

**CONSOLIDATED QUARTERLY FINANCIAL REPORT
FOR THE NINE MONTHS ENDED DECEMBER 31, 2003**

February 12, 2004

Company name: SECOM Co., Ltd.
 Code number: 9735 Tokyo Stock Exchange ----- First Section
 Osaka Stock Exchange ----- First Section
 Corporate headquarters: Tokyo, Japan
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1. Basis of the quarterly financial report

1. Change in accounting policy from the last fiscal year: Yes
 Since the second quarter of the fiscal year, marketable equity securities and beneficiary securities have been valued based upon the average of daily market prices for the last one month of each quarter, whereas those securities were valued based upon the market price on the last day of each quarter, previously.
2. Change in the scope of consolidation: Yes
 Number of consolidated subsidiaries: Additions = 4, Deletions = 2
 Number of affiliated companies: Additions = 4
3. Audit by certified accountants or independent auditors: None

2. Summary of the consolidated financial statements for the three quarters of the fiscal year ended March 31, 2004 (April 1, 2003 – December 31, 2003)

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

	Nine months ended December 31, 2003	Year ended March 31, 2003
Revenue % change from the previous year	JPY 375,976 million ---	JPY 523,271 million
Operating income % change from the previous year	JPY 56,132 million ---	JPY 72,902 million
Ordinary income % change from the previous year	JPY 52,755 million ---	JPY 70,063 million
Net income % change from the previous year	JPY 40,567 million ---	JPY 35,583 million
Basic net income per share	JPY 180.24	JPY 154.96
Diluted net income per share	JPY 180.24	JPY 154.95

Note:

1. In the insurance services segment, the maturity amount of funded insurance policies was previously accounted for as both revenue and costs of revenue. To more appropriately reflect actual transactions, however, effective April 1, 2003, the SECOM Group has changed the accounting method so that the maturity amount is accounted for as neither revenue nor costs of revenue. As a consequence, revenue and costs of revenue for the nine months ended December 31, 2003, both saw a decrease of JPY 6,858 million, but there was no effect on operating income.
2. An extraordinary income of JPY 25,289 million was recorded during the third quarter, owing to the return of the past substitutional portion of employees' pension funds to the government.

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

	December 31, 2003	March 31, 2003
Total assets	JPY 1,085,968 million	JPY 1,090,131 million
Shareholders' equity	JPY 402,193 million	JPY 369,753 million
Shareholders' equity / Total assets	37.0%	33.9%
Shareholders' equity per share	JPY 1,787.05	JPY 1,641.53

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

	Nine months ended December 31, 2003	Year ended March 31, 2003
Cash flows from operating activities	JPY 46,600 million	JPY 91,992 million
Cash flows from investing activities	JPY (37,665) million	JPY (87,682) million
Cash flows from financing activities	JPY (12,948) million	JPY (38,409) million
Cash and cash equivalents at end of the period	JPY 165,700 million	JPY 170,033 million

3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2004 (April 1, 2003 – March 31, 2004)

	Year ending March 31, 2004
Expected revenue	JPY 531,915 million
Expected ordinary income	JPY 77,283 million
Expected net income	JPY 40,666 million
Expected basic net income per share	JPY 179.46

*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

	December 31, 2003		March 31, 2003	
	Amount	% of total assets	Amount	% of total assets
ASSETS:				
Current assets:	432,778	39.9%	420,903	38.6%
Cash on hand and in banks	220,130		175,776	
Call loan	-		30,000	
Notes and accounts receivable, trade	30,965		43,922	
Due from subscribers	17,825		16,336	
Marketable securities	43,044		36,402	
Inventories	48,023		41,339	
Deferred income taxes	7,373		7,678	
Short-term loans	51,744		51,355	
Other current assets	15,084		19,650	
Allowance for doubtful accounts	(1,413)		(1,558)	
Fixed assets:	652,975	60.1%	669,034	61.4%
Tangible assets:	263,499	24.3%	261,017	23.9%
Buildings and improvements	89,915		90,823	
Security equipment and control stations	65,846		65,026	
Land	89,528		87,853	
Other tangible assets	18,209		17,313	
Intangible assets	32,713	2.9%	34,544	3.2%
Investments and others:	356,762	32.9%	373,473	34.3%
Investment securities	197,526		188,880	
Long-term loans receivable	94,632		102,448	
Deferred income taxes	21,211		38,056	
Other investments	51,471		52,098	
Allowance for doubtful accounts	(8,079)		(8,010)	
Deferred assets:	214	0.0%	192	0.0%
Total assets	1,085,968	100.0%	1,090,131	100.0%

(Contd.)

Consolidated Balance Sheets

In millions of yen

	December 31, 2003		March 31, 2003	
	Amount	% of total assets	Amount	% of total assets
LIABILITIES:				
Current liabilities:	253,040	23.3%	259,531	23.8%
Notes and accounts payable, trade	12,861		15,529	
Bank loans	136,219		135,540	
Current portion of straight bonds	200		-	
Current portion of convertible bonds	18		-	
Payables – other	19,733		19,580	
Income taxes payable	8,404		10,756	
Consumption taxes payable	3,260		3,444	
Accrued expenses	1,907		1,837	
Deferred revenue - service charges	30,266		28,851	
Accrued bonus	2,483		8,852	
Other current liabilities	37,685		35,140	
Fixed liabilities:	401,239	37.0%	432,803	39.7%
Straight bonds	31,800		32,000	
Convertible bonds	-		18	
Long-term loans	44,653		48,301	
Guarantee deposits received from subscribers	29,130		28,304	
Deferred income taxes	465		459	
Accrued pension and severance costs	15,660		45,210	
Investment deposits by policyholders, unearned premiums and other insurance liabilities	275,490		274,476	
Other fixed liabilities	4,039		4,033	
Total liabilities	654,280	60.3%	692,335	63.5%
Minority shareholders' interest in subsidiaries:	29,494	2.7%	28,042	2.6%
SHAREHOLDERS' EQUITY:				
Common stock	66,368	6.1%	66,368	6.1%
Capital surplus	82,544	7.6%	82,544	7.6%
Earned surplus	307,724	28.3%	276,397	25.3%
Net unrealized gain in debt and equity securities	4,403	0.4%	116	0.0%
Foreign currency translation adjustments	(14,477)	(1.3%)	(11,386)	(1.0%)
Common stock in treasury, at cost	(44,370)	(4.1%)	(44,287)	(4.1%)
Total shareholders' equity	402,193	37.0%	369,753	33.9%
Total liabilities, minority shareholders' interest in subsidiaries and shareholders' equity	1,085,968	100.0%	1,090,131	100.0%

Consolidated Statements of Income

In millions of yen

	Nine months ended December 31, 2003		Year ended March 31, 2003	
	Amount	% of revenue	Amount	% of revenue
Revenue	375,976	100.0%	523,271	100.0%
Costs of revenue	229,779	61.1%	325,952	62.3%
Gross profit	146,196	38.9%	197,319	37.7%
Selling, general and administrative expenses	90,063	24.0%	124,416	23.8%
Operating income	56,132	14.9%	72,902	13.9%
Non-operating income	4,676	1.2%	8,672	1.7%
Non-operating expenses	8,053	2.1%	11,512	2.2%
Ordinary income	52,755	14.0%	70,063	13.4%
Extraordinary income	28,334	7.6%	13,587	2.6%
Extraordinary losses	2,670	0.7%	15,728	3.0%
Income before income taxes	78,419	20.9%	67,921	13.0%
Income taxes - current	21,722	5.8%	27,808	5.3%
Income taxes - deferred	14,166	3.8%	2,171	0.4%
Minority interest in consolidated subsidiaries	1,963	0.5%	2,358	0.5%
Net income	40,567	10.8%	35,583	6.8%

Consolidated Statements of Cash Flows

In millions of yen

	Nine months ended December 31, 2003	Year ended March 31, 2003
Cash flows from operating activities:		
Income before income taxes	78,419	67,921
Depreciation	26,894	36,572
Amortization of goodwill	2,975	3,877
Equity in net (gains) losses of affiliated companies	(415)	(1,323)
Increase (decrease) in allowance for doubtful accounts	(85)	(4,271)
Increase (decrease) in accrued pension and severance costs	(29,552)	(4,411)
Interest and dividend income	(7,052)	(10,768)
Interest expenses	1,937	3,104
Loss on revaluation of investment securities	526	10,639
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	20,085	(97)
(Increase) decrease in inventories	(7,196)	10,097
Decrease in accounts payable	(2,608)	(893)
Increase in investment deposit by policyholders, unearned premiums and other insurance liabilities	1,014	5,956
Other	(19,922)	7,058
Subtotal	65,019	123,462
Interest and dividend received	7,556	11,627
Interest paid	(1,954)	(2,903)
Income taxes paid	(24,021)	(40,195)
Net cash provided by operating activities	46,600	91,992
Cash flows from investing activities:		
Decrease (Increase) in marketable securities	3,717	10,291
Payments for purchases of tangible assets	(30,329)	(41,890)
Proceeds from sales of tangible assets	1,458	2,009
Payments for investments in securities	(34,432)	(80,131)
Proceeds from sales of investment in securities	22,226	16,491
(Increase) decrease in short-term loans receivable	(2,358)	4,537
Payments for long-term loans receivable	(12,872)	(45,113)
Proceeds from long-term loans receivable	18,175	47,934
Other	(3,250)	(1,810)
Net cash used in investing activities	(37,665)	(87,682)
Cash flows from financing activities:		
Increase (decrease) in bank loans	1,599	57,103
Proceeds from long-term loans	4,301	6,311
Repayments of long-term loans	(8,830)	(43,144)
Payments for redemption of straight bonds	-	(5,016)
Dividends paid	(9,003)	(9,330)
Dividends paid for minority shareholders	(765)	(666)
Increase in treasury stock	(83)	(44,145)
Other	(166)	478
Net cash provided by (used in) financing activities	(12,948)	(38,409)
Effect of exchange rate changes on cash and cash equivalents	(318)	(421)
Net increase (decrease) in cash and cash equivalents	(4,332)	(34,520)
Cash and cash equivalents at beginning of the period	170,033	205,494
Decrease in cash and cash equivalents due to decrease in scope of consolidation	-	(940)
Cash and cash equivalents at end of the period	165,700	170,033

Segment Information

In millions of yen

	Nine months ended December 31, 2003						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	270,310	15,813	21,340	68,511	375,976	-	375,976
Intersegment	3,367	158	2,163	2,284	7,973	(7,973)	-
Sub total	273,677	15,972	23,503	70,795	383,949	(7,973)	375,976
Operating costs and expenses	205,932	15,288	22,436	74,276	317,933	1,910	319,843
Operating income (loss)	67,745	683	1,067	(3,480)	66,016	(9,884)	56,132

In millions of yen

	Year ended March 31, 2003						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	351,997	19,980	38,149	113,143	523,271	-	523,271
Intersegment	4,134	170	2,524	2,987	9,817	(9,817)	-
Sub total	356,132	20,151	40,673	116,131	533,088	(9,817)	523,271
Operating costs and expenses	275,623	18,937	38,844	111,886	445,292	5,076	450,368
Operating income (loss)	80,508	1,213	1,829	4,244	87,796	(14,893)	72,902