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QUARTERLY FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2017

(Based on JAPANESE GAAP) (Consolidated)

November 9, 2017

Company name: SECOM CO., LTD. (URL: <https://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 filing Quarterly Securities Report: November 14, 2017
 Scheduled date of dividend payout: December 7, 2017
 Preparation of quarterly supplementary materials: Applicable
 Holding of quarterly results information meeting: Applicable (for institutional investors and analysts)

1. Consolidated financial results for the six-month period ended September 30, 2017 (April 1, 2017–September 30, 2017)

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

	Six-month Period Ended September 30	
	2016	2017
Revenue	440,086 7.6%	446,831 1.5%
Operating profit	62,146 3.2%	61,471 (1.1%)
Ordinary profit	67,343 6.8%	66,015 (2.0%)
Net income attributable to owners of the parent	40,857 2.0%	41,342 1.2%
Basic net income per share (in yen)	187.20	189.42
Diluted net income per share (in yen)	—	—

Note 1: Comprehensive income:

Six-month period ended September 30, 2017: JPY 44,096 million [89.1%]

Six-month period ended September 30, 2016: JPY 23,316 million [(46.2%)]

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

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

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

	March 31, 2017	September 30, 2017
Total assets	1,650,176	1,635,518
Net assets	1,013,253	1,036,521
Equity ratio	54.1%	56.0%
Net assets per share (in yen)	4,086.87	4,196.52

Note 1: Equity as of:

September 30, 2017 : JPY 915,936 million

March 31, 2017 : JPY 892,000 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 each period-end.

2. Dividends

	Years ended March 31		
	2017	2018	2018 (projected)
1 st quarter dividends per share (in yen)	–	–	
2 nd quarter dividends per share (in yen)	70.00	75.00	
3 rd quarter dividends per share (in yen)	–		–
Year-end dividends per share (in yen)	75.00		80.00
Annual dividends per share (in yen)	145.00		155.00

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

3. Projections for the consolidated financial results for the fiscal year ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(In millions of yen)

	Year ending March 31, 2018
Projected revenue	940,000 1.3%
Projected operating profit	132,400 1.0%
Projected ordinary profit	139,200 (5.3%)
Projected net income attributable to owners of the parent	84,800 0.7%
Projected basic net income per share (in yen)	388.53

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

Note 2: Projected basic net income per share for the fiscal year ending March 31, 2018 is calculated based on the number of average common shares outstanding over the six-month period ended September 30, 2017, assuming that it remains the same until March 31, 2018.

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

※ Notes

1. Significant changes in subsidiaries during the six-month period ended September 30, 2017 (changes in specified subsidiaries accompanied with changes in scope of consolidation): None
2. Adoption of unique accounting treatment for preparation of consolidated quarterly financial statements: None
3. Changes in accounting policies, accounting estimates and/or restatements:
 - 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
4. Number of common shares outstanding :
- ① Number of common shares outstanding, including treasury stock, as of:
- | | |
|----------------------|--------------------|
| September 30, 2017 : | 233,290,441 shares |
| March 31, 2017 : | 233,288,717 shares |
- ② Number of shares of treasury stock, as of:
- | | |
|----------------------|-------------------|
| September 30, 2017 : | 15,029,519 shares |
| March 31, 2017 : | 15,028,470 shares |
- ③ Number of average common shares outstanding over:
- | | |
|--|--------------------|
| The six-month period ended September 30, 2017: | 218,260,572 shares |
| The six-month period ended September 30, 2016: | 218,261,529 shares |

Note on status of quarterly review procedures

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

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

The forward-looking statements including the future performance described in this document are provided based on both all information available at this moment and certain assumptions considered reasonable. Actual performance may differ materially from the forward-looking statements due to various factors hereafter occurred. For matters regarding assumptions on financial projections and notes for the use of financial projections, please refer to “1. Qualitative Information Regarding the Six-month Period Ended September 30, 2017 (3) Qualitative Information Regarding Consolidated Financial Projections” on page 5 in the appendices.

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1. Qualitative Information Regarding the Six-month Period Ended September 30, 2017

(1) Qualitative Information Regarding Consolidated Financial Results

During the six-month period ended September 30, 2017, Japanese economy has been in a moderate upward trend as shown in improvements in corporate earnings and employment environment. On the other hand, continual attentions to the effects of uncertainties in overseas economies related to the U.S. monetary policy, the trends of the emerging economies in Asia, including China, U.K. exiting the E.U. (BREXIT), as well as the escalation of geopolitical risks and fluctuations in the financial and capital markets have been required.

In this environment, we have been continuously pushing forward with efforts to establish “Social System Industry” which deliver safety and peace of mind, as well as make life more comfortable and convenient, whenever and wherever necessary for everyone. In May 2017, we formulated the SECOM Group’s Vision for 2030. Guided by this vision, we have been continuously promoting the “ALL SECOM” concept, which emphasizes cooperation among our various businesses to strengthen the bond of the group. In addition, we are working to realize the *ANSHIN* Platform, a service infrastructure designed to provide peace of mind to people in their everyday lives, as well as to society as a whole. To create the *ANSHIN* Platform, we are advancing collaborative initiatives with partners having same philosophy who provide various technologies and knowledges. In the period under review, we have been continuously trying to satisfy the increasingly diversified and sophisticated needs of our customers for their safety and peace of mind through the seamless provision of services.

Since its release in July 2017, we have been promoting SECOM Home Security NEO, a flexible system suited to modern lifestyles that can be linked with devices on the IoT etc., facilitating expansion of services. Concurrently, we launched the SECOM My Doctor Watch, an emergency medical alert and health management service centered on a wearable wristband tracker, which is available as an optional service to SECOM Home Security subscribers. In August, “On-site Center”, a vehicle type monitoring center, was developed in order to support disaster affected areas or provide security in large-scale events. This mobile monitoring base enables real time gathering and provision of information as well as on-site supervision. In September, the flight of our autonomous small flying robot, SECOM Drone, was demonstrated in Taiwan, while SECOM Aerostat was operated in Myanmar, both of which were for the first time outside Japan.

Furthermore, in October, we acquired all of the issued shares of common stock (6,000 shares) of TMJ, Inc., a provider of high-quality outsourcing services including operation of call center services. We are aiming to expand our secure business support offerings which contribute to the improvements in customers’ business productivity by leveraging TMJ’s extensive know-how and wealth of experience.

Consolidated revenue for the six-month period ended September 30, 2017 increased by 1.5% to 446.8 billion yen, and consolidated operating profit decreased by 1.1% to 61.4 billion yen, chiefly owing to the decrease in operating profit in fire protection services and geographic information services. Consolidated ordinary profit decreased by 2.0% to 66.0 billion yen, mainly due to the decrease in net gains/(losses) on private equity investment in the U.S. etc., by 2.6 billion yen, despite the increase in foreign exchange gains/(losses) by 900 million yen. Consolidated net income attributable to owners of the parent increased by 1.2% to 41.3 billion yen, mainly due to the increase in extraordinary profit(losses) by 700 million yen and the decrease in tax expenses. For the six-month period ended September 30, 2017, consolidated revenue and consolidated net income attributable to owners of the parent have reached a record-high, respectively.

Segment information is as follows.

In the security services segment, revenue increased by 1.7% to 266.6 billion yen, mainly due to the firm increase in sales of on-line security systems for commercial and residential use. Operating profit went up by 1.8% to 57.4 billion yen.

In the fire protection services segment, revenue increased by 1.5% to 53.9 billion yen, mainly attributable to the active marketing efforts. Operating profit was down by 28.4% to 3.0 billion yen, chiefly owing to the increases in cost ratio and selling, general and administrative expenses. Revenue tends to increase toward the end of the fiscal year, due to the fact that this segment is greatly affected by the construction industry.

In the medical services segment, revenue increased by 7.4% to 35.1 billion yen, mainly due to the firm increase in sales of pharmaceutical products and medical equipment. Operating profit decreased by 4.6% to 2.6 billion yen, owing to the increases in cost ratio and selling, general and administrative expenses.

In the insurance services segment, revenue increased by 4.3% to 20.9 billion yen, mainly due to the firm increases in sales of MEDCOM, an unrestricted cancer treatment policy, and fire insurance policy provided by Secom General Insurance Co., Ltd. Operating profit increased by 92.0% to 2.1 billion yen, owing to the decrease in underwriting expenses ascribed to the decrease in losses incurred from natural disasters.

In the geographic information services segment, revenue decreased by 7.5% to 20.3 billion yen, owing to the decrease in revenue both in domestic division and international division. Operating loss amounted to 1.4 billion yen, from an operating loss of 0.5 billion yen in the previous corresponding period, mainly attributable to the increase in cost ratio as a consequence of the decrease in revenue. Revenue tends to concentrate toward the end of the fiscal year, due to the fact that deliveries of public-sector contracts, which is the primary market for this segment, are mainly made at the end of March.

In the information and communication related services segment, revenue increased by 6.1% to 25.6 billion yen, chiefly owing to the increase in revenue in data center. Operating profit increased by 9.9% to 3.5 billion yen.

In the real estate and other services segment, revenue decreased by 5.9% to 24.2 billion yen, mainly due to the decrease in revenue in the real estate development and sales business. Operating profit went up by 0.2% to 2.6 billion yen, chiefly owing to the improvement in cost ratio in the real estate development and sales business.

(2) Qualitative Information Regarding Consolidated Financial Position

(i) Consolidated Balance Sheets

Total assets as of September 30, 2017 amounted to 1,635.5 billion yen, 0.9% or 14.6 billion yen lower than that at the end of the previous fiscal year. Total current assets, at 765.4 billion yen, were up 0.5% or 3.6 billion yen. This was largely attributable to the increases in cash on hand and in banks by 5.6% or 16.8 billion yen to 319.1 billion yen, work in process for real estate inventories by 74.8% or 16.6 billion yen to 38.9 billion yen, and costs on uncompleted construction contracts by 38.2% or 3.4 billion yen to 12.4 billion

yen, despite the decrease in notes and accounts receivable, trade by 27.0% or 32.3 billion yen to 87.4 billion yen. Total fixed assets, at 870.1 billion yen, were down 2.1% or 18.2 billion yen. This was mainly attributable to the decreases in investment securities by 2.8% or 7.8 billion yen to 273.1 billion yen, tangible assets by 1.8% or 6.6 billion yen to 369.9 billion yen, and intangible assets by 2.8% or 3.1 billion yen to 109.0 billion yen.

Total liabilities amounted to 598.9 billion yen, 6.0% or 37.9 billion yen lower than that at the end of the previous fiscal year. Total current liabilities amounted to 325.5 billion yen, down 8.0% or 28.3 billion yen, owing to the decreases in bank loans by 19.0% or 8.5 billion yen to 36.4 billion yen, notes and accounts payable, trade by 17.0% or 7.6 billion yen to 37.0 billion yen, other by 23.4% or 5.9 billion yen to 19.6 billion yen, and accrued income taxes by 19.2% or 5.2 billion yen to 22.2 billion yen. Long-term liabilities decreased by 3.4% or 9.5 billion yen to 273.4 billion yen, compared to that at the end of the previous fiscal year. This was mainly attributable to the decreases in deferred income taxes by 23.6% or 5.1 billion yen to 16.7 billion yen, and long-term loans by 28.7% or 4.0 billion yen to 10.0 billion yen.

Total net assets amounted to 1,036.5 billion yen, 2.3% or 23.2 billion yen higher than that at the end of the previous fiscal year, mainly due to the increase in retained earnings by 3.1% or 24.9 billion yen, despite the decrease in foreign currency translation adjustments by 23.8% or 1.8 billion yen.

(ii) Consolidated Cash Flows

(Cash flows from operating activities)

Net cash provided by operating activities for the six-month period ended September 30, 2017 amounted to 63.5 billion yen; 102.6 billion yen in the previous corresponding period. The major factors of cash increase were income before income taxes of 66.1 billion yen, decrease in notes and accounts receivable, trade, and due from subscribers of 31.3 billion yen, and depreciation and amortization of 26.8 billion yen. The major factors of cash decrease were income taxes paid of 32.5 billion yen, increase in inventories of 19.6 billion yen and decrease in accounts payable of 12.2 billion yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 8.4 billion yen; 15.8 billion yen in the previous corresponding period. The major factors of cash decrease were payments for purchases of investment securities of 32.2 billion yen, and payments for purchases of tangible assets of 24.6 billion yen. The major factor of cash increase was proceeds from sales and redemptions of investment securities of 50.5 billion yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 37.9 billion yen; 45.5 billion yen in the previous corresponding period. The major factors of cash decrease were dividends paid of 16.3 billion yen, decrease in bank loans, net of 8.9 billion yen, dividends paid for noncontrolling shareholders of 4.6 billion yen, and repayments of long-term loans of 3.6 billion yen.

As a result, cash and cash equivalents at the end of the six-month period ended September 30, 2017 was 310.0 billion yen, 17.0 billion yen higher than the end of the previous fiscal year.

(3) Qualitative Information Regarding Consolidated Financial Projections

The financial results for the six-month period ended September 30, 2017 were generally within our projections. Accordingly, projections for the consolidated financial results for the fiscal year ending March 31, 2018 have not been changed from those disclosed on May 11, 2017.

As disclosed in “Notification concerning the Acquisition of TMJ, Inc. Shares” on September 1st, 2017, TMJ became our consolidated subsidiary on October 2nd, 2017. Detailed effects of this acquisition on projections for the consolidated financial results are under scrutiny.

(Note for financial 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 from making an investment decision by solely relying on these projections. Such factors include, but are not limited to, changes in economic conditions affecting our group’s operations, market trends, legislative changes, occurrences of natural disasters, recalls of products sold and the results of contingency.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Balance Sheets

(In millions of yen)

	March 31, 2017	September 30, 2017
ASSETS:		
Current assets:	761,804	765,410
Cash on hand and in banks	302,364	319,197
Cash deposits for armored car services	130,619	131,047
Notes and accounts receivable, trade	119,801	87,468
Due from subscribers	33,090	34,189
Short-term investments	29,387	25,222
Lease receivables and investment in leased assets	43,974	42,920
Merchandise and products	11,915	14,265
Real estate inventories	5,223	2,043
Work in process	4,913	5,599
Costs on uncompleted construction contracts	8,979	12,412
Work in process for real estate inventories	22,283	38,954
Raw materials and supplies	8,385	8,633
Deferred income taxes	14,003	15,801
Short-term loans receivable	4,942	5,626
Other	23,684	23,689
Allowance for doubtful accounts	(1,766)	(1,662)
Fixed assets:	888,367	870,103
Tangible assets:	376,536	369,929
Buildings and improvements, net	150,254	149,832
Security equipment and control stations, net	69,569	70,778
Land	116,825	113,691
Other, net	39,886	35,625
Intangible assets	112,131	109,022
Investments and others:	399,698	391,152
Investment securities	280,974	273,151
Long-term loans receivable	38,403	37,084
Net defined benefit asset	35,282	34,870
Deferred income taxes	9,592	9,926
Other	51,436	52,104
Allowance for doubtful accounts	(15,990)	(15,985)
Deferred assets	4	3
Total assets	1,650,176	1,635,518

(1) Consolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2017	September 30, 2017
LIABILITIES :		
Current liabilities:	353,933	325,540
Notes and accounts payable, trade	44,635	37,028
Bank loans	44,969	36,447
Current portion of straight bonds	1,460	1,089
Lease obligations	4,752	4,660
Payables - other	37,469	32,764
Accrued income taxes	27,557	22,277
Accrued consumption taxes	5,765	6,852
Accrued expenses	5,315	5,247
Deposits received for armored car services	107,878	110,546
Deferred revenue	30,552	31,273
Accrued bonuses	15,447	15,150
Provision for losses on construction contracts	2,532	2,600
Other	25,596	19,600
Long-term liabilities:	282,989	273,455
Straight bonds	7,003	5,506
Long-term loans	14,123	10,072
Lease obligations	11,777	11,403
Guarantee deposits received	33,907	33,554
Deferred income taxes	21,943	16,758
Accrued retirement benefits for directors and audit and supervisory board members	1,306	1,286
Net defined benefit liability	22,428	22,057
Investment deposits by policyholders, unearned premiums and other insurance liabilities	166,155	168,350
Other	4,342	4,465
Total liabilities	636,922	598,996
NET ASSETS :		
Shareholders' equity:	870,437	895,454
Common stock	66,377	66,385
Capital surplus	80,297	80,324
Retained earnings	797,493	822,484
Common stock in treasury, at cost	(73,731)	(73,739)
Accumulated other comprehensive income:	21,563	20,482
Unrealized gains on securities	25,125	25,679
Deferred losses on hedges	(30)	(31)
Foreign currency translation adjustments	(7,954)	(9,847)
Remeasurements of defined benefit plans, net of taxes	4,423	4,681
Noncontrolling Interests	121,253	120,585
Total net assets	1,013,253	1,036,521
Total liabilities and net assets	1,650,176	1,635,518

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

Consolidated Statements of Income

(In millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017
Revenue	440,086	446,831
Costs of revenue	291,876	297,318
Gross profit	148,209	149,512
Selling, general and administrative expenses	86,063	88,040
Operating profit	62,146	61,471
Non-operating income	8,316	6,212
Non-operating expenses	3,119	1,669
Ordinary profit	67,343	66,015
Extraordinary profit	128	547
Extraordinary losses	719	391
Income before income taxes	66,753	66,171
Income taxes - current	21,031	28,268
Income taxes - deferred	1,075	(7,374)
Total income taxes	22,107	20,894
Net income	44,646	45,277
Net income attributable to noncontrolling interests	3,788	3,934
Net income attributable to owners of the parent	40,857	41,342

Consolidated Statements of Comprehensive Income

(In millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017
Net income	44,646	45,277
Other comprehensive income (losses):	(21,329)	(1,180)
Unrealized gains (losses) on securities	(3,517)	319
Deferred gains (losses) on hedges	-	(4)
Foreign currency translation adjustments	(12,845)	(2,595)
Remeasurements of defined benefit plans, net of taxes	492	267
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method	(5,459)	831
Comprehensive income	23,316	44,096
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent company	20,570	40,261
Comprehensive income attributable to noncontrolling interests	2,745	3,834

(3) Consolidated Statements of Cash Flows

(In millions of yen)

	Six-month period ended September 30, 2016	Six-month period ended September 30, 2017
Cash flows from operating activities:		
Income before income taxes	66,753	66,171
Depreciation and amortization	26,353	26,861
Amortization of goodwill	2,203	2,141
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(2,923)	(3,302)
Increase (decrease) in allowance for doubtful accounts	(152)	(99)
Increase/decrease in net defined benefit liability and asset	958	427
Interest and dividend income	(1,856)	(2,067)
Interest expenses	492	403
Exchange (gains) losses	990	(6)
Net (gains) losses on sales and disposal of fixed assets	695	98
Impairment losses on fixed assets	14	61
Net (gains) losses on sales of investment securities	(952)	(1,180)
Net (gains) losses on revaluation of investment securities	66	0
Write-down on real estate inventories	0	39
Net (gains) losses on private equity investment	(2,901)	(221)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	34,716	31,390
(Increase) decrease in inventories	(4,112)	(19,662)
Increase (decrease) in accounts payable	(12,622)	(12,268)
Increase (decrease) in accrued consumption taxes	(1,585)	1,082
Increase (decrease) in deferred revenue	49	711
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	3,183	2,194
Increase/decrease in cash deposits/deposits received for armored car services	5,685	2,240
Other	5,183	(3,660)
Subtotal	120,240	91,354
Interest and dividend received	5,115	5,079
Interest paid	(493)	(421)
Income taxes paid	(22,217)	(32,503)
Net cash provided by (used in) operating activities	102,645	63,508
Cash flows from investing activities:		
(Increase) decrease in time deposits, net	(60)	48
(Increase) decrease in short-term investments, net	(1,080)	(4,543)
Payments for purchases of tangible assets	(22,144)	(24,623)
Proceeds from sales of tangible assets	344	5,083
Payments for purchases of intangible assets	(3,635)	(3,056)
Payments for purchases of investment securities	(12,317)	(32,216)
Proceeds from sales and redemptions of investment securities	24,093	50,504
Payments for acquisitions of affiliates	(497)	(3)
(Increase) decrease in short-term loans receivable, net	(29)	11
Payments for long-term loans receivable	(2,164)	(1,526)
Proceeds from long-term loans receivable	1,875	2,145
Other	(219)	(291)
Net cash provided by (used in) investing activities	(15,834)	(8,467)
Cash flows from financing activities:		
Increase (decrease) in bank loans, net	(23,556)	(8,909)
Proceeds from long-term loans	900	-
Repayments of long-term loans	(3,203)	(3,682)
Repayments of lease obligations	(2,434)	(2,484)
Payments for redemption of straight bonds	(861)	(1,868)
Proceeds from stock issuance to noncontrolling shareholders	640	22
Dividends paid	(15,278)	(16,369)
Dividends paid for noncontrolling shareholders	(2,209)	(4,622)
(Increase) decrease in treasury stocks, net	(5)	(8)
Payments for acquisitions of subsidiaries not accompanied with changes in scope of consolidation	(200)	(73)
Proceeds from sales of subsidiaries not accompanied with changes in scope of consolidation	617	-
Net cash provided by (used in) financing activities	(45,592)	(37,995)
Effect of exchange rate changes on cash and cash equivalents	(2,260)	(41)
Net increase (decrease) in cash and cash equivalents	38,957	17,003
Cash and cash equivalents at beginning of the period	221,760	292,994
Increase in cash and cash equivalents accompanied by new consolidation	-	15
Cash and cash equivalents at end of the period	260,718	310,013

(4) Notes Regarding the Consolidated Quarterly Financial Statement

[Notes Regarding the Assumption of Going Concern]

Not applicable.

[Notes Regarding Significant Changes in Shareholders' Equity]

Not applicable.

(5) Segment Information, etc.

[Segment Information]

I. Six-month Period Ended September 30, 2016

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

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Revenue:					
Customers	262,242	53,147	32,697	20,117	21,986
Intersegment	5,782	1,490	93	1,590	108
Subtotal	268,025	54,638	32,790	21,707	22,094
Segment profit (loss)	56,475	4,289	2,753	1,138	(511)

	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	24,162	414,353	25,732	440,086	-	440,086
Intersegment	3,527	12,593	952	13,546	(13,546)	-
Subtotal	27,690	426,947	26,685	453,632	(13,546)	440,086
Segment profit (loss)	3,257	67,401	2,597	69,999	(7,852)	62,146

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/loss includes intersegment eliminations of Δ 146 million yen and corporate expenses not allocated to each reportable segment of 7,999 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarter, etc.

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

II. Six-month Period Ended September 30, 2017

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

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/loss includes intersegment eliminations of △65 million yen and corporate expenses not allocated to each reportable segment of 8,537 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarter, etc.

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

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Revenue:					
Customers	266,605	53,944	35,110	20,991	20,334
Intersegment	6,131	1,815	86	1,587	77
Subtotal	272,736	55,760	35,197	22,579	20,412
Segment profit (loss)	57,473	3,072	2,627	2,184	(1,466)

	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	25,632	422,619	24,211	446,831	-	446,831
Intersegment	3,288	12,986	1,020	14,007	(14,007)	-
Subtotal	28,920	435,606	25,232	460,838	(14,007)	446,831
Segment profit (loss)	3,580	67,471	2,603	70,075	(8,603)	61,471

(6) Significant Subsequent Events

SECOM CO., LTD. (“SECOM”) entered into the share purchase agreement with Benesse Holdings, Inc. and Marubeni Corporation on September 1st, 2017 to acquire 100%, or 6,000 shares of the common shares outstanding of TMJ, Inc. (“TMJ”), and acquired such shares on October 2nd, 2017.

1. Purpose of Acquisition

TMJ was established as an in-house call center for the Benesse Group. Today, the company provides high-quality outsourcing services including operation of call centers to leading companies in a wide range of industries. SECOM is aiming to increase corporate value through generating various synergies including further improvements in quality of existing business and development and provision of new BPO (Business Process Outsourcing) services by taking full advantage of the collective strengths of SECOM and TMJ.

2. Counterparty of Acquisition

Benesse Holdings, Inc. and Marubeni Corporation

3. Outline of a Subsidiary Acquired (Affiliated)

a. Name: TMJ, Inc.

b. Business: Operation/temporary employee placement, design and analysis of contact centers
Outsourcing services of contact center-related businesses
Outsourcing services of back office

c. Size: Capital 300 million yen

5. Date of Acquisition

October 2nd, 2017

5. Number of Shares Acquired and Conditions of Shares Held before and after the Acquisition

a. Number of shares held before the acquisition: - (Ownership ratio: - %)

b. Number of shares acquired: 6,000 (Purchase Price: 26,550 million yen)

c. Number of shares held after the acquisition: 6,000 (Ownership ratio: 100%)

6. Funding Method

Fund on hand