

Despite signs of improvement in the stock market and capital investment, the outlook for Japan's economy continues to invite caution. Lackluster personal consumption and an uncertain global geopolitical situation contributed further to a persistently harsh economic environment.

Against this backdrop, SECOM has continued to implement measures aimed at taking the Social System Industry to the next level. These measures focus on enhancing existing services, reinforcing marketing and heightening efficiency, as well as on offering new products and services that respond to society's changing needs and realizing Group synergies to better serve customers. In the fiscal year ended March 31, 2003, these efforts contributed to a 5.5% increase in consolidated revenue and other income, to ¥520.7 billion. Owing to the absence in the period under review of a net gain on sale of securities in the previous period, net income declined 11.2%, to ¥30.3 billion. As a consequence, basic net income per share was ¥132.87, down from ¥146.19 in the previous fiscal year. Cash dividends per share of ¥40.00 were approved at the general shareholders' meeting held on June 27, 2003.

Promoting Integrated Services and Businesses

Since 1989, SECOM has worked to create the infrastructure for the Social System Industry. With the completion of this infrastructure in sight, in 2002—our 40th anniversary—we announced the next level of the Social System Industry's development, the focus of which is to provide a full range of services that respond to the needs of our customers.

During the period under review, we sought to enhance our responsiveness to emerging safety and

security needs, step up competitiveness in all core businesses, and combine and integrate services and businesses to create innovative, comprehensive new offerings.

In the security services field, we responded to a rash of automated teller machine (ATM) robberies involving backhoes or other construction equipment by developing several key products aimed at both making ATMs more secure and reducing thefts of heavy machinery used in ATM robberies. We commenced sales of ATM Building Security System, which detects the approach of construction equipment toward an ATM site and warns a would-be robber to desist before a crime is committed, as well as ATM Surround Protection Unit, which facilitates more secure installation of ATMs, making them extremely difficult to dislodge. At the same time, we began marketing our COCO-SECOM mobile security services to construction and other firms to thwart the misappropriation of equipment.

In the area of home security services, we also introduced a number of innovative products that complement our home security systems to meet demand prompted by an increase in residential break-ins involving smashing windows or destroying doors. In addition to offering such physical security products as SECOM *Anshin* Glass high-impact window glass and Strong Door, a reinforced door, we developed SECOM Home Camera System, an external monitoring and still-image surveillance camera system. In response to emerging demand for personal security outside the home for children and the elderly, we also augmented COCO-SECOM, a suite of services for locating mobile people and objects, with COCO-SECOM with Emergency Call. In addition to basic track-and-locate



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functions, this service features a portable personal alarm that enables users to have an alert relayed to a predetermined telephone number in the event of an emergency.

In addition to developing new commercial and home security products and services, we reinforced our Total Security Planning (TSP) services, whereby we combine on-line security services, safety-related products and services, casualty insurance, and inspection and maintenance services into tailored packages. Such packages reduce overall costs to customers and facilitate integrated management.

In the medical services field, we continued to capitalize on our know-how in the area of home medical care by developing new products and services. Building on our more than 10 years of expertise in the provision of home nursing and pharmaceutical dispensing and home delivery services, we began offering start-up consulting and support services for physicians setting up home medical care clinics. Through such efforts, we are striving to make home medical care an available and viable option for patients nationwide.

We have also developed a variety of effective, low-cost, reliable systems that combine medical services with information technology (IT). These include SECOM Ubiquitous Electronic Medical Report (EMR), an innovative electronic medical report system that gives authorized personnel access to patient information over the Internet, and Medical Risk Management System, which, as its name implies, is a scientific theory-based system for

analyzing risks associated with providing medical care. We also continue to enhance SECOM Healthcare Net, a network service that we offer exclusively to health care institutions. In autumn 2003, we plan to introduce SECOM Medical Club, a membership-based service primarily for our home security subscribers

that includes preventive treatment and emergency medical services, as well as specialist and hospital referrals.

We continued to step up marketing of our lineup of original insurance services, which combine insurance with security, medical and other services. Core offerings here include New SECOM *Anshin My Car*, which features on-site dispatch services and traditional automobile insurance; Security Discount Fire Policy, a policy for commercial centralized security system subscribers that offers reduced premiums; SECOM *Anshin My Home*, a comprehensive fire insurance policy targeted mainly at residential subscribers; and MEDCOM, an unrestricted cancer treatment policy that provides access to cutting-edge treatments and medical consultation.

We revamped our information services business by integrating our cyber security and network services businesses. Capitalizing on our accumulated expertise in physical and cyber security, we launched SECOM Data Safe, a repository that offers high-security data storage, protecting servers

from physical risks and data from cyber risks. We also developed a noncontact integrated circuit (IC) card-based security system for corporate premises that combines office security, including building and floor access control, with computer security, digital



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Chairman



Shohei Kimura
President and
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certificate authentication and other cyber security services.

In the GIS services business, subsidiary Pasco Corporation focused on developing new technologies and offering new services that respond to customer needs. In line with the Japanese government’s “e-Japan Priority Policy Program”—formulated to realize the official goal of making Japan one of the world’s most advanced IT nations by 2005—Pasco expanded its marketing of GIS services for the public sector. These include PasCAL, a comprehensive service that assists local governments with the provision of social services, and *Wagamachi* Guide, an interactive site that helps local governments improve services for residents. Pasco also reinforced its lineup for the private sector, including Management-Navigation Light, an area marketing tool, and Management-Navigation CRM, a customer relationship management (CRM) tool, thereby enhancing its market presence.

In the education services field, subsidiary Secom Lines Co., Ltd., expanded its lineup of educational solutions with Lines E-Library Advance, a virtual education platform designed to support computer-aided classroom learning.

Making SECOM the Brand of Choice

As a company committed to the provision of security and peace of mind, SECOM has endeavored to create a brand worthy of its customers’ trust. On behalf of management and staff, we pledge to continue

enhancing the SECOM brand image—one of our most precious assets—and strengthening our corporate culture by developing products and services that transcend conventional boundaries and truly benefit society. In so doing, we work to contribute to the creation of a more secure society, as well as to ensure that SECOM is the company people rely on to meet a wide range of essential needs.

To these ends, we will continue to maximize our position as the pioneer of Japan’s security services industry to redefine the boundaries of our business and strengthen our emphasis on the needs of customers. As always, our business development efforts will focus not only on the provision of independent products and services, but on maximizing the synergies of SECOM Group companies to facilitate the extension of comprehensive, integrated, affordable services that make life more secure, convenient and comfortable. We will also work to cultivate new businesses that will ensure SECOM’s ongoing value to society.

We are acutely aware of the importance of responsive, efficient management in today’s rapidly changing environment. We also recognize the need for management that is capable of identifying and seizing new opportunities and achieving sustained growth in shareholder value. We will strive to continue responding to the expectations of shareholders on both counts, and we look forward to your continued support of our efforts.

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Makoto Iida
Founder



Toshitaka Sugimachi
Chairman



Shohei Kimura
President and Representative Director