

**CONSOLIDATED FINANCIAL REPORT
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004**

November 11, 2004

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 Phone (03) 5775-8100
 Representative: Shohei Kimura, President and Representative Director
 For inquiries: Katsuhisa Kuwahara, Director and Managing Executive Officer
 Date approved by board of directors: November 11, 2004
 Adoption of U.S. GAAP: None

1. Summary of the consolidated financial statements for the six months ended September 30, 2004
 (April 1, 2004 – September 30, 2004)

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

	Six months ended September 30		Year ended March 31, 2004
	2004	2003	
Revenue	253,111	246,691	527,409
% change from the previous year	2.6%	3.1%	
Operating profit	36,563	37,408	81,286
% change from the previous year	(2.3%)	10.2%	
Ordinary profit	35,994	35,218	76,243
% change from the previous year	2.2%	10.1%	
Net income	20,126	17,959	41,111
% change from the previous year	12.1%	12.9%	
Basic net income per share (in yen)	89.43	79.79	181.40
Diluted net income per share (in yen)	89.43	79.79	181.40

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

Six months ended September 30, 2004: JPY 1,222 million

Six months ended September 30, 2003: JPY (60) million

Year ended March 31, 2004: JPY 1,028 million

Note 2. Weighted average number of common shares outstanding:

Six months ended September 30, 2004: 225,046,093 shares

Six months ended September 30, 2003: 225,074,191 shares

Year ended March 31, 2004: 225,066,405 shares

Note 3. Change in accounting policy: No

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

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

	September 30, 2004	September 30, 2003	March 31, 2004
Total assets	1,070,304	1,083,806	1,092,067
Shareholders' equity	413,121	382,932	403,257
Shareholders' equity / Total assets	38.6%	35.3%	36.9%
Shareholders' equity per share (in yen)	1,835.77	1,701.41	1,790.58

Note 1. Number of common shares outstanding:

As of September 30, 2004: 225,039,324 shares

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

As of March 31, 2004: 225,052,481 shares

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

	Six months ended September 30		Year ended March 31, 2004
	2004	2003	
Cash flows from operating activities	49,308	49,070	87,939
Cash flows from investing activities	(44,884)	(42,763)	(34,386)
Cash flows from financing activities	(32,284)	(28,533)	(36,211)
Cash and cash equivalents at end of the period	159,359	147,835	187,199

(4) Number of consolidated companies and companies accounted for using the equity method

	Additions	Deletions	As of September 30, 2004
Number of consolidated companies (all subsidiaries)	7	1	130
Number of companies accounted for using the equity method (nonconsolidated subsidiaries)	-	5	1
(affiliated companies)			35

2. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2005 (April 1, 2004 – March 31, 2005) (In millions)

	Year ending March 31, 2005
Expected revenue	553,800
Expected ordinary profit	82,300
Expected net income	45,400
Expected basic net income per share (in yen)	200.70

*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)

	September 30, 2004		September 30, 2003		Change from prior year	March 31, 2004	
	Amount	% of total assets	Amount	% of total assets	Amount	Amount	% of total assets
ASSETS:							
Current assets:	440,375	41.2%	388,749	35.9%	51,626	478,668	43.8%
Cash on hand and in banks	178,365		179,580		(1,215)	202,630	
Call loans	27,000		15,000		12,000	38,000	
Notes and accounts receivable, trade	28,671		27,151		1,519	46,813	
Due from subscribers	16,727		16,855		(127)	17,561	
Short-term investments	57,618		40,309		17,308	47,343	
Inventories	50,644		46,210		4,433	45,477	
Deferred income taxes	11,923		10,495		1,427	9,768	
Short-term loans receivable	54,513		41,113		13,400	58,793	
Other current assets	17,473		13,586		3,886	17,205	
Allowance for doubtful accounts	(2,561)		(1,554)		(1,007)	(4,925)	
Fixed assets:	629,794	58.8%	694,830	64.1%	(65,036)	613,211	56.2%
Tangible assets:	252,664	23.6%	262,724	24.2%	(10,060)	243,945	22.3%
Buildings and improvements	80,720		90,180		(9,460)	79,072	
Security equipment and control stations	66,387		66,619		(232)	65,315	
Land	84,470		87,508		(3,037)	80,507	
Other tangible assets	21,086		18,416		2,669	19,050	
Intangible assets	33,377	3.1%	34,331	3.2%	(953)	33,820	3.2%
Investments and others:	343,752	32.1%	397,774	36.7%	(54,022)	335,445	30.7%
Investment securities	227,604		218,992		8,612	207,654	
Long-term loans receivable	58,280		103,565		(45,285)	63,799	
Deferred income taxes	20,897		31,750		(10,853)	22,523	
Other investments	52,724		51,511		1,212	55,528	
Allowance for doubtful accounts	(15,755)		(8,046)		(7,709)	(14,060)	
Deferred assets	134	0.0%	225	0.0%	(90)	187	0.0%
Total assets	1,070,304	100.0%	1,083,806	100.0%	(13,501)	1,092,067	100.0%

	September 30, 2004		September 30, 2003		Change from prior year	March 31, 2004	
	Amount	% of total assets	Amount	% of total assets	Amount	Amount	% of total assets
LIABILITIES:							
Current liabilities:	230,614	21.6%	248,434	22.9%	(17,819)	261,181	23.9%
Notes and accounts payable, trade	13,817		11,932		1,885	18,460	
Bank loans	102,435		122,356		(19,920)	119,344	
Current portion of straight bonds	-		200		(200)	200	
Current portion of convertible bonds	14		-		14	18	
Payables - other	15,029		14,649		380	17,743	
Accrued income taxes	17,427		17,144		283	17,083	
Accrued consumption taxes	2,274		3,094		(820)	3,792	
Accrued expenses	1,870		2,056		(186)	2,304	
Deferred revenue	31,085		30,639		446	28,459	
Accrued bonus	9,084		8,786		298	8,490	
Other current liabilities	37,574		37,575		0	45,283	
Fixed liabilities:	396,374	37.0%	424,322	39.2%	(27,948)	397,858	36.5%
Straight bonds	32,800		31,800		1,000	32,800	
Convertible bonds	-		18		(18)	-	
Long-term loans	39,608		43,032		(3,423)	43,530	
Guarantee deposits received	29,154		28,645		508	29,160	
Deferred income taxes	369		463		(93)	371	
Accrued pension and severance costs	12,198		41,053		(28,855)	12,899	
Investment deposits by policyholders, unearned premiums and other insurance liabilities	280,586		275,224		5,362	276,979	
Other fixed liabilities	1,656		4,085		(2,428)	2,117	
Total liabilities	626,989	58.6%	672,757	62.1%	(45,767)	659,040	60.4%
MINORITY INTEREST IN SUBSIDIARIES	30,194	2.8%	28,116	2.6%	2,077	29,770	2.7%
SHAREHOLDERS' EQUITY:							
Common stock	66,370	6.2%	66,368	6.1%	2	66,368	6.1%
Capital surplus	82,546	7.7%	82,544	7.6%	1	82,544	7.6%
Retained earnings	318,044	29.7%	285,116	26.3%	32,927	308,268	28.1%
Unrealized gains (losses) on securities	6,900	0.6%	4,607	0.4%	2,293	6,079	0.6%
Foreign currency translation adjustments	(16,275)	(1.5%)	(11,369)	(1.0%)	(4,906)	(15,603)	(1.4%)
Common stock in treasury, at cost	(44,465)	(4.1%)	(44,335)	(4.1%)	(130)	(44,400)	(4.1%)
Total shareholders' equity	413,121	38.6%	382,932	35.3%	30,188	403,257	36.9%
Total liabilities, minority interest in subsidiaries and shareholders' equity	1,070,304	100.0%	1,083,806	100.0%	(13,501)	1,092,067	100.0%

Consolidated Statements of Income

(In millions of yen)

	Six months ended September 30, 2004		Six months ended September 30, 2003		Change from prior year		Year ended March 31, 2004	
	Amount	% of revenue	Amount	% of revenue	Amount	%	Amount	% of revenue
Revenue	253,111	100.0%	246,691	100.0%	6,420	2.6%	527,409	100.0%
Costs of revenue	155,759	61.5%	149,352	60.5%	6,406	4.3%	324,759	61.6%
Gross profit	97,352	38.5%	97,338	39.5%	13	0.0%	202,650	38.4%
Selling, general and administrative expenses	60,788	24.1%	59,930	24.3%	858	1.4%	121,363	23.0%
Operating profit	36,563	14.4%	37,408	15.2%	(844)	(2.3%)	81,286	15.4%
Non-operating income	4,424	1.8%	2,867	1.2%	1,557	54.3%	7,798	1.5%
Non-operating expenses	4,994	2.0%	5,057	2.1%	(63)	(1.3%)	12,841	2.4%
Ordinary profit	35,994	14.2%	35,218	14.3%	775	2.2%	76,243	14.5%
Extraordinary profit	1,140	0.5%	3,022	1.2%	(1,882)	(62.3%)	31,860	6.0%
Extraordinary losses	797	0.3%	2,378	1.0%	(1,580)	(66.5%)	24,892	4.7%
Income before income taxes	36,337	14.4%	35,863	14.5%	474	1.3%	83,211	15.8%
Income taxes - current	16,222	6.4%	16,860	6.8%	(637)	(3.8%)	30,962	5.9%
Income taxes - deferred	(1,135)	(0.4%)	423	0.2%	(1,558)	(368.2%)	8,985	1.7%
Minority interest in subsidiaries	1,124	0.4%	620	0.2%	503	81.2%	2,152	0.4%
Net income	20,126	8.0%	17,959	7.3%	2,166	12.1%	41,111	7.8%

Consolidated Statements of Capital Surplus and Retained Earnings

(In millions of yen)

	Six months ended September 30, 2004	Six months ended September 30, 2003	Year ended March 31, 2004
	Amount	Amount	Amount
Capital surplus			
Balance at beginning of the period	82,544	82,544	82,544
Increase in capital surplus			
Conversion of convertible bonds	1	-	-
Balance at end of the period	82,546	82,544	82,544
Retained earnings			
Balance at beginning of the period	308,268	276,397	276,397
Increase in retained earnings			
Net income	20,126	17,959	41,111
Decrease in retained earnings			
Cash dividends	10,127	9,003	9,003
Directors' bonuses	222	236	236
Balance at end of the period	318,044	285,116	308,268

Consolidated Statements of Cash Flows

(In millions of yen)

	Six months ended September 30, 2004	Six months ended September 30, 2003	Year ended March 31, 2004
Cash flows from operating activities:			
Income before income taxes	36,337	35,863	83,211
Depreciation	16,646	17,259	37,498
Amortization of goodwill	1,509	1,962	4,024
Equity in net (gains) losses of affiliated companies	(1,222)	60	(1,028)
Increase (decrease) in allowance for doubtful accounts	(674)	16	9,328
Increase (decrease) in accrued pension and severance costs	(704)	(4,160)	(32,314)
Interest and dividend income	(4,440)	(4,807)	(9,848)
Interest expenses	1,068	1,260	2,486
Exchange (gains) losses	41	(54)	469
Net loss on sales and disposal of tangible assets	1,196	957	745
Impairment loss on fixed assets	149	-	11,240
Gain on sales of investment securities	(670)	(323)	(2,062)
Loss on revaluation of investment securities	211	259	487
(Gain) loss on sales of investment in affiliates' securities	-	7	28
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	19,553	25,222	5,435
(Increase) decrease in inventories	(5,047)	(5,208)	(5,392)
Increase (decrease) in accounts payable	(7,715)	(8,702)	493
Increase in investment deposit by policyholders, unearned premiums and other insurance liabilities	3,607	748	2,503
Other	2,027	(4,978)	(3,230)
Subtotal	61,875	55,383	104,073
Interest and dividend received	5,067	5,420	10,930
Interest paid	(1,059)	(1,264)	(2,496)
Income taxes paid	(16,573)	(10,469)	(24,567)
Net cash provided by operating activities	49,308	49,070	87,939
Cash flows from investing activities:			
(Increase) decrease in time deposits, net	294	(596)	522
(Increase) decrease in short-term investments, net	(15,674)	(2,034)	7,603
Payments for purchases of tangible assets	(26,270)	(20,008)	(39,511)
Proceeds from sales of tangible assets	622	1,347	5,012
Payments for investments in securities	(39,781)	(30,218)	(62,201)
Proceeds from sales of investment in securities	26,642	5,198	32,958
Payments for investments in subsidiaries' securities	(9)	(143)	(143)
(Increase) decrease in short-term loans receivable, net	(2,697)	774	(4,541)
Payments for long-term loans receivable	(10,465)	(7,800)	(15,529)
Proceeds from long-term loans receivable	22,628	11,745	46,985
Payments for acquisition of consolidated subsidiaries	153	(201)	(29)
Other	(327)	(824)	(5,511)
Net cash used in investing activities	(44,884)	(42,763)	(34,386)
Cash flows from financing activities:			
Increase (decrease) in bank loans, net	(17,926)	(13,002)	(17,437)
Proceeds from long-term loans	702	2,440	9,545
Repayments of long-term loans	(3,786)	(7,994)	(19,243)
Proceeds from straight bonds	-	-	978
Payments for redemption of straight bonds	(200)	-	-
Proceeds from minority shareholders	5	6	6
Dividends paid	(10,127)	(9,003)	(9,003)
Dividends paid for minority shareholders	(875)	(765)	(765)
Increase in treasury stock, net	(64)	(48)	(113)
Increase in treasury stock of subsidiaries	(10)	(165)	(177)
Net cash provided by (used in) financing activities	(32,284)	(28,533)	(36,211)
Effect of exchange rate changes on cash and cash equivalents	20	29	(175)
Net increase (decrease) in cash and cash equivalents	(27,840)	(22,197)	17,166
Cash and cash equivalents at beginning of the period	187,199	170,033	170,033
Cash and cash equivalents at end of the period	159,359	147,835	187,199

Segment Information

1. Business segment information

(In millions of yen)

	Six months ended September 30, 2004						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	184,057	12,312	14,346	42,395	253,111	-	253,111
Intersegment	3,221	107	1,571	2,492	7,393	(7,393)	-
Sub total	187,278	12,420	15,917	44,887	260,504	(7,393)	253,111
Operating costs and expenses	140,411	11,991	17,528	47,056	216,988	(440)	216,547
Operating income (loss)	46,866	429	(1,610)	(2,169)	43,516	(6,952)	36,563

(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, 2004						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	366,040	21,939	28,983	110,446	527,409	-	527,409
Intersegment	4,498	193	2,888	3,722	11,304	(11,304)	-
Sub total	370,539	22,132	31,872	114,169	538,714	(11,304)	527,409
Operating costs and expenses	278,457	21,080	30,624	114,450	444,613	1,510	446,123
Operating income (loss)	92,082	1,052	1,247	(281)	94,100	(12,814)	81,286

2. Geographic segment information

(In millions of yen)

	Six months ended September 30, 2004				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	246,879	6,232	253,111	-	253,111
Intersegment	107	-	107	(107)	-
Sub total	246,986	6,232	253,219	(107)	253,111
Operating costs and expenses	204,240	5,846	210,087	6,460	216,547
Operating income (loss)	42,746	385	43,132	(6,568)	36,563

(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, 2004				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	515,614	11,795	527,409	-	527,409
Intersegment	211	-	211	(211)	-
Sub total	515,826	11,795	527,621	(211)	527,409
Operating costs and expenses	421,588	11,900	433,489	12,633	446,123
Operating income (loss)	94,237	(105)	94,131	(12,845)	81,286

3. Revenue from overseas

(In millions of yen)

	Six months ended September 30, 2004	Six months ended september 30, 2003	Year ended March 31, 2004
Revenue from overseas	6,863	6,515	12,611
Consolidated revenue	253,111	246,691	527,409
% of consolidated revenue	2.7%	2.6%	2.4%