

**SECOM**

# SEMIANNUAL REPORT 2018

For the Six-month Period Ended September 30, 2018



# PROFILE

Established in 1962 as Japan's first security services provider, SECOM, which comprises the parent company and the companies of the SECOM Group, has sought to develop and advance a wide range of services and systems that respond to evolving social imperatives and benefit society. Today, the SECOM business portfolio encompasses security services, fire protection services, medical services, insurance services, geospatial information services, business process outsourcing and information and communication technology (BPO and ICT) services, and real estate and other services.

In line with our goal of creating services and systems that deliver safety and peace of mind, as well as make life more comfortable and convenient, whenever and wherever necessary, we continue pressing forward with efforts to realize our Social System Industry vision, which describes a framework of innovative and integrated services and systems that deliver safety, peace of mind, comfort and convenience. To accelerate this process, in 2017 we announced the SECOM Group's Vision for 2030, guided by which we are working to create the ANSHIN Platform, a service infrastructure designed to provide peace of mind to people in their everyday life, as well as to society as a whole. In May 2018, we formulated the SECOM Group Road Map 2022 to clarify the challenges we must address over the next five years.

We have also expanded outside Japan. Currently active in 18 countries and territories in Asia, Europe, Oceania and North America, where we provide uniquely SECOM security services, fire protection services, medical services, geospatial information services, and BPO and ICT services customized to reflect local needs and sensibilities, we continue striving to grow our overseas operations.

Notes: 1. Comparisons of operating results in this semiannual report are between the six-month periods ended September 30, 2018 and 2017.  
2. SECOM's semiannual report presents information on its consolidated operating results, calculated in accordance with accounting principles generally accepted in Japan (Japanese GAAP).

## CONSOLIDATED FINANCIAL HIGHLIGHTS

SECOM CO., LTD. and Subsidiaries  
Six-month periods ended September 30, 2018, 2017 and 2016

	In millions of yen			In thousands of U.S. dollars
	2018	2017	2016	2018
Revenue .....	¥470,983	¥446,831	¥440,086	\$4,131,429
Operating profit .....	54,902	61,471	62,146	481,596
Ordinary profit .....	67,458	66,015	67,343	591,736
Net income attributable to owners of the parent .....	44,575	41,342	40,857	391,008
Net income per share (yen and U.S. dollars) .....	¥ 204.23	¥ 189.42	¥ 187.20	\$ 1.79

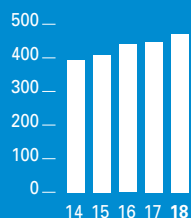
Notes: 1. Net income per share figures are in exact yen and U.S. dollars.

2. All dollar figures herein refer to U.S. currency. Yen amounts have been translated, solely for the convenience of the reader, at the rate of ¥114=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on September 28, 2018.

3. Net income per share amounts are based on the average number of shares outstanding during each period.

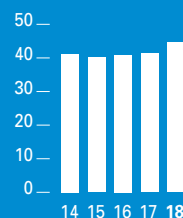
### Consolidated Revenue

(In billions of yen)



### Consolidated Net Income Attributable to Owners of The Parent

(In billions of yen)



## Operating Results

In the six months ended September 30, 2018, the Japanese economy remained on the road to recovery, sustained by improvements in corporate earnings and employment levels and an upswing in capital investment. However, uncertainties persisted regarding trade issues and trends and the outlook for key overseas economies. These factors, together with the impact of fluctuations in the financial and capital markets and an increase in natural disasters, continued to warrant caution.

In this environment, we pushed ahead toward the realization of our Social System Industry vision, in line with our goal of providing safety, peace of mind, comfort and convenience whenever and wherever necessary. Having formulated the SECOM Group's Vision for 2030—which positions 2030 as an important milestone and further defines our direction going forward—in May 2017, we continued working to create the *ANSHIN* Platform, a service infrastructure designed to provide peace of mind to people in their everyday life, as well as to society as a whole. In May 2018, we used backcasting to devise the SECOM Group Road Map 2022, with the intention of clarifying the challenges we must address over the next five years. Efforts to create the *ANSHIN* Platform, which seeks to alleviate problems and resolve concerns by responding to the increasingly diverse needs through the seamless provision of services, emphasized promoting initiatives that reflect four core strategic concepts: “ALL SECOM,” which focuses on rallying SECOM Group strengths to maximize synergies; “Collaboration,” through which we seek to integrate business ideas and technologies of partners who share our mission; “Connection,” which seeks to reinforce our relationship with customers and society by leveraging Big Data analysis using artificial intelligence (AI) and the Internet of Things (IoT); and “Enhanced value,” which emphasizes adding greater value to services that make life more comfortable and convenient.

Calculated according to accounting principles generally accepted in Japan (Japanese GAAP), consolidated revenue in the period under review expanded 5.4%, to ¥470.9 billion. In contrast, consolidated operating profit was down 10.7%, to ¥54.9 billion, reflecting decreases in the insurance services and fire protection services segments. Consolidated ordinary profit rose 2.2%, to ¥67.4 billion, a consequence of increases in gain on private equity investments, principally in the United States, of ¥6.9 billion, and equity in net income of affiliated companies of ¥1.3 billion. Owing to a decline in income taxes, net income attributable to owners of the parent advanced 7.8%, to ¥44.5 billion. Both consolidated revenue and consolidated net income attributable to owners of the parent were record highs.

## Return to Shareholders

We see the provision of a fair return to shareholders as a crucial management task. While taking into account our performance in the

period under review, on November 8, 2018, the Board of Directors approved the payment of an interim dividend of ¥80.00, up ¥5.00 from the interim dividend paid in the previous fiscal year, with the goal of responding to the expectations of shareholders.

## Segment Results

### Security Services

The security services segment comprises the provision of electronic security services, which consist of on-line commercial and home security systems and large-scale proprietary security systems, and of static guard, armored car services and security services for large-scale events, as well as sales of a wide range of security products, including security camera systems and access control systems. We also offer high-quality security services in overseas markets through a network of local subsidiaries and affiliates. In the period under review, we stepped up marketing of high-value-added on-line security systems such as SECOM AX, a remote imaging on-line security system; SECOM LX, which helps customers manage personnel efficiently; and SECOM FX, an on-line security system with energy-saving facility control functions, for commercial subscribers in Japan. For home security subscribers, we expanded sales of SECOM Home Security NEO, a flexible system suited to modern lifestyles that can be linked to a variety of other devices.

Revenue in this segment increased 1.8%, to ¥271.3 billion, owing to firm sales of on-line security systems for commercial and residential use, as well as to higher revenue from subsidiary Asahi Security Co., Ltd., a provider principally of cash collection and delivery services, and from static guard services, the latter bolstered by contributions from newly consolidated subsidiary Secom Tosec Co., Ltd., formerly known as Toshiba Security Guard Corporation (TOSEC), and other factors. Operating profit edged down 0.5%, to ¥57.2 billion, owing primarily to the impact of forward-looking investments aimed at creating a strong operating foundation to ensure sustainable growth.

### Fire Protection Services

This segment focuses on automatic fire alarm systems, fire extinguishing systems and other fire protection systems for a wide range of applications, including office buildings, plants, tunnels, cultural properties, ships and residences. Segment revenue rose 3.9%, to ¥56.0 billion, underpinned by active sales efforts. In contrast, operating profit fell 45.9%, to ¥1.6 billion, owing largely to a greater number of projects with a high cost ratio than in the corresponding period of the previous fiscal year and an increase in selling, general and administrative expenses. Income in this segment tends to be concentrated toward the end of the fiscal year, as the fire protection services business is influenced significantly by trends in the construction industry.

### **Medical Services**

The medical services segment encompasses home medical services, which center on home nursing and pharmaceutical dispensing services, as well as the operation of residences for seniors, the provision of personal care services, sales of medical equipment, pharmaceuticals and other products, the provision of electronic medical report and remote image diagnosis support services and the leasing of real estate for affiliated medical institutions. Despite the negative impact of drug price revisions, revenue in this segment edged up 0.9%, to ¥35.4 billion, with contributing factors including an increase in revenue from the operation of residences for seniors. Operating profit decreased 6.3%, to ¥2.4 billion, hampered by a higher cost ratio.

### **Insurance Services**

We believe that both security services, which are preventative by nature, and non-life insurance, which looks after people should misfortune strike, are essential to our ability to provide customers with safety and peace of mind. Our extensive lineup includes fire insurance policies for commercial premises and homes, a comprehensive automobile insurance policy and MEDCOM, an unrestricted cancer treatment policy that covers the entire cost of medical treatment. Segment revenue advanced 8.0%, to ¥22.6 billion, reflecting firm sales of MEDCOM and of fire insurance policies, among others. Nonetheless, the segment reported an operating loss of ¥2.1 billion, compared with operating profit ¥2.1 billion in the six months ended September 30, 2017, owing to an increase in losses incurred as a result of multiple major disasters, including the Heavy Rain Event of July 2018 and Typhoon Jebi (known as Typhoon No. 21 in Japan).

### **Geospatial Information Services**

The geospatial information services segment includes the use of high-precision measuring equipment and surveying technologies to provide a variety of geospatial information services to public sector entities, including national and local governments, and private sector customers in Japan. We also extend geospatial information services to government agencies overseas. Segment revenue slipped 0.4%, to ¥20.2 billion. The segment reported an operating loss of ¥1.2 billion, an improvement of ¥189 million. Because deliveries to the public sector, the segment's principal market, are generally clustered at the end of March, income follows a similar trend. Effective from the current fiscal year, we changed the name of this segment to Geospatial Information Services, from Geographic Information Services. This change did not entail any reclassification of reportable segments.

### **BPO and ICT Services**

This segment encompasses data center services, as well as business continuity planning (BCP) support services, information security

services, cloud-based services and BPO services. Segment revenue climbed 72.6%, to ¥44.2 billion, bolstered by, among others, contributions from new subsidiary TMJ, Inc., which was consolidated in October 2017, and higher revenue from data center services. Operating profit advanced 8.0%, to ¥3.8 billion.

### **Real Estate and Other Services**

The real estate and other services segment encompasses the development and sales of condominiums equipped with sophisticated security and disaster-preparedness features, as well as real estate leasing, construction and installation, and other services. Revenue in this segment was down 13.1%, to ¥21.0 billion, with contributing factors including flagging revenue in the real estate development and sales business. Operating profit fell 18.6%, to ¥2.1 billion.

### **Growing Together with Society**

Looking forward, we will continue pushing ahead to achieve the goals of the SECOM Group Road Map 2022. Having identified technological advances and a declining labor force as priority issues that for businesses and society can become threats if not addressed appropriately, we will continue striving to resolve these issues by anticipating the evolving needs of society. We believe that doing so will lead to major business opportunities, positioning us to grow together with society. In the fiscal year 2019, which we have positioned as the first year of a two-year investment phase on the road map's five-year timeline, we will seek to secure the latest technologies, as well as to ensure that we remain the first choice of talented human resources through forward-looking, focused investments in systems and people aimed at creating a strong foundation. At the same time, we will accelerate the implementation of initiatives that respond to rising demand for security in a connected society and the need to rely on others in line with the four strategic concepts we see as crucial to creating the *ANSHIN* Platform: "ALL SECOM," "Collaboration," "Connection" and "Enhanced value."

In Japan, caring for the increasing number of seniors living on their own, as well as for children in two-income households who must spend long hours on their own, has become a key social imperative. In response to demand underpinned by the need to be able to rely on others, we continue to promote sales of SECOM Home Security NEO, a flexible home security system developed under the umbrella of our "connection" strategy that can be armed and disarmed remotely from a smartphone and linked with devices on the IoT to facilitate a variety of services, which continues to gain in popularity. In October 2018, we linked SECOM Home Security with XPERIA Hello!, a new communications robot, facilitating the discreet remote monitoring of children at home alone and seniors living apart from other family members.

Prompted by growing needs for safety and peace of mind, we continue to expand the provision of SECOM response services, a value-added option offered in partnership with electric power companies, telecommunications companies, electrical appliance manufacturers and other companies providing IoT services for smart homes that make life more comfortable and convenient. Looking ahead, we will capitalize on this offering to encourage understanding of the benefits of security services and enhance our ability to appeal to potential new SECOM Home Security customers. In cooperation with a major lock manufacturer, in October 2018 we launched SECURILOCK Smart, a smart lock system that can be activated and deactivated remotely using a dedicated smartphone app. Our data centers guarantee stringent management of access authorization, which will facilitate secure yet flexible control and responsiveness to a wide range of requirements. To address the need for services that support medical care at home, we recently began providing the SECOM Vitalook system, which regularly collects and stores patients' electrocardiogram, blood pressure and other data at data centers, enabling doctors, nurses and other healthcare professionals to monitor patients remotely, reducing the burden on such professionals and enhancing the quality of care provided.

Against a backdrop of labor shortages and rising labor costs, issues attributable to factors such as Japan's declining labor force, the need to ensure the effective deployment of human capital and improve productivity has become an important challenge for the facility management industry—which encompasses building management and commercial cleaning service—in recent years. We continue to collaborate with a major facility management company to develop and provide a variety of labor-saving systems. For restaurants and retail establishments that rely on part-time workers, which making standardized and efficient shift scheduling a significant burden, in September 2018 we introduced SECOM Shift Scheduler, an automated shift management service that makes use of AI and behavioral psychology, which we developed in collaboration with a major restaurant chain and a leading company in the AI field. Going forward, we will continue to extend services that support the operations of restaurants and retailers and contribute to improved social productivity.

With technological advances reinforcing the importance of effective cyber security, we are promoting the deployment of related services that leverage our robust authentication infrastructure and outstanding operational expertise. Recently, we became the first company in Japan to gain accreditation from Japan's Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry as a provider of electronic proxy services. We also began offering a secure virtual currency wallet service, which is a system for the rigorous management of virtual currency transactions for virtual currency exchanges. Additionally, we resolved to provide digital

certificates for local government wide area networks (LGWANs). In addition, we expanded our offerings for securities companies by, among others, introducing a login service for web-based services that makes use of advanced technologies to increase user convenience and contribute to the reduction of costs.

We are also broadening our menu of products and systems designed to ensure disaster preparedness—a critical challenge in Japan, which is highly prone to earthquakes, tsunamis, flooding, landslides and other sudden disasters that cause immense damage. September 2018 we launched the *Anshin* Survival Pod.

Overseas, we are working to expand our services, efforts that focused on the growing economies of Southeast Asia and the People's Republic of China (PRC). Of particular note, we are taking steps to strengthen our systems integration services with the goal of capturing increasing demand arising from plant and building construction and infrastructure investment by local affiliates of Japanese companies. We also continue to chart a full-scale entry into the market for home security services in major Asian urban centers with rising affluent and middle classes.

Operating in an environment characterized by mounting uncertainty, it is important that we create an organization that fosters employees with common objectives and the ability to act independently and is highly adaptable. Since July 2018, we have been promoting initiatives in line with the Tri-ion Initiative, a project that seeks to arouse employees' passion, encourage them to share their excitement—a powerful emotion—and bolster motivation. (The "ion" in the project's name is the last three letters of "passion," "emotion" and "motivation.") This is because we recognize that nurturing employees who personify SECOM's Philosophy is necessary to ensure a positive corporate culture, which in turn is crucial to enhancing society's recognition of SECOM as a trustworthy brand. Accordingly, we will continue to promote a free and open organization that enables diverse human resources to maximize their capabilities, thereby ensuring our ability to respond to change.

With the goal of providing enduring peace of mind to an ever-changing society, we pledge to continue working to achieve sustainable growth together with society. In these and all our endeavors, we look forward to the ongoing support of shareholders.

November 2018



Makoto Iida  
Founder



Yasuo Nakayama  
President and Representative Director

# CONSOLIDATED BALANCE SHEETS

SECOM CO., LTD. and Subsidiaries  
September 30 and March 31, 2018

	In millions of yen		In thousands of U.S. dollars
	September 30, 2018	March 31, 2018	September 30, 2018
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash on hand and in banks .....	¥ 343,775	¥ 317,267	\$ 3,015,570
Cash deposits for armored car services .....	136,713	135,808	1,199,236
Notes and accounts receivable, trade .....	88,115	129,984	772,938
Due from subscribers .....	37,526	35,272	329,175
Short-term investments .....	18,301	17,360	160,535
Lease receivables and investment in leased assets .....	42,587	45,544	373,570
Merchandise and products .....	16,154	12,321	141,701
Real estate inventories .....	5,599	4,766	49,114
Work in process .....	6,520	5,057	57,192
Costs on uncompleted construction contracts .....	12,366	10,441	108,473
Work in process for real estate inventories .....	38,590	39,688	338,508
Raw materials and supplies .....	9,773	8,849	85,728
Short-term loans receivable .....	4,719	5,196	41,394
Other .....	25,210	26,352	221,140
Allowance for doubtful accounts .....	(1,753)	(1,818)	(15,377)
Total current assets .....	784,200	792,094	6,878,947
<b>Fixed assets:</b>			
Tangible assets:			
Buildings and improvements, net .....	147,811	148,622	1,296,587
Security equipment and control stations, net .....	71,693	70,872	628,885
Land .....	117,814	114,287	1,033,456
Other, net .....	40,250	39,907	353,070
Total tangible assets .....	377,571	373,689	3,312,026
Intangible assets .....	130,087	131,028	1,141,114
Investments and others:			
Investment securities .....	288,046	280,659	2,526,719
Long-term loans receivable .....	34,506	35,284	302,684
Net defined benefit asset .....	41,645	41,409	365,307
Deferred income taxes .....	21,840	21,658	191,578
Other .....	52,606	52,332	461,456
Allowance for doubtful accounts .....	(12,756)	(13,033)	(111,894)
Total investments and others .....	425,888	418,311	3,735,859
Total fixed assets .....	933,547	923,029	8,189,008
<b>Total assets</b> .....	<b>¥1,717,747</b>	<b>¥1,715,123</b>	<b>\$15,067,956</b>

LIABILITIES	In millions of yen		In thousands of U.S. dollars
	September 30, 2018	March 31, 2018	September 30, 2018
<b>Current liabilities:</b>			
Notes and accounts payable, trade .....	¥ 37,540	¥ 43,929	\$ 329,298
Bank loans .....	30,049	41,558	263,587
Current portion of straight bonds .....	2,093	795	18,359
Lease obligations .....	4,917	4,932	43,131
Payables—other .....	35,503	40,102	311,429
Accrued income taxes .....	20,667	25,896	181,289
Accrued consumption taxes .....	6,564	7,959	57,578
Accrued expenses .....	6,882	7,084	60,368
Deposits received for armored car services .....	117,351	113,830	1,029,394
Deferred revenue .....	31,249	30,309	274,114
Accrued bonuses .....	16,496	16,209	144,701
Provision for losses on construction contracts .....	2,812	2,436	24,666
Other .....	20,382	22,499	178,789
Total current liabilities .....	332,511	357,544	2,916,763
<b>Long-term liabilities:</b>			
Straight bonds .....	5,226	5,322	45,842
Long-term loans .....	12,493	12,721	109,587
Lease obligations .....	11,573	11,902	101,517
Guarantee deposits received .....	32,831	33,181	287,991
Deferred income taxes .....	11,065	14,217	97,061
Accrued retirement benefits for directors and audit and supervisory board members .....	993	1,421	8,710
Net defined benefit liability .....	22,614	21,849	198,368
Investment deposits by policyholders, unearned premiums and other insurance liabilities .....	178,353	172,345	1,564,500
Other .....	3,743	3,403	32,833
Total long-term liabilities .....	278,895	276,366	2,446,447
Total liabilities .....	611,406	633,910	5,363,210
<b>NET ASSETS</b>			
<b>Shareholders' equity:</b>			
Common stock .....	66,392	66,385	582,385
Capital surplus .....	80,335	80,328	704,692
Retained earnings .....	878,879	851,764	7,709,464
Common stock in treasury, at cost .....	(73,754)	(73,748)	(646,964)
Total shareholders' equity .....	951,852	924,729	8,349,578
<b>Accumulated other comprehensive income (losses):</b>			
Unrealized gains on securities .....	23,186	23,759	203,385
Deferred losses on hedges .....	(21)	(24)	(184)
Foreign currency translation adjustments .....	(10,873)	(5,774)	(95,377)
Remeasurements of defined benefit plans, net of taxes .....	9,564	9,933	83,894
Total accumulated other comprehensive income .....	21,855	27,894	191,710
<b>Noncontrolling interests</b> .....	<b>132,632</b>	128,589	<b>1,163,438</b>
Total net assets .....	1,106,341	1,081,213	9,704,745
<b>Total liabilities and net assets</b> .....	<b>¥1,717,747</b>	¥1,715,123	<b>\$15,067,956</b>

## CONSOLIDATED STATEMENTS OF INCOME

SECOM CO., LTD. and Subsidiaries  
Six-month periods ended September 30, 2018 and 2017

	In millions of yen		In thousands of U.S. dollars
	2018	2017	2018
Revenue .....	<b>¥470,983</b>	¥446,831	<b>\$4,131,429</b>
Costs of revenue .....	<b>323,519</b>	297,318	<b>2,837,885</b>
Gross profit .....	<b>147,464</b>	149,512	<b>1,293,543</b>
Selling, general and administrative expenses .....	<b>92,561</b>	88,040	<b>811,938</b>
Operating profit .....	<b>54,902</b>	61,471	<b>481,596</b>
Non-operating income .....	<b>14,550</b>	6,212	<b>127,631</b>
Non-operating expenses .....	<b>1,995</b>	1,669	<b>17,500</b>
Ordinary profit .....	<b>67,458</b>	66,015	<b>591,736</b>
Extraordinary profit .....	<b>398</b>	547	<b>3,491</b>
Extraordinary losses .....	<b>563</b>	391	<b>4,938</b>
Income before income taxes .....	<b>67,293</b>	66,171	<b>590,289</b>
Income taxes—current .....	<b>20,089</b>	28,268	<b>176,219</b>
Income taxes—deferred .....	<b>(3,036)</b>	(7,374)	<b>(26,631)</b>
Total income taxes .....	<b>17,052</b>	20,894	<b>149,578</b>
Net income .....	<b>50,240</b>	45,277	<b>440,701</b>
Net income attributable to noncontrolling interests .....	<b>5,665</b>	3,934	<b>49,692</b>
Net income attributable to owners of the parent .....	<b>¥ 44,575</b>	¥ 41,342	<b>\$ 391,008</b>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SECOM CO., LTD. and Subsidiaries  
Six-month periods ended September 30, 2018 and 2017

	In millions of yen		In thousands of U.S. dollars
	2018	2017	2018
<b>Net income</b> .....	<b>¥50,240</b>	¥45,277	<b>\$440,701</b>
<b>Other comprehensive income (losses):</b>			
Unrealized gains (losses) on securities .....	<b>(618)</b>	319	<b>(5,421)</b>
Deferred losses on hedges .....	<b>(0)</b>	(4)	<b>(0)</b>
Foreign currency translation adjustments .....	<b>(2,621)</b>	(2,595)	<b>(22,991)</b>
Remeasurements of defined benefit plans, net of taxes .....	<b>(295)</b>	267	<b>(2,587)</b>
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method .....	<b>(2,836)</b>	831	<b>(24,877)</b>
Total other comprehensive losses .....	<b>(6,371)</b>	(1,180)	<b>(55,885)</b>
<b>Comprehensive income</b> .....	<b>43,868</b>	44,096	<b>384,807</b>
Comprehensive income attributable to:			
Owners of the parent company .....	<b>38,536</b>	40,261	<b>338,035</b>
Noncontrolling interests .....	<b>5,332</b>	3,834	<b>46,771</b>



# BUSINESS SEGMENT INFORMATION

SECOM CO., LTD. and Subsidiaries  
Six-month periods ended September 30, 2018 and 2017

	In millions of yen		In thousands of U.S. dollars
	2018	2017	2018
<b>Revenue:</b>			
Security services			
Customers .....	¥271,332	¥266,605	\$2,380,105
Intersegment .....	7,092	6,131	62,210
	<b>278,425</b>	272,736	<b>2,442,324</b>
Fire protection services			
Customers .....	56,036	53,944	491,543
Intersegment .....	2,124	1,815	18,631
	<b>58,161</b>	55,760	<b>510,184</b>
Medical services			
Customers .....	35,424	35,110	310,736
Intersegment .....	84	86	736
	<b>35,508</b>	35,197	<b>311,473</b>
Insurance services			
Customers .....	22,665	20,991	198,815
Intersegment .....	1,614	1,587	14,157
	<b>24,279</b>	22,579	<b>212,973</b>
Geospatial information services			
Customers .....	20,262	20,334	177,736
Intersegment .....	65	77	570
	<b>20,327</b>	20,412	<b>178,307</b>
BPO and ICT services			
Customers .....	44,232	25,632	388,000
Intersegment .....	4,580	3,288	40,175
	<b>48,812</b>	28,920	<b>428,175</b>
Real estate and other services			
Customers .....	21,030	24,211	184,473
Intersegment .....	923	1,020	8,096
	<b>21,953</b>	25,232	<b>192,570</b>
Total .....	<b>487,468</b>	460,838	<b>4,276,035</b>
Adjustment .....	<b>(16,485)</b>	(14,007)	<b>(144,605)</b>
<b>Consolidated revenue</b> .....	<b>¥470,983</b>	¥446,831	<b>\$4,131,429</b>
<b>Operating profit (loss):</b>			
Security services .....	¥57,206	¥57,473	\$501,807
Fire protection services .....	1,663	3,072	14,587
Medical services .....	2,462	2,627	21,596
Insurance services .....	(2,104)	2,184	(18,456)
Geospatial information services .....	(1,277)	(1,466)	(11,201)
BPO and ICT services .....	3,867	3,580	33,921
Real estate and other services .....	2,118	2,603	18,578
Total .....	<b>63,936</b>	70,075	<b>560,842</b>
Adjustment .....	<b>(9,033)</b>	(8,603)	<b>(79,236)</b>
<b>Consolidated operating profit</b> .....	<b>¥54,902</b>	¥61,471	<b>\$481,596</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SECOM CO., LTD. and Subsidiaries

## **1. Basis of Financial Statements**

The accompanying consolidated financial statements have been prepared in conformity with accounting practices ordinarily followed in connection with interim financial statements in Japan and translated from the financial statements that are prepared in Japanese and filed with the Prime Minister of Japan and the Tokyo Stock Exchange. Certain modifications as to the presentation of the accompanying financial statements were made to facilitate understanding by non-Japanese readers.

## **2. U.S. Dollar Amounts**

U.S. dollar amounts are included solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥114=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on September 28, 2018.

# DIRECTORS, AUDIT AND SUPERVISORY BOARD MEMBERS AND EXECUTIVE OFFICERS

## Directors

### **Founder:**

Makoto Iida

### **President and Representative Director:**

Yasuo Nakayama

### **Senior Executive Director:**

Yasuyuki Yoshida

### **Executive Directors:**

Ichiro Ozeki

Tatsuro Fuse

### **Directors:**

Tatsuya Izumida

Tatsushi Kurihara

### **Outside Directors:**

Takaharu Hirose

Hirobumi Kawano

Hajime Watanabe

## Audit and Supervisory Board Members

Takayuki Ito

Koji Kato

Hideki Kato\*

Makoto Yasuda\*

Masao Yokomizo\*

\*Outside

## Executive Team

### **Directors:**

Yasuo Nakayama

*President and Representative Director*

Yasuyuki Yoshida

*Senior Executive Director*

Ichiro Ozeki

*Executive Director*

Tatsuro Fuse

*Executive Director*

Tatsuya Izumida

*Director*

Tatsushi Kurihara

*Director*

### **Executive Officers:**

Kenichi Furukawa

*Managing Executive Officer*

Masahiro Takeda

*Managing Executive Officer*

Toshiaki Mizuno

*Managing Executive Officer*

Shokichi Ishimura

*Managing Executive Officer*

Keitaro Arai

*Managing Executive Officer*

Yoichi Sugimoto

*Executive Officer*

Sumiyuki Fukumitsu

*Executive Officer*

Kensuke Shindo

*Executive Officer*

Yasufumi Kuwahara

*Executive Officer*

Noriyuki Fukuoka

*Executive Officer*

Takeshi Akagi

*Executive Officer*

Sadahiro Sato

*Executive Officer*

Osamu Ueda

*Executive Officer*

Yoshinori Yamanaka

*Executive Officer*

Seiya Nagao

*Executive Officer*

Noriyuki Uematsu

*Executive Officer*

Osamu Nagai

*Executive Officer*

Atsushi Komatsu

*Executive Officer*

Kazuhiro Mitomo

*Executive Officer*

Takehiko Senda

*Executive Officer*

Takashi Nakada

*Executive Officer*

Michiyoshi Morita

*Executive Officer*

Makoto Inaba

*Executive Officer*



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