

SECOM TODAY

SECOM

Driving the Social System Industry Forward

From its origins as Japan's first provider of security services, SECOM has developed a broad spectrum of businesses in its quest to deliver integrated products and services that contribute to a society free of apprehension. Today, our operations encompass security, medical, insurance, information and GIS services.

The perception of criminal activity has worsened in recent years. The nature of crimes and the source of customers' unease have shifted from worrying about break-ins when they are absent to fears of forced entry while they are at home.

Japan's new Personal Information Protection Law, which came into effect on April 1, 2005, has expanded customers' awareness of security to include information as well as money and tangible assets.

In this environment, SECOM is focusing on the development and timely introduction of services and products that respond to emerging customer needs. In the year ended March 31, 2005, we

focused on expanding sales of mainstay security services and products for the commercial and home security markets—efforts that supported a solid improvement in results. Net sales and operating revenue in each segment surpassed the prior period as we drew on capabilities to develop innovative new offerings. Overseas, business expansion accelerated in Asia, particularly in the PRC, which continues to see rapid economic growth.

SECOM's mission is to realize its Social System Industry vision by creating services and systems and offering them in comprehensive, integrated packages that deliver security, convenience and comfort to commercial enterprises, households and individuals. To this end, we continue to drive this vision forward by broadening the scope of our operations and pursuing new challenges to achieve ongoing growth. In the following pages, we present a summary of our business performance, followed by a look at recent activities and an in-depth review of our financial results for the period under review.

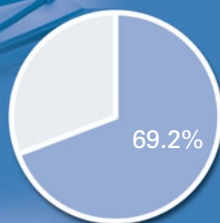


RESULTS BY SEGMENT

SECOM

Security Services

Percentage of consolidated net sales and operating revenue*
*Excluding intersegment transactions



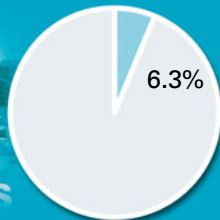
Security Services

In the year ended March 31, 2005, net sales and operating revenue in the security services segment increased 4.0%, to ¥382.4 billion, and accounted for 69.2% of consolidated net sales and operating revenue, compared with 71.0% in the previous period. Electronic security services, comprising commercial and home security and large-scale proprietary systems, generated revenue of ¥271.9 billion. Other security services, which include static guard and armored car services, provided revenue of ¥56.8 billion. Merchandise and other contributed revenue of ¥53.7 billion.

• Commercial and Home Security

Centralized (on-line) security systems are configured with on-site sensors and controllers that detect intruders, fires and equipment malfunctions. These are linked by telecommunications circuits to SECOM control centers, where they are monitored around the clock. When an emergency occurs at a customer's premises, the information is transmitted to our control centers, which notify emergency response personnel to take the appropriate measures and when necessary notify the police or fire department.

Medical Services



Medical Services

In the medical services segment, net sales and operating revenue rose 64.0%, to ¥34.7 billion, and constituted 6.3% of consolidated net sales and operating revenue, compared with 4.1% a year earlier.

Our medical services business encompasses home medical services, remote image diagnosis support services, electronic medical report (EMR) systems, sales of medical equipment, the operation of nursing homes, personal care services and real estate leasing for medical institutions.

Insurance Services



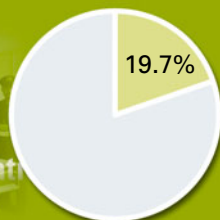
Insurance Services

Net sales and operating revenue in the insurance services segment advanced 12.4%, to ¥26.5 billion, and accounted for 4.8% of consolidated net sales and operating revenue, compared with 4.6% a year earlier.

We continue to develop and offer unique policies that draw on synergies between insurance and other businesses, notably security and medical services.

In the period under review, we continued to market the Security Discount Fire Policy, designed for commercial subscribers; SECOM *Anshin My Home*, a

Information and Communication Related and Other Services



Information and Communication Related and Other Services

Net sales and operating revenue in the information and communication related and other services segment rose 3.4%, to ¥108.8 billion. This was equivalent to 19.7% of consolidated net sales and operating revenue, compared with 20.3% a year earlier.

This segment encompasses cyber security, information network system operation and other information-related services; GIS services; real estate development and sales, primarily of attractive, secure condominiums;

To ensure the quality of our services, we have established an integrated process that enables us to maintain control of every aspect of our services, from the research and development of centralized systems and equipment to manufacturing, sales and marketing, installation, round-the-clock monitoring, emergency dispatches, and maintenance and repairs.

- **Large-Scale Proprietary Systems**

Our large-scale proprietary systems are self-contained, facilitating monitoring at the subscriber's premises, rather than remotely, through a combination of on-site patrols and electronic security and equipment management systems.

- **Static Guard Services**

Static guard services are staffed by highly trained security professionals for situations that require human judgment and flexible responses.

- **Armored Car Services**

We provide professional armored car services for the transport of cash and other valuables, such as stock certificates.

- **Merchandise and Other**

Merchandise includes access-control systems, closed-circuit television (CCTV) systems, automated fire detection and extinguishing systems, and internal and external monitoring systems that can be used alone or connected to on-line security systems. We also offer COCO-SECOM mobile security services.

During the period under review, we stepped up efforts to market centralized systems to commercial security customers. These include SECOM AX, which employs advanced image monitoring, and the versatile SECOM DX on-line security system, which supplies on-site image display screens for access control. Reflecting increasing awareness of the need to protect more than just cash and other tangible assets, we also recorded brisk sales of access-control and CCTV systems. In the home security market, efforts focused on expanding sales of the SECOM Home Security system and marketing products designed to prevent crimes.

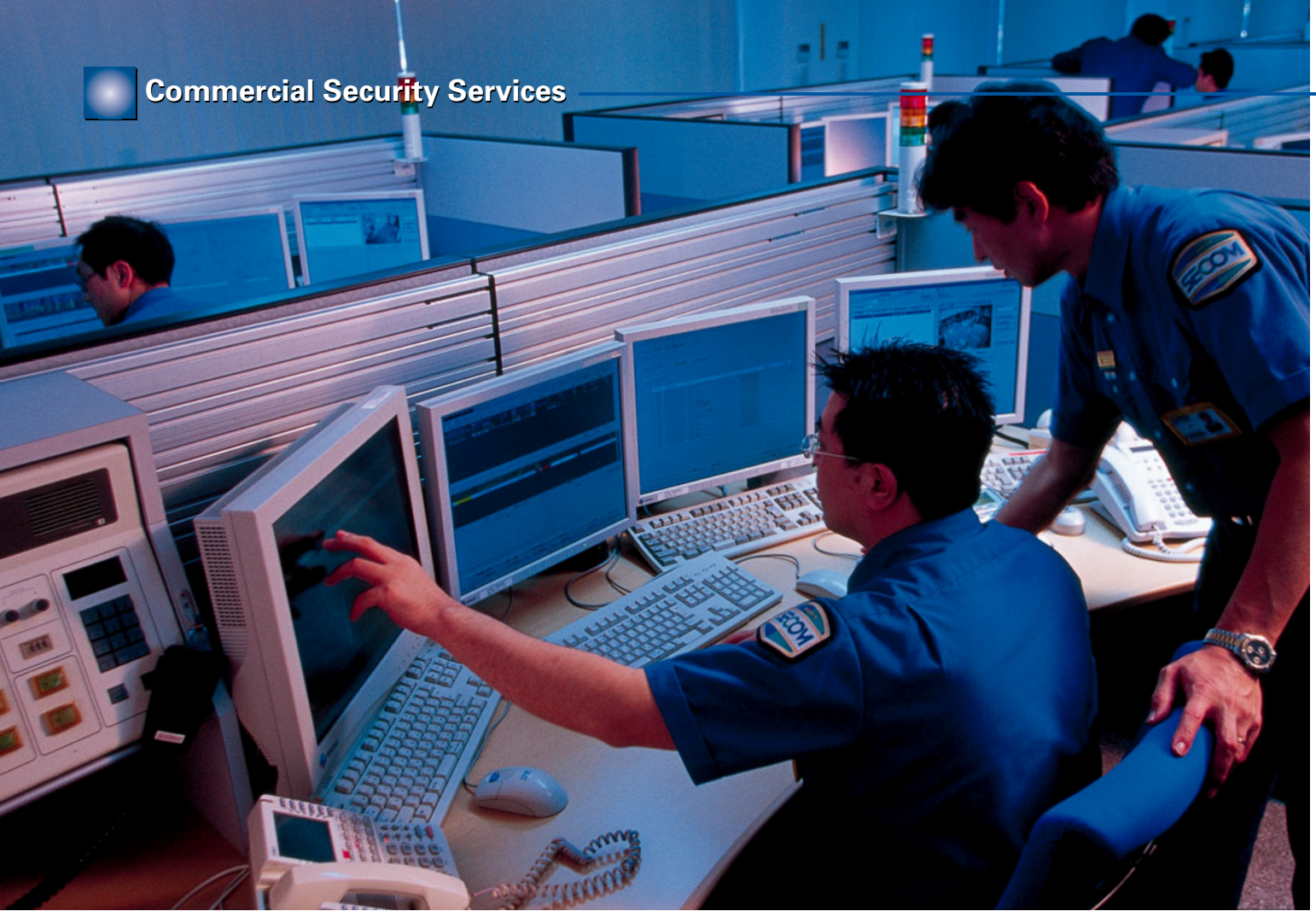
Solid results in the year ended March 31, 2005, were mainly attributable to efforts to enhance home nursing, pharmaceutical dispensing and delivery, and other home medical care services. During the period, we commenced construction of the SECOMFORT series of nursing homes. Like existing facility Royal Life Tama, SECOMFORT will offer full-time personal care services. Other efforts to expand our nursing home business included the development of our Alive Care Home series.

residential fire insurance policy; New SECOM *Anshin My Car*, a comprehensive automobile insurance policy; and MEDCOM, an unrestricted cancer treatment policy that covers the portion of costs normally borne by the patient for all kinds of treatments. Sales of MEDCOM progressed well, aided by new sales channels gained through an alliance with a major Japanese life insurance company.

and real estate leasing.

In information-related services, we continued to focus on cyber security and information network system operation services. In the area of GIS services, we stepped up marketing of PasCAL, a comprehensive service for the public sector, and the MarketPlanner series of area marketing and store location support tools for the private sector. In real estate development and sales, we focused on developing and marketing the Glorio series of attractive

condominiums developed with an emphasis on security. In real estate leasing, we reviewed our portfolio in response to market conditions and at the same time expanded property management services for office buildings and other commercial premises.



Responding to Major Transformations in Security Needs

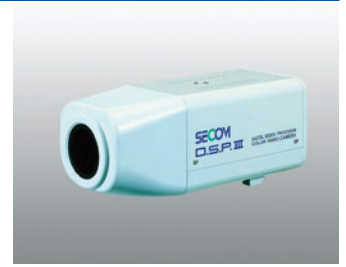
As the state of public safety has worsened in recent years, security needs are rapidly shifting from simple nighttime protection to all-day, 24-hour protection. SECOM has responded swiftly to this change by introducing the Electronic Article Surveillance (EAS) shoplifting prevention system, which can be integrated with on-line security to provide stores with 24-hour security, enabling store operators to achieve seamless protection during daylight operating hours, late-night operating hours and closed periods. This system can also be linked with SECOM IX, a security system for commercial facilities with remote imaging features, and CCTV systems for added security. The EAS shoplifting prevention system is proving effective in halting recent increases in child-perpetrated shoplifting incidents, as well as in stemming losses by storekeepers. SECOM

introduced this system as part of a business and capital alliance with one of Japan's leading providers of shoplifting prevention systems.

The recent deterioration in public safety has also affected schools. Break-ins and crimes committed by unauthorized entry are changing the security needs of educational facilities. Until now, SECOM has responded to schools' security needs with on-line security systems, including remote imaging security systems. To combat the increasing seriousness of campus crime, however, we have introduced SECOM School Security, a total security service specifically designed to protect schools. This service integrates COCO-SECOM mobile security services with integrated circuit (IC) tags, creating a comprehensive management system for confirming school attendance and ensuring the safety of routes taken by students on their way



SECOM Robot X



CCTV system

to and from school. To ward off intruders, we install surveillance cameras at the school gates and entrances as well as intercoms linked to electronic locks, and we patrol the grounds with static guards and SECOM Robot X, an outdoor surveillance robot. We are now marketing SECOM School Security to schools around Japan to provide an environment in which children can study safely.

The transformation in security needs is also heightening demand for CCTV systems. Previously, privacy concerns were a major obstacle to installing CCTV systems in areas such as shopping thoroughfares. However, CCTV systems have become indispensable to protecting these areas from criminals and the shopping public's perception has swung around to "feeling safe because the anti-theft

cameras are there." This created an opportunity for us to market a CCTV system that takes privacy concerns into account. This system features a restricted area located in the administrative offices of a neighborhood shopping thoroughfare. The restricted area, which is equipped with a video recorder that allows recorded images to be viewed, can only be accessed with a key and card. Because it only allows the viewing of images when necessary for security reasons, this system offers an effective solution to privacy issues. We are now marketing the system to shopping districts and public facilities around the country.





Capitalizing on Changes in the Security Market

The Personal Information Protection Law, which came into effect on April 1, 2005, has transformed ways of thinking about customer security. Customers who previously thought security applied only to cash and tangible assets because they did not recognize value in the information they possessed now regard information as an asset that must be protected. Reflecting this change, demand is rising for on-line security systems, access-control systems and CCTV systems. For example, more customers are interested in utilizing noncontact IC card systems and SESAMO IDs fingerprint identification systems.

We believe this new aspect of security will continue to stimulate demand for various services from a diverse array of customers. We are ready to respond to these trends by accurately grasping customer needs in a timely fashion to develop and offer new products and services that add to our already generous product lines.



SESAMO IDs



Illustration of a correctional facility in Mine, Yamaguchi Prefecture

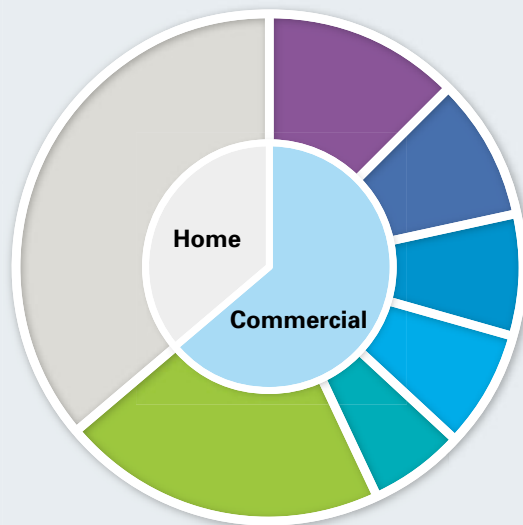
Private Finance Initiatives

S ECOM has ventured into the private finance initiative (PFI) field. PFIs are used to develop public infrastructure using private-sector capital. As our first project, we led a consortium of 12 companies to form the Mine SECOM Group, which was awarded the contract to build and operate a correctional facility in the city of Mine, Yamaguchi Prefecture.

This project, the first correctional facility to be built as a PFI in Japan, will involve constructing facilities capable of housing approximately 1,000 first-time inmates on a site of approximately 28 hectares. Except where the exercise of public authority is required, the facility will be managed by private-sector participants. The scope of SECOM's work includes security systems, static guard services and facilities maintenance and management, as well as administrative assistance and support for inmate work programs.

The Mine SECOM Group was selected because of the high marks awarded to its efficient and effective security systems, including COCO-SECOM services, for locating inmates while in transit outside the facility; remotely operated electronic locks; and CCTV systems. Participating in this PFI, slated to commence in April 2007, allows SECOM to expand its business scope while contributing to society by promoting inmate rehabilitation and revitalizing the local economy by creating employment opportunities.

Commercial and Home Security Service Subscribers by Category
(At March 31, 2005)



■ Service industries	12.5%
■ Retailing/wholesaling	9.1%
■ Financial services	7.8%
■ Manufacturing	7.5%
■ Government agencies	6.1%
■ Others	20.8%
■ Households	36.2%



SECOM Home Security— Peace of Mind for the Home

SECOM has guarded the security of its subscribers' residences since it launched SECOM Home Security in 1981 as Japan's first on-line security system with round-the-clock monitoring of the home for intruders, fires, gas leaks and medical emergencies. In providing SECOM Home Security over the past 24 years, we have built up an impressive infrastructure and know-how that has allowed us to gain the deep trust of customers for our reliability and high service standards.

Public perception of a worsening crime situation in residential areas has shifted demand for home security from services that protect the home when occupants are absent to those that protect occupants from forced entries when they are at home. Since such crimes may involve several perpetrators and place the occupants' lives in jeopardy, customer fears

have become increasingly pronounced. As a consequence, demand for home security and safety products has risen. In addition to home security systems, SECOM offers an extensive menu of systems designed to prevent unauthorized entry, including External Image Monitoring Services; SECOM Home Camera Systems; SECURIFACE, an intercom system featuring built-in face detection technology; and SESAMO Home IDs, a fingerprint identification system, as well as such attractive security products as SECOM *Anshin* Glass, high-impact breakage-resistant window glass with built-in sensors. Such offerings continue to attract customers seeking to enhance protection of their homes.

Reflecting the rising incidence of crimes targeting homes in Japan, the market for home security services is expanding to encompass an increasingly broad range of customers.



SECOM Home Security



SECOM Anshin Glass



SECOM Shop outlet



SECOM Super Rescue emergency supply set

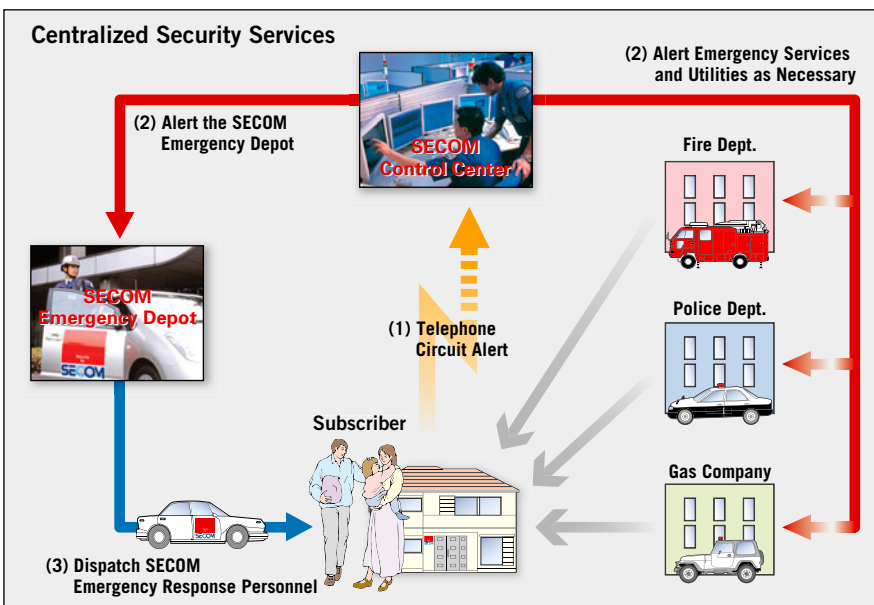
SECOM believes it is impossible to compromise when it comes to security and is thus committed to providing superior-quality products and services. In today's security environment, when people fear forced entries even when they are at home, we believe it is essential to have a system that automatically raises an alert when, for example, occupants are on the second floor and something occurs on the supposedly vacant first floor. SECOM Home Security subscribers, who understand this approach, range from young women living alone to adults in their 30s and 40s, families and seniors.

SECOM Shop security information stations—local shops tailored to the needs of local markets—are the primary means by which we market security products and services for the home. Each SECOM Shop outlet features

SECOM Home Security and a broad range of security products on display, allowing customers to experience a simulated SECOM lifestyle and consult with a security advisor about their household security needs. We plan to continue expanding our SECOM Shop network to augment our sales capabilities.

We are also opening specialty shops for anti-theft and emergency supply products. Within SECOM Shop Harajuku, located in our headquarters building in Tokyo's Harajuku area, we have opened the SECOM Selection store, which offers approximately 300 types of anti-theft and emergency supply products. Our goal for SECOM Selection is to heighten customers' interest in security and to create new opportunities to introduce security systems. The SECOM Super Rescue emergency supply set is our first original offering. Major earthquakes in several regions of Japan have raised public concern and prompted people to rethink their preparations for such an event, creating an opportunity for us to develop this set, which provides relief in the days immediately following a major catastrophe.

These are just some of the ways that we are expanding and strengthening our sales network and tapping the market for home security with a diverse range of services and products that provide security and peace of mind.





**The Ever-Expanding
COCO-SECOM Lineup**

We launched COCO-SECOM mobile security systems in April 2001, a move that expanded our service capabilities from security for buildings and structures to security for people and property on the move, and our marketing focus from homes and commercial premises to individual consumers. COCO-SECOM services use Global Positioning System (GPS) satellites and cellular telephone base stations to pinpoint locations with outstanding precision. Boasting accuracy of within five meters under optimum circumstances, COCO-SECOM's location-positioning technology is said to be one of the best of its type currently on the market. COCO-SECOM services were initially developed to locate people and vehicles,

notably automobiles and motorcycles. Since then, we have continually added to the menu of services in response to market needs. Today, we also offer services for locating cash and valuables, safes, automated teller machines (ATMs) and pets, as well as COCO-SECOM G-Manager, designed specifically for tracking commercial vehicle fleets and employees.

Approximately half of all COCO-SECOM subscriber contracts are for services for locating people, in particular children and the elderly. A rise in abductions targeting children traveling between home and school has prompted concern over the increasing dangers facing children. In response, in the period under review we introduced the Olivier



Olivier Navirand school bag

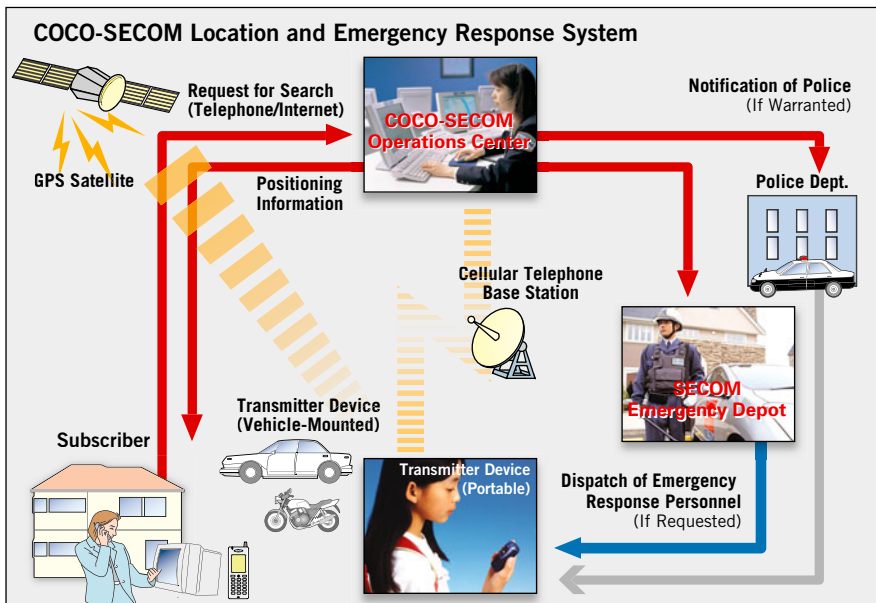


PRESAVE school uniform

Navirand line of school bags and the PRESAVE line of elementary school uniforms. Both the school bags and uniforms are equipped with COCO-SECOM transmitter devices. The school bags feature a compact device fitted in a small case attached to the side, making it possible to quickly and easily locate the child carrying the backpack. PRESAVE uniforms allow the insertion of the device into one of a multitude of pockets, thereby preventing detection by abductors.

At present, COCO-SECOM subscribers request searches via the COCO-SECOM web site approximately 40,000 times a day, while our COCO-SECOM Operations Center handles approximately 300 telephone calls a day on average. When requested by the subscriber, emergency response personnel are dispatched

to locations. On numerous occasions, COCO-SECOM services have contributed to the prevention or early resolution of missing persons and missing property incidents, underscoring the essential role these services now play in ensuring the security of individuals.





Precedent-Setting Home Medical Services

Relieving concerns over health and illness is an important part of our commitment to easing people's anxiety. Underscored by the rapid aging of Japan's population, concerns

Providing Peace of Mind

We see providing peace of mind as essential to creating a society free from apprehension. This goal has prompted us to launch a number of new businesses. One of these is the SECOMFORT series of nursing homes, which will offer full-time personal care services. These facilities capitalize on know-how accumulated through the management of Sacraviva Seijo and Royal Life Tama—two high-end nursing homes that also offer full-time personal care services—and the Alive Care Home series and through a combination of health care, medical care, nursing care and other services offered by our subsidiaries and affiliates. Staff at SECOMFORT facilities provide daily health checks and monitoring, as well as develop tailored programs that aim to prevent

over the future of medical care in Japan are rising. We continue to respond to such concerns by rolling out precedent-setting medical services that contribute to better care for patients.

Our flagship home nursing services offer round-the-clock peace of mind for patients convalescing at home. SECOM was the first company in Japan to offer full-fledged home nursing services, and the highly skilled and experienced nurses we employ continue to ensure these services are highly evaluated by patients. We have expanded our nationwide network of SECOM visiting nurse stations, which dispatch nurses to patients' homes, to 33.

illnesses and support active lifestyles. Such an approach is still uncommon in most of Japan's private-sector residential facilities for senior citizens.

Japan's high life expectancy underscores the attention people pay to their health. Most people feel very strongly that they are primarily responsible for their own health and many see investments in health improvement as money well spent. With the needs of such people in mind, we established SECOM Health Care Club, a membership-based health management service. Based at Yotsuya Medical Cube—a clinic in Yotsuya, Tokyo, operated by Anshinkai, an incorporated medical institution—in an alliance with subsidiary Secom Medical System Co., Ltd., SECOM Health Care Club offers members



Yotsuya Medical Cube, which provides SECOM Health Care Club, a membership-based health management service, in an alliance with subsidiary Secom Medical System



SECOMFORT—Comfort Garden Azamino



Sacraviva Seijo



SECOM AED Package Service

access to full physical examinations and health management consultations with a regular physician. Members also have access to state-of-the-art imaging equipment, including a positron emission tomography (PET)/computerized tomography (CT) scanner, thus facilitating the early detection of cancer and the prevention of strokes and lifestyle-related illnesses.

Another component of our medical services business is the lease and sale of medical equipment. In response to a report by Japan's Ministry of Health, Labour and Welfare proposing the use of automated external defibrillators (AEDs)—devices that administer an electrical

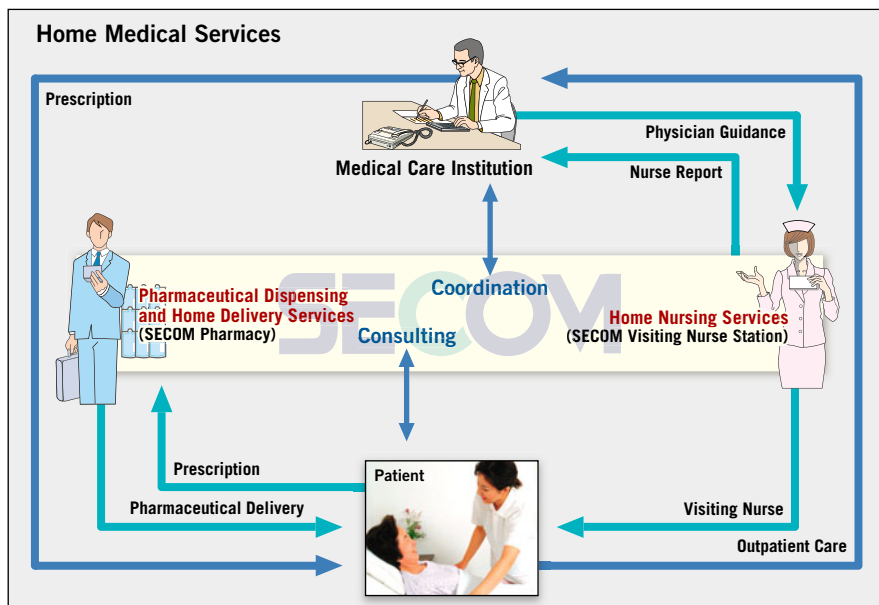
pulse to the heart to reestablish a normal rhythm—to improve pre-hospital emergency care, in September 2004 we introduced the SECOM AED Package Service, an emergency lifesaving kit featuring an AED that is leased at a reasonable rate to non-medical professionals. To date, we have leased the package primarily to public facilities, sports clubs, schools, hotels and other customers. By expanding SECOM AED Package Service subscriptions, we hope to contribute to a decline in the number of deaths resulting from acute heart failure occurring outside hospitals.

Advanced Information Technology (IT) for Japan's Hospitals

SECOM is assisting hospitals in many parts of Japan to improve operating efficiency by introducing advanced IT. For clinics that focus on home medical services, we developed

the SECOM Ubiquitous EMR system, an application service provider (ASP)-based EMR management system. We expanded basic features of this system to create the New SECOM Ubiquitous EMR system, which is tailored to the needs of small and medium-sized hospitals and will enable such hospitals to enhance their operations and realize necessary improvements in efficiency in advance of key revisions to Japan's medical care system in 2006.

We will continue to develop and introduce innovative medical services and products aimed at contributing to better health for our customers and enhancing the quality of medical care.





MEDCOM consultants

Unique Insurance Offerings

We continue to maximize the capabilities of our non-life insurance services subsidiary to combine security services with non-life insurance. The former provide prior protection, while the latter looks after customers in the event of misfortune, thus offering an enhanced level of reassurance. Security Discount Fire Policy, for example, takes into account the lowered risk of commercial premises that have installed security systems to offer up to a 30% discount on premiums. The same concept underlies SECOM *Anshin* My Home, a policy designed for households that offers lower premiums to home security subscribers.

We also offer MEDCOM, an unrestricted cancer treatment policy that combines medical and insurance features. MEDCOM covers the portion of costs for cancer treatments normally borne by the patient and is applicable to all types of cancer treatments, whether or not they are covered by Japan's national health insurance scheme. This ensures subscribers are able to take advantage of advanced treatment options without having to worry about the often-prohibitive costs.

Information and Communication Related and Other Services



Network Monitoring Center

Security for an Information-Dominated Age

The Secure Data Center integrates physical and cyber security services to provide a highly secure environment for our customers' information. Access to the building is guarded around the clock with static guards, access-control systems and cameras, reflecting our extensive know-how in the realm of physical

Information Services for Emergency Situations

The SECOM Safety Confirmation Service helps commercial subscribers confirm the whereabouts and safety of employees and their families and collect information in the event of a major disaster, relieving concern and assisting companies to reopen for business as soon as possible. This service offers English-language compatibility and incorporates

Glorio Support 24 Condominium Management Service

Many of SECOM's Glorio condominiums offer the Glorio Support 24 round-the-clock condominium management service for Glorio residents. In the event of a problem, Glorio Support 24 subscribers can contact the SECOM customer service center any time of the day or night and speak to an operator, who will promptly contact the appropriate service

security. Inside the building, customers' servers are guarded constantly by highly secure monitoring systems that protect against unauthorized access and viruses, as well as digital authentication and other advanced cyber security services. Indicative of the center's outstanding reputation, it currently operates digital certificate authorities for a number of Japan's preeminent financial institutions.

We continue to introduce new services designed to prevent information leaks. These include Total Office Security, developed in cooperation with a leading information equipment manufacturer. Total Office Security provides comprehensive protection against information leaks from offices by combining access control and other physical security features with network security, which protects information against unauthorized access and viruses, and document security, which manages electronic and physical data.

the COCO-SECOM G-Manager location service and other unique SECOM functions.

We will continue to market the SECOM Safety Confirmation Service to major Japanese and foreign-affiliated corporations, many of which are reinforcing measures to ensure the rapid resumption of operations in the event of a natural disaster or terrorist attack.

department. Subscribers gain the peace of mind that comes from knowing problems will be responded to quickly and effectively, enabling them to enjoy a worry-free lifestyle. We will step up efforts to promote condominium sales by promoting this unique service.

Overseas Operations



Shanghai Secom Security Co., Ltd.,
Control Center

Security Services in Overseas Markets

In 1978, we established operations in Taiwan, our first overseas market. Soon after, we branched out into the ROK and the United States. We then secured access to the markets of Europe and Oceania by setting up operations in the United Kingdom and Australia, and extended our presence in Asia by expanding into Thailand, Malaysia, Singapore, Indonesia and the PRC. Indicative of the leading market positions and solid reputations enjoyed by affiliates Taiwan Secom Co., Ltd., in Taiwan, and S1 Corporation, in the ROK, both of these companies are listed publicly.

The distinguishing characteristic of our overseas operations is that we customize our security systems and services to the needs of each country or territory while drawing on know-how accumulated in Japan. This strategy has enabled us to offer security services that transcend cultural differences and enjoy favor with subscribers around the world.

Rapid economic growth and rising demand for security services in Asia, particularly the PRC, continue to offer exciting business opportunities. We are taking advantage of such opportunities by stepping up efforts to promote security services and expanding our presence. Since establishing holding company Secom (China) Co., Ltd., in 1992, we have set up security services subsidiaries in the key cities of Dalian, Qingdao, Beijing and Shanghai. In July 2005, we further enhanced our network by establishing our fifth local subsidiary, in Shenzhen.