

**CONSOLIDATED QUARTERLY FINANCIAL REPORT  
FOR THE THREE MONTHS ENDED JUNE 30, 2005**

August 11, 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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1. Basis of the quarterly financial report

1. Adoption of simplified procedure in accounting processing: None
2. Change in accounting policy from the last fiscal year: Yes

With regard to business segment information, the SECOM Group has changed its business segmentation. Details are shown in "Business Segment Information" section.

3. Change in the scope of consolidation: Yes

Number of consolidated subsidiaries: Additions = 4, Deletions = 3

Number of affiliated companies: Additions = 1, Deletions = 1

2. Summary of the consolidated financial statements for the 1st quarter of the fiscal year ended March 31, 2006 (April 1, 2005 – June 30, 2005)

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

	Three months ended June 30		Year ended March 31
	2005	2004	2005
Revenue % change from the previous year	JPY 124,214 million 3.0%	JPY 120,597 million 1.0%	JPY 547,230 million
Operating profit % change from the previous year	JPY 19,052 million 9.7%	JPY 17,375 million 2.1%	JPY 83,043 million
Ordinary profit % change from the previous year	JPY 19,715 million 13.3%	JPY 17,407 million 8.9%	JPY 83,478 million
Net income % change from the previous year	JPY 11,063 million 15.1%	JPY 9,608 million 14.8%	JPY 48,517 million
Basic net income per share	JPY 49.17	JPY 42.70	JPY 214.41
Diluted net income per share	-	JPY 42.69	JPY 214.41

(2) Consolidated financial conditions (Figures rounded down to the nearest million)

	June 30, 2005	June 30, 2004	March 31, 2005
Total assets	JPY 1,062,209 million	JPY 1,042,271 million	JPY 1,097,548 million
Shareholders' equity	JPY 442,326 million	JPY 402,465 million	JPY 441,927 million
Shareholders' equity / Total assets	41.6%	38.6%	40.3%
Shareholders' equity per share	JPY 1,965.75	JPY 1,788.35	JPY 1,962.74

## (3) Consolidated cash flows

(Figures rounded down to the nearest million)

	Three months ended June 30		Year ended March 31
	2005	2004	2005
Cash flows from operating activities	JPY 14,052 million	JPY 22,131 million	JPY 90,108 million
Cash flows from investing activities	JPY (5,484) million	JPY (36,144) million	JPY (41,221) million
Cash flows from financing activities	JPY (30,132) million	JPY (33,987) million	JPY (43,162) million
Cash and cash equivalents at end of the period	JPY 171,445 million	JPY 139,194 million	JPY 192,950 million

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

	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)

	June 30, 2005		June 30, 2004		Amount change from the previous year	March 31, 2005	
	Amount	% of total assets	Amount	% of total assets		Amount	% of total assets
<b>ASSETS:</b>							
Current assets:	<b>494,180</b>	<b>46.5%</b>	<b>411,525</b>	<b>39.5%</b>	<b>82,655</b>	<b>508,274</b>	<b>46.3%</b>
Cash on hand and in banks	238,780		187,902		50,877	246,693	
Call loan	-		-		-	10,000	
Notes and accounts receivable, trade	27,240		23,935		3,305	50,183	
Due from subscribers	17,151		17,088		63	16,204	
Short-term investments	84,804		53,569		31,235	73,252	
Inventories	50,275		49,467		808	40,979	
Deferred income taxes	6,771		7,288		(516)	8,207	
Short-term loans receivable	51,909		59,068		(7,159)	46,375	
Other current assets	18,283		17,308		975	17,676	
Allowance for doubtful accounts	(1,036)		(4,103)		3,067	(1,297)	
Fixed assets:	<b>567,953</b>	<b>53.5%</b>	<b>630,590</b>	<b>60.5%</b>	<b>(62,636)</b>	<b>589,183</b>	<b>53.7%</b>
Tangible assets:	<b>226,085</b>	<b>21.3%</b>	<b>247,745</b>	<b>23.8%</b>	<b>(21,659)</b>	<b>223,582</b>	<b>20.4%</b>
Buildings and improvements	74,636		80,765		(6,128)	72,816	
Security equipment and control stations	64,554		66,295		(1,740)	64,104	
Land	65,015		80,914		(15,898)	65,151	
Other tangible assets	21,879		19,770		2,109	21,509	
Intangible assets	<b>28,266</b>	<b>2.7%</b>	<b>34,584</b>	<b>3.3%</b>	<b>(6,317)</b>	<b>27,582</b>	<b>2.5%</b>
Investments and others:	<b>313,601</b>	<b>29.5%</b>	<b>348,260</b>	<b>33.4%</b>	<b>(34,659)</b>	<b>338,018</b>	<b>30.8%</b>
Investment securities	225,143		229,777		(4,633)	243,031	
Long-term loans receivable	37,127		56,509		(19,381)	42,983	
Deferred income taxes	17,500		21,941		(4,440)	18,509	
Other investments	44,354		54,728		(10,373)	43,786	
Allowance for doubtful accounts	(10,525)		(14,694)		4,169	(10,292)	
Deferred assets:	<b>74</b>	<b>0.0%</b>	<b>156</b>	<b>0.0%</b>	<b>(81)</b>	<b>90</b>	<b>0.0%</b>
Total assets	1,062,209	100.0%	1,042,271	100.0%	19,937	1,097,548	100.0%

## Consolidated Balance Sheets (Contd.)

(In millions of yen)

	June 30, 2005		June 30, 2004		Amount change from the previous year	March 31, 2005	
	Amount	% of total assets	Amount	% of total assets		Amount	% of total assets
<b>LIABILITIES:</b>							
Current liabilities:	<b>240,248</b>	<b>22.6%</b>	<b>217,983</b>	<b>20.9%</b>	<b>22,265</b>	<b>246,222</b>	<b>22.4%</b>
Notes and accounts payable, trade	11,089		12,741		(1,652)	15,693	
Bank loans	89,132		101,009		(11,877)	108,172	
Current portion of straight bonds	30,990		200		30,790	690	
Payables - other	17,354		16,991		362	18,959	
Income taxes payable	6,309		6,317		(7)	16,197	
Consumption taxes payable	3,103		2,984		119	2,698	
Accrued expenses	2,124		1,918		206	2,275	
Deferred revenue - service charges	30,752		30,989		(237)	28,532	
Accrued bonus	3,198		3,129		68	8,758	
Other current liabilities	46,194		41,701		4,492	44,245	
Fixed liabilities:	<b>348,394</b>	<b>32.8%</b>	<b>392,558</b>	<b>37.7%</b>	<b>(44,163)</b>	<b>377,234</b>	<b>34.4%</b>
Straight bonds	11,990		32,800		(20,810)	40,940	
Long-term loans	14,330		38,904		(24,573)	14,513	
Guarantee deposits received from subscribers	29,019		29,086		(67)	28,737	
Accrued pension and severance costs	12,323		12,608		(284)	12,617	
Investment deposits by policyholders, unearned premiums and other insurance liabilities	278,592		277,290		1,301	278,278	
Other fixed liabilities	2,138		1,868		270	2,148	
Total liabilities	588,643	55.4%	610,541	58.6%	(21,897)	623,457	56.8%
<b>MINORITY INTEREST IN SUBSIDIARIES</b>	31,239	3.0%	29,263	2.8%	1,975	32,163	2.9%
<b>SHAREHOLDERS' EQUITY:</b>							
Common stock	66,377	6.2%	66,370	6.4%	7	66,377	6.1%
Capital surplus	83,054	7.8%	82,546	7.9%	507	82,553	7.5%
Earned surplus	345,640	32.5%	307,527	29.5%	38,113	346,510	31.6%
Net unrealized gain in debt and equity securities	7,007	0.7%	6,667	0.6%	339	8,167	0.7%
Foreign currency translation adjustments	(15,169)	(1.4%)	(16,219)	(1.5%)	1,050	(17,123)	(1.5%)
Common stock in treasury, at cost	(44,585)	(4.2%)	(44,426)	(4.3%)	(158)	(44,558)	(4.1%)
Total shareholders' equity	442,326	41.6%	402,465	38.6%	39,860	441,927	40.3%
Total liabilities, minority interest in subsidiaries and shareholders' equity	1,062,209	100.0%	1,042,271	100.0%	19,937	1,097,548	100.0%

## Consolidated Statements of Income

(In millions of yen)

	Three months ended June 30, 2005		Three months ended June 30, 2004		Change from the previous year		Year ended March 31, 2005	
	Amount	% of revenue	Amount	% of revenue	Amount	% change	Amount	% of revenue
Revenue	124,214	100.0%	120,597	100.0%	3,616	3.0%	547,230	100.0%
Costs of revenue	74,694	60.1%	72,639	60.2%	2,054	2.8%	341,446	62.4%
Gross profit	49,520	39.9%	47,958	39.8%	1,562	3.3%	205,764	37.6%
Selling, general and administrative expenses	30,467	24.5%	30,583	25.4%	(115)	(0.4%)	122,720	22.4%
Operating profit	19,052	15.4%	17,375	14.4%	1,677	9.7%	83,043	15.2%
Non-operating income	4,527	3.6%	2,196	1.8%	2,331	106.2%	11,942	2.2%
Non-operating expenses	3,864	3.1%	2,163	1.8%	1,700	78.6%	11,507	2.1%
Ordinary profit	19,715	15.9%	17,407	14.4%	2,308	13.3%	83,478	15.3%
Extraordinary profit	1,139	0.9%	381	0.3%	758	199.0%	11,381	2.1%
Extraordinary losses	692	0.6%	-	-	692	-	10,105	1.9%
Income before income taxes	20,162	16.2%	17,788	14.7%	2,373	13.3%	84,754	15.5%
Income taxes - current	5,599	4.5%	5,241	4.3%	357	6.8%	28,723	5.2%
Income taxes - deferred	3,193	2.6%	2,580	2.1%	613	23.8%	4,145	0.8%
Minority interest in subsidiaries	306	0.2%	358	0.3%	(52)	(14.6%)	3,367	0.6%
Net income	11,063	8.9%	9,608	8.0%	1,454	15.1%	48,517	8.9%

## Consolidated Statements of Cash Flows

(In millions of yen)

	Three months ended June 30, 2005	Three months ended June 30, 2004	Year ended March 31, 2005
<b>Cash flows from operating activities:</b>			
Income before income taxes	20,162	17,788	84,754
Depreciation	8,234	8,145	36,345
Interest and dividend income	(1,765)	(2,197)	(9,114)
Interest expenses	434	541	2,259
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	22,271	23,187	(1,614)
(Increase) decrease in inventories	(9,757)	(4,057)	4,732
Increase (decrease) in accounts payable	(6,658)	(6,471)	(1,802)
Other	(5,823)	(637)	(2,499)
Subtotal	27,098	36,299	113,060
Interest and dividend received	2,005	2,749	10,229
Interest paid	(465)	(587)	(2,267)
Income taxes paid	(14,586)	(16,329)	(30,913)
Net cash provided by operating activities	14,052	22,131	90,108
<b>Cash flows from investing activities:</b>			
(Increase) decrease in short-term investments, net	(706)	(3,381)	(26,622)
Payments for purchases of tangible assets	(11,231)	(11,216)	(48,612)
Proceeds from sales of tangible assets	2,055	37	38,029
Payments for investments in securities	(17,095)	(29,912)	(97,445)
Proceeds from sales of investments in securities	24,616	3,961	66,534
(Increase) decrease in short-term loans receivable, net	(1,255)	(463)	(5,441)
Payments for long-term loans receivable	(4,602)	(739)	(12,923)
Proceeds from long-term loans receivable	6,258	8,159	51,263
Other	(3,522)	(2,589)	(6,002)
Net cash used in investing activities	(5,484)	(36,144)	(41,221)
<b>Cash flows from financing activities:</b>			
Increase (decrease) in bank loans	(16,655)	(21,117)	(10,169)
Proceeds from long-term loans	546	701	1,189
Repayments of long-term loans	(3,142)	(2,539)	(31,456)
Dividends paid	(11,251)	(10,127)	(10,127)
Dividends paid for minority shareholders	(932)	(875)	(875)
Other	1,302	(29)	8,277
Net cash provided by (used in) financing activities	(30,132)	(33,987)	(43,162)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	59	(3)	25
<b>Net increase (decrease) in cash and cash equivalents</b>	(21,505)	(48,004)	5,750
<b>Cash and cash equivalents at beginning of the period</b>	192,950	187,199	187,199
<b>Cash and cash equivalents at end of the period</b>	171,445	139,194	192,950

## Business Segment Information

(In millions of yen)

	Three months ended June 30, 2005							
	Security services	Medical services	Insurance services	Geographic information services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:								
Customers	94,458	7,545	6,864	4,321	11,024	124,214	-	124,214
Intersegment	2,045	54	669	19	911	3,700	(3,700)	-
Subtotal	96,504	7,599	7,533	4,341	11,936	127,915	(3,700)	124,214
Operating costs and expenses	71,210	7,221	7,985	6,696	12,176	105,291	(128)	105,162
Operating profit (loss)	25,293	377	(451)	(2,355)	(240)	22,624	(3,571)	19,052

(In millions of yen)

	Three months ended June 30, 2004						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	90,143	6,361	6,996	17,095	120,597	-	120,597
Intersegment	1,607	52	857	636	3,153	(3,153)	-
Subtotal	91,750	6,414	7,853	17,731	123,750	(3,153)	120,597
Operating costs and expenses	68,722	6,227	7,709	20,025	102,684	538	103,222
Operating profit (loss)	23,028	186	144	(2,293)	21,066	(3,691)	17,375

(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

(Note)

The SECOM Group formerly categorized its business into four business segments: Security Services, Medical Services, Insurance Services, and Information and Communication Related and Other Services. Starting this fiscal year, however, the Company has set up a new business segment, Geographic Information Services, by separating it off from where it once belonged, Information and Communication Related and Other Services segment. This separation is intended to provide more meaningful business segment information by independently describing the Geographic Information Services business, as it has grown more important.