



Makoto Iida
Founder

Looking to the future, we are working to expedite the development of new services under the ALL SECOM banner to realize a broader range of services that benefit society and position us for a new stage of growth.

Consolidated Operating Results

In the fiscal year ended March 31, 2014, the Japanese economy remained on a path of gradual recovery, as the positive impact of fiscal and monetary policies continued to support a weak yen and high share prices, as a result of which corporate earnings rallied, while improvements were seen in employment and in personal income. Economic conditions were also bolstered by a last-minute demand rush in advance of an increase in Japan's consumption tax.

In this environment, we continued working toward the realization of our vision for the future—the Social System Industry—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, information and communication related services, and real estate and other services. We also pressed forward with efforts to apply 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 rose 7.3%, or ¥62.7 billion, to ¥921.2 billion. This result was attributable principally to increases in net sales and operating revenue contributed by At Tokyo Corporation and certain subsidiaries providing security services, newly consolidated from the previous period, as well as to higher net sales and operating revenue in all segments except for the real estate and other services segment. Operating income grew 5.8%, or ¥6.5 billion, to ¥120.1 billion, bolstered by the increase in net sales and operating revenue and a reduction in cost of sales in the fire protection services segment, the full year contribution of At Tokyo in the information and communication related services segment, as well as the higher net sales and operating revenue in the security services segment. Net income attributable to SECOM CO., LTD., advanced 4.8%, or ¥3.4 billion, to ¥74.0 billion.

Distribution of Dividends

Recognizing the provision of a fair return to shareholders as a crucial management task, we determine our consolidated dividend payout ratio 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 25, 2014, management proposed and shareholders approved the payment of annual cash dividends of ¥115.00 per share, up ¥10.00 from the previous fiscal year. A partial amendment to the Articles of Incorporation to facilitate the introduction of an interim dividend was also proposed by management and approved by shareholders.

New Management Team

Changes to the responsibilities of directors were approved at a meeting of the Board of Directors of SECOM held on May 8, 2014. As a consequence, effective June 1, 2014, Shuji Maeda became chairman and representative director and Hiroshi Ito was appointed president and representative director.

Understanding and Responding to Change

Needs for security, peace of mind, convenience and comfort are expected to become increasingly diverse and sophisticated. Another factor behind the significant growth potential for our services is broader acceptance of security systems with high-value-added features. Under these circumstances, we continue to draw on our own proprietary technological capabilities and our know-how in system operation to swiftly identify needs and to respond promptly and accurately by developing and providing services and systems that reflect evolving social imperatives, infrastructure changes and technology trends.

In the security services business, we continued to actively cultivate new subscribers in the period under review. We also endeavored to further strengthen our relations with existing subscribers, as well as to enhance customer satisfaction, through in-person visits and direct contact, enabling us to effectively interpret needs and propose the most appropriate systems from our extensive lineup.

In commercial security services, we expanded sales of mainstay on-line security systems such as SECOM AX, a remote imaging on-line security system that features advanced image recognition technologies; SECOM LX, which integrates an on-line security system and access control functions; and SECOM FX, an on-line system that incorporates facility control functions. In addition, we responded to growing needs for systems that help strengthen internal controls—a trend propelled by, among others, an incident in Japan in which food products were laced with a toxic substance—by promoting security camera and access control systems. In the area of home security systems, we sought to bolster sales of SECOM Home Security G-Custom, a residential security system that also includes a variety of features that make daily life more convenient.

In overseas markets, we continued working to encourage broad acceptance of SECOM-style security services, focusing on the rapidly growing economies of the People's Republic of China (PRC) and Southeast Asia, and establishing a presence in Myanmar. "SECOM-style security services" is a term used to describe comprehensive on-line security systems that encompass the installation of security equipment at the subscriber's premises, around-the-clock monitoring from a SECOM control center via telecommunications circuits and the prompt dispatch of highly trained emergency response personnel should an irregularity be detected.

Guided by our Social System Industry vision, we also implemented a number of strategic measures in our other businesses. In fire protection services, subsidiaries Nohmi Bosai Ltd. and Nittan Co., Ltd., two of Japan's leading fire protection services providers, continued to leverage their respective business foundations and product development capabilities to provide high-grade automatic fire alarm systems, fire extinguishing equipment and other fire protection services, as well as to secure orders for fire protection systems for large-scale building renovation projects, tunnels, hospitals and other applications.

In the medical services business, we continued to promote our extensive range of services, which centers on Home Medical Services—comprising home nursing and pharmaceutical



Shuji Maeda
Chairman and Representative Director



Hiroshi Ito
President and Representative Director

dispensing services—and includes the operation of residences for seniors, electronic medical report systems, sales of medical equipment and pharmaceuticals, personal care services and support for associated hospitals. With the aim of accommodating emerging needs in a super-aged society, we opened SECOM CAREA Azamino, a complex for seniors that combines a residence, a day service and other services, located in the Azamino district of Yokohama. Overseas, Sakra World Hospital in Bangalore, India, a joint venture with a Japanese trading company and a local firm, opened its doors to the public.

Efforts in our insurance services business continued to focus on promoting sales of our distinctive non-life insurance policies. These include the Security Discount Fire 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 who have installed on-line security systems, recognizing the risk-mitigating nature of such systems; MEDCOM, an unrestricted cancer treatment policy that covers all treatment costs; and SECOM *Anshin My Car*, a comprehensive automobile insurance policy that includes access to on-site support services provided by our emergency response personnel.

In the area of geographic information services, we collect geographic data from sources such as commercial satellite images and aerial photography, which we integrate, process and analyze to provide geospatial information services. In the period under review, we capitalized on needs for geospatial information associated with, among others, comprehensive inspections of roads, bridges and other structures that support society and ongoing reconstruction efforts in areas in Japan devastated by the 2011 Great East Japan Earthquake. As a consequence, we saw firm demand from public sector customers in Japan, while orders from private sector customers in Japan and from overseas customers expanded.

We continue to provide a variety of uniquely SECOM information and communication related services, which center on data center services and also encompass BCP support services, information security and cloud-based services, thereby achieving solid results for the period. Accommodating needs for effective protection of information in the event of a disaster, which have risen since the Great East Japan Earthquake, we opened two new Secure Data Center facilities, in Tokyo and Osaka. We also introduced the Real-Time Disaster Information Service, which leverages our Big Data analysis capabilities to provide crucial information to subscribers, including information essential to effective evacuation procedures and BCP.

Our real estate and other services business continued to emphasize the development and sale of condominiums with distinctive security and contingency planning features.

Accelerating Growth: The ALL SECOM Concept

Looking to the future, we will continue to rally the capabilities of the SECOM Group, guided by the ALL SECOM concept, to develop innovative services with the aim of accelerating growth.

Our approach to developing new services begins with looking at how society is likely to change in the years ahead and at what sort of services will be needed. We also consider what kind of infrastructure and technological capabilities are necessary to create a viable service. This approach is what makes it possible for us to realize forward-looking services that are truly original and at the same time useful to society—services that customers immediately recognize as being exactly what they need and want, encouraging them to turn to us and to see us as an important partner for the future.

Backed by a business infrastructure anchored by our data center business, we will continue to actively leverage our expertise to develop new services that anticipate future needs in line with three key themes—security services, a super-aged society and disaster preparedness/BCP/ environmental preservation.

Ever more varied and sophisticated security needs continue to drive demand for high-grade security solutions that improve subscribers' security levels. One example of such a solution is our recently launched SECOM NVR System, a next-generation security camera system that enables subscribers to store images remotely at a data center facility.

In response to increasingly diverse needs engendered by demographic trends in Japan, we will promote the creation of comprehensive services for seniors that integrate personal care, health care, residential accommodation and lifestyle support and other services designed to support the well-being of seniors. In the area of infrastructure improvement, we are taking other steps to expand our menu of data center-backed services, including establishing the SECOM *Anshin* Information Center, which is charged with overseeing the operation of Real-Time Disaster Information Service, our next-generation disaster mitigation service.

We are one of Japan's preeminent data center operators in terms of capacity for the efficient collection and safe management of data, a position we recognize as crucial to realizing new services based on the gathering and analysis of Big Data. Going forward, we will refine our capabilities in the analysis of Big Data and capitalize on our around-the-clock operations to create services that customers seek.

By providing services that make life more convenient and comfortable, as well as deliver security and peace of mind, we have traditionally sought to encourage people to turn to SECOM with the confidence that doing so will help them resolve security and other concerns. Looking ahead, our focus will be on making SECOM an ever-present and trusted part of our customers' lives. As always, we must earn the trust of our customers by providing indispensable services that respond to their expectations. In the words of our corporate message—"Providing reliable peace of mind"—we vow to continue working as one to realize our Social System Industry vision.

In closing, we would be remiss if we did not mention the passing of SECOM's co-founder Juichi Toda on January 30, 2014. Mr. Toda devoted many years to growing and evolving the SECOM Group. While saddened, the management team pledges to honor Mr. Toda's memory by remaining true to the SECOM vision.

In all of our endeavors, we look forward to the support and guidance of our shareholders.

June 25, 2014



Makoto Iida
Founder



Shuji Maeda
Chairman and Representative Director



Hiroshi Ito
President and Representative Director