

**CONSOLIDATED FINANCIAL REPORT  
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2005**

November 10, 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  
 For inquiries: Katsuhisa Kuwahara, Executive Director Phone (03) 5775-8100  
 Date approved by board of directors: November 10, 2005  
 Adoption of U.S. GAAP: None

1. Summary of the consolidated financial statements for the six months ended September 30, 2005  
 (April 1, 2005 – September 30, 2005)

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

	Six months ended September 30		Year ended March 31, 2005
	2005	2004	
Revenue	261,219	253,111	547,230
% change from the previous year	3.2%	2.6%	
Operating profit	41,010	36,563	83,043
% change from the previous year	12.2%	(2.3%)	
Ordinary profit	41,798	35,994	83,478
% change from the previous year	16.1%	2.2%	
Net income	23,363	20,126	48,517
% change from the previous year	16.1%	12.1%	
Basic net income per share (in yen)	103.83	89.43	214.41
Diluted net income per share (in yen)	-	89.43	214.41

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

Six months ended September 30, 2005: JPY 1,499 million

Six months ended September 30, 2004: JPY 1,222 million

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

Note 2. Weighted average number of common shares outstanding:

Six months ended September 30, 2005: 225,013,050 shares

Six months ended September 30, 2004: 225,046,093 shares

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

Note 3. Change in accounting policy: Yes

Note 4. Percentage numbers shown in revenue, operating profit, ordinary profit and net income represent the change from the results of the six months of the previous year.

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

	September 30, 2005	September 30, 2004	March 31, 2005
Total assets	1,095,891	1,070,304	1,097,548
Shareholders' equity	458,884	413,121	441,927
Shareholders' equity / Total assets	41.9%	38.6%	40.3%
Shareholders' equity per share (in yen)	2,039.47	1,835.77	1,962.74

Note: Number of common shares outstanding:

As of September 30, 2005: 225,001,507 shares

As of September 30, 2004: 225,039,324 shares

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

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

	Six months ended September 30		Year ended March 31, 2005
	2005	2004	
Cash flows from operating activities	25,847	49,308	90,108
Cash flows from investing activities	(6,434)	(44,884)	(41,221)
Cash flows from financing activities	(22,851)	(32,284)	(43,162)
Cash and cash equivalents at end of the period	189,594	159,359	192,950

## (4) Number of consolidated companies and companies accounted for using the equity method

	Additions	Deletions	As of September 30, 2005
Number of consolidated subsidiaries	5	3	125
Number of affiliated companies accounted for using the equity method	2	1	32

## 2. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2006 (April 1, 2005 – March 31, 2006) (In millions of yen)

	Year ending March 31, 2006
Expected revenue	572,000
Expected ordinary profit	95,000
Expected net income	51,900
Expected basic net income per share (in yen)	229.48

\*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)

	September 30, 2005		September 30, 2004		Change Amount	March 31, 2005	
	Amount	% of total assets	Amount	% of total assets		Amount	% of total assets
<b>ASSETS:</b>							
Current assets:	<b>521,772</b>	<b>47.6%</b>	<b>440,375</b>	<b>41.2%</b>	<b>81,396</b>	<b>508,274</b>	<b>46.3%</b>
Cash on hand and in banks	230,099		178,365		51,733	246,693	
Call loans	25,000		27,000		(2,000)	10,000	
Notes and accounts receivable, trade	33,193		28,671		4,521	50,183	
Due from subscribers	17,507		16,727		780	16,204	
Short-term investments	89,541		57,618		31,923	73,252	
Inventories	59,016		50,644		8,371	40,979	
Deferred income taxes	9,245		11,923		(2,678)	8,207	
Short-term loans receivable	45,010		54,513		(9,503)	46,375	
Other current assets	15,400		17,473		(2,073)	17,676	
Allowance for doubtful accounts	(2,240)		(2,561)		321	(1,297)	
Fixed assets:	<b>574,055</b>	<b>52.4%</b>	<b>629,794</b>	<b>58.8%</b>	<b>(55,738)</b>	<b>589,183</b>	<b>53.7%</b>
Tangible assets:	<b>230,519</b>	<b>21.1%</b>	<b>252,664</b>	<b>23.6%</b>	<b>(22,144)</b>	<b>223,582</b>	<b>20.4%</b>
Buildings and improvements	74,976		80,720		(5,743)	72,816	
Security equipment and control stations	64,957		66,387		(1,429)	64,104	
Land	66,480		84,470		(17,989)	65,151	
Other tangible assets	24,104		21,086		3,018	21,509	
Intangible assets	<b>27,526</b>	<b>2.5%</b>	<b>33,377</b>	<b>3.1%</b>	<b>(5,850)</b>	<b>27,582</b>	<b>2.5%</b>
Investments and others:	<b>316,008</b>	<b>28.8%</b>	<b>343,752</b>	<b>32.1%</b>	<b>(27,743)</b>	<b>338,018</b>	<b>30.8%</b>
Investment securities	227,201		227,604		(403)	243,031	
Long-term loans receivable	36,322		58,280		(21,958)	42,983	
Prepaid pension and severance costs	4,687		-		4,687	1,527	
Deferred income taxes	16,198		20,897		(4,699)	18,509	
Other investments	40,917		52,724		(11,806)	42,258	
Allowance for doubtful accounts	(9,318)		(15,755)		6,436	(10,292)	
Deferred assets	<b>63</b>	<b>0.0%</b>	<b>134</b>	<b>0.0%</b>	<b>(71)</b>	<b>90</b>	<b>0.0%</b>
<b>Total assets</b>	<b>1,095,891</b>	<b>100.0%</b>	<b>1,070,304</b>	<b>100.0%</b>	<b>25,586</b>	<b>1,097,548</b>	<b>100.0%</b>

	September 30, 2005		September 30, 2004		Change Amount	March 31, 2005	
	Amount	% of total assets	Amount	% of total assets		Amount	% of total assets
<b>LIABILITIES:</b>							
Current liabilities:	<b>267,285</b>	<b>24.4%</b>	<b>230,614</b>	<b>21.6%</b>	<b>36,670</b>	<b>246,222</b>	<b>22.4%</b>
Notes and accounts payable, trade	13,827		13,817		9	15,693	
Bank loans	100,294		102,435		(2,141)	108,172	
Current portion of straight bonds	30,990		-		30,990	690	
Current portion of convertible bonds	-		14		(14)	-	
Payables - other	16,803		15,029		1,773	18,959	
Accrued income taxes	17,562		17,427		134	16,197	
Accrued consumption taxes	2,254		2,274		(19)	2,698	
Accrued expenses	2,261		1,870		391	2,275	
Deferred revenue	31,740		31,085		654	28,532	
Accrued bonus	9,118		9,084		34	8,758	
Other current liabilities	42,433		37,574		4,858	44,245	
Fixed liabilities:	<b>336,674</b>	<b>30.7%</b>	<b>396,374</b>	<b>37.0%</b>	<b>(59,700)</b>	<b>377,234</b>	<b>34.4%</b>
Straight bonds	11,795		32,800		(21,005)	40,940	
Long-term loans	10,654		39,608		(28,954)	14,513	
Guarantee deposits received	29,124		29,154		(29)	28,737	
Deferred income taxes	724		369		354	423	
Accrued pension and severance costs	12,232		12,198		33	12,617	
Investment deposits by policyholders, unearned premiums and other insurance liabilities	270,520		280,586		(10,066)	278,278	
Other fixed liabilities	1,623		1,656		(33)	1,724	
<b>Total liabilities</b>	<b>603,960</b>	<b>55.1%</b>	<b>626,989</b>	<b>58.6%</b>	<b>(23,029)</b>	<b>623,457</b>	<b>56.8%</b>
<b>MINORITY INTEREST IN SUBSIDIARIES</b>	<b>33,046</b>	<b>3.0%</b>	<b>30,194</b>	<b>2.8%</b>	<b>2,852</b>	<b>32,163</b>	<b>2.9%</b>
<b>SHAREHOLDERS' EQUITY:</b>							
Common stock	66,377	6.1%	66,370	6.2%	7	66,377	6.1%
Capital surplus	83,054	7.6%	82,546	7.7%	507	82,553	7.5%
Retained earnings	357,940	32.7%	318,044	29.7%	39,895	346,510	31.6%
Unrealized gains (losses) on securities	9,886	0.9%	6,900	0.6%	2,985	8,167	0.7%
Foreign currency translation adjustments	(13,712)	(1.3%)	(16,275)	(1.5%)	2,563	(17,123)	(1.5%)
Common stock in treasury, at cost	(44,662)	(4.1%)	(44,465)	(4.1%)	(196)	(44,558)	(4.1%)
<b>Total shareholders' equity</b>	<b>458,884</b>	<b>41.9%</b>	<b>413,121</b>	<b>38.6%</b>	<b>45,763</b>	<b>441,927</b>	<b>40.3%</b>
<b>Total liabilities, minority interest in subsidiaries and shareholders' equity</b>	<b>1,095,891</b>	<b>100.0%</b>	<b>1,070,304</b>	<b>100.0%</b>	<b>25,586</b>	<b>1,097,548</b>	<b>100.0%</b>

## Consolidated Statements of Income

(In millions of yen)

	Six months ended September 30, 2005		Six months ended September 30, 2004		Change		Year ended March 31, 2005	
	Amount	% of revenue	Amount	% of revenue	Amount	%	Amount	% of revenue
Revenue	261,219	100.0%	253,111	100.0%	8,107	3.2%	547,230	100.0%
Costs of revenue	158,999	60.9%	155,759	61.5%	3,239	2.1%	341,466	62.4%
Gross profit	102,220	39.1%	97,352	38.5%	4,867	5.0%	205,764	37.6%
Selling, general and administrative expenses	61,209	23.4%	60,788	24.1%	420	0.7%	122,720	22.4%
Operating profit	41,010	15.7%	36,563	14.4%	4,447	12.2%	83,043	15.2%
Non-operating income	7,190	2.8%	4,424	1.8%	2,765	62.5%	11,942	2.2%
Non-operating expenses	6,402	2.5%	4,994	2.0%	1,408	28.2%	11,507	2.1%
Ordinary profit	41,798	16.0%	35,994	14.2%	5,803	16.1%	83,478	15.3%
Extraordinary profit	1,575	0.6%	1,140	0.5%	435	38.2%	11,381	2.1%
Extraordinary loss	1,440	0.6%	797	0.3%	643	80.7%	10,105	1.9%
Income before income taxes	41,933	16.0%	36,337	14.4%	5,596	15.4%	84,754	15.5%
Income taxes - current	17,029	6.5%	16,222	6.4%	807	5.0%	28,723	5.2%
Income taxes - deferred	386	0.2%	(1,135)	(0.4%)	1,521	-	4,145	0.8%
Minority interest in subsidiaries	1,154	0.4%	1,124	0.4%	30	2.7%	3,367	0.6%
Net income	23,363	8.9%	20,126	8.0%	3,237	16.1%	48,517	8.9%

## Consolidated Statements of Capital Surplus and Retained Earnings

(In millions of yen)

	Six months ended September 30, 2005	Six months ended September 30, 2004	Year ended March 31, 2005
	Amount	Amount	Amount
<b>Capital surplus</b>			
Balance at beginning of the period	82,553	82,544	82,544
Increase in capital surplus:			
Increase due to merger of a subsidiary	500	-	-
Conversion of convertible bonds	-	1	8
Balance at end of the period	83,054	82,546	82,553
<b>Retained earnings</b>			
Balance at beginning of the period	346,510	308,268	308,268
Increase in retained earnings:			
Net income	23,363	20,126	48,517
Effect of changes in investments accounted for under the equity method	-	-	74
Decrease in retained earnings:			
Cash dividends	11,251	10,127	10,127
Directors' bonuses	180	222	222
Decrease due to merger of a subsidiary	500	-	-
Balance at end of the period	357,940	318,044	346,510

## Consolidated Statements of Cash Flows

(In millions of yen)

	Six months ended September 30, 2005	Six months ended September 30, 2004	Year ended March 31, 2005
<b>Cash flows from operating activities:</b>			
Income before income taxes	41,933	36,337	84,754
Depreciation	17,096	16,646	36,345
Amortization of goodwill	1,058	1,509	3,146
Equity in net (gains) losses of affiliated companies	(1,499)	(1,222)	(2,576)
Increase (decrease) in allowance for doubtful accounts	(34)	(674)	(7,226)
Increase (decrease) in accrued/prepaid pension and severance costs	(3,552)	(704)	(1,815)
Interest and dividend income	(3,494)	(4,440)	(9,114)
Interest expenses	874	1,068	2,259
Exchange (gains) losses	(281)	41	176
Net (gain) loss on sales and disposal of tangible assets	1,104	1,196	(4,485)
Impairment loss on fixed assets	252	149	7,589
Gain on sales of investment securities	(2,805)	(670)	(3,594)
Loss on revaluation of investment securities	2,306	211	794
(Gain) loss on sales of investment in affiliates' securities	(150)	-	(796)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	15,955	19,553	(1,614)
(Increase) decrease in inventories	(18,291)	(5,047)	4,732
Increase (decrease) in accounts payable	(4,481)	(7,715)	(1,802)
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	(7,757)	3,607	1,298
Other	(1,071)	2,027	4,986
Subtotal	37,160	61,875	113,060
Interest and dividend received	4,726	5,067	10,229
Interest paid	(841)	(1,059)	(2,267)
Income taxes paid	(15,198)	(16,573)	(30,913)
Net cash provided by operating activities	25,847	49,308	90,108
<b>Cash flows from investing activities:</b>			
(Increase) decrease in time deposits, net	1,204	294	(636)
(Increase) decrease in short-term investments, net	(9,036)	(15,674)	(26,622)
Payments for purchases of tangible assets	(22,544)	(26,270)	(48,612)
Proceeds from sales of tangible assets	1,833	622	38,029
Payments for investments in securities	(28,027)	(39,781)	(97,445)
Proceeds from sales of investment in securities	43,826	26,642	66,534
Payments for investments in subsidiaries' securities	(55)	(9)	(501)
(Increase) decrease in short-term loans receivable, net	1,905	(2,697)	(5,441)
Payments for long-term loans receivable	(8,188)	(10,465)	(12,923)
Proceeds from long-term loans receivable	15,308	22,628	51,263
Payments for purchases of subsidiaries' shares	(1,299)	153	166
Proceeds from sales of subsidiaries' shares	(255)	-	833
Other	(1,104)	(327)	(5,864)
Net cash used in investing activities	(6,434)	(44,884)	(41,221)
<b>Cash flows from financing activities:</b>			
Increase (decrease) in bank loans, net	(8,151)	(17,926)	(10,169)
Proceeds from long-term loans	548	702	1,189
Repayments of long-term loans	(4,198)	(3,786)	(31,456)
Proceeds from straight bonds	1,482	-	8,974
Payments for redemption of straight bonds	(345)	(200)	(500)
Proceeds from minority shareholders	34	5	5
Dividends paid	(11,251)	(10,127)	(10,127)
Dividends paid for minority shareholders	(855)	(875)	(875)
Increase in treasury stock, net	(104)	(64)	(157)
Increase in treasury stock of subsidiaries, net	(10)	(10)	(43)
Net cash provided by (used in) financing activities	(22,851)	(32,284)	(43,162)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	82	20	25
<b>Net increase (decrease) in cash and cash equivalents</b>	(3,355)	(27,840)	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>	189,594	159,359	192,950

## Segment Information

### 1. Business segment information

(In millions of yen)

	Six months ended September 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	190,353	14,725	13,904	13,253	28,981	261,219	-	261,219
Intersegment	4,082	108	1,260	54	2,459	7,966	(7,966)	-
Subtotal	194,436	14,834	15,165	13,308	31,440	269,185	(7,966)	261,219
Operating costs and expenses	144,664	14,088	16,787	15,435	30,230	221,205	(997)	220,208
Operating profit (loss)	49,772	745	(1,621)	(2,126)	1,210	47,980	(6,969)	41,010

(In millions of yen)

	Six months ended September 30, 2004						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	184,057	12,312	14,346	42,395	253,111	-	253,111
Intersegment	3,221	107	1,571	2,492	7,393	(7,393)	-
Subtotal	187,278	12,420	15,917	44,887	260,504	(7,393)	253,111
Operating costs and expenses	140,411	11,991	17,528	47,056	216,988	(440)	216,547
Operating profit (loss)	46,866	429	(1,610)	(2,169)	43,516	(6,952)	36,563

(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. 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.

Shown below for your reference is the business segment information for the six months ended September 30, 2004, and for the year ended March 31, 2005, under the assumption that the segmentation methodology used for the six months ended September 30, 2005, is applied to those periods.

(In millions of yen)

	Six months ended September 30, 2004							
	Security services	Medical services	Insurance services	Geographic information services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:								
Customers	184,057	12,312	14,346	12,493	29,901	253,111	-	253,111
Intersegment	3,221	107	1,571	137	2,449	7,487	(7,487)	-
Subtotal	187,278	12,420	15,917	12,630	32,351	260,599	(7,487)	253,111
Operating costs and expenses	140,411	11,991	17,528	15,012	32,138	217,083	(535)	216,547
Operating profit (loss)	46,866	429	(1,610)	(2,382)	213	43,516	(6,952)	36,563

(In millions of yen)

	Year ended March 31, 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	377,598	25,418	29,997	34,914	79,301	547,230	-	547,230
Intersegment	6,836	215	3,134	252	4,821	15,260	(15,260)	-
Subtotal	384,435	25,634	33,131	35,167	84,122	562,491	(15,260)	547,230
Operating costs and expenses	289,650	24,939	35,670	33,881	81,413	465,554	(1,367)	464,187
Operating profit (loss)	94,784	695	(2,538)	1,286	2,709	96,937	(13,893)	83,043

## 2. Geographic segment information

(In millions of yen)

	Six months ended September 30, 2005				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	254,667	6,551	261,219	-	261,219
Intersegment	154	-	154	(154)	-
Subtotal	254,821	6,551	261,373	(154)	261,219
Operating costs and expenses	207,724	6,158	213,883	6,324	220,208
Operating profit (loss)	47,096	393	47,489	(6,478)	41,010

(In millions of yen)

	Six months ended September 30, 2004				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	246,879	6,232	253,111	-	253,111
Intersegment	107	-	107	(107)	-
Subtotal	246,986	6,232	253,219	(107)	253,111
Operating costs and expenses	204,240	5,846	210,087	6,460	216,547
Operating profit (loss)	42,746	385	43,132	(6,568)	36,563

(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

## 3. Revenue from overseas

(In millions of yen)

	Six months ended September 30, 2005	Six months ended September 30, 2004	Year ended March 31, 2005
Revenue from overseas	7,253	6,863	14,046
Consolidated revenue	261,219	253,111	547,230
% of consolidated revenue	2.8%	2.7%	2.6%