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FINANCIAL REPORT FOR THE FISCAL YEAR ENDED MARCH 31, 2019

(Based on JAPANESE GAAP) (Consolidated)

May 14, 2019

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Scheduled date of General Shareholders' Meeting: June 26, 2019

Scheduled date of dividend payout: June 27, 2019

Scheduled date of filing Securities Report: June 26, 2019

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

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

	Years ended March 31	
	2018	2019
Revenue	970,624 4.6%	1,013,823 4.5%
Operating profit	135,448 3.4%	130,213 (3.9%)
Ordinary profit	144,318 (1.8%)	144,889 0.4%
Net income attributable to owners of the parent	86,993 3.4%	92,009 5.8%
Basic net income per share (in yen)	398.58	421.56
Diluted net income per share (in yen)	–	–
Net income / Equity	9.4%	9.4%
Ordinary profit / Total assets	8.6%	8.3%
Operating profit / Revenue	14.0%	12.8%

Note 1: Comprehensive income:

Year ended March 31, 2019: JPY 89,913 million [(14.8%)]

Year ended March 31, 2018: JPY 105,568 million [4.2%]

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

Year ended March 31, 2019: JPY 6,699 million

Year ended March 31, 2018: JPY 6,398 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, 2018	March 31, 2019
Total assets	1,715,123	1,765,105
Net assets	1,081,213	1,125,954
Equity ratio	55.5%	56.4%
Net assets per share (in yen)	4,364.63	4,562.08

Note 1: Equity as of:

March 31, 2019: JPY 995,720 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 March 31.

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

	Years ended March 31	
	2018	2019
Cash flows from operating activities	123,625	148,929
Cash flows from investing activities	(58,202)	(61,393)
Cash flows from financing activities	(50,950)	(54,977)
Cash and cash equivalents at end of the period	307,853	339,817

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

	Years ended/ending March 31		
	2018	2019	2020 (projected)
1 st quarter dividends per share (in yen)	–	–	–
2 nd quarter dividends per share (in yen)	75.00	80.00	85.00
3 rd quarter dividends per share (in yen)	–	–	–
Year-end dividends per share (in yen)	80.00	85.00	85.00
Annual dividends per share (in yen)	155.00	165.00	170.00
Total annual dividend payout	33,830	36,013	
Dividend payout ratio (consolidated)	38.9%	39.1%	44.7%
Total dividends / Net assets (consolidated)	3.7%	3.7%	

3. Projections for the consolidated financial results for the fiscal year ending March 31, 2020 (April 1, 2019 – March 31, 2020) and the six-month period ending September 30, 2019 (April 1, 2019 – September 30, 2019) (In millions of yen)

	Six-month period ending September 30, 2019	Year ending March 31, 2020
Projected revenue	493,500 4.8%	1,038,000 2.4%
Projected operating profit	57,900 5.5%	131,500 1.0%
Projected ordinary profit	60,900 (9.7%)	138,000 (4.8%)
Projected net income attributable to owners of the parent	36,900 (17.2%)	83,000 (9.8%)
Projected basic net income per share (in yen)	169.06	380.28

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, 2019.

Note 2: Percentage figures represent changes from the results of the corresponding periods of the previous year.

※ **Notes**

(1) Significant changes in subsidiaries during the period (changes in specified subsidiaries accompanied with changes in scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and/or restatements:

① Changes in accounting policies associated with amendment of accounting standards: None

② Other changes in accounting policies: None

③ Changes in accounting estimates: None

④ Restatements: None

(3) Number of common shares outstanding:

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

March 31, 2019: 233,292,219 shares

March 31, 2018: 233,290,441 shares

② Number of shares of treasury stock as of:

March 31, 2019: 15,031,867 shares

March 31, 2018: 15,030,573 shares

③ Number of average common shares outstanding over:

The year ended March 31, 2019: 218,260,523 shares

The year ended March 31, 2018: 218,260,418 shares

[Reference] Summary of nonconsolidated results

Nonconsolidated financial results for the fiscal year ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Nonconsolidated operating results

(In millions of yen, figures rounded down)

	Years ended March 31	
	2018	2019
Revenue	387,881 1.4%	394,181 1.6%
Operating profit	78,168 2.5%	76,833 (1.7%)
Ordinary profit	91,083 5.2%	88,972 (2.3%)
Net income	67,692 7.0%	74,016 9.3%
Basic net income per share (in yen)	310.15	339.12
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, 2018	March 31, 2019
Total assets	884,045	921,472
Net assets	748,988	785,801
Equity ratio	84.7%	85.3%
Net assets per share (in yen)	3,431.64	3,600.30

Note: Equity as of:

March 31, 2019: JPY 785,801 million

March 31, 2018: JPY 748,988 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, 2020” on page 7 in the appendices.

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1. Operating Results

(1) Analysis on Operating Results

During the fiscal year ended March 31, 2019 (“the current fiscal year”), Japanese economy has been in a moderate upward trend as shown in corporate earnings on high level and improvements in employment environment. On the other hand, continual attentions to the effects of uncertainties in overseas economies related to the international trade issues, the trends of the emerging economies in Asia, including China, as well as the U.K. exiting the E.U. (BREXIT), and the 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 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 to achieve our Vision for 2030. During the current fiscal year, we have been actively addressing the two priority issues, technological advances and a declining labor force, in order to realize the Road Map. Responding to the increasing demand for security in a connected society arising from technological advances, we have been pushing forward initiatives utilizing advanced technologies such as drones and robots, proactive entry into the field of cyber security, and value enhancement of our home security service. Regarding the demand for relying on someone, arising from a declining labor force, we have been strengthening capabilities for facility management, building management and supply chain management solutions. Furthermore, we have designated the current and the next fiscal years as an investment phase to establish infrastructure for sustainable growth. We made investments in human resources such as hiring IT specialists and individuals with global business skills, promoting workstyle reforms, and enhancing various training programs to increase employee motivation. As for the investments in systems, we upgraded core systems with functional advancements, improved operational quality and efficiency, and promoted R&D on new products and services.

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 current fiscal year. Reportable segments are not reclassified by this change.

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.

For our commercial security services, we have made continuous efforts to market high value added on-line security systems, such as those with imaging technology, access control function and facility

control function. In addition, we have been strengthening capabilities for facility management, building management and supply chain management solutions. In April 2018, we launched collaborative initiatives with a major distribution group to realize labor-saving / unmanned management / operation for large-sized facilities, as well as one-stop service for those of small- and medium-sized. Also, in June 2018, we marketed SECOM Supply Chain Security Select, a service designed to support client to obtain a security certification related to supply chain, and in December 2018, we established a support service to acquire the SGS certification for physical prevention of malicious food product contamination by foreign material. As for the services for large-scale events, we supported to run the events with safety and peace of mind by providing the latest security systems utilizing advanced technologies, such as the AI image recognition system and SECOM Aerostat (overhead venue surveillance). Furthermore, we acquired 80.1% of the outstanding shares of Secom Tosec Co., Ltd. (formerly Toshiba Security Guard Corporation), a provider of static guard services mainly for facilities of the Toshiba Group, in the end of August 2018.

For our residential security services, the demand for services which deliver safety and peace of mind as well as comfort and convenience has been solid. In this circumstance, we have made continuous efforts to market 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. We have expanded optional services which can be connected to SECOM Home Security, such as SECOM My Doctor Watch, an emergency medical alert and health management service centered on a wearable wristband tracker, and SECOM *Anshin* Home Delivery Box, which enables recipients to receive parcels securely at any time. In October 2018, we also 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, in response to the growing needs by residential customers for various services that deliver safety and peace of mind. In addition, we launched SECOM My AED in December 2018, Japan's first leased home-use AED (Automated External Defibrillator) combined with on-line service.

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. In February 2019, we expanded our presence into Turkey, the 13th overseas market for our security services, and established SECOM Aktif Guvenlik Yatirim A.S., a joint venture company with the major Turkish financial group.

As a result, revenue increased by 2.3% to 558.3 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 static guard services chiefly owing to the contribution of Secom Tosec Co., Ltd., a newly consolidated subsidiary, and in Asahi Security Co., Ltd., a provider of cash collection and delivery services. Operating profit decreased by 1.3% to 114.1 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, 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.

Despite revenue increased by 2.7% to 140.2 billion yen, mainly attributable to the active marketing efforts, operating profit decreased by 9.6% to 14.1 billion yen, chiefly owing to the concentration of projects with high cost ratio compared to the previous fiscal year and the increase in selling, general and administrative expenses.

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 equipment and pharmaceutical products, personal care services, and the leasing of real estate for medical institutions. In the current fiscal year, we started provision of SECOM Vitalook, a remote medical assistance platform, which allows doctors and nurses to remotely monitor home care patients' vital data such as electrocardiogram and blood pressure.

Revenue increased by 1.8% to 72.2 billion yen, mainly due to the increase in sales of residences for seniors and medical equipment, despite the decrease in revenue affected by the drug price revision. Operating profit decreased by 5.5% to 5.1 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 3.6% to 44.8 billion yen, mainly due to the firm increase in sales of MEDCOM, unrestricted cancer treatment policy, and fire insurance policy provided by Secom General Insurance Co., Ltd. Operating loss was 0.3 billion yen, from an operating profit of 1.3 billion yen in the previous fiscal year, chiefly owing to the increase in provision of policy reserve regarding natural disasters, etc.

In the geospatial 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. Pasco Corporation, the principal company in this segment, released "Pasco Group's Medium-Term Management Plan 2018-2022" in May 2018 and engaged in various measures.

Revenue increased by 1.3% to 51.5 billion yen, owing to the increase in revenue in domestic division, despite the decrease in revenue in international division. Operating profit increased by 31.8% to 2.7 billion yen, mainly attributable to the improvement in cost ratio in domestic division and the decrease in selling, general and administrative expenses.

In the BPO and ICT services segment, our distinctive portfolio includes business continuity planning (BCP) support, information security services and a variety of cloud-based services centering on the data centers as well as BPO related services including operation of call center services. In the current fiscal year, in response to the rising demand for cyber security, we established Cryptocurrency Wallet Service,

which facilitates safe operation with strict control by holding digital keys entrusted from cryptocurrency exchanges. We also launched SECOM *Anshin* Browser-b, a cyber security package service that offers entrance and exit protections and insurance against the threats of targeted cyber-attacks. In addition, we introduced SECOM Shift Scheduler, an automated shift management service, which is expected to contribute to the improvements in productivity among the restaurant and retail industries.

Revenue increased by 32.1% to 92.1 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 12.1% to 8.1 billion yen.

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 1.8% to 54.3 billion yen, mainly due to the increase in revenue in construction and installation services. Operating profit was down by 12.2% to 4.4 billion yen, mainly attributable to the increases in cost ratio and in selling, general and administrative expenses.

As a result, consolidated revenue for the current fiscal year increased by 4.5% to 1,013.8 billion yen compared with the previous fiscal year. Consolidated operating profit decreased by 3.9% to 130.2 billion yen, mainly attributable to the effect of the investment targeting creation of a stronger foundation for future sustainable growth. Consolidated ordinary profit increased by 0.4% to 144.8 billion yen, mainly due to the recognition of net gains on private equity investment in the U.S. etc. of 8.3 billion yen. Consolidated net income attributable to owners of the parent increased by 5.8% to 92.0 billion yen. Revenue exceeded 1 trillion yen and reached a record-high along with net income attributable to owners of the parent.

(2) Analysis on Financial Positions

Total assets as of March 31, 2019 amounted to 1,765.1 billion yen, 2.9% or 49.9 billion yen higher than those at the end of the previous fiscal year. Total current assets, at 846.7 billion yen, were up 6.9% or 54.6 billion yen. This was largely attributable to the increases in cash on hand and in banks by 10.4% or 33.0 billion yen to 350.3 billion yen, short-term investments by 46.2% or 8.0 billion yen to 25.3 billion yen, cash deposits for armored car services by 4.8% or 6.5 billion yen to 142.3 billion yen, and due from subscribers by 18.0% or 6.3 billion yen to 41.6 billion yen. Total fixed assets, at 918.3 billion yen, were down 0.5% or 4.6 billion yen. This was mainly attributable to the decreases in investment securities by 3.9% or 11.0 billion yen to 269.5 billion yen and net defined benefit asset by 7.1% or 2.9 billion yen to 38.4 billion yen, despite increases in deferred income taxes by 26.8% or 5.8 billion yen to 27.4 billion yen, and tangible assets by 1.3 % or 4.7 billion yen to 378.4 billion yen.

Total liabilities amounted to 639.1 billion yen, 0.8% or 5.2 billion yen higher than those at the end of the previous fiscal year. Total current liabilities amounted to 369.4 billion yen, were up 3.3% or 11.9 billion yen, owing largely to the increases in deposits received for armored car services by 6.4% or 7.2 billion yen to 121.0 billion yen, and other current liabilities by 15.4% or 3.4 billion yen to 25.9 billion yen. Long-term liabilities decreased by 2.4% or 6.6 billion yen to 269.6 billion yen, compared to those at the end of the previous fiscal year. This was mainly attributable to the decreases in deferred income taxes by 38.6% or 5.4 billion yen to 8.7 billion yen, and long-term loans by 20.9% or 2.6 billion yen to 10.0 billion yen.

Total net assets amounted to 1,125.9 billion yen, 4.1% or 44.7 billion yen higher than those at the end of the previous fiscal year, mainly due to the increase in retained earnings by 6.7% or 57.0 billion yen, despite the decreases in unrealized gains on securities by 23.6% or 5.6 billion yen, foreign currency translation adjustments by 85.0% or 4.9 billion yen, and remeasurements of defined benefit plans, net of taxes by 35.4% or 3.5 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, 2018	Year ended March 31, 2019	Increase (decrease)
Cash flows from operating activities	123,625	148,929	25,303
Cash flows from investing activities	(58,202)	(61,393)	(3,190)
Cash flows from financing activities	(50,950)	(54,977)	(4,027)
Effect of exchange rate changes on cash and cash equivalents	370	(594)	(965)
Net increase (decrease) in cash and cash equivalents	14,843	31,963	17,120
Cash and cash equivalents at beginning of the period	292,994	307,853	14,858
Increase in cash and cash equivalents accompanied by new consolidation	15	-	(15)
Cash and cash equivalents at end of the period	307,853	339,817	31,963

(Cash flows from operating activities)

Net cash provided by operating activities for the current fiscal year amounted to 148.9 billion yen; 123.6 billion yen in the previous fiscal year. Major factors of cash increase were income before income taxes of 143.9 billion yen and depreciation and amortization of 58.1 billion yen. Major factors of cash decrease were income taxes paid of 51.8 billion yen and increase in notes and accounts receivable, trade and due from subscribers of 9.4 billion yen.

(Cash flows from investing activities)

Net cash used in investing activities was 61.3 billion yen; 58.2 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 53.8 billion yen, payments for purchases of investment securities of 36.2 billion yen, and payments for purchases of intangible assets of 11.0 billion yen. Major factor of cash increase was proceeds from sales and redemptions of investment securities of 43.5 billion yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 54.9 billion yen; 50.9 billion yen in the previous fiscal year. Major factors of cash decrease were dividends paid of 34.9 billion yen, repayments of long-term loans of 7.2 billion yen, dividends paid for noncontrolling shareholders of 6.2 billion yen and repayments of lease obligations of 5.0 billion yen. Major factor of cash increase was proceeds from long-term loans of 2.4 billion yen.

As a result, cash and cash equivalents as of March 31, 2019 were 339.8 billion yen, 31.9 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, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Equity ratio (%)	56.7	53.1	54.1	55.5	56.4
Equity ratio (market price base) (%)	124.2	116.4	105.4	100.8	117.2
Interest-bearing liabilities / Cash flows from operating activities (in year)	0.6	0.8	0.5	0.6	0.5
Interest coverage ratio	137.0	149.3	173.8	153.0	207.3

Note: Equity ratio = Equity / Total assets

Equity ratio (market price base) = Market capitalization / Total assets

Interest coverage ratio = Cash flows from operating activities / Interest paid

(4) Projections for the fiscal year ending March 31, 2020

In regard to the outlook in Japanese economy, despite a trend of continuous gradual recovery reflecting improvements in employment and income environment is expected, still there are downward risks ascribed to the increased uncertainty in trends and policies of overseas economies, and the effects of fluctuations in the financial and capital markets.

Under this circumstance, we formulated the SECOM Group Road Map 2022 with the intension to clarify challenges we must address to achieve the SECOM Group's Vision for 2030, and identified technological advances and a declining labor force as priority issues. Guided by the Road Map, with an aim to accelerate our speed of growth, we will continue to invest in human resources including new hiring and enhanced staff education and training, and in systems to strengthen our fundamental technology. Additionally, we will aggressively take initiatives to respond to the two priority issues ahead of time by developing and fostering new businesses in order to create new value, and expand and upgrade existing businesses, including the fusion of physical and cyber security, and provision of secure support services to help labor saving.

In projections for the consolidated financial results for the fiscal year ending March 31, 2020, it is expected to record 1.7% increase to 568.0 billion yen in the security services segment, 6.9% increase to 150.0 billion yen in the fire protection services segment, 1.4% increase to 73.3 billion yen in the medical services segment, 4.7% increase to 46.9 billion yen in the insurance services segment, 3.1% decrease to 50.0 billion yen in the geospatial information services segment, 5.8% increase to 97.5 billion yen in the BPO and ICT services segment, and 3.8% decrease to 52.3 billion yen in the real estate and other services segment, and consolidated revenue is expected to increase by 2.4% to 1,038.0 billion yen.

Consolidated operating profit is expected to increase by 1.0% to 131.5 billion yen, consolidated ordinary profit is expected to decrease by 4.8% to 138.0 billion yen and consolidated net income attributable to owners of the parent is expected to decrease by 9.8% to 83.0 billion yen.

(Notes for projections)

Projections for the consolidated financial results for the fiscal year ending March 31, 2020, 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, 2018	Year ended March 31, 2019	Year ending March 31, 2020 (Projection)
Revenue	970.6	1,013.8	1,038.0
Change from the previous year	+4.6%	+4.5%	+2.4%
Operating profit	135.4	130.2	131.5
Change from the previous year	+3.4%	(3.9%)	+1.0%
Ordinary profit	144.3	144.8	138.0
Change from the previous year	(1.8%)	+0.4%	(4.8%)
Net income attributable to owners of the parent	86.9	92.0	83.0
Change from the previous year	+3.4%	+5.8%	(9.8%)
Basic net income per share (in yen)	398.58	421.56	380.28

(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 85 yen per share to respond to shareholders' continuous support. The dividends for the current fiscal year are 165 yen per share, the sum of the interim dividends of 80 yen per share and the year-end dividends of 85 yen per share, 10 yen higher than those for previous fiscal year, and consolidated dividend payout ratio is 39.1%. The dividends for the next fiscal year are planned to be 170 yen per share, the sum of the interim dividends of 85 yen per share and the year-end dividends of 85 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, 2018	March 31, 2019
ASSETS:		
Current assets:	792,094	846,759
Cash on hand and in banks	317,267	350,319
Cash deposits for armored car services	135,808	142,335
Notes and accounts receivable, trade	129,984	133,659
Due from subscribers	35,272	41,616
Short-term investments	17,360	25,382
Lease receivables and investment in leased assets	45,544	41,826
Merchandise and products	12,321	14,146
Real estate inventories	4,766	5,864
Work in process	5,057	5,872
Costs on uncompleted construction contracts	10,441	10,971
Work in process for real estate inventories	39,688	30,743
Raw materials and supplies	8,849	10,398
Short-term loans receivable	5,196	4,398
Other	26,352	31,000
Allowance for doubtful accounts	(1,818)	(1,775)
Fixed assets:	923,029	918,346
Tangible assets:	373,689	378,401
Buildings and improvements, net	148,622	148,693
Security equipment and control stations, net	70,872	71,715
Land	114,287	116,876
Other, net	39,907	41,115
Intangible assets	131,028	128,215
Investments and others:	418,311	411,728
Investment securities	280,659	269,575
Long-term loans receivable	35,284	35,284
Net defined benefit asset	41,409	38,488
Deferred income taxes	21,658	27,469
Other	52,332	53,952
Allowance for doubtful accounts	(13,033)	(13,042)
Total assets	1,715,123	1,765,105

(1) Consolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2018	March 31, 2019
LIABILITIES:		
Current liabilities:	357,544	369,458
Notes and accounts payable, trade	43,929	45,826
Bank loans	41,558	39,126
Current portion of straight bonds	795	2,009
Lease obligations	4,932	4,875
Payables - other	40,102	42,645
Accrued income taxes	25,896	22,767
Accrued consumption taxes	7,959	7,209
Accrued expenses	7,084	7,329
Deposits received for armored car services	113,830	121,086
Deferred revenue	30,309	30,438
Accrued bonuses	16,209	17,255
Provision for losses on construction contracts	2,436	2,913
Other	22,499	25,975
Long-term liabilities:	276,366	269,691
Straight bonds	5,322	4,702
Long-term loans	12,721	10,063
Lease obligations	11,902	11,960
Guarantee deposits received	33,181	32,955
Deferred income taxes	14,217	8,735
Accrued retirement benefits for directors and audit and supervisory board members	1,421	1,046
Net defined benefit liability	21,849	22,953
Investment deposits by policyholders, unearned premiums and other insurance liabilities	172,345	172,866
Other	3,403	4,406
Total liabilities	633,910	639,150
NET ASSETS:		
Shareholders' equity:	924,729	981,846
Common stock	66,385	66,392
Capital surplus	80,328	80,360
Retained earnings	851,764	908,852
Common stock in treasury, at cost	(73,748)	(73,759)
Accumulated other comprehensive income (losses):	27,894	13,873
Unrealized gains on securities	23,759	18,157
Deferred losses on hedges	(24)	(21)
Foreign currency translation adjustments	(5,774)	(10,683)
Remeasurements of defined benefit plans, net of taxes	9,933	6,421
Noncontrolling Interests	128,589	130,234
Total net assets	1,081,213	1,125,954
Total liabilities and net assets	1,715,123	1,765,105

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

Consolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Revenue	970,624	1,013,823
Costs of revenue	652,673	692,211
Gross profit	317,950	321,611
Selling, general and administrative expenses	182,502	191,397
Operating profit	135,448	130,213
Non-operating income	13,152	19,646
Non-operating expenses	4,281	4,970
Ordinary profit	144,318	144,889
Extraordinary profit	2,471	1,909
Extraordinary losses	2,545	2,838
Income before income taxes	144,245	143,960
Income taxes - current	54,811	47,001
Income taxes - deferred	(9,314)	(7,808)
Total income taxes	45,496	39,193
Net income	98,748	104,766
Net income attributable to noncontrolling interests	11,755	12,757
Net income attributable to owners of the parent	86,993	92,009

Consolidated Statements of Comprehensive Income

(In millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Net income	98,748	104,766
Other comprehensive income (losses):	6,819	(14,853)
Unrealized gains (losses) on securities	(1,649)	(5,740)
Deferred gains (losses) on hedges	0	(0)
Foreign currency translation adjustments	(1,003)	(2,616)
Remeasurements of defined benefit plans, net of taxes	5,595	(3,056)
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method	3,876	(3,439)
Comprehensive income	105,568	89,913
Comprehensive income attributable to:		
Owners of the parent company	93,323	77,988
Noncontrolling interests	12,244	11,924

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2018

(In millions of yen)

	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity
Balance at the beginning of the current period	66,377	80,297	797,493	(73,731)	870,437
Changes during the current period:					
Issuance of new stocks	7	7			14
Cash dividends			(32,739)		(32,739)
Net income attributable to owners of the parent			86,993		86,993
Purchase of treasury stock				(17)	(17)
Disposal of treasury stock		0		0	0
Changes in shares of parent arising from transactions with non-controlling interest		23			23
Changes due to changes in accounting standards of overseas consolidated subsidiaries					-
Changes in the scope of application of the equity method			17		17
Net changes of items other than shareholders' equity					
Total changes during the current period	7	30	54,271	(17)	54,292
Balance at the end of the current period	66,385	80,328	851,764	(73,748)	924,729

(In millions of yen)

	Accumulated other comprehensive income (losses)					Noncontrolling interests	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the current period	25,125	(30)	(7,954)	4,423	21,563	121,253	1,013,253
Changes during the current period:							
Issuance of new stocks							14
Cash dividends							(32,739)
Net income attributable to owners of the parent							86,993
Purchase of treasury stock							(17)
Disposal of treasury stock							0
Changes in shares of parent arising from transactions with non-controlling interest							23
Changes due to changes in accounting standards of overseas consolidated subsidiaries							-
Changes in the scope of application of the equity method							17
Net changes of items other than shareholders' equity	(1,365)	5	2,180	5,510	6,330	7,336	13,667
Total changes during the current period	(1,365)	5	2,180	5,510	6,330	7,336	67,959
Balance at the end of the current period	23,759	(24)	(5,774)	9,933	27,894	128,589	1,081,213

Year ended March 31, 2019

(In millions of yen)

	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity
Balance at the beginning of the current period	66,385	80,328	851,764	(73,748)	924,729
Changes during the current period:					
Issuance of new stocks	7	7			14
Cash dividends			(34,921)		(34,921)
Net income attributable to owners of the parent			92,009		92,009
Purchase of treasury stock				(10)	(10)
Disposal of treasury stock					-
Changes in shares of parent arising from transactions with non-controlling interest		35			35
Changes due to changes in accounting standards of overseas consolidated subsidiaries		(9)			(9)
Changes in the scope of application of the equity method					-
Net changes of items other than shareholders' equity					
Total changes during the current period	7	32	57,087	(10)	57,117
Balance at the end of the current period	66,392	80,360	908,852	(73,759)	981,846

(In millions of yen)

	Accumulated other comprehensive income (losses)					Noncontrolling interests	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the current period	23,759	(24)	(5,774)	9,933	27,894	128,589	1,081,213
Changes during the current period:							
Issuance of new stocks							14
Cash dividends							(34,921)
Net income attributable to owners of the parent							92,009
Purchase of treasury stock							(10)
Disposal of treasury stock							-
Changes in shares of parent arising from transactions with non-controlling interest							35
Changes due to changes in accounting standards of overseas consolidated subsidiaries							(9)
Changes in the scope of application of the equity method							-
Net changes of items other than shareholders' equity	(5,601)	2	(4,909)	(3,511)	(14,020)	1,644	(12,376)
Total changes during the current period	(5,601)	2	(4,909)	(3,511)	(14,020)	1,644	44,741
Balance at the end of the current period	18,157	(21)	(10,683)	6,421	13,873	130,234	1,125,954

(4) Consolidated Statements of Cash Flows

(In millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Cash flows from operating activities:		
Income before income taxes	144,245	143,960
Depreciation and amortization	56,459	58,103
Amortization of goodwill	4,864	5,504
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(6,398)	(6,699)
Increase (decrease) in allowance for doubtful accounts	(53)	227
Increase/decrease in net defined benefit liability and asset	1,141	(1,105)
Interest and dividend income	(4,329)	(4,658)
Interest expenses	775	788
Exchange (gains) losses	213	169
Net (gains) losses on sales and disposal of fixed assets	258	1,357
Impairment losses on fixed assets	841	594
Net (gains) losses on sales of investment securities	(1,285)	(1,231)
Net (gains) losses on revaluation of investment securities	2	416
Net (gains) losses on sales of investment securities in subsidiaries and affiliates	69	50
Write-down on real estate inventories	865	579
Net (gains) losses on private equity investment	(2,185)	(8,372)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	(7,703)	(9,461)
(Increase) decrease in lease receivables and investment in leased assets	(1,569)	3,717
(Increase) decrease in inventories	(18,691)	3,483
Increase (decrease) in accounts payable	294	3,580
Increase (decrease) in accrued consumption taxes	1,909	(852)
Increase (decrease) in deferred revenue	(433)	301
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	6,189	521
Increase/decrease in cash deposits/deposits received for armored car services	762	729
Other	(2,805)	447
Subtotal	173,436	192,152
Interest and dividend received	7,573	9,364
Interest paid	(808)	(718)
Income taxes paid	(56,576)	(51,869)
Net cash provided by (used in) operating activities	123,625	148,929
Cash flows from investing activities:		
(Increase) decrease in time deposits, net	172	(1,251)
(Increase) decrease in short-term investments, net	(1,149)	(4,255)
Payments for purchases of tangible assets	(50,277)	(53,803)
Proceeds from sales of tangible assets	6,166	3,377
Payments for purchases of intangible assets	(7,499)	(11,062)
Payments for purchases of investment securities	(51,021)	(36,243)
Proceeds from sales and redemptions of investment securities	69,365	43,596
Payments for acquisitions of affiliates	(77)	(442)
(Increase) decrease in short-term loans receivable, net	(333)	35
Payments for long-term loans receivable	(4,753)	(4,568)
Proceeds from long-term loans receivable	4,572	5,310
Acquisitions of subsidiaries accompanied with changes in scope of consolidation	(23,298)	(3,133)
Other	(68)	1,046
Net cash provided by (used in) investing activities	(58,202)	(61,393)
Cash flows from financing activities:		
Increase (decrease) in bank loans, net	(3,453)	(1,654)
Proceeds from long-term loans	4,813	2,400
Repayments of long-term loans	(6,493)	(7,294)
Repayments of lease obligations	(4,989)	(5,087)
Proceeds from issuance of straight bonds	-	1,560
Payments for redemption of straight bonds	(2,621)	(1,006)
Proceeds from stock issuance to noncontrolling shareholders	95	330
Dividends paid	(32,739)	(34,921)
Dividends paid for noncontrolling shareholders	(5,425)	(6,262)
(Increase) decrease in treasury stocks, net	(17)	(10)
Payments for acquisitions of subsidiaries not accompanied with changes in scope of consolidation	(119)	(3,032)
Net cash provided by (used in) financing activities	(50,950)	(54,977)
Effect of exchange rate changes on cash and cash equivalents	370	(594)
Net increase (decrease) in cash and cash equivalents	14,843	31,963
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	307,853	339,817

(5) Notes Regarding the Consolidated Financial Statement

[Notes Regarding the Assumption of Going Concern]

Not applicable

[Changes in Presentation Method]

From the beginning of the current fiscal year, we have applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No.28, February 16, 2018). 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 have 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.

(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,” “geospatial information services,” “BPO and ICT 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,” “geospatial information services” and “BPO and ICT 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. “Geospatial information services” segment provides geospatial information services for national, local and overseas

governmental agencies. “BPO and ICT services” segment provides information security services, BCP support services, data center services and BPO related 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, 2018

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Customers	545,789	136,558	70,987	43,249	50,905
Intersegment	12,586	4,170	184	3,034	175
Subtotal	558,376	140,728	71,172	46,284	51,081
Segment profit	115,646	15,632	5,429	1,354	2,060
Segment assets	919,457	157,480	143,218	222,744	65,051
Other items					
Depreciation and amortization	37,595	2,019	3,508	1,900	2,534
Amortization of goodwill	3,063	147	131	0	13
Impairment losses on fixed assets	47	14	-	-	364
Increase in tangible and intangible assets	45,007	3,909	1,443	1,987	1,700

	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	69,741	917,233	53,391	970,624	-	970,624
Intersegment	7,133	27,285	2,003	29,289	(29,289)	-
Subtotal	76,875	944,518	55,395	999,914	(29,289)	970,624
Segment profit	7,252	147,377	5,065	152,443	(16,995)	135,448
Segment assets	140,172	1,648,124	166,432	1,814,556	(99,432)	1,715,123
Other items						
Depreciation and amortization	7,800	55,359	998	56,358	100	56,459
Amortization of goodwill	1,508	4,864	-	4,864	-	4,864
Impairment losses on fixed assets	415	841	-	841	-	841
Increase in tangible and intangible assets	31,987	86,036	1,689	87,726	(342)	87,384

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 (8) million yen and corporate expenses not allocated to each reportable segment of 17,003 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 (262,818) million yen and corporate assets not belonging to each reportable segment of 163,385 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 (733) million yen and depreciation of corporate assets not belonging to each reportable segment of 833 million yen.

Adjustment of increase in tangible and intangible assets includes intersegment elimination of (691) million yen and capital investments of software, etc. not belonging to each reportable segment of 349 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, 2019

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Revenue:					
Customers	558,388	140,257	72,276	44,811	51,591
Intersegment	13,512	3,942	168	3,120	385
Subtotal	571,901	144,200	72,445	47,931	51,977
Segment profit / Segment loss	114,183	14,131	5,129	(377)	2,716
Segment assets	958,667	165,184	140,756	220,605	64,423
Other items					
Depreciation and amortization	38,676	2,283	3,591	1,885	2,241
Amortization of goodwill	3,126	156	131	0	13
Impairment losses on fixed assets	10	23	-	-	544
Increase in tangible and intangible assets	49,390	2,268	1,761	3,238	2,419

	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	92,120	959,446	54,376	1,013,823	-	1,013,823
Intersegment	13,023	34,153	1,786	35,940	(35,940)	-
Subtotal	105,144	993,600	56,163	1,049,763	(35,940)	1,013,823
Segment profit / Segment loss	8,130	143,914	4,445	148,360	(18,146)	130,213
Segment assets	141,355	1,690,993	165,111	1,856,105	(91,000)	1,765,105
Other items						
Depreciation and amortization	8,520	57,199	881	58,081	21	58,103
Amortization of goodwill	2,077	5,504	-	5,504	-	5,504
Impairment losses on fixed assets	16	594	-	594	-	594
Increase in tangible and intangible assets	9,084	68,163	4,550	72,714	85	72,799

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 or segment loss includes intersegment eliminations of 769 million

yen and corporate expenses not allocated to each reportable segment of 17,377 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarters, etc.

Adjustment of segment assets includes intersegment elimination of (255,004) million yen and corporate assets not belonging to each reportable segment of 164,004 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 (741) million yen and depreciation of corporate assets not belonging to each reportable segment of 763 million yen.

Adjustment of increase in tangible and intangible assets includes intersegment elimination of (1,078) million yen and capital investments of software, etc. not belonging to each reportable segment of 1,164 million yen.

Note 3: Segment profit or segment loss 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.

4. 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 current fiscal year. Reportable segments are not reclassified by this change.

[Related Information]

Year Ended March 31, 2018

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
922,060	48,563	970,624

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

(2) Tangible Assets

(In millions of yen)		
Japan	Others	Total
362,918	10,771	373,689

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, 2019

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
965,440	48,382	1,013,823

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

(2) Tangible Assets

(In millions of yen)		
Japan	Others	Total
368,130	10,271	378,401

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, 2018

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Amortized amount	3,063	147	131	0	13
Unamortized balance	51,708	635	163	0	50

(In millions of yen)

	Reportable segments		Real estate and other services	Total	Adjustment	Amount on consolidated financial statements
	BPO and ICT services	Subtotal				
Amortized amount	1,508	4,864	-	4,864	-	4,864
Unamortized balance	25,504	78,061	-	78,061	-	78,061

Year Ended March 31, 2019

(In millions of yen)

	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geospatial information services
Amortized amount	3,126	156	131	0	13
Unamortized balance	50,220	478	32	0	36

(In millions of yen)

	Reportable segments		Real estate and other services	Total	Adjustment	Amount on consolidated financial statements
	BPO and ICT services	Subtotal				
Amortized amount	2,077	5,504	-	5,504	-	5,504
Unamortized balance	23,426	74,194	-	74,194	-	74,194

(7) Significant Subsequent Events

Not applicable

3. Nonconsolidated Financial Statements

(1) Nonconsolidated Balance Sheets

(In millions of yen)

	March 31, 2018	March 31, 2019
ASSETS:		
Current assets:		
Cash on hand and in banks	85,009	120,815
Cash deposits for armored car services	38,347	39,504
Notes receivable	523	723
Due from subscribers	17,286	17,931
Accounts receivable, trade	10,995	11,516
Receivables - other	4,387	4,714
Merchandise	5,628	7,047
Supplies	1,767	1,686
Prepaid expenses	2,556	2,599
Short-term loans receivable	28,017	35,250
Other	1,712	4,530
Allowance for doubtful accounts	(105)	(101)
Total current assets	196,128	246,218
Fixed assets:		
Tangible assets:		
Buildings and improvements	16,160	16,263
Automobiles	611	501
Security equipment and control stations	67,746	69,049
Machinery and equipment	162	143
Tools, furniture and fixtures	2,861	3,566
Land	22,077	21,952
Construction in progress	4,812	4,721
Other	72	1,827
Total tangible assets	114,504	118,025
Intangible assets:		
Software	5,903	8,560
Other	741	920
Total intangible assets	6,644	9,480
Investments and others:		
Investment securities	24,583	21,982
Investment securities in subsidiaries and affiliates	350,551	353,375
Investments in subsidiaries and affiliates	2,098	2,149
Long-term loans receivable	138,277	113,221
Lease deposits	7,650	7,578
Long-term prepaid expenses	20,622	20,461
Prepaid pension and severance costs	20,763	21,410
Deferred income taxes	-	5,442
Insurance funds	4,046	4,109
Other	2,613	2,458
Allowance for doubtful accounts	(4,440)	(4,442)
Total investments and others	566,767	547,748
Total fixed assets	687,917	675,254
Total Assets	884,045	921,472

(1) Nonconsolidated Balance Sheets (Continued)

(In millions of yen)

	March 31, 2018	March 31, 2019
LIABILITIES:		
Current liabilities:		
Accounts payable	4,108	3,820
Bank loans	21,940	21,211
Lease obligations	229	309
Payables – other	16,708	19,769
Payables – construction	3,897	5,437
Accrued income taxes	13,162	11,210
Accrued consumption taxes	3,817	3,221
Accrued expenses	691	747
Deposits received for armored car services	16,446	18,348
Deferred revenue	20,300	19,949
Accrued bonuses	6,300	6,488
Other	2,623	2,590
Total current liabilities	110,226	113,104
Long-term liabilities:		
Lease obligations	2,358	3,971
Guarantee deposits received	16,640	16,462
Deferred income taxes	3,575	-
Accrued pension and severance costs	2,164	1,788
Other	91	343
Total long-term liabilities	24,830	22,566
Total liabilities	135,057	135,670
NET ASSETS:		
Shareholders' equity:		
Common stock	66,385	66,392
Capital surplus:		
Additional paid-in capital	83,061	83,069
Other capital surplus	0	0
Total capital surplus	83,062	83,069
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	653,840	692,935
Total retained earnings	665,881	704,976
Common stock in treasury, at cost	(73,748)	(73,759)
Total shareholders' equity	741,579	780,679
Valuation, translation adjustments and others:		
Unrealized gains on securities	7,408	5,122
Total valuation, translation adjustments and others	7,408	5,122
Total net assets	748,988	785,801
Total liabilities and net assets	884,045	921,472

(2) Nonconsolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2018	Year ended March 31, 2019
Revenue	387,881	394,181
Costs	229,332	234,046
Gross Profit	158,549	160,134
Selling, general and administrative expenses	80,380	83,301
Operating profit	78,168	76,833
Non-operating income:		
Interest income	1,521	1,279
Dividends income	12,927	13,186
Other	530	540
Total non-operating income	14,978	15,006
Non-operating expenses:		
Interest expenses	189	189
Loss on sales and disposal of fixed assets	951	1,907
Write-off of long-term prepaid expenses	489	459
Other	433	310
Total non-operating expenses	2,064	2,866
Ordinary profit	91,083	88,972
Extraordinary profit:		
Gain on sales of investment securities	168	86
Reversal of allowance for doubtful accounts	1,000	-
Overseas tax related gain	725	-
Other	2	0
Total extraordinary profit	1,896	87
Extraordinary losses:		
Loss on sales of tangible assets	5	63
Loss on revaluation of investment securities in subsidiaries and affiliates	316	54
Loss on revaluation of investment securities	-	42
Provision for allowance for doubtful accounts	-	25
Other	3	18
Total extraordinary losses	324	203
Income before income taxes	92,655	88,855
Income taxes - current	24,694	23,180
Income taxes - deferred	268	(8,341)
Total income taxes	24,962	14,838
Net income	67,692	74,016

(3) Nonconsolidated Statements of Changes in Net Assets

Year Ended March 31, 2018

(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
Changes during the current period:				
Issuance of new stocks	7	7		7
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	7	7	0	7
Balance at the end of the current period	66,385	83,061	0	83,062

(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	618,887	630,927
Changes during the current period:					
Issuance of new stocks					
Cash dividends				(32,739)	(32,739)
Net income				67,692	67,692
Purchase of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes during the current period	-	-	-	34,953	34,953
Balance at the end of the current period	9,028	800	2,212	653,840	665,881

(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	(73,731)	706,629	6,634	6,634	713,263
Changes during the current period:					
Issuance of new stocks		14			14
Cash dividends		(32,739)			(32,739)
Net income		67,692			67,692
Purchase of treasury stock	(17)	(17)			(17)
Disposal of treasury stock	0	0			0
Net changes of items other than shareholders' equity			774	774	774
Total changes during the current period	(17)	34,950	774	774	35,724
Balance at the end of the current period	(73,748)	741,579	7,408	7,408	748,988

Year Ended March 31, 2019

(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	66,385	83,061	0	83,062
Changes during the current period:				
Issuance of new stocks	7	7		7
Cash dividends				
Net income				
Purchase of treasury stock				
Disposal of treasury stock				
Net changes of items other than shareholders' equity				
Total changes during the current period	7	7	-	7
Balance at the end of the current period	66,392	83,069	0	83,069

(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	653,840	665,881
Changes during the current period:					
Issuance of new stocks					
Cash dividends				(34,921)	(34,921)
Net income				74,016	74,016
Purchase of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes during the current period	-	-	-	39,094	39,094
Balance at the end of the current period	9,028	800	2,212	692,935	704,976

(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	(73,748)	741,579	7,408	7,408	748,988
Changes during the current period:					
Issuance of new stocks		14			14
Cash dividends		(34,921)			(34,921)
Net income		74,016			74,016
Purchase of treasury stock	(10)	(10)			(10)
Disposal of treasury stock		-			-
Net changes of items other than shareholders' equity			(2,285)	(2,285)	(2,285)
Total changes during the current period	(10)	39,099	(2,285)	(2,285)	36,813
Balance at the end of the current period	(73,759)	780,679	5,122	5,122	785,801

(4) Notes Regarding the Nonconsolidated Financial Statement

[Notes Regarding the Assumption of Going Concern]

Not applicable

[Changes in Presentation Method]

From the beginning of the current fiscal year, we have applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No.28, February 16, 2018). 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 balance sheets for the previous fiscal year have been reclassified. As a result, 3,627 million yen of “deferred income taxes” in “current assets” is included in 3,575 million yen of “deferred income taxes” in “long-term liabilities.” Consequently, total assets and total liabilities and net assets decreased by 3,627 million yen, respectively.

[Significant Subsequent Events]

Not applicable