Notice of Convocation

The 47th Ordinary General Meeting of Shareholders

The following is an English translation of the Notice of Convocation of the 47th Ordinary General Meeting of Shareholders of SECOM CO., LTD. to be held on June 26, 2008, except for the translation of the INSTRUCTION ON ONLINE VOTING and the ACCESS MAP FOR THE PLACE OF THE MEETING in the Notice. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

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[English Translation]

(Note) This Table of Contents is for this abridged English translation only, and not the same as that in the original Japanese documents.

Stock Exchange Code: 9735

June 6, 2008

Notice of Convocation of

The 47th Ordinary General Meeting of Shareholders

Dear Shareholders:

You are cordially invited to attend the 47th Ordinary General Meeting of Shareholders of SECOM CO., LTD. (the “Company”).

If you are unable to attend the aforesaid meeting, you are respectfully requested to review the “Reference Document Concerning the General Meeting of Shareholders” below and exercise your voting right on or before 6:00 p.m., Wednesday, June 25, 2008 (Tokyo time), by either of the methods stated below:

[By mail]

Please indicate on the Voting Right Exercise Form enclosed herewith your consent or dissent to the proposals on the agenda, and return the form to the Company by mail so as to arrive us before the aforesaid deadline for the exercise of voting right.

[Via the Internet]

Please access the designated website for exercising voting rights (http://www.evote.jp/) from your personal computers by using the “log in ID” and “temporary password” stated on the enclosed Voting Right Exercise Form. Then, please indicate your consent or dissent to the proposals on the agenda by following the instructions on the display screen.

Yours very truly,

SECOM CO., LTD.
5-1, Jingumae 1-chome, Shibuya-ku, Tokyo, Japan
By: KANEMASA HARAGUCHI
President and Representative Director

(Note): Please note that shareholders with addresses outside Japan may not themselves use these voting procedures. For these shareholders please consult their standing agents within Japan as to the exercise of voting rights.

[English Translation]

PARTICULARS

1. **Date and Time of the Meeting:**

   Thursday, June 26, 2008 at 10:00 a.m.

2. **Place of the Meeting:**

   HARAJUKU QUEST HALL, on the 3rd floor of HARAJUKU QUEST Building
   13-14, Jingumae 1-chome, Shibuya-ku, Tokyo, Japan

3. **Matters to be dealt with at the Meeting:**

   Matters to be Reported:

   1. Report on the Business Report, the Consolidated Financial Statements for the 47th Fiscal Year (from April 1, 2007 to March 31, 2008) and the Results on the Audits of Consolidated Financial Statements by the Accounting Auditors and the Board of Corporate Auditors.
   2. Report on the Non-Consolidated Financial Statements for the 47th Fiscal Year (from April 1, 2007 to March 31, 2008).

   Matters to be Resolved upon :

First Item of Business:	**Proposed Distribution of Surplus**
Second Item of Business:	**Partial Amendment to the Articles of Incorporation**
Third Item of Business:	**Election of Eleven (11) Directors**
Fourth Item of Business:	**Presentation of Retirement Allowance to Retiring Director**

4. **Matters related to Exercise of Voting Rights:**

(i) Non-uniform Exercise of Voting Rights

When the shares are owned by multiple owners but are registered in the name of a sole shareholder, each owner may want to exercise his/her voting rights independently from other owners. The law permits non-uniform exercise of voting rights by a registered shareholder in such a situation. In order to exercise non-uniform voting, the registered shareholder shall notify the Company to make non-uniform voting and the reason thereof 3 days before the general meeting of shareholders.

(ii) Validity of the voting in the event of exercise of voting rights by a shareholder both via return mail (Voting Right Exercise Form) and via the Internet

In the event that a shareholder exercises voting rights both via return mail (Voting Right Exercise Form) and via the Internet, the Company will consider the exercise of voting rights via the Internet to be valid.

(iii) Validity of the voting in the event of exercise of voting rights by a shareholder via the Internet more than once

In the event that a shareholder exercises voting rights via the Internet more than once, the Company will consider the last exercise of voting rights to be valid.

(Notes)

If you plan to attend the meeting, please submit the enclosed Voting Right Exercise Form to the receptionist at the meeting.

(Notice)

If there occurs any changes in the contents of the Reference Document Concerning the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements for the 47th Fiscal Year (from April 1, 2007 to March 31, 2008) , the Results on the Audits of Consolidated Financial Statements by the Accounting Auditors and the Board of Corporate Auditors, and the Non-Consolidated Financial Statements for the 47th Fiscal Year (from April 1, 2007 to March 31, 2008), the Company will announce such change on the Company's website (http://www.secom.co.jp/).

Attached Documents

Business Report

(Fiscal Year Ended March 31, 2008)

I. Outline of the Group's Business

1. The Current Business Development and Results of Operations

The Japanese economy began on a trend of gradual expansion in the fiscal year ended March 31, 2008. However, it then gradually underwent a slowdown, as concerns about the effects on the US and world economy grew, due to steep rises in oil and raw material prices as well as the subprime loan problem.

Meanwhile, the declining public safety levels and increasingly frequent brutal crimes, seen in recent years, have made the safety and security needs of society more diverse and sophisticated. In view of this situation, the SECOM Group (the "Group") is aiming to help build a "Social System Industry" that will realize more secure, convenient and comfortable society by providing security services and other services in combination based on its corporate philosophy of contributing to society through its business.

Our Security Services mainly cover centralized systems (on-line security systems) for business facilities and private residences, static guard services, armored car services and sales of security products. For business customers, we sought to strengthen the functions of and increase the variety of our on-line security systems to meet customer needs. At the same time, we launched the sale of surveillance camera systems featuring improved capacity and flexibility and worked to increase the sales of access-control systems and other security products. For residential customers, we focused on boosting subscribers to our SECOM Home Security systems and encouraged sales of security products in an effort to provide better-quality security services.

In Fire Protection Services, we supplied a wide range of fire protection systems, including automatic fire alarm systems and fire extinguishing systems for a variety of environments, including office buildings, plants, tunnels, cultural properties, ships, and residences. During the fiscal year under review, we also endeavored to reform our existing businesses, including boosting sales in the housing fire prevention market, ensuring the thoroughness of organized sales activities for large deals, and establishing optimal construction and maintenance systems.

Our Medical Services encompass home medical services, remote image diagnosis support services, electronic medical report (EMR) systems, sales of medical equipment and devices, the operation of nursing homes, personal care services, and real estate leasing for medical institutions. During the fiscal year under review, we continued to expand our medical services such as home medical services that include home nursing services and pharmaceutical dispensing and home delivery services.

In the Insurance Services, we concentrated on sales of insurance products that are unique to the Group, including the Security Discount Fire Policy for businesses, the comprehensive home insurance policy, SECOM *Anshin* My Home, the comprehensive automobile insurance policy, New SECOM *Anshin* My Car, that includes an on-site emergency services in the event of an accident by SECOM's emergency response personnel, and the MEDCOM, an unrestricted medical treatment policy aimed at helping patients overcome cancer by giving access to the best treatments.

In Geographic Information Services, we engage in GIS (Geographic Information System)-based operation support services for the public and private sectors as well as surveying and measuring, and construction consulting services. During the fiscal year under review, we focused on providing national geospatial data utilizing advanced surveying technology, including laser scanners and digital sensors. At the same time, we supplied products that would meet customer needs, such as the PasCAL series, an integrated GIS product for regional public organizations, and the MarketPlanner series, a range of marketing tools for private enterprises. In response to the successful launch in June 2007 of the German commercial satellite "TerraSAR-X," featuring advanced photographic capabilities, Pasco Corporation has already acquired exclusive rights to sell the satellite image data from this satellite in Japan. Thus we have laid foundations to use the satellite image data in a wide range of areas.

Information and Communication Related and Other Services covers information and communication related services, real estate development and sales, and real estate leasing. Leveraging our strengths in technology and services, we developed comprehensive information network service businesses that range from consulting services to specific solutions, focusing on information security and disaster response support services. In the area of real estate development and sales, we developed and have been selling the high-security condominium series Glorio and other products.

As a result, consolidated revenue increased by 11.2% to Yen 682.6 billion during the fiscal year under review, reflecting the contribution of our newly consolidated subsidiary, Nohmi Bosai Ltd., from the 4th quarter of the previous year. Consolidated operating profit increased by 7.0% year-on-year to Yen 104.7 billion, consolidated ordinary profit was up 11.3% year-on-year to Yen 114.2 billion and consolidated net income rose 5.5% year-on-year to Yen 61.5 billion.

There was a change in the method of amortizing actuarial gains and losses related to retirement benefit accounting, from the previous method of amortizing the total amount in the fiscal year incurred to amortizing from the following fiscal year of occurrence using the straight-line method over certain years within the average remaining service period (mainly 10 years). Therefore, consolidated operating profit, consolidated ordinary profit and consolidated net income before income taxes increased by Yen 10.0 billion respectively, in comparison with the previous method. In other words, actuarial gains and losses due to changes in the asset investment environment, etc. were previously amortized in the fiscal year incurred. If the actuarial gains and losses in the fiscal year under review were treated by the previous method, the result would be an increase of Yen 10.0 billion to operating expenses. As a result of the change, on the other hand, the fiscal year under review was not affected by the actuarial gains and losses.

2. Capital Investments

Capital investment for the fiscal year totaled Yen 55.0 billion (a breakdown is given below). A major portion, Yen 34.5 billion, was in system investments (including those for security equipment and control stations), etc. in the Security Services segment.

Business segment	(Millions of yen)
Security Services	34,565
Fire Protection Services	1,784
Medical Services	4,062
Insurance Services	1,747
Geographic Information Services	2,219
Information and Communication Related and Other Services	13,703
Subtotal	58,083
Eliminations and Corporate items	(3,004)
Total	55,079

3. Fund Raising

During the fiscal year under review, no funds were raised by the Group in capital markets through the issuance of corporate bonds or new shares.

4. Issues the Group Has to Cope with

As society undergoes constant change, people's values are changing, which have resulted in an increase in the social demand for and diversity and sophistication of security and safety in the areas of security, fire protection, medical care, insurance, geographic information, and information security.

In view of this situation, by providing various services that bring people security and peace of mind, particularly security services, the Group is aiming to realize a "Social System Industry" that can help realize more secure, convenient, and comfortable society. To this end, we are striving to provide customer-oriented services and high-quality systems that can earn the trust of our customers. Moreover, we are working to provide comprehensive services, maximizing the Group capabilities. We are also continually improving operations throughout the Group to enhance management efficiency.

We would like to ask all our shareholders for continued supports as we continue to strengthen our Group operation.

5. Trends in Earnings and Assets

(1) Trends in Earnings and Assets of the Group

The following table gives the business performance and assets of the Group for the current and the three preceding fiscal years.

(Millions of yen except for net income per share)

Fiscal years / Category	44th fiscal year (4/1/2004–3/31/2005)	45th fiscal year (4/1/2005–3/31/2006)	46th fiscal year (4/1/2006–3/31/2007)	47th fiscal year (current fiscal year) (4/1/2007–3/31/2008)
Revenue	547,230	567,315	613,976	682,619
Operating profit	83,043	94,109	97,840	104,706
Ordinary profit	83,478	96,669	102,720	114,278
Net income	48,517	52,994	58,299	61,506
Net income per share (yen)	214.41	234.28	259.14	273.40
Total assets	1,097,548	1,149,377	1,169,182	1,202,840
Net assets	441,927	496,164	601,116	630,274

A breakdown by business segment reveals that Security Services, centered on the centralized systems, performed favorably. In addition, sales of products increased substantially, reflecting major orders for access-control systems. As a result, revenue rose 4.4% year-on-year to a total of Yen 425.9 billion and operating profit increased by 3.4% to Yen 106.8 billion.

The Fire Protection Services segment was established in the previous fiscal year due to consolidation of Nohmi Bosai Ltd. Co., Ltd., its subsidiaries and Shanghai Nohmi SECOM Fire Protection Equipment Co., Ltd., as subsidiaries in the fourth quarter of the previous fiscal year. As a result, revenues of Fire Protection Services surged by 200.8% year-on-year to Yen 82.5 billion and operating profit rose by 145.9% year-on-year to Yen 5.0 billion.

In Medical Services, home medical service and nursing home facility-related sales were brisk and sales of medical equipment and devices increased. Revenue in this segment increased by 13.0% year-on-year to Yen 34.8 billion, and operating profit rose 17.9% to Yen 1.5 billion over the previous year.

Revenue of Insurance Services rose 5.9% year-on-year to amount to Yen 28.2 billion. This growth reflected a rise in income from net premiums written and an improvement in investment income at Secom General Insurance Co., Ltd. Turning to operating profit and loss, SECOM General Insurance Co., Ltd. posted a operating loss of Yen 2.4 billion (as against a loss of Yen 3.5 billion in the previous fiscal year), reflecting a decline in net claims paid and a decrease in provision for outstanding claims. On account of the nature of the insurance business, ordinary profit is an important indicator, and Secom General Insurance Co., Ltd., which is the core company in the Insurance Services, recorded an ordinary profit of Yen 0.2 billion.

Revenue of Geographic Information Services rose 8.1% year-on-year to Yen 39.3 billion. This growth reflected the development and conservation of national land for government office markets, the compilation of map data to provide a basis for city and disaster prevention planning, and orders for the preparation of documentation for property tax evaluation and management as well as the growth of overseas sales. Operating profit grew 181.8% year-on-year to Yen 1.3 billion.

In Information and Communication Related and Other Services, revenue decreased to Yen 71.6 billion, down 15.2% from the previous fiscal year. Operating profit declined by 30.3% year-on-year to Yen 5.0 billion. These declines were caused by decreases in revenue and profit of Secom Home Life Co., Ltd., which is engaged in development and sales of real estate. The decreases are due to depress in the newly-built condominium market set in the second half of the fiscal year under review, incurred by steep rises in condominium prices as a result of higher construction costs and the chill in consumer psychology caused by disturbances in financial markets and the uncertain outlook for the economy.

Sales by Business Segment (47th Fiscal Year – current fiscal year under review)

(Millions of yen)

Business segment	Revenue			Profit (loss) from operations
	Customers	Inter-segment	Total	
Security Services	425,958	9,975	435,934	106,898
Fire Protection Services	82,571	4,046	86,617	5,080
Medical Services	34,848	126	34,975	1,563
Insurance Services	28,231	2,894	31,125	(2,426)
Geographic Information Services	39,375	321	39,697	1,303
Information and Communication Related and Other Services	71,632	8,968	80,600	5,067
Total	682,619	26,332	708,951	117,486
Eliminations and Corporate items	-	(26,332)	(26,332)	(12,780)
Consolidated revenue	682,619	-	682,619	104,706

(2) Trends in Earnings and Assets of the Company

(i) The business performance and assets of the Company for the current and the three preceding fiscal years

(Millions of yen except for Net Income per share)

Fiscal years / Category	44th fiscal year (4/1/2004 - 3/31/2005)	45th fiscal year (4/1/2005 - 3/31/2006)	46th fiscal year (4/1/2006 - 3/31/2007)	47th fiscal year (current fiscal year) (4/1/2007 - 3/31/2008)
Revenue	297,782	313,096	326,076	337,611
Operating profit	66,031	72,172	73,404	74,155
Ordinary profit	66,219	70,964	76,583	79,187
Net income	37,704	43,879	47,245	50,046
Net income per share (yen)	167.09	194.58	210.00	222.46
Total assets	598,711	643,990	654,791	673,043
Net assets	426,288	461,646	494,154	521,529

(ii) Revenue and Profit

In the 47th fiscal year, revenue rose 3.5% year-on-year to Yen 337.6 billion, operating profit grew 1.0% to Yen 74.1 billion, ordinary profit increased 3.4% to Yen 79.1 billion, and net income increased 5.9% to Yen 50.0 billion. Net income per share rose from Yen 210.00 for the previous fiscal year to Yen 222.46.

A breakdown reveals that contract revenue accounted for 86.3% of total revenue, or Yen 291.3 billion, and product and equipment sales accounted for 13.7% of total revenue, or Yen 46.2 billion.

Revenue from centralized system contracts, which is the core of revenue and profit in contract revenue, grew steadily, totaling Yen 238.5 billion and accounting for 70.6% of total revenue. Static guard contracts generated revenue of Yen 25.4 billion, and revenue from armored car services came to Yen 16.6 billion. The remaining contract revenue amounted to Yen 10.6 billion, of which the majority came from fees paid by subsidiaries and other companies for advisory services.

Product sales totaled Yen 31.9 billion, 9.4% of total revenue, and equipment sales to subsidiaries and other companies totaled Yen 14.3 billion, 4.3% of total revenue.

We put cost controls in place to reduce operating expenses in an effort to enhance business efficiency. This led to an operating profit of Yen 74.1 billion. Non-operating income was Yen 9.6 billion, which included interest and dividends received, while non-operating expenses, made up of expenses such as interest paid and losses on the sales and disposal of fixed assets, totaled Yen 4.5 billion. Therefore, ordinary profit was Yen 79.1 billion.

In addition, the Company recorded an extraordinary profit of Yen 2.2 billion, including a gain of Yen 1.5 billion from the sale of investment securities. Extraordinary losses, including loss on impairment of investment securities, were Yen 0.5 billion. As a result, net income came to Yen 50.0 billion.

(iii) Earnings by Business Category

Category		45th fiscal year (4/1/2005–3/31/2006)			46th fiscal year (4/1/2006–3/31/2007)			47th fiscal year (Current fiscal year) (4/1/2007–3/31/2008)		
		Amount (millions of yen)	%	Change (%)	Amount (millions of yen)	%	Change (%)	Amount (millions of yen)	%	Change (%)
Contract revenue	Centralized systems	223,527	71.4	3.2	231,176	70.9	3.4	238,507	70.6	3.2
	Static guard services	21,882	7.0	15.4	22,561	6.9	3.1	25,480	7.6	12.9
	Armored car services	16,423	5.3	5.2	17,182	5.3	4.6	16,684	4.9	(2.9)
	Other	11,043	3.5	3.3	11,326	3.5	2.6	10,676	3.2	(5.7)
	Subtotal	272,876	87.2	4.2	282,247	86.6	3.4	291,350	86.3	3.2
Sales	Product	29,036	9.3	16.7	29,533	9.0	1.7	31,905	9.4	8.0
	Equipment	11,183	3.5	1.8	14,295	4.4	27.8	14,355	4.3	0.4
	Subtotal	40,220	12.8	12.1	43,829	13.4	9.0	46,261	13.7	5.5
Total		313,096	100.0	5.1	326,076	100.0	4.1	337,611	100.0	3.5

[English Translation]

6. Matters Concerning Principal Subsidiaries

Company name	Issued capital	Percentage of shareholding (percentage of voting rights)	Principal business activity
Secom Joshinetsu Co., Ltd.	(Millions of yen) 3,530	(%) 50.87 (50.88)	Security, safety
Secom Techno Service Co., Ltd.	(Millions of yen) 2,357	(%) 67.79 (67.85)	Installation and maintenance of security systems
Secom Industries Co., Ltd.	(Millions of yen) 499	(%) 100.00 (100.00)	Manufacture of security system equipment
Nohmi Bosai Ltd.	(Millions of yen) 13,302	(%) 50.36 (50.92)	Comprehensive fire protection services
Secom Medical System Co., Ltd.	(Millions of yen) 6,545	(%) 100.00 (100.00)	Remote image diagnosis support services and home medical services
Secom General Insurance Co., Ltd.	(Millions of yen) 8,093	(%) 89.62 (89.71)	Non-life insurance
Pasco Corporation	(Millions of yen) 8,758	(%) 69.84 (73.12)	Surveying, measuring and geographic information system services
Secom Trust Systems Co., Ltd.	(Millions of yen) 1,468	(%) 100.00 (100.00)	Cyber security services and software development
The Westec Security Group, Inc.	(US$) 301	(%) 100.00 (100.00)	Holding company in the U.S.
Secom Plc	(Thousand of UK pounds) 39,126	(%) 100.00 (100.00)	Security business in the U.K.

(Notes)

1. The percentages of shareholding (percentages of voting rights) are truncated to two decimal places.
2. The percentages of shareholding (percentages of voting rights) for Secom Joshinetsu Co., Ltd., Secom Techno Service Co., Ltd. and Nohmi Bosai Ltd. include those owned by the Company's subsidiaries.

3. Secom Medical System Co., Ltd. issued new shares of stock to shareholders (investment in kind) in February 2008, resulting in an increase in capital from Yen 200 million to Yen 6,545 million.
4. Secom General Insurance Co., Ltd. issued new shares of stock to a third party (monetary contribution) in March 2008, resulting in an increase in capital from Yen 5,611 million to Yen 8,093 million. (Following the increase in capital, the Company's percentage of shareholding rose from 83.33% to 89.62%.)

7. Principal Business of the Group

The principal business activities of the Group are as follows: Security Services centering on contracted security services; Fire Protection Services centering on comprehensive fire protection services; Medical Services, including home medical services and remote image diagnosis support services; Insurance Services consisting mainly of non-life insurance; Geographic Information Services that mainly entails the provision of surveying and measurement operations; and Information and Communication Related and Other Services including security network services and services for the development and operation of business systems, information security services, and the development and sales of real estate.

8. Principal Offices of the Group

(i) Headquarters of the Company:
5-1, Jingumae 1-chome, Shibuya-ku, Tokyo.

(ii) Regional Headquarters:
Hokkaido (Sapporo City), Tohoku (Sendai City), West Kanto (Saitama City), East Kanto (Chiba City), Tokyo (Bunkyo-ku, Tokyo), Metropolitan Static Guard Service (Shinjuku-ku, Tokyo), Metropolitan Armored Car Service (Shibuya-ku, Tokyo), Kanagawa (Yokohama City), Shizuoka (Shizuoka City), Chubu (Nagoya City), Osaka (Osaka City), Kansai Static Guard Service (Osaka City), Kinki (Kyoto City), Hyogo (Kobe City), Chugoku (Hiroshima City), Shikoku (Takamatsu City), Kyushu (Fukuoka City).

(iii) Domestic Subsidiaries
Secom Joshinetsu Co., Ltd. (Niigata City), Secom Techno Service Co., Ltd. (Nakano-ku, Tokyo), Secom Industries Co., Ltd. (Shiroishi City, Miyagi), Nohmi Bosai Ltd. (Chiyoda-ku, Tokyo), Secom Medical System Co., Ltd. (Shibuya-ku,

Tokyo), Secom General Insurance Co., Ltd. (Chiyoda-ku, Tokyo), Pasco Corporation (Meguro-ku, Tokyo), Secom Trust Systems Co., Ltd. (Shibuya-ku, Tokyo), Secom Home Life Co., Ltd. (Shibuya-ku, Tokyo), Arai & Co., Ltd. (Shibuya-ku, Tokyo).

(iv) Overseas Subsidiaries

The Westec Security Group, Inc. (Dover, Delaware, USA), Secom Plc (Kenley, Surrey, UK), Secom (China) Co., Ltd. (Beijing, China).

9. Matters Concerning Employees of the Group and the Company

(1) Matters Concerning Employees of the Group

Number of employees	Increase from the end of the previous fiscal year
32,195	1,251

(2) Matters Concerning Employees of the Company

Number of employees	Increase from the end of the previous fiscal year	Average age	Average years of service
13,391	393	38.1	12.0

Note: The number of employees refers to the number of full-time employees. Part-time or temporary employees are not included.

10. Primary Lenders

Lenders	Closing balance at the end of the fiscal year
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	(millions of yen) 42,690
Mizuho Bank, Ltd.	(millions of yen) 35,763
Mitsubishi UFJ Trust and Banking Corp.	(millions of yen) 30,344
Sumitomo Mitsui Banking Corp.	(millions of yen) 24,207

11. Other Important Matters Concerning the Group

In July 2004, Fujitsu Limited filed a lawsuit against Secom General Insurance Co., Ltd. in the Tokyo District Court, claiming compensation for costs related to a systems development order in the amount of Yen 2,500 million. Secom General Insurance Co., Ltd. is not only contesting this lawsuit on the grounds that it is without merit, but has also filed a countersuit claiming damages in the amount of Yen 1,000 million. Both lawsuits are currently pending.

Pasco Corporation filed a lawsuit against Sumitomo Mitsui Banking Corporation for a confirmatory judgment to the effect that it does not owe an obligation in the amount of Yen 2,010 million to Sumitomo Mitsui Banking Corporation with the Tokyo District Court on October 31, 2005. Sumitomo Mitsui Banking Corporation alleged that it made a loan to a third party and acquired from the third party its claim against Pasco Corporation for an alleged sale of equipment to Pasco Corporation as collateral for the loan, and demanded Pasco Corporation to pay such claim to Sumitomo Mitsui Banking Corporation. However, upon carefully investigating the case with counsel, we believe that the alleged transactions are null and void, and our pleading should be admitted. Furthermore, on December 5, 2005, Sumitomo Mitsui Banking Corporation brought a cross action against Pasco Corporation in relation to a demand for payment of a transferred receivable. Subsequently, both actions were consolidated according to a court procedure. The existence of the debt in the above-mentioned sum is still being disputed in the court.

II. Matters Concerning the Company's Shares and Shareholders

1. Total Number of Shares to be Issued: 900,000,000

2. Total Number of Issued Shares: 233,288,717

(including 8,323,599 shares of treasury stock held by the Company)

3. Number of Shareholders at the End of the Fiscal Year: 28,512

4. Number of Shares in a Trading Unit: 100 shares

5. Major Shareholders

No shareholder holds 10% or more of the total issued shares (excluding treasury stock). The major shareholders and information about their respective shareholdings in the Company are shown in the table below.

Shareholders	Investment in the Company	
	Number of shares held (Thousands of shares)	Percentage of shareholding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	15,287	6.79
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,082	6.70
The State Street Bank and Trust Company	12,998	5.77
BNP PARIBAS Securities (Japan) Limited	6,727	2.99
Mitsubishi UFJ Trust and Banking Corporation Trust Account 106	6,153	2.73
Deutsche Securities Inc.	5,498	2.44
Makoto Iida	4,320	1.92
SECOM Science and Technology Foundation	4,025	1.78
Japan Trustee Services Bank, Ltd. (Trust Account 4)	3,716	1.65
The State Street Bank and Trust Company 505103	3,488	1.55

(Notes)

1. The percentage of shareholding is calculated on the basis of the total number of shares outstanding after excluding treasury stock (8,323,599 shares). The percentage of shareholding is truncated to two decimal places.

2. In the case of the above trust banks, banking business-related shares and trust service-related shares are registered under different names. Therefore, the number of shares held by each trust bank shown above represents the shares regarding trust services.

III. Directors and Corporate Auditors

1. Names and Titles of Directors and Corporate Auditors

Position	Name	Field of responsibility and representation of other companies
Director	Makoto Iida	Supreme Advisor
Director	Juichi Toda	Supreme Advisor
Chairman and Director	Shohei Kimura	Chairman of the Tokyo Security Service Association
President and Representative Director	Kanemasa Haraguchi	Executive officer
Executive Director	Seiichiro Kobayashi	Executive officer, President and Representative Director of Secom Home Life Co., Ltd.
Executive Director	Katsuhisa Kuwahara	Executive officer
Executive Director	Shuji Maeda	Executive officer
Executive Director	Shinobu Iida	Executive officer
Executive Director	Yasuo Nakayama	Executive officer
Executive Director	Koichi Sato	Executive officer
Director	Fumio Obata	Executive officer, President and Representative Director of Secom Medical System Co., Ltd.
Director	Takayuki Ito	Executive officer
Corporate Auditor	Teruo Ogino	Full-time auditor
Corporate Auditor	Ken Tsunematsu	Managing Director of SECOM Science and Technology Foundation
Corporate Auditor	Hiroshi Yasuda	President and Director of Yasuda Shoko Kyoikukai Advisor and Director of JPMorgan Asset Management (Japan) Ltd.
Corporate Auditor	Kohei Yamashita	President and Representative Director of Kokyo Tatemono Co., Ltd. Chairman and Representative Director of International Ceramic, Inc.

(Notes)

1. Messrs. Ken Tsunematsu, Hiroshi Yasuda and Kohei Yamashita are outside corporate auditors as stipulated in Article 2 Item 16 of the Companies Act.
2. The corporate auditor, Mr. Teruo Ogino has been in charge of the Company's financial affairs for 11 years and is considerably knowledgeable concerning finance and accounting matters.
3. The corporate auditor, Mr. Ken Tsunematsu, has for many years been involved in securities issuance businesses as a lawyer both domestically and overseas. He has

experienced in the analysis and evaluation of the financial statements of these issuers, and has considerable knowledge of finance and accounting matters.

2. Remuneration of Directors and Corporate Auditors

	Number of officers	Combined total of remuneration (millions of yen)
Directors	12	592
Corporate Auditors	4	44
Total	16	637

(Notes)

1. Of the above, the remuneration for the 3 outside corporate auditors' total combined remuneration is Yen 24 million.
2. Included in the above total remuneration amount are the directors' bonuses of Yen 98 million awarded for the fiscal year under review.
3. The total amount of Remuneration of Directors and Corporate Auditors shown above includes Yen 98 million (Yen 97 million to Directors and Yen 1 million to Corporate Auditors (including Yen 0 to outside Corporate Auditors), respectively) as accrued retirement benefits for Directors and Corporate Auditors, which were appropriated in the fiscal year under review.

3. Outside Corporate Auditors

1. Mr. Ken Tsunematsu, Corporate Auditor

(i) Concurrently holds position as an executive director of another company
Not applicable

(ii) Concurrently holds the position of an outside director or an outside corporate auditor of another company
Not applicable

(iii) Has affiliations with executive officers of the Company or its major customers or other specially related business partners
Not applicable

(iv) Primary activities carried out during the current fiscal year under review
Attended all 13 Board of Directors meetings held in the fiscal year under review, primarily offering advice and suggestions in order to ascertain the validity or appropriateness of the Board of Directors' decision from the perspective of complying with laws and ordinances and the articles of incorporation.

Attended all 11 Board of Corporate Auditors meetings convened during the fiscal year to deliberate critical auditing issues.

2. Mr. Hiroshi Yasuda, Corporate Auditor

(i) Concurrently holds position as an executive director of another company
Not applicable

(ii) Concurrently holds the position of an outside director or an outside corporate auditor of another company
Not applicable

(iii) Has affiliations with executive officers of the Company or its major customers or other specially related business partners
Not applicable

(iv) Primary activities carried out during this fiscal year
Attended 12 out of the 13 Board of Directors meetings held during the fiscal year under review, while offering advice and suggestions based on his ample experience of company management and directorships gained from previously held positions. He also asked questions and stated opinions in order to clarify unclear issues.
Attended 10 out of the 11 Board of Corporate Auditors meetings convened during the fiscal year to deliberate critical auditing issues.
In addition, for the meetings for which he was absent, he received from the full-time corporate auditor detailed reports on the resolutions of the meetings so as to remain fully informed.

3. Mr. Kohei Yamashita, Corporate Auditor

(i) Concurrently holds position as an executive director of another company
President and Representative Director of Kokyo Tatemono Co., Ltd. and Chairman and Representative Director of International Ceramic, Inc. However, there is no significant business relationship between these companies and the Company.

(ii) Concurrently holds the position of an outside director or an outside corporate auditor of another company
Not applicable

(iii) Has affiliations with executive officers of the Company or its major customers or other specially related business partners
Not applicable

(iv) Primary activities carried out during this fiscal year
Attended 12 out of the 13 Board of Directors meetings held during the fiscal year under review, while offering advice and suggestions based on

his ample experience of managing a global corporation. He also asked questions and stated opinions in order to clarify unclear issues.

Attended 10 out of the 11 Board of Corporate Auditors meetings convened during the fiscal year to deliberate critical auditing issues.

In addition, for the meetings for which he was absent, he received from the full-time corporate auditor detailed reports on the resolutions of the meetings so as to remain fully informed.

IV. Accounting Auditors

1. Name of Accounting Auditors

KPMG AZSA & Co.

2. Remuneration of Accounting Auditors

(1) Remuneration for duties relating to Article 2 Paragraph 1 of Certified Public Accountants Law	Yen 92 million
(2) Total cash and other remuneration to be paid by the Company and subsidiaries	Yen 346 million

(Notes)

1. Based on the audit contract between the Company and the accounting auditors, the remuneration paid to auditors is not distinguished between those as the auditors under the Companies Act and those as the auditors under the Financial Instruments and Exchange Act, and furthermore cannot in fact be distinguished, and therefore the amount given in (1) is the combined total of these amounts.

2. Of the major subsidiaries of the Company, The Westec Security Group Inc. is audited by PricewaterhouseCoopers LLP and Secom Plc by KPMG LLP.

3. Non-Audit Duties

The Accounting Auditors engaged internal control-related advisory tasks related to financial reporting, which are non-audit tasks not covered by Article 2 Paragraph 1 of the Certified Public Accountants Law, to the accounting auditors and compensates for such tasks.

4. Policy for Decision for Dismissal or Non-reappointment

Whenever there occurs any material event which could be a substantial hazard to the performance of financial auditing of the Company, such as a case when it is deemed that the accounting auditors have come to fall within the purview of Article 340 Paragraph 1 of the Companies Act or the accounting auditors or the firm of accounting auditors is subjected to the disposition of suspension of business by the supervisory authorities, the Board of Corporate Auditors will examine the situation, and, when all the corporate auditors have consented thereto, the corporate auditor will take procedures for the dismissal of the subject accounting auditors or the subject firm of accounting auditors. In such case, the Corporate Auditor selected by the Board of Corporate Auditors will report the reasons for the dismissal at the general meeting of shareholders convened for the first time after such dismissal.

In any other case, when there exits any situation where it is acknowledged that the accounting auditors are not fit to act as accounting auditors, a proposal will, with the consent of the Board of Corporate Auditors, be submitted to the general meeting of shareholders for the dismissal or non re-appointment of accounting auditors.

V. System under which the Company’s Business is Ensured to be Properly Executed

The Company, at the meeting of its Board of Directors held on August 30, 2007, resolved upon changes to its basic policy regarding the internal control system, i.e. the “system under which execution of duties by Directors is ensured to comply with laws and regulations and the Articles of Incorporation, and the system under which the Company’s business is ensured to be properly executed” as provided for in Article 362, Paragraph 4, Item 6 of the Companies Act and Article 100, Paragraphs 1 and 3 of the Enforcement Order of the Companies Act. The contents of the resolution are set out below.

PARTICULAR

1. General

This resolution manifests the basic policy regarding the internal control system of the Company to be specifically established by the President and Representative Director based on Article 362, Paragraph 5 of the Companies Act.

The internal control system based on this resolution shall be established urgently by officers in charge, and shall be constantly reviewed and improved.

2. System under which execution of duties by Directors and employees is ensured to comply with laws and regulations and the Articles of Incorporation.

(i) In order to ensure even more thorough compliance with laws and ordinances and the Articles of Incorporation in the execution of duties, the company has integrated its compliance manual with *SECOM Group Code of Employee Conduct*, which sets key ethical standards to be followed, and at the same time, it has conducted a review of manuals on critical laws. *SECOM Group Code of Employee Conduct* is based on the philosophy of SECOM, which we have followed since the establishment of the business. These ethical guidelines prescribe ideals covering the official and private affairs of all executives and employees and action standards (including the blocking relationships with anti-social forces) to be followed in the execution of specific daily duties. As such, these guidelines provide the basis of all actions. The compliance management system is as follows.

(Ensuring compliance)

From the start, the compliance of laws and ordinances has been an indispensable requirement of our business, and we have always sought to operate in strict adherence to this spirit. Therefore, compliance is a part of the company's daily routines, which should not require a system in which a specific section or manager is responsible for implementation. Each and every employee is at the front line of promoting the code of conduct, including legal compliance. The implementation of guidelines is carried out by the line managers of the organization. Further control is provided by the executive officers in charge of departments under their control, with the President and Representative Director providing companywide control.

(Executive officers in charge)

The executive officers in charge of each area are responsible for having thorough knowledge particularly of regulations related to their duties and the relationships of such regulations with their own operations. They are responsible for proposing responses to any revisions of laws to the President and Representative Director. The Legal Affairs Department supports them, providing cross-organizational coordination.

(Inspection)

Following the orders of the President and Representative Director, the Audit and Compliance Department provides cross-organizational inspection in a timely manner, indicating how to improve morale through observance and at the same time pointing out matters that need correction. The findings of the inspection are reported promptly to the President and Representative Director.

(Internal Report System)

When executives and employees of the company become aware of unethical actions, they have the obligation to report such actions to the proper superior without hesitation. A "Hot Helpline" has been established to facilitate contact with the Audit and Compliance Department if corrective actions are not taken even after reporting to superiors or it is difficult to report. Such reports will remain strictly confidential, preventing any harm to the reporter, and any necessary investigation and appropriate measures will be taken promptly.

(Organizational Culture Committee)

The Company establishes a standing, active Organizational Culture Committee, chaired by the President and representative Director. The Organizational Culture Committee examines important organizational culture-related issues (including compliance-related items), which are the cornerstone of developing and maintaining the corporate organization, and determines important official commendations and punishments.

(ii) Revisions of *SECOM Group Code of Employee Conduct* and/or critical compliance-related matters are undertaken after discussion with the Organizational Culture Committee and subject to the approval of the Board of Directors after obtaining opinions of the Corporate Auditors.

(iii) Basic plans and policies concerning internal controls related to financial reports are determined in accordance with the standards of the Business Accounting Council. Furthermore, an internal control system is being developed by reinforcing information security and through other steps.

3. System under which information regarding execution of business by Directors shall be maintained and controlled.

(i) Documents and other information regarding execution of duties such as those concerned with decision making (hereinafter referred to as the "information on executing duties") shall be properly maintained, administered (including destruction) pursuant to the Document Administration Regulation of the Company, which will be amended upon reviewing the operating conditions if necessary.

(ii) Information on executing duties shall be recorded on database with necessary information protection measure so that a search system can be established to enable quick search as to whether or not the particular document exists or the condition of storage of the particular document.

(iii) Any business related to the preceding two paragraphs shall be undertaken by officers in charge, and in particular the status of examination and review of (i) above, and operation and management of the database of (ii) above shall be reported to the President and Representative Director, the Board of Directors, and the Board of Corporate Auditors.

(iv) Establishment and important amendments of the Regulation regarding (i) above shall be subject to approval of the Board of Directors after obtaining opinions of Corporate Auditors.

4. Regulation regarding control of risk of loss and other system

(i) We will review the Company's risk control regulations, and each organization corresponding to each risk shall constantly monitor the risks to the full extent and, in addition, an officer in charge of each specified risk shall be appointed. The officer in charge shall, pursuant to the risk control regulations, be responsible to: (1) forecast and classify the risk, (2) develop a system for emergency by which appropriate information shall be transmitted promptly and appropriately in case of emergency, and (3) in cooperation with the Audit and Compliance Department, audit the conditions of daily control of risks.

(ii) The officer in charge shall report the President and Representative Director, the Board of Directors and the Board of Corporate Auditors on matters related to control of risk.

(iii) Any important changes of the risk control regulations shall be subject to approval of the Board of Directors after obtaining opinions of Corporate Auditors.

The Company's risks shall be classified as follows:

- Large scale calamity risk (System risk)
- Security accident risk
- Accounting treatment and clerical work risk
- Compliance risk
- Others

5. System by which efficient execution of duties of Directors shall be ensured

(i) All Directors of the Company shall carry out operation and execution of business on the basis of the "Constitution of SECOM's Business and Operation" so that they may share the idea essential to execution of the duties such as decision making for management by the Board of Directors, decision making for execution of duties by the Directors.

(ii) On the basis of the preceding, to implement execution of duties efficiently, the system of executive officers has been introduced so that decision making and execution of business shall be further facilitated.

(iii)In executing duties, in order to unify the power of the entire Company, a system utilizing IT should be established and thereby, enabling an information to be immediately disseminated to the entire Company to the fullest extent.

(iv) With respect to particular decision making or execution of duties, a system utilizing IT should be established to carry out the decision making and execution immediately and definitely.

(v) The Company will share the medium- and long-term business vision, and for the purpose of accomplishment thereof, the Board of Directors will design an annual business plan and deliberate progress of the plan in each month.

6. System under which the Company and the Company Group consisting of the parent company and subsidiaries is ensured to properly execute its business

(i) Abiding by the "Constitution of SECOM's Business and Operation," the companies of the SECOM Group share *SECOM Group Code of Employee Conduct*, which applies to all executives and employees. United by these guidelines, the executives and employees work to accomplish the corporate goals in an appropriate manner.

(ii)The "Basic Rules for SECOM Group Corporate Management" provide guidelines to enhance Group synergy, leading to the achievement of the business vision by the entire SECOM Group. Covering critical decision-making by the companies, these basic rules clarify the coordination of items to be approved in prior consultation with the parent company and ensure the acknowledgement of such important items.

(iii)The companies of the SECOM Group carry out IT controls covering administration and management information in conformance with the "Basic Policy of the SECOM Group for Information Security." The Company's IT executive officers conduct timely inspections covering the IT management of major subsidiaries.

(iv) The "SECOM Group Management Committee," which is chaired by the Company's President and Representative Director and whose members are composed of the presidents of subsidiaries and other parties appointed by the chairperson, works to ensure that appropriate operations are carried out. It accomplishes this goal by conducting discussions of issues related to the Group's internal controls in an effort to share Group information and operating philosophy. The President and Representative Director reports the results of the Group Management Committee to the Board of Directors and Board of Corporate Auditors.

(v) The President and Representative Director issues orders to the Audit and Compliance Department and the supervising executive officers at Group companies to inspect subsidiaries, if necessary. The subsidiaries accept the inspection by the Company, which is the parent company, and at the same time promote the understanding of compliance-related issues by exchanging information with the Company.

(vi) The Corporate Auditors of the Company visit significant subsidiaries and conduct audits regarding internal controls.

(vii) A liaison meeting with Group corporate auditors is established after discussion with the Board of Corporate Auditors in an attempt to share information.

7. Matters related to employees to assist duties of Corporate Auditors when Corporate Auditors requests to do so

Corporate Auditors Office will be established and at least two employees will be manned to assist audit duties of the Corporate Auditors.

8. Matters related to independence of the employees in the preceding item concerned from Directors

Transfer and evaluation of assistants in the preceding item shall be subject to approval of the Board of Corporate Auditors.

The assistants who received necessary instruction on audit duties by Corporate Auditors shall not be subject to any instruction or order from Directors, executive officers or employees with respect to the subject audit duties, nor be obligated to report to them.

9. System under which Directors and employees report to Corporate Auditors and system under which any report is made to Corporate Auditors

(i) Regulation providing for matters to be reported to Corporate Auditors shall be established upon discussion with the Board of Corporate Auditors, and Directors shall make reports with respect to the following matters: (1) matters resolved by the Organization Culture Committee; (2) matters likely to be materially harming the Company; (3) important matters relating to monthly business conditions; (4) important matters relating to internal audit and risk control; (5) material violation of laws and regulations or the Articles of Incorporation; (6) condition of usage and content of the Hot Help Line; and (7) in addition, important matters from viewpoint of compliance.

(ii) If an employee finds a fact falling within the preceding paragraph, a system by which the fact may be transmitted directly to the President and Representative Director through such means as the Hot Help Line shall be arranged and the President and Representative Director shall report to Corporate Auditors pursuant to the preceding paragraph.

10. System under which audit by Corporate Auditors is ensured to be performed efficiently

(i)The Board of Corporate Auditors shall regularly hold the meetings with the President and Representative Director and Accounting Auditors, to exchange opinions so that audit shall be performed efficiently.

(ii) The Company ensures that the Board of Corporate Auditors may retain lawyers at its discretion and, if necessary, have opportunities to retain and consult professional accountants with respect to their audit duties.

Consolidated Balance Sheet

(As of March 31, 2008)

(Millions of yen)

ITEM	AMOUNT	ITEM	AMOUNT
ASSETS		LIABILITIES	
Current Assets:	**547,538**	**Current Liabilities:**	**319,737**
Cash on hand and in banks	200,403	Notes and accounts payable, trade	30,459
Cash deposits for armored car services	63,696	Bank loans	136,034
Call loan	19,000	Current portion of straight bonds	1,936
Notes and accounts receivable, trade	85,595	Payables - other	28,988
Due from subscribers	21,125	Accrued income taxes	24,610
Short-term investments	9,306	Accrued consumption taxes	3,456
Inventories	27,080	Accrued expenses	3,641
Real estate for sale	90,230	Deferred revenue	32,061
Deferred income taxes	11,840	Accrued bonuses	12,210
Short-term loans receivable	7,246	Other	46,337
Other	13,827		
Allowance for doubtful accounts	(1,813)		
Fixed Assets:	**654,936**	**Long-term Liabilities:**	**252,828**
Tangible Assets:	**265,348**	Straight bonds	13,524
Buildings and improvements	84,545	Long-term loans	20,024
Security equipment and control stations	65,450	Guarantee deposits received	32,532
Land	81,716	Deferred income taxes	5,042
Other	33,636	Accrued pension and severance costs	16,096
Intangible Assets:	**22,332**	Accrued retirement benefits for directors and corporate auditors	2,220
Software	14,407	Investment deposits by policyholders, unearned premiums and other insurance liabilities	162,329
Goodwill	4,820		
Other	3,105	Other	1,057
Investments and Others:	**367,255**	**Total Liabilities**	**572,565**
		NET ASSETS	
Investment securities	241,957	**Shareholders' Equity:**	**580,543**
Long-term loans receivable	54,599	Common Stock	66,377
Long-term prepaid expenses	18,421	Capital Surplus	83,056
Prepaid pension and severance costs	17,834	Retained Earnings	475,987
Deferred income taxes	22,740	Common Stock in treasury, at cost	(44,877)
Other	29,157		
Allowance for doubtful accounts	(17,455)	**Valuation, Translation Adjustments and Others:**	**(13,304)**
Deferred Assets:	**365**	Unrealized losses on securities	(3,306)
Other	365	Deferred losses on hedges	(90)
		Foreign currency translation adjustments	(9,907)
		Minority Interests in Subsidiaries:	**63,035**
		Total Net Assets	**630,274**
TOTAL ASSETS	**1,202,840**	**TOTAL LIABILITIES AND NET ASSETS**	**1,202,840**

[English Translation]

Consolidated Statement of Income

(Fiscal Year from April 1, 2007 to March 31, 2008)

(Millions of yen)

ITEM	AMOUNT	
Revenue		**682,619**
Costs of revenue	433,030	
Gross profit		**249,589**
Selling, general and administrative expenses	144,883	
Operating profit		**104,706**
Non-operating income:		
Interest income	3,018	
Dividends income	627	
Gain on sales of investment securities	3,395	
Net gains from investment in affiliated companies accounted for under the equity method	6,146	
Gain on investment in business limited partnership	3,679	
Other	3,257	20,125
Non-operating expenses:		
Interest expenses	2,351	
Loss on sales and disposal of fixed assets	1,765	
Other	6,436	10,552
Ordinary profit		**114,278**
Extraordinary profit:		
Gain on sales of investment securities	1,549	
Gain on refund of lease deposits	669	
Gain on sales of fixed assets	520	
Other	9	2,748
Extraordinary loss:		
Provision for allowance for doubtful accounts	2,739	
Loss on impairment of investment securities	1,421	
Loss on liquidation of subsidiaries	485	
Impairment loss on fixed assets	20	
Other	317	4,984
Income before income taxes:		**112,043**
Income taxes – current		42,602
Income taxes – deferred		2,656
Minority interest in subsidiaries		5,278
Net income		**61,506**

[English Translation]

Consolidated Statement of Changes in Net Assets

(Fiscal Year from April 1, 2007 to March 31, 2008)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity
Balance as of March 31, 2007	**66,377**	**83,056**	**432,696**	**(44,850)**	**537,279**
Changes during the period:					
Cash dividends			(17,997)		(17,997)
Changes in scope of consolidation			(217)		(217)
Net income			61,506		61,506
Purchase of treasury stock				(31)	(31)
Disposal of treasury stock		0		5	5
Net changes of items other than shareholders' equity					
Total changes during the period	**-**	**0**	**43,291**	**(26)**	**43,264**
Balance as of March 31, 2008	**66,377**	**83,056**	**475,987**	**(44,877)**	**580,543**

	Valuation, translation adjustments and others				Minority interests in subsidiaries	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Total valuation, translation adjustments and others		
Balance as of March 31, 2007	**10,157**	**(51)**	**(7,253)**	**2,853**	**60,983**	**601,116**
Changes during the period:						
Cash dividends						(17,997)
Changes in scope of consolidation						(217)
Net income						61,506
Purchase of treasury stock						(31)
Disposal of treasury stock						5
Net changes of items other than shareholders' equity	(13,464)	(39)	(2,654)	(16,158)	2,051	(14,107)
Total changes during the period	**(13,464)**	**(39)**	**(2,654)**	**(16,158)**	**2,051**	**29,157**
Balance as of March 31, 2008	**(3,306)**	**(90)**	**(9,907)**	**(13,304)**	**63,035**	**630,274**

Notes to Consolidated Financial Statements

Notes to Significant Items for Preparation of Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of Consolidated Subsidiaries: 163

Names of major consolidated subsidiaries:

Secom Joshinetsu Co., Ltd., Nohmi Bosai Ltd., Secom Medical System Co., Ltd., Secom General Insurance Co., Ltd., Secom Techno Service Co., Ltd., Secom Industries Co., Ltd., Secom Trust Systems Co., Ltd., Pasco Corporation, Secom Home Life Co., Ltd., Arai & Co., Ltd., The Westec Security Group, Inc.

(2) Descriptions of Non-consolidated Subsidiaries

Names of major non-consolidated subsidiaries:

FM-International Laos Co., Ltd., Nohmi Kosaku Co., Ltd., Nohmi Facilities Co., Ltd., Eishin Denshi Co., Ltd., Nohmi Baoli (Beijing) Intelligent Fire Protection Co., Ltd., and one other company

(The reason for exclusion from consolidation)
All of these 6 non-consolidated subsidiaries are of a small size, so that the aggregate amounts of total assets, revenue, net income/loss (an amount prorated to the equity ratio) and retained earnings (an amount prorated to the equity ratio) and others do not have a significant effect on the consolidated financial statements.

(3) Names of other companies owing majority of voting rights not determined as subsidiaries

US Collections, Inc., Switchcraft Holdco, Inc., Global Sales Training, Inc., CLP Auto Interior Corp., US Juice Partners, LLC

(The reason for not determined as subsidiaries)
These companies were acquired by a subsidiary of The Westec Security Group, Inc. through normal course of business with the objective of investment support, not with the objective of controlling them.

2. Equity Method

(1) Number of equity method affiliates: 31

Names of major affiliated companies accounted for by the equity method:

Japan Nuclear Security System Co., Ltd., S1 Corporation, Toyo Tec Co., Ltd., Tokyo Biso Kogyo Corporation, Taiwan Secom Co., Ltd.

(2) Number of non-equity method affiliates: 8

(The reason for not applying the equity method)
These companies are not accounted for by the equity method because their effect on net income/loss (an amount prorated to the equity ratio) and

retained earnings (an amount prorated to the equity ratio) during the year under review is slight and is immaterial in general.

(3) Names of other companies owing between 20% and 50% of voting rights not determined as affiliates

U.S. Education Corporation, Global T&M Holdings, LLC

(The reason we did not make these companies affiliates)
These companies were acquired by a subsidiary of The Westec Security Group, Inc. through normal course of business with the objective of investment support, not with the objective of controlling them.

3. Changes in Scope of Consolidation and Companies Accounted for under Equity Method

Consolidation
Newly consolidated companies:9
Social Rehabilitation Support Kitsuregawa Co., Ltd. and 5 other companies: (Establishment)
Security Direct Limited and 1 other company: (Acquisition)
Nohmi Taiwan Ltd. (Moved from equity method affiliates through acquisition of additional stock)

Excluded from consolidation: 7
Kyokushin Shoji Co., Ltd. (Merger)
Secominter (Australia) Pty. Ltd., Gold Stone Investment Inc. and 3 other companies: (Liquidation)
Peace Map Corporation: (Reduction through equity transfer)

Equity Method
New companies accounted for under equity method: 1
Tokyo Biso Kogyo Corporation: (Acquisition)

Exclusion from companies accounted for under equity method: 1
Nohmi Taiwan Ltd.: (Moved to consolidated subsidiary)

4. Closing Dates of Consolidated Subsidiaries and Equity Method Affiliates

With respect to overseas consolidated subsidiaries, etc., 8 U.S. subsidiaries such as The Westec Security Group Inc., 4 U.K. subsidiaries such as Secom Plc, 14 Chinese subsidiaries such as Secom (China) Co., Ltd., 3 Australian subsidiaries such as Secom Australia Pty. Ltd., P.T. Nusantara Secom Infotech, P.T. Secom IndoPratama, Pasco Thailand Co., Ltd., Thaisecom Pitakkij Co., Ltd., Pasco-Certeza Computer Mapping Corporation, Pasco Geomatics India Private Limited, Secom Vietnam Joint Venture Co., FM-International Oy, and Nohmi Taiwan Ltd. settle their accounting as of December 31 each year, and the financial statements as of this date are used for preparation of the consolidated financial statements.

With respect to domestic consolidated subsidiaries, etc., while 15 companies such as Ena Urbane Properties, Co., Ltd. settle their accounting as of December 31 each year, the financial statements prepared pursuant to the provisional settlement of accounts conducted as of March 31 are used for preparation of the consolidated financial statements. Moreover, GIS Tohoku Co., Ltd., GIS Kanto Co., Ltd., and GIS Kansai Co., Ltd settle accounting as of December 31 each year, and the financial statements as of that date are used for preparation of the consolidated financial statements.

With respect to domestic equity method affiliates, etc., while Koatsu Co. Ltd. settles its accounting as of September 30 each year, the financial statements prepared pursuant to the provisional settlement of accounts conducted as of March 31 are used for preparation of the consolidated financial statements.

The necessary adjustments related to the consolidation are made for any major transactions which arise between the consolidated settlement dates. The settlement dates of other consolidated subsidiaries and equity method affiliates are the same as the consolidated settlement date.

5. Significant Accounting Policies

(1) Valuation policies and methods for significant assets

1) Securities

a. Held-to-maturity debt securities are carried at amortized cost.

b. Available-for-sale

Securities with fair value

With respect to investments classified as available-for-sale securities, among investment with fair value, stock and beneficiary certificates are carried at fair value based on the average stock prices during one month prior to the balance sheet date, and others are carried at fair value as of the balance sheet date, with changes in unrealized holding gains or losses, net of the applicable income taxes, included directly in net assets. The cost of securities sold is principally calculated by the moving average method. Compound financial instruments that cannot be measured by discriminating between the fair values of embedded derivatives are evaluated at overall fair value and treated as unrealized gains and losses in profit and loss.

Securities with no fair value

At cost, principally based on the moving average method.

2) Derivatives

Derivatives are stated at fair value.

3) Inventories

Inventories are stated principally at cost based on the moving average method.

4) Real estate for sale

Real estate for sale is stated at the lower of cost or market method based on specific identification method.

(2) Depreciation and Amortization of Depreciable and Amortizable Fixed Assets

1) Tangible Assets

Tangible fixed assets are depreciated principally by the declining-balance method

a. Security equipment and control stations

Security equipment and control stations are depreciated over their average estimated useful service lives (5–8 years).

b. Other tangible fixed assets

Buildings (except facilities attached to buildings) that were acquired after April 1, 1998 are depreciated by the straight-line method.

Their main useful service lives are as follows:

Buildings and improvements: 22–50 years

Tools and equipment: 2–20 years

(Change to the accounting policy)
Due to the amendment of the Corporation Tax Law (Law Partially Amending the Income Tax Law, etc., March 30, 2007, Law No. 6) and (Cabinet Order Partially Amending the Corporation Tax Law Enforcement Regulations, March 30, 2007, Cabinet Order No. 83), the accounting method for tangible fixed assets (excluding security equipment and control stations) that were acquired after April 1, 2007 has been changed to the method based on the post-amendment Corporation Tax Law.
The resulting impact on operating profit, ordinary profit, and net income before taxes is immaterial.

(Additional Information)
Due to the fiscal year 2007 amendment to the Corporation Tax Law, beginning from the fiscal year following the fiscal year in which the acquisition cost resulting from application of the method of depreciation and amortization based on the pre-amendment Corporation Tax Law to tangible fixed assets (excluding security equipment and control stations) acquired on or before March 31, 2007 reached 5%, the difference between the amount representing 5% of the acquisition cost and the memorandum value is to be amortized by the straight-line method over a period of 5 years and included in depreciation expenses.
The resulting impact on operating profit, ordinary profit, and net income before taxes is immaterial.

2) Intangible Assets
Intangible fixed assets are amortized by the straight-line method.
The software used in the Company is amortized by the straight-line method based on the useful service lives within the Company (5 years).

3) Long-term Prepaid Expenses
Long-term prepaid expenses are amortized by the straight-line method. With respect to the installation costs related to security equipment at the customer premises, any portion exceeding the amount received from the customer is stated as "long-term prepaid expenses" and amortized by the straight-line method over the contract period (5 years).

(3) Basis for Significant Allowances

1) Allowance for Doubtful Accounts
To prepare for losses from bad debts such as losses on trade receivables and loans, the allowance for doubtful accounts provides an estimated amount of uncollectables. It is determined based on the historical loss rate with respect to ordinary accounts, plus an estimate of uncollectable amounts respectively determined by reference to specific doubtful accounts from customers who are experiencing financial difficulties.

2) Accrued Bonuses
The accrued bonuses is provided for the bonus payments to employees, at an amount to be paid during the fiscal year under review.

3) Accrued Pension and Severance Costs
To prepare for the retirement benefits of employees, the Company and its domestic consolidated subsidiaries, etc. appropriate an amount of accrued pension and severance costs and prepaid pension and severance costs that is recognized to be paid at the end of the fiscal year under review, based on the estimated amount of projected retirement benefit obligations and

plan assets as of the end of the fiscal year under review. Actuarial gains and losses are amortized from the following year of occurrence, using the straight-line method over certain years within the average remaining service period (mainly 10 years).

(Change to the accounting policy)

Previously the Company and its domestic subsidiaries adopted the method of amortizing actuarial gains and losses related to pension and severance cost accounting in the fiscal year incurred.

The background to our adoption of this accounting method was the decision to make major revisions to the Retirement Benefit Plan. The main features of these revisions are the joint adoption of the defined benefit pension plan and the defined contribution pension plan, and transfer of substitutional portion managed under the contract with the government for the employees' pension fund. This was done predicated on the assumption that our long-term policy is to switch entirely from the defined benefit pension plan to the defined contribution pension plan.

Regarding our policy of switching entirely from the defined benefit pension plan to the defined contribution pension plan, partly due to the provisions, etc. in related laws and regulations, we have currently only switched a portion of 30% to the defined contribution pension plan, which is well short of switching entirely (100%). Moreover, amendments to the related laws and regulations are uncertain. Therefore, at the board of directors meeting held in March 2008 a resolution was passed to abandon the policy of switching entirely to the defined contribution pension plan involuntarily.

Due to the abandonment of the policy to switch entirely to the defined contribution pension plan, it is no longer as necessary as before to eliminate actuarial gains and losses as early as possible, as the objective of this was to make the switch as smooth as possible. In this situation, if the former accounting method is followed, the actuarial gains and losses could cause major fluctuations in operating profit in the fiscal year in which they occur, and given that inherently the Retirement Benefit Plan, including management of pension assets, has to be carried out from a medium- to long-term perspective, the former accounting method under which the actuarial gains and losses in a single fiscal year directly cause fluctuations in business performance in the fiscal year in which they occur is no longer appropriate.

Given this situation, the Company changed to the method of amortizing actuarial gains and losses from the following fiscal year of occurrence, using the straight-line method over certain years within the average remaining service period (mainly 10 years).

Due to this change, operating profit, ordinary profit, and income before income taxes increase by Yen 10,096 million, respectively, compared to using the former method.

4) Accrued Retirement Benefits for Directors and Corporate Auditors

To prepare for outlays for retirement benefits of directors and corporate auditors of the Company and one portion of domestic consolidated subsidiaries, a necessary payment at the end of the fiscal year is appropriated based on the rules of the directors and corporate auditors' retirement benefits.

(4) Revenue Recognition

Revenue from the contract business of Pasco Corporation and its subsidiaries, etc. is recognized under the percentage of completion method. Revenue from the contract business of Secom Techno Service Co., Ltd. and its subsidiaries for which the construction price per transaction exceeds Yen 500 million is recognized under the percentage of completion method.

(5) Major Lease Transactions

Finance leases other than those deemed to transfer the ownership of the leased assets to lessees, are accounted for by a method that is applicable to ordinary operating leases.

(6) Accounting for Major Hedges

1) Hedge Accounting Method
The Company principally applies deferred hedging accounting. The interest rate swaps that fulfill requirements for exceptional treatments permitted for interest rate swaps are accounted for using exceptional treatments.

2) Hedging Instruments and Hedged Items

Hedging instruments:	Interest rate swaps
Hedged items:	Bonds and loans payables

3) Hedging Policy
The risks for forward interest rate fluctuation are to be hedged principally pursuant to the risk management policy of the Company.

4) Assessment of Hedge Effectiveness
Hedge effectiveness is assessed by comparing the cumulative totals of price fluctuations of the hedging items and hedging instruments from the beginning of hedging to the effective point of assessment, taking the changes of both the hedging items and hedging instruments into account. However, when an item is judged to fulfill requirements for exceptional treatments, the assessment of hedge effectiveness is omitted.

(7) Accounting for Consumption Tax

In relation to consumption tax and regional consumption tax, the Company has adopted the tax-exclusive method.

6. Valuation of Assets and Liabilities of Consolidated Subsidiaries
Assets and liabilities of consolidated subsidiaries, etc. are fully carried at fair value.

7. Amortization of Goodwill and Negative Goodwill
Goodwill and negative goodwill are amortized by the straight-line method over a 5–10 year period.

8. Changes of Presentation Methods
(Consolidated Statements of Income)
Gain on investment in business limited partnership was included in Other of non-operating income. However, it is listed separately from the fiscal year under review from the view point of further significance. The Gain on investment in business limited partnership included in Other of non-operating income in the previous fiscal year was Yen 482 million.

Notes to Consolidated Balance Sheet

1. Cash Deposits for Armored Car Services, Short-term Bank Loans

For financial institutions, the Company and some of the domestic consolidated subsidiaries provide cash collection from and cash filling to cash dispensers located outside of financial institution facilities. The balance of cash deposits for armored car services includes cash on hand and cash in banks representing a total of Yen 39,473 million connected with such services, which is restricted as to use by the Company group.

The short-term bank loan balance includes Yen 9,229 million financed for the cash collection and filling services. Furthermore, the balance of cash deposits for armored car services includes Yen 24,223 million connected with cash collection administration services, which is also restricted as to use by the Company group. Moreover, the short-term bank loan balance includes Yen 21,172 million financed in connection with the same services.

2. Accumulated Depreciation of Assets

Accumulated Depreciation of Tangible Assets: Yen 291,057 million

3. Assets Pledged as Collateral and Collateral-related Liabilities:

(1) Assets Pledged as Collateral

	(Millions of yen)
Cash on hand and in banks (time deposit)	990
Real estate for sale	71,524
Other (accounts due)	667
Buildings and improvements	28,235
Land	22,618
Intangible assets (leasehold)	1,593
Investment securities	869
Long-term loans receivable	326
Others (long-term deposits)	200
Total	127,026

(2) Collateral-related Liabilities

	(Millions of yen)
Bank loans	83,817
Current portion of straight bonds	1,936
Straight Bonds	13,524
Long-term loans	16,995
Total	116,274

In addition to the above liabilities, investment securities and long-term loans are pledged as collateral for the debts of affiliated companies and other debts.

4. Shares of Non-consolidated Subsidiaries and Affiliated Companies:

(Fixed assets)

Investment in securities (shares) amounted to Yen 45,685 million.

5. Contingent Liabilities:

(1) The Company guarantees loans payable and amounts payable held for lease, etc. of the affiliated companies, etc. amounted to Yen 5,407 million.

(2) Lawsuits:

In July 2004, Fujitsu Limited filed a lawsuit against Secom General Insurance Co., Ltd. in the Tokyo District Court, claiming compensation for costs related to a systems development order in the amount of Yen 2,500 million. Secom General Insurance Co., Ltd. is not only contesting this law suit on the grounds that it is without merit, but has also filed a countersuit claiming damages in the amount of Yen 1,000 million, which are currently pending.

Pasco Corporation filed a lawsuit against Sumitomo Mitsui Banking Corporation for obtaining a confirmation judgment to the effect that it does not owe an obligation in the amount of Yen 2,010 million to Sumitomo Mitsui Banking Corporation with the Tokyo District Court on October 31, 2005. Sumitomo Mitsui Banking Corporation alleged that it made a loan to a third party and acquired from the third party its claim against Pasco Corporation for an alleged sale of equipment to Pasco Corporation as collateral for the loan, and demanded Pasco Corporation to pay such claim to Sumitomo Mitsui Banking Corporation. However, upon carefully investigating the case with counsel, we believe that the alleged transactions are null and void, and our pleading should be admitted. Furthermore, on December 5, 2005, Sumitomo Mitsui Banking Corporation brought a cross action against Pasco Corporation in relation to a demand for payment of a transferred receivable. Subsequently, both actions were consolidated according to a court procedure. The existence of the debt in the above-mentioned sum is still being disputed in the court.

6. Presentation of Goodwill and Negative Goodwill

Goodwill and negative goodwill are presented in netted amount. Listed below are the amounts before offset.

Goodwill	6,012 million yen
Negative goodwill	1,192
Net amount	4,820

Notes to Consolidated Statement of Changes in Net Assets

1. Classes and Total Number of Issued Shares and Treasury Stocks

(Unit：1 share)

	Number of shares at the end of previous consolidated fiscal year	Increase in the number of shares in the consolidated fiscal year under review	Decrease in the number of shares in the consolidated fiscal year under review	Number of shares at the end of consolidated fiscal year under review
Issued shares				
Common stock	233,288,717	—	—	233,288,717
Treasury stock				
Common stock	8,318,910	5,617	928	8,323,599

(Outline of reasons for change)

The increase of 5,617 in the number of common stocks is due to the purchase of shares constituting less than one unit.

The decrease of 928 in the number of common stocks is due to requests to sell such number of shares as will constitute, together with the shares constituting less than one unit of shares already held, one full unit.

2. Items Related to Dividends

(1) Amount of Dividend Paid

Resolution	Classes of Shares	Total amount of dividend (Millions of yen)	Cash dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2007	Common stock	17,997	80	March 31, 2007	June 28, 2007

(2) Of the dividends whose record date belongs to the fiscal year under review, the following are those dividends of which the effective date belongs to the next fiscal year.

Resolution	Classes of Shares	Source of dividend	Total amount of cash dividend (millions of yen)	Cash dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 26, 2008	Common stock	Retained earnings	19,122	85	March 31, 2008	June 27, 2008

Notes to Deferred Tax Accounting

1. The Significant Components of Deferred Tax Assets and Deferred Tax Liabilities

	(Millions of yen)
Deferred tax assets:	
Eliminations of unrealized gain	10,391
Accrued pension and severance costs	6,356
Operating loss carryforwards	5,759
Allowance for doubtful accounts	5,401
Write-down on fixed assets	5,128
Adjustment of book value of land and buildings of subsidiaries, etc. at fair value at the date of consolidation	4,895
Accrued bonuses	4,878
Underwriting funds and funds for outstanding claims	3,897
Impairment loss	2,970
Adjustment of book value of other fixed assets of subsidiaries, etc. at fair value at the date of consolidation	2,580
Loss on impairment of investment securities	1,640
Unrealized losses on securities	1,133
Other	7,515
Gross deferred tax assets	62,549
Valuation allowance	(15,430)
Total deferred tax assets	47,118
Deferred tax liabilities:	
Adjustment of book value of land and buildings of subsidiaries, etc. at fair value at the date of consolidation	(7,052)
Prepaid pension and severance costs	(6,654)
Adjustment of book value of other fixed assets of subsidiaries, etc. at fair value at the date of consolidation	(2,522)
Other	(1,349)
Total deferred tax liabilities	(17,580)
Net deferred tax assets	29,538

2. Summary of the Reconciliation between the Effective Tax Rate Reflected in the Consolidated Financial Statements and the Statutory Tax Rate :

Statutory tax rate	40.5 (%)
(Reconciliation)	
Net gains from investment in affiliated companies accounted for under the equity method	(2.2)
Increase in valuation allowance	1.5
Utilization of tax loss carryforwards	(1.1)
Permanently nondeductible expenses such as entertainment expenses	0.9
Per capita levy of corporate inhabitant tax	0.9
Impairment loss on the investments and loans of subsidiaries and affiliated companies	(0.5)
Amortization of goodwill	0.5
Research and development tax credits	(0.4)

Unrecognized tax benefits from subsidiaries, etc. in deficit	0.4
Tax rate difference with consolidated subsidiaries	(0.3)
Adjustment of gain or loss on sales of subsidiaries and affiliated companies	0.2
Other	0.0
Effective tax rate after the adoption of deferred tax accounting	40.4 (%)

Notes to Fixed Assets Used under Leases

1. Finance lease transactions other than those deemed to transfer the ownership of the leased assets to the lessees

(1) Lessee

1) The Amount Equivalent to Acquisition Cost, the Amount Equivalent to Accumulated Depreciation, and the Amount Equivalent to Year-End Balance of Leased Properties

(Millions of yen)

Amount equivalent to acquisition cost	
Buildings and improvements	5,207
Tangible assets (other)	15,378
Intangible assets (software)	1,268
Total	21,854
Amount equivalent to accumulated depreciation	
Buildings and improvements	2,113
Tangible assets (other)	8,472
Intangible assets (software)	477
Total	11,063
Amount equivalent to year-end balance	
Buildings and improvements	3,094
Tangible assets (other)	6,905
Intangible assets (software)	790
Total	10,791

2) The Amount Equivalent to Year-End Balance of Future Minimum Lease Payments

(Millions of yen)

Within 1 year	3,224
Over 1 year	8,677
Total	11,901

3) Lease Payment Expenses, the Amount Equivalent to Depreciation Expenses, and the Amount Equivalent to Interest Expenses

(Millions of yen)

Lease payment expenses	4,428
Amount equivalent to depreciation expenses	4,012
Amount equivalent to interest expenses	458

4) Calculation Method of the Amount Equivalent to Depreciation Expenses and the Amount Equivalent to Interest Expenses

Calculation Method of the amount equivalent to depreciation expenses
Depreciation expenses are calculated using the straight-line method which assumes that the period of the lease is the useful service life of the asset and sets the residual value to zero.

Calculation Method of the amount equivalent to interest expenses
The amount equivalent to interest expenses is calculated as the difference between total lease payments and the amount equivalent to the acquisition cost of leased properties, and the interest method is used as the allocation method for each fiscal period.

(2) Lessor

1) The Acquisition Cost, Accumulated Depreciation, and Year-End Balance for Leased Properties Included in Fixed Assets

	(Millions of yen)
Acquisition cost	
Buildings and improvements	11,377
Tangible assets (other)	31,061
Total	42,439
Accumulated depreciation	
Buildings and improvements	1,414
Tangible assets (other)	14,532
Total	15,946
Year-End balance	
Buildings and improvements	9,963
Tangible assets (other)	16,529
Total	26,492

2) The Amount Equivalent to the Year-End Balance of Future Minimum Lease Payments to be received

	(Millions of yen)
Within 1 year	7,326
Over 1 year	26,524
Total	33,851

3) Received Lease Payments, Depreciation Expenses, and the Amount Equivalent to Received Interest

	(Millions of yen)
Received lease payments	9,740
Depreciation expenses	5,671
Amount equivalent to received interest	2,652

4) Calculation Method of the Amount Equivalent to Interest
The amount equivalent to interest is calculated as total lease payments plus total estimated residual value minus the purchase price of the leased properties, and the interest method is used as the allocation method for each fiscal period.

2. Operating Leases

1) Lessee

Future lease payments	(Millions of yen)
Within 1 year	2,488
Over 1 year	30,673
Total	33,162

2) Lessor

Future lease payments to be received	(Millions of yen)
Within 1 year	2,950
Over 1 year	25,325
Total	28,275

Notes to Retirement Benefits

1. Outline of the Retirement Benefit Plan Adopted by the Company:
Employees of the Company and its consolidated domestic subsidiaries whose services are terminated are, under most circumstances, eligible for lump-sum severance indemnities and/or eligible for pension benefits.
The Company and those of its domestic consolidated subsidiaries with the same retirement benefit plan have adopted a severance indemnity plan and a defined contribution pension plan. The method of calculating the severance indemnity under the severance indemnity plan is to pay out to the employees an amount equal to a certain percentage of their annual income over their period of service, plus interest which is calculated as the 3-year average yield of applicants for 10-year government bonds. The defined contribution pension plan was established in April 2003, a portion equivalent to 20 percent of the severance indemnity plan so far accumulated was transferred to the new plan, and a specified percentage of annual income is contributed thereto. The Company transferred an additional portion of the severance indemnity plan funds to the defined contribution pension plan in April 2005, and accordingly, the ratio of the accumulated amount in the severance indemnity plan and the amount of contributions to the defined contribution pension plan, including the past reserve, changed to 70 percent and 30 percent, respectively.
The majority of the consolidated overseas subsidiaries have adopted a variety of pension plans that essentially cover all employees. Most of these plans are defined contribution pension plans.

2. Items Concerning the Retirement Benefit Obligation (As of March 31, 2008):

(Millions of yen)

(1) Projected benefit obligation	(71,061)
(2) Plan assets *1	62,660
(3) Unfunded projected benefit obligation (1)+(2)	(8,401)
(4) Unappropriated difference at the time of change in accounting standard	-
(5) Unrecognized actuarial gain or loss	10,139
(6) Unrecognized prior service liability	-
(7) Net retirement benefit obligation recognized in the consolidated balance sheet ((3)+(4)+(5)+(6))	1,737
(8) Prepaid pension and severance costs	17,834
(9) Accrued pension and severance costs ((7)-(8))	(16,096)

(Note) *1. Plan assets include the asset of 235 million yen of the retirement benefit trust.

3. Components of Pension and Severance Costs (April 1, 2007–March 31, 2008)

(Millions of yen)

(1) Service cost *1	4,302
(2) Interest cost	1,423
(3) Expected return on plan assets	(1,991)
(4) Amortization of actuarial gain or loss	-
(5) Pension and Severance Costs ((1)+(2)+(3)+(4))	3,734
(6) Other *2	1,413
Total	5,147

(Notes) *1.Pension and severance costs for consolidated subsidiaries, etc. adopting the simplified method are included in (1) "Service cost."

*2."Other" represents the amount payable as premiums to the defined contribution pension plan.

4. Assumptions Used in Accounting for Retirement Benefits

(1) Attribution of projected benefit obligation	Straight-line method over the estimated years of services of the eligible employees
(2) Discount rates	Principally 2.0% at beginning of fiscal year Principally 2.0% at end of fiscal year
(3) Expected rates of return on plan assets	Principally 3.0% for plan assets 0.0% for retirement benefit trust
(4) Amortization period of prior service liability	Prior service liability is amortized in the year in which the gain or loss is incurred.
(5) Amortization period of actuarial gain or loss	Amortizing actuarial gains and losses from the following fiscal year of occurrence, using the straight-line method over certain years within the average remaining service period (mainly 10 years).

Notes to Business Combination

Transactions, etc. under common control

1. Name and Business Domain of the Corporate Party to the Combination, Legal Form of the Business Combination, Overview of the Transaction, including the Objective of the Transaction

(1) Name and Business Domain of the Corporate Party to the Combination
Secom Medical System Co., Ltd. ・・・ medical services

(2) Legal Form of the Business Combination
The Company made an investment in kind of land and long-term loans to Secom Medical System Co., Ltd.

(3) Overview of the Transaction, including the Objective of the Transaction
The Company made an investment in kind with the objective of further strengthening our business foundation through efficient allocation of medical assets.

2. Overview of the Accounting Treatment

Based on the "Accounting Standard for Business Combinations" (Business Accounting Council October 31, 2003) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Guidance No. 10, final revision December 22, 2006), the Company has processed the business combinations with an appropriate book value as a transaction under common control.

Notes to Per-Share Information

Net assets per share:	Yen 2,521.45
Net income per share:	Yen 273.40

Diluted net income per share is not listed since no outstanding stocks with dilutive effect.

(Note) Basis of the calculation is as follows.

1.Net assets per share

Total of net assets	Yen 630,274 million
Net assets related to common stock	Yen 567,238 million
Breakdown of the difference	
Minority interests	Yen 63,035 million
Number of shares outstanding of common stock	233,288,717 shares
Number of treasury shares of common stock	8,323,599 shares
Number of common stocks used to calculate net assets per share	224,965,118 shares

2.Net income per share

Net income	Yen 61,506 million
Amounts not belonging to common shareholders	Nil
Net income related to common stocks	Yen 61,506 million
Average number of shares outstanding in the fiscal year under review	224,967,166 shares

Non-Consolidated Balance Sheet

(As of March 31, 2008)

(Millions of yen)

ITEM	AMOUNT	ITEM	AMOUNT
ASSETS		LIABILITIES	
Current Assets:	**194,333**	**Current Liabilities:**	**127,180**
Cash on hand and in banks	77,130	Accounts payable	2,757
Cash deposits for armored car services	60,821	Bank loans	30,401
Notes receivable	534	Payables – other	10,838
Due from subscribers	11,661	Accrued income taxes	15,834
Accounts receivable, trade	6,760	Accrued consumption taxes	1,566
Receivables – other	2,921	Accrued expenses	640
Short-term investments	454	Deposits received	31,299
Merchandise	6,298	Deferred revenue	22,903
Supplies	952	Payables – construction	3,607
Prepaid expenses	1,913	Accrued bonuses	5,372
Deferred income taxes	4,714	Other	1,958
Short-term loans receivable	18,172		
Other	2,567		
Allowance for doubtful accounts	(568)		
Fixed Assets:	**478,710**	**Long-term Liabilities:**	**24,333**
Tangible Assets:	**116,906**	Guarantee deposits received	18,174
Buildings and improvements	21,969	Accrued pension and severance costs	5,087
Automobiles	122	Accrued retirement benefits for directors and corporate auditors	1,070
Security equipment and control stations	62,419		
Machinery and equipment	1,267		
Tools, furniture and fixtures	3,239	**Total Liabilities**	**151,513**
Land	25,913	NET ASSETS	
Construction in progress	1,961		
Other	14	**Shareholders' Equity:**	**521,612**
Intangible Assets:	**7,700**	**Common Stock**	**66,377**
Software	7,184	**Capital Surplus:**	**83,056**
Other	516	Additional paid-in capital	83,054
Investments and Others:	**354,102**	Other capital surplus	1
Investment securities	28,668	Retained Earnings:	**417,055**
Investment securities and investments in subsidiaries and affiliates	195,984	Legal reserve	9,028
Long-term loans receivable	74,838	Other retained earnings	408,027
Lease deposits	8,859	Reserve for systems development	800
		General reserve	2,212
Long-term prepaid expense	26,165	Accumulated earnings carried forward	405,015
Prepaid pension and severance costs	13,769		
Deferred income taxes	6,760	**Common Stock in treasury, at cost**	**(44,877)**
Fund for insurance	4,893	**Valuation, Translation Adjustments and Others:**	**(82)**
Other	975	Net Unrealized Losses on Securities	**(82)**
Allowance for doubtful accounts	(6,812)		
		Total Net Assets	**521,529**
TOTAL ASSETS	**673,043**	**TOTAL LIABILITIES AND NET ASSETS**	**673,043**

[English Translation]

Non-Consolidated Statement of Income

(Fiscal Year from April 1, 2007 to March 31, 2008)

(Millions of yen)

ITEM	AMOUNT	
Revenue		**337,611**
Costs of revenue	192,417	
Gross profit		**145,193**
Selling, general and administrative expenses	71,038	
Operating profit		**74,155**
Non-operating income:		
Interest income	1,749	
Dividends income	7,042	
Other	815	9,607
Non-operating expenses:		
Interest expenses	431	
Loss on disposal of inventories	899	
Loss on sales and disposal of fixed assets	1,202	
Loss from write-off of prepaid installation cost	863	
Other	1,179	4,575
Ordinary profit		**79,187**
Extraordinary profit:		
Gain on sales of investment securities	1,547	
Gain on refund of lease deposits	669	
Other	4	2,221
Extraordinary loss:		
Loss on impairment of investment securities	558	
Other	8	566
Income before income taxes		**80,842**
Income taxes – current		29,217
Income taxes – deferred		1,578
Net income		**50,046**

[English Translation]

Non-Consolidated Statement of Changes in Net Assets

(Fiscal Year from April 1, 2007 to March 31, 2008)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus			Retained earnings
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve
Balance as of March 31, 2007	**66,377**	**83,054**	**1**	**83,056**	**9,028**
Changes during the period:					
Cash dividends					
Net income					
Purchase of treasury stock					
Disposal of treasury stock			0	0	
Net changes of items other than shareholders' equity					
Total changes during the period	**-**	**-**	**0**	**0**	**-**
Balance as of March 31, 2008	**66,377**	**83,054**	**1**	**83,056**	**9,028**

(Millions of yen)

	Shareholders' equity			
	Retained earnings			
	Other retained earnings			Total retained earnings
	Reserve for systems development	General reserve	Accumulated earnings carried forward	
Balance as of March 31, 2007	**800**	**2,212**	**372,966**	**385,006**
Changes during the period:				
Cash dividends			(17,997)	(17,997)
Net income			50,046	50,046
Purchase of treasury stock				
Disposal of treasury stock				
Net changes of items other than shareholders' equity				
Total changes during the period	**-**	**-**	**32,048**	**32,048**
Balance as of March 31, 2008	**800**	**2,212**	**405,015**	**417,055**

(Millions of yen)

	Shareholders' equity		Valuation, translation adjustments and others		Total net assets
	Common stock in treasury, at cost	Total shareholders' equity	Unrealized gains (losses) on securities	Total valuation, translation adjustments and others	
Balance as of March 31, 2007	**(44,850)**	**489,590**	**4,564**	**4,564**	**494,154**
Changes during the period:					
Cash dividends		(17,997)			(17,997)
Net income		50,046			50,046
Purchase of treasury stock	(31)	(31)			(31)
Disposal of treasury stock	5	5			5
Net changes of items other than shareholders' equity			(4,647)	(4,647)	(4,647)
Total changes during the period	**(26)**	**32,022**	**(4,647)**	**(4,647)**	**27,375**
Balance as of March 31, 2008	**(44,877)**	**521,612**	**(82)**	**(82)**	**521,529**

Notes to Non-Consolidated Financial Statements

Notes to Significant Accounting Policies

1. Valuation Policies and Methods for Securities
   (1) Held-to-maturity debt securities
   Amortized cost method

   (2) Investment Securities in Subsidiaries and Affiliates
   Valued at cost, based on the moving average method.

   (3) Available-for-sale Securities
   Securities with fair value
   Stock and beneficiary securities: At fair value based on the average market price one month prior to the fiscal year-end.
   Others: At fair value based on market price at fiscal year-end

   Net unrealized gains and losses of securities are reported, net of applicable income taxes, directly in net assets. The cost of securities sold is primarily calculated by the moving average method.

   Securities with no fair value
   At cost, based on the moving average method

2. Valuation Policies and Methods for Inventories
   Merchandise and supplies are stated at cost determined by the moving average method.

3. Depreciation of Fixed Assets
   (1) Tangible Assets: Declining-balance method
   a. Security Equipment and Control Stations
   Depreciating over the average estimated service lives (5–8 years)
   b. Other Tangible Assets
   Buildings (excluding auxiliary facilities attached to buildings) acquired on and after April 1, 1998 are depreciated by the straight-line method.
   Main useful service life is as follows:
   Buildings and improvements: 22–50 years

   (Change to the accounting policy)
   Due to the amendment of the Corporation Tax Law (Law Partially Amending the Income Tax Law, etc., March 30, 2007, Law No. 6) and (Cabinet Order Partially Amending the Corporation Tax Law Enforcement Regulations, March 30, 2007, Cabinet Order No. 83), the accounting method for tangible fixed assets (excluding security equipment and control stations) that were acquired after April 1, 2007 has been changed to the method based on the post-amendment Corporation Tax Law.
   The resulting impact on operating profit, ordinary profit, and net income before income taxes is immaterial.

(Additional Information)
Due to the fiscal year 2007 amendment to the Corporation Tax Law, beginning from the fiscal year following the fiscal year in which the acquisition cost resulting from application of the method of depreciation and amortization based on the pre-amendment Corporation Tax Law to tangible fixed assets (excluding security equipment and control stations) acquired on or before March 31, 2007 reached 5%, the difference between the amount representing 5% of the acquisition cost and the memorandum value is to be amortized by the straight-line method over a period of 5 years and included in depreciation expenses.

The resulting impact on operating profit, ordinary profit, and net income before income taxes is immaterial.

(2) Intangible Assets: Straight-line method
The software used in the Company amortized by the straight-line method is based on the useful service lives within the Company (5 years).

(3) Long-term Prepaid Expenses: Straight-line method
Long-term prepaid expenses are amortized by the straight-line method. With respect to the installation costs related to security equipment at the customer premises, any portion exceeding the amount received from the customer is stated as “long-term prepaid expenses” and amortized by the straight-line method over the contract period (5 years).

4. Basis for Allowances

(1) Allowance for Doubtful Accounts
To prepare for losses from bad debts such as losses on trade receivables and loans, the allowance for doubtful accounts provides an estimated amount of uncollectables. It is determined based on historical loss rate with respect to ordinary accounts, and an estimate of uncollectable amounts, respectively determined by reference to specific doubtful accounts from customers who are experiencing financial difficulties.

(2) Accrued Bonuses
Accrued bonuses are provided for the bonus payments to employees, at an amount to be paid during the fiscal year under review.

(3) Accrued Pension and Severance Costs
To prepare for the retirement benefits of employees, the Company appropriates an amount of accrued pension and severance costs and prepaid pension and severance costs that is recognized to be paid at the end of the fiscal year under review, based on the estimated amount of projected benefit obligation and plan assets as of the end of the fiscal year under review. Actuarial gains and losses are amortized from the following year of occurrence, using the straight-line method over certain years within the average remaining service period (mainly 10 years).

(Change to the accounting policy)

Previously the Company adopted the method of amortizing actuarial gains and losses related to pension and severance cost accounting in the fiscal year incurred.

The background to our adoption of this accounting method was the decision to make major revisions to the Retirement Benefit Plan. The main features of these revisions are the joint adoption of the defined benefit pension plan and the defined contribution pension plan, and transfer of substitutional portion managed under the contract with the government for the employees' pension fund. This was done predicated on the assumption that our long-term policy is to switch entirely from the defined benefit pension plan to the defined contribution pension plan.

Regarding our policy of switching entirely from the defined benefit pension plan to the defined contribution pension plan, partly due to the provisions, etc. in related laws and regulations, we have currently only switched a portion of 30% to the defined contribution pension plan, which is well short of switching entirely (100%). Moreover, amendments to the related laws and regulations are uncertain. Therefore, at the board of directors meeting held in March 2008 a resolution was passed to abandon the policy of switching entirely to the defined contribution pension plan involuntarily.

Due to the abandonment of the policy to switch entirely to the defined contribution pension plan, it is no longer as necessary as before to eliminate actuarial gains and losses as early as possible, as the objective of this was to make the switch as smooth as possible. In this situation, if the former accounting method is followed the actuarial gains and losses could cause major fluctuations in operating profit in the fiscal year in which they occur, and given that inherently the Retirement Benefit Plan, including management of pension assets, has to be carried out from a medium- to long-term perspective, the former accounting method under which the actuarial gains and losses in a single fiscal year directly cause fluctuations in business performance in the fiscal year in which they occur is no longer appropriate.

Given this situation, the Company changed the method of amortizing actuarial gains and losses from the following fiscal year of occurrence, using the straight-line method over certain years within the average remaining service period (mainly 10 years).

Due to this change, operating profit, ordinary profit, and income before income taxes increase by Yen 6,528 million, respectively, compared to using the former method.

(4) Accrued Retirement Benefits for Directors and Corporate Auditors

To prepare for outlays for retirement benefits of directors and corporate auditors of the Company, a necessary payment at the end of the fiscal year is appropriated based on the rules of the directors and corporate auditors' retirement benefits.

5. Other Major Items Concerning Preparation of Non-Consolidated Financial Statements

(1) Accounting for Lease Transactions

Finance leases other than those deemed to transfer the ownership of the leased assets to lessees are accounted for by a method that is applicable to ordinary operating leases.

(2) Consumption Tax

In relation to consumption tax and regional consumption tax, the Company has adopted the tax-exclusive method.

6. Changes of Presentation Methods

(Balance Sheets)
Until the previous fiscal year, Telephone and Telegraph Utility Rights (Yen 72 million at the end of the fiscal year under review) was listed separately under intangible assets. However, due to the insignificance of the item, it is included in Other under intangible assets from the fiscal year under review.

Notes to the Non-Consolidated Balance Sheet

1. Cash and Deposits for Armored Car Services, Short-term Bank Loans
For financial institutions, the Company provides cash collection from and cash filling to cash dispensers located outside of financial institution facilities.
The balance of cash and deposits for armored car services includes cash on hand and cash in banks of representing a total of Yen 36,598 million connected with such services, which is restricted as to use by the Company. The short-term bank loan balance includes Yen 9,229 million financed for the cash collection and filling services.
The balance of cash deposits for armored car services includes Yen 24,223 million connected with cash collection administration services, which is also restricted as to use by the Company. Moreover, the short-term bank loan balance includes Yen 21,172 million financed in connection with the same services.

2. Assets Pledged as Collateral and Collateral-related Liabilities
(1)Assets pledged as collateral

	(Millions of yen)
Investment securities	7
Investment securities in subsidiaries and affiliates	45
Long-term loans receivable	323
Total	376

(2)Collateral-related liabilities Nil
Investment securities, investment securities in subsidiaries and affiliates, and long-term loans receivable are pledged as collateral for the debts of subsidiaries and affiliated companies and other debts.

3. Accumulated depreciation of Assets
Accumulated Depreciation of tangible asset: Yen 206,644 million

4. Contingent Liabilities
(1) Guarantees
Liabilities for the below companies and employees are guaranteed.

	(Millions of yen)
Alive Medicare Co., Ltd.	1,720
Seikeikai (Medical institution)	678
Sanwakai (Medical institution)	427
Employees	232

Other	330
Total	3,389

(2) Net Assets Maintaining Agreement

The Company entered into a net assets maintaining agreement with Secom General Insurance Co., Ltd., under which the Company is obligated to provide funds to Secom General Insurance Co., Ltd. if and when the net assets of Secom General Insurance Co., Ltd. become lower than the specified amount or its current assets necessary for the payment of its liabilities are insufficient. The total liabilities of Secom General Insurance Co., Ltd. at the end of the fiscal year under review are Yen 172,113 million, including Yen 166,924 million of investment deposits by policyholders, unearned premiums and other insurance liabilities, and the total assets are Yen 183,620 million.

However, this agreement is not construed as the Company's guarantee with respect to payment obligations of Secom General Insurance Co., Ltd., and Secom General Insurance Co., Ltd. maintained net assets above the required level and its current assets were not insufficient at the end of the fiscal year under review.

5. Financial Receivables/Payables of Subsidiaries and Affiliated Companies (excluding those separately presented)

	(Millions of yen)
Short-term receivables	22,186
Long-term receivables	70,937
Short-term payables	9,001
Long-term payables	674

Notes to Non-Consolidated Statement of Income

Transactions with Subsidiaries and Affiliated Companies

	(Millions of yen)
Operating transactions	
Revenue	17,263
Amount of purchased costs and sub-contract costs	67,072
Non-operating Transactions	7,860

Notes to Non-Consolidated Statements of Changes in Net Assets

Classes and Total Number of Treasury Stocks (Unit: 1 share)

Classes of shares	Number of shares at the end of previous fiscal year	Increase in number of shares in fiscal year under review	Decrease in number of shares in fiscal year under review	Number of shares at the end of fiscal year under review
Common stock	8,318,910	5,617	928	8,323,599

(Outline of reasons for change)

The increase of 5,617 in the number of common stocks is due to the purchase of shares constituting less than one unit.
The decrease of 928 in the number or common stocks is due to requests to sell such number of shares as will constitute, together with the shares constituting less than one unit of shares already held, one full unit.

Notes to Deferred Tax Accounting

1. The Significant Components of Deferred Tax Assets and Deferred Tax Liabilities:

Deferred tax assets:	(Millions of yen)
Impairment loss	2,477
Impairment loss on Subsidiaries' and Affiliates' securities	2,413
Accrued bonuses	2,175
Accrued pension and severance costs	2,156
Write-down on fixed assets	1,760
Accrued business tax	1,290
Allowance for doubtful accounts	1,091
Other	3,687
Total deferred tax assets	17,050

Deferred tax liabilities:	(Millions of yen)
Prepaid pension and severance costs	(5,576)
Total deferred tax liabilities	(5,576)

	(Millions of yen)
Net deferred tax assets	11,474

2. Summary of the Reconciliation between the Effective Tax Rate Reflected in the Financial Statements and the Statutory Tax Rate.

Statutory tax rate	40.5%
(Reconciliation)	
Dividends income and other items permanently treated as gains	(2.0)
Foreign tax credit	(0.5)
Per capita levy of corporate inhabitant tax	0.5
Research and development tax credits	(0.5)
Other	0.1
Effective tax rate after the adoption of deferred tax accounting	38.1%

Notes to Fixed Assets under Leases

1. Finance lease transactions other than those deemed to transfer the ownership of the leased assets to the lessees

Besides the ones booked as fixed assets on the balance sheet of the Company, some of buildings, automobiles and tools, furniture and fixtures are used based on the finance lease contracts other than those deemed to transfer the ownership of the leased assets to the lessees.

1) The Amount Equivalent to Acquisition Cost, the Amount Equivalent to Accumulated Depreciation, and the Amount Equivalent to Year-End Balance of Leased Properties

	(Millions of yen)
Amount equivalent to acquisition cost	
Buildings	5,184
Automobiles	3,064
Tools furniture and fixtures	1,257
Total	9,506

	(Millions of yen)
Amount equivalent to accumulated depreciation	
Buildings	2,092
Automobiles	1,824
Tools furniture and fixtures	873
Total	4,790

	(Millions of yen)
Amount equivalent to year-end balance	
Buildings	3,092
Automobiles	1,240
Tools furniture and fixtures	383
Total	4,716

2) The Amount Equivalent to Year-End Balance of Future Minimum Lease Payments

	(Millions of yen)
Within 1 year	928
Over 1 year	4,749
Total	5,677

3) Lease Payment Expenses, the Amount Equivalent to Depreciation Expenses, and the Amount Equivalent to Interest Expenses

	(Millions of yen)
Lease payment expenses	1,775
Amount equivalent to depreciation expenses	1,539
Amount equivalent to interest expenses	260

4) Calculation Method of the Amount Equivalent to Depreciation Expenses and the Amount Equivalent to Interest Expenses

Calculation Method of the amount equivalent to depreciation expenses
Depreciation expenses are calculated using the straight-line method which assumes that the period of the lease is the useful service life of the asset and sets the residual value to zero.

Calculation Method of the amount equivalent to interest expenses
The amount equivalent to interest expenses is calculated as the difference between total lease payments and the amount equivalent to the acquisition cost of leased properties, and the interest method is used as the allocation method for each fiscal period.

2. Operating Leases

1) Lessee (Millions of yen)

Future lease payments	
Within 1 year	2,171
Over 1 year	29,285
Total	31,456

2) Lessor

(Millions of yen)

Future lease payments to be received	
Within 1 year	945
Over 1 year	9,434
Total	10,379

Notes to Transactions with Related Parties

Type	Name of Company	Address	Capital (Millions of yen)	Business content	Voting Rights Held by Company (Indirect) (%)	Relationship	
						Concurrent posts of directors and corporate auditors	Business relationship
Subsidiary	Secom Techno Service Co., Ltd.	Nakano-ku, Tokyo	2,357	Installation of security systems	67.8 (0.0)	-	Construction subcontractor
Subsidiary	Secom Medical System Co., Ltd.	Shibuya-ku, Tokyo	6,545	Medical service	100.0	3 persons	Loan and investment of funds

	Transactions	Amount of Transactions (Millions of yen)	Account	Year-end Balance (Millions of yen)
Secom Techno Service Co., Ltd.	Installation costs (Note 2)	38,541	Accounts payable	3,395
			Payable-construction	1,044
Secom Medical System Co., Ltd.	Execution of loans	16,051	Short-term loan receivable	3,461
	(Collection of loans)	(9,919)	Long-term loan receivable	33,752
	Investment in kind (Note 3)	16,108	Investment securities and investments in subsidiaries and affiliates	41,174

(Notes)

1. Consumption taxes are not included in the transaction amounts listed above. However, consumption taxes are included in the year-end balances.

2. The installation costs are determined by price negotiations, taking market prices into consideration.
3. The Company made an investment in kind of land and long-term loans, and is treated with appropriate book value.

Notes to the Business Combination

Transactions, etc. under common control

1. Name and Business Domain of the Corporate Party to the Combination, Legal Form of the Business Combination, Overview of the Transaction, including the Objective of the Transaction

   (1) Name and Business Domain of the Corporate Party to the Combination
   Secom Medical System Co., Ltd. ・・・ medical services

   (2) Legal Form of the Business Combination
   The Company made an investment in kind of land and long-term loans to Secom Medical System Co., Ltd.

   (3) Overview of the Transaction, including the Objective of the Transaction
   The Company made an investment in kind with the objective of further strengthening our business foundation through efficient allocation of medical assets.

2. Overview of the Accounting Treatment
   Based on the "Accounting Standard for Business Combinations" (Business Accounting Council October 31, 2003) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Guidance No. 10, final revision December 22, 2006), the Company has processed the business combinations with an appropriate book value as a transaction under common control.

Notes to Per-Share Information

Net assets per share:	Yen 2,318.27
Net income per share:	Yen 222.46

Certified Copy of the Accounting Auditors' Report (Consolidated)

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditors' Report

Date May 20, 2008

The Board of Directors
SECOM Co., Ltd.

KPMG AZSA & Co.

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Toshiya Mori (Seal)
Designated and Engagement Partner
Certified Public Accountant

Kentaro Maruta (Seal)
Designated and Engagement Partner
Certified Public Accountant

We have audited the consolidated statutory report, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of SECOM Co., Ltd.as of March 31, 2008 and for the year from April 1, 2007 to March 31, 2008 in accordance with Article 444(4) of the Companies Act. The consolidated statutory report is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated statutory report based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the consolidated statutory report is free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the consolidated statutory report. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statutory report referred to above presents fairly, in all material respects, the financial position and the results of operations of SECOM Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated statutory report was prepared, in conformity with accounting principles generally accepted in Japan.

Note
As discussed in Note5(3)3) of the Notes to Significant Items for Preparation of Consolidated Financial Statements, the Company changed the method of amortizing actuarial gains and losses related to pension and severance costs.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Certified Copy of the Accounting Auditors' Report (Non-Consolidated)

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Independent Auditors' Report

Date May 20, 2008

The Board of Directors
SECOM Co., Ltd.

KPMG AZSA & Co.

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Toshiya Mori (Seal)
Designated and Engagement Partner
Certified Public Accountant

Kentaro Maruta (Seal)
Designated and Engagement Partner
Certified Public Accountant

We have audited the statutory report, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and its supporting schedules of SECOM Co., Ltd. as of March 31, 2008 and for the 47th business year from April 1, 2007 to March 31, 2008 in accordance with Article 436(2)①of the Companies Act. The statutory report and supporting schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the statutory report and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those auditing standards require us to obtain reasonable assurance about whether the statutory report and supporting schedules are free of material misstatement. An audit is performed on a test basis, and includes assessing the accounting principles used, the method of their application and estimates made by management, as well as evaluating the overall presentation of the statutory report and supporting schedules. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statutory report and supporting schedules referred to above present fairly, in all material respects, the financial position and the results of operations of SECOM Co., Ltd. for the period, for which the statutory report and supporting schedules were prepared, in conformity with accounting principles generally accepted in Japan.

Note
As discussed in Note4(3) of the Notes to Significant Accounting Policies, the Company changed the method of amortizing actuarial gains and losses related to pension and severance costs.

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Certified Copy of the Board of Corporate Auditors' Report

[English Translation of the Auditors' Report Originally Issued in the Japanese Language]

Audit Report

May 23, 2008

Mr. Kanemasa Haraguchi
President and Representative Director
SECOM Co., Ltd.

Board of Corporate Auditors of
SECOM Co., Ltd.

Teruo Ogino (Seal)
Corporate Auditor (full-time)

Ken Tsunematsu (Seal)
Outside Corporate Auditor

Hiroshi Yasuda (Seal)
Outside Corporate Auditor

Kohei Yamashita (Seal)
Outside Corporate Auditor

The Board of Corporate Auditors has received the audit reports of the performance of duties of the directors during the 47th business term from April 1, 2007 through March 31, 2008 from each of the corporate auditors. After deliberating such reports, we have prepared this Audit Report and report as follows.

1. Method and Details of Audit Performed by corporate auditors and the Board of Corporate Auditors

The Board of Corporate Auditors established the audit policy and audit plan for the current fiscal year, received reports on the status and results of audits from each corporate auditor, received reports on the status of execution of duties from directors and accounting auditors, and requested explanations when necessary.

Each of the auditors, in accordance with the audit policy of the current fiscal year and audit plan, etc. set up by the Board of Corporate Auditors, worked to communicate with directors, the internal auditing division and other employees, made efforts to gather information and establish the audit environment, in addition to attending the meetings of the Board of Directors and other important meetings, receiving reports from the directors and other managers on their duties, requesting explanations when necessary, inspecting documents concerning matters such as important decisions, and investigating the conditions of the business and financial conditions at the head office and the principal offices. Furthermore, to ensure the execution of the duties of directors complied with laws and regulations and the Articles of Incorporation and to ensure appropriate joint-stock company operations, corporate auditors also monitored and investigated the details of the resolution of the Board of Directors on the establishment of a system stipulated in Paragraph 1 and Paragraph 3 of Article 100 of the Ordinances for Enforcement of the Companies Act and the status of the system (internal control system) established based on such resolution. We worked to communicate and exchange information with the directors and corporate auditors of subsidiaries and received reports on operations from subsidiaries when necessary. The above methods were used to examine the business report and accompanying schedule for the fiscal year under review.

Furthermore, in addition to monitoring and examining whether the accounting auditors maintained an independent position and performed auditing appropriately, we received reports from the accounting auditors on the execution of their duties and requested explanations when necessary. In addition, we received notice from the accounting auditors that “The systems for ensuring the proper execution of duties” (set forth in each Item of Article 159 of the Ordinance for Corporate Accounting) is organized in accordance with the “Standers for Quality Control of Audit” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations whenever necessity arose. Based on the above methods, we examined the financial statements (balance sheets, statements of income, statements of changes in shareholder's equity, note to financial statements), accompanying schedules, and the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in shareholder's equity, note to consolidated financial statements) for the fiscal year under review.

2. Result of audit

(1) Result of audit of business report, etc.

i) The Business Report and accompanying schedules fairly represent the condition of the company in accordance with laws and regulations and the Articles of Incorporation of the Company.

ii) We have determined that there were no serious occurrences of unjust activity or violations of any laws or regulations or the Articles of Incorporation of the Company by any of the directors in carrying out their duties.

iii) We believe the contents of the resolution of the Board of Directors regarding the internal control system are appropriate. We found no matters to note regarding the execution of duties of directors regarding the internal control system.

(2) Result of audit of financial statements and accompanying schedules

In our opinion, the audit procedures and audit results of the accounting auditor KPMG AZSA & Co. are appropriate.

(3) Result of audit of consolidated financial statements

In our opinion, the audit procedures and audit results of the accounting auditor KPMG AZSA & Co. are appropriate.

First Item of Business Proposed Distribution of Surplus

The Company considers the return of profit to shareholders as one of the important managerial issues, and the Company has determined a dividend payout ratio and level of internal reserves after making an overall judgment on the expansion of the Company's business and movements for future sales and profits of the Company while considering the Company's basic policy that ensures the payment of continual and steady dividends. The Company will utilize internal reserves for investments required for increased new contractors, research and development and an investment and the like for strategic businesses so that the Company will exert its efforts to strengthen the corporate structure and to expand its business.

Furthermore, in order to return profits to shareholders to reflect the financial conditions of the Company more accurately, the Company has changed the basis of the dividend from the non-consolidated basis to the consolidated basis from the previous fiscal year.

It is proposed that based on the aforesaid basic policy cash dividends for the fiscal year under review be increased by Yen 5 per share from Yen 80 per share for the previous fiscal year to Yen 85 per share to reward shareholders' continued support.

(1) Kind of asset distributed:
Cash

(2) Matter related to distribution of cash and total amount:
Yen 85 per share of common stock of the Company
The total amount: Yen 19,122,035,030

(3) Effective date for distribution of surplus:
June 27, 2008

Second Item of Business: **Partial Amendment to the Articles of Incorporation**

1. Reason of amendment
   The Company will add one item of business to its purposes in preparation for possible launch of banking agent business at its places of business.
2. Details of amendment
   The details of amendments are as follows:

(The underlined parts are changed parts.)

Current Articles of Incorporation	Proposed changes
(Purpose) Article 2. The purpose of the Company shall be to engage in the following business: 1. Business relating to contracting to provide security protection and ensuring such protection; 2. Business relating to inspection, guidance, advice and publishing concerning security protection and safety; 3. Business relating to development, manufacture, leasing, sales and operation of equipment, devices and security systems etc., related to prevention of crimes and fire, protection from disasters, emergency aid and safety; 4. Business of escorted transportation of cash and valuables, and ground transportation business for such purpose; 5. Business relating to contracting for management and security of buildings, facilities and vehicles, and maintenance and repair thereof; 6. Business of contracting for general electric installation work, telecommunications installation work and any work appurtenant to general and maintenance business thereof; 7. Business relating to information processing, data base and other information services, and loans;	(Purpose) Article 2. The purpose of the Company shall be to engage in the following business: 1. to 18. are same as the current provisions

[English Translation]

8. Business relating to telecommunications and broadcasting; 9. Business relating to investigation, research, consulting and guidance in business management; 10. Business relating to life insurance and non-life insurance agency services; 11. Business relating to development, manufacture, leasing, and sales of appliances for education, medical treatment and health; 12. Business relating to nursing service and home care service outside of hospital, and management of pharmacies; 13. Business relating to development, manufacture, leasing, and sales of water purification and gas exhaust filtering equipment; 14. Business relating to the management of hotels, food and beverage establishments, sports facilities as well as rest centers and other welfare facilities, and business related to travel; 15. Business relating to sales and purchasing, rental, brokering, and management of real estate; 16. Business relating to aerial surveying and mapping services; 17. Business relating to mail-order; 18. The processing, planning, and sale of agricultural products; and 19. Any and all business incidental or related to the foregoing items.	19. Banking agent business; and 20. Any and all business incidental or related to the foregoing items.

[English Translation]

Third Item of Business: Election of Eleven (11) Directors

The term of office of all of the twelve (12) Directors will expire at the close of this meeting. Therefore, it is proposed to elect eleven (11) Directors.

The candidates are as follows:

	Name (Date of Birth)	Profile (Title, Responsibility, and Representatives for Other Companies)	The number of Shares Held
1	Makoto Iida (April 1, 1933)	Jul 1962 President and Representative Director (Founder) Feb 1976 Chairman and Representative Director Jun 1997 Supreme Advisor and Director (currently)	4,320,500
2	Juichi Toda (March 7, 1932)	Jul 1962 Senior Executive Director (Co-founder) Feb 1976 Executive Vice Chairman and Representative Director Jun 1997 Supreme Advisor and Director (currently)	3,152,216
3	Shohei Kimura (May 2, 1943)	Apr 1967 Joined SECOM Co., Ltd. Feb 1985 Director Feb 1988 Executive Director Jun 1995 Senior Executive Director Apr 2002 President and Representative Director Jun 2004 President and Representative Director and Executive Officer Apr 2005 Chairman and Director (currently) (Representatives for other companies, etc.) Chairman, Tokyo Security Service Association	36,800
4	Kanemasa Haraguchi (August 7, 1950) *	Apr 1974 Joined SECOM Co., Ltd. Jun 1990 Director Jun 1995 Executive Director Jun 1997 Senior Executive Director Jun 2002 Director and Executive Vice President Jun 2004 Director and Executive Vice President and Executive Officer Apr 2005 President and Representative Director (currently)	9,744
5	Seiichiro Kobayashi (October 30, 1947) *	Apr 1970 Joined SECOM Co., Ltd. Feb 1988 Director Jun 1997 Executive Director (up to Jun 2004) Jun 2004 Managing Executive Officer (currently) Jun 2004 President and Representative Director, Secom Home Life Co., Ltd. (currently) Jun 2007 Executive Director (currently)	8,328
6	Katsuhisa Kuwahara (May 9, 1948) *	Apr 1971 Joined SECOM Co., Ltd. Jun 1990 Director Jun 1995 Executive Director Jun 2004 Director and Managing Executive Officer Apr 2005 Executive Director (currently)	3,400
7	Shuji Maeda (September 27, 1952) *	Jan 1981 Joined SECOM Co., Ltd. Jun 1997 Director Jun 2000 Executive Director Jun 2004 Director and Managing Executive Officer Apr 2005 Executive Director (currently)	4,800

	Name (Date of Birth)	Profile (Title, Responsibility, and Representatives for Other Companies)		The number of Shares Held
8	Yasuo Nakayama (November 1, 1952) *	Jul 1998	Branch Manager, Oita Branch, The Bank of Japan	2,000
		Jul 2001	Advisor to the Governor, Secretariat of the Policy Board, The Bank of Japan	
		Jul 2003	Branch Manager, Nagoya Branch, The Bank of Japan	
		Jul 2005	Director-General, Secretariat of the Policy Board, The Bank of Japan	
		Apr 2007	Personnel and Corporate Affairs Department, The Bank of Japan	
		May 2007	Advisor, SECOM Co., Ltd.	
		Jun 2007	Executive Director (currently)	
9	Koichi Sato (February 5, 1953) *	Apr 1976	Joined SECOM Co., Ltd.	1,088
		Mar 2001	General Manager, COCO-SECOM Department	
		Apr 2004	General Manager, Operations Department (currently)	
		Jun 2004	Executive Officer	
		Jun 2005	Managing Executive Officer (currently)	
		Jun 2007	Executive Director (currently)	
10	Fumio Obata (July 6, 1946) *	Apr 1996	General Manager, Business Development Department, The Mitsubishi Bank, Ltd. (Presently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	2,200
		Nov 1998	Senior Executive Director, The Long-Term Credit Bank of Japan (under state control then; presently The Shinsei Bank, Ltd.)	
		Mar 2000	Associate Manager, Strategic Planning Division, SECOM Co., Ltd.	
		Jun 2000	General Manager, Medical Services Department	
		Jun 2000	Director (currently)	
		Mar 2002	President and Representative Director, Secom Medical System Co., Ltd. (currently)	
		Jun 2004	Executive Officer (currently)	
11	Takayuki Ito (January 2, 1954) *	Jun 2000	General Manager, Hibiya Branch, The Sanwa Bank, Ltd. (presently The Bank of Tokyo-Mitsubishi UFJ, Ltd)	100
		Jul 2002	General Manager, Muromachi Branch and Corporate Sales Department, UFJ Bank, Ltd. (presently The Bank of Tokyo-Mitsubishi UFJ, Ltd)	
		May 2004	Director, The Daiei, Inc.	
		Jun 2005	Advisor, SECOM Co., Ltd.	
		Jun 2006	Executive Officer (currently)	
		Jun 2007	Director (currently)	

(Notes) 1. There is no particular interest between the Company and each of the said candidates.

2. Asterisk marks (*) indicate incumbent Executive Officer of the Company.

Fourth Item of Business: Presentation of Retirement Allowance to Retiring Director

It is proposed that retirement allowance be paid to Mr. Shinobu Iida who will resign as a Director upon the expiration of the term at the close of this general meeting of shareholders, in reasonable amount determined in accordance with the specified standards of the Company to reward his meritorious service to the Company. It is also proposed that the determination of the amount, the date of payment thereof, the methods and other matters in relation thereto be entrusted to the Board of Directors.

The profile of the retiring Director is as follows:

Name	Profile	
Shinobu Iida	Jun 1997	Director
	Jun 2004	Retired Director
	Jun 2005	Executive Director (currently)

-End-

[English Translation]