Consolidated Financial Results for Fiscal Year Ended March 31, 2014
Prepared in Conformity with Accounting Principles Generally Accepted in Japan (Japanese GAAP)
English Translation of the Original Japanese-Language Report

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

URL http://www.alsok.co.jp/ir/en/index.html

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1. Summary of the consolidated financial results for fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2014	328,209	4.0	18,932	60.6	20,745	40.7	10,955	27.8
March 31, 2013	315,564	3.6	11,790	9.1	14,741	17.4	8,574	119.7

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

Note 2: Comprehensive income: Year ended March 31, 2014 ¥13,908 million 12.5%
Year ended March 31, 2013 ¥12,367 million 138.2%

	Net income per share	Diluted net income per share	ROE (Net income to equity)	Ordinary income to total assets	Operating income to sales
	Yen	Yen	%	%	%
Fiscal year ended					
March 31, 2014	108.99	-	7.0	6.5	5.8
March 31, 2013	85.30	-	5.7	5.1	3.7

Note: Equity in earnings of affiliates: Year ended March 31, 2014 ¥517 million
Year ended March 31, 2013 ¥1,356 million

Equity in earnings of affiliates in the year ended March 31, 2013, includes negative goodwill of ¥897 million associated with the acquisition of shares of HOCHIKI CORPORATION and its subsequent conversion to an affiliate accounted for under the equity method.

(2) Consolidated financial conditions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended				
March 31, 2014	342,495	180,205	46.2	1,574.74
March 31, 2013	296,665	175,563	52.1	1,536.30

Note: Equity capital: Year ended March 31, 2014 ¥158,290 million
Year ended March 31, 2013 ¥154,427 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended				
March 31, 2014	21,056	(16,701)	(9,142)	35,791
March 31, 2013	20,890	(12,713)	(8,136)	40,541

2. Dividend

(Figures rounded down to the nearest million)

	Dividends per share					Total dividend (Annual)	Consolidated payout ratio	Consolidated dividends to net assets
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended								
March 31, 2013	-	11.00	-	14.00	25.00	2,513	29.3	1.7
March 31, 2014	-	12.50	-	17.50	30.00	3,016	27.5	1.9
Fiscal year ending March 31, 2015 (Forecast)	-	17.50	-	17.50	35.00		22.0	

3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2015 (April 1, 2014 - March 31, 2015)

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	174,100	10.1	11,500	43.5	12,500	42.2	6,500	40.4	64.66
Annual	365,000	11.2	27,800	46.8	30,000	44.6	16,000	46.1	159.17

Note Percentages shown in net sales, operating income, ordinary income, and net income above represent the prospected changes from the previous year.

Notes:

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

Added: - Removed: -

(2) Changes in accounting policies, changes in accounting estimates, and restatement

a Changes arising from revision of accounting standards : Yes

b Changes arising from other factors : Yes

c Changes arising from accounting estimate : Yes

d Restatement : No

Changes are conducted in accordance with Article 14-7 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (changes that are difficult to distinguish between changes in accounting policies and changes in accounting estimates). For more details, please refer to page 19 "(5) Notes on the Preparation of the Consolidated Financial Results (Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates)" under "4. Consolidated Financial Statements."

(3) Number of shares outstanding (Ordinary shares)

a Number of shares issued (including treasury stock)	Year ended March 31, 2014	102,040,042 shares	Year ended March 31, 2013	102,040,042 shares
b Number of shares of treasury stock	Year ended March 31, 2014	1,521,424 shares	Year ended March 31, 2013	1,520,950 shares
c Average number of shares throughout the fiscal year	Year ended March 31, 2014	100,518,951 shares	Year ended March 31, 2013	100,530,505 shares

(Reference) Non-consolidated Financial Results for Fiscal Year Ended March 31, 2014

Summary of the non-consolidated financial results for fiscal year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Non-consolidated operating results (Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2014	200,635	2.0	8,150	111.4	17,736	144.9	14,915	186.4
March 31, 2013	196,784	1.9	3,854	14.2	7,241	2.1	5,208	35.6

Note: Percentage shown in net sales, operating income, ordinary income, and net income above represent the changes from the previous fiscal year.

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended		
March 31, 2014	148.36	-
March 31, 2013	51.81	-

(2) Non-consolidated financial conditions

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended				
March 31, 2014	246,437	124,717	50.6	1,240.56
March 31, 2013	198,736	110,936	55.8	1,103.47

Equity capital: Year ended March 31, 2014 ¥124,717 million
Year ended March 31, 2013 ¥110,936 million

*Indication of audit procedure implementation status

This summary of financial results is exempt from audit procedure based upon the Financial Instruments and Exchange Act. The audit procedure process had not been completed at the time of disclosure of this report.

*Explanation for Appropriate Use of Forecasts and Other Notes

The forward-looking statements such as operational forecasts contained in this summary of financial results are based on the information currently available to the Company and certain assumptions which are regarded as legitimate, and the Company does not promise the achievement of these results. Actual results may differ significantly from these forecasts due to various factors. Please refer to page 2 “(1) Analysis of Operating Results” under “1. Operating Results” for more information regarding the presumptions for forecasts and cautionary statements regarding the use of forecasts.

Contents

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

A. Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (April 1, 2013 – March 31, 2014)

In the fiscal year under review, in Japan, the benefits of the financial and fiscal policies implemented as part of the "Abenomics" economic plan bore results, generating improvements in corporate earnings, the job market, and stock prices, while also driving increases in consumer spending and capital investment. Due to these factors, gradual improvements are now being seen in the domestic economy. However, cause for concern still remains in the forms of lower demand as a rebound from the demand rush that preceded the consumption tax hike as well as rising costs resulted from yen depreciation and soaring resource prices, and the possibility of economic downturn overseas. Nevertheless, business in Japan is picking up in light of the upcoming 2020 Summer Olympic and Paralympic Games, scheduled to be held in Tokyo, and favorable economic conditions are projected amidst this recovery trend.

In this environment, the ALSOK Group continued working to respond to diversifying customer needs by strengthening its mainstay security services business while also expanding its lineup of new businesses and products, with a particular focus placed on those peripheral businesses that are highly compatible with the security services business. At the same time, we pursued increased efficiency and rationality in operations, actively cutting costs by absorbing and merging Group companies and consolidating operations.

Due to the above factors, net sales rose 4.0% year on year, to ¥328,209 million; operating income was up 60.6%, to ¥18,932 million; ordinary income was up 40.7%, to ¥20,745 million; and net income jumped 27.8%, to ¥10,955 million.

Sales by Business Segment

Business Segment	Fiscal year ended March 31, 2013		Fiscal year ended March 31, 2014		YoY	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Increase/ Decrease (%)
Security Services						
Electronic Security Services	147,162	46.6	151,844	46.3	4,681	3.2
Stationed Security Services	73,881	23.4	77,284	23.5	3,403	4.6
Transportation Security Services	50,854	16.1	51,050	15.6	196	0.4
Total	271,898	86.2	280,179	85.4	8,280	3.0
Total Building Management Services and Disaster Prevention Services	40,661	12.9	44,808	13.7	4,147	10.2
Total for reportable segments	312,559	99.0	324,988	99.0	12,428	4.0
Others	3,004	1.0	3,221	1.0	216	7.2
Total	315,564	100.0	328,209	100.0	12,644	4.0

Major factors behind segment results

a. Security Services

Electronic Security Services

In services for corporate clients, the Company worked to respond to the demand for more stringent security by promoting sales of its security systems, primarily ALSOK-GV (read ALSOK G-five), a service that combines image sensors with state-of-the-art IT systems. Sales of access control systems and security camera systems also increased.

In services for individual users, we aggressively pursued sales. To aid this pursuit, we leveraged HOME ALSOK Premium, a home security service equipped with cutting-edge security technologies, as well as our lineup of new products, which included the HOME ALSOK APARTMENT AND CONDOMINIUM PLAN, which was launched for housing complexes in August 2013, and HOME ALSOK MIMAMORI SUPPORT, an emergency report and consultation service for senior citizens launched in September 2013. We also strengthened alliances with housing developers and real estate companies.

As a result, net sales in the Electronic Security Services segment rose 3.2% year on year, to ¥151,844 million.

Stationed Security Services

In the year under review, we received a number of orders for other large-scale stationed security operations, and continued stationed security operations at TOKYO SKYTREE TOWN®. Accordingly, net sales in the Stationed Security Services segment increased 4.6% year on year, to ¥77,284 million.

Transportation Security Services

In the year under review, we achieved growth in new contracts for the Cash Deposit Machine On-line System as a wider range of industries subscribed to this service. Contracts for the Total ATM Management System also showed strong increases. Due to these factors, net sales in the Transportation Security Services segment increased 0.4% year on year, to ¥51,050 million.

b. Total Building Management Services and Disaster Prevention Services

In the year under review, leveraging the comprehensive strength of the ALSOK Group, Japan Facilio Co., Ltd., achieved higher sales, while sales of AEDs and other equipment proved favorable. As a result, net sales in the Total Building Management Services and Disaster Prevention Services segment increased 10.2% year on year, to ¥44,808 million.

B. Comparative Analysis of the Consolidated Statements of Income

The following table is a year-on-year comparison of the ALSOK Group's Consolidated Statements of Income.

	Fiscal year ended March 31, 2013		Fiscal year ended March 31, 2014		YoY	
	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Increase/ Decrease (%)
Net sales	315,564	100.0	328,209	100.0	12,644	4.0
Cost of sales	242,410	76.8	248,900	75.8	6,489	2.7
Gross profit	73,153	23.2	79,308	24.2	6,154	8.4
Selling, general and administrative expenses	61,363	19.4	60,375	18.4	(987)	(1.6)
Operating income	11,790	3.7	18,932	5.8	7,142	60.6
Non-operating income	4,128	1.3	3,124	1.0	(1,004)	(24.3)
Non-operating expenses	1,177	0.4	1,311	0.4	133	11.4
Ordinary income	14,741	4.7	20,745	6.3	6,004	40.7
Extraordinary income	801	0.3	258	0.1	(543)	(67.7)
Extraordinary loss	294	0.1	92	0.0	(202)	(68.6)
Income taxes	5,597	1.8	8,853	2.7	3,255	58.2
Minority interests in income	1,075	0.3	1,102	0.3	27	2.5
Net income	8,574	2.7	10,955	3.3	2,380	27.8

In the year under review, net sales increased ¥12,644 million year on year, to ¥328,209 million.

Cost of sales was ¥248,900 million, primarily due to a ¥5,643 million increase in cost of sales from procurement of products and installation of equipment and a ¥1,013 million increase in labor costs.

Selling, general and administrative expenses were ¥60,375 million due to a ¥397 million decrease in retirement benefit expenses and a ¥365 million decrease in depreciation and amortization.

Ordinary income rose ¥6,004 million, or 40.7%, to ¥20,745 million, following higher net sales and lower selling, general and administrative expenses.

Extraordinary income was down due to a ¥526 million decrease in compensation income.

Extraordinary loss declined as a result of a ¥142 million decrease in loss on extinguishment of tie-in shares and ¥135 million decrease in impairment loss.

Net income increased ¥2,380 million, or 27.8%, to ¥10,955 million.

C. Forecast for the Fiscal Year Ending March 31, 2015

In the fiscal year ending March 31, 2015, the recovery trend in the Japanese economy is expected to become more prominent due to the anticipations regarding the benefits of Abenomics and improvements in corporate activities. However, it will still be necessary to carefully monitor the impacts on the domestic economy of the consumption tax hike and the increasingly unclear circumstances in the global economy.

In the security industry, traditional security needs will remain present. At the same time, we expect to see expanding business opportunities resulted from the accelerated development of social infrastructure as part of national resilience improvement plans, post- Great East Japan Earthquake reconstruction efforts, and preparations for 2020 Summer Olympic and Paralympic Games. However, intensified competition is forecast to create a harsh operating environment for the security industry during the fiscal year ending March 31, 2015. Success under these difficult conditions will require that we promote the further differentiation of our products and services.

In the fiscal year ending March 31, 2015, ALSOK Souei Co., Ltd., and Nippon Building Maintenance Co., Ltd., will join the ALSOK Group, greatly increasing the range of services we can provide. Accordingly, greater synergies will be pursued within the Group as it develops its mainstay security services business while also creating products and services that are always in line with the needs of the changing times. In addition, the Group will also actively expand into new business fields, such as nursing care, as it works to improve operating results.

In the fiscal year ending March 31, 2015, the ALSOK Group forecasts net sales of ¥365,000 million, up 11.2% year on year, operating income of ¥27,800 million, up 46.8%, ordinary income of ¥30,000 million, up 44.6%, and net income of ¥16,000 million, up 46.1%, results that will be achieved through the implementation of initiatives such as those described above.

(2) Analysis of Financial Position

A. Comparative Analysis of the Consolidated Balance Sheets

The following table shows a year-on-year comparison of the ALSOK Group's Consolidated Balance Sheets.

		As of March 31, 2013		As of March 31, 2014		YoY	
		Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Share (%)	Amount (Millions of yen)	Increase/ Decrease (%)
Assets	Current assets	164,149	55.3	199,458	58.2	35,309	21.5
	Noncurrent assets	132,515	44.7	143,036	41.8	10,520	7.9
	Total assets	296,665	100.0	342,495	100.0	45,829	15.4
Liabilities	Current liabilities	75,372	25.4	114,322	33.4	38,949	51.7
	Noncurrent liabilities	45,730	15.4	47,968	14.0	2,238	4.9
	Total liabilities	121,102	40.8	162,290	47.4	41,188	34.0
Total net assets		175,563	59.2	180,205	52.6	4,641	2.6

Total assets at the end of the year under review increased ¥45,829 million, or 15.4%, from the previous fiscal year-end, to ¥342,495 million. Total current assets increased ¥35,309 million, or 21.5%, to ¥199,458 million, and total noncurrent assets increased ¥10,520 million, or 7.9%, to ¥143,036 million.

The ¥35,309 million increase in current assets was primarily due to a ¥34,485 million increase in cash for Transportation Security Services, and a ¥4,746 million increase in notes and accounts receivable-trade, which offset a ¥3,490 million decrease in cash and deposits and a ¥1,024 million decrease in short-term investment securities.

The ¥10,520 million increase in noncurrent assets was mainly attributable to a ¥4,439 million increase in machinery, equipment and vehicles and a ¥3,297 million increase in land.

Total liabilities at the end of the year under review increased ¥41,188 million, or 34.0%, from the previous fiscal year-end, to ¥162,290 million. Total current liabilities increased ¥38,949 million, or 51.7%, to ¥114,322 million, and total noncurrent liabilities increased ¥2,238 million, or 4.9%, to ¥47,968 million.

The ¥38,949 million increase in current liabilities was a result of factors such as a ¥36,771 million increase in short-term loans payable, and a ¥3,651 million increase in notes and accounts payable-trade.

The ¥2,238 million increase in noncurrent liabilities was due to the recording of ¥33,554 million in net defined benefit liability, which offset a ¥28,783 million decrease in provision for retirement benefits and a ¥2,766 million decrease in long-term loans payable.

Total net assets at March 31, 2014, were up ¥4,641 million, or 2.6%, from the previous fiscal year-end, to ¥180,205 million.

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

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	YoY (%)
Net cash provided by (used in) operating activities	20,890	21,056	0.8
Net cash provided by (used in) investing activities	(12,713)	(16,701)	31.4
Net cash provided by (used in) financing activities	(8,136)	(9,142)	12.4
Effect of exchange rate change on cash and cash equivalents	(11)	2	(118.5)
Net increase (decrease) in cash and cash equivalents	28	(4,785)	(16,696.2)
Cash and cash equivalents at beginning of period	40,476	40,541	0.2
Increase in cash and cash equivalents from newly consolidated subsidiary	-	36	-
Increase in cash and cash equivalents resulting from merger with non-consolidated subsidiaries	36	-	-
Cash and cash equivalents at end of period	40,541	35,791	(11.7)

a. Cash flows from operating activities

As a result of our operating activities in the year under review, net cash provided by operating activities increased 0.8% year on year, to ¥21,056 million. Principal items increasing cash included ¥20,911 million in income before income taxes, an increase of 37.1% year on year; ¥9,198 million in depreciation and amortization, a decrease of 24.7%; ¥2,329 million in increase in assets and liabilities for Transportation Security Services, a decrease of 145.5%; and ¥1,801 million in increase in notes and accounts payable-trade, a decrease of 23.3%. Conversely, major items decreasing cash included ¥7,900 million in income taxes paid, a year-on-year increase of 67.0%; and ¥4,744 million in increase in notes and accounts receivable-trade, a year-on-year increase of 843.3%.

Increase (decrease) in assets and liabilities for Transportation Security Services includes the increases and decreases in funds procured for transportation security services that are included in cash for Transportation Security Services and short-term loans payable.

b. Cash flows from investing activities

Net cash used in investing activities in the year under review was ¥16,701 million, a 31.4% year-on-year increase. The primary factors were ¥15,224 million in purchase of property, plant and equipment, up 39.8% from the previous fiscal year.

c. Cash flows from financing activities

Net cash used in financing activities was ¥9,142 million, a 12.4% year-on-year increase. The main elements were ¥3,388 million in repayment of long-term loans payable, down 10.1%; ¥2,793 million in repayment of lease obligations, up 1.5%; and ¥2,664 million in cash dividends paid, up 26.2%.

C. Trends in Cash Flow Indicators for the ALSOK Group

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Shareholders' equity ratio	51.3%	52.1%	46.2%
Shareholders' equity ratio on a market value basis	34.8%	46.5%	63.5%
Interest-bearing liabilities to cash flow ratio	182.9%	142.8%	302.3%
Interest coverage ratio	34.1 times	36.9 times	36.4 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 (used in) operating activities.

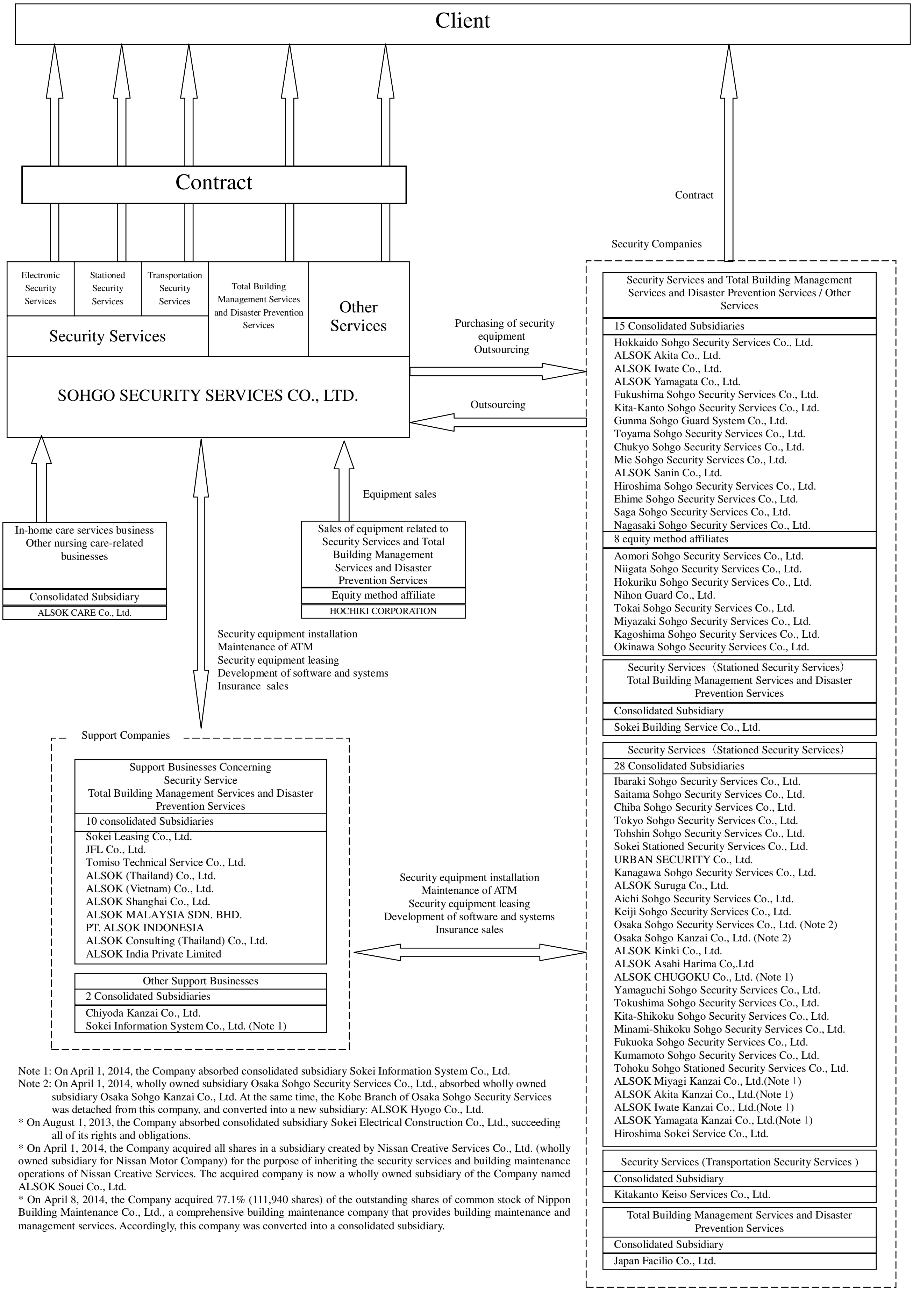
Note 4: Interest-bearing liabilities are all liabilities on which interest is paid on the Consolidated Balance Sheets.

2. Status of the Corporate Group

〔Structure of our company group〕

Major group companies by business segment and the structure of ALSOK Group are as follows.

Only significant business contracts are stated.



Note 1: On April 1, 2014, the Company absorbed consolidated subsidiary Sokei Information System Co., Ltd.

Note 2: On April 1, 2014, wholly owned subsidiary Osaka Sohgo Security Services Co., Ltd., absorbed wholly owned subsidiary Osaka Sohgo Kanzai Co., Ltd. At the same time, the Kobe Branch of Osaka Sohgo Security Services was detached from this company, and converted into a new subsidiary: ALSOK Hyogo Co., Ltd.

* On August 1, 2013, the Company absorbed consolidated subsidiary Sokei Electrical Construction Co., Ltd., succeeding all of its rights and obligations.

* On April 1, 2014, the Company acquired all shares in a subsidiary created by Nissan Creative Services Co., Ltd. (wholly owned subsidiary for Nissan Motor Company) for the purpose of inheriting the security services and building maintenance operations of Nissan Creative Services. The acquired company is now a wholly owned subsidiary of the Company named ALSOK Souei Co., Ltd.

* On April 8, 2014, the Company acquired 77.1% (111,940 shares) of the outstanding shares of common stock of Nippon Building Maintenance Co., Ltd., a comprehensive building maintenance company that provides building maintenance and management services. Accordingly, this company was converted into a consolidated subsidiary.

3. Management Policies

(1) Basic Corporate Management Policy

Our management philosophy is "Our business operations are based on a management philosophy exemplified by a spirit of gratitude and a samurai spirit. Our mission is to help maintain safety throughout society—an indispensable element of our lives—as well as to make constant improvements to become the industry's leading company." Based on this management philosophy, we have developed a management policy stating that our top priority is to provide security services of the first rank. This policy encourages us to generate appropriate profits through these security services and contribute to society by leveraging our security expertise to provide a diverse range of services that meet contemporary demands.

(2) Stance on Target Management Indicators

The ALSOK Group believes that expanding its security services and other operations as well as improving the rationality and efficiency of all of its business activities are essentials tasks for increasing profitability. Accordingly, it is focusing on the ordinary income ratio as an important management indicator.

Going forward, we will focus on indicators such as the net income to equity ratio (ROE).

(3) Medium- and Long-term Corporate Strategy

The ALSOK Group will continue to strengthen its security services operations, while also remaining in tune with the needs of society and developing businesses and services that leverage the foundation of safety and security provided by its security services operations to support comfortable and convenient lifestyles and business activities around the world. At the same time, we will drastically reform cost structures to improve profitability.

(4) Pressing Issues for the Company

The ALSOK Group is one of Japan's leading security services companies. Recognizing the responsibility this represents, we are actively working to help protect the safety and security of society while practicing stringent compliance and strong corporate ethics to improve corporate value. Moreover, as a provider of an important form of social infrastructure, we have set our sights on the time of the 2020 Summer Olympic and Paralympic Games. In preparation for this coming event, the Group is coming together to cultivate human resources of the highest caliber and develop cutting-edge equipment and systems.

A. Responding to Diversifying Needs of Customers

Customers' needs for safety and security are diversifying, and it is therefore important that the ALSOK Group continue to provide high-quality products and services that accurately respond to these needs.

For corporate clients, we provide a range of products and services that offer clients both security and convenience in their various business activities. These include ALSOK's BCP SOLUTION SERVICES that provide comprehensive business continuity plan support, ranging for support in formulating plans, acquiring necessary items, and installing system countermeasures. The ALSOK-GV service can also be considered such as service as it combines image sensors with state-of-the-art IT systems, helps strengthen information security, and can also play a role in improving internal control. Another service for corporate clients is the Cash Deposit Machine On-line System, which helps clients manage sales revenues.

For individual users, we offer various services that go farther than traditional home security services, meeting the needs of a wide range of households to provide comprehensive protection of safety and security for all aspects of customers' lives. Such services include HOME ALSOK Premium, a standard home security services that allows for remote control of security systems via the Internet and provides image monitoring functions for outside of premises, and HOME ALSOK MIMAMORI SUPPORT, an emergency report and consultation service for senior citizens.

B. Expanding Business Scope

The ALSOK Group looks to provide support for all aspects of customers' lives and business activities. To this end, it is actively developing new businesses and services that are synergistic with its security services business, one example of which would the Group's nursing care business.

C. Expanding Overseas

The trend of Japanese companies expanding their operations overseas is expected to accelerate into the future. The ALSOK Group will leverage the security expertise accumulated through its operations in Japan to provide security products and services custom-tailored to match the circumstances of different countries in order to support the overseas operations of clients. As part of this endeavor, the Group is actively expanding its own overseas network, and working to become a globally recognized brand.

D. Reforming Cost Structure to Improve Profitability

To strengthen its cost structure and ensure an appropriate level of profitability, the ALSOK Group is consolidating back office functions and expanding the range of duties handled by security guards and other employees. The Group will also improve service quality and pursue cost reductions to accomplish these goals.

(5) Other Important Items in Management of the Company

A. On April 1, 2014, the Company transferred the operations of Regional Division (VIII) in Hyogo Prefecture and the operations of Regional Division (X) in Shiga, Kyoto, Nara, and Wakayama prefectures to Regional Division (II). The aim of this reorganization was to strengthen wide-ranging sales systems in the Kansai region. Following the reorganization, Regional Division (X) was dissolved.

B. On April 1, 2014, the Company acquired all shares in a subsidiary created by Nissan Creative Services Co., Ltd. (wholly owned subsidiary for Nissan Motor Company) for the purpose of inheriting the security services and building maintenance operations of Nissan Creative Services. The acquired company is now a wholly owned subsidiary of the Company named ALSOK Souei Co., Ltd.

C. On April 1, 2014, the Company absorbed Sokei Information System Co., Ltd., to accelerate development ventures and improve managerial efficiency by concentrating management resources.

D. On April 1, 2014, wholly owned subsidiary Osaka Sohgo Security Services Co., Ltd., absorbed wholly owned subsidiary Osaka Sohgo Kanzai Co., Ltd. At the same time, the Kobe Branch of Osaka Sohgo Security Services was detached from this company, and converted into a new subsidiary: ALSOK Hyogo Co., Ltd. The aim of this reorganization was to integrate business operation, promote more effective use of management resources, and allow for more efficient management that better reflects the characteristics of each region of operation.

E. On April 8, 2014, the Company acquired 77.1% (111,940 shares) of the outstanding shares of common stock of Nippon Building Maintenance Co., Ltd., a company that provides building maintenance and management services.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets		
Cash and deposits (Note 4)	46,652	43,161
Cash for Transportation Security Services (Note 1)	64,094	98,579
Notes and accounts receivable-trade (Note 2)	31,309	36,055
Lease receivables and investment assets	1,228	1,986
Short-term investment securities	1,439	415
Raw materials and supplies	4,844	4,380
Costs on uncompleted construction contracts	825	343
Advances paid	5,732	6,370
Deferred tax assets	1,972	1,842
Other	6,249	6,534
Allowance for doubtful accounts	(198)	(211)
Total current assets	164,149	199,458
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	41,614	42,165
Accumulated depreciation	(22,452)	(22,982)
Buildings and structures, net (Note 4)	19,162	19,183
Machinery, equipment and vehicles	114,400	119,885
Accumulated depreciation	(103,123)	(104,169)
Machinery, equipment and vehicles, net	11,277	15,716
Land (Notes 3 and 4)	19,635	22,933
Lease assets	10,879	11,092
Accumulated depreciation	(4,941)	(5,529)
Lease assets, net	5,937	5,562
Construction in progress	881	1,410
Other	12,632	12,882
Accumulated depreciation	(9,377)	(9,462)
Other, net	3,255	3,419
Total property, plant and equipment	60,149	68,225
Intangible assets		
Software	3,191	3,681
Goodwill	1,129	769
Other	1,637	1,699
Total intangible assets	5,957	6,151
Investments and other assets		
Investment securities (Notes 4 and 5)	32,243	34,466
Long-term loans receivable	539	456
Lease and guarantee deposits	8,031	7,798
Insurance funds	1,970	2,004
Prepaid pension cost	3,059	-
Net defined benefit asset	-	50
Deferred tax assets	10,647	12,638
Other	10,771	12,097
Allowance for doubtful accounts	(855)	(853)
Total investments and other assets	66,408	68,659
Total noncurrent assets	132,515	143,036
Total assets	296,665	342,495

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,417	21,069
Short-term loans payable (Notes 1 and 4)	19,700	56,472
Current portion of long-term loans payable (Note 4)	3,337	3,165
Current portion of bonds	10	10
Accounts payable-other	15,532	13,672
Lease obligations	2,487	2,506
Income taxes payable	3,732	4,203
Accrued consumption taxes	2,052	1,680
Provision for bonuses	1,048	1,072
Provision for directors' bonuses	202	238
Deferred tax liabilities	0	0
Other	9,850	10,230
Total current liabilities	75,372	114,322
Noncurrent liabilities		
Bonds payable	30	20
Long-term loans payable (Note 4)	6,750	3,983
Lease obligations	5,141	5,510
Deferred tax liabilities	55	33
Deferred tax liabilities for land revaluation	366	366
Provision for retirement benefits	28,783	-
Net defined benefit liability	-	33,554
Provision for directors' retirement benefits	1,624	1,696
Asset retirement obligations	93	67
Negative goodwill	141	60
Other	2,743	2,674
Total noncurrent liabilities	45,730	47,968
Total liabilities	121,102	162,290
Net Assets		
Shareholders' equity		
Shareholders' equity	18,675	18,675
Capital stock	32,117	32,117
Capital surplus	106,731	114,961
Retained earnings	(1,987)	(1,988)
Treasury stock	155,536	163,766
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,245	5,969
Revaluation reserve for land (Note 3)	(5,343)	(5,343)
Foreign currency translation adjustment	(10)	46
Remeasurements of defined benefit plans	-	(6,148)
Total valuation and translation adjustments	(1,109)	(5,475)
Minority interests	21,135	21,914
Total net assets	175,563	180,205
Total liabilities and net assets	296,665	342,495

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

Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net sales	315,564	328,209
Cost of sales (Note 6)	242,410	248,900
Gross profit	73,153	79,308
Selling, general and administrative expenses (Notes 1 and 2)	61,363	60,375
Operating income	11,790	18,932
Non-operating income		
Interest income	259	250
Dividends income	435	512
Gain on sales of investment securities	93	123
Rent income	246	243
Gain from insurance claim	81	114
Equity in earnings of affiliates (Note 7)	1,356	517
Amortization of negative goodwill	80	80
Penalty income	444	336
Other	1,130	945
Total non-operating income	4,128	3,124
Non-operating expenses		
Interest expenses	566	578
Loss on sales of investment securities	33	7
Loss on retirement of noncurrent assets (Note 3)	109	151
Financing expenses	171	258
Other	297	314
Total non-operating expenses	1,177	1,311
Ordinary income	14,741	20,745
Extraordinary income		
Gain on sales of investment securities	150	108
Compensation income	651	124
Gain on reversal of asset retirement obligations	-	25
Total extraordinary income	801	258
Extraordinary loss		
Loss on valuation of investment securities	13	23
Loss on retirement of noncurrent assets (Note 4)	-	66
Impairment loss (Note 5)	138	2
Loss on extinguishment of tie-in shares	142	-
Total extraordinary loss	294	92
Income before income taxes	15,248	20,911
Income taxes-current	6,063	8,372
Income taxes-deferred	(465)	481
Total income taxes	5,597	8,853
Income before minority interests	9,650	12,057
Minority interests in income	1,075	1,102
Net income	8,574	10,955

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Income before minority interests	9,650	12,057
Other comprehensive income		
Valuation difference on available-for-sale securities	2,651	1,761
Revaluation reserve for land	-	-
Foreign currency translation adjustment	(18)	7
Share of other comprehensive income of associates accounted for using equity method	83	81
Total other comprehensive income (Note)	2,716	1,850
Comprehensive income	12,367	13,908
(Contents)		
Comprehensive income attributable to owners of the parent	11,085	12,736
Comprehensive income attributable to minority interests	1,281	1,171

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2013

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	18,675	32,117	100,267	(1,974)	149,085
Changes of items during the period					
Dividends from surplus			(2,111)		(2,111)
Net income			8,574		8,574
Change in equity in affiliates accounted for by equity method-treasury stock				(12)	(12)
Purchase of treasury stock				(0)	(0)
Change of scope of consolidation			-		-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	6,463	(12)	6,450
Balance at the end of current period	18,675	32,117	106,731	(1,987)	155,536

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
Balance at the beginning of current period	1,738	(5,343)	(14)	-	(3,619)	20,168	165,634
Changes of items during the period							
Dividends from surplus							(2,111)
Net income							8,574
Change in equity in affiliates accounted for by equity method-treasury stock							(12)
Purchase of treasury stock							(0)
Change of scope of consolidation							-
Net changes of items other than shareholders' equity	2,506	-	4	-	2,510	966	3,477
Total changes of items during the period	2,506	-	4	-	2,510	966	9,928
Balance at the end of current period	4,245	(5,343)	(10)	-	(1,109)	21,135	175,563

Fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	18,675	32,117	106,731	(1,987)	155,536
Changes of items during the period					
Dividends from surplus			(2,664)		(2,664)
Net income			10,955		10,955
Change in equity in affiliates accounted for by equity method-treasury stock				-	-
Purchase of treasury stock				(0)	(0)
Change of scope of consolidation			(60)		(60)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	8,230	(0)	8,229
Balance at the end of current period	18,675	32,117	114,961	(1,988)	163,766

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
Balance at the beginning of current period	4,245	(5,343)	(10)	-	(1,109)	21,135	175,563
Changes of items during the period							
Dividends from surplus							(2,664)
Net income							10,955
Change in equity in affiliates accounted for by equity method-treasury stock							-
Purchase of treasury stock							(0)
Change of scope of consolidation							(60)
Net changes of items other than shareholders' equity	1,724	0	56	(6,148)	(4,366)	778	(3,587)
Total changes of items during the period	1,724	0	56	(6,148)	(4,366)	778	4,641
Balance at the end of current period	5,969	(5,343)	46	(6,148)	(5,475)	21,914	180,205

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net cash provided by (used in) operating activities		
Income before income taxes	15,248	20,911
Depreciation and amortization	12,213	9,198
Impairment loss	138	2
Amortization of goodwill	363	370
Amortization of negative goodwill	(80)	(80)
Loss (gain) on extinguishment of tie-in shares	142	-
Increase (decrease) in allowance for doubtful accounts	142	11
Increase (decrease) in provision for retirement benefits	429	-
Increase (decrease) in net defined benefit liability	-	(310)
Increase (decrease) in provision for bonuses	28	24
Increase (decrease) in provision for directors' bonuses	1	36
Interest and dividends income	(695)	(762)
Interest expenses	566	578
Equity in (earnings) losses of affiliates	(1,356)	(517)
Loss (gain) on sales of noncurrent assets	13	1
Loss on retirement of noncurrent assets	109	218
Gain on reversal of asset retirement obligations	-	(25)
Loss (gain) on sales of investment securities	(210)	(222)
Loss (gain) on valuation of investment securities	13	23
Loss (gain) on valuation of derivatives	(292)	(180)
Decrease (increase) in notes and accounts receivable-trade	(502)	(4,744)
Decrease (increase) in inventories	484	956
Increase (decrease) in notes and accounts payable-trade	2,347	1,801
Decrease (increase) in prepaid pension costs	(258)	-
Decrease (increase) in net defined benefit asset	-	(1,279)
Decrease(increase) in assets and liabilities for Transportation Security Services	(5,122)	2,329
Other	1,216	257
Subtotal	24,941	28,597
Interest and dividends income received	783	900
Interest expenses paid	(564)	(574)
Income taxes paid	(4,729)	(7,900)
Income taxes refund	458	32
Net cash provided by (used in) operating activities	20,890	21,056

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	550	63
Purchase of property, plant and equipment	(10,888)	(15,224)
Proceeds from sales of property, plant and equipment	140	10
Purchase of investment securities	(2,239)	(878)
Proceeds from sales of investment securities	3,410	1,627
Purchase of investments in subsidiaries	(245)	(30)
Purchase of stocks of subsidiaries and affiliates	(1,353)	-
Decrease (increase) in short-term loans receivable	8	3
Payments of long-term loans receivable	(69)	(74)
Collection of long-term loans receivable	132	158
Other	(2,158)	(2,356)
Net cash provided by (used in) investing activities	(12,713)	(16,701)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	75	(439)
Proceeds from long-term loans payable	715	459
Repayment of long-term loans payable	(3,768)	(3,388)
Redemption of bonds	(110)	(10)
Proceeds from stock issuance to minority shareholders	3	-
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(2,753)	(2,793)
Cash dividends paid	(2,111)	(2,664)
Cash dividends paid to minority shareholders	(186)	(304)
Net cash provided by (used in) financing activities	(8,136)	(9,142)
Effect of exchange rate change on cash and cash equivalents	(11)	2
Net increase (decrease) in cash and cash equivalents	28	(4,785)
Cash and cash equivalents at beginning of period	40,476	40,541
Increase in cash and cash equivalents from newly consolidated subsidiary	-	36
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	36	-
Cash and cash equivalents at end of period (Note)	40,541	35,791

(5) Notes on the Preparation of the Consolidated Financial Results

Events or Situations Giving Cause for Serious Doubt Regarding the Premise of a Going Concern

Not applicable

Notes on the Basic Important Points for Preparing the Consolidated Financial Statements of Fiscal Year Ended March 31, 2014

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 59

Name of significant consolidated subsidiaries

Japan Facilio Co., Ltd.
Sokei Stationed Security Service Co., Ltd.
Sokei Building Service Co., Ltd.
Kitakanto Sohgo Security Services Co., Ltd.
Hiroshima Sohgo Security Services Co., Ltd.

On August 1, 2013, the Company absorbed consolidated subsidiary Sokei Electrical Construction Co., Ltd., succeeding all of its rights and obligations.
ALSOK India Private Limited was established and included in the number of consolidated subsidiaries in the fiscal year ended March 31, 2014.
ALSOK CARE Co., Ltd., was included in the number of consolidated subsidiaries beginning in the fiscal year ended March 31, 2014, following an increase in materiality.

(2) Name of significant non-consolidated subsidiaries:
Ehime Sokei Services Co., Ltd.

[Rationale for exclusion of non-consolidated subsidiaries, etc., from the scope of consolidation]

Each of the non-consolidated subsidiaries is small in scale in terms of the amount of assets, net sales, net income, and retained earnings; each has little influence on the finances and performance of the Group and has little materiality as a whole.

2. Application of equity method

(1) Number of affiliates accounted for under the equity method: 9

Name of significant affiliates:

HOCHIKI CORPORATION
Niigata Sohgo Security Services Co., Ltd.
Hokuriku Sohgo Security Services Co., Ltd.

(2) Major non-consolidated subsidiaries and affiliates not accounted for under the equity method
Ehime Sokei Services Co., Ltd.

[Rationale for non-application of the equity method]

Each of the subsidiaries or affiliates to which the equity method is not applied is small in scale in terms of net income and retained earnings; the influence on the finances and performance of the Group of each when the equity method is not applied is little and each has little materiality as a whole.

3. Matters concerning fiscal year-end of consolidated subsidiaries

The date of settlement of accounts for consolidated subsidiaries ALSOK (Vietnam) Co., Ltd., ALSOK (Shanghai) Co., Ltd., ALSOK MALAYSIA SDN. BHD., and PT. ALSOK INDONESIA is December 31. The financial statements presented on this date are used for the preparation of the consolidated financial statements of the Company. However, transactions with material importance between January 1 and March 31, the date of settlement of the consolidated accounts, are adjusted as necessary based on the terms of consolidation.

4. Matters concerning accounting methods

(1) Valuation basis and method of major assets

A. Marketable securities

Other marketable securities

With market value:

By the mark-to-market method based on market values on the date of settlement of the consolidated accounts (valuation differences are reported as a separate component of net assets and the cost of securities sold is determined by the moving-average method); derivative embedded bonds that cannot be treated separately are reported using the mark-to-market method (the cost of securities sold is determined by the moving-average method)

Without market value:
At cost, using the moving-average method

B. Derivatives
By the mark-to-market method

C. Inventories
Raw materials and supplies
Inventories are principally stated using the first-in first-out method (for the value stated in the balance sheet, the book value is written down based on the decreased profitability).
Costs on uncompleted installation contracts
Evaluated individually at cost

(2) Depreciation method for major depreciable assets
A. Property, plant and equipment (excluding lease assets)
Stated at cost. Depreciation is computed using the straight-line method at rates based on the estimated useful lives of the assets. The range of useful lives is principally as follows:
Buildings and structures: 15 to 50 years
Machinery, equipment and delivery equipment: 3 to 5 years

B. Intangible fixed assets (excluding lease assets)
Straight-line method
Software used for internal purposes is recorded at cost less accumulated amortization and is amortized using the straight-line method over five years (the estimated useful life of the software).

C. Lease assets
The straight-line method has been applied, using the lease period as the useful life and taking the residual value as zero.
The Company has continued to treat finance leases other than those that transfer ownership commencing before the first fiscal year in which the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) were applied as operating leases.

(3) Accounting criteria for major allowances
A. Allowance for doubtful accounts
To prepare for losses on doubtful accounts from account receivable and loans, general provisions are determined on the basis of past credit loss experience, and specific provisions, such as loss apprehensive credits, are determined by considering individual collectability.

B. Allowance for bonuses
Allowance for bonuses is provided 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.

D. Retirement benefit plan for directors and corporate auditors
The accrued liabilities are provided for in full on an annual basis, based on the amount which the ALSOK Group would be required to pay under the relevant rules and bylaws if all members resigned at each balance sheet date.

(4) Accounting method for retirement benefits
A. Allocation of expected benefit payments
When calculating retirement benefit obligation, the straight-line method is used to allocate expected benefit payments to the period until this fiscal year end.
B. Actuarial differences and prior service cost
Prior service cost is charged to expenses using the straight-line method based on determined years (generally 5 years) within average remaining service years of the employees when incurred.

Actuarial differences are also charged to expenses from the following fiscal year using the straight-line method based on determined years (generally 10 years) within average remaining service years of the employees when incurred.

(5) Important accounting standard for income and expenses

A. The accounting standard used for income relating to finance leases

When lease payment is received it is accounted using the method for sale amount and cost of sale.

B. The accounting standard used for balance of completed installation contracts and costs of completed installation contracts

For contracts started in the year under review, the percentage-of-completion method has been applied for recognizing sales from installation projects; otherwise, the completed-contract method has been applied. For contracts using the percentage-of-completion method, the cost ratio method is used for calculating installation costs.

(6) Hedge accounting

A. Method of hedge accounting

Gains or losses on derivatives are deferred until maturity of the hedged transactions. And the interest rate swaps, which qualify for hedge accounting and meet specific matching criteria, are not remeasured at market value, but the differential paid or received under the swap agreements is charged to income.

B. Hedging instruments and hedged items

Hedging instruments and hedged items to which hedge accounting was applied in the current fiscal year are as follows:

Hedging instruments: interest rate swaps

Hedged items: bank loans and bonds

C. Hedge policy

For the purpose of reducing financial costs and exposures to market risks resulting from fluctuations in interest rates, the interest rate fluctuation risk is hedged in accordance with internal rules.

D. Hedge effective assessment

Assessment of hedge effectiveness is omitted for interest rate swaps accounted by exceptional accounting that qualify for hedge accounting and meet specific matching criteria, as they are considered highly hedge effective.

(7) Method and period for amortization of goodwill

Goodwill is amortized evenly over a period of generally five years. Additionally, negative goodwill incurred before March 31, 2010, is amortized evenly over a 5-year period.

(8) Scope of funds used to prepare consolidated cash flow statements

Cash on hand, deposits withdrawable at immediate notice, and easily convertible short-term investments redeemable within 3 months of acquisition with minimal risk of fluctuations in value.

(9) Other important matters

Accounting for consumption tax

Consumption tax and regional consumption taxes are accounted for using the tax exclusion method. However, consumption tax and regional consumption taxes not eligible for deduction are charged to expenses in the applicable fiscal year.

Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates

The Company and its domestic consolidated subsidiaries primarily used the declining balance method as the depreciation method for property, plant and equipment (straight line method used for property, plant and equipment (excluding annexed facilities) acquired on or after April 1, 1998). However, effective April 1, 2013, the straight line method will be used for all property, plant and equipment.

After reviewing the usage circumstances of noncurrent assets, it was found that property, plant and equipment belonging to Company and its domestic consolidated subsidiaries is used and undergoes maintenance frequently during their usable lives, and that stable revenues are being produced by these assets. Accordingly, it was decided that using straight line method would be more appropriate and rational for improving the accuracy of the Consolidated Statements of Income, thereby better communicating the state of the Company’s management. Another deciding factor was the availability of systems for changing the depreciation method starting from April 1, 2013.

Because of the change, operating income, ordinary income, and income before income taxes for the year under review each increased ¥3,194 million compared to the amount calculated by previous method.

Changes in Accounting Policies

Adoption of Accounting Standard for Retirement Benefits

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012) were adopted effective March 31, 2014 (with the exception of the standards prescribed by Article 35 of "Accounting Standard for Retirement Benefits" and Article 67 of "Guidance on Accounting Standard for Retirement Benefits"). In accordance with these standards, the Company recorded an amount equivalent to retirement benefit obligation less plan assets as net defined benefit liability (net defined benefit asset if the value of plan assets exceeds that of retirement benefit obligation). Unrecognized actuarial gains and losses and unrecognized prior service cost are recorded under net defined benefit liability.

Article 37 of "Accounting Standard for Retirement Benefits" defines how it is to be applied across time. Accordingly, the value of remeasurements of defined benefit plans under accumulated other comprehensive income has been decreased to reflect the impact of this change.

As a result, net defined benefit liability of ¥33,554 million and net defined benefit asset of ¥50 million were recognized on March 31, 2014, and total valuation and translation adjustments was reduced by ¥6,148 million.

Furthermore, net assets per share decreased ¥61.17.

Unapplied Accounting Standards

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued on May 17, 2012)

"Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012)

(1) Outline

The accounting standard and the guidance have been issued mainly for the amendment of the accounting treatment for unrecognized actuarial gains and losses and unrecognized prior service cost, the calculation method for projected retirement benefit obligation and service cost, and the enhancement of disclosure.

(2) Application schedule

The revised calculation method for projected retirement benefit obligation and service cost will be applied from April 1, 2015. Moreover, as the standard defines how it is to be applied across time, it will not be retroactively applied to past consolidated financial statements.

(3) Effect of adoption of accounting standards

The effect of adopting the revised calculation method for projected retirement benefit obligation and service cost is currently being measured.

Changes in Presentation

Previously, advances paid for use as change for the Cash Deposit Machine On-line System offered as part of transportation security services were included in advances paid under current assets. However, as the amount of repayments by clients has increased, the amount of advances repaid by clients will be included in cash for Transportation Security Services beginning in the fiscal year ending March 31, 2014.

To reflect this change, the figures of ¥58,222 million for cash for Transportation Security Services and ¥11,604 million for advances paid displayed under current assets on the Consolidated Balance Sheets for the fiscal year ended March 31, 2013, have been restated as ¥64,094 million for cash for Transportation Security Services and ¥5,732 million for advances paid.

Supplementary Information

Changes in Statutory Tax Rate

On March 31, 2014, the "Bill for Partial Amendment of the Income Tax Act, etc." (Law No. 10 of 2014) was announced. This act stipulated the abolishment of the special corporate tax for [post-Great East Japan Earthquake] reconstruction beginning with fiscal years commenced on or after April 1, 2014.

Accordingly, the statuary tax rate used to calculate deferred tax assets and deferred tax liabilities has been changed in consideration of the forecast disappearance of temporary differences in the fiscal year ending March 31, 2015.

As a result, net deferred tax assets (deferred tax assets less deferred tax liabilities) decreased ¥221 million, and income taxes-deferred (recorded under Company expenses) increased ¥221 million.

Consolidated Balance Sheets

*1. Cash for Transportation Security Services

Fiscal year ended March, 31, 2013

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 ¥14,715 million relating to this operation.

Fiscal year ended March, 31, 2014

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 ¥51,927 million relating to this operation.

*2. Notes maturing on the closing date of the fiscal year

Notes maturing on the closing date of the consolidated fiscal year are deemed to have been settled on the date of clearing for the purpose of accounting treatment. As the closing date of the fiscal year ended March 31, 2013, was a banking holiday, the following notes maturing on the closing date of the fiscal year are included in the outstanding balance.

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Notes receivable	31	-

*3. Based on the Law concerning Land Revaluation (Law No. 34, promulgated on March 31, 1998, and Law No. 24, amended March 31, 1999), the ALSOK Group revalued its land used for business purposes on March 31, 2002.

Land revaluation

The method for calculating the value of land is based on prices computed as per a formula publicized by the Commissioner of the National Tax Administration after making reasonable adjustments such as those for land shape in order to calculate the value of land on which the calculation of the landholding tax is based as stipulated in Article 16 of the Landholding Tax Law (Law No. 69 of 1991) provided in Article 2, Item 4 of the Enforcement Regulations of the Law Concerning Revaluation of Land (Ordinance No. 119 enforced on March 31, 1998).

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
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:	1,198	1,165

*4. Assets pledged as collateral and obligations collateralized by the assets

Assets pledged as collateral are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash and deposits	445	445
Buildings and structures	2,553	1,624
Land	3,620	2,817
Investment securities	26	26
Total	6,646	4,913

The obligations collateralized by the above assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Short-term loans payable	350	-
Current portion of long-term loans payable	811	201
Long-term loans payable	1,636	720
Total	2,798	921

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

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Investment securities (stocks)	9,101	9,265

Consolidated Statements of Income

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

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Advertising expenses	2,266	2,062
Salaries and allowances	33,253	33,040
Provision for bonuses	345	345
Provision for directors' bonuses	202	238
Provision for directors' retirement benefits	102	128
Provision of allowance for doubtful accounts	208	105
Welfare expenses	5,543	5,628
Retirement benefit expenses	2,015	1,618
Rent expenses	5,023	4,951
Depreciation	1,743	1,378
Taxes and dues	1,197	1,321
Communication expenses	1,234	1,215

*2. Total amount of research and development expenses

Research and development expenses included in administrative expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
	495	408

*3. Loss on retirement of noncurrent assets

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Machinery and equipment	9	76
Others	99	75
Total	109	151

*4. Loss on retirement of noncurrent assets

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Software	-	17
Others	-	48
Total	-	66

*5. Impairment losses

For the fiscal year ended March 31, 2013, the ALSOK Group recorded impairment losses as follows:

(Millions of yen)

Type	Purpose	Impairment losses
Buildings	Dormitory	31
Land	Dormitory / vacant lot	107
Equipment and furnishings	Dormitory equipment and furnishings	0

Asset groups of the Company and consolidated subsidiaries are classified by unit of individual property for nonperforming assets and by unit of managerial accounting for performing assets in business.

Aforementioned impairment losses were recorded at the amount by which the book value of each asset exceeded its estimated recoverable value, ¥31 million for buildings (Sakai City, Osaka Prefecture), ¥107 million for land (primarily Sakai City, Osaka Prefecture; Yokosuka City, Kanagawa Prefecture; and Ube City, Yamaguchi Prefecture), and ¥0 million for equipment and furnishings, making for a total of ¥138 million for the year ended March 31, 2013.

The recoverable value for this asset group is calculated using the fair value cost to sell. The fair value cost to sell is calculated by deducting the price calculated reflecting appropriate adjustments for land shape based on the land assessments length measured along the road and the estimated disposal costs from prices based on appraisals.

For the fiscal year ended March 31, 2014, the ALSOK Group recorded impairment losses as follows:

(Millions of yen)

Type	Purpose	Impairment losses
Land	Vacant lot	2

Asset groups of the Company and consolidated subsidiaries are classified by unit of individual property for nonperforming assets and by unit of managerial accounting for performing assets in business.

Aforementioned impairment losses were recorded at the amount by which the book value of each asset exceeded its estimated recoverable value, making for a total of ¥2 million for the year ended March 31, 2014.

The recoverable value for this asset group is calculated using the fair value cost to sell. The fair value cost to sell is calculated by deducting the price calculated reflecting appropriate adjustments for land shape based on the land assessments length measured along the road and the estimated disposal costs from prices based on appraisals.

*6. Inventories at the end of the period were written down from book value following decrease in profitability, and the following loss on disposal and impairment of inventories was included in the cost of sales.

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
	(7)	(1)

*7. Equity in earnings of affiliates

Fiscal year ended March 31, 2013

Equity in earnings of affiliates include negative goodwill of ¥897 million associated with applying the equity method of accounting to HOCHIKI CORPORATION following the acquisition of shares of stock in this company.

Consolidated Statements of Comprehensive Income

* Amount of recycling and amount of income tax effect associated with other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Valuation difference on available-for-sale securities:		
Amount recognized in the period under review	4,095	2,878
Amount of recycling	36	(141)
Before income tax effect adjustment	4,132	2,737
Amount of income tax effect	(1,480)	(975)
Valuation difference on available-for-sale securities	2,651	1,761
Revaluation reserve for land:		
Amount of income tax effect	-	-
Foreign currency translation adjustment:		
Amount recognized in the period under review	(18)	7
Share of other comprehensive income of associates accounted for using equity method:		
Amount recognized in the period under review	83	81
Amount of recycling	-	-
Share of other comprehensive income of associates accounted for using equity method	83	81
Total other comprehensive income	2,716	1,850

Consolidated Statements of Changes in Net Assets

Fiscal year ended March, 31, 2013

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

	Number of shares as of April 1, 2012	Number of increased shares during the fiscal year	Number of decreased shares during the fiscal year	Number of shares as of March 31, 2013
Issued shares				
Common stock	102,040,042	-	-	102,040,042
Total	102,040,042	-	-	102,040,042
Treasury stock				
Common stock (Note)	1,505,754	15,196	-	1,520,950
Total	1,505,754	15,196	-	1,520,950

Note : The increase of 15,196 shares of common stock in the amount of treasury stock is due to the purchase of odd lots and the rise in shares associated with equity in affiliates.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

Not applicable.

3. Matters concerning dividends

(1) Dividends paid

Date of resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 26, 2012	Common stock	1,005	10.0	March 31, 2012	June 27, 2012
Board of Directors Meeting on October 31, 2012	Common stock	1,105	11.0	September 30, 2012	December 3, 2012

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

Date of resolution	Type of shares	Total dividends (Millions of yen)	Dividend resource	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2013	Common stock	1,407	Retained earnings	14.0	March 31, 2013	June 26, 2013

Fiscal year ended March, 31, 2014

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

	Number of shares as of April 1, 2013	Number of increased shares during the fiscal year	Number of decreased shares during the fiscal year	Number of shares as of March 31, 2014
Issued shares				
Common stock	102,040,042	-	-	102,040,042
Total	102,040,042	-	-	102,040,042
Treasury stock				
Common stock (Note)	1,520,950	474	-	1,521,424
Total	1,520,950	474	-	1,521,424

Note : The increase of 474 shares of common stock in the amount of treasury stock is due to the purchase of odd lots.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights
Not applicable.

3. Matters concerning dividends
(1) Dividends paid

Date of resolution	Type of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2013	Common stock	1,407	14.0	March 31, 2013	June 26, 2013
Board of Directors Meeting on October 31, 2013	Common stock	1,256	12.5	September 30, 2013	December 3, 2013

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

Date of resolution	Type of shares	Total dividends (Millions of yen)	Dividend resource	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2014	Common stock	1,759	Retained earnings	17.5	March 31, 2014	June 26, 2014

Consolidated Statements of Cash Flows

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

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash and deposits	46,652	43,161
Deposits to mature in excess of 3 months	(7,765)	(7,702)
Short-term investments (securities) to be redeemed within 3 months of acquisition date	1,238	214
Other (deposits at securities companies)	416	117
Cash and cash equivalents	40,541	35,791

Segment Information and Other Related Information

1. Segment Information

(1) Outline of Reportable Segments

The reportable segments the Company reports are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors, etc., to evaluate regularly in determining how to allocate resources and assess their business performance.

The Group has two reportable segments: Security Services, which conducts electronic security services, stationed security services, and transportation security services; and Total Building Management Services and Disaster Prevention Services, which conducts activities including facility operation and management services, environmental hygiene management, cleaning services, fire extinguishing equipment inspection and installation, and sales of various disaster prevention equipment.

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

Accounting method for reportable segments is the same as presentations on "Notes on the Basic Important Points for Preparing the Consolidated Financial Statements of Fiscal year ended March 31, 2014."
Income by reportable segments is calculated based on operating income.
Intersegment sales are calculated based on market prices.

Change in Depreciation Method for Property, Plant and Equipment
As recorded in "Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates" above, the Company and its domestic consolidated subsidiaries primarily used the declining balance method as the depreciation method for property, plant and equipment. However, effective April 1, 2013, the straight line method will be

used for all property, plant and equipment. Because of this change, income by reportable segment increased ¥2,860 million for Security Services, ¥181million for Total Building Management Services and Disaster Prevention Services, and ¥152 million for Others compared to the amount calculated by the previous method.

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

A. For the year ended March 31, 2013

(Millions of yen)

	Reportable segments			Others*1	Total	Elimination and corporate*2	Consolidation *3
	Security Services	Total Building Management Services and Disaster Prevention Services	Total				
Net sales							
Outside sales	271,898	40,661	312,559	3,004	315,564	-	315,564
Intersegment sales	3,258	199	3,457	336	3,794	(3,794)	-
Total	275,156	40,860	316,017	3,341	319,358	(3,794)	315,564
Income by reportable segment	17,920	2,133	20,054	416	20,471	(8,681)	11,790
Depreciation	11,169	536	11,706	472	12,179	34	12,213
Amortization of goodwill	20	343	363	0	363	-	363

Note 1: The "Others" category incorporates operations not included in reportable segments, including the provision of MMK multi-function ATMs, security solutions operations, information security services, and emergency dispatch services in which employees are sent to accident sites.

Note 2: The ¥8,681 million deduction to income by reportable segment under eliminations and corporate represents companywide expenses that cannot be attributed to any specific reportable segment. These expenses are primarily administrative costs not associated with specific reportable segments.

Note 3: Income by reportable segment has been adjusted for the operating income figure on the Consolidated Statements of Income.

Note 4: Assets are not allocated to specific reportable segments.

B. For the year ended March 31, 2014

(Millions of yen)

	Reportable segments			Others*1	Total	Elimination and corporate*2	Consolidation *3
	Security Services	Total Building Management Services and Disaster Prevention Services	Total				
Net sales							
Outside sales	280,179	44,808	324,988	3,221	328,209	-	328,209
Intersegment sales	2,843	118	2,962	378	3,340	(3,340)	-
Total	283,022	44,927	327,950	3,600	331,550	(3,340)	328,209
Income by reportable segment	23,831	3,321	27,152	375	27,527	(8,594)	18,932
Depreciation	8,302	415	8,718	457	9,175	22	9,198
Amortization of goodwill	26	343	370	0	370	-	370

Note 1: The "Others" category incorporates operations not included in reportable segments, including the provision of MMK multi-function ATMs, security solutions operations, information security services, and emergency dispatch services in which employees are sent to accident sites.

Note 2: The ¥8,594 million deduction to income by reportable segment under eliminations and corporate represents companywide expenses that cannot be attributed to any specific reportable segment. These expenses are primarily administrative costs not associated with specific reportable segments.

Note 3: Income by reportable segment has been adjusted for the operating income figure on the Consolidated Statements of Income.

Note 4: Assets are not allocated to specific reportable segments.

2. Relative Information

(1) For the Fiscal Year Ended March 31, 2013

A. Product and services information

Product and services information is omitted as it is the same as segment information.

B. Regional information

a. Net sales

Information regarding regional sales is omitted as sales to customers in Japan account for over 90% of the total sales recorded on the Consolidated Statements of Income.

b. Property, plant and equipment

Information regarding property, plant and equipment in specific is omitted as the value of property, plant and equipment in Japan accounts for over 90% of the total value recorded on the Consolidated Balance Sheets.

C. Major customer information

Information regarding major customers is omitted as there are no customers to which over 10% of the total sales recorded on the Consolidated Statements of Income can be attributed.

(2) For the Fiscal Year Ended March 31, 2014

A. Product and services information

Product and services information is omitted as it is the same as segment information.

B. Regional information

a. Net sales

Information regarding regional sales is omitted as sales to customers in Japan account for over 90% of the total sales recorded on the Consolidated Statements of Income.

b. Property, plant and equipment

Information regarding property, plant and equipment in specific is omitted as the value of property, plant and equipment in Japan accounts for over 90% of the total value recorded on the Consolidated Balance Sheets.

C. Major customer information

Information regarding major customers is omitted as there are no customers to which over 10% of the total sales recorded on the Consolidated Statements of Income can be attributed.

3. Information on Impairment Loss in Noncurrent Assets by Reportable Segment

(1) For the Fiscal Year Ended March 31, 2013

There were no impairment losses attributed to reportable segments. An impairment loss of ¥138 million was recorded of which ¥31 million was on the value of buildings, ¥107 million was on the value of land, and ¥0 million was on the value of equipment and furnishings.

(2) For the Fiscal Year Ended March 31, 2014

There were no impairment losses attributed to reportable segments. An impairment loss of ¥2 million was recorded of which ¥2 million was on the value of land.

4. Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment

(1) For the Fiscal Year Ended March 31, 2014

Amortization of goodwill and unamortized balance

Information regarding amortization of goodwill is omitted as it is the same as the information disclosed in segment information.

On March 31, 2013, the balance of unamortized goodwill was ¥1,129 million. As assets are not allocated to specific reportable segments, the balance of unamortized goodwill at the end of the fiscal year is not included in reportable segments.

Amortization of negative goodwill and unamortized balance related to business combinations performed before April 1, 2010

Amortization of negative goodwill and unamortized balance related to business combinations performed before April 1, 2010, is as follows. Amortization of negative goodwill and unamortized balance is not included in reportable segments.

(Millions of yen)

Amortization of negative goodwill	80
Balance at end of period	141

(2) For the Fiscal Year Ended March 31, 2014

Amortization of goodwill and unamortized balance

Information regarding amortization of goodwill is omitted as it is the same as the information disclosed in segment information.

On March 31, 2014, the balance of unamortized goodwill was ¥769 million. As assets are not allocated to specific reportable segments, the balance of unamortized goodwill at the end of the fiscal year is not included in reportable segments.

Amortization of negative goodwill and unamortized balance related to business combinations performed before April 1, 2010

Amortization of negative goodwill and unamortized balance related to business combinations performed before April 1, 2010, is as follows. Amortization of negative goodwill and unamortized balance is not included in reportable segments.

(Millions of yen)

Amortization of negative goodwill	80
Balance at end of period	60

5. Information on Negative Goodwill by Reportable Segment

(1) For the Fiscal Year Ended March 31, 2013

Negative goodwill of ¥897 million associated with the conversion of HOCHIKI CORPORATION into an affiliate accounted for under the equity method following the acquisition of shares of stock in this company was recorded under equity in earnings of affiliates on the Consolidated Statements of Operations. This negative goodwill is not allocated to specific reportable segments.

(2) For the Fiscal Year Ended March 31, 2014

Not applicable

Per Share Information

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net assets per share	¥1,536.30	¥1,574.74
Net income per share	¥85.30	¥108.99

Note 1: Fully diluted net income per share is not shown because no applicable shares existed.

Note 2: The following is the basis for calculating net income per share (basic and diluted).

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net income per share		
Net income (Millions of yen)	8,574	10,955
Amount not belonging to ordinary shareholders (Millions of yen)	-	-
Net income attributable to common stock (Millions of yen)	8,574	10,955
Weighted-average numbers of ordinary shares (Thousands of shares)	100,530	100,518

Note 3: The basis for calculating net assets per share is as follows.

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Total net assets (Millions of yen)	175,563	180,205
Amount deducted from total net assets (Millions of yen)	21,135	21,914
(minority interests)	(21,135)	(21,914)
Net assets at end of year relating to common stock (Millions of yen)	154,427	158,290
Amount of common stock at end of year used for calculating net assets per share (Thousands of shares)	100,519	100,518

Significant subsequent events

Consolidation of company following share acquisition

1. On April 1, 2014, the Company acquired all shares in a subsidiary created by Nissan Creative Services Co., Ltd. (wholly owned subsidiary for Nissan Motor Company) for the purpose of inheriting the security services and building maintenance operations of Nissan Creative Services. The acquired company is now a wholly owned subsidiary of the Company named ALSOK Souei Co., Ltd.

(1) Purpose of acquisition

In the security services field, Nissan Creative Services provides stationed security services and electronic security services. In the building maintenance field, its services include construction of fire-fighting equipment and cleaning. This company has developed a strong brand image by providing reliable services in these operations throughout its long history and by backing these services with its strong technological capabilities.

By acquiring all shares of the company inheriting these operations, ALSOK will be able to fuse this company's security- and building maintenance-field management resources and expertise with its own, thereby enabling it to provide customers with services boasting even higher value.

(2) Overview of established company

1. Name	ALSOK Souei Co., Ltd.
2. Business	Security service and building management service
3. Date of acquisition	April 1, 2014
4. Location	560 Kashio-cho, Totsuka-ku, Yokohama-shi, Kanagawa, Japan
5. Representative	Yukio Yonago
7. Capital	¥30 million
7. Ownership	100%
8. Projected annual sales	Approx. ¥10 billion

2. On April 8, 2014, the Company acquired 77.1% (111,940 shares) of the outstanding shares of common stock of Nippon Building Maintenance Co., Ltd. (NBM).

(1) Purpose of acquisition

NBM is a total building maintenance company that provides building maintenance and management services. Since its establishment in 1955, NBM has been building strong relationships of trust with customers and expanding its businesses by providing high-quality services in the areas of facility management, cleaning, security, and construction.

Meanwhile, the ALSOK Group has garnered support from customers in the fields of security, fire prevention, and construction. The acquisition of shares in (conversion to subsidiary of) NBM will incorporate this company into the ALSOK Group, enabling coordination to be pursued between NBM and the Group and their operations to be integrated. This is expected to result in further business expansion for NBM together with the broadening of the ALSOK Group's scope of business. In addition, the aforementioned acquisition will strengthen the systems that allow the ALSOK Group to comprehensively respond to customer's requests concerning the maintenance, management, and operation of their property, thereby enhancing the Group's customer service as well as the convenience of its services in this area.

Going forward, based on its customer-oriented business philosophy, the ALSOK Group will fully utilize its management resources, including the newly added NBM, in order to further develop its business and increase the corporate value of the entire Group.

(2) Overview of the company for which stock was acquired

1. Name	NIPPON BUILDING MAINTENANCE CO., LTD.		
2. Location	3-12-2, Nihonbashi, Chuo-ku, Tokyo, Japan		
3. Representative	Kazumi Honda, President and Representative Director		
4. Business	General building maintenance		
5. Capital	¥72.6 million		
6. Date established	May 6, 1955		
7. Number of shares issued	145,200		
8. Relationship with the Company	There is no capital, personal, or business relationship to note.		
8. Financial results and financial position over past 3 years			
Fiscal year	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Net assets (Millions of yen)	2,346	2,387	1,768
Total assets (Millions of yen)	3,445	3,853	3,139
Net assets per share (Yen)	16,158.9	16,445.1	12,177.2
Net sales (Millions of yen)	9,659	9,827	9,691
Ordinary income (Millions of yen)	142	136	99
Net income (Millions of yen)	131	80	(605)
Net income per share (Yen)	904.8	553.6	(4,167.9)
Dividends per share (Yen)	100	100	100

(3) Share transferee

Kazumi Honda and 19 private investors

(4) Number of shares to be acquired and shareholding status before and after acquisition

1. Number of shares held before acquisition	0 shares (Number of voting rights: 0) (Holding ratio: 0.0%)
2. Number of shares to be acquired	111,940 shares (Number of voting rights: 111,940) (Percentage against issued shares: 77.1%)
3. Number of shares held after acquisition	111,940 shares (Number of voting rights: 111,940) (Percentage against issued shares: 77.1%)

(5) Schedule

Date of share acquisition April 8, 2014

5. Other

(1) Changes in Directors, Corporate Auditors, and Executive Officers

A. Change in representative director

Not applicable

B. Change in other directors, corporate auditors, and executive officers

a. New director candidates

Yoshiro Kuribayashi
(Current position)
Senior Executive Officer
Human Resources, Corporate Ethics
Deputy Chief Officer of Business Promotion Division
(New position)
Director, Senior Executive Officer
Human Resources, Corporate Ethics
Deputy Chief Officer of Business Promotion Division

Hirohisa Hokari
(Current position)
Senior Executive Officer
General Affairs/Corporate Planning
Deputy Chief Officer of Business Promotion Division
Chief Officer of Financial Institutions Services
Compliance, Risk Management, Information Assets Management
(New position)
Director, Senior Executive Officer
General Affairs/Corporate Planning
Deputy Chief Officer of Business Promotion Division
Chief Officer of Financial Institutions Services
Compliance, Risk Management, Information Assets Management

b. Retiring directors

Shinya Kuwayama
(Current position)
Director
Special Adviser (position will be retained)

Reorganization (position will be retained)
President of Sokei Stationed Security Services Co., Ltd. (position will be retained)

C. Scheduled date of changes
June 25, 2014

(2) Information Regarding Production, Orders, and Sales

A. Production

The ALSOK Group does not conduct production. Contracts for each business category are as follows.

(Number of contracts)

Business segment	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	YoY (%)
Security Services			
Electronic Security Services	630,977	677,672	7.4
Stationed Security Services	3,020	3,227	6.9
Transportation Security Services	51,698	55,420	7.2
Total	685,695	736,319	7.4
Total Building Management Services and Disaster Prevention Services	54,903	63,004	14.8
Total for reportable segments	740,598	799,323	7.9
Others	11,989	13,725	14.5
Total	752,587	813,048	8.0

B. Sales

Sales for each business category are as follows.

(Millions of yen)

Business segment	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	YoY (%)
Security Services			
Electronic Security Services	147,162	151,844	3.2
Stationed Security Services	73,881	77,284	4.6
Transportation Security Services	50,854	51,050	0.4
Total	271,898	280,179	3.0
Total Building Management Services and Disaster Prevention Services	40,661	44,808	10.2
Total for reportable segments	312,559	324,988	4.0
Others	3,004	3,221	7.2
Total	315,564	328,209	4.0

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

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