

**FINANCIAL REPORT**  
**FOR THE NINE MONTHS ENDED DECEMBER 31, 2007**

January 31, 2008

Note: The following is an abridged English translation of the 3<sup>rd</sup> quarter Financial Report of SECOM Co., Ltd. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

Company name: SECOM Co., Ltd. (URL: <http://www.secom.co.jp>)  
 Code number: 9735 Tokyo Stock Exchange ----- First Section  
 Osaka Securities Exchange ----- First Section  
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(In millions of yen, figures rounded down)

1. Summary of the consolidated financial information for the nine months ended December 31, 2007  
 (April 1, 2007 – December 31, 2007)

(1) Consolidated operating results

	Nine months ended December 31		Year ended March 31, 2007
	2007	2006	
Revenue	489,950 19.3%	410,539 2.8%	613,976
Operating profit	72,681 11.9%	64,963 4.4%	97,840
Ordinary profit	78,203 12.9%	69,269 7.0%	102,720
Net income	43,675 7.8%	40,511 11.8%	58,299
Basic net income per share (in yen)	194.14	180.07	259.14

Note 1. Percentage figures represent changes from the results of the corresponding period of the previous year.

(2) Consolidated financial conditions

	December 31, 2007	December 31, 2006	March 31, 2007
Total assets	1,188,168	1,170,016	1,169,182
Net assets	618,877	577,925	601,116
Equity ratio	46.9%	44.4%	46.2%
Net assets per share (in yen)	2,478.50	2,310.44	2,400.91

(3) Consolidated cash flows

	Nine months ended December 31		Year ended March 31, 2007
	2007	2006	
Cash flows from operating activities	53,362	(60,637)	(20,987)
Cash flows from investing activities	(43,649)	21,894	14,496
Cash flows from financing activities	(11,643)	(13,911)	(30,495)
Cash and cash equivalents at end of the period	189,489	176,324	192,378

2. Dividends

The Company distributes no interim dividends whose record date is the last day of the 3<sup>rd</sup> quarter. The Company has not changed its projections announced on November 8, 2007.

	Years ended March 31		
	2008 (projected)	2008 (actual)	2007
Interim dividends per share (in yen)	–	–	–
Year-end dividends per share (in yen)	80.00 – 85.00	–	80.00
Annual dividends per share (in yen)	80.00 – 85.00		80.00

3. Projections for the consolidated financial results for the fiscal year ending March 31, 2008 (April 1, 2007 – March 31, 2008)

The Company has not changed its projections announced on November 8, 2007.

	Year ending March 31, 2008
Projected revenue	704,000 14.7%
Projected operating profit	108,600 11.0%
Projected ordinary profit	112,500 9.5%
Projected net income	63,300 8.6%
Projected basic net income per share (in yen)	281.37

Note: Percentage figures represent changes from the results of the corresponding period of the previous year.

4. Others

- (1) Changes for important subsidiaries during the period: None
- (2) Application of simplified methods for accounting policies: None
- (3) Changes in accounting policies: None

\* Note on forward-looking statements:

The forward-looking statements about the future performance described in this document are based on information available as of the release date. Actual performance may differ from the forward-looking statements due to various factors.

## Consolidated Balance Sheets

(In millions of yen)

	December 31, 2006		December 31, 2007		March 31, 2007		changes
	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets	
<b>ASSETS:</b>							
Current assets:	<b>535,665</b>	<b>45.8%</b>	<b>527,601</b>	<b>44.4%</b>	<b>524,484</b>	<b>44.9%</b>	<b>3,116</b>
Cash on hand and in banks	173,286		190,042		181,266		8,775
Cash deposits for armored car services *	96,140		97,640		75,328		22,311
Call loans	-		-		15,000		(15,000)
Notes and accounts receivable, trade	64,888		65,017		83,397		(18,380)
Due from subscribers	19,148		21,756		19,217		2,538
Short-term investments	42,812		11,588		18,171		(6,582)
Inventories	32,765		33,778		25,945		7,833
Real estate for sale	77,545		78,970		71,724		7,245
Deferred income taxes	7,474		7,337		11,597		(4,260)
Short-term loans receivable	5,557		8,099		5,097		3,001
Other	17,100		15,236		19,660		(4,424)
Allowance for doubtful accounts	(1,052)		(1,866)		(1,923)		56
Fixed assets:	<b>634,092</b>	<b>54.2%</b>	<b>660,163</b>	<b>55.6%</b>	<b>644,478</b>	<b>55.1%</b>	<b>15,685</b>
Tangible assets:	<b>263,681</b>	<b>22.5%</b>	<b>268,784</b>	<b>22.6%</b>	<b>260,809</b>	<b>22.3%</b>	<b>7,974</b>
Buildings and improvements	87,628		87,053		87,306		(253)
Security equipment and control stations	67,398		67,198		63,675		3,523
Land	80,414		82,608		80,341		2,267
Other	28,240		31,923		29,485		2,437
Intangible assets	<b>23,651</b>	<b>2.1%</b>	<b>22,501</b>	<b>1.9%</b>	<b>23,294</b>	<b>2.0%</b>	<b>(792)</b>
Investments and others:	<b>346,759</b>	<b>29.6%</b>	<b>368,877</b>	<b>31.1%</b>	<b>360,374</b>	<b>30.8%</b>	<b>8,502</b>
Investment securities	233,422		244,407		243,148		1,259
Long-term loans receivable	53,486		54,461		55,223		(761)
Prepaid pension and severance costs	12,562		17,317		15,817		1,500
Deferred income taxes	17,207		20,869		15,654		5,214
Other	44,642		47,203		45,692		1,510
Allowance for doubtful accounts	(14,561)		(15,382)		(15,161)		(220)
Deferred assets	<b>258</b>	<b>0.0%</b>	<b>403</b>	<b>0.0%</b>	<b>219</b>	<b>0.0%</b>	<b>184</b>
Total assets	1,170,016	100.0%	1,188,168	100.0%	1,169,182	100.0%	18,986

Note 1: "Change" represents changes between figures as of December 31, 2007, and those as of March 31, 2007.

\* "Cash deposits for armored car services" represent cash on hand and in banks related to cash collection and deposit services. The use of this cash deposits by the Company is restricted. The item has been separated from "cash on hand and in banks" since March 31, 2007. In this document, however, the same presentation is used for December 31, 2006, for reference purpose.

**Consolidated Balance Sheets (Contd.)**

(In millions of yen)

	December 31, 2006		December 31, 2007		March 31, 2007		changes
	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets	
<b>LIABILITIES:</b>							
Current liabilities:	<b>330,119</b>	<b>28.2%</b>	<b>317,432</b>	<b>26.7%</b>	<b>323,766</b>	<b>27.7%</b>	<b>(6,333)</b>
Notes and accounts payable, trade	26,285		25,348		28,469		(3,121)
Bank loans	138,634		131,212		129,169		2,042
Current portion of straight bonds	10,356		1,936		3,356		(1,420)
Payables - other	24,801		23,064		29,888		(6,823)
Accrued income taxes	9,428		9,708		24,973		(15,265)
Accrued consumption taxes	2,964		3,436		3,366		69
Accrued expenses	2,672		3,347		3,198		149
Deferred revenue	34,870		34,019		31,188		2,830
Accrued bonuses	3,589		4,053		11,409		(7,355)
Accrued bonuses to directors and corporate auditors	213		137		80		57
Other	76,303		81,168		58,665		22,502
Long-term liabilities:	<b>261,971</b>	<b>22.4%</b>	<b>251,859</b>	<b>21.2%</b>	<b>244,299</b>	<b>20.9%</b>	<b>7,559</b>
Straight bonds	14,198		13,822		13,941		(119)
Long-term loans	13,905		21,708		14,363		7,344
Guarantee deposits received	31,475		33,370		32,164		1,206
Deferred income taxes	2,898		2,981		2,717		263
Accrued pension and severance costs	17,868		16,736		17,596		(859)
Accrued retirement benefits for directors and corporate auditors	2,170		2,080		2,300		(219)
Investment deposits by policyholders, unearned premiums and other insurance liabilities	178,482		160,306		160,142		164
Other	971		852		1,073		(220)
Total liabilities	592,091	50.6%	569,291	47.9%	568,065	48.6%	1,225
<b>NET ASSETS:</b>							
Shareholders' equity:	<b>519,497</b>	<b>44.4%</b>	<b>562,717</b>	<b>47.4%</b>	<b>537,279</b>	<b>46.0%</b>	<b>25,437</b>
Common stock	66,377	5.7%	66,377	5.6%	66,377	5.7%	-
Capital surplus	83,055	7.1%	83,056	7.0%	83,056	7.1%	0
Retained earnings	414,906	35.4%	458,156	38.6%	432,696	37.0%	25,460
Common stock in treasury, at cost	(44,842)	(3.8%)	(44,873)	(3.8%)	(44,850)	(3.8%)	(22)
Valuation, translation adjustments and others:	<b>284</b>	<b>0.0%</b>	<b>(5,139)</b>	<b>(0.4%)</b>	<b>2,853</b>	<b>0.2%</b>	<b>(7,992)</b>
Unrealized gains (losses) on securities	9,300	0.8%	3,839	0.3%	10,157	0.9%	(6,318)
Deferred gains (losses) on hedges	(13)	(0.0%)	(92)	(0.0%)	(51)	(0.0%)	(41)
Foreign currency translation adjustments	(9,002)	(0.8%)	(8,886)	(0.7%)	(7,253)	(0.6%)	(1,633)
Minority interest in subsidiaries	<b>58,143</b>	<b>5.0%</b>	<b>61,299</b>	<b>5.1%</b>	<b>60,983</b>	<b>5.2%</b>	<b>316</b>
Total net assets	577,925	49.4%	618,877	52.1%	601,116	51.4%	17,760
Total liabilities and net assets	1,170,016	100.0%	1,188,168	100.0%	1,169,182	100.0%	18,986

Note 1: "Change" represents changes between figures as of December 31, 2007, and those as of March 31, 2007.

**Consolidated Statements of Income**

(In millions of yen)

	Nine months ended December 31, 2006		Nine months ended December 31, 2007		Change		Year ended March 31, 2007	
	Amount	% of revenue	Amount	% of revenue	Amount	%	Amount	% of revenue
Revenue	410,539	100.0%	489,950	100.0%	79,410	19.3%	613,976	100.0%
Costs of revenue	253,594	61.8%	309,039	63.1%	55,445	21.9%	388,787	63.3%
Gross profit	156,945	38.2%	180,910	36.9%	23,965	15.3%	225,189	36.7%
Selling, general and administrative expenses	91,982	22.4%	108,229	22.1%	16,246	17.7%	127,348	20.8%
Operating profit	64,963	15.8%	72,681	14.8%	7,718	11.9%	97,840	15.9%
Non-operating income	10,741	2.7%	11,859	2.4%	1,118	10.4%	15,087	2.5%
Non-operating expenses	6,434	1.6%	6,337	1.3%	(97)	(1.5%)	10,207	1.7%
Ordinary profit	69,269	16.9%	78,203	15.9%	8,934	12.9%	102,720	16.7%
Extraordinary profit	1,243	0.3%	747	0.2%	(495)	(39.9%)	2,601	0.4%
Extraordinary loss	1,480	0.4%	1,799	0.4%	318	21.5%	3,317	0.5%
Income before income taxes	69,032	16.8%	77,152	15.7%	8,119	11.8%	102,005	16.6%
Income taxes - current	24,154	5.9%	27,614	5.6%	3,460	14.3%	39,961	6.5%
Income taxes - deferred	2,435	0.6%	3,350	0.7%	915	37.6%	(660)	(0.1%)
Minority interest in subsidiaries	1,930	0.4%	2,511	0.5%	580	30.1%	4,404	0.7%
Net income	40,511	9.9%	43,675	8.9%	3,163	7.8%	58,299	9.5%

## Consolidated Statement of Changes in Net Assets

Nine months ended December 31, 2007

(In millions of yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	
Balance as of March 31, 2007	66,377	83,056	432,696	(44,850)	537,279
Changes during the period:					
Cash dividends			(17,997)		(17,997)
Net income			43,675		43,675
Purchase of treasury stock				(27)	(27)
Disposal of treasury stock		0		4	4
Changes in scope of consolidation of affiliated companies accounted for under the equity method			(217)		(217)
Net changes of items other than shareholders' equity					-
Total changes during the period	-	0	25,460	(22)	25,437
Balance as of December 31, 2007	66,377	83,056	458,156	(44,873)	562,717

	Valuation, translation adjustments and others				Minority interest in subsidiaries	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Total valuation, translation adjustments and others		
Balance as of March 31, 2007	10,157	(51)	(7,253)	2,853	60,983	601,116
Changes during the period:						
Cash dividends						(17,997)
Net income						43,675
Purchase of treasury stock						(27)
Disposal of treasury stock						4
Changes in scope of consolidation of affiliated companies accounted for under the equity method						(217)
Net changes of items other than shareholders' equity	(6,318)	(41)	(1,633)	(7,992)	316	(7,676)
Total changes during the period	(6,318)	(41)	(1,633)	(7,992)	316	17,760
Balance as of December 31, 2007	3,839	(92)	(8,886)	(5,139)	61,299	618,877

**Consolidated Statements of Cash Flows**

(In millions of yen)

	Nine months ended December 31, 2006	Nine months ended December 31, 2007	Year ended March 31, 2007
<b>Cash flows from operating activities:</b>			
Income before income taxes	69,032	77,152	102,005
Depreciation	27,638	30,379	41,503
Amortization of goodwill	1,046	1,218	1,499
Interest and dividend income	(4,195)	(4,837)	(6,242)
Interest expenses	1,276	1,719	1,801
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	5,885	15,909	(12,537)
(Increase) decrease in inventories	(29,807)	(14,309)	(17,259)
Increase (decrease) in accounts payable	(6,629)	(9,942)	(105)
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	(67,161)	164	(85,501)
Other	(24,779)	(7,625)	(14,871)
Subtotal	(27,693)	89,829	10,290
Interest and dividend received	5,702	6,655	8,596
Interest paid	(1,318)	(1,666)	(1,850)
Income taxes paid	(37,327)	(42,455)	(38,024)
Net cash provided by (used in) operating activities	(60,637)	52,362	(20,987)
<b>Cash flows from investing activities:</b>			
(Increase) decrease in short-term investments, net	21,260	6,458	32,548
Payments for purchases of tangible assets	(41,245)	(38,530)	(52,242)
Proceeds from sales of tangible assets	2,676	1,475	3,765
Payments for purchases of investment securities	(63,104)	(65,249)	(108,400)
Proceeds from sales of investment securities	92,477	58,741	132,923
(Increase) decrease in short-term loans receivable, net	(543)	(2,193)	(474)
Payments for long-term loans receivable	(6,094)	(4,784)	(9,258)
Proceeds from long-term loans receivable	14,465	4,537	16,347
Other	2,002	(4,104)	(712)
Net cash provided by (used in) investing activities	21,894	(43,649)	14,496
<b>Cash flows from financing activities:</b>			
Increase (decrease) in bank loans, net	27,313	1,114	20,687
Proceeds from long-term loans	4,734	11,135	5,549
Repayments of long-term loans	(6,444)	(2,868)	(10,012)
Dividends paid	(13,499)	(17,997)	(13,499)
Dividends paid for minority shareholders	(1,020)	(1,415)	(899)
Payments for redemption of straight bonds	(31,165)	(3,139)	(38,422)
Other	6,170	1,527	6,100
Net cash provided by (used in) financing activities	(13,911)	(11,643)	(30,495)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	233	40	620
<b>Net increase (decrease) in cash and cash equivalents</b>	(52,420)	(2,889)	(36,367)
<b>Cash and cash equivalents at beginning of the period</b>	228,745	192,378	228,745
<b>Cash and cash equivalents at end of the period</b>	176,324	189,489	192,378



## Segment Information

### 1. Business segment information

(In millions of yen)

	Nine months ended December 31, 2007								
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:									
Customers	314,990	52,378	25,924	21,593	22,617	52,446	489,950	-	489,950
Intersegment	7,363	2,866	95	2,193	262	6,730	19,512	(19,512)	-
Subtotal	322,354	55,244	26,020	23,786	22,879	59,177	509,463	(19,512)	489,950
Operating costs and expenses	243,328	53,308	24,861	25,439	25,499	54,592	427,029	(9,760)	417,268
Operating profit (loss)	79,026	1,935	1,158	(1,652)	(2,619)	4,584	82,433	(9,751)	72,681

(In millions of yen)

	Nine months ended December 31, 2006								
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:									
Customers	300,633	-	23,107	19,891	21,148	45,759	410,539	-	410,539
Intersegment	7,505	-	173	2,027	54	5,815	15,577	(15,577)	-
Subtotal	308,138	-	23,281	21,918	21,202	51,574	426,117	(15,577)	410,539
Operating costs and expenses	230,998	-	22,170	24,828	24,364	48,870	351,232	(5,655)	345,576
Operating profit (loss)	77,140	-	1,111	(2,909)	(3,161)	2,704	74,884	(9,921)	64,963

(In millions of yen)

	Year ended March 31, 2007								
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:									
Customers	408,078	27,447	30,850	26,669	36,437	84,492	613,976	-	613,976
Intersegment	10,295	944	232	2,702	138	9,096	23,408	(23,408)	-
Subtotal	418,374	28,392	31,082	29,371	36,576	93,588	637,385	(23,408)	613,976
Operating costs and expenses	315,037	26,326	29,757	32,886	36,113	86,321	526,442	(10,306)	516,135
Operating profit (loss)	103,336	2,066	1,325	(3,515)	462	7,267	110,942	(13,102)	97,840