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QUARTERLY FINANCIAL REPORT FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2018

(Based on JAPANESE GAAP) (Consolidated)

November 8, 2018

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
 For inquiries: Yasuyuki Yoshida, Senior Executive Director Phone (03) 5775-8100
 Scheduled date of filing Quarterly Securities Report: November 14, 2018
 Scheduled date of dividend payout: December 7, 2018
 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, 2018 (April 1, 2018– September 30, 2018)

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

	Six-month Period Ended September 30	
	2017	2018
Revenue	446,831 1.5%	470,983 5.4%
Operating profit	61,471 (1.1%)	54,902 (10.7%)
Ordinary profit	66,015 (2.0%)	67,458 2.2%
Net income attributable to owners of the parent	41,342 1.2%	44,575 7.8%
Basic net income per share (in yen)	189.42	204.23
Diluted net income per share (in yen)	—	—

Note 1: Comprehensive income:

Six-month period ended September 30, 2018: JPY 43,868 million [(0.5%)]

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

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, 2018	September 30, 2018
Total assets	1,715,123	1,717,747
Net assets	1,081,213	1,106,341
Equity ratio	55.5%	56.7%
Net assets per share (in yen)	4,364.63	4,461.21

Note 1: Equity as of:

September 30, 2018 : JPY 973,708 million

March 31, 2018 : JPY 952,623 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/ending March 31		
	2018	2019	2019 (projected)
1 st quarter dividends per share (in yen)	–	–	
2 nd quarter dividends per share (in yen)	75.00	80.00	
3 rd quarter dividends per share (in yen)	–		–
Year-end dividends per share (in yen)	80.00		85.00
Annual dividends per share (in yen)	155.00		165.00

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, 2019 (April 1, 2018 – March 31, 2019)

(In millions of yen)

	Year ending March 31, 2019
Projected revenue	1,000,000 3.0%
Projected operating profit	126,500 (6.6%)
Projected ordinary profit	132,500 (8.2%)
Projected net income attributable to owners of the parent	83,000 (4.6%)
Projected basic net income per share (in yen)	380.28

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, 2019 is calculated based on the number of average common shares outstanding over the six-month period ended September 30, 2018, assuming that it remains the same until March 31, 2019.

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, 2018 (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, 2018 :	233,292,219 shares
March 31, 2018 :	233,290,441 shares
 - ② Number of shares of treasury stock, as of:

September 30, 2018 :	15,031,225 shares
March 31, 2018 :	15,030,573 shares
 - ③ Number of average common shares outstanding over:

The six-month period ended September 30, 2018:	218,260,425 shares
The six-month period ended September 30, 2017:	218,260,572 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, 2018 (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, 2018

(1) Qualitative Information Regarding Consolidated Financial Results

During the six-month period ended September 30, 2018, Japanese economy has been in a moderate upward trend as shown in improvements in corporate earnings and employment environment, as well as an increase in business investment. On the other hand, continual attentions to the effects of uncertainties in overseas economies related to the trends of international trade issues, the fluctuations in the financial and capital markets, in addition to the economic impacts by the successive natural disasters, have been required.

In this environment, we have been continuously pushing forward with efforts to establish “Social System Industry” which delivers safety and peace of mind, as well as makes 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 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 the same philosophy. In May 2018, we announced the SECOM Group Road Map 2022, in which we clarified what we should do in order to realize our Vision for 2030. In the period under review, we have been continuously seeking to satisfy the increasingly diversified and sophisticated needs of our customers for their safety and peace of mind through the seamless provision of services.

In August 2018, we participated in the joint project on establishment of infrastructure for new industries model creation utilizing IoT, which is carried out by the New Energy and Industrial Technology Development Organization (NEDO), along with three other companies. We began our research and development to create new services that will benefit the super-aged society, by utilizing consumer usage data derived from devices and services used in everyday life. In the end of August, we acquired 80.1% of the outstanding shares of Secom Tosec Co., Ltd. (former Toshiba Security Guard Corporation), a provider of static guard services mainly for facilities of the Toshiba Group. We are aiming to enhance our ability to support secure foundation for our customers’ business activities through the development and provision of high-value-added services by leveraging Secom Tosec’s extensive know-how and wealth of experience in services for large-scale facilities, including plants. In September, we launched *ANSHIN* Survival Pod as a protection from the successive natural disasters in Japan, such as earthquakes, tsunamis, landslides and floods. Furthermore, in order to take part in the global measures to combat cybercrimes, we made an agreement with Interpol to provide technical support and dispatch experts to develop effective tools to be used in police investigation. In October, we began to offer a new type of security service by connecting SECOM Home Security and a communication robot, which allows seamless provision of safety in our customers’ everyday life.

Pasco Corporation, the principal company in the Geographic Information Services, released “Pasco Group’s Medium-Term Management Plan 2018-2022” on May 9, 2018, expressing its aim to become a comprehensive company in geospatial information industry pursuing the business model that capitalizes positional information including various related events. Accordingly, the segment name was changed

from Geographic Information Services to Geospatial Information Services from the three-month period ended June 30, 2018. Reportable segments are not reclassified by this change.

Consolidated revenue for the six-month period ended September 30, 2018 increased by 5.4% to 470.9 billion yen. Consolidated operating profit decreased by 10.7% to 54.9 billion yen, chiefly owing to the decrease in operating profit in insurance services and fire protection services. Consolidated ordinary profit increased by 2.2% to 67.4 billion yen, mainly due to the increases in net gains on private equity investment in the U.S. etc. by 6.9 billion yen and net gains from investment in affiliated companies accounted for the equity method by 1.3 billion yen. Consolidated net income attributable to owners of the parent increased by 7.8% to 44.5 billion yen. For the six-month period ended September 30, 2018, 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 1.8% to 271.3 billion yen, mainly due to the brisk sales of on-line security systems for commercial and residential use, as well as the increases in revenue in Asahi Security Co., Ltd., a provider of cash collection and delivery services, and in static guard services chiefly owing to the contribution of Secom Tosec Co., Ltd., a newly consolidated subsidiary. Operating profit decreased by 0.5% to 57.2 billion yen, mainly attributable to the effect of the investment targeting creation of a stronger foundation for future sustainable growth.

In the fire protection services segment, revenue increased by 3.9% to 56.0 billion yen, mainly attributable to the active marketing efforts. Operating profit was down by 45.9% to 1.6 billion yen, chiefly owing to the concentration of projects with high cost ratio compared to the previous corresponding period, and the increase in 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 0.9% to 35.4 billion yen, mainly due to the increase in sales of residences for seniors, despite the decrease in revenue affected by the drug price revision. Operating profit decreased by 6.3% to 2.4 billion yen, chiefly owing to the increase in cost ratio.

In the insurance services segment, revenue increased by 8.0% to 22.6 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 loss was 2.1 billion yen, from an operating profit of 2.1 billion yen in the previous corresponding period, owing to the increase in losses incurred from major disasters such as The Heavy Rain Event of July 2018 and the Typhoon No.21.

In the geospatial information services segment, revenue decreased by 0.4% to 20.2 billion yen. Operating loss was 1.2 billion yen, from an operating loss of 1.4 billion yen in the previous corresponding period. 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 BPO and ICT services segment, revenue increased by 72.6% to 44.2 billion yen, chiefly owing to the contribution of TMJ, Inc., a consolidated subsidiary from October 2017, and the increase in revenue in data center. Operating profit increased by 8.0% to 3.8 billion yen, mainly attributable to the increases in cost ratio and in selling, general and administrative expenses.

In the real estate and other services segment, revenue decreased by 13.1% to 21.0 billion yen, mainly due to the decrease in revenue in the real estate development and sales business. Operating profit decreased by 18.6% to 2.1 billion yen.

(2) Qualitative Information Regarding Consolidated Financial Position

(i) Consolidated Balance Sheets

Total assets as of September 30, 2018 amounted to 1,717.7 billion yen, 0.2% or 2.6 billion yen higher than that at the end of the previous fiscal year. Total current assets, at 784.2 billion yen, were down 1.0% or 7.8 billion yen. This was largely attributable to the increases in cash on hand and in banks by 8.4% or 26.5 billion yen to 343.7 billion yen, merchandise and products by 31.1% or 3.8 billion yen to 16.1 billion yen, due from subscribers by 6.4% or 2.2 billion yen to 37.5 billion yen, and costs on uncompleted construction contracts by 18.4% or 1.9 billion yen to 12.3 billion yen, despite the decrease in notes and accounts receivable, trade by 32.2% or 41.8 billion yen to 88.1 billion yen. Total fixed assets, at 933.5 billion yen, were up 1.1% or 10.5 billion yen. This was mainly attributable to the increases in investment securities by 2.6% or 7.3 billion yen to 288.0 billion yen and tangible assets by 1.0% or 3.8 billion yen to 377.5 billion yen.

Total liabilities amounted to 611.4 billion yen, 3.5% or 22.5 billion yen lower than that at the end of the previous fiscal year. Total current liabilities amounted to 332.5 billion yen, down 7.0% or 25.0 billion yen, owing to the decreases in bank loans by 27.7% or 11.5 billion yen to 30.0 billion yen, notes and accounts payable, trade by 14.5% or 6.3 billion yen to 37.5 billion yen, accrued income taxes by 20.2% or 5.2 billion yen to 20.6 billion yen, and payables - other by 11.5% or 4.5 billion yen to 35.5 billion yen. Long-term liabilities increased by 0.9% or 2.5 billion yen to 278.8 billion yen, compared to that at the end of the previous fiscal year. This was mainly attributable to the increase in investment deposits by policyholders, unearned premiums and other insurance liabilities by 3.5% or 6.0 billion yen to 178.3 billion yen, despite the decrease in deferred income taxes by 22.2% or 3.1 billion yen to 11.0 billion yen.

Total net assets amounted to 1,106.3 billion yen, 2.3% or 25.1 billion yen higher than that at the end of the previous fiscal year, mainly due to the increase in retained earnings by 3.2% or 27.1 billion yen, the decrease in foreign currency translation adjustments by 88.3% or 5.0 billion yen, and the increase in noncontrolling interests by 3.1% or 4.0 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, 2018 amounted to 94.9 billion yen; 63.5 billion yen in the previous corresponding period. The major factors of cash increase were income before income taxes of 67.2 billion yen, the decrease in notes and accounts receivable, trade, and due from subscribers of 40.3 billion yen and depreciation and amortization of 27.5 billion yen. The major factors of cash decrease were income taxes paid of 24.9 billion yen and the decrease in accounts payable of 11.6 billion yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 35.9 billion yen; 8.4 billion yen in the previous corresponding period. The major factors of cash decrease were payments for purchases of tangible assets, including security equipment and control stations of 28.9 billion yen, payments for purchases of investment securities of 16.1 billion yen, and payments for purchases of intangible assets of 4.6 billion yen. The major factor of cash increase was proceeds from sales and redemptions of investment securities of 12.7 billion yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 32.1 billion yen; 37.9 billion yen in the previous corresponding period. The major factors of cash decrease were dividends paid of 17.4 billion yen, the decrease in bank loans, net of 9.2 billion yen, and repayments of long-term loans of 4.1 billion yen.

As a result, cash and cash equivalents at the end of the six-month period ended September 30, 2018 was 334.2 billion yen, 26.3 billion yen higher than that at the end of the previous fiscal year.

(3) Qualitative Information Regarding Consolidated Financial Projections

Projections for the consolidated financial results for the fiscal year ending March 31, 2019 have not been changed from those disclosed on May 10, 2018.

(Note for financial projections)

Projections for the consolidated financial results for the fiscal year ending March 31, 2019, 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, 2018	September 30, 2018
ASSETS:		
Current assets:	792,094	784,200
Cash on hand and in banks	317,267	343,775
Cash deposits for armored car services	135,808	136,713
Notes and accounts receivable, trade	129,984	88,115
Due from subscribers	35,272	37,526
Short-term investments	17,360	18,301
Lease receivables and investment in leased assets	45,544	42,587
Merchandise and products	12,321	16,154
Real estate inventories	4,766	5,599
Work in process	5,057	6,520
Costs on uncompleted construction contracts	10,441	12,366
Work in process for real estate inventories	39,688	38,590
Raw materials and supplies	8,849	9,773
Short-term loans receivable	5,196	4,719
Other	26,352	25,210
Allowance for doubtful accounts	(1,818)	(1,753)
Fixed assets:	923,029	933,547
Tangible assets:	373,689	377,571
Buildings and improvements, net	148,622	147,811
Security equipment and control stations, net	70,872	71,693
Land	114,287	117,814
Other, net	39,907	40,250
Intangible assets	131,028	130,087
Investments and others:	418,311	425,888
Investment securities	280,659	288,046
Long-term loans receivable	35,284	34,506
Net defined benefit asset	41,409	41,645
Deferred income taxes	21,658	21,840
Other	52,332	52,606
Allowance for doubtful accounts	(13,033)	(12,756)
Total assets	1,715,123	1,717,747

(1) Consolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2018	September 30, 2018
LIABILITIES:		
Current liabilities:	357,544	332,511
Notes and accounts payable, trade	43,929	37,540
Bank loans	41,558	30,049
Current portion of straight bonds	795	2,093
Lease obligations	4,932	4,917
Payables - other	40,102	35,503
Accrued income taxes	25,896	20,667
Accrued consumption taxes	7,959	6,564
Accrued expenses	7,084	6,882
Deposits received for armored car services	113,830	117,351
Deferred revenue	30,309	31,249
Accrued bonuses	16,209	16,496
Provision for losses on construction contracts	2,436	2,812
Other	22,499	20,382
Long-term liabilities:	276,366	278,895
Straight bonds	5,322	5,226
Long-term loans	12,721	12,493
Lease obligations	11,902	11,573
Guarantee deposits received	33,181	32,831
Deferred income taxes	14,217	11,065
Accrued retirement benefits for directors and audit and supervisory board members	1,421	993
Net defined benefit liability	21,849	22,614
Investment deposits by policyholders, unearned premiums and other insurance liabilities	172,345	178,353
Other	3,403	3,743
Total liabilities	633,910	611,406
NET ASSETS:		
Shareholders' equity:	924,729	951,852
Common stock	66,385	66,392
Capital surplus	80,328	80,335
Retained earnings	851,764	878,879
Common stock in treasury, at cost	(73,748)	(73,754)
Accumulated other comprehensive income (losses):	27,894	21,855
Unrealized gains on securities	23,759	23,186
Deferred losses on hedges	(24)	(21)
Foreign currency translation adjustments	(5,774)	(10,873)
Remeasurements of defined benefit plans, net of taxes	9,933	9,564
Noncontrolling Interests	128,589	132,632
Total net assets	1,081,213	1,106,341
Total liabilities and net assets	1,715,123	1,717,747

(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, 2017	Six-month period ended September 30, 2018
Revenue	446,831	470,983
Costs of revenue	297,318	323,519
Gross profit	149,512	147,464
Selling, general and administrative expenses	88,040	92,561
Operating profit	61,471	54,902
Non-operating income	6,212	14,550
Non-operating expenses	1,669	1,995
Ordinary profit	66,015	67,458
Extraordinary profit	547	398
Extraordinary losses	391	563
Income before income taxes	66,171	67,293
Income taxes - current	28,268	20,089
Income taxes - deferred	(7,374)	(3,036)
Total income taxes	20,894	17,052
Net income	45,277	50,240
Net income attributable to noncontrolling interests	3,934	5,665
Net income attributable to owners of the parent	41,342	44,575

Consolidated Statements of Comprehensive Income

(In millions of yen)

	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018
Net income	45,277	50,240
Other comprehensive income (losses):	(1,180)	(6,371)
Unrealized gains (losses) on securities	319	(618)
Deferred gains (losses) on hedges	(4)	(0)
Foreign currency translation adjustments	(2,595)	(2,621)
Remeasurements of defined benefit plans, net of taxes	267	(295)
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method	831	(2,836)
Comprehensive income	44,096	43,868
Comprehensive income attributable to:		
Owners of the parent company	40,261	38,536
Noncontrolling interests	3,834	5,332

(3) Consolidated Statements of Cash Flows

(In millions of yen)

	Six-month period ended September 30, 2017	Six-month period ended September 30, 2018
Cash flows from operating activities:		
Income before income taxes	66,171	67,293
Depreciation and amortization	26,861	27,528
Amortization of goodwill	2,141	2,727
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(3,302)	(4,693)
Increase (decrease) in allowance for doubtful accounts	(99)	(92)
Increase/decrease in net defined benefit liability and asset	427	(578)
Interest and dividend income	(2,067)	(2,196)
Interest expenses	403	350
Exchange (gains) losses	(6)	(38)
Net (gains) losses on sales and disposal of fixed assets	98	732
Impairment losses on fixed assets	61	-
Net (gains) losses on sales of investment securities	(1,180)	(866)
Write-down on real estate inventories	39	3
Net (gains) losses on private equity investment	(221)	(7,138)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	31,390	40,328
(Increase) decrease in inventories	(19,662)	(7,391)
Increase (decrease) in accounts payable	(12,268)	(11,685)
Increase (decrease) in accrued consumption taxes	1,082	(1,500)
Increase (decrease) in deferred revenue	711	1,065
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	2,194	6,007
Increase/decrease in cash deposits/deposits received for armored car services	2,240	2,616
Other	(3,659)	813
Subtotal	91,354	113,285
Interest and dividend received	5,079	6,957
Interest paid	(421)	(361)
Income taxes paid	(32,503)	(24,945)
Net cash provided by (used in) operating activities	63,508	94,936
Cash flows from investing activities:		
(Increase) decrease in time deposits, net	48	(310)
(Increase) decrease in short-term investments, net	(4,543)	1,131
Payments for purchases of tangible assets	(24,623)	(28,925)
Proceeds from sales of tangible assets	5,083	331
Payments for purchases of intangible assets	(3,056)	(4,699)
Payments for purchases of investment securities	(32,216)	(16,162)
Proceeds from sales and redemptions of investment securities	50,504	12,730
Payments for acquisitions of affiliates	(3)	(53)
(Increase) decrease in short-term loans receivable, net	11	119
Payments for long-term loans receivable	(1,526)	(1,773)
Proceeds from long-term loans receivable	2,145	2,722
Acquisitions of subsidiaries accompanied with changes in scope of consolidation	-	(2,481)
Other	(291)	1,446
Net cash provided by (used in) investing activities	(8,467)	(35,924)
Cash flows from financing activities:		
Increase (decrease) in bank loans, net	(8,909)	(9,255)
Proceeds from long-term loans	-	1,710
Repayments of long-term loans	(3,682)	(4,177)
Repayments of lease obligations	(2,484)	(2,560)
Proceeds from issuance of straight bonds	-	1,560
Payments for redemption of straight bonds	(1,868)	(397)
Proceeds from stock issuance to noncontrolling shareholders	22	26
Dividends paid	(16,369)	(17,460)
Dividends paid for noncontrolling shareholders	(4,622)	(1,593)
(Increase) decrease in treasury stocks, net	(8)	(5)
Payments for acquisitions of subsidiaries not accompanied with changes in scope of consolidation	(73)	(3)
Net cash provided by (used in) financing activities	(37,995)	(32,157)
Effect of exchange rate changes on cash and cash equivalents	(41)	(503)
Net increase (decrease) in cash and cash equivalents	17,003	26,350
Cash and cash equivalents at beginning of the period	292,994	307,853
Increase in cash and cash equivalents accompanied by new consolidation	15	-
Cash and cash equivalents at end of the period	310,013	334,204

(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.

[Additional Information]

From the three-month period ended June 30, 2018, we have applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018), etc. Accordingly, deferred tax assets are classified as part of "Investments and others," and deferred tax liabilities are classified as part of "Long-term liabilities."

In order to apply the change, the consolidated balance sheets for the previous fiscal year has been reclassified. As a result, "deferred income taxes" in "current assets" decreased by 14,651 million yen, "deferred income taxes" in "investments and others" increased by 9,507 million yen, "deferred income taxes" in "long-term liabilities" decreased by 5,144 million yen. Consequently, total assets and total liabilities and net assets decreased by 5,144 million yen, respectively.

[Segment Information, etc.]

Segment Information

I. Six-month Period Ended September 30, 2017

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	Geospatial 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)
	BPO and ICT 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

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.

II. Six-month Period Ended September 30, 2018

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	Geospatial information services
Revenue:					
Customers	271,332	56,036	35,424	22,665	20,262
Intersegment	7,092	2,124	84	1,614	65
Subtotal	278,425	58,161	35,508	24,279	20,327
Segment profit (loss)	57,206	1,663	2,462	(2,104)	(1,277)

	Reportable segments		Real estate and other services (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	BPO and ICT services	Subtotal				
Revenue:						
Customers	44,232	449,953	21,030	470,983	-	470,983
Intersegment	4,580	15,562	923	16,485	(16,485)	-
Subtotal	48,812	465,515	21,953	487,468	(16,485)	470,983
Segment profit (loss)	3,867	61,817	2,118	63,936	(9,033)	54,902

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 491 million yen and corporate expenses not allocated to each reportable segment of 8,541 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarter, etc.

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

2. Information about Changes in Reportable Segments

Pasco Corporation, the principal company in the Geographic Information Services, released “Pasco Group’s Medium-Term Management Plan 2018-2022” on May 9, 2018, expressing its aim to become a comprehensive company in geospatial information industry pursuing the business model that capitalizes positional information including various related events. Accordingly, the segment name was changed from Geographic Information Services to Geospatial Information Services from the three-month period ended June 30, 2018. Reportable segments are not reclassified by this change.

[Significant Subsequent Events]

Sales of investment securities

The Company entered into a share transfer agreement in July 2018 to sell certain investment securities held by a consolidated subsidiary, Westec Security Group Inc. This transaction will generate a gain on sales of securities, which will be included in gains on private equity investments in the consolidated financial statements for the year ending March 31, 2019. The amount of the gain is under calculation.