

**CONSOLIDATED QUARTERLY FINANCIAL REPORT
FOR THE NINE MONTHS ENDED DECEMBER 31, 2005**

January 31, 2006

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 = 5, Deletions = 4
 Number of affiliated companies accounted for using the equity method:
 Additions = 3, Deletions = 1

2. Summary of the consolidated financial statements for the 3rd quarter of the fiscal year ended March 31, 2006 (April 1, 2005 – December 31, 2005)

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

| | Nine months ended December 31 | | Year ended March 31, 2005 |
|---------------------------------------|-------------------------------|---------|------------------------------|
| | 2005 | 2004 | |
| Revenue | 399,506 | 381,561 | 547,230 |
| % change from the previous year | 4.7% | 1.5% | |
| Operating profit | 62,222 | 54,491 | 83,043 |
| % change from the previous year | 14.2% | (2.9%) | |
| Ordinary profit | 64,711 | 54,905 | 83,478 |
| % change from the previous year | 17.9% | 4.1% | |
| Net income | 36,244 | 34,181 | 48,517 |
| % change from the previous year | 6.0% | (15.7%) | |
| Basic net income per share (in yen) | 161.08 | 151.89 | 214.41 |
| Diluted net income per share (in yen) | - | 151.89 | 214.41 |

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

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

| | December 31, 2005 | December 31, 2004 | March 31, 2005 |
|---|-------------------|-------------------|----------------|
| Total assets | 1,125,849 | 1,104,760 | 1,097,548 |
| Shareholders' equity | 478,045 | 427,489 | 441,927 |
| Shareholders' equity / Total assets | 42.5% | 38.7% | 40.3% |
| Shareholders' equity per share (in yen) | 2,124.72 | 1,899.67 | 1,962.74 |

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

| | Nine months ended December 31 | | Year ended March 31, 2005 |
|--|-------------------------------|----------|---------------------------|
| | 2005 | 2004 | |
| Cash flows from operating activities | 11,646 | 38,573 | 90,108 |
| Cash flows from investing activities | (7,998) | (63,297) | (41,221) |
| Cash flows from financing activities | (5,662) | (18,683) | (43,162) |
| Cash and cash equivalents at end of the period | 191,164 | 143,865 | 192,950 |

3. 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) | 229.49 |

*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, 2005 | | December 31, 2004 | | Change | March 31, 2005 | |
|---|-------------------|-------------------|-------------------|-------------------|-----------------|----------------|-------------------|
| | Amount | % of total assets | Amount | % of total assets | Amount | Amount | % of total assets |
| ASSETS: | | | | | | | |
| Current assets: | 540,439 | 48.0% | 476,687 | 43.2% | 63,752 | 508,274 | 46.3% |
| Cash on hand and in banks | 269,274 | | 218,030 | | 51,243 | 246,693 | |
| Call loan | - | | - | | - | 10,000 | |
| Notes and accounts receivable, trade | 37,991 | | 35,356 | | 2,634 | 50,183 | |
| Due from subscribers | 19,057 | | 17,864 | | 1,192 | 16,204 | |
| Short-term investments | 81,972 | | 63,428 | | 18,544 | 73,252 | |
| Inventories | 69,090 | | 56,711 | | 12,378 | 40,979 | |
| Deferred income taxes | 7,158 | | 9,254 | | (2,095) | 8,207 | |
| Short-term loans receivable | 43,580 | | 59,602 | | (16,022) | 46,375 | |
| Other current assets | 14,438 | | 19,006 | | (4,568) | 17,676 | |
| Allowance for doubtful accounts | (2,124) | | (2,568) | | 443 | (1,297) | |
| Fixed assets: | 585,352 | 52.0% | 627,960 | 56.8% | (42,607) | 589,183 | 53.7% |
| Tangible assets: | 230,656 | 20.5% | 255,396 | 23.1% | (24,739) | 223,582 | 20.4% |
| Buildings and improvements | 75,644 | | 81,701 | | (6,057) | 72,816 | |
| Security equipment and control stations | 64,781 | | 66,086 | | (1,305) | 64,104 | |
| Land | 65,403 | | 87,275 | | (21,871) | 65,151 | |
| Other tangible assets | 24,827 | | 20,332 | | 4,495 | 21,509 | |
| Intangible assets | 27,241 | 2.4% | 32,514 | 2.9% | (5,273) | 27,582 | 2.5% |
| Investments and others: | 327,454 | 29.1% | 340,049 | 30.8% | (12,594) | 338,018 | 30.8% |
| Investment securities | 244,562 | | 233,837 | | 10,725 | 243,031 | |
| Long-term loans receivable | 34,741 | | 44,624 | | (9,882) | 42,983 | |
| Deferred income taxes | 10,920 | | 25,082 | | (14,162) | 18,509 | |
| Other investments | 46,562 | | 52,516 | | (5,953) | 43,786 | |
| Allowance for doubtful accounts | (9,333) | | (16,011) | | 6,678 | (10,292) | |
| Deferred assets | 57 | 0.0% | 112 | 0.0% | (55) | 90 | 0.0% |
| Total assets | 1,125,849 | 100.0% | 1,104,760 | 100.0% | 21,088 | 1,097,548 | 100.0% |

| | December 31, 2005 | | December 31, 2004 | | Change | March 31, 2005 | |
|---|-------------------|-------------------|-------------------|-------------------|-----------------|----------------|-------------------|
| | Amount | % of total assets | Amount | % of total assets | Amount | Amount | % of total assets |
| LIABILITIES: | | | | | | | |
| Current liabilities: | 286,523 | 25.4% | 253,258 | 22.9% | 33,265 | 246,222 | 22.4% |
| Notes and accounts payable, trade | 13,813 | | 14,752 | | (938) | 15,693 | |
| Bank loans | 118,077 | | 115,736 | | 2,340 | 108,172 | |
| Current portion of straight bonds | 31,210 | | 300 | | 30,910 | 690 | |
| Payables - other | 20,894 | | 18,045 | | 2,848 | 18,959 | |
| Accrued income taxes | 8,680 | | 9,276 | | (595) | 16,197 | |
| Accrued consumption taxes | 3,187 | | 2,972 | | 214 | 2,698 | |
| Accrued expenses | 2,152 | | 2,246 | | (94) | 2,275 | |
| Deferred revenue | 33,088 | | 32,162 | | 925 | 28,532 | |
| Accrued bonus | 2,380 | | 2,618 | | (238) | 8,758 | |
| Other current liabilities | 53,038 | | 55,145 | | (2,107) | 44,245 | |
| Fixed liabilities: | 326,815 | 29.0% | 393,515 | 35.6% | (66,700) | 377,234 | 34.4% |
| Straight bonds | 12,375 | | 34,000 | | (21,625) | 40,940 | |
| Long-term loans | 9,485 | | 38,562 | | (29,077) | 14,513 | |
| Guarantee deposits received | 29,023 | | 29,329 | | (306) | 28,737 | |
| Accrued pension and severance costs | 12,078 | | 11,875 | | 203 | 12,617 | |
| Investment deposits by policyholders, unearned premiums and other insurance liabilities | 261,072 | | 277,691 | | (16,618) | 278,278 | |
| Other fixed liabilities | 2,779 | | 2,057 | | 722 | 2,148 | |
| Total liabilities | 613,338 | 54.4% | 646,774 | 58.5% | (33,435) | 623,457 | 56.8% |
| MINORITY INTEREST IN SUBSIDIARIES | 34,465 | 3.1% | 30,496 | 2.8% | 3,968 | 32,163 | 2.9% |
| SHAREHOLDERS' EQUITY: | | | | | | | |
| Common stock | 66,377 | 5.9% | 66,377 | 6.0% | - | 66,377 | 6.1% |
| Capital surplus | 83,054 | 7.4% | 82,553 | 7.5% | 500 | 82,553 | 7.5% |
| Retained earnings | 370,821 | 32.9% | 332,100 | 30.1% | 38,721 | 346,510 | 31.6% |
| Unrealized gains (losses) on securities | 15,379 | 1.4% | 6,058 | 0.5% | 9,320 | 8,167 | 0.7% |
| Foreign currency translation adjustments | (12,867) | (1.1%) | (15,088) | (1.4%) | 2,220 | (17,123) | (1.5%) |
| Common stock in treasury, at cost | (44,721) | (4.0%) | (44,513) | (4.0%) | (207) | (44,558) | (4.1%) |
| Total shareholders' equity | 478,045 | 42.5% | 427,489 | 38.7% | 50,555 | 441,927 | 40.3% |
| Total liabilities, minority interest in subsidiaries and shareholders' equity | 1,125,849 | 100.0% | 1,104,760 | 100.0% | 21,088 | 1,097,548 | 100.0% |

Consolidated Statements of Income

(In millions of yen)

| | Nine months ended December 31, 2005 | | Nine months ended December 31, 2004 | | Change | | Year ended March 31, 2005 | |
|--|--|-----------------|--|-----------------|--------|--------|------------------------------|-----------------|
| | Amount | % of revenue | Amount | % of revenue | Amount | % | Amount | % of revenue |
| Revenue | 399,506 | 100.0% | 381,561 | 100.0% | 17,945 | 4.7% | 547,230 | 100.0% |
| Costs of revenue | 245,225 | 61.4% | 235,359 | 61.7% | 9,865 | 4.2% | 341,466 | 62.4% |
| Gross profit | 154,281 | 38.6% | 146,201 | 38.3% | 8,080 | 5.5% | 205,764 | 37.6% |
| Selling, general and administrative expenses | 92,059 | 23.0% | 91,710 | 24.0% | 348 | 0.4% | 122,720 | 22.4% |
| Operating profit | 62,222 | 15.6% | 54,491 | 14.3% | 7,731 | 14.2% | 83,043 | 15.2% |
| Non-operating income | 10,560 | 2.6% | 7,793 | 2.0% | 2,767 | 35.5% | 11,942 | 2.2% |
| Non-operating expenses | 8,072 | 2.0% | 7,379 | 1.9% | 692 | 9.4% | 11,507 | 2.1% |
| Ordinary profit | 64,711 | 16.2% | 54,905 | 14.4% | 9,805 | 17.9% | 83,478 | 15.3% |
| Extraordinary profit | 1,846 | 0.5% | 1,143 | 0.3% | 702 | 61.4% | 11,381 | 2.1% |
| Extraordinary loss | 2,402 | 0.6% | 939 | 0.3% | 1,462 | 155.6% | 10,105 | 1.9% |
| Income before income taxes | 64,155 | 16.1% | 55,109 | 14.4% | 9,046 | 16.4% | 84,754 | 15.5% |
| Income taxes - current | 21,676 | 5.4% | 21,377 | 5.5% | 298 | 1.4% | 28,723 | 5.2% |
| Income taxes - deferred | 4,329 | 1.1% | (2,093) | (0.5%) | 6,422 | 306.8% | 4,145 | 0.8% |
| Minority interest in subsidiaries | 1,905 | 0.5% | 1,642 | 0.4% | 262 | 16.0% | 3,367 | 0.6% |
| Net income | 36,244 | 9.1% | 34,181 | 9.0% | 2,062 | 6.0% | 48,517 | 8.9% |

Consolidated Statements of Cash Flows

(In millions of yen)

| | Nine months ended December 31, 2005 | Nine months ended December 31, 2004 | Year ended March 31, 2005 |
|---|--|--|------------------------------|
| Cash flows from operating activities: | | | |
| Income before income taxes | 64,155 | 55,109 | 84,754 |
| Depreciation | 26,616 | 26,050 | 36,345 |
| Interest and dividend income | (4,738) | (6,720) | (9,114) |
| Interest expenses | 1,264 | 1,600 | 2,259 |
| (Increase) decrease in notes and accounts receivable, trade, and due from subscribers | 9,627 | 11,769 | (1,614) |
| (Increase) decrease in inventories | (28,232) | (11,127) | 4,732 |
| Increase (decrease) in accounts payable | (429) | (3,792) | (1,802) |
| Increase (decrease) in investment deposit by policyholders, unearned premiums and other insurance liabilities | (17,205) | 711 | 1,298 |
| Other | (15,698) | (10,474) | (3,798) |
| Subtotal | 35,359 | 63,127 | 113,060 |
| Interest and dividend received | 6,050 | 7,261 | 10,229 |
| Interest paid | (1,306) | (1,651) | (2,267) |
| Income taxes paid | (28,457) | (30,163) | (30,913) |
| Net cash provided by operating activities | 11,646 | 38,573 | 90,108 |
| Cash flows from investing activities: | | | |
| (Increase) decrease in short-term investments, net | (13,367) | (21,881) | (26,622) |
| Payments for purchases of tangible assets | (34,548) | (37,010) | (48,612) |
| Proceeds from sales of tangible assets | 6,660 | 816 | 38,029 |
| Payments for purchases of investment securities | (48,591) | (62,495) | (97,445) |
| Proceeds from sales of investment securities | 74,387 | 40,854 | 66,534 |
| (Increase) decrease in short-term loans receivable, net | 774 | (5,692) | (5,441) |
| Payments for long-term loans receivable | (14,481) | (15,103) | (12,923) |
| Proceeds from long-term loans receivable | 25,742 | 38,827 | 51,263 |
| Other | (4,574) | (1,612) | (6,002) |
| Net cash used in investing activities | (7,998) | (63,297) | (41,221) |
| Cash flows from financing activities: | | | |
| Increase (decrease) in bank loans, net | 9,878 | (4,091) | (10,169) |
| Proceeds from long-term loans | 527 | 702 | 1,189 |
| Repayments of long-term loans | (5,641) | (5,443) | (31,456) |
| Dividends paid | (11,251) | (10,127) | (10,127) |
| Dividends paid for minority shareholders | (942) | (875) | (875) |
| Other | 1,767 | 1,152 | 8,277 |
| Net cash provided by (used in) financing activities | (5,662) | (18,683) | (43,162) |
| Effect of exchange rate changes on cash and cash equivalents | 228 | 72 | 25 |
| Net increase (decrease) in cash and cash equivalents | (1,785) | (43,334) | 5,750 |
| Cash and cash equivalents at beginning of the period | 192,950 | 187,199 | 187,199 |
| Cash and cash equivalents at end of the period | 191,164 | 143,865 | 192,950 |

Business Segment Information

(In millions of yen)

| | Nine months ended December 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 | 288,767 | 22,456 | 20,960 | 20,209 | 47,113 | 399,506 | - | 399,506 |
| Intersegment | 5,907 | 163 | 1,858 | 82 | 3,708 | 11,719 | (11,719) | - |
| Subtotal | 294,674 | 22,619 | 22,818 | 20,291 | 50,821 | 411,226 | (11,719) | 399,506 |
| Operating costs and expenses | 220,392 | 21,701 | 25,140 | 23,405 | 48,120 | 338,759 | (1,475) | 337,284 |
| Operating profit (loss) | 74,282 | 918 | (2,322) | (3,113) | 2,701 | 72,466 | (10,244) | 62,222 |

(In millions of yen)

| | Nine months ended December 31, 2004 | | | | | | |
|------------------------------|-------------------------------------|------------------|--------------------|--|---------|---------------------------------|--------------|
| | Security services | Medical services | Insurance services | Information and communication related and other services | Total | Eliminations or corporate items | Consolidated |
| Revenue: | | | | | | | |
| Customers | 278,270 | 18,300 | 22,363 | 62,625 | 381,561 | - | 381,561 |
| Intersegment | 5,054 | 161 | 2,434 | 3,796 | 11,446 | (11,446) | - |
| Subtotal | 283,324 | 18,462 | 24,798 | 66,422 | 393,007 | (11,446) | 381,561 |
| Operating costs and expenses | 212,985 | 17,877 | 27,171 | 69,953 | 327,987 | (917) | 327,069 |
| Operating profit (loss) | 70,339 | 585 | (2,373) | (3,530) | 65,019 | (10,528) | 54,491 |

(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 nine months ended December 31, 2004, and for the year ended March 31, 2005, under the assumption that the segmentation methodology used for the nine months ended December 31, 2005, is applied to those periods.

(In millions of yen)

| | Nine months ended December 31, 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 | 278,270 | 18,300 | 22,363 | 19,047 | 43,578 | 381,561 | - | 381,561 |
| Intersegment | 5,054 | 161 | 2,434 | 227 | 3,712 | 11,589 | (11,589) | - |
| Subtotal | 283,324 | 18,462 | 24,798 | 19,274 | 47,290 | 393,150 | (11,589) | 381,561 |
| Operating costs and expenses | 212,985 | 17,877 | 27,171 | 22,975 | 47,120 | 328,130 | (1,060) | 327,069 |
| Operating profit (loss) | 70,339 | 585 | (2,373) | (3,700) | 170 | 65,019 | (10,528) | 54,491 |

(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 |