

■ PROFILE

Established in 1962, SECOM CO., LTD., a pioneer in Japan's security services industry, has earned a solid reputation by developing innovative products and services that truly benefit society. The Company's achievements to date have transformed it into a provider of security and peace of mind and supported steady growth.

SECOM—the parent company and the companies of the SECOM Group—continues to pursue a wide range of initiatives aimed at realizing its vision for the future: the Social System Industry, a new framework of services, created by developing distinctive packages of integrated products and services designed to help build a society free of apprehension. SECOM has capitalized on its exceptional capabilities to expand beyond security services into medical, insurance, geographic information system (GIS), information and other services. Today, SECOM is also striving to improve its marketing capabilities and operating efficiency and reinforce its service quality, thus positioning it for further growth.

SECOM has expanded into overseas markets, establishing an extensive network of subsidiaries and affiliates in Taiwan, the Republic of Korea (ROK), Thailand, Malaysia, Singapore, Indonesia, the People's Republic of China (PRC), the United States, the United Kingdom and Australia.

Note:

Comparisons of operating results in this semiannual report are between the six months ended September 30, 2005, and the six months ended September 30, 2004.

NONCONSOLIDATED FINANCIAL HIGHLIGHTS

SECOM CO., LTD.

Six months ended September 30, 2005, 2004 and 2003

	In millions of yen			In thousands of U.S. dollars
	2005	2004	2003	2005
Revenue	¥153,416	¥146,753	¥141,964	\$1,357,663
Operating profit	36,285	33,264	32,449	321,106
Income before income taxes	38,228	33,866	32,180	338,300
Net income	23,845	21,066	19,692	211,017
Net income per share (yen and U.S. dollars)	¥ 105.97	¥ 93.61	¥ 87.49	\$ 0.93

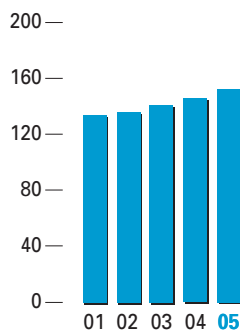
Notes: 1. Net income per share figures are in exact yen and U.S. dollars.

2. All dollar figures herein refer to U.S. currency. Yen amounts have been translated, solely for the convenience of the reader, at the rate of ¥113=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on September 30, 2005.

3. Net income per share amounts are based on the average number of shares outstanding during each period.

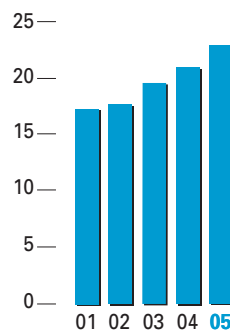
Nonconsolidated Revenue

(In billions of yen)



Nonconsolidated Net Income

(In billions of yen)



■ TO OUR SHAREHOLDERS

Operating Results

Despite high oil prices and other causes for concern, economic conditions in Japan appear to have rebounded, a trend that reflects improved corporate profits and an accompanying rise in private-sector capital investment, as well as a recovery in consumer spending.

In recent years, we have witnessed significant qualitative changes in our operating environment. Deteriorating public security and a rise in incidents involving the theft of information—as well as a new law aimed at protecting personal information—are contributing to increasingly diverse and sophisticated customer needs. In the six months ended September 30, 2005, we continued to respond to these changes with measures aimed at realizing our Social System Industry vision. These measures focused on responding to such needs by enhancing products and services in our various businesses and expanding sales channels. These measures contributed to nonconsolidated revenue of ¥153.4 billion, an increase of 4.5% from the corresponding period a year earlier. Operating profit rose 9.1%, to ¥36.3 billion. Net income climbed 13.2%, to ¥23.8 billion. Net income per share was ¥105.97, up from ¥93.61.

Electronic Security Services

The electronic security services category encompasses the provision of commercial and home security services. In the period under review, this category generated revenue of ¥110.6 billion, an increase of 2.7%, and represented 72.1% of nonconsolidated revenue.

Other Security Services

The other security services category generated revenue of ¥23.6 billion, up 5.7%, and accounted for 15.4% of nonconsolidated revenue. Revenue from static guard services advanced 6.4%, to ¥10.0 billion, while revenue from armored car services rose 6.5%, to ¥8.1 billion.

Sales of Merchandise

Security-related merchandise includes closed-circuit television (CCTV) surveillance cameras, access-control systems, fire detection and extinguishing systems, and external and internal monitoring systems. Revenue in this category rose 14.8%, to ¥19.2 billion, representing 12.5% of nonconsolidated revenue.

Business Developments

SECOM's vision is to help build a society free of apprehension about security through the Social System Industry. The

foundation of the Social System Industry is the network we have created to deliver our security services. To this network, we are adding layers of products and services that make life more secure, convenient and comfortable.

In the area of security services, we continued to market a broad range of centralized security systems. For commercial customers, we offer centralized systems that capitalize on our advanced image monitoring technologies. These include SECOM AX, which employs advanced image sensors, as well as the versatile SECOM DX, which supplies on-site image monitoring for access control. During the period under review, we introduced security products that can be integrated with our on-line security systems to provide protection during business hours, as well as at night and other times when premises are vacant. These products included SESAMO TR-II, a comprehensive access-control system with a full range of functions suited to each customer's needs. Users of this system can subscribe to SECOM's on-line security service, which provides surveillance when premises are empty. Another addition to our lineup was the Electronic Article Surveillance (EAS) shoplifting prevention system for retailers and other merchants, introduced as part of a business alliance with one of Japan's leading suppliers of such systems. In addition to thwarting shoplifting and minimizing resulting merchandise losses, the EAS system can be integrated with SECOM on-line security to provide subscribers with 24-hour, seamless protection.

For residential customers, we focused on increasing subscriptions to SECOM Home Security, our core on-line security system, and on promoting home insurance policies and such attractive home security products as SECOM *Anshin* Glass, high-impact breakage-resistant window glass with built-in sensors, SECOM Home Camera Systems and SECURIFACE, an intercom system featuring built-in face detection technology. Recently, we launched SECOM Home Service, a suite of value-added support services designed to complement existing home security services, in densely populated areas of Tokyo, Kanagawa, Osaka and Hyogo. Through SECOM Home Service, SECOM assists customers with problems arising in everyday life, such as lost keys and broken windows. The service also includes support for house cleaning and other housework, external checks of customers' premises and patrol services. At the same time, we took steps to reinforce existing services for residential users. Our centralized security systems currently use a variety of telecommunications services, including integrated services digital network (ISDN), fiber optic and IP (Internet protocol) telephone. Accordingly, to ensure stable, reliable signal

transmission, we developed a multi-circuit adapter that is compatible with all services.

The other companies of the SECOM Group provide a broad range of medical, insurance, GIS, information and other services. Our medical services business encompasses home medical services, remote image diagnosis support services, electronic medical report (EMR) systems, sales of medical equipment, the operation of nursing homes, personal care services and real estate leasing for medical institutions. In the period under review, we focused on enhancing home nursing, pharmaceutical dispensing and delivery, and other home medical services. We also launched the SECOM Health Care Club, a membership-based health management service that offers members access to examinations at a top-class clinic boasting the latest equipment.

Having a non-life insurance company in the SECOM Group enables us to offer seamless services encompassing security systems, which offer prior protection, and insurance, which protects customers in the event of misfortune—something only we can do.

In the area of GIS services, we continue to maximize our GIS expertise to offer solutions tailored to the needs of local governments and corporate customers. Other services include surveying, measurement and construction consulting. In the period under review, we began offering a mapping service for corporate customers designed to help employees return home safely from their workplace in the event of a major earthquake, and otherwise assist the risk management efforts of companies.

Businesses in the information and other services category include information-related services, real estate development and sales, and real estate leasing. In information-related services, our priority continues to be cyber security and network system operation services. Another focus is the SECOM Safety Confirmation Service, which helps companies confirm the whereabouts of employees and their families and collect crucial information in the event of a disaster. In September 2005, we launched the SECOM Disaster Response Support Service, which helps subscribers prepare an initial action manual and appropriate emergency supply provisions, thus helping them respond effectively following, for example, a major earthquake. Used in tandem, these two services provide comprehensive support for commercial customers, helping them to minimize disaster-related losses and reopen for business as soon as possible. In real estate development and sales, our focus is on developing and marketing the Glorio series of condominiums with an emphasis on security.

Strategic Directions

To date, we have expanded our operations by steadily increasing the number of subscribers to our on-line commercial and home security services. Our ability to offer superior on-line security services reflects our extensive infrastructure, including SECOM control centers, which oversee our response; Emergency Depots, which dispatch professional emergency response personnel promptly to the subscriber's premises when needed; facilities for training these personnel; and facilities conducting research and developing highly reliable systems and equipment.

The challenge facing us as we move forward is how to further boost our already significant competitive advantage in the security services business. We believe there is only one answer: enhance quality. Better products and services mean greater customer satisfaction. One way we may achieve this is by revamping our branch organization, thereby positioning us to respond more swiftly to customers' needs with more carefully tailored services.

Public perception of a worsening crime situation is increasing awareness of the need for security. We will continue to tap this market with high-quality products and services that deliver true value by ensuring peace of mind.

By implementing strategies based on our twin priorities of growth and efficiency, we will put SECOM on a new course for the future and ensure it remains a company to which people turn for solutions to security and related problems. We look forward to your continued support in all of our endeavors.

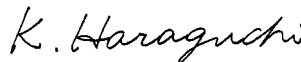
January 2006



Makoto Iida
Founder



Shohei Kimura
Chairman



Kanemasa Haraguchi
President and Representative Director

NONCONSOLIDATED BALANCE SHEETS

SECOM CO., LTD.
September 30, 2005 and 2004

ASSETS	In millions of yen		In thousands of U.S. dollars
	2005	2004	2005
Current assets:			
Cash on hand and in banks	¥141,528	¥103,828	\$1,252,460
Notes receivable	481	232	4,256
Due from subscribers	9,490	8,593	83,982
Accounts receivable, trade	5,127	5,146	45,371
Short-term investments	451	451	3,991
Inventories	7,893	8,241	69,849
Short-term loans to subsidiaries and affiliated companies	30,306	27,307	268,194
Other current assets	32,446	36,449	287,132
Allowance for doubtful accounts	(2,574)	(4,870)	(22,778)
Total current assets	225,151	185,381	1,992,486
Fixed assets:			
Tangible assets:			
Buildings and improvements	23,538	25,257	208,300
Security equipment and control stations	61,116	61,933	540,849
Land	34,825	36,053	308,185
Other	7,602	9,006	67,274
Intangible assets:			
Telephone and telegraph utility rights	133	182	1,176
Software	6,300	8,071	55,752
Other	2,065	2,438	18,274
Investments and other:			
Investment securities	29,370	24,022	259,911
Investments in subsidiaries and affiliated companies	160,529	158,458	1,420,610
Other investments	66,400	77,069	587,610
Allowance for doubtful accounts	(5,010)	(11,496)	(44,336)
Total fixed assets	386,872	390,998	3,423,646
Total assets	¥612,024	¥576,379	\$5,416,141

LIABILITIES	In millions of yen		In thousands of U.S. dollars
	2005	2004	2005
Current liabilities:			
Accounts payable	¥ 2,799	¥ 2,399	\$ 24,769
Bank loans	27,540	30,409	243,716
Current portion of straight and convertible bonds	30,000	14	265,486
Payables—other	9,699	8,797	85,831
Accrued expenses	635	508	5,619
Deposits received	31,042	—	274,707
Deferred revenue—service charges	22,371	21,764	197,973
Accrued income taxes	12,445	12,897	110,132
Accrued bonus	5,215	4,984	46,150
Other current liabilities	6,311	33,937	55,849
Total current liabilities	148,061	115,712	1,310,274
Fixed liabilities:			
Straight bonds	—	30,000	—
Guarantee deposits received	18,268	16,957	161,663
Accrued pension and severance costs	5,662	4,825	50,106
Total fixed liabilities	23,930	51,783	211,769
Total liabilities	171,991	167,495	1,522,044
SHAREHOLDERS' EQUITY			
Common stock	66,377	66,370	587,407
Capital surplus:			
Additional paid-in capital	83,054	82,546	734,991
Retained earnings:			
Legal reserve	9,028	9,028	79,893
Voluntary reserve	3,036	3,037	26,867
Unappropriated retained earnings	319,259	290,129	2,825,300
Unrealized gains on securities	3,939	2,236	34,858
Common stock in treasury, at cost	(44,662)	(44,465)	(395,238)
Total shareholders' equity	440,033	408,884	3,894,097
Total liabilities and shareholders' equity	¥612,024	¥576,379	\$5,416,141

NONCONSOLIDATED STATEMENTS OF INCOME

SECOM CO., LTD.

Six months ended September 30, 2005 and 2004

	In millions of yen		In thousands of U.S. dollars
	2005	2004	2005
Revenue	¥153,416	¥146,753	\$1,357,663
Costs	82,856	79,855	733,238
Selling, general and administrative expenses	34,274	33,632	303,309
Operating profit	36,285	33,264	321,106
Other income—net	1,567	1,259	13,867
Ordinary profit	37,853	34,524	334,982
Extraordinary profit	1,249	155	11,053
Extraordinary loss	874	812	7,734
Income before income taxes	38,228	33,866	338,300
Income taxes—current	12,072	12,489	106,831
Income taxes—deferred	2,309	310	20,433
Net income	¥ 23,845	¥ 21,066	\$ 211,017
Net income per share (yen and U.S. dollars)	¥ 105.97	¥ 93.61	\$ 0.93
Average number of shares outstanding (thousands)	225,013	225,046	

COMPOSITION OF NONCONSOLIDATED REVENUE

SECOM CO., LTD.

Six months ended September 30, 2005 and 2004

	In millions of yen		In thousands of U.S. dollars
	2005	2004	2005
Electronic security services	¥110,639	¥107,725	\$ 979,106
Other security services:			
Static guard services	9,973	9,376	88,256
Armored car services	8,131	7,637	71,955
Other	5,460	5,281	48,318
Subtotal	23,565	22,295	208,539
Total service charges	134,205	130,020	1,187,654
Sales of merchandise	19,211	16,732	170,008
Revenue	¥153,416	¥146,753	\$1,357,663

NOTES TO NONCONSOLIDATED FINANCIAL STATEMENTS

SECOM CO., LTD.

1. Basis of Financial Statements

The accompanying nonconsolidated financial statements have been prepared in conformity with accounting practices ordinarily followed in connection with interim financial statements and translated from the financial statements that are prepared in Japanese and filed with the Prime Minister of Japan and the Tokyo Stock Exchange. Certain modifications as to the presentation of the accompanying financial statements were made to facilitate understanding by non-Japanese readers.

2. U.S. Dollar Amounts

U.S. dollar amounts are included solely for convenience and are stated, as a matter of arithmetical computation only, at the rate of ¥113=US\$1, the rate prevailing on the Tokyo Foreign Exchange Market on September 30, 2005.

DIRECTORS, CORPORATE AUDITORS AND EXECUTIVE OFFICERS

Directors

Founder:

Makoto Iida

Co-Founder:

Juichi Toda

Advisor:

Toshitaka Sugimachi

Chairman:

Shohei Kimura

President and Representative Director:

Kanemasa Haraguchi

Senior Executive Director:

Nobuyuki Sasaki

Executive Directors:

Katsuhisa Kuwahara

Shuji Maeda

Katsuo Akiyama

Shinobu Iida

Director:

Fumio Obata

Corporate Auditors

Teruo Ogino

Ken Tsunematsu

Hiroshi Yasuda

Kohei Yamashita

Executive Officers

Shohei Kimura

Chairman

Kanemasa Haraguchi

*President and
Representative Director*

Nobuyuki Sasaki

Senior Executive Director

Shigemi Tanaka

*Senior Managing
Executive Officer*

Katsuhisa Kuwahara

Executive Director

Seiichiro Kobayashi

Managing Executive Officer

Shoichi Kake

Managing Executive Officer

Shuji Maeda

Executive Director

Katsuo Akiyama

Executive Director

Shinobu Iida

Executive Director

Koichi Sato

Managing Executive Officer

Seiichi Mori

Executive Officer

Yushihiro Ito

Executive Officer

Fumio Obata

Director

Hiroshi Ito

Executive Officer

Shunji Ogahara

Executive Officer

Masaaki Saida

Executive Officer

Kiyomasa Sugii

Executive Officer

Minoru Takaoka

Executive Officer

Yoshihiro Chino

Executive Officer

Mamoru Sasaki

Executive Officer

Akira Tsutsumi

Executive Officer

Tomoo Toya

Executive Officer

Hideo Morishita

Executive Officer

Tsuneo Komatsuzaki

Executive Officer



SECOM CO., LTD.
5-1, Jingumae 1-chome, Shibuya-ku,
Tokyo 150-0001, Japan
<http://www.secom.co.jp/>