

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2007

May 9, 2007

Company name: SECOM Co., Ltd. (URL: <http://www.secom.co.jp>)
Code number: 9735 Tokyo Stock Exchange ----- First Section
Osaka Securities Exchange ----- First Section
Corporate headquarters: Tokyo, Japan
Representative: Kanemasa Haraguchi, President and Representative Director
For inquiries: Katsuhisa Kuwahara, Executive Director Phone (03) 5775-8100
Scheduled date of General Shareholders' Meeting: June 27, 2007
Scheduled date of dividend payout: June 28, 2007
Scheduled date of filing Audited Financial Statements: June 27, 2007

1. Consolidated financial statements for the fiscal year ended March 31, 2007 (April 1, 2006 – March 31, 2007)

(1) Consolidated operating results (In millions of yen, figures rounded down)

	Years ended March 31	
	2007	2006
Revenue	613,976 8.2%	567,315 3.7%
Operating profit	97,840 4.0%	94,109 13.3%
Ordinary profit	102,720 6.3%	96,669 15.8%
Net income	58,299 10.0%	52,994 9.2%
Basic net income per share (in yen)	259.14	234.28
Net income / Equity	11.3%	11.3%
Ordinary profit / Total assets	8.9%	8.6%
Operating profit / Revenue	15.9%	16.6%

Note 1. Net gains from investment in affiliated companies accounted for under the equity method:

Year ended March 31, 2007: JPY 4,475 million

Year ended March 31, 2006: JPY 3,781 million

Note 2. Percentage numbers shown in revenue, operating profit, ordinary profit and net income represent the change from the results of the previous year.

(2) Consolidated financial conditions (In millions of yen, figures rounded down)

	March 31, 2007	March 31, 2006
Total assets	1,169,182	1,149,377
Net assets	601,116	496,164
Equity ratio	46.2%	43.2%
Net assets per share (in yen)	2,400.91	2,204.06

Note: Equity as of:

March 31, 2007: JPY 540,132 million

March 31, 2006: JPY - million

(3) Consolidated cash flows (In millions of yen, figures rounded down)

	Years ended March 31	
	2007	2006
Cash flows from operating activities	(20,987)	41,607
Cash flows from investing activities	14,496	(113)
Cash flows from financing activities	(30,495)	(6,168)
Cash and cash equivalents at end of the period	192,378	228,745

2. Dividends (In millions of yen, figures rounded down)

	Years ended March 31		
	2008 (projected)	2007	2006
Interim dividends per share (in yen)	–	–	–
Term-end dividends per share (in yen)	80.00 – 85.00	80.00	60.00
Annual dividends per share (in yen)	80.00 – 85.00	80.00	60.00
Total annual dividend payout	–	17,997	13,499
Dividend payout ratio (consolidated)	28.4 – 30.2%	30.9%	25.6%
Total dividends / Net assets (consolidated)	–	3.5%	2.9%

3. Projections for the consolidated financial results for the fiscal year ending March 31, 2008 (April 1, 2007 – March 31, 2008) and the six-month period ending September 30, 2007 (April 1, 2007 – September 30, 2007) (In millions of yen)

	Six-month period ending September 30, 2007	Year ending March 31, 2008
Projected revenue	323,700 20.9%	704,000 14.7%
Projected operating profit	47,300 12.1%	108,600 11.0%
Projected ordinary profit	50,200 11.0%	112,500 9.5%
Projected net income	28,600 9.3%	63,300 8.6%
Projected basic net income per share (in yen)	127.13	281.37

Note: Percentage numbers shown in revenue, operating profit, ordinary profit and net income represent the change from the results of the corresponding periods of the previous year.

4. Other

(1) Significant changes in subsidiaries during the period: Applicable

Addition: 1 (Nohmi Bosai Ltd.) Deletion: none

(2) Changes in accounting policy, procedure and/or presentation with regard to preparation of consolidated financial statements:

Changes associated with amendment of accounting standard: Applicable

Other changes: Applicable

(3) Number of common shares outstanding:

Number of common shares outstanding, including treasury stock, as of:

March 31, 2007: 233,288,717 shares

March 31, 2006: 233,288,717 shares

Number of shares of treasury stock as of:

March 31, 2007: 8,318,910 shares

March 31, 2006: 8,301,997 shares

[Reference] Summary of the nonconsolidated results

1. Nonconsolidated financial statements for the fiscal year ended March 31, 2007 (April 1, 2006 – March 31, 2007)

(1) Nonconsolidated operating results (In millions of yen, figures rounded down)

	Years ended March 31	
	2007	2006
Revenue	326,076 4.1%	313,096 5.1%
Operating profit	73,404 1.7%	72,172 9.3%
Ordinary profit	76,583 7.9%	70,964 7.2%
Net income	47,245 7.7%	43,879 16.4%
Basic net income per share (in yen)	210.00	194.58

Note: Percentage numbers shown in revenue, operating profit, ordinary profit and net income represent the change from the results of the previous year.

(2) Nonconsolidated financial conditions (In millions of yen, figures rounded down)

	March 31, 2007	March 31, 2006
Total assets	654,791	643,990
Net assets	494,154	461,646
Equity ratio	75.5%	71.7%
Net assets per share (in yen)	2,196.54	2,051.44

Note: Equity as of:

March 31, 2007: JPY 494,154 million

March 31, 2006: JPY - million

2. Projections for the nonconsolidated financial results for the fiscal year ending March 31, 2008 (April 1, 2007 – March 31, 2008) and the six-month period ending September 30, 2007 (April 1, 2007 – September 30, 2007)

	Six-month period ending September 30, 2007	Year ending March 31, 2008
Projected revenue	167,500 5.0%	340,600 4.5%
Projected operating profit	37,400 1.9%	75,700 3.1%
Projected ordinary profit	41,600 3.9%	79,500 3.8%
Projected net income	26,100 3.8%	48,700 3.1%
Projected basic net income per share (in yen)	116.02	216.47

Note: Percentage numbers shown in revenue, operating profit, ordinary profit and net income represent the change from the results of the corresponding periods of the previous year.

* Note on forward-looking statements:

The forward-looking statements about the future performance described in this document include estimates based on future assumptions, prospects and plans as of the release date. Actual performance may differ from the forward-looking statements due to various risks and uncertainties.

Note: Major changes in consolidation during the fiscal year

On December 8, 2006, SECOM Co., Ltd., acquired 18,500,000 shares newly offered by Nohmi Bosai Ltd., an affiliated company accounted for under the equity method. With this move, SECOM increased its stake in Nohmi Bosai to 50.9% of voting rights, from 29.1%, thereby making the company a consolidated subsidiary.

By acquiring these newly offered shares, SECOM—which has always been Nohmi Bosai’s largest shareholder—intends to reinforce its relationship with the company. By integrating SECOM’s expertise in security systems with Nohmi Bosai’s fire protection technologies, this move will facilitate the development of highly original services and products that will enable the SECOM Group to cultivate new markets. This share acquisition will also facilitate the concentration of management resources to take advantage of the respective strengths of the two companies—by, for example, consigning production of fire alarms and security systems and products, and promoting joint product development—thereby broadening the capabilities of the SECOM Group and contributing to further growth.

Because the share acquisition took place near the end of the third quarter, Nohmi Bosai’s balance sheet has been consolidated since the end of the third quarter, and the income statement since the fourth quarter. Nohmi Bosai and its subsidiaries are included in the new “fire protection services” business segment, which was established at the beginning of the fourth quarter.

Consolidated Balance Sheets

(In millions of yen)

	March 31, 2007		March 31, 2006		Change
	Amount	% of total assets	Amount	% of total assets	Amount
ASSETS:					
Current assets:	524,484	44.9%	551,959	48.0%	(27,474)
Cash on hand and in banks	181,266		271,780		(90,514)
Cash deposits for cash collection and deposit services	75,328		-		75,328
Call loan	15,000		25,000		(10,000)
Notes and accounts receivable, trade	83,397		52,667		30,730
Due from subscribers	19,217		17,678		1,539
Short-term investments	18,171		83,809		(65,638)
Inventories	97,670		64,194		33,475
Deferred income taxes	11,597		9,462		2,135
Short-term loans receivable	5,097		15,564		(10,466)
Other	19,660		13,419		6,240
Allowance for doubtful accounts	(1,923)		(1,617)		(306)
Fixed assets:	644,478	55.1%	597,370	52.0%	47,107
Tangible assets:	260,809	22.3%	234,066	20.4%	26,743
Buildings and improvements	87,306		77,270		10,036
Security equipment and control stations	63,675		63,070		605
Land	80,341		65,542		14,798
Other	29,485		28,183		1,302
Intangible assets	23,294	2.0%	24,384	2.1%	(1,090)
Investments and others:	360,374	30.8%	338,920	29.5%	21,454
Investment securities	243,148		231,096		12,051
Long-term loans receivable	55,223		57,564		(2,341)
Prepaid pension and severance costs	15,817		11,186		4,630
Deferred income taxes	15,654		11,256		4,398
Other	45,692		41,217		4,475
Allowance for doubtful accounts	(15,161)		(13,401)		(1,760)
Deferred assets	219	0.0%	47	0.0%	171
Total assets	1,169,182	100.0%	1,149,377	100.0%	19,804

Consolidated Balance Sheets (Contd.)

(In millions of yen)

	March 31, 2007		March 31, 2006		Change
	Amount	% of total assets	Amount	% of total assets	Amount
LIABILITIES:					
Current liabilities:	323,766	27.7%	303,440	26.4%	20,326
Notes and accounts payable, trade	28,469		18,652		9,817
Bank loans	129,169		112,868		16,301
Current portion of straight bonds	3,356		32,210		(28,853)
Payables - other	29,888		26,340		3,547
Accrued income taxes	24,973		22,159		2,813
Accrued consumption taxes	3,366		2,588		778
Accrued expenses	3,198		2,085		1,112
Deferred revenue	31,188		30,747		440
Accrued bonuses	11,409		8,981		2,427
Accrued bonuses to directors and corporate auditors	80		-		80
Other	58,665		46,805		11,860
Long-term liabilities:	244,299	20.9%	314,303	27.3%	(70,003)
Straight bonds	13,941		11,180		2,761
Long-term loans	14,363		13,444		918
Guarantee deposits received	32,164		28,982		3,181
Deferred income taxes	2,717		1,079		1,637
Accrued pension and severance costs	17,596		11,362		6,234
Accrued retirement benefits for directors and corporate auditors	2,300		1,565		734
Investment deposits by policyholders, unearned premiums and other insurance liabilities	160,142		245,644		(85,501)
Other	1,073		1,043		29
Total liabilities	568,065	48.6%	617,743	53.7%	(49,677)
MINORITY INTEREST IN SUBSIDIARIES	-	-	35,469	3.1%	-
SHAREHOLDERS' EQUITY:					
Common stock	-	-	66,377	5.8%	-
Capital surplus	-	-	83,054	7.2%	-
Retained earnings	-	-	388,077	33.8%	-
Unrealized gains (losses) on securities	-	-	13,230	1.2%	-
Foreign currency translation adjustments	-	-	(9,825)	(0.9%)	-
Common stock in treasury, at cost	-	-	(44,749)	(3.9%)	-
Total shareholders' equity	-	-	496,164	43.2%	-
Total liabilities, minority interest in subsidiaries and shareholders' equity	-	-	1,149,377	100.0%	-
NET ASSETS:					
Shareholders' equity:	537,279	46.0%	-	-	-
Common stock	66,377	5.7%	-	-	-
Capital surplus	83,056	7.1%	-	-	-
Retained earnings	432,696	37.0%	-	-	-
Common stock in treasury, at cost	(44,850)	(3.8%)	-	-	-
Valuation, translation adjustments and others:	2,853	0.2%	-	-	-
Unrealized gains (losses) on securities	10,157	0.9%	-	-	-
Deferred gains (losses) on hedges	(51)	(0.0%)	-	-	-
Foreign currency translation adjustments	(7,253)	(0.6%)	-	-	-
Minority interest in subsidiaries	60,983	5.2%	-	-	-
Total net assets	601,116	51.4%	-	-	-
Total liabilities and net assets	1,169,182	100.0%	-	-	-

Consolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2007		Year ended March 31, 2006		Change	
	Amount	% of revenue	Amount	% of revenue	Amount	%
Revenue	613,976	100.0%	567,315	100.0%	46,660	8.2%
Costs of revenue	388,787	63.3%	351,020	61.9%	37,766	10.8%
Gross profit	225,189	36.7%	216,294	38.1%	8,894	4.1%
Selling, general and administrative expenses	127,348	20.7%	122,185	21.5%	5,163	4.2%
Operating profit	97,840	15.9%	94,109	16.6%	3,730	4.0%
Non-operating income	15,087	2.5%	15,792	2.8%	(704)	(4.5%)
Non-operating expenses	10,207	1.7%	13,232	2.3%	(3,025)	(22.9%)
Ordinary profit	102,720	16.7%	96,669	17.1%	6,051	6.3%
Extraordinary profit	2,601	0.4%	9,349	1.6%	(6,747)	(72.2%)
Extraordinary loss	3,317	0.5%	11,189	2.0%	(7,871)	(70.4%)
Income before income taxes	102,005	16.6%	94,829	16.7%	7,175	7.6%
Income taxes - current	39,961	6.5%	34,888	6.1%	5,073	14.5%
Income taxes - deferred	(660)	(0.1%)	3,131	0.6%	(3,791)	(121.1%)
Minority interest in subsidiaries	4,404	0.7%	3,815	0.7%	588	15.4%
Net income	58,299	9.5%	52,994	9.3%	5,305	10.0%

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2007

(In 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, 2006	66,377	83,054	388,077	(44,749)	492,760
Changes during the period:					
Cash dividends *			(13,499)		(13,499)
Bonuses to directors and corporate auditors *			(168)		(168)
Reversal of reserve for tax deferral on asset replacement *					-
Decrease due to change in scope of consolidation			(13)		(13)
Net income			58,299		58,299
Purchase of treasury stock				(124)	(124)
Disposal of treasury stock		1		24	25
Net changes of items other than shareholders' equity					-
Total changes during the period	-	1	44,618	(100)	44,519
Balance as of March 31, 2007	66,377	83,056	432,696	(44,850)	537,279

	Valuation, translation adjustments and others				Minority interest 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, 2006	13,230	-	(9,825)	3,404	35,469	531,634
Changes during the period:						
Cash dividends *						(13,499)
Bonuses to directors and corporate auditors *						(168)
Reversal of reserve for tax deferral on asset replacement *						-
Decrease due to change in scope of consolidation						(13)
Net income						58,299
Purchase of treasury stock						(124)
Disposal of treasury stock						25
Net changes of items other than shareholders' equity	(3,072)	(51)	2,572	(551)	25,514	24,962
Total changes during the period	(3,072)	(51)	2,572	(551)	25,514	69,482
Balance as of March 31, 2007	10,157	(51)	(7,253)	2,853	60,983	601,116

The items marked with * derive from profit appropriation resolved at the General Shareholders' Meeting for the previous fiscal year.

Consolidated Statements of Capital Surplus and Retained Earnings

(In millions of yen)

	Year ended March 31, 2006
	Amount
Capital surplus	
Balance at beginning of the period	82,553
Increase in capital surplus:	
Effect of merger with a subsidiary	500
Balance at end of the period	83,054
Retained earnings	
Balance at beginning of the period	346,510
Increase in retained earnings:	
Net income	52,994
Effect of changes in investments accounted for under the equity method	535
Decrease in retained earnings:	
Cash dividends	11,251
Bonuses to directors and corporate auditors	180
Effect of mergers with subsidiaries	500
Effect of decrease in subsidiaries	29
Balance at end of the period	388,077

Consolidated Statements of Cash Flows

(In millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2006
Cash flows from operating activities:		
Income before income taxes	102,005	94,829
Depreciation	41,503	37,436
Amortization of goodwill	1,499	1,863
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(4,475)	(3,781)
Increase (decrease) in allowance for doubtful accounts	1,279	3,423
Increase/decrease in accrued/prepaid pension and severance costs	(5,235)	(10,883)
Interest and dividend income	(6,242)	(7,332)
Interest expenses	1,801	1,721
Exchange (gains) losses	(75)	(663)
Net loss (gain) on sales and disposal of tangible assets	938	3,028
Impairment loss on fixed assets	173	820
Gain on sales of investment securities	(4,337)	(6,454)
Loss on revaluation of investment securities	1,103	3,322
(Gain) loss on sales of subsidiaries' and affiliates' securities	(1,171)	(7,233)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	(12,537)	(3,601)
(Increase) decrease in inventories	(17,259)	(24,088)
Increase (decrease) in accounts payable	(105)	9,979
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	(85,501)	(32,634)
Other	(3,069)	2,555
Subtotal	10,290	62,308
Interest and dividend received	8,596	9,570
Interest paid	(1,850)	(1,718)
Income taxes paid	(38,024)	(28,553)
Net cash provided by (used in) operating activities	(20,987)	41,607
Cash flows from investing activities:		
(Increase) decrease in time deposits, net	(2,423)	102
(Increase) decrease in short-term investments, net	32,548	867
Payments for purchases of tangible assets	(52,242)	(48,687)
Proceeds from sales of tangible assets	3,765	6,945
Payments for purchases of investment securities	(108,400)	(69,005)
Proceeds from sales of investment securities	132,923	99,889
Payments for purchases of subsidiaries' securities	(96)	(938)
(Increase) decrease in short-term loans receivable, net	(474)	3,064
Payments for long-term loans receivable	(9,258)	(15,327)
Proceeds from long-term loans receivable	16,347	27,995
Acquisitions of subsidiaries accompanied with change in scope of consolidation	4,998	(1,106)
Divestitures of subsidiaries accompanied with change in scope of consolidation	729	(178)
Other	(3,921)	(3,734)
Net cash provided by (used in) investing activities	14,496	(113)
Cash flows from financing activities:		
Increase (decrease) in bank loans, net	20,687	4,387
Proceeds from long-term loans	5,549	7,459
Repayments of long-term loans	(10,012)	(7,356)
Proceeds from straight bonds	6,222	2,565
Payments for redemption of straight bonds	(38,422)	(840)
Proceeds from minority shareholders	-	34
Dividends paid	(13,499)	(11,251)
Dividends paid for minority shareholders	(899)	(942)
Increase in treasury stock, net	(100)	(191)
Increase in treasury stock of subsidiaries, net	(21)	(33)
Net cash provided by (used in) financing activities	(30,495)	(6,168)
Effect of exchange rate changes on cash and cash equivalents	620	470
Net increase (decrease) in cash and cash equivalents	(36,367)	35,795
Cash and cash equivalents at beginning of the period	228,745	192,950
Cash and cash equivalents at end of the period	192,378	228,745

Segment Information

1. Business segment information

(In millions of yen)

	Year ended March 31, 2007								
	Security services	Medical services	Insurance services	Geographic information services	Fire protection services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:									
Customers	408,078	30,850	26,669	36,437	27,447	84,492	613,976	-	613,976
Intersegment	10,295	232	2,702	138	944	9,096	23,408	(23,408)	-
Subtotal	418,374	31,082	29,371	36,576	28,392	93,588	637,385	(23,408)	613,976
Operating costs and expenses	315,037	29,757	32,886	36,113	26,326	86,321	526,442	(10,306)	516,135
Operating profit (loss)	103,336	1,325	(3,515)	462	2,066	7,267	110,942	(13,102)	97,840
Assets	516,139	93,353	188,230	51,414	76,316	185,860	1,111,313	57,868	1,169,182
Depreciation and amortization	31,845	1,884	1,049	1,119	211	6,813	42,924	(1,318)	41,606
Impairment loss on fixed assets	-	26	-	10	31	104	173	-	173
Capital expenditures	38,934	5,813	711	2,386	276	14,837	62,959	(3,008)	59,951

(In millions of yen)

	Year ended March 31, 2006								
	Security services	Medical services	Insurance services	Geographic information services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated	
Revenue:									
Customers	393,479	29,048	29,260	35,271	80,255	567,315	-	567,315	
Intersegment	8,258	220	2,495	113	6,405	17,492	(17,492)	-	
Subtotal	401,737	29,268	31,756	35,384	86,661	584,808	(17,492)	567,315	
Operating costs and expenses	299,718	28,125	34,923	33,695	80,545	477,008	(3,802)	473,205	
Operating profit (loss)	102,019	1,143	(3,167)	1,689	6,115	107,799	(13,689)	94,109	
Assets	476,403	89,268	275,092	51,066	148,944	1,040,774	108,602	1,149,377	
Depreciation and amortization	28,804	1,567	1,054	1,109	5,617	38,153	(716)	37,436	
Impairment loss on fixed assets	62	-	-	-	59	121	699	820	
Capital expenditures	29,964	8,671	749	1,840	14,368	55,594	(1,949)	53,644	

(Note)

The SECOM Group formerly categorized its business into five business segments: Security Services, Medical Services, Insurance Services, Geographic Information Services, and Information and Communication Related and Other Services. This fiscal year, however, the Company has set up a new business segment, Fire Protection Services, as the Company made Nohmi Bosai Ltd. its consolidated subsidiary.

Shown below for your reference is the business segment information for the year ended March 31, 2006, under the assumption that the segmentation methodology used for the year ended March 31, 2007, is applied to that periods.

(In millions of yen)

	Year ended March 31, 2006								
	Security services	Medical services	Insurance services	Geographic information services	Fire protection services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:									
Customers	393,479	29,048	29,260	35,271	-	80,255	567,315	-	567,315
Intersegment	8,258	220	2,495	113	-	6,405	17,492	(17,492)	-
Subtotal	401,737	29,268	31,756	35,384	-	86,661	584,808	(17,492)	567,315
Operating costs and expenses	299,718	28,125	34,923	33,695	-	80,545	477,008	(3,802)	473,205
Operating profit (loss)	102,019	1,143	(3,167)	1,689	-	6,115	107,799	(13,689)	94,109
Assets	476,403	89,268	275,092	51,066	-	148,944	1,040,774	108,602	1,149,377
Depreciation and amortization	28,804	1,567	1,054	1,109	-	5,617	38,153	(716)	37,436
Impairment loss on fixed assets	62	-	-	-	-	59	121	699	820
Capital expenditures	29,964	8,671	749	1,840	-	14,368	55,594	(1,949)	53,644

2. Geographic segment information

(In millions of yen)

	Year ended March 31, 2007				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	597,733	16,242	613,976	-	613,976
Intersegment	416	185	601	(601)	-
Subtotal	598,149	16,428	614,578	(601)	613,976
Operating costs and expenses	489,550	15,292	504,842	11,292	516,135
Operating profit (loss)	108,599	1,135	109,735	(11,894)	97,840
Assets	984,224	23,999	1,008,224	160,958	1,169,182

(In millions of yen)

	Year ended March 31, 2006				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	553,524	13,791	567,315	-	567,315
Intersegment	315	-	315	(315)	-
Subtotal	553,839	13,791	567,630	(315)	567,315
Operating costs and expenses	447,969	12,888	460,858	12,347	473,205
Operating profit (loss)	105,870	902	106,772	(12,662)	94,109
Assets	940,339	16,985	957,324	192,053	1,149,377

3. Revenue from overseas

(In millions of yen)

	Years ended March 31	
	2007	2006
Revenue from overseas	18,079	15,723
Consolidated revenue	613,976	567,315
% of consolidated revenue	2.9%	2.8%

Nonconsolidated Balance Sheets

(in millions of yen)

	March 31, 2007		March 31, 2006		Change
	Amount	% of Total Assets	Amount	% of Total Assets	Amount
ASSETS:					
Current assets:					
Cash on hand and in banks	71,818		167,097		(95,279)
Cash deposits for cash collection and deposit services	67,799		-		67,799
Notes receivable	667		476		190
Due from subscribers	10,972		9,475		1,497
Accounts receivable, trade	6,952		6,447		504
Receivables - other	2,218		3,876		(1,657)
Short-term investments	452		451		0
Merchandise	5,991		5,928		62
Supplies	1,024		950		74
Prepaid expenses	2,014		1,798		215
Deferred income taxes	4,750		4,531		219
Short-term loans receivable	463		298		165
Short-term loans receivable to subsidiaries and affiliates	13,910		12,587		1,323
Other	2,615		2,314		301
Allowance for doubtful accounts	(541)		(604)		62
Total current assets	191,111	29.2%	215,630	33.5%	(24,519)
Fixed assets:					
Tangible assets:					
Buildings and improvements	46,787		45,984		
Accumulated depreciation of buildings and improvements	24,662	22,124	23,173	22,811	(686)
Automobiles	497		499		
Accumulated depreciation of automobiles	361	136	332	166	(30)
Security equipment and control stations	209,563		198,892		
Accumulated depreciation of security equipment and control stations	149,278	60,284	139,450	59,442	842
Machinery and equipment	8,552		8,359		
Accumulated depreciation of machinery and equipment	7,188	1,364	6,892	1,467	(102)
Tools, furniture and fixtures	18,354		17,197		
Accumulated depreciation of tools, furniture and fixtures	14,137	4,216	12,817	4,379	(163)
Land		32,092		32,200	(108)
Construction in progress		2,980		1,919	1,060
Other	162		162		
Accumulated depreciation of other	140	22	130	32	(10)
Total tangible assets		123,220		122,419	800
Intangible assets:					
Telephone and telegraph utility rights		83		112	(28)
Software		4,755		6,420	(1,664)
Other		3,419		83	3,336
Total intangible assets		8,258		6,615	1,643
Investments and others:					
Investment securities		43,165		46,166	(3,000)
Investment securities in subsidiaries and affiliates		166,839		149,535	17,304
Investment in subsidiaries and affiliates		1,074		974	100
Long-term loans receivable		18,308		18,630	(321)
Long-term loans receivable to employees		24		24	0
Long-term loans receivable to subsidiaries and affiliates		52,929		40,085	12,844
Lease deposits		8,973		9,006	(32)
Long-term prepaid expenses		24,855		22,175	2,679
Prepaid pension and severance costs		12,213		8,670	3,543
Deferred income taxes		5,139		6,206	(1,067)
Fund for insurance		4,893		4,893	0
Other		983		955	28
Allowance for doubtful accounts		(7,200)		(7,998)	797
Total investments and others		332,200	50.7%	299,324	32,876
Total fixed assets		463,680	70.8%	428,359	35,320
Total Assets		654,791	100.0%	643,990	10,801

Nonconsolidated Balance Sheets (Contd.)

(in millions of yen)

	March 31, 2007		March 31, 2006		Change
	Amount	% of Total Assets	Amount	% of Total Assets	Amount
LIABILITIES:					
Current liabilities:					
Accounts payable	2,573		3,168		(594)
Bank loans	27,667		26,069		1,598
Current portion of straight bonds	-		30,000		(30,000)
Payables – other	12,596		12,987		(391)
Payables – construction	3,825		3,634		190
Accrued income taxes	15,775		15,312		463
Accrued consumption taxes	2,029		1,509		519
Accrued expenses	639		651		(12)
Deposits received	41,603		34,442		7,161
Deferred revenue	22,735		22,371		364
Accrued bonuses	5,207		5,232		(24)
Other	895		1,938		(1,043)
Total current liabilities	135,548	20.7%	157,317	24.4%	(21,768)
Long-term liabilities:					
Guarantee deposits received	18,449		18,244		205
Accrued pension and severance costs	5,370		5,581		(210)
Accrued retirement benefits for directors and corporate auditors	1,268		1,201		66
Total long-term liabilities	25,088	3.8%	25,027	3.9%	61
Total liabilities	160,637	24.5%	182,344	28.3%	(21,707)
SHAREHOLDERS' EQUITY:					
Common stock	-	-	66,377	10.3%	-
Capital surplus:					
Additional paid-in capital	-	-	83,054		-
Total capital surplus	-	-	83,054	12.9%	-
Retained earnings:					
Legal reserve	-	-	9,028		-
Voluntary reserve:					
Reserve for systems development	-	-	800		-
Reserve for tax deferral on asset replacement	-	-	24		-
General reserve	-	-	2,212		-
Unappropriated retained earnings	-	-	339,293		-
Total retained earnings	-	-	351,358	54.6%	-
Unrealized gains (losses) on securities	-	-	5,604	0.9%	-
Common stock in treasury, at cost	-	-	(44,749)	(7.0%)	-
Total shareholders' equity	-	-	461,646	71.7%	-
Total liabilities and shareholders' equity	-	-	643,990	100.0%	-
NET ASSETS:					
Shareholders' equity:					
Common stock	66,377	10.1%	-	-	-
Capital surplus:					
Additional paid-in capital	83,054		-	-	-
Other capital surplus	1		-	-	-
Total capital surplus	83,056	12.7%	-	-	-
Retained earnings:					
Legal reserve	9,028		-	-	-
Other retained earnings:					
Reserve for systems development	800		-	-	-
General reserve	2,212		-	-	-
Accumulated earnings carried forward	372,966		-	-	-
Total retained earnings	385,006	58.8%	-	-	-
Common stock in treasury, at cost	(44,850)	(6.8%)	-	-	-
Total shareholders' equity	489,590	74.8%	-	-	-
Valuation, translation adjustments and others:					
Unrealized gains (losses) on securities	4,564	0.7%	-	-	-
Total valuation, translation adjustments and others	4,564	0.7%	-	-	-
Total net assets	494,154	75.5%	-	-	-
Total liabilities and net assets	654,791	100.0%	-	-	-

Nonconsolidated Statements of Income

(in millions of yen)

	Year ended March 31, 2007			Year ended March 31, 2006			Change
	Amount		% of Revenue	Amount		% of Revenue	Amount
Revenue:							
Service charges	282,247			272,876			
Sales of merchandise	43,829	326,076	100.0%	40,220	313,096	100.0%	12,979
Costs:							
Cost of service	151,532			142,473			
Cost of sales	31,809	183,341	56.2%	29,329	171,803	54.9%	11,538
Gross Profit		142,734	43.8%		141,293	45.1%	1,441
Selling, general and administrative expenses:							
Advertisement	3,773			4,322			
Salaries	26,398			26,328			
Bonuses	3,927			3,842			
Provision for accrued bonuses	1,954			1,885			
Pension and severance costs	214			(1,209)			
Provision for retirement benefits for directors and corporate auditors	66			64			
Welfare expenses	4,127			3,958			
Depreciation expenses	2,750			3,283			
Rent expenses	5,796			5,878			
Travel expenses	1,254			1,288			
Communication expenses	1,453			1,513			
Office supply expenses	1,030			1,256			
Taxes and public imposts	1,426			1,434			
Provision for allowance for doubtful accounts	-			13			
Commission expenses	5,719			5,686			
Research and development expenses	3,740			3,406			
Other	5,692	69,330	21.3%	6,167	69,121	22.0%	209
Operating profit		73,404	22.5%		72,172	23.1%	1,232
Non-operating income:							
Interest income	1,370			1,021			
Dividends income	5,659			4,562			
Other	912	7,942	2.4%	715	6,299	2.0%	1,643
Non-operating expenses:							
Interest expenses	350			340			
Interest expenses - bonds	37			159			
Provision for allowance for doubtful accounts	286			1,569			
Loss on disposal of inventories	949			957			
Loss on disposal of fixed assets	1,016			2,418			
Loss from write-off of prepaid installation cost	765			666			
Other	1,356	4,763	1.4%	1,395	7,506	2.4%	(2,743)
Ordinary profit		76,583	23.5%		70,964	22.7%	5,618
Extraordinary profit:							
Gain on sales of subsidiaries' and affiliates' securities	1,151			5,121			
Gain on sales of investment securities	92			0			
Gain on sales of fixed assets	2			326			
Gain on transfer to defined contribution pension plan	-			670			
Other	-	1,246	0.4%	29	6,147	1.9%	(4,901)
Extraordinary loss:							
Loss on sales of subsidiaries' and affiliates' securities	606			-			
Loss on revaluation of investment securities	430			40			
Loss on sales of fixed assets	1			506			
Loss on revaluation of telephone rights	-			1,995			
Provision for retirement benefits for directors and corporate auditors	-			1,137			
Loss on revaluation of subsidiaries' securities	-			844			
Impairment loss on fixed assets	-			810			
Loss on disposal of software	-			119			
Other	103	1,141	0.4%	161	5,615	1.8%	(4,474)
Income before income taxes		76,688	23.5%		71,496	22.8%	5,191
Income taxes - current	27,887			24,766			
Income taxes - deferred	1,555	29,443	9.0%	2,850	27,617	8.8%	1,826
Net income		47,245	14.5%		43,879	14.0%	3,365
Appropriated retained earnings at beginning of the period		-			295,414		-
Unappropriated retained earnings		-			339,293		-

Nonconsolidated Statement of Changes in Net Assets

Year ended March 31, 2007

(In millions of yen)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings					Total retained earnings
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings				
						Reserve for systems development	Reserve for tax deferral on asset replacement	General reserve	Accumulated earnings carried forward	
Balance as of March 31, 2006	66,377	83,054	-	83,054	9,028	800	24	2,212	339,293	351,358
Changes during the period:										
Cash dividends *									(13,499)	(13,499)
Bonuses to directors *									(98)	(98)
Reversal of reserve for tax deferral on asset replacement *							(24)		24	-
Net income									47,245	47,245
Purchase of treasury stock										
Disposal of treasury stock			1	1						
Net changes of items other than shareholders' equity										
Total changes during the period	-	-	1	1	-	-	(24)	-	33,672	33,648
Balance as of March 31, 2007	66,377	83,054	1	83,056	9,028	800	-	2,212	372,966	385,006

	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, 2006	(44,749)	456,041	5,604	5,604	461,646
Changes during the period:					
Cash dividends *		(13,499)			(13,499)
Bonuses to directors *		(98)			(98)
Reversal of reserve for tax deferral on asset replacement *		-			-
Net income		47,245			47,245
Purchase of treasury stock	(124)	(124)			(124)
Disposal of treasury stock	24	25			25
Net changes of items other than shareholders' equity			(1,040)	(1,040)	(1,040)
Total changes during the period	(100)	33,549	(1,040)	(1,040)	32,508
Balance as of March 31, 2007	(44,850)	489,590	4,564	4,564	494,154

The items marked with * derive from profit appropriation resolved at the General Shareholders' Meeting in June 2006.

Profit Appropriation

(in millions of yen)

	Year ended March 31, 2006	
Unappropriated retained earnings		339,293
Reversal of voluntary reserve:		
Reversal of reserve for tax deferral on asset replacement	24	24
Subtotal		339,318
Profit appropriation:		
Cash dividends	13,499	
Directors' bonuses	98	13,597
Appropriated retained earnings		325,720