

# Review of Operations



## Security Services Operations

ALSOK's various security services operations protect the lives, facilities, and assets of customers. Our electronic security services entail installing sensors at contracted premises and dispatching security guards to the scene should an abnormality be detected. In stationed security services, we post security guards at office buildings and other facilities to provide services such as access management, patrols, and monitoring through disaster response centers. ALSOK's transportation security services include ATM management services for banks and convenience stores, sales revenue management services for business owners, and cash transportation services for financial institutions.

## Electronic Security Services

ALSOK's Electronic Security Services segment installs sensors at contracted premises and then dispatches security guards to the scene should an alarm signal be received by the Company's centralized monitoring centers (Guard Centers). Security guards are able to rush to locations throughout Japan, arriving within the time limit stipulated by the Security Services Act, from one of approximately 2,400 depots located across the country. In Japan, we supply electronic security services to approximately 480,000 corporate clients and 380,000 individual users (making for roughly 920,000 housing units if contracts with housing complexes are included), meaning that we hold the No. 2 share of the domestic market. Through these services, we protect a wide range of premises, including everything from individual homes to large-scale buildings and commercial facilities.

In the year under review, we promoted sales of ALSOK-GV (read as "ALSOK G-five") and Control System S-860. In addition, October 2015 saw the launch of the new ALSOK Image Cloud Service. We also deployed initiatives to respond to demand for stronger security to protect against leakage of confidential information, which included taking steps to address the Social Security and Tax Number System ("My Number" system). These initiatives resulted in higher revenues from sales of access management systems, security cameras, and other equipment.

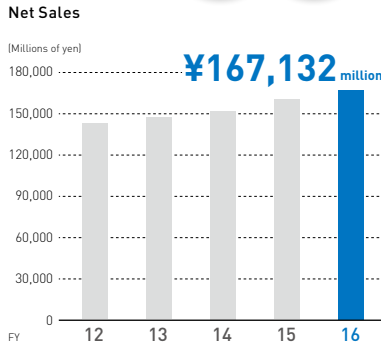
In services for individual users, we witnessed smooth progress in orders for the HOME ALSOK APARTMENT AND CONDOMINIUM PLAN, a service for housing complexes, as well as services for protecting the safety of senior citizens provided to municipal governments. Also during the year under review, we enhanced our product lineup with the launch of Home Security Basic.

## Stationed Security Services

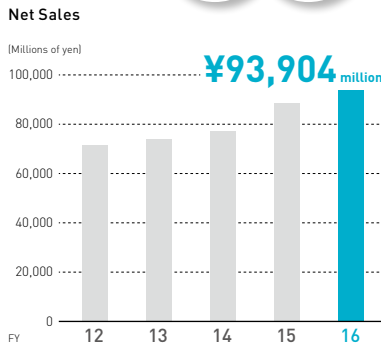
The operations of ALSOK's Stationed Security Services segment have continued since the Company was founded. These services entail positioning security guards at office buildings and other facilities to monitor the premises, conduct access management, offer security and patrol facilities, perform monitoring through disaster response centers and management centers, manage facilities, guide guests, and offer a wide range of other services. ALSOK is No. 1 in terms of stationed security service sales, and we provide stationed security services to large-scale facilities as well as to international conferences and other major events. Currently, major contracts include stationed service operations at the head branch of a megabank and at TOKYO SKYTREE TOWN®. In addition, we have supplied security services to the Group of 7, at the G7 Ise-Shima Summit held in 2016, for example.

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

## Introduction Video (in Japanese only)



## Introduction Video (in Japanese only)

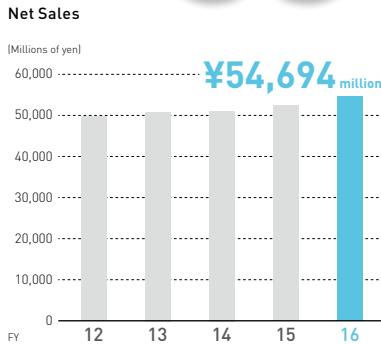


## Transportation Security Services

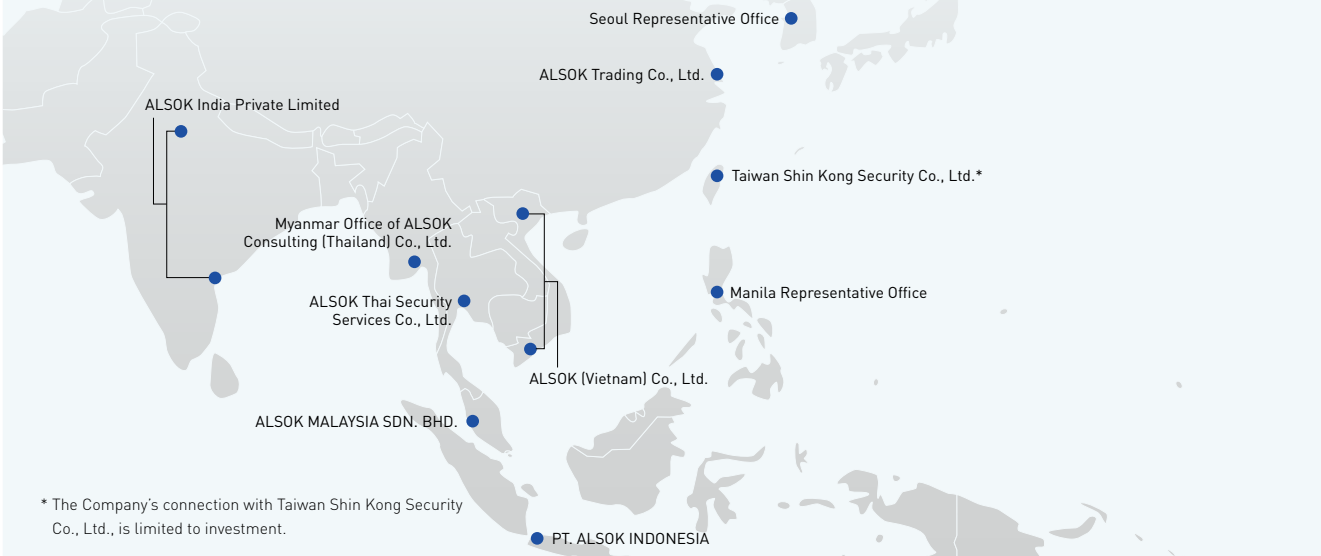
ALSOK's Transportation Security Services segment provides security services to guard against theft and other incidents that may occur during the transportation of precious metals, works of art, and other valuables. Services offered since the Company's founding include cash and check transportation security services for financial institutions as well as transportation services for marketable securities that use Shinkansen trains. More recent offerings include the Total ATM Management System, which provides comprehensive ATM management services for financial institutions. We currently manage approximately 60,300 ATMs through this system. For business owners, we also supply the Cash Deposit and Dispenser Machine On-line System, which offers safe and efficient management for the daily sales revenues of restaurants and other businesses. As of March 31, 2016, roughly 18,000 ALSOK cash deposit and dispenser machines were in operation across Japan.

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

## Introduction Video (in Japanese only)



## Reinforcement of Overseas Operations Centered on Southeast Asia



\* The Company's connection with Taiwan Shin Kong Security Co., Ltd., is limited to investment.

ALSOK began its first overseas forays in 2007 with the start of operations in Thailand. As of 2016, we operate in seven countries (excluding those in which we have representative offices). Our overseas operations primarily consist of supporting Japanese companies looking to expand into other countries through the provision of security consulting, stationed security services, electronic security services, and the sale of security-related equipment. In Thailand, for example, we have a stationed security squad consisting of more than 600 security guards that provide high-quality stationed security services, and are also offering electronic security services featuring image monitoring functionality. Looking ahead, we intend to expand the scope of our business in all countries of operation to include products and services in new fields, such as facility management and other non-security-related management services as well as AED sales. As part of this process, we will broaden our range of targets, continuing to pursue relationships with Japanese companies—our current target—while seeking to leverage our expertise and technological prowess to make total security proposals to local companies as well.

Moreover, we have been concluding share acquisition agreements with allied security companies in Vietnam and Indonesia with a view to converting them into consolidated subsidiaries. We thereby aim to further expand our electronic security services, stationed security services, and other operations in these countries.



General Property Management and Fire Protection Services

In the General Property Management and Fire Protection Services segment, we leverage the strengths of Group companies to conduct sales, installation, and inspection of facilities and disaster prevention equipment at buildings and condominiums and offer a wide range of other facility management services on a one-stop basis.

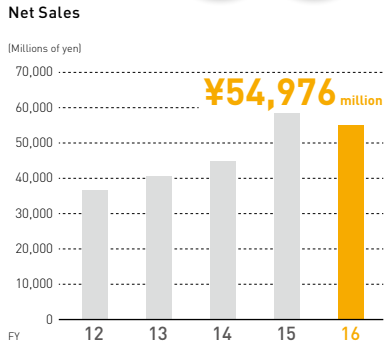
Business Overview and Performance in the Year under Review

Introduction Video  
(in Japanese only)



In this segment, we offer services that are highly compatible with our security services operations. These services include inspection of fire prevention and other equipment, cleaning services, call center services, and electrical, plumbing, and air-conditioning equipment installation. With other offerings including the sale of AEDs and the sale, installation, and inspection of disaster prevention equipment, we deliver total support for the management of buildings, condominiums, and other facilities.

In the year under review, we bolstered intra-Group coordination in order to strengthen our system for providing one-stop response to customer needs related to the maintenance, management, and operation of buildings, condominiums, and other facilities, resulting in the smooth acquisition of facility-related orders. In addition, sales were up for ALSOK Aerial Photography Services, which utilize drones to efficiently manage large-scale solar power installations and help maintain high levels of generation efficiency, as well as for fire extinguishing equipment and charging facilities for electric vehicles. However, revenue from installation work was down.



New Service Utilizing Drones—ALSOK Aerial Photography Services  
(For Large-Scale Solar Power Installations)

Drones are unmanned aerial robots that are currently being utilized in a wide range of fields due to their ability to perform inspections and other work at high altitudes and over expansive areas. ALSOK has also been taking advantage of drones, using them to confirm the status of eruptions at volcanoes and to perform inspections at large-scale solar power installations, among other applications. For example, ALSOK Aerial Photography Services for large-scale solar power installations allow the inspection of solar panels to be conducted accurately and with minimal time consumed. These services thus contribute to more efficient facility operation through time and labor savings realized by eliminating the need to inspect panels in-person, which requires walking across sometimes expansive installation sites.



For Large-Scale Solar Power Installations



Long-Term Care Services

Through HCM Corporation, ALSOK Care & Support Co., Ltd., and Wisnet Co., Ltd., ALSOK's long-term care services operations provide total support with visitation-based, in-home, and facility-based care services.

Business Overview and Performance in the Year under Review

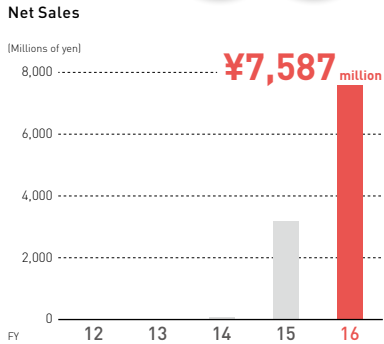
Introduction Video  
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ALSOK entered into the long-term care business in 2012 and was successful in acquiring three companies (HCM Corporation, ALSOK Care & Support Co., Ltd., and Wisnet Co., Ltd.) as of May 2016. With these three companies, we have enhanced our ability to cater to customers' long-term care needs, and currently serve approximately 12,000 people through these services\*. Our services include operating fee-based, long-term care facilities, group homes, and day services; providing visit-based care services; and offering rentals of welfare items.

In the year under review, HCM Corporation and ALSOK Care & Support, which were consolidated in the fiscal year ended March 31, 2015, contributed to improved performance.

\* As of September 30, 2016



Other Services

Other services offered by ALSOK include MAMOLOOK, a multifunctional mobile security terminal; information security services, which protect against cyberattacks and information leakage; and ALSOK DENPO, a telegraph service.

Business Overview and Performance in the Year under Review

Among ALSOK's other services are MAMOLOOK, a multifunctional mobile security terminal that offers features for protecting the members of one's precious family. We also provide information security-related products, such as the Internet Monitoring Service, which monitors the Internet to detect posts with the potential to damage clients' reputations; ALSOK Safety Confirmation Service, a crisis management solution; and ALSOK DENPO, a telegraph service.

In the year under review, orders for ALSOK Safety Confirmation Service were firm.

