

**NONCONSOLIDATED 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
 Interim dividends plan: None
 Sales unit of shares: 500 shares (1 *Tangen*)

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

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

| | Six months ended September 30 | | Year ended March 31, 2004 |
|-------------------------------------|-------------------------------|---------|------------------------------|
| | 2004 | 2003 | |
| Revenue | 146,753 | 141,964 | 288,493 |
| % change from the previous year | 3.4% | 3.3% | |
| Operating profit | 33,264 | 32,449 | 64,231 |
| % change from the previous year | 2.5% | 11.3% | |
| Ordinary profit | 34,524 | 32,586 | 62,156 |
| % change from the previous year | 5.9% | 7.9% | |
| Net income | 21,066 | 19,692 | 34,282 |
| % change from the previous year | 7.0% | 11.2% | |
| Basic net income per share (in yen) | 93.61 | 87.49 | 151.66 |

Note 1. 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 2. Change in accounting policy: No

Note 3. 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) Dividends (in yen)

| | Six months ended September 30 | | Year ended March 31, 2004 |
|-----------------------------|-------------------------------|------|------------------------------|
| | 2004 | 2003 | |
| Interim dividends per share | – | – | – |
| Annual dividends per share | – | – | 45.00 |

(3) Financial conditions

(In millions of yen, figures rounded down)

| | September 30, 2004 | September 30, 2003 | March 31, 2004 |
|--|--------------------|--------------------|----------------|
| Total assets | 576,379 | 594,250 | 580,547 |
| Shareholders' equity | 408,884 | 382,890 | 397,862 |
| Shareholders' equity / Total assets | 70.9% | 64.4% | 68.5% |
| Shareholders' equity per share (in yen) | 1,816.94 | 1,701.22 | 1,767.20 |

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

Note 2. Number of shares of common stock in treasury:

As of September 30, 2004: 8,243,494 shares

As of September 30, 2003: 8,213,197 shares

As of March 31, 2004: 8,228,652 shares

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

(In millions of yen)

| | Year ending March 31, 2005 |
|--|-------------------------------|
| Expected revenue | 298,300 |
| Expected ordinary profit | 64,700 |
| Expected net income | 38,300 |
| Expected term-end dividends per share (in yen) | 45.00 |
| Expected annual dividends per share (in yen) | 45.00 |
| Expected basic net income per share (in yen) | 169.74 |

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

Nonconsolidated 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: | | | | | | | |
| Cash on hand and in banks | 103,828 | | 106,281 | | (2,452) | 117,302 | |
| Notes receivable | 232 | | 279 | | (47) | 292 | |
| Due from subscribers | 8,593 | | 8,475 | | 118 | 8,856 | |
| Accounts receivable, trade | 5,146 | | 4,341 | | 805 | 5,372 | |
| Short-term investments | 451 | | 7,951 | | (7,499) | 451 | |
| Inventories | 8,241 | | 7,614 | | 626 | 6,797 | |
| Short-term loans to subsidiaries and affiliates | 27,307 | | 34,501 | | (7,193) | 19,119 | |
| Other current assets | 36,449 | | 30,599 | | 5,850 | 34,985 | |
| Allowance for doubtful accounts | (4,870) | | (4,315) | | (554) | (5,216) | |
| Total current assets | 185,381 | 32.2% | 195,728 | 32.9% | (10,347) | 187,961 | 32.4% |
| Fixed assets: | | | | | | | |
| Tangible assets: | | | | | | | |
| Buildings and improvements | 25,257 | | 27,848 | | (2,590) | 25,836 | |
| Security equipment and control stations | 61,933 | | 61,758 | | 174 | 60,684 | |
| Land | 36,053 | | 42,098 | | (6,044) | 36,439 | |
| Other tangible assets | 9,006 | | 7,658 | | 1,347 | 8,498 | |
| Total tangible assets | 132,251 | 22.9% | 139,364 | 23.5% | (7,112) | 131,459 | 22.6% |
| Intangible assets: | | | | | | | |
| Telephone and telegraph utility rights | 182 | | 231 | | (49) | 207 | |
| Software | 8,071 | | 9,220 | | (1,148) | 8,935 | |
| Other intangible assets | 2,438 | | 2,948 | | (509) | 2,592 | |
| Total intangible assets | 10,692 | 1.9% | 12,399 | 2.1% | (1,707) | 11,735 | 2.0% |
| Investments and others: | | | | | | | |
| Investment securities | 24,022 | | 22,915 | | 1,107 | 23,874 | |
| Investment securities in subsidiaries and affiliates | 157,791 | | 156,293 | | 1,497 | 157,612 | |
| Investment in subsidiaries | 667 | | 4,015 | | (3,347) | 667 | |
| Other investments | 77,069 | | 65,343 | | 11,726 | 78,543 | |
| Allowance for doubtful accounts | (11,496) | | (1,809) | | (9,687) | (11,306) | |
| Total investments and others | 248,054 | 43.0% | 246,757 | 41.5% | 1,296 | 249,391 | 43.0% |
| Total fixed assets | 390,998 | 67.8% | 398,521 | 67.1% | (7,523) | 392,586 | 67.6% |
| Total Assets | 576,379 | 100.0% | 594,250 | 100.0% | (17,870) | 580,547 | 100.0% |

Nonconsolidated Balance Sheets (Contd.)

(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 |
| LIABILITIES: | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable | 2,399 | | 1,432 | | 966 | 2,160 | |
| Bank loans | 28,109 | | 49,055 | | (20,945) | 34,263 | |
| Current portion of long-term loans | 2,300 | | 1,400 | | 900 | 1,400 | |
| Current portion of convertible bonds | 14 | | - | | 14 | 18 | |
| Payables – others | 8,797 | | 8,611 | | 186 | 10,358 | |
| Accrued income taxes | 12,897 | | 12,441 | | 455 | 10,570 | |
| Accrued consumption taxes | 1,269 | | 1,853 | | (584) | 2,232 | |
| Accrued expenses | 508 | | 586 | | (78) | 634 | |
| Deferred revenue | 21,764 | | 21,914 | | (149) | 21,247 | |
| Accrued bonus | 4,984 | | 4,817 | | 166 | 4,710 | |
| Other current liabilities | 32,668 | | 32,919 | | (250) | 40,422 | |
| Total current liabilities | 115,712 | 20.1% | 135,032 | 22.7% | (19,319) | 128,019 | 22.1% |
| Fixed liabilities: | | | | | | | |
| Straight bonds | 30,000 | | 30,000 | | - | 30,000 | |
| Convertible bonds | - | | 18 | | (18) | - | |
| Long-term loans | - | | 2,300 | | (2,300) | 2,300 | |
| Guarantee deposits received | 16,957 | | 16,846 | | 111 | 17,009 | |
| Accrued pension and severance costs | 4,825 | | 27,163 | | (22,337) | 5,356 | |
| Total fixed liabilities | 51,783 | 9.0% | 76,327 | 12.9% | (24,544) | 54,665 | 9.4% |
| Total liabilities | 167,495 | 29.1% | 211,359 | 35.6% | (43,863) | 182,684 | 31.5% |
| SHAREHOLDERS' EQUITY: | | | | | | | |
| Common stock | 66,370 | 11.5% | 66,368 | 11.2% | 2 | 66,368 | 11.4% |
| Capital surplus: | | | | | | | |
| Additional paid-in capital | 82,546 | | 82,544 | | 1 | 82,544 | |
| Total capital surplus | 82,546 | 14.3% | 82,544 | 13.9% | 1 | 82,544 | 14.2% |
| Retained earnings: | | | | | | | |
| Legal reserve | 9,028 | | 9,028 | | - | 9,028 | |
| Voluntary reserve | 3,037 | | 3,038 | | (1) | 3,038 | |
| Unappropriated retained earnings | 290,129 | | 264,902 | | 25,227 | 279,338 | |
| Total retained earnings | 302,195 | 52.4% | 276,969 | 46.6% | 25,226 | 291,405 | 50.2% |
| Unrealized gains (losses) on securities | 2,236 | 0.4% | 1,343 | 0.2% | 893 | 1,944 | 0.3% |
| Common stock in treasury, at cost | (44,465) | (7.7%) | (44,335) | (7.5%) | (130) | (44,400) | (7.6%) |
| Total shareholders' equity | 408,884 | 70.9% | 382,890 | 64.4% | 25,993 | 397,862 | 68.5% |
| Total liabilities and shareholders' equity | 576,379 | 100.0% | 594,250 | 100.0% | (17,870) | 580,547 | 100.0% |

Nonconsolidated 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 |
| Revenues | | | | | | | | |
| Service charges and sales of merchandise | 146,753 | 100.0% | 141,964 | 100.0% | 4,789 | 3.4% | 288,493 | 100.0% |
| Costs | | | | | | | | |
| Cost of service and sales | 79,855 | 54.4% | 76,853 | 54.1% | 3,002 | 3.9% | 159,018 | 55.1% |
| Gross profit | 66,897 | 45.6% | 65,111 | 45.9% | 1,786 | 2.7% | 129,475 | 44.9% |
| Selling, general and administrative expenses | 33,632 | 22.9% | 32,661 | 23.0% | 971 | 3.0% | 65,244 | 22.6% |
| Operating profit | 33,264 | 22.7% | 32,449 | 22.9% | 815 | 2.5% | 64,231 | 22.3% |
| Non-operating income | 3,959 | 2.7% | 3,514 | 2.5% | 445 | 12.7% | 4,817 | 1.6% |
| Non-operating expenses | 2,700 | 1.9% | 3,376 | 2.4% | (676) | (20.0%) | 6,892 | 2.4% |
| Ordinary profit | 34,524 | 23.5% | 32,586 | 23.0% | 1,937 | 5.9% | 62,156 | 21.5% |
| Extraordinary profit | 155 | 0.1% | 2,063 | 1.4% | (1,908) | (92.5%) | 25,462 | 8.8% |
| Extraordinary losses | 812 | 0.5% | 2,470 | 1.7% | (1,657) | (67.1%) | 29,860 | 10.3% |
| Income before income taxes | 33,866 | 23.1% | 32,180 | 22.7% | 1,686 | 5.2% | 57,758 | 20.0% |
| Income taxes - current | 12,489 | 8.5% | 12,447 | 8.8% | 42 | 0.3% | 21,205 | 7.3% |
| Income taxes - deferred | 310 | 0.2% | 40 | 0.0% | 269 | 670.7% | 2,270 | 0.8% |
| Net income | 21,066 | 14.4% | 19,692 | 13.9% | 1,374 | 7.0% | 34,282 | 11.9% |
| Unappropriated retained earnings at beginning of the period | 269,062 | | 245,210 | | 23,852 | | 245,210 | |
| Amortization of investment in subsidiary as the result of corporate merger | - | | - | | - | | 154 | |
| Unappropriated retained earnings | 290,129 | | 264,902 | | 25,227 | | 279,338 | |