

The SECOM logo is positioned in the top right corner. It features the word "SECOM" in a bold, white, sans-serif font, with a registered trademark symbol (®) to its upper right. The background of the entire page is a vibrant blue gradient with abstract, glowing circular patterns and a faint, stylized globe on the right side. On the left, a circular inset shows a group of four people (two children and two adults) smiling and looking upwards.

SECOM[®]

SEMIANNUAL REPORT 2006

For the Six Months Ended September 30, 2006

PROFILE

Established in 1962, SECOM CO., LTD., a pioneer in Japan's security services industry, has earned a solid reputation by developing innovative products and services that truly benefit society. SECOM's achievements to date have transformed it into a provider of security and peace of mind and supported steady growth.

SECOM—the parent company and the companies of the SECOM Group—continues to pursue a wide range of initiatives aimed at realizing its vision for the future: the Social System Industry, a new framework of services created by developing distinctive packages of integrated products and services designed to make life more secure, convenient and comfortable. SECOM has capitalized on its capabilities to expand beyond security services into such areas as medical, insurance, geographic information system (GIS), and information and communication related and other services.

SECOM has expanded into overseas markets, establishing an extensive network of subsidiaries and affiliates mainly for security services in Taiwan, the Republic of Korea (ROK), Thailand, Malaysia, Singapore, Indonesia, the People's Republic of China (PRC), Vietnam, the United States, the United Kingdom and Australia.

Note 1:

Comparisons of operating results in this semiannual report are between the six months ended September 30, 2005 and 2006.

Note 2:

On August 1, 2006, SECOM CO., LTD., changed the number of shares for one trading unit from 500 to 100 shares.

NONCONSOLIDATED FINANCIAL HIGHLIGHTS

SECOM CO., LTD.

Six months ended September 30, 2006, 2005 and 2004

| | In millions of yen | | | In thousands of U.S. dollars |
|---|--------------------|----------|----------|---------------------------------|
| | 2006 | 2005 | 2004 | 2006 |
| Revenue | ¥159,477 | ¥153,416 | ¥146,753 | \$1,351,500 |
| Operating profit | 36,706 | 36,285 | 33,264 | 311,067 |
| Income before income taxes | 40,040 | 38,228 | 33,866 | 339,322 |
| Net income | 25,156 | 23,845 | 21,066 | 213,186 |
| Net income per share (yen and U.S. dollars) | ¥ 111.82 | ¥ 105.97 | ¥ 93.61 | \$ 0.94 |

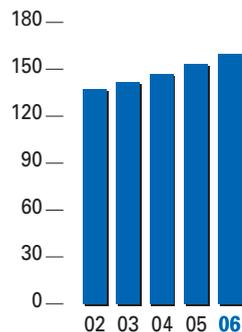
Notes: 1. Net income per share figures are in exact yen and U.S. dollars.

2. All dollar figures herein refer to U.S. currency. Yen amounts have been translated, solely for the convenience of the reader, at the rate of ¥118=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on September 29, 2006.

3. Net income per share amounts are based on the average number of shares outstanding during each period.

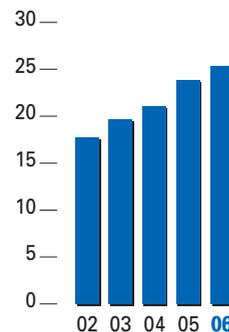
Nonconsolidated Revenue

(In billions of yen)



Nonconsolidated Net Income

(In billions of yen)



TO OUR SHAREHOLDERS

Operating Results

Economic conditions in Japan remained on a steady upward trend as brisk corporate profits supported higher capital investment and an improvement in the employment environment.

In recent years, we have witnessed significant qualitative changes in our operating environment. Heightened concern over deteriorating public security, the rising incidence of information theft and new patterns of criminal activity are contributing to increasingly diverse and sophisticated customer needs. In the six months ended September 30, 2006, we continued to respond to these changes with measures aimed at realizing our Social System Industry vision. We reinforced our core security services businesses with new offerings and by increasing branch offices for better customer service. These measures contributed to nonconsolidated revenue of ¥159.5 billion, a 4.0% increase from the six months ended September 30, 2005. Operating profit increased 1.2%, to ¥36.7 billion, and net income rose 5.5%, to ¥25.2 billion.

Electronic Security Services

The electronic security services category encompasses the provision of commercial and home security services. In the period under review, revenue in this category was ¥114.1 billion, an increase of 3.1%, and represented 71.5% of nonconsolidated revenue.

Other Security Services

Revenue from static guard services increased 8.1%, to ¥10.8 billion, equivalent to 6.8% of nonconsolidated revenue. Armored car services revenue rose 4.0%, to ¥8.5 billion, equivalent to 5.3% of nonconsolidated revenue. Other services brought in ¥5.5 billion, equivalent to 3.4% of nonconsolidated revenue.

Sales of Merchandise

Security-related merchandise includes closed-circuit television (CCTV) surveillance cameras, access-control systems, fire detection and extinguishing systems, and external and internal monitoring systems. Revenue in this category rose 7.7%, to ¥20.7 billion, and accounted for 13.0% of nonconsolidated revenue.

Business Developments

SECOM continues to pursue a wide range of initiatives aimed at realizing its vision for the future—the Social System Industry, a framework comprising integrated packages of

products and services that make life more secure, convenient and comfortable.

In the area of security services, we market a wide range of centralized security systems; static guard, armored car and other security services; and security products. In the period under review, for commercial customers we continued to emphasize on-line security systems, including SECOM AX, which employs advanced image monitoring, and SECOM DX, a versatile system suitable for a variety of users. We also focused on security products such as CCTV systems and access-control systems. For large-scale commercial facilities, we concentrated on total security solutions that suitably integrate our electronic security systems, security products and static guard services.

For residential customers, our flagship offering is SECOM Home Security, a comprehensive home security system that provides round-the-clock monitoring of homes for intruders, fire, gas leaks and medical emergencies. In May 2006, we launched an updated SECOM Home Security system. The new system comes in four versions developed for dwellings of different sizes: condominiums, small houses, average-sized houses and houses that have a large number of rooms or are designed to accommodate multiple generations of one family. Responding to demand for fire alarm systems, mandatory in all homes constructed in Japan after June 1, 2006, we introduced a buzzer-equipped fire alarm that can be connected to the SECOM Home Security system. On a related front, we expanded marketing of SECOM Home Service, a suite of lifestyle support services offered to SECOM Home Security subscribers, to the Nagoya and Fukuoka areas. Marketing efforts initially focused on the Tokyo and Osaka metropolitan areas.

The SECOM Group also provides medical, insurance, geographic information system (GIS), and information and communication related and other services. Our medical services businesses encompass home medical services, including pharmaceutical dispensing and delivery, and home nursing services; remote image diagnosis support services; electronic medical report (EMR) systems; sales of medical equipment; the operation of nursing homes; personal care services; and real estate leasing for medical institutions. During the period under review, we focused on enhancing home nursing, pharmaceutical dispensing and delivery, and other home medical services. On October 1, 2006, we opened Comfort Garden Azamino in Yokohama, a nursing home that capitalizes on our security and medical services know-how. The first facility in the SECOMFORT series, Comfort Garden Azamino offers an adjacent on-site clinic

and health management services, as well as full-time care for residents should it become necessary.

Our non-life insurance subsidiary has developed a lineup of policies that enable us to provide seamless offerings that combine security services, which offer prior protection, and non-life insurance, which looks after customers in the event of misfortune. These include New SECOM *Anshin My Car*, a comprehensive automobile insurance policy; the Security Discount Fire Policy, which offers a discount on premiums to commercial premises that have installed security systems; SECOM *Anshin My Home*, which offers a discount on premiums to homes that have installed security systems; and MEDCOM, an unrestricted cancer treatment policy that provides coverage for all hospitalization and medical treatment costs. In the period under review, we introduced MEDCOM One, developed exclusively for women who have had breast cancer.

In the area of geographic information services, subsidiary Pasco Corporation provides GIS, surveying and measuring, and construction consulting services. GIS services include the PasCAL series, designed for local governments to facilitate the effective use of GIS services in a variety of situations, and the MarketPlanner series, which uses a variety of data sorting and presentation methods to help growing companies establish marketing strategies.

The information and communication related and other services category encompasses information and communication related services, real estate development and sales, and real estate leasing. In the area of information and communication services, on May 1, 2006, cyber security services firm Secom Trust.net Co., Ltd., and information network system operation services firm Secom Information System Co., Ltd., merged to form Secom Trust Systems Co., Ltd., a move aimed at enhancing product synergies and sales efficiency. In real estate development and sales, we stepped up efforts to develop and market condominiums in the Glorio series— attractive units with an emphasis on sophisticated security.

Strategic Directions

We continue to seek growth by capitalizing on new opportunities created by changes in the business environment and increasing appreciation for security services. We also pursue mergers and acquisitions to enhance our capabilities. Subsequent to the end of the period under review, we took strategic steps in our security services business with acquisitions of shares of Nohmi Bosai Ltd. and Toyo Tec Co., Ltd.

In December, we made Nohmi Bosai a consolidated subsidiary, which was previously an affiliated company

accounted for under the equity method. The company is the leading domestic manufacturer of fire protection systems and is listed on the First Section of the Tokyo Stock Exchange. By integrating SECOM's expertise in security systems with Nohmi Bosai's fire protection technologies, the SECOM Group can cultivate new markets and develop creative services and products. Further, concentrating management resources to take advantage of the strengths of both companies—for example, consignment manufacturing of not only fire alarm but also security systems and products—the SECOM Group will increase its capabilities, thereby assuring accelerated growth.

On October 12, 2006, we acquired a 25.47% stake in Toyo Tec, a recognized security services company in the Kansai region, which is listed on the Second Section of the Osaka Securities Exchange and with which we have had a cooperative relationship. As a result, Toyo Tec has become an affiliated company accounted for under the equity method. We are confident this move will further strengthen our market position and enhance our efficiency by using both companies' assets, including marketing and management expertise as well as human resources.

Going forward, we will take further steps to advance growth and raise efficiency, thereby promoting the realization of our Social System Industry vision. We look forward to your continued support in these endeavors.

December 2006



Makoto Iida
Founder



Shohei Kimura
Chairman



Kanemasa Haraguchi
President and Representative Director

NONCONSOLIDATED BALANCE SHEETS

SECOM CO., LTD.
September 30, 2006 and 2005

| ASSETS | In millions of yen | | In thousands of U.S. dollars |
|---|--------------------|-----------------|---------------------------------|
| | 2006 | 2005 | 2006 |
| Current assets: | | | |
| Cash on hand and in banks | ¥130,125 | ¥141,528 | \$1,102,754 |
| Notes receivable | 420 | 481 | 3,559 |
| Due from subscribers | 10,413 | 9,490 | 88,245 |
| Accounts receivable, trade | 6,088 | 5,127 | 51,593 |
| Short-term investments | 451 | 451 | 3,822 |
| Inventories | 7,118 | 7,893 | 60,322 |
| Short-term loans to subsidiaries and affiliated companies | 13,608 | 30,306 | 115,322 |
| Other | 11,781 | 32,446 | 99,838 |
| Allowance for doubtful accounts | (1,414) | (2,574) | (11,983) |
| Total current assets | 178,593 | 225,151 | 1,513,500 |
| Fixed assets: | | | |
| Tangible assets: | | | |
| Buildings and improvements | 22,606 | 23,538 | 191,576 |
| Security equipment and control stations | 62,483 | 61,116 | 529,516 |
| Land | 32,207 | 34,825 | 272,940 |
| Other | 8,600 | 7,602 | 72,881 |
| Intangible assets: | | | |
| Telephone and telegraph utility rights | 96 | 133 | 813 |
| Software | 5,103 | 6,300 | 43,245 |
| Other | 2,748 | 2,065 | 23,288 |
| Investments and other: | | | |
| Investment securities | 41,719 | 29,370 | 353,550 |
| Investments in subsidiaries and affiliated companies | 151,129 | 160,529 | 1,280,754 |
| Long-term loans to subsidiaries and affiliated companies | 49,520 | — | 419,661 |
| Other | 73,857 | 66,400 | 625,906 |
| Allowance for doubtful accounts | (7,153) | (5,010) | (60,618) |
| Total fixed assets | 442,919 | 386,872 | 3,753,550 |
| Total assets | ¥621,512 | ¥612,024 | \$5,267,050 |

| LIABILITIES | In millions of yen | | In thousands of U.S. dollars |
|--|--------------------|-----------------|---------------------------------|
| | 2006 | 2005 | 2006 |
| Current liabilities: | | | |
| Accounts payable | ¥ 2,781 | ¥ 2,799 | \$ 23,567 |
| Bank loans | 26,102 | 27,540 | 221,203 |
| Current portion of straight bonds | — | 30,000 | — |
| Payables—other | 11,374 | 9,699 | 96,389 |
| Accrued income taxes | 14,750 | 12,445 | 125,000 |
| Accrued consumption taxes | 1,908 | 1,397 | 16,169 |
| Accrued expenses | 464 | 635 | 3,932 |
| Deposits received | 35,033 | 31,042 | 296,889 |
| Deferred revenue—service charges | 22,839 | 22,371 | 193,550 |
| Accrued bonuses | 5,740 | 5,215 | 48,644 |
| Accrued bonuses to directors | 49 | — | 415 |
| Other | 5,335 | 4,914 | 45,211 |
| Total current liabilities | 126,379 | 148,061 | 1,071,008 |
| Long-term liabilities: | | | |
| Guarantee deposits received | 18,354 | 18,268 | 155,542 |
| Accrued pension and severance costs | 5,504 | 5,662 | 46,644 |
| Accrued retirement benefits for directors and corporate auditors | 1,235 | — | 10,466 |
| Total long-term liabilities | 25,094 | 23,930 | 212,661 |
| Total liabilities | 151,473 | 171,991 | 1,283,669 |
| NET ASSETS | | | |
| Shareholders' equity: | | | |
| Common stock | 66,377 | 66,377 | 562,516 |
| Capital surplus: | | | |
| Additional paid-in capital | 83,054 | 83,054 | 703,847 |
| Other capital surplus | 1 | — | 8 |
| Retained earnings: | | | |
| Legal reserve | 9,028 | 9,028 | 76,508 |
| Other retained earnings: | | | |
| Voluntary reserve | 3,012 | 3,036 | 25,525 |
| Accumulated earnings carried forward | 350,877 | 319,259 | 2,973,533 |
| Common stock in treasury, at cost | (44,833) | (44,662) | (379,940) |
| Total shareholders' equity | 467,516 | 436,094 | 3,962,000 |
| Valuation, translation adjustments and others: | | | |
| Unrealized gains on securities | 2,522 | 3,939 | 21,372 |
| Total valuation, translation adjustments and others | 2,522 | 3,939 | 21,372 |
| Total net assets | 470,039 | 440,033 | 3,983,381 |
| Total liabilities and net assets | ¥621,512 | ¥612,024 | \$5,267,050 |

NONCONSOLIDATED STATEMENTS OF INCOME

SECOM CO., LTD.

Six months ended September 30, 2006 and 2005

| | In millions of yen | | In thousands of U.S. dollars |
|--|--------------------|----------|---------------------------------|
| | 2006 | 2005 | 2006 |
| Revenue | ¥159,477 | ¥153,416 | \$1,351,500 |
| Costs | 87,585 | 82,856 | 742,245 |
| Selling, general and administrative expenses | 35,185 | 34,274 | 298,177 |
| Operating profit | 36,706 | 36,285 | 311,067 |
| Other income (expenses)—net | 3,324 | 1,567 | 28,169 |
| Ordinary profit | 40,030 | 37,853 | 339,237 |
| Extraordinary profit | 64 | 1,249 | 542 |
| Extraordinary loss | 55 | 874 | 466 |
| Income before income taxes | 40,040 | 38,228 | 339,322 |
| Income taxes—current | 14,480 | 12,072 | 122,711 |
| Income taxes—deferred | 403 | 2,309 | 3,415 |
| Net income | ¥ 25,156 | ¥ 23,845 | \$ 213,186 |
| Net income per share (yen and U.S. dollars) | ¥ 111.82 | ¥ 105.97 | \$ 0.94 |
| Average number of shares outstanding (thousands) | 224,976 | 225,013 | |

COMPOSITION OF NONCONSOLIDATED REVENUE

SECOM CO., LTD.

Six months ended September 30, 2006 and 2005

| | In millions of yen | | In thousands of U.S. dollars |
|------------------------------|--------------------|----------|---------------------------------|
| | 2006 | 2005 | 2006 |
| Electronic security services | ¥114,101 | ¥110,639 | \$ 966,957 |
| Other security services: | | | |
| Static guard services | 10,785 | 9,973 | 91,398 |
| Armored car services | 8,457 | 8,131 | 71,669 |
| Other | 5,450 | 5,460 | 46,186 |
| Total service charges | 138,795 | 134,205 | 1,176,228 |
| Sales of merchandise | 20,682 | 19,211 | 175,271 |
| Revenue | ¥159,477 | ¥153,416 | \$1,351,500 |

NONCONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

SECOM CO., LTD.
Six months ended September 30, 2006

In millions of yen

| | Shareholders' equity | | | | | Valuation, translation adjustments and others | | Total net assets |
|---|----------------------|-----------------|-------------------|-----------------------------------|----------------------------|---|---|------------------|
| | Common stock | Capital surplus | Retained earnings | 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 | ¥66,377 | ¥83,054 | ¥351,358 | ¥(44,749) | ¥456,041 | ¥5,604 | ¥5,604 | ¥461,646 |
| Changes during the period: | | | | | | | | |
| Cash dividends | | | (13,499) | | (13,499) | | | (13,499) |
| Bonuses to directors | | | (98) | | (98) | | | (98) |
| Reversal of reserve for tax deferral on asset replacement | | | — | | — | | | — |
| Net income | | | 25,156 | | 25,156 | | | 25,156 |
| Purchase of treasury stock | | | | (101) | (101) | | | (101) |
| Disposal of treasury stock | | 1 | | 16 | 17 | | | 17 |
| Net changes of items other than shareholders' equity | | | | | | (3,082) | (3,082) | (3,082) |
| Total changes during the period | — | 1 | 11,558 | (84) | 11,475 | (3,082) | (3,082) | 8,392 |
| Balance as of September 30, 2006 | ¥66,377 | ¥83,055 | ¥362,917 | ¥(44,833) | ¥467,516 | ¥2,522 | ¥2,522 | ¥470,039 |

In thousands of U.S. dollars

| | Shareholders' equity | | | | | Valuation, translation adjustments and others | | Total net assets |
|---|----------------------|------------------|--------------------|-----------------------------------|----------------------------|---|---|--------------------|
| | Common stock | Capital surplus | Retained earnings | 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 | \$562,516 | \$703,847 | \$2,977,610 | \$(379,228) | \$3,864,754 | \$47,491 | \$47,491 | \$3,912,254 |
| Changes during the period: | | | | | | | | |
| Cash dividends | | | (114,398) | | (114,398) | | | (114,398) |
| Bonuses to directors | | | (830) | | (830) | | | (830) |
| Reversal of reserve for tax deferral on asset replacement | | | — | | — | | | — |
| Net income | | | 213,186 | | 213,186 | | | 213,186 |
| Purchase of treasury stock | | | | (855) | (855) | | | (855) |
| Disposal of treasury stock | | 8 | | 135 | 144 | | | 144 |
| Net changes of items other than shareholders' equity | | | | | | (26,118) | (26,118) | (26,118) |
| Total changes during the period | — | 8 | 97,949 | (711) | 97,245 | (26,118) | (26,118) | 71,118 |
| Balance as of September 30, 2006 | \$562,516 | \$703,855 | \$3,075,567 | \$(379,940) | \$3,962,000 | \$21,372 | \$21,372 | \$3,983,381 |

NOTES TO NONCONSOLIDATED FINANCIAL STATEMENTS

SECOM CO., LTD.

1. Basis of Financial Statements

The accompanying nonconsolidated financial statements have been prepared in conformity with accounting practices ordinarily followed in connection with interim financial statements in Japan and translated from the financial statements that are prepared in Japanese and filed with the Prime Minister of Japan and the Tokyo Stock Exchange. Certain modifications as to the presentation of the accompanying financial statements were made to facilitate understanding by non-Japanese readers.

2. U.S. Dollar Amounts

U.S. dollar amounts are included solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥118=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on September 29, 2006.

DIRECTORS, CORPORATE AUDITORS AND EXECUTIVE OFFICERS

Directors

Founder:

Makoto Iida

Co-Founder:

Juichi Toda

Advisor:

Toshitaka Sugimachi

Chairman:

Shohei Kimura

President and Representative Director:

Kanemasa Haraguchi

Senior Executive Director:

Nobuyuki Sasaki

Executive Directors:

Katsuhisa Kuwahara

Shuji Maeda

Katsuo Akiyama

Shinobu Iida

Director:

Fumio Obata

Corporate Auditors

Teruo Ogino

Ken Tsunematsu

Hiroshi Yasuda

Kohei Yamashita

Executive Officers

Shohei Kimura

Chairman

Kanemasa Haraguchi

*President and
Representative Director*

Nobuyuki Sasaki

Senior Executive Director

Katsuhisa Kuwahara

Executive Director

Seiichiro Kobayashi

Managing Executive Officer

Shuji Maeda

Executive Director

Katsuo Akiyama

Executive Director

Shinobu Iida

Executive Director

Koichi Sato

Managing Executive Officer

Yushiro Ito

Managing Executive Officer

Seiichi Mori

Executive Officer

Fumio Obata

Director

Hiroshi Ito

Executive Officer

Shunji Ogahara

Executive Officer

Kiyomasa Sugii

Executive Officer

Minoru Takaoka

Executive Officer

Yoshihiro Chino

Executive Officer

Mamoru Sasaki

Executive Officer

Akira Tsutsumi

Executive Officer

Tomoo Toya

Executive Officer

Hideo Morishita

Executive Officer

Tsuneo Komatsuzaki

Executive Officer

Seiji Sakamoto

Executive Officer

Kazuaki Anzai

Executive Officer

Takayuki Ito

Executive Officer

Ryohei Komatsu

Executive Officer



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