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FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2015
(Based on JAPANESE GAAP) (Consolidated)

May 11, 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 General Shareholders' Meeting: June 25, 2015
Scheduled date of dividend payout: June 26, 2015
Scheduled date of filing Securities Report: June 25, 2015
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, 2015 (April 1, 2014 – March 31, 2015)

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

	Years ended March 31	
	2014	2015
Revenue	822,228 7.4%	840,722 2.2%
Operating profit	120,018 10.7%	123,615 3.0%
Ordinary profit	126,677 11.5%	136,688 7.9%
Net income	69,876 9.8%	75,392 7.9%
Basic net income per share (in yen)	320.14	345.42
Diluted net income per share (in yen)	-	-
Net income / Equity	10.0%	9.9%
Ordinary profit / Total assets	9.8%	10.0%
Operating profit / Revenue	14.6%	14.7%

Note 1: Comprehensive income:

Year ended March 31, 2015: JPY 120,990 million (24.2%)

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

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

Year ended March 31, 2015: JPY 4,812 million

Year ended March 31, 2014: JPY 3,864 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, 2014	March 31, 2015
Total assets	1,328,226	1,410,715
Net assets	830,369	907,341
Equity ratio	55.0%	56.7%
Net assets per share (in yen)	3,345.06	3,667.33

Note 1: Equity as of:

March 31, 2015: JPY 800,445 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 March 31.

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

	Years ended March 31	
	2014	2015
Cash flows from operating activities	117,067	130,846
Cash flows from investing activities	(89,485)	(65,184)
Cash flows from financing activities	(21,750)	(49,790)
Cash and cash equivalents at end of the period	224,443	241,716

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

	Years ended March 31		
	2014	2015	2016 (projected)
1 st quarter dividends per share (in yen)	–	–	–
2 nd quarter dividends per share (in yen)	–	60.00	65.00
3 rd quarter dividends per share (in yen)	–	–	–
Year-end dividends per share (in yen)	115.00	65.00	70.00
Annual dividends per share (in yen)	115.00	125.00	135.00
Total annual dividend payout	25,100	27,283	
Dividend payout ratio (consolidated)	35.9%	36.2%	36.7%
Total dividends / Net assets (consolidated)	3.6%	3.6%	

3. Projections for the consolidated financial results for the fiscal year ending March 31, 2016 (April 1, 2015 – March 31, 2016) and the six-month period ending September 30, 2015 (April 1, 2015 – September 30, 2015) (In millions of yen)

	Six-month period ending September 30, 2015	Year ending March 31, 2016
Projected revenue	407,000 3.5%	866,000 3.0%
Projected operating profit	58,000 (2.7%)	126,100 2.0%
Projected ordinary profit	59,800 (14.9%)	131,100 (4.1%)
Projected net income attributable to SECOM CO., LTD	36,700 (10.9%)	80,200 6.4%
Projected basic net income per share (in yen)	168.15	367.45

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, 2015.

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:

① Changes in accounting policies associated with amendment of accounting standards: Applicable

② Other changes in accounting policies: Applicable

③ Changes in accounting estimates: None

④ Restatements: None

(3) Number of common shares outstanding:

① Number of common shares outstanding, including treasury stock, as of:

March 31, 2015: 233,288,717 shares

March 31, 2014: 233,288,717 shares

② Number of shares of treasury stock as of:

March 31, 2015: 15,024,812 shares

March 31, 2014: 15,022,012 shares

③ Number of average common shares outstanding over:

The year ended March 31, 2015: 218,265,379 shares

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

[Reference] Summary of nonconsolidated results

1. Nonconsolidated financial results for the fiscal year ended March 31, 2015 (April 1, 2014 – March 31, 2015)

(1) Nonconsolidated operating results

(In millions of yen, figures rounded down)

	Years ended March 31	
	2014	2015
Revenue	364,280 2.5%	370,663 1.8%
Operating profit	72,909 4.2%	73,174 0.4%
Ordinary profit	78,884 3.3%	81,572 3.4%
Net income	51,497 4.8%	57,492 11.6%
Basic net income per share (in yen)	235.94	263.41
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, 2014	March 31, 2015
Total assets	772,910	795,778
Net assets	627,242	650,132
Equity ratio	81.2%	81.7%
Net assets per share (in yen)	2,873.74	2,978.65

Note: Equity as of:

March 31, 2015: JPY 650,132 million

March 31, 2014: JPY 627,242 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, 2015 (“the current fiscal year”), despite slow recovery in consumer spending after consumption tax rising, Japanese economy has been in moderate upward trend as shown in some signs of improvement of the corporate earnings, employment and individual income environment amid the yen depreciation and stock price rise.

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. In December 2014, we opened “SECOM Medical Support Center” where specialized staff such as nurses, public health nurses, dietitians provide one-stop consultation services addressing any inquiries of health care, medical services, nursing care or personal care. By strengthening cooperation among “SECOM Medical Support Center” for super-aged society, “SECOM Control Center” for Security services and “SECOM Anshin Information Center” for disaster Preparedness/business continuity planning (BCP)/environmental preservation, we accelerated our efforts to realize a bright future which is safe with peace of mind, comfortable, and convenient, guided by the ALL SECOM concept.

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. Also, we introduced next-generation security camera, “SECOM NVR System” to respond to the needs of customers, where concerns regarding food safety and incidents involving personal information leakage have increased demand for security and internal controls. Options available include access to the “SECOM Image Archive Service”, which enables customers to store camera images remotely at SECOM’s Secure Data Center facility.

For our residential security services, the demand for SECOM Home Security which delivers safety and peace of mind, as well as comfort and convenience, has been solid and the number of subscribers has topped one million in June 2014. In this circumstances, we have been promoting “SECOM Home Security G-Custom”, home security controller with the function to provide services close to customers’ daily life.

Outside Japan, we promoted our “SECOM-style” security services, which has specialty in emergency response services, especially in economically developing areas, such as People’s Republic of China, and Southeast Asia including Myanmar where we newly started to provide services. We also strengthened offer to Japanese companies setting up overseas operations.

As a result, mainly due to brisk sales of centralized systems, i.e., on-line security systems, for commercial and residential use, security merchandise including security camera systems, and large-scale security systems, revenue increased by 2.1% to 468.8 billion yen and operating profit increased by 2.0% to 107.9 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, and strengthened and grew overseas operations by marketing new products and developing further cooperation with security services business in Southeast Asia region.

Despite revenue decreased by 0.7% to 121.1 billion yen, operating profit increased by 14.3% to 11.9 billion yen, mainly owing to decrease in cost of revenue and selling, general and administrative expenses ascribed to the improvement of business efficiency.

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, we opened SECOM Home Health Care Center Kamakura, a comprehensive senior care facility that offers home nursing, home based personal care, day care services and home care support services. We launched “Alive Shinagawa-Oi”, a nursing home with nursing care services, associated with local medical institutions, commercial facilities and aged person welfare facilities.

Revenue increased by 11.9% to 60.1 billion yen, mainly owing to the firm increase in sales of pharmaceutical products and medical equipment. Operating profit decreased by 3.4% to 4.4 billion yen chiefly owing to the increase in cost ratio.

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 5.4% to 37.7 billion yen, mainly due to the firm increase in sales of MEDCOM and fire insurance policy. Operating profit amounted to 1.9 billion yen, improving from operating loss of 0.4 billion yen in the previous fiscal year, mainly owing to the decrease in losses incurred from damage of natural disasters, etc.

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. In the current fiscal year, we responded to heightened needs for geospatial information to assist in the development and maintenance of critical infrastructure and assisting with disaster recovery in Japan and overseas.

Revenue decreased by 3.5% to 52.7 billion yen, reflecting the decrease in revenue in public division and international division. Operating profit decreased by 46.4% to 2.2 billion yen, mainly owing to the increase in cost ratio

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, we marketed “SECOM Premium Net”, a system designed to protect against on line banking scams, including those involving illegal transfers of funds and “SECOM Minutes Digitization Service” which enables subscribers to digitalize and store minutes of board of directors' meetings at a Secure Data Center facility under rigorous security. Revenue increased by 0.1% to 47.7 billion yen. Operating profit decreased by 14.8% to 4.7 billion yen, chiefly owing to increase in operation costs relating to data center facilities.

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 increased by 6.5% to 52.2 billion yen and operating profit went up by 12.9% to 4.8 billion yen, chiefly owing to contribution by Toko Create Co., Ltd., newly consolidated from March 31, 2014, although revenue declined in the real estate development and sales business.

As a result, consolidated revenue for the current fiscal year increased by 2.2% to 840.7 billion yen, compared with the previous fiscal year. Consolidated operating profit went up by 3.0% to 123.6 billion yen. Consolidated ordinary profit increased by 7.9% to 136.6 billion yen, mainly due to contribution by 9.2 billion yen of net gains on private equity investment in the U.S., improving from 4.0 billion yen in the previous fiscal year. Consolidated net income increased by 7.9% to 75.3 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, 2016)

In regard to the outlook in Japanese economy, amid the upward trend in individual employment and income environment, gradual 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 uncertainty of overseas economy. 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, 2016, it is expected to record 2.0% increase to 478.4 billion yen in the security services segment, 6.4% increase to 129.0 billion yen in the fire protection services segment, 2.0% increase to 61.4 billion yen in the medical services segment, 3.9% increase to 39.2 billion yen in the insurance services segment, 4.1% increase to 54.9 billion yen in the geographic information services segment, 3.2% increase to 49.3 billion yen in the information and communication related services segment, 2.9% increase to 53.8 billion yen in the real estate and other services segment and consolidated revenue is expected to increase by 3.0% to 866.0 billion yen.

Consolidated operating profit is expected to increase by 2.0% to 126.1 billion yen and consolidated ordinary profit is expected to decrease by 4.1% to 131.1 billion yen, due to contribution of net gains on private equity investment in the U.S. Consolidated net income attributable to SECOM CO., LTD. is expected to increase by 6.4% to 80.2 billion yen, chiefly owing to impairment losses.

(Notes for projections)

Projections for the consolidated financial results for the fiscal year ending March 31, 2016, 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, 2014	Year ended March 31, 2015	Year ending March 31, 2016 (Projection)
Revenue	822.2	840.7	866.0
Change from the previous year	+7.4%	+2.2%	+3.0%
Operating profit	120.0	123.6	126.1
Change from the previous year	+10.7%	+3.0%	+2.0%
Ordinary profit	126.6	136.6	131.1
Change from the previous year	+11.5%	+7.9%	(4.1%)
Net income	69.8	75.3	(Note) 80.2
Change from the previous year	+9.8%	+7.9%	+6.4%
Basic net income per share (in yen)	320.14	345.42	367.45

Note: Net income Year ending March 31, 2016 is Net income attributable to SECOM CO., LTD.

(2) Analysis on Financial Positions

(i) Assets, Liabilities and Net Assets

Total assets as of March 31, 2015 amounted to 1,410.7 billion yen, 6.2% or 82.4 billion yen higher than those at the end of the previous fiscal year. Total current assets, at 600.1 billion yen, were up 7.4% or 41.5 billion yen. This was largely attributable to increases in cash on hand and in banks by 10.3% or 21.7 billion yen to 232.2 billion yen, short-term investments by 120.1% or 15.5 billion yen to 28.5 billion yen, lease receivables and investment in leased assets by 18.2% or 6.0 billion yen to 39.2 billion yen, work in process for real estate inventories by 36.8% or 5.6 billion yen to 21.0 billion yen, despite decreases in cash deposits for armored car services by 14.0% or 8.2 billion yen to 50.3 billion yen.

Total fixed assets, at 810.5 billion yen, were up 5.3% or 40.9 billion yen. This was mainly attributable to increases in investment securities by 15.5% or 38.0 billion yen to 284.3 billion yen, net defined benefit asset by 98.8% or 17.3 billion yen to 35.0 billion, despite decreases in deferred income taxes by 64.0% or 8.6 billion yen to 4.8 billion yen, intangible assets by 7.8% or 4.1 billion yen to 49.4 billion yen.

Total liabilities amounted to 503.3 billion yen, 1.1% or 5.5 billion yen higher than those at the end of the previous fiscal year. Total current liabilities amounted to 247.7 billion yen, were down 3.5% or 8.9 billion yen, owing largely to decreases in bank loans by 13.7% or 7.1 billion yen to 44.9 billion yen, accrued income taxes by 24.1% or 6.6 billion yen to 21.0 billion yen, notes and accounts payable, trade by 12.6% or 6.2 billion yen to 43.1 billion yen, despite increase in accrued consumption taxes by 210.2% or 8.7 billion yen to 12.8 billion yen.

Long-term liabilities increased by 6.0% or 14.4 billion yen to 255.6 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 6.4% or 9.0 billion yen to 150.1 billion yen, long-term loans by 19.4% or 3.3 billion yen to 20.6 billion yen, and deferred income taxes by 21.4% or 2.3 billion yen to 13.5 billion yen.

Total net assets amounted to 907.3 billion yen, 9.3% or 76.9 billion yen higher than those at the end of the previous fiscal year, mainly due to increases in retained earnings by 5.9% or 38.4 billion yen, unrealized gains on securities by 115.8% or 14.4 billion yen, and foreign currency translation adjustments by 113.6% or 12.3 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, 2014	Year ended March 31, 2015	Increase (decrease)
Cash flows from operating activities	117,067	130,846	13,778
Cash flows from investing activities	(89,485)	(65,184)	24,300
Cash flows from financing activities	(21,750)	(49,790)	(28,040)
Effect of exchange rate changes on cash and cash equivalents	2,030	1,401	(629)
Net increase in cash and cash equivalents	7,863	17,273	9,409
Cash and cash equivalents at beginning of the period	216,580	224,443	7,863
Cash and cash equivalents at end of the period	224,443	241,716	17,273

(Cash flows from operating activities)

Net cash provided by operating activities for the current fiscal year amounted to 130.8 billion yen; 117.0 billion yen in the previous fiscal year. Major factors of cash increase were income before income taxes

of 127.2 billion yen, depreciation and amortization of 47.6 billion yen. Major factor of cash decrease was income taxes paid of 50.1 billion yen and increase in inventories of 11.2 billion yen.

(Cash flows from investing activities)

Net cash used in investing activities was 65.1 billion yen; 89.4 billion yen in the previous fiscal year. Major factors of cash decrease were purchases of investment securities of 51.4 billion yen, payments for purchase of tangible assets, including security equipment and control stations, of 47.1 billion yen. Major factor of cash increase was proceeds from sales and redemptions of investment securities of 38.2 billion yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 49.7 billion yen; 21.7 billion yen in the previous fiscal year. Major factors of cash decrease were dividends paid of 38.1 billion yen, repayments of bank loans of 8.2 billion yen. Major factor of cash increase was increase in long-term loans of 9.0 billion yen.

As a result, cash and cash equivalents as of March 31, 2015 were 241.7 billion yen, 17.2 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, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Equity ratio (%)	54.1	55.2	53.6	55.0	56.7
Equity ratio (market price base) (%)	77.0	80.2	84.7	97.7	124.2
Interest-bearing liabilities / Cash flows from operating activities (in year)	1.0	0.8	0.5	0.7	0.6
Interest coverage ratio	71.6	81.0	130.9	113.1	137.0

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 that the Company makes it a rule to distribute dividends twice annually, in the form of an interim dividend, with a record date of September 30 each year, which is paid by resolution of the Board of Directors, and a year-end dividend, with a record date of March 31 each year, which is paid by resolution of the General Meeting of Shareholders. 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.

Based on the basic policy aforesaid and our solid operating results, we have determined to propose to the Ordinary General Meeting of Shareholders that the year-end dividends for the current fiscal year be 65 yen per share to respond to shareholders' continuous support. The dividends for the current fiscal year are 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, 10 yen higher than those for previous fiscal year, and consolidated dividend payout ratio is 36.2%. The dividends for the next fiscal year are planned to be 135 yen per share, the sum of the interim dividends of 65 yen per share and the year-end dividends of 70 yen per share.

<Shareholder Special Benefit Plan>

We have determined to introduce a shareholder special benefit plan to express our appreciation for the ongoing support of shareholders and enhance understanding of SECOM group through experiencing our services and products.

(Outline of the Shareholder Special Benefit Plan)

(1) Eligible shareholders

The plan is available to shareholders whose names are recorded in the Registry of Shareholders as of every March 31 with more than 100 shares (one trading unit) of SECOM Co., Ltd.

(2) Contents of Shareholder Special Benefit Plan

Complimentary shareholder's discount ticket for one of the following services or products:

- ① 10,000 yen discount for Professional cleaning service for a range ventilation (range hood) and a kitchen
- ② 10,000 yen discount for "SECOM Super Rescue Plus" (emergency supply package)
- ③ One year free service for "SECOM Premium Net" (a system designed to protect against on-line banking scams)

(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, 2014	March 31, 2015
ASSETS:		
Current assets:	558,574	600,146
Cash on hand and in banks	210,514	232,221
Cash deposits for armored car services	58,597	50,395
Call loans	20,500	15,500
Notes and accounts receivable, trade	115,318	114,071
Due from subscribers	25,174	26,316
Short-term investments	12,955	28,517
Lease receivables and investment in leased assets	33,188	39,242
Merchandises and products	14,186	14,163
Real estate inventories	33	3,063
Work in process	4,602	4,031
Costs on uncompleted construction contracts	8,983	9,460
Work in process for real estate inventories	15,396	21,058
Raw materials and supplies	7,573	7,913
Deferred income taxes	13,254	12,808
Short-term loans receivable	2,699	2,268
Other	17,623	21,111
Allowance for doubtful accounts	(2,026)	(1,997)
Fixed assets:	769,633	810,541
Tangible assets:	360,833	362,161
Buildings and improvements	153,278	148,375
Security equipment and control stations	68,759	70,478
Land	113,946	119,604
Other	24,849	23,702
Intangible assets	53,596	49,411
Investments and others:	355,203	398,969
Investment securities	246,233	284,322
Long-term loans receivable	45,701	42,904
Net defined benefit asset	17,612	35,010
Deferred income taxes	13,521	4,874
Other	48,486	49,382
Allowance for doubtful accounts	(16,352)	(17,525)
Deferred assets	17	26
Total assets	1,328,226	1,410,715

(1) Consolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2014	March 31, 2015
LIABILITIES :		
Current liabilities:	256,684	247,755
Notes and accounts payable, trade	49,409	43,160
Bank loans	52,120	44,965
Current portion of straight bonds	4,640	1,414
Lease obligations	579	503
Payables - other	31,316	33,849
Accrued income taxes	27,744	21,063
Accrued consumption taxes	4,151	12,878
Accrued expenses	4,625	4,653
Deferred revenue	31,027	31,348
Accrued bonuses	14,437	14,652
Provision for loss on construction contracts	1,981	1,612
Other	34,649	37,653
Long-term liabilities:	241,171	255,618
Straight bonds	7,796	8,413
Long-term loans	17,256	20,602
Lease obligations	4,183	3,712
Guarantee deposits received	36,542	36,000
Deferred income taxes	11,169	13,554
Accrued retirement benefits for directors and corporate auditors	1,635	1,415
Net defined benefit liability	18,569	18,504
Investment deposits by policyholders, unearned premiums and other insurance liabilities	141,099	150,119
Other	2,918	3,295
Total liabilities	497,856	503,374
NET ASSETS :		
Shareholders' equity:	732,036	767,630
Common stock	66,377	66,377
Capital surplus	83,054	80,265
Retained earnings	656,286	694,688
Common stock in treasury, at cost	(73,682)	(73,701)
Accumulated other comprehensive income:	(1,921)	32,815
Unrealized gains (losses) on securities	12,504	26,981
Deferred gains (losses) on hedges	(33)	(34)
Foreign currency translation adjustments	(10,885)	1,477
Remeasurements of defined benefit plans, net of taxes	(3,506)	4,390
Minority interests in subsidiaries	100,253	106,895
Total net assets	830,369	907,341
Total liabilities and net assets	1,328,226	1,410,715

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

Consolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Revenue	822,228	840,722
Costs of revenue	542,949	557,884
Gross profit	279,278	282,837
Selling, general and administrative expenses	159,259	159,222
Operating profit	120,018	123,615
Non-operating income	13,100	18,366
Non-operating expenses	6,441	5,293
Ordinary profit	126,677	136,688
Extraordinary profit	2,025	1,962
Extraordinary losses	3,876	11,384
Income before income taxes	124,826	127,265
Income taxes - current	48,485	43,156
Income taxes - deferred	(2,110)	(37)
Total income taxes	46,375	43,119
Net income before minority interests in subsidiaries	78,451	84,146
Minority interests in subsidiaries	8,574	8,754
Net income	69,876	75,392

Consolidated Statements of Comprehensive Income

(In millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Net income before minority interests in subsidiaries	78,451	84,146
Other comprehensive income:	18,980	36,843
Unrealized gains (losses) on securities	543	15,058
Foreign currency translation adjustments	11,787	9,527
Remeasurements of defined benefit plans, net of taxes	–	8,581
Share of other comprehensive income of affiliated companies accounted for under the equity method	6,649	3,676
Comprehensive income	97,431	120,990
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent company	87,480	110,128
Comprehensive income attributable to minority interests	9,950	10,861

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2014

(In millions of yen)

	Shareholders' equity				
	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
Accumulated effect of changes in accounting policies					-
Balance at the beginning of the current period after changes in accounting policies	66,377	83,054	609,275	(73,664)	685,042
Changes during the current period:					
Cash dividends			(22,918)		(22,918)
Net income			69,876		69,876
Purchase of treasury stock				(18)	(18)
Disposal of treasury stock		0		0	0
Changes in scope of consolidation			52		52
Net changes of items other than shareholders' equity					
Total changes during the current period	-	0	47,011	(17)	46,993
Balance at the end of the current period	66,377	83,054	656,286	(73,682)	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
Accumulated effect of changes in accounting policies							-
Balance at the beginning of the current period after changes in accounting policies	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
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

Year ended March 31, 2015

(In millions of yen)

	Shareholders' equity				
	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	656,286	(73,682)	732,036
Accumulated effect of changes in accounting policies		(2,762)	1,205		(1,557)
Balance at the beginning of the current period after changes in accounting policies	66,377	80,291	657,492	(73,682)	730,479
Changes during the current period:					
Cash dividends			(38,196)		(38,196)
Net income			75,392		75,392
Purchase of treasury stock				(19)	(19)
Disposal of treasury stock		0		0	0
Transfer of losses on disposal of treasury stock					-
Changes due to purchase of shares of consolidated subsidiaries		(26)			(26)
Net changes of items other than shareholders' equity					
Total changes during the current period	-	(25)	37,195	(18)	37,151
Balance at the end of the current period	66,377	80,265	694,688	(73,701)	767,630

(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	12,504	(33)	(10,885)	(3,506)	(1,921)	100,253	830,369
Accumulated effect of changes in accounting policies						(115)	(1,673)
Balance at the beginning of the current period after changes in accounting policies	12,504	(33)	(10,885)	(3,506)	(1,921)	100,137	828,696
Changes during the current period:							
Cash dividends							(38,196)
Net income							75,392
Purchase of treasury stock							(19)
Disposal of treasury stock							0
Transfer of losses on disposal of treasury stock							-
Changes due to purchase of shares of consolidated subsidiaries							(26)
Net changes of items other than shareholders' equity	14,476	(0)	12,362	7,897	34,736	6,757	41,494
Total changes during the current period	14,476	(0)	12,362	7,897	34,736	6,757	78,645
Balance at the end of the current period	26,981	(34)	1,477	4,390	32,815	106,895	907,341

(4) Consolidated Statements of Cash Flows

(In millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Cash flows from operating activities:		
Income before income taxes	124,826	127,265
Depreciation and amortization	46,024	47,633
Amortization of goodwill	2,378	1,509
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(3,864)	(4,812)
Increase (decrease) in allowance for doubtful accounts	(149)	156
Increase (decrease) in net defined benefit liability and asset	(1,141)	(864)
Interest and dividend income	(3,356)	(3,816)
Interest expenses	1,012	946
Exchange (gains) losses	(406)	(574)
Net (gains) losses on sales and disposal of tangible assets	3,016	847
Impairment losses on fixed assets	3,081	4,933
Net (gains) losses on sales of investment securities	(1,232)	(129)
Net gains on redemptions of investment securities	(284)	-
Net (gains) losses on revaluation of investment securities	44	21
Net (gains) losses on sales of investment securities in subsidiaries and affiliates	(432)	24
Write-down on real estate inventories	1,121	1,564
Write down on investments in capital	-	3,635
Net (gains) losses on private equity investment	(4,041)	(9,269)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	(7,979)	927
(Increase) decrease in lease receivables and investment in leased assets	(5,579)	(3,398)
(Increase) decrease in inventories	10,569	(11,248)
Increase (decrease) in accounts payable	4,079	(3,707)
Increase (decrease) in accrued consumption taxes	(260)	8,725
Increase (decrease) in deferred revenue	(270)	64
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	7,471	9,020
Increase/decrease in cash deposits/deposits received for armored car services	(9,604)	7,382
Other	(2,087)	(1,938)
Subtotal	162,935	174,897
Interest and dividend received	5,326	7,076
Interest paid	(1,035)	(955)
Income taxes paid	(50,159)	(50,172)
Net cash provided by (used in) operating activities	117,067	130,846
Cash flows from investing activities:		
(Increase) decrease in time deposits, net	(164)	537
(Increase) decrease in short-term investments, net	(1,610)	2,038
Payments for purchases of tangible assets	(48,241)	(47,168)
Proceeds from sales of tangible assets	1,098	3,578
Payments for purchases of intangible assets	(6,355)	(7,719)
Payments for purchases of investment securities	(74,118)	(51,409)
Proceeds from sales and redemptions of investment securities	43,780	38,237
Payments for acquisitions of subsidiaries	(618)	-
Payments for acquisitions of affiliates	(2,223)	(163)
(Increase) decrease in short-term loans receivable, net	54	(13)
Payments for long-term loans receivable	(6,798)	(7,689)
Proceeds from long-term loans receivable	4,692	4,387
Acquisitions of subsidiaries accompanied with changes in scope of consolidation	(1,248)	(58)
Other	2,265	258
Net cash provided by (used in) investing activities	(89,485)	(65,184)
Cash flows from financing activities:		
Increase (decrease) in bank loans, net	12,559	(8,276)
Proceeds from long-term loans	2,465	9,075
Repayments of long-term loans	(7,890)	(4,651)
Repayments of lease obligations	(733)	(601)
Proceeds from issuance of straight bonds	3,474	1,995
Payments for redemption of straight bonds	(4,645)	(4,640)
Proceeds from stock issuance to minority shareholders	131	23
Dividends paid	(22,918)	(38,196)
Dividends paid for minority shareholders	(4,174)	(3,762)
(Increase) decrease in treasury stocks, net	(17)	(18)
Payments for acquisitions of subsidiaries not accompanied with changes in scope of consolidation	-	(735)
Net cash provided by (used in) financing activities	(21,750)	(49,790)
Effect of exchange rate changes on cash and cash equivalents	2,030	1,401
Net increase (decrease) in cash and cash equivalents	7,863	17,273
Cash and cash equivalents at beginning of the period	216,580	224,443
Cash and cash equivalents at end of the period	224,443	241,716

(5) Notes Regarding the Consolidated Financial Statement

[Notes Regarding the Assumption of Going Concern]

Not applicable

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 current fiscal year. 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 current fiscal year, acquisition costs based on provisional estimates shall be reflected in the consolidated financial statements for 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 current fiscal year, 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 current fiscal year, 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 current fiscal year, consolidated operating profit increased by 656 million yen, consolidated ordinary profit increased by 523 million yen and consolidated income before income taxes increased by 519 million yen, respectively.

In the consolidated statements of cash flows for current fiscal year, the cash flows from acquisitions/sales of subsidiaries not accompanied with changes in scope of consolidation are presented in cash flows from financing activities. The cash flows from acquisition-related costs for acquisitions of subsidiaries accompanied with changes in scope of consolidation or costs related to acquisitions/sales of subsidiaries not accompanied with changes in scope of consolidation are presented in cash flows from operating activities.

As a result of reflecting the cumulative effects of retrospective application of these standards to all past fiscal years to net assets at the beginning of the current fiscal year, capital surplus balance at the beginning of the current period in consolidated statements of changes in net assets decreased by 2,762 million yen, and retained earnings decreased by 1,336 million yen.

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

From the current fiscal year, 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, March 26, 2015, 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 current fiscal year, 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 current fiscal year, 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 current fiscal year, consolidated operating profit, consolidated ordinary profit, and consolidated income before income taxes decreased by 236 million yen, respectively.

As a result of reflecting the cumulative effects of retrospective application of these standards to all past fiscal years to net assets at the beginning of the current fiscal year, the balance of retained earnings at the beginning of the current period in consolidated statements of changes in net assets increased by 2,542 million yen.

Change in the Presentation Related to Consolidated Statements of Cash Flows

In the previous fiscal year, “Increase/(decrease) in accrued consumption tax” was included in “Other” in operating activities. Since the amount of the item in the consolidated financial statements of cash flows became material, the item was reclassified to presented independently 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” in operating activities of (260) million yen in the consolidated statements of cash flows in the previous fiscal year was reclassified in “Increase/(decrease) in accrued consumption tax.”.

(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, 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

	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.

Year ended March 31, 2015

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Revenue:					
Customers	468,817	121,187	60,194	37,716	52,760
Intersegment	12,887	5,127	152	3,229	176
Subtotal	481,705	126,314	60,347	40,946	52,937
Segment profit	107,988	11,918	4,412	1,912	2,240
Segment assets	668,378	133,621	136,160	202,411	65,807
Other items					
Depreciation and amortization	31,478	1,583	2,938	1,221	3,015
Amortization of goodwill	252	171	131	-	14
Impairment losses on fixed assets	94	-	-	-	154
Increase in tangible and intangible assets	37,910	3,608	10,547	1,963	3,317

	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	47,754	788,432	52,290	840,722	-	840,722
Intersegment	6,244	27,818	2,245	30,063	(30,063)	-
Subtotal	53,998	816,250	54,535	870,785	(30,063)	840,722
Segment profit	4,779	133,252	4,836	138,088	(14,472)	123,615
Segment assets	114,901	1,321,279	147,050	1,468,329	(57,614)	1,410,715
Other items						
Depreciation and amortization	6,685	46,923	929	47,852	(218)	47,633
Amortization of goodwill	939	1,509	-	1,509	-	1,509
Impairment losses on fixed assets	3,138	3,386	132	3,519	1,413	4,933
Increase in tangible and intangible assets	4,159	61,506	257	61,763	305	62,069

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 348 million yen and corporate expenses not allocated to each reportable segment of 14,124 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 (255,151) million yen and corporate assets not belonging to each reportable segment of 197,537 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 (854) million yen and depreciation of corporate assets not belonging to each reportable segment of 635 million yen.

Adjustment of impairment losses on fixed assets includes the impairment losses on the corporate assets not belonging to each reportable segment of 1,413 million yen.

Adjustment of increase in tangible and intangible assets includes intersegment elimination of (793) million yen and capital investments of software, etc. not belonging to each reportable segment of 1,098 million yen.

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

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

As described in Change in Accounting Policies, from the current fiscal year, we record the differences caused by changes in our equity shares in subsidiaries in which we continue to control as capital surplus. In addition, we record acquisition-related costs as expenses in the fiscal year in which the costs were incurred.

As a result, during the current fiscal year, comparing with those under previous accounting standard, segment profit for Security services increased by 583 million yen, segment profit for Fire protection services increased by 3 million yen, segment profit for Insurance services increased by 46 million yen, segment profit for Geographic information services increased by 8 million yen and segment profit for Information and communication related services increased by 14 million yen, respectively.

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

As described in Change in Accounting Policies, from the current fiscal year, we changed the calculation method of retirement benefit liabilities and service costs.

As a result, during the current fiscal year, comparing with those under previous accounting standard, segment profit for Security services decreased by 147 million yen, segment profit for Fire protection services decreased by 43 million yen, segment profit for Insurance services decreased by 9 million yen, segment profit for Geographic information services decreased by 26 million yen and segment profit for Information, communication related services decreased by 7 million yen and Real estate and other services decreased by 3 million yen, respectively.

[Related Information]**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.

Year Ended March 31, 2015

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
796,563	44,158	840,722

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

(2) Tangible Assets

(In millions of yen)

Japan	Others	Total
354,446	7,714	362,161

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, 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

Year Ended March 31, 2015

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Amortization of goodwill:					
Amortized amount	252	171	131	-	14
Unamortized balance	1,232	1,033	557	-	131
Negative goodwill:					
Amortized amount	-	123	-	-	-
Unamortized balance	-	216	-	-	-

(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	939	1,509	-	1,509	-	1,509
Unamortized balance	11,827	14,781	-	14,781	-	14,781
Negative goodwill:						
Amortized amount	-	123	-	123	-	123
Unamortized balance	-	216	-	216	-	216

(7) Significant Subsequent Events

Not applicable

3. Nonconsolidated Financial Statements

(1) Nonconsolidated Balance Sheets

(In millions of yen)

	March 31, 2014	March 31, 2015
ASSETS:		
Current assets:		
Cash on hand and in banks	80,908	93,569
Cash deposits for armored car services	56,818	48,396
Notes receivable	683	640
Due from subscribers	14,991	16,066
Accounts receivable, trade	9,960	11,202
Receivables - other	2,699	3,054
Short-term investments	437	437
Merchandise	5,489	6,694
Supplies	1,303	1,379
Prepaid expenses	2,109	2,210
Deferred income taxes	4,382	4,415
Short-term loans receivable	20,653	20,423
Other	2,031	1,772
Allowance for doubtful accounts	(221)	(216)
Total current assets	202,248	210,048
Fixed assets:		
Tangible assets:		
Buildings and improvements	17,466	16,458
Automobiles	865	824
Security equipment and control stations	66,683	67,715
Machinery and equipment	232	192
Tools, furniture and fixtures	2,922	3,326
Land	29,520	28,303
Construction in progress	1,848	1,714
Other	105	12
Total tangible assets	119,644	118,548
Intangible assets:		
Goodwill	2,607	-
Software	3,910	4,644
Other	1,768	730
Total intangible assets	8,286	5,375
Investments and others:		
Investment securities	23,789	29,725
Investment securities in subsidiaries and affiliates	239,008	239,120
Investments in subsidiaries and affiliates	1,827	1,938
Long-term loans receivable	143,741	150,955
Lease deposits	7,553	7,526
Long-term prepaid expenses	20,780	22,126
Prepaid pension and severance costs	16,962	21,530
Insurance funds	3,988	4,294
Other	2,777	2,534
Allowance for doubtful accounts	(17,698)	(17,946)
Total investments and others	442,730	461,806
Total fixed assets	570,662	585,730
Total Assets	772,910	795,778

(1) Nonconsolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2014	March 31, 2015
LIABILITIES:		
Current liabilities:		
Accounts payable	3,429	3,172
Bank loans	36,703	29,416
Lease obligations	176	185
Payables – other	14,546	15,675
Payables – construction	4,218	4,480
Accrued income taxes	12,366	10,826
Accrued consumption taxes	1,478	7,088
Accrued expenses	802	800
Deposits received	17,870	16,784
Deferred revenue	21,301	21,269
Accrued bonuses	6,246	6,296
Other	1,834	2,651
Total current liabilities	120,976	118,647
Long-term liabilities:		
Lease obligations	2,747	2,661
Guarantee deposits received	17,622	17,286
Deferred income taxes	307	3,400
Accrued pension and severance costs	3,555	3,241
Other	459	408
Total long-term liabilities	24,692	26,998
Total liabilities	145,668	145,646
NET ASSETS:		
Shareholders' equity:		
Common stock	66,377	66,377
Capital surplus:		
Additional paid-in capital	83,054	83,054
Other capital surplus	0	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	536,978	556,013
Total retained earnings	549,018	568,053
Common stock in treasury, at cost	(73,682)	(73,701)
Total shareholders' equity	624,768	643,784
Valuation, translation adjustments and others:		
Unrealized gains (losses) on securities	2,473	6,347
Total valuation, translation adjustments and others	2,473	6,347
Total net assets	627,242	650,132
Total liabilities and net assets	772,910	795,778

(2) Nonconsolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2014	Year ended March 31, 2015
Revenue	364,280	370,663
Costs	215,849	221,441
Gross Profit	148,431	149,221
Selling, general and administrative expenses:	75,521	76,046
Operating profit	72,909	73,174
Non-operating income:		
Interest income	1,829	1,751
Dividends income	8,002	9,211
Other	438	751
Total non-operating income	10,269	11,714
Non-operating expenses:		
Interest expenses	304	293
Loss on sales and disposal of fixed assets	2,808	2,241
Write-off of long-term prepaid expenses	642	555
Other	540	225
Total non-operating expenses	4,295	3,316
Ordinary profit	78,884	81,572
Extraordinary profit:		
Gain on sales of tangible assets	20	1,540
Gain on redemptions of investment securities	284	-
Gain on sales of investment securities	185	-
Other	0	130
Total extraordinary profit	491	1,670
Extraordinary losses:		
Impairment loss for fixed assets	397	1,424
Overseas tax related loss	-	781
Provision for allowance for doubtful accounts	1,198	303
Other	9	295
Total extraordinary losses	1,604	2,805
Income before income taxes	77,771	80,437
Income taxes - current	25,617	22,816
Income taxes - deferred	655	128
Total income taxes	26,273	22,945
Net income	51,497	57,492

(3) Nonconsolidated Statements of Changes in Net Assets

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
Accumulated effect of changes in accounting policies				-
Balance at the beginning of the current period after changes in accounting policies	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
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
Accumulated effect of changes in accounting policies					-
Balance at the beginning of the current period after changes in accounting policies	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					
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
Accumulated effect of changes in accounting policies		-			-
Balance at the beginning of the current period after changes in accounting policies	(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
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

Year Ended March 31, 2015

(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	0	83,054
Accumulated effect of changes in accounting policies				-
Balance at the beginning of the current period after changes in accounting policies	66,377	83,054	0	83,054
Changes during the current period:				
Cash dividends				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			0	0
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				
	Legal reserve	Retained earnings			Total retained earnings
		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	536,978	549,018
Accumulated effect of changes in accounting policies				(260)	(260)
Balance at the beginning of the current period after changes in accounting policies	9,028	800	2,212	536,717	548,757
Changes during the current period:					
Cash dividends				(38,196)	(38,196)
Net income				57,492	57,492
Purchase of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes during the current period	-	-	-	19,295	19,295
Balance at the end of the current period	9,028	800	2,212	556,013	568,053

(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	(73,682)	624,768	2,473	2,473	627,242
Accumulated effect of changes in accounting policies		(260)			(260)
Balance at the beginning of the current period after changes in accounting policies	(73,682)	624,507	2,473	2,473	626,981
Changes during the current period:					
Cash dividends		(38,196)			(38,196)
Net income		57,492			57,492
Purchase of treasury stock	(19)	(19)			(19)
Disposal of treasury stock	0	0			0
Net changes of items other than shareholders' equity			3,873	3,873	3,873
Total changes during the current period	(18)	19,277	3,873	3,873	23,150
Balance at the end of the current period	(73,701)	643,784	6,347	6,347	650,132

(4) Significant Subsequent Events

Not applicable