

A MESSAGE TO SHAREHOLDERS

Having positioned the fiscal year ending March 31, 2013, as the first year of with efforts to realize our Social System Industry vision, thereby ensuring doing so will help them resolve security and other concerns.



Makoto Iida
Founder

Consolidated Operating Results

Despite signs of a gradual recovery from the temporary lull in economic activity that followed the Great East Japan Earthquake, which struck in March 2011, prospects for the Japanese economy remained uncertain throughout the fiscal year ended March 31, 2012, owing to a host of factors, including the European sovereign debt crisis, rising oil prices, the appreciation of the yen and deflation.

In this environment, we continued working toward the realization of our Social System Industry vision by responding to the needs of customers through the provision of high-grade services and systems in our security services segment, as well as in our other segments: fire protection services, medical services, insurance services, geographic information services, real estate development and sales, and information and communication related and other services. We also pressed forward with efforts to promote the ALL SECOM concept, which emphasizes cooperation among our various independent businesses to strengthen the Group as a whole with a view to hastening our advance to a new stage of growth.

Consolidated net sales and operating revenue for the period under review rose 2.7%, or ¥20.6 billion, to ¥772.5 billion. This result reflected higher net sales and operating revenue in the security services segment—due to increases in revenue from subscriptions for our core electronic security services and in sales of merchandise—as well as in the medical services, geographic information services and fire protection services segments. Operating income declined 21.5%, or ¥21.6 billion, to ¥78.8 billion, as we wrote down real estate inventories in light of dwindling demand in the condominium market, which prompted a dramatic reorganization of our related business, while flagging economic conditions resulted in the recognition of an impairment loss on long-lived assets, principally real estate. Owing mainly to the decline in operating income, net income attributable to SECOM CO., LTD., fell 34.2%, or ¥21.4 billion, to ¥41.2 billion.

Distribution of Dividends

Recognizing the provision of a fair return to shareholders as a crucial management task, we set consolidated dividend levels based on an overall assessment of trends in our consolidated operating performance, in line with our policy of ensuring a consistent, stable distribution of profits. At the Ordinary General Meeting of Shareholders, held on June 26, 2012, management proposed and shareholders approved the payment of annual cash dividends of ¥90.00 per share, the same as in the previous fiscal year.

Understanding Change and Responding with New Products and Services

Increasingly diverse and sophisticated needs for security and peace of mind—a consequence of changes in the social fabric and in peoples' lifestyles—continue to drive growth in the security services market. Other factors influencing security needs include social infrastructure-related issues and business continuity risks, both revealed to a devastating degree by the Great East Japan Earthquake. We continue to provide service systems that respond to evolving social imperatives, changing patterns of criminal behavior, technological progress and efforts to improve the social infrastructure to deliver greater security and peace of mind. At the same time, we acknowledge the importance of developing new service systems that maximize our ability to contribute to society through our business activities.

a new stage of growth, we continued to press forward customers can turn to SECOM with the confidence that

In the security services business, we continued to introduce new systems in the period under review with the aim of cultivating new subscribers and of offering existing subscribers higher levels of security. Capitalizing on the lessons of the Great East Japan Earthquake, we launched SECOM Home Security G-Custom, an advanced new residential security system that combines features of our popular SECOM Home Security system with, among others, a storage service for important personal data and My Page, a customized user information page that includes information from selected collaborating companies. We also reinforced our sales capabilities for security services designed for rental apartments, a sector that is seeing growth in demand. Other new offerings that maximize the comprehensive capabilities of the SECOM Group include SECOM Remote Monitoring for Seniors, which brings together on-line security services, medical services and SECOM Home Service to help safeguard the safety and wellbeing of seniors living apart from relatives. In addition, we took steps to reinforce our meticulous basic approach, whereby sales personnel visit each commercial and home security service subscriber in person, thus enabling us to accurately interpret needs and expectations and propose the most appropriate products and services from our extensive lineup and enhance customer satisfaction.

On another front, in an effort to integrate our security services and related installation and maintenance businesses, as well as to enhance our ability to provide optimal services to customers, in July 2011 we absorbed consolidated subsidiary Secom Techno Service Co., Ltd., a provider of on-line security system installation and maintenance services.

Overseas, the acquisition of a local firm facilitated our entry into the New Zealand security services market, while in the United Kingdom we took steps to increase subscriptions by financial institutions. In the rapidly developing economies of the PRC and Southeast Asia, efforts to encourage broad acceptance of SECOM-style security services contributed to the expansion of our subscriber base. "SECOM-style security services" is a term used to describe comprehensive security services that encompass installing security equipment at the subscriber's premises and providing around-the-clock monitoring from a SECOM control center, as well as promptly dispatching highly trained emergency response personnel should an irregularity be detected. To accelerate efforts to expand our overseas operations, in December 2011 we established the International Business Headquarters, which is charged with coordinating overseas operations across the Group, as well as with promoting the sharing of management resources and expertise among all our overseas businesses, including security services, fire protection services and geographic information services, to further strengthen our capabilities in overseas markets.

Guided by our vision for the future—the Social System Industry—we also implemented key measures in areas other than security services. In the fire protection services business, consolidated subsidiary Nohmi Bosai Ltd., Japan's leading provider of such services, continued working to provide high-grade automatic fire alarm systems, fire extinguishing equipment and other fire protection systems that suit the requirements of customers.

In the medical services business, we pressed ahead with efforts to enhance our services for seniors, including taking steps to increase occupancy in recently opened residences for seniors and expanding our network of day service facilities for seniors. We also sought to reinforce our home medical services. Ahead of changes to the nursing care insurance system in Japan in April 2012, we established SECOM Home Health Care Center Kugayama, which provides a full range of services combining conventional home nursing with home personal care.



Shohei Kimura
Chairman



Shuji Maeda
President and Representative Director

A MESSAGE TO SHAREHOLDERS

Efforts in our insurance services business focused on marketing our distinctive non-life insurance policies. These include the Security Fire Discount Policy, a fire insurance policy for commercial premises, and SECOM *Anshin My Home*, a comprehensive fire insurance policy for homes, both of which offer discounts for subscribers with on-line security systems, recognizing the risk-mitigating nature of such systems. We also expanded efforts to market SECOM *Anshin My Car*, a comprehensive automobile insurance policy that includes access to on-site support services provided by our emergency response personnel, and MEDCOM, an unrestricted cancer treatment policy that extends coverage for all treatment costs.

In geographic information services, we offer geospatial information services that make use of advanced measuring devices and technologies. We also collect and process high-resolution data from satellites and other sources, which we combine with other crucial information to meet customers' needs in such areas as map preparation, environmental monitoring, firefighting and disaster mitigation.

Our real estate development and sales business continued to emphasize the development and sale of condominiums with sophisticated security and contingency planning features.

In the information and communication related and other services business, we focused on providing wide-ranging information and network services, which encompass information security services, the construction and operation of business systems and assistance in preparing for large-scale disasters. New offerings included the Total Support Service of Emergency Management, which leverages the comprehensive strengths of the Group to assist companies in formulating business continuity plans (BCPs). The period under review also brought an increase in subscriptions for Secure Data Center services from companies seeking to develop or improve BCPs.

Advancing to a New Stage of Growth: ALL SECOM

Our Social System Industry vision depicts a framework of distinctive products and services—both individually and in tailored packages—that deliver security and peace of mind and help make life more secure, convenient and comfortable. One recent measure taken to hasten the realization of this vision was the introduction and promotion of the ALL SECOM concept. ALL SECOM emphasizes advancing cooperation among our various businesses to anticipate and respond swiftly to evolving social imperatives by developing service systems worthy of our customers' trust.

The fiscal year ending March 31, 2013, marks the 50th anniversary of SECOM's founding. We have positioned this year as the first year of a new stage of growth. To drive this growth, in our mainstay security services business we will launch next-generation on-line security systems that deliver a higher level of security than ever before, as well as such offerings as the Walkthrough Face Recognition System, a distinctive access control system that works by automatically constructing a 3D image of each individual from a registered photograph of the person's face, and a next-generation surveillance camera system that sends images recorded by surveillance cameras to one of our Secure Data Center facilities for storage.

In fire protection services, in April 2012 we acquired a 100% stake in LIXIL NITTAN Co. Ltd., which was subsequently renamed Nittan Co., Ltd. This move reflected our belief—arising from lessons learned in the wake of the Great East Japan Earthquake—that we must expand the scope of our fire protection services beyond the provision of systems aimed at minimizing the impact of fires on structures, to offer broad-based disaster mitigation services. Coordinating the operations

of SECOM and domestic fire protection market leader Nohmi Bosai with those of Nittan, Japan's third-largest provider of fire protection services, will position us well to rise to the challenge of developing next-generation fire and disaster protection systems that will safeguard both premises and people even in the event of a major catastrophe.

One of the principal themes influencing our domestic business development in the years ahead will be the rapid aging of Japan's population. Particularly promising new offerings include the launch of SECOM Remote Monitoring for Seniors, which takes full advantage of Group management resources, and *Seikatsu Tasuke*, a comprehensive lifestyle support service provided through a joint venture with a top building materials and housing equipment manufacturer. Going forward, we will continue to devote considerable efforts to developing a wide range of uniquely SECOM services that anticipate and respond to the future needs of an aging society.

With operations in 19 countries and territories outside of Japan, we will also actively promote the ALL SECOM concept overseas, encouraging our various businesses to work together to capitalize on new opportunities in key global markets. In security services, we will expand the provision of SECOM-style on-line security systems, customized to reflect local needs and cultural sensibilities, through local partners, firms acquired through M&A deals and joint ventures. In medical services, we proceeded with plans for the construction of a seniors' residence in Shanghai, which has seen a sharp increase in the number of seniors in its population, symbolic of the overall demographic trend in the PRC. We expect the new facility to open its doors in 2015. Additionally, in India, which lacks medical facilities in many areas, we established a hospital management company in cooperation with a Japanese trading company and a local firm. The company is scheduled to open a hospital in Bangalore in Spring 2013.

Our 50th anniversary, while an occasion for celebration, is merely a transit point. Guided by the ALL SECOM concept, we will continue working to provide services and systems that respond to customers' needs for greater security and peace of mind, encouraging them to turn to SECOM with the confidence that doing so will help resolve security and other concerns. Through such efforts, we will move ever closer toward the realization of our Social System Industry vision. At a recent event held to celebrate our first half century, many customers expressed high hopes for greater security and peace of mind in the near future as envisioned under the ALL SECOM concept.

As always, our ability to earn the trust of customers will depend on our ability to respond to their expectations. In line with our corporate message—"Providing reliable peace of mind"—we pledge to work as one to advance to a new stage of growth. We look forward to the ongoing support of all our shareholders in these and all of our endeavors.

June 26, 2012



Makoto Iida
Founder



Shohei Kimura
Chairman



Shuji Maeda
President and Representative Director