



SEMIANNUAL REPORT 2015

For the Six-month Period Ended September 30, 2015

PROFILE

Since its establishment in 1962, SECOM CO., LTD., a pioneer in Japan's security services industry, has sought to develop and encourage broad acceptance of pioneering services and systems that provide security and peace of mind, in line with its belief in the importance of contributing to society through its business activities. Today, SECOM is a leading organization comprising the parent company and the companies of the SECOM Group.

Our overarching mission is to provide security and peace of mind and help make life more comfortable and convenient. Accordingly, we are pressing ahead with efforts to realize our vision for the future, the Social System Industry, which describes a framework of distinctive, integrated services and systems. These include capitalizing on our extensive business portfolio, which today includes security services, fire protection services, medical services, insurance services, geographic information services, information and communication related services, and real estate and other services, to create a solid foundation for future growth.

We also continue to broaden the scope of our operations by promoting the "ALL SECOM" concept, which focuses on rallying Group strengths to create uniquely SECOM services and systems that enhance comfort and convenience and provide security and peace of mind to maximize Group synergies. Through these efforts, we encourage people to turn to SECOM with the confidence that doing so will help them resolve security and other concerns.

Over the years, our geographic focus has expanded beyond Japan. Currently active in 21 countries and territories in Asia, Europe, Oceania and the Americas, where we provide high-grade security services, fire protection services, medical services and geographic information services customized to reflect local needs and sensibilities, we will continue to strengthen and grow our overseas operations.

Notes: 1. Comparisons of operating results in this semiannual report are between the six-month periods ended September 30, 2015 and 2014.

2. SECOM's semiannual report presents information on its consolidated operating results, calculated in accordance with accounting principles generally accepted in Japan (Japanese GAAP).

CONSOLIDATED FINANCIAL HIGHLIGHTS

SECOM CO., LTD. and Subsidiaries
Six-month periods ended September 30, 2015, 2014 and 2013

	In millions of yen			In thousands of U.S. dollars
	2015	2014	2013	2015
Revenue	¥408,890	¥393,380	¥392,319	\$3,407,416
Operating profit	60,206	59,611	56,799	501,716
Ordinary profit	63,062	70,251	62,403	525,516
Net income attributable to owners of the parent	40,045	41,181	35,445	333,708
Net income per share (yen and U.S. dollars)	¥ 183.47	¥ 188.68	¥ 162.39	\$ 1.52

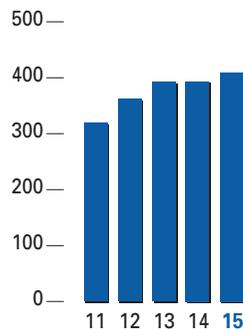
Notes: 1. Net income per share figures are in exact yen and U.S. dollars.

2. All dollar figures herein refer to U.S. currency. Yen amounts have been translated, solely for the convenience of the reader, at the rate of ¥120=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on September 30, 2015.

3. Net income per share amounts are based on the average number of shares outstanding during each period.

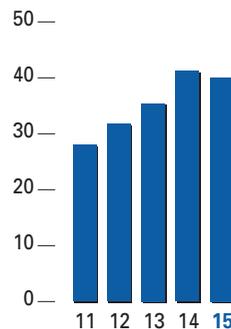
Consolidated Revenue

(In billions of yen)



Consolidated Net Income Attributable to Owners of The Parent

(In billions of yen)



TO OUR SHAREHOLDERS

Operating Results

Despite a trend toward improvement in both corporate earnings and in employment and personal income levels, the Japanese economy came to somewhat of a standstill in the six months ended September 30, 2015. Contributing factors included weaker exports—a consequence of decelerating growth in Asian emerging economies, notably the People's Republic of China (PRC)—and sluggish consumer spending.

In this environment, we continued working to address ever more diverse and sophisticated needs for security and peace of mind—in keeping with our mission to provide safety and security, as well as comfort and convenience—with the aim of realizing our Social System Industry vision. Accordingly, we focused on offering high-grade services and systems that respond to customers' needs in our security services segment, as well as in our other segments: fire protection services, medical services, insurance services, geographic information services, information and communication related services, and real estate and other services. We also proceeded with efforts to apply the ALL SECOM concept, which emphasizes cooperation among our various independent businesses to strengthen the Group as a whole. Under the ALL SECOM banner, we also promoted the development of new services in line with three key themes: security, a super-aged society and disaster preparedness/business continuity planning (BCP)/environmental preservation.

Calculated according to accounting principles generally accepted in Japan (Japanese GAAP), consolidated revenue in the period under review increased 3.9%, to an all-time high of ¥408.8 billion. Consolidated operating profit rose 1.0%, to ¥60.2 billion, also a record. In contrast, consolidated ordinary profit fell 10.2%, to ¥63.0 billion, owing mainly to ¥168 million in net losses on private equity investments, compared with net gains of ¥8.2 billion on such investments, primarily in the United States, in the corresponding period of the previous fiscal year. Consolidated net income attributable to owners of the parent declined 2.8%, to ¥40.0 billion.

In light of our solid performance in the period under review, with the aim of enhancing returns to shareholders, on November 9, 2015, the Board of Directors approved the payment of an interim dividend of ¥65.00 per share, up ¥5.00 from the interim dividend paid in the previous fiscal year.

Segment Results

Security Services

The security services segment comprises electronic security services, other security services, and merchandise and other. Electronic security services consist of on-line commercial and home security systems and large-scale proprietary security systems. Other security services include static guard and armored car services. The merchandise and other category encompasses sales of a wide range of security products, including security camera systems, access control systems, automated fire extinguishing systems and external monitoring systems. We also offer high-grade security services in overseas markets through a network of local subsidiaries and affiliates.

In the period under review, revenue in this segment increased 2.2%, to ¥234.7 billion, and operating profit rose 2.9%, to ¥56.2 billion. Principal factors behind these results included brisk sales of on-line security systems for commercial and residential use and of security camera systems and other merchandise.

For commercial subscribers in Japan, we stepped up marketing of high-value-added on-line security systems such as SECOM LX, which combines an on-line security system with access control functions that help improve business efficiency, and SECOM FX, an energy- and labor-saving security and facility control system. We also launched SESAMO IDf, a compact finger vein authentication-based access control system with significantly enhanced verification capabilities. For home security subscribers, we sought to enhance SECOM Home Security G-Custom, which combines home security with a variety of lifestyle support features—thereby delivering not only security and peace of mind, but also comfort and convenience—to accommodate an ever more diverse range of residential environments and family configurations.

Fire Protection Services

This segment focuses on automatic fire alarm systems, fire extinguishing systems and other fire protection systems for a wide range of applications, including office buildings, plants, tunnels, cultural properties, ships and residences. Thanks to active marketing efforts and large-scale orders, segment revenue advanced 15.8%, to ¥57.1 billion, and operating profit increased 28.1%, to ¥4.5 billion. Income in this segment tends to be concentrated toward the end of the fiscal year, as the fire protection services business is influenced significantly by trends in the construction industry.

Medical Services

The medical services segment encompasses home medical services, which include pharmaceutical dispensing and home nursing services, as well as sales of medical equipment and pharmaceuticals, the operation of residences for seniors, the provision of remote image diagnosis support services, electronic medical report systems and personal care services, and the leasing of real estate for hospitals and healthcare-related institutions. The segment reported a 7.7% increase in revenue, to ¥30.5 billion, reflecting brisk sales of pharmaceuticals and of medical equipment and other products. An improved cost of sales ratio was one of several factors that boosted operating profit 18.2%, to ¥2.7 billion.

Insurance Services

We believe that both security services, which are preventative by nature, and non-life insurance, which looks after people should misfortune strike, are essential to our ability to provide customers with security and peace of mind. Our extensive lineup includes fire insurance policies for commercial premises and homes, a comprehensive automobile insurance policy and MEDCOM, an unrestricted cancer treatment policy that covers the entire cost of medical treatment. While revenue in this segment advanced 8.2%, to ¥19.4 billion, underpinned by firm sales of fire insurance policies and of MEDCOM, operating profit fell 69.0%, to ¥431 million, owing to losses attributable to typhoon damage.

Geographic Information Services

Our geographic information services segment includes the use of high-precision measuring equipment and surveying technologies to provide a variety of geospatial information services to public sector entities, including national and local governments, and private sector

customers in Japan. We also provide geospatial information services to government agencies overseas, including in emerging economies and developing countries. A decrease in the order backlog at the previous fiscal year-end coupled with a delay in the finalization of orders in the period under review pushed down revenue from services for the public sector, as a result of which segment revenue declined 3.0%, to ¥22.8 billion. The segment reported an operating loss of ¥689 million, compared with operating profit of ¥415 million in the six months ended September 30, 2014, a consequence of a higher cost of sales ratio and an increase in selling, general and administrative expenses, among others. Because deliveries of systems to the public sector, the segment's principal market, are generally clustered at the end of March, income follows a similar trend.

Information and Communication Related Services

This segment consists mainly of information and communication related services, which focus on data center services, as well as uniquely SECOM BCP support services, information security services and cloud-based services. Segment revenue slipped 2.2%, to ¥23.3 billion. In contrast, operating profit rose 1.8%, to ¥2.5 billion, owing to a decrease in selling, general and administrative expenses.

Real Estate and Other Services

The real estate and other services segment encompasses the development and sales of condominiums equipped with sophisticated security, contingency planning and disaster-preparedness features, as well as real estate leasing, construction and installation and other services. Revenue in this segment edged up 0.6%, to ¥20.9 billion, with contributing factors including an increase in revenue in the real estate development and sales business. A decline in selling, general and administrative expenses, among others, pushed operating profit up 12.0%, to ¥2.2 billion.

Looking Forward

We are committed to pushing ahead with the development of innovative services that respond to evolving needs and help alleviate everyday concerns, focusing on three key themes—security, a super-aged society and disaster preparedness/BCP/environmental preservation, thereby ensuring our ability to deliver security and peace of mind and enhance comfort and convenience. This commitment will continue to be a major driving force behind our growth in the years ahead.

In advance of the January 2016 implementation of Japan's My Number social security and tax identity system, under which every resident will be assigned a personal ID number, we are stepping up efforts to market the SECOM *Anshin* My Number Service, which enables companies to collect, manage and, when necessary, use the ID numbers of their employees in a secure manner. In addition, we have concluded agreements with a significant number of financial institutions enabling them to introduce the SECOM *Anshin* My Number Service to their corporate customers, thereby assisting such institutions' efforts to accommodate the My Number system.

Demographic change in Japan, caused by falling birthrates and the increasing number of seniors, continues to give rise to numerous challenges. One of these is the inadequate availability of nighttime and emergency medical services for seniors who wish to remain

in their own homes. As part of an agreement with Japan's leading provider of senior day services, in October 2015 we began providing SECOM My Doctor Plus, an emergency medical alert system, to the company's day service and home-based personal care service subscribers. While our focus at present is on four prefectures in the Tohoku region, we will gradually expand services nationwide.

To help address the concerns of Japan's seniors, we will also continue to broaden the scope of meticulous support services offered at SECOM Lifestyle Partner Kugayama, a facility established in April 2015 with the goal of helping local seniors, in response to feedback from customers. To this end, we will build on expertise gained through the operation of this facility to create new services that address the needs of Japan's rapidly aging population.

An important component of our growth strategy is to reinforce our operating foundation through mergers and acquisitions. On August 31, 2015, we acquired a 100% stake in Kumalift Co., Ltd., Japan's top manufacturer of small freight elevators in terms of market share. This will position us to provide related maintenance and monitoring services to a variety of facilities, including restaurants, schools, office and tenant buildings, homes, facilities for seniors and hospitals and market these devices, as well as to capitalize on diverse synergies to develop new products and services. On October 30, we signed an agreement to acquire all shares in Asahi Security Co., Ltd., which provides cash collection and delivery services, particularly for companies in areas other than financial services. By leveraging complementary competitive strengths, including Asahi Security's extensive know-how and service infrastructure and our operating foundation, we will work to expand the service menus of both companies, as well as to enhance operating efficiency.

In line with our corporate message—"Providing reliable peace of mind"—we pledge to accelerate efforts to realize our Social System Industry vision by providing indispensable services that fulfill the promise of the ALL SECOM concept. In all of our endeavors, we look forward to the ongoing support of our shareholders.

November 2015



Makoto Iida
Founder



Shuji Maeda
Chairman and Representative Director



Hiroshi Ito
President and Representative Director

CONSOLIDATED BALANCE SHEETS

SECOM CO., LTD. and Subsidiaries
September 30, 2015 and 2014

ASSETS	In millions of yen		In thousands of U.S. dollars
	2015	2014	2015
Current assets:			
Cash on hand and in banks	¥ 251,515	¥ 222,241	\$ 2,095,958
Cash deposits for armored car services	47,903	49,755	399,191
Call loans	29,500	15,500	245,833
Notes and accounts receivable, trade	87,561	83,466	729,675
Due from subscribers	25,498	25,183	212,483
Short-term investments	31,414	30,890	261,783
Lease receivables and investment in leased assets	37,300	35,973	310,833
Merchandise and products	14,823	14,936	123,525
Real estate inventories	1,662	33	13,850
Work in process	6,848	3,837	57,066
Costs on uncompleted construction contracts	10,685	11,811	89,041
Work in process for real estate inventories	25,876	22,863	215,633
Raw materials and supplies	9,125	7,594	76,041
Deferred income taxes	12,927	13,250	107,725
Short-term loans receivable	2,730	2,735	22,750
Other	19,150	18,135	159,583
Allowance for doubtful accounts	(1,829)	(1,834)	(15,241)
Total current assets	612,696	556,376	5,105,800
Fixed assets:			
Tangible assets:			
Buildings and improvements, net	147,943	148,699	1,232,858
Security equipment and control stations, net	73,366	70,099	611,383
Land	119,809	112,293	998,408
Other, net	23,506	24,200	195,883
Total tangible assets	364,625	355,292	3,038,541
Intangible assets	49,957	48,566	416,308
Investments and others:			
Investment securities	270,399	251,067	2,253,325
Long-term loans receivable	42,033	43,973	350,275
Net defined benefit asset	36,192	23,262	301,600
Deferred income taxes	5,320	6,716	44,333
Other	49,720	51,251	414,333
Allowance for doubtful accounts	(15,332)	(17,073)	(127,766)
Total investments and others	388,334	359,198	3,236,116
Total fixed assets	802,917	763,058	6,690,975
Deferred assets	24	11	200
Total assets	¥1,415,638	¥1,319,445	\$11,796,983

LIABILITIES	In millions of yen		In thousands of U.S. dollars
	2015	2014	2015
Current liabilities:			
Notes and accounts payable, trade	¥ 38,258	¥ 36,648	\$ 318,816
Bank loans	36,406	34,621	303,383
Current portion of straight bonds	1,422	4,562	11,850
Lease obligations	489	525	4,075
Payables—other	28,490	26,483	237,416
Accrued income taxes	19,063	20,805	158,858
Accrued consumption taxes	4,561	7,700	38,008
Accrued expenses	4,360	4,209	36,333
Deferred revenue	32,017	32,460	266,808
Accrued bonuses	14,613	14,290	121,775
Provision for losses on construction contracts	1,584	1,576	13,200
Other	38,043	36,778	317,025
Total current liabilities	219,310	220,662	1,827,583
Long-term liabilities:			
Straight bonds	7,648	7,168	63,733
Long-term loans	19,810	22,424	165,083
Lease obligations	3,621	3,843	30,175
Guarantee deposits received	35,523	35,874	296,025
Deferred income taxes	14,045	11,500	117,041
Accrued retirement benefits for directors and audit and supervisory board members	1,254	1,377	10,450
Net defined benefit liability	18,495	19,271	154,125
Investment deposits by policyholders, unearned premiums and other insurance liabilities	157,665	143,912	1,313,875
Other	3,359	2,700	27,991
Total long-term liabilities	261,424	248,073	2,178,533
Total liabilities	480,735	468,736	4,006,125
NET ASSETS			
Shareholders' equity:			
Common stock	66,377	66,377	553,141
Capital surplus	80,345	80,288	669,541
Retained earnings	720,546	673,573	6,004,550
Common stock in treasury, at cost	(73,710)	(73,690)	(614,250)
Total shareholders' equity	793,559	746,549	6,612,991
Accumulated other comprehensive income:			
Unrealized gains on securities	25,051	17,527	208,758
Deferred losses on hedges	(34)	(36)	(283)
Foreign currency translation adjustments	2,924	(13,503)	24,366
Remeasurements of defined benefit plans, net of taxes	4,640	(3,008)	38,666
Total accumulated other comprehensive income	32,581	977	271,508
Noncontrolling interests	108,760	103,182	906,333
Total net assets	934,902	850,709	7,790,850
Total liabilities and net assets	¥1,415,638	¥1,319,445	\$11,796,983

CONSOLIDATED STATEMENTS OF INCOME

SECOM CO., LTD. and Subsidiaries
Six-month periods ended September 30, 2015 and 2014

	In millions of yen		In thousands of U.S. dollars
	2015	2014	2015
Revenue	¥408,890	¥393,380	\$3,407,416
Costs of revenue	269,909	256,405	2,249,241
Gross profit	138,980	136,975	1,158,166
Selling, general and administrative expenses	78,774	77,363	656,450
Operating profit	60,206	59,611	501,716
Non-operating income	4,877	12,393	40,641
Non-operating expenses	2,021	1,753	16,841
Ordinary profit	63,062	70,251	525,516
Extraordinary profit	886	1,843	7,383
Extraordinary losses	277	2,241	2,308
Income before income taxes	63,672	69,852	530,600
Income taxes—current	19,002	20,899	158,350
Income taxes—deferred	999	3,136	8,325
Net income	43,670	45,816	363,916
Net income attributable to noncontrolling interests	3,625	4,634	30,208
Net income attributable to owners of the parent	¥ 40,045	¥ 41,181	\$ 333,708

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SECOM CO., LTD. and Subsidiaries
Six-month periods ended September 30, 2015 and 2014

	In millions of yen		In thousands of U.S. dollars
	2015	2014	2015
Net income	¥43,670	¥45,816	\$363,916
Other comprehensive income (losses):			
Unrealized gains (losses) on securities	(1,975)	5,193	(16,458)
Foreign currency translation adjustments	1,061	(2,549)	8,841
Remeasurements of defined benefit plans, net of taxes	161	410	1,341
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method	433	(191)	3,608
Total other comprehensive income (losses)	(318)	2,863	(2,650)
Comprehensive income	43,351	48,679	361,258
Comprehensive income attributable to:			
Owners of the parent company	39,811	44,080	331,758
Noncontrolling interests	3,539	4,598	29,491

BUSINESS SEGMENT INFORMATION

SECOM CO., LTD. and Subsidiaries
Six-month periods ended September 30, 2015 and 2014

	In millions of yen		In thousands of U.S. dollars
	2015	2014	2015
Revenue:			
Security services			
Customers	¥234,747	¥229,602	\$1,956,225
Intersegment	5,946	6,590	49,550
	240,694	236,193	2,005,783
Fire protection services			
Customers	57,114	49,310	475,950
Intersegment	2,160	2,592	18,000
	59,274	51,903	493,950
Medical services			
Customers	30,509	28,331	254,241
Intersegment	87	71	725
	30,596	28,403	254,966
Insurance services			
Customers	19,425	17,947	161,875
Intersegment	1,503	1,509	12,525
	20,929	19,456	174,408
Geographic information services			
Customers	22,868	23,565	190,566
Intersegment	45	114	375
	22,913	23,679	190,941
Information and communication related services			
Customers	23,304	23,824	194,200
Intersegment	3,839	2,722	31,991
	27,143	26,547	226,191
Real estate and other services			
Customers	20,920	20,798	174,333
Intersegment	978	1,117	8,150
	21,898	21,916	182,483
Total	423,451	408,099	3,528,758
Adjustment	(14,560)	(14,718)	(121,333)
Consolidated revenue	¥408,890	¥393,380	\$3,407,416

	In millions of yen		In thousands of U.S. dollars
	2015	2014	2015
Operating profit (loss):			
Security services	¥56,226	¥54,635	\$468,550
Fire protection services	4,556	3,557	37,966
Medical services	2,757	2,333	22,975
Insurance services	431	1,390	3,591
Geographic information services	(689)	415	(5,741)
Information and communication related services	2,577	2,530	21,475
Real estate and other services	2,201	1,966	18,341
Total	68,060	66,829	567,166
Adjustment	(7,854)	(7,218)	(65,450)
Consolidated operating profit	¥60,206	¥59,611	\$501,716

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SECOM CO., LTD. and Subsidiaries

1. Basis of Financial Statements

The accompanying consolidated financial statements have been prepared in conformity with accounting practices ordinarily followed in connection with interim financial statements in Japan and translated from the financial statements that are prepared in Japanese and filed with the Prime Minister of Japan and the Tokyo Stock Exchange. Certain modifications as to the presentation of the accompanying financial statements were made to facilitate understanding by non-Japanese readers.

2. U.S. Dollar Amounts

U.S. dollar amounts are included solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥120=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on September 30, 2015.

DIRECTORS, AUDIT AND SUPERVISORY BOARD MEMBERS AND EXECUTIVE OFFICERS

Directors

Founder:

Makoto Iida

Chairman and Representative Director:

Shuji Maeda

President and Representative Director:

Hiroshi Ito

Executive Directors:

Yasuo Nakayama

Kazuaki Anzai

Junzo Nakayama

Kenichi Furukawa

Directors:

Yasuyuki Yoshida

Tatsuro Fuse

Outside Directors:

Takaharu Hirose

Takashi Sawada

Audit and Supervisory Board Members

Takayuki Ito

Ryohei Komatsu

Hideki Kato*

Kenichi Sekiya*

Makoto Yasuda*

*Outside

Executive Officers

Shuji Maeda

Chairman and

Representative Director

Hiroshi Ito

President and

Representative Director

Yasuo Nakayama

Executive Director

Kazuaki Anzai

Executive Director

Junzo Nakayama

Executive Director

Kenichi Furukawa

Executive Director

Toshiyuki Mukai

Managing Executive Officer

Masahiro Takeda

Managing Executive Officer

Teruhisa Yoshimura

Managing Executive Officer

Hideo Morishita

Managing Executive Officer

Tsuneo Komatsuzaki

Managing Executive Officer

Toshiaki Mizuno

Managing Executive Officer

Yasuyuki Yoshida

Director

Tatsuro Fuse

Director

Hiroshi Ishikawa

Executive Officer

Yoichi Sugimoto

Executive Officer

Tatsuya Izumida

Executive Officer

Shokichi Ishimura

Executive Officer

Sumiyuki Fukumitsu

Executive Officer

Kensuke Shindo

Executive Officer

Ichiro Ozeki

Executive Officer

Yasufumi Kuwahara

Executive Officer

Noriyuki Fukuoka

Executive Officer

(As of November 30, 2015)



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