

**CONSOLIDATED FINANCIAL REPORT
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2003**

November 13, 2003

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: Shohei Kimura, President and Representative Director
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 Date approved by board of directors: November 13, 2003
 Adoption for US GAAP: None

1. Summary of the consolidated financial statements for the six months ended September 30, 2003
 (April 1, 2003 – September 30, 2003)

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

	Six months ended September 30		Year ended March 31
	2002	2003	2003
Revenue % change from the previous year	JPY 239,204 million (1.5%)	JPY 246,691 million 3.1%	JPY 523,271 million
Operating income % change from the previous year	JPY 33,932 million 0.9%	JPY 37,408 million 10.2%	JPY 72,902 million
Ordinary income % change from the previous year	JPY 31,988 million (2.9%)	JPY 35,218 million 10.1%	JPY 70,063 million
Net income % change from the previous year	JPY 15,907 million 2.3%	JPY 17,959 million 12.9%	JPY 35,583 million
Basic net income per share	JPY 68.99	JPY 79.79	JPY 154.96
Diluted net income per share	JPY 68.99	JPY 79.79	JPY 154.95

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

Six months ended September 30, 2002: JPY 238 million
 Six months ended September 30, 2003: JPY (60) million
 Year ended March 31, 2003: JPY 1,323 million

Note 2. Weighted average number of common shares outstanding:

Six months ended September 30, 2002: 230,574,752 shares
 Six months ended September 30, 2003: 225,074,191 shares
 Year ended March 31, 2003: 227,849,223 shares

Note 3. Change in accounting policy: Yes

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

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

	September 30, 2002	September 30, 2003	March 31, 2003
Total assets	JPY 1,046,763 million	JPY 1,083,806 million	JPY 1,090,131 million
Shareholders' equity	JPY 350,481 million	JPY 382,932 million	JPY 369,753 million
Shareholders' equity / Total assets	33.5%	35.3%	33.9%
Shareholders' equity per share	JPY 1,556.13	JPY 1,701.41	JPY 1,641.53

Note 1. Number of common shares outstanding:

As of September 30, 2002: 225,225,908 shares

As of September 30, 2003: 225,067,936 shares

As of March 31, 2003: 225,080,888 shares

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

	Six months ended September 30		Year ended March 31
	2002	2003	2003
Cash flows from operating activities	JPY 53,839 million	JPY 49,070 million	JPY 91,992 million
Cash flows from investing activities	JPY (61,938) million	JPY (42,763) million	JPY (87,682) million
Cash flows from financing activities	JPY (25,378) million	JPY (28,533) million	JPY (38,409) million
Cash and cash equivalents at end of the period	JPY 170,985 million	JPY 147,835 million	JPY 170,033 million

(4) Consolidated subsidiaries and affiliated companies

	Additions	Deletions	As of September 30, 2003
Number of consolidated subsidiaries	4	2	126
Number of affiliated companies	2	0	41

2. 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.

The SECOM Group

The SECOM Group (the “Group”) comprises SECOM Co., Ltd. (the “Company”), 126 subsidiaries and 41 affiliates. The Group continues to advance on several business fronts: security services; medical services, including home-based medical services and remote image diagnosis support services; insurance services centered on non-life insurance services; and information and communication related and other services, including cyber security services, network services, software development and geographic information system (GIS) services.

The Group companies are classified into the following operating segments:

● **Security services segment**

The Company and its subsidiaries and affiliates provide various types of security services domestically, including the Company’s main service - on-line centralized security systems.

Domestic subsidiaries include Secom Joshinetsu Co., Ltd., Secom Hokuriku Co., Ltd., Secom Yamanashi Co., Ltd., Secom Mie Co., Ltd., Secom Jastic Co., Ltd., and 20 other companies. Domestic affiliates include Japan Nuclear Security System Co., Ltd., and six other companies. The Company sells security merchandise and provides technical consultation to the subsidiaries and affiliates.

Furthermore, on-line centralized security systems and static guard services are provided in overseas countries. Westec Interactive Security, Inc., and four other subsidiaries operate in the United States; Secom Plc and two other subsidiaries in the United Kingdom; Shanghai Secom Security Co., Ltd., and four other subsidiaries in the People’s Republic of China. Subsidiaries also operate in Indonesia, Australia and Thailand. S1 Corporation operates in the Republic of Korea, Taiwan Secom Co., Ltd., operates in Taiwan, and four other overseas affiliates operate in their respective countries.

The following three subsidiaries and an affiliate, as well as 10 other companies, support the security services of the Group’s domestic companies:

- Secom Techno Service Co., Ltd., installs and maintains security equipment the Group uses to provide its services.
- Secom Industries Co., Ltd., develops and manufactures security equipment for the Group.
- Secom Alpha Co., Ltd., sells a variety of security equipment. The Company purchases some security equipment from this subsidiary.
- Nohmi Bosai Ltd., an affiliate, manufactures and sells a range of fire protection equipment, some of which is purchased by the Company.

● **Medical services segment**

Domestic subsidiary Secom Medical System Co., Ltd., offers remote image diagnosis support services and home-based medical services. Mac Corporation sells medical equipment. Arai & Co., Ltd., provides real estate leasing services for medical institutions.

● **Insurance services segment**

A domestic subsidiary, Secom General Insurance Co., Ltd., provides non-life insurance services. Another domestic subsidiary, Secom Insurance Service Co., Ltd., is an insurance agency.

● **Information and communication related and other services segment**

A domestic subsidiary, Secom Trust.net Co., Ltd., provides network, database and cyber security services and sells computer systems.

Secom Information System Co., Ltd., manages computer systems for the Group, develops and sells computer software and sells computer hardware.

Pasco Corporation provides geographic survey services via aerial photographs, and develops and sells GIS services.

Secom Lines Co., Ltd., sells education systems, including computer-aided learning systems for schools.

Secom Home Life Co., Ltd., develops and sells condominiums with home security systems.

Arai & Co., Ltd., provides real estate leasing services.

Our affiliate's subsidiary Japan Cablenet Limited provides cable television (CATV)-based broadband services. Domestic affiliate Miyagi Network, Inc., provides CATV and communications services in the Sendai area; Japan Image Communications Co., Ltd., also a domestic affiliate, provides program content for satellite broadcasting.

Overseas subsidiary P.T. Nusantara Systems International develops and sells computer software.

Management Policy

1. Basic Management Policy

SECOM's aim is to realize its vision of establishing the Social System Industry, which will offer a multitude of integrated services and systems that make life more secure, convenient and comfortable, thereby helping to create a new social infrastructure.

2. Basic Profit Distribution Policy

SECOM recognizes returning profits to shareholders as its most critical matter and distributes profits taking into account expansion of services, revenue trends, dividend payout and the amount of retained earnings. We utilize retained earnings both for investments in promising new businesses to further expand our operations, and for intensive research and development to facilitate the extension of high-quality security systems, equipment and services.

3. Management Strategy Procedures

In this rapidly changing society, social concern over security is becoming increasingly diversified and developed as people's values change. Demands on medical care, insurance, cyber security and GIS are also intensified and diversified in the same way.

Under these circumstances, we aim to meet these diverse needs of society in a speedy and flexible manner by offering attractive services and products as part of SECOM's vision to build and expand the Social System Industry.

In pursuit of its Social System Industry vision, SECOM will increase management efficiency and continue to enhance shareholder value in line with a rapidly changing social environment. We will actively develop services and products and promote intensive research and development to facilitate the expansion of progressive security systems, high-quality equipment and services. We will also expand innovative operations by reforming our processes and organization, building an efficient, high-quality management system and infrastructure, and investing in promising new ventures.

We will strive to provide even higher value-added services as new social infrastructure, by exploiting the synergy created by the inter-related, multiple businesses of our Group. We will continue to be guided by our determination to respond to society's changing safety and security needs, and see that SECOM remains the first choice of people seeking peace of mind.

4. Trading Unit of Common Stock

Our basic policy is that the trading unit of our common stock should be appropriately revised to make our shares more accessible to a broader range of investors and to heighten share liquidity. On November 19, 1999, we implemented a two-for-one stock split and on August 1, 2000, we reduced our minimum trading unit to 500 shares from 1,000 shares. In the future, we will appropriately revise our trading unit, taking into account market demands, share liquidity and the related costs of reducing the trading unit.

5. Management Index

To realize our Social System Industry vision in this rapidly changing and increasingly diversifying society, we need to make flexible and quick decisions, comprehensively considering various factors, including

opportunities and risks, rather than being concerned with conventional management indices.

6. Basic Approach toward Corporate Governance

1) Our stance toward corporate governance

We deem corporate governance as one of the most important managerial tasks that increases the corporate value and transparency of disclosure to shareholders. We believe that five aspects are vital in enhancing corporate governance: the initiative of top management, the Boards of Directors' control over management, the monitoring function of outside corporate auditors, the compliance system of the SECOM Group as a whole (group compliance) and information disclosure.

The initiative of top management includes: the Auditing Department's internal auditing, under the direct control of the President, of operations in the field to help improve and promote efficiency; and the Legal Department's plan-do-check-action (PDCA) efforts for compliance, also under the President's control, in conjunction with an in-house certified lawyer and outside legal experts.

The Board of Directors, along with outside corporate auditors, discuss issues in depth from a standpoint of compliance.

Among the outside corporate auditors, we have an experienced lawyer with a deep understanding of corporate governance and compliance, and proficient businesspersons with experience as CEOs. Auditors frequently visit each department of the Company and its subsidiaries to check the legality and appropriateness of their operations and report to the top management.

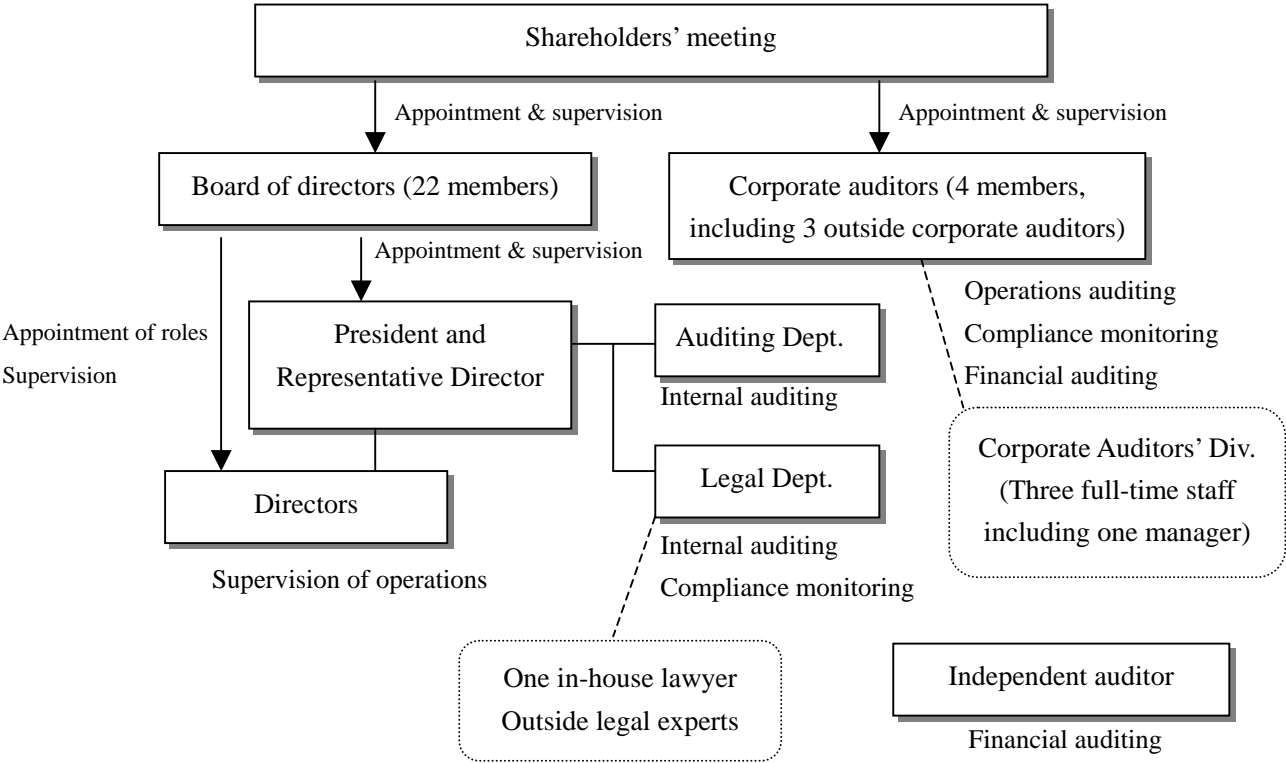
The system, function and importance of group compliance are codified in the operating directives of the Group (SECOM Group Constitution), which all the employees are trained to abide by. Now we are seeking to develop compliance measures that are easier to understand and easier to assess performance against.

We will continue efforts to disclose information further and faster, in order to enhance the transparency of the Group's management.

We are yet to determine, however, the extent to which outside directors are expected to exert influence over corporate governance.

2) Corporate governance system and related policies

Following is an organizational chart concerning decision making, execution, control and corporate governance:



- ** We have adopted a corporate auditor scheme.
- ** There are no outside (part-time) members on the Board of Directors. There are three outside corporate auditors.
- ** We set up several kinds of committees on an ad-hoc basis.

3) Interests between the Company and outside corporate auditors concerning personal and capital relationships and transactions

The outside corporate auditor (lawyer) originally worked for a law firm to which the Company has been a client since its inception. Two other outside corporate auditors are proficient businesspersons with experience as CEOs. They are seasoned in governance- and compliance-related issues and can exert a significant influence over our directors and senior managers.

The Company has set up a strict rule to avoid any conflict of interest with the outside auditor (lawyer) and his former law firm. There are no conflicts of interest with other outside auditors, either.

Operating Results

1. Results and Review

[Review]

During the six months ended September 30, 2003, the Japanese stock market and capital investment showed signs of improvement, but the economy overall remained sluggish, owing to low personal consumption and the unfavorable employment situation. Despite these adverse conditions, SECOM continued to advance toward the realization of its Social System Industry vision. To this end, we enhanced existing services, strengthened our marketing capabilities, improved operating efficiency and developed new services and products to meet ever-changing social needs.

In the security services segment, we promoted to commercial market our core on-line centralized security systems, such as the image monitoring SECOM AX and SECOM IX, and the versatile SECOM DX. We also expanded our SECOM Security Management Service for large and medium-sized buildings to provide comprehensive services ranging from security systems to facility management. For the residential market, we added several supplementary security products, including SECOM Home Camera System for monitoring and SECOM *Anshin* Glass high-impact window glass with built-in sensors, to our prevailing SECOM Home Security System, in an effort to foil break-ins and other criminal activities. We expanded the lineup of COCO-SECOM services designed to locate the position of people or automobiles on the move. Such additions include: COCO-SECOM-i, a mobile phone-based medical emergency alert system; COCO-SECOM for Pets, featuring compact transmitters; and COCO-SECOM with Emergency Call, a standard feature of COCO-SECOM for people, which allows SECOM control center staff to immediately make a call to a designated number in the event of an emergency. We also introduced SECOM MS-3, a versatile security system for condominiums, which can be adapted to large-scale residential complexes as well as to refurbished facilities. Lastly, in the second half of the fiscal year, we introduced SECURIFACE, an intercom system that incorporates a face detection function to detect unauthorized visitors.

In the medical services segment, we continued to expand our home medical care services and medical information systems services for medical institutions. As part of our portable health monitoring services, we developed a portable electrocardiograph that patients can use to record heart activity and transmit data to a designated medical institution, even when they are away from home. Capitalizing on our expertise in home medical services, we began a consulting and support program for physicians starting up new home medical care clinics, thereby helping the diffusion of home medical care. SECOM Medical Image Storage System and Medical Risk Management System are new additions to our lineup of medical information systems for medical institutions. Anticipating the trend toward more frequent migration of medical staff, we launched medical personnel solutions for doctors and medical administrators. In the latter half of the fiscal year, we plan to introduce SECOM Medical Club, a membership-based service primarily for our home security subscribers, which will encompass preventive treatment and health consultation services.

In the insurance services segment, we continued to market our automobile insurance policy New SECOM *Anshin* My Car, commercial fire insurance policy Security Discount Fire Policy, residential fire insurance package SECOM *Anshin* My Home, and unrestricted cancer treatment policy MEDCOM. In the second half of the fiscal year, MEDCOM reformed itself by expanding its coverage to the treatment covered by Japan's national health insurance scheme, as well as cutting-edge treatment not covered by national health insurance. MEDCOM reduces the financial burden on patients undergoing treatment, regardless of whether

it is covered by the national health insurance scheme or not, by compensating the portion of medical fees incurred by patients.

In the information and communication related and other services segment, we focus on information services, including cyber security; GIS services; education services; and real estate sales and leasing. During the six-month period under review, we developed a non-contact integrated circuit (IC) card-based security system, which combines office security, including building and floor access control, with cyber security, including computer access control, in an integrated system. Lines E-Library Advance, also introduced during the period, is an educational solution designed to support computer-aided classroom learning, with the option of being extended to students' home personal computers.

As a result of these activities, revenue for the six months ended September 30, 2003, amounted to JPY 246,691 million, an increase of 3.1% from the six months ended September 30, 2002. Ordinary income increased 10.1%, to JPY 35,218 million, and net income rose 12.9%, to JPY 17,959 million.

Effective April 1, 2003, the Group has changed the accounting method for revenue and costs of revenue 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, we have 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 six months ended September 30, 2003, both saw a decrease of JPY 3,854 million. Assuming the new accounting method, revenue and costs of revenue for the six months ended September 30, 2002, would have seen a decrease of JPY 5,021 million, indicating that an increase in revenue for the period under review would have been JPY 12,508 million, or 5.3%, compared with the adjusted revenue a year ago.

Revenue from security services totaled JPY 179,022 million, an increase of 3.9% from the previous year, reflecting the continuous growth of our centralized security services. Operating income increased 7.7%, to JPY 45,479 million.

Revenue from medical services increased 11.2% from the previous period, to JPY 10,454 million, reflecting the solid growth of our home medical care services. Operating income amounted to JPY 471 million, an increase of 27.0%.

Revenue from insurance services amounted to JPY 14,471 million, a drop of 24.1%, owing primarily to the aforementioned change in accounting method to not account for the maturity amount of funded insurance policies as revenue. Applying the new accounting method to the previous year, however, revenue for the period would have increased 3.1% from the previous period. Operating income amounted to JPY 1,025 million, a 16.0% decrease.

Revenue from information and communication related and other services amounted to JPY 42,743 million, up 11.4%, owing to an increase in revenue from real estate developer Secom Home Life Co., Ltd., as well as to the inclusion of results from the Windsor Hotels International Co., Ltd., which was consolidated during the period. Despite this, we recorded an operating loss for this segment of JPY 2,956 million,

compared with JPY 2,331 million in the previous period.

By geographic segment, meanwhile, domestic revenue for the period was JPY 240,574 million, an increase of 2.9%, while domestic operating income was JPY 43,982 million, up 5.2%. Revenue from other countries totaled JPY 6,117 million, an increase of 11.7%, and operating income was JPY 11 million, a big improvement from the JPY 320 million loss recorded in the previous period.

2. Cash Flows

[Review]

(In millions of yen)

	Six months ended September 30		Year ended March 31
	2002	2003	2003
Net cash provided by operating activities	53,839	49,070	91,992
Net cash used in investing activities	(61,938)	(42,763)	(87,682)
Net cash used in financing activities	(25,378)	(28,533)	(38,409)
Effect of exchange rate changes on cash and cash equivalents	(182)	29	(421)
Net decrease in cash and cash equivalents	(33,659)	(22,197)	(34,520)
Cash and cash equivalents at beginning of the period	205,494	170,033	205,494
Decrease in cash and cash equivalents due to decrease in scope of consolidation	(849)	–	(940)
Cash and cash equivalents at end of the period	170,985	147,835	170,033

Net cash provided by operating activities was JPY 49,070 million, a decrease of 8.9% from the previous period. Income before income taxes amounted to JPY 35,863 million, a rise of 10.0%. Decrease in notes and accounts receivable, trade, and due from subscribers amounted to JPY 25,222 million, up 40.8%. In contrast, increase in investment deposit by policyholders, unearned premiums and other insurance liabilities totaled JPY 748 million, a drop of 86.1%.

Net cash used in investing activities totaled JPY 42,763 million, a decrease of 31.0%. Payments for investments in securities amounted to JPY 30,218 million, down 36.0%, and payments for purchases of tangible assets reached JPY 20,008 million, down 2.9%.

Net cash used in financing activities was JPY 28,533 million, an increase of 12.4% from the previous period. Decrease in bank loans totaled JPY 13,002 million, compared with an increase of JPY 32,848 million in the previous period. Dividends paid amounted to JPY 9,003 million.

As a result of the above, cash and cash equivalents as of September 30, 2003, totaled JPY 147,835 million, a decrease of JPY 22,197 million from the end of the previous fiscal year.

[Trends in major financial ratios]

	September 30, 2001	March 31, 2002	September 30, 2002	March 31, 2003	September 30, 2003
Equity [BV] / Total assets (%)	43.7	36.6	33.5	33.9	35.3
Equity [MV] / Total assets (%)	158.1	124.8	104.8	62.8	87.2
Debt redemption years (years)	–	1.0	–	2.3	–
Interest coverage ratio	189.5	122.5	41.7	31.7	38.8

Notes:

Equity [BV] / Total assets: Shareholders' equity / Total assets

Equity [MV] / Total assets: Market capitalization of equity / Total assets

Debt redemption years: Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest expenses

1. Each ratio is calculated on a consolidated basis.
2. Cash flows from operating activities are from the consolidated statements of cash flows; interest-bearing debt comprises all the interest-paying debt recorded on the consolidated balance sheets; interest expenses are from the consolidated statements of cash flows.

3. Outlook

[Outlook]

Although we see signs of improvement in the Japanese stock market and in capital investment, the economic environment in Japan will remain difficult, with low personal consumption and the tough employment situation expected to continue. Under these circumstances, SECOM will actively promote its businesses to build and expand its Social System Industry. We will strengthen our business operations, improve the quality of service, develop advanced systems and fully utilize our management resources.

We forecast figures for the fiscal year ending March 31, 2004, to include revenue of JPY 531,915 million, ordinary income of JPY 77,283 million, and net income of JPY 40,666 million. The main factors for the forecast are: favorable progress in security services, mainly in centralized security systems; continued growth in medical services, especially home medical care services; and the change in the accounting method for revenue and costs of revenue in the insurance services segment, in which the maturity amount of funded insurance policies (expected to be JPY 8,140 million for this fiscal year) is no longer accounted for as revenue or costs of revenue.

Consolidated Balance Sheets

(In millions of yen)

	September 30, 2002		September 30, 2003		March 31, 2003	
	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets
ASSETS:						
Current assets:	415,687	39.7%	388,749	35.9%	420,903	38.6%
Cash on hand and in banks	203,531		179,580		175,776	
Call loan	-		15,000		30,000	
Notes and accounts receivable, trade	26,424		27,151		43,922	
Due from subscribers	15,194		16,855		16,336	
Marketable securities	21,534		40,309		36,402	
Inventories	54,502		46,210		41,339	
Deferred income taxes	10,323		10,495		7,678	
Short-term loans	71,224		41,113		51,355	
Other current assets	14,303		13,586		19,650	
Allowance for doubtful accounts	(1,351)		(1,554)		(1,558)	
Fixed assets:	630,868	60.3%	694,830	64.1%	669,034	61.4%
Tangible assets:	221,471	21.2%	262,724	24.2%	261,017	23.9%
Buildings and improvements	70,194		90,180		90,823	
Security equipment and control stations	67,395		66,619		65,026	
Land	67,438		87,508		87,853	
Other tangible assets	16,443		18,416		17,313	
Intangible assets	35,650	3.4%	34,331	3.2%	34,544	3.2%
Investments and others:	373,746	35.7%	397,774	36.7%	373,473	34.3%
Investment securities	194,448		218,992		188,880	
Long-term loans receivable	101,413		103,565		102,448	
Deferred income taxes	37,919		31,750		38,056	
Other investments	52,710		51,511		52,098	
Allowance for doubtful accounts	(12,744)		(8,046)		(8,010)	
Deferred assets:	207	0.0%	225	0.0%	192	0.0%
Total assets	1,046,763	100.0%	1,083,806	100.0%	1,090,131	100.0%

Consolidated Balance Sheets (Contd.)

	September 30, 2002		September 30, 2003		March 31, 2003	
	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets
LIABILITIES:						
Current liabilities:	250,589	23.9%	248,434	22.9%	259,531	23.8%
Notes and accounts payable, trade	11,285		11,932		15,529	
Bank loans	125,671		122,356		135,540	
Current portion of straight bonds	5,000		200		-	
Payables - other	16,952		14,649		19,580	
Income taxes payable	17,860		17,144		10,756	
Consumption taxes payable	2,832		3,094		3,444	
Accrued expenses	1,664		2,056		1,837	
Deferred revenue - service charges	30,150		30,639		28,851	
Accrued bonus	9,480		8,786		8,852	
Other current liabilities	29,690		37,575		35,140	
Fixed liabilities:	419,618	40.1%	424,322	39.2%	432,803	39.7%
Straight bonds	30,500		31,800		32,000	
Convertible bonds	18		18		18	
Long-term loans	41,620		43,032		48,301	
Guarantee deposits received from subscribers	26,713		28,645		28,304	
Deferred income taxes	3		463		459	
Accrued pension and severance costs	43,100		41,053		45,210	
Investment deposits by policyholders, unearned premiums and other insurance liabilities	273,915		275,224		274,476	
Other fixed liabilities	3,746		4,085		4,033	
Total liabilities	670,207	64.0%	672,757	62.1%	692,335	63.5%
Minority shareholders' interest in subsidiaries:	26,073	2.5%	28,116	2.6%	28,042	2.6%
SHAREHOLDERS' EQUITY:						
Common stock	66,368	6.3%	66,368	6.1%	66,368	6.1%
Capital surplus	82,544	7.9%	82,544	7.6%	82,544	7.6%
Earned surplus	256,721	24.6%	285,116	26.3%	276,397	25.3%
Net unrealized gain in debt and equity securities	74	0.0%	4,607	0.4%	116	0.0%
Foreign currency translation adjustments	(11,540)	(1.1%)	(11,369)	(1.0%)	(11,386)	(1.0%)
Common stock in treasury, at cost	(43,687)	(4.2%)	44,335	(4.1%)	(44,287)	(4.1%)
Total shareholders' equity	350,481	33.5%	382,932	35.3%	369,753	33.9%
Total liabilities, minority shareholders' interest in subsidiaries and shareholders' equity	1,046,763	100.0%	1,083,806	100.0%	1,090,131	100.0%

Consolidated Statements of Income

(In millions of yen)

	Six months ended September 30, 2002		Six months ended September 30, 2003		Year ended March 31, 2003	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
Revenue	239,204	100.0%	246,691	100.0%	523,271	100.0%
Costs of revenue	143,809	60.1%	149,352	60.5%	325,952	62.3%
Gross profit	95,395	39.9%	97,338	39.5%	197,319	37.7%
Selling, general and administrative expenses	61,462	25.7%	59,930	24.3%	124,416	23.8%
Operating income	33,932	14.2%	37,408	15.2%	72,902	13.9%
Non-operating income	3,151	1.3%	2,867	1.2%	8,672	1.7%
Non-operating expenses	5,096	2.1%	5,057	2.1%	11,512	2.2%
Ordinary income	31,988	13.4%	35,218	14.3%	70,063	13.4%
Extraordinary income	8,758	3.6%	3,022	1.2%	13,587	2.6%
Extraordinary losses	8,147	3.4%	2,378	1.0%	15,728	3.0%
Income before income taxes	32,599	13.6%	35,863	14.5%	67,921	13.0%
Income taxes - current	16,827	7.0%	16,860	6.8%	27,808	5.3%
Income taxes - deferred	(897)	(0.4%)	423	0.2%	2,171	0.4%
Minority interest in consolidated subsidiaries	761	0.3%	620	0.2%	2,358	0.5%
Net income	15,907	6.7%	17,959	7.3%	35,583	6.8%

Consolidated Statements of Capital Surplus and Earned Surplus

(In millions of yen)

	Six months ended September 30, 2002	Six months ended September 30, 2003	Year ended March 31, 2003
	Amount	Amount	Amount
Capital surplus			
Balance at beginning of the period	82,536	82,544	82,536
Increase in capital surplus			
Conversion of convertible bonds	8	-	8
Balance at end of the period	82,544	82,544	82,544
Earned surplus			
Balance at beginning of the period	250,400	276,397	250,400
Increase in earned surplus			
Net income	15,907	17,959	35,583
Effect of changes in investments accounted for under the equity method	1	-	1
Decrease in earned surplus			
Cash dividends	9,330	9,003	9,330
Directors' bonuses	257	236	258
Balance at end of the period	256,721	285,116	276,397

Consolidated Statements of Cash Flows

(In millions of yen)

	Six months ended September 30, 2002	Six months ended September 30, 2003	Year ended March 31, 2003
Cash flows from operating activities:			
Income before income taxes	32,599	35,863	67,921
Depreciation	16,577	17,259	36,572
Amortization of goodwill	1,952	1,962	3,877
Equity in net (gains) losses of affiliated companies	(238)	60	(1,323)
Increase (decrease) in allowance for doubtful accounts	322	16	(4,271)
Increase (decrease) in accrued pension and severance costs	(6,517)	(4,160)	(4,411)
Interest and dividend income	(5,583)	(4,807)	(10,768)
Interest expenses	1,363	1,260	3,104
Exchange (gains) losses	257	(54)	388
Net loss on sales and disposal of tangible assets	917	957	2,111
Loss on other-than-temporary impairment of signal equipment and inventories	2,896	-	2,896
Gain on sales of investment securities	(476)	(323)	(1,137)
Loss on revaluation of investment securities	4,712	259	10,639
(Gain) loss on sales of investment in affiliates' securities	(266)	7	(330)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	17,910	25,222	(97)
(Increase) decrease in inventories	(2,981)	(5,208)	10,097
Increase (decrease) in accounts payable	(5,108)	(8,702)	(893)
Increase in investment deposit by policyholders, unearned premiums and other insurance liabilities	5,396	748	5,956
Other	7,030	(4,978)	3,129
Subtotal	70,764	55,383	123,462
Interest and dividend received	6,324	5,420	11,627
Interest paid	(1,292)	(1,264)	(2,903)
Income taxes paid	(21,957)	(10,469)	(40,195)
Net cash provided by operating activities	53,839	49,070	91,992
Cash flows from investing activities:			
(Increase) decrease in time deposits	500	(596)	430
(Increase) decrease in marketable securities	2,945	(2,034)	10,291
Payments for purchases of tangible assets	(20,601)	(20,008)	(41,890)
Proceeds from sales of tangible assets	629	1,347	2,009
Payments for investments in securities	(47,202)	(30,218)	(80,131)
Proceeds from sales of investment in securities	1,249	5,198	16,491
Payments for investments in subsidiaries' securities	(1)	(143)	(38)
(Increase) decrease in short-term loans receivable	5,939	774	4,537
Payments for long-term loans receivable	(21,859)	(7,800)	(45,113)
Proceeds from long-term loans receivable	18,224	11,745	47,934
Payments for acquisition of consolidated subsidiaries	10	(201)	348
Increase in other assets	(1,774)	(824)	(2,550)
Net cash used in investing activities	(61,938)	(42,763)	(87,682)
Cash flows from financing activities:			
Increase (decrease) in bank loans	32,848	(13,002)	57,103
Proceeds from long-term loans	2,251	2,440	6,311
Repayments of long-term loans	(5,938)	(7,994)	(43,144)
Proceeds from straight bonds	-	-	1,431
Payments for redemption of straight bonds	(16)	-	(5,016)
Proceeds from minority shareholders	22	6	134
Dividends paid	(9,330)	(9,003)	(9,330)
Dividends paid for minority shareholders	(666)	(765)	(666)
Increase in treasury stock	(43,546)	(48)	(44,145)
Increase in treasury stock of subsidiaries	(1,003)	(165)	(1,087)
Net cash provided by (used in) financing activities	(25,378)	(28,533)	(38,409)
Effect of exchange rate changes on cash and cash equivalents	(182)	29	(421)
Net increase (decrease) in cash and cash equivalents	(33,659)	(22,197)	(34,520)
Cash and cash equivalents at beginning of year	205,494	170,033	205,494
Decrease in cash and cash equivalents due to decrease in scope of consolidation	(849)	-	(940)
Cash and cash equivalents at end of year	170,985	147,835	170,033

Segment Information

1. Business segment information

(In millions of yen)

	Six months ended September 30, 2002						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	172,384	9,401	19,059	38,358	239,204	-	239,204
Intersegment	2,106	83	1,339	1,428	4,958	(4,958)	-
Sub total	174,490	9,484	20,398	39,787	244,162	(4,958)	239,204
Operating costs and expenses	132,265	9,113	19,177	42,118	202,675	2,595	205,271
Operating income (loss)	42,225	371	1,221	(2,331)	41,486	(7,554)	33,932

(In millions of yen)

	Six months ended September 30, 2003						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	179,022	10,454	14,471	42,743	246,691	-	246,691
Intersegment	2,164	112	1,506	1,493	5,277	(5,277)	-
Sub total	181,187	10,566	15,978	44,236	251,968	(5,277)	246,691
Operating costs and expenses	135,708	10,095	14,952	47,193	207,949	1,333	209,282
Operating income (loss)	45,479	471	1,025	(2,956)	44,019	(6,611)	37,408

(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

2. Geographic segment information

(In millions of yen)

	Six months ended September 30, 2002				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	233,727	5,476	239,204	-	239,204
Intersegment	82	2	84	(84)	-
Sub total	233,810	5,478	239,288	(84)	239,204
Operating costs and expenses	192,016	5,799	197,815	7,455	205,271
Operating income (loss)	41,793	(320)	41,473	(7,540)	33,932

(In millions of yen)

	Six months ended September 30, 2003				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	240,574	6,117	246,691	-	246,691
Intersegment	111	-	111	(111)	-
Sub total	240,685	6,117	246,802	(111)	246,691
Operating costs and expenses	196,703	6,105	202,809	6,473	209,282
Operating income (loss)	43,982	11	43,993	(6,584)	37,408

(In millions of yen)

	Year ended March 31, 2003				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	512,150	11,120	523,271	-	523,271
Intersegment	184	-	184	(184)	-
Sub total	512,335	11,120	523,455	(184)	523,271
Operating costs and expenses	423,859	11,759	435,619	14,749	450,368
Operating income (loss)	88,475	(639)	87,836	(14,933)	72,902

3. Revenue from overseas

(In millions of yen)

	Six months ended September 30, 2002	Six months ended september 30, 2003	Year ended March 31, 2003
Revenue from overseas	5,821	6,515	11,795
Consolidated revenue	239,204	246,691	523,271
% of consolidated revenue	2.4%	2.6%	2.3%

Note

Effective April 1, 2003, the SECOM Group has changed the accounting method for revenue and costs of revenue in the insurance services segment. Assuming the new accounting method, revenue for the six months ended September 30, 2002, and the year ended March 31, 2003, respectively, would have been as follows. Percent changes from the previous year would have also changed as follows:

Consolidated Revenue

Six months ended September 30			% change from the previous year (adjusted)
2002 (pre-adjustment)	2002 (adjusted)	2003	
JPY 239,204 million	JPY 234,183 million	JPY 246,691 million	5.3%

Forecast Revenue for the Fiscal Year Ending March 31, 2004

Years ended/ending March 31			% change from the previous year (adjusted)
2003 (pre-adjustment)	2003 (adjusted)	2004	
JPY 523,271 million	JPY 513,479 million	JPY 531,915 million	3.6%

Segment Information

Revenue in the Insurance Services Segment

Six months ended September 30			% change from the previous year (adjusted)
2002 (pre-adjustment)	2002 (adjusted)	2003	
JPY 19,059 million	JPY 14,038 million	JPY 14,471 million	3.1%

Significant Subsequent Matter

Upon enforcement of the Law of Defined Benefit Corporate Pensions, SECOM Co., Ltd., and some of its domestic subsidiaries received authorization from the Minister of Health, Labour and Welfare on October 1, 2003, that they can return the past substitutional portion of employees' pension funds to the government. We estimate that this matter has an approximately JPY 25.2 billion impact (extraordinary income) on the consolidated statement of income for the year ending March 31, 2004.