

**Consolidated Financial Results for the Second Quarter Ended September 30, 2015**  
**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 1<sup>st</sup> Sec.)

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

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**1. Summary of the consolidated financial results for the first quarter ended September 30, 2015**  
**(April 1, 2015 – September 30, 2015)**

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2015	183,759	7.2	12,522	55.5	13,362	46.8	7,665	57.0
September 30, 2014	171,471	8.4	8,055	0.5	9,100	3.6	4,881	5.5

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: Six months ended September 30, 2015 ¥ 7,448 million 15.8%  
Six months ended September 30, 2014 ¥ 6,434 million 4.0%

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended				
September 30, 2015	76.26		-	
September 30, 2014	48.56		-	

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Six months ended				
September 30, 2015	341,609	209,330	54.4	1,847.16
Fiscal year ended				
March 31, 2015	373,863	204,363	48.4	1,800.15

Note: Equity capital: Six months ended September 30, 2015 ¥ 185,673 million  
Year ended March 31, 2015 ¥ 180,947 million

**2. Dividend**

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended					
March 31, 2015	-	17.50	-	20.50	38.00
March 31, 2016	-	20.00			
Fiscal year ending					
March 31, 2016 (Forecast)			-	20.00	40.00

Note 1: Revisions to the dividend forecast in this quarter: No

### 3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2016 (April 1, 2015 - March 31, 2016)

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Annual	405,000	10.7	29,400	28.0	31,000	25.5	17,000	25.6	169.12

Note 1: Revisions to the forecast of financial results in this quarter: No

### 4. Others

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

Added: - Removed: -

(2) Application of accounting which is simplified or exceptional for quarterly consolidated financial statements: Yes

(3) 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 : No

c Changes arising from accounting estimate : No

d Restatement : No

(4) Number of shares outstanding (Ordinary shares)

a Number of shares issued (including treasury stock)	Six months ended September 30, 2015	102,040,042 shares	Year ended March 31, 2015	102,040,042 shares
b Number of shares of treasury stock	Six months ended September 30, 2015	1,521,763 shares	Year ended March 31, 2015	1,521,699 shares
c Average number of ordinary shares throughout the fiscal year	Six months ended September 30, 2015	100,518,305 shares	Six months ended September 30, 2014	100,518,530 shares

\*Indication of review procedure implementation status

This summary of quarterly consolidated financial results is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act. The quarterly review procedure is in progress 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.

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	46,113	41,709
Cash for Transportation Security Services	96,760	69,162
Notes and accounts receivable-trade	44,020	38,357
Short-term investment securities	861	569
Raw materials and supplies	4,759	5,605
Costs on uncompleted construction contracts	393	674
Advances paid	6,301	5,597
Other	11,479	15,280
Allowance for doubtful accounts	(243)	(247)
Total current assets	210,445	176,710
Noncurrent assets		
Property, plant and equipment	71,704	73,361
Intangible assets		
Goodwill	11,172	10,699
Other	5,681	5,381
Total intangible assets	16,853	16,080
Investments and other assets		
Investment securities	38,629	37,619
Other	36,782	38,196
Allowance for doubtful accounts	(552)	(359)
Total investments and other assets	74,859	75,456
Total noncurrent assets	163,418	164,898
Total assets	373,863	341,609

	As of March 31, 2015	As of September 30, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	23,946	15,594
Short-term loans payable	62,997	38,110
Income taxes payable	4,232	3,747
Provision	1,647	1,784
Other	37,641	33,597
Total current liabilities	130,464	92,834
Noncurrent liabilities		
Bonds payable	115	83
Long-term loans payable	1,915	1,789
Net defined benefit liability	25,484	25,590
Provision for directors' retirement benefits	1,725	1,603
Asset retirement obligations	68	69
Other	9,726	10,308
Total noncurrent liabilities	39,035	39,444
Total liabilities	169,500	132,278
<b>Net assets</b>		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	130,753	136,358
Treasury stock	(1,989)	(1,989)
Total shareholders' equity	179,557	185,161
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,235	7,291
Revaluation reserve for land	(5,293)	(5,306)
Foreign currency translation adjustment	173	177
Remeasurements of defined benefit plans	(1,725)	(1,649)
Total accumulated other comprehensive income	1,389	511
Minority interests	23,415	23,657
Total net assets	204,363	209,330
Total liabilities and net assets	373,863	341,609

## Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	171,471	183,759
Cost of sales	130,582	136,889
Gross profit	40,889	46,869
Selling, general and administrative expenses	32,833	34,347
Operating income	8,055	12,522
Non-operating income		
Interest income	117	105
Dividends income	415	456
Gain on sales of investment securities	-	23
Equity in earnings of affiliates	197	177
Other	992	803
Total non-operating income	1,722	1,564
Non-operating expenses		
Interest expenses	326	329
Financing expenses	130	147
Other	219	247
Total non-operating expenses	677	725
Ordinary income	9,100	13,362
Extraordinary income		
Gain on sales of investment securities	2	40
Compensation income	13	33
Total extraordinary income	16	73
Extraordinary loss		
Loss on valuation of investment securities	29	2
Impairment loss	0	66
Total extraordinary losses	29	68
Income before income taxes	9,087	13,367
Income taxes	3,616	5,020
Net Income	5,471	8,347
Profit attributable to non-controlling interests	589	681
Profit attributable to owners of parent	4,881	7,665

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net income	5,471	8,347
Other comprehensive income		
Valuation difference on available-for-sale securities	489	(983)
Foreign currency translation adjustment	(6)	(8)
Remeasurements of defined benefit plans	328	59
Share of other comprehensive income of associates accounted for using equity method	151	34
Total other comprehensive income	963	(898)
Comprehensive income	6,434	7,448
(Contents)		
Comprehensive income attributable to owners of the parent	5,730	6,800
Comprehensive income attributable to non-controlling interests	704	648

## Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net cash provided by (used in) operating activities		
Income before income taxes	9,087	13,367
Depreciation and amortization	5,463	5,844
Impairment loss	0	66
Amortization of goodwill	257	549
Amortization of negative goodwill	(40)	-
Increase (decrease) in allowance for doubtful accounts	(25)	(188)
Increase (decrease) in net defined benefit liability	98	36
Increase (decrease) in provision for bonuses	(89)	248
Increase (decrease) in provision for directors' bonuses	(132)	(111)
Interest and dividends income	(532)	(561)
Interest expenses	326	329
Equity in (earnings) losses of affiliates	(197)	(177)
Loss (gain) on sales of noncurrent assets	0	(0)
Loss on retirement of noncurrent assets	68	107
Loss (gain) on sales of investment securities	(2)	(63)
Loss (gain) on valuation of investment securities	29	2
Loss (gain) on valuation of derivatives	(178)	16
Decrease (increase) in notes and accounts receivable-trade	972	5,651
Decrease (increase) in inventories	(724)	(1,132)
Increase (decrease) in notes and accounts payable-trade	(7,181)	(8,804)
Decrease (increase) in net defined benefit asset	(793)	(1,046)
Decrease in assets and liabilities for Transportation Security Services	(3,563)	9,471
Other	5,045	(6,002)
Subtotal	7,887	17,602
Interest and dividends income received	680	724
Interest expenses paid	(339)	(332)
Income taxes paid	(5,636)	(5,474)
Income taxes refund	100	11
Net cash provided by (used in) operating activities	2,693	12,530

## Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	(895)	174
Purchase of property, plant and equipment	(4,676)	(6,641)
Proceeds from sales of property, plant and equipment	2	14
Purchase of investment securities	(440)	(1,076)
Proceeds from sales of investment securities	319	982
Purchase of shares of subsidiaries	(498)	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,110)	-
Decrease (increase) in short-term loans receivable	(13)	(30)
Payments of long-term loans receivable	(47)	(16)
Collection of long-term loans receivable	79	43
Other	395	164
Net cash provided by (used in) investing activities	(6,887)	(6,385)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	6,440	(4,843)
Proceeds from long-term loans payable	360	360
Repayment of long-term loans payable	(1,632)	(1,789)
Redemption of bonds	(25)	(32)
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(1,286)	(1,587)
Cash dividends paid	(1,759)	(2,060)
Cash dividends paid to minority shareholders	(401)	(406)
Net cash provided by (used in) financing activities	1,695	(10,360)
Effect of exchange rate change on cash and cash equivalents	0	(13)
Net increase (decrease) in cash and cash equivalents	(2,497)	(4,229)
Cash and cash equivalents at beginning of period	35,791	37,976
Cash and cash equivalents at end of period	33,294	33,747



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	As of September 30, 2015	YoY(%)
Security Services		
Electronic Security Services	832,960	17.3
Stationed Security Services	3,782	6.1
Transportation Security Services	60,328	5.4
Total	897,070	16.3
General Property Management and Fire Protection Services	78,224	11.9
Total for reportable segments	975,294	16.0
Long-term Care and Other Services	30,514	108.6
Total	1,005,808	17.6

b. Sales

Sales for each business category are as follows.

(Millions of yen)

Business segment	Six months ended September 30, 2015	YoY(%)
Security Services		
Electronic Security Services	81,067	6.3
Stationed Security Services	46,086	7.5
Transportation Security Services	27,106	4.8
Total	154,261	6.4
General Property Management and Fire Protection Services	24,024	(3.6)
Total for reportable segments	178,285	4.9
Long-term Care and Other Services	5,474	252.2
Total	183,759	7.2

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

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

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