

**CONSOLIDATED QUARTERLY FINANCIAL REPORT  
FOR THE THREE MONTHS ENDED JUNE 30, 2004**

August 12, 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  
 Representative: Shohei Kimura, Representative Director / President  
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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: None
  3. Change in the scope of consolidation: Yes  
 Number of consolidated subsidiaries: Additions = 1, Deletions = 1  
 Number of affiliated companies: Deletions = 1
  
2. Summary of the consolidated financial statements for the 1st quarter of the fiscal year ended March 31, 2005 (April 1, 2004 – June 30, 2004)

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

	Three months ended June 30		Year ended March 31
	2003	2004	2004
Revenue	JPY 119,385 million	JPY 120,597 million	JPY 527,409 million
% change from the previous year	---%	1.0%	
Operating income	JPY 17,018 million	JPY 17,375 million	JPY 81,286 million
% change from the previous year	---%	2.1%	
Ordinary income	JPY 15,988 million	JPY 17,407 million	JPY 76,243 million
% change from the previous year	---%	8.9%	
Net income	JPY 8,370 million	JPY 9,608 million	JPY 41,111 million
% change from the previous year	---%	14.8%	
Basic net income per share	JPY 37.19	JPY 42.70	JPY 181.40
Diluted net income per share	JPY 37.19	JPY 42.69	JPY 181.40

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

	June 30, 2003	June 30, 2004	March 31, 2004
Total assets	JPY 1,058,898 million	JPY 1,042,271 million	JPY 1,092,067 million
Shareholders' equity	JPY 372,483 million	JPY 402,465 million	JPY 403,257 million
Shareholders' equity / Total assets	35.2%	38.6%	36.9%
Shareholders' equity per share	JPY 1,654.92	JPY 1,788.35	JPY 1,790.58

## (3) Consolidated cash flows

(Figures rounded down to the nearest million)

	Three months ended June 30		Year ended March 31
	2003	2004	2004
Cash flows from operating activities	JPY 20,909 million	JPY 22,131 million	JPY 87,939 million
Cash flows from investing activities	JPY (20,402) million	JPY (36,144) million	JPY (34,386) million
Cash flows from financing activities	JPY (20,260) million	JPY (33,987) million	JPY (36,211) million
Cash and cash equivalents at end of the period	JPY 150,317 million	JPY 139,194 million	JPY 187,199 million

3. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2005 (April 1, 2004 – March 31, 2005) and the six-month period ending September 30, 2004 (April 1, 2004 – September 30, 2004)

	Six-month period ending September 30, 2004	Year ending March 31, 2005
Revenue	JPY 256,300 million	JPY 560,100 million
Ordinary income	JPY 37,800 million	JPY 84,300 million
Net income	JPY 19,900 million	JPY 45,300 million

Note: Expected basic net income per share (for the full year): JPY 200.03

\*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)

	June 30, 2003		June 30, 2004		Amount change from the previous year	March 31, 2004	
	Amount	% of total assets	Amount	% of total assets		Amount	% of total assets
<b>ASSETS:</b>							
Current assets:	<b>376,617</b>	<b>35.6%</b>	<b>411,525</b>	<b>39.5%</b>	<b>34,907</b>	<b>478,668</b>	<b>43.8%</b>
Cash on hand and in banks	199,577		187,902		(11,674)	202,630	
Call loan	-		-		-	38,000	
Notes and accounts receivable, trade	19,523		23,935		4,412	46,813	
Due from subscribers	16,886		17,088		201	17,561	
Marketable securities	30,299		53,569		23,269	47,343	
Inventories	46,051		49,467		3,415	45,477	
Deferred income taxes	8,247		7,288		(959)	9,768	
Short-term loans receivable	43,319		59,068		15,749	58,793	
Other current assets	14,978		17,308		2,330	17,205	
Allowance for doubtful accounts	(2,266)		(4,103)		(1,837)	(4,925)	
Fixed assets:	<b>682,049</b>	<b>64.4%</b>	<b>630,590</b>	<b>60.5%</b>	<b>(51,459)</b>	<b>613,211</b>	<b>56.2%</b>
Tangible assets:	<b>261,925</b>	<b>24.7%</b>	<b>247,745</b>	<b>23.8%</b>	<b>(14,179)</b>	<b>243,945</b>	<b>22.3%</b>
Buildings and improvements	90,343		80,765		(9,578)	79,072	
Security equipment and control stations	66,602		66,295		(306)	65,315	
Land	87,368		80,914		(6,454)	80,507	
Other tangible assets	17,610		19,770		2,159	19,050	
Intangible assets	<b>31,524</b>	<b>3.0%</b>	<b>34,584</b>	<b>3.3%</b>	<b>3,059</b>	<b>33,820</b>	<b>3.2%</b>
Investments and others:	<b>388,599</b>	<b>36.7%</b>	<b>348,260</b>	<b>33.4%</b>	<b>(40,339)</b>	<b>335,445</b>	<b>30.7%</b>
Investment securities	206,892		229,777		22,884	207,654	
Long-term loans receivable	104,006		56,509		(47,497)	63,799	
Deferred income taxes	33,163		21,941		(11,222)	22,523	
Other investments	51,858		54,728		2,869	55,528	
Allowance for doubtful accounts	(7,322)		(14,694)		(7,372)	(14,060)	
Deferred assets:	<b>231</b>	<b>0.0%</b>	<b>156</b>	<b>0.0%</b>	<b>(75)</b>	<b>187</b>	<b>0.0%</b>
Total assets	1,058,898	100.0%	1,042,271	100.0%	(16,627)	1,092,067	100.0%

## Consolidated Balance Sheets (Contd.)

(In millions of yen)

	June 30, 2003		June 30, 2004		Amount change from the previous year	March 31, 2004	
	Amount	% of total assets	Amount	% of total assets		Amount	% of total assets
<b>LIABILITIES:</b>							
Current liabilities:	<b>233,045</b>	<b>22.0%</b>	<b>217,983</b>	<b>20.9%</b>	<b>(15,062)</b>	<b>261,181</b>	<b>23.9%</b>
Notes and accounts payable, trade	9,689		12,741		3,052	18,460	
Bank loans	129,791		101,009		(28,781)	119,344	
Payables - other	15,708		16,991		1,283	17,743	
Income taxes payable	6,020		6,317		296	17,083	
Consumption taxes payable	2,775		2,984		208	3,792	
Accrued expenses	1,872		1,918		46	2,304	
Deferred revenue - service charges	30,497		30,989		491	28,459	
Accrued bonus	3,138		3,129		(8)	8,490	
Other current liabilities	33,553		41,901		8,348	45,501	
Fixed liabilities:	<b>425,558</b>	<b>40.2%</b>	<b>392,558</b>	<b>37.7%</b>	<b>(32,999)</b>	<b>397,858</b>	<b>36.5%</b>
Straight bonds	32,000		32,800		800	32,800	
Long-term loans	43,693		38,904		(4,788)	43,530	
Guarantee deposits received from subscribers	28,454		29,086		632	29,160	
Accrued pension and severance costs	41,822		12,608		(29,214)	12,899	
Investment deposits by policyholders, unearned premiums and other insurance liabilities	274,935		277,290		2,355	276,979	
Other fixed liabilities	4,652		1,868		(2,783)	2,488	
Total liabilities	658,604	62.2%	610,541	58.6%	(48,062)	659,040	60.4%
Minority shareholders' interest in subsidiaries:	27,810	2.6%	29,263	2.8%	1,452	29,770	2.7%
<b>SHAREHOLDERS' EQUITY:</b>							
Common stock	66,368	6.3%	66,370	6.4%	2	66,368	6.1%
Capital surplus	82,544	7.8%	82,546	7.9%	1	82,544	7.6%
Earned surplus	275,528	26.0%	307,527	29.5%	31,998	308,268	28.1%
Net unrealized gain in debt and equity securities	2,876	0.3%	6,667	0.6%	3,791	6,079	0.6%
Foreign currency translation adjustments	(10,535)	(1.0%)	(16,219)	(1.5%)	(5,684)	(15,603)	(1.4%)
Common stock in treasury, at cost	(44,300)	(4.2%)	(44,426)	(4.3%)	(126)	(44,400)	(4.1%)
Total shareholders' equity	372,483	35.2%	402,465	38.6%	29,982	403,257	36.9%
Total liabilities, minority shareholders' interest in subsidiaries and shareholders' equity	1,058,898	100.0%	1,042,271	100.0%	(16,627)	1,092,067	100.0%

## Consolidated Statements of Income

(In millions of yen)

	Three months ended June 30, 2003		Three months ended June 30, 2004		Change from the previous year		Year ended March 31, 2004	
	Amount	% of revenue	Amount	% of revenue	Amount	% change	Amount	% of revenue
Revenue	119,385	100.0%	120,597	100.0%	1,212	1.0%	527,409	100.0%
Costs of revenue	72,270	60.5%	72,639	60.2%	369	0.5%	324,759	61.6%
Gross profit	47,114	39.5%	47,958	39.8%	843	1.8%	202,650	38.4%
Selling, general and administrative expenses	30,095	25.2%	30,583	25.4%	487	1.6%	121,363	23.0%
Operating income	17,018	14.3%	17,375	14.4%	356	2.1%	81,286	15.4%
Non-operating income	1,755	1.4%	2,196	1.8%	440	25.1%	7,798	1.5%
Non-operating expenses	2,785	2.3%	2,163	1.8%	(622)	(22.3%)	12,841	2.4%
Ordinary income	15,988	13.4%	17,407	14.4%	1,418	8.9%	76,243	14.5%
Extraordinary income	2,673	2.2%	381	0.3%	(2,292)	(85.7%)	31,860	6.0%
Extraordinary losses	2,060	1.7%	-	-	(2,060)	(100.0%)	24,892	4.7%
Income before income taxes	16,602	13.9%	17,788	14.7%	1,186	7.1%	83,211	15.8%
Income taxes - current	5,443	4.5%	5,241	4.3%	(201)	(3.7%)	30,962	5.9%
Income taxes - deferred	2,460	2.1%	2,580	2.1%	119	4.9%	8,985	1.7%
Minority interest in consolidated subsidiaries	327	0.3%	358	0.3%	30	9.4%	2,152	0.4%
Net income	8,370	7.0%	9,608	8.0%	1,237	14.8%	41,111	7.8%

## Consolidated Statements of Cash Flows

(In millions of yen)

	Three months ended June 30, 2003	Three months ended June 30, 2004	Year ended March 31, 2004
<b>Cash flows from operating activities:</b>			
Income before income taxes	16,602	17,788	83,211
Depreciation	8,239	8,145	37,498
Increase (decrease) in allowance for doubtful accounts	19	(187)	9,328
Increase (decrease) in accrued pension and severance costs	(3,388)	(290)	(32,314)
Interest and dividend income	(1,108)	(2,197)	(9,848)
Interest expenses	642	541	2,486
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	31,853	23,187	5,435
(Increase) decrease in inventories	(3,926)	(4,057)	(5,392)
Increase (decrease) in accounts payable	(9,703)	(6,471)	493
Increase in investment deposit by policyholders, unearned premiums and other insurance liabilities	459	310	2,503
Other	(8,792)	(470)	10,672
Subtotal	30,896	36,299	104,073
Interest and dividend received	836	2,749	10,930
Interest paid	(637)	(587)	(2,496)
Income taxes paid	(10,185)	(16,329)	(24,567)
Net cash provided by operating activities	20,909	22,131	87,939
<b>Cash flows from investing activities:</b>			
(Increase) decrease in marketable securities	(1,026)	(3,381)	7,603
Payments for purchases of tangible assets	(10,284)	(11,216)	(39,511)
Payments for investments in securities	(17,063)	(29,912)	(62,201)
Proceeds from sales of investment in securities	2,431	3,961	32,958
(Increase) decrease in short-term loans receivable	1,100	(463)	(4,541)
Payments for long-term loans receivable	(1,798)	(739)	(15,529)
Proceeds from long-term loans receivable	7,176	8,159	46,985
Other	(937)	(2,551)	(150)
Net cash used in investing activities	(20,402)	(36,144)	(34,386)
<b>Cash flows from financing activities:</b>			
Increase (decrease) in bank loans	(7,772)	(21,117)	(17,437)
Proceeds from long-term loans	163	701	9,545
Repayments of long-term loans	(2,710)	(2,539)	(19,243)
Dividends paid	(9,003)	(10,127)	(9,003)
Dividends paid for minority shareholders	(765)	(875)	(765)
Other	(172)	(29)	693
Net cash provided by (used in) financing activities	(20,260)	(33,987)	(36,211)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	37	(3)	(175)
<b>Net increase (decrease) in cash and cash equivalents</b>	(19,716)	(48,004)	17,166
<b>Cash and cash equivalents at beginning of the period</b>	170,033	187,199	170,033
<b>Cash and cash equivalents at end of the period</b>	150,317	139,194	187,199

## Segment Information

(In millions of yen)

	Three months ended June 30, 2003						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	87,935	5,009	8,901	17,538	119,385	-	119,385
Intersegment	1,061	58	846	613	2,581	(2,581)	-
Sub total	88,997	5,068	9,748	18,151	121,966	(2,581)	119,385
Operating costs and expenses	66,505	4,846	9,238	20,907	101,497	868	102,366
Operating income (loss)	22,492	222	509	(2,755)	20,468	(3,499)	17,018

(In millions of yen)

	Three months ended June 30, 2004						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	90,143	6,361	6,996	17,095	120,597	-	120,597
Intersegment	1,607	52	857	636	3,153	(3,153)	-
Sub total	91,750	6,414	7,853	17,731	123,750	(3,153)	120,597
Operating costs and expenses	68,722	6,227	7,709	20,025	102,684	538	103,222
Operating income (loss)	23,028	186	144	(2,293)	21,066	(3,691)	17,375

(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