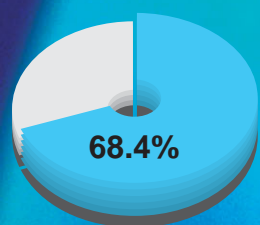


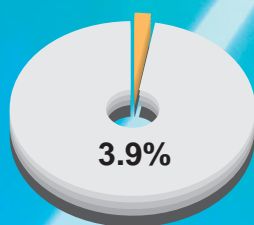
REVIEW OF OPERATIONS

Percentage of Revenue and Other Income*

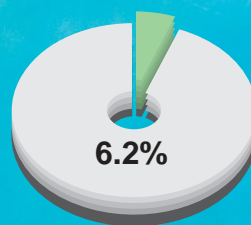
Security Services



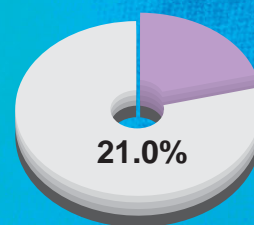
Medical Services



Insurance Services



Information and Communication Related and Other Services

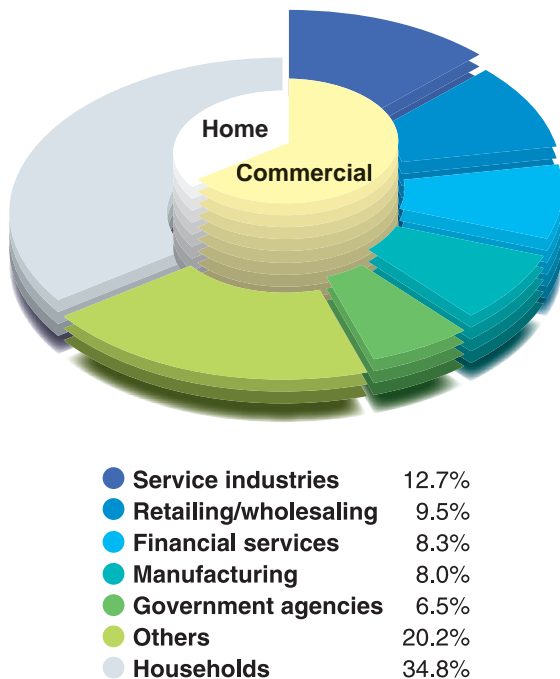


*Excluding intersegment transactions

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Commercial and Home Security Service Subscribers by Category (At March 31, 2004)



■ Security Services

Electronic Security Services

For the year ended March 31, 2004, revenue from electronic security services, comprising commercial and home security and large-scale proprietary systems, grew 2.7%, to ¥265.3 billion, and accounted for 49.3% of consolidated revenue and other income, compared with 49.6% in the previous period.

To provide quality security services, the SECOM Group has established an integrated process that enables it to maintain control of every aspect of its services, from the research and development of centralized systems and equipment to manufacturing, sales and marketing, installation, 24-hour monitoring, emergency dispatches, and maintenance and repairs. Centralized systems use SECOM sensors installed at customers' premises to detect events, such as intrusions, fires and equipment malfunctions. The sensors are linked to SECOM control centers via telecommunications circuits to facilitate remote monitoring. When an event is detected,

the relevant information is relayed to the control center, where the staff dispatch emergency response personnel, who take the appropriate measures, and notify the police or fire department as required.

During the period under review, we continued to market SECOM AX, a centralized system that employs advanced image monitoring, to commercial users. We heightened the competitive advantages of the versatile SECOM DX centralized security system by adding DX Monitor, which incorporates a function that enables, through the image display screen on the site, individuals operating the system and security controls to guard against ambush or forced entry. For condominiums, we launched sales of SECOM MS-3, which can be used for existing and new buildings of all sizes.

We continued to offer SECOM Home Security systems to the residential market. For subscribers to these systems, we monitor homes for intruders, fires, gas leaks, emergency calls and medical alerts from our control centers, dispatch emergency response personnel and notify the police, fire department or gas company as required. Subscriptions increased steadily during the period.

Our large-scale proprietary systems are self-contained, enabling monitoring to be performed at the subscribers' premises, rather than remotely, through the combination of on-site patrols and electronic security and equipment management systems. The SECOM TOTAX ZETA system combines our security expertise in large-scale applications with the latest network technologies to protect major industrial and commercial facilities.

Other Security Services

For security situations that require human judgment and flexible responses, we provide static guard services staffed by highly trained professionals. We also offer armored car services to transport cash and other valuables. Together, these services generated revenue of ¥56.2 billion, 5.6% higher than the prior period, and accounted for 10.5% of consolidated revenue and other income, up slightly from 10.2%.

REVIEW OF OPERATIONS

Merchandise and Other

We offer a variety of security products, including closed-circuit television (CCTV) monitoring systems, access-control systems, fire detection and extinguishing systems, and internal and external monitoring systems, which can be used alone or connected to on-line security systems, as well as COCO-SECOM mobile security services. For the period, these products and services yielded revenue of ¥46.1 billion, an increase of 4.5%, and provided 8.6% of consolidated revenue and other income, compared with 8.5% in the previous period.

In the CCTV area, the D-CCTV fully digital surveillance camera system again enjoyed steady sales, owing to its clarity and ability to display or record video images without deterioration. We released a stream of new products for the home security market to thwart increasingly bold and resourceful criminal behavior. This included SECOM *Anshin* Glass, a high-impact window glass with built-in sensors, and SECURIFACE, an intercom system that employs an innovative face detection function to alert people to exercise diligence at the door.

We strengthened the line-up of COCO-SECOM mobile security services in response to consumer demand. During the period, we launched COCO-SECOM with Emergency Call, a new package with an added feature that can confirm the safety of a person carrying a COCO-SECOM transmitter, and we introduced services for pets and motorized bicycles.

■ Medical Services

Revenue from medical services amounted to ¥21.2 billion, a 6.4% rise, and represented 3.9% of consolidated revenue and other income, up from 3.8% in the previous period.

In the period under review, this segment continued to offer home medical care services, institutional services and medical equipment for sale, as well as operate residential facilities for seniors and lease real estate to medical

institutions. Our home medical care services include home nursing, personal care and pharmaceutical dispensing and delivery, while institutional services feature remote image diagnosis support and medical information systems.

Home medical care services performed strongly, and we expanded our network of visiting nurse stations to 32 nationwide. We also continued to market the Hospinet remote image diagnosis support service to medical institutions. This service relays images from advanced imaging equipment, such as magnetic resonance imaging (MRI) and computerized tomography (CT) scanners, to our Hospinet center for examination by our diagnostic experts, who then provide consultation to the primary physician. We also stepped up sales efforts for the SECOM Ubiquitous EMR system, which allows hospitals and clinics to effectively and securely manage large volumes of medical report data.

During the period, we introduced SECOM Medical Club, a membership-based service primarily aimed at SECOM Home Security subscribers, effectively combining security and medical services in an innovative package. In addition, we began sales of Medical Risk Management System to assist institutional users in analyzing and minimizing the risk of medical accidents.

■ Insurance Services

Revenue from insurance services increased 14.5%, to ¥33.4 billion, and provided 6.2% of consolidated revenue and other income, compared with 5.6% in the preceding period.

Secom General Insurance offers specialized non-life insurance policies that draw on synergies with other SECOM Group businesses. During the term, we continued to aggressively market the attractively priced Security Discount Fire Policy to commercial subscribers to on-line security systems, as well as the residential version, SECOM *Anshin* My Home, to home security subscribers. Both policies offer reduced premiums to security system subscribers,

recognizing these systems as risk-lowering factors. New SECOM *Anshin My Car* is a comprehensive automobile insurance policy that offers on-site support services of our emergency response personnel in the event of an automobile accident and lower premiums if the vehicle is equipped with COCO-SECOM or other anti-theft devices. We also renewed efforts to market MEDCOM, an unrestricted cancer treatment policy that covers the entire medical cost of advanced treatments not covered by national health insurance as well as the patient's portion of the cost of medical care covered by the national scheme.

■ Information and Communication Related and Other Services

Revenue in this segment fell 0.2%, to ¥112.8 billion, and accounted for 21.0% of consolidated revenue and other income, compared with 21.7% in the prior period.

Information Services

Secom Information System Co., Ltd., which builds and operates information network systems for the SECOM Group, also uses its know-how and technological expertise to offer these services to corporate customers. Secom Trust.net Co., Ltd., offers high-quality protection for e-business and on-line operations, including the cyber security essential for IT systems and broadband systems; advanced digital authentication services crucial to e-commerce and electronic application systems; and the Secure Data Center, which provides a secure network environment and outsourcing of the operation and maintenance of servers. During the term, the Secure Data Center secured a major contract to maintain and operate the extranet and servers of a major U.K. pharmaceutical company's Japanese subsidiary. We also launched sales of a noncontact IC card-based security system that combines physical and cyber security to control building, floor and computer access using a single access card for each authorized person.

GIS Services

Pasco Corporation, Japan's leader in GIS and aerial mapping services, continued to cultivate new markets by using its leading-edge sensor technologies and GIS expertise to develop innovative information services. During the period, we continued to promote sales of PasCAL, a comprehensive GIS service integrating various data with digital maps that is marketed to regional public agencies to increase efficiency and share information. We also introduced a series of management systems for public facilities.

In the commercial area, we concentrated on marketing the Management-Navigation series of packaged GIS systems. We also introduced MarketPlanner, an Internet-compatible area marketing product.

Education Services

Secom Lines Co., Ltd., a pioneer in computer-aided learning in Japan, develops and provides local area network (LAN)-based learning systems for classrooms, Internet-based learning support software and Web-based educational content primarily for elementary and middle schools.

Real Estate Sales

Secom Home Life Co., Ltd., develops and sells highly innovative condominiums based on the concept of "safe and secure condominiums" that incorporate value-added elements, such as the latest SECOM Group security systems, medical services, personal care services, information services and insurance products. During the term, Secom Home Life continued to develop and market quality condominiums that emphasize security and peace of mind.

Real Estate Leasing

Arai & Co., Ltd., continued to build on the expertise in property management it has accumulated in the real estate leasing business. In the period, the company focused on expanding its office leasing business.

REVIEW OF OPERATIONS

■ Overseas Operations

Security is a universal requirement for people and society. With this concept in mind, in 1978 SECOM launched operations in Taiwan. Soon after, we branched out into the Republic of Korea and the United States. We then secured access to the markets of Europe and Oceania by setting up operations in the United Kingdom and Australia, and extended our presence in Asia by expanding into Thailand, Malaysia, Singapore, Indonesia and the People's Republic of China, bringing the total number of countries and territories in which we operate, outside Japan, to 10.

The distinguishing characteristic of SECOM security operations around the world is that we customize our systems and services to the needs of the particular country or region while drawing on know-how gained in Japan. Pursuit

of this strategy has let SECOM security services transcend cultural differences to gain favor with subscribers world-wide. We hope to make SECOM a brand trusted globally as we work to contribute to the security and peace of mind of people everywhere.

