

**CONSOLIDATED FINANCIAL REPORT
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2006**

November 9, 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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 Date approved by board of directors: November 9, 2006
 Adoption of U.S. GAAP: None

1. Summary of the consolidated financial statements for the six months ended September 30, 2006
 (April 1, 2006 – September 30, 2006)

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

	Six months ended September 30		Year ended March 31, 2006
	2006	2005	
Revenue	267,666	261,219	567,315
% change from the previous year	2.5%	3.2%	
Operating profit	42,206	41,010	94,109
% change from the previous year	2.9%	12.2%	
Ordinary profit	45,242	41,798	96,669
% change from the previous year	8.2%	16.1%	
Net income	26,158	23,363	52,994
% change from the previous year	12.0%	16.1%	
Basic net income per share (in yen)	116.27	103.83	234.28
Diluted net income per share (in yen)	-	-	-

Note 1. Net gains from investment in affiliated companies accounted for under the equity method:

Six months ended September 30, 2006: JPY 2,373 million
 Six months ended September 30, 2005: JPY 1,499 million
 Year ended March 31, 2006: JPY 3,781 million

Note 2. Weighted average number of common shares outstanding:

Six months ended September 30, 2006: 224,976,616 shares
 Six months ended September 30, 2005: 225,013,050 shares
 Year ended March 31, 2006: 225,002,496 shares

Note 3. Changes in accounting policy: Applicable

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

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

	September 30, 2006	September 30, 2005	March 31, 2006
Total assets	1,081,296	1,095,891	1,149,377
Net assets	538,657	458,884	496,164
Equity ratio	46.6%	41.9%	43.2%
Net assets per share (in yen)	2,237.82	2,039.47	2,204.06

Note: Number of common shares outstanding:

As of September 30, 2006: 224,972,414 shares

As of September 30, 2005: 225,001,507 shares

As of March 31, 2006: 224,986,720 shares

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

	Six months ended September 30		Year ended March 31, 2006
	2006	2005	
Cash flows from operating activities	(26,774)	25,847	41,607
Cash flows from investing activities	22,232	(6,434)	(113)
Cash flows from financing activities	(36,377)	(22,851)	(6,168)
Cash and cash equivalents at end of the period	187,879	189,594	228,745

(4) Consolidated subsidiaries and affiliated companies

	Additions	Deletions	As of September 30, 2006
Number of consolidated subsidiaries	17	3	139
Number of affiliated companies accounted for under the equity method	3	1	32

2. Projections for the consolidated financial results for the fiscal year ending March 31, 2007 (April 1, 2006 – March 31, 2007) (In millions of yen)

	Year ending March 31, 2007
Projected revenue	590,400 4.1%
Projected operating profit	97,400 3.5%
Projected ordinary profit	101,800 5.3%
Projected net income	58,300 10.0%

Projected basic net income per share (for the full year): JPY 259.14

Note 1. Projection 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)

	September 30, 2006		September 30, 2005		March 31, 2006	
	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets
ASSETS:						
Current assets:	482,017	44.6%	521,772	47.6%	551,959	48.0%
Cash on hand and in banks	229,718		230,099		271,780	
Call loan	30,000		25,000		25,000	
Notes and accounts receivable, trade	39,131		33,193		52,667	
Due from subscribers	18,415		17,507		17,678	
Short-term investments	49,694		89,541		83,809	
Inventories	83,104		59,016		64,194	
Deferred income taxes	10,597		9,245		9,462	
Short-term loans receivable	6,346		45,010		15,564	
Other	16,454		15,400		13,419	
Allowance for doubtful accounts	(1,446)		(2,240)		(1,617)	
Fixed assets:	599,015	55.4%	574,055	52.4%	597,370	52.0%
Tangible assets:	247,987	22.9%	230,519	21.1%	234,066	20.4%
Buildings and improvements	78,512		74,976		77,270	
Security equipment and control stations	66,009		64,957		63,070	
Land	73,164		66,480		65,542	
Other	30,301		24,104		28,183	
Intangible assets	24,587	2.3%	27,526	2.5%	24,384	2.1%
Investments and others:	326,441	30.2%	316,008	28.8%	338,920	29.5%
Investment securities	217,554		227,201		231,096	
Long-term loans receivable	52,044		36,322		57,564	
Prepaid pension and severance costs	12,096		4,687		11,186	
Deferred income taxes	16,127		16,198		11,256	
Other	42,027		40,917		41,217	
Allowance for doubtful accounts	(13,409)		(9,318)		(13,401)	
Deferred assets	263	0.0%	63	0.0%	47	0.0%
Total assets	1,081,296	100.0%	1,095,891	100.0%	1,149,377	100.0%

Consolidated Balance Sheets (Contd.)

(In millions of yen)

	September 30, 2006		September 30, 2005		March 31, 2006	
	Amount	% of total assets	Amount	% of total assets	Amount	% of total assets
LIABILITIES:						
Current liabilities:	271,903	25.1%	267,285	24.4%	303,440	26.4%
Notes and accounts payable, trade	16,208		13,827		18,652	
Bank loans	119,532		100,294		112,868	
Current portion of straight bonds	2,635		30,990		32,210	
Payables - other	17,279		16,803		26,340	
Accrued income taxes	19,451		17,562		22,159	
Accrued consumption taxes	2,890		2,254		2,588	
Accrued expenses	2,004		2,261		2,085	
Deferred revenue	33,041		31,740		30,747	
Accrued bonuses	10,045		9,118		8,981	
Accrued bonuses to directors and corporate auditors	96		-		-	
Allowance for compensation	600		-		-	
Other	48,118		42,433		46,805	
Long-term liabilities:	270,735	25.1%	336,674	30.7%	314,303	27.3%
Straight bonds	15,050		11,795		11,180	
Long-term loans	11,274		10,654		13,444	
Guarantee deposits received	29,920		29,124		28,982	
Deferred income taxes	2,899		724		1,079	
Accrued pension and severance costs	11,123		12,232		11,362	
Accrued retirement benefits for directors and corporate auditors	1,640		-		1,565	
Investment deposits by policyholders, unearned premiums and other insurance liabilities	197,816		270,520		245,644	
Other	1,011		1,623		1,043	
Total liabilities	542,639	50.2%	603,960	55.1%	617,743	53.7%
MINORITY INTEREST IN SUBSIDIARIES	-	-	33,046	3.0%	35,469	3.1%
SHAREHOLDERS' EQUITY:						
Common stock	-	-	66,377	6.1%	66,377	5.8%
Capital surplus	-	-	83,054	7.6%	83,054	7.2%
Retained earnings	-	-	357,940	32.7%	388,077	33.8%
Unrealized gains (losses) on securities	-	-	9,886	0.9%	13,230	1.2%
Foreign currency translation adjustments	-	-	(13,712)	(1.3%)	(9,825)	(0.9%)
Common stock in treasury, at cost	-	-	(44,662)	(4.1%)	(44,749)	(3.9%)
Total shareholders' equity	-	-	458,884	41.9%	496,164	43.2%
Total liabilities, minority interest in subsidiaries and shareholders' equity	-	-	1,095,891	100.0%	1,149,377	100.0%
NET ASSETS:						
Shareholders' equity:	505,167	46.7%	-	-	-	-
Common stock	66,377	6.1%	-	-	-	-
Capital surplus	83,055	7.7%	-	-	-	-
Retained earnings	400,568	37.0%	-	-	-	-
Common stock in treasury, at cost	(44,833)	(4.1%)	-	-	-	-
Valuation, translation adjustments and others:	(1,719)	(0.2%)	-	-	-	-
Unrealized gains (losses) on securities	8,803	0.8%	-	-	-	-
Deferred gains (losses) on hedges	(39)	(0.0%)	-	-	-	-
Foreign currency translation adjustments	(10,483)	(1.0%)	-	-	-	-
Minority interest in subsidiaries	35,209	3.3%	-	-	-	-
Total net assets	538,657	49.8%	-	-	-	-
Total liabilities and net assets	1,081,296	100.0%	-	-	-	-

Consolidated Statements of Income

(In millions of yen)

	Six months ended September 30, 2006		Six months ended September 30, 2005		Change		Year ended March 31, 2006	
	Amount	% of revenue	Amount	% of revenue	Amount	%	Amount	% of revenue
Revenue	267,666	100.0%	261,219	100.0%	6,447	2.5%	567,315	100.0%
Costs of revenue	164,181	61.3%	158,999	60.9%	5,182	3.3%	351,020	61.9%
Gross profit	103,484	38.7%	102,220	39.1%	1,264	1.2%	216,294	38.1%
Selling, general and administrative expenses	61,277	22.9%	61,209	23.4%	68	0.1%	122,185	21.5%
Operating profit	42,206	15.8%	41,010	15.7%	1,195	2.9%	94,109	16.6%
Non-operating income	7,291	2.7%	7,190	2.8%	101	1.4%	15,792	2.8%
Non-operating expenses	4,255	1.6%	6,402	2.5%	(2,146)	(33.5%)	13,232	2.3%
Ordinary profit	45,242	16.9%	41,798	16.0%	3,444	8.2%	96,669	17.1%
Extraordinary profit	17	0.0%	1,575	0.6%	(1,558)	(98.9%)	9,349	1.6%
Extraordinary loss	850	0.3%	1,440	0.6%	(589)	(40.9%)	11,189	2.0%
Income before income taxes	44,409	16.6%	41,933	16.0%	2,475	5.9%	94,829	16.7%
Income taxes - current	18,788	7.0%	17,029	6.5%	1,758	10.3%	34,888	6.1%
Income taxes - deferred	(1,729)	(0.6%)	386	0.2%	(2,115)	(547.4%)	3,131	0.6%
Minority interest in subsidiaries	1,191	0.4%	1,154	0.4%	37	3.2%	3,815	0.7%
Net income	26,158	9.8%	23,363	8.9%	2,795	12.0%	52,994	9.3%

Consolidated Statement of Changes in Net Assets

Six months ended September 30, 2006

(In millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity
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)
Bonuses to directors and corporate auditors			(168)		(168)
Reversal of reserve for tax deferral on asset replacement					-
Net income			26,158		26,158
Purchase of treasury stock				(101)	(101)
Disposal of treasury stock		1		16	17
Net changes of items other than shareholders' equity					
Total changes during the period	-	1	12,490	(84)	12,407
Balance as of September 30, 2006	66,377	83,055	400,568	(44,833)	505,167

	Valuation, translation adjustments and others				Minority interest in subsidiaries	Total net assets
	Unrealized gains (losses) on securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Total valuation, translation adjustments and others		
Balance as of March 31, 2006	13,230	-	(9,825)	3,404	35,469	531,634
Changes during the period:						
Cash dividends						(13,499)
Bonuses to directors and corporate auditors						(168)
Reversal of reserve for tax deferral on asset replacement						-
Net income						26,158
Purchase of treasury stock						(101)
Disposal of treasury stock						17
Net changes of items other than shareholders' equity	(4,427)	(39)	(657)	(5,124)	(259)	(5,383)
Total changes during the period	(4,427)	(39)	(657)	(5,124)	(259)	7,023
Balance as of September 30, 2006	8,803	(39)	(10,483)	(1,719)	35,209	538,657

Consolidated Statements of Capital Surplus and Retained Earnings

(In millions of yen)

	Six months ended September 30, 2005		Year ended March 31, 2006	
	Amount		Amount	
Capital surplus				
Balance at beginning of the period		82,553		82,553
Increase in capital surplus:				
Effect of merger with a subsidiary	500	500	500	500
Balance at end of the period		83,054		83,054
Retained earnings				
Balance at beginning of the period		346,510		346,510
Increase in retained earnings:				
Net income	23,363		52,994	
Effect of changes in investments accounted for under the equity method	-	23,363	535	53,530
Decrease in retained earnings:				
Cash dividends	11,251		11,251	
Bonuses to directors and corporate auditors	180		180	
Effect of mergers with subsidiaries	500		500	
Effect of decrease in subsidiaries	-	11,932	29	11,962
Balance at end of the period		357,940		388,077

Consolidated Statements of Cash Flows

(In millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
Cash flows from operating activities:			
Income before income taxes	44,409	41,933	94,829
Depreciation	17,616	17,096	37,436
Amortization of goodwill	689	1,058	1,863
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(2,373)	(1,499)	(3,781)
Increase (decrease) in allowance for doubtful accounts	(184)	(34)	3,423
Increase (decrease) in accrued/prepaid pension and severance costs	(1,155)	(3,552)	(10,883)
Interest and dividend income	(2,876)	(3,494)	(7,332)
Interest expenses	797	874	1,721
Exchange (gains) losses	94	(281)	(663)
Net (gain) loss on sales and disposal of tangible assets	690	1,104	3,028
Impairment loss on fixed assets	139	252	820
Gain on sales of investment securities	(1,472)	(2,805)	(6,454)
Loss on revaluation of investment securities	95	2,306	3,322
(Gain) loss on sales of investment in affiliates' securities	(0)	(150)	(7,233)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	13,168	15,955	(3,601)
(Increase) decrease in inventories	(19,586)	(18,291)	(24,088)
Increase (decrease) in accounts payable	(11,622)	(4,481)	9,979
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	(47,828)	(7,757)	(32,634)
Other	488	(1,071)	2,555
Subtotal	(8,908)	37,160	62,308
Interest and dividend received	4,342	4,726	9,570
Interest paid	(836)	(841)	(1,718)
Income taxes paid	(21,372)	(15,198)	(28,553)
Net cash provided by (used in) operating activities	(26,774)	25,847	41,607
Cash flows from investing activities:			
(Increase) decrease in time deposits, net	(1,113)	1,204	102
(Increase) decrease in short-term investments, net	5,630	(9,036)	867
Payments for purchases of tangible assets	(24,484)	(22,544)	(48,687)
Proceeds from sales of tangible assets	1,787	1,833	6,945
Payments for purchases of investment securities	(29,762)	(28,027)	(69,005)
Proceeds from sales of investment securities	64,324	43,826	99,889
Payments for purchases of subsidiaries' securities	(96)	(55)	(938)
(Increase) decrease in short-term loans receivable, net	(546)	1,905	3,064
Payments for long-term loans receivable	(3,688)	(8,188)	(15,327)
Proceeds from long-term loans receivable	12,130	15,308	27,995
Acquisitions of subsidiaries accompanied with changes in scope of consolidation	334	(1,299)	(1,106)
Divestitures of subsidiaries accompanied with changes in scope of consolidation	-	(255)	(178)
Other	(2,283)	(1,104)	(3,734)
Net cash provided by (used in) investing activities	22,232	(6,434)	(113)
Cash flows from financing activities:			
Increase (decrease) in bank loans, net	8,749	(8,151)	4,387
Proceeds from long-term loans	260	548	7,459
Repayments of long-term loans	(4,981)	(4,198)	(7,356)
Proceeds from straight bonds	4,807	1,482	2,565
Payments for redemption of straight bonds	(30,605)	(345)	(840)
Proceeds from minority shareholders	-	34	34
Dividends paid	(13,499)	(11,251)	(11,251)
Dividends paid for minority shareholders	(1,020)	(855)	(942)
Increase in treasury stock, net	(84)	(104)	(191)
Increase in treasury stock of subsidiaries, net	(5)	(10)	(33)
Net cash provided by (used in) financing activities	(36,377)	(22,851)	(6,168)
Effect of exchange rate changes on cash and cash equivalents	54	82	470
Net increase (decrease) in cash and cash equivalents	(40,866)	(3,355)	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	187,879	189,594	228,745

Segment Information

1. Business segment information

(In millions of yen)

	Six months ended September 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	198,214	14,541	13,105	13,537	28,268	267,666	-	267,666
Intersegment	5,222	115	1,453	36	3,929	10,757	(10,757)	-
Subtotal	203,436	14,656	14,558	13,573	32,198	278,424	(10,757)	267,666
Operating costs and expenses	152,221	14,035	16,701	15,878	30,600	229,437	(3,977)	225,459
Operating profit (loss)	51,215	620	(2,142)	(2,304)	1,597	48,986	(6,779)	42,206

(In millions of yen)

	Six months ended September 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	190,353	14,725	13,904	13,253	28,981	261,219	-	261,219
Intersegment	4,082	108	1,260	54	2,459	7,966	(7,966)	-
Subtotal	194,436	14,834	15,165	13,308	31,440	269,185	(7,966)	261,219
Operating costs and expenses	144,664	14,088	16,787	15,435	30,230	221,205	(997)	220,208
Operating profit (loss)	49,772	745	(1,621)	(2,126)	1,210	47,980	(6,969)	41,010

(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

2. Geographic segment information

(In millions of yen)

	Six months ended September 30, 2006				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	260,223	7,443	267,666	-	267,666
Intersegment	142	-	142	(142)	-
Subtotal	260,365	7,443	267,809	(142)	267,666
Operating costs and expenses	212,525	6,972	219,497	5,962	225,459
Operating profit (loss)	47,840	471	48,311	(6,104)	42,206

(In millions of yen)

	Six months ended September 30, 2005				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	254,667	6,551	261,219	-	261,219
Intersegment	154	-	154	(154)	-
Subtotal	254,821	6,551	261,373	(154)	261,219
Operating costs and expenses	207,724	6,158	213,883	6,324	220,208
Operating profit (loss)	47,096	393	47,489	(6,478)	41,010

(In millions of yen)

	Year ended March 31, 2006				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	553,524	13,791	567,315	-	567,315
Intersegment	315	-	315	(315)	-
Subtotal	553,839	13,791	567,630	(315)	567,315
Operating costs and expenses	447,969	12,888	460,858	12,347	473,205
Operating profit (loss)	105,870	902	106,772	(12,662)	94,109

3. Revenue from overseas

(In millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
Revenue from overseas	8,140	7,253	15,723
Consolidated revenue	267,666	261,219	567,315
% of consolidated revenue	3.0%	2.8%	2.8%