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FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2016
(Based on JAPANESE GAAP) (Consolidated)

May 11, 2016

Company name: SECOM CO., LTD. (URL: <http://www.secom.co.jp/>)
Code number: 9735 Tokyo Stock Exchange ----- First Section
Representative: Yasuo Nakayama, President and Representative Director
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Scheduled date of General Shareholders' Meeting: June 24, 2016
Scheduled date of dividend payout: June 27, 2016
Scheduled date of filing Securities Report: June 24, 2016
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, 2016 (April 1, 2015 – March 31, 2016)

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

	Years ended March 31	
	2015	2016
Revenue	840,722 2.2%	881,028 4.8%
Operating profit	123,615 3.0%	128,582 4.0%
Ordinary profit	136,688 7.9%	134,826 (1.4%)
Net income attributable to owners of the parent	75,392 7.9%	77,039 2.2%
Basic net income per share (in yen)	345.42	352.97
Diluted net income per share (in yen)	-	-
Net income / Equity	9.9%	9.4%
Ordinary profit / Total assets	10.0%	9.1%
Operating profit / Revenue	14.7%	14.6%

Note 1: Comprehensive income:

Year ended March 31, 2016: JPY 65,157 million [(46.1%)]

Year ended March 31, 2015: JPY 120,990 million [24.2%]

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

Year ended March 31, 2016: JPY 6,069 million

Year ended March 31, 2015: JPY 4,812 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, 2015	March 31, 2016
Total assets	1,410,715	1,568,052
Net assets	907,341	943,144
Equity ratio	56.7%	53.1%
Net assets per share (in yen)	3,667.33	3,817.82

Note 1: Equity as of:

March 31, 2016: JPY 833,284 million

March 31, 2015: JPY 800,445 million

Note 2: Equity is calculated by deducting noncontrolling 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	
	2015	2016
Cash flows from operating activities	130,846	136,734
Cash flows from investing activities	(65,184)	(129,247)
Cash flows from financing activities	(49,790)	(26,849)
Cash and cash equivalents at end of the period	241,716	221,760

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

	Years ended March 31		
	2015	2016	2017 (projected)
1 st quarter dividends per share (in yen)	–	–	–
2 nd quarter dividends per share (in yen)	60.00	65.00	70.00
3 rd quarter dividends per share (in yen)	–	–	–
Year-end dividends per share (in yen)	65.00	70.00	75.00
Annual dividends per share (in yen)	125.00	135.00	145.00
Total annual dividend payout	27,283	29,465	
Dividend payout ratio (consolidated)	36.2%	38.2%	38.5%
Total dividends / Net assets (consolidated)	3.6%	3.6%	

3. Projections for the consolidated financial results for the fiscal year ending March 31, 2017 (April 1, 2016 – March 31, 2017) and the six-month period ending September 30, 2016 (April 1, 2016 – September 30, 2016) (In millions of yen)

	Six-month period ending September 30, 2016	Year ending March 31, 2017
Projected revenue	438,200 7.2%	933,900 6.0%
Projected operating profit	58,700 (2.5%)	130,000 1.1%
Projected ordinary profit	61,100 (3.1%)	135,100 0.2%
Projected net income attributable to owners of the parent	38,000 (5.1%)	82,300 6.8%
Projected basic net income per share (in yen)	174.10	377.07

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, 2016.

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: None

② Other changes in accounting policies: None

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, 2016: 233,288,717 shares

March 31, 2015: 233,288,717 shares

② Number of shares of treasury stock as of:

March 31, 2016: 15,026,824 shares

March 31, 2015: 15,024,812 shares

③ Number of average common shares outstanding over:

The year ended March 31, 2016: 218,262,729 shares

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

[Reference] Summary of nonconsolidated results

1. Nonconsolidated financial results for the fiscal year ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(1) Nonconsolidated operating results

(In millions of yen, figures rounded down)

	Years ended March 31	
	2015	2016
Revenue	370,663 1.8%	376,044 1.5%
Operating profit	73,174 0.4%	75,664 3.4%
Ordinary profit	81,572 3.4%	86,612 6.2%
Net income	57,492 11.6%	58,442 1.7%
Basic net income per share (in yen)	263.41	267.76
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, 2015	March 31, 2016
Total assets	795,778	826,124
Net assets	650,132	678,355
Equity ratio	81.7%	82.1%
Net assets per share (in yen)	2,978.65	3,107.99

Note: Equity as of:

March 31, 2016: JPY 678,355 million

March 31, 2015: JPY 650,132 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, 2016 (“the current fiscal year”), despite moderate upward trend in corporate earnings and employment and income environment, the outlook for Japanese economy has been remained uncertain mainly due to concerns over downturn in overseas economies including China and recent stagnation in enterprise and consumer confidences.

In this environment, we have been continuously trying to satisfy the increasingly diversified and sophisticated needs of our customers for their safety, peace of mind, comfort and convenience, 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 the 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 April 2015, we established “SECOM Lifestyle Partner Kugayama”, a facility designed to provide one-stop consultation services addressing a variety of worries for seniors in daily life. In February 2016, based on the experience earned from “SECOM Lifestyle Partner Kugayama” and operational know-how of SECOM group including “SECOM My Doctor Plus”, an emergency medical alert system for seniors, and “SECOM Medical Support Center”, in addition to the senior residence services, we launched “SECOM My-home Concierge Service”, a new limited area membership-based service to provide supports for seniors who would like to live in familiar own homes. Also, we are promoting practical use of latest security systems utilizing advanced technologies including “SECOM Airship” designed for crime prevention in private sectors.

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 “SECOM Drone” service, unprecedented small autonomous flying surveillance robot for on line security customers operating large scale facilities. In the event of an intrusion, “SECOM Drone” captures sharp, clear images of unauthorized individuals or vehicles by flying around them. In addition, in order to strengthen armored car services, we acquired all of the outstanding shares of Asahi Security

Co., Ltd, which became a new subsidiary.

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. In this circumstance, 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. We also enhanced the proposal to Japanese companies which expand their business to overseas.

As a result, mainly due to brisk sales of centralized systems, i.e., on-line security systems, for commercial and residential use, as well as security merchandise including security camera systems, revenue increased by 5.1% to 492.8 billion yen and operating profit increased by 3.8% to 112.0 billion yen.

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

Revenue increased by 8.7% to 131.7 billion yen, operating profit increased by 16.7% to 13.9 billion yen, mainly due to the active marketing efforts and the contribution of large-scale projects.

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.

Revenue increased by 6.4% to 64.0 billion yen, operating profit increased by 18.0% to 5.2 billion yen, mainly due to the firm increase in sales of pharmaceutical products.

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.

Despite revenue increased by 6.5% to 40.1 billion yen, mainly due to the firm increase in sales of MEDCOM and fire insurance policy, operating profit decreased by 3.3% to 1.8 billion yen, mainly owing to the increase in losses incurred from damage of typhoons.

In the geographic information services segment, we collected geographic data from aerial photography, vehicle/ground surveying systems and satellite images, and provided the geospatial data services, by integrating, processing, and analyzing the geographic data, to 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 diversified and sophisticated needs for the development and maintenance of critical infrastructure and the disaster recovery in Japan and overseas, through the geospatial information technology.

Revenue decreased by 0.4% to 52.5 billion yen, reflecting the decrease in revenue in public division and private division, despite of the increase in revenue in international division. Operating profit decreased by 61.9% to 0.8 billion yen, mainly due to the increase in cost ratio in public division and the provision recognized for the future anticipated losses.

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 *Anshin* My Number Service”, an integrated service that secures the collection and storage of My Number and ensures they can be used safely when necessary.

Revenue increased by 1.5% to 48.4 billion yen and operating profit increased by 9.1% to 5.2 billion yen, chiefly owing to the launch of “SECOM *Anshin* My Number Service”.

Real estate and other services segment comprises developing and selling condominiums equipped with advanced security and disaster prevention systems, real estate leasing, and construction and installation services.

Revenue decreased by 2.1% to 51.1 billion yen, mainly due to the decrease in revenue in the real estate development and sales business. Operating profit went up by 2.8% to 4.9 billion yen, chiefly owing to the decrease in selling, general and administrative expenses.

As a result, consolidated revenue for the current fiscal year increased by 4.8% to 881.0 billion yen compared with the previous fiscal year. Consolidated operating profit increased by 4.0% to 128.5 billion yen. Consolidated ordinary profit decreased by 1.4% or 1.8 billion yen to 134.8 billion yen, mainly due to the decrease in net gains on private equity investment in the U.S. from the previous fiscal year (16/3: 1.1 billion yen, 15/3: 9.2 billion yen). Consolidated net income attributable to owners of the parent increased by 2.2% or 1.6 billion yen to 77.0 billion yen, mainly due to the decrease in tax expenses. Consolidated revenue, consolidated operating profit and consolidated net income reached a record-high.

(Projections for the fiscal year ending March 31, 2017)

In regard to the outlook in Japanese economy, despite gradual improvement is expected supported by the effects of various policies, while employment and income environment is improving, still there are downward risks ascribed to the increased uncertainty in overseas economies and the effects of fluctuations in the financial and capital markets.

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, 2017, it is expected to record 9.0% increase to 537.2 billion yen in the security services segment, 0.6% increase to 132.5 billion yen in the fire protection services segment, 0.4% increase to 64.3 billion yen in the medical services segment, 2.8% increase to 41.3 billion yen in the insurance services segment, 1.6% increase to 53.4 billion yen in the geographic information services segment, 2.7% increase to 49.8 billion yen in the information and communication related services segment, 8.3% increase to 55.4 billion yen in the real estate and other services segment and consolidated revenue is expected to increase by 6.0% to 933.9 billion yen.

Consolidated operating profit is expected to increase by 1.1% to 130.0 billion yen and consolidated ordinary profit is expected to increase by 0.2% to 135.1 billion yen, consolidated net income attributable to owners of the parent is expected to increase by 6.8% to 82.3 billion yen.

(Notes for projections)

Projections for the consolidated financial results for the fiscal year ending March 31, 2017, 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, 2015	Year ended March 31, 2016	Year ending March 31, 2017 (Projection)
Revenue	840.7	881.0	933.9
Change from the previous year	+2.2%	+4.8%	+6.0%
Operating profit	123.6	128.5	130.0
Change from the previous year	+3.0%	+4.0%	+1.1%
Ordinary profit	136.6	134.8	135.1
Change from the previous year	+7.9%	(1.4%)	+0.2%
Net income attributable to owners of the parent	75.3	77.0	82.3
Change from the previous year	+7.9%	+2.2%	+6.8%
Basic net income per share (in yen)	345.42	352.97	377.07

(2) Analysis on Financial Positions

(i) Assets, Liabilities and Net Assets

Total assets as of March 31, 2016 amounted to 1,568.0 billion yen, 11.2% or 157.3 billion yen higher than those at the end of the previous fiscal year, chiefly owing to Asahi Security Co., Ltd., newly consolidated subsidiary. Total current assets, at 689.7 billion yen, were up 14.9% or 89.5 billion yen. This was largely attributable to increases in cash deposits for armored car services by 154.5% or 77.8 billion yen to 128.2 billion yen, notes and accounts receivable, trade by 7.0% or 7.9 billion yen to 122.0 billion yen, other current assets such as trade debtors by 29.7% or 6.2 billion yen to 27.3 billion yen, short-term investments by 20.8% or 5.9 billion yen to 34.4 billion yen, due from subscribers by 20.9% or 5.4 billion yen to 31.8 billion yen, despite decreases in call loans by 100.0% or 15.5 billion yen. Total fixed assets, at 878.2 billion yen, were up 8.4% or 67.7 billion yen. This was mainly attributable to

increases in intangible assets by 141.9% or 70.0 billion yen to 119.5 billion yen, tangible assets by 3.9% or 14.1 billion yen to 376.3 billion yen, despite decreases in investment securities by 7.0% or 19.9 billion yen to 264.4 billion yen.

Total liabilities amounted to 624.9 billion yen, 24.1% or 121.5 billion yen higher than those at the end of the previous fiscal year. Total current liabilities amounted to 347.6 billion yen, were up 40.3% or 99.8 billion yen, owing largely to increase in deposits received for armored car services by 497.8% or 84.3 billion yen to 101.3 billion yen and bank loans by 22.9% or 10.3 billion yen to 55.2 billion yen. Long-term liabilities increased by 8.5% or 21.6 billion yen to 277.2 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 6.3% or 9.5 billion yen to 159.6 billion yen, lease obligations by 222.0% or 8.2 billion yen to 11.9 billion yen and net defined benefit liability by 23.3% or 4.3 billion yen to 22.8 billion yen.

Total net assets amounted to 943.1 billion yen, 3.9% or 35.8 billion yen higher than those at the end of the previous fiscal year, mainly due to increase in retained earnings by 7.0% or 48.6 billion yen, despite decreases in unrealized gains on securities by 26.0% or 7.0 billion yen and remeasurements of defined benefit plans, net of taxes by 117.8% or 5.1 billion yen.

(ii) Cash Flows

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

	(In millions of yen)		
	Year ended March 31, 2015	Year ended March 31, 2016	Increase (decrease)
Cash flows from operating activities	130,846	136,734	5,887
Cash flows from investing activities	(65,184)	(129,247)	(64,063)
Cash flows from financing activities	(49,790)	(26,849)	22,940
Effect of exchange rate changes on cash and cash equivalents	1,401	(805)	(2,207)
Net increase (decrease) in cash and cash equivalents	17,273	(20,168)	(37,441)
Cash and cash equivalents at beginning of the period	224,443	241,716	17,273
Increase in cash and cash equivalents accompanied by new consolidation	-	212	212
Cash and cash equivalents at end of the period	241,716	221,760	(19,956)

(Cash flows from operating activities)

Net cash provided by operating activities for the current fiscal year amounted to 136.7 billion yen; 130.8 billion yen in the previous fiscal year. Major factors of cash increase were income before income taxes of 121.4 billion yen, depreciation and amortization of 49.8 billion yen. Major factor of cash decrease was income taxes paid of 38.8 billion yen.

(Cash flows from investing activities)

Net cash used in investing activities was 129.2 billion yen; 65.1 billion yen in the previous fiscal year. Major factors of cash decrease were acquisitions of subsidiaries accompanied with changes in scope of consolidation of 73.2 billion yen, payments for purchase of tangible assets, including security equipment and control stations, of 51.4 billion yen, purchases of investment securities of 49.3 billion yen. Major factor of cash increase was proceeds from sales and redemptions of investment securities of 55.0 billion yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 26.8 billion yen; 49.7 billion yen in the previous fiscal year. Major factors of cash decrease were dividends paid of 28.3 billion yen, repayments of long-term loans of 6.2 billion yen. Major factor of cash increase was increase in bank loans, net of 8.2 billion yen.

As a result, cash and cash equivalents as of March 31, 2016 were 221.7 billion yen, 19.9 billion yen lower than those at the end of the previous fiscal year.

(Reference) Trend of indices related to cash flows

	Years ended				
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
Equity ratio (%)	55.2	53.6	55.0	56.7	53.1
Equity ratio (market price base) (%)	80.2	84.7	97.7	124.2	116.4
Interest-bearing liabilities / Cash flows from operating activities (in year)	0.8	0.5	0.7	0.6	0.8
Interest coverage ratio	81.0	130.9	113.1	137.0	149.3

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 70 yen per share to respond to shareholders' continuous support. The dividends for the current fiscal year are 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, 10 yen higher than those for previous fiscal year, and consolidated dividend payout ratio is 38.2%. The dividends for the next fiscal year are planned to be 145 yen per share, the sum of the interim dividends of 70 yen per share and the year-end dividends of 75 yen per share.

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

Not applicable

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

	March 31, 2015	March 31, 2016
ASSETS:		
Current assets:	600,146	689,744
Cash on hand and in banks	232,221	228,458
Cash deposits for armored car services	50,395	128,267
Call loans	15,500	-
Notes and accounts receivable, trade	114,071	122,048
Due from subscribers	26,316	31,812
Short-term investments	28,517	34,448
Lease receivables and investment in leased assets	39,242	39,542
Merchandise and products	14,163	13,099
Real estate inventories	3,063	3,527
Work in process	4,031	5,557
Costs on uncompleted construction contracts	9,460	9,070
Work in process for real estate inventories	21,058	23,024
Raw materials and supplies	7,913	8,579
Deferred income taxes	12,808	12,728
Short-term loans receivable	2,268	4,086
Other	21,111	27,375
Allowance for doubtful accounts	(1,997)	(1,883)
Fixed assets:	810,541	878,293
Tangible assets:	362,161	376,305
Buildings and improvements, net	148,375	148,828
Security equipment and control stations, net	70,478	71,447
Land	119,604	116,613
Other, net	23,702	39,415
Intangible assets	49,411	119,505
Investments and others:	398,969	382,482
Investment securities	284,322	264,400
Long-term loans receivable	42,904	39,401
Net defined benefit asset	35,010	30,796
Deferred income taxes	4,874	8,602
Other	49,382	54,978
Allowance for doubtful accounts	(17,525)	(15,698)
Deferred assets	26	14
Total assets	1,410,715	1,568,052

(1) Consolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2015	March 31, 2016
LIABILITIES:		
Current liabilities:	247,755	347,633
Notes and accounts payable, trade	43,160	41,794
Bank loans	44,965	55,283
Current portion of straight bonds	1,414	2,582
Lease obligations	503	4,724
Payables - other	33,849	38,376
Accrued income taxes	21,063	22,341
Accrued consumption taxes	12,878	6,611
Accrued expenses	4,653	5,562
Deposits received for armored car services	16,945	101,306
Deferred revenue	31,348	31,389
Accrued bonuses	14,652	15,524
Provision for loss on construction contracts	1,612	1,397
Other	20,707	20,738
Long-term liabilities:	255,618	277,274
Straight bonds	8,413	8,251
Long-term loans	20,602	20,033
Lease obligations	3,712	11,954
Guarantee deposits received	36,000	35,002
Deferred income taxes	13,554	14,026
Accrued retirement benefits for directors and audit and supervisory board members	1,415	1,387
Net defined benefit liability	18,504	22,816
Investment deposits by policyholders, unearned premiums and other insurance liabilities	150,119	159,636
Other	3,295	4,166
Total liabilities	503,374	624,907
NET ASSETS:		
Shareholders' equity:	767,630	816,340
Common stock	66,377	66,377
Capital surplus	80,265	80,326
Retained earnings	694,688	743,353
Common stock in treasury, at cost	(73,701)	(73,717)
Accumulated other comprehensive income:	32,815	16,944
Unrealized gains on securities	26,981	19,964
Deferred losses on hedges	(34)	(40)
Foreign currency translation adjustments	1,477	(2,196)
Remeasurements of defined benefit plans, net of taxes	4,390	(783)
Noncontrolling Interests	106,895	109,859
Total net assets	907,341	943,144
Total liabilities and net assets	1,410,715	1,568,052

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

Consolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Revenue	840,722	881,028
Costs of revenue	557,884	586,539
Gross profit	282,837	294,488
Selling, general and administrative expenses	159,222	165,906
Operating profit	123,615	128,582
Non-operating income	18,366	11,380
Non-operating expenses	5,293	5,136
Ordinary profit	136,688	134,826
Extraordinary profit	1,962	1,584
Extraordinary losses	11,384	15,003
Income before income taxes	127,265	121,408
Income taxes - current	43,156	39,150
Income taxes - deferred	(37)	(526)
Total income taxes	43,119	38,624
Net income	84,146	82,784
Net income attributable to noncontrolling interests	8,754	5,745
Net income attributable to owners of the parent	75,392	77,039

Consolidated Statements of Comprehensive Income

(In millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Net income	84,146	82,784
Other comprehensive income (losses):	36,843	(17,626)
Unrealized gains (losses) on securities	15,058	(7,103)
Foreign currency translation adjustments	9,527	(1,616)
Remeasurements of defined benefit plans, net of taxes	8,581	(6,163)
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method	3,676	(2,743)
Comprehensive income	120,990	65,157
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent company	110,128	61,168
Comprehensive income attributable to noncontrolling interests	10,861	3,989

(3) Consolidated Statements of Changes in Net Assets

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 attributable to owners of the parent			75,392		75,392
Purchase of treasury stock				(19)	(19)
Disposal of treasury stock		0		0	0
Changes in shares of parent arising from transactions with non-controlling interest		(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					Noncontrolling interests in subsidiaries	Total net assets
	Unrealized gains on securities	Deferred 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 attributable to owners of the parent							75,392
Purchase of treasury stock							(19)
Disposal of treasury stock							0
Changes in shares of parent arising from transactions with non-controlling interest							(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

Year ended March 31, 2016

(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	80,265	694,688	(73,701)	767,630
Accumulated effect of changes in accounting policies					-
Balance at the beginning of the current period after changes in accounting policies	66,377	80,265	694,688	(73,701)	767,630
Changes during the current period:					
Cash dividends			(28,374)		(28,374)
Net income attributable to owners of the parent			77,039		77,039
Purchase of treasury stock				(16)	(16)
Disposal of treasury stock		0		0	0
Changes in shares of parent arising from transactions with non-controlling interest		61			61
Net changes of items other than shareholders' equity					
Total changes during the current period	-	61	48,665	(16)	48,709
Balance at the end of the current period	66,377	80,326	743,353	(73,717)	816,340

(In millions of yen)

	Accumulated other comprehensive income					Noncontrolling interests in subsidiaries	Total net assets
	Unrealized gains (losses) on securities	Deferred 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	26,981	(34)	1,477	4,390	32,815	106,895	907,341
Accumulated effect of changes in accounting policies							-
Balance at the beginning of the current period after changes in accounting policies	26,981	(34)	1,477	4,390	32,815	106,895	907,341
Changes during the current period:							
Cash dividends							(28,374)
Net income attributable to owners of the parent							77,039
Purchase of treasury stock							(16)
Disposal of treasury stock							0
Changes in shares of parent arising from transactions with non-controlling interest							61
Net changes of items other than shareholders' equity	(7,017)	(5)	(3,673)	(5,173)	(15,870)	2,963	(12,906)
Total changes during the current period	(7,017)	(5)	(3,673)	(5,173)	(15,870)	2,963	35,803
Balance at the end of the current period	19,964	(40)	(2,196)	(783)	16,944	109,859	943,144

(4) Consolidated Statements of Cash Flows

(In millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Cash flows from operating activities:		
Income before income taxes	127,265	121,408
Depreciation and amortization	47,633	49,838
Amortization of goodwill	1,509	2,291
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(4,812)	(6,069)
Increase (decrease) in allowance for doubtful accounts	156	280
Increase/decrease in net defined benefit liability and asset	(864)	(2,206)
Interest and dividend income	(3,816)	(4,243)
Interest expenses	946	896
Exchange (gains) losses	(574)	556
Net (gains) losses on sales and disposal of fixed assets	847	1,457
Impairment losses on fixed assets	4,933	11,584
Net (gains) losses on sales of investment securities	(129)	(1,533)
Net (gains) losses on revaluation of investment securities	21	860
Net (gains) losses on sales of investment securities in subsidiaries and affiliates	24	(20)
Write-down on real estate inventories	1,564	1,463
Write down on investments in capital	3,635	-
Net (gains) losses on private equity investment	(9,269)	(1,133)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	927	(8,389)
(Increase) decrease in lease receivables and investment in leased assets	(3,398)	(299)
(Increase) decrease in inventories	(11,248)	(2,450)
Increase (decrease) in accounts payable	(3,707)	(605)
Increase (decrease) in accrued consumption taxes	8,725	(6,954)
Increase (decrease) in deferred revenue	64	(236)
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	9,020	9,516
Increase/decrease in cash deposits/deposits received for armored car services	7,382	6,488
Other	(1,938)	(4,072)
Subtotal	174,897	168,427
Interest and dividend received	7,076	8,100
Interest paid	(955)	(915)
Income taxes paid	(50,172)	(38,877)
Net cash provided by (used in) operating activities	130,846	136,734
Cash flows from investing activities:		
(Increase) decrease in time deposits, net	537	(516)
(Increase) decrease in short-term investments, net	2,038	(240)
Payments for purchases of tangible assets	(47,168)	(51,447)
Proceeds from sales of tangible assets	3,578	3,029
Payments for purchases of intangible assets	(7,719)	(8,125)
Payments for purchases of investment securities	(51,409)	(49,348)
Proceeds from sales and redemptions of investment securities	38,237	55,035
Payments for acquisitions of affiliates	(163)	(11)
(Increase) decrease in short-term loans receivable, net	(13)	(105)
Payments for long-term loans receivable	(7,689)	(6,608)
Proceeds from long-term loans receivable	4,387	3,089
Acquisitions of subsidiaries accompanied with changes in scope of consolidation	(58)	(73,282)
Other	258	(715)
Net cash provided by (used in) investing activities	(65,184)	(129,247)
Cash flows from financing activities:		
Increase (decrease) in bank loans, net	(8,276)	8,271
Proceeds from long-term loans	9,075	2,394
Repayments of long-term loans	(4,651)	(6,229)
Repayments of lease obligations	(601)	(1,625)
Proceeds from issuance of straight bonds	1,995	2,362
Payments for redemption of straight bonds	(4,640)	(1,414)
Proceeds from stock issuance to noncontrolling shareholders	23	65
Dividends paid	(38,196)	(28,374)
Dividends paid for noncontrolling shareholders	(3,762)	(2,207)
(Increase) decrease in treasury stocks, net	(18)	(16)
Payments for acquisitions of subsidiaries not accompanied with changes in scope of consolidation	(735)	(75)
Net cash provided by (used in) financing activities	(49,790)	(26,849)
Effect of exchange rate changes on cash and cash equivalents	1,401	(805)
Net increase (decrease) in cash and cash equivalents	17,273	(20,168)
Cash and cash equivalents at beginning of the period	224,443	241,716
Increase in cash and cash equivalents accompanied by new consolidation	-	212
Cash and cash equivalents at end of the period	241,716	221,760

(5) Notes Regarding the Consolidated Financial Statement

[Notes Regarding the Assumption of Going Concern]

Not applicable

Changes in the Presentations of Consolidated Financial Statements

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

The Company adopted the provision in the section 39 of the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), and changed the presentation of net income, etc. as well as the presentation of minority interests to noncontrolling interests. To reflect these changes in the presentations, the consolidated financial statements for the previous fiscal year have been reclassified.

[Related to Consolidated Balance Sheet]

In the previous fiscal year, “deposits received for armored car services” was included in “Other” in current liabilities. Since the amount of the item in the consolidated balance sheet became material, the item was reclassified to be presented independently in the current liabilities. In order to reflect the change in the presentation, the consolidated balance sheet for the previous fiscal year was reclassified.

As a result, “Other” in current liabilities of 16,945 million yen in the consolidated balance sheet in the previous fiscal year was reclassified in “deposits received for armored car services”.

(6) Segment Information, etc.

[Segment Information]

1. Summary of Reportable Segments

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

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

Year ended March 31, 2016

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Revenue:					
Customers	492,843	131,743	64,038	40,186	52,553
Intersegment	11,950	3,764	177	2,945	182
Subtotal	504,794	135,507	64,216	43,131	52,736
Segment profit	112,063	13,909	5,207	1,848	854
Segment assets	848,600	140,422	146,786	208,221	62,725
Other items					
Depreciation and amortization	33,419	1,549	3,096	1,384	2,999
Amortization of goodwill	1,043	155	131	0	21
Impairment losses on fixed assets	-	-	99	-	1,152
Increase in tangible and intangible assets	131,269	5,025	6,863	2,404	2,123

	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	48,488	829,853	51,175	881,028	-	881,028
Intersegment	7,456	26,477	2,478	28,955	(28,955)	-
Subtotal	55,944	856,330	53,653	909,984	(28,955)	881,028
Segment profit	5,212	139,096	4,972	144,068	(15,485)	128,582
Segment assets	109,414	1,516,171	153,977	1,670,149	(102,096)	1,568,052
Other items						
Depreciation and amortization	6,592	49,041	904	49,946	(107)	49,838
Amortization of goodwill	939	2,291	-	2,291	-	2,291
Impairment losses on fixed assets	5,637	6,888	0	6,889	4,695	11,584
Increase in tangible and intangible assets	7,707	155,395	229	155,624	(517)	155,106

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, etc.

Note 2: Adjustment of segment profit includes intersegment eliminations of (124) million yen and corporate expenses not allocated to each reportable segment of 15,610 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 (254,219) million yen and corporate assets not belonging to each reportable segment of 152,123 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 (765) million yen and depreciation of corporate assets not belonging to each reportable segment of 658 million yen.

Adjustment of impairment losses on fixed assets includes the impairment losses on the corporate assets not belonging to each reportable segment of 4,695 million yen.

Adjustment of increase in tangible and intangible assets includes intersegment elimination of (926) million yen and capital investments of software, etc. not belonging to each reportable segment of 408 million yen.

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

[Related Information]

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.

Year Ended March 31, 2016

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
833,992	47,036	881,028

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

(2) Tangible Assets

(In millions of yen)

Japan	Others	Total
364,550	11,754	376,305

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, 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

Year Ended March 31, 2016

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Amortization of goodwill:					
Amortized amount	1,043	155	131	0	21
Unamortized balance	58,411	878	426	0	109
Negative goodwill:					
Amortized amount	-	123	-	-	-
Unamortized balance	-	92	-	-	-

(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	2,291	-	2,291	-	2,291
Unamortized balance	10,887	70,712	-	70,712	-	70,712
Negative goodwill:						
Amortized amount	-	123	-	123	-	123
Unamortized balance	-	92	-	92	-	92

(7) Notes to Business Combination

Business Combination by Share Acquisition

Acquisition of Asahi Security Co., Ltd.

1. Outline of Business Combination

(i) Name and Business Description of the Acquired Company

(a) Name

Asahi Security Co., Ltd.

(b) Business Description

Cash Collection and delivery and On-line security systems

(ii) Purpose of Acquisition

(a) Asahi Security has built diversified clients network, service infrastructure and operational know-how through provision of cash collection and delivery services for its clients, mainly retailers and restaurants etc. and operation of 24-hour centers for those services.

(b) SECOM and Asahi Security aim to provide higher quality services for more clients and enhance corporate values through collaboration utilizing business infrastructure of SECOM group.

(iii) Date of Business Combination

December 1, 2015

(iv) Legal Form of Business Combination

Share acquisition

(v) Name of Company after Business Combination

Asahi Security Co., Ltd.

(vi) Percentage of Voting Rights Acquired

100%

(vii) Principal Reason for Determining Acquiring Company

Since the Company delivered the consideration of the acquired shares which consisted of cash only, the Company is determined as the acquiring company.

2. Period Included in Consolidated Financial Statements

January 1, 2016 – March 31, 2016

3. Acquisition Cost of Company Subject to Business Combination and Breakdown Thereof

Consideration for Acquisition

<u>Cash on hand and in banks</u>	<u>81,000 million yen</u>
Acquisition Cost	81,000 million yen

4. Details and amount of acquisition related costs

Advisory fees etc. 296 million yen

5. Amount and Cause of Goodwill, Amortization Method and Period

(1) Amount of Goodwill

57,517 million yen

(2) Cause of Goodwill

Estimated future excess earning power being expected based on the future business operation.

(3) Amortization Method and Period

Amortization by the straight-line method over 20 years

6. Amount of Assets Acquired and Liabilities Assumed on the Day of Business Combination

Current assets	122,039 million yen
<u>Fixed assets</u>	<u>31,755 million yen</u>
Total assets	153,794 million yen
Current liabilities	115,793 million yen
<u>Long-term liabilities</u>	<u>14,518 million yen</u>
Total liabilities	130,311 million yen

7. Amount and Amortization Period Allocated to Intangible Assets

	[Amount]	[Amortization Period]
Customer Relationships	13,214 million yen	15 years

(8) Significant Subsequent Events

Not applicable

3. Nonconsolidated Financial Statements

(1) Nonconsolidated Balance Sheets

(In millions of yen)

	March 31, 2015	March 31, 2016
ASSETS:		
Current assets:		
Cash on hand and in banks	93,569	45,433
Cash deposits for armored car services	48,396	40,877
Notes receivable	640	592
Due from subscribers	16,066	16,229
Accounts receivable, trade	11,202	10,996
Receivables - other	3,054	4,454
Short-term investments	437	3,444
Merchandise	6,694	6,453
Supplies	1,379	1,676
Prepaid expenses	2,210	2,172
Deferred income taxes	4,415	3,736
Short-term loans receivable	20,423	22,255
Other	1,772	1,698
Allowance for doubtful accounts	(216)	(152)
Total current assets	210,048	159,867
Fixed assets:		
Tangible assets:		
Buildings and improvements	16,458	16,572
Automobiles	824	795
Security equipment and control stations	67,715	67,624
Machinery and equipment	192	170
Tools, furniture and fixtures	3,326	3,424
Land	28,303	22,015
Construction in progress	1,714	1,564
Other	12	18
Total tangible assets	118,548	112,187
Intangible assets:		
Software	4,644	5,794
Other	730	574
Total intangible assets	5,375	6,369
Investments and others:		
Investment securities	29,725	20,588
Investment securities in subsidiaries and affiliates	239,120	325,104
Investments in subsidiaries and affiliates	1,938	1,938
Long-term loans receivable	150,955	146,716
Lease deposits	7,526	7,642
Long-term prepaid expenses	22,126	21,244
Prepaid pension and severance costs	21,530	23,177
Insurance funds	4,294	4,294
Other	2,534	2,545
Allowance for doubtful accounts	(17,946)	(5,551)
Total investments and others	461,806	547,700
Total fixed assets	585,730	666,256
Total Assets	795,778	826,124

(1) Nonconsolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2015	March 31, 2016
LIABILITIES:		
Current liabilities:		
Accounts payable	3,172	3,641
Bank loans	29,416	36,923
Lease obligations	185	198
Payables – other	15,675	15,698
Payables – construction	4,480	3,980
Accrued income taxes	10,826	9,479
Accrued consumption taxes	7,088	2,718
Accrued expenses	800	737
Deposits received for armored car services	15,124	13,975
Deferred revenue	21,269	20,923
Accrued bonuses	6,296	6,246
Other	4,311	4,177
Total current liabilities	118,647	118,699
Long-term liabilities:		
Lease obligations	2,661	2,601
Guarantee deposits received	17,286	17,038
Deferred income taxes	3,400	6,213
Accrued pension and severance costs	3,241	2,835
Other	408	378
Total long-term liabilities	26,998	29,068
Total liabilities	145,646	147,768
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	556,013	586,082
Total retained earnings	568,053	598,122
Common stock in treasury, at cost	(73,701)	(73,717)
Total shareholders' equity	643,784	673,836
Valuation, translation adjustments and others:		
Unrealized gains on securities	6,347	4,518
Total valuation, translation adjustments and others	6,347	4,518
Total net assets	650,132	678,355
Total liabilities and net assets	795,778	826,124

(2) Nonconsolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2015	Year ended March 31, 2016
Revenue	370,663	376,044
Costs	221,441	223,189
Gross Profit	149,221	152,855
Selling, general and administrative expenses	76,046	77,191
Operating profit	73,174	75,664
Non-operating income:		
Interest income	1,751	1,740
Dividends income	9,211	11,527
Other	751	371
Total non-operating income	11,714	13,639
Non-operating expenses:		
Interest expenses	293	300
Loss on sales and disposal of fixed assets	2,241	1,460
Write-off of long-term prepaid expenses	555	510
Other	225	419
Total non-operating expenses	3,316	2,691
Ordinary profit	81,572	86,612
Extraordinary profit:		
Reversal of allowance for doubtful accounts	-	2,051
Gain on sales of investment securities	-	823
Gain on sales of tangible assets	1,540	168
Other	130	21
Total extraordinary profit	1,670	3,064
Extraordinary losses:		
Impairment loss on fixed assets	1,424	5,682
Loss on revaluation of investment securities	17	748
Overseas tax related loss	781	51
Provision for allowance for doubtful accounts	303	-
Other	278	251
Total extraordinary losses	2,805	6,733
Income before income taxes	80,437	82,943
Income taxes - current	22,816	19,989
Income taxes - deferred	128	4,510
Total income taxes	22,945	24,500
Net income	57,492	58,442

(3) Nonconsolidated Statements of Changes in Net Assets

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				
	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	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 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

Year Ended March 31, 2016

(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		Accumulated earnings carried forward	
	Reserve for system developments	General reserve			
Balance at the beginning of the current period	9,028	800	2,212	556,013	568,053
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	556,013	568,053
Changes during the current period:					
Cash dividends				(28,374)	(28,374)
Net income				58,442	58,442
Purchase of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes during the current period	-	-	-	30,068	30,068
Balance at the end of the current period	9,028	800	2,212	586,082	598,122

(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	(73,701)	643,784	6,347	6,347	650,132
Accumulated effect of changes in accounting policies					
Balance at the beginning of the current period after changes in accounting policies	(73,701)	643,784	6,347	6,347	650,132
Changes during the current period:					
Cash dividends		(28,374)			(28,374)
Net income		58,442			58,442
Purchase of treasury stock	(16)	(16)			(16)
Disposal of treasury stock	0	0			0
Net changes of items other than shareholders' equity			(1,828)	(1,828)	(1,828)
Total changes during the current period	(16)	30,052	(1,828)	(1,828)	28,223
Balance at the end of the current period	(73,717)	673,836	4,518	4,518	678,355

(4) Significant Subsequent Events

Not applicable