

**QUARTERLY FINANCIAL REPORT
FOR THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2009**

February 8, 2010

Company name: SECOM Co., Ltd. (URL: <http://www.secom.co.jp/>)
 Code number: 9735 Tokyo Stock Exchange ----- First Section
 Osaka Securities Exchange ----- First Section
 Representative: Shuji Maeda, President and Representative Director
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 Scheduled date of filing Quarterly Securities Report: February 12, 2010
 Scheduled date of dividend payout: —

1. Consolidated financial results for the nine-month period ended December 31, 2009 (April 1, 2009 – December 31, 2009)

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

	The nine-month period ended December 31	
	2008	2009
Revenue	487,193 —	471,560 (3.2%)
Operating profit	59,859 —	71,805 20.0%
Ordinary profit	64,953 —	72,063 10.9%
Net income	11,788 —	39,914 238.6%
Basic net income per share (in yen)	52.67	183.07
Diluted net income per share (in yen)	—	—

Note: Percentage figures represent changes from the results of the corresponding period of the previous year.

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

	December 31, 2009	March 31, 2009
Total assets	1,080,919	1,090,483
Net assets	613,759	582,608
Equity ratio	50.8%	47.6%
Net assets per share (in yen)	2,516.90	2,380.12

Note: Equity as of:

December 31, 2009: JPY 548,772 million March 31, 2009: JPY 518,954 million

2. Dividends

	Years ended March 31		
	2009	2010	2010(projected)
1 st quarter dividends per share (in yen)	–	–	
2 nd quarter dividends per share (in yen)	–	–	
3 rd quarter dividends per share (in yen)	–	–	
Year-end dividends per share (in yen)	85.00		85.00 – 90.00
Annual dividends per share (in yen)	85.00		85.00 – 90.00

Note: Revision of projected dividends in this quarter: None

2. Projections for the consolidated financial results for the fiscal year ending March 31, 2010 (April 1, 2009 – March 31, 2010)

(In millions of yen)

	Year ending March 31, 2010
Projected revenue	669,300 (1.3%)
Projected operating profit	101,900 16.3%
Projected ordinary profit	100,200 10.2%
Projected net income	53,300 147.9%
Projected net income per share (in yen)	244.46

Note 1: Percentage figures represent changes from the results of the corresponding period of the previous year.

Note 2: Revision of projections for the consolidated financial results in this quarter: None

3. Others

(1) **Significant changes in subsidiaries (scope of consolidation) during the period:** None

(2) **Adoption of simplified accounting treatment or unique accounting treatment for the preparation of quarterly consolidated financial statements :** Applicable

Note: For detailed information, please refer to “4. Others” of “Qualitative Information and Financial Statements, etc.” on Page 6.

(3) **Changes in accounting principles, procedures and/or presentation with regard to preparation of quarterly consolidated financial statements (to be reported as changes of significant matters for the basis of preparation of quarterly consolidated financial statements):**

① Changes associated with amendment of accounting standards: Applicable

② Other changes: None

Note: For detailed information, please refer to “4. Others” of “Qualitative Information and Financial Statements, etc.” on Page 6.

(4) **Number of common shares outstanding :**

① Number of common shares outstanding, including treasury stock, as of:

December 31, 2009: 233,288,717 shares March 31, 2009: 233,288,717 shares

② Number of shares of treasury stock, as of:

December 31, 2009: 15,253,858 shares March 31, 2009: 15,251,520 shares

③ Number of average common shares outstanding over period (cumulative; consolidated):

The nine-month period ended December 31, 2009: 218,035,648 shares

The nine-month period ended December 31, 2008: 223,824,287 shares

* Note: The forward-looking statements about the future performance described in this document are provided based on all information available at the release date of this document. Actual performance may differ from the forward-looking statements due to various factors hereafter occurred. For matters regarding financial projections, please refer to “3. Qualitative Information Regarding Consolidated Financial Projections” of “Qualitative Information and Financial Statements, etc.” on page 5.

Qualitative Information and Financial Statements, etc.

1. Qualitative Information Regarding Consolidated Financial Results

During the nine-month period ended December 31, 2009, Japanese economy has remained uncertain due to severe unemployment and personal income continuing, recession risk led by deflation and so forth, although there are some signs of improvements in exports and productions and bottoming out of flagging capital investments during the course of global economic recovery.

In this environment, we continued to respond to the increasing diverse and sophisticated needs of customers for security and peace of mind with the aim of establishing our Social System Industry vision, which realizes a society that provides security and peace of mind for people whenever and wherever necessary. To this end, we stepped up efforts to provide high-grade products and services suited to customer needs in our core security services business, as well as in our fire protection services, medical services, insurance services, geographic information services, real estate development and sales, and information and communication related and other services businesses.

As a result, consolidated revenue for the nine-month period ended December 31, 2009 decreased by 3.2% to 471.5 billion yen, compared with the previous corresponding period. However, consolidated operating profit increased by 20.0% to 71.8 billion yen and consolidated ordinary profit increased by 10.9% to 72.0 billion yen, due to 9.8 billion yen write-down on real estate inventories in the previous corresponding period. Consolidated net income increased by 238.6% to 39.9 billion yen, due to 19.5 billion yen loss on revaluation of investment securities in the previous corresponding period.

In the security services business, revenue fell by 3.7% to 307.4 billion yen and operating profit decreased by 3.6% to 74.6 billion yen. These results were attributable to a decrease in construction revenue from installation services subsidiaries, owing to decreases in large-scale constructions and scale-down of constructions of installation service subsidiaries, decrease of sales of merchandise and decrease of revenue from overseas from the effect of foreign currency rates.

In the fire protection services business, revenue decreased by 7.9% to 50.5 billion yen and operating profit

decreased by 60.1% to 1.2 billion yen. These results reflected brisk sales of fire alarm systems on results in the previous corresponding period.

In the medical services business, revenue increased by 7.4% to 28.1 billion yen and operating profit increased by 61.8% to 1.8 billion yen. These results were attributable to brisk revenue from home medical services, robust sales of medical equipment and the opening of residences for seniors in Rokko, Kobe City.

In the insurance services business, revenue rose by 4.0% to 23.8 billion yen due to increase in net premiums written following brisk sales of unrestricted cancer treatment policy MEDCOM, etc. Operating profit was 0.4 billion yen, up from operating loss of 1.2 billion yen in the previous corresponding period, owing to a reversal of reserve for natural disasters and a decrease in selling, general and administrative expenses.

In the geographic information services business, revenue advanced 7.8% to 26.7 billion yen, reflecting steady progress on work for national and local government agencies and expansions on overseas projects. Deliveries of public-sector contracts – the principal source of revenue in this segment – tend to concentrate toward the end of the fiscal year, which increases seasonal fluctuation for revenue to also increase toward the end of the fiscal year. Owing to strict process management and cost-cutting efforts, the segment reported an operating income of 0.1 billion yen, up from an operating loss of 1.2 billion yen in the previous corresponding period.

In the real estate development and sales business, despite the bottoming out of the condominium market, a recovery remained elusive. As a result of decreasing real estate inventories in line with future market projections, revenue decreased by 17.3% to 7.8 billion yen and operating loss improved by 95.3% to 0.6 billion yen, due to write-down of real estate inventories of 9.8 billion yen recorded in the previous corresponding period.

In the information and communication related and other services business, revenue decreased by 8.4% to 26.9 billion yen and operating profit decreased by 4.9% to 3.4 billion yen.

2. Qualitative Information Regarding Consolidated Financial Position

(1) Consolidated Balance Sheet

Total assets as of December 31, 2009 amounted to 1,080.9 billion yen, 0.9% or 9.5 billion yen lower than the end of the previous fiscal year. Total current assets, at 460.4 billion yen, were down 2.7% or 12.9 billion yen. This was largely attributable to decreases in notes and accounts receivable, trade by 27.4% or 21.2 billion yen to 56.1 billion yen and call loans by 38.4% or 14.0 billion yen to 22.5 billion yen, despite increases in short-term investments by 63.7% or 10.6 billion yen to 27.4 billion yen and cash deposits for armored car services by 17.7% or 10.0 billion yen to 66.6 billion yen. Total fixed assets, at 620.1 billion yen, were up 0.6% or 3.4 billion yen. This was mainly attributable to increase in tangible assets such as buildings and improvements by 5.4% or 14.1 billion yen to 277.4 billion yen, despite decreases in long-term loans receivable by 14.2% or 8.4 billion yen to 51.3 billion yen and deferred tax assets by 11.0% or 2.6 billion yen to 21.7 billion yen.

Total liabilities fell 8.0% or 40.7 billion yen to 467.1 billion yen. Total current liabilities amounted to 215.5 billion yen, down 16.0% or 41.0 billion yen, owing to decreases in bank loans by 37.0% or 31.5 billion yen to 53.8 billion yen, accrued income taxes by 54.8% or 10.3 billion yen to 8.5 billion yen, accrued bonuses by 69.5% or 8.8 billion yen to 3.8 billion yen, and notes and accounts payable, trade by 14.7% or 4.1 billion yen to 24.1 billion yen, despite increases in deferred revenue by 8.3% or 2.6 billion yen to 33.9 billion yen and other current liabilities, including guarantee deposits, by 26.2% or 11.1 billion yen to 53.7 billion yen. Long-term liabilities increased by 0.1% or 0.3 billion yen to 251.5 billion yen, compared to the end of the previous fiscal year.

Total net assets amounted to 613.7 billion yen, 5.3% or 31.1 billion yen larger than the end of the previous fiscal year, due to increases in retained earnings by 4.5% or 21.3 billion yen, unrealized gains and losses on securities by 7.6 billion yen and foreign currency translation adjustments by 2.5% or 0.7 billion yen.

(2) Consolidated Cash Flows

(Cash flows from operating activities)

Net cash provided by operating activities for the nine-month period ended December 31, 2009 amounted to 66.5 billion yen. Major factors were income before income taxes of 72.4 billion yen, depreciation of 27.4 billion yen and decrease in notes and accounts receivable, trade, and due from subscribers of 20.2 billion yen. Cash used in operating activities included income taxes paid of 36.0 billion yen, decrease in accrued bonuses of 8.8 billion yen and increase in inventories of 6.6 billion yen.

(Cash flows from investing activities)

Net cash used in investing activities was 30.1 billion yen. Major factors included payments for purchase of tangible assets, including security equipment and control stations, of 30.2 billion yen, payments for purchases of investment securities of 21.5 billion yen and increase in short-term investments, net of 7.2 billion yen. Cash provided by investing activities included proceeds from sales and redemptions of investment securities of 27.5 billion yen.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 50.1 billion yen. Major factors were decrease in bank loans, net of 28.1 billion yen, dividends paid of 18.5 billion yen, Repayments of long-term loans of 2.6 billion yen and dividends paid for minority shareholders of 1.7 billion yen.

As a result, cash and cash equivalents at the end of the nine-month period ended December 31, 2009 was 144.5 billion yen, 13.5 billion yen less than the end of the previous fiscal year.

3. Qualitative Information Regarding Consolidated Financial Projections

The financial results for the nine-month period ended December 31, 2009 was within our projections, despite the continuous harsh economic conditions.

Therefore, projection for the consolidated financial results for the fiscal year ending March 31, 2010 was not changed from the revised projections released on November 5, 2009.

The forward-looking statements about the future performance described in this document are provided based on all information available at the release date of this document. Actual performance may differ from the forward-looking statements due to various factors hereafter occurred.

4. Others

- (1) Significant changes in subsidiaries (scope of consolidation) during the period:** Not applicable
- (2) Adoption of simplified accounting treatment or unique accounting treatment for the preparation of quarterly consolidated financial statements**

For the assessment regarding collectability of all deferred tax assets, financial projections and tax planning used in the previous fiscal year are used when there are no significant changes in business environments or occurrence of temporary differences after the end of the previous fiscal year.

- (3) Change in accounting principles, procedures and/or presentation with regard to preparation of quarterly consolidated financial statements**

(Change in recognition policies for revenue and costs of construction contracts)

Regarding the revenue recognition policies for construction contracts, the percentage-of-completion method was applied for contracts in Pasco Corporation and its subsidiaries, and constructions with contract amount of more than 0.5 billion yen or greater in Secom Techno Service Co., Ltd. and its subsidiaries, while the completed-contract method was applied for other constructions. According to the adoption of “Accounting Standard for Construction Contracts” (ASBJ Statement No.15, issued on December 27, 2007) and “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No.18, issued on December 27, 2007) from the three-month period ended June 30, 2009, for construction contracts engaged on or after April 1, 2009, the percentage-of-completion method is applied for construction contracts whose outcomes are deemed certain for progress until December 31, 2009, otherwise the completed-contract method is applied. The percentage of costs incurred to the estimated total cost is used for estimating the percentage of completion.

The effect of this change on operating profit, ordinary profit and income before income taxes for the nine-month period ended December 31, 2009 is insignificant.

4. Financial Results for the nine-month period ended December 31, 2009

(1) Consolidated Balance Sheets

(In millions of yen)

	December 31, 2009	March 31, 2009
	Amount	Amount
ASSETS:		
Current assets:	460,497	473,445
Cash on hand and in banks	126,662	127,476
Cash deposits for armored car services	66,680	56,667
Call loans	22,500	36,500
Notes and accounts receivable, trade	56,162	77,398
Due from subscribers	20,881	20,139
Short-term investments	27,478	16,786
Lease receivables and investment in leased assets	14,785	14,993
Merchandises and products	12,176	10,730
Real estate inventories	6,118	6,177
Work in process	1,998	2,174
Costs on uncompleted construction contracts	11,719	9,534
Work in process for real estate inventories	63,642	60,950
Raw materials and supplies	6,375	5,840
Deferred income taxes	7,807	11,135
Short-term loans receivable	2,737	4,125
Other	14,948	15,578
Allowance for doubtful accounts	(2,177)	(2,762)
Fixed assets:	620,174	616,698
Tangible assets:	277,402	263,267
Buildings and improvements	98,954	85,415
Security equipment and control stations	65,920	65,631
Land	94,266	89,297
Other	18,260	22,923
Intangible assets	23,544	21,331
Investments and others:	319,227	332,099
Investment securities	201,394	201,923
Long-term loans receivable	51,389	59,880
Prepaid pension and severance costs	18,667	18,876
Deferred income taxes	21,723	24,413
Other	44,325	46,129
Allowance for doubtful accounts	(18,273)	(19,122)
Deferred assets	247	338
Total assets	1,080,919	1,090,483

(In millions of yen)

	December 31, 2009	March 31, 2009
	Amount	Amount
LIABILITIES:		
Current liabilities:	215,576	256,655
Notes and accounts payable, trade	24,199	28,374
Bank loans	53,803	85,383
Current portion of straight bonds	4,838	5,036
Lease obligations	191	202
Payables - other	23,592	23,195
Accrued income taxes	8,589	18,983
Accrued consumption taxes	3,325	2,932
Accrued expenses	2,887	3,534
Deferred revenue	33,905	31,298
Accrued bonuses	3,883	12,741
Reserve for litigation losses	2,505	2,415
Provision for loss on construction contracts	141	-
Other	53,713	42,558
Long-term liabilities:	251,583	251,218
Straight bonds	13,397	12,673
Long-term loans	18,494	15,338
Lease obligations	575	571
Guarantee deposits received	36,508	34,210
Deferred income taxes	4,756	3,740
Accrued pension and severance costs	13,598	13,807
Accrued retirement benefits for directors and corporate auditors	2,312	2,244
Investment deposits by policyholders, unearned premiums and other insurance liabilities	160,607	167,011
Other	1,332	1,621
Total liabilities	467,159	507,874
NET ASSETS:		
Shareholders' equity:	574,264	552,891
Common stock	66,377	66,377
Capital surplus	83,054	83,054
Retained earnings	499,737	478,355
Common stock in treasury, at cost	(74,905)	(74,896)
Valuation, translation adjustments and others:	(25,491)	(33,937)
Unrealized gains (losses) on securities	3,791	(3,901)
Deferred gains (losses) on hedges	(25)	(27)
Foreign currency translation adjustments	(29,257)	(30,008)
Minority interests in subsidiaries	64,987	63,654
Total net assets	613,759	582,608
Total liabilities and net assets	1,080,919	1,090,483

(2) Consolidated Statements of Income

(In millions of yen)

	The nine-month period ended December 31, 2008	The nine-month period ended December 31, 2009
	Amount	Amount
Revenue	487,193	471,560
Costs of revenue	318,335	294,876
Gross profit	168,857	176,683
Selling, general and administrative expenses	108,998	104,878
Operating profit	59,859	71,805
Non-operating income	11,363	7,247
Non-operating expenses	6,268	6,988
Ordinary profit	64,953	72,063
Extraordinary profit	499	2,237
Extraordinary losses	22,980	1,873
Income before income taxes	42,472	72,427
Income taxes - current	28,673	25,836
Income taxes - deferred	672	3,666
Total income taxes	29,345	29,502
Minority interests in subsidiaries	1,337	3,010
Net income	11,788	39,914

(3) Consolidated Statements of Cash Flows

(In millions of yen)

	The nine-month period ended December 31, 2008	The nine-month period ended December 31, 2009
Cash flows from operating activities:		
Income before income taxes	42,472	72,427
Depreciation	30,443	27,455
Amortization of goodwill	1,308	1,343
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(3,640)	(2,848)
Increase (decrease) in accrued bonuses	(7,832)	(8,857)
Interest and dividend income	(3,860)	(3,300)
Interest expenses	1,546	1,029
Net (gains) losses on sales of investment securities	(575)	(529)
Net (gains) losses on revaluation of investment securities	19,515	1,173
Net (gains) losses on sales of subsidiaries and affiliated companies	—	(2,165)
Write-down on real estate inventories	9,875	156
Net (gains) losses on private equity investment	—	2,510
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	23,063	20,229
(Increase) decrease in inventories	(7,806)	(6,603)
Increase (decrease) in accounts payable	(9,498)	(3,488)
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	3,984	(6,403)
Other	(5,654)	5,460
Subtotal	93,342	97,590
Interest and dividend received	7,422	6,041
Interest paid	(1,495)	(999)
Income taxes paid	(44,155)	(36,086)
Net cash provided by (used in) operating activities	55,113	66,546
Cash flows from investing activities:		
(Increase) decrease in short-term investments, net	(4,350)	(7,238)
Payments for purchases of tangible assets	(40,335)	(30,268)
Proceeds from sales of tangible assets	167	148
Payments for purchases of investment securities	(43,005)	(21,507)
Proceeds from sales and redemptions of investment securities	53,546	27,521
(Increase) decrease in short-term loans receivable, net	203	(79)
Payments for long-term loans receivable	(8,232)	(5,720)
Proceeds from long-term loans receivable	3,970	4,535
Acquisitions of subsidiaries accompanied with change in scope of consolidation	(665)	995
Divestitures of subsidiaries accompanied with change in scope of consolidation	(74)	5,186
Other	(2,177)	(3,688)
Net cash provided by (used in) investing activities	(40,954)	(30,116)
Cash flows from financing activities:		
Increase (decrease) in bank loans, net	(9,569)	(28,130)
Proceeds from long-term loans	4,183	535
Repayments of long-term loans	(3,563)	(2,660)
Proceeds from issuance of straight bonds	7,215	1,684
Payments for redemption of straight bonds	(4,499)	(1,204)
Dividends paid	(19,122)	(18,533)
Dividends paid for minority shareholders	(1,658)	(1,732)
(Increase) decrease in treasury stocks, net	(30,015)	(9)
Other	(20)	(116)
Net cash provided by (used in) financing activities	(57,049)	(50,167)
Effect of exchange rate changes on cash and cash equivalents	(1,481)	140
Net increase (decrease) in cash and cash equivalents	(44,371)	(13,596)
Cash and cash equivalents at beginning of the period	213,366	158,184
Cash and cash equivalents at end of the period	168,994	144,587

(4) Notes Regarding the Assumption of Going Concern: Not applicable

(5) Segment Information

(In millions of yen)

	The nine-month period ended December 31, 2008									
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services	Real estate development and sales	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:										
Customers	319,421	54,896	26,191	22,903	24,811	9,538	29,430	487,193	-	487,193
Intersegment	6,911	4,318	92	2,213	81	2,360	6,080	22,057	(22,057)	-
Subtotal	326,333	59,214	26,283	25,116	24,893	11,898	35,511	509,251	(22,057)	487,193
Operating costs and expenses	248,916	56,187	25,134	26,335	26,131	25,474	31,921	440,101	(12,767)	427,334
Operating profit (loss)	77,417	3,027	1,149	(1,219)	(1,238)	(13,575)	3,589	69,149	(9,290)	59,859

(In millions of yen)

	The nine-month period ended December 31, 2009									
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services	Real estate development and sales	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:										
Customers	307,455	50,557	28,125	23,829	26,753	7,885	26,953	471,560	-	471,560
Intersegment	6,879	3,077	92	2,284	90	-	6,507	18,930	(18,930)	-
Subtotal	314,334	53,634	28,217	26,113	26,843	7,885	33,460	490,490	(18,930)	471,560
Operating costs and expenses	239,682	52,426	26,358	25,676	26,740	8,521	30,048	409,454	(9,699)	399,754
Operating profit (loss)	74,652	1,208	1,859	437	103	(635)	3,412	81,036	(9,231)	71,805

(Note 1): Business segments are based on classification used for internal management purpose.

(Note 2): Main services in each segment

(1) Security services

Centralized security systems, static guard services, armored car services, and sales of merchandise, etc.

(2) Fire protection services

Manufacturing, sales, installation of fire alarm systems and fire extinguishing systems, and maintenance of fire protection systems, etc.

(3) Medical services

Home medical services, remote image diagnosis support services, sales of medical equipment, and real estate leases for medical institutions, etc.

(4) Insurance services

Non-life insurance and insurance agencies, etc.

(5) Geographic information services

Development and sales of aerial survey systems and geographic information systems, etc.

(6) Real estate development and sales

Development and sales of condominiums, etc.

(7) Information and communication related and other services

Security network services, development and operation of business systems, information security services, disaster response services, real estate leases and hotel management, etc.

(6) Notes Regarding Significant Changes in Shareholders' Equity: Not applicable

(This quarterly financial report is an English translation of the original Japanese report. The Japanese original is official and this translation is for your convenience only.)