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QUARTERLY FINANCIAL REPORT FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2014

(Based on JAPANESE GAAP) (Consolidated)

February 12, 2015

Company name: SECOM CO., LTD. (URL: <http://www.secom.co.jp/>)
 Code number: 9735 Tokyo Stock Exchange ----- First Section
 Representative: Hiroshi Ito, President and Representative Director
 For inquiries: Junzo Nakayama, Executive Director Phone (03) 5775-8100
 Scheduled date of filing Quarterly Securities Report: February 13, 2015
 Scheduled date of dividend payout: -
 Preparation of quarterly supplementary materials: None
 Holding of quarterly results information meeting: None

1. Consolidated financial results for the nine-month period ended December 31, 2014 (April 1, 2014–December 31, 2014)

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

	Nine-month Period Ended December 31	
	2013	2014
Revenue	594,649 8.6%	599,655 0.8%
Operating profit	84,824 7.8%	88,813 4.7%
Ordinary profit	91,988 9.7%	101,212 10.0%
Net income	52,722 9.0%	59,691 13.2%
Basic net income per share (in yen)	241.55	273.48
Diluted net income per share (in yen)	-	-

Note 1: Comprehensive income:

Nine-month period ended December 31, 2014: JPY 80,661 million (12.1%)

Nine-month period ended December 31, 2013: JPY 71,938 million (35.6%)

Note 2: There is no diluted net income per share as there are no shares with dilutive effect.

Note 3: Percentage figures represent changes from the results of the corresponding period of the previous year.

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

	March 31, 2014	December 31, 2014
Total assets	1,328,226	1,352,059
Net assets	830,369	867,693
Equity ratio	55.0%	56.5%
Net assets per share (in yen)	3,345.06	3,500.72

Note 1: Equity as of:

December 31, 2014 : JPY 764,084 million

March 31, 2014 : JPY 730,115 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 each period-end.

2. Dividends

	Years ended March 31		
	2014	2015	2015 (projected)
1 st quarter dividends per share (in yen)	–	–	
2 nd quarter dividends per share (in yen)	–	60.00	
3 rd quarter dividends per share (in yen)	–	-	
Year-end dividends per share (in yen)	115.00		65.00
Annual dividends per share (in yen)	115.00		125.00

Note: Revision of projected dividends from that most recently disclosed: None

3. Projections for the consolidated financial results for the fiscal year ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(In millions of yen)

	Year ending March 31, 2015
Projected revenue	851,500 3.6%
Projected operating profit	122,700 2.2%
Projected ordinary profit	126,800 0.1%
Projected net income	77,600 11.1%
Projected basic net income per share (in yen)	355.53

Note 1: Revision of projections for the consolidated financial results from those most recently disclosed: None

Note 2: Projected basic net income per share for the fiscal year ending March 31, 2015 is calculated based on the number of average common shares outstanding over the nine-month period ended December 31, 2014, assuming that it remains the same until March 31, 2015.

Note 3: Percentage figures represent changes from the results of the corresponding period of the previous year.

Note

1. Significant changes in subsidiaries during the nine-month period ended December 31, 2014 (changes in specified subsidiaries accompanied with changes in scope of consolidation): None
2. Adoption of unique accounting treatment for preparation of consolidated quarterly financial statements: None
3. 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: Applicable
 - Changes in accounting estimates: None

Restatements: None

4. Number of common shares outstanding :

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

December 31, 2014 : 233,288,717 shares

March 31, 2014 : 233,288,717 shares

Number of shares of treasury stock, as of:

December 31, 2014 : 15,023,811 shares

March 31, 2014 : 15,022,012 shares

Number of average common shares outstanding over:

The nine-month period ended December 31, 2014: 218,265,747 shares

The nine-month period ended December 31, 2013: 218,268,650 shares

Note on status of quarterly review procedures

This report is excluded from the scope of quarterly review procedures pursuant to the Financial Instruments and Exchange Act. Review procedures for quarterly 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. Qualitative Information Regarding the Nine-month Period Ended December 31, 2014 (3) Qualitative Information Regarding Consolidated Financial Projections” on page 4 in the appendices.

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1. Qualitative Information Regarding the Nine-month Period Ended December 31, 2014

(1) Qualitative Information Regarding Consolidated Financial Results

During the nine-month period ended December 31, 2014, despite the upward trend in employment and income environment, Japanese economy has been at a standstill mainly due to slow recovery in consumer spending after consumption tax rising. In regard to the outlook in Japanese economy, improvement is expected as a consequence of the downfall in crude oil prices and various economic policies, although still there are some downward risks ascribed to the decline in consumer confidence and the uncertainty of overseas economy.

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 for the future, “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-quality 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 segments. 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 end of fiscal year ended March 31, 2014, construction and installation services, previously included in security services segment, was reclassified to real estate and other services segment (refer to page 11 to 13). Revenue, profit or loss for each reportable segment of the nine-month period ended December 31, 2013, were reclassified to conform to this change.

Consolidated revenue for the nine-month period ended December 31, 2014 increased by 0.8% to 599.6 billion yen. Consolidated operating profit increased by 4.7% to 88.8 billion yen. Consolidated ordinary profit increased by 10.0% to 101.2 billion yen, mainly due to contribution by 8.5 billion yen of net gains on private equity investment in the U.S., improving from 3.7 billion yen in the previous corresponding period. Consolidated net income increased by 13.2% to 59.6 billion yen. For the nine-month period ended December 31, 2014, consolidated revenue, consolidated operating profit, consolidated ordinary profit and consolidated net income have reached a record-high, respectively.

Segment information is as follows.

In the security services segment, revenue increased by 3.1% to 346.7 billion yen and operating profit went up by 3.9% to 81.5 billion yen, mainly due to brisk sales of on-line security systems for commercial and residential use, and security merchandise such as security camera systems, as well as the increase in revenue from large-scale security systems.

In the fire protection services segment, revenue decreased by 1.3% to 76.6 billion yen. Operating profit was up by 48.3% to 5.4 billion yen, mainly owing to decrease in cost of revenue and selling, general and

administrative expenses ascribed to the improvement of business efficiency. Revenue tends to increase toward the end of the fiscal year, due to the fact that this segment is greatly affected by the construction industry.

In the medical services segment, revenue increased by 6.8% to 45.2 billion yen, mainly owing to the increase in sales of pharmaceutical products and medical equipment. Operating profit increased by 13.3% to 3.8 billion yen.

In the insurance services segment, revenue increased by 4.4% to 27.4 billion yen, mainly due to the firm increase in sales of MEDCOM, an unrestricted cancer treatment policy, and fire insurance policy provided by Secom General Insurance Co., Ltd. Operating profit amounted to 2.3 billion yen, increased from 40 million yen in the previous corresponding period, mainly owing to the decrease in losses incurred from damage of natural disasters, etc.

In the geographic information services segment, revenue decreased by 4.2% to 35.6 billion yen, reflecting the decrease in revenue in domestic and international division. Operating loss was 0.2 billion yen, decreased from an operating profit of 1.8 billion yen in the previous corresponding period, mainly owing to the increase in cost ratio. Revenue tends to concentrate toward the end of the fiscal year, due to the fact that deliveries of public-sector contracts, which is the primary market for this segment, are mainly made at the end of March.

In the information and communication related services segment, revenue increased by 2.2% to 35.6 billion yen. Operating profit decreased by 12.3% to 3.6 billion yen, chiefly owing to increase in operation costs relating to data center facilities.

In the real estate and other services segment, revenue decreased by 19.0% to 32.4 billion yen and operating profit went down by 22.5% to 3.1 billion yen, chiefly due to the decrease in revenue in real estate development and sales business ascribed to the release of large-scale condominiums in the previous corresponding period.

(2) Qualitative Information Regarding Consolidated Financial Position

Consolidated Balance Sheets

Total assets as of December 31, 2014 amounted to 1,352.0 billion yen, 1.8% or 23.8 billion yen higher than that at the end of the previous fiscal year. Total current assets, at 563.4 billion yen, were up 0.9% or 4.9 billion yen. This was largely attributable to increases in cash deposits for armored car services by 20.8% or 12.1 billion yen to 70.7 billion yen, short term investments by 78.3% or 10.1 billion yen to 23.1 billion yen, work in process for real estate inventories by 59.9% or 9.2 billion yen to 24.6 billion yen, and costs on uncompleted construction contracts by 61.1% or 5.4 billion yen to 14.4 billion yen, despite the decreases in notes and accounts receivable, trade by 18.5% or 21.3 billion yen to 93.9 billion yen and cash on hand and in banks by 5.5% or 11.4 billion yen to 199.0 billion yen. Total fixed assets, at 788.5 billion yen, were up 2.5% or 18.9 billion yen. This was mainly attributable to increase in investment securities by 10.7% or 26.4 billion yen to 272.6 billion yen, despite the decrease in deferred income taxes by 63.7% or 8.6 billion yen to 4.9 billion yen.

Total liabilities amounted to 484.3 billion yen, 2.7% or 13.4 billion yen lower than that at the end of the

previous fiscal year. Total current liabilities amounted to 236.2 billion yen, down 8.0% or 20.4 billion yen, owing to decreases in accrued income taxes by 67.5% or 18.7 billion yen to 9.0 billion yen, notes and accounts payable, trade by 18.9% or 9.3 billion yen to 40.0 billion yen, and accrued bonuses by 63.0% or 9.0 billion yen to 5.3 billion yen, despite the increase in other current liabilities including deposits received by 45.7% or 15.8 billion yen to 50.4 billion yen. Long-term liabilities increased by 2.9% or 6.9 billion yen to 248.1 billion yen, compared to that at the end of the previous fiscal year. This was mainly attributable to the increases in investment deposits by policyholders, unearned premiums and other insurance liabilities by 3.1% or 4.3 billion yen to 145.4 billion yen, and long-term loans by 22.3% or 3.8 billion yen to 21.1 billion yen, despite the decreases in guarantee deposits received by 2.0% or 0.7 billion yen to 35.8 billion yen, and straight bonds by 9.2% or 0.7 billion yen to 7.0 billion yen.

Total net assets amounted to 867.6 billion yen, 4.5% or 37.3 billion yen higher than that at the end of the previous fiscal year, mainly due to the increases in retained earnings by 3.5% or 22.7 billion yen, unrealized gains on securities by 76.7% or 9.5 billion yen, and foreign currency translation adjustments by 34.1% or 3.7 billion yen.

(3) Qualitative Information Regarding Consolidated Financial Projections

According to the financial results for the nine-month period ended December 31, 2014, mainly due to the robust performance in the security services segment, consolidated revenue, consolidated operating profit, consolidated ordinary profit and consolidated net income have reached a record-high, respectively.

Since the market situation remains uncertain, projections for the consolidated financial results for the fiscal year ending March 31, 2015 have not been changed from those disclosed on May 8, 2014.

(Notes for financial 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 from 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.

2. Items Regarding the Summary Information (Other)

(1) Significant Changes in Subsidiaries in the Nine-month Period Ended December 31, 2014

Not applicable.

(2) Adoption of Unique Accounting Treatment for Preparation of Consolidated Quarterly Financial Statements

Not applicable.

(3) Changes in Accounting Policies, Accounting Estimates and/or Restatements

Change in Accounting Policies

[Application of the Accounting Standard for Business Combinations, etc.]

The “Accounting Standard for Business Combinations” (ASBJ Statement No.21, September 13, 2013, hereinafter referred to as the “Accounting Standard for Business Combinations”), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No.22, September 13, 2013, hereinafter referred to as the “Accounting Standard for Consolidated Financial Statements”), and “Accounting Standard for Business Divestitures” (ASBJ Statement No.7, September 13, 2013, hereinafter referred to as the “Accounting Standard for Business Divestitures”) could be applied from the fiscal year beginning after April 1, 2014. Accordingly, we applied these accounting standards (excluding the section 39 of the Accounting Standard for Consolidated Financial Statements) from the three-month period ended June 30, 2014. Under these accounting standards, we recorded the differences caused by changes in our equity shares in subsidiaries in which we continue to control as capital surplus. In addition, we recorded acquisition-related costs as expenses in the fiscal year in which the costs were incurred. Regarding business combinations that occur from the beginning of the three-month period ended June 30, 2014, acquisition costs based on provisional estimates shall be reflected in the quarterly consolidated financial statements for the quarter of the fiscal year in which the date of the business combination falls.

In accordance with transitional treatment based on the section 58-2(3) of the Accounting Standard for Business Combinations, the section 44-5(3) of the Accounting Standard for Consolidated Financial Statements, and the section 57-4(3) of the Accounting Standard for Business Divestitures, which stipulates transitional treatment of the new standards, at the beginning of the nine-month period ended December 31, 2014, the cumulative effects of retrospective application of these standards to all past fiscal years were adjusted to the capital surplus and the retained earnings.

As a result, at the beginning of the nine-month period ended December 31, 2014, goodwill decreased by 4,100 million yen, capital surplus decreased by 2,762 million yen, and retained earnings decreased by 1,336 million yen. During the nine-month period ended December 31, 2014, consolidated operating profit increased by 491 million yen, consolidated ordinary profit increased by 392 million yen and consolidated income before income taxes increased by 388 million yen, respectively.

[Application of the Accounting Standard for Retirement Benefits, etc.]

From the three-month period ended June 30, 2014, the section 35 of “Accounting Standard for Retirement Benefits” (ASBJ Statement No.26, May 17, 2012, hereinafter referred to as the “Accounting Standard for Retirement Benefits”) and the section 67 of “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012, hereinafter referred to as the “Guidance on Retirement Benefits”)

have been applied. Accordingly, we reviewed the calculation method of retirement benefit liabilities and service costs and changed the method of attribution period for estimated amount of retirement benefits from the straight-line basis to the benefit formula basis, and changed the method of determining the discount rate, regarding the bond interest rate which is the basis of determining discount rate, from a method using the discount rate based on the average remaining service period of employees to a method using the weighted average discount rate which reflects the estimate number of years of benefit payment and its amount in each year.

In accordance with the section 37 in the Accounting Standard for Retirement Benefits, which stipulates transitional treatment of the new standard, at the beginning of the nine-month period ended December 31, 2014, the effect of changes in calculation method for the retirement benefit liabilities and service costs were adjusted to the retained earnings.

As a result, at the beginning of the nine-month period ended December 31, 2014, net defined benefit asset increased by 4,456 million yen, net defined benefit liability increased by 750 million yen, and retained earnings increased by 2,542 million yen. During the nine-month period ended December 31, 2014, consolidated operating profit, consolidated ordinary profit, and consolidated income before income taxes decreased by 177 million yen, respectively.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

	March 31, 2014	December 31, 2014
ASSETS:		
Current assets:	558,574	563,482
Cash on hand and in banks	210,514	199,038
Cash deposits for armored car services	58,597	70,793
Call loans	20,500	17,500
Notes and accounts receivable, trade	115,318	93,996
Due from subscribers	25,174	26,773
Short-term investments	12,955	23,106
Lease receivables and investment in leased assets	33,188	37,416
Merchandises and products	14,186	14,873
Real estate inventories	33	1,458
Work in process	4,602	4,495
Costs on uncompleted construction contracts	8,983	14,475
Work in process for real estate inventories	15,396	24,620
Raw materials and supplies	7,573	8,033
Deferred income taxes	13,254	9,209
Short-term loans receivable	2,699	2,655
Other	17,623	16,932
Allowance for doubtful accounts	(2,026)	(1,898)
Fixed assets:	769,633	788,565
Tangible assets:	360,833	361,447
Buildings and improvements	153,278	151,786
Security equipment and control stations	68,759	71,059
Land	113,946	115,178
Other	24,849	23,423
Intangible assets	53,596	48,915
Investments and others:	355,203	378,203
Investment securities	246,233	272,695
Long-term loans receivable	45,701	42,181
Net defined benefit asset	17,612	23,863
Deferred income taxes	13,521	4,903
Other	48,486	51,689
Allowance for doubtful accounts	(16,352)	(17,129)
Deferred assets	17	10
Total assets	1,328,226	1,352,059

(1) Consolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2014	December 31, 2014
LIABILITIES:		
Current liabilities:	256,684	236,219
Notes and accounts payable, trade	49,409	40,080
Bank loans	52,120	47,232
Current portion of straight bonds	4,640	3,221
Lease obligations	579	514
Payables - other	31,316	31,261
Accrued income taxes	27,744	9,010
Accrued consumption taxes	4,151	10,478
Accrued expenses	4,625	4,109
Deferred revenue	31,027	32,705
Accrued bonuses	14,437	5,344
Provision for losses on construction contracts	1,981	1,788
Other	34,649	50,470
Long-term liabilities:	241,171	248,146
Straight bonds	7,796	7,079
Long-term loans	17,256	21,108
Lease obligations	4,183	3,794
Guarantee deposits received	36,542	35,807
Deferred income taxes	11,169	11,566
Accrued retirement benefits for directors and audit & supervisory board members	1,635	1,371
Net defined benefit liability	18,569	19,234
Investment deposits by policyholders, unearned premiums and other insurance liabilities	141,099	145,476
Other	2,918	2,709
Total liabilities	497,856	484,366
NET ASSETS:		
Shareholders' equity:	732,036	751,959
Common stock	66,377	66,377
Capital surplus	83,054	80,288
Retained earnings	656,286	678,987
Common stock in treasury, at cost	(73,682)	(73,694)
Accumulated other comprehensive income:	(1,921)	12,125
Unrealized gains (losses) on securities	12,504	22,100
Deferred gains (losses) on hedges	(33)	(37)
Foreign currency translation adjustments	(10,885)	(7,172)
Remeasurements of defined benefit plans, net of taxes	(3,506)	(2,765)
Minority interests in subsidiaries	100,253	103,608
Total net assets	830,369	867,693
Total liabilities and net assets	1,328,226	1,352,059

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

Consolidated Statements of Income

(In millions of yen)

	Nine-month period ended December 31, 2013	Nine-month period ended December 31, 2014
Revenue	594,649	599,655
Costs of revenue	392,899	393,824
Gross profit	201,750	205,831
Selling, general and administrative expenses	116,925	117,017
Operating profit	84,824	88,813
Non-operating income	10,238	15,093
Non-operating expenses	3,074	2,694
Ordinary profit	91,988	101,212
Extraordinary profit	628	1,890
Extraordinary losses	282	2,385
Income before income taxes	92,334	100,717
Income taxes - current	29,297	28,036
Income taxes - deferred	4,582	6,706
Total income taxes	33,879	34,743
Net income before minority interests in subsidiaries	58,455	65,974
Minority interests in subsidiaries	5,732	6,282
Net income	52,722	59,691

Consolidated Statements of Comprehensive Income

(In millions of yen)

	Nine-month period ended December 31, 2013	Nine-month period ended December 31, 2014
Net income before minority interests in subsidiaries	58,455	65,974
Other comprehensive income:	13,483	14,687
Unrealized gains (losses) on securities	2,848	9,917
Foreign currency translation adjustments	7,069	2,569
Remeasurements of defined benefit plans, net of taxes	-	672
Share of other comprehensive income of affiliated companies accounted for under the equity method	3,565	1,528
Comprehensive income	71,938	80,661
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent company	65,142	73,737
Comprehensive income attributable to minority interests	6,796	6,923

(3) Notes Regarding the Consolidated Quarterly Financial Statement

[Notes Regarding the Assumption of Going Concern]

Not applicable.

[Notes Regarding Significant Changes in Shareholders' Equity]

Not applicable.

(4) Segment Information, etc.

[Segment Information]

I. Nine-month Period Ended December 31, 2013

1. Information About Amounts of Revenue and Profit or Loss by Reportable Segments

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Revenue:					
Customers	336,305	77,639	42,334	26,290	37,179
Intersegment	9,889	3,695	113	2,260	53
Subtotal	346,194	81,334	42,447	28,550	37,232
Segment profit	78,518	3,695	3,377	41	1,826

	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	34,846	554,595	40,054	594,649	-	594,649
Intersegment	3,881	19,893	1,686	21,580	(21,580)	-
Subtotal	38,728	574,488	41,741	616,229	(21,580)	594,649
Segment profit	4,130	91,590	4,105	95,696	(10,872)	84,824

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 includes intersegment eliminations of 727 million yen and corporate expenses not allocated to each reportable segment of 10,144 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarter, etc.

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

II. Nine-month Period Ended December 31, 2014

1. Information About Amounts of Revenue and Profit or Loss by Reportable Segments

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Revenue:					
Customers	346,721	76,605	45,200	27,460	35,603
Intersegment	9,923	3,634	109	2,478	108
Subtotal	356,645	80,240	45,310	29,938	35,711
Segment profit (loss)	81,549	5,481	3,826	2,371	(279)

	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	35,615	567,206	32,449	599,655	-	599,655
Intersegment	3,667	19,922	1,682	21,605	(21,605)	-
Subtotal	39,282	587,129	34,132	621,261	(21,605)	599,655
Segment profit (loss)	3,622	96,571	3,182	99,753	(10,939)	88,813

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 454 million yen and corporate expenses not allocated to each reportable segment of 10,485 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarter, etc.

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

2. Information About Changes in Reportable Segments

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 end of previous fiscal year, construction and installation services, formerly included in security services segment, was 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.

Segment information in nine-month period ended December 31, 2013, was reclassified to conform to this change.

[Application of the Accounting Standard for Business Combinations, etc.]

As described in “Changes in Accounting Policies, Accounting Estimates and/or Restatements” on page 5 in the appendices, from the three-month period ended June 30, 2014, we recorded the differences caused by changes in our equity shares in subsidiaries in which we continues to control as capital surplus. In addition, we recorded acquisition-related costs as expenses in the fiscal periods in which the costs were incurred.

Due to these changes, during the nine-month period ended December 31, 2014, segment profit in the security services segment increased by 437 million yen, segment profit in the fire protection services segment increased by 3 million yen, segment profit in the insurance services segment increased by 34 million yen, segment profit in the geographic information services segment increased by 5 million yen, and segment profit in the information and communication related services segment increased by 10 million yen.

[Application of the Accounting Standard for Retirement Benefits, etc.]

As described in “Changes in Accounting Policies, Accounting Estimates and/or Restatements” on page 5 in the appendices, from the three-month period ended June 30, 2014, we changed the calculation method of retirement benefit liabilities and service costs.

Due to these changes, during the nine-month period ended December 31, 2014, segment profit in the security services segment decreased by 110 million yen, segment profit in the fire protection services segment decreased by 32 million yen, segment profit in the insurance services segment decreased by 6 million yen, segment profit in the geographic information services segment decreased by 19 million yen, segment profit in the information and communication related services segment decreased by 5 million yen, and segment profit in the real estate and other services segment decreased by 2 million yen.

3. Information About Impairment Loss on Fixed Assets and Goodwill by Reportable Segments

(Significant Changes in Goodwill)

Goodwill decreased due to the application of the Accounting Standard for Business Combinations (ASBJ Statement No.21, September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, September 13, 2013), and Accounting Standard for Business Divestitures (ASBJ Statement No.7, September 13, 2013) from the three-month period ended June 30, 2014.

The amount of goodwill decreased by 3,675 million yen in the security services segment, 10 million yen in the fire protection services segment, 219 million yen in the insurance services segment, 1 million yen in the geographic information services segment, and 192 million yen in the information and communication related services segment for the nine-month period ended December 31, 2014.

(5) Significant Subsequent Events

Not applicable.