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FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2017
(Based on JAPANESE GAAP) (Consolidated)

May 11, 2017

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
For inquiries: Junzo Nakayama, Executive Director Phone (03) 5775-8100
Scheduled date of General Shareholders' Meeting: June 27, 2017
Scheduled date of dividend payout: June 28, 2017
Scheduled date of filing Securities Report: June 27, 2017
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, 2017 (April 1, 2016 – March 31, 2017)

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

	Years ended March 31	
	2016	2017
Revenue	881,028 4.8%	928,098 5.3%
Operating profit	128,582 4.0%	131,050 1.9%
Ordinary profit	134,826 (1.4%)	147,033 9.1%
Net income attributable to owners of the parent	77,039 2.2%	84,170 9.3%
Basic net income per share (in yen)	352.97	385.64
Diluted net income per share (in yen)	-	-
Net income / Equity	9.4%	9.8%
Ordinary profit / Total assets	9.1%	9.1%
Operating profit / Revenue	14.6%	14.1%

Note 1: Comprehensive income:

Year ended March 31, 2017: JPY 101,312 million [55.5%]

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

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

Year ended March 31, 2017: JPY 3,734 million

Year ended March 31, 2016: JPY 6,069 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, 2016	March 31, 2017
Total assets	1,568,052	1,650,176
Net assets	943,144	1,013,253
Equity ratio	53.1%	54.1%
Net assets per share (in yen)	3,817.82	4,086.87

Note 1: Equity as of:

March 31, 2017: JPY 892,000 million

March 31, 2016: JPY 833,284 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	
	2016	2017
Cash flows from operating activities	136,734	171,121
Cash flows from investing activities	(129,247)	(42,964)
Cash flows from financing activities	(26,849)	(55,942)
Cash and cash equivalents at end of the period	221,760	292,994

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

	Years ended March 31		
	2016	2017	2018 (projected)
1 st quarter dividends per share (in yen)	–	–	–
2 nd quarter dividends per share (in yen)	65.00	70.00	75.00
3 rd quarter dividends per share (in yen)	–	–	–
Year-end dividends per share (in yen)	70.00	75.00	80.00
Annual dividends per share (in yen)	135.00	145.00	155.00
Total annual dividend payout	29,465	31,647	
Dividend payout ratio (consolidated)	38.2%	37.6%	39.9%
Total dividends / Net assets (consolidated)	3.6%	3.7%	

3. Projections for the consolidated financial results for the fiscal year ending March 31, 2017 (April 1, 2017 – March 31, 2018) and the six-month period ending September 30, 2017 (April 1, 2017 – September 30, 2017) (In millions of yen)

	Six-month period ending September 30, 2017	Year ending March 31, 2018
Projected revenue	445,000 1.1%	940,000 1.3%
Projected operating profit	57,900 (6.8%)	132,400 1.0%
Projected ordinary profit	60,000 (10.9%)	139,200 (5.3%)
Projected net income attributable to SECOM CO., LTD	37,400 (8.5%)	84,800 0.7%
Projected basic net income per share (in yen)	171.36	388.53

Note 1: The projected basic net income per share is calculated based on the number of common shares outstanding, excluding treasury stock, as of March 31, 2017.

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: 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, 2017: 233,288,717 shares

March 31, 2016: 233,288,717 shares

② Number of shares of treasury stock as of:

March 31, 2017: 15,028,470 shares

March 31, 2016: 15,026,824 shares

③ Number of average common shares outstanding over:

The year ended March 31, 2017: 218,261,126 shares

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

[Reference] Summary of nonconsolidated results

1. Nonconsolidated financial results for the fiscal year ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(1) Nonconsolidated operating results

(In millions of yen, figures rounded down)

	Years ended March 31	
	2016	2017
Revenue	376,044 1.5%	382,476 1.7%
Operating profit	75,664 3.4%	76,283 0.8%
Ordinary profit	86,612 6.2%	86,543 (0.1%)
Net income	58,442 1.7%	63,260 8.2%
Basic net income per share (in yen)	267.76	289.84
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, 2016	March 31, 2017
Total assets	826,124	850,851
Net assets	678,355	713,263
Equity ratio	82.1%	83.8%
Net assets per share (in yen)	3,107.99	3,267.95

Note: Equity as of:

March 31, 2017: JPY 713,263 million

March 31, 2016: JPY 678,355 million

Note on status of audit procedures

This report is excluded from the scope of audit procedures.

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 (4) Projections for the fiscal year ending March 31, 2018” on page 6 to 7 in the appendices.

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1. Operating Results

(1) Analysis on Operating Results

During the fiscal year ended March 31, 2017 (“the current fiscal year”), despite stagnations in private consumption being seen, the outlook for Japanese economy has been in moderate upward trend in corporate earnings and employment environment thanks to the effects of various economic and financial policies. On the other hand, continual attentions to the uncertainties in emerging economies including China, UK exiting the EU (BREXIT) and the trends in the U.S. economy and financial policies have been required.

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 September 2016, we launched “Secom 3D Security Planning” based on high-precision 3D images for security planning which demonstrated its effectiveness in security operations at the G7 Ise-Shima Summit. Also, in December 2016, we announced “Secom My Doctor Watch”, wearable wristband terminal for health management and emergency medical service, to be launched in 2017 early summer. “Secom My Doctor Watch” was developed capitalizing our broad range of service for providing security and peace of mind.

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. In addition, we provided supports for large-scale events ensuring safety and peace of mind for all concerned with strengthened offer of services and systems. For the security planning, we assisted to develop an optimum security plan capitalizing “Secom 3D Security Planning”. And for the provision of security services, we contributed to the successful staging of the events utilizing “3D Security”, a distinctive package of the latest security systems including “Secom Aerostat” to secure the scene and “Secom static guards” from the air and “temporary surveillance cameras”, “wearable cameras” and “Secom Drone

Detection System” on the ground.

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. Also, we introduced “Secom *Anshin* App”, which allows subscribers to set their security systems remotely from their smartphones. In addition, we began providing “Coco Secom” service, which combines location service utilizing GPS and mobile phone networks and response services by Secom security personnel, to smartphones for kids, which major telecommunications newly marketed in January 2017.

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. Furthermore, in order to strengthen the service foundation in UK, Secom plc acquired all of the outstanding shares of Scan Alarms Ltd., which became a new subsidiary.

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 access control systems and owing to the contribution of Asahi Security Co., Ltd., a newly consolidated subsidiary from December 2015, revenue increased by 8.4% to 534.2 billion yen and operating profit increased by 1.3% to 113.5 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 decreased by 4.2% to 126.2 billion yen and operating profit decreased by 5.2% to 13.1 billion yen, mainly attributable to the contribution of large-scale projects in the previous fiscal year, despite of active marketing efforts.

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.

Despite revenue increased by 4.4% to 66.8 billion yen, mainly due to firm increase in sales of pharmaceutical products and owing to the contribution of Takshasila Hospitals Operating Pvt. Ltd., a newly consolidated general hospital business subsidiary in India, operating profit decreased by 10.0% to 4.6 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 4.4% to 41.9 billion yen and operating profit increased by 16.0% to 2.1 billion yen, mainly due to the firm increase in sales of MEDCOM, unrestricted cancer treatment policy provided by Secom General Insurance Co., Ltd.

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 1.8% to 51.6 billion yen, reflecting the decrease in revenue in international division. Operating profit increased by 47.4% to 1.2 billion yen, mainly attributable to the improvement in the cost ratio and the decrease in selling, general and administrative expenses.

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. We commenced sales of the “Secom Premium Net Remote Browser“, a cloud-based service, which isolates customers’ in-house computer systems from the internet to protect them from increasingly sophisticated and cunning web-based viruses and cyber-attacks.

Revenue increased by 2.8% to 49.8 billion yen, chiefly owing to the contribution of “SECOM *Anshin My Number Service*” launched in the previous fiscal year. Operating profit increased by 34.0% to 6.9 billion yen, chiefly owing to the decrease 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 12.0% to 57.3 billion yen and operating profit went up by 5.3% to 5.2 billion yen, mainly due to the increase in revenue in the real estate development and sales business.

As a result, consolidated revenue for the current fiscal year increased by 5.5% to 928.0 billion yen compared with the previous fiscal year. Consolidated operating profit increased by 1.9% to 131.0 billion yen. Consolidated ordinary profit increased by 9.1% to 147.0 billion yen, mainly due to the increase in net gains on private equity investment in the U.S. (17/3: 14.4 billion yen, 16/3: 1.1 billion yen) Consolidated net income attributable to owners of the parent increased by 9.3% to 84.1 billion yen. Consolidated revenue, consolidated operating profit, consolidated ordinary profit and consolidated net income attributable to owners of the parent all reached a record-high.

(2) Analysis on Financial Positions

Total assets as of March 31, 2017 amounted to 1,650.1 billion yen, 5.2% or 82.1 billion yen higher than those at the end of the previous fiscal year. Total current assets, at 761.8 billion yen, were up 10.4% or 72.0 billion yen. This was largely attributable to the increases in cash on hand and in banks by 32.3% or 73.9 billion yen to 302.3 billion yen and lease receivables and investment in leased assets by 11.2% or 4.4 billion yen to 43.9 billion yen, despite the decrease in short-term investments by 14.7% or 5.0 billion yen to 29.3 billion yen. Total fixed assets, at 888.3 billion yen, were up 1.1% or 10.0 billion yen. This was mainly attributable to the increase in investment securities by 6.3% or 16.5 billion yen to 280.9 billion yen, despite the decrease in intangible assets by 6.2% or 7.3 billion yen to 112.1 billion yen.

Total liabilities amounted to 636.9 billion yen, 1.9% or 12.0 billion yen higher than those at the end of the previous fiscal year. Total current liabilities amounted to 353.9 billion yen, were up 1.8% or 6.3 billion yen, owing largely to the increases in deposits received for armored car services by 6.5% or 6.5 billion yen to 107.8 billion yen, accrued income taxes by 23.4% or 5.2 billion yen to 27.5 billion yen and other including payables-construction by 23.4% or 4.8 billion yen to 25.5 billion yen, despite the decrease in bank loans by 18.7% or 10.3 billion yen to 44.9 billion yen. Long-term liabilities increased by 2.1% or 5.7 billion yen to 282.9 billion yen, compared to at the end of the previous fiscal year. This was mainly attributable to the increases in deferred income taxes by 56.4% or 7.9 billion yen to 21.9 billion yen and investment deposits by policyholders, unearned premiums and other insurance liabilities by 4.1% or 6.5 billion yen to 166.1 billion yen, despite the decreases in long-term loans by 29.5% or 5.9 billion yen to 14.1 billion yen, straight bonds by 15.1% or 1.2 billion yen to 7.0 billion yen and guarantee deposits received by 3.1% or 1.0 billion yen to 33.9 billion yen.

Total net assets amounted to 1,013.2 billion yen, 7.4% or 70.1 billion yen higher than those at the end of the previous fiscal year, mainly due to the increases in retained earnings by 7.3% or 54.1 billion yen, remeasurements of defined benefit plans, net of taxes by 664.9% or 5.2 billion yen and noncontrolling interests by 10.4% or 11.3 billion yen.

(3) Analysis on Cash Flows

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

	(In millions of yen)		
	Year ended March 31, 2016	Year ended March 31, 2017	Increase (decrease)
Cash flows from operating activities	136,734	171,121	34,386
Cash flows from investing activities	(129,247)	(42,964)	86,282
Cash flows from financing activities	(26,849)	(55,942)	(29,092)
Effect of exchange rate changes on cash and cash equivalents	(805)	(979)	(174)
Net increase (decrease) in cash and cash equivalents	(20,168)	71,234	91,402
Cash and cash equivalents at beginning of the period	241,716	221,760	(19,956)
Increase in cash and cash equivalents accompanied by new consolidation	212	-	(212)
Cash and cash equivalents at end of the period	221,760	292,994	71,234

(Cash flows from operating activities)

Net cash provided by operating activities for the current fiscal year amounted to 171.1 billion yen; 136.7 billion yen in the previous fiscal year. Major factors of cash increase were income before income taxes of 141.8 billion yen and depreciation and amortization of 55.6 billion yen. Major factor of cash decrease was income taxes paid of 40.0 billion yen.

(Cash flows from investing activities)

Net cash used in investing activities was 42.9 billion yen; 129.2 billion yen in the previous fiscal year. Major factors of cash decrease were payments for purchases of tangible assets, including security equipment and control stations of 46.0 billion yen and payments for purchases of investment securities of 31.7 billion yen. Major factor of cash increase was proceeds from sales and redemptions of investment securities of 43.2 billion yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 55.9 billion yen; 26.8 billion yen in the previous fiscal year. Major factors of cash decrease were dividends paid of 30.5 billion yen, decrease in bank loans, net of 12.7 billion yen and repayments of long-term loans of 6.5 billion yen. Major factor of cash increase was proceeds from long-term loans of 3.1 billion yen.

As a result, cash and cash equivalents as of March 31, 2017 were 292.9 billion yen, 71.2 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, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017
Equity ratio (%)	53.6	55.0	56.7	53.1	54.1
Equity ratio (market price base) (%)	84.7	97.7	124.2	116.4	105.4
Interest-bearing liabilities / Cash flows from operating activities (in year)	0.5	0.7	0.6	0.8	0.5
Interest coverage ratio	130.9	113.1	137.0	149.3	173.8

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

(4) Projections for the fiscal year ending March 31, 2018

In regard to the outlook in Japanese economy, despite a trend of (continuous) gradual recovery reflecting improvements in employment and income environment, 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, as well as further application of open-innovation initiative, and actively develop and promote our services and products.

In projections for the consolidated financial results for the fiscal year ending March 31, 2018, it is expected to record 1.1% increase to 540.4 billion yen in the security services segment, 5.4% increase to 133.0 billion yen in the fire protection services segment, 3.1% increase to 68.9 billion yen in the medical

services segment, 2.5% increase to 43.0 billion yen in the insurance services segment, 2.3% decrease to 50.4 billion yen in the geographic information services segment, 2.7% increase to 51.2 billion yen in the information and communication related services segment, 7.4% decrease to 53.1 billion yen in the real estate and other services segment and consolidated revenue is expected to increase by 1.3% to 940.0 billion yen.

Consolidated operating profit is expected to increase by 1.0% to 132.4 billion yen and consolidated ordinary profit is expected to decrease by 5.3% to 139.2 billion yen, consolidated net income attributable to owners of the parent is expected to increase by 0.7% to 84.8 billion yen.

(Notes for projections)

Projections for the consolidated financial results for the fiscal year ending March 31, 2018, 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, 2016	Year ended March 31, 2017	Year ending March 31, 2018 (Projection)
Revenue	881.0	928.0	940.0
Change from the previous year	+4.8%	+5.3%	+1.3%
Operating profit	128.5	131.0	132.4
Change from the previous year	+4.0%	+1.9%	+1.0%
Ordinary profit	134.8	147.0	139.2
Change from the previous year	(1.4%)	+9.1%	(5.3%)
Net income attributable to owners of the parent	77.0	84.1	84.8
Change from the previous year	+2.2%	+9.3%	+0.7%
Basic net income per share (in yen)	352.97	385.64	388.53

(5) 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 75 yen per share to respond to shareholders' continuous support. The dividends for the current fiscal year are 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, 10 yen higher than those for previous fiscal year, and consolidated dividend payout ratio is 37.6%. The dividends for the next fiscal year are planned to be 155 yen per share, the sum of the interim dividends of 75 yen per share and the year-end dividends of 80 yen per share.

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

Not applicable

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

	March 31, 2016	March 31, 2017
ASSETS:		
Current assets:	689,744	761,804
Cash on hand and in banks	228,458	302,364
Cash deposits for armored car services	128,267	130,619
Notes and accounts receivable, trade	122,048	119,801
Due from subscribers	31,812	33,090
Short-term investments	34,448	29,387
Lease receivables and investment in leased assets	39,542	43,974
Merchandise and products	13,099	11,915
Real estate inventories	3,527	5,223
Work in process	5,557	4,913
Costs on uncompleted construction contracts	9,070	8,979
Work in process for real estate inventories	23,024	22,283
Raw materials and supplies	8,579	8,385
Deferred income taxes	12,728	14,003
Short-term loans receivable	4,086	4,942
Other	27,375	23,684
Allowance for doubtful accounts	(1,883)	(1,766)
Fixed assets:	878,293	888,367
Tangible assets:	376,305	376,536
Buildings and improvements, net	148,828	150,254
Security equipment and control stations, net	71,447	69,569
Land	116,613	116,825
Other, net	39,415	39,886
Intangible assets	119,505	112,131
Investments and others:	382,482	399,698
Investment securities	264,400	280,974
Long-term loans receivable	39,401	38,403
Net defined benefit asset	30,796	35,282
Deferred income taxes	8,602	9,592
Other	54,978	51,436
Allowance for doubtful accounts	(15,698)	(15,990)
Deferred assets	14	4
Total assets	1,568,052	1,650,176

(1) Consolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2016	March 31, 2017
LIABILITIES:		
Current liabilities:	347,633	353,933
Notes and accounts payable, trade	41,794	44,635
Bank loans	55,283	44,969
Current portion of straight bonds	2,582	1,460
Lease obligations	4,724	4,752
Payables - other	38,376	37,469
Accrued income taxes	22,341	27,557
Accrued consumption taxes	6,611	5,765
Accrued expenses	5,562	5,315
Deposits received for armored car services	101,306	107,878
Deferred revenue	31,389	30,552
Accrued bonuses	15,524	15,447
Provision for losses on construction contracts	1,397	2,532
Other	20,738	25,596
Long-term liabilities:	277,274	282,989
Straight bonds	8,251	7,003
Long-term loans	20,033	14,123
Lease obligations	11,954	11,777
Guarantee deposits received	35,002	33,907
Deferred income taxes	14,026	21,943
Accrued retirement benefits for directors and audit and supervisory board members	1,387	1,306
Net defined benefit liability	22,816	22,428
Investment deposits by policyholders, unearned premiums and other insurance liabilities	159,636	166,155
Other	4,166	4,342
Total liabilities	624,907	636,922
NET ASSETS:		
Shareholders' equity:	816,340	870,437
Common stock	66,377	66,377
Capital surplus	80,326	80,297
Retained earnings	743,353	797,493
Common stock in treasury, at cost	(73,717)	(73,731)
Accumulated other comprehensive income (losses):	16,944	21,563
Unrealized gains on securities	19,964	25,125
Deferred losses on hedges	(40)	(30)
Foreign currency translation adjustments	(2,196)	(7,954)
Remeasurements of defined benefit plans, net of taxes	(783)	4,423
Noncontrolling Interests	109,859	121,253
Total net assets	943,144	1,013,253
Total liabilities and net assets	1,568,052	1,650,176

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

Consolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Revenue	881,028	928,098
Costs of revenue	586,539	621,412
Gross profit	294,488	306,686
Selling, general and administrative expenses	165,906	175,636
Operating profit	128,582	131,050
Non-operating income	11,380	22,371
Non-operating expenses	5,136	6,388
Ordinary profit	134,826	147,033
Extraordinary profit	1,584	516
Extraordinary losses	15,003	5,697
Income before income taxes	121,408	141,852
Income taxes - current	39,150	43,326
Income taxes - deferred	(526)	2,369
Total income taxes	38,624	45,695
Net income	82,784	96,156
Net income attributable to noncontrolling interests	5,745	11,986
Net income attributable to owners of the parent	77,039	84,170

Consolidated Statements of Comprehensive Income

(In millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Net income	82,784	96,156
Other comprehensive income (losses):	(17,626)	5,155
Unrealized gains (losses) on securities	(7,103)	5,324
Foreign currency translation adjustments	(1,616)	(3,539)
Remeasurements of defined benefit plans, net of taxes	(6,163)	4,698
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method	(2,743)	(1,327)
Comprehensive income	65,157	101,312
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent company	61,168	88,789
Comprehensive income attributable to noncontrolling interests	3,989	12,522

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2016

(In millions of yen)							
	Shareholders' equity					Noncontrolling interests in subsidiaries	Total net assets
	Common Stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity		
Balance at the beginning of the current period	66,377	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

Year ended March 31, 2017

(In millions of yen)							
	Shareholders' equity					Noncontrolling interests in subsidiaries	Total net assets
	Common Stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity		
Balance at the beginning of the current period	66,377	80,326	743,353	(73,717)	816,340		
Accumulated effect of changes in accounting policies			526		526		
Balance at the beginning of the current period after changes in accounting policies	66,377	80,326	743,879	(73,717)	816,866		
Changes during the current period:							
Cash dividends			(30,556)		(30,556)		
Net income attributable to owners of the parent			84,170		84,170		
Purchase of treasury stock				(13)	(13)		
Disposal of treasury stock		0		0	0		
Changes in shares of parent arising from transactions with non-controlling interest		(29)			(29)		
Net changes of items other than shareholders' equity							
Total changes during the current period	-	(29)	53,613	(13)	53,570		
Balance at the end of the current period	66,377	80,297	797,493	(73,731)	870,437		

(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	19,964	(40)	(2,196)	(783)	16,944	109,859	943,144
Accumulated effect of changes in accounting policies						111	637
Balance at the beginning of the current period after changes in accounting policies	19,964	(40)	(2,196)	(783)	16,944	109,971	943,782
Changes during the current period:							
Cash dividends							(30,556)
Net income attributable to owners of the parent							84,170
Purchase of treasury stock							(13)
Disposal of treasury stock							0
Changes in shares of parent arising from transactions with non-controlling interest							(29)
Net changes of items other than shareholders' equity	5,161	9	(5,758)	5,206	4,618	11,281	15,900
Total changes during the current period	5,161	9	(5,758)	5,206	4,618	11,281	69,471
Balance at the end of the current period	25,125	(30)	(7,954)	4,423	21,563	121,253	1,013,253

(4) Consolidated Statements of Cash Flows

(In millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Cash flows from operating activities:		
Income before income taxes	121,408	141,852
Depreciation and amortization	49,838	55,658
Amortization of goodwill	2,291	4,399
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(6,069)	(3,734)
Increase (decrease) in allowance for doubtful accounts	280	916
Increase/decrease in net defined benefit liability and asset	(2,206)	1,854
Interest and dividend income	(4,243)	(3,899)
Interest expenses	896	974
Exchange (gains) losses	556	453
Net (gains) losses on sales and disposal of fixed assets	1,457	2,206
Impairment losses on fixed assets	11,584	2,747
Net (gains) losses on sales of investment securities	(1,533)	(1,410)
Net (gains) losses on revaluation of investment securities	860	37
Net (gains) losses on sales of investment securities in subsidiaries and affiliates	(20)	(20)
Write-down on real estate inventories	1,463	1,163
Net (gains) losses on private equity investment	(1,133)	(14,470)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	(8,389)	167
(Increase) decrease in lease receivables and investment in leased assets	(299)	(4,432)
(Increase) decrease in inventories	(2,450)	343
Increase (decrease) in accounts payable	(605)	2,931
Increase (decrease) in accrued consumption taxes	(6,954)	(844)
Increase (decrease) in deferred revenue	(236)	(487)
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	9,516	6,519
Increase/decrease in cash deposits/deposits received for armored car services	6,488	4,219
Other	(4,072)	7,740
Subtotal	168,427	204,887
Interest and dividend received	8,100	7,249
Interest paid	(915)	(984)
Income taxes paid	(38,877)	(40,031)
Net cash provided by (used in) operating activities	136,734	171,121
Cash flows from investing activities:		
(Increase) decrease in time deposits, net	(516)	(70)
(Increase) decrease in short-term investments, net	(240)	(2,282)
Payments for purchases of tangible assets	(51,447)	(46,041)
Proceeds from sales of tangible assets	3,029	1,464
Payments for purchases of intangible assets	(8,125)	(7,044)
Payments for purchases of investment securities	(49,348)	(31,710)
Proceeds from sales and redemptions of investment securities	55,035	43,290
Payments for acquisitions of affiliates	(11)	(902)
(Increase) decrease in short-term loans receivable, net	(105)	(126)
Payments for long-term loans receivable	(6,608)	(4,015)
Proceeds from long-term loans receivable	3,089	4,348
Acquisitions of subsidiaries accompanied with changes in scope of consolidation	(73,282)	(167)
Other	(715)	292
Net cash provided by (used in) investing activities	(129,247)	(42,964)
Cash flows from financing activities:		
Increase (decrease) in bank loans, net	8,271	(12,718)
Proceeds from long-term loans	2,394	3,100
Repayments of long-term loans	(6,229)	(6,515)
Repayments of lease obligations	(1,625)	(4,900)
Proceeds from issuance of straight bonds	2,362	207
Payments for redemption of straight bonds	(1,414)	(2,582)
Proceeds from stock issuance to noncontrolling shareholders	65	1,463
Dividends paid	(28,374)	(30,556)
Dividends paid for noncontrolling shareholders	(2,207)	(3,555)
(Increase) decrease in treasury stocks, net	(16)	(13)
Payments for acquisitions of subsidiaries not accompanied with changes in scope of consolidation	(75)	(488)
Proceeds from sales of shares of subsidiaries not accompanied with changes in scope of consolidation	-	617
Net cash provided by (used in) financing activities	(26,849)	(55,942)
Effect of exchange rate changes on cash and cash equivalents	(805)	(979)
Net increase (decrease) in cash and cash equivalents	(20,168)	71,234
Cash and cash equivalents at beginning of the period	241,716	221,760
Increase in cash and cash equivalents accompanied by new consolidation	212	-
Cash and cash equivalents at end of the period	221,760	292,994

(5) Notes Regarding the Consolidated Financial Statement

[Notes Regarding the Assumption of Going Concern]

Not applicable

Changes in Accounting Policies

[Application of “Revised Implementation Guidance on Recoverability of Deferred Tax Assets”]

The Company and its domestic subsidiaries adopted “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No.26, March 28, 2016 (hereinafter, “Guidance No.26”)) from the current fiscal year and revised certain accounting for recoverability of deferred tax assets accordingly.

The Company and its domestic subsidiaries followed the provisional treatments in Article 49 (4) of Guidance No.26. The differences between deferred tax assets and liabilities as of April 1,2016 that were computed in accordance with ① to ③ of Article 49 (3) and those as of March 31, 2016, were adjusted to retained earnings as of April 1, 2016.

As a result, deferred income taxes (investments and others) increased by 381 million yen, deferred income taxes (long-term liabilities) decreased by 256 million yen, retained earnings increased by 526 million yen, and noncontrolling interests increased by 111 million yen as of April 1, 2016

As a result of reflecting the effects of application of this guidance 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 increased by 526 million yen, and noncontrolling interests balance at the beginning of the current period in consolidated statements of changes in net assets increased by 111 million yen.

(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, 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.

Note 4: Increase in tangible and intangible assets includes increase accompanied by new consolidation.

Year ended March 31, 2017

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Revenue:					
Customers	534,295	126,231	66,839	41,965	51,609
Intersegment	11,714	3,458	182	3,093	230
Subtotal	546,010	129,690	67,021	45,059	51,839
Segment profit	113,507	13,180	4,687	2,144	1,259
Segment assets	892,979	147,143	148,298	219,482	65,012
Other items					
Depreciation and amortization	38,147	1,718	3,359	1,603	3,005
Amortization of goodwill	3,157	152	131	0	18
Impairment losses on fixed assets	552	62	81	-	1,495
Increase in tangible and intangible assets	40,553	4,677	4,172	2,221	1,903

	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	49,834	870,775	57,323	928,098	-	928,098
Intersegment	7,018	25,699	1,922	27,621	(27,621)	-
Subtotal	56,852	896,474	59,245	955,720	(27,621)	928,098
Segment profit	6,987	141,766	5,245	147,012	(15,961)	131,050
Segment assets	107,836	1,580,752	153,533	1,734,285	(84,109)	1,650,176
Other items						
Depreciation and amortization	6,831	54,665	814	55,480	177	55,658
Amortization of goodwill	939	4,399	-	4,399	-	4,399
Impairment losses on fixed assets	485	2,676	70	2,747	-	2,747
Increase in tangible and intangible assets	7,685	61,214	232	61,447	124	61,571

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 (389) million yen and corporate expenses not allocated to each reportable segment of 16,351 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 (254,238) million yen and corporate assets not belonging to each reportable segment of 170,129 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 (740) million yen and depreciation of corporate assets not belonging to each reportable segment of 918 million yen.

Adjustment of increase in tangible and intangible assets includes intersegment elimination of (732) million yen and capital investments of software, etc. not belonging to each reportable segment of 856 million yen.

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

Note 4: Increase in tangible and intangible assets includes increase accompanied by new consolidation.

[Related Information]

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.

Year Ended March 31, 2017

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
882,204	45,894	928,098

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

(2) Tangible Assets

(In millions of yen)

Japan	Others	Total
365,570	10,966	376,536

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, 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

Year Ended March 31, 2017

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Amortization of goodwill:					
Amortized amount	3,157	152	131	0	18
Unamortized balance	54,726	725	295	0	65
Negative goodwill:					
Amortized amount	-	92	-	-	-
Unamortized balance	-	-	-	-	-

(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	4,399	-	4,399	-	4,399
Unamortized balance	9,947	65,759	-	65,759	-	65,759
Negative goodwill:						
Amortized amount	-	92	-	92	-	92
Unamortized balance	-	-	-	-	-	-

(7) Significant Subsequent Events

Not applicable

3. Nonconsolidated Financial Statements

(1) Nonconsolidated Balance Sheets

(In millions of yen)

	March 31, 2016	March 31, 2017
ASSETS:		
Current assets:		
Cash on hand and in banks	45,433	87,387
Cash deposits for armored car services	40,877	37,869
Notes receivable	592	621
Due from subscribers	16,229	16,480
Accounts receivable, trade	10,996	10,650
Receivables - other	4,454	3,088
Short-term investments	3,444	-
Merchandise	6,453	5,312
Supplies	1,676	1,722
Prepaid expenses	2,172	2,323
Deferred income taxes	3,736	3,710
Short-term loans receivable	22,255	27,539
Other	1,698	1,804
Allowance for doubtful accounts	(152)	(117)
Total current assets	159,867	198,394
Fixed assets:		
Tangible assets:		
Buildings and improvements	16,572	16,282
Automobiles	795	709
Security equipment and control stations	67,624	65,997
Machinery and equipment	170	179
Tools, furniture and fixtures	3,424	3,173
Land	22,015	21,978
Construction in progress	1,564	2,195
Other	18	69
Total tangible assets	112,187	110,585
Intangible assets:		
Software	5,794	6,125
Other	574	400
Total intangible assets	6,369	6,526
Investments and others:		
Investment securities	20,588	23,083
Investment securities in subsidiaries and affiliates	325,104	323,993
Investments in subsidiaries and affiliates	1,938	2,098
Long-term loans receivable	146,716	134,796
Lease deposits	7,642	7,559
Long-term prepaid expenses	21,244	20,847
Prepaid pension and severance costs	23,177	21,643
Insurance funds	4,294	4,294
Other	2,545	2,560
Allowance for doubtful accounts	(5,551)	(5,532)
Total investments and others	547,700	535,344
Total fixed assets	666,256	652,456
Total Assets	826,124	850,851

(1) Nonconsolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2016	March 31, 2017
LIABILITIES :		
Current liabilities:		
Accounts payable	3,641	3,604
Bank loans	36,923	22,703
Lease obligations	198	215
Payables – other	15,698	14,476
Payables – construction	3,980	4,018
Accrued income taxes	9,479	14,345
Accrued consumption taxes	2,718	2,883
Accrued expenses	737	697
Deposits received for armored car services	13,975	15,187
Deferred revenue	20,923	20,629
Accrued bonuses	6,246	6,278
Other	4,177	4,014
Total current liabilities	118,699	109,053
Long-term liabilities:		
Lease obligations	2,601	2,477
Guarantee deposits received	17,038	16,804
Deferred income taxes	6,213	6,642
Accrued pension and severance costs	2,835	2,506
Other	378	103
Total long-term liabilities	29,068	28,533
Total liabilities	147,768	137,587
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	586,082	618,887
Total retained earnings	598,122	630,927
Common stock in treasury, at cost	(73,717)	(73,731)
Total shareholders' equity	673,836	706,629
Valuation, translation adjustments and others:		
Unrealized gains on securities	4,518	6,634
Total valuation, translation adjustments and others	4,518	6,634
Total net assets	678,355	713,263
Total liabilities and net assets	826,124	850,851

(2) Nonconsolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2016	Year ended March 31, 2017
Revenue	376,044	382,476
Costs	223,189	227,204
Gross Profit	152,855	155,271
Selling, general and administrative expenses	77,191	78,988
Operating profit	75,664	76,283
Non-operating income:		
Interest income	1,740	1,632
Dividends income	11,527	11,290
Other	371	466
Total non-operating income	13,639	13,389
Non-operating expenses:		
Interest expenses	300	208
Loss on sales and disposal of fixed assets	1,460	1,853
Write-off of long-term prepaid expenses	510	509
Other	419	559
Total non-operating expenses	2,691	3,130
Ordinary profit	86,612	86,543
Extraordinary profit:		
Gain on sales of investment securities in subsidiaries and affiliates	-	452
Gain on sales of investment securities	823	106
Gain on sales of tangible assets	168	47
Reversal of allowance for doubtful accounts	2,051	-
Other	21	45
Total extraordinary profit	3,064	651
Extraordinary losses:		
Loss on valuation of investments in capital of subsidiaries and affiliates	-	93
Impairment loss on fixed assets	5,682	-
Loss on revaluation of investment securities	748	-
Overseas tax related loss	51	-
Other	251	7
Total extraordinary losses	6,733	100
Income before income taxes	82,943	87,094
Income taxes - current	19,989	23,843
Income taxes - deferred	4,510	(9)
Total income taxes	24,500	23,833
Net income	58,442	63,260

(3) Nonconsolidated Statements of Changes in Net Assets

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				
	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	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

Year Ended March 31, 2017

(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	586,082	598,122
Accumulated effect of changes in accounting policies				101	101
Balance at the beginning of the current period after changes in accounting policies	9,028	800	2,212	586,183	598,223
Changes during the current period:					
Cash dividends				(30,556)	(30,556)
Net income				63,260	63,260
Purchase of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes during the current period	-	-	-	32,704	32,704
Balance at the end of the current period	9,028	800	2,212	618,887	630,927

(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	(73,717)	673,836	4,518	4,518	678,355
Accumulated effect of changes in accounting policies		101			101
Balance at the beginning of the current period after changes in accounting policies	(73,717)	673,938	4,518	4,518	678,457
Changes during the current period:					
Cash dividends		(30,556)			(30,556)
Net income		63,260			63,260
Purchase of treasury stock	(13)	(13)			(13)
Disposal of treasury stock	0	0			0
Net changes of items other than shareholders' equity			2,115	2,115	2,115
Total changes during the current period	(13)	32,690	2,115	2,115	34,806
Balance at the end of the current period	(73,731)	706,629	6,634	6,634	713,263

(4) Significant Subsequent Events

Not applicable