



Makoto Iida
Founder

In the fiscal year ended March 31, 2001, Japan's economy showed signs of improvement as private-sector capital investment rose, particularly in the information and telecommunications sectors. Nonetheless, a recovery failed to materialize as personal consumption remained sluggish and stock prices flagged. In this environment, SECOM pressed forward with efforts to realize its Social System Industry vision, focusing on Groupwide efforts to enhance existing services, reinforce marketing and develop new services and systems that respond to the needs of customers. These efforts contributed to a 13.4% increase in consolidated revenue and other income, to ¥467.7 billion. Services generated ¥281.7 billion of this total; merchandise, software, medical, geographic information system and real estate contributed ¥129.8 billion; and insurance services totaled ¥21.7 billion. Other income comprised a ¥2.6 billion gain on sale of securities, net, a ¥21.4 billion gain on securities contribution to employee retirement benefit trust and ¥10.4 billion in interest and other.

Despite firm growth in revenue, net income fell 7.0%, to ¥44.1 billion, primarily owing to higher income taxes and the cumulative effect of accounting change. Basic net income per share was ¥189.28, down from ¥203.67 per share the previous period. Cash dividends per share of ¥40.00 were approved at the general shareholders' meeting held on June 28, 2001.

Expanding into New Areas

SECOM's operations encompass security, information, medical, education, non-life insurance and GIS services. To realize our Social System Industry vision, we are working to maximize synergies among these seemingly unrelated businesses to provide comprehensive, integrated services and systems, thereby creating value not possible with independent services. During the period under review, we made particularly significant strides in developing innovative offerings that combine security services with non-life insurance and GIS services.

In the security services field, we introduced COCO-SECOM—literally “Here SECOM”—an innovative system that uses signals from Global Positioning System (GPS) satellites and cellular telephone base stations to locate the position of mobile subjects, such as people and vehicles, and, if warranted, instructs SECOM to dispatch emergency response personnel. COCO-SECOM represents a new application of subsidiary Pasco Corporation's extensive experience and expertise in GIS services. Other important additions to our security services lineup included SESAMO NT III, an access-control system employing contactless integrated circuit (IC) cards, and SESAMO MC, an

SECOM's Social System Industry

access-control system that uses any magnetic card complying with the relevant Japanese Industrial Standards (JIS). We also augmented our lineup of PYTHAGORAS proprietary security vaults with the new PYTHAGORAS series, which offers improved fire resistance and lower prices, and our HANKS Σ cash dispenser and automated teller machine (ATM) booth lineup with HANKS Σ-J, a simplified model that offers significant reductions in price and shipping costs.

In information services, subsidiary Secom Trust.net Co., Ltd., capitalized on its advanced technological capabilities and accumulated expertise in the area of authentication to launch SECOM Secure Data Center services. In addition to highly sophisticated access control, SECOM Secure Data Center offers rigorous monitoring of unauthorized access and virus activity and provides other support services to ensure the security and responsiveness of e-business Web sites while minimizing costs. Together with Fujitsu Limited, Marubeni Corporation and the Tokyo Electric Power Company, Incorporated, we established Japan Cablenet Limited, which provides cable television (CATV)-based broadband services.

In the medical services field, subsidiary Secom Home Medical System Co., Ltd., worked to expand its network of visiting nurse stations, thereby improving accessibility to its services. During the period, we acquired all outstanding shares in Mac Corporation, a medical instruments firm based in Sapporo, Hokkaido. On another front, we acquired a stake in Royal Life Tama, a residential facility for senior citizens in Machida, Tokyo.

The primary driver in our education services field is subsidiary Secom Lines Co., Ltd. In the period under review, the company continued to take a variety of steps aimed at popularizing SECOM's on-line computer-aided learning system for schools.

In the non-life insurance sector, subsidiary Secom General Insurance Co., Ltd., continues to broaden its lineup of innovative policies that combine security and insurance. The company's lineup includes Secom *Anshin* My Home, a comprehensive fire insurance package offered at a discount to SECOM centralized residential security system subscribers in recognition of their low-risk status. This policy provides seamless protection, thus ensuring safety and peace of mind.

Subsidiary Pasco is one of Japan's leading purveyors of aerial mapping and GIS services. In the period under review, Pasco launched Management Navigation Service, a powerful management information service to support corporate management.

Our real estate development services arm is led by subsidiary Secom Home Life Co., Ltd. During the period under review, the company continued to develop high-grade, safe condominiums with built-in on-line security systems.



Toshitaka Sugimachi
*President and
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vision is expanding the scope of its security services

Advancing Our Social System Industry Vision

A key priority for the current period will be to promote COCO-SECOM—which we have positioned as a core element of the Social System Industry—by stepping up efforts to market the system.

Society's expectations regarding safety and security are becoming increasingly sophisticated and diverse. To tap new demand and develop services and systems that respond to changing needs, as well as ensure SECOM remains the first choice of people seeking peace of mind, we recognize the need to constantly evolve our business model.

Growth and change are also essential to realizing our Social System Industry vision, that is, to create a new social infrastructure by providing services and systems for corporate and private customers that make life more secure, convenient and comfortable. Accordingly, we will build on our extensive information network to further integrate our core businesses, including security, information, medical, education and insurance, as well as seek out new opportunities that complement existing services and systems.

As a leading corporation, we recognize the importance of not only reinforcing our operations but also fulfilling our various responsibilities to society. To this end, we will step up efforts to increase management efficiency and enhance shareholder value.

We look forward to reporting new milestones as we move closer to realizing our Social System Industry vision, and we ask for the continued support of our shareholders.

August 31, 2001



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