

**CONSOLIDATED FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2005**

May 12, 2005

Company name: SECOM Co., Ltd. (URL: <http://www.secom.co.jp>)
 Code number: 9735 Tokyo Stock Exchange ----- First Section
 Osaka Stock Exchange ----- First Section
 Corporate headquarters: Tokyo, Japan
 Representative: Kanemasa Haraguchi, President and Representative Director
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 Date approved by Board of Directors: May 12, 2005
 Adoption of US GAAP: None

1. Summary of the consolidated financial statements for the fiscal year ended March 31, 2005 (April 1, 2004 – March 31, 2005)

(1) Consolidated operating results (Figures rounded down to the nearest million)

	Years ended March 31	
	2004	2005
Revenue	JPY 527,409 million	JPY 547,230 million
% change from the previous year	0.8%	3.8%
Operating profit	JPY 81,286 million	JPY 83,043 million
% change from the previous year	11.5%	2.2%
Ordinary profit	JPY 76,243 million	JPY 83,478 million
% change from the previous year	8.8%	9.5%
Net income	JPY 41,111 million	JPY 48,517 million
% change from the previous year	15.5%	18.0%
Basic net income per share	JPY 181.40	JPY 214.41
Diluted net income per share	JPY 181.40	JPY 214.41
Net income / Shareholders' equity	10.6%	11.5%
Ordinary profit / Total assets	7.0%	7.6%
Ordinary profit / Revenue	14.5%	15.3%

Note 1. Equity in net gains/losses of affiliated companies:

Year ended March 31, 2004: JPY 1,028 million

Year ended March 31, 2005: JPY 2,576 million

Note 2. Weighted average number of common shares outstanding:

Year ended March 31, 2004: 225,066,405 shares

Year ended March 31, 2005: 225,038,973 shares

Note 3. Change in accounting policy: None

Note 4. 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 (Figures rounded down to the nearest million)

	March 31, 2004	March 31, 2005
Total assets	JPY 1,092,067 million	JPY 1,097,548 million
Shareholders' equity	JPY 403,257 million	JPY 441,927 million
Shareholders' equity / Total assets	36.9%	40.3%
Shareholders' equity per share	JPY 1,790.58	JPY 1962.74

Note 1. Number of common shares outstanding:

As of March 31, 2004: 225,052,481 shares

As of March 31, 2005: 225,022,674 shares

(3) Consolidated cash flows (Figures rounded down to the nearest million)

	Years ended March 31	
	2004	2005
Cash flows from operating activities	JPY 87,939 million	JPY 90,108 million
Cash flows from investing activities	JPY (34,386) million	JPY (41,221) million
Cash flows from financing activities	JPY (36,211) million	JPY (43,162) million
Cash and cash equivalents at end of the period	JPY 187,199 million	JPY 192,950 million

(4) Consolidated subsidiaries and affiliated companies

	Additions	Deletions	As of March 31, 2005
Number of consolidated subsidiaries	7	8	123
Number of affiliated companies	None	10	31

2. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2006 (April 1, 2005 – March 31, 2006) and the six-month period ending September 30, 2005 (April 1, 2005 – September 30, 2005)

	Six-month period ending September 30, 2005	Year ending March 31, 2006
Expected revenue	JPY 261,600 million	JPY 572,000 million
Expected ordinary profit	JPY 40,600 million	JPY 95,000 million
Expected net income	JPY 22,400 million	JPY 51,900 million

Note: Expected basic net income per share (for the full year): JPY 229.46

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

Consolidated Balance Sheets

(In millions of yen)

	March 31, 2004		March 31, 2005		Amount change from the previous year
	Amount	% of total assets	Amount	% of total assets	
ASSETS:					
Current assets:	478,668	43.8%	508,274	46.3%	29,606
Cash on hand and in banks	202,630		246,693		44,062
Call loan	38,000		10,000		(27,999)
Notes and accounts receivable, trade	46,813		50,183		3,369
Due from subscribers	17,561		16,204		(1,356)
Short-term investments	47,343		73,252		25,908
Inventories	45,477		40,979		(4,497)
Deferred income taxes	9,768		8,207		(1,561)
Short-term loans receivable	58,793		46,375		(12,417)
Other current assets	17,205		17,676		470
Allowance for doubtful accounts	(4,925)		(1,297)		3,627
Fixed assets:	613,211	56.2%	589,183	53.7%	(24,028)
Tangible assets:	243,945	22.3%	223,582	20.4%	(20,362)
Buildings and improvements	79,072		72,816		(6,256)
Security equipment and control stations	65,315		64,104		(1,210)
Land	80,507		65,151		(15,355)
Other tangible assets	19,050		21,509		2,459
Intangible assets	33,820	3.2%	27,582	2.5%	(6,238)
Investments and others:	335,445	30.7%	338,018	30.8%	2,572
Investment securities	207,654		243,031		35,376
Long-term loans receivable	63,799		42,983		(20,815)
Prepaid pension and severance costs	-		1,527		1,527
Deferred income taxes	22,523		18,509		(4,014)
Other investments	55,528		42,258		(13,269)
Allowance for doubtful accounts	(14,060)		(10,292)		3,768
Deferred assets:	187	0.0%	90	0.0%	(96)
Total assets	1,092,067	100.0%	1,097,548	100.0%	5,480

Consolidated Balance Sheets (Contd.)

(In millions of yen)

	March 31, 2004		March 31, 2005		Amount change from the previous year
	Amount	% of total assets	Amount	% of total assets	
LIABILITIES:					
Current liabilities:	261,181	23.9%	246,222	22.4%	(14,958)
Notes and accounts payable, trade	18,460		15,693		(2,767)
Bank loans	119,344		108,172		(11,172)
Current portion of straight bonds	200		690		490
Current portion of convertible bonds	18		-		(18)
Payables - other	17,743		18,959		1,215
Income taxes payable	17,083		16,197		(886)
Consumption taxes payable	3,792		2,698		(1,094)
Accrued expenses	2,304		2,275		(28)
Deferred revenue - service charges	28,459		28,532		72
Accrued bonus	8,490		8,758		267
Other current liabilities	45,283		44,245		(1,037)
Fixed liabilities:	397,858	36.5%	377,234	34.4%	(20,624)
Straight bonds	32,800		40,940		8,140
Long-term loans	43,530		14,513		(29,016)
Guarantee deposits received from subscribers	29,160		28,737		(423)
Deferred income taxes	371		423		52
Accrued pension and severance costs	12,899		12,617		(282)
Investment deposits by policyholders, unearned premiums and other insurance liabilities	276,979		278,278		1,298
Other fixed liabilities	2,117		1,724		(393)
Total liabilities	659,040	60.4%	623,457	56.8%	(35,582)
MINORITY INTEREST IN SUBSIDIARIES	29,770	2.7%	32,163	2.9%	2,392
SHAREHOLDERS' EQUITY:					
Common stock	66,368	6.1%	66,377	6.1%	9
Capital surplus	82,544	7.6%	82,553	7.5%	8
Earned surplus	308,268	28.1%	346,510	31.6%	38,241
Net unrealized gain in debt and equity securities	6,079	0.6%	8,167	0.7%	2,088
Foreign currency translation adjustments	(15,603)	(1.4%)	(17,123)	(1.5%)	(1,519)
Common stock in treasury, at cost	(44,400)	(4.1%)	(44,558)	(4.1%)	(157)
Total shareholders' equity	403,257	36.9%	441,927	40.3%	38,670
Total liabilities, minority interest in subsidiaries and shareholders' equity	1,092,067	100.0%	1,097,548	100.0%	5,480

Consolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2004		Year ended March 31, 2005		Change from the previous year	
	Amount	% of revenue	Amount	% of revenue	Amount	% change
Revenue	527,409	100.0%	547,230	100.0%	19,821	3.8%
Costs of revenue	324,759	61.6%	341,466	62.4%	16,706	5.1%
Gross profit	202,650	38.4%	205,764	37.6%	3,114	1.5%
Selling, general and administrative expenses	121,363	23.0%	122,720	22.4%	1,357	1.1%
Operating profit	81,286	15.4%	83,043	15.2%	1,757	2.2%
Non-operating income	7,798	1.5%	11,942	2.2%	4,144	53.1%
Non-operating expenses	12,841	2.4%	11,507	2.1%	(1,334)	(10.4%)
Ordinary profit	76,243	14.5%	83,478	15.3%	7,235	9.5%
Extraordinary profit	31,860	6.0%	11,381	2.1%	(20,479)	(64.3%)
Extraordinary losses	24,892	4.7%	10,105	1.9%	(14,786)	(59.4%)
Income before income taxes	83,211	15.8%	84,754	15.5%	1,543	1.9%
Income taxes - current	30,962	5.9%	28,723	5.2%	(2,239)	(7.2%)
Income taxes - deferred	8,985	1.7%	4,145	0.8%	(4,839)	(53.9%)
Minority interest in subsidiaries	2,152	0.4%	3,367	0.6%	1,215	56.5%
Net income	41,111	7.8%	48,517	8.9%	7,406	18.0%

Consolidated Statements of Capital Surplus and Earned Surplus

(In millions of yen)

	Year ended March 31, 2004		Year ended March 31, 2005		Change from the previous year	
	Amount	Amount	Amount	Amount	Amount	Amount
Capital surplus						
Balance at beginning of the period	82,544	82,544	-	-	-	-
Increase in capital surplus:						
Conversion of convertible bonds	-	8	8	8	8	8
Balance at end of the period	82,544	82,553	8	8	8	8
Earned surplus						
Balance at beginning of the period	276,397	308,268	31,871	31,871	31,871	31,871
Increase in earned surplus:						
Net income	41,111	48,517	7,406	7,406	7,406	7,406
Effect of changes in investments accounted for under the equity method	-	74	74	74	74	74
Decrease in earned surplus:						
Cash dividends	9,003	10,127	1,124	1,124	1,124	1,124
Directors' bonuses	236	222	(13)	(13)	(13)	(13)
Balance at end of the period	308,268	346,510	38,241	38,241	38,241	38,241

Consolidated Statements of Cash Flows

(In millions of yen)

	Year ended March 31, 2004	Year ended March 31, 2005
Cash flows from operating activities:		
Income before income taxes	83,211	84,754
Depreciation	37,498	36,345
Amortization of goodwill	4,024	3,146
Equity in net gains of affiliated companies	(1,028)	(2,576)
Increase (decrease) in allowance for doubtful accounts	9,328	(7,226)
Increase (decrease) in accrued pension and severance costs	(32,314)	(1,815)
Interest and dividend income	(9,848)	(9,114)
Interest expenses	2,486	2,259
Exchange (gains) losses	469	176
Net loss on sales and disposal of tangible assets	745	(4,485)
Impairment loss on fixed assets	11,240	7,589
Gain on sales of investment securities	(2,062)	(3,594)
Loss on revaluation of investment securities	487	794
(Gain) loss on sales of investment in affiliates' securities	28	(796)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	5,435	(1,614)
(Increase) decrease in inventories	(5,392)	4,732
Increase (decrease) in accounts payable	493	(1,802)
Increase in investment deposit by policyholders, unearned premiums and other insurance liabilities	2,503	1,298
Other	(3,230)	4,986
Subtotal	104,073	113,060
Interest and dividend received	10,930	10,229
Interest paid	(2,496)	(2,267)
Income taxes paid	(24,567)	(30,913)
Net cash provided by operating activities	87,939	90,108
Cash flows from investing activities:		
(Increase) decrease in time deposits, net	522	(636)
(Increase) decrease in marketable securities, net	7,603	(26,622)
Payments for purchases of tangible assets	(39,511)	(48,612)
Proceeds from sales of tangible assets	5,012	38,029
Payments for investments in securities	(62,201)	(97,445)
Proceeds from sales of investments in securities	32,958	66,534
Payments for investments in subsidiaries' securities	(143)	(501)
(Increase) decrease in short-term loans receivable	(4,541)	(5,441)
Payments for long-term loans receivable	(15,529)	(12,923)
Proceeds from long-term loans receivable	46,985	51,263
Payments for purchases of subsidiaries' shares	(29)	166
Proceeds from sales of subsidiaries' shares	(61)	833
Payments for transfer of business	-	(1,094)
Other	(5,449)	(4,769)
Net cash used in investing activities	(34,386)	(41,221)
Cash flows from financing activities:		
Increase (decrease) in bank loans	(17,437)	(10,169)
Proceeds from long-term loans	9,545	1,189
Repayments of long-term loans	(19,243)	(31,456)
Proceeds from straight bonds	978	8,974
Payments for redemption of straight bonds	-	(500)
Proceeds from minority shareholders	6	5
Dividends paid	(9,003)	(10,127)
Dividends paid for minority shareholders	(765)	(875)
Increase in treasury stock, net	(113)	(157)
Increase in treasury stock of subsidiaries, net	(177)	(43)
Net cash provided by (used in) financing activities	(36,211)	(43,162)
Effect of exchange rate changes on cash and cash equivalents	(175)	25
Net increase (decrease) in cash and cash equivalents	17,166	5,750
Cash and cash equivalents at beginning of the period	170,033	187,199
Cash and cash equivalents at end of the period	187,199	192,950

Segment Information

1. Business segment information

(In millions of yen)

	Year ended March 31, 2004						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	366,040	21,939	28,983	110,446	527,409	-	527,409
Intersegment	4,498	193	2,888	3,722	11,304	(11,304)	-
Subtotal	370,539	22,132	31,872	114,169	538,714	(11,304)	527,409
Operating costs and expenses	278,457	21,080	30,624	114,450	444,613	1,510	446,123
Operating profit (loss)	92,082	1,052	1,247	(281)	94,100	(12,814)	81,286
Assets	436,045	66,999	302,474	202,244	1,007,764	84,303	1,092,067
Depreciation and amortization	30,602	1,160	277	6,391	38,432	(934)	37,498
Impairment loss on fixed assets	-	511	-	8,945	9,456	1,783	11,240
Capital expenditures	31,760	1,778	467	10,387	44,393	(713)	43,679

(In millions of yen)

	Year ended March 31, 2005						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	377,598	25,418	29,997	114,216	547,230	-	547,230
Intersegment	6,836	215	3,134	4,888	15,075	(15,075)	-
Subtotal	384,435	25,634	33,131	119,104	562,306	(15,075)	547,230
Operating costs and expenses	289,650	24,939	35,670	115,108	465,368	(1,181)	464,187
Operating profit (loss)	94,784	695	(2,538)	3,996	96,937	(13,893)	83,043
Assets	461,906	80,344	306,658	171,173	1,020,081	77,466	1,097,548
Depreciation and amortization	28,395	1,493	781	6,354	37,023	(678)	36,345
Impairment loss on fixed assets	1,349	24	-	5,745	7,120	469	7,589
Capital expenditures	30,205	10,939	899	12,885	54,930	(1,734)	53,196

2. Geographic segment information

(In millions of yen)

	Year ended March 31, 2004				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	515,614	11,795	527,409	-	527,409
Intersegment	211	-	211	(211)	-
Subtotal	515,826	11,795	527,621	(211)	527,409
Operating costs and expenses	421,588	11,900	433,489	12,633	446,123
Operating profit (loss)	94,237	(105)	94,131	(12,845)	81,286
Assets	937,131	13,980	951,112	140,955	1,092,067

(In millions of yen)

	Year ended March 31, 2005				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	534,539	12,691	547,230	-	547,230
Intersegment	228	-	228	(228)	-
Subtotal	534,768	12,691	547,459	(228)	547,230
Operating costs and expenses	438,995	12,401	451,396	12,790	464,187
Operating profit (loss)	95,772	290	96,063	(13,019)	83,043
Assets	942,577	14,405	956,983	140,565	1,097,548

3. Revenue from overseas

(In millions of yen)

	Years ended March 31	
	2004	2005
Revenue from overseas	12,611	14,046
Consolidated revenue	527,409	547,230
% of consolidated revenue	2.4%	2.6%