

**CONSOLIDATED QUARTERLY FINANCIAL REPORT
FOR THE THREE MONTHS ENDED JUNE 30, 2006**

July 31, 2006

Company name: SECOM Co., Ltd. (URL: <http://www.secom.co.jp>)
 Code number: 9735 Tokyo Stock Exchange ----- First Section
 Osaka Securities 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

In the insurance services segment, accounting policy for recognition of sales from insurance agency business has been changed: previously insurance premiums received were accounted as revenue and payments to insurance companies were accounted as cost of revenue; starting this period, however, only commission portions were accounted as revenue (i.e. revenue and costs of revenue offset each other).

3. Change in the scope of consolidation: Yes

Number of consolidated subsidiaries: Additions = 1, Deletions = 2

Number of affiliated companies accounted for using the equity method:
Additions = 1

2. Summary of the consolidated financial statements for the 1st quarter of the fiscal year ended March 31, 2007 (April 1, 2006 – June 30, 2006)

(1) Consolidated operating results

(In millions of yen, figures rounded down)

	Three months ended June 30		Year ended March 31, 2006
	2006	2005	
Revenue	130,966 5.4%	124,214 3.0%	567,315
Operating profit	20,473 7.5%	19,052 9.7%	94,109
Ordinary profit	21,581 9.5%	19,715 13.3%	96,669
Net income	12,700 14.8%	11,063 15.1%	52,994
Basic net income per share (in yen)	56.45	49.17	234.28
Diluted net income per share (in yen)	-	-	-

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

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

	June 30, 2006	June 30, 2005	March 31, 2006
Total assets	1,058,559	1,062,209	1,149,377
Net assets	524,787	442,326	496,164
Net assets / Total assets	46.3%	41.6%	43.2%
Net assets per share (in yen)	2,179.72	1,965.75	2,204.06

Note: Net assets as of June 30, 2005 and March 31, 2006 do NOT include minority interest in subsidiaries.

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

	Three months ended June 30		Year ended March 31, 2006
	2006	2005	
Cash flows from operating activities	(21,449)	14,052	41,607
Cash flows from investing activities	13,927	(5,484)	(113)
Cash flows from financing activities	(51,662)	(30,132)	(6,168)
Cash and cash equivalents at end of the period	169,614	171,445	228,745

3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2007 (April 1, 2006 – March 31, 2007) and the six-month period ending September 30, 2006 (April 1, 2006 – September 30, 2006) (In millions of yen)

	Six-month period ending September 30, 2006	Year ending March 31, 2007
Expected revenue	273,700 4.8%	593,000 4.5%
Expected operating profit	42,800 4.4%	98,500 4.7%
Expected ordinary profit	44,000 5.3%	100,800 4.3%
Expected net income	25,200 7.9%	56,700 7.0%

Expected basic net income per share (for the full year): JPY 252.02

Note 1. Forecast statements above include estimates based on current plans, assumptions and prospects and may differ from actual performance because of risks and uncertainties.

Note 2. Percentage numbers shown in revenue, operating profit, ordinary profit and net income represent the change from the results of the corresponding period of the previous year.

Consolidated Balance Sheets

(In millions of yen)

	June 30, 2006		June 30, 2005		Change	March 31, 2006	
	Amount	% of total assets	Amount	% of total assets	Amount	Amount	% of total assets
ASSETS:							
Current assets:	458,430	43.3%	494,180	46.5%	(35,750)	551,959	48.0%
Cash on hand and in banks	239,731		238,780		951	271,780	
Call loan	-		-		-	25,000	
Notes and accounts receivable, trade	33,651		27,240		6,410	52,667	
Due from subscribers	18,359		17,151		1,207	17,678	
Short-term investments	65,564		84,804		(19,240)	83,809	
Inventories	73,476		50,275		23,201	64,194	
Deferred income taxes	7,308		6,771		536	9,462	
Short-term loans receivable	7,751		51,909		(44,157)	15,564	
Other current assets	14,149		18,283		(4,134)	13,419	
Allowance for doubtful accounts	(1,562)		(1,036)		(526)	(1,617)	
Fixed assets:	600,083	56.7%	567,953	53.5%	32,130	597,370	52.0%
Tangible assets:	235,618	22.3%	226,085	21.3%	9,532	234,066	20.4%
Buildings and improvements	76,801		74,636		2,165	77,270	
Security equipment and control stations	64,513		64,554		(41)	63,070	
Land	65,597		65,015		582	65,542	
Other tangible assets	28,705		21,879		6,826	28,183	
Intangible assets	24,779	2.3%	28,266	2.7%	(3,487)	24,384	2.1%
Investments and others:	339,685	32.1%	313,601	29.5%	26,084	338,920	29.5%
Investment securities	223,520		225,143		(1,623)	231,096	
Long-term loans receivable	60,018		37,127		22,891	57,564	
Prepaid pension and severance costs	11,645		4,315		7,330	11,186	
Deferred income taxes	16,276		17,500		(1,224)	11,256	
Other investments	41,666		40,039		1,627	41,217	
Allowance for doubtful accounts	(13,441)		(10,525)		(2,916)	(13,401)	
Deferred assets	45	0.0%	74	0.0%	(29)	47	0.0%
Total assets	1,058,559	100.0%	1,062,209	100.0%	(3,649)	1,149,377	100.0%

Consolidated Balance Sheets (Contd.)

(In millions of yen)

	June 30, 2006		June 30, 2005		Change	March 31, 2006	
	Amount	% of total assets	Amount	% of total assets	Amount	Amount	% of total assets
LIABILITIES:							
Current liabilities:	237,082	22.4%	240,248	22.6%	(3,166)	303,440	26.4%
Notes and accounts payable, trade	11,588		11,089		499	18,652	
Bank loans	104,574		89,132		15,441	112,868	
Current portion of straight bonds	2,510		30,990		(28,480)	32,210	
Payables - other	18,131		17,354		776	26,340	
Accrued income taxes	7,094		6,309		785	22,159	
Accrued consumption taxes	3,154		3,103		50	2,588	
Accrued expenses	1,853		2,124		(271)	2,085	
Deferred revenue	33,194		30,752		2,442	30,747	
Accrued bonus	3,582		3,198		383	8,981	
Other current liabilities	51,399		46,194		5,204	46,805	
Fixed liabilities:	296,688	28.0%	348,394	32.8%	(51,706)	314,303	27.3%
Straight bonds	12,870		11,990		880	11,180	
Long-term loans	12,772		14,330		(1,558)	13,444	
Guarantee deposits received	29,362		29,019		342	28,982	
Deferred income taxes	2,332		351		1,981	1,079	
Accrued pension and severance costs	11,339		12,323		(983)	11,362	
Accrued retirement benefits for directors and corporate auditors	1,566		-		1,566	1,565	
Investment deposits by policyholders, unearned premiums and other insurance liabilities	225,504		278,592		(53,087)	245,644	
Other fixed liabilities	939		1,787		(847)	1,043	
Total liabilities	533,771	50.4%	588,643	55.4%	(54,872)	617,743	53.7%
MINORITY INTEREST IN SUBSIDIARIES	-	-	31,239	3.0%	-	35,469	3.1%
SHAREHOLDERS' EQUITY:							
Common stock	-	-	66,377	6.2%	-	66,377	5.8%
Capital surplus	-	-	83,054	7.8%	-	83,054	7.2%
Retained earnings	-	-	345,640	32.5%	-	388,077	33.8%
Unrealized gains (losses) on securities	-	-	7,007	0.7%	-	13,230	1.2%
Foreign currency translation adjustments	-	-	(15,169)	(1.4%)	-	(9,825)	(0.9%)
Common stock in treasury, at cost	-	-	(44,585)	(4.2%)	-	(44,749)	(3.9%)
Total shareholders' equity	-	-	442,326	41.6%	-	496,164	43.2%
Total liabilities, minority interest in subsidiaries and shareholders' equity	-	-	1,062,209	100.0%	-	1,149,377	100.0%
NET ASSETS:							
Shareholders' equity:	491,742	46.5%	-	-	-	-	-
Common stock	66,377	6.3%	-	-	-	-	-
Capital surplus	83,054	7.8%	-	-	-	-	-
Retained earnings	387,110	36.6%	-	-	-	-	-
Common stock in treasury, at cost	(44,799)	(4.2%)	-	-	-	-	-
Valuation and translation adjustments:	(1,353)	(0.1%)	-	-	-	-	-
Unrealized gains (losses) on securities	8,105	0.8%	-	-	-	-	-
Deferred gains on hedges	42	0.0%	-	-	-	-	-
Foreign currency translation adjustments	(9,500)	(0.9%)	-	-	-	-	-
Minority interest in subsidiaries	34,397	3.2%	-	-	-	-	-
Total net assets	524,787	49.6%	-	-	-	-	-
Total liabilities and net assets	1,058,559	100.0%	-	-	-	-	-

Consolidated Statements of Income

(In millions of yen)

	Three months ended June 30, 2006		Three months ended June 30, 2005		Change		Year ended March 31, 2006	
	Amount	% of revenue	Amount	% of revenue	Amount	%	Amount	% of revenue
Revenue	130,966	100.0%	124,214	100.0%	6,752	5.4%	567,315	100.0%
Costs of revenue	80,006	61.1%	74,694	60.1%	5,311	7.1%	351,020	61.9%
Gross profit	50,960	38.9%	49,520	39.9%	1,440	2.9%	216,294	38.1%
Selling, general and administrative expenses	30,486	23.3%	30,467	24.5%	19	0.1%	122,185	21.5%
Operating profit	20,473	15.6%	19,052	15.4%	1,421	7.5%	94,109	16.6%
Non-operating income	2,993	2.3%	4,527	3.6%	(1,534)	(33.9%)	15,792	2.8%
Non-operating expenses	1,885	1.4%	3,864	3.1%	(1,978)	(51.2%)	13,232	2.3%
Ordinary profit	21,581	16.5%	19,715	15.9%	1,865	9.5%	96,669	17.1%
Extraordinary profit	6	0.0%	1,139	0.9%	(1,132)	(99.4%)	9,349	1.6%
Extraordinary loss	4	0.0%	692	0.6%	(688)	(99.4%)	11,189	2.0%
Income before income taxes	21,584	16.5%	20,162	16.2%	1,421	7.1%	94,829	16.7%
Income taxes - current	6,458	4.9%	5,599	4.5%	859	15.4%	34,888	6.1%
Income taxes - deferred	1,964	1.5%	3,193	2.6%	(1,228)	(38.5%)	3,131	0.6%
Minority interest in subsidiaries	459	0.4%	306	0.2%	153	50.1%	3,815	0.7%
Net income	12,700	9.7%	11,063	8.9%	1,637	14.8%	52,994	9.3%

Consolidated Statement of Changes in Net Assets

Three months ended June 30, 2006

(In millions of yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	
Balance as of March 31, 2006	66,377	83,054	388,077	(44,749)	492,760
Changes during the period:					
Cash dividends			(13,499)		(13,499)
Directors' bonuses			(168)		(168)
Net income			12,700		12,700
Purchase of treasury stock				(50)	(50)
Disposal of treasury stock					
Total changes during the period	-	-	(967)	(50)	(1,017)
Balance as of June 30, 2006	66,377	83,054	387,110	(44,799)	491,742

	Valuation and translation adjustments				Minority interest in subsidiaries	Total net assets
	Unrealized gains (losses) on securities	Deferred gains on hedges	Foreign currency translation	Total valuation and translation adjustments		
Balance as of March 31, 2006	13,230	-	(9,825)	3,404	35,469	531,634
Changes during the period:						
Cash dividends						(13,499)
Directors' bonuses						(168)
Net income						12,700
Purchase of treasury stock						(50)
Disposal of treasury stock						
Other	(5,125)	42	324	(4,757)	(1,071)	(5,829)
Total changes during the period	(5,125)	42	324	(4,757)	(1,071)	(6,846)
Balance as of June 30, 2006	8,105	42	(9,500)	(1,353)	34,397	524,787

Consolidated Statements of Cash Flows

(In millions of yen)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Year ended March 31, 2006
Cash flows from operating activities:			
Income before income taxes	21,584	20,162	94,829
Depreciation	8,487	8,234	37,436
Interest and dividend income	(1,354)	(1,765)	(7,332)
Interest expenses	400	434	1,721
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	18,666	22,271	(3,601)
(Increase) decrease in inventories	(9,580)	(9,757)	(24,088)
Increase (decrease) in accounts payable	(15,440)	(6,658)	9,979
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	(20,139)	314	(32,634)
Other	(5,371)	(6,137)	(14,002)
Subtotal	(2,748)	27,098	62,308
Interest and dividend received	2,789	2,005	9,570
Interest paid	(458)	(465)	(1,718)
Income taxes paid	(21,031)	(14,586)	(28,553)
Net cash provided by operating activities	(21,449)	14,052	41,607
Cash flows from investing activities:			
(Increase) decrease in short-term investments, net	1,368	(706)	867
Payments for purchases of tangible assets	(9,904)	(11,231)	(48,687)
Proceeds from sales of tangible assets	1,755	2,055	6,945
Payments for purchases of investment securities	(10,849)	(17,095)	(69,005)
Proceeds from sales of investment securities	28,007	24,616	99,889
(Increase) decrease in short-term loans receivable, net	(654)	(1,255)	3,064
Payments for long-term loans receivable	(3,181)	(4,602)	(15,327)
Proceeds from long-term loans receivable	9,195	6,258	27,995
Other	(1,808)	(3,522)	(5,855)
Net cash used in investing activities	13,927	(5,484)	(113)
Cash flows from financing activities:			
Increase (decrease) in bank loans, net	(8,105)	(16,655)	4,387
Proceeds from long-term loans	97	546	7,459
Repayments of long-term loans	(1,046)	(3,142)	(7,356)
Dividends paid	(13,499)	(11,251)	(11,251)
Dividends paid for minority shareholders	(1,011)	(932)	(942)
Payments for redemption of straight bonds	(30,410)	(150)	(840)
Other	2,313	1,452	2,375
Net cash provided by (used in) financing activities	(51,662)	(30,132)	(6,168)
Effect of exchange rate changes on cash and cash equivalents	53	59	470
Net increase (decrease) in cash and cash equivalents	(59,130)	(21,505)	35,795
Cash and cash equivalents at beginning of the period	228,745	192,950	192,950
Cash and cash equivalents at end of the period	169,614	171,445	228,745

Business Segment Information

(In millions of yen)

	Three months ended June 30, 2006							
	Security services	Medical services	Insurance services	Geographic information services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:								
Customers	99,422	7,170	6,141	4,573	13,657	130,966	-	130,966
Intersegment	2,521	56	749	10	921	4,259	(4,259)	-
Subtotal	101,944	7,227	6,890	4,584	14,579	135,226	(4,259)	130,966
Operating costs and expenses	75,834	6,894	8,124	6,725	13,965	111,545	(1,052)	110,492
Operating profit (loss)	26,109	332	(1,234)	(2,140)	613	23,680	(3,207)	20,473

(In millions of yen)

	Three months ended June 30, 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	94,458	7,545	6,864	4,321	11,024	124,214	-	124,214
Intersegment	2,045	54	669	19	911	3,700	(3,700)	-
Subtotal	96,504	7,599	7,533	4,341	11,936	127,915	(3,700)	124,214
Operating costs and expenses	71,210	7,221	7,985	6,696	12,176	105,291	(128)	105,162
Operating profit (loss)	25,293	377	(451)	(2,355)	(240)	22,624	(3,571)	19,052

(In millions of yen)

	Year ended March 31, 2006							
	Security services	Medical services	Insurance services	Geographic information services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:								
Customers	393,479	29,048	29,260	35,271	80,255	567,315	-	567,315
Intersegment	8,258	220	2,495	113	6,405	17,492	(17,492)	-
Subtotal	401,737	29,268	31,756	35,384	86,661	584,808	(17,492)	567,315
Operating costs and expenses	299,718	28,125	34,923	33,695	80,545	477,008	(3,802)	473,205
Operating profit (loss)	102,019	1,143	(3,167)	1,689	6,115	107,799	(13,689)	94,109