



SOHGO SECURITY SERVICES CO., LTD.

Annual Report 2010
Fiscal year ended March 31, 2010

SOHGO SECURITY SERVICES CO., LTD. (ALSOK), was established in July 1965. An innovator in the Japanese security services industry, the Company was the first to earn the Tokyo Metropolitan Public Safety Commission's security business certification. The Company listed on the First Section of the Tokyo Stock Exchange in October 2002 (Securities Code: 2331) and in 2003 adopted the corporate brand name "ALSOK." ALSOK has thus continued to drive the industry as its leading company.

ALSOK's operations are divided into four services. The Services comprises Electronic Security Services, Stationed Security Services, Transportation Security Services, and the Other Services (Total Building Management Services and Disaster Prevention Services). ALSOK has established a complete security network that enables the Company to offer its services uniformly throughout Japan. Accordingly, ALSOK is the industry's leading company in providing high-quality security, including rapid response to clients' emergencies.

Since its founding, ALSOK has conducted operations based on its management philosophy, which is exemplified by always acting with a spirit of gratitude and a tough yet fair and kind samurai spirit. By putting our heart and soul into meeting our clients' needs, we will continue to help maintain safety throughout society, an indispensable element of our lives.

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Cautionary statement regarding forecasts and projections

Of the plans, strategies, and other matters of SOHGO SECURITY SERVICES CO., LTD. (ALSOK), and of the ALSOK Group, that are expressed in this annual report, the projections on future performance are not founded on historical facts. Readers are advised to be aware that actual performance could differ materially from these projections due to various factors such as economic circumstances, competitive conditions, and technological innovations.

Note:

Figures in the Consolidated Financial Results and Financial Section are based on the Financial Results for the Fiscal Year Ended March 31, 2010. For an English translation of the financial results for the fiscal year ended March 31, 2010, please refer to the document "Financial Results for the Fiscal Year Ended March 31, 2010," available on the ALSOK IR website.
URL <http://www.alsok.co.jp/ir/en/library/results.html>



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

BUSINESS OVERVIEW

Electronic Security Services

ALSOK's Electronic Security Services provides remote monitoring of clients' premises 24 hours a day, 365 days a year, from its Guard Centers (Monitoring Centers). Our clients are residential households and office buildings. The Guard Centers monitor alarms that warn intrusions, fires, and emergency alerts, and we dispatch on-call security guards to the client's premises.

See P12

Stationed Security Services

ALSOK's Stationed Security Services stations security guards at office buildings and other client facilities. Security guards administer access control by monitoring or checking the identity of each person who enters or exits office buildings and other designated facilities, and inspects the inside and outside of the designated facility to quickly detect suspicious people or other irregularities. Further, our disaster prevention centers and central management centers conduct monitoring activities to prevent crime and disasters and to ascertain any problems with facilities.

See P13

Transportation Security Services

ALSOK's Transportation Security Services includes its mainstay Total ATM Management System and Cash Deposit Machine On-line System. Also, we provide services for financial institutions such as our Cash Transport System for the safe and speedy transportation of cash or marketable securities between specified locations using cash transportation vehicles.

See P14



Electronic Security Services



Stationed Security Services



Transportation Security Services

ALSOK'S STRENGTHS



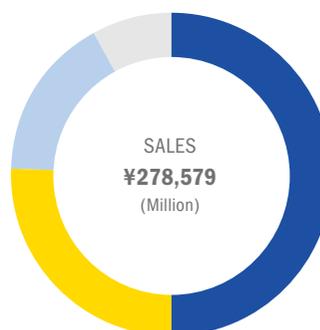
Operating Base

Currently, Electronic Security Services accounts for approximately 50% of total sales. In addition to our other services—Stationed Security Services and Transportation Security Services—we are developing services such as Total Building Management Services* and examine of disaster prevention equipments in Other Services. Through such efforts, ALSOK comprehensively provides products and services that contribute to safety and peace of mind.

Moreover, our offices and operating bases situated throughout Japan have created a great advantage for us in the security industry. Further, the Transportation Security Services has a solid client base primarily consisting of banks and other such financial institutions. As these services require the handling of large amounts of cash, trust is indispensable. One characteristic of ALSOK's service is the unshakable trust that the Company has established in the financial industry.

* A total package of property management, complementing security services and disaster prevention with such services as cleaning and facility management

Sales by Services
Fiscal year ended March 31, 2010



ELECTRONIC SECURITY SERVICES	49.9%
STATIONED SECURITY SERVICES	25.4%
TRANSPORTATION SECURITY SERVICES	16.8%
OTHER SERVICES	7.9%

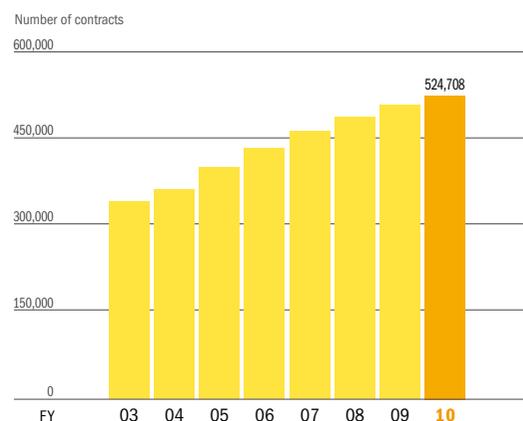


Business Model

Electronic Security Services offers services in which, in the event that sensors installed at a client's office or residence detect a disturbance, security staff will receive instructions and quickly be dispatched. ALSOK has already completed the upfront investment necessary for the construction of its Guard Centers, through which instructions can be sent across the area, as well as depots and vehicles for security staff and communications systems. This investment has enabled us to secure stable revenues.

Further, Electronic Security Services operates in a business model in which clients from the previous fiscal year generally continue their contracts and new contracts received are then added to that. Accordingly, even when contract cancellations are taken into consideration, contracts increase yearly. Therefore, it can be said that this is an incredibly stable business with a strong growth potential.

Number of Electronic Security Services Contracts





Position in the Industry

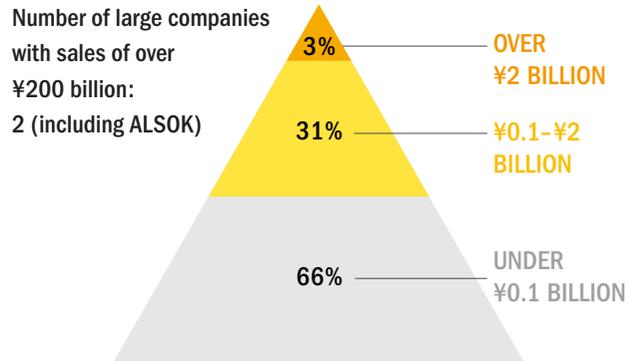
Total annual sales in the Japanese security services industry exceed ¥3 trillion¹. Currently, there are approximately 9,000¹ security companies in Japan; however, the majority of these security companies are small- to medium-sized companies that generate annual sales of under ¥2 billion. Only 27 companies generate annual sales of more than ¥2 billion, and, including ALSOK, there are only two companies with annual sales of more than ¥200 billion. The third-largest company has sales of approximately ¥38.9 billion, and there is a wide gap between this company and ALSOK in terms of profitability.

Moreover, the majority of security companies primarily offer Stationed Security Services, including traffic control², which are labor-intensive services, with only a low percentage offering Electronic and Transportation Security Services, which require a large amount of capital investment. Looking forward, we expect that the reorganization of small- to medium-sized companies will continue to progress.

¹ Source: *Overview of the Security Industry in 2009*, National Police Agency

² There are countries in which this is not considered part of security services.

Overview of the Security Industry

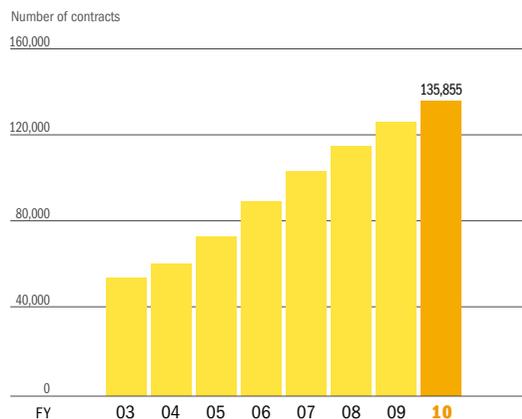


Growth Drivers

We believe the key to ALSOK's future growth lays in the expansion of our high-profit margin home security services, which are part of Electronic Security Services. The penetration rate of home security is barely 1% of the total number of households in Japan. Accordingly, we believe this sector has a great deal of potential for growth. By leveraging our corporate Electronic Security infrastructure, we will work to increase home security contracts.

The need for security services has been steadily increasing as a result of such factors as the worsening of perceptions regarding public security and the growing number of elderly citizens. Further, as part of our efforts to capture new contracts, we have begun aggressive advertising campaigns based on television commercials, which are the most effective tool to this end. As a result of these initiatives, significant increases in the number of contracts have been recorded.

Number of Individual Home Security Contracts



JAPANESE SECURITY MARKET ENVIRONMENT

Changes in the Perception of Safety among the Citizens of Japan

The number of reported crimes in Japan has decreased for seven consecutive years since it peaked in 2002. However, recent surveys have shown a worsening of the perception of safety among the citizens of Japan, as seen through the high percentage of people who responded on surveys that public safety is deteriorating. Recently, there have been societal trends such as increasing numbers of elderly and women living alone and thinning interpersonal relationships in local communities. Amidst these changes, crimes are

becoming increasingly more diverse and complex. Among these criminals there are those who are not simply burglars interested in stealing valuables, but instead intend to cause bodily harm. The increase of such violent criminals is one reason for the worsening of perceived safety. In such an environment, more people are increasingly turning their attention toward home security as a means to protect themselves against crime.

Source: *Crimes in Japan 2009*, National Police Agency

Growth of Outsourcing by Financial Institutions

The introduction of IT in Japanese financial institutions is advancing steadily. However, over half of the transactions are still currently handled in cash. For this reason, Japan is often referred to as a cash-based society. In this society, financial institutions that handle cash have been working to lower the risks of cash transportation and to reduce costs. To these ends, banks have been actively outsourcing their security operations. ALSOK possesses a variety of Transportation Security Services—such as its Cash Transport System, Cash Deposit Machine On-line System¹, and Total ATM

Management System²—which are developed on a national scale. Further, through the results and expertise accumulated over the years, and our ability to respond to sophisticated Transportation Security needs, our high-level security has earned a great deal of trust from the financial industry.

- 1 A comprehensive support system that manages the collection and storage of sales proceeds as well as deposits of cash to financial institutions and preparation of change.
- 2 A service in which ATMs installed in financial institutions or convenience stores are managed comprehensively by ALSOK.

Differences between Security Systems in the United States and Japan



In the United States, when a security alarm signal is transmitted, police receive the information directly from the security company and rush to the scene. Japan's system is significantly different in that the security company holds the keys to the client's premises since security staff employed by the company are the ones who rush to the clients premises and inspect inside the premises in an emergency.

Also, in the United States, the penetration rate for home security is 17.2% of the total number of households (as of 2004). Conversely, Japan's penetration rate is barely 1%. The number of individual households in the Japanese market is approximately 52,250,000. With this in consideration, we believe that there is a great opportunity for the expansion of individual contracts for home security.

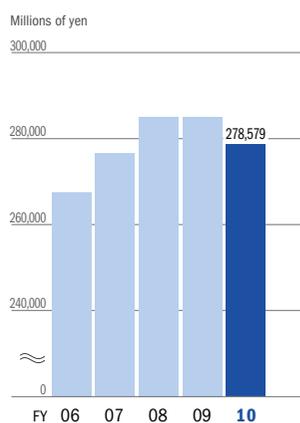
Source: *Population Statistics of Japan 2009*, National Institute of Population and Social Security Research

FINANCIAL HIGHLIGHTS

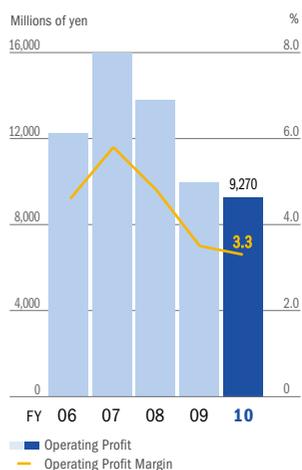
Fiscal years ended March 31	Millions of yen		
	2008	2009	2010
Fiscal year			
Sales	284,996	285,004	278,579
Operating Profit	13,795	9,943	9,270
Net Income	7,653	4,224	4,563
Capital Expenditures	10,477	11,977	10,712
Depreciation	11,262	11,988	12,597
At the end of fiscal year			
Total Assets	297,396	287,561	276,069
Net Assets	154,904	154,898	158,674
Per share (Yen)			
Net Income	75.07	41.90	45.39
Net Assets	1,356.35	1,364.33	1,397.90
Dividends	20.00	20.00	20.00
Ratios (%)			
Operating Profit Margin	4.8	3.5	3.3
ROA (Return on Assets)*	5.0	3.6	3.8
ROE (Return on Equity)	5.6	3.1	3.3

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

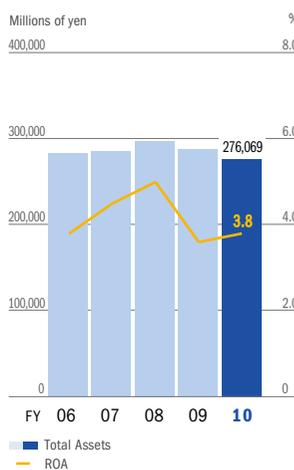
Sales



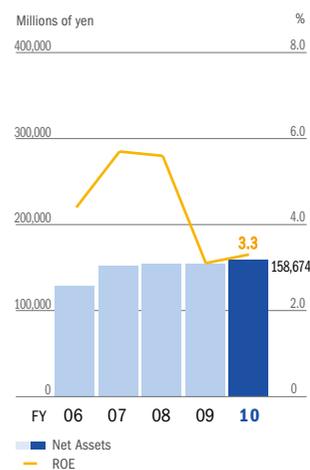
Operating Profit / Operating Profit Margin



Total Assets / ROA



Net Assets / ROE



MESSAGE FROM THE PRESIDENT



Atsushi Murai
President and Representative Director

Building the Foundations for Excellence

We will build solid management foundations in preparation for the next step forward.

We will continue to be faced with a harsh market environment due to the deterioration of economic conditions and the intensification of competition. By strengthening sales capabilities and expanding new businesses, the ALSOK Group will strive to build solid management foundations in order to take the next step forward.

Market Environment

While the severe economic conditions continue, the importance of the security industry is growing against the backdrop of increased concern for public safety from the citizens of Japan.

In the fiscal year ended March 31, 2010, the Japanese economy saw signs of recovery, particularly in exports and manufacturing. However, factors such as high unemployment and deflation have forced us to realize that severe economic conditions will continue to persist. In Japan's social environment, the number of reported crimes continued to decrease and statistics showed an improvement in public safety. However, the worsening of perceived safety has resulted in a growing concern for public safety from citizens seeking security and safety.

Consequently, the security industry has thus seen demand for the provision of a broad range of security services to meet the needs of society. However, the overall deterioration in economy has made for a difficult management environment.

Consolidated Operating Results for the Fiscal Year Ended March 31, 2010

While we were affected by economic recession, through the implementation of thorough cost control measures, we were able to secure increased profit regardless of decreased sales.

The number of contracts in Electronic Security Services, our mainstay business, grew in the year under review. However, this was offset by a decline in sales of equipment. Contract cancellations and price reductions stemming from the stalling of the economy also had adverse effects. Accordingly, sales fell 2.3% year on year, to ¥278.5 billion, and operating profit decreased 6.8%, to ¥9.2 billion. Net income, however, rose 8.0%, to ¥4.5 billion.

Throughout the year under review, we instituted thorough cost control measures. Through these efforts we were able to control the increase of overall personnel expenses and reduce operating expenses by cutting costs in such areas as overtime reimbursement. This offset the decrease in sales due to the deterioration of economic conditions, as well as the increase in personnel expenses that was a result of efforts to increase sales staff geared toward strengthening sales capabilities. Accordingly, we were able to turn a profit during the year under review.

Electronic Security Services

Sales of ALSOK Home Security α were strong, with individual contracts seeing a 7.7% year on year increase. However, sales of equipment decreased and it substantially caused the overall depression of sales. Accordingly, sales of Electronic Security Services fell 2.5% year on year, to ¥138.9 billion.

Stationed Security Services

In Stationed Security Services, there was an increase in new contracts from major condominium developers. Additionally, URBAN SECURITY Co., Ltd., which had been converted into a subsidiary, contributed to sales throughout the year. However, the absence of sales from the G8 Hokkaido Toyako Summit recorded in the fiscal year ended March 31, 2009, a decline in short-term security contracts, as well as cancellations and price reductions of contracts from financial institutions resulted in a 3.0% year on year decline in sales of Stationed Security Services, to ¥70.6 billion.

Transportation Security Services

In Transportation Security Services, there was an increase in new contracts for the Cash Deposit Machine On-line System, as well as contracts for the Total ATM Management System for management of ATMs in convenience stores and regional banks. Conversely, contract cancellations from consumer finance companies, which accompanied the consolidation of branches increased and price reductions of contracts from banks affected sales. As a result, sales fell 1.2% year on year, to ¥46.8 billion.

Other Services

In Other Services, although sales of residential fire alarms and contracts for Total Building Management Services from universities and college increased, sales of automated external defibrillators (AEDs) and other products were down year on year. Accordingly, sales of the Other Services fell 0.4% year on year, to ¥22.1 billion.

Main Initiatives in the Fiscal Year Ended March 31, 2010

We rigorously implemented measures to boost sales and control costs in order to create greater profits.

The ALSOK Group aims to create value from a client perspective, and is striving to create a management structure that is focused on profitability and efficiency. We have positioned the development of measures to boost sales and control costs as key parts of our basic strategies to create profits. Accordingly, all of us at ALSOK worked toward these ends throughout the year under review.

Measures to Boost Sales

By increasing our sales staff by approximately 300, we aggressively implemented measures geared toward boosting sales, including acquiring new corporate clients, promoting sales of home security services, and our Cash Deposit Machine On-line System. Furthermore, we began attempts to reduce contract cancellations through outbound calls*. During the year under review, we tested this method at some of our sales offices, achieving favorable results. We have subsequently begun introducing this method in all of our sales offices.

Furthermore, to bolster our regional sales strategy, starting in the fiscal year ended March 31, 2009, we divided Japan into nine regions, set up a regional division organization, and assigned executive-level personnel as Chief Officers of each division. Through such efforts, we worked to boost sales. Additionally, in April 2009, we established a department to manage M&A activities. Also, in order to enhance our security system development capabilities, we acquired APLIS CO., LTD., which develops systems for financial institutions, as a subsidiary in August 2009.

* A system where an outside company is hired to call clients and administer satisfaction surveys based on a list of clients provided by ALSOK.

Thorough Cost Control Measures

In order to further improve profitability, we implemented thorough cost control measures. Specifically, as one facet of our efforts to cut overall personnel costs, we worked to rationalize operations and improve efficiency, particularly in regard to Electronic Security Services.

Internal Reform Initiatives



In order to improve efficiency during meetings, since the fiscal year ended March 31, 2007, internal meetings and other such discussions held within ALSOK are, by principle, conducted while standing. Currently, we are advancing the thorough installation of an environment conducive to this principle at all branches and all Group companies throughout Japan. Initiatives such as participants making necessary preparations for the discussions in meetings ahead of time and ending meetings quickly have become entrenched within the minds of all employees. We have confirmed that this has not only resulted in increased business efficiency, but also in improved recognitions among employees.

Going forward, we will continue to promote novel ideas that will allow all ALSOK employees to perform to the best of their abilities.

To this end, we decreased the number of staff in operating divisions, and radically reduced labor costs, such as overtime reimbursement, and procurement costs, through means such as price negotiations. Additionally, we engaged in cost cutting measures including reducing system-related costs, by revising maintenance contracts, and general expenses, by revaluating rents and transmission costs. The staff reduced in operating divisions were shifted to sales staff to help boost sales.

New Products and Services

In Electronic Security Service products for corporate clients, sales activity focused around the ALSOK Guard System, an electronic security system, ALSOK-MP, a remote video monitoring system, and internal/external access control systems. New offerings included Network Monitoring Service, a service that constantly monitors information transmitted over networks and protects against leaks while responding to any dangers that arise. We also began offering Mamorukku-Kichohin, a service that uses miniature terminals equipped with GPS tracking functions to monitor the transport of valuables. These terminals are able to track the location of a valuable and confirm whether or not it has been opened. Additionally, we began offering Mamorukku-Emergency Call, a service that makes emergency calls in the event of a disturbance, and can track the location of valuables.

Management Strategies for the Fiscal Year Ending March 31, 2011

By promoting cooperation within the Group and bolstering sales capabilities, we will strengthen our competitiveness and profitability in the home security market.

In the fiscal year ending March 31, 2011, we anticipate that a harsh operating environment in the security industry is unavoidable. However, demand for the provision of a broad range of security services to meet the needs of society is expected to grow steadily as a result of societal unrest.

In this environment, the ALSOK Group will accelerate management based on a proactive, offensive stance in preparation for the next step forward. This will entail such measures as expanding our sales staff. At the same time, we will strengthen the Group's management to improve managerial efficiency and implement cost control measures to bolster profitability. By continuing such protective measures, we will build solid management foundations, and subsequently aim to achieve sustainable growth.

As a result of such initiatives, in the fiscal year ending March 31, 2011, we forecast sales of ¥281.9 billion, up 1.2% year on year, operating profit of ¥9.5 billion, up 2.5%, and net income of ¥5.2 billion, up 13.9%.

Turning the Home Security Market into a New Source of Income

The penetration rate of the home security market in Japan is still relatively low. However, this is an area that can be expected to continue to grow. The ALSOK Group has completed construction of the infrastructure necessary to supply Electronic Security Services to corporate clients. By leveraging this infrastructure, I believe that we can increase the number of individual home security contracts, which will subsequently improve our profitability. Accordingly, we are aggressively devoting sales staff to strengthen sales of home security services.





Increasing Sales Staff and Strengthening Sales Systems

Specifically, we assigned 200 Electronic Security Services sales staff for corporate clients to the metropolitan area, which consists of Tokyo, Kanagawa, Chiba, Saitama, Aichi, Osaka, Kyoto, and Hyogo. Approximately 70% of the large business companies in Japan, which generally have a high need for security services, are located within this area. Accordingly, we are working to increase our corporate client base in this area. Additionally, in the year under review, we provisionally hired an external consultant at certain sales offices. As this consultant's support led to an increase in the amount of time our sales staff spent outside the company to visit and have business deals with clients, we will introduce this consultation throughout the company in the fiscal year ending March 31, 2011, with the aim of further strengthening our sales capabilities. In these ways, we will enhance our sales foundations by focusing the allocation of management resources on growth regions and growth markets. Furthermore, we are working to reduce contract cancellations by continuing the outbound call initiative that we introduced in the fiscal year ended March 31, 2010 and by actively visiting clients at their offices or residences. These visitations are conducted by staff from operating divisions responsible for the management of existing clients.

Promoting Global Expansion

In November 2009, we established ALSOK (Vietnam) Co., Ltd. to offer security consulting and to sell security equipments to Japanese companies that are developing operations in Vietnam. Through this, we have established a foundation on which we will increase overseas sales. Going forward, leveraging the results and expertise that we have acquired through our operations in Japan, we will work to meet the security needs of Japanese companies accelerating the development of operations in China and other parts of South East Asia, while remaining proactive to the continuing trend toward global expansion.

Expanding New Businesses

Leveraging its Electronic Security Services infrastructure, the Group launched a new telegram service, ALSOK DENPO*, in April 2010. Orders can be placed online 24 hours a day. Currently, telegrams can be delivered to the Tokyo metropolitan area, and nine different prefectures within Japan. Going forward, we will actively develop and expand new businesses such as this through the use of our Electronic Security Services infrastructure.

* A service in which telegrams can be sent out in response to special occasions. These telegrams consist of the client's message that is printed and specially mounted.

The Functions of ALSOK's Security Robots are Focused on Security and Safety



ALSOK's security robot development efforts began with the ultimate goal of addressing the labor shortfall predicted in Japan with its declining birthrate and aging population, alleviating the burden on security guards, and improving the quality of security. The Company has developed a variety of robots that are in use throughout Japan. The 17 robots in operation at sites nationwide are performing security and guide duties on a daily-basis.

Principal Functions

1. Security function
2. Camera surveillance function
3. Automatic patrol and scheduled automatic battery recharging
4. Interphone function

Preparation for the Next Step Forward

In addition to aggressive advancement into the home security market, we will strengthen our profitability. We will also strengthen our sales capability by increasing our sales staff and enhancing education programs.

In this harsh operating environment, I believe that the Group must focus on the highly profitable Electronic Security Services. In particular, we must strengthen our sales capabilities geared toward Electronic Security Services for corporate clients and aggressively advance into the home security market. Leveraging our operating foundation, which consists of such strengths as the infrastructure and expertise we have acquired through supplying corporate clients with Electronic Security Services, we must aim to expand sales channels and improve profitability.

In regard to strengthening our sales capabilities, it is not sufficient to simply increase the number of sales staff. Instead, we must foster sales staff that can accurately respond to the diverse needs of clients. We are actively instituting training and education programs to assist all members of our sales staff in improving their work skills. The fostering of our sales staff will require a certain amount of time. However, fueled by societal concerns such as the declining birthrate and aging population, and the need for security and safety, I believe that we will be able to quickly return to the path of growth by implementing these initiatives based on a medium-term perspective.

Shareholder Returns

By improving corporate value through achieving sustainable growth, we aim to build a corporation that is pleasing to our shareholders.

We regard the stability of dividends and the continuity of operations as important management issues, and make distributions that reflect our performance, while also balancing the need to maintain our internal reserves. ALSOK uses internal reserves for investments in R&D required for future growth and development, qualitative upgrades to information systems, and capital investment for new businesses, as it works to improve its business performance and increase its corporate value from the viewpoint of our stakeholders. Also, it is the policy of the ALSOK Group to issue dividends from retained earnings twice a year, issuing an interim and year-end dividend. The year-end dividend is decided at the General Shareholders' Meeting, while the interim dividend is decided by the Board of Directors. While we recorded decreased sales and increased profit in the year under review, we maintained annual dividends at ¥20 per share, for a consolidated payout ratio of 44.1%.

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

While we will continue to be faced with a harsh management environment in the fiscal year ending March 31, 2011, all of us in the ALSOK Group are working together to meet the expectations of our stakeholders. We look forward to the continued support and encouragement of all our stakeholders.

August 2010



Atsushi Murai

President and Representative Director

REVIEW OF OPERATIONS



ELECTRONIC SECURITY SERVICES



At ALSOK's Guard Centers (Monitoring Centers), which are in constant network connection with our clients' premises, our highly trained security staff provide remote monitoring of clients' premises 24 hours a day, 365 days a year, and security staff are prepared to rush to the scene in the event of an emergency.

Results in the Year Under Review

For corporate clients, many companies recorded lower earnings due to the stagnant economy, and as a result sales of security cameras and access management control systems fell. Additionally, it was adversely affected by price reductions of contracts from financial institutions and contract cancellations from consumer finance companies. Conversely, sales of ALSOK Home Security α for individual clients were strong due to the effects of promotional campaigns. Regardless, sales of Electronic Security Services fell 2.5% year on year, to ¥138.9 billion.

Topics

Promoting Sales of ALSOK Home Security α

ALSOK is actively promoting sales of ALSOK Home Security α in the individual client market, which is expected to see high levels of growth. Specifically, we are actively developing advertising campaigns based on television commercials, which have proven to be particularly effective in acquiring new clients. ALSOK is also working to develop new markets, starting with the town security concept, which targets not only individual homes but also protects entire communities, developing links within communities to provide community-wide security. We are also focusing on the new home market, by increasing our sales staff of home security specialists, and stepping up sales activities to major home manufacturers. In these ways, we are redoubling our efforts geared toward the home security market.



ALSOK Home Security α

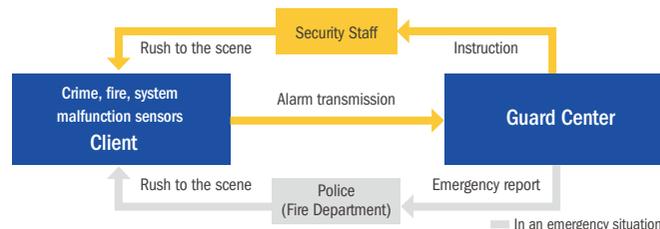
Principle Services

For Corporate Clients

ALSOK Guard System

From small locations to large facilities, ALSOK provides the optimal level of security to all kinds of sites. Services are customized to meet our client's individual requirements, giving the option of disaster prevention, equipment monitoring, and facility management in addition to our fundamental security operations.

Flow of ALSOK's Electronic Security Services



Remote Video Monitoring

This service secures premises by monitoring for emergencies from the Guard Centers via video and sound which enables quick and accurate response. It offers not only crime and disaster prevention but also a total service which extends to equipment monitoring.

For Individual Clients

ALSOK Home Security

Leveraging the expertise accumulated through providing Electronic Security Services to corporate clients, as well as the sophisticated systems that we have developed, we offer home security services that feature low prices and high quality. In the event of an emergency—such as intrusion, fire, or emergency alert—highly trained security staff rush to the scene to provide safety and security.

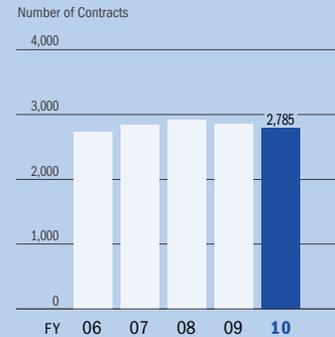


STATIONED SECURITY SERVICES

Sales



Number of Contracts



By integrating ALSOK's highly trained security guard and its state-of-the-art technologies, which is the No.1 operating foundation of the industry, we thoroughly protect the safety of people and facilities.

Results in the Year Under Review

In Stationed Security Services, sales declined due to a rebound from the previous year, in which large and short-term security services, such as the G8 Hokkaido Toyako Summit, were provided, as well as to contract cancellations and price reductions resulting from the stagnant economy. As a result, sales of Stationed Security Services fell 3.0%, to ¥70.6 billion.

Topics

Industry-leading Research and Developmental Capabilities in the Field of Security Robots

Included in Stationed Security Services are such services as access management, patrol, and monitoring. These services require the superior judgment and responsiveness that our security guards have honed through their security experience. Our security guards fully utilize these strengths to provide clients with safety and comfortable security services in these areas.

ALSOK also started R&D on security robots using the latest IT technologies in 1982 with the goals of addressing a labor shortfall, and alleviating the burden on security guards. Since then, we have developed a variety of robots. Being the pioneer in the industry, ALSOK has developed robots equipped with reception and guide functions.

At present, these security robots are playing an active role in science museums and commercial facilities, such as Aqua City Odaiba in Tokyo and Canal City Hakata in Fukuoka. During the daytime, the robots provide services to visitors in an entertaining manner. For example, they display information of the building's interior and present a quiz through the use of a touch screen monitor.



An9-RR

At night, they perform security operations, such as monitoring for fire and suspicious persons.

Going forward, we will continue the aggressive development of security robots that secure the safety of people and facilities.

Outsourcing of Security at Prisons Involving Public-Private Sector Cooperation Based on the Private Finance Initiative (PFI)¹ Method

ALSOK aims to address the lack of prison guards and the need to reduce operating costs seen at prisons. Of the four prisons that are operated based on public-private sector cooperation in Japan (PFI prisons), ALSOK is single-handedly undertaking security operations for two facilities: the Harima Rehabilitation Program Center and the Shimane Asahi Rehabilitation Program Center.

In October 2008, the Shimane Asahi Rehabilitation Program Center began operations in Shimane Prefecture. ALSOK is undertaking security work such as patrolling inside and outside the premises including regional community facilities, monitoring prisoners, and patrolling inside detention buildings. We are the first in Japan to undertake trials of equipment such as Segways², drug testing equipment, and SafeView³.

- 1 A method of outsourcing the operation and management of public facilities to private-sector companies, based on the Law Relating to the Promotion of the Realization of Public Facilities by Using Private Funds (PFI Law).
- 2 Two-wheeled electric vehicles that are operated from a standing position.
- 3 A scanning portal that identifies plastic, wood, metal, tobacco, drugs, and other substances hidden within clothing, regardless of the material, shape, or size, without removing clothing.



Patrolling on Segways

Principal Services

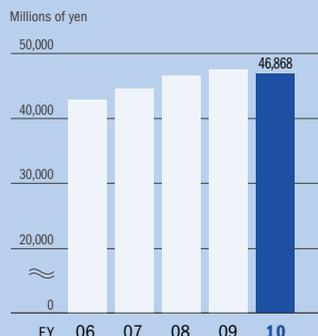
Station Security Services

ALSOK's highly trained security staff protect a broad range of facilities, including office buildings, commercial facilities, financial institutions, and hotels. They provide such services as access management, patrol, and monitoring, and secure the safety of a variety of events. Additionally, we offer protection services for Japanese and international VIPs.

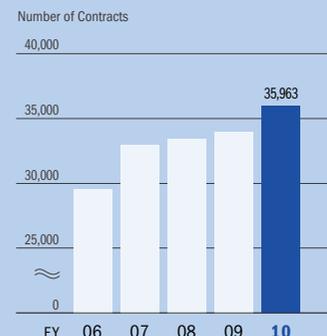


TRANSPORTATION SECURITY SERVICES

Sales



Number of Contracts



Leveraging ALSOK's extensive security staff and nationwide security network, we provide secure and efficient transport of cash and valuables.

Results in the Year Under Review

In Transportation Security Services, sales of the Total ATM Management System and Cash Deposit Machine On-line System for corporate clients increased. However, contract cancellations from consumer finance companies and price reductions from banks had an adverse influence. Accordingly, sales of Transportation Security Services decreased 1.2% year on year, to ¥46.8 billion.

Topics

Spreading our ATM Network

Since the 1980s, banks and other financial institutions have begun streamlining their management and pursuing greater efficiencies. This has resulted in an increasing trend toward outsourcing of comprehensive ATM management operations to security companies. Accordingly, ALSOK has seen broader deployment of its Total ATM Management System to serve bank ATMs installed out of the premises where bank staff are not present.

Entering the 21st century, new forms of banks were established without holding their own premises, but with ATM networks installed primarily in convenience stores. ALSOK has received large, exclusive orders for its Total ATM Management System for convenience store ATMs installed at a major convenience store chain and has been steadily increasing the number of contracts for this service.

Currently, ATMs are not simply limited to those located inside convenience stores. ATMs located in public places where many clients gather, such as airports, train stations, service areas on expressways, and electronics retailers are also increasing.

In these ways, the number of ATMs is increasing and the outsourcing of ATM management operations is expected to continue expanding. Accordingly, ALSOK will redouble its sales efforts geared toward promoting the use of its Total ATM Management System.

Principal Services

Total ATM Management System

A service in which ATMs installed in banks or convenience stores are managed comprehensively by ALSOK. Specifically, this service offers cash management planning services that propose the amount of cash to be replenished, and how often cash should be collected and replenished in order to ensure efficiency. This service also includes the actual replenishment, collection, and counting of cash. Further, in case of trouble, such as when cash or cards become stuck in an ATM, ALSOK's security staff are dispatched to respond.

Cash Deposit Machine On-line System

A comprehensive support system geared toward distributors and retailers that manages the collection and storage of sales proceeds as well as deposits cash to financial institutions and prepares change. Our clients have no need to transport sales proceeds by themselves, thus ensuring safety and improved convenience. Specifically, the system works as follows: after the day's close of business at contracted stores, clients deposit their daily sales proceeds into the cash deposit machine installed in their business office. The cash deposit machine then automatically calculates the amount of cash deposited and transmits the information to ALSOK via telephone line. ALSOK transfers the amount to the designated bank account on the following business day in accordance with the deposit data. Afterwards, cash is collected from the store's cash deposit machine using ALSOK's cash transportation vehicles.

Cash Transport System

A service in which cash, marketable securities, and other valuables are transported to a specified location using ALSOK's cash transportation vehicles. In the event that a vehicle is hijacked, our security staff can stop the vehicle's engine via remote control. Also, the vehicle's location can be tracked using GPS.



OTHER SERVICES

Sales



Number of Contracts



Cancellation of contracts due to termination of Anshin-Mate service in the fiscal year ended March 31, 2009.

We provide a wide range of services on a 24-hour basis that support more comfortable lifestyles. These services step out of the domain of security and include environmental hygiene management, facility operation and management, and lifestyle support.

Results in the Year Under Review

In Other Services, sales of residential fire alarms and products that protect against the new strain of H1N1 influenza were strong. However, this was offset by a year on year decrease in sales of products such as automated external defibrillators (AEDs). Accordingly, sales of Other Services fell 0.4% year on year, to ¥22.1 billion.

Principal Services

Total Building Management Services

A total package of property management, complementing security services, such as Stationed Security Services and Electronic Security Services, with cleaning management, environmental hygiene management, facility management, and maintenance management. Additionally, ALSOK manages unstaffed ATM locations and provides telephone reception services. By offering such comprehensive management services, we are able to greatly reduce the labor burdens of our clients.



Cleaning operation

Disaster Prevention Services

ALSOK supports all aspects of fire prevention at a client's premises, through the examination of fire protection equipments, repairs, and the provision of efficient long-term renewal plans. ALSOK has installed the latest fire prevention systems available to protect cultural heritage as well as office buildings. Additionally, ALSOK sells residential fire alarms.



Residential fire alarm

AEDs

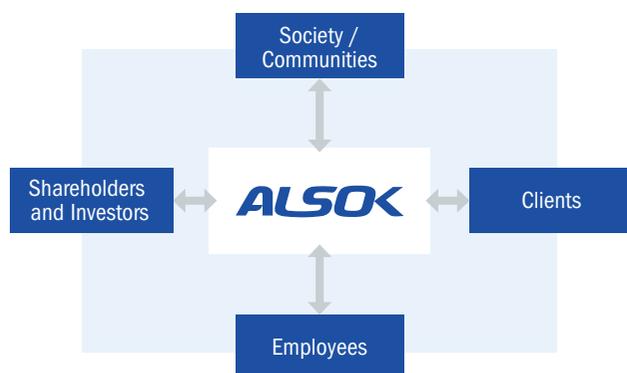
AED is an abbreviation for automated external defibrillators. They work by automatically detecting the condition of the heart through electrode pads that are applied directly to the surface of the body (skin). After the condition of the heart has been detected, the AED responds appropriately according to the situation. In the event that a person is suffering from ventricular fibrillation (when the heart is pulsating irregularly and as a result blood cannot be properly transported throughout the body) the user can simply press a button in order to administer a strong electric shock to help the heart to function normally once again. When the AED is turned on, it offers voice guidance, thereby allowing anyone to use it to perform emergency procedures.

In the fiscal year under review, 10,071 AEDs were sold.



CORPORATE GOVERNANCE

Management Philosophy



Our business operations are based on management philosophy exemplified by a spirit of gratitude¹ and a samurai spirit². 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.

- 1 Human beings in society agree to live and let others live. The spirit of gratitude is a humble feeling of thankfulness to all the people and things around ourselves.
- 2 The samurai spirit embodies a strong and honorable concept of discipline, purpose, and the will to succeed and develop.

Corporate Governance

Basic Corporate Governance Policy

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

Board of Directors and the Executive Officer System

ALSOK's Board of Directors has seven members, including two outside directors.

Board of Directors' meetings are held once a month, in principle, to make decisions and oversee business execution regarding important business decisions. Meetings of the Management Committee, which are chaired by the president, are held twice a month, in principle, to discuss major decision-making matters. The Company implemented an executive officer system in June 2002 to clarify the division of roles in management and business execution.

Management Policy

1. Fundamental Spirit

Under any conditions, we work hard to abide by our core principles as exemplified in a samurai spirit based on toughness, fairness, and generosity, and in a spirit of gratitude. We are also committed to developing the human resources needed to provide reliable services.

2. Priority

Our top priority is to provide security services of the first rank, as reflected in profits, while meeting shareholder expectations and enhancing the welfare of our employees.

3. Basic Strategy

While we devote ourselves to security services, we also seek to offer diversified services to meet contemporary demands to the extent made possible by our cumulative expertise in the area of security operations.

4. Contributing to Society

In the spirit of service, we adhere to all government security policies and seek to make positive contributions to society.

Outside Director

(Activities during April 1, 2009 through March 31, 2010)

Outside director Akira Kanno attended all 13 Board of Directors' meetings held during the year under review. Based on his extensive experience and insight from his work in the financial industry, he offered appropriate comments on the deliberation of the agenda and other matters, thus contributing to promoting the impartiality and validity of management.

Outside director Takashi Oizumi assumed his position on June 25, 2010.

Auditing System

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

The corporate auditors (Board of Auditors) and Grant Thornton Taiyo ASG, which conducts the Company's accounting audits, hold a meeting once a month in principle to pursue collaboration within the auditing structure via the enhanced exchange of information regarding the agenda items of the Board of Directors' meetings and issues of mutual awareness.

An Inspection Department that reports directly to the president, has also been established as an internal auditing entity. The major duties of the Inspection Department are to supervise the activities of the departments at the Head Office and other business offices to ensure that asset management, accounting management, and business management are

being implemented effectively in compliance with relevant laws.

The corporate auditors (Board of Auditors) and the Inspection Department hold “auditing operations liaison meetings” once a month in principle. In addition to exchanging of information and reinforcement of collaboration in the auditing structure, they promote the sharing of information regarding the issues that they have identified in internal governance with the independent auditor. Information is shared through reports of the results of management supervision produced by the Inspection Department.

Outside Corporate Auditors (Activities during April 1, 2009 through March 31, 2010)

Outside corporate auditor Yoshihiro Onozawa participated in all 10 Board of Directors' meetings and all 10 Board of Auditors' meetings that were held since he assumed his position. Based on the experience and knowledge accumulated through his years of working at a major insurance company, he made appropriate remarks on the deliberation of the agenda and other matters.

Outside corporate auditor Teruo Kageyama participated in 12 of the 13 Board of Directors' meetings and 13 of the 14 Board of Auditors' meetings. He made appropriate remarks on the deliberation of the agenda and other matters on the basis of his experience and abilities as an executive manager gained while serving as president of another company.

Outside corporate auditor Ken Osako participated in all 10 Board of Directors' meetings and all 10 Board of Auditors' meetings that were held since he assumed his position. He made appropriate remarks on the deliberation of the agenda and other matters based on the experience and perspective accumulated through his years of working in a financial institution.

Internal Control System

The management of the ALSOK Group carried out an evaluation of the state and implementation of the Group's internal control system as of March 31, 2010, based on the Financial Instruments and Exchange Act and other applicable laws and regulations.

The evaluation was conducted based on generally accepted standards for evaluating internal control for financial reporting in Japan. This evaluation by the management found that the internal control system for the ALSOK Group is effective, which has been noted in the report on the internal control system. The independent auditor has also expressed an opinion that the result of the evaluation by the management noted in the internal control report is accurate.

Disclosure and IR

Placing great importance on the active, impartial, and prompt disclosure of information, the ALSOK Group has formulated a Disclosure Policy, available for viewing on its website. In particular, we have developed separate sections for individual and institutional investors, making it easy for both types of investors to find the information they need (information for individual investors are available in Japanese only). Additionally, the president

offers presentations explaining financial results, and the Company engages in IR activities toward domestic institutional investors, responds to interviews, and conducts presentations for individual investors. The Group is also making active IR efforts outside of Japan by preparing English-language versions of materials for earnings results briefings and English-language versions of brief financial statements, available on its English-language website. The president and the executive officer in charge of IR also conduct overseas IR activities to foster a deeper understanding among overseas institutional investors of the security industry in Japan and the growth strategies of the ALSOK Group.

Compliance

The Group implements security operations under the Security Business Law and has constantly placed extremely high priority on compliance since its foundation. Currently, the Company has a Compliance Committee for legal complaints, which is headed by the executive officer in charge of compliance, and is making every effort to comply with laws and regulations. The committee strives to install an unwavering awareness of compliance in all executive officers and employees based on the compliance rules formulated in November 2002, and periodically verifies the status of compliance in business and other activities. In addition, the “ALSOK Hotline” was set up in April 2004 to facilitate early identification and prevention of corporate ethics problems. If employees encounter illegal or improper conduct or unethical behavior involving the Company, they are able to report it by e-mail, via telephone, or in writing without fear of detrimental treatment.

Given ALSOK's involvement in direct business transactions with corporations and individual clients, in September 2004 the Company also established an Information Asset Management Committee chaired by the executive officer in charge of information asset management. The purpose of the committee is to respond as swiftly as possible to changes, such as the full implementation of the Personal Information Protection Law in April 2005. The committee undertakes such activities as development of a management structure for personal information, business, and other important information in the Company's possession as well as promotion of employee education on this topic.

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

Risk Management System

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

Accordingly, in December 2002 the Group formulated risk management rules. The Group then organized a Risk Management Committee based on these risk management rules and assigned the executive officer in charge of risk management as chairperson. Individual risk management assessment organizations have also been set up at the Head Office and each individual business office to undertake exhaustive, company-wide risk management activities, to identify and assess risks, and to formulate preventative measures and proposals for countermeasures.

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

Compensation for Directors and Corporate Auditors

Amount of Compensation

Number of members and total compensation for each classification is as follows.

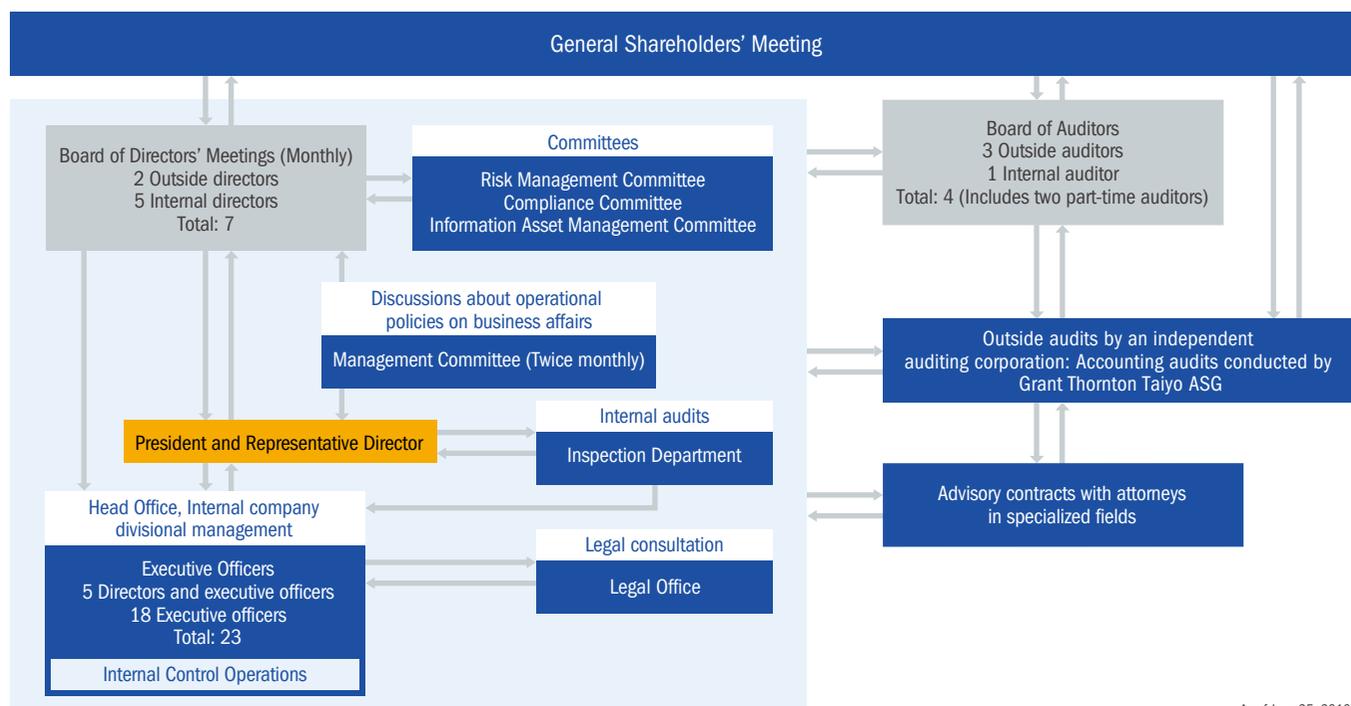
Directors (Excluding outside directors)	8 members	¥243 million
Corporate auditors (Excluding outside corporate auditors)	2 members	¥40 million
Outside directors and corporate auditors	5 members	¥39 million
Total	15 members	¥323 million

A limit of ¥400 million for compensation of directors and ¥120 million for compensation of corporate auditors has been set at the General Shareholders' Meeting.

Decisions Regarding Compensation

Compensation of directors, excluding outside directors, is a set amount based on position. Additionally, bonuses are a set amount based on position. An evaluation of performance of operation execution in the fiscal year ended March 31, 2009, was conducted and appropriate calculations were made. Decisions regarding compensation were made by the Board of Directors.

Compensation for corporate auditors is decided in accordance with standards set by the Board of Auditors.



As of June 25, 2010

CSR ACTIVITIES

Basic CSR Policy

In order to exercise the spirit of gratitude outlined in ALSOK's management philosophy, we are engaging in CSR activities in a variety of areas. ALSOK strives to be a company that contributes to the global society through such activities as supporting social welfare, disaster relief, and cultural activities.

ALSOK's CSR Activities

ALSOK ANSHIN Classes

As crime against elementary school students and younger children increases, child safety has become an important issue for society. In order to fulfill its responsibilities as a corporate citizen and a security company, ALSOK voluntarily dispatches its staff of protection professionals to teach ALSOK ANSHIN classes for crime-prevention. The classes focus on crime prevention for secure living and teach children through role-playing to be aware of dangers around them.

This program has won recognition for its contribution to society, earning the Asahi Corporate Citizen Award in September 2007 and the Chief Cabinet Secretary's Award in November 2007.



Lesson scenery from "ALSOK Anshin class"

ALSOK Gratitude Movement

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

Promoting Sports

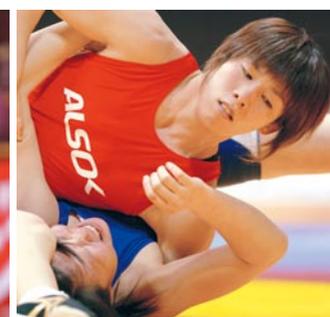
ALSOK believes that promoting sports among employees fosters and improves employees' self-defense skills and physical and mental endurance, serving to develop the Company's operations, particularly in terms of improving the quality of security services. Based on this belief, the Company holds in-house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

the practice of martial arts among employees. ALSOK has supported many top-class athletes; eight employees took part in the Beijing Olympic Games in 2008, giving an outstanding performance, with five of the eight participants receiving medals.

In November 2008, the Japan Olympic Committee awarded ALSOK with a Best Group Award at an award ceremony for supporters of top athletes, citing ALSOK's contribution to improving Japanese athletes' performance by providing them and their coaches with a training environment and support for their activities. The Company also runs children's judo classes throughout Japan in order to spread enjoyment of the sport as well as contribute to local communities.



Maki Tsukada (Judo)



Saori Yoshida (Wrestling)

Initiatives for Quality Improvement

Aiming to improve the quality of security services offered and increase client satisfaction, ALSOK obtained ISO 9001 certification in September 2002. As of March 2010, 46 Group companies have completed certification. We intend to acquire certification for the entire Group.



JMAQA-1424

ALSOK Achieves Listing in FTSE4Good Index

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



FTSE4Good

* An independent organization jointly owned by The Financial Times and the London Stock Exchange that compiles and manages indices widely used by investors around the world.

DIRECTORS, CORPORATE AUDITORS, AND EXECUTIVE OFFICERS

As of August 1, 2010

Directors



Atsushi Murai

President and Representative Director



Yukiyasu Aoyama

Senior Executive Vice President
Representative Director
Human Resources
Corporate Ethics
Chief Officer of Business
Promotion Division



Akira Tamura

Representative Director
Executive Vice President
Deputy Chief Officer of Business
Promotion Division
Corporate Marketing



Shozo Sawamura

Director
Senior Executive Officer



Susumu Hoshino

Director
Senior Executive Officer
R&D, and Information Systems



Akira Kanno

Director (Outside Director)



Takashi Oizumi

Director (Outside Director)

Corporate Auditors

Hideo Nakajima

Corporate Auditor

Yoshihiro Onozawa

Corporate Auditor
(Outside Corporate Auditor)

Teruo Kageyama

Corporate Auditor
(Outside Corporate Auditor, part-time)

Ken Osako

Corporate Auditor
(Outside Corporate Auditor, part-time)

Executive Officers

Shinya Kuwayama

Senior Executive Officer
General Affairs/Corporate Planning
Security Operations
Compliance
Risk Management
Information Assets Management
Investor Relations

Takao Fujikawa

Executive Officer
General Affairs

Yoshiro Kuribayashi

Executive Officer
Human Resources

Keiji Suzuki

Executive Officer
Chief Officer of Regional Division (III)

Takayoshi Nagao

Senior Executive Officer
Deputy Chief Officer of Business
Promotion Division
Business Promotion & Planning

Yoshimasa Hara

Executive Officer
Business Development
International Affairs

Masashi Terao

Executive Officer
Transportation Security Marketing,
Business Promotion Division

Makoto Imai

Executive Officer
Chief Officer of Regional Division (V)

Kiyomi Hara

Senior Executive Officer
Deputy Chief Officer of Business
Promotion Division
Support and Products / Services

Seiichi Matsumoto

Executive Officer
President and Representative Director of
Sokei Building Service Co., Ltd.

Hideo Yoshikawa

Executive Officer
President and Representative Director
of Sokei Electrical Construction Co., Ltd.

Masao Hama

Executive Officer
Chief Officer of Regional Division (VI)

Hiraku Otari

Executive Officer
Financial and Accounting
Internal Control

Kazumasa Oizumi

Executive Officer
Regional Management

Masahiro Masuda

Executive Officer
Chief Officer of Regional Division (VII)

Yuichi Miyazawa

Senior Executive Officer
Chief Officer of Regional Division (II)

Tsuyoshi Murai

Executive Officer
Chief Officer of Regional Division (I)

Mikio Yoshioka

Executive Officer
Chief Officer of Regional Division (VIII)

FINANCIAL SECTION

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30	Consolidated Statements of Operations
31	Consolidated Statements of Changes in Net Assets
32	Consolidated Statements of Cash Flows

SIX-YEAR SUMMARY

	Millions of yen					
Fiscal years ended March 31	2005	2006	2007	2008	2009	2010
Fiscal year						
Sales	257,789	267,545	276,560	284,996	285,004	278,579
Gross Profit on Sales	65,383	68,400	73,479	72,709	69,292	68,482
Operating Profit	10,962	12,246	15,972	13,795	9,943	9,270
Net Income	4,951	5,550	7,558	7,653	4,224	4,563
Capital Expenditures	16,537	14,142	11,677	10,477	11,977	10,712
Depreciation	10,816	10,907	10,222	11,262	11,988	12,597
R&D Expenses	542	405	536	625	628	648
At the end of fiscal year						
Total Assets	282,206	282,829	285,219	297,396	287,561	276,069
Net Assets (former Shareholders' Equity) ¹	123,169	129,193	151,816	154,904	154,898	158,674
Interest-bearing Liabilities	72,056	65,544	61,042	74,485	62,635	46,568
Shareholders' Equity	123,169	129,193	134,775	137,504	137,162	140,537
Equity Capital Ratio (%)	43.6	45.7	47.2	46.2	47.7	50.9
Interest Coverage Ratio (times)	15.5	12.3	14.9	15.2	20.7	24.0
Per share (Yen)						
Net Income	47.54	52.91	74.71	75.07	41.90	45.39
Net Assets	1,222.93	1,274.27	1,322.82	1,356.35	1,364.33	1,397.90
Dividends	17.00	17.00	20.00	20.00	20.00	20.00
Ratios (%)						
Operating Profit Margin	4.3	4.6	5.8	4.8	3.5	3.3
ROA (Return on Assets) ²	4.2	4.6	6.0	5.0	3.6	3.8
ROE (Return on Equity)	4.1	4.4	5.7	5.6	3.1	3.3
Other data						
Employees (Consolidated)	24,185	24,703	25,302	26,014	26,960	27,322

Notes: Figures in this section are based on the Financial Results for the Fiscal Year Ended March 31, 2010.

1 Subsequent to the revision of the accounting standard, we presented Net Assets including Minority Interests in Shareholders' Equity, effective for the fiscal year ended March 31, 2007.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The ALSOK Group's operations are divided into four services. The services consists of Electronic Security Services, Stationed Security Services, Transportation Security Services, and Other Services.

ANALYSIS OF BUSINESS PERFORMANCE

Business Performance

In the fiscal year ended March 31, 2010, sales fell 2.3% year on year, to ¥278,579 million. Although the number of contracts for Electronic Security Services increased, proceeds from sales in Electronic Security Services and Stationed Security Services declined. The price reductions and contract cancellations stemming from the stalling of the economy also had adverse effects.

Personnel expenses increased due to an increased number of employees as well as a greater retirement benefits expenses burden stemming from the worsening of the asset management of retirement plan assets. However, from the fiscal year ended March 31, 2009, we worked to reduce other expenses through strengthened cost management. As a result, operating profit declined 6.8% year on year, to ¥9,270 million, recurring profit increased 1.8% year on year, to ¥10,819 million, and net income rose 8.0% year on year, to ¥4,563 million.

In the fiscal year ended March 31, 2010, the Japanese economy continued to face harsh operating conditions overall. A certain degree of economic recovery was seen in regard to exporting and manufacturing due to improved conditions in overseas economies and to the Japanese government's emergency economic stimulus measures. Nonetheless, rising unemployment and the effects of deflation led us to conclude that these difficult conditions would continue to persist.

In Japan's social environment, the number of reported crimes continued to decrease and statistics showed an improvement in public safety. However, occurrences of crimes that disrupt peoples' everyday

lives, such as bank transfer fraud, remain a public concern for both safety and security. In the corporate sector as well, a rising number of incidents involving private information leakage due to file-sharing software has prompted many businesses to upgrade their security systems. Consequently, the security industry has thus seen demand for the provision of a broad range of security services to meet the needs of society, but the overall deterioration in business—compounded by intensifying competition among security service providers—has made for a difficult management environment.

Under these conditions, the ALSOK Group has been working to construct a system that can continue to ensure the quality of its services and the efficiency of its operations. To this end, focusing on the security business field, we have been strengthening our regional marketing strategy, and engaging in thorough measures to improve the efficiency of our operations and reevaluate the distribution of personnel.

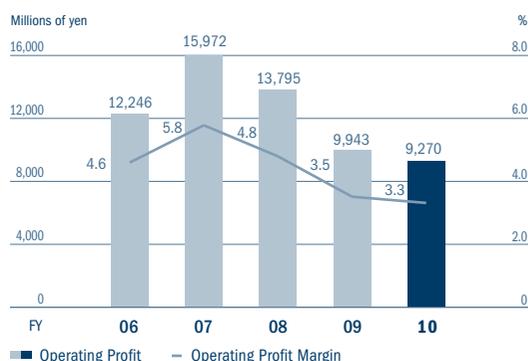
In services for corporate clients, sales activity focused around the ALSOK Guard System; an electronic security system, ALSOK-MP; a remote video monitoring system; and internal/external access control systems. New offerings included Network Monitoring Service, a service that constantly monitors information transmitted over networks and protects against leaks while responding to any dangers that arise. We also began offering Mamorukku-Kichohin, a service that uses miniature terminals equipped with GPS tracking functions to monitor the transport of valuables. These terminals are able to track the location of a valuable and confirm whether or not it has been opened. Additionally, we began offering Mamorukku-Emergency Call, a service that makes emergency calls in the event of a disturbance, and can track the location of valuables.

In the services for individual clients, we continued to promote sales of ALSOK Home Security α. We also began offering a new service, ALSOK House Support, a service through which substitutes from

Sales



Operating Profit / Operating Profit Margin



Notes: Figures in this section are based on the English translation of "Summary of Financial Results for the Fiscal Year Ended March 31, 2010."

For notes on this Summary, please refer to the document "Financial Results for the Fiscal Year Ended March 31, 2010" available on the ALSOK IR website.

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

ALSOK support clients by helping with cleaning and household work, and responding to various household troubles, such as those related to locks and plumbing. Through these efforts, we are further increasing ALSOK's presence in the individual user market.

Also, on November 30, 2009, we formed ALSOK (Vietnam) Co., Ltd. This company offers consulting and sells security-related equipments to Japanese companies that are developing operations in the Socialist Republic of Vietnam.

Leveraging the vast amount of security know-how that ALSOK has accumulated since the Company's founding, we are contributing to the maintenance of a safe society by offering diverse services that are in tune with current needs.

Sales by Services

Electronic Security Services

In Electronic Security Services, our corporate client sales were adversely affected by the decline in corporate revenues resulting from the stagnant economy. The increased focus on costs led to a decline in sales, price reductions, and contract cancellations.

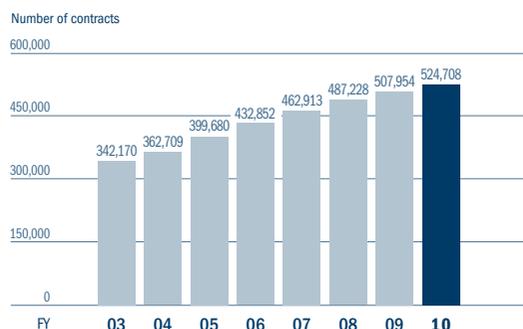
In the individual user market, sales of ALSOK Home Security α showed a steadily performance due to such factors as the effects of our advertising efforts.

As a result of these factors, sales of Electronic Security Services fell 2.5% year on year, to ¥138,929 million.

Stationed Security Services

In Stationed Security Services, sales declined due to a rebound from the year ended March 31, 2009, in which large-scale, short-term security services were provided, as well as to price reductions and contract cancellations resulting from the stagnant economy. Consequently, sales of Stationed Security Services fell 3.0%, to ¥70,659 million.

Number of Electronic Security Services Contracts



Transportation Security Services

In Transportation Security Services, sales of the Total ATM Management System and Cash Deposit Machine On-line System for corporate clients increased. However, contract cancellations by consumer finance companies and price reductions by banks had an adverse influence. Accordingly, sales of Transportation Security Services decreased 1.2% year on year, to ¥46,868 million.

As a result, sales in the Security Services segment decreased 2.4% year on year, to ¥256,457 million.

Other Services

In Other Services, sales of residential fire alarms and products that protect against the new strain of H1N1 influenza were strong. However, this was offset by a year on year decrease in sales of products such as automated external defibrillators (AEDs). Accordingly, segment sales fell 0.4% year on year, to ¥22,122 million.

Analysis of Individual Items

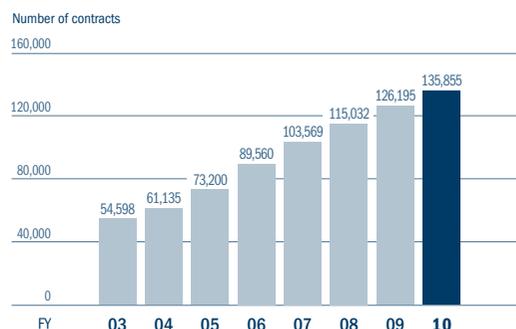
Sales in the fiscal year ended March 31, 2010, decreased ¥6,424 million year on year, to ¥278,579 million.

Cost of sales was ¥210,097 million. This was due primarily to the decrease in sales resulting in a ¥2,816 million decline in cost of product sold and cost of construction.

Selling, general and administrative expenses were ¥59,211 million. This was due to such factors as a ¥619 million reduction in advertising expenses and reductions in other expenses, which offset the increase in personnel costs.

Recurring profit increased ¥188 million, or 1.8%, year on year, to ¥10,819 million. This was due to the effects of measures to cut various costs.

Number of Individual Home Security Contracts



Other expenses decreased primarily due to a decline of ¥303 million in interest expenses.

Extraordinary profits rose because of an increase of ¥65 million in profit on sales of investments in securities, net.

Extraordinary losses fell mainly because of a decrease of ¥1,392 million in impairment loss on investments in securities.

Net income for the year under review rose ¥339 million, to ¥4,563 million, an 8.0% increase year on year.

Forecast for the Fiscal Year Ending March 31, 2011

In the fiscal year ending March 31, 2011, the Japanese economy is expected to continue to face difficult conditions. This will be due to persisting concerns regarding faltering overseas economies, the effects of deflation, and the worsening of the employment situation. We believe the social environment in Japan will keep on improving in terms of public safety and security, with statistics recording a further decrease in the number of reported crimes. However, we also anticipate continued public concern for a safe and secure society. In the corporate sector, we expect to see mounting internal control-related interest in promoting measures against the leakage of information and increasing the protection of private information, as well as in the formulation of business continuity plans. These factors are likely to result in demand for diverse security services extending beyond conventional Electronic Security Services.

Given these changes in society, we expect that demand for security will continue to increase in the future. However, it can also be seen from economic trends that intensifying competition from security service providers will make for an even more challenging business environment.

In such an environment, the ALSOK Group will strive to promote the security business, holding fast to “providing high-level security services”, the management principle since the Group’s foundation. We will firmly grasp the rapidly changing needs of our clients for safety and security, and strive to improve our business performance by creating and providing new products and services to meet these needs.

As a result of these measures, we are forecasting the following consolidated results for the fiscal year ending March 31, 2011: sales to increase 1.2% year on year, to ¥281,900 million; operating profit to rise 2.5%, to ¥9,500 million; and net income to increase 13.9%, to ¥5,200 million.

FINANCIAL POSITION

Assets

Total assets at March 31, 2010, declined ¥11,491 million, or 4.0%, year on year, to ¥276,069 million. Total current assets declined ¥15,411 million, or 9.4%, to ¥148,279 million, and total fixed assets increased ¥3,919 million, or 3.2%, to ¥127,790 million.

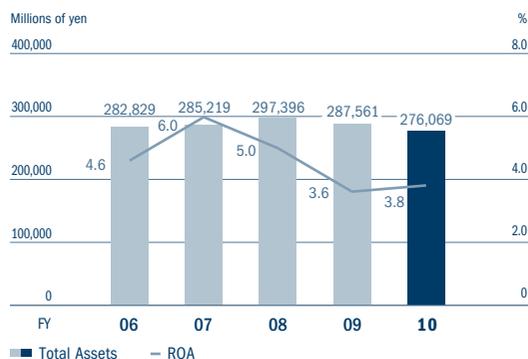
The decline in current assets was due primarily to a decrease of ¥5,010 million from the combined total of cash for Transportation Security Services and advance payments, and to a decrease of ¥9,097 million in cash and deposits.

The main factor for the rise in fixed assets was an increase of ¥1,971 million in investments in securities.

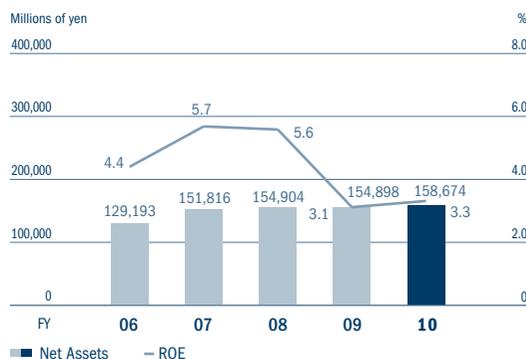
Liabilities

Total liabilities at March 31, 2010, were down ¥15,268 million, or 11.5%, year on year, to ¥117,394 million. Total current liabilities decreased ¥12,728 million, or 14.2%, to ¥76,653 million, and total long-term liabilities decreased ¥2,540 million, or 5.9%, to ¥40,741 million.

Total Assets / ROA



Net Assets / ROE



The decrease in current liabilities primarily reflected a ¥13,068 million decrease in short-term borrowings, mainly for Transportation Security Services.

The main factor contributing to the decrease in long-term liabilities was a decline of ¥2,200 million in bonds.

Net Assets

Total net assets at March 31, 2010, were up ¥3,776 million, or 2.4%, year on year, to ¥158,674 million.

Cash and Cash Equivalents

The balance of cash and cash equivalents (hereafter referred to as “cash”) at March 31, 2010, was ¥37,349 million, a year on year decrease of ¥8,517 million from ¥45,866 million at March 31, 2009. Net cash provided by operating activities was ¥15,038 million, net cash used in investment activities was ¥15,854 million, and net cash used in financing activities was ¥7,702 million.

Cash Flows from Operating Activities

As a result of our operating activities in the year under review, net cash provided by operating activities decreased 22.0% year on year, to ¥15,038 million. Principal items included ¥10,652 million in income before income taxes, an increase of 17.5% year on year; ¥12,597 million in depreciation, an increase of 5.1%; and ¥6,551 million in decrease in assets and liabilities for Transportation Security Services, a year on year decrease of ¥6,321 million.

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 borrowings.

Cash Flows from Investment Activities

Net cash used in investment activities in the fiscal year ended March 31, 2010, was ¥15,854 million, a 13.3% year on year increase. The primary factors were ¥9,155 million in payments for purchases of tangible assets, a decrease of 11.7% year on year, and ¥1,685 million in payments for purchases of investments in securities, a decrease of 56.4% year on year.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥7,702 million, a 17.9% year on year decrease. The main elements were ¥2,662 million for payments on repayment of long-term debt, a 35.2% year on year decrease, and ¥2,200 million in payments for redemption of bonds, down 18.5% year on year.

Basic Policy on Distribution of Profits and Dividends

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

Also, it is the policy of the ALSOK Group to issue dividends from retained earnings twice a year, issuing an interim and year-end dividend. The year-end dividend is decided at the General Shareholders' Meeting, while the interim dividend is decided by the Board of Directors.

For the fiscal year ending March 31, 2011, the Company plans to pay an interim dividend of ¥10 per share and a year-end dividend of ¥10 per share, for an annual dividend of ¥20 per share.

RISK INFORMATION

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

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

(1) Dependency on sales from a specific business sector

Sales from the financial institutions sector accounted for 28.2% of the Group's total sales in the fiscal year ended March 31, 2010. Consequently, trends in the economic environment surrounding financial institutions, including the possible cancellations of existing security service contracts due to the elimination or consolidation of branch locations, could have a considerable effect on the Group's operating performance.

(2) Electronic Security Services

Of the Group's total sales, 49.9% are dependent on Electronic Security Services. The operation of Electronic Security Services is based on the premise of continued capital investment for structuring and maintaining operational infrastructures such as the preparation of Guard Centers and depots, vehicles for Electronic Security Services and communications systems, as well as personnel expenses for Guard Center staff and security staff. Should the Group fail to enter into a certain volume of Electronic Security Services contracts due to any of a wide range of factors associated with the Group's Electronic Security Services, the Group's operating performance could be affected.

(3) Cash used for Transportation Security Services

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

Although ALSOK receives fees for advancing these funds from the contracted clients to compensate for the burden of interest for procuring the cash required for Transportation Security Services, the burden of interest could have a considerable effect on the Group's operating performance in the event of a rapid rise in interest rates.

(4) Dependency on a specified equipment supplier

The Group mostly depends on NEC Corporation for the development and provision of the center equipment that has been and is to be installed inside its Guard Centers. As for transactions involving the center equipment, the Group enters into a master agreement for commodity purchases to provide for anticipated quantities of items and additionally holds certain levels of spare items for maintenance to

allow for emergencies. Should any difficulty occur in the provision of such center equipment due to a natural disaster or other reason, the operation of Guard Centers could be affected.

(5) Adaptation to changes in the technological environment

The development of security-related equipment and the adoption of state-of-the-art IT technologies are indispensable to the Group's adequate provision of security services, due to the need to deal with "increasingly complicated and heinous crimes," "obsolescence of existing facilities due to the sophistication of information communication infrastructures," and "advances in a wide range of operations applying IT technology."

Should our adaptation to technological progress fall behind the changes in the technological environment of society, the Group's operating performance could be affected. Therefore, the ALSOK Group continues to make efforts in the development of security-related equipment and advanced IT technologies principally in the R&D Department of the Group. At the same time, we work to avoid risk by staying abreast of the latest technology trends in communications, devices, and other technologies.

(6) Management of client information

Recognizing the importance of information management, the Group endeavors to upgrade and strengthen information management by the execution of appropriate internal audits and safety management measures relating to organizational, human, physical, and technological aspects. In concluding a security service contract with a client, the Group obtains a significant amount of information about the client including the names, addresses, and phone numbers of related parties, as well as various information about the clients' premises where security services are to be employed, and utilizes that essential information for the execution of security services, business activities, etc. As a precaution, the ALSOK Group has enrolled in an insurance policy for personal information leakage, an umbrella policy covering all Group companies. However, should any major problems occur with regard to the management of client information, including any unforeseeable accidents, the resulting claims for damages and the decline in public trust of the Group could affect the operating performance and future business development of the Group.

(7) Ensuring human resources

In recent years, Japanese society has been rapidly aging due to the combination of an extended average life expectancy with a sharp drop in the birthrate. Although it can be anticipated that these trends will lead to a rise in the need for ALSOK's security services, it could become more difficult to recruit younger workers in this labor-intensive

industry. Should personnel expenses such as wages be increased with the aim of securing quality human resources, the Group's operating performance could be affected.

(8) Legal restrictions

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

Should any of these statutory restrictions be amended or abolished or any new legal provisions additionally established, the Group's operating performance could be affected.

(9) Natural disasters and other problems

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

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

(10) Countermeasures against new strains of influenza

The Group is currently taking measures to prepare for a feared pandemic of a highly virulent new strain of influenza. Measures include raising awareness of staff regarding preventive measures, distribution of influenza kits, securing stockpiles, and formulating a business continuity plan and action plan. If a highly virulent new strain of influenza does reach pandemic stage, it could have an effect on the operating performance and future business development of the Group.

Major operations	Relevant laws	Competent authorities, etc.
Electronic Security Services Stationed Security Services Transportation Security Services	Security Business Law	National Public Safety Commission (National Police Agency)
	Road Traffic Law	
	Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors	Japan Fair Trade Commission Small and Medium Enterprise Agency
	Telecommunications Business Law Radio Law	Ministry of Internal Affairs and Communications
Electronic Security Services	Construction Business Act	Ministry of Land, Infrastructure, Transport and Tourism
	Electrical Appliance and Material Safety Act Act on Ensuring Fair Electric Business Practices	Ministry of Economy, Trade and Industry
	Transportation Security Services	Truck Transport Business Law
Freight Forwarding Business Law		
Road Trucking Vehicle Law		
Warehousing Business Law		
Other Services (Total Building Management, Disaster Prevention Services, and other operations)	Fire Defense Law	Ministry of Internal Affairs and Communications
	Correspondence Delivery Act	Each firefighting headquarters, Each municipality
	Fire Prevention Ordinance	
	Pharmaceutical Affairs Law	Ministry of Health, Labor and Welfare
	Building Management Law	
	Worker Dispatching Act	
	Solid Waste Disposal Act	Ministry of the Environment
	Insurance Business Law	Financial Services Agency
	Law on Sales of Financial Products	
	Act on Prevention of Transfer of Criminal Proceeds	National Public Safety Commission (National Police Agency)
	Act on Regulation of Private Detective Services	
	Real Estate Transaction Act	Ministry of Land, Infrastructure, Transport and Tourism
	Act on Architects and Building Engineers	
	Act on Improving Management of Condominiums	
	Act on Ensuring Fair Electric Business Practices	Ministry of Economy, Trade and Industry
	Act on Ensuring Safety and Fair Transactions Regarding Liquid Petroleum Gas	Ministry of Economy, Trade and Industry, Consumer Affairs Agency
Act on Specified Commercial Transactions		

CONSOLIDATED BALANCE SHEETS

As of March 31, 2010 and 2009	Millions of yen	
	2009	2010
Assets		
Current assets		
Cash and deposits	53,506	44,408
Cash for Transportation Security Services	30,910	64,331
Notes and accounts receivable	20,862	20,803
Lease receivables and lease investment assets	1,290	1,385
Short-term investments in securities	1,618	1,859
Raw materials and supplies	4,249	3,269
Advance payments	43,821	5,389
Deferred tax assets	2,409	2,331
Other	5,238	4,683
Allowance for doubtful accounts	(216)	(184)
Total current assets	163,690	148,279
Fixed assets		
Tangible fixed assets		
Buildings and structures	35,900	36,079
Depreciation and amortization	(16,916)	(18,005)
Buildings and structures, net	18,984	18,073
Machinery, equipment and delivery equipment	105,315	106,395
Depreciation and amortization	(90,175)	(93,570)
Machinery, equipment and delivery equipment, net	15,140	12,825
Land	17,972	18,620
Leased assets	2,499	4,179
Depreciation and amortization	(277)	(975)
Leased assets, net	2,221	3,203
Construction in progress	1,404	2,604
Other	11,281	11,481
Depreciation and amortization	(7,908)	(8,456)
Other, net	3,372	3,025
Total tangible fixed assets	59,095	58,351
Intangible fixed assets		
Software	5,125	3,941
Goodwill	37	—
Other	259	1,262
Total intangible fixed assets	5,422	5,203
Investments and other assets		
Investments in securities	24,039	26,010
Long-term loans	636	597
Lease deposits	8,429	8,469
Insurance reserve fund	3,111	3,165
Prepaid pension fund	4,166	3,752
Deferred tax assets	15,909	14,000
Other	3,535	8,714
Allowance for doubtful accounts	(474)	(475)
Net investments and other assets	59,353	64,235
Total fixed assets	123,871	127,790
Total assets	287,561	276,069

As of March 31, 2010 and 2009

	Millions of yen	
	2009	2010
Liabilities		
Current liabilities		
Trade notes and accounts payable	8,668	8,419
Short-term borrowings	53,182	40,114
Current portion of bonds	2,200	2,200
Accounts payable	12,407	12,055
Lease obligations	788	1,212
Accrued income taxes	1,541	1,814
Accrued consumption taxes	1,326	1,625
Allowance for bonuses	876	923
Allowance for directors' bonuses	174	198
Deferred tax liabilities	—	7
Other	8,215	8,082
Total current liabilities	89,381	76,653
Long-term liabilities		
Bonds	4,400	2,200
Long-term borrowings	2,852	2,053
Lease obligations	2,825	3,539
Deferred tax liabilities	4	135
Deferred income taxes on land revaluation	418	418
Accrued retirement benefits for employees	27,773	27,135
Accrued retirement benefits for directors and corporate auditors	1,658	1,703
Negative goodwill	—	384
Other	3,348	3,170
Total long-term liabilities	43,282	40,741
Total liabilities	132,663	117,394
Net Assets		
Shareholders' equity		
Common stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	93,004	95,556
Treasury stock	(1,974)	(1,974)
Total shareholders' equity	141,822	144,375
Valuation and translation adjustments		
Other securities valuation difference	738	1,560
Land revaluation account	(5,395)	(5,395)
Translation adjustments	(3)	(2)
Total valuation and translation adjustments	(4,660)	(3,837)
Minority interests in consolidated subsidiaries	17,735	18,137
Total net assets	154,898	158,674
Total liabilities and net assets	287,561	276,069

CONSOLIDATED STATEMENTS OF OPERATIONS

Fiscal year ended March 31, 2010 and 2009	Millions of yen	
	2009	2010
Sales	285,004	278,579
Cost of sales	215,711	210,097
Gross profit on sales	69,292	68,482
Selling, general and administrative expenses	59,349	59,211
Operating profit	9,943	9,270
Other income		
Interest received	241	258
Dividends received	566	566
Profit on sales of investments in securities, net	21	39
Rental income	181	179
Gain from insurance claim	322	124
Equity in earnings of affiliates	312	318
Depreciation of negative goodwill	—	20
Received penalties for contract cancellations	383	317
Other	1,008	1,143
Total other income	3,038	2,969
Other expenses		
Interest expenses	930	626
Loss on sales of investments in securities, net	2	13
Loss on disposals of fixed assets	281	333
Loss on revaluation of derivatives	327	—
Financing expenses	—	174
Other	809	272
Total other expenses	2,350	1,419
Recurring profit	10,630	10,819
Extraordinary profits		
Profit on sales of investments in securities, net	11	77
Gain on revision of retirement benefit plan	37	—
Total extraordinary profits	49	77
Extraordinary losses		
Impairment loss on investments in securities	1,590	198
Loss on sales of investments in securities	2	30
Loss on disposals of fixed assets	23	—
Impairment loss	0	15
Total extraordinary losses	1,617	244
Income before income taxes	9,062	10,652
Income taxes	3,467	3,640
Income taxes adjustment	676	1,456
Total income taxes	4,144	5,096
Minority interests in income of consolidated subsidiaries	693	992
Net income	4,224	4,563

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Fiscal year ended March 31, 2010 and 2009	Millions of yen	
	2009	2010
Shareholders' equity		
Common stock		
Balance at the end of previous period	18,674	18,675
Changes during the period		
Issuance of new shares	0	–
Total changes of items during the period	0	–
Balance at the end of period	18,675	18,675
Capital surplus		
Balance at the end of previous period	32,117	32,117
Changes during the period		
Issuance of new shares	0	–
Total changes of items during the period	0	–
Balance at the end of period	32,117	32,117
Retained earnings		
Balance at the end of previous period	90,720	93,004
Changes during the period		
Cash dividends	(2,019)	(2,010)
Net income	4,224	4,563
Other	78	–
Total changes of items during the period	2,283	2,552
Balance at the end of period	93,004	95,556
Treasury stock		
Balance at the end of previous period	(919)	(1,974)
Changes during the period		
Purchase of treasury stock	(1,054)	(0)
Total changes of items during the period	(1,054)	(0)
Balance at the end of period	(1,974)	(1,974)
Total shareholders' equity		
Balance at the end of previous period	140,592	141,822
Changes during the period		
Issuance of new shares	1	–
Cash dividends	(2,019)	(2,010)
Net income	4,224	4,563
Purchase of treasury stock	(1,054)	(0)
Other	78	–
Total changes of items during the period	1,230	2,552
Balance at the end of period	141,822	144,375

Fiscal year ended March 31, 2010 and 2009	Millions of yen	
	2009	2010
Valuation and translation adjustments		
Other securities valuation difference		
Balance at the end of previous period	2,310	738
Changes during the period		
Net amount of changes excluding shareholders' equity	(1,571)	821
Total changes of items during the period	(1,571)	821
Balance at the end of period	738	1,560
Land revaluation account		
Balance at the end of previous period	(5,395)	(5,395)
Balance at the end of period	(5,395)	(5,395)
Translation adjustments		
Balance at the end of previous period	(2)	(3)
Changes during the period		
Net amount of changes excluding shareholders' equity	(1)	0
Total changes of items during the period	(1)	0
Balance at the end of period	(3)	(2)
Total valuation and translation adjustments		
Balance at the end of previous period	(3,087)	(4,660)
Changes during the period		
Net amount of changes excluding shareholders' equity	(1,573)	822
Total changes of items during the period	(1,573)	822
Balance at the end of period	(4,660)	(3,837)
Minority interests in consolidated subsidiaries		
Balance at the end of previous period	17,399	17,735
Changes during the period		
Net amount of changes excluding shareholders' equity	335	401
Total changes of items during the period	335	401
Balance at the end of period	17,735	18,137
Total net assets		
Balance at the end of previous period	154,904	154,898
Changes during the period		
Issuance of new shares	1	–
Cash dividends	(2,019)	(2,010)
Net income	4,224	4,563
Purchase of treasury stock	(1,054)	(0)
Other	78	–
Net amount of changes excluding shareholders' equity	(1,237)	1,224
Total changes of items during the period	(6)	3,776
Balance at the end of period	154,898	158,674

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal year ended March 31, 2010 and 2009	Millions of yen	
	2009	2010
Cash flows from operating activities		
Income before income taxes	9,062	10,652
Depreciation	11,988	12,597
Impairment loss	0	15
Depreciation of goodwill	22	37
Depreciation of negative goodwill	—	(20)
Decrease in allowance for doubtful accounts	(1,907)	(31)
Decrease in accrued retirement benefits for employees	(921)	(637)
Increase in allowance for bonuses	39	46
Increase/(decrease) in allowance for directors' bonuses	(10)	23
Interest income and dividend income	(807)	(825)
Interest expenses	930	626
Equity in earnings of affiliates	(312)	(318)
Loss on sales of fixed assets	13	(1)
Loss on disposals of fixed assets	305	333
Profit on sales of investments in securities	(29)	(73)
Impairment loss on investment in securities	1,590	198
Loss on revaluation of derivatives	327	(41)
Decrease in accounts receivable	1,729	58
Decrease in inventories	202	979
Decrease in accounts payable	(182)	(627)
Increase/(decrease) in prepaid pension	(647)	413
Decrease in assets and liabilities for Transportation Security Services	(229)	(6,551)
Other	2,741	923
Sub-total	23,905	17,779
Interest and dividend income, received	880	857
Interest expenses, paid	(928)	(622)
Income taxes, paid	(5,306)	(4,162)
Income tax, refund	739	1,185
Net cash provided by operating activities	19,291	15,038
Cash flows from investment activities		
(Increase)/decrease of time deposits	(61)	477
Payments for purchases of tangible assets	(10,370)	(9,155)
Proceeds from sales of tangible assets	15	12
Payments for purchases of investments in securities	(3,862)	(1,685)
Proceeds from sales of investments in securities	2,178	1,411
Payment for purchase of subsidiaries's stocks	—	(160)
Decrease in short-term loans	17	6
Long-term loans made	(146)	(105)
Long-term loans collected	144	144
Other	(1,913)	(6,799)
Net cash used in investment activities	(13,997)	(15,854)
Cash flows from financing activities		
Decrease in short-term borrowings	(134)	(94)
Proceeds from long-term debt	1,200	500
Payments on repayment of long-term debt	(4,110)	(2,662)
Payments for redemption of bonds	(2,700)	(2,200)
Proceeds from issue of new shares	1	—
Proceeds from minority shareholders	25	—
Payments for purchase of treasury stock	(1,054)	(0)
Payments for purchase of treasury stock by subsidiary	(16)	—
Repayment of lease obligations	(378)	(1,037)
Dividends paid	(2,015)	(2,010)
Dividends paid to minority shareholders	(194)	(196)
Net cash used in financing activities	(9,377)	(7,702)
Effect of exchange rate changes on cash and cash equivalents	(2)	0
Net decrease in cash and cash equivalents	(4,086)	(8,517)
Cash and cash equivalents at beginning of the year	49,790	45,866
Change in cash and cash equivalents due to newly consolidated subsidiaries	162	—
Balance of cash and cash equivalents at the end of the year	45,866	37,349

CORPORATE INFORMATION / STOCK INFORMATION

As of March 31, 2010

Corporate Information

Corporate Name	SOHGO SECURITY SERVICES CO., LTD.
Head Office	1-6-6 Motoakasaka, Minato-ku, Tokyo 107-8511, Japan
Established	July 16, 1965
Capital	¥18,675,011,600
Fiscal Year-End	March 31
Employees	(Consolidated) 27,322 (Non-consolidated) 12,848
Business Operations	Head office / 9 Headquarters 58 Branches / 45 Offices / 238 Sales Offices

ALSOK's IR Website

ALSOK's corporate information can be viewed online in English. Our website features a variety of content aimed to help interested parties find out more about ALSOK's business and operating results, including a message from the president, a business overview, and financial information. Please visit the pages below for more information.



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

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

Stock Information

Total Number of Shares Authorized	300,000,000
Number of Shares Issued	102,040,042 (incl. 1,505,543 shares of treasury stock)
Number of Shareholders at the End of the Preceding Fiscal Period	10,604
Stock Listing	First Section of Tokyo Stock Exchange
Securities Code	2331
Minimum Trading Lot	100

Distribution of Shares by Shareholder Type



Major Shareholders (Top 10)

Name	Number of shares held (1,000 shares)	Percentage of shares held ² (%)
SOHGO CORPORATION	7,388	7.34
Employees Shareholding Association	6,302	6.26
Saitama Machinery Co., Ltd.	5,283	5.25
Kamakura Corporation	4,300	4.27
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. ¹	4,261	4.23
Japan Trustee Services Bank, Ltd. (trust account)	4,122	4.10
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,420	3.40
Northern Trust Co. (AVFC) Sub Account American Clients	3,047	3.03
Atsushi Murai	2,983	2.96
Kizuna Corporation	2,950	2.93

1 The shares held by the Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Account entrusted to Mizuho Bank, Ltd. are shares entrusted by Mizuho Bank as a contribution to retirement benefits.
2 Treasury stock (1,505,543 shares) has been excluded.



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