

In the fiscal year ended March 31, 2000, the Japanese economy continued to perform unevenly. Personal consumption, a key factor of economic growth, failed to show any noticeable improvement owing to high unemployment and the prospects of further corporate restructuring. Nonetheless, the government's series of economic stimulus policies began to bear fruit, and corporate profits strengthened gradually, encouraging expectations of recovery.

This was the context in which SECOM forged ahead during the period under review in its drive to realize its Social System Industry vision. Reflecting Groupwide efforts to strengthen marketing, enhance services, develop new services and systems, and enter new businesses, we achieved significant progress, including a measured rise in revenues.

Consolidated revenue and other income rose 4.6%, to ¥412.4 billion. Revenue and other income during the period comprised revenue, with services accounting for ¥270.7 billion, merchandise, software, medical and real estate operations ¥97.5 billion and insurance services ¥30.0 billion; and other income, consisting of a ¥5.5 billion gain on sale of securities, net, and ¥8.8 billion in interest and other.

Net income amounted to ¥47.4 billion, a 5.0% drop owing to a decline in proceeds from the sale of securities. Basic net income per share

amounted to ¥203.67, compared with ¥214.51 a year earlier. At the annual general shareholders' meeting on June 29, 2000, cash dividends of ¥40.00 per share were approved.



*Makoto Iida*  
Founder

### Business Development

SECOM believes that a truly prosperous society offers an abundance of choices. Our mission is to expand those alternatives by creating synergies between Group companies to offer the systems and services that make life more secure, convenient and pleasant. Accordingly, we aim to make customers feel that they can look to SECOM for solutions to a variety of concerns, and to provide systems and services that are convenient and make customers feel secure. To these ends, we have begun to build a new social infrastructure starting with the security, information, medical,

education, non-life insurance, and GIS fields. During the period under review, we introduced new products and services in these areas.

In the security services field, we developed SECOM IX, an interactive surveillance system for convenience stores and other commercial enterprises with late-night operating hours. We also introduced the SUPER CCTV System, a surveillance system with built-in security features to sense tampering, providing more reliable security to ease the concerns of all types of business. We

bolstered our home security lineup with SECOM MS-2, a condominium building management system that draws on our accumulated home security know-how to provide value-added options for senior citizens' housing complexes, such as an emergency medical alert system and safety monitoring functions.

To serve the strong market in Japan for mechanical automobile parking systems, we introduced the TOMAHAWK-PS automated fire extinguishing system, which uses a new gas fire suppressant that is zero-rated for ozone-depleting substances, making it friendly to the environment as well as people.

In the information services field, we took several steps to enhance our ability to help customers protect information and business data from fraud and criminal activities in the Internet community. We concentrated cyber security services at Secom Trust.net Co., Ltd., formerly known as Secomnet Co., Ltd., supplementing its existing value-added network (VAN) services. This has positioned us to offer security monitoring by network security specialists 365 days a year, and provide enhanced support for e-commerce customers utilizing advanced digital certificate authorization technologies. In the area of security monitoring by network security specialists, we developed the SECOM Intrusion Detection Service, which monitors and reports on



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Representative Director

unauthorized intrusions, and SECOM Virus Monitoring Service, which offers constant protection against damage from computer viruses. We also launched two digital certificate authorization services: SECOM Passport for Web and SECOM Passport for Members, which respectively

certify the reliability of business Web sites run on servers and the browsers and e-mail of individual members and organizations.

In the medical field, Secom Home Medical System Co., Ltd., established four visiting nurse stations, thereby improving accessibility to the various Medical Care Insurance- and Long-term Care Insurance-approved services offered by the company.

As the primary driving force in our educational services field, Secom Lines Co., Ltd., continued helping to popularize on-line computer-aided learning by offering a line of educational software available over the Internet and via existing school networks.

Following our entry into the non-life insurance field, Secom General Insurance Co., Ltd., began developing original products to complement our other services. Secom General Insurance introduced a discount rate on its fire insurance policy for our security systems subscribers, and Secom My Car Insurance, an automobile policy offered directly to the public. The attractive returns offered by Anshin L Rich casualty insurance and

Anshin New Double comprehensive insurance policies generated a positive market response.

In August 1999, SECOM became the majority shareholder of Pasco Corporation, Japan's leading purveyor of mapping and GIS services. We anticipate significant synergies between the operations of this firm and those of SECOM.

Secom Home Life Co., Ltd., leads the Group's real estate development arm. This subsidiary primarily develops and sells condominiums that feature built-in on-line security systems. This is another example of how we are integrating products and services to maximize consumer security, convenience and peace of mind.

### Enhancing Shareholder Value

SECOM has long managed its business to ensure ample returns and the adequate disclosure of information to shareholders and investors. We have been rewarded with a stable shareholder base. To make our shares more accessible to a broader range of investors and heighten share liquidity, in November 1999 we implemented a two-for-one stock split and in August 2000, we reduced our minimum trading unit to 500 shares, from 1,000 shares.

Society is changing rapidly as new values take root, diversity increases, and homes and businesses are increasingly wired and networked. We are striving to tap the new demand unleashed by changes by offering new products and services in the security, information, medical, education,

non-life insurance and GIS fields, as well as continually analyzing business and consumer activities to discover new opportunities that complement or can be integrated into our core businesses. This will enable us to better respond to the needs of corporate customers and consumers and move rapidly closer to the realization of the Social System Industry.

We believe the best measure of our efforts to enhance shareholder value is the number of customers that look to us for solutions and consider our systems and services to be convenient and conducive to peace of mind. We also believe the faster we can realize the Social System Industry, the more we can build shareholder value.

We look forward to reporting additional advances and milestones in the coming years as we endeavor to maximize shareholder value. In all our efforts, we ask for the continued support of shareholders.

August 31, 2000



Makoto Iida  
*Founder*



Toshitaka Sugimachi  
*President and Representative Director*