

We are endeavoring to ensure sustainable growth by building on the ALL SECOM concept to alleviate problems and resolve concerns and responding to ever-changing customer needs.

Consolidated Operating Results

In the fiscal year ended March 31, 2016, the Japanese economy continued to recover gradually, buoyed by improvements in corporate earnings, as well as in employment levels and personal income. Nonetheless, the outlook remained uncertain, owing to concerns prompted by a slowdown in growth in key overseas economies, including the People's Republic of China (PRC) and languishing corporate and consumer confidence.

In this environment, we continued working toward the realization of our vision, the Social System Industry, in line with our goal of providing safety and peace of mind, as well as comfort and convenience, whenever and wherever necessary. We continued to respond 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 sought to address evolving social imperatives, pressing forward with efforts to apply the ALL SECOM concept to reinforce collaboration among our various independent businesses with a view to maximizing synergies, developing innovative services and systems and expanding the scope of our operations.

Consolidated net sales and operating revenue rose 4.0%, or ¥38.2 billion, to ¥983.4 billion. Principal factors behind this result included higher net sales and operating revenue in the security services segment—underpinned by an upsurge in revenue from on-line security systems and an increase in the number of consolidated subsidiaries—as well as in the fire protection services and medical services segments, the former due to higher orders and the latter to elevated sales of pharmaceuticals and rising patient numbers at hospitals.

Despite gains in the security services, medical services and fire protection services segments, operating income slipped 2.5%, or ¥3.1 billion, to ¥118.9 billion, with contributing factors including an increase in impairment losses on long-lived assets. Nonetheless, net income attributable to SECOM CO., LTD., was up 4.8%, or ¥3.9 billion, to ¥84.1 billion, owing to, among others, a decrease in income taxes resulting from a decline in the statutory tax rate, a consequence of tax reform in Japan.

Enhancing Returns to Shareholders

We recognize the provision of a fair return to shareholders as a crucial management task. In line with our basic policy of ensuring a consistent and stable distribution of profits, we determine our consolidated dividend payout ratio and level of internal reserves based on an overall assessment of efforts to expand our operations and of trends in our consolidated operating performance. At the Ordinary General Meeting of Shareholders, held on June 24, 2016, management proposed and shareholders approved the payment of a year-end dividend of ¥70.00 per share. Together with an interim dividend of ¥65.00, dividends for the full term amounted to ¥135.00 per share, up ¥10.00 from the previous fiscal year.

New Management Team

At the meeting of the Board of Directors held on May 11, 2016, Yasuo Nakayama was newly appointed president and representative director. Guided by our corporate philosophy, which emphasizes contributing to society through our business activities, the new management team will clarify the way forward and ensure strong leadership for the entire SECOM Group as we work to further enhance corporate value and at the same time ensure sustainable growth.



Makoto Iida
Founder



Yasuo Nakayama
President and Representative Director

Understanding and Responding to Change

Needs for safety, peace of mind, comfort and convenience are evolving and becoming increasingly varied and sophisticated. To respond swiftly to such needs, we are capitalizing on the three elements of our operating foundation, namely, our technologies, our people and our operational and control structure, to promote the timely development and provision of systems and services that help customers address key challenges.

In our core commercial security services business, we stepped up sales of high-value-added offerings, including SECOM AX, a remote imaging on-line security system that features advanced image recognition technologies; SECOM LX, which combines on-line security and access control functions to allow efficient personnel management, thus reducing costs; and SECOM FX, an on-line security and facility control system. For subscribers with factories or other large premises, we began providing the SECOM Drone, a small flying robot for the private sector that autonomously takes off and flies toward unauthorized individuals or vehicles, capturing sharp, clear images, which it transmits to SECOM. For even larger areas, we proceeded with efforts to commercialize systems employing pioneering technologies, including the SECOM Airship, a dirigible that provides monitoring over wide areas. We also sought to reinforce our operating foundation by acquiring all shares in Asahi Security Co., Ltd., thereby enhancing our armored car services.

In the area of home security services, we continued to respond to growing needs for systems that enhance safety, peace of mind, comfort and convenience, including SECOM Home Security G-Custom, an on-line residential security

system that includes a variety of other useful features. In addition, we acquired a 100% stake in Kumalift Co., Ltd., Japan's top manufacturer of small freight elevators in terms of market share, with which we have begun developing new offerings combining security systems and elevators.

Overseas, we sought to expand sales of SECOM-style security services, a term we use to describe comprehensive on-line security systems that encompass everything from the installation of security equipment at the subscriber's premises to the prompt dispatch of emergency response personnel. These efforts focused on the rapidly growing economies of Southeast Asia and the PRC. We also began promoting the idea of more robust security to Japanese companies for their overseas operations.

In fire protection services, subsidiaries Nohmi Bosai Ltd. and Nittan Co., Ltd., two of Japan's leading names in the area of fire protection services, continued to provide high-grade automatic fire alarm systems and fire extinguishing systems for office buildings, plants, tunnels, structures designated as cultural properties, ships and homes. In the period under review, assertive sales efforts that leverage the respective product development capabilities and other strengths of the two companies led to major orders for systems for, among others, electric power generating facilities and tunnels.

Efforts in our medical services business continued to concentrate on Home Medical Services, which comprise home nursing and pharmaceutical dispensing services, as well as on the operation of residences for seniors, the provision of electronic medical reporting systems, sales of medical equipment and pharmaceuticals, personal care services and support for associated hospitals.

In our insurance services business, sales of our distinctive non-life insurance policies expanded favorably. These include SECOM *Anshin* My Home, a comprehensive fire insurance policy for homes, and the Security Discount Fire Policy, a fire insurance policy for commercial premises, both of which extend discounts to subscribers who have installed on-line security systems, recognizing the risk-mitigating factors 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 event of an accident.

Our geographic information services business centers on the collection of geographic data from commercial satellite images, aerial photography and vehicle/ground surveying, which we integrate, process and analyze to provide geospatial information services to public sector entities—including national and local governments—and private-sector customers in Japan. We also offer these services to government agencies abroad, including those in developing countries. In the period under review, we sought to extend services that respond to increasingly diverse and sophisticated domestic and overseas needs for geospatial information associated with, among others, the construction and maintenance of critical infrastructure and the prevention and mitigation of risks and disasters.

We are also known for our broad range of information and communication related services, which focus on data center services and encompass business continuity planning (BCP) support services, information security services and cloud-based services. In advance of the implementation of Japan's My Number social security and tax number system, under which

every resident has been assigned a personal ID number, we began providing the SECOM *Anshin* My Number Service, which enables companies to collect, manage and, when necessary, use the ID numbers of their employees in a secure manner. Sales of the service were brisk, bolstered by efforts to attract new customers.

Our real estate and other services business continued to emphasize the development and sale of condominiums equipped with distinctive security and disaster-preparedness features. Other services include real estate leasing, construction and installation.

ALL SECOM: Driving Sustainable Growth

We remain committed to pushing ahead with the development of innovative services and systems that anticipate social change in line with three key themes—security, a super-aged society and disaster preparedness/BCP/environmental preservation. Guided by the ALL SECOM concept, we are also reinforcing collaboration among SECOM Group companies with the aim of further strengthening the Group's collective capabilities and ensuring sustainable growth.

In recent years, companies have come under increasing pressure to help address social imperatives. In line with our philosophy of contributing to society through our business activities, we continue to develop and extend services and systems that deliver safety, peace of mind, comfort and convenience. In response to the increasing risks facing society, for example, we are responding to increasingly sophisticated needs by developing systems designed to ensure security over large areas. These include the SECOM Airship, a dirigible that delivers a bird's-eye view. In May 2016, we contributed to the

safe staging of the G7 Ise-Shima Summit by providing security planning based on high-precision 3D maps, as well as overhead images captured by the SECOM Airship.

We also pledge to further enhance safety, peace of mind, comfort and convenience for our home security customers. To this end, we are capitalizing on the robust operating foundation we have established in the security services business to develop new services that alleviate problems and resolve concerns. Such efforts will enable us to expand our service menu, which centers on SECOM Home Security G-Custom, and also includes such offerings as SECOM Home Service, an optional suite of lifestyle support services available to SECOM Home Security subscribers, and SECOM My Doctor Plus, an emergency medical alert system for seniors.

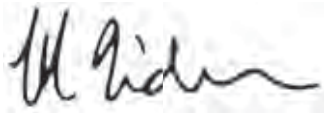
In addition, we are developing and extending new services in the area of information security, as evidenced by such new additions to our lineup as the SECOM *Anshin* My Number Service and SECOM Premium Net, which protects against online banking scams. To help address the concerns of Japan's seniors, we also continue to expand our range of services tailored to the needs of a super-aged society. For example, we recently launched the SECOM My-home Concierge Service, a region-specific membership-based service designed to support seniors who wish to remain in their own homes. In overseas markets, we will also continue to expand our overseas operations by leveraging the high-grade systems and services we offer in Japan to provide services customized to reflect local needs and sensibilities.

In line with our corporate message—"Providing reliable peace of mind"—we will continue to rally the capabilities of the SECOM Group, guided by the ALL SECOM concept to

offer indispensable services that make SECOM an ever-present part of our customers' lives. Through such efforts, we will endeavor to accelerate the realization of our Social System Industry vision.

We also recognize that employee satisfaction is a critical factor behind our ability to further enhance the quality of our services and systems and, in turn, to bolster customer satisfaction. Accordingly, we strive to ensure an upbeat, unfettered corporate culture and to create working environments that encourage employees to have lofty ideals and derive a sense of achievement from meeting the expectations of society and our customers. Looking ahead, we will continue working to achieve sustainable growth and enhance corporate value by providing services and systems that are worthy of customer satisfaction. In these and all our endeavors, we look forward to the ongoing support of shareholders.

June 24, 2016



Makoto Iida
Founder



Yasuo Nakayama
President and Representative Director