

**Consolidated Financial Results for the First Quarter Ended June 30, 2015**  
**Prepared in Conformity with Accounting Principles Generally Accepted in Japan (Japanese GAAP)**  
English Translation of the Original Japanese-Language Report

**SOHGO SECURITY SERVICES CO., LTD.**

(Code No.:2331, TSE 1<sup>st</sup> Sec.)

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

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

(1) Consolidated operating results

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2015	89,802	9.2	5,571	73.7	5,952	70.4	3,314	92.4
June 30, 2014	82,267	6.5	3,206	(4.4)	3,493	(5.0)	1,722	(7.4)

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

Note 2: Comprehensive income: Three months ended June 30, 2015 ¥ 4,062 million 69.3%  
Three months ended June 30, 2014 ¥ 2,398 million (17.5%)

	Net income per share	Diluted net income per share
Three months ended		
June 30, 2015	32.97	-
June 30, 2014	17.14	-

(2) Consolidated financial conditions

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Three months ended				
June 30, 2015	356,378	205,944	51.2	1,815.83
Fiscal year ended				
March 31, 2015	373,863	204,363	48.4	1,800.15

Note: Equity capital: Three months ended June 30, 2015 ¥ 182,523 million  
Year ended March 31, 2015 ¥ 180,947 million

**2. Dividend**

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

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

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

(Figures rounded down to the nearest million)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	187,400	9.3	11,600	44.0	12,500	37.3	6,800	39.3	67.65
Annual	405,000	10.7	29,400	28.0	31,000	25.5	17,000	25.6	169.12

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

### 4. Others

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

Added: - Removed: -

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

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

a Changes arising from revision of accounting standards : Yes

b Changes arising from other factors : No

c Changes arising from accounting estimate : No

d Restatement : No

Changes are conducted in accordance with Article 10-2 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements

(4) Number of shares outstanding (Ordinary shares)

a Number of shares issued (including treasury stock)	Three months ended June 30, 2015	102,040,042 shares	Year ended March 31, 2015	102,040,042 shares
b Number of shares of treasury stock	Three months ended June 30, 2015	1,521,763 shares	Year ended March 31, 2015	1,521,699 shares
c Average number of ordinary shares throughout the fiscal year	Three months ended June 30, 2015	100,518,332 shares	Three months ended June 30, 2014	100,518,582 shares

\*Indication of review procedure implementation status

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

\*Explanation for Appropriate Use of Forecasts and Other Notes

The forward-looking statements such as operational forecasts contained in this summary of financial results are based on the information currently available to the Company and certain assumptions which are regarded as legitimate, and the Company does not promise the achievement of these results. Actual results may differ significantly from these forecasts due to various factors.

## Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	46,113	42,278
Cash for Transportation Security Services	96,760	82,420
Notes and accounts receivable-trade	44,020	36,241
Short-term investment securities	861	869
Raw materials and supplies	4,759	5,442
Costs on uncompleted construction contracts	393	604
Advances paid	6,301	6,139
Other	11,479	18,804
Allowance for doubtful accounts	(243)	(242)
Total current assets	210,445	192,558
Noncurrent assets		
Property, plant and equipment	71,704	71,507
Intangible assets		
Goodwill	11,172	10,940
Other	5,681	5,499
Total intangible assets	16,853	16,440
Investments and other assets		
Investment securities	38,629	39,307
Other	36,782	37,115
Allowance for doubtful accounts	(552)	(550)
Total investments and other assets	74,859	75,872
Total noncurrent assets	163,418	163,819
Total assets	373,863	356,378

	As of March 31, 2015	As of June 30, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	23,946	17,698
Short-term loans payable	62,997	53,231
Income taxes payable	4,232	1,082
Provision	1,647	1,094
Other	37,641	38,030
Total current liabilities	130,464	111,138
Noncurrent liabilities		
Bonds payable	115	90
Long-term loans payable	1,915	2,008
Net defined benefit liability	25,484	25,672
Provision for directors' retirement benefits	1,725	1,573
Asset retirement obligations	68	69
Other	9,726	9,882
Total noncurrent liabilities	39,035	39,295
Total liabilities	169,500	150,433
<b>Net assets</b>		
Shareholders' equity		
Capital stock	18,675	18,675
Capital surplus	32,117	32,117
Retained earnings	130,753	132,007
Treasury stock	(1,989)	(1,989)
Total shareholders' equity	179,557	180,810
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,235	8,542
Revaluation reserve for land	(5,293)	(5,306)
Foreign currency translation adjustment	173	180
Remeasurements of defined benefit plans	(1,725)	(1,704)
Total accumulated other comprehensive income	1,389	1,713
Minority interests	23,415	23,420
Total net assets	204,363	205,944
Total liabilities and net assets	373,863	356,378

## Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales	82,267	89,802
Cost of sales	62,325	67,041
Gross profit	19,942	22,760
Selling, general and administrative expenses	16,735	17,188
Operating income	3,206	5,571
Non-operating income		
Interest income	53	52
Dividends income	168	171
Equity in earnings of affiliates	5	113
Other	393	400
Total non-operating income	621	736
Non-operating expenses		
Interest expenses	161	166
Financing expenses	62	73
Other	110	115
Total non-operating expenses	333	355
Ordinary income	3,493	5,952
Extraordinary income		
Gain on sales of investment securities	2	13
Compensation income	-	33
Total extraordinary income	2	46
Extraordinary loss		
Loss on valuation of investment securities	29	-
Total extraordinary losses	29	-
Income before income taxes	3,466	5,999
Income taxes	1,475	2,337
Net Income	1,990	3,661
Profit attributable to non-controlling interests	268	347
Profit attributable to owners of parent	1,722	3,314

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net income	1,990	3,661
Other comprehensive income		
Valuation difference on available-for-sale securities	80	332
Foreign currency translation adjustment	(3)	(11)
Remeasurements of defined benefit plans	212	13
Share of other comprehensive income of associates accounted for using equity method	118	66
Total other comprehensive income	408	400
Comprehensive income	2,398	4,062
(Contents)		
Comprehensive income attributable to owners of the parent	2,049	3,650
Comprehensive income attributable to non-controlling interests	349	411

## Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net cash provided by (used in) operating activities		
Income before income taxes	3,466	5,999
Depreciation and amortization	2,671	2,847
Amortization of goodwill	126	273
Amortization of negative goodwill	(20)	-
Increase (decrease) in allowance for doubtful accounts	(5)	(2)
Increase (decrease) in net defined benefit liability	329	153
Increase (decrease) in provision for bonuses	(635)	(403)
Increase (decrease) in provision for directors' bonuses	(175)	(148)
Interest and dividends income	(221)	(223)
Interest expenses	161	166
Equity in (earnings) losses of affiliates	(5)	(113)
Loss (gain) on sales of noncurrent assets	(0)	(0)
Loss on retirement of noncurrent assets	37	52
Loss (gain) on sales of investment securities	(2)	(13)
Loss (gain) on valuation of investment securities	29	-
Loss (gain) on valuation of derivatives	32	(6)
Decrease (increase) in notes and accounts receivable-trade	4,146	7,775
Decrease (increase) in inventories	(752)	(905)
Increase (decrease) in notes and accounts payable-trade	(6,666)	(6,687)
Decrease (increase) in net defined benefit asset	(275)	(452)
Decrease in assets and liabilities for Transportation Security Services	(1,673)	2,230
Other	1,883	(7,478)
Subtotal	2,448	3,060
Interest and dividends income received	299	323
Interest expenses paid	(169)	(177)
Income taxes paid	(3,927)	(4,025)
Net cash provided by (used in) operating activities	(1,348)	(818)

## Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	424	125
Purchase of property, plant and equipment	(2,416)	(2,233)
Proceeds from sales of property, plant and equipment	1	0
Purchase of investment securities	(222)	(458)
Proceeds from sales of investment securities	206	296
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,110)	-
Decrease (increase) in short-term loans receivable	6	(25)
Payments of long-term loans receivable	(62)	(2)
Collection of long-term loans receivable	90	27
Other	(402)	115
Net cash provided by (used in) investing activities	(3,485)	(2,153)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	7,992	3,078
Proceeds from long-term loans payable	160	360
Repayment of long-term loans payable	(814)	(888)
Redemption of bonds	(25)	(25)
Purchase of treasury stock	(0)	(0)
Repayments of lease obligations	(538)	(783)
Cash dividends paid	(1,759)	(2,060)
Cash dividends paid to minority shareholders	(401)	(406)
Net cash provided by (used in) financing activities	4,613	(726)
Effect of exchange rate change on cash and cash equivalents	(5)	(10)
Net increase (decrease) in cash and cash equivalents	(225)	(3,708)
Cash and cash equivalents at beginning of period	35,791	37,976
Cash and cash equivalents at end of period	35,566	34,268



Information regarding production, orders, and sales

a. Production

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

(Number of contracts)

Business segment	As of June 30, 2015	YoY(%)
Security Services		
Electronic Security Services	818,608	17.4
Stationed Security Services	3,732	5.9
Transportation Security Services	59,484	5.6
Total	881,824	16.5
General Property Management and Fire Protection Services	75,954	13.2
Total for reportable segments	957,778	16.2
Long-term Care and Other Services	29,678	109.0
Total	987,456	17.8

b. Sales

Sales for each business category are as follows.

(Millions of yen)

Business segment	Three months ended June 30, 2015	YoY(%)
Security Services		
Electronic Security Services	39,705	7.0
Stationed Security Services	22,655	8.9
Transportation Security Services	13,433	4.5
Total	75,795	7.1
General Property Management and Fire Protection Services	11,253	5.0
Total for reportable segments	87,048	6.8
Long-term Care and Other Services	2,753	257.0
Total	89,802	9.2

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

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

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