

**NONCONSOLIDATED FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2006**

May 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
 For inquiries: Katsuhisa Kuwahara, Executive Director Phone (03) 5775-8100
 Date approved by Board of Directors: May 9, 2006
 Date of General Shareholders' Meeting: June 27, 2006
 Date of dividend payment: June 28, 2006
 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, 2006 (April 1, 2005 – March 31, 2006)

(1) Operating results

(In millions of yen, figures rounded down)

	Years ended March 31	
	2006	2005
Revenue	313,096 5.1%	297,782 3.2%
Operating profit	72,172 9.3%	66,031 2.8%
Ordinary profit	70,964 7.2%	66,219 6.5%
Net income	43,879 16.4%	37,704 10.0%
Basic net income per share (in yen)	194.58	167.09
Diluted net income per share (in yen)	–	167.09
Net income / Shareholders' equity	9.9%	9.1%
Ordinary profit / Total assets	11.4%	11.2%
Ordinary profit / Revenue	22.7%	22.2%

Note 1. Weighted average number of common shares outstanding:

Year ended March 31, 2006: 225,002,496 shares

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

Note 2. Change in accounting policy: Yes

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 (In millions of yen, figures rounded down)

	Years ended March 31	
	2006	2005
Interim dividends per share (in yen)	–	–
Term-end dividends per share (in yen)	60.00	50.00
Annual dividends per share (in yen)	60.00	50.00
Total annual dividend payout	13,499	11,251
Dividend payout ratio	30.8%	29.9%
Total dividends / Shareholders' equity	2.9%	2.6%

(3) Financial conditions (In millions of yen, figures rounded down)

	March 31, 2006	March 31, 2005
Total assets	643,990	598,711
Shareholders' equity	461,646	426,288
Shareholders' equity/ Total assets	71.7%	71.2%
Shareholders' equity per share (in yen)	2,051.44	1,893.97

Note 1. Number of common shares outstanding:

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

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

Note 2. Number of common shares in treasury:

As of March 31, 2006: 8,301,997 shares

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

2. Forecasts for the nonconsolidated financial results for the fiscal year ending March 31, 2007 (April 1, 2006 – March 31, 2007) and the six-month period ending September 30, 2006 (April 1, 2006 – September 30, 2006)

(In millions of yen)

	Six-month period ending September 30, 2006	Year ending March 31, 2007
Expected revenue	161,900 5.5%	330,500 5.6%
Expected operating profit	36,900 1.7%	74,500 3.2%
Expected ordinary profit	39,500 4.4%	76,300 7.5%
Expected net income	24,500 2.7%	46,100 5.1%

Expected basic net income per share (for the full year): JPY 204.90

Note 1. Forecast statements above include estimates based on current plans, assumptions and prospects and may differ from actual performance because of risks and uncertainties.

Note 2. Dividends for the year ending March 31, 2007, will be determined based on our “Basic Profit Distribution Policy.”

Note 3. 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.

Nonconsolidated Balance Sheets

(in millions of yen)

	March 31, 2006		March 31, 2005		Change Amount
	Amount	% of Total Assets	Amount	% of Total Assets	
ASSETS:					
Current assets:					
Cash on hand and in banks	167,097		135,400		31,697
Notes receivable	476		552		(75)
Due from subscribers	9,475		9,008		466
Accounts receivable, trade	6,447		6,228		219
Receivables - other	3,876		5,822		(1,946)
Short-term investments	451		451		0
Merchandise	5,928		6,740		(811)
Supplies	950		1,056		(105)
Prepaid expenses	1,798		1,728		70
Deferred income taxes	4,531		4,629		(98)
Short-term loans receivable	298		17,493		(17,195)
Short-term loans receivable to subsidiaries and affiliates	12,587		24,404		(11,816)
Other current assets	2,314		2,614		(300)
Allowance for doubtful accounts	(604)		(2,299)		1,695
Total current assets	215,630	33.5%	213,831	35.7%	1,798
Fixed assets:					
Tangible assets:					
Buildings and improvements	45,984		46,353		
Accumulated depreciation of buildings and improvements	23,173	22,811	22,410	23,943	(1,132)
Automobiles	499		487		
Accumulated depreciation of automobiles	332	166	355	132	34
Security equipment and control stations	198,892		189,437		
Accumulated depreciation of security equipment and control stations	139,450	59,442	129,600	59,836	(394)
Machinery and equipment	8,359		8,048		
Accumulated depreciation of machinery and equipment	6,892	1,467	6,625	1,423	43
Tools, furniture and fixtures	17,197		16,258		
Accumulated depreciation of tools, furniture and fixtures	12,817	4,379	11,743	4,514	(134)
Land		32,200		35,179	(2,979)
Construction in progress		1,919		1,692	227
Other tangible assets	162		161		
Accumulated depreciation of other tangible assets	130	32	114	47	(14)
Total tangible assets	122,419	19.0%	126,769	21.2%	(4,349)
Intangible assets:					
Telephone rights	0		1,946		(1,946)
Telephone and telegraph utility rights	112		147		(35)
Software	6,420		6,401		18
Other intangible assets	83		84		0
Total intangible assets	6,615	1.0%	8,579	1.4%	(1,964)
Investments and others:					
Investment securities	46,166		27,654		18,511
Investment securities in subsidiaries and affiliates	149,535		159,772		(10,237)
Investment in subsidiaries	974		667		306
Long-term loans receivable	18,630		3,122		15,507
Long-term loans receivable to employees	24		22		2
Long-term loans receivable to subsidiaries and affiliates	40,085		14,160		25,924
Lease deposits	9,006		8,816		190
Long-term prepaid expenses	22,175		20,335		1,840
Prepaid pension and severance costs	8,670		1,257		7,412
Deferred income taxes	6,206		10,450		(4,244)
Fund for insurance	4,893		5,153		(260)
Other investments	955		2,877		(1,922)
Allowance for doubtful accounts	(7,998)		(4,760)		(3,237)
Total investments and others	299,324	46.5%	249,530	41.7%	49,793
Total fixed assets	428,359	66.5%	384,880	64.3%	43,479
Total Assets	643,990	100.0%	598,711	100.0%	45,278

Nonconsolidated Balance Sheets (Contd.)

(in millions of yen)

	March 31, 2006		March 31, 2005		Change
	Amount	% of Total Assets	Amount	% of Total Assets	Amount
LIABILITIES:					
Current liabilities:					
Accounts payable	3,168		2,113		1,055
Bank loans	26,059		29,173		(3,104)
Current portion of long-term loans	-		2,300		(2,300)
Current portion of convertible bonds	30,000		-		30,000
Payables – others	12,987		10,201		2,785
Payables – construction	3,634		3,113		520
Accrued income taxes	15,312		10,279		5,032
Accrued consumption taxes	1,509		1,306		202
Accrued expenses	651		599		51
Deposits received	34,442		31,146		3,295
Deferred revenue - service charges	22,371		21,727		643
Accrued bonus	5,232		4,967		264
Other current liabilities	1,938		1,764		174
Total current liabilities	157,317	24.4%	118,694	19.8%	38,622
Fixed liabilities:					
Straight bonds	-		30,000		(30,000)
Guarantee deposits received	18,244		18,014		229
Accrued pension and severance costs	5,581		5,713		(132)
Accrued retirement benefits for directors and corporate auditors	1,201		-		1,201
Total fixed liabilities	25,027	3.9%	53,728	9.0%	(28,701)
Total liabilities	182,344	28.3%	172,423	28.8%	9,921
SHAREHOLDERS' EQUITY:					
Common stock	66,377	10.3%	66,377	11.1%	-
Capital surplus:					
Additional paid-in capital	83,054		82,553		500
Total capital surplus	83,054	12.9%	82,553	13.8%	500
Retained earnings:					
Legal reserve	9,028		9,028		
Voluntary reserve:					
Reserve for systems development	800		800		
Reserve for tax deferral on asset replacement	24		25		
General reserve	2,212		2,212		
Unappropriated retained earnings	339,293		306,766		32,525
Total retained earnings	351,358	54.6%	318,832	53.2%	32,525
Unrealized gains (losses) on securities	5,604	0.9%	3,082	0.5%	2,522
Common stock in treasury, at cost	(44,749)	(7.0%)	(44,558)	(7.4%)	(191)
Total shareholders' equity	461,646	71.7%	426,288	71.2%	35,357
Total liabilities and shareholders' equity	643,990	100.0%	598,711	100.0%	45,278

Nonconsolidated Statements of Income

(in millions of yen)

	Year ended March 31, 2006		Year ended March 31, 2005		Change
	Amount	% of Revenue	Amount	% of Revenue	Amount
Revenue:					
Service charges	272,876		261,918		
Sales of merchandise	40,220	313,096	35,863	297,782	15,314
Costs:					
Cost of service	142,473		138,298		
Cost of sales	29,329	171,803	26,219	164,518	7,284
Gross Profit		141,293		133,263	8,029
Selling, general and administrative expenses:					
Advertisement	4,322		2,932		
Salaries	26,328		25,147		
Bonuses	3,842		3,571		
Accrued bonus	1,885		1,737		
Pension and severance costs	(1,209)		1,155		
Retirement benefits for directors and corporate auditors	64		-		
Welfare expenses	3,958		3,663		
Depreciation expenses	3,283		3,276		
Rent expenses	5,878		5,805		
Travel expenses	1,288		1,187		
Communication expenses	1,513		1,600		
Office supply expenses	1,256		893		
Taxes and public imposts	1,434		1,355		
Provision for allowance for doubtful accounts	13		24		
Commission expenses	5,686		5,148		
Research and development expenses	3,406		3,792		
Other expenses	6,167	69,121	5,941	67,232	1,888
Operating profit		72,172		66,031	6,141
Non-operating income:					
Interest income	1,021		1,008		
Dividends income	4,562		3,897		
Other income	715	6,299	1,335	6,241	57
Non-operating expenses:					
Interest expenses	340		388		
Interest expenses - bonds	159		159		
Provision for allowance for doubtful accounts	1,569		246		
Loss on disposal of inventories	957		836		
Loss on disposal of fixed assets	2,418		2,501		
Loss from write-off of prepaid installation cost	666		632		
Other expenses	1,395	7,506	1,289	6,052	1,453
Ordinary profit		70,964		66,219	4,745
Extraordinary profit:					
Gain on sales of subsidiaries' and affiliates' securities	5,121		-		
Gain on transfer to defined contribution pension plan	670		-		
Gain on sales of fixed assets	326		230		
Gain on sales of investment securities	0		40		
Gain on reversal of allowance for doubtful accounts	-		809		
Other	29	6,147	4	1,083	5,063
Extraordinary loss:					
Loss on revaluation of telephone rights	1,995		-		
Retirement benefits for directors and corporate auditors	1,137		-		
Loss on revaluation of subsidiaries' securities	844		314		
Impairment loss on fixed assets	810		3,664		
Loss on sales of fixed assets	506		-		
Loss on disposal of software	119		1,123		
Loss on other-than-temporary impairment of investment securities	40		169		
Other	161	5,615	643	5,915	(299)
Income before income taxes		71,496		61,388	10,108
Income taxes - current	24,766		19,920		
Income taxes - deferred	2,850	27,617	3,763	23,684	3,932
Net income		43,879		37,704	6,175
Appropriated retained earnings at beginning of the period		295,414		269,062	26,351
Unappropriated retained earnings		339,293		306,766	32,527

Profit Appropriation

(in millions of yen)

	Year ended March 31, 2006		Year ended March 31, 2005	
	Amount	% of Revenue	Amount	% of Revenue
Unappropriated retained earnings		339,293		306,766
Reversal of voluntary reserve:				
Reversal of reserve for tax deferral on asset replacement	24	24	1	1
Subtotal		339,318		306,768
Profit appropriation:				
Cash dividends	13,499		11,251	
Directors' bonuses	98	13,597	102	11,353
Appropriated retained earnings		325,720		295,414