

**NONCONSOLIDATED FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED MARCH 31, 2003**

May 12, 2003

Company name: Secom Co., Ltd.  
 Code number: 9735 Tokyo Stock Exchange ----- First Section  
 Osaka Stock Exchange ----- First Section  
 Corporate headquarters: Tokyo, Japan  
 For inquiries: Katsuhisa Kuwahara, Executive Director Phone (03) 5775-8100  
 Date approved by Board of Directors: May 12, 2003  
 Date of General Meeting of Shareholders: June 27, 2002  
 Interim dividends plan: None  
 Sales unit of shares: 500 shares (1 *Tangen*)

1. Summary of the nonconsolidated financial statements for the year ended March 31, 2003 (April 1, 2002 – March 31, 2003)

(1) Operating results (Figures rounded down to the nearest million)

	Years ended March 31	
	2002	2003
Revenue	JPY 274,669 million	JPY 278,610 million
% change from the previous year	6.9%	1.4%
Operating income	JPY 38,901 million	JPY 54,167 million
% change from the previous year	(26.9)%	39.2%
Ordinary income	JPY 38,891 million	JPY 53,513 million
% change from the previous year	(26.9)%	37.6%
Net income	JPY 16,948 million	JPY 30,784 million
% change from the previous year	(44.6)%	81.6%
Basic net income per share	JPY 72.70	JPY 134.45
Diluted net income per share	JPY 72.66	JPY 134.44
Net income / Shareholders' equity	4.3%	8.0%
Ordinary income / Total assets	7.2%	9.3%
Ordinary income / Revenue	14.2%	19.2%

Note 1. Weighted average number of common shares outstanding:

Year ended March 31, 2002: 233,138,018 shares

Year ended March 31, 2003: 227,849,223 shares

Note 2. Change in accounting policy: Yes

Note 3. Percent numbers shown in revenue, operating income, ordinary income, and net income represent the change from the results of the previous year.

Note 4. Assuming the same computational method used for the year ended March 31, 2003, basic net income per share for the year ended March 31, 2002, would have been JPY 71.91; diluted net income per share would have been JPY 71.88.

(2) Dividends

	Years ended March 31	
	2002	2003
Interim dividends per share	–	–
Term-end dividends per share	JPY 40.00	JPY 40.00
Annual dividends per share	JPY 40.00	JPY 40.00
Total annual dividend payout	JPY 9,330 million	JPY 9,003 million
Dividend payout ratio	55.0%	29.2%
Total dividends / Shareholders' equity	2.4%	2.4%

(3) Financial conditions

(Figures rounded down to the nearest million)

	March 31, 2002	March 31, 2003
Total assets	JPY 570,769 million	JPY 582,707 million
Shareholders' equity	JPY 394,729 million	JPY 371,182 million
Shareholders' equity/ Total assets	69.2%	63.7%
Shareholders' equity per share	JPY 1,692.29	JPY 1,648.44

Note 1. Number of common shares outstanding:

As of March 31, 2002: 233,252,257 shares

As of March 31, 2003: 225,080,888 shares

Note 2. Number of common shares in treasury:

As of March 31, 2002: 22,512 shares

As of March 31, 2003: 8,200,245 shares

2. Forecasts for the nonconsolidated financial results for the fiscal year ending March 31, 2004 (April 1, 2003 – March 31, 2004) and the six-month period ending September 30, 2003 (April 1, 2003 – September 30, 2003)

	Six-month period ending September 30, 2003	Year ending March 31, 2003
Revenue	JPY 146,368 million	JPY 298,202 million
Ordinary income	JPY 31,428 million	JPY 59,837 million
Net income	JPY 18,391 million	JPY 34,080 million
Interim dividends per share	–	–
Term-end dividends per share	–	JPY 40.00
Annual dividends per share	–	JPY 40.00

Note: Expected basic net income per share (for the full year): JPY 151.41

\*Forecast statements above include estimates based on current plans, assumptions and prospects and may differ from actual performance because of risks and uncertainties.

## Nonconsolidated Balance Sheets

(in millions of yen)

	March 31, 2002		March 31, 2003		Amount change from the previous year	
	Amount	% of Total Assets	Amount	% of Total Assets		
<b>ASSETS:</b>						
Current assets:						
Cash on hand and in banks	101,946		93,044		(8,902)	
Notes receivable	741		365		(376)	
Due from subscribers	7,726		8,311		584	
Accounts receivable, trade	6,719		4,695		(2,024)	
Receivables - other	3,536		3,047		(489)	
Marketable securities	1,479		7,951		6,472	
Merchandise	9,563		6,738		(2,825)	
Supplies	1,649		1,420		(228)	
Prepaid expenses	1,857		1,507		(349)	
Deferred tax assets	4,096		4,642		546	
Short-term loans	17,443		23,035		5,591	
Short-term loans to subsidiaries and affiliates	23,216		30,076		6,860	
Other current assets	2,458		2,367		(90)	
Allowance for doubtful accounts	(2,959)		(3,602)		(642)	
Total current assets	179,475	31.4%	183,602	31.5%	4,127	
Fixed assets:						
Tangible assets:						
Buildings and improvements	39,337		49,095		9,758	
Accumulated depreciation of buildings and improvements	18,761	20,576	20,317	28,777	8,201	
Automobiles	2,597		2,540		(57)	
Accumulated depreciation of automobiles	1,963	634	2,014	525	(109)	
Signal equipment on subscribers' premises	153,122		-		(153,122)	
Accumulated depreciation of signal equipment on subscribers' premises	96,489	56,633	-	-	(56,633)	
Control station signal equipment	104,568		-		(104,568)	
Accumulated depreciation of control station signal equipment	85,986	18,582	-	-	(18,582)	
Security equipment and control stations	-		175,706		175,706	
Accumulated depreciation of security equipment and control stations	-	-	115,485	60,220	60,220	
Machinery and equipment	11,145		7,611		(3,534)	
Accumulated depreciation of machinery and equipment	7,574	3,571	6,110	1,501	(2,069)	
Tools, furniture and fixtures	12,310		13,731		1,421	
Accumulated depreciation of tools, furniture and fixtures	8,926	3,383	10,052	3,678	295	
Land		37,907		42,197	4,289	
Construction in progress		2,011		1,463	(548)	
Other tangible assets	140		142		2	
Accumulated depreciation of other tangible assets	115	25	123	18	(6)	
Total tangible assets		143,325	25.1%	138,383	23.7%	(4,942)
Intangible assets:						
Telephone rights	1,997		2,033		36	
Telephone and telegraph utility rights	634		540		(93)	
Software	10,535		10,957		421	
Other intangible assets	1,605		800		(804)	
Total intangible assets	14,772	2.6%	14,332	2.5%	(440)	
Investments and others:						
Investment securities	23,578		20,796		(2,782)	
Investment securities in subsidiaries and affiliates	156,879		155,886		(992)	
Investment	2,586		2,224		(361)	
Investment in subsidiaries	3,991		4,015		24	
Long-term loans receivable	3,023		3,336		312	
Long-term loans receivable to employees	24		23		(1)	
Long-term loans receivable to subsidiaries and affiliates	6,700		6,700		-	
Lease deposits	8,504		8,489		(15)	
Long-term prepaid expenses	1,025		19,709		18,683	
Deferred tax assets	19,223		18,379		(844)	
Fund for insurance	5,406		5,761		354	
Other investments	3,562		2,664		(898)	
Allowance for doubtful accounts	(1,311)		(1,596)		(284)	
Total investments and others	233,195	40.9%	246,389	42.3%	13,194	
Total fixed assets	391,293	68.6%	399,104	68.5%	7,811	
Total Assets	570,769	100.0%	582,707	100.0%	11,938	

**Nonconsolidated Balance Sheets (Contd.)**

(in millions of yen)

	March 31, 2002		March 31, 2003		Amount change from the previous year
	Amount	% of Total Assets	Amount	% of Total Assets	
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	1,813		2,121		307
Bank loans	15,234		52,203		36,969
Current portion of long-term loans	-		1,300		1,300
Current portion of convertible bonds	33		-		(33)
Payables – others	10,167		9,605		(561)
Payables – construction	3,514		3,535		21
Income taxes payable	18,163		6,806		(11,356)
Consumption taxes payable	1,839		2,157		318
Accrued expenses	619		576		(42)
Deposits received	20,867		24,749		3,881
Deferred revenue - service charges	20,108		21,048		939
Accrued bonus	4,939		4,920		(19)
Other current liabilities	933		1,679		746
Total current liabilities	98,234	17.2%	130,706	22.4%	32,472
Fixed liabilities:					
Straight bonds	30,000		30,000		-
Convertible bonds	18		18		-
Long-term loans	-		3,700		3,700
Guarantee deposits received from subscribers	16,445		16,721		276
Accrued pension and severance costs	31,341		30,378		(963)
Total fixed liabilities	77,805	13.6%	80,818	13.9%	3,012
Total liabilities	176,039	30.8%	211,524	36.3%	35,485
<b>SHAREHOLDERS' EQUITY:</b>					
Common stock	66,360	11.6%	-	-	(66,360)
Additional paid-in capital	82,536	14.5%	-	-	(82,536)
Legal reserve	9,028	1.6%	-	-	(9,028)
Retained earnings:					
Voluntary reserve					
Reserve for systems development	800		-		
Reserve for tax deferral on assets replacement	28		-		
General reserve	2,212	3,040	-	-	(3,040)
Unappropriated retained earnings					
Total retained earnings	233,263		-		(233,263)
Net unrealized gain in debt and equity securities	642	0.1%	-	-	(642)
Common stock in treasury, at cost	(141)	(0.0%)	-	-	141
Total shareholders' equity	394,729	69.2%			(394,729)
Common stock	-	-	66,368	11.4%	66,368
Capital surplus					
Additional paid-in capital	-	-	82,544		
Total capital surplus	-	-	82,544	14.2%	82,544
Earned surplus					
Legal reserve	-	-	9,028		
Voluntary reserve					
Reserve for systems development	-	-	800		
Reserve for tax deferral on assets replacement	-	-	27		
General reserve	-	-	2,212		
Unappropriated retained earnings	-	-	254,364		
Total earned surplus	-	-	266,431	45.7%	266,431
Net unrealized gain in debt and equity securities	-	-	124	0.0%	124
Common stock in treasury, at cost	-	-	(44,287)	(7.6%)	(44,287)
Total shareholders' equity	-	-	371,182	63.7%	371,182
Total liabilities and shareholders' equity	570,769	100.0%	582,707	100.0%	11,938

## Nonconsolidated Statements of Income

(in millions of yen)

	Year ended March 31, 2002			Year ended March 31, 2003			Amount change from the previous year
	Amount		% of Revenue	Amount		% of Revenue	
Revenues							
Service charges	244,014			250,237			
Sales of merchandise	30,654	274,669	100.0%	28,373	278,610	100.0%	3,941
Costs and operating expenses:							
Cost of service charges	140,000			135,315			
Cost of sales of merchandise	22,427	162,427	59.1%	20,184	155,499	55.8%	(6,928)
Gross Profit		112,241	40.9%		123,111	44.2%	10,869
Selling, general and administrative expenses							
Advertisement	2,625			2,909			
Salaries	22,045			22,326			
Bonuses	4,451			4,568			
Accrued bonus	1,967			1,982			
Accrued net pension and severance cost	9,598			3,280			
Welfare expenses	2,889			3,565			
Depreciation expenses	3,046			3,411			
Rent expenses	6,262			6,250			
Travel expenses	1,140			1,164			
Communication expenses	1,713			1,668			
Office supply expenses	1,064			915			
Taxes and public imposts	607			696			
Provision for doubtful account	20			34			
Commission expenses	4,242			4,776			
Research and development expenses	5,631			5,136			
Other expenses	6,032	73,339	26.7%	6,255	68,943	24.8%	(4,395)
Operating profit		38,901	14.2%		54,167	19.4%	15,265
Non-operating income:							
Interest income	1,062			1,036			
Dividends income	2,524			2,764			
Other income	1,075	4,661	1.7%	486	4,288	1.5%	(373)
Non-operating expenses:							
Interest expenses	228			334			
Interest expenses - convertible bond	126			159			
Provision for allowance for doubtful accounts	838			898			
Loss on disposal of fixed assets	1,985			1,248			
Loss on disposal of inventories	445			554			
Loss from write-off of prepaid installation cost	-			655			
Other expenses	1,047	4,671	1.7%	1,091	4,942	1.7%	270
Ordinary profit		38,891	14.2%		53,513	19.2%	14,621
Extraordinary income							
Lump-sum recognition of prior service cost due to pension plan amendment	24,394			-			
Recognition of prior service cost related to the substitutional portion of the employee pension fund	-			5,958			
Gain on sales of investment securities	2,289			143			
Gain on sales of investment in subsidiaries' and affiliates' securities	1,528			-			
Other	-	28,211	10.2%	440	6,543	2.3%	(21,668)
Extraordinary losses							
Lump-sum recognition of prior period actuarial loss and transition obligations due to change in accounting for pensions	33,680			-			
Loss on other-than-temporary impairment of signal equipment and inventories	-			2,896			
Loss on revaluation of investment securities	2,149			1,600			
Loss on revaluation of investment in subsidiaries	2,811			2,868			
Other	70	38,712	14.1%	169	7,535	2.6%	(31,176)
Income before income taxes		28,390	10.3%		52,521	18.9%	24,130
Income taxes - current	29,422			20,933			
Income taxes - deferred	(18,000)	11,441	4.1%	(802)	21,736	7.9%	10,294
Net income		16,948	6.2%		30,784	11.0%	13,835
Unappropriated retained earnings at beginning of the period		216,315			223,751		7,436
Amortization of investment in subsidiary as the result of corporate merger		-			172		172
Unappropriated retained earnings		233,263			254,364		21,100

## Profit Appropriation

(in millions of yen)

Profit Appropriation	Year ended March 31, 2002		Year ended March 31, 2003	
Unappropriated retained earnings		233,263		254,364
Reversal of voluntary reserve	1	1	0	0
Subtotal		233,265		254,364
Profit Appropriation				
Cash dividends	9,330		9,003	
Directors' bonuses	183	9,513	151	9,154
Appropriated retained earnings		223,751		245,210