external media.

We have also established a presence in the home security market with the ALSOK Home Security 7 and ALSOK Home Security X7, and launched the ANSHIN ALSOK mobile phone security and disaster-prevention website. These products and services provide users with the necessary information for leading safe and secure lives while also creating contact channels to introduce users to the full range of our services.

New developments during the fiscal year included the establishment of ALSOK Shimane Asahi Co., Ltd., and participation in the public finance initiative (PFI) to establish and operate the Shimane Asahi Social Rehabilitation Promotion Center. In addition, we established ALSOK (Thailand) Co., Ltd. and commenced business to meet the security demands of Japanese companies operating in the Southeast Asia region, particularly Thailand.

The ALSOK Group has leveraged the wealth of security expertise it has amassed since the company's inception to develop and provide a wide range of services meeting the needs of modern society and thereby help to ensure public safety.

As a result of these efforts, the ALSOK Group sales rose 3.1% year on year to ¥284,996 million in fiscal 2008.

Operating profit declined 13.6% to ¥13,795 million, partly because the company recorded increases in subcontractor expenses as well as labor and personnel costs, owing to increased remuneration allowances and bonus payments. Recurring profit fell 13.4% to ¥14,642 million while net income rose 1.3% to ¥7,653 million.

Sales by Business Segment

Business Segment		Fiscal year ended March 31, 2008		Fiscal year ended March 31, 2007		YoY	
		Amount (¥ million)	Share (%)	Amount (¥ million)	Share (%)	Amount (¥ million)	Increase/Decrease (%)
Security Services	Electronic Security Services	143,967	50.5	143,278	51.8	688	0.5
	Stationed Security Services	72,798	25.5	70,940	25.7	1,857	2.6
	Transportation Security Services	46,606	16.4	44,509	16.1	2,097	4.7
	Total	263,371	92.4	258,727	93.6	4,643	1.8
Other Services		21,624	7.6	17,832	6.4	3,792	21.3
Total		284,996	100.0	276,560	100.0	8,435	3.1

Major factors behind segment results

a. Security Services

In Electronic Security Services, corporate client sales were impacted by contract cancellations from closures and consolidation of branch networks, such as consumer finance outlets, in the finance industry. However, sales were boosted by the start of a new security system for the privatized postal service ordered in the previous fiscal year and brisk orders, particularly from the service and life and non-life insurance industries.

A fall in housing starts due to the adoption of revised building standards and sluggish growth in consumer spending set a challenging backdrop for sales to individuals. The company responded by seeking to fortify sales by forming alliances with homebuilders and other parties.

Sales in Electronic Security Services increased 0.5% year on year to ¥143,967 million.

In Stationed Security Services, sales grew on orders resulting from the start of new studios of broadcasting stations and large commercial facilities as well as orders from joint private-government facilities, such as prisons, that use the PFI model. Stationed Security Services sales rose 2.6% year on year to ¥72,798 million.

In Transportation Security Services, the outsourcing of operations with the aim of avoiding operational risk and reducing costs continued growing not just from city and regional banks but also among labor credit unions, credit unions, and other financial institutions, leading to increasing orders for our cash management and cash transport services.

Sales were also strong mainly to the services industry, notably for our Cash Deposit Machine On-line System for ordinary companies. Sales of Transportation Security Services increased 4.7% year on year to ¥46,606 million.

Sales in the Security Services segment increased 1.8% year on year to ¥263,371 million.

b. Other Services

Sales increased in the Other Services segment on steady growth in sales of automated external defibrillators (AEDs) and residential fire alarm devices and with the contribution from a service to dispatch security staff to the scene of car accidents, which was ordered in the previous fiscal year. In data transmission services, orders were steady for the multimedia “MMK”

ATM and the corporate disaster control service ALSOK Safety Confirmation Service. In addition, in security solutions, we launched sales of the Medical Safety Total Solution Service (MSTS) for medical institutions.

Sales in the Other Services segment rose 21.3% year on year to ¥21,624 million.

B. Comparative Analysis of the Consolidated Statements of Operations

The following chart is a year-on-year comparison of the ALSOK Group's consolidated statements of operations.

	Fiscal year ended March 31, 2008		Fiscal year ended March 31, 2007		YoY	
	Amount (¥ million)	Share (%)	Amount (¥ million)	Share (%)	Amount (¥ million)	Increase/Decrease (%)
Sales	284,996	100.0	276,560	100.0	8,435	3.1
Cost of sales	212,287	74.5	203,080	73.4	9,206	4.5
Gross profit on sales	72,709	25.5	73,479	26.6	-770	-1.0
Selling, general and administrative expenses	58,913	20.7	57,507	20.8	1,406	2.4
Operating profit	13,795	4.8	15,972	5.8	-2,176	-13.6
Other income	3,347	1.2	3,269	1.2	77	2.4
Other expenses	2,500	0.9	2,324	0.9	176	7.6
Recurring profit	14,642	5.1	16,917	6.1	-2,275	-13.4
Extraordinary profits	752	0.3	125	0.1	626	497.4
Extraordinary losses	410	0.1	802	0.3	-391	-48.8
Income taxes	6,586	2.3	7,822	2.9	-1,236	-15.8
Minority interests in income of consolidated subsidiaries	744	0.3	859	0.3	-115	-13.5
Net income	7,653	2.7	7,558	2.7	95	1.3

Consolidated sales in fiscal 2008 rose by ¥8,435 million, representing a 3.1% year-on-year increase, to ¥284,996 million.

Gross profit on sales decreased by ¥770 million, or 1.0% year on year, to ¥72,709 million. The decline was due to an increase of ¥9,206 million in cost of sales. Major reasons for the higher cost of sales were increases of ¥4,017 million in labor costs, ¥1,927 million in subcontractor expenses, and ¥1,796 million in lease payments.

Operating profit declined by ¥2,176 million, or 13.6%, to ¥13,795 million, mainly due to an increase of ¥1,406 million in selling, general and administrative expenses. Selling, general and administrative expenses rose mainly due to rises of ¥1,930 million and ¥528 million in personnel costs and depreciation, respectively. Commission fees and other administrative expenses, however, declined by ¥873 million.

Recurring profit declined ¥2,275 million, or 13.4%, to ¥14,642 million, reflecting increases of ¥77 million in other income and ¥176 million in other expenses.

Net income rose ¥95 million, up 1.3% year on year, to ¥7,653 million as extraordinary profits increased ¥626 million, extraordinary losses decreased ¥391 million and income taxes (the total of corporate tax, inhabitants' tax and enterprise tax as well as deferred income taxes) declined ¥1,236 million.

The rise in extraordinary profits was due to a ¥393 million increase in profit on sales of investments in securities, net and ¥287 million in restitution income arising from a proposed business site relocation by ALSOK. The main reason for the decline in extraordinary losses was the absence of a ¥410 million loss on disposal and impairment of inventories and a ¥185 million bad debt loss recorded in fiscal 2007. On the other hand, the company booked a ¥120 million loss on disposal of fixed assets associated with a proposed business site relocation by ALSOK.

C. Fiscal 2009 Forecasts

We expect the Japanese economy to continue moderately improving as a whole in fiscal 2009 as exports, mainly to emerging economies, gradually expand and housing construction recovers after the impact of the building standards revisions. However, the potential for an economic slowdown in the United States, movements in stock and foreign exchange markets, and oil prices must be closely monitored.

While we expect a statistical decline in reported crimes and continued improvement in the arrest rate in Japan, a rash of crimes that have affected the public's perception of safety have prompted calls for a safer and more secure society.

Corporate clients continue to require conventional electronic security systems but are now also demanding more diverse security services as they step up efforts related to internal controls and personal information protection to prevent information leaks. Increasing interest in business continuity planning is also driving corporate demand.

While we anticipate strong competition in the security industry, economic trends and a changing social environment should continue to support growth in demand for security products and services and thus an ongoing improvement in our operating environment as a whole.

In this business environment, the ALSOK Group will seek to further improve its business performance by providing products and services to meet the ever-changing safety and security needs of its clients. As we do so, we remain strongly committed to our founding management policy—providing high-level security services.

The ALSOK Group's consolidated sales for the year ending March 31, 2009 are forecast to grow 3.2% year on year to ¥294,200 million. Meanwhile, we are forecasting operating profit to rise 2.2% to ¥14,100 million, recurring profit to increase 4.5% to ¥15,300 million, and net income to grow 3.2% to ¥7,900 million.

(2) Analysis of Financial Position

A. Comparative Analysis of the Consolidated Balance Sheets

The following table shows a year-on-year comparison of the ALSOK Group's consolidated balance sheets.

		As of March 31, 2008		As of March 31, 2007		YoY	
		Amount (¥ million)	Share (%)	Amount (¥ million)	Share (%)	Amount (¥ million)	Increase/Decrease (%)
Assets	Current assets	172,212	57.9	153,237	53.7	18,975	12.4
	Fixed assets	125,183	42.1	131,981	46.3	-6,797	-5.2
	Total assets	297,396	100.0	285,219	100.0	12,177	4.3
Liabilities	Current liabilities	96,993	32.6	81,291	28.5	15,702	19.3
	Long-term liabilities	45,498	15.3	52,111	18.3	-6,613	-12.7
	Total liabilities	142,491	47.9	133,402	46.8	9,089	6.8
Total net assets		154,904	52.1	151,816	53.2	3,088	2.0

Total assets at the end of the year under review increased ¥12,177 million, or 4.3%, from the previous fiscal year-end to ¥297,396 million. Current assets increased ¥18,975 million, or 12.4%, to ¥172,212 million, and fixed assets declined ¥6,797 million, or 5.2%, to ¥125,183 million.

A primary reason for the increase in current assets was an increase of ¥30,185 million in advance payment, mainly for Transportation Security Services, while cash and deposits (including cash for Transportation Security Services) decreased ¥12,197 million. The decline in fixed assets was primarily attributable to a ¥7,263 million decrease in investments in securities due to falling stock prices, sales and other factors. Meanwhile, there was a ¥1,529 million increase in prepaid pension cost.

Total liabilities at the end of the year under review had increased ¥9,089 million, or 6.8%, from the previous fiscal year-end to ¥142,491 million. Current liabilities increased ¥15,702 million, or 19.3%, to ¥96,993 million, while long-term liabilities decreased ¥6,613 million, or 12.7%, to ¥45,498 million.

The increase in current liabilities primarily reflected an ¥18,996 million increase in short-term borrowings, mainly for Transportation Security Services. There was a ¥1,050 million decline in the allowance for bonuses. Long-term liabilities decreased because of a ¥3,354 million decline in long-term debt due to scheduled repayments and the transfer of ¥2,700 million to the current portion of bonds.

Total net assets at March 31, 2008 had increased ¥3,088 million, or 2.0%, from the previous fiscal year-end to ¥154,904 million.

Major factors for this increase in net assets were a ¥5,462 million rise in retained earnings, and a ¥2,027 million decrease in total valuation and translation adjustments. The rise in retained earnings reflected ¥7,653 million in net income and dividends of ¥2,191 million.

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

(¥ million)

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	YoY
Cash flows from operating activities	14,986	16,570	-1,583
Cash flows from investment activities	-8,283	-8,813	530
Cash flows from financing activities	-9,500	-5,387	-4,113
Effect of exchange rate changes on cash and cash equivalents	-4	—	-4
Net increase/decrease (-) in cash and cash equivalents	-2,800	2,369	-5,170
Cash and cash equivalents at beginning of the year	52,591	50,221	2,369
Balance of cash and cash equivalents at the end of the year	49,790	52,591	-2,800

a. Cash flows from operating activities

Net cash provided by operating activities was ¥14,986 million, a decrease from ¥16,570 million in the previous fiscal year. The major components were ¥14,983 million in income before income taxes (a decrease of 7.7% year on year), ¥11,262 million in depreciation (up 10.2%), a ¥1,580 million decrease in cash due to an increase in accounts receivable (down 15.2%), a ¥1,529 million decrease (up 35.7%) in cash due to an increase in prepaid pension cost, and ¥6,754 million in income taxes paid (up 22.2%).

b. Cash flows from investment activities

Net cash used in investment activities was ¥8,283 million, a 6.0% decrease from the previous fiscal year. The primary factors were ¥9,138 million in payments for purchases of tangible assets (down 13.7%), ¥2,518 million in payments for purchases of investments in securities (down 20.0%), and ¥5,700 million in proceeds from sales and redemption of investments in securities (up 51.3%).

c. Cash flows from financing activities

Net cash used in financing activities was ¥9,500 million, 76.3% more than the previous fiscal year. The main elements were ¥5,240 million for payments on repayment of long-term debt (up 15.5%), ¥2,200 million in payments for redemption of bonds (up 340.0%), and ¥2,191 million in dividends paid (up 27.2%).

C. Trends in Cash Flow Indicators for the ALSOK Group

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2006
Shareholders' equity ratio	46.2%	47.2%	45.7%
Shareholders' equity ratio on a market value basis	47.4%	77.2%	67.5%
Interest-bearing liabilities to cash flow ratio	497.0%	427.1%	245.4%
Interest coverage ratio	15.2 times	14.9 times	25.8 times

Shareholders' equity ratio is shareholders' equity divided by total assets.
Shareholders' equity ratio on a market value basis is market capitalization divided by total assets.
Interest-bearing liabilities to cash flow ratio is interest-bearing liabilities divided by cash flow.
Interest coverage ratio is cash flow divided by interest expense.

Note 1: All indicators are calculated based on the consolidated financial statements.
Note 2: Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the total number of shares issued and outstanding at the end of the fiscal year (excluding treasury stock).
Note 3: Cash flow is net cash provided by operating activities.
Note 4: Interest-bearing liabilities are all liabilities on which interest is paid on the consolidated balance sheets.
Note 5: Management approach to operating cash flow.

The ALSOK Group uses its own funds for cash for Transportation Security Services, and therefore operating cash flow figures are affected by the change in these funds. Cash advances of the company's own funds needed by Transportation Security Services can vary greatly depending on external conditions affecting the demand for funds, such as if financial institutions are closed on a specific day. In order to better reflect the actual cash flows of operating activities, beginning from the end of the fiscal year ended March 31, 2008, cash borrowings for Transportation Security Services that were formerly included in cash flows from financing activities as "increase (decrease) in short-term borrowings" are included in advance payment for this business and therefore offset.

For further details, please see "4. Consolidated Balance Sheets; (6) Changes in accounting principles, procedures or methods of presentation associated with the preparation of consolidated financial statements".

(3) Basic Policy Concerning Profit Distribution and Dividend for the Current and Next Term

The company considers the return of earnings to shareholders 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 businesses, as it works to improve its business performance.

Regarding acquisition of its own shares, the company exercises a flexible capital structure policy that is responsive to changes in the operating environment.

In addition, the company maintains a fundamental policy of distributing dividends twice annually, at the end of the interim period and year-end, with funds drawn from retained earnings. Approval to appropriate funds for dividend payments from retained earnings is decided by the General Meeting of Shareholders for the year-end dividend and by the Board of

Directors for the interim dividend.

For the year ended March 31, 2008, the company paid an interim dividend of ¥10 per share and intends to pay a year-end dividend of ¥10 per share for a total annual dividend of ¥20 per share. For the year ending March 31, 2009, the company plans to pay an interim dividend of ¥11 per share and a year-end dividend of ¥11 per share for an annual dividend of ¥22 per share.

2. Status of the Corporate Group

There have been no significant changes in the "Business Outline (Business Content)" or the "Status of Related Companies" from the most recent Securities Report (submitted June 28, 2007; Japanese only). These sections are therefore omitted from this financial results release.

3. Management Policies

(1) Basic Corporate Management Policy

(2) Stance on Target Management Indicators

(3) Medium- and Long-term Corporate Strategy and Pressing Issues

Note: There have been no significant changes to the content of the above policies since the disclosure of the policies in the interim financial report (released November 14, 2006) for the fiscal year ended March 31, 2007. These sections are therefore omitted from this financial result release.

The abovementioned interim report (Japanese only) may be accessed online at the following addresses:

ALSOK Group Website

http://ir.alsok.co.jp/japanese/index.html

Tokyo Stock Exchange Website (Listed Companies Information Search Page)

http://www.tse.or.jp/listing/compsearch/index.html

(4) Other

a. ALSOK Shimane Asahi Co., Ltd. was established on June 1, 2007, with the aim of participating in the establishment and operation of a PFI-based prison, the Shimane Asahi Social Rehabilitation Promotion Center, scheduled to open in October 2008. ALSOK Shimane Asahi Co., Ltd. was included as a consolidated subsidiary beginning in the fiscal year under review.

b. ALSOK (Thailand) Co., Ltd. was established on October 1, 2007 in Thailand to meet the security demands of Japanese companies operating in Thailand and the Southeast Asia region.

c. Consolidated subsidiary Tama Sohgo Security Services Co., Ltd. was renamed Tohshin Sohgo Security Services Co., Ltd. on April 1, 2008, to reflect the expansion of its business area.

Consolidated Balance Sheets

	Notes	As of March 31, 2008		As of March 31, 2007		YoY
		Amount (¥ million)	Share (%)	Amount (¥ million)	Share (%)	Amount (¥ million)
Assets						
Current assets						
Cash and deposits	3	57,375		61,029		
Cash for transportation security services	1	30,839		39,382		
Notes and accounts receivable	5	22,460		20,879		
Short-term investments in securities		1,265		706		
Inventories		4,452		4,092		
Advance payment		49,776		19,684		
Deferred tax assets		1,689		2,433		
Other		4,583		5,200		
Allowance for doubtful accounts		-229		-172		
Total current assets		172,212	57.9	153,237	53.7	18,975
Fixed assets						
Tangible fixed assets						
Buildings and structures	3	19,554		19,037		
Machinery, equipment and delivery equipment		15,364		16,920		
Land	2,3	17,933		17,883		
Construction in progress	3	1,129		2,319		
Other		3,657		3,539		
Total tangible fixed assets		57,638	19.4	59,700	20.9	-2,062
Intangible fixed assets						
Software		4,574		2,853		
Goodwill		147		257		
Other		806		3,010		
Total intangible fixed assets		5,528	1.9	6,121	2.1	-593
Investments and other assets						
Investments in securities	3,4	27,354		34,618		
Long-term loan		1,815		1,920		
Lease deposits		8,460		8,885		
Insurance reserve fund		3,421		3,274		
Prepaid pension cost		3,518		1,988		
Deferred tax assets		16,111		15,827		
Other		3,704		1,857		
Allowance for doubtful accounts		-2,369		-2,214		
Net investments and other assets		62,016	20.8	66,159	23.3	-4,142
Total fixed assets		125,183	42.1	131,981	46.3	-6,797
Total assets		297,396	100.0	285,219	100.0	12,177

Contd.

Consolidated Balance Sheets

	Notes	As of March 31, 2008		As of March 31, 2007		YoY
		Amount (¥ million)	Share (%)	Amount (¥ million)	Share (%)	Amount (¥million)
Liabilities						
Current liabilities						
Trade notes and accounts payable		9,551		9,401		
Short-term borrowings	1,3	60,766		41,769		
Current portion of bonds		2,700		2,200		
Accounts payable		11,724		13,183		
Accrued income taxes		1,572		2,628		
Accrued consumption taxes		1,619		1,961		
Allowance for bonuses		807		1,858		
Allowance for directors' bonuses		184		223		
Other		8,066		8,064		
Total current liabilities		96,993	32.6	81,291	28.5	15,702
Long-term liabilities						
Bonds		6,600		9,300		
Long-term borrowings	3	4,419		7,773		
Deferred tax liabilities		25		38		
Deferred income taxes on land revaluation		418		418		
Accrued retirement benefits for employees		28,670		29,157		
Accrued retirement benefits for directors and corporate auditors		1,575		1,545		
Other		3,788		3,878		
Total long-term liabilities		45,498	15.3	52,111	18.3	-6,613
Total liabilities		142,491	47.9	133,402	46.8	9,089

Contd.

Consolidated Balance Sheets

	Notes	As of March 31, 2008		As of March 31, 2007		YoY
		Amount (¥ million)	Share (%)	Amount (¥ million)	Share (%)	Amount (¥ million)
Net Assets						
Shareholders' equity						
Common stock		18,674	6.2	18,536	6.5	137
Capital surplus		32,117	10.8	32,047	11.2	69
Retained earnings		90,720	30.5	85,258	29.9	5,462
Treasury stock		-919	-0.3	-6	-0.0	-913
Total shareholders' equity		140,592	47.2	135,835	47.6	4,756
Valuation and translation adjustments						
Other securities valuation difference		2,310	0.8	4,335	1.5	-2,025
Land revaluation account	2	-5,395	-1.8	-5,395	-1.9	—
Translation adjustment		-2	0.0	—	—	-2
Total valuation and translation adjustments		-3,087	-1.0	-1,060	-0.4	-2,027
Minority interests in consolidated subsidiaries		17,399	5.9	17,040	6.0	359
Total net assets		154,904	52.1	151,816	53.2	3,088
Total		297,396	100.0	285,219	100.0	12,177

Consolidated Statements of Operations

	Notes	Fiscal year ended March 31, 2008 Amount (¥ million)	Share (%)	Fiscal year ended March 31, 2007 Amount (¥ million)	Share (%)	YoY Amount (¥ million)
Sales		284,996	100.0	276,560	100.0	8,435
Cost of sales		212,287	74.5	203,080	73.4	9,206
Gross profit on sales		72,709	25.5	73,479	26.6	-770
Selling, general and administrative expenses	1,2	58,913	20.7	57,507	20.8	1,406
Operating profit		13,795	4.8	15,972	5.8	-2,176
Other income		3,347	1.2	3,269	1.2	77
Interest received		395		372		
Dividends received		667		592		
Profit on sales of investments in securities, net		170		39		
Rental income		441		425		
Gain from insurance claim		132		118		
Equity in earnings of affiliates		329		256		
Received penalties for contracts cancellation		438		518		
Other		772		945		
Other expenses		2,500	0.9	2,324	0.9	176
Interest		988		957		
Loss on sales of investments in securities, net		16		35		
Loss on disposals of fixed assets	3	470		497		
Loss on revaluation of derivatives		540		—		
Other		484		833		
Recurring profit		14,642	5.1	16,917	6.1	-2,275

Contd.

Consolidated Statements of Operations

		Fiscal year ended March 31, 2008		Fiscal year ended March 31, 2007		YoY
	Notes	Amount (¥ million)	Share (%)	Amount (¥ million)	Share (%)	Amount (¥ million)
Extraordinary profits		752	0.3	125	0.1	626
Profit on sales of investments in securities, net		464		114		
Restitution income		287		—		
Other		—		11		
Extraordinary losses		410	0.1	802	0.3	-391
Impairment losses on investments in securities		231		122		
Loss on sales of investments in securities		45		—		
Loss on disposal and impairment of inventories	5	—		410		
Loss on disposal of fixed assets	4	120		—		
Impairment losses	6	12		83		
Bad debt loss		—		185		
Income before income taxes		14,983	5.3	16,241	5.9	-1,257
Income taxes		4,603		5,106		
Deferred income taxes		1,982	2.3	2,716	2.9	-1,236
Minority interests in income of consolidated subsidiaries		744	0.3	859	0.3	-115
Net income		7,653	2.7	7,558	2.7	95

Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2007 (April 1, 2006 – March 31, 2007) (¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance on March 31, 2006	17,830	31,811	79,642	-27	129,258
Changes during the period					
Issuance of new shares	705	232			938
Cash dividends			-862		-862
Cash dividends*			-859		-859
Directors' bonuses*			-220		-220
Net income			7,558		7,558
Purchase of treasury stock				-1	-1
Disposal of treasury stock		4		22	26
Net amount of changes excluding shareholders' equity					
Total changes	705	236	5,615	20	6,577
Balance on March 31, 2007	18,536	32,047	85,258	-6	135,835

Contd.

(¥ million)

	Valuation and translation adjustments			Minority interests in consolidated subsidiaries	Total
	Other securities valuation difference	Land revaluation account	Total		
Balance on March 31, 2006	4,911	-4,976	-64	16,645	145,839
Changes during the period					
Issuance of new shares					938
Cash dividends					-862
Cash dividends*					-859
Directors' bonuses*					-220
Net income					7,558
Purchase of treasury stock					-1
Disposal of treasury stock					26
Net amount of changes excluding shareholders' equity	-576	-418	-995	394	-600
Total changes	-576	-418	-995	394	5,977
Balance on March 31, 2007	4,335	-5,395	-1,060	17,040	151,816

Note: Appropriation of retained earnings resolved at General Meeting of Shareholders held in June 2006.

Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2008 (April 1, 2007 – March 31, 2008) (¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance on March 31, 2007	18,536	32,047	85,258	-6	135,835
Changes during the period					
Issuance of new shares	137	69			207
Cash dividends			-2,191		-2,191
Net income			7,653		7,653
Purchase of treasury stock				-913	-913
Net amount of changes excluding shareholders' equity					
Total changes	137	69	5,462	-913	4,756
Balance on March 31, 2008	18,674	32,117	90,720	-919	140,592

Contd.

(¥ million)

	Valuation and translation adjustments				Minority interests in consolidated subsidiaries	Total
	Other securities valuation difference	Land revaluation account	Translation adjustments	Total		
Balance on March 31, 2007	4,335	-5,395	—	-1,060	17,040	151,816
Changes during the period						
Issuance of new shares						207
Cash dividends						-2,191
Net income						7,653
Purchase of treasury stock						-913
Net amount of changes excluding shareholders' equity	-2,025	—	-2	-2,027	359	-1,668
Total changes	-2,025	—	-2	-2,027	359	3,088
Balance on March 31, 2008	2,310	-5,395	-2	-3,087	17,399	154,904

Consolidated Statements of Cash Flows

	Notes	Fiscal year ended March 31, 2008 Amount (¥ million)	Fiscal year ended March 31, 2007 Amount (¥ million)	YoY Amount (¥ million)
Cash flows from operating activities				
Income before income taxes		14,983	16,241	
Depreciation		11,262	10,222	
Impairment losses		12	83	
Depreciation of goodwill		109	109	
Increase/decrease (-) in allowance for doubtful accounts		212	-26	
Decrease (-) in accrued retirement benefits for employees		-486	-746	
Decrease (-) in allowance for bonuses		-1,050	-2,829	
Increase/decrease (-) in allowance for directors' bonuses		-38	223	
Interest income and dividend income		-1,063	-964	
Interest expenses		988	957	
Equity in earnings of affiliates		-329	-256	
Loss on sales of fixed assets		1	2	
Loss on disposals of fixed assets		590	497	
Loss on sales of investments in securities		-572	-117	
Impairment losses on investment in securities		231	122	
Loss on revaluation of derivatives		540	—	
Increase (-) in accounts receivable		-1,580	-1,864	
Increase (-)/decrease in inventories		-359	366	
Increase/decrease (-) in accounts payable		-606	2,381	
Increase (-)/decrease in prepaid pension cost		-1,529	-1,127	
Other		-294	-1,821	
Sub-total		21,022	21,453	-430
Interest and dividend income, received		1,133	1,027	
Interest expenses, paid		-989	-970	
Income taxes, paid		-6,754	-5,526	
Income tax, refund		574	586	
Net cash provided by operating activities		14,986	16,570	-1,583
Cash flows from investment activities				
Increase (-)/decrease of time deposits		646	-298	
Payments for purchases of tangible assets		-9,138	-10,585	
Proceeds from sales of tangible assets		378	5	
Payments for purchases of investments in securities		-2,518	-3,146	
Proceeds from sales and redemption of investments in securities		5,700	3,767	
Increase (-)/decrease in short-term loans		-17	4	
Long-term loans made		-259	-177	
Long-term loans collected		365	178	
Other		-3,439	1,439	
Net cash used in investment activities		-8,283	-8,813	530

Contd.

Consolidated Statements of Cash Flows

	Notes	Fiscal year ended March 31, 2008 Amount (¥ million)	Fiscal year ended March 31, 2007 Amount (¥ million)	YoY Amount (¥ million)
Cash flows from financing activities				
Increase /decrease (-) in short-term borrowings		246	-2,415	
Proceeds from long-term debt		750	2,950	
Payments on repayment of long-term debt		-5,240	-4,536	
Payments for redemption of bonds		-2,200	-500	
Proceeds from issue of new shares		205	928	
Proceeds from minority shareholders		40	—	
Payments for acquisition of treasury stock		-913	-1	
Proceeds from disposal of parent company's shares by subsidiary		—	63	
Dividends paid		-2,191	-1,722	
Dividends paid to minority shareholders		-197	-153	
Net cash used in financing activities		-9,500	-5,387	-4,113
Effect of exchange rate changes on cash and cash equivalents		-4	—	-4
Net increase/decrease (-) in cash and cash equivalents		-2,800	2,369	-5,170
Cash and cash equivalents at beginning of the year		52,591	50,221	2,369
Balance of cash and cash equivalents at the end of the year		49,790	52,591	-2,800

(5) Notes on the Basic Important Points for Preparing the Consolidated Financial Statements of This Term

Items	Previous Fiscal Term (From April 1, 2006 to March 31, 2007)	Current Fiscal Term (From April 1, 2007 to March 31, 2008)
1. Scope of consolidation	(1) Number of consolidated subsidiaries: 43 Name of significant consolidated subsidiaries: Sokei Stationed Security Service Co., Ltd. Tohoku Sohgo Security Services Co., Ltd. Kita-Kanto Sohgo Security Services Co., Ltd. Hiroshima Sohgo Security Services Co., Ltd. Sokei Building Service Co., Ltd. Fukushima Sohgo Security Services Co., Ltd.	(1) Number of consolidated subsidiaries: 45 Name of significant consolidated subsidiaries: Sokei Stationed Security Service Co., Ltd. Tohoku Sohgo Security Services Co., Ltd. Kita-Kanto Sohgo Security Services Co., Ltd. Hiroshima Sohgo Security Services Co., Ltd. Sokei Building Service Co., Ltd. Fukushima Sohgo Security Services Co., Ltd. ALSOK Shimane Asahi Co., Ltd. and ALSOK (Thailand) Co., Ltd., established on June 1 and October 1, 2007, respectively, are included in the scope of incorporation starting from the current fiscal term.
	(2) Name of non-consolidated subsidiaries: Ehime Sokei Services Co., Ltd. [Rationale for exclusion of non-consolidated subsidiaries, etc., from the scope of consolidation] Each of the non-consolidated subsidiaries is small in scale in terms of amount of assets, operating revenues (or sales), net income (commensurate with equity) and retained earnings (commensurate with equity); each has little influence on the finances and performance of the Group and has little materiality as a whole.	(2) Name of non-consolidated subsidiaries: Same as left. [Rationale for exclusion of non-consolidated subsidiaries, etc., from the scope of consolidation] Same as left.

2. Application of equity method	(1) Number of affiliates accounted for under the equity method: 8 Name of significant affiliates: Niigata Sohgo Security Services Co., Ltd. Hokuriku Sohgo Security Services Co., Ltd. (2) Major unconsolidated subsidiaries and affiliates not accounted for under the equity method Kitakanto Transportation Security Services Co., Ltd. Chukyo Sohgo Kanzai Co., Ltd. Ehime Sokei Services Co., Ltd. [Rationale for non-application of the equity method] Each of the subsidiaries or affiliates to which the equity method is not applied is small in scale in terms of net income (commensurate with equity)and retained earnings (commensurate with equity); each has little influence on the finances and performance of the Group and has little materiality as a whole. Thus, they are accounted for at cost.	(1) Number of affiliates accounted for under the equity method: 8 Name of significant affiliates: Same as left. (2) Major unconsolidated subsidiaries and affiliates not accounted for under the equity method Kitakanto Transportation Security Services Co., Ltd. Ehime Sokei Services Co., Ltd. [Rationale for non-application of the equity method] Same as left.
3. Matters concerning fiscal year-end of consolidated subsidiaries	The fiscal year-end of all consolidated subsidiaries is the same as the consolidation date.	Same as left.

4. Matters concerning accounting methods	(1) Valuation basis and method of major assets a. Marketable securities Other marketable securities With market value: By the mark-to-market method based on market values on the date of settlement of consolidated accounts (valuation differences are reported as a separate component of net assets and the cost of sales is determined by the moving average method) Without market value: At cost, using the moving average method b. Derivatives By the mark-to-market method. c. Inventories Mainly stated at cost on a first-in first-out basis.	(1) Valuation basis and method of major assets a. Marketable securities Other marketable securities With market value: By the mark-to-market method based on market values on the date of settlement of consolidated accounts (valuation differences are reported as a separate component of net assets and the cost of sales is determined by the moving average method); derivatives embedded bonds that cannot be treated separately are reported using the mark-to-market method (the cost of sales is determined by the moving average method). Without market value: Same as left. b. Derivatives Same as left. c. Inventories Same as left.

	(2) Depreciation method for major depreciable assets a. Tangible fixed assets Stated at cost. Depreciation is computed using the declining-balance method, while the straight-line method is applied to buildings (excluding annexed facilities) acquired after April 1, 1998, at rates based on the estimated useful lives of the assets. The range of useful lives is principally as follows: Buildings and structures:38 to 50 years Machinery, equipment and delivery equipment:3 to 5 years	(2) Depreciation method for major depreciable assets a. Tangible fixed assets Stated at cost. Depreciation is computed using the declining-balance method, while the straight-line method is applied to buildings (excluding annexed facilities) acquired after April 1, 1998, at rates based on the estimated useful lives of the assets. The range of useful lives is principally as follows: Buildings and structures:38 to 50 years Machinery, equipment and delivery equipment:3 to 5 years (Changes in Accounting Standards) The Company and its domestic subsidiaries have, in accordance with the revision of the Corporate Tax Law and starting from the fiscal year under review, changed to a method of depreciation and amortization that is based on said revised Law with respect to tangible fixed assets acquired on or after April 1, 2007. As a result, operating income, recurring profit and net income before income taxes each decreased by ¥519 million.

		(Additional Information) In accordance with the revision of the Corporate Tax Law, the Company and its domestic subsidiaries have, due to the application of a depreciation and amortization method based on said Law prior to revision with respect to tangible fixed assets acquired on or before March 31, 2007, from the fiscal year after the fiscal year during which depreciation reached 5% of their acquisition price, the difference between the amount equivalent to 5% of the acquisition price and the remainder price is depreciated evenly over a period of 5 years and accounted including depreciation and amortization cost. As a result of the above, operating income, ordinary income and net income before tax decreased ¥533 million, respectively.
	b.Intangible fixed assets Straight-line method Software used for internal purposes is recorded at cost less accumulated amortization and is amortized using the straight-line method over five years (the estimated useful life of the software).	b.Intangible fixed assets Same as left.
	(3) Accounting criteria for major allowances a. Allowance for doubtful accounts To prepare for losses on doubtful accounts from account receivable and loans, general provisions are determined on the basis of past credit loss experience, and specific provisions, such as loss apprehensive credits, are determined by considering individual collectability.	(3) Accounting criteria for major allowances a. Allowance for doubtful accounts Same as left.

	b.Allowance for bonuses Allowance for bonuses is provided for the current portion of the future expected payment, in order to prepare for the payment of bonuses to employees. c.Allowance for directors' bonuses Allowance for directors' bonus is provided for the current portion of the future expected payment, in order to prepare for the payment of bonuses to directors and corporate auditors. (Changes in Accounting Standards) From the current fiscal term, the "Accounting Standard for Bonuses to Directors" (Corporate Accounting Standards No. 4, November 29, 2005) is applied. Consequently, a ¥58 million expense was accounted for bonuses to executive officers and a provision of ¥223 million was made to the allowance for directors' bonuses. As a result, operating income, recurring profit and net income before income taxes each decreased by ¥281 million.	b.Allowance for bonuses Same as left. c.Allowance for directors' bonuses Same as left.

	d. Retirement benefit and pension plans for employees Retirement benefits for employees are provided based on the actuarially calculated retirement benefit obligation and pension assets. Past service liabilities are amortized from the date incurred using the straight-line method over a certain period (5 years) less than the remaining average service period. Unrecognized actuarial gains or losses are amortized using the straight-line method over a certain period (10 years) less than the remaining average service period from the date incurred. Amortization of unrecognized actuarial gains or losses begins in the year following that in which it was incurred.	d. Retirement benefit and pension plans for employees Same as left.
	e. Retirement benefit plans for directors and corporate auditors The accrued liabilities are provided for in full on an annual basis, based on the amount which the ALSOK Group would be required to pay under the relevant rules and bylaws if all members resigned at each balance sheet date.	e. Retirement benefit plans for directors and corporate auditors Same as left.
	(4) Major lease transactions Finance leases, except for those where the legal title of the underlying property is transferred from the lessor to the lessee at the end of the lease term, are accounted for in the same manner as operating leases.	(4) Major lease transactions Same as left.

	(5) Hedge accounting a. Method of hedge accounting Gains or losses on derivatives are deferred until maturity of the hedged transactions. And the interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, are not remeasured at market value, but the differential paid or received under the swap agreements is charged to income. b. Hedging instruments and hedged items Hedging instruments and hedged items to which hedge accounting was applied in the current fiscal term are as follows: Hedging instruments: interest rate Hedged items: bank loans c. Hedge policy For the purpose of reducing financial costs and exposures to market risks resulting from fluctuations in interest rates, the interest rate fluctuation risk is hedged in accordance with internal rules. d. Hedge effective assessment Assessment of hedge effectiveness is passed for interest rate swaps which qualify for hedge accounting and meet specific matching criteria, as they are considered highly hedge effective. (6) Other important matters Accounting for consumption tax Excluded from transaction amounts.	(5) Hedge accounting a. Method of hedge accounting Same as left. b. Hedging instruments and hedged items Same as left. c. Hedge policy Same as left. d. Hedge effective assessment Same as left. (6) Other important matters Accounting for consumption tax Same as left.

5. Matters concerning valuation of assets and liabilities of consolidated subsidiaries	The assets and liabilities of consolidated subsidiaries are valued using the all-fair-value method.	Same as left.
6. Matters concerning goodwill and negative goodwill amortization	Goodwill and negative goodwill are amortized evenly over a 5-year period.	Same as left.
7. Scope of funds used to prepare consolidated cash flow statements	Cash on hand, deposits withdrawable at immediate notice and easily convertible short-term investments redeemable within 3 months of acquisition with minimal risk of fluctuations in value.	Same as left.

(6) Change of the Basic Important Points for Preparing the Consolidated Financial Statements of This Term

1) Change of Accounting Procedures

Previous Fiscal Term (From April 1, 2006 to March 31, 2007)	Current Fiscal Term (From April 1, 2007 to March 31, 2008)
[Presentation of net assets in the balance sheet] Effective from the current consolidated fiscal year ended March 31, 2007, the Company adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Statement No. 5 issued on December 9, 2005) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Guidance No. 8 issued on December 9, 2005). For the year ended March 31, 2007, the amount of shareholders' equity would have been ¥134,775 million if the previous year's presentation was applied. The net assets portion of the Consolidated Balance Sheets for the current fiscal term were prepared as per the revised Regulations for Consolidated Financial Statements in accordance to its revisions.	―――

―	(Changes to the indication method in Consolidated Statements of Cash Flows) The net increase/decrease in short-term borrowings for the procurement of cash to be used for Transportation Security Services had been conventionally accounted by inclusion in the “Increase/decrease of short-term borrowings” of “Cash flows from financing activities”, however, due to an increase in the balance of borrowings as a result of an expansion in Transportation Security Services, the effect on the demand for external capital on the final day of the fiscal year due to bank holidays, etc., is increasing every year and, in order to more appropriately reflect the actual conditions of the “Cash flow from operating activities”, it was decided that the net increase/decrease in short-term borrowings for the procurement of cash to be used for Transportation Security Services is to be included in the “Other” of “Cash flow from operating activities”, the portion of the Statements that indicates “Cash for Transportation Security Services” and “Increase/decrease in advance payment”, starting from the current fiscal year. If applying the same indication method to the previous fiscal year, the figures recorded for the term ended March 2007 shall be as follows: ¥(4,099) million posted in the “Other” field of “Cash flow from operating activities”, ¥14,293 million for “Cash flow from operating activities”, ¥(137) million for the “Increase/decrease in short-term borrowings” of “Cash flow from financing activities” and ¥(3,109) million for “Cash flow from financing activities”.

2) Change of Presentation Method

Previous Fiscal Term (From April 1, 2006 to March 31, 2007)	Current Fiscal Term (From April 1, 2007 to March 31, 2008)
(Items related to the Consolidated Balance Sheets) “Cash for Transportation Security Services”, conventionally included in “Cash and deposits”, is indicated separately starting from the current fiscal year for clarification purposes. In the previous fiscal year, the amount of ¥27,193 million for “Cash for Transportation Security Services” was included in “Cash and deposits”. The field indicated as “Consolidation adjustments account” in the previous fiscal year is indicated as “Goodwill” starting from the current fiscal year.	――――――
(Items related to Consolidated Statements of Cash Flows) The item indicated as “Amortization of goodwill” in the previous fiscal year is indicated as “Depreciation of goodwill” starting from the current fiscal year.	――――――

(7) Additional Information

Previous Fiscal Term (From April 1, 2006 to March 31, 2007)	Current Fiscal Term (From April 1, 2007 to March 31, 2008)
(Revision of the bonus system by submitting companies) Submitting companies have revised their bonus system as of the current fiscal year and matched the bonus payment period with the accounting period. As a result, a bonus reserve relating to submitting companies is not accounted.	――――――
――――――	(Revision of the bonus system by some subsidiaries) Some subsidiaries have revised their bonus system as of the current fiscal year and matched the bonus payment period with the accounting period. As a result, a bonus reserve relating to some subsidiaries is not accounted.

(8) Notes on Consolidated Financial Statements

1) Notes on Consolidated Balance Sheets, Consolidated Statements of Operations, Consolidated Statements of Changes in Net Assets, and Consolidated Statements of Cash Flow

A. Consolidated Balance Sheets

Previous Fiscal Term (From April 1, 2006 to March 31, 2007)	Current Fiscal Term (From April 1, 2007 to March 31, 2008)
Note 1:Cash for transportation security services Cash for transportation security services on the consolidated balance sheets are restricted as to use by the ALSOK Group. Short-term borrowings from banks include ¥31,814 million relating to this operation. In addition to cash and deposits presented on the consolidated balance sheet, the ALSOK Group has off-balance cash of ¥290,183 million deposited from clients in the course of conducting transportation security services. Note 2:Based on the Law concerning Land Revaluation (Law No. 34, promulgated on March 31, 1998, and Law No. 24, amended March 31, 1999), the ALSOK Group revalued its land used for business purposes on March 31, 2002. Land revaluation The method for calculating the value of land is based on prices computed as per a formula publicized by the Commissioner of the National Tax Administration after making reasonable adjustments such as those for land shape in order to calculate the value of land on which the calculation of the landholding tax is based as stipulated in Article 16 of the Landholding Tax Law (Law No. 69 of 1991) provided in Article 2, Item 4 of the Enforcement Regulations of the Law Concerning Revaluation of Land (Ordinance No. 119 enforced on March 31, 1998). Amount by which the market price at the end of the current fiscal year for revaluated land is lower than the book value after revaluation: ¥1,185 million	Note 1:Cash for transportation security services Cash for transportation security services on the consolidated balance sheets are restricted as to use by the ALSOK Group. Short-term borrowings from banks include ¥51,701 million relating to this operation. In addition to cash and deposits presented on the consolidated balance sheet, the ALSOK Group has off-balance cash of ¥228,593 million deposited from clients in the course of conducting transportation security services. Note 2:Based on the Law concerning Land Revaluation (Law No. 34, promulgated on March 31, 1998, and Law No. 24, amended March 31, 1999), the ALSOK Group revalued its land used for business purposes on March 31, 2002. Land revaluation The method for calculating the value of land is based on prices computed as per a formula publicized by the Commissioner of the National Tax Administration after making reasonable adjustments such as those for land shape in order to calculate the value of land on which the calculation of the landholding tax is based as stipulated in Article 16 of the Landholding Tax Law (Law No. 69 of 1991) provided in Article 2, Item 4 of the Enforcement Regulations of the Law Concerning Revaluation of Land (Ordinance No. 119 enforced on March 31, 1998). Amount by which the market price at the end of the current fiscal year for revaluated land is lower than the book value after revaluation: ¥981 million

Note 3: Assets pledged as collateral and obligations collateralized by the assets Assets pledged as collateral are as follows: (¥ million) Cash and deposits 10 Buildings and structures 1,868 Land 4,281 Construction in progress 1,546 Investments in securities 20 Total 7,726 The obligations collateralized by the above assets are as follows: (¥ million) Short-term borrowings 1,193 Long-term borrowings 2,396 Total 3,589	Note 3: Assets pledged as collateral and obligations collateralized by the assets Assets pledged as collateral are as follows: (¥ million) Cash and deposits 415 Buildings and structures 2,800 Land 4,532 Investments in securities 26 Total 7,774 The obligations collateralized by the above assets are as follows: (¥ million) Short-term borrowings 699 Long-term borrowings 1,867 Total 2,567
Note 4: Investments in non-consolidated subsidiaries and affiliated companies are as follows: Investments in securities (stocks) ¥4,846 million	Note 4: Investments in non-consolidated subsidiaries and affiliated companies are as follows: Investments in securities (stocks) ¥5,066 million
Note 5: Accounting for notes due on balance sheet date Notes due on the balance sheet date are processed upon collection. Since the fiscal year-end was a bank holiday, notes receivable due on the balance sheet date of ¥69 million is included in the notes receivable account on the consolidated balance sheet.	Note 5: ――――

B. Consolidated Statements of Operations

Previous Fiscal Term (From April 1, 2006 to March 31, 2007)	Current Fiscal Term (From April 1, 2007 to March 31, 2008)
Note 1:Selling, general and administrative expenses comprise the following: (¥ million) Advertising 2,966 Salaries and allowances 29,017 Provision for bonuses 336 Provision for directors' bonuses 223 Welfare and service 4,400 Retirement benefit expenses 963 Rent 5,346 Depreciation 2,008 Taxes and duties 1,186 Communication 1,276	Note 1:Selling, general and administrative expenses comprise the following: (¥ million) Advertising 3,017 Salaries and allowances 30,701 Provision for bonuses 248 Provision for directors' bonuses 184 Provision for directors' retirement benefits 232 Provision of allowance for doubtful accounts 161 Welfare and service 4,694 Retirement benefit expenses 819 Rent 5,115 Depreciation 2,536 Taxes and duties 1,173 Communication 1,292
Note 2:Total amount of research and development expenses Research and development expenses included in administrative expenses are ¥536 million.	Note 2:Total amount of research and development expenses Research and development expenses included in administrative expenses are ¥625 million.
Note 3:Loss on disposal of fixed assets (¥ million) Machinery and equipment 372 Others 124 Total 497	Note 3:Loss on disposal of fixed assets (¥ million) Machinery and equipment 290 Others 180 Total 470
Note 4: ――――	Note 4:Loss on disposal of fixed assets Buildings and accompanying facilities: ¥120 million
Note 5:Loss on disposal and devaluation of inventories Loss on devaluation of inventories: ¥410 million	Note 5: ――――

Previous Fiscal Term (From April 1, 2006 to March 31, 2007)	Current Fiscal Term (From April 1, 2007 to March 31, 2008)
Note 6:Impairment losses For the fiscal year ended March 31, 2007, the ALSOK Group recorded impairment losses as follows: <table><tr><td>Type</td><td>Purpose</td><td>Impairment losses</td></tr><tr><td>Land</td><td>Vacant lot</td><td>¥83 million</td></tr></table>Assets groups of the Company and consolidated subsidiaries are classified by unit of individual property for nonperforming assets and by unit of managerial accounting for performing assets in business. Aforementioned impairment losses were recorded at the amount by which the book value of each asset exceeded its estimated recoverable value, ¥83 million for land for the year ended March 31, 2007. Pertaining to unused land and structures whose value decreased and whose use is not foreseen in the future, the book value is reduced to the recoverable value and accounted in extraordinary loss as impairment losses (¥83 million). A breakdown includes ¥83 million for land. The recoverable value for this assets group is calculated using the fair value cost to sell. The fair value cost to sell is calculated by deducting the price calculated reflecting appropriate adjustments for land shape based on the land assessments length measured along the road and the estimated disposal costs from prices based on appraisals.	Note 6:Impairment losses For the fiscal year ended March 31, 2008, the ALSOK Group recorded impairment losses as follows: <table><tr><td>Type</td><td>Purpose</td><td>Impairment losses</td></tr><tr><td>Land</td><td>Vacant lot</td><td>¥12 million</td></tr></table>Assets groups of the Company and consolidated subsidiaries are classified by unit of individual property for nonperforming assets and by unit of managerial accounting for performing assets in business. Aforementioned impairment losses were recorded at the amount by which the book value of each asset exceeded its estimated recoverable value, ¥12 million for land for the year ended March 31, 2008. Pertaining to unused land and structures whose value decreased and whose use is not foreseen in the future, the book value is reduced to the recoverable value and accounted in extraordinary loss as impairment losses (¥12 million). A breakdown includes ¥12 million for land. The recoverable value for this assets group is calculated using the fair value cost to sell. The fair value cost to sell is calculated by deducting the price calculated reflecting appropriate adjustments for land shape based on the land assessments length measured along the road and the estimated disposal costs from prices based on appraisals.

C. Consolidated Statements of Changes in Net Assets

Previous Fiscal Term (From April 1, 2006 to March 31, 2007)

a) Matters concerning type and total number of issued shares and treasury stock

(Shares)

	Number of shares as of March 31, 2006	Number of increased shares during the fiscal term	Number of decreased shares during the fiscal term	Number of shares as of March 31, 2007
Issued shares				
Common stock (Note 1)	101,209,642	679,700	—	101,889,342
Total	101,209,642	679,700	—	101,889,342
Treasury stock				
Common stock (Note 2,Note 3)	16,702	756	13,500	3,958
Total	16,702	756	13,500	3,958

Note 1: The increase of 679,700 shares to the total outstanding shares of common stock is the result of new share issuances due to the exercise of stock options.

Note 2: The increase of 756 shares of common stock to the amount of treasury stock is the result of the purchase of odd lots.

Note 3: The decrease of 13,500 shares of common stock from the amount of treasury stock is the result of the sale of treasury stock held by certain consolidated subsidiaries (shares of the Company).

b) Matters concerning stock acquisition rights and treasury stock acquisition rights

	Items of stock acquisition rights	Type of shares subject to the stock acquisition rights	Number of shares subject to the stock acquisition rights (thousand shares)				Balance as of March 31, 2007 (¥ million)
			As of March 31, 2006	Increase	Decrease	As of March 31, 2007	
Submitting Company (Parent Company)	2000 Stock acquisition rights (Note 1)	Common stock	530	—	350	179	—
	2001 Stock acquisition rights (Note 1)	Common stock	407	—	220	187	—
	2002 Stock acquisition rights (Note 2)	Common stock	137	—	49	87	—
	2003 Stock acquisition rights (Note 3)	Common stock	348	—	94	253	—
Consolidated subsidiaries	—	—	—	—	—	—	—
Total		—	1,423	—	715	708	—

Note 1: The current fiscal year decrease is a result of the exercise or invalidation of subscription rights.

Note 2: The current fiscal year decrease is a result of the exercise of share acquisition rights.

Note 3: The current fiscal year decrease is a result of the exercise or invalidation of share acquisition rights.

c) Matters concerning dividends

(a) Dividends paid

Date of resolution	Type of shares	Total dividend (¥ million)	Dividends per share (¥)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 29, 2006	Common stock	859	8.5	March 31, 2006	June 30, 2006
Board of Directors Meeting on November 14, 2006	Common stock	862	8.5	September 30, 2006	December 8, 2006

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

Date of resolution	Type of shares	Total dividend (¥ million)	Dividend resource	Dividends per share (¥)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 28, 2007	Common stock	1,171	Retained earnings	11.5	March 31, 2007	June 29, 2007

Current Fiscal Term (From April 1, 2007 to March 31, 2008)

a) Matters concerning type and total number of issued shares and treasury stock

(Shares)

	Number of shares as of March 31, 2007	Number of increased shares during the fiscal term	Number of decreased shares during the fiscal term	Number of shares as of March 31, 2008
Issued shares				
Common stock (Note 1)	101,889,342	149,700	—	102,039,042
Total	101,889,342	149,700	—	102,039,042
Treasury stock				
Common stock (Note 2)	3,958	656,751	—	660,709
Total	3,958	656,751	—	660,709

Note 1: The increase of 149,700 shares of common stock to the total number of outstanding shares is the result of the issuance of new shares due to the exercise of stock options.

Note 2: The increase of 656,751 shares of common stock to the amount of treasury stock is the result of an increase of 751 shares due to the purchase of odd lots and an increase of 656,000 shares due to an acquisition based on a resolution of the Board of Directors held on February 13, 2008 as per Article 7 of the Articles of Incorporation.

b) Matters concerning stock acquisition rights and treasury stock acquisition rights

	Items of stock acquisition rights	Type of shares subject to the stock acquisition rights	Number of shares subject to the stock acquisition rights (thousand shares)				Balance as of March 31, 2008 (¥ million)
			As of March 31, 2007	Increase	Decrease	As of March 31, 2008	
Submitting Company (Parent Company)	2000 Stock acquisition rights (Note 1)	Common stock	179	—	179	—	—
	2001 Stock acquisition rights (Note 1)	Common stock	187	—	68	119	—
	2002 Stock acquisition rights (Note 2)	Common stock	87	—	30	57	—
	2003 Stock acquisition rights (Note 3)	Common stock	253	—	25	228	—
Consolidated subsidiaries	—	—	—	—	—	—	—
Total		—	708	—	303	405	—

Note 1: The current fiscal year decrease is a result of the exercise or invalidation of subscription rights.

Note 2. The current fiscal year decrease is a result of the exercise of stock acquisition rights.

Note 3. The current fiscal year decrease is a result of the exercise or invalidation of stock acquisition rights.

c) Matters concerning dividends

(a) Dividends paid

Date of resolution	Type of shares	Total dividend (¥ million)	Dividends per share (¥)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 28, 2007	Common stock	1,171	11.5	March 31, 2007	June 29, 2007
Board of Directors Meeting on November 13, 2007	Common stock	1,019	10.0	September 30, 2007	December 7, 2007

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

Date of resolution	Type of shares	Total dividend (¥ million)	Dividend resource	Dividends per share (¥)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2008	Common stock	1,013	Retained earnings	10.0	March 31, 2008	June 30, 2008

d. Consolidated Statements of Cash Flows

Previous Fiscal Term
(From April 1, 2006 to March 31, 2007)

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

(As of March 31, 2007)
(¥ million)

Cash and deposits	61,029
Deposits to mature in excess of 3 months	(9,144)
Short-term investments (securities) to be redeemed within 3 months of acquisition date	706
Cash and cash equivalents	52,591

Current Fiscal Term
(From April 1, 2007 to March 31, 2008)

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

(As of March 31, 2008)
(¥ million)

Cash and deposits	57,375
Deposits to mature in excess of 3 months	(8,498)
Short-term investments (securities) to be redeemed within 3 months of acquisition date	913
Cash and cash equivalents	49,790

Segment information

Previous Fiscal Term (From April 1, 2006 to March 31, 2007)

(1) Business segments
Business segment information disclosure has been omitted as the security business accounts for more than 90 percent of total sales, operating profits and total assets of all segments.

(2) Geographical segments
Geographical segment information disclosure is not applicable to the ALSOK Group as there have been no consolidated subsidiaries or material branch offices located in a country or region other than Japan.

(3) Sales by region
Sales by region information disclosure is not applicable to the ALSOK Group as there have been no overseas sales.

Current Fiscal Term (From April 1, 2007 to March 31, 2008)

(1) Business segments
Business segment information disclosure has been omitted as the security business accounts for more than 90 percent of total sales, operating profits and total assets of all segments.

(2) Geographical segments
Geographical segment information disclosure has been omitted as total sales and assets in Japan account for more than 90 percent of total sales and assets of all segments.

(3) Sales by region

Sales by region information disclosure has been omitted as overseas sales account for less than 10 percent of consolidated sales.

Transactions with Related Parties

Previous Fiscal Term (From April 1, 2006 to March 31, 2007)

Directors and Major Individual Shareholders, etc.

Title	Name	Address	Capital	Type of business occupation	% of voting rights (held by others)	Relationship: Shareholder and director	Relationship: Business relationship	Type of transaction		Value of transaction (¥ million)	Accounting classification	Balance at term end
Director	Atsushi Murai	—	—	Chairman, Japan Urban Security Research Institute (JUSRI)	(held by others) Direct 2.8%	—	—	Transactions between ALSOK and JUSRI (Note 1)	Donations	51	—	—
									Free lending of building (Note 4)	12	—	—
		—	—	Chairman, Defense Research Center (DRC)	(held by others) Direct 2.8%	—	—	Transactions between ALSOK and DRC (Note 2)	Donations	38	—	—
									Free lending of building (Note 4)	14	—	—
		—	—	Chairman, Jun Murai Memorial Foundation	(held by others) Direct 2.8%	—	—	Transactions between ALSOK and Jun Murai Memorial Foundation (Note 3)	Donations (Note 4)	13	—	—

Note 1:Transactions conducted by ALSOK Representative Director Atsushi Murai as Chairman of the Japan Urban Security Research Institute (JUSRI)

JUSRI is engaged in the following activities:

- Studies and research regarding urban crime prevention
- Holding lectures, symposiums, seminars, and international conferences regarding urban crime prevention
- Assistance relating to organizations and other entities that conduct surveys, research, and public relations activities related to urban crime prevention
- Publication of research magazines, public relations magazines, bulletins, and other publications related to urban crime prevention.

Note 2: Transactions conducted by ALSOK Representative Director Atsushi Murai as Chairman of the Defense Research Center (DRC)

DRC is engaged in the following activities:

- Studies and research related to the basis of guaranteeing security
- Studies and research related to guaranteeing security with overseas specific research organizations
- Research and educational activities commissioned by ministries and public agencies related to guaranteeing security
- Activities to promote and raise awareness of guaranteeing security
- Publication of books associated with guaranteeing security

ALSOK Representative Director Atsushi Murai resigned from his position as Chairman of the DRC in April 2007.

Note 3: Transactions conducted by ALSOK Representative Director Atsushi Murai as Chairman of the Jun Murai Memorial Foundation

The Jun Murai Memorial Foundation provides scholarships to students enrolled in a technical college or the engineering department of a university in Kanagawa Prefecture. These scholarships do not require repayment.

Note 4: Terms of transactions and policy for deciding terms of transactions, etc.

(1) With regard to the free lending of a building to JUSRI, ALSOK leases a building owned by Tokyo Opera City Building Co., Ltd., and ALSOK lends it free of charge to JUSRI in order for JUSRI to use it as its office.

The abovementioned amount is the rent and other such items that ALSOK has paid to Tokyo Opera City Building Co., Ltd., and the terms of this lease were equivalent to those of neighboring transactions.

In addition, the Board of Directors of ALSOK makes decisions regarding the amount of donations and lending buildings free of charge, after taking into account such factors as the Company's commitment to making social contributions and the annual operating expenses recognized as necessary to achieve the activity objectives of the non-profit organization concerned.

(2) With regard to the free lending of a building to the DRC, ALSOK leases a building owned by Iwanami Kensetsu Co., Ltd., and ALSOK lends it free of charge to DRC in order for the DRC to use it as its office.

The abovementioned amount is the rent and other such items that ALSOK has paid to Iwanami Kensetsu Co., Ltd., and the terms of this lease were equivalent to those of neighboring transactions.

In addition, the Board of Directors of ALSOK makes decisions regarding the amount of donations and lending buildings free of charge, after taking into account such factors as the Company's commitment to making social contributions and the annual operating expenses recognized as necessary to achieve the activity objectives of the non-profit organization concerned.

(3) The Board of Directors of ALSOK makes decisions regarding the amount of donations to the Jun Murai Memorial Foundation, after taking into account such factors as the Company's commitment to making social contributions and the annual scholarships recognized as necessary to achieve the activity objectives of the non-profit organization concerned.

Note 5: In the above amounts, the transaction amounts do not include consumption tax.

Transactions with Related Parties

Current Fiscal Term (From April 1, 2007 to March 31, 2008)

Directors and Major Individual Shareholders, etc.

Title	Name	Address	Capital	Type of business occupation	% of voting rights (held by others)	Relationship		Type of transaction		Value of transaction (¥ million)	Accounting classification	Balance at term end
						Shareholder and director	Business relationship					
Director	Atsushi Murai	—	—	Chairman, Japan Urban Security Research Institute (JUSRI)	(held by others) Direct 2.9%	—	—	Transactions between ALSOK and JUSRI (Note 1)	Donations Free lending of building (Note 3)	58 12	— —	— —
Director	Atsushi Murai	—	—	Chairman, Jun Murai Memorial Foundation	(held by others) Direct 2.9%	—	—	Transactions between ALSOK and Jun Murai Memorial Foundation (Note 2)	Donations (Note 3)	13	—	—

Note 1:Transactions conducted by ALSOK Representative Director Atsushi Murai as Chairman of the Japan Urban Security Research Institute (JUSRI)

JUSRI is engaged in the following activities:

- Studies and research regarding urban crime prevention
- Holding lectures, symposiums, seminars, and international conferences regarding urban crime prevention
- Assistance relating to organizations and other entities that conduct surveys, research, and public relations activities related to urban crime prevention
- Publication of research magazines, public relations magazines, bulletins, and other publications related to urban crime prevention.

Note 2: Transactions conducted by ALSOK Representative Director Atsushi Murai as Chairman of the Jun Murai Memorial Foundation

The Jun Murai Memorial Foundation provides scholarships to students enrolled in a technical college or the engineering department of a university in Kanagawa Prefecture. These scholarships do not require repayment.

Note 3: Terms of transactions and policy for deciding terms of transactions, etc.

(1) With regard to the free lending of a building to JUSRI, ALSOK leases a building owned by Tokyo Opera City Building Co., Ltd., and ALSOK lends it free of charge to JUSRI in order for JUSRI to use it as its office.

The abovementioned amount is the rent and other such items that ALSOK has paid to Tokyo Opera City Building Co., Ltd., and the terms of this lease were equivalent to those of neighboring transactions.

In addition, the Board of Directors of ALSOK makes decisions regarding the amount of donations and lending buildings free of charge, after taking into account such factors as the Company's commitment to making social contributions and the annual operating expenses recognized as necessary to achieve the activity objectives of the non-profit organization concerned.

(2) The Board of Directors of ALSOK makes decisions regarding the amount of donations to the Jun Murai Memorial Foundation, after taking into account such factors as the Company's commitment to making social contributions and the annual scholarships recognized as necessary to achieve the activity objectives of the non-profit organization concerned.

Note 4: In the above amounts, the transaction amounts do not include consumption taxes.

Notes on tax effect accounting

(1) Significant components of the ALSOK Group's deferred tax assets and liabilities on March 31, 2007 and 2008 are as follows:

(¥ million)

	As of March 31, 2007	As of March 31, 2008
Deferred tax assets:		
Accrued enterprise tax	327	250
Excess amount over limitation of taxable allowance for employee bonus	758	330
Excess amount over limitation of taxable allowance for doubtful account	913	997
Excess amount over limitation of taxable allowance for pension and severance payments	11,701	11,534
Accrued retirement benefits for directors and corporate auditors	874	870
Excess amount over limitation of taxable allowance for depreciation and amortization	1,400	1,199
Installation cost for signal equipment on subscribers' premises	5,280	5,158
Valuation losses on investment in securities	191	191
Amount of loss carried forward	202	327
Land revaluation account	2,444	2,444
Others	655	1,116
Sub total	24,750	24,421
Valuation allowance	(3,409)	(3,511)
Total deferred tax assets	21,341	20,910
Deferred tax liabilities:		
Special depreciation reserve	(2)	—
Prepaid pension cost	—	(1,436)
Valuation differences in other securities	(2,979)	(1,557)
Dividend income by foreign stock	(136)	(141)
Land revaluation account	(418)	(418)
Total deferred tax liabilities	(3,537)	(3,554)
Net deferred tax assets	17,803	17,355

Note: The net amounts for deferred tax assets are stated in the following items of the Consolidated Balance Sheets.

(¥ million)

	As of March 31, 2007	As of March 31, 2008
Current assets - Deferred tax assets	2,433	1,689
Fixed assets - Deferred tax assets	15,827	16,111
Long-term liabilities - Deferred tax liabilities	38	25
Long-term liabilities - Deferred income taxes on land revaluation	418	418

Reconciliation of the differences between the statutory tax rate and the effective income tax rate is as follows:

(%)

	As of March 31, 2007	As of March 31, 2008
Statutory tax rate	40.7	40.7
Increase (reduction) in taxes resulting from:		
Items that may not be incorporated in losses permanently, including entertainment expenses, etc.	1.7	1.3
Items that may not be incorporated in profits permanently, including dividend income, etc.	(0.2)	(0.4)
Inhabitants' equalization tax	2.1	2.4
Depreciation of goodwill	0.3	0.3
Equity in earnings of affiliates	(0.6)	(0.9)
Valuation allowance (amount deducted from deferred tax assets)	3.5	1.1
Others	0.7	(0.5)
Effective income tax rate	48.2	44.0

Notes on Securities

a. Marketable other securities

(¥ million)

	Previous Fiscal Term (From April 1, 2006 to March 31, 2007)			Current Fiscal Term (From April 1, 2007 to March 31, 2008)		
	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost						
a. Stocks	5,449	13,421	7,972	4,777	9,924	5,146
b. Debt securities						
National and local government bond	147	149	2	398	405	6
Corporate bond	1,319	1,334	14	898	907	9
c. Others	510	603	93	305	314	9
Total	7,426	15,509	8,082	6,379	11,551	5,172
Securities whose acquisition cost exceeds their carrying value						
a. Stocks	2,290	2,012	(277)	3,174	2,185	(989)
b. Debt securities						
National and local government bond	252	252	—	100	100	(0)
Corporate bond	4,016	3,799	(217)	4,022	3,298	(723)
c. Others	787	759	(28)	1,219	1,030	(189)
Sub-total	7,347	6,823	(523)	8,517	6,614	(1,903)
Total	14,774	22,332	7,558	14,896	18,165	3,269

b. Proceeds from sales of securities

(¥ million)

	Previous Fiscal Term (From April 1, 2006 to March 31, 2007)	Current Fiscal Term (From April 1, 2007 to March 31, 2008)
Proceeds from sales of securities	668	1,364
Aggregate gross gain	153	634
Aggregate gross losses	35	62

c. Carrying value of major non-marketable securities classified as other securities

(¥ million)

	Previous Fiscal Term (From April 1, 2006 to March 31, 2007)	Current Fiscal Term (From April 1, 2007 to March 31, 2008)
	Carrying value	Carrying value
Other securities		
Unlisted stocks	7,327	4,360
Unlisted corporate bonds	100	—
Others	719	1,026

d. Redemption schedule for securities with maturity dates classified as other securities

a) Previous Fiscal Term (From April 1, 2006 to March 31, 2007)

(¥ million)

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
a. Debt securities				
National and local government bond	2	2	149	—
Corporate bond	704	1,343	295	2,757
b. Others	—	109	—	100
Total	706	1,455	445	2,857

b) Current Fiscal Term (From April 1, 2007 to March 31, 2008)

(¥ million)

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
a. Debt securities				
National and local government bond	252	100	154	—
Corporate bond	100	1,430	298	2,377
b. Others	—	101	—	—
Total	352	1,631	452	2,377

Notes on Derivative transactions

(1) Matters concerning transactions

Previous Fiscal Term (From April 1, 2006 to March 31, 2007)	Current Fiscal Term (From April 1, 2007 to March 31, 2008)
1. Details of derivative transactions Interest rate swaps	1. Details of derivative transactions Interest rate swaps and other securities (exchange linked bonds, etc.) embedded derivatives
2. Policy to use derivative transactions The derivative transactions are for the purpose of reducing market risks resulting from fluctuations in interest rates, and not for trading or speculative purposes.	2. Policy to use derivative transactions The derivative transactions are for the purpose of reducing market risks resulting from fluctuations in interest rates. Also, transactions of other securities (exchange linked bonds, etc.) embedded derivatives are used as part of asset management.
3. Purpose of derivative transactions The purpose for derivatives is to reduce market risks resulting from fluctuations in interest rates. (1) Hedge accounting Deferred hedge treatment (2) Hedging instruments and hedged items Hedging instruments: interest rate Hedged items: bank loans (3) Hedge policy For the purpose of reducing financial costs and exposures to market risks resulting from fluctuations in interest rates, interest rate fluctuation risk is hedged in accordance with its internal rules. (4) Hedge effective assessment Assessment of hedge effectiveness is passed for interest rate swaps which qualify for hedge accounting and meet specific matching criteria, as they are considered highly hedge effective.	3. Purpose of derivative transactions The purpose for derivatives is to reduce market risks resulting from fluctuations in interest rates. (1) Hedge accounting Deferred hedge treatment (2) Hedging instruments and hedged items Hedging instruments: interest rate Hedged items: bank loans (3) Hedge policy For the purpose of reducing financial costs and exposures to market risks resulting from fluctuations in interest rates, interest rate fluctuation risk is hedged in accordance with its internal rules. (4) Hedge effective assessment Assessment of hedge effectiveness is passed for interest rate swaps which qualify for hedge accounting and meet specific matching criteria, as they are considered highly hedge effective. The purpose of embedded derivative transactions is to manage surplus capital.

4. Risk for transactions The Company believes there is very little risk from market rate change in interest rate swaps transactions.	4. Risk for transactions The Company believes there is very little risk from market rate change in interest rate swaps transactions. Also, embedded derivative transactions bear interest rate fluctuation risk and loss of principal risk. The Company's derivative transactions are effectuated with highly creditworthy financial institutions not expected to lose their creditworthiness from the non-performance of agreements by opposing parties.
5. Risk management system for transactions In accordance with its internal rules, the ALSOK Group controls various aspects of derivative transactions including authorization levels, transaction volumes, and execution by the accounting division.	5. Risk management system for transactions In accordance with its internal rules, the ALSOK Group controls various aspects of derivative transactions including authorization levels, transaction volumes, and execution by the accounting division.

(2) Matters concerning market value, etc., of derivative transactions

Previous Fiscal Term (As of March 31, 2007)
Not applicable because the derivative transactions are all interest rate swap transactions based on hedge accounting (special treatment).

Current Fiscal Term (As of March 31, 2008)

(¥ million)

Type	Amount of contracts	Market value	Unrealized profits or losses
Transactions other than market trading (Compound instruments)	2,049	1,508	(540)
Total	2,049	1,508	(540)

Note 1: Excluding derivative transactions for which hedge accounting was applied.
Note 2: Market values are based on figures presented by financial institutions with which the Company deals with.
Note 3: Pertaining to embedded derivatives, because market values cannot be rationally measured in segments, the market value for all compound financial instruments is valuated and the difference is accounted as a loss.

Notes on retirement benefits

Previous Fiscal Term (From April 1, 2006 to March 31, 2007)	Current Fiscal Term (From April 1, 2007 to March 31, 2008)
1. Outline of retirement benefit plan The Company and certain consolidated subsidiaries have a corporate pension plan and a retirement lump-sum severance payment plan as a defined benefit plan. Other consolidated subsidiaries have defined benefit plans (tax-eligible non-contributory pension plan and lump-sum severance indemnities plan, and defined contribution plan of Retirement Allowance Mutual Aid System of Medium and Small Enterprises.)	1. Outline of retirement benefit plan The Company and certain consolidated subsidiaries have a corporate pension plan and a retirement lump-sum severance payment plan as a defined benefit plan. Other consolidated subsidiaries have defined benefit plans (tax-eligible non-contributory pension plan and lump-sum severance indemnities plan, and defined contribution plan of Retirement Allowance Mutual Aid System of Medium and Small Enterprises.)
2. Matters concerning status of retirement benefit plan (¥ million) (1) Retirement benefit obligation (70,878) (2) Plan assets 54,255 (3) Unfunded retirement benefit obligation (16,622) (4) Unrecognized actuarial gain (8,484) (5) Unrecognized prior service cost (decrease in obligation) (Note 1, Note 2) (2,060) (6) Net amount recognized in the balance sheet (27,168) (7) Prepaid pension cost 1,988 (8) Net retirement benefit liability (6) - (7) (29,157)	2. Matters concerning status of retirement benefit plan (¥ million) (1) Retirement benefit obligation (71,563) (2) Plan assets 48,172 (3) Unfunded retirement benefit obligation (23,391) (4) Unrecognized actuarial gain 196 (5) Unrecognized prior service cost (decrease in obligation) (Note 1, Note 2) (1,956) (6) Net amount recognized in the balance sheet (25,152) (7) Prepaid pension cost 3,518 (8) Net retirement benefit liability (6) - (7) (28,670)

Note 1:Some subsidiaries have past service liabilities (decrease in liabilities) due to a change in the lump-sum severance payment system.	Note 1:Effective April 1, 2005, the Company and certain subsidiaries transferred their Sohgo Securities Service welfare pension fund scheme and tax-eligible non-contributory defined benefit pension plan to a defined benefit private pension plan. Alongside this transfer, prior service cost (decrease in obligation) accrued in the first half period of the fiscal year ended March 31, 2006.
Note 2:Effective April 1, 2005, the Company and certain subsidiaries transferred their Sohgo Securities Service welfare pension fund scheme and tax-eligible non-contributory defined benefit pension plan to a defined benefit private pension plan. Alongside this transfer, prior service cost (decrease in obligation) accrued in the first half period of the fiscal year ended March 31, 2006.	Note 2:Effective April 1, 2007, certain subsidiaries transferred their tax-eligible non-contributory defined benefit pension plan to a defined benefit private pension plan. Alongside this transfer, prior service cost (decrease in obligation) accrued in the first half period of the fiscal year ended March 31, 2008.
Note 3:Certain subsidiaries have adopted a simplified method in the computation of their retirement benefit obligation in conformity with the accounting standard for employees' retirement benefits.	Note 3:Certain subsidiaries have adopted a simplified method in the computation of their retirement benefit obligation in conformity with the accounting standard for employees' retirement benefits.

3. Components of retirement benefit expenses	(¥ million)	3. Components of retirement benefit expenses	(¥ million)
(1) Service cost	3,789	(1) Service cost	3,604
(2) Interest cost	1,663	(2) Interest cost	1,701
(3) Expected return on plan assets	(1,254)	(3) Expected return on plan assets	(1,349)
(4) Recognized actuarial gain	(397)	(4) Recognized actuarial gain	(477)
(5) Amortization of prior service cost(Note 1)	(704)	(5) Amortization of prior service cost (Note 1)	(854)
(6) Extra severance payment	75	(6) Extra severance payment	62
(7) Net periodic benefit cost	3,172	(7) Net periodic benefit cost	2,687
Note 1: Amount treated for the current term relating to past service liabilities indicated in Note 1 and 2 of “2. Matters concerning status of retirement benefit plan” on the previous page. Note 2: Retirement benefit expenses of consolidated subsidiaries using the simplified method are accounted in “(1) Service cost”.		Note 1: Amount treated for the current term relating to past service liabilities indicated in Note 1 and 2 of “2. Matters concerning status of retirement benefit plan” on the previous page. Note 2: Retirement benefit expenses of consolidated subsidiaries using the simplified method are accounted in “(1) Service cost”.	
4. Assumption used in accounting for the above plan		4. Assumption used in accounting for the above plan	
(1) Method of equally allocating estimated retirement benefits over service period	Allocated over service period	(1) Method of equally allocating estimated retirement benefits over service period	Allocated over service period
(2) Discount rate	2.5%	(2) Discount rate	2.5%
(3) Expected return on assets	2.5%	(3) Expected return on assets	2.5%
(4) Amortization period of prior service cost	5 years	(4) Amortization period of prior service cost	5 years
(5) Recognition period of actuarial gain/loss (Amortization commences from next fiscal term)	10 years	(5) Recognition period of actuarial gain/loss (Amortization commences from next fiscal term)	10 years

Notes on business combinations, etc.

Not applicable.

Per share information

Previous Fiscal Term (From April 1, 2006 to March 31, 2007)		Current Fiscal Term (From April 1, 2007 to March 31, 2008)	
Net assets per share	1,322.82 yen	Net assets per share	1,356.35 yen
Net income per share	74.71 yen	Net income per share	75.07 yen
Diluted net income per share	74.43 yen	Diluted net income per share	74.96 yen

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

(¥ million)

	Previous Fiscal Term (From April 1, 2006 to March 31, 2007)	Current Fiscal Term (From April 1, 2007 to March 31, 2008)
(1) Net income per share		
Net income	7,558	7,653
Amount not belonging to ordinary shareholders	(24)	—
(The Company's share of directors' bonuses of companies accounted for under the equity method appropriated from retained earnings of the prior fiscal year)	(24)	—
Net income attributable to common stock	7,582	7,653
Weighted average numbers of ordinary shares (thousand shares)	101,499	101,959
(2) Diluted net income per share		
Adjustment to net income	—	—
Increase of ordinary shares (thousand shares)	383	146
Overview of residual shares not included in the calculation of net income per share (diluted) because of lack of dilution effort	―――	―――

2 The basis for calculating net assets per share is as follows:

	Previous Fiscal Term (From April 1, 2006 to March 31, 2007)	Current Fiscal Term (From April 1, 2007 to March 31, 2008)
Total net assets (¥ million)	151,816	154,904
Amount deducted from total net assets (¥ million)	17,040	17,399
(Minority interests)	(17,040)	(17,399)
Net assets at end of year relating to common stock (¥ million)	134,775	137,504
Amount of common stock at end of year used for calculating net assets per share (thousand shares)	101,885	101,378

Significant subsequent event

Not applicable

(Omitted information)

Notes relating to lease transactions and stock options are omitted because they are considered unnecessary in the financial results report.

5. Others

(1) Changes in Directors
a. Changes in representative directors
Not applicable.

b. Other changes of directors
(i) Nominees for promotion to director
Satoshi Matsumoto
New position: Director, Executive Vice President, in charge of General Affairs and Corporate Planning
Current position: Executive Vice President, in charge of General Affairs and Corporate Planning

Akira Ohnishi
New position: Director, Executive Vice President, in charge of Financial and Accounting
Current position: Executive Vice President, in charge of Financial and Accounting

(ii) Director scheduled to retire
Kanehiro Mashita, Director
Current position: President, Sokei Stationed Security Services Co., Ltd. (will remain in this position)

(iii) Effective date
These changes will become effective at the 43rd Annual General Meeting of Shareholders scheduled to be held on June 27, 2008.

(2) Production, Orders and Sales
(i) Production
The ALSOK Group does not conduct production activities. The number of contracts undertaken by each business segment are presented below.

(Number of contracts)

Business Segment		Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	YoY (%)
Security Services	Electronic Security Services	462,913	487,228	5.3
	Stationed Security Services	2,843	2,922	2.8
	Transportation Security Services	32,980	33,397	1.3
	Subtotal	498,736	523,547	5.0
Other Services		57,425	56,099	-2.3
Total		556,161	579,646	4.2

(ii) Orders

The value of orders by each business segment are presented below.

(¥ million)

Business Segment		Fiscal year ended March 31, 2007	Fiscal year ended March 31, 2008	YoY (%)
Security Services	Electronic Security Services	143,278	143,967	0.5
	Stationed Security Services	70,940	72,798	2.6
	Transportation Security Services	44,509	46,606	4.7
	Subtotal	258,727	263,371	1.8
Other Services		17,832	21,624	21.3
Total		276,560	284,996	3.1

Note 1: The figures above are stated exclusive of consumption tax.

Note 2: There are no customers whose order value exceeds 10% of the total order value.