



Notice of Convocation

The 55th Ordinary General Meeting of Shareholders

The following is an English translation of the Notice of Convocation of the 55th Ordinary General Meeting of Shareholders of SECOM CO., LTD. to be held on June 24, 2016, except for the translation of the INSTRUCTION ON ONLINE VOTING and the ACCESS MAP FOR THE PLACE OF THE MEETING in the Notice. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

Table of Contents

Notice of Convocation of The 55th Ordinary General Meeting of Shareholders	4
Reference Document Concerning the General Meeting of Shareholders	7
[Attached Documents]	
Business Report	14
I. Outline of the Group's Business	14
1. The Current Business Development and Results of Operations	14
2. Issues the Group Has to Cope with	17
3. Capital Expenditures	18
4. Fund Raising	18
5. Trends in Earnings and Assets of the Group	19
6. Trends in Earnings and Assets of the Company.....	19
7. Matters Concerning Principal Subsidiaries	21
8. Principal Business of the Group	22
9. Principal Offices of the Group	22
10. Matters Concerning Employees of the Group and the Company	22
11. Principal Lenders	23
12. Other Important Matters Concerning the Group	23
II. Matters Concerning the Company's Shares and Shareholders	24
1. Total Number of Shares to be Issued	24
2. Total Number of Issued Shares	24
3. Number of Shareholders at the End of the Fiscal Year	24
4. Number of Shares Constituting a Unit of Shares	24
5. Major Shareholders	24
III. Directors and Audit & Supervisory Board Members	25
1. Names and Titles of Directors and Audit & Supervisory Board Members	25
2. Discription of the Agreement Limiting Liabilities	27
3. Remuneration of Directors and Audit & Supervisory Board Members	27
4. Policy for Determining the Amount of Remuneration of Directors and Audit & Supervisory Board Members	27
5. Outside Directors and Outside Audit & Supervisory Board Members	28
IV. Accounting Auditor	31
1. Name of Accounting Auditor	31
2. Remuneration of Accounting Auditor	31
3. Concent for the Amount of Remuneration for Accounting Auditor.....	31
4. Non-Audit Duties	31
5. Policy for Decision for Dismissal or Non-reappointment	31

V. System under which the Company's Business is Ensured to be Properly Executed	32
1. Basic Policy Regarding Internal Control System	32
2. Outline of Status of Operation of Internal Control System	38
Consolidated Financial Statements	
Consolidated Balance Sheet	41
Consolidated Statement of Income	42
Consolidated Statement of Changes in Net Assets	43
Non-Consolidated Financial Statements	
Non-Consolidated Balance Sheet	45
Non-Consolidated Statement of Income	46
Non-Consolidated Statement of Changes in Net Assets	47
Auditors' Reports	
Certified Copy of the Accounting Auditor's Report (Consolidated)	50
Certified Copy of the Accounting Auditor's Report (Non-Consolidated)	52
Certified Copy of the Audit & Supervisory Board's Report	54

(Note) This Table of Contents is for this abridged English translation only, and not the same as that in the original Japanese documents.

Notice of Convocation of The 55th Ordinary General Meeting of Shareholders

Dear Shareholders:

You are cordially invited to attend the 55th Ordinary General Meeting of Shareholders of SECOM CO., LTD. (the “Company”).

If you are unable to attend the aforesaid meeting, you can exercise your voting rights through either of the methods stated below. The Company respectfully requests you to study the “Reference Document Concerning the General Meeting of Shareholders” below and exercise your voting rights on or before 6:00 p.m. (JST) June 23, 2016 (Thursday):

[In case of exercising voting rights by mail]

Please indicate on the Voting Rights Exercise Form enclosed herewith your approval or disapproval to the proposals on the agenda, and return the form to the Company by mail on or before the time limit stated above.

[In case of exercising voting rights via the Internet]

Please access the website for the exercise of voting rights (<http://www.evotep.jp/>), using the log-in ID and temporary password which are shown on the Voting Rights Exercise Form. After logging in, please indicate whether you approve or disapprove the items on the agenda by following the instructions on the display screen by the time limit stated above.

Yours very truly,

SECOM CO., LTD.

5-1, Jingumae 1-chome, Shibuya-ku,
Tokyo, Japan

By: YASUO NAKAYAMA

President and Representative Director

(Note) Please note that shareholders with addresses outside Japan may not themselves use these voting procedures. For these shareholders please consult their custodian in Japan as to the exercise of voting rights.

[English Translation]

PARTICULARS

1. Date and Time of the Meeting:

Friday, June 24, 2016 at 10:00 a.m.

2. Place of the Meeting:

Bersarle Hanzomon, Sumitomo Fudosan Hanzomon-Ekimae Building 2F,
6-4, Kojimachi 1-chome, Chiyoda-ku, Tokyo

3. Matters to be dealt with at the Meeting:

Matters to be Reported:

1. Report on the Business Report, the Consolidated Financial Statements for the 55th Fiscal Year (from April 1, 2015 to March 31, 2016) and the Results on the Audits of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.
2. Report on the Non-Consolidated Financial Statements for the 55th Fiscal Year (April 1, 2015 to March 31, 2016).

Matters to be Resolved upon:

- | | |
|---------------------------------|----------------------------------|
| First Item of Business: | Proposed Distribution of Surplus |
| Second Item of Business: | Election of Ten (10) Directors |

4. Matters related to Exercise of Voting Rights:

- 1) In the event that a shareholder wants to exercise non-uniform voting, he/she shall notify the Company to make non-uniform voting and the reason thereof in writing three (3) days prior to the date of the General Meeting of Shareholders.
- 2) In the event that a shareholder exercises voting rights both via return mail (Voting Rights Exercise Form) and the Internet, the Company will consider the exercise of voting rights via the Internet to be valid.
- 3) In the event that a shareholder exercises voting rights via the Internet more than once, the Company will consider the last exercise of voting rights to be valid.

(Internet disclosure)

Following matters are made available on the Company's website pursuant to the relevant laws and ordinances, and Article 16 of the Articles of Incorporation of the Company and are not included in the Attached Documents.

- 1) "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
 - 2) "Notes to Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements
- The Company's Website: <http://www.secom.co.jp/english/ir/>

(on the “Investor Relations: Stocks and Bonds” section)

The Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Board consist of each document attached to the Notice of Convocation of the Ordinary General Meeting of Shareholders, as well as the Notes to Consolidated Financial Statements and the Notes to Non-Consolidated Financial Statements available on the Company’s Website.

(Note)

If you plan to attend the Meeting, please submit the enclosed Voting Rights Exercise Form to the receptionist at the Meeting.

(Notice)

If there are any amendments to the contents of the Reference Document Concerning the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements, the Company will announce such amendments on the “Investor Relations: Stocks and Bonds” section of the Company’s website

(<http://www.secom.co.jp/english/ir/>).

Reference Document Concerning the General Meeting of Shareholders

Proposal and Reference Items

First Item of Business: Proposed Distribution of Surplus

The Company considers the return of profit to shareholders as one of the important managerial issues, and the Company has determined a dividend payout ratio on a consolidated basis and the level of internal reserves after making an overall judgment on the expansion of the Company's business and trends of future revenues and profits of the Company on a consolidated basis while considering the Company's basic policy that ensures the payment of continual and steady dividends. The Company has made it a basic rule to distribute a dividend twice a year, as the interim dividend whose record date is September 30 each year, and the year-end dividend whose record date is March 31 each year. The interim dividend is determined by the Board of Directors and the year-end dividend is determined by the General Meeting of Shareholders. Furthermore, the Company will utilize internal reserves for investments required for increased new customers, research and development and investments and the like for strategic businesses so that the Company will exert its efforts to reinforce the corporate structure and to expand its business.

Based on the aforesaid basic policy for cash dividends and to reward shareholders' continued support, it is proposed that the year-end dividend for the fiscal year under review is YEN 70 per share. A total amount of dividend per share, together with the interim dividend of YEN 65 per share, will be YEN 135, an increase of YEN 10 per share from the previous fiscal year in which dividend was YEN 125 per share.

Matters related to the year-end dividend:

- (1) Kind of assets distributed:
Cash
- (2) Matter related to distribution of cash and total amount:
YEN 70 per share of common stock of the Company
The total amount: YEN 15,278,332,510
- (3) Effective date for distribution of surplus:
June 27, 2016

Second Item of Business: Election of Ten (10) Directors

The term of office of all of the nine (9) Directors will expire at the close of this Meeting. In connection therewith, we would like to ask shareholders to elect ten (10) Directors in which five (5) are to resume and the other five (5) are newly to assume offices.

In March 2016, the Company set up the Nomination and Compensation Committee consisting of two (2) Outside Directors and three (3) Directors for the purpose of further strengthening supervising function of the Board of Directors and enriching corporate governance system by securing objectivity, transparency and fairness with respect to nomination of candidates for Directors and determination of compensation.

The Nomination and Compensation Committee had repeatedly discussed officially and unofficially candidates for Directors and constituents for the Board of Directors suited for the Company and shareholders since March 2016. However, it was unable to reach a conclusion and determined the relevant decision would be commissioned to the Board of Directors.

On May 11, 2016, the Board of Directors finally reached resolution of candidates for Directors after considerate discussion.

At present, the Company's operating results have been progressed steadily. However, to achieve further growth over the medium to long term, and thus to ensure the satisfaction of shareholders and customers, we must continue to rally the comprehensive capabilities of the SECOM Group to create and deliver services that provide security and peace of mind, as well as comfort and convenience. To this end, we recognize the need for a management structure that, while remaining true to our corporate philosophy, nurtures a free and open corporate culture that enables us to actively pursue new challenges and positions us as an innovator.

At the same time, the inclusion of independent Outside Directors will guarantee the transparency and objectivity of our Board of Directors. This will help us realize a management structure that encourages the trust of shareholders and customers, which we are confident will enhance corporate value for the entire SECOM Group.

Candidates for Directors will be able to enhance the corporate value of the Company through free and active discussion on the basis of their insight and experience. In the light of further enhancement of transparency and objectivity the number of independent Outside Directors has increased by one (1).

The candidates are as follows:

Candidate Number 1

Makoto Iida (Date of birth: April 1, 1933)

Number of Shares of the
Company Owned
4,320,500 shares

(Responsibility, and Important Position of Other Organizations
Concurrently Assumed, if any)
Jul 1962 President and Representative Director (Founder)
Feb 1976 Chairman and Representative Director
Jun 1997 Supreme Advisor and Director (currently)

(Reasons for Election)
Mr. Makoto Iida established the current SECOM group as the founder of the Company, and gives guidance and advice on overall management from the long-term and wide range of viewpoints. In the light of continuous enhancement of corporate value, we would like to ask shareholders to elect him as Director.

[English Translation]

Candidate Number 2**Yasuo Nakayama*** (Date of birth: November 1, 1952)

Number of Shares of the
Company Owned

3,800 shares

(Responsibility, and Important Position of Other Organizations
Concurrently Assumed , if any)

Jul 2003 Branch Manager, Nagoya Branch, The Bank of Japan
Jul 2005 Director-General, Secretariat of the Policy Board, The Bank
of Japan
Apr 2007 Personnel and Corporate Affairs Department, The Bank of
Japan
May 2007 Advisor, SECOM Co., Ltd.
Jun 2007 Executive Director
May 2016 President and Representative Director (currently)

(Reasons for Election)

Mr. Yasuo Nakayama holds serving experience for a long period at The Bank of Japan and served as Director of the Company in charge of the General Affairs Division. He holds a high level of knowledge and experience in establishment and arrangement of corporate governance system and CSR and the like, and a wide range of view cultivated through communication with public sector and private sector. In the light of continuous enhancement of corporate value, we would like to ask shareholders to elect him as Director.

Candidate Number 3**Junzo Nakayama*** (Date of birth: February 24, 1958)

Number of Shares of the
Company Owned

1,400 shares

(Responsibility, and Important Position of Other Organizations
Concurrently Assumed , if any)

Mar 1980 Joined SECOM Co., Ltd.
Nov 1999 President and Representative Director, Japan Image
Communications Co., Ltd. (presently Turner Japan K. K.)
Dec 2009 Associate General Manager, Strategic Planning Office
Jun 2010 Associate General Manager, Assistant to President in charge
of special tasks
Jan 2011 Deputy General Manager, Finance Division
Jun 2012 Director and General Manager, Finance Division
Jun 2014 Executive Director (currently)

(Reasons for Election)

Mr. Junzo Nakayama served for the finance and accounting departments as Director, in addition to affluent management experience at SECOM group. He has a high level of knowledge and experience in overall management including finance area. In the light of continuous enhancement of corporate value, we would like to ask shareholders to elect him as Director.

Candidate Number 4**Yasuyuki Yoshida*** (Date of birth: March 28, 1958)

Number of Shares of the Company Owned	(Responsibility, and Important Position of Other Organizations Concurrently Assumed , if any)	
	2,200 shares	<p>Mar 1980 Joined SECOM Co., Ltd.</p> <p>Feb 1997 Associate General Manager, Strategic Planning Division</p> <p>Sep 1998 Director, Toyo Fire and Marine Insurance Co., Ltd. (presently Secom General Insurance Co., Ltd.)</p> <p>Jun 2002 President and Representative Director, Secom General Insurance Co., Ltd.</p> <p>Apr 2010 Executive Officer (Strategic Planning Office)</p> <p>Jun 2010 Outside Audit & Supervisory Board Member, Secom Joshinetsu Co., Ltd.</p> <p>Jun 2010 Group Companies Supervisor (currently)</p> <p>Jun 2012 Director (currently)</p>

(Reasons for Election)

Mr. Yasuyuki Yoshida served in charge of management control and strategic planning as Director of the Company. He holds a high level of knowledge and experience in overall management including management control and strategic planning areas based on affluent management experience at SECOM group. In the light of continuous enhancement of corporate value, we would like to ask shareholders to elect him as Director.

Candidate Number 5**Tatsuya Izumida*** (Date of birth: November 3, 1960)

Number of Shares of the Company Owned	(Responsibility, and Important Position of Other Organizations Concurrently Assumed , if any)	
	800 shares	<p>Mar 1986 Joined SECOM Co., Ltd.</p> <p>Jun 2003 Executive Director, Secom Information System Co., Ltd. (presently Secom Trust Systems Co., Ltd.)</p> <p>Jul 2009 General Manager, Training Department</p> <p>May 2010 General Manager, Human Resource Department</p> <p>Oct 2012 Executive Officer</p> <p>Jun 2014 President and Representative Director, Secom Trust Systems Co., Ltd.</p> <p>Dec 2015 Managing Executive Officer (currently)</p>

New Candidate

(Reasons for Election)

Mr. Tatsuya Izumida served for human resource department and information and communication related business as Executive Officer of the Company. He holds affluent experience in management of SECOM group and a high level of knowledge. In the light of continuous enhancement of corporate value, we would like to ask shareholders to elect him as Director.

Candidate Number 6**Ichiro Ozeki*** (Date of birth: March 1, 1961)

Number of Shares of the Company Owned <hr/> 300,000 shares <div style="border: 1px solid black; padding: 2px; width: fit-content;">New Candidate</div>	(Responsibility, and Important Position of Other Organizations Concurrently Assumed , if any) Apr 1983 Joined Sumitomo Bank, Ltd. (presently Sumitomo Mitsui Banking Corporation) Apr 1992 Joined Tokyo Steel Manufacturing Co., Ltd. Jan 2001 Advisor, Secom General Insurance Co., Ltd. Apr 2001 General Manager, Sales and Planning Department, Secom General Insurance Co., Ltd. Jun 2001 Director, Secom General Insurance Co., Ltd. Jun 2004 Executive Director, Secom General Insurance Co., Ltd. Jun 2008 Vice President and Director, Secom General Insurance Co., Ltd. Apr 2010 President and Representative Director, Secom General Insurance Co., Ltd. (currently) Apr 2015 Executive Officer, SECOM Co., Ltd. (currently)
---	---

<Important Position of Other Organizations Concurrently Assumed>
President and Representative Director, Secom General Insurance Co.,
Ltd.

(Reasons for Election)

Mr. Ichiro Ozeki has engaged in reinforcement of affiliation of SECOM group as Executive Officer. He holds affluent experience in management of SECOM group and a high level of knowledge. In the light of continuous enhancement of corporate value, we would like to ask shareholders to elect him as Director.

Candidate Number 7**Tatsushi Kurihara** (Date of birth: June 5, 1961)

Number of Shares of the Company Owned <hr/> 0 shares <div style="border: 1px solid black; padding: 2px; width: fit-content;">New Candidate</div>	(Responsibility, and Important Position of Other Organizations Concurrently Assumed , if any) Jul 2008 Branch Manager, Niigata Branch, The Bank of Japan Jul 2010 Deputy Director-General, Financial System and Bank Examination Department, The Bank of Japan Jun 2014 Director-General and Internal Auditor, Internal Auditors' Office, The Bank of Japan May 2016 Advisor, SECOM Co., Ltd. (currently)
---	--

(Reasons for Election)

Mr. Tatsushi Kurihara holds affluent experience in financial practice and a high level of knowledge accumulated for a long period at The Bank of Japan and a wide range of view cultivated through communication with public sector and private sector. In the light of continuous enhancement of corporate value, we would like to ask shareholders to elect him as Director.

Candidate Number 8**Takaharu Hirose** (Date of birth: October 25, 1944)

Number of Shares of the
Company Owned

0 shares

Candidate for

Outside Director

(Responsibility, and Important Position of Other Organizations
Concurrently Assumed , if any)

Sep 1965 Founded Fuji Vending Co., Ltd., and assumed
Representative Director
Apr 1972 Founded Food & Beverage Vending Association, and
assumed Chairman
Apr 1987 Founded Japan Automatic Merchandising Association,
and assumed Chairman
Apr 2003 Advisor and Director, GAIN Inc.
May 2008 President and Representative Director, GAIN Inc.
May 2011 Chairman and Representative Director, GAIN Inc.
(currently)
Jun 2013 Director, SECOM Co., Ltd. (currently)

<Important Position of Other Organizations Concurrently Assumed>
Chairman and Representative Director, GAIN Inc.

(Reasons for Election)

Mr. Takaharu Hirose established and managed venture business and made efforts to establish and operate industry groups so that he contributed to development of business and industry. He holds affluent experience in and a high level of knowledge of IT enterprises. In the light of continuous enhancement of corporate value, we would like to ask shareholders to elect him as Outside Director.

Candidate Number 9**Hirobumi Kawano** (Date of birth: Jan 1, 1946)

Number of Shares of the
Company Owned

0 shares

New Candidate for

Outside Director

(Responsibility, and Important Position of Other Organizations
Concurrently Assumed , if any)

Jul 1969 Joined Ministry of International Trade and Industry (MITI)
(presently Ministry of Economy, Trade and Industry
(METI))
Jun 1995 Director-General, Petroleum Department, Agency for
Natural Resources and Energy, MITI
Aug 1996 Deputy Director-General, Machinery Information Industries
Bureau, MITI
Jun 1998 Director-General, Basic Industries Bureau, MITI
Sep 1999 Commissioner, Agency for Natural Resources and Energy,
MITI
Jul 2002 Retired Agency for Natural Resources and Energy, METI
Sep 2002 Advisor, The Tokio Marine and Fire Insurance Co., Ltd.
(presently Tokio Marine & Nichido Fire Insurance Co.,
Ltd.)
Jun 2003 Outside Director, Sony Corporation
Aug 2004 Senior Managing Executive Officer, JFE Steel Corporation
Apr 2008 President, Japan Oil, Gas and Metals National Corporation
Feb 2016 Special Advisor, Japan Oil, Gas and Metals National
Corporation (currently)

(Reasons for Election)

Mr. Hirobumi Kawano has a career in important position at the Ministry of Economy, Trade and Industry and Japan Oil, Gas and Metals National Corporation. He holds rich experience accumulated through his career and a high level of knowledge. In the light of continuous enhancement of corporate value, we would like to ask shareholders to elect him as Outside Director.

Number of Shares of the Company Owned <hr/> 0 shares	(Responsibility, and Important Position of Other Organizations Concurrently Assumed , if any) Mar 1975 Joined Watanabe Pipe Co., Ltd. Apr 1978 Executive Director , Watanabe Pipe Co., Ltd. Apr 1983 Senior Executive Director, Watanabe Pipe Co., Ltd. Jun 1985 Vice President and Representative Director, Watanabe Pipe Co., Ltd. Nov 1991 President and Representative Director , Watanabe Pipe Co., Ltd. (currently)
--	---

New Candidate for

Outside Director

<Important Position of Other Organizations Concurrently Assumed>
President and Representative Director, Watanabe Pipe Co., Ltd

(Reasons for Election)

Mr. Hajime Watanabe has engaged in management of Watanabe Pipe Co., Ltd. for many years. He holds rich experience accumulated through his career on corporate management and a high level of knowledge. In the light of continuous enhancement of corporate value, we would like to ask shareholders to elect him as Outside Director.

(Notes)

1. There is no particular interest between the Company and each of the said candidates.
2. Candidates with * are Executive Officers currently in office.
3. Based on the nomination policy that the Board of Directors established, the nomination of candidates for Directors are decided after discussing in the Board of Directors. The Board of Directors decided the candidates for Directors after the discussion process of the Nomination and Compensation Committee including Outside Directors.
4. Messrs. Takaharu Hirose, Hirobumi Kawano and Hajime Watanabe are candidates for Outside Directors. The designation of Mr. Takaharu Hirose as Independent Officer has been filed with Tokyo Stock Exchange, Inc. Messrs. Hirobumi Kawano and Hajime Watanabe are planned to be notified as Independent Officers to Tokyo Stock Exchange, Inc.
5. The number of years during which Mr. Takaharu Hirose are in the office of Outside Director of the Company will have been three (3) years at the close of this General Meeting of shareholders.
6. Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into a liability limit agreement limiting a compensation liability provided for in Article 423, Paragraph 1 of the Companies Act with Mr. Takaharu Hirose. In case he is re-elected, it is scheduled that the liability limit agreement will continuously be made. In case Messrs. Hirobumi Kawano and Hajime Watanabe are elected, the Company will enter into the same liability limit agreement with each of them. Furthermore, the limited amount of compensation liability is the minimum liability limit provided for in Article 425, Paragraph 1 of the Companies Act.

[Attached Documents]

Business Report (Fiscal Year Ended March 31, 2016)

I. Outline of the Group's Business

1. The Current Business Development and Results of Operations

During the fiscal year ended March 31, 2016 (“the current fiscal year”), despite moderate upward trend in corporate earnings and employment and income environment, the outlook for Japanese economy has been remained uncertain mainly due to concerns over downturn in overseas economies including China and recent stagnation in enterprise and consumer confidences.

In this environment, we have been continuously trying to satisfy the increasingly diversified and sophisticated needs of our customers for their security, peace of mind, comfort and convenience, with the aim of realizing our vision of the establishment of “Social System Industry”, a society where everyone can live safe and secure anytime and anywhere. To this end, we have made efforts to develop and provide high-grade products and services suited to customer needs in our security services segment, as well as in our fire protection services, medical services, insurance services, geographic information services, information and communication related services, and real estate and other services segment. We also pressed forward with efforts to apply the ALL SECOM concept, which emphasizes cooperation among our various independent businesses to strengthen the bond of the Group as a whole with a view to hastening our advance to growth. Furthermore, preparing for future Japanese society, we promote the effort to develop innovative services through the ALL SECOM concept, in terms of key themes: super-aged society and disaster preparedness/business continuity planning (BCP)/environmental preservation, based on a foundation of our security services. In April 2015, we established “SECOM Lifestyle Partner Kugayama”, a facility designed to provide one-stop consultation services addressing a variety of worries for seniors in daily life. In February 2016, based on the experience earned from “SECOM Lifestyle Partner Kugayama” and operational know-how of SECOM group including “SECOM My Doctor Plus”, an emergency medical alert system for seniors, and “SECOM Medical Support Center”, in addition to the senior residence services, we launched “SECOM My-home Concierge Service”, a new limited area membership-based service to provide supports for seniors who would like to live in familiar own homes. Also, we are promoting practical use of latest security systems utilizing advanced technologies including “SECOM Airship” designed for crime prevention in private sectors.

As a result, consolidated revenue for the current fiscal year increased by 4.8% to YEN 881.0 billion compared with the previous fiscal year. Consolidated operating profit increased by 4.0% to YEN 128.5 billion. Consolidated ordinary profit decreased by 1.4% or YEN 1.8 billion to YEN 134.8 billion, mainly due to the decrease in net gains on private equity investment in the U.S. from the previous fiscal year (YEN 1.1 billion for the current fiscal year and YEN 9.2 billion for the previous fiscal year). Consolidated net income attributable to owners of the parent increased by 2.2% or YEN 1.6 billion to YEN 77.0 billion, mainly due to the decrease in tax expenses. Consolidated revenue, consolidated operating profit and consolidated net income attributable to owners of the parent reached a record-high.

[English Translation]

(Millions of Yen)

	Revenue	Operating profit	Ordinary profit	Net income attributable to owners of the parent
Current fiscal year (FY2015)	881,028	128,582	134,826	77,039
Previous fiscal year (FY2014)	840,722	123,615	136,688	75,392

In the security services segment, we provided customers chiefly with commercial and residential security services (on-line security systems), as well as static guard services, armored car services and merchandises. In the current fiscal year, we have strived to catch the customers' needs precisely and propose the most suitable services from our extensive lineup so that we can make our customer relationship more solid and provide the customers with the long-term security, peace of mind, comfort, and convenience.

For our commercial security services, we have made an effort to market high value added on-line security systems, such as "SECOM AX," which is high-quality on-line security systems supported by imaging technology, "SECOM LX," which has an access control function for the promotion of labor management and cost reduction, and "SECOM FX," which has a facility control function. Also, we introduced "SECOM Drone" service, unprecedented small autonomous flying surveillance robot for on-line security customers operating large scale facilities. In the event of an intrusion, "SECOM Drone" captures sharp, clear images of unauthorized individuals or vehicles by flying around them. In addition, in order to strengthen armored car services, we acquired all of the outstanding shares of Asahi Security Co., Ltd, which became a new subsidiary.

For our residential security services, the demand for SECOM Home Security which delivers security and peace of mind, as well as comfort and convenience, has been solid. In this circumstance, we have been promoting "SECOM Home Security G-Custom", home security controller with the function to provide services close to customers' daily life.

Outside Japan, we promoted our "SECOM-style" security services, which has specialty in emergency response services, especially in economically developing areas, such as People's Republic of China and Southeast Asia. We also enhanced the proposal to Japanese companies which expand their business to overseas.

As a result, mainly due to brisk sales of centralized systems, i.e., on-line security systems, for commercial and residential use, as well as security merchandise including security camera systems, revenue increased by 5.1% to YEN 492.8 billion and operating profit increased by 3.8% to YEN 112.0 billion.

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.

[English Translation]

Revenue increased by 8.7% to YEN 131.7 billion, operating profit increased by 16.7% to YEN 13.9 billion, mainly due to the active marketing efforts and the contribution of large-scale projects.

In the medical services segment, we provided various medical services such as our core home medical services, including home nursing services and pharmaceutical dispensing and home delivery services, operation of residences for seniors, sales of electronic medical report systems, sales of medical equipments and pharmaceutical products, personal care services, and the leasing of real estate for medical institutions.

Revenue increased by 6.4% to YEN 64.0 billion, operating profit increased by 18.0% to YEN 5.2 billion, mainly due to the firm increase in sales of pharmaceutical products.

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.

Despite revenue increased by 6.5% to YEN 40.1 billion, mainly due to the firm increase in sales of “MEDCOM” and fire insurance policy, operating profit decreased by 3.3% to YEN 1.8 billion, mainly owing to the increase in losses incurred from damage of typhoons.

In the geographic information services segment, we collected geographic data from aerial photography, vehicle/ground surveying systems and satellite images, and provided the geospatial data services, by integrating processing, and analyzing the geographic data, to domestic national and local governmental agencies, private sectors, and foreign governmental agencies including emerging and developing countries. In the current fiscal year, we responded to diversified and sophisticated needs for the development and maintenance of critical infrastructure and the disaster recovery in Japan and overseas, through the geospatial information technology.

Revenue decreased by 0.4% to YEN 52.5 billion, reflecting the decrease in revenue in public division and private division, despite of the increase in revenue in international division. Operating profit decreased by 61.9% to YEN 0.8 billion, mainly due to the increase in cost ratio in public division and the provision recognized for the future anticipated losses.

In the information and communication related services segment, our distinctive portfolio includes the core data center services, as well as BCP support, information security services and a variety of cloud-based services. In the current fiscal year, we marketed “SECOM *Anshin My Number Service*”, an integrated service that secures the collection and storage of My Number and ensures they can be used safely when necessary.

Revenue increased by 1.5% to YEN 48.4 billion and operating profit increased by 9.1% to YEN 5.2 billion, chiefly owing to the launch of “SECOM *Anshin My Number Service*”.

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 decreased by 2.1% to YEN 51.1 billion, mainly due to the decrease in revenue in the real estate development and sales business. Operating profit went

up by 2.8% to YEN 4.9 billion, chiefly owing to the decrease in selling, general and administrative expenses.

Results by Business Segment (55th Fiscal Year – current fiscal year)

(Millions of Yen)

Business segment	Revenue			Operating profit
	Customers	Inter-segment	Total	
Security services	492,843	11,950	504,794	112,063
Fire protection services	131,743	3,764	135,507	13,909
Medical services	64,038	177	64,216	5,207
Insurance services	40,186	2,945	43,131	1,848
Geographic information services	52,553	182	52,736	854
Information and communication related services	48,488	7,456	55,944	5,212
Real estate and other services	51,175	2,478	53,653	4,972
Total	881,028	28,955	909,984	144,068
Eliminations and corporate items	-	(28,955)	(28,955)	(15,485)
Consolidated revenue	881,028	-	881,028	128,582

With respect to the results by geographical segments, in Japan, revenue increased by 4.7% to YEN 833.9billion. Overseas revenue increased by 6.5% to YEN 47.0 billion.

2. Issues the Group Has to Cope with

As society undergoes constant change, people's demand for security and safety increases and becomes diverse and sophisticated.

In view of this situation, the Group is aiming to realize "Social System Industry" by providing various services and products leading to people's "security, peace of mind, comfort, and convenience," including not only our security services, but also our fire protection services, medical services, insurance services, geographic information services, information and communication related services, real estate development and sales and other services. Moreover, by combining these services and products, the Group endeavors to create and supply distinctive services and products. To this end, the Group declared the slogan, "ALL SECOM," to further rally cooperation among the Group's various businesses, and each and every employee of the Group has been actively working to maximize the strength of the Group as a whole. We place high value on the data center business handling our customers' classified information as one of our business bases. Furthermore, we

[English Translation]

promote aggressively the creation of highly-value-added services only the Group could provide, from the viewpoint of key words like security, super-aging society, and disaster preparedness/BCP/environmental preservation.

We will continue our efforts to develop high-quality systems that can earn the trust of our customers and provide services that accurately respond to their needs, while working to provide comprehensive services by maximizing the Group's capabilities. Through these efforts, we ultimately seek to establish a more secured, safe, comfortable and convenient society. Additionally, the Group aims to further instigate growth by leveraging its know-how accumulated through its business in Japan and using it to aggressively develop businesses overseas.

Furthermore, based on the business strategies described above, we will deal with various issues related to ESG (E for Environment, S for Society and G for Governance) in a proper manner, including the realization of effective corporate governance.

We look forward to the support from our shareholders in these and all of our endeavors.

3. Capital Expenditures

Capital expenditures for the current fiscal year totaled YEN 59.0 billion (a breakdown is given below). A major portion was for system investments (including those for security equipment and control stations) etc. in the security services segment, which totaled to YEN 39.2 billion.

Business segment	Amount (Millions of Yen)
Security services	39,201
Fire protection services	4,911
Medical services	3,049
Insurance services	2,403
Geographic information services	2,123
Information and communication related services	7,639
Real estate and other services	219
Subtotal	59,549
Eliminations and corporate items	(517)
Total	59,031

4. Fund Raising

During the current fiscal year, no funds were raised by the Group in capital markets through the issuance of corporate bonds or new shares.

5. Trends in Earnings and Assets of the Group

(Millions of Yen except for net income per share)

Fiscal years Category	52nd fiscal year (4/1/2012– 3/31/2013)	53rd fiscal year (4/1/2013– 3/31/2014)	54th fiscal year (4/1/2014– 3/31/2015)	55th fiscal year (current fiscal year) (4/1/2015– 3/31/2016)
Revenue	765,635	822,228	840,722	881,028
Operating profit	108,370	120,018	123,615	128,582
Ordinary profit	113,618	126,677	136,688	134,826
Net income attributable to owners of the parent	63,658	69,876	75,392	77,039
Net income per share (Yen)	291.65	320.14	345.42	352.97
Return on Equity	10.0%	10.0%	9.9%	9.4%
Total assets	1,249,110	1,328,226	1,410,715	1,568,052
Net assets	764,139	830,369	907,341	943,144

6. Trends in Earnings and Assets of the Company

(Millions of Yen except for net income per share)

Fiscal years Category	52nd fiscal year (4/1/2012– 3/31/2013)	53rd fiscal year (4/1/2013– 3/31/2014)	54th fiscal year (4/1/2014– 3/31/2015)	55th fiscal year (current fiscal year) (4/1/2015– 3/31/2016)
Revenue	355,393	364,280	370,663	376,044
Operating profit	69,952	72,909	73,174	75,664
Ordinary profit	76,336	78,884	81,572	86,612
Net income	49,128	51,497	57,492	58,442
Net income per share (Yen)	225.08	235.94	263.41	267.76
Return on Equity	8.4%	8.4%	9.0%	8.8%
Total assets	749,317	772,910	795,778	826,124
Net assets	599,112	627,242	650,132	678,355

In the current fiscal year, the Company's non-consolidated revenue increased by 1.5% to YEN 376.0 billion, operating profit increased by 3.4% to YEN 75.6 billion, ordinary profit increased by 6.2% to YEN 86.6 billion, and net income increased by 1.7% to YEN 58.4 billion. Net income per share increased to YEN 267.76 compared to YEN 263.41 in the previous fiscal year.

Contract revenue accounted for 84.5% of total revenue, or YEN 317.7 billion, and sales of products and equipment accounted for 15.5% of total revenue, or YEN 58.2 billion.

Revenue from centralized systems, which is the core of revenue and profit, recorded YEN 267.3 billion and accounted for 71.1% of total revenue. Static guard contracts generated revenue of YEN 25.5 billion, and revenue from armored car services came to YEN 17.2 billion. The remaining revenue amounted to YEN 7.6 billion, the majority of which came from management fees paid by subsidiaries and other companies.

Product sales totaled YEN 40.6 billion, 10.8% of total revenue, and equipment sales to subsidiaries and other companies totaled YEN 17.5 billion, 4.7% of total revenue.

Costs of service and sales were YEN 223.1 billion, and selling and general administrative expenses were YEN 77.1 billion. As a result, operating profit recorded YEN 75.6 billion.

Non-operating income was YEN 13.6 billion, which included interest income and dividends income, while non-operating expenses, including interest expenses and loss on sales and disposal of fixed assets, totaled YEN 2.6 billion.

For the current fiscal year, the Company posted net income of YEN 58.4 billion, having recorded an extraordinary profit of YEN 3.0 billion including the reversal of allowance for doubtful accounts etc., and an extraordinary loss of YEN 6.7 billion including the impairment losses on fixed assets etc.

Revenue by Business Category of the Company

Fiscal years		53rd fiscal year (4/1/2013–3/31/2014)			54th fiscal year (4/1/2014–3/31/2015)			55th fiscal year (Current fiscal year) (4/1/2015–3/31/2016)		
		Amount (Millions of Yen)	%	Change (%)	Amount (Millions of Yen)	%	Change (%)	Amount (Millions of Yen)	%	Change (%)
Category										
Contract revenue	Centralized systems	259,249	71.2	1.3	263,397	71.0	1.6	267,348	71.1	1.5
	Static guard services	25,001	6.9	(0.9)	25,504	6.9	2.0	25,536	6.8	0.1
	Armored car services	17,223	4.7	0.9	17,313	4.7	0.5	17,229	4.6	(0.5)
	Other	8,023	2.2	15.0	7,853	2.1	(2.1)	7,650	2.0	(2.6)
	Subtotal	309,499	85.0	1.4	314,068	84.7	1.5	317,764	84.5	1.2
Sales	Products	33,328	9.1	13.4	37,665	10.2	13.0	40,682	10.8	8.0
	Equipment	21,453	5.9	3.6	18,929	5.1	(11.8)	17,597	4.7	(7.0)
	Subtotal	54,781	15.0	9.4	56,594	15.3	3.3	58,280	15.5	3.0
Total		364,280	100.0	2.5	370,663	100.0	1.8	376,044	100.0	1.5

[English Translation]

7. Matters Concerning Principal Subsidiaries

Company name	Issued capital	Percentage of ownership (Percentage of voting rights)	Principal business activities
Secom Joshinetsu Co., Ltd.	(Millions of Yen) 3,530	(%) 50.87 (50.88)	Security and safety services
Asahi Security Co., Ltd.	(Millions of Yen) 516	(%) 100.00 (100.00)	Cash collection and delivery services
Nohmi Bosai Ltd.	(Millions of Yen) 13,302	(%) 50.36 (50.71)	Comprehensive fire protection services
Nittan Co., Ltd.	(Millions of Yen) 2,302	(%) 100.00 (100.00)	Comprehensive fire protection services
Secom Medical System Co., Ltd.	(Millions of Yen) 6,650	(%) 100.00 (100.00)	Home medical services and remote image diagnosis support services
Secom General Insurance Co., Ltd.	(Millions of Yen) 16,808	(%) 97.11 (97.82)	Non-life insurance
Pasco Corporation	(Millions of Yen) 8,758	(%) 69.84 (72.70)	Surveying, measuring and geographic information system services
Secom Trust Systems Co., Ltd.	(Millions of Yen) 1,468	(%) 100.00 (100.00)	Information security services and software development
At Tokyo Corporation	(Millions of Yen) 13,378	(%) 50.88 (50.88)	Data center business
Secom Home Life Co., Ltd.	(Millions of Yen) 3,700	(%) 99.94 (99.95)	Development and sales of real estate
The Westec Security Group, Inc.	(US\$) 301	(%) 100.00 (100.00)	Holding company in the U.S.
Secom Plc	(Thousands of UK Pounds) 44,126	(%) 100.00 (100.00)	Security business in the U.K.

(Notes)

1. The percentages of ownership (percentages of voting rights) are truncated to two decimal places.
2. The percentages of ownership (percentages of voting rights) for Secom Joshinetsu Co., Ltd. and Nohmi Bosai Ltd. include those owned by the Company's subsidiaries.

8. Principal Business of the Group

The Group consists of the Company, 176 consolidated subsidiaries and 22 affiliates accounted for under the equity method. The principal business activities of the Group are as follows: Security Services centering on contracted security services; Fire Protection Services centering on comprehensive fire protection services; Medical Services, focusing on home medical services and management of residences for seniors; Insurance Services consisting mainly of non-life insurance; Geographic Information Services that mainly entails the provision of surveying and measuring operations; Information and Communication Related Services including security network services, development and operation of business systems and information security services; and Real Estate and Other Services centering on development and sales of condominiums and other services.

9. Principal Offices of the Group

- (i) Headquarters of the Company:
5-1, Jingumae 1-chome, Shibuya-ku, Tokyo
- (ii) Regional Headquarters:
Hokkaido (Sapporo City), Tohoku (Sendai City), West Kanto (Saitama City), East Kanto (Chiba City), Tokyo (Shinjuku-ku, Tokyo), Metropolitan Static Guard Service (Shibuya-ku, Tokyo), Metropolitan Armored Car Service (Shibuya-ku, Tokyo), Kanagawa (Yokohama City), Shizuoka (Shizuoka City), Chubu (Nagoya City), Kinki (Kyoto City), Osaka (Osaka City), Kansai Static Guard Service (Osaka City), Hyogo (Kobe City), Chugoku (Hiroshima City), Shikoku (Takamatsu City), Kyushu (Fukuoka City).
- (iii) Domestic Subsidiaries:
Secom Joshinetsu Co., Ltd. (Niigata City), Asahi Security Co., Ltd. (Minato-ku, Tokyo), Nohmi Bosai Ltd. (Chiyoda-ku, Tokyo), Nittan Co., Ltd. (Shibuya-ku, Tokyo), Secom Medical System Co., Ltd. (Shibuya-ku, Tokyo), Secom General Insurance Co., Ltd. (Chiyoda-ku, Tokyo), Pasco Corporation (Meguro-ku, Tokyo), Secom Trust Systems Co., Ltd. (Shibuya-ku, Tokyo), At Tokyo Corporation (Koto-ku, Tokyo), Secom Home Life Co., Ltd. (Shibuya-ku, Tokyo), Arai & Co., Ltd. (Shibuya-ku, Tokyo).
- (iv) Overseas Subsidiaries:
The Westec Security Group, Inc. (Dover, Delaware, USA), Secom Plc (Kenley, Surrey, UK), Secom (China) Co., Ltd. (Beijing, China).

10. Matters Concerning Employees of the Group and the Company

(1) Matters Concerning Employees of the Group

Number of employees	Increase from the end of the previous fiscal year
42,687	4,744

(2) Matters Concerning Employees of the Company

Number of employees	Increase from the end of the previous fiscal year	Average age	Average years of service
15,318	122	42.1	15.6

(Note)

The number of employees refers to the number of full-time employees.

11. Principal Lenders

(Millions of Yen)

Lenders	Balance
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19,316
Mizuho Bank, Ltd.	17,811
Sumitomo Mitsui Banking Corp.	9,729
Mitsubishi UFJ Trust and Banking Corp.	3,400

12. Other Important Matters Concerning the Group

There is no matter applicable.

II. Matters Concerning the Company's Shares and Shareholders

1. Total Number of Shares to be Issued: 900,000,000

2. Total Number of Issued Shares: 233,288,717

(including 15,026,824 shares of treasury stock held by the Company)

3. Number of Shareholders at the End of the Fiscal Year: 24,975

4. Number of Shares Constituting a Unit of Shares: 100 shares

5. Major Shareholders (Top 10)

Name of Shareholders	Number of shares held (Thousands of Shares)	Percentage of ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,263	10.20
STATE STREET BANK AND TRUST COMPANY	14,910	6.83
Japan Trustee Services Bank, Ltd. (Trust Account)	14,320	6.56
Makoto Iida	4,320	1.98
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052088)	4,148	1.90
Secom Science and Technology Foundation	4,025	1.84
THE BANK OF NEW YORK MELLON SA/NV 10	3,804	1.74
STATE STREET BANK WEST CLIENT – TREATY 505234	3,566	1.63
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	3,523	1.61
GIC PRIVATE LIMITED	3,434	1.57

(Note)

Although the Company holds treasury stock of 15,026,824 shares, it is not included in the table above. The percentage of ownership is calculated on the basis of the total number of shares outstanding excluding treasury stock. The percentage of ownership is truncated to two decimal places.

III. Directors and Audit & Supervisory Board Members

1. Names and Titles of Directors and Audit & Supervisory Board Members

(As of March 31, 2016)

Position	Name	Field of responsibility and important position of other organization concurrently assumed
Director	Makoto Iida	Supreme Advisor
Chairman and Representative Director	Shuji Maeda	Executive Officer
President and Representative Director	Hiroshi Ito	Executive Officer
Executive Director	Yasuo Nakayama	Executive Officer (general manager of general affairs division)
Executive Director	Kazuaki Anzai	Executive Officer (general manager of sales division, in charge of sales administration), Outside Director of Nohmi Bosai Ltd., Outside Director of Toyo Tec Co., Ltd.
Executive Director	Junzo Nakayama	Executive Officer (general manager of finance division)
Executive Director	Kenichi Furukawa	Executive Officer (in charge of planning department), President and Representative Director of Secom Industries Co., Ltd.
Director	Yasuyuki Yoshida	Executive Officer (in charge of strategic planning office and in charge of group companies supervisor)
Director	Tatsuro Fuse	Executive Officer (in charge of medical business), President and Representative Director of Secom Medical System Co., Ltd.
Director	Takaharu Hirose	Chairman and Representative Director of GAIN Inc.
Director	Takashi Sawada	President and Representative Director of Revamp Corporation, Outside Director of Nomura Research Institute, Ltd., Outside Director of K'S Holdings Corp.
Audit & Supervisory Board Member	Takayuki Ito	Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member	Ryohei Komatsu	Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member	Hideki Kato	
Audit & Supervisory Board Member	Kenichi Sekiya	Director Emeritus of DISCO Corporation
Audit & Supervisory Board Member	Makoto Yasuda	President and Representative Director Yasuda Makoto & Co., Ltd., Outside Director of Sanwa Holdings Corp.

(Notes)

1. Messrs. Takaharu Hirose and Takashi Sawada are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
2. Messrs. Hideki Kato, Kenichi Sekiya and Makoto Yasuda are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
3. The Audit & Supervisory Board Member, Mr. Takayuki Ito has a long-term experience by working at a financial institution and has considerable knowledge of finance and accounting matters.
4. There are no particular interests between the Company and other corporations employing Outside Director, Messrs. Takaharu Hirose and Takashi Sawada.
5. There are no particular interests between the Company and other corporations employing Outside Audit & Supervisory Board Members, Messrs. Kenichi Sekiya and Makoto Yasuda.
6. The notice of Outside Directors, Messrs. Takaharu Hirose and Takashi Sawada being independent officers was submitted to Tokyo Stock Exchange, Inc.
7. The notice of Outside Audit & Supervisory Board Members, Messrs. Hideki Kato, Kenichi Sekiya and Makoto Yasuda being independent officers was submitted to Tokyo Stock Exchange, Inc.
8. Changes in Audit & Supervisory Board Members during the current fiscal year
 - 1) Audit & Supervisory Board Members Messrs. Seiji Sakamoto, Katsuhisa Kuwahara and Ken Tsunematsu resigned at the close of the 54th Ordinary General Meeting of Shareholders held on June 25, 2015.
 - 2) Messrs. Takayuki Ito, Ryohei Komatsu and Makoto Yasuda were elected as Audit & Supervisory Board Members at 54th Ordinary General Meeting of Shareholders held on June 25, 2015 and assumed the office.
9. Following changes in posts of Directors were resolved at the meetings of the Board of Directors held on May 11, 2016.
 - 1) Executive Director Mr. Yasuo Nakayama was assumed the office of President and Representative Director as of May 11, 2016.
 - 2) Chairman and Representative Director Mr. Shuji Maeda changed his role to Director as of May 11, 2016, and after that he resigned from Director as of the same day.
 - 3) President and Representative Director Mr. Hiroshi Ito changed his role to Director as of May 11, 2016, and after that he resigned from Director as of the same day.

〈Reference〉

Executive Officers who are not Directors are as follows:

(As of May 1, 2016)

Title	Name
Managing Executive Officer	Masahiro Takeda, Teruhisa Yoshimura, Hideo Morishita, Tsuneo Komatsuzaki, Toshiaki Mizuno, Tatsuya Izumida, Shokichi Ishimura
Executive Officer	Yoichi Sugimoto, Sumiyuki Fukumitsu, Kensuke Shindo, Ichiro Ozeki, Yasufumi Kuwahara, Noriyuki Fukuoka, Takeshi Akagi, Sadahiro Sato, Osamu Ueda, Yoshinori Yamanaka, Seiya Nagao, Noriyuki Uematsu, Osamu Nagai, Atsushi Komatsu

(Notes)

1. Executive Officers Messrs. Keitaro Arai and Hiromichi Sonoda were resigned as of May 31, 2015.
2. Mr. Noriyuki Fukuoka was appointed to Executive Officer as of Jun. 1, 2015.
3. Executive Officer Mr. Tatsuya Izumida was appointed to Managing Executive Officer as of Dec. 4, 2015.
4. Messrs. Takeshi Akagi, Sadahiro Sato and Osamu Ueda were appointed to Executive Officer as of Dec. 4, 2015.

[English Translation]

5. Managing Executive Officer Mr. Toshiyuki Mukai and Executive Officer Mr. Hiroshi Ishikawa were resigned from Managing Executive Officer and Executive Officer, respectively, as of Mar 31, 2016.
6. Executive Officer Mr. Shokichi Ishimura was appointed to Managing Executive Officer as of Apr. 1, 2016
7. Messrs. Yoshinori Yamanaka, Seiya Nagao, Noriyuki Uematsu, Osamu Nagai and Atsushi Komatsu were appointed to Executive Officer as of Apr. 1, 2016.

2. Description of the Agreement Limiting Liabilities

The Company has entered into with each of the Outside Directors and each of the Outside Audit & Supervisory Board Members an agreement limiting their liabilities as prescribed by Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. The maximum amount of the liabilities under this agreement which each of the Outside Directors and each of the Outside Audit & Supervisory Board Members incurs is equal to the lowest amount of liabilities stipulated in Article 425, Paragraph 1 of the Companies Act.

3. Remuneration of Directors and Audit & Supervisory Board Members

	Number of Recipients	Combined total of remuneration etc. (Millions of Yen)
Directors	11	454
(of which Outside Directors)	(2)	(16)
Audit & Supervisory Board Members	8	69
(of which Outside Audit & Supervisory Board Members)	(4)	(26)
Total	19	524

(Note) Combined total of remuneration etc. for Directors in the above table includes YEN 68 million bonuses to directors for the current fiscal year.

4. Policy for Determining the Amount of Remuneration of Directors and Audit & Supervisory Board Members

(1) Remuneration of Directors

The remuneration of Directors is determined by the consultation of the Nomination and Compensation Committee including Outside Directors, which is authorized by the Board of Directors, within the limit of the amount of remuneration resolved at the General Meeting of Shareholders.

(2) Remuneration of Audit & Supervisory Board Members

The remuneration of Audit & Supervisory Board Members is determined by the resolution among Audit & Supervisory Board Members, the amount of which is commensurate with the duties of Audit & Supervisory Board Members on an individual basis, within the limit of the amount of remuneration resolved at the General Meeting of Shareholders.

5. Outside Directors and Outside Audit & Supervisory Board Members

(1) Activities of Outside Directors and Outside Audit & Supervisory Board Members during the current fiscal year

Category	Name	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board	Main Activities
Outside Director	Takaharu Hirose	12 (out of 12)	-	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience and insight gained through the foundation and the management of many enterprises and organizations. He also asked questions and stated opinions in order to clarify unclear issues.
Outside Director	Takashi Sawada	11 (out of 12)	-	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience and insight gained through the foundation and the management of many organizations. He also asked questions and stated opinions in order to clarify unclear issues. He also makes efforts to understand the contents of the meetings of the Board of Directors which he had missed by receiving reports on resolutions and such from an operating chief of the Board.

Category	Name	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board	Main Activities
Outside Audit & Supervisory Board Member	Hideki Kato	12 (out of 12)	11 (out of 12)	<p>He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience in the execution of national policies and insight gained through many accomplishments at a policy think tank. He also asked questions and stated opinions in order to clarify unclear issues.</p> <p>He also makes efforts to understand the contents of the meetings of Audit & Supervisory Board which he had missed by receiving reports on resolutions and such from full-time Audit & Supervisory Board Members.</p>
Outside Audit & Supervisory Board Member	Kenichi Sekiya	11 (out of 12)	11 (out of 12)	<p>He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience and insight gained through serving as a founding management and as a representative and chairman of global organizations. He also asked questions and stated opinions in order to clarify unclear issues.</p> <p>He also makes efforts to understand the contents of the meetings of the Board of Directors and Audit & Supervisory Board which he had missed by receiving reports on resolutions and such from an operating chief of the Board and full-time Audit & Supervisory Board Members, respectively.</p>

Category	Name	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board	Main Activities
Outside Audit & Supervisory Board Member	Makoto Yasuda	9 (out of 9)	9 (out of 9)	He offered advice and suggestions at the meetings of the Board of Directors by making use of his experience and insight gained through serving as a management of global enterprise. He also asked questions and stated opinions in order to clarify unclear issues.

(Note) Mr. Makoto Yasuda was elected as Audit & Supervisory Board Member at the 54th ordinary general meeting of shareholders held on June 25, 2015, and assumed the office. Therefore, the table shows the attendance figures of the meetings of the board of directors and audit & supervisory board held on and after June 25 2015.

IV. Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA LLC

2. Remuneration of Accounting Auditor

(1) Remuneration for duties relating to Article 2, Paragraph 1 of the Certified Public Accountants Act to be paid by the Company	YEN 229million
(2) Total cash and other remuneration to be paid by the Company and subsidiaries to the Accounting Auditor	YEN 649 million

(Notes)

1. Based on the audit contract between the Company and the Accounting Auditor, the remuneration paid to the auditor is not distinguished between that which relates to the audits under the Companies Act and that which relates to the audits under Financial Instruments and Exchange Act as they cannot be distinguished. Therefore, the amount given in (1) shown above is the combined total of these amounts.
2. Of the major subsidiaries of the Company, the Westec Security Group Inc. is audited by RSM US LLP (formerly McGladrey LLP) and Secom Plc by KPMG LLP.

3. Consent for the Amount of Remunerations for Accounting Auditor

Audit & Supervisory Board consents under Article 399, Paragraph 1 of the Companies Act for the amount of remunerations for Accounting Auditors upon verifying the basis for calculation of remunerations of Accounting Auditors, including contents of audit plan prepared by the Accounting Auditors, the status of implementation of accounting audits, etc.

4. Non-Audit Duties

The Company pays consideration to the Accounting Auditor for services, including work for financial due diligence, in addition to the services provided for in Article 2, Paragraph 1 of the Certified Public Accountants Act.

5. Policy for Decision for Dismissal or Non-reappointment

Whenever there occurs any material event which could be a substantial hazard to the performance of audit duties of the Company, such as a case when it is deemed that the Accounting Auditor has come to fall within the purview of Article 340, Paragraph 1 of the Companies Act or the Accounting Auditor or the firm of the Accounting Auditor is subjected to the disposition of suspension of business by the supervisory authorities, the Audit & Supervisory Board will hold Meeting of Audit & Supervisory Board Members, and, when all Audit & Supervisory Board Members have consented thereto, the Audit & Supervisory Board Member will take action for the dismissal of the subject Accounting Auditor or the subject firm of the Accounting Auditor. In such case, the Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report the reasons for the dismissal at the general meeting of shareholders convened for the first time after such dismissal.

Aside from the above, when there exists any situation where it is acknowledged that the Accounting Auditor is not fit to act as Accounting Auditor, a proposal will, with the consent of the Audit & Supervisory Board, be submitted to the general meeting of shareholders for the dismissal or non-reappointment of the Accounting Auditor.

V. System under which the Company's Business is Ensured to be Properly Executed

1. Basic Policy Regarding Internal Control System

At the Board of Directors' Meeting held on April 8, 2015, the Company has resolved to change the "system under which the execution of duties by Directors is ensured to comply with laws and regulations and the Articles of Incorporation, and the system under which the Company's business and the group of enterprises consisting of the Company and subsidiaries is ensured to properly execute its business" (basic policy regarding the internal control system) defined in item (6), paragraph 4, Article 362 of the Companies Act. The content of the resolution is set out below.

(1) General

This resolution manifests the basic policy regarding the internal control system of the Company to be specifically established by the President and Representative Director based on Article 362, Paragraph 5 of the Companies Act.

The internal control system based on this resolution shall be established urgently by officers in charge, and shall be constantly reviewed and improved.

(2) System under which the execution of duties by Directors and employees is ensured to comply with laws and regulations and the Articles of Incorporation

Directors and employees are required to act in accordance with *the SECOM Group Code of Employee Conduct*, which sets behavioral standards for the execution of duties, including compliance with laws and regulations, and the Article of Incorporation. The *SECOM Group Code of Employee Conduct* is based on the philosophy of SECOM, which we have followed since the establishment of the business. These ethical guidelines prescribe ideals covering the official and private affairs of all executives and employees and action standards (including the blocking relationships with anti-social forces) to be followed in the execution of specific daily duties. As such, these guidelines provide the basis of all actions. The compliance management system is as follows:

- (i) From the start, compliance with laws and regulations and the Articles of Incorporation has been an indispensable requirement of our business, and we have always sought to operate in strict adherence to this spirit. Therefore, compliance is a part of the Company's daily routines, which should not require a system in which a specific section or manager is responsible for implementation. Each and every employee is at the front line of promoting the code of conduct, including legal compliance. The implementation of guidelines is carried out by the line managers of the organization. Further control is provided by the executive officers in charge of departments under their control, with the President and Representative Director providing companywide control.
- (ii) The executive officers in charge of each area are responsible for having thorough knowledge particularly of regulations related to their duties and the relationships of such regulations with their own operations. They are responsible for proposing responses to any revisions of laws to the President and Representative Director. The Legal Affairs Department and other relevant departments and sections support them, providing cross-organization coordination.

[English Translation]

- (iii) Following the orders of the President and Representative Director, the Audit and Compliance Department provides cross-organizational inspection in a timely manner over the execution of duties, indicating how to improve morale through the observance of laws and regulations and the Company's rules and at the same time pointing out matters that need correction. The Audit and Compliance Department will promptly report the findings of the inspection to the President and Representative Director.
 - (iv) When executives and employees of the Company become aware of unethical actions, they have the obligation to report such actions to the proper superior without hesitation. A "Hot Helpline" is established to facilitate direct contact with the Audit and Compliance Department if corrective actions are not taken even after reporting to superiors or it is difficult to report. Pursuant to the "Basic Policy of the SECOM Group for Compliance," the Company will keep the reported matters confidential, and promptly take necessary investigation and appropriate measures. The reporter will suffer no disadvantage on the grounds of such report.
 - (v) The Company establishes a standing Organizational Culture Committee, chaired by the President and Representative Director. The Organizational Culture Committee examines important organizational culture-related issues (including compliance-related matters), which are the cornerstone of developing and maintaining the corporate organization, and determines important official commendations and punishments.
 - (vi) Revisions of the SECOM Group Code of Employee Conduct and/or critical compliance-related matters are undertaken after discussion with the Organizational Culture Committee and subject to the approval of the Board of Directors after obtaining the opinions of the Audit & Supervisory Board Members.
 - (vii) Basic plans and policies concerning internal controls related to financial reporting are determined and evaluated in accordance with the standards of the Business Accounting Council.
- (3) System under which information regarding execution of business by Directors shall be maintained and controlled

Information regarding the execution of duties of Directors (minutes of the Meetings of the Board of Directors and decision-making documents), etc. shall be properly maintained, administered (including destruction) pursuant to the rules of the Company, which will be amended upon reviewing the operating conditions if necessary.

- (4) System regarding control of risk of loss and other system
- (i) The Company's approach to risk management is embedded in day-to-day business activities, with acknowledgement that risk management itself is the Company's business. Executive officers in charge, under the direction of the President and Representative Director, analyze and assess business risk and fraud risk in the operational areas for which they are responsible, and revise established rules and manuals as conditions change. Rules and manuals are based on risk analysis and assessment, and stipulate preventive measures, prompt and appropriate communication and

emergency preparedness when incidents occur, daily risk monitoring and other systems.

(ii) The Executive officer in charge shall report to the President and Representative Director and the Audit & Supervisory Board on the results of risk analysis and assessment.

(iii) Any important changes of the Company's risk control system shall be subject to the approval of the Board of Directors after obtaining the opinions of the Audit & Supervisory Board Members. The risks at times of large scale calamities and at ordinary times are as follows.

	Risk Category	Example
Large scale calamity	(1) Large scale calamity risk	Earthquake, wind, flood, volcanic disasters, radiation leakage, etc.
Ordinary times	(2) Compliance risk	Noncompliance with "Constitution of SECOM's Business and Operation," "SECOM Group Code of Employee Conduct," other internal rules and guidelines, etc., risk accompanied by establishment or changes in regulations (in the area of tax system, medical system, etc.), breach of law, etc.
	(3) System risk	Information system shut down, electronic data extinguishment, large scale blackout, wide area circuit disturbance, ICT (information and communication technology) related risk, etc.
	(4) Service providing risk	Risk incurred when providing services (Accidents related to security, fire alarm or equipment maintenance businesses, etc.)
	(5) Administrative work and accounting risk	Input error or input omission in administrative or account processing, estimation error for allowance, etc.
	(6) Others	Offence from outsiders (groundless rumor, calumny, theft, terror, etc.), risk related to M&A, risk related to new system development, other risk related to business infrastructure (fire on the Company's premises, pandemic influenza, disease epidemic, etc.), etc.

(5) System by which efficient execution of duties of Directors shall be ensured

(i) All Directors shall carry out the operation and execution of business on the basis of the "Constitution of SECOM's Business and Operation" so that they may share the ideas essential to the execution of the duties such as decision making for management by the Board of Directors and decision making for the execution of duties by the Directors.

(ii) On the basis of the preceding item, the Company, aiming to implement the execution of duties efficiently, introduces the system of executive officers so that decision making and the execution of business shall be further facilitated.

- (iii) The Company develops the IT system for dissemination of notices, etc., and decision making by managerial decision requests, and maintains the system for swiftly enabling full introduction and implementation.
- (iv) The Company will share the medium and long term business vision, and for the purpose of the accomplishment thereof, the Board of Directors will design an annual business plan and deliberate the progress of the plan.
- (6) System under which the group of enterprises consisting of the Company and subsidiaries is ensured to properly execute its business
- (6-1) System under which the execution of duties by Directors, etc. and employees of subsidiaries is ensured to comply with laws and regulations and the Articles of Incorporation
 - (i) Abiding by the “Constitution of SECOM’s Business and Operation,” each of the subsidiaries shares the *SECOM Group Code of Employee Conduct*, which applies to all executives and employees. United by these guidelines, the executives and employees work to accomplish the corporate goals in an appropriate manner.
 - (ii) Each of the subsidiaries carries out IT controls in conformance with the “Basic Policy of the SECOM Group for Information Security.” The Company’s IT executive officers conduct timely inspections covering the IT management of major subsidiaries.
 - (iii) The “SECOM Group Management Committee,” which is chaired by the Company’s President and Representative Director and whose members are composed of the presidents of major subsidiaries and other parties appointed by the chairperson, works to ensure that appropriate operations are carried out. It accomplishes this goal by conducting discussions of issues related to the Group’s internal controls in an effort to share Group information and operating philosophy. Where necessary, the President and Representative Director reports the results to the Board of Directors and the Audit & Supervisory Board.
 - (iv) The President and Representative Director of the Company issues orders to the internal audit departments (Audit and Compliance Department and Group Governance Department) to inspect subsidiaries, if necessary. The subsidiaries accept the inspection by the Company, and at the same time promote the understanding and improvement of compliance-related issues by exchanging information with the Company. Furthermore, the Company establishes the whistle-blowing system “Hot Help Line” which enables executives and employees of subsidiaries to directly report to the Company’s Group Governance Department, whenever they become aware of any non-compliance. Pursuant to the “Basic Policy of the SECOM Group for Compliance,” the Company will keep the reported matters confidential, and promptly take necessary investigation and appropriate measures. The reporter will suffer no disadvantage on the grounds of such report.
 - (v) The Audit & Supervisory Board Members of the Company visit major subsidiaries and conduct audits regarding internal controls.
 - (vi) The Company establishes a liaison meeting with Group Audit & Supervisory Board Members after discussion with its Audit & Supervisory Board in an attempt to share information.

- (6-2) System under which the matters related to the execution of duties by Directors, etc., of subsidiaries are reported to the Company

In order to enhance Group synergy leading to the achievement of the business vision by the entire SECOM Group, the Company establishes and implements the “Basic Rules for SECOM Group Corporate Management,” which clarify the guidelines for the reporting of the important items, the items to be coordinated in advance with the Company and the items to be approved by the Company.

- (6-3) Rules and other systems for controlling risks of loss of subsidiaries
Pursuant to the “Meaning of the Risk Control and Risk Control Basic Policy for SECOM and SECOM Group,” the subsidiaries develop risk control systems. Furthermore, upon the occurrence of important events, the subsidiaries will take appropriate measures under the Company’s control.

- (6-4) System which ensures that Directors, etc., of the subsidiaries execute their duties efficiently

- (i) All Directors of the subsidiaries will efficiently carry out the operation and execution of business on the basis of the “Constitution of SECOM’s Business and Operation.”
(ii) The Company and the subsidiaries will formulate the business plans for the next year based on the business vision by the entire SECOM Group, and confirm the progress of the plans.

- (7) Matters related to employees to assist duties of Audit & Supervisory Board Members when Audit & Supervisory Board Members requests to do so

- (i) The Company establishes the system to assist audit duties, by establishing the Office of Audit & Supervisory Board manned by at least two employees who are fully familiarized with the exclusive duties and internal situations.
(ii) The assistants for the Audit & Supervisory Board Members may conduct investigations necessary for the audit by the Audit & Supervisory Board Members, following the instructions of the Audit & Supervisory Board Members.

- (8) Matters related to the independence of the employees in item (7) from Directors and ensuring the effectiveness of the instructions of the Audit & Supervisory Board Members

Transfer and evaluation of the assistants for the Audit & Supervisory Board Members shall be subject to the approval of the Audit & Supervisory Board. The assistants who received necessary instruction on audit duties by Audit & Supervisory Board Members shall not be subject to any instruction or order from Directors and executive officers and employees with respect to the subject audit duties, nor be obligated to report to them.

- (9) The following systems and other systems under which any report is made to Audit & Supervisory Board Members

- (9-1) System under which Directors and Accounting Advisors and employees make any reports to the Audit & Supervisory Board Members

- (i) Upon discussion with the Audit & Supervisory Board, the following matters shall be considered as the matters to be reported by Directors to the Audit & Supervisory Board Members.
(1) matters resolved by the Organization Culture Committee and other committees;
(2) matters likely to be materially harming the Company;

- (3) important matters relating to monthly business conditions;
 - (4) important matters relating to internal audit and risk management;
 - (5) material violation of laws and regulations or the Articles of Incorporation; and
 - (6) important matters from viewpoint of compliance.
- (ii) Notwithstanding (i) above, the Audit & Supervisory Board Members may, where necessary and in a timely manner, request that Directors and employees make a report.
 - (iii) The matters reported to the “Hot Help Line” will be reported to the Audit & Supervisory Board Members from the Audit and Compliance Department.
- (9-2) System under which persons executing duties as the subsidiary’s Directors, Accounting Advisors, Audit & Supervisory Board Members, Executive Officers, members who execute the business, etc., other persons equivalent to such persons, and employees, or any persons receiving reports from these persons, make reports to the Audit & Supervisory Board Members
The matters reported to the "Group Head Office Helpline" will be reported to the Audit & Supervisory Board Members from the Group Governance Department.
- (10) System which ensures that the persons who made the reports under (9) above will not be treated disadvantageously on the grounds of such reports

Pursuant to the “Basic Policy of the SECOM Group for Compliance,” the Company will keep the reported matters confidential, and promptly take necessary investigation and appropriate measures, while the reporter will suffer no disadvantage on the grounds of such report.
- (11) Matters regarding the policies for the procedures of the advance payment or reimbursement of expenses incurred for the execution of duties by the Audit & Supervisory Board Members and other processing of expenses or debts incurred for the execution of such duties

The Company bears the expenses incurred for the execution of duties by the Audit & Supervisory Board Members.
- (12) System under which audit by Audit & Supervisory Board Members is ensured to be performed efficiently
- (i) The Company establishes the system under which the Audit & Supervisory Board shall regularly hold meetings with the President and Representative Director and the Accounting Auditor, to exchange opinions so that audits shall be performed efficiently.
 - (ii) The Audit & Supervisory Board Members attend the meetings of the Board of Directors, attend important meetings to exchange opinions regarding overall management-related matters if necessary, and conduct periodical interviews with Directors and employees of the Company and the subsidiaries.
 - (iii) The Company ensures that the Audit & Supervisory Board may retain attorneys-at-law at its discretion and, if necessary, have opportunities to retain and consult professional accountants with respect to their audit duties.

2. Outline of Status of Operation of Internal Control System

The Company, pursuant to the basic policy described above, has established the Internal Control System, and is continuously operating this System in a proper manner. An outline of the status of operation of the System during the current fiscal year is as follows.

- (1) "System under which the execution of duties by Directors and employees is ensured to comply with laws and regulations and the Articles of Incorporation"

The Company promotes to instill awareness of the importance of compliance with the "SECOM Group Code of Employee Conduct", which sets behavioral standards for the execution of duties, including compliance with laws, regulations, and the Articles of Incorporation in day-to-day business operations. In addition, all training curriculum contains training related to the philosophy of SECOM, and the Company is also making efforts to instill and entrench the philosophy of SECOM through in-house newsletter. The Company takes appropriate actions to respond to any revisions of laws and regulations by requiring its officers in charge of each area to have thorough knowledge of laws and regulations related to their areas and to obtain information concerning revisions of relevant laws and regulations on a regular basis. The Audit and Compliance Department, as a leading organization, conducts operational audits based on the audit plan, reports the audit results to the President and Representative Director and the Audit & Supervisory Board Members on a monthly basis, and instructs them to take correctional measures necessary to solve any issues identified. Furthermore, any internal reports made through "Hot Helpline" are dealt with in a proper manner in collaboration with relevant departments. Any important organizational culture-related issues (including compliance-related matters) are deliberated and dealt with at a meeting of the Organizational Culture Committee when necessary. The effectiveness of internal control related to financial reporting is properly evaluated based on the basic plans and policies.

- (2) "System under which information regarding execution of business by Directors shall be maintained and controlled"

Minutes of the meetings of the Board of Directors and decision-making documents are recorded in a paper form or electromagnetic media, and stored and managed in a proper manner.

- (3) "System regarding control of risk of loss and other system"

Each officer in charge analyzes and assesses business risks and fraud risks in the operational areas for which he/she is responsible, and reports the results to the President and Representative Director and Audit & Supervisory Board Members once a year, and further, reviews internal rules and manuals that have been established as appropriate and makes amendments as needed.

- (4) "System by which efficient execution of duties of Directors shall be ensured"

The Board of Directors of the Company consists of 11 Directors including 2 outside Directors. As a general rule, a meeting of the Board of Directors is held once a month with the attendance of Directors as well as 5 Audit & Supervisory Board Members including 3 outside Audit & Supervisory Board Members. At a meeting of the Board of Directors, important management

matters are deliberated and the status of execution of duties by Directors is reported, based on the business vision of the Company, and the Board of Directors strives for accurate and prompt decision-making. 26 Executive Officers including 8 Directors are making efforts to make decisions and to execute their duties in a more expeditious manner.

(The above officer structure is as of March 31, 2016.)

- (5) "System under which the group of enterprises consisting of the Company and its subsidiaries is ensured to properly execute its business"

Directors of the Company and its subsidiaries are promoting proper operation based on the "Constitution of SECOM's Business and Operation" as their basic philosophy. The President and Representative Director of the Company convened a meeting of the "SECOM Group Management Committee" quarterly to share the Group information and operating philosophy and to ensure the appropriate operations of each company. To enhance subsidiaries' corporate governance, Audit & Supervisory Board Members visited and interviewed subsidiaries (total of 44 times), and at a meeting of the Audit & Supervisory Board, responsible persons from subsidiaries presented Reports on Outline of Business Performance (8 times). Furthermore, to enhance collaboration with internal and external audit departments including accounting auditors in the Group companies, the previous "liaison meeting with Group Audit & Supervisory Board Members" was expanded and the "SECOM Group Audit & Supervisory Board Members and Internal Audit Departments Joint Liaison Meeting" was held (once). Internal audit departments inspect and provide guidance to subsidiaries as needed, and take appropriate steps in collaboration with relevant sections and subsidiaries in response to any internal report made through the "Group Head Office Helpline." Through decision-making on important matters upon prior consultation and reporting of important matters by subsidiaries in accordance with the "Basic Rules for SECOM Group Corporate Management," the Company and its subsidiaries strive to ensure that subsidiaries' operations are properly carried out.

- (6) "Matters related to employees to assist duties of Audit & Supervisory Board Members when Audit & Supervisory Board Members request to do so"

The Company has established the Office of Audit & Supervisory Board manned by at least two designated employees at all times, who assists Audit & Supervisory Board Members in carrying out audits following the instructions of Audit & Supervisory Board Members.

- (7) "Matters related to the independence of the employees in item (6) above from Directors and ensuring the effectiveness of the instructions of the Audit & Supervisory Board Members"

The assistants for the Audit & Supervisory Board Members carry out their duties following the instructions of the Audit & Supervisory Board Members.

- (8) "System under which any report is made to Audit & Supervisory Board Members"

Audit & Supervisory Board Members receive from the internal audit departments, in addition to the matters to be reported by Directors to Audit & Supervisory Board Members pursuant to the basic policies of internal control system, any matter internally reported through the whistle-blowing system, namely, "Hot Helpline" and "Group Head Office Helpline," at each time it occurs.

- (9) "System which ensures that the persons who made the reports under item (8)

[English Translation]

above will not be treated disadvantageously on the grounds of such reports"

Any internal report is handled as confidential pursuant to the "Basic Policy on the SECOM Group for Compliance" and a system under which a person who made a report is not treated disadvantageously has been established. This has been complied with during the current fiscal year.

- (10) "Matters regarding the policies for the procedures of the advance payment or reimbursement of expenses incurred for the execution of duties by Audit & Supervisory Board Members and processing of other expenses or debts incurred for the execution of such duties"

Budget for expenses that will arise in relation to the execution of duties by Audit & Supervisory Board Members are determined by resolution of the Audit & Supervisory Board and reported to the Board of Directors. These expenses are paid by the Company.

- (11) "System under which audit by Audit & Supervisory Board Members is ensured to be performed efficiently"

Audit & Supervisory Board Members held meetings twelve times with the President and Representative Director and eleven times with Accounting Auditors to exchange opinions. In addition, Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings to exchange opinions, and conduct interviews with Directors and employees of the Company and its subsidiaries on a regular basis.

Consolidated Balance Sheet

(As of March 31, 2016)

(Millions of Yen)

ITEM	AMOUNT	ITEM	AMOUNT
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:	689,744	Current liabilities:	347,633
Cash on hand and in banks	228,458	Notes and accounts payable, trade	41,794
Cash deposits for armored car services	128,267	Bank loans	55,283
Notes and accounts receivable, trade	122,048	Current portion of straight bonds	2,582
Due from subscribers	31,812	Lease obligations	4,724
Short-term investments	34,448	Payables – other	38,376
Lease receivables and investment in leased assets	39,542	Accrued income taxes	22,341
Inventories	36,306	Accrued consumption taxes	6,611
Real estate inventories	26,552	Accrued expenses	5,562
Deferred income taxes	12,728	Deposits received for armored car services	101,306
Short-term loans receivable	4,086	Deferred revenue	31,389
Other	27,375	Accrued bonuses	15,524
Allowance for doubtful accounts	(1,883)	Provision for loss on construction contracts	1,397
		Other	20,738
Fixed assets:	878,293	Long-term liabilities:	277,274
Tangible assets:	376,305	Straight bonds	8,251
Buildings and improvements	148,828	Long-term loans	20,033
Security equipment and control stations	71,447	Lease obligations	11,954
Land	116,613	Guarantee deposits received	35,002
Other	39,415	Deferred income taxes	14,026
Intangible assets:	119,505	Accrued retirement benefits for directors and audit & supervisory board members	1,387
Software	18,071	Net defined benefit liability	22,816
Goodwill	70,619	Investment deposits by policyholders, unearned premiums and other insurance liabilities	159,636
Other	30,814	Other	4,166
Investments and others:	382,482	Total liabilities	624,907
Investment securities	264,400	<u>NET ASSETS</u>	
Long-term loans receivable	39,401	Shareholders' equity:	816,340
Long-term prepaid expenses	25,262	Common stock	66,377
Net defined benefit asset	30,796	Capital surplus	80,326
Deferred income taxes	8,602	Retained earnings	743,353
Other	29,715	Common stock in treasury, at cost	(73,717)
Allowance for doubtful accounts	(15,698)	Accumulated other comprehensive income:	16,944
Deferred assets:	14	Unrealized gains on securities	19,964
Other	14	Deferred losses on hedges	(40)
		Foreign currency translation adjustments	(2,196)
		Remeasurements of defined benefit plans, net of taxes	(783)
		Noncontrolling interests:	109,859
		Total net assets	943,144
TOTAL ASSETS	1,568,052	TOTAL LIABILITIES AND NET ASSETS	1,568,052

Consolidated Statement of Income

(Fiscal Year from April 1, 2015 to March 31, 2016)

(Millions of Yen)

ITEM	AMOUNT	
Revenue		881,028
Costs of revenue	586,539	
Gross profit		294,488
Selling, general and administrative expenses	165,906	
Operating profit		128,582
Non-operating income:		
Interest income	1,250	
Dividends income	682	
Gain on sales of investment securities	629	
Net gains from investment in affiliated companies accounted for under the equity method	6,069	
Gain on private equity investments	1,133	
Other	1,614	11,380
Non-operating expenses:		
Interest expenses	896	
Loss on sales of investment securities	128	
Loss on sales and disposal of fixed assets	1,587	
Write-off of long-term prepaid expenses	617	
Foreign exchange loss, net	556	
Provision of allowance for doubtful accounts	418	
Other	931	5,136
Ordinary profit		134,826
Extraordinary profit:		
Gain on sales of fixed assets	1,032	
Gain on sales of investment securities	414	
Other	137	1,584
Extraordinary losses:		
Impairment losses on fixed assets	11,584	
Loss on revaluation of investment securities	860	
Other	2,557	15,003
Income before income taxes		121,408
Income taxes- current	39,150	
Income taxes - deferred	(526)	38,624
Net income		82,784
Net income attributable to noncontrolling interests		5,745
Net income attributable to owners of the parent		77,039

Consolidated Statement of Changes in Net Assets

(Fiscal Year from April 1, 2015 to March 31, 2016)

(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 fiscal year	66,377	80,265	694,688	(73,701)	767,630
Changes in the fiscal year:					
Cash dividends			(28,374)		(28,374)
Net income attributable to owners of the parent			77,039		77,039
Purchase of treasury stock				(16)	(16)
Disposal of treasury stock		0		0	0
Changes in share of parent arising from transactions with noncontrolling interests		61			61
Net changes of items other than shareholders' equity					
Total changes in the fiscal year	-	61	48,665	(16)	48,709
Balance at the end of the fiscal year	66,377	80,326	743,353	(73,717)	816,340

(Millions of Yen)

	Accumulated other comprehensive income					Noncontrolling interests in subsidiaries	Total net assets
	Unrealized gains on securities	Deferred losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	26,981	(34)	1,477	4,390	32,815	106,895	907,341
Changes in the fiscal year:							
Cash dividends							(28,374)
Net income attributable to owners of the parent							77,039
Purchase of treasury stock							(16)
Disposal of treasury stock							0
Changes in share of parent arising from transactions with noncontrolling interests							61
Net changes of items other than shareholders' equity	(7,017)	(5)	(3,673)	(5,173)	(15,870)	2,963	(12,906)
Total changes in the fiscal year	(7,017)	(5)	(3,673)	(5,173)	(15,870)	2,963	35,803
Balance at the end of the fiscal year	19,964	(40)	(2,196)	(783)	16,944	109,859	943,144

Non-Consolidated Balance Sheet

(As of March 31, 2016)

(Millions of Yen)

ITEM	AMOUNT	ITEM	AMOUNT
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:	159,867	Current liabilities:	118,699
Cash on hand and in banks	45,433	Accounts payable	3,641
Cash deposits for armored car services	40,877	Bank loans	36,923
Notes receivable	592	Lease obligations	198
Due from subscribers	16,229	Payables – other	15,698
Accounts receivable, trade	10,996	Accrued income taxes	9,479
Receivables – other	4,454	Accrued consumption taxes	2,718
Short-term investments	3,444	Accrued expenses	737
Merchandise	6,453	Deposits received for armored car services	13,975
Supplies	1,676	Deferred revenue	20,923
Prepaid expenses	2,172	Payables – construction	3,980
Deferred income taxes	3,736	Accrued bonuses	6,246
Short-term loans receivable	22,255	Other	4,177
Other	1,698		
Allowance for doubtful accounts	(152)		
Fixed assets:	666,256	Long-term liabilities:	29,068
Tangible assets:	112,187	Lease obligations	2,601
Buildings and improvements	16,572	Guarantee deposits received	17,038
Automobiles	795	Deferred income taxes	6,213
Security equipment and control stations	67,624	Accrued pension and severance costs	2,835
Machinery and equipment	170	Other	378
Tools, furniture and fixtures	3,424		
Land	22,015		
Construction in progress	1,564		
Other	18		
Intangible assets:	6,369		
Software	5,794		
Other	574		
Investments and others:	547,700		
Investment securities	20,588		
Investments in subsidiaries and affiliates	327,042		
Long-term loans receivable	146,716		
Lease deposits	7,642		
Long-term prepaid expense	21,244		
Prepaid pension and severance costs	23,177		
Insurance funds	4,294		
Other	2,545		
Allowance for doubtful accounts	(5,551)		
		Total liabilities	147,768
		<u>NET ASSETS</u>	
		Shareholders' equity:	673,836
		Common stock	66,377
		Capital surplus:	83,054
		Additional paid-in capital	83,054
		Other capital surplus	0
		Retained earnings:	598,122
		Legal reserve	9,028
		Other retained earnings	589,094
		Reserve for system developments	800
		General reserve	2,212
		Accumulated earnings carried forward	586,082
		Common stock in treasury, at cost	(73,717)
		Valuation, translation adjustments and others:	4,518
		Unrealized gains on securities	4,518
		Total net assets	678,355
TOTAL ASSETS	826,124	TOTAL LIABILITIES AND NET ASSETS	826,124

Non-Consolidated Statement of Income

(Fiscal Year from April 1, 2015 to March 31, 2016)

(Millions of Yen)

ITEM	AMOUNT	
Revenue		376,044
Costs of revenue	223,189	
Gross profit		152,855
Selling, general and administrative expenses	77,191	
Operating profit		75,664
Non-operating income:		
Interest income	1,740	
Dividends income	11,527	
Other	371	13,639
Non-operating expenses:		
Interest expenses	300	
Loss on sales and disposal of fixed assets	1,460	
Write-off of long-term prepaid expenses	510	
Other	419	2,691
Ordinary profit		86,612
Extraordinary profit:		
Reversal of allowance for doubtful accounts	2,051	
Gain on sales of investment securities	823	
Gain on sales of tangible assets	168	
Other	21	3,064
Extraordinary losses:		
Impairment loss on fixed assets	5,682	
Loss on revaluation of investment securities	748	
Overseas tax related loss	51	
Other	251	6,733
Income before income taxes		82,943
Income taxes - current	19,989	
Income taxes - deferred	4,510	24,500
Net income		58,442

Non-Consolidated Statement of Changes in Net Assets

(Fiscal Year from April 1, 2015 to March 31, 2016)

(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 fiscal year	66,377	83,054	0	83,054
Changes in the fiscal year:				
Cash dividends				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			0	0
Net changes of items other than shareholders' equity				
Total changes in the fiscal year	-	-	0	0
Balance at the end of the fiscal year	66,377	83,054	0	83,054

(Millions of Yen)

	Shareholders' equity				
	Retained earnings				
	Legal reserve	Other retained earnings			Total retained earnings
		Reserve for system developments	General reserve	Accumulated earnings carried forward	
Balance at the beginning of the fiscal year	9,028	800	2,212	556,013	568,053
Changes in the fiscal year:					
Cash dividends				(28,374)	(28,374)
Net income				58,442	58,442
Purchase of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes in the fiscal year	-	-	-	30,068	30,068
Balance at the end of the fiscal year	9,028	800	2,212	586,082	598,122

(Millions of Yen)

	Shareholders' equity		Valuation, translation adjustments and others		Total net assets
	Common stock in treasury, at cost	Total shareholders' equity	Unrealized gains on securities	Total valuation, translation adjustments and others	
Balance at the beginning of the fiscal year	(73,701)	643,784	6,347	6,347	650,132
Changes in the fiscal year:					
Cash dividends		(28,374)			(28,374)
Net income		58,442			58,442
Purchase of treasury stock	(16)	(16)			(16)
Disposal of treasury stock	0	0			0
Net changes of items other than shareholders' equity			(1,828)	(1,828)	(1,828)
Total changes in the fiscal year	(16)	30,052	(1,828)	(1,828)	28,223
Balance at the end of the fiscal year	(73,717)	673,836	4,518	4,518	678,355

Certified Copy of the Accounting Auditor's Report (Consolidated)

[English Translation of the Accounting Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 17, 2016

The Board of Directors
SECOM Co., Ltd.

KPMG AZSA LLC

Masakazu Hattori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hideki Yoshida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of SECOM Co., Ltd. as at March 31, 2016 and for the year from April 1, 2015 to March 31, 2016 in accordance with Article 444, Paragraph 4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting

[English Translation]

policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of SECOM Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Certified Copy of the Accounting Auditor's Report (Non-Consolidated)

[English Translation of the Accounting Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 17, 2016

The Board of Directors
SECOM Co., Ltd.

KPMG AZSA LLC

Masakazu Hattori (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Hideki Yoshida (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of SECOM Co., Ltd. as at March 31, 2016 and for the 55th business year from April 1, 2015 to March 31, 2016 in accordance with Article 436, Paragraph 2, Item 1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing

[English Translation]

an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of SECOM Co., Ltd. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Certified Copy of the Audit & Supervisory Board's Report

[English Translation of the Audit & Supervisory Board's Report Originally Issued in the Japanese Language]

Audit Report

May 17, 2016

Mr. Yasuo Nakayama
President and Representative Director
SECOM Co., Ltd.

Audit & Supervisory Board of
SECOM Co., Ltd.

Takayuki Ito (Seal)
Audit & Supervisory Board
Member (Full-time)

Ryohei Komatsu (Seal)
Audit & Supervisory Board
Member (Full-time)

Hideki Kato (Seal)
Outside Audit & Supervisory
Board Member

Kenichi Sekiya (Seal)
Outside Audit & Supervisory
Board Member

Makoto Yasuda (Seal)
Outside Audit & Supervisory
Board Member

The Audit & Supervisory Board has received the audit reports of the performance of duties of the Directors during the 55th business term from April 1, 2015 through March 31, 2016 from each of the Audit & Supervisory Board Members. After deliberating such reports, we have prepared this Audit Report and report as follows:

1. Method and Details of Audit Performed by Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board has established the audit policy and audit plan for the current fiscal year, received reports on the status and results of audits from each Audit & Supervisory Board Member, received reports on the status of execution of duties from Directors, etc. and the Accounting Auditor, and requested explanations when necessary.

Each of the Audit & Supervisory Board Members, in accordance with the audit policy, audit plan, etc. of the current fiscal year set up by the Audit & Supervisory Board, worked to communicate with Directors, the internal audit division and other employees, etc., and made efforts to gather information and establish the audit environment, in addition to attending the meetings of the Board of Directors and other important meetings, receiving reports from the Directors and other managers, etc. on their duties, requesting explanations when necessary, inspecting documents concerning matters such as important decisions, and investigating the conditions of the business and financial conditions at the head office and the principal offices. Also, the Audit & Supervisory Board Members, on a regular basis, received from Directors and employees, etc. reports on the establishment and operation of the system (internal control system) based on the

[English Translation]

resolution of the Board of Directors as stipulated in Article 100, Paragraph 1 or Paragraph 3 of the Companies Act Enforcement Order to ensure the system under which the execution of duties by Directors is ensured to comply with laws and regulations and the Articles of Incorporation and to ensure the system under which the group of enterprises consisting of the Company and its subsidiaries is ensured to properly execute its business, both of which are on the Business Report, obtained explanation from them, and expressed opinions when necessary.

Furthermore, we received reports from Directors, etc. and the Accounting Auditor on the status of discussions between them and the status of evaluation and audit of the internal control on financial reporting, and requested their reports as necessary.

We worked to communicate and exchange information with the Directors and Audit & Supervisory Board Members, etc. of subsidiaries and received reports on operations from subsidiaries.

On the basis of the forgoing procedures, the Audit & Supervisory Board has considered the Business Report and supplementary schedules.

Furthermore, in addition to monitoring and examining whether the Accounting Auditor maintained independence and performed auditing appropriately, we received reports from the Accounting Auditor on the execution of their duties and requested explanations when necessary. In addition, we received notice from the Accounting Auditor that “The systems for ensuring the proper execution of duties” (set forth in each Item of Article 131 of the Ordinance for Corporate Accounting) is organized in accordance with the “Standards for Quality Control of Audit” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations when necessary. Based on the above methods, we examined the financial statements (balance sheet, statement of income, statement of changes in net assets and related notes), supplementary schedules and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and related notes) for the current fiscal year.

2. Result of audit

(1) Result of audit of business report etc.

- i) The Business Report and supplementary schedules fairly represent the condition of the Company in accordance with laws and regulations and the Articles of Incorporation of the Company.
- ii) We have determined that there were no serious occurrences of misconduct or violations of any laws or regulations or the Articles of Incorporation of the Company by any of the Directors in carrying out their duties.
- iii) We believe the contents of the resolution of the Board of Directors regarding the internal control system are appropriate. We found no matters to note regarding the execution of duties of Directors regarding the internal control system, as well as the internal control system regarding financial reporting.

(2) Result of audit of financial statements and supplementary schedules

In our opinion, the audit procedures and audit results of the Accounting Auditor KPMG AZSA LLC are appropriate.

(3) Result of audit of consolidated financial statements

In our opinion, the audit procedures and audit results of the Accounting Auditor KPMG AZSA LLC are appropriate.

End