

**NONCONSOLIDATED FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2005**

May 12, 2005

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: Kanemasa Haraguchi, President and Representative Director
 For inquiries: Katsuhisa Kuwahara, Executive Director Phone (03) 5775-8100
 Date approved by Board of Directors: May 12, 2005
 Date of General Meeting of Shareholders: June 29, 2005
 Date of dividend payment: June 30, 2005
 Interim dividends plan: None
 Sales unit of shares: 500 shares (1 *Tangen*)

1. Summary of the nonconsolidated financial statements for the year ended March 31, 2005 (April 1, 2004 – March 31, 2005)

(1) Operating results (Figures rounded down to the nearest million)

	Years ended March 31	
	2004	2005
Revenue	JPY 288,493 million	JPY 297,782 million
% change from the previous year	3.5%	3.2%
Operating profit	JPY 64,231 million	JPY 66,031 million
% change from the previous year	18.6%	2.8%
Ordinary profit	JPY 62,156 million	JPY 66,219 million
% change from the previous year	16.2%	6.5%
Net income	JPY 34,282 million	JPY 37,704 million
% change from the previous year	11.4%	10.0%
Basic net income per share	JPY 151.66	JPY 167.09
Diluted net income per share	JPY 151.65	JPY 167.09
Net income / Shareholders' equity	8.9%	9.1%
Ordinary profit / Total assets	10.7%	11.2%
Ordinary profit / Revenue	21.5%	22.2%

Note 1. Weighted average number of common shares outstanding:

Year ended March 31, 2004: 225,066,405 shares

Year ended March 31, 2005: 225,038,973 shares

Note 2. Change in accounting policy: None

Note 3. Percentage numbers shown in revenue, operating profit, ordinary profit, and net income represent the change from the results of the previous year.

(2) Dividends

(Figures rounded down to the nearest million)

	Years ended March 31	
	2004	2005
Interim dividends per share	–	–
Term-end dividends per share	JPY 45.00	JPY 50.00
Annual dividends per share	JPY 45.00	JPY 50.00
Total annual dividend payout	JPY 10,127 million	JPY 11,251 million
Dividend payout ratio	29.7%	29.9%
Total dividends / Shareholders' equity	2.5%	2.6%

(3) Financial conditions

(Figures rounded down to the nearest million)

	March 31, 2004	March 31, 2005
Total assets	JPY 580,547 million	JPY 598,711 million
Shareholders' equity	JPY 397,862 million	JPY 426,288 million
Shareholders' equity/ Total assets	68.5%	71.2%
Shareholders' equity per share	JPY 1,767.20	JPY 1,893.97

Note 1. Number of common shares outstanding:

As of March 31, 2004: 225,052,481 shares

As of March 31, 2005: 225,022,674 shares

Note 2. Number of common shares in treasury:

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

As of March 31, 2005: 8,266,043 shares

2. Forecasts for the nonconsolidated financial results for the fiscal year ending March 31, 2006 (April 1, 2005 – March 31, 2006) and the six-month period ending September 30, 2005 (April 1, 2005 – September 30, 2005)

	Six-month period ending September 30, 2005	Year ending March 31, 2006
Expected revenue	JPY 152,600 million	JPY 310,500 million
Expected ordinary profit	JPY 36,100 million	JPY 69,800 million
Expected net income	JPY 22,600 million	JPY 41,300 million
Expected interim dividends per share	–	–
Expected term-end dividends per share	–	JPY 50.00
Expected annual dividends per share	–	JPY 50.00

Note: Expected basic net income per share (for the full year): JPY 183.08

*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)

	March 31, 2004		March 31, 2005		Amount change from the previous year
	Amount	% of Total Assets	Amount	% of Total Assets	
ASSETS:					
Current assets:					
Cash on hand and in banks	117,302		135,400		18,098
Notes receivable	292		552		259
Due from subscribers	8,856		9,008		152
Accounts receivable, trade	5,372		6,228		855
Receivables - other	5,680		5,822		142
Short-term investments	451		451		0
Merchandise	5,673		6,740		1,067
Supplies	1,123		1,056		(67)
Prepaid expenses	1,610		1,728		118
Deferred income taxes	5,890		4,629		(1,260)
Short-term loans receivable	19,278		17,493		(1,785)
Short-term loans receivable to subsidiaries and affiliates	19,119		24,404		5,284
Other current assets	2,526		2,614		88
Allowance for doubtful accounts	(5,216)		(2,299)		2,917
Total current assets	187,961	32.4%	213,831	35.7%	25,870
Fixed assets:					
Tangible assets:					
Buildings and improvements	47,300		46,353		
Accumulated depreciation of buildings and improvements	21,464	25,836	22,410	23,943	(1,893)
Automobiles	482		487		
Accumulated depreciation of automobiles	336	145	355	132	(13)
Security equipment and control stations	185,649		189,437		
Accumulated depreciation of security equipment and control stations	124,964	60,684	129,600	59,836	(848)
Machinery and equipment	7,718		8,048		
Accumulated depreciation of machinery and equipment	6,291	1,427	6,625	1,423	(3)
Tools, furniture and fixtures	14,733		16,258		
Accumulated depreciation of tools, furniture and fixtures	10,743	3,990	11,743	4,514	524
Land		36,439		35,179	(1,259)
Construction in progress		2,862		1,692	(1,170)
Other tangible assets	161		161		
Accumulated depreciation of other tangible assets	89	72	114	47	(25)
Total tangible assets	131,459	22.6%	126,769	21.2%	(4,690)
Intangible assets:					
Telephone rights	2,134		1,946		(188)
Telephone and telegraph utility rights	207		147		(59)
Software	8,935		6,401		(2,533)
Other intangible assets	457		84		(373)
Total intangible assets	11,735	2.0%	8,579	1.4%	(3,155)
Investments and others:					
Investment securities	23,874		27,654		3,780
Investment securities in subsidiaries and affiliates	157,612		159,772		2,160
Investment	2,094		-		(2,094)
Investment in subsidiaries	667		667		-
Long-term loans receivable	3,071		3,122		51
Long-term loans receivable to employees	22		22		0
Long-term loans receivable to subsidiaries and affiliates	20,292		14,160		(6,131)
Lease deposits	8,533		8,816		282
Long-term prepaid expenses	19,889		20,335		445
Prepaid pension and severance costs	-		1,257		1,257
Deferred income taxes	13,728		10,450		(3,277)
Fund for insurance	5,761		5,153		(607)
Other investments	5,150		2,877		(2,273)
Allowance for doubtful accounts	(11,306)		(4,760)		6,545
Total investments and others	249,391	43.0%	249,530	41.7%	139
Total fixed assets	392,586	67.6%	384,880	64.3%	(7,706)
Total Assets	580,547	100.0%	598,711	100.0%	18,163

Nonconsolidated Balance Sheets (Contd.)

(in millions of yen)

	March 31, 2004		March 31, 2005		Amount change from the previous year
	Amount	% of Total Assets	Amount	% of Total Assets	
LIABILITIES:					
Current liabilities:					
Accounts payable	2,160		2,113		(47)
Bank loans	34,263		29,173		(5,089)
Current portion of long-term loans	1,400		2,300		900
Current portion of convertible bonds	18		-		(18)
Payables – others	10,358		10,201		(156)
Payables – construction	4,666		3,113		(1,553)
Income taxes payable	10,570		10,279		(291)
Consumption taxes payable	2,232		1,306		(925)
Accrued expenses	634		599		(35)
Deposits received	33,958		31,146		(2,811)
Deferred revenue - service charges	21,247		21,727		479
Accrued bonus	4,710		4,967		257
Other current liabilities	1,797		1,764		(33)
Total current liabilities	128,019	22.1%	118,694	19.8%	(9,324)
Fixed liabilities:					
Straight bonds	30,000		30,000		-
Long-term loans	2,300		-		(2,300)
Guarantee deposits received from subscribers	17,009		18,014		1,005
Accrued pension and severance costs	5,356		5,713		357
Total fixed liabilities	54,665	9.4%	53,728	9.0%	(936)
Total liabilities	182,684	31.5%	172,423	28.8%	(10,261)
SHAREHOLDERS' EQUITY:					
Common stock	66,368	11.4%	66,377	11.1%	9
Capital surplus:					
Additional paid-in capital	82,544		82,553		
Total capital surplus	82,544	14.2%	82,553	13.8%	8
Earned surplus:					
Legal reserve	9,028		9,028		
Voluntary reserve:					
Reserve for systems development	800		800		
Reserve for tax deferral on asset replacement	26		25		
General reserve	2,212		2,212		
Unappropriated retained earnings	279,338		306,766		
Total earned surplus	291,405	50.2%	318,832	53.2%	27,426
Unrealized gains (losses) on securities	1,944	0.3%	3,082	0.5%	1,138
Common stock in treasury, at cost	(44,400)	(7.6%)	(44,558)	(7.4%)	(157)
Total shareholders' equity	397,862	68.5%	426,288	71.2%	28,425
Total liabilities and shareholders' equity	580,547	100.0%	598,711	100.0%	18,163

Nonconsolidated Statements of Income

(in millions of yen)

	Year ended March 31, 2004			Year ended March 31, 2005			Amount change from the previous year
	Amount		% of Revenue	Amount		% of Revenue	
Revenue:							
Service charges	256,883			261,918			
Sales of merchandise	31,610	288,493	100.0%	35,863	297,782	100.0%	9,288
Costs and operating expenses:							
Costs of service	136,144			138,298			
Costs of sales	22,873	159,018	55.1%	26,219	164,518	55.2%	5,500
Gross Profit		129,475	44.9%		133,263	44.8%	3,788
Selling, general and administrative expenses:							
Advertisement	2,878			2,932			
Salaries	24,248			25,147			
Bonuses	3,431			3,571			
Accrued bonus	1,626			1,737			
Pension and severance costs	468			1,155			
Welfare expenses	3,534			3,663			
Depreciation expenses	3,582			3,276			
Rent expenses	5,866			5,805			
Travel expenses	1,139			1,187			
Communication expenses	1,691			1,600			
Office supply expenses	1,024			893			
Taxes and public imposts	515			1,355			
Provision for allowance for doubtful accounts	104			24			
Commission expenses	4,957			5,148			
Research and development expenses	4,072			3,792			
Other expenses	6,099	65,244	22.6%	5,941	67,232	22.6%	1,988
Operating profit		64,231	22.3%		66,031	22.2%	1,799
Non-operating income:							
Interest income	1,090			1,008			
Dividends income	3,320			3,897			
Other income	405	4,817	1.6%	1,335	6,241	2.1%	1,424
Non-operating expenses:							
Interest expenses	536			388			
Interest expenses - bonds	159			159			
Provision for allowance for doubtful accounts	1,554			246			
Loss on disposal of inventories	823			836			
Loss on disposal of fixed assets	2,230			2,501			
Loss from write-off of prepaid installation cost	702			632			
Other expenses	885	6,892	2.4%	1,289	6,052	2.1%	(839)
Ordinary profit		62,156	21.5%		66,219	22.2%	4,063
Extraordinary profit:							
Gain on reversal of allowance for doubtful accounts	-			809			
Gain on return of the substitutional portion of employees' pension funds	19,936			-			
Gain on transition to defined contribution plan	1,923			-			
Gain on sales of fixed assets	3,591			230			
Gain on sales of investment securities	7			40			
Other	4	25,462	8.8%	4	1,083	0.4%	(24,378)
Extraordinary losses:							
Provision for allowance for doubtful accounts	9,673			-			
Loss on impairment of fixed assets	7,250			3,664			
Loss on disposal of software	1,905			1,123			
Loss on revaluation of investment securities	197			169			
Loss on revaluation of subsidiaries' securities	6,021			314			
Loss on revaluation of investment in subsidiaries	3,329			-			
Other	1,482	29,860	10.3%	643	5,915	2.0%	(23,945)
Income before income taxes		57,758	20.0%		61,388	20.6%	3,629
Income taxes - current	21,205			19,920			
Income taxes - deferred	2,270	23,475	8.1%	3,763	23,684	7.9%	208
Net income		34,282	11.9%		37,704	12.7%	3,421
Unappropriated retained earnings at beginning of the period		245,210			269,062		23,852
Amortization of investment in subsidiary as the result of corporate merger		154			-		(154)
Unappropriated retained earnings		279,338			306,766		27,427

Profit Appropriation

(in millions of yen)

	Year ended March 31, 2004		Year ended March 31, 2005	
Unappropriated retained earnings		279,338		306,766
Reversal of voluntary reserve:				
Reversal of reserve for tax deferral on asset replacement	1	1	1	1
Subtotal		279,340		306,768
Profit appropriation:				
Cash dividends	10,127		11,251	
Directors' bonuses	149	10,277	102	11,353
Appropriated retained earnings		269,062		295,414