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**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2014**  
**(Based on JAPANESE GAAP) (Consolidated)**

May 8, 2014

Company name: SECOM CO., LTD. (URL: <http://www.secom.co.jp/>)  
Code number: 9735 Tokyo Stock Exchange ----- First Section  
Representative: Shuji Maeda, President and Representative Director  
For inquiries: Junzo Nakayama, Director Phone (03) 5775-8100  
Scheduled date of General Shareholders' Meeting: June 25, 2014  
Scheduled date of dividend payout: June 26, 2014  
Scheduled date of filing Securities Report: June 25, 2014  
Preparation of supplementary materials: Applicable  
Holding of results information meeting: Applicable (for institutional investors and analysts)

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

(1) Consolidated operating results (In millions of yen, figures rounded down)

	Years ended March 31	
	2013	2014
Revenue	765,635 12.7%	822,228 7.4%
Operating profit	108,370 33.7%	120,018 10.7%
Ordinary profit	113,618 29.3%	126,677 11.5%
Net income	63,658 79.4%	69,876 9.8%
Basic net income per share (in yen)	291.65	320.14
Diluted net income per share (in yen)		
Net income / Equity	10.0%	10.0%
Ordinary profit / Total assets	9.7%	9.8%
Operating profit / Revenue	14.2%	14.6%

Note 1: Comprehensive income:

Year ended March 31, 2014: JPY 97,431 million ( 11.8%)

Year ended March 31, 2013: JPY 87,146 million (125.0%)

Note 2: Net gains from investment in affiliated companies accounted for under the equity method:

Year ended March 31, 2014: JPY 3,864 million

Year ended March 31, 2013: JPY 4,024 million

Note 3: There is no diluted net income per share as there are no shares with dilutive effect.

Note 4: Percentage figures represent changes from the results of the previous year.

## (2) Consolidated financial positions (In millions of yen, figures rounded down)

	March 31, 2013	March 31, 2014
Total assets	1,249,110	1,328,226
Net assets	764,139	830,369
Equity ratio	53.6%	55.0%
Net assets per share (in yen)	3,065.13	3,345.06

Note 1: Equity as of:

March 31, 2014: JPY 730,115 million

March 31, 2013: JPY 669,024 million

Note 2: Equity is calculated by deducting minority interests in subsidiaries from net assets. Net assets per share is calculated by dividing equity by the number of common shares outstanding, excluding treasury stock, as of March 31.

## (3) Consolidated cash flows (In millions of yen, figures rounded down)

	Years ended March 31	
	2013	2014
Cash flows from operating activities	150,474	117,067
Cash flows from investing activities	(110,502)	(89,485)
Cash flows from financing activities	(31,564)	(21,750)
Cash and cash equivalents at end of the period	216,580	224,443

## 2. Dividends (In millions of yen, figures rounded down)

	Years ended March 31		
	2013	2014	2015 (projected)
1 <sup>st</sup> quarter dividends per share (in yen)	–	–	–
2 <sup>nd</sup> quarter dividends per share (in yen)	–	–	60.00
3 <sup>rd</sup> quarter dividends per share (in yen)	–	–	–
Year-end dividends per share (in yen)	105.00	115.00	65.00
Annual dividends per share (in yen)	105.00	115.00	125.00
Total annual dividend payout	22,918	25,100	
Dividend payout ratio (consolidated)	36.0%	35.9%	35.2%
Total dividends / Net assets (consolidated)	3.6%	3.6%	

## 3. Projections for the consolidated financial results for the fiscal year ending March 31, 2015 (April 1, 2014 – March 31, 2015) and the six-month period ending September 30, 2014 (April 1, 2014 – September 30, 2014) (In millions of yen)

	Six-month period ending September 30, 2014	Year ending March 31, 2015
Projected revenue	395,400 0.8%	851,500 3.6%
Projected operating profit	56,800 0.0%	122,700 2.2%
Projected ordinary profit	58,500 (6.3%)	126,800 0.1%
Projected net income	37,600 6.1%	77,600 11.1%
Projected basic net income per share (in yen)	172.27	355.53

Note 1: The projected basic net income per share is calculated based on the number of common shares outstanding, excluding treasury stock, as of March 31, 2014.

Note 2: Percentage figures represent changes from the results of the corresponding periods of the previous year.

Note

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries accompanied with changes in scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and/or restatements:

Changes in accounting policies associated with amendment of accounting standards: Applicable

Other changes in accounting policies: None

Changes in accounting estimates: None

Restatements: None

(3) Number of common shares outstanding:

Number of common shares outstanding, including treasury stock, as of:

March 31, 2014: 233,288,717 shares

March 31, 2013: 233,288,717 shares

Number of shares of treasury stock as of:

March 31, 2014: 15,022,012 shares

March 31, 2013: 15,018,951 shares

Number of average common shares outstanding over:

The year ended March 31, 2014: 218,268,232 shares

The year ended March 31, 2013: 218,270,529 shares

**[Reference] Summary of nonconsolidated results**

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

(1) Nonconsolidated operating results

(In millions of yen, figures rounded down)

	Years ended March 31	
	2013	2014
Revenue	355,393 2.9%	364,280 2.5%
Operating profit	69,952 (0.3%)	72,909 4.2%
Ordinary profit	76,336 1.5%	78,884 3.3%
Net income	49,128 83.2%	51,497 4.8%
Basic net income per share (in yen)	225.08	235.94
Diluted net income per share (in yen)		

Note: Percentage figures represent changes from the results of the previous year.

(2) Nonconsolidated financial positions

(In millions of yen, figures rounded down)

	March 31, 2013	March 31, 2014
Total assets	749,317	772,910
Net assets	599,112	627,242
Equity ratio	80.0%	81.2%
Net assets per share (in yen)	2,744.83	2,873.74

Note: Equity as of:

March 31, 2014: JPY 627,242 million

March 31, 2013: JPY 599,112 million

**Note on status of audit procedures**

This report is excluded from the scope of audit procedures pursuant to the Financial Instruments and Exchange Act. Audit procedures for financial statements have not been completed at the time of disclosure of this report.

**Note on appropriate use of projections for the financial results; other special items:**

The forward-looking statements including the future performance described in this document are provided based on both all information available at this moment and certain assumptions considered reasonable. Actual performance may differ materially from the forward-looking statements due to various factors hereafter occurred. For matters regarding assumptions on financial projections and notes for the use of financial projections, please refer to “1. Operating Results (1) Analysis on Operating Results” on page 2 to 5 in the appendices.

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## **1. Operating Results**

### **(1) Analysis on Operating Results**

During the fiscal year ended March 31, 2014 (“the current fiscal year”), Japanese economy has been gradually improving as shown in the progress of the depreciation of yen and rising share prices resulting from the governmental economic and monetary policy, the improvement of the corporate earnings, and the some signs of recovery in the employment and the individual income. Furthermore, the increase in consumer spending stimulated by last-minute demand prior to the consumption tax rising has contributed to the trend of economic recovery.

In this environment, we have been continuously trying to satisfy the increasingly diversified and sophisticated needs of our customers for their safety and peace of mind, with the aim of realizing our vision of the establishment of “Social System Industry”, a society where everyone can live safe and secure anytime and anywhere. To this end, we have made efforts to develop and provide high-grade products and services suited to customer needs in our security services segment, as well as in our fire protection services, medical services, insurance services, geographic information services, information and communication related services, and real estate and other services segment. We also pressed forward with efforts to apply the ALL SECOM concept, which emphasizes cooperation among our various independent businesses to strengthen the bond of the Group as a whole with a view to hastening our advance to growth. Furthermore, preparing for future Japanese society, we promote the effort to develop innovative services through ALL SECOM concept, in terms of key themes: super-aged society and disaster preparedness/business continuity planning (BCP)/environmental preservation, based on a foundation of our security services.

From the current fiscal year, information and communication related services segment, formerly included in information and communication related and other services segment, is separately reported. Also, real estate development and sales segment, previously reported separately, was included in real estate and other services segment accompanying with change of its name from information and communication related and other services segment. Furthermore, from the current fiscal year, construction and installation services, previously included in security services segment, is reclassified to real estate and other services segment (refer to page 15 to 20). Segment information for each reportable segment of the fiscal year ended March 31, 2013, is also reclassified to conform to these changes.

In the security services segment, we provided customers chiefly with commercial and residential security services (on-line security systems), as well as static guard services, armored car services and merchandises. In the current fiscal year, we have strived to catch the customers’ needs precisely and propose the most suitable services from our extensive lineup so that we can make our customer relationship more solid and provide the customers with the long-term safety, peace of mind, comfort, and convenience.

For our commercial security services, we have made an effort to market high value added on-line security systems, such as “SECOM AX,” which is high-quality on-line security systems supported by imaging technology, “SECOM LX,” which has an access control function for the promotion of labor management and cost reduction, and “SECOM FX,” which has a facility control function.

For our residential security services, we have promoted “SECOM Home Security G-Custom,” home security controller with the function to provide services close to customers’ regular life. In addition, we have launched new services for the super aging society, including “SECOM My Doctor Plus,” an

emergency correspondence services addressing the outside and inside occurrences and combining the rescuing and caring services for the aged, with the cooperation of the two major nursing business companies. As options available to SECOM Home Security subscribers, we also offer the Keeping in Touch call and Keeping in Touch visiting services for seniors, by combining our medical services and life support services to ensure peace of mind both for seniors receiving support and for loved ones living far away.

Outside Japan, we promoted our “SECOM-style” security services, which has specialty in emergency response services, in economically developing areas, including People’s Republic of China, and Southeast Asia.

As a result, revenue increased by 6.3% to 459.1 billion yen and operating profit increased by 3.8% to 105.8 billion yen.

In the fire protection services segment, we provided a broad range of fire protection systems such as high-quality fire alarm systems and fire extinguishing systems along with customers’ needs to a wide variety of facilities such as office buildings, production facilities, tunnels, cultural properties, ships and residences. In the current fiscal year, two major fire protection companies, Nohmi Bosai Ltd. and Nittan Co., Ltd., promoted various fire protection systems based on each company’s business infrastructure and product development expertise.

Revenue increased by 6.9% to 122.0 billion yen and operating profit increased by 61.4% to 10.4 billion yen, mainly due to the cost reduction.

In the medical services segment, we provided various medical services such as our core home medical services, including home nursing services and pharmaceutical dispensing and home delivery services, operation of residences for seniors, sales of electronic medical report systems, sales of medical equipments and pharmaceutical products, personal care services, and the leasing of real estate for medical institutions. In the current fiscal year, in a joint venture with a local firm and others, we opened Sakra World Hospital in Bangalore, India, a first general hospital jointly managed by Japanese and local company in India, leveraging our know-how accumulated through our medical services. In Japan, we opened a medical complex for seniors, SECOM CAREA Azamino, the continued care facility combined with attendant nursing care service etc.

Revenue increased by 11.9% to 53.8 billion yen, mainly owing to the firm increase in sales of pharmaceutical products. Operating profit increased by 5.9% to 4.5 billion yen.

In the insurance services segment, we expanded marketing efforts for our unique non-life insurance offerings, including Security Discount Fire Policy for commercial facilities that offers discounts on premiums to customers who have installed on-line security systems, recognizing such systems as a risk-mitigating factor; SECOM *Anshin* My Home, the comprehensive fire insurance policy for residences that offers a variety of compensation plans and discount policies; MEDCOM, an unrestricted cancer treatment policy that offers compensation of actual cost of medical treatment; and SECOM *Anshin* My Car, a comprehensive automobile insurance policy that offers on-site support services provided by our emergency response personnel in the event of an accident.

Revenue increased by 1.7% to 35.7 billion yen, mainly due to the firm increase in sales of MEDCOM and fire insurance policy. Operating loss was 0.4 billion yen, improving from operating loss of 0.9 billion yen in the previous corresponding period, with the decrease in selling, general and administrative expenses.

In the geographic information services segment, we collected geographic data from aerial photography, vehicle/ground surveying systems and satellite images, and by integrating, processing, and analyzing the geographic data, provided the geospatial data services for domestic national and local governmental agencies, private sectors, and foreign governmental agencies including emerging and developing countries. To improve road safety, we started to sales of high-precision 3D data for highways following to those for national road. We also strived to increase in processing capacity of geographical information suited to our customers' needs, including infrastructure management and national resilience, etc.

Revenue increased by 6.8% to 54.6 billion yen, mainly due to the firm increase in public division's sales. Operating profit increased by 11.4% to 4.1 billion yen, mainly due to the improvement in cost ratio of the international division.

In the information and communication related services segment, our distinctive portfolio includes the core data center services, as well as BCP support, information security services and a variety of cloud-based services. In the current fiscal year, in light of increased demand since the Great East Japan Earthquake, we opened two new data center facilities in Tokyo and Osaka. We launched Real-Time Disaster Information Services, analyzing public disaster information and our independently collected information, and providing accurate information of evacuation and BCP. We also started Cyber Dojo Services, training of method for coping with cyber attack. In addition, we signed a joint agreement with Tokyo Metropolitan Police Department to promote collaborative preventive efforts to prevent cyber attack and cybercrime.

Revenue increased by 58.7% to 47.7 billion yen and operating profit went up by 60.0% to 5.6 billion yen, chiefly owing to contribution by At Tokyo Corporation, newly consolidated from October 31, 2012.

Real estate and other services segment comprises developing and selling condominiums equipped with advanced security and disaster prevention systems, real estate leasing, and construction and installation services. Revenue decreased by 10.7% to 49.0 billion yen, chiefly due to the decrease in sales of condominiums in the real estate development and sales business. Operating profit went down by 3.0% to 4.2 billion yen.

As a result, consolidated revenue for the current fiscal year increased by 7.4% to 822.2 billion yen, compared with the previous fiscal year. Consolidated operating profit went up by 10.7% to 120.0 billion yen. Consolidated ordinary profit increased by 11.5% to 126.6 billion yen, mainly due to contribution by 4.0 billion yen of net gains on private equity investment in the U.S., improving from 2.3 billion yen in the previous period. Consolidated net income increased by 9.8% to 69.8 billion yen. Consolidated revenue, consolidated operating profit, consolidated ordinary profit and consolidated net income reached a record-high.

(Projections for the fiscal year ending March 31, 2015)

Although Japanese economy has some uncertainty such as backrush of last-minute demand prior to the consumption tax rising and economic downward risks in developing countries, the improvement of the corporate earnings associated with the recovery of consumer spending and the increase in exports due to the depreciation in Japanese yen and U.S.-centered economic recovery is expected to spread to the improvement in the capital investment and income/employment situation. Under this circumstance, we will attempt to put new services and products on the market by utilizing our unique technologies in our main security segment and promote to reinforce sales activities further to swiftly respond to diversified



and sophisticated customer needs. In addition, we will advance synergy among all our segments, by enhancing “ALL SECOM,” the combination of all SECOM Group’s power, and actively develop and promote our services and products.

In projections for the consolidated financial results for the fiscal year ending March 31, 2015, it is expected to record 2.4% increase to 470.2 billion yen in the security services segment, 3.0% increase to 125.7 billion yen in the fire protection services segment, 13.2% increase to 60.9 billion yen in the medical services segment, 2.3% increase to 36.6 billion yen in the insurance services segment, 5.7% increase to 57.8 billion yen in the geographic information services segment, 2.7% increase to 49.0 billion yen in the information and communication related services segment, 4.5% increase to 51.3 billion yen in the real estate and other services segment and consolidated revenue is expected to increase by 3.6% to 851.5 billion yen.

Consolidated operating profit is expected to increase by 2.2% to 122.7 billion yen and consolidated ordinary profit is expected to increase by 0.1% to 126.8 billion yen, due to the contribution of net gains on private equity investment in the U.S. Consolidated net income is expected to increase by 11.1% to 77.6 billion yen, chiefly owing to the expectation of gain on sales of fixed assets.

(Notes for projections)

Projections for the consolidated financial results for the fiscal year ending March 31, 2015, are based on management’s assumptions in light of information currently available. As actual performance may differ materially from the forward-looking statements due to various factors hereafter occurred, you should refrain making an investment decision by solely relying on these projections. Such factors include, but are not limited to, changes in economic conditions affecting our group’s operations, market trends, legislative changes, occurrences of natural disasters and the results of contingency.

(Consolidated financial results)

	(In billions of yen)		
	Year ended March 31, 2013	Year ending March 31, 2014	Year ending March 31, 2015
Revenue	765.6	822.2	851.5
Change from the previous year	+12.7%	+7.4%	+3.6%
Operating profit	108.3	120.0	122.7
Change from the previous year	+33.7%	+10.7%	+2.2%
Ordinary profit	113.6	126.6	126.8
Change from the previous year	+29.3%	+11.5%	+0.1%
Net income	63.6	69.8	77.6
Change from the previous year	+79.4%	+9.8%	+11.1%
Basic net income per share (in yen)	291.65	320.14	355.53

## **(2) Analysis on Financial Positions**

### **(i) Assets, Liabilities and Net Assets**

Total assets as of March 31, 2014 amounted to 1,328.2 billion yen, 6.3% or 79.1 billion yen higher than those at the end of the previous fiscal year. Total current assets, at 558.5 billion yen, were up 2.9% or 15.7 billion yen. This was largely attributable to increases in cash on hand and in banks by 20.0% or 35.0 billion yen to 210.5 billion yen, notes and accounts receivable, trade by 8.1% or 8.6 billion yen to 115.3 billion yen, lease receivables and investment in leased assets by 20.4% or 5.6 billion yen to 33.1 billion yen, cash deposits for armored car services by 4.5% or 2.5 billion yen to 58.5 billion yen, despite decreases in call loans by 55.9% or 26.0 billion yen to 20.5 billion yen, real estate inventories by 99.7% or 12.9 billion yen to 30 million yen.

Total fixed assets, at 769.6 billion yen, were up 9.0% or 63.3 billion yen. This was mainly attributable to increases in investment securities by 30.3% or 57.1 billion yen to 246.2 billion yen, and other investments and others by 10.9% or 4.7 billion yen to 48.4 billion yen.

Total liabilities amounted to 497.8 billion yen, 2.7% or 12.8 billion yen higher than those at the end of the previous fiscal year. Total current liabilities amounted to 256.6 billion yen, up 3.6% or 8.8 billion yen, owing largely to increases in bank loans by 23.1% or 9.7 billion yen to 52.1 billion yen, notes and accounts payable, trade by 13.1% or 5.7 billion yen to 49.4 billion yen, despite decrease in other current liabilities, including deposits received, by 14.6% or 5.9 billion yen to 34.6 billion yen.

Long-term liabilities increased by 1.7% or 4.0 billion yen to 241.1 billion yen, compared to at the end of the previous fiscal year. This was mainly attributable to increase in investment deposits by policyholders, unearned premiums and other insurance liabilities by 5.6% or 7.4 billion yen to 141.0 billion yen, despite decreases in long-term loans by 13.0% or 2.5 billion yen to 17.2 billion yen, and deferred income taxes by 16.7% or 2.2 billion yen to 11.1 billion yen.

Total net assets amounted to 830.3 billion yen, 8.7% or 66.2 billion yen higher than those at the end of the previous fiscal year, mainly due to increases in retained earnings by 7.7% or 47.0 billion yen, foreign currency translation adjustments by 60.8% or 16.8 billion yen, and minority interests in subsidiaries by 5.4% or 5.1 billion yen.

## (ii) Cash Flows

Cash and cash equivalents (“cash”) for the current fiscal year are as follows:

	(In millions of yen)		
	Year ended March 31, 2013	Year ended March 31, 2014	Increase (decrease)
Cash flows from operating activities	150,474	117,067	(33,406)
Cash flows from investing activities	(110,502)	(89,485)	21,017
Cash flows from financing activities	(31,564)	(21,750)	9,814
Effect of exchange rate changes on cash and cash equivalents	1,189	2,030	840
Net increase (decrease) in cash and cash equivalents	9,597	7,863	(1,734)
Cash and cash equivalents at beginning of the period	205,362	216,580	11,217
Increase in cash and cash equivalents accompanied by new consolidation	1,620	-	(1,620)
Cash and cash equivalents at end of the period	216,580	224,443	7,863

### (Cash flows from operating activities)

Net cash provided by operating activities for the current fiscal year amounted to 117.0 billion yen; 150.4 billion yen in the previous fiscal year. Major factors of cash increase were income before income taxes of 124.8 billion yen, depreciation and amortization of 46.0 billion yen, and decrease in inventories of 10.5 billion yen. Major factor of cash decrease was income taxes paid of 50.1 billion yen.

### (Cash flows from investing activities)

Net cash used in investing activities was 89.4 billion yen; 110.5 billion yen in the previous fiscal year. Major factors of cash decrease were purchases of investment securities of 74.1 billion yen, payments for purchase of tangible assets, including security equipment and control stations, of 48.2 billion yen. Major factor of cash increase was proceeds from sales and redemption of investment securities of 43.7 billion yen.

### (Cash flows from financing activities)

Net cash used in financing activities amounted to 21.7 billion yen; 31.5 billion yen in the previous fiscal year. Major factors of cash decrease were dividends paid of 22.9 billion yen, repayments of long-term loans of 7.8 billion yen. Major factor of cash increase was increase in bank loans of 12.5 billion yen.

As a result, cash and cash equivalents as of March 31, 2014 were 224.4 billion yen, 7.8 billion yen higher than those at the end of the previous fiscal year.

### (Reference) Trend of indices related to cash flows

	Years ended				
	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014
Equity ratio (%)	51.6	54.1	55.2	53.6	55.0
Equity ratio (market price base) (%)	82.4	77.0	80.2	84.7	97.7
Interest-bearing liabilities / Cash flows from operating activities (in year)	0.9	1.0	0.8	0.5	0.7
Interest coverage ratio	66.7	71.6	81.0	130.9	113.1

Note: Equity ratio = Equity / Total assets

Equity ratio (market price base) = Market capitalization / Total assets

Interest coverage ratio = Cash flows from operating activities / Interest paid

### **(3) Basic Policy on Distribution of Surplus and Dividend Payments for the Current and Next Fiscal Year**

We consider the return of profits on a long-term basis to shareholders the most important task of the management. Management determines the consolidated dividend payout ratio and the level of internal reserves in overall consideration of the future expansion of our business and consolidated results of operations while keeping in line with the basic policy that ensures the continued and stable dividend payments. Our basic policy of distribution of surplus in the form of dividend payment is to propose annual year-end cash dividends to shareholders, and the decision of distribution of surplus is made by shareholders at the general meeting of the year. We intend to use internal reserves for investments required for increased new customer contracts, research and development and other strategic investments so as to ensure to strengthen our corporate structure and expand our business.

We have determined to propose to the Ordinary General Meeting of Shareholders that the year-end dividends (annual dividends) for the current fiscal year be 115 yen per share, 10 yen higher than those for previous fiscal year, to respond to shareholders' continuous support.

In addition, due to enhance opportunities for the return of profits to shareholders, we have determined to propose to the Ordinary General Meeting of Shareholders that we start to make payments of interim dividends from the fiscal year ending March 31, 2015. The dividends for the next fiscal year are planned to be 125 yen per share, the sum of the interim dividends of 60 yen per share and the year-end dividends of 65 yen per share.

### **(4) Significant Events Regarding Assumption of Going Concern, etc.**

Not applicable

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(In millions of yen)

	March 31, 2013	March 31, 2014
<b>ASSETS:</b>		
<b>Current assets:</b>	<b>542,836</b>	<b>588,574</b>
Cash on hand and in banks	175,427	210,514
Cash deposits for armored car services	56,089	58,597
Call loans	46,500	20,500
Notes and accounts receivable, trade	106,638	115,318
Due from subscribers	24,059	25,174
Short-term investments	14,723	12,955
Lease receivables and investment in leased assets	27,569	33,188
Merchandises and products	12,321	14,186
Real estate inventories	12,944	33
Work in process	4,526	4,602
Costs on uncompleted construction contracts	7,563	8,983
Work in process for real estate inventories	13,348	15,396
Raw materials and supplies	6,430	7,573
Deferred income taxes	14,384	13,254
Short-term loans receivable	4,158	2,699
Other	18,453	17,623
Allowance for doubtful accounts	(2,302)	(2,026)
<b>Fixed assets:</b>	<b>706,241</b>	<b>769,633</b>
<b>Tangible assets:</b>	<b>361,532</b>	<b>360,833</b>
Buildings and improvements	155,839	153,278
Security equipment and control stations	67,200	68,759
Land	115,652	113,946
Other	22,839	24,849
<b>Intangible assets</b>	<b>55,079</b>	<b>53,596</b>
<b>Investments and others:</b>	<b>289,629</b>	<b>355,203</b>
Investment securities	189,042	246,233
Long-term loans receivable	42,338	45,701
Prepaid pension and severance costs	19,572	-
Net defined benefit asset	-	17,612
Deferred income taxes	11,711	13,521
Other	43,706	48,486
Allowance for doubtful accounts	(16,742)	(16,352)
<b>Deferred assets</b>	<b>32</b>	<b>17</b>
<b>Total assets</b>	<b>1,249,110</b>	<b>1,328,226</b>

**(1) Consolidated Balance Sheets (Continued)**

(In millions of yen)

	March 31, 2013	March 31, 2014
<b>LIABILITIES:</b>		
<b>Current liabilities:</b>	<b>247,879</b>	<b>256,684</b>
Notes and accounts payable, trade	43,684	49,409
Bank loans	42,350	52,120
Current portion of straight bonds	4,487	4,640
Lease obligations	537	579
Payables - other	31,406	31,316
Accrued income taxes	29,282	27,744
Accrued consumption taxes	4,377	4,151
Accrued expenses	4,571	4,625
Deferred revenue	30,880	31,027
Accrued bonuses	14,031	14,437
Provision for loss on construction contracts	1,714	1,981
Other	40,554	34,649
<b>Long-term liabilities:</b>	<b>237,091</b>	<b>241,171</b>
Straight bonds	8,847	7,796
Long-term loans	19,828	17,256
Lease obligations	3,438	4,183
Guarantee deposits received	36,125	36,542
Deferred income taxes	13,400	11,169
Accrued pension and severance costs	17,137	-
Accrued retirement benefits for directors and corporate auditors	2,443	1,635
Net defined benefit liability	-	18,569
Investment deposits by policyholders, unearned premiums and other insurance liabilities	133,627	141,099
Other	2,242	2,918
<b>Total liabilities</b>	<b>484,970</b>	<b>497,856</b>
<b>NET ASSETS:</b>		
<b>Shareholders' equity:</b>	<b>685,042</b>	<b>732,036</b>
Common stock	66,377	66,377
Capital surplus	83,054	83,054
Retained earnings	609,275	656,286
Common stock in treasury, at cost	(73,664)	(73,682)
<b>Accumulated other comprehensive income:</b>	<b>(16,018)</b>	<b>(1,921)</b>
Unrealized gains (losses) on securities	11,783	12,504
Deferred gains (losses) on hedges	(41)	(33)
Foreign currency translation adjustments	(27,760)	(10,885)
Remeasurements of defined benefit plans, net of taxes	-	(3,506)
<b>Minority interests in subsidiaries</b>	<b>95,114</b>	<b>100,253</b>
<b>Total net assets</b>	<b>764,139</b>	<b>830,369</b>
<b>Total liabilities and net assets</b>	<b>1,249,110</b>	<b>1,328,226</b>

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

### Consolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014
<b>Revenue</b>	<b>765,635</b>	<b>822,228</b>
Costs of revenue	504,006	542,949
Gross profit	261,629	279,278
Selling, general and administrative expenses	153,258	159,259
<b>Operating profit</b>	<b>108,370</b>	<b>120,018</b>
Non-operating income	11,171	13,100
Non-operating expenses	5,922	6,441
<b>Ordinary profit</b>	<b>113,618</b>	<b>126,677</b>
Extraordinary profit	984	2,025
Extraordinary losses	2,623	3,876
<b>Income before income taxes</b>	<b>111,980</b>	<b>124,826</b>
Income taxes - current	43,211	48,485
Income taxes - deferred	(252)	(2,110)
Total income taxes	42,958	46,375
Net income before minority interests in subsidiaries	69,021	78,451
Minority interests in subsidiaries	5,363	8,574
<b>Net income</b>	<b>63,658</b>	<b>69,876</b>

## Consolidated Statements of Comprehensive Income

(In millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014
<b>Net income before minority interests in subsidiaries</b>	<b>69,021</b>	<b>78,451</b>
<b>Other comprehensive income:</b>	<b>18,124</b>	<b>18,980</b>
Unrealized gains (losses) on securities	7,500	543
Foreign currency translation adjustments	6,222	11,787
Share of other comprehensive income of affiliated companies accounted for under the equity method	4,402	6,649
<b>Comprehensive income</b>	<b>87,146</b>	<b>97,431</b>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent company	80,666	87,480
Comprehensive income attributable to minority interests	6,480	9,950



### (3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2013

(In millions of yen)							
	Shareholders' equity					Minority interest in subsidiaries	Total net assets
	Common Stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity		
Balance at the beginning of the current period	66,377	83,054	565,261	(73,659)	641,034		
Changes during the current period							
Cash dividends			(19,644)		(19,644)		(19,644)
Net income			63,658		63,658		63,658
Purchase of treasury stock				(5)	(5)		(5)
Disposal of treasury stock		(0)		0	0		0
Transfer of losses on disposal of treasury stock		0	(0)		-		-
Net changes of items other than shareholders' equity							
Total changes during the current period	-	-	44,013	(5)	44,008		44,008
Balance at the end of the current period	66,377	83,054	609,275	(73,664)	685,042		685,042

  

(In millions of yen)							
	Accumulated other comprehensive income					Minority interest in subsidiaries	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the current period	4,559	(28)	(37,556)	-	(33,026)	63,509	671,517
Changes during the current period							
Cash dividends							(19,644)
Net income							63,658
Purchase of treasury stock							(5)
Disposal of treasury stock							0
Transfer of losses on disposal of treasury stock							-
Net changes of items other than shareholders' equity	7,224	(12)	9,796	-	17,008	31,605	48,613
Total changes during the current period	7,224	(12)	9,796	-	17,008	31,605	92,622
Balance at the end of the current period	11,783	(41)	(27,760)	-	(16,018)	95,114	764,139

Year ended March 31, 2014

(In millions of yen)							
	Shareholders' equity					Minority interest in subsidiaries	Total net assets
	Common Stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity		
Balance at the beginning of the current period	66,377	83,054	609,275	(73,664)	685,042		
Changes during the current period							
Cash dividends			(22,918)		(22,918)		(22,918)
Net income			69,876		69,876		69,876
Purchase of treasury stock				(18)	(18)		(18)
Disposal of treasury stock		0		0	0		0
Transfer of losses on disposal of treasury stock					-		-
Changes in scope of consolidation			52		52		52
Net changes of items other than shareholders' equity							
Total changes during the current period	-	0	47,011	(17)	46,993		46,993
Balance at the end of the current period	66,377	83,054	656,286	(73,682)	732,036		732,036

  

(In millions of yen)							
	Accumulated other comprehensive income					Minority interest in subsidiaries	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the current period	11,783	(41)	(27,760)	-	(16,018)	95,114	764,139
Changes during the current period							
Cash dividends							(22,918)
Net income							69,876
Purchase of treasury stock							(18)
Disposal of treasury stock							0
Transfer of losses on disposal of treasury stock							-
Changes in scope of consolidation							52
Net changes of items other than shareholders' equity	720	7	16,875	(3,506)	14,097	5,139	19,236
Total changes during the current period	720	7	16,875	(3,506)	14,097	5,139	66,229
Balance at the end of the current period	12,504	(33)	(10,885)	(3,506)	(1,921)	100,253	830,369

#### (4) Consolidated Statements of Cash Flows

(In millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014
<b>Cash flows from operating activities:</b>		
Income before income taxes	111,980	124,826
Depreciation and amortization	41,580	46,024
Amortization of goodwill	1,886	2,378
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(4,024)	(3,864)
Increase (decrease) in allowance for doubtful accounts	469	(149)
Increase/decrease in accrued/prepaid pension and severance costs	(364)	-
Increase (decrease) in net defined benefit liability and asset	-	(1,141)
Interest and dividend income	(3,228)	(3,356)
Interest expenses	1,118	1,012
Exchange (gains) losses	(453)	(406)
Net (gains) losses on sales and disposal of tangible assets	2,192	3,016
Impairment losses on fixed assets	932	3,081
Net (gains) losses on sales of investment securities	(620)	(1,232)
Net gains on redemptions of investment securities	-	(284)
Net (gains) losses on revaluation of investment securities	7	44
Net (gains) losses on sales of investment securities in subsidiaries and affiliates	392	(432)
Write-down on real estate inventories	1,791	1,121
Net (gains) losses on private equity investment	(2,396)	(4,041)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	(5,804)	(7,979)
(Increase) decrease in lease receivables and investment in leased assets	(3,578)	(5,579)
(Increase) decrease in inventories	20,618	10,569
Increase (decrease) in accounts payable	7,938	4,079
Increase (decrease) in deferred revenue	(415)	(270)
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	5,815	7,471
Increase/decrease in cash deposits/deposits received for armored car services	903	(9,604)
Other	(1,108)	(2,347)
<b>Subtotal</b>	<b>175,634</b>	<b>162,935</b>
Interest and dividend received	6,552	5,326
Interest paid	(1,149)	(1,035)
Income taxes paid	(30,564)	(50,159)
<b>Net cash provided by (used in) operating activities</b>	<b>150,474</b>	<b>117,067</b>
<b>Cash flows from investing activities:</b>		
(Increase) decrease in time deposits, net	3,489	(164)
(Increase) decrease in short-term investments, net	4,151	(1,610)
Payments for purchases of tangible assets	(56,764)	(48,241)
Proceeds from sales of tangible assets	2,601	1,098
Payments for purchases of intangible assets	(4,738)	(6,355)
Payments for purchases of investment securities	(30,574)	(74,118)
Proceeds from sales and redemptions of investment securities	37,442	43,780
Payments for acquisitions of subsidiaries	(251)	(618)
Proceeds from sales of investment securities in subsidiaries and affiliates	650	-
Payments for acquisitions of affiliates	(770)	(2,223)
(Increase) decrease in short-term loans receivable, net	(72)	54
Payments for long-term loans receivable	(1,408)	(6,798)
Proceeds from long-term loans receivable	3,079	4,692
Acquisitions of subsidiaries accompanied with changes in scope of consolidation	(65,533)	(1,248)
Other	(1,804)	2,265
<b>Net cash provided by (used in) investing activities</b>	<b>(110,502)</b>	<b>(89,485)</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in bank loans, net	(3,977)	12,559
Proceeds from long-term loans	6,052	2,465
Repayments of long-term loans	(9,640)	(7,890)
Repayments of lease obligations	(591)	(733)
Proceeds from issuance of straight bonds	4,541	3,474
Payments for redemption of straight bonds	(6,923)	(4,645)
Proceeds from stock issuance to minority shareholders	85	131
Dividends paid	(19,644)	(22,918)
Dividends paid for minority shareholders	(1,460)	(4,174)
(Increase) decrease in treasury stocks, net	(5)	(17)
<b>Net cash provided by (used in) financing activities</b>	<b>(31,564)</b>	<b>(21,750)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,189</b>	<b>2,030</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>9,597</b>	<b>7,863</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>205,362</b>	<b>216,580</b>
<b>Increase in cash and cash equivalents accompanied by new consolidation</b>	<b>1,620</b>	<b>-</b>
<b>Cash and cash equivalents at end of the period</b>	<b>216,580</b>	<b>224,443</b>

## **(5) Notes Regarding the Consolidated Financial Statement**

### **[Notes Regarding the Assumption of Going Concern]**

Not applicable

### **[Change in Accounting Policies]**

“Accounting Standard for Retirement Benefits” (ASBJ Statement No.26, issued on May 17, 2012, hereinafter referred to as the “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, issued on May 17, 2012, hereafter referred as the Guidance on Retirement Benefits) have been applied from this fiscal year except for the section 35 of the Retirement Benefits Accounting Standard and the section 67 of the Guidance on Retirement Benefits. Accordingly, net defined benefit asset and liability are recorded by deducting pension assets from defined benefit obligations and unrecognized actuarial gains and losses are recorded in net defined benefit asset and liability.

With regard to application of Accounting Standard for Retirement Benefits, the effect of changes is adjusted to remeasurement of defined benefit plan in the other comprehensive income at the end of this fiscal year in accordance with the transitional treatment stipulated in section 37 of the Retirement Benefits Accounting Standard.

As a result, in the current fiscal year, net defined benefit asset was 17,612 million yen, net defined benefit liability was 18,569 million yen and other comprehensive income declined by 3,506 million yen. The impact of this change on per share data can be found under relevant sections.

### **[Change in the Presentation Related to Consolidated Statements of Cash Flows]**

In the previous fiscal year, “Increase/decrease in cash deposits/deposits received for armored car services” was included in “Other” in operating activities. Since the amount of the item in the consolidated financial statements of cash flows is material, the item is independently presented in the cash flows from operating activities. In order to reflect the change in the presentation, the consolidated statements of cash flows for the previous year was reclassified. As a result, “Other” of 903 million yen in the consolidated statements of cash flows in the previous fiscal year was reclassified in “Increase/decrease in cash deposits/deposits received for armored car services.”

## **(6) Segment Information, etc.**

### **[Segment Information]**

#### **1. Summary of Reportable Segments**

The reportable segments of SECOM CO., LTD. and its subsidiaries (collectively “the Company”) are segments, based on the Company’s components, for which separate financial information is available and operating results are regularly reviewed by the Board of Directors for the decision of resource allocation and performance evaluation.

The Company plans and decides group strategies, allocates resources and evaluates performance for those segments, which are “security services”, “fire protection services”, “medical services”, “insurance services”, “geographic information services”, “information and communication related services”, and real estate and other services (“real estate development and sales”, “real estate leasing”, “construction and installation services” and “hotel businesses”, etc.).

Accordingly, the Company considers these six segments – “security services”, “fire protection services”,

“medical services”, “insurance services”, “geographic information services” and “information and communication related services” – as reportable segments. Principal services and products of each reportable segment are as follows.

“Security services” segment offers comprehensive security services which provide customers with security and peace of mind, including core centralized security systems (on-line security systems) for commercial and residential premises. “Fire protection services” segment provides a variety of fire protection systems such as fire alarm systems and fire extinguishing systems to office buildings, plants, tunnels, cultural properties, ships and residences. “Medical services” segment provides a variety of medical services such as core home medical services including home nursing services and pharmaceutical services, operation of residence for seniors, electronic medical reports, real estate leasing for medical institutions, and sales of medical equipment. “Insurance services” segment develops and markets unique insurance policies that take installation of security systems as a risk-mitigating factor, and insurance policies to overcome cancer by having the best cancer treatments, etc. “Geographic information services” segment provides geospatial information services for national, local and overseas governmental agencies. “Information and communication related services” segment provides security network services, establishments of business systems and operational services.

## 2. Calculation Method Used for Determining Revenue, Profit or loss, Assets and Other Items of Reportable Segments

Profits of reportable segments are based on operating profit. Intersegment revenue and transfers are determined based on actual market pricing.

## 3. Information about Amounts of Revenue, Profits or Loss, Assets and Other Items of Reportable Segments

Year ended March 31, 2013

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Revenue:					
Customers	432,024	114,129	48,082	35,173	51,194
Intersegment	11,517	4,308	165	2,816	127
Subtotal	443,541	118,437	48,248	37,989	51,321
Segment profit (loss)	102,005	6,460	4,316	(978)	3,753
Segment assets	635,346	116,840	130,394	171,780	61,696
Other items					
Depreciation and amortization	29,483	1,645	2,623	1,566	2,245
Amortization of goodwill	1,017	196	131	69	74
Impairment losses on fixed assets	-	34	-	-	650
Increase in tangible and intangible assets	38,477	1,404	6,569	910	2,758

(In millions of yen)

	Reportable segments		Real estate and other services (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	Information and communication related services	Subtotal				
Revenue:						
Customers	30,071	710,675	54,959	765,635	-	765,635
Intersegment	4,886	23,821	5,904	29,726	(29,726)	-
Subtotal	34,958	734,497	60,864	795,361	(29,726)	765,635
Segment profit (loss)	3,505	119,063	4,413	123,477	(15,106)	108,370
Segment assets	121,404	1,237,463	139,547	1,377,011	(127,900)	1,249,110
Other items						
Depreciation and amortization	3,789	41,352	888	42,241	(661)	41,580
Amortization of goodwill	397	1,886	-	1,886	-	1,886
Impairment losses on fixed assets	49	734	198	932	-	932
Increase in tangible and intangible assets	10,517	60,637	697	61,334	(803)	60,531

Note 1: Real estate and other services is an operating segment not designated as a reportable segment, and comprises real estate development and sales, real estate leasing, construction and installation services, hotel businesses, etc.

Note 2: Adjustment of segment profit/loss includes intersegment eliminations of 893 million yen and corporate expenses not allocated to each reportable segment of 14,213 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative

departments of the Company's headquarters, etc.

Adjustment of segment assets includes intersegment elimination of (249,936) million yen and corporate assets not belonging to each reportable segment of 122,035 million yen. Major components of corporate assets are cash on hand and in banks, loans, short-term investments and investment securities of the Company.

Adjustment of depreciation includes intersegment elimination of (959) million yen and depreciation of corporate assets not belonging to each reportable segment of 297 million yen.

Adjustment of increase in tangible and intangible assets includes intersegment elimination of (1,094) million yen and capital investments of software, etc. not belonging to each reportable segment of 291 million yen.

Note 3: Segment profit/loss is adjusted to operating profit in the consolidated statements of income.

### Year ended March 31, 2014

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Revenue:					
Customers	459,101	122,045	53,802	35,769	54,696
Intersegment	13,098	5,111	149	2,946	72
Subtotal	472,200	127,157	53,951	38,716	54,769
Segment profit (loss)	105,871	10,427	4,569	(465)	4,182
Segment assets	645,482	125,432	132,728	180,615	67,053
Other items					
Depreciation and amortization	30,214	1,533	2,815	1,471	2,509
Amortization of goodwill	988	181	131	46	20
Impairment losses on fixed assets	555	20	1,870	-	164
Increase in tangible and intangible assets	37,575	1,635	2,052	1,646	4,742

(In millions of yen)

	Reportable segments		Real estate and other services (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	Information and communication related services	Subtotal				
Revenue:						
Customers	47,727	773,143	49,084	822,228	-	822,228
Intersegment	6,194	27,573	2,255	29,828	(29,828)	-
Subtotal	53,922	800,716	51,339	852,056	(29,828)	822,228
Segment profit (loss)	5,607	130,194	4,282	134,477	(14,458)	120,018
Segment assets	121,367	1,272,680	135,133	1,407,814	(79,587)	1,328,226
Other items						
Depreciation and amortization	7,120	45,665	811	46,476	(452)	46,024
Amortization of goodwill	954	2,322	56	2,378	-	2,378
Impairment losses on fixed assets	39	2,651	32	2,683	397	3,081
Increase in tangible and intangible assets	5,768	53,421	496	53,918	525	54,444

Note 1: Real estate and other services is an operating segment not designated as a reportable segment, and comprises real estate development and sales, real estate leasing, construction and installation services, hotel businesses, etc.

Note 2: Adjustment of segment profit/loss includes intersegment eliminations of 816 million yen and corporate expenses not allocated to each reportable segment of 13,642 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarters, etc.

Adjustment of segment assets includes intersegment elimination of (241,388) million yen and corporate assets not belonging to each reportable segment of 161,800 million yen. Major components of corporate assets are cash on hand and in banks, loans, short-term investments and investment securities of the Company.

Adjustment of depreciation includes intersegment elimination of (941) million yen and depreciation of corporate assets not belonging to each reportable segment of 489 million yen.

Adjustment of impairment losses on fixed assets includes the impairment losses on the corporate assets not belonging to each reportable segment of 397 million yen.

Adjustment of increase in tangible and intangible assets includes intersegment elimination of (871) million yen and capital investments of software, etc. not belonging to each reportable segment of 1,397 million yen.

Note 3: Segment profit/loss is adjusted to operating profit in the consolidated statements of income.

#### 4. Information about Changes in Reportable Segments

Until the previous fiscal year, security services, fire protection services, medical services, insurance services, geographic information services, and real estate development and sales had been designated as our reportable segments, and information and communication related and other services had been an operating segment not designated as reportable segments. We have been positioning information and communication related services as one of our core business, and now we recognize the significance of information and communication related services is increasing, resulting from the acquisition of At Tokyo Corporation, a subsidiary newly consolidated from the end of October 2012.

Therefore, information and communication related services, formerly included in information and communication related and other services segments, is separately reported as a reportable segment to disclose business activities more adequately and improve the effectiveness of segment information.

Real estate development and sales segment had been reported as a reportable segment, due to the fact that the absolute value of operating losses of real estate development and sales business incurred in the fiscal year ended March 31, 2009 exceeded 10% of the total amount of operating profits from segments incurring operating profits. Since the significance to disclose real estate development and sales segment as a reportable segment has decreased, its name was changed to real estate and other services segment, which is an operating segment not designated as reportable segments.

From the current fiscal year, our reportable segments include security services, fire protection services, medical services, insurance services, geographic information services, and information and communication related services.

In addition, we recognize the significance of construction and installation services is increasing, resulting from the acquisition of Toko Create Co., Ltd., a subsidiary newly consolidated at the end of March 2014. Therefore, from the current fiscal year, construction and installation services, formerly included in security services segment, is reclassified to real estate and other services segment, which is an operating segment not designated as reportable segments to disclose business activities more adequately and improve the effectiveness of segment information as the same as above.

Segment information in the previous fiscal year was reclassified to conform to these changes.

## **[Related Information]**

### **Year Ended March 31, 2013**

#### 1. Information by Products and Services

Information is omitted as similar information is disclosed in Segment Information.

#### 2. Information by Regions

##### (1) Revenue

(In millions of yen)		
Japan	Others	Total
732,585	33,050	765,635

Note: Revenues were divided into countries or areas based on customer locations.

##### (2) Tangible Assets

(In millions of yen)		
Japan	Others	Total
356,264	5,268	361,532

#### 3. Information of Major Customers

Information is omitted as there is no single customer with over 10% of total revenue in the consolidated statements of income.



## Year Ended March 31, 2014

### 1. Information by Products and Services

Information is omitted as similar information is disclosed in Segment Information.

### 2. Information by Regions

#### (1) Revenue

(In millions of yen)		
Japan	Others	Total
782,863	39,364	822,228

Note: Revenues were divided into countries or areas based on customer locations.

#### (2) Tangible Assets

(In millions of yen)		
Japan	Others	Total
354,208	6,624	360,833

### 3. Information of Major Customers

Information is omitted as there is no single customer with over 10% of total revenue in the consolidated statements of income.

## [Information Regarding Amortized Amounts and Unamortized Balance of Goodwill by Reportable Segment]

### Year Ended March 31, 2013

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Amortization of goodwill:					
Amortized amount	1,017	196	131	69	74
Unamortized balance	6,091	1,388	819	265	92
Negative goodwill:					
Amortized amount	224	125	-	-	-
Unamortized balance	341	464	-	-	-

	Reportable segments		Real estate and other services	Total	Adjustment	Amount on consolidated financial statements
	Information and communication related services	Subtotal				
Amortization of goodwill:						
Amortized amount	397	1,886	-	1,886	-	1,886
Unamortized balance	13,913	22,572	-	22,572	-	22,572
Negative goodwill:						
Amortized amount	-	349	-	349	-	349
Unamortized balance	-	806	-	806	-	806

**Year Ended March 31, 2014**

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Amortization of goodwill:					
Amortized amount	988	181	131	46	20
Unamortized balance	5,242	1,215	688	219	98
Negative goodwill:					
Amortized amount	208	123	-	-	-
Unamortized balance	132	340	-	-	-

(In millions of yen)

	Reportable segments		Real estate and other services	Total	Adjustment	Amount on consolidated financial statements
	Information and communication related services	Subtotal				
Amortization of goodwill:						
Amortized amount	954	2,322	56	2,378	-	2,378
Unamortized balance	12,959	20,424	-	20,424	-	20,424
Negative goodwill:						
Amortized amount	-	332	-	332	-	332
Unamortized balance	-	473	-	473	-	473

**(7) Significant Subsequent Events**

Not applicable

### 3. Nonconsolidated Financial Statements

#### (1) Nonconsolidated Balance Sheets

(In millions of yen)

	March 31, 2013	March 31, 2014
<b>ASSETS:</b>		
Current assets:		
Cash on hand and in banks	54,136	80,908
Cash deposits for armored car services	53,551	56,818
Notes receivable	700	683
Due from subscribers	14,856	14,991
Accounts receivable, trade	9,691	9,960
Receivables - other	2,528	2,699
Short-term investments	1,048	437
Merchandise	5,585	5,489
Supplies	1,012	1,303
Prepaid expenses	2,332	2,109
Deferred income taxes	5,268	4,382
Short-term loans receivable	152	157
Short-term loans receivable to subsidiaries and affiliates	19,076	20,488
Other	4,827	2,039
Allowance for doubtful accounts	(248)	(221)
Total current assets	174,521	202,248
Fixed assets:		
Tangible assets:		
Buildings and improvements	48,474	49,540
Accumulated depreciation of buildings and improvements	(31,414)	(32,074)
Buildings and improvements, net	17,059	17,466
Automobiles	857	1,187
Accumulated depreciation of automobiles	(335)	(321)
Automobiles, net	521	865
Security equipment and control stations	258,716	267,237
Accumulated depreciation of security equipment and control stations	(193,387)	(200,554)
Security equipment and control stations, net	65,329	66,683
Machinery and equipment	7,608	7,119
Accumulated depreciation of machinery and equipment	(7,319)	(6,887)
Machinery and equipment, net	288	232
Tools, furniture and fixtures	20,866	20,404
Accumulated depreciation of tools, furniture and fixtures	(17,887)	(17,482)
Tools, furniture and fixtures, net	2,979	2,922
Land	29,802	29,520
Construction in progress	1,719	1,848
Other	857	788
Accumulated depreciation of other	(621)	(682)
Other, net	235	105
Total tangible assets	117,936	119,644
Intangible assets:		
Goodwill	2,978	2,607
Software	4,269	3,910
Other	2,061	1,768
Total intangible assets	9,308	8,286
Investments and others:		
Investment securities	21,583	23,789
Investment securities in subsidiaries and affiliates	236,309	239,008
Investments in subsidiaries and affiliates	1,827	1,827
Long-term loans receivable	4,243	4,043
Long-term loans receivable to employees	55	50
Long-term loans receivable to subsidiaries and affiliates	151,514	139,648
Lease deposits	7,747	7,553
Long-term prepaid expenses	21,594	20,780
Prepaid pension and severance costs	16,263	16,962
Insurance funds	3,991	3,988
Other	2,728	2,777
Allowance for doubtful accounts	(20,307)	(17,698)
Total investments and others	447,551	442,730
Total fixed assets	574,796	570,662
<b>Total Assets</b>	<b>749,317</b>	<b>772,910</b>

**(1) Nonconsolidated Balance Sheets (Continued)**

(In millions of yen)

	March 31, 2013	March 31, 2014
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	3,044	3,429
Bank loans	26,598	36,703
Lease obligations	121	176
Payables – other	15,042	14,546
Payables – construction	4,333	4,218
Accrued income taxes	19,510	12,366
Accrued consumption taxes	2,538	1,478
Accrued expenses	726	802
Deposits received	24,131	17,870
Deferred revenue	21,671	21,301
Accrued bonuses	6,089	6,246
Other	365	1,834
Total current liabilities	124,174	120,976
Long-term liabilities:		
Lease obligations	2,449	2,747
Guarantee deposits received	17,859	17,622
Deferred income taxes	788	307
Accrued pension and severance costs	4,051	3,555
Accrued retirement benefits for directors and corporate auditors	857	-
Other	25	459
Total long-term liabilities	26,031	24,692
Total liabilities	150,205	145,668
<b>NET ASSETS:</b>		
Shareholders' equity:		
Common stock	66,377	66,377
Capital surplus:		
Additional paid-in capital	83,054	83,054
Other capital surplus	-	0
Total capital surplus	83,054	83,054
Retained earnings:		
Legal reserve	9,028	9,028
Other retained earnings:		
Reserve for system developments	800	800
General reserve	2,212	2,212
Accumulated earnings carried forward	508,398	536,978
Total retained earnings	520,439	549,018
Common stock in treasury, at cost	(73,664)	(73,682)
Total shareholders' equity	596,206	624,768
Valuation, translation adjustments and others:		
Unrealized gains (losses) on securities	2,905	2,473
Total valuation, translation adjustments and others	2,905	2,473
Total net assets	599,112	627,242
Total liabilities and net assets	749,317	772,910

## (2) Nonconsolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2013	Year ended March 31, 2014
Revenue:		
Service charges	305,300	309,499
Sales of merchandise	50,092	54,781
Total revenue	355,393	364,280
Costs:		
Cost of service	174,331	177,339
Cost of sales	36,458	38,509
Total costs	210,790	215,849
Gross Profit	144,603	148,431
Selling, general and administrative expenses:		
Advertisement	2,979	2,547
Salaries	29,930	30,409
Bonuses	4,827	4,910
Provision for accrued bonuses	2,330	2,444
Pension and severance costs	2,054	1,733
Provision for retirement benefits for directors and corporate auditors	290	8
Welfare expenses	5,238	5,579
Depreciation and amortization	1,767	1,890
Rent expenses	5,236	5,236
Communication expenses	1,396	1,288
Taxes and public imposts	1,489	1,456
Business consignment expenses	5,669	5,626
Research and development expenses	3,573	3,843
Amortization of goodwill	371	371
Other	7,495	8,175
Total selling, general and administrative expenses	74,651	75,521
Operating profit	69,952	72,909
Non-operating income:		
Interest income	1,812	1,829
Dividends income	7,599	8,002
Other	761	438
Total non-operating income	10,173	10,269
Non-operating expenses:		
Interest expenses	325	304
Loss on sales and disposal of fixed assets	1,957	2,808
Write-off of long-term prepaid expenses	688	642
Other	818	540
Total non-operating expenses	3,789	4,295
Ordinary profit	76,336	78,884
Extraordinary profit:		
Gain on redemptions of investment securities	-	284
Gain on sales of investment securities	114	185
Reversal of retirement benefits for directors and corporate auditors	728	-
Gain on sales of investment securities in subsidiaries and affiliates	367	-
Other	9	21
Total extraordinary profit	1,219	491
Extraordinary losses:		
Provision for allowance for doubtful accounts	945	1,198
Impairment loss for fixed assets	22	397
Other	85	9
Total extraordinary losses	1,052	1,604
Income before income taxes	76,502	77,771
Income taxes - current	28,481	25,617
Income taxes - deferred	(1,107)	655
Total income taxes	27,374	26,273
Net income	49,128	51,497

### (3) Nonconsolidated Statements of Changes in Net Assets

Year Ended March 31, 2013

(In millions of yen)

	Shareholders' equity			
	Common Stock	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance at the beginning of the current period	66,377	83,054	-	83,054
Changes during the current period				
Cash dividends				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(0)	(0)
Transfer of losses on disposal of treasury stock			0	0
Net changes of items other than shareholders' equity				
Total changes during the current period	-	-	-	-
Balance at the end of the current period	66,377	83,054	-	83,054

(In millions of yen)

	Shareholders' equity				
	Retained earnings				
	Legal reserve	Other retained earnings			Total retained earnings
Reserve for system developments		General reserve	Accumulated earnings carried forward		
Balance at the beginning of the current period	9,028	800	2,212	478,914	490,954
Changes during the current period					
Cash dividends				(19,644)	(19,644)
Net income				49,128	49,128
Purchase of treasury stock					
Disposal of treasury stock					
Transfer of losses on disposal of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes during the current period	-	-	-	29,484	29,484
Balance at the end of the current period	9,028	800	2,212	508,398	520,439

(In millions of yen)

	Shareholders' equity		Valuation, translation adjustments and others		Total net assets
	Common Stock in treasury, at cost	Total shareholders' equity	Unrealized gains on securities	Total valuation, translation adjustments and others	
Balance at the beginning of the current period	(73,659)	566,727	1,031	1,031	567,758
Changes during the current period					
Cash dividends		(19,644)			(19,644)
Net income		49,128			49,128
Purchase of treasury stock	(5)	(5)			(5)
Disposal of treasury stock	0	0			0
Transfer of losses on disposal of treasury stock		-			-
Net changes of items other than shareholders' equity			1,874	1,874	1,874
Total changes during the current period	(5)	29,478	1,874	1,874	31,353
Balance at the end of the current period	(73,664)	596,206	2,905	2,905	599,112

**Year Ended March 31, 2014**

(In millions of yen)

	Shareholders' equity			
	Common Stock	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance at the beginning of the current period	66,377	83,054	-	83,054
Changes during the current period:				
Cash dividends				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			0	0
Transfer of losses on disposal of treasury stock				
Net changes of items other than shareholders' equity				
Total changes during the current period	-	-	0	0
Balance at the end of the current period	66,377	83,054	0	83,054

(In millions of yen)

	Shareholders' equity				
	Retained earnings				Total retained earnings
	Legal reserve	Other retained earnings			
Reserve for system developments		General reserve	Accumulated earnings carried forward		
Balance at the beginning of the current period	9,028	800	2,212	508,398	520,439
Changes during the current period:					
Cash dividends				(22,918)	(22,918)
Net income				51,497	51,497
Purchase of treasury stock					
Disposal of treasury stock					
Transfer of losses on disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes during the current period	-	-	-	28,579	28,579
Balance at the end of the current period	9,028	800	2,212	536,978	549,018

(In millions of yen)

	Shareholders' equity		Valuation, translation adjustments and others		Total net assets
	Common Stock in treasury, at cost	Total shareholders' equity	Unrealized gains (losses) on securities	Total valuation, translation adjustments and others	
Balance at the beginning of the current period	(73,664)	596,206	2,905	2,905	599,112
Changes during the current period:					
Cash dividends		(22,918)			(22,918)
Net income		51,497			51,497
Purchase of treasury stock	(18)	(18)			(18)
Disposal of treasury stock	0	0			0
Transfer of losses on disposal of treasury stock		-			-
Net changes of items other than shareholders' equity			(432)	(432)	(432)
Total changes during the current period	(17)	28,561	(432)	(432)	28,129
Balance at the end of the current period	(73,682)	624,768	2,473	2,473	627,242

**(4) Significant Subsequent Events**

Not applicable