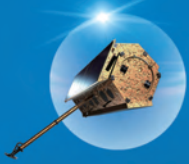


SEMIANNUAL REPORT 2017

For the Six-month Period Ended September 30, 2017



PROFILE

Established in 1962, SECOM, which comprises the parent company and the companies of the SECOM Group, has sought to keep abreast of the times, developing and advancing the acceptance of a wide range of systems and services that address diverse social imperatives.

In line with our goal of helping to achieve a society free from concerns, we continue to push ahead with efforts to realize our Social System Industry vision, which describes a framework of innovative and integrated services and systems that deliver safety, peace of mind, comfort and convenience. Today, our business portfolio encompasses security services, fire protection services, medical services, insurance services, geographic information services, information and communication related services, and real estate and other services. To accelerate the realization of the Social System Industry, we have formulated the SECOM Group's Vision for 2030, a long-term roadmap. Guided by this vision, we are maximizing synergies among these businesses by promoting the "ALL SECOM" concept, which focuses on rallying Group strengths to broaden our offerings, as well as reinforcing our relationship with society by alleviating everyday problems and resolving concerns to provide enduring peace of mind. Through these efforts, we continue working to grow together with society.

We have also expanded outside Japan. Currently active in 20 countries and territories in Asia, Europe, Oceania and the Americas, where we provide uniquely SECOM security services, fire protection services, medical services and geographic information services customized to reflect local needs and sensibilities, we continue working to bolster recognition of the SECOM brand and grow our overseas operations.

Notes: 1. Comparisons of operating results in this semiannual report are between the six-month periods ended September 30, 2017 and 2016.

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

CONSOLIDATED FINANCIAL HIGHLIGHTS

SECOM CO., LTD. and Subsidiaries
Six-month periods ended September 30, 2017, 2016 and 2015

	In millions of yen			In thousands of U.S. dollars
	2017	2016	2015	2017
Revenue	¥446,831	¥440,086	¥408,890	\$3,954,256
Operating profit	61,471	62,146	60,206	543,991
Ordinary profit	66,015	67,343	63,062	584,203
Net income attributable to owners of the parent	41,342	40,857	40,045	365,858
Net income per share (yen and U.S. dollars)	¥ 189.42	¥ 187.20	¥ 183.47	\$ 1.67

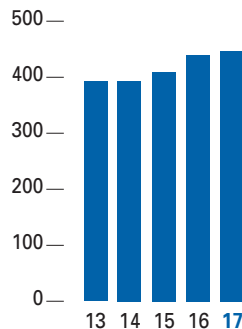
Notes: 1. Net income per share figures are in exact yen and U.S. dollars.

2. All dollar figures herein refer to U.S. currency. Yen amounts have been translated, solely for the convenience of the reader, at the rate of ¥113=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on September 29, 2017.

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

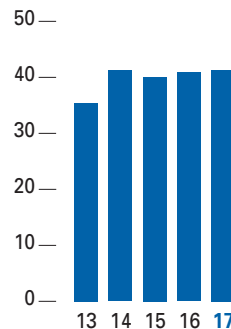
Consolidated Revenue

(In billions of yen)



Consolidated Net Income Attributable to Owners of The Parent

(In billions of yen)



TO OUR SHAREHOLDERS

Operating Results

The Japanese economy remained on a moderate upswing in the six months ended September 30, 2017, amid continued improvements in corporate earnings and employment levels. In contrast, the outlook overseas remained unclear, owing to persistent economic uncertainties, a consequence of monetary policy shifts in the United States, economic trends in the People's Republic of China and emerging Asian economies, and the United Kingdom's exit from the European Union, while geopolitical risk and financial market fluctuations continued to warrant caution.

In this environment, we continued working toward realizing our Social System Industry vision, which describes a framework of integrated services that deliver safety, peace of mind, comfort and convenience, whenever and wherever necessary. In May 2017 we formulated the SECOM Group's Vision for 2030, a long-term roadmap for the SECOM Group between now and 2030. Guided by this vision, we continue to apply the ALL SECOM concept, which focuses on reinforcing collaboration among our various businesses. We are also advancing a strategy of collaboration with partners who share our philosophy, integrating business ideas and technologies with the aim of realizing the ANSHIN Platform, a service infrastructure designed to deliver enduring peace of mind to people in their everyday lives, as well as to society as a whole. In the period under review, we continued working to facilitate the provision of services tailored to diverse and sophisticated customer needs.

Calculated according to accounting principles generally accepted in Japan (Japanese GAAP), consolidated revenue in the period under review rose 1.5%, to ¥446.8 billion, while consolidated operating profit slipped 1.1%, to ¥61.4 billion, a consequence mainly of decreases in the fire protection services and geographic information services segments. Despite net exchange gains of ¥6 million, compared with net exchange losses of ¥990 million in the corresponding period of fiscal year 2016, we reported a 2.0% decline in consolidated ordinary profit, to ¥66.0 billion, owing primarily to a ¥221 million net gain on private equity investments, principally in the United States, down from ¥2.9 billion. Consolidated net income attributable to owners of the parent advanced 1.2%, to ¥41.3 billion, a consequence mainly of an increase in extraordinary profit to ¥547 million, from ¥128 million, and an improvement in extraordinary losses to ¥391 million, from ¥719 million, as well as a decline in total income taxes. Both consolidated revenue and consolidated net income attributable to owners of the parent were record highs.

In light of our solid performance in the period under review, with the aim of enhancing returns to shareholders, on November 9, 2017, the Board of Directors approved the payment of an interim dividend of ¥75.00 per share, up ¥5.00 from the interim dividend paid in the previous fiscal year.

Segment Results

Security Services

The security services segment comprises the provision of electronic security services, which consist of on-line commercial and home security systems and large-scale proprietary security systems, static guard and armored car services, as well as sales of a wide range of security products, including security camera systems and access control systems. We also offer high-quality security services in overseas markets through a network of local subsidiaries and affiliates.

In the period under review, revenue in this segment increased 1.7%, to ¥266.6 billion, while operating profit rose 1.8%, to ¥57.4

billion. Principal factors behind these results included brisk sales of on-line security systems for commercial and residential use.

For commercial subscribers in Japan, we stepped up marketing of high-value-added on-line security systems such as SECOM AX, a remote imaging on-line security system; SECOM LX, which helps customers manage personnel efficiently; and SECOM FX, an on-line security system with energy-saving facility control functions. For home security subscribers, in July 2017 we launched SECOM Home Security NEO, a flexible system suited to modern lifestyles that can be linked with devices on the Internet of Things (IoT), and SECOM My Doctor Watch, an emergency medical alert and health management service that centers on a wearable wristband tracker, which is offered as an option to SECOM Home Security subscribers.

Fire Protection Services

This segment focuses on automatic fire alarm systems, fire extinguishing systems and other fire protection systems for a wide range of applications, including office buildings, plants, tunnels, cultural properties, ships and residences. Segment revenue rose 1.5%, to ¥53.9 billion, underpinned by active sales efforts. In contrast, operating profit fell 28.4%, to ¥3.0 billion, owing largely to a higher cost ratio and an increase in selling, general and administrative expenses. Income in this segment tends to be concentrated toward the end of the fiscal year, as the fire protection services business is influenced significantly by trends in the construction industry.

Medical Services

The medical services segment encompasses home medical services, which center on pharmaceutical dispensing and home nursing services, as well as sales of medical equipment, pharmaceuticals and other products, the operation of residences for seniors, the provision of remote image diagnosis support services, electronic medical report systems and personal care services, and the leasing of real estate for hospitals and healthcare-related institutions. Although the segment reported a 7.4% increase in revenue, to ¥35.1 billion, with contributing factors including brisk sales of pharmaceuticals and of medical equipment and other products, operating profit decreased 4.6%, to ¥2.6 billion, owing to a higher cost ratio and an increase in selling, general and administrative expenses.

Insurance Services

We believe that both security services, which are preventative by nature, and non-life insurance, which looks after people should misfortune strike, are essential to our ability to provide customers with safety and peace of mind. Our extensive lineup includes fire insurance policies for commercial premises and homes, a comprehensive automobile insurance policy and MEDCOM, an unrestricted cancer treatment policy that covers the entire cost of medical treatment. Revenue in this segment advanced 4.3%, to ¥20.9 billion, underpinned by firm sales of MEDCOM and of fire insurance policies, among others. Operating profit climbed 92.0%, to ¥2.1 billion, bolstered by the increase in revenue and a decrease in underwriting expenses resulting from a decline in losses attributable to natural disasters.

Geographic Information Services

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

customers in Japan. We also provide geospatial information services to government agencies overseas, including in emerging economies and developing countries. With revenue from services for both domestic and overseas entities down, segment revenue declined 7.5%, to ¥20.3 billion. The segment reported an operating loss of ¥1.4 billion, owing to an increase in the cost ratio, a consequence of the decrease in revenue. Because deliveries to the public sector, the segment's principal market, are generally clustered at the end of March, income follows a similar trend.

Information and Communication Related Services

This segment consists mainly of information and communication related services, which focus on data center services, as well as uniquely SECOM business continuity planning (BCP) support services, information security services and cloud-based services. Segment revenue rose 6.1%, to ¥25.6 billion, bolstered by, among others, an increase in revenue from data center services. Operating profit advanced 9.9%, to ¥3.5 billion.

Real Estate and Other Services

The real estate and other services segment encompasses the development and sales of condominiums equipped with sophisticated security and disaster-preparedness features, as well as real estate leasing, construction, and installation and other services. Revenue in this segment was down 5.9%, to ¥24.2 billion, with contributing factors including flagging revenue in the real estate development and sales business, while operating profit edged up 0.2%, to ¥2.6 billion, reflecting an improved cost ratio in the real estate development and sales business, among others.

Addressing Social Imperatives to Achieve Sustainable Growth

With the aim of realizing the ANSHIN Platform, we continue working to alleviate problems and resolve concerns, addressing social imperatives through the provision of seamless services that deliver enduring peace of mind whenever and wherever necessary. In addition to allowing customers to arm and disarm their home security systems from their smartphones, SECOM Home Security NEO, launched in July 2017, can also be linked with devices on the IoT and thus offers considerable scope for expansion going forward. The first example of such expansion is SECOM My Doctor Watch. Centered on a wearable wristband tracker that employs a smartphone application developed together with a major domestic electronics manufacturer, SECOM My Doctor Watch not only assists subscribers with everyday health management, but also alerts SECOM automatically in the event of a fall, thereby ensuring peace of mind even in an emergency situation. We are currently collaborating with another leading electronics manufacturer to develop a second example, namely, secure and convenient home delivery boxes. We will continue to promote independent development efforts, as well as to work with partners who share our philosophy, with the aim of realizing offerings tailored to the needs of our customers.

Recent years have brought heightened expectations and demands regarding companies' efforts to address increasingly diverse social imperatives. In line with our commitment to contributing to society through our business activities, which has guided us since our founding, we have sought to develop services and systems that address such imperatives. One of the most urgent imperatives facing Japan at present—the result of a shortage of labor—is the need to boost

productivity, which is prompting companies to narrow their focus to core businesses and outsource those considered noncore. In line with our growth strategy, in October 2017 we acquired all shares in TMJ, Inc., which boasts extensive experience in the area of business process outsourcing (BPO) services. We are confident that the combination of our expertise in the provision of seamless peace of mind and TMJ's experience in the area of high-grade BPO services for companies in a wide range of industries will facilitate the realization of business support services that deliver an even higher level of security. By thus enabling customers to concentrate on growing their core businesses and boosting productivity free from concern, we believe that such services will contribute to greater productivity for Japanese society as a whole.

We also continue to offer a variety of services designed to ensure the safety of major sporting events and international conferences. These include SECOM 3D Security Planning, which facilitates the formulation of optimal security plans, and 3-Dimensional Security, which uses images captured by a SECOM Airship or SECOM Aerostat dirigible and by security cameras on the ground, wearable cameras borne by security guards and vehicle-mounted cameras to ensure tight security over broad areas from both the ground and the air. Previously, 3-Dimensional Security also involved the establishment of an event security headquarters in the vicinity to monitor security and provide on-site supervision. However, in August 2017 we introduced the newly developed vehicle-mounted On-Site Center, which combines these functions with maneuverability. Looking ahead, we will promote the On-Site Center for use as a maneuverable on-site security headquarters for large-scale events, as well as for assisting recovery efforts in the aftermath of natural disasters by gathering data and assessing circumstances on the ground and providing information to evacuation shelters and disaster response headquarters.

Overseas, we continue to capitalize on our accumulated expertise to offer SECOM-style on-line security systems, which include emergency response services, customized to reflect local needs and sensibilities. In the six months under review, we conducted demonstration flights for the SECOM Drone autonomous flying surveillance robot in Taiwan, while Myanmar became the first overseas location in which we used the SECOM Airship. Looking ahead, we will continue to encourage acceptance of SECOM-style high-quality services and promote awareness of the SECOM brand by advancing the use of "ANSHIN" as a common global descriptor.

With the goal of providing enduring peace of mind to an ever-changing society, we pledge to continue developing services that respond to increasingly varied and sophisticated needs for safety and peace of mind by helping customers prepare for diverse potential risks in daily life and, should such risks materialize, assisting them to accurately grasp conditions, minimize damage and achieve prompt restoration, without interrupting the flow of everyday life. By thus contributing to greater productivity and resilience, we look forward to achieving sustainable growth together with society. In these and all our endeavors, we look forward to the ongoing support of shareholders.

November 2017



Makoto Iida
Founder



Yasuo Nakayama
President and Representative Director

CONSOLIDATED BALANCE SHEETS

SECOM CO., LTD. and Subsidiaries
September 30 and March 31, 2017

	In millions of yen		In thousands of U.S. dollars
	September 30, 2017	March 31, 2017	September 30, 2017
ASSETS			
Current assets:			
Cash on hand and in banks	¥ 319,197	¥ 302,364	\$ 2,824,752
Cash deposits for armored car services	131,047	130,619	1,159,707
Notes and accounts receivable, trade	87,468	119,801	774,053
Due from subscribers	34,189	33,090	302,557
Short-term investments	25,222	29,387	223,203
Lease receivables and investment in leased assets	42,920	43,974	379,823
Merchandise and products	14,265	11,915	126,238
Real estate inventories	2,043	5,223	18,079
Work in process	5,599	4,913	49,548
Costs on uncompleted construction contracts	12,412	8,979	109,840
Work in process for real estate inventories	38,954	22,283	344,725
Raw materials and supplies	8,633	8,385	76,398
Deferred income taxes	15,801	14,003	139,831
Short-term loans receivable	5,626	4,942	49,787
Other	23,689	23,684	209,637
Allowance for doubtful accounts	(1,662)	(1,766)	(14,707)
Total current assets	765,410	761,804	6,773,539
Fixed assets:			
Tangible assets:			
Buildings and improvements, net	149,832	150,254	1,325,946
Security equipment and control stations, net	70,778	69,569	626,353
Land	113,691	116,825	1,006,115
Other, net	35,625	39,886	315,265
Total tangible assets	369,929	376,536	3,273,707
Intangible assets	109,022	112,131	964,796
Investments and others:			
Investment securities	273,151	280,974	2,417,265
Long-term loans receivable	37,084	38,403	328,176
Net defined benefit asset	34,870	35,282	308,584
Deferred income taxes	9,926	9,592	87,840
Other	52,104	51,436	461,097
Allowance for doubtful accounts	(15,985)	(15,990)	(141,460)
Total investments and others	391,152	399,698	3,461,522
Total fixed assets	870,103	888,367	7,700,026
Deferred assets	3	4	26
Total assets	¥1,635,518	¥1,650,176	\$14,473,610

LIABILITIES	In millions of yen		In thousands of U.S. dollars
	September 30, 2017	March 31, 2017	September 30, 2017
Current liabilities:			
Notes and accounts payable, trade	¥ 37,028	¥ 44,635	\$ 327,681
Bank loans	36,447	44,969	322,539
Current portion of straight bonds	1,089	1,460	9,637
Lease obligations	4,660	4,752	41,238
Payables—other	32,764	37,469	289,946
Accrued income taxes	22,277	27,557	197,141
Accrued consumption taxes	6,852	5,765	60,637
Accrued expenses	5,247	5,315	46,433
Deposits received for armored car services	110,546	107,878	978,283
Deferred revenue	31,273	30,552	276,752
Accrued bonuses	15,150	15,447	134,070
Provision for losses on construction contracts	2,600	2,532	23,008
Other	19,600	25,596	173,451
Total current liabilities	325,540	353,933	2,880,884
Long-term liabilities:			
Straight bonds	5,506	7,003	48,725
Long-term loans	10,072	14,123	89,132
Lease obligations	11,403	11,777	100,911
Guarantee deposits received	33,554	33,907	296,938
Deferred income taxes	16,758	21,943	148,300
Accrued retirement benefits for directors and audit and supervisory board members	1,286	1,306	11,380
Net defined benefit liability	22,057	22,428	195,194
Investment deposits by policyholders, unearned premiums and other insurance liabilities	168,350	166,155	1,489,823
Other	4,465	4,342	39,513
Total long-term liabilities	273,455	282,989	2,419,955
Total liabilities	598,996	636,922	5,300,849
NET ASSETS			
Shareholders' equity:			
Common stock	66,385	66,377	587,477
Capital surplus	80,324	80,297	710,831
Retained earnings	822,484	797,493	7,278,619
Common stock in treasury, at cost	(73,739)	(73,731)	(652,557)
Total shareholders' equity	895,454	870,437	7,924,371
Accumulated other comprehensive income (losses):			
Unrealized gains on securities	25,679	25,125	227,247
Deferred losses on hedges	(31)	(30)	(274)
Foreign currency translation adjustments	(9,847)	(7,954)	(87,141)
Remeasurements of defined benefit plans, net of taxes	4,681	4,423	41,424
Total accumulated other comprehensive income (losses)	20,482	21,563	181,256
Noncontrolling interests	120,585	121,253	1,067,123
Total net assets	1,036,521	1,013,253	9,172,752
Total liabilities and net assets	¥1,635,518	¥1,650,176	\$14,473,610

CONSOLIDATED STATEMENTS OF INCOME

SECOM CO., LTD. and Subsidiaries
Six-month periods ended September 30, 2017 and 2016

	In millions of yen		In thousands of U.S. dollars
	2017	2016	2017
Revenue	¥446,831	¥440,086	\$3,954,256
Costs of revenue	297,318	291,876	2,631,132
Gross profit	149,512	148,209	1,323,115
Selling, general and administrative expenses	88,040	86,063	779,115
Operating profit	61,471	62,146	543,991
Non-operating income	6,212	8,316	54,973
Non-operating expenses	1,669	3,119	14,769
Ordinary profit	66,015	67,343	584,203
Extraordinary profit	547	128	4,840
Extraordinary losses	391	719	3,460
Income before income taxes	66,171	66,753	585,584
Income taxes—current	28,268	21,031	250,159
Income taxes—deferred	(7,374)	1,075	(65,256)
Total income taxes	20,894	22,107	184,902
Net income	45,277	44,646	400,681
Net income attributable to noncontrolling interests	3,934	3,788	34,814
Net income attributable to owners of the parent	¥ 41,342	¥ 40,857	\$ 365,858

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SECOM CO., LTD. and Subsidiaries
Six-month periods ended September 30, 2017 and 2016

	In millions of yen		In thousands of U.S. dollars
	2017	2016	2017
Net income	¥45,277	¥ 44,646	\$400,681
Other comprehensive income (losses):			
Unrealized gains (losses) on securities	319	(3,517)	2,823
Deferred losses on hedges	(4)	—	(35)
Foreign currency translation adjustments	(2,595)	(12,845)	(22,964)
Remeasurements of defined benefit plans, net of taxes	267	492	2,362
Share of other comprehensive income (losses) of affiliated companies accounted for under the equity method	831	(5,459)	7,353
Total other comprehensive losses	(1,180)	(21,329)	(10,442)
Comprehensive income	44,096	23,316	390,230
Comprehensive income attributable to:			
Owners of the parent company	40,261	20,570	356,292
Noncontrolling interests	3,834	2,745	33,929

BUSINESS SEGMENT INFORMATION

SECOM CO., LTD. and Subsidiaries
Six-month periods ended September 30, 2017 and 2016

	In millions of yen		In thousands of U.S. dollars
	2017	2016	2017
Revenue:			
Security services			
Customers	¥266,605	¥262,242	\$2,359,336
Intersegment	6,131	5,782	54,256
	272,736	268,025	2,413,592
Fire protection services			
Customers	53,944	53,147	477,380
Intersegment	1,815	1,490	16,061
	55,760	54,638	493,451
Medical services			
Customers	35,110	32,697	310,707
Intersegment	86	93	761
	35,197	32,790	311,477
Insurance services			
Customers	20,991	20,117	185,761
Intersegment	1,587	1,590	14,044
	22,579	21,707	199,814
Geographic information services			
Customers	20,334	21,986	179,946
Intersegment	77	108	681
	20,412	22,094	180,637
Information and communication related services			
Customers	25,632	24,162	226,831
Intersegment	3,288	3,527	29,097
	28,920	27,690	255,929
Real estate and other services			
Customers	24,211	25,732	214,256
Intersegment	1,020	952	9,026
	25,232	26,685	223,292
Total	460,838	453,632	4,078,212
Adjustment	(14,007)	(13,546)	(123,955)
Consolidated revenue	¥446,831	¥440,086	\$3,954,256
Operating profit (loss):			
Security services	¥57,473	¥56,475	\$508,610
Fire protection services	3,072	4,289	27,185
Medical services	2,627	2,753	23,247
Insurance services	2,184	1,138	19,327
Geographic information services	(1,466)	(511)	(12,973)
Information and communication related services	3,580	3,257	31,681
Real estate and other services	2,603	2,597	23,035
Total	70,075	69,999	620,132
Adjustment	(8,603)	(7,852)	(76,132)
Consolidated operating profit	¥61,471	¥62,146	\$543,991

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SECOM CO., LTD. and Subsidiaries

1. Basis of Financial Statements

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

2. U.S. Dollar Amounts

U.S. dollar amounts are included solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥113=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on September 29, 2017.

DIRECTORS, AUDIT AND SUPERVISORY BOARD MEMBERS AND EXECUTIVE OFFICERS

Directors

Founder:

Makoto Iida

President and Representative Director:

Yasuo Nakayama

Senior Executive Director:

Yasuyuki Yoshida

Executive Directors:

Junzo Nakayama

Ichiro Ozeki

Tatsuro Fuse

Directors:

Tatsuya Izumida

Tatsushi Kurihara

Outside Directors:

Takaharu Hirose

Hirobumi Kawano

Hajime Watanabe

Audit and Supervisory Board Members

Takayuki Ito

Ryohei Komatsu

Hideki Kato*

Makoto Yasuda*

Masao Yokomizo*

*Outside

Executive Team

Directors:

Yasuo Nakayama

President and Representative Director

Yasuyuki Yoshida

Senior Executive Director

Junzo Nakayama

Executive Director

Ichiro Ozeki

Executive Director

Tatsuro Fuse

Executive Director

Tatsuya Izumida

Director

Tatsushi Kurihara

Director

Executive Officers:

Kenichi Furukawa

Managing Executive Officer

Masahiro Takeda

Managing Executive Officer

Teruhisa Yoshimura

Managing Executive Officer

Hideo Morishita

Managing Executive Officer

Toshiaki Mizuno

Managing Executive Officer

Shokichi Ishimura

Managing Executive Officer

Keitaro Arai

Managing Executive Officer

Yoichi Sugimoto

Executive Officer

Sumiyuki Fukumitsu

Executive Officer

Kensuke Shindo

Executive Officer

Yasufumi Kuwahara

Executive Officer

Noriyuki Fukuoka

Executive Officer

Takeshi Akagi

Executive Officer

Sadahiro Sato

Executive Officer

Osamu Ueda

Executive Officer

Yoshinori Yamanaka

Executive Officer

Seiya Nagao

Executive Officer

Noriyuki Uematsu

Executive Officer

Osamu Nagai

Executive Officer

Atsushi Komatsu

Executive Officer

Kazuhiro Mitomo

Executive Officer

Takehiko Senda

Executive Officer

Takashi Nakada

Executive Officer



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<https://www.secom.co.jp/>