AUDITED FINANCIAL STATEMENTS

CONTENTS

CONSOLIDATED BALANCE SHEETS

SECOM CO., LTD. and Subsidiaries
March 31, 2009 and 2008

	In millions of yen		Translation into thousands of U.S. dollars (Note 3)
	March 31		March 31
ASSETS	2009	2008	2009
Current assets:			
Cash and cash equivalents (Notes 5 and 22)	¥ 159,393	¥ 214,577	$ 1,626,459
Time deposits (Note 12)	8,775	8,820	89,541
Cash deposits (Note 6)	56,668	63,697	578,245
Short-term investments (Notes 7 and 22)	13,830	6,540	141,122
Notes and accounts receivable, trade	80,457	88,411	820,990
Due from subscribers	29,384	29,947	299,837
Inventories (Note 8)	96,071	118,442	980,316
Short-term receivables (Notes 12 and 20)	15,009	17,871	153,153
Allowance for doubtful accounts	(2,782)	(1,827)	(28,388)
Deferred insurance acquisition costs (Note 13)	6,559	6,624	66,929
Deferred income taxes (Note 16)	16,245	17,395	165,765
Other current assets	12,932	10,041	131,960
Total current assets	492,541	580,538	5,025,929
Investments and long-term receivables:			
Investment securities (Notes 2 (7), 7, 12 and 22)	161,668	196,688	1,649,673
Investments in affiliated companies (Note 9)	40,072	46,814	408,898
Long-term receivables (Notes 12 and 20)	74,962	70,265	764,918
Lease deposits	13,213	13,370	134,827
Other investments	9,943	11,290	101,459
Allowance for doubtful accounts	(8,940)	(8,826)	(91,224)
	290,918	329,601	2,968,551
Property, plant and equipment (Notes 10, 12, 19 and 20):			
Land	86,699	78,818	884,684
Buildings and improvements	147,881	143,661	1,508,990
Security equipment and control stations	251,013	244,933	2,561,357
Machinery, equipment and automobiles	66,828	71,945	681,918
Construction in progress	6,817	5,977	69,561
	559,238	545,334	5,706,510
Accumulated depreciation	(299,956)	(293,823)	(3,060,776)
	259,282	251,511	2,645,734
Other assets:			
Deferred charges (Note 2 (12))	46,196	46,151	471,388
Goodwill (Note 11)	15,440	16,141	157,551
Other intangible assets (Notes 11 and 12)	18,921	21,127	193,071
Prepaid pension and severance costs (Note 14)	823	9,135	8,398
Deferred income taxes (Note 16)	19,020	11,321	194,082
	100,400	103,875	1,024,490
Total assets	¥1,143,141	¥1,265,525	$11,664,704

See accompanying notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	In millions of yen March 31 2009	 2008	Translation into thousands of U.S. dollars (Note 3) March 31 2009
Current liabilities:			
Bank loans (Notes 6 and 12)	¥ 78,180	¥ 133,056	$ 797,755
Current portion of long-term debt (Notes 12, 19 and 21)	15,967	9,061	162,929
Notes and accounts payable, trade	28,942	30,956	295,327
Other payables	23,111	29,058	235,826
Deposits received (Note 6)	33,475	36,667	341,582
Deferred revenue	42,646	43,496	435,163
Accrued income taxes	19,126	24,693	195,163
Accrued payrolls	23,526	22,572	240,061
Reserve for litigation loss (Note 24)	2,415	—	24,643
Other current liabilities (Notes 16, 21 and 22)	16,049	17,668	163,765
Total current liabilities	283,437	347,227	2,892,214
Long-term debt (Notes 12, 19 and 21)	36,404	44,183	371,469
Guarantee deposits received	32,258	30,581	329,163
Accrued pension and severance costs (Note 14)	17,814	18,419	181,776
Deferred revenue	21,308	22,283	217,429
Unearned premiums and other insurance liabilities (Note 13)	68,869	63,205	702,745
Investment deposits by policyholders (Notes 13 and 21)	86,064	87,252	878,204
Deferred income taxes (Note 16)	1,224	10,075	12,490
Other liabilities	5,973	5,235	60,948
Total liabilities	553,351	628,460	5,646,438
Minority interests in subsidiaries	61,069	62,511	623,153
Commitments and contingent liabilities (Note 24)			
Shareholders' equity (Note 17):			
Common stock:			
Authorized 900,000,000 shares;			
issued 233,288,717 shares in 2009 and 2008	66,378	66,378	677,327
Additional paid-in capital	79,995	79,998	816,276
Legal reserve	10,036	10,020	102,408
Retained earnings	482,488	471,066	4,923,347
Accumulated other comprehensive income (loss):			
Unrealized holding losses on securities (Note 7)	(3,597)	(3,137)	(36,704)
Unrealized losses on derivative instruments (Note 23)	(187)	(94)	(1,908)
Pension liability adjustments (Note 14)	(11,878)	(4,726)	(121,204)
Foreign currency translation adjustments	(19,618)	(74)	(200,184)
	(35,280)	(8,031)	(360,000)
Common stock in treasury, at cost:			
15,251,520 shares in 2009 and 8,323,599 shares in 2008	(74,896)	(44,877)	(764,245)
Total shareholders' equity	528,721	574,554	5,395,113
Total liabilities and shareholders' equity	¥1,143,141	¥1,265,525	$11,664,704

CONSOLIDATED STATEMENTS OF INCOME

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2009

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Net sales and operating revenue	¥688,771	¥706,695	¥636,678	$7,028,276
Costs and expenses:				
Cost of sales (Note 8)	464,154	454,165	410,275	4,736,265
Selling, general and administrative expense (Notes 2 (19) and 18)	144,270	144,782	127,062	1,472,143
Impairment loss on long-lived assets (Note 10)	76	16	1,176	776
Impairment loss on goodwill (Note 11)	1,578	1,128	2,966	16,102
Loss on sales and disposal of property, plant and equipment, net	1,994	976	781	20,347
	612,072	601,067	542,260	6,245,633
Operating income	76,699	105,628	94,418	782,643
Other income:				
Interest and dividends	2,195	2,969	2,993	22,398
Gain on sales of securities, net (Notes 7 and 9)	—	2,020	1,772	—
Gain on private equity investments	1,403	4,070	—	14,316
Other (Note 15)	2,205	3,952	3,672	22,500
	5,803	13,011	8,437	59,214
Other expenses:				
Interest	2,019	2,094	1,815	20,602
Loss on sales of securities, net (Note 7)	231	—	—	2,357
Loss on other-than-temporary impairment of investment securities	8,831	1,912	1,026	90,112
Provision for loss on litigation (Note 24)	2,415	—	—	24,643
Other (Note 15)	5,676	4,370	4,678	57,919
	19,172	8,376	7,519	195,633
Income before income taxes	63,330	110,263	95,336	646,224
Income taxes (Note 16)**:**				
Current	41,991	42,769	40,136	428,480
Deferred	(5,416)	4,337	430	(55,265)
	36,575	47,106	40,566	373,215
Income before minority interests in subsidiaries and equity in net income of affiliated companies	26,755	63,157	54,770	273,009
Minority interests in subsidiaries	(4,928)	(6,639)	(4,649)	(50,285)
Equity in net income of affiliated companies	8,733	5,238	5,768	89,112
Net income	¥ 30,560	¥ 61,756	¥ 55,889	$ 311,836

	In yen			Translation into U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Basic net income per share (Note 2 (21))	¥137.42	¥274.51	¥248.42	$1.40
Cash dividends per share	¥ 85.00	¥ 80.00	¥ 60.00	$0.87

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2009

In millions of yen

	Number of shares issued	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Common stock in treasury, at cost	Total
Balance, March 31, 2006	233,288,717	¥66,378	¥79,996	¥ 9,825	¥386,558	¥10,689	(¥44,750)	¥508,696
Comprehensive income:								
Net income	—	—	—	—	55,889	—	—	55,889
Other comprehensive income (loss), net of tax (Note 17):								
Unrealized holding gains on securities—								
Unrealized holding gains or losses arising during the period	—	—	—	—	—	(1,562)	—	(1,562)
Less: Reclassification adjustment for gains or losses included in net income	—	—	—	—	—	(1,464)	—	(1,464)
Unrealized losses on derivative instruments—								
Unrealized gains or losses arising during the period	—	—	—	—	—	(113)	—	(113)
Less: Reclassification adjustment for gains or losses included in net income	—	—	—	—	—	30	—	30
Minimum pension liability adjustments	—	—	—	—	—	(21)	—	(21)
Foreign currency translation adjustments	—	—	—	—	—	2,193	—	2,193
Total comprehensive income								54,952
Adjustments for initially applying SFAS No. 158, net of tax	—	—	—	—	—	1,681	—	1,681
Cash dividends	—	—	—	—	(13,499)	—	—	(13,499)
Transfer to legal reserve	—	—	—	98	(98)	—	—	—
Gain on disposal of treasury stock	—	—	2	—	—	—	—	2
Net changes in treasury stock	—	—	—	—	—	—	(100)	(100)
Balance, March 31, 2007	233,288,717	66,378	79,998	9,923	428,850	11,433	(44,850)	551,732
Cumulative effect of a change in accounting principle-adoption of EITF 06-2, net of tax (Note 2 (16))	—	—	—	—	(1,227)	—	—	(1,227)
Comprehensive income:								
Net income	—	—	—	—	61,756	—	—	61,756
Other comprehensive income (loss), net of tax (Note 17):								
Unrealized holding losses on securities—								
Unrealized holding gains or losses arising during the period	—	—	—	—	—	(11,034)	—	(11,034)
Less: Reclassification adjustment for gains or losses included in net income	—	—	—	—	—	(204)	—	(204)
Unrealized losses on derivative instruments—								
Unrealized gains or losses arising during the period	—	—	—	—	—	(54)	—	(54)
Less: Reclassification adjustment for gains or losses included in net income	—	—	—	—	—	13	—	13
Pension liability adjustments—								
Unrealized gains or losses arising during the period	—	—	—	—	—	(5,564)	—	(5,564)
Less: Reclassification adjustment for gains or losses realized in net income	—	—	—	—	—	(434)	—	(434)
Foreign currency translation adjustments	—	—	—	—	—	(2,187)	—	(2,187)
Total comprehensive income								42,292
Cash dividends	—	—	—	—	(17,998)	—	—	(17,998)
Changes in scope of consolidation	—	—	—	—	(218)	—	—	(218)
Transfer to legal reserve	—	—	—	97	(97)	—	—	—
Gains and losses on disposal of treasury stock	—	—	0	—	—	—	—	0
Net changes in treasury stock	—	—	—	—	—	—	(27)	(27)
Balance, March 31, 2008	233,288,717	66,378	79,998	10,020	471,066	(8,031)	(44,877)	574,554
Comprehensive income:								
Net income	—	—	—	—	**30,560**	—	—	**30,560**
Other comprehensive income (loss), net of tax (Note 17):								
Unrealized holding losses on securities—								
Unrealized holding gains or losses arising during the period	—	—	—	—	—	**(10,522)**	—	**(10,522)**
Less: Reclassification adjustment for gains or losses included in net income	—	—	—	—	—	**10,062**	—	**10,062**
Unrealized losses on derivative instruments—								
Unrealized gains or losses arising during the period	—	—	—	—	—	**(157)**	—	**(157)**
Less: Reclassification adjustment for gains or losses included in net income	—	—	—	—	—	**64**	—	**64**
Pension liability adjustments—								
Unrealized gains or losses arising during the period	—	—	—	—	—	**(7,043)**	—	**(7,043)**
Less: Reclassification adjustment for gains or losses realized in net income	—	—	—	—	—	**(109)**	—	**(109)**
Foreign currency translation adjustments	—	—	—	—	—	**(19,544)**	—	**(19,544)**
Total comprehensive income								**3,311**
Cash dividends	—	—	—	—	**(19,122)**	—	—	**(19,122)**
Transfer to legal reserve	—	—	—	**16**	**(16)**	—	—	—
Gains and losses on disposal of treasury stock	—	—	**(3)**	—	—	—	—	**(3)**
Net changes in treasury stock	—	—	—	—	—	—	**(30,019)**	**(30,019)**
Balance, March 31, 2009	**233,288,717**	**¥66,378**	**¥79,995**	**¥10,036**	**¥482,488**	**(¥35,280)**	**(¥74,896)**	**¥528,721**

Translation into thousands of U.S. dollars (Note 3)

	Common stock	Additional paid-in capital	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Common stock in treasury, at cost	Total
Balance, March 31, 2008	$677,327	$816,306	$102,245	$4,806,796	($ 81,949)	($457,929)	$5,862,796
Comprehensive income:							
Net income	—	—	—	**311,836**	—	—	**311,836**
Other comprehensive income (loss), net of tax (Note 17):							
Unrealized holding losses on securities—							
Unrealized holding gains or losses arising during the period	—	—	—	—	**(107,367)**	—	**(107,367)**
Less: Reclassification adjustment for gains or losses included in net income	—	—	—	—	**102,673**	—	**102,673**
Unrealized losses on derivative instruments—							
Unrealized gains or losses arising during the period	—	—	—	—	**(1,602)**	—	**(1,602)**
Less: Reclassification adjustment for gains or losses included in net income	—	—	—	—	**653**	—	**653**
Pension liability adjustments—							
Unrealized gains or losses arising during the period	—	—	—	—	**(71,867)**	—	**(71,867)**
Less: Reclassification adjustment for gains or losses realized in net income	—	—	—	—	**(1,112)**	—	**(1,112)**
Foreign currency translation adjustments	—	—	—	—	**(199,429)**	—	**(199,429)**
Total comprehensive income							**33,785**
Cash dividends	—	—	—	**(195,122)**	—	—	**(195,122)**
Transfer to legal reserve	—	—	**163**	**(163)**	—	—	—
Gains and losses on disposal of treasury stock	—	**(30)**	—	—	—	—	**(30)**
Net changes in treasury stock	—	—	—	—	—	**(306,316)**	**(306,316)**
Balance, March 31, 2009	**$677,327**	**$816,276**	**$102,408**	**$4,923,347**	**($360,000)**	**($764,245)**	**$5,395,113**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2009

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Cash flows from operating activities:				
Net income	¥ 30,560	¥ 61,756	¥ 55,889	$ 311,836
Adjustments to reconcile net income to net cash provided by operating activities—				
Depreciation and amortization, including amortization of deferred charges	54,625	58,194	58,248	557,398
Accrual for pension and severance costs, less payments	(5,313)	(4,083)	(2,972)	(54,214)
Deferred income taxes	(5,416)	4,337	430	(55,265)
Loss on sales and disposal of property, plant and equipment, net	1,994	976	781	20,347
Impairment loss on long-lived assets (Note 10)	76	16	1,176	776
Write-down on real estate inventories (Note 8)	8,366	—	—	85,367
Gain on private equity investments	(1,403)	(4,070)	—	(14,316)
Provision for loss on litigation (Note 24)	2,415	—	—	24,643
Impairment loss on goodwill (Note 11)	1,578	1,128	2,966	16,102
Gain on sales of securities, net	(299)	(4,593)	(5,715)	(3,051)
Loss on liquidation of subsidiaries	32	485	—	327
Loss on other-than-temporary impairment of investment securities	19,514	2,562	1,357	199,122
Equity in net income of affiliated companies	(8,733)	(5,238)	(5,768)	(89,112)
Minority interests in subsidiaries	4,928	6,639	4,649	50,285
Changes in assets and liabilities, net of effects from acquisitions and disposals:				
(Increase) decrease in cash deposits	7,030	11,632	(10,142)	71,735
(Increase) decrease in receivables and due from subscribers, net of allowances	8,525	(4,766)	(13,798)	86,990
(Increase) decrease in inventories	10,099	(19,267)	(17,264)	103,051
Increase in deferred charges	(15,972)	(16,336)	(18,267)	(162,980)
Increase (decrease) in deposits received	(3,136)	(14,023)	9,022	(32,000)
Increase (decrease) in deferred revenue	(1,037)	1,468	2,137	(10,582)
Increase (decrease) in accrued income taxes	(5,530)	(332)	1,697	(56,429)
Increase in guarantee deposits received	1,811	329	2,318	18,480
Increase in unearned premiums and other insurance liabilities	5,664	4,939	4,936	57,796
Other, net	(2,968)	10,820	(3,794)	(30,286)
Net cash provided by operating activities	107,410	92,573	67,886	1,096,020
Cash flows from investing activities:				
Increase in time deposits	(12)	(1,612)	(2,425)	(122)
Proceeds from sales of property, plant and equipment	206	4,277	3,919	2,102
Payments for purchases of property, plant and equipment	(44,790)	(45,332)	(46,378)	(457,041)
Proceeds from sales and redemptions of investment securities	60,118	87,439	132,923	613,449
Payments for purchases of investment securities	(57,133)	(99,262)	(103,242)	(582,990)
(Increase) decrease in short-term investments	(3,317)	6,397	32,548	(33,847)
Acquisitions, net of cash acquired (Note 4)	(1,498)	(317)	4,648	(15,286)
Payments for investments in affiliated companies (Note 9)	—	(1,741)	(5,158)	—
(Increase) decrease in short-term receivables, net	87	(1,207)	(474)	888
Payments for long-term receivables	(6,796)	(3,773)	(6,898)	(69,347)
Proceeds from long-term receivables	7,160	6,581	15,740	73,061
Other, net	(3,944)	(3,557)	(3,167)	(40,245)
Net cash provided by (used in) investing activities	(49,919)	(52,107)	22,036	(509,378)
Cash flows from financing activities:				
Proceeds from long-term debt	11,396	12,955	12,154	116,286
Repayments of long-term debt	(13,411)	(12,792)	(52,269)	(136,847)
Increase (decrease) in bank loans, net	(55,161)	6,075	20,687	(562,867)
Decrease in investment deposits by policyholders	(1,188)	(6,109)	(94,424)	(12,122)
Dividends paid	(19,122)	(17,998)	(13,499)	(195,122)
Increase in treasury stock, net	(30,019)	(27)	(100)	(306,316)
Other, net	(2,412)	(1,430)	(920)	(24,614)
Net cash used in financing activities	(109,917)	(19,326)	(128,371)	(1,121,602)
Effect of exchange rate changes on cash and cash equivalents	(2,758)	222	620	(28,142)
Net increase (decrease) in cash and cash equivalents	(55,184)	21,362	(37,829)	(563,102)
Cash and cash equivalents at beginning of year	214,577	193,215	231,044	2,189,561
Cash and cash equivalents at end of year	¥159,393	¥214,577	¥193,215	$1,626,459

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2009

1. Nature of Operations

The parent company and its subsidiaries (collectively "the Company") are engaged in the areas of security services, fire protection services, medical services, insurance services, geographic information services, real estate development and sales, and information and communication related and other services. With these services combined, the Company is focusing on its "Social System Industry," a network of integrated systems and services, targeted at the needs of people and business.

The Company's principal business activities are security services, including on-line centralized security services for commercial and residential premises, static guard services, armored car services for cash collection and deposit, and the development, manufacturing and sale of various security equipment. The Company has also been diversifying the operation of its services covering: fire protection services, including automatic fire alarm systems and fire extinguishing systems; home and other medical services; non-life insurance services; geographic information services using geographic information system ("GIS") and surveying and measuring technology; real estate development and sales, focusing on development and sale of condominiums that reinforce security; and information and communication related services, centered on information security services and the provision of comprehensive information networks designed to assist people and companies in the event of a major disaster; lease of real estate and other services.

2. Significant Accounting Policies

The parent company and its Japanese subsidiaries maintain their records and prepare their statutory financial statements in accordance with accounting principles generally accepted in Japan. Certain adjustments and reclassifications have been incorporated in the accompanying financial statements to conform with accounting principles generally accepted in the United States of America. These adjustments were not recorded in the statutory books of account.

Significant accounting policies used in the preparation of the accompanying consolidated financial statements are summarized below:

(1) Basis of Consolidation and Investments in Affiliated Companies

The consolidated financial statements include the accounts of the parent company and those of its majority owned subsidiaries. The consolidated financial statements also include variable interest entities to which the Company is the primary beneficiary. All significant intercompany transactions and accounts have been eliminated in consolidation.

Investments in 20 to 50 percent owned companies, in which the ability to exercise significant influence exists, are accounted for under the equity method. Consolidated income includes the Company's current equity in the net income of affiliated companies, after elimination of intercompany profits.

The excess of cost over underlying identifiable net assets at acquisition dates of investments in subsidiaries and affiliated companies is recorded as goodwill.

On occasion, a consolidated subsidiary or affiliated company accounted for using the equity method may issue its shares to third parties as either a public or private offering or upon conversion of convertible bonds to common stock at amounts per share in excess of or less than the Company's average per share carrying value. With respect to such transactions, where the sale of such shares is not a part of a broader corporate reorganization contemplated or planned by the Company, the resulting gains or losses arising from the change in ownership interest are recorded in income for the year the transaction occurs.

(2) Consolidation of Variable Interest Entities

In December 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 46 (revised December 2003) ("FIN No. 46R"), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN No. 46R addresses the consolidation and disclosure by business enterprise of a variable interest entity ("VIE") as defined in the Interpretation. FIN No. 46R requires that the primary beneficiary—a party that absorbs a majority of the entity's expected loss and receives a majority of the entity's expected residual returns, or both, as a result of holding variable interests—consolidates the VIE and an enterprise that holds significant variable interests but is not the primary beneficiary discloses certain required information about the VIE. FIN No. 46R was effective immediately for all new VIEs created or acquired after January 31, 2003. For VIEs created or acquired prior to February 1, 2003, FIN No. 46R was effective for the Company on April 1, 2004.

The Company provides loans and guarantees to organizations managing hospitals and health care-related institutions and to a PFI (Private Finance Initiative) organization which was established to build, maintain and operate correctional facilities. Certain organizations are considered as VIEs under FIN No. 46R.

Total assets held by VIEs to which the Company is the primary beneficiary were ¥16,594 million ($169,327 thousand) and ¥17,284 million at March 31, 2009 and 2008, respectively. Total assets held by VIEs to which the Company holds significant variable interests but is not the primary beneficiary at March 31, 2009 and 2008 were ¥46,654 million ($476,061 thousand) and ¥45,889 million, respectively. The Company's maximum exposure to losses related to VIEs at March 31, 2009 and 2008 were ¥9,794 million ($99,939 thousand) and ¥9,164 million, respectively.

The Company also provided loans and guarantees to real estate investment companies. Certain investment companies were considered as VIEs under FIN No. 46R. In September 2006, the Company acquired 100% ownership of these VIEs and consolidated as its subsidiaries. There are no such VIEs to which the Company holds significant variable interests but was not primary beneficiary at March 31, 2009.

(3) Revenue Recognition

The Company generates revenue principally through sales of security services, merchandise and software, and insurance services under separate contractual arrangements. The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, title and risk of loss have been transferred to the customer, the sales price is fixed or determinable, and collectibility is probable.

Revenue from security services is recognized over the contractual period or, in the case of specific services, when such services are rendered. Subscribers are generally requested to prepay a portion of service charges which are credited to deferred revenue and taken into income ratably over the covered service period. Revenue from installation services of security equipment related to on-line centralized security services is deferred and recognized over the contractual period of security services after completion of the installation. The related installation costs are also deferred and amortized over the contractual period (Note 2 (12)).

The Company enters into arrangements with multiple elements, which may include any combination of security equipment, installation and security service. The Company allocates revenue to each element based on its relative fair value if such element meets criteria for treatment as a separate unit of accounting as prescribed in the Emerging Issues Task Force ("EITF") No. 00-21, "Accounting for Revenue Arrangement with Multiple Deliverables." Otherwise, revenue is deferred until the undelivered elements are fulfilled as a single unit of accounting.

Revenue from sales of merchandise and software is recognized when the merchandise and software are received by the customer and, in the case of installations, when such installations are completed.

Revenue from construction contracts for fire protection services is recognized when constructions are completed.

Revenue from long-term contracts for geographic information services is recognized under the percentage-of-completion method.

Property and casualty insurance premiums are earned ratably over the terms of the related insurance contracts. Unearned premiums are earned ratably over the terms of the unexpired portion of premiums written.

Revenue from sales of real estate is recognized when the ownership of real estates are transferred to the customers.

Revenue from sales of equipment under sales-type leases is recognized at the inception of the lease. Unearned income on sales-type leases and direct-financing leases is recognized over the life of each respective lease using the interest method. Leases not qualifying as sales-type leases or direct-financing leases are accounted for as operating leases and the related revenue is recognized over the lease term.

Taxes collected from customers and remitted to governmental authorities on revenue-producing transactions are accounted for on a net basis and therefore are excluded from net sales and operating revenue in consolidated statements of income.

(4) Foreign Currency Translation

All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the rates of exchange in effect at year-end and all income and expense accounts are translated at average rates of exchange during the year. The resulting translation adjustments are accumulated and reported as part of other comprehensive income (loss).

Foreign currency receivables and payables of the Company are translated into yen at the rate in effect at the balance sheet date and the resulting translation gains and losses are credited or charged to income for the year.

(5) Cash Equivalents

For the purpose of the statements of cash flows, the Company considers all highly liquid investments purchased with initial maturities of three months or less to be cash equivalents.

(6) Investments in Debt and Equity Securities

The Company classifies investments in debt and equity securities as "available-for-sale" or "held-to-maturity." The Company has no securities classified as "trading." "Held-to-maturity" securities are those securities in which the Company has the ability and intent to hold the security until maturity. All securities not included in "trading" or "held-to-maturity" are classified as "available-for-sale" securities. Marketable debt and equity securities which are classified as "available-for-sale" are recorded at fair value. Unrealized holding gains and losses on securities classified as "available-for-sale" are reported as part of other comprehensive income (loss), net of tax. Debt securities classified as "held-to-maturity" are reported at amortized cost.

A decline in the fair value of any available-for-sale securities below cost that is deemed to be other-than-temporary results in a reduction in carrying amount to fair value. The impairment is charged to income and a new cost basis for the securities is established. To determine whether an impairment is other-than-temporary, the Company considers the length of time and extent to which the market value of the security has been less than its original cost, the financial condition, other specific factors affecting the market value, deterioration of the credit condition of the issuers, and whether or not the Company is able to retain the investment for a period of time sufficient to allow for the anticipated recovery in market value.

Other investments in non-public companies are recorded at cost as fair value is not readily determinable. The Company periodically evaluates the values of other investments in non-public companies for possible impairment by taking into consideration the financial and operating conditions of the issuer, the general market conditions in the issuer's industry and the period of the decline in the estimated fair value and other relevant factors. If the impairment is determined to be other-than-temporary, other investments in non-public companies are written down to their impaired value through a charge to income.

Realized gains or losses on the sale of investments are based on the moving-average cost method and are credited or charged to income.

(7) Private Equity Investments

The Company accounts for private equity investments in accordance with "AICPA Audit and Accounting Guide: Investment Companies," in which investments are accounted for at fair value based on the Company's assessment of each underlying investment. The investments, by their nature, have little or no price transparency. Investments are initially carried at cost as an approximation of fair value. Adjustments to carrying value are made if there is evidence of a change in fair value. Downward adjustments are also made, in the absence of third-party transactions, if it is determined that the expected realizable value of the investment has declined below the carrying value.

The carrying value of private equity investments was ¥20,861 million ($212,867 thousand) and ¥33,153 million at March 31, 2009 and 2008, respectively.

Private equity investments are included in investment securities in the consolidated balance sheets.

(8) Inventories

Inventories, consisting of security-related products, fire protection-related products, real estate and information and other related products, are stated at the lower of cost or market. Cost is determined, in the case of real estate, based on the specific identification method and, in the case of other inventories, primarily using the moving-average method.

(9) Allowance for Doubtful Accounts

The Company recognizes an allowance for doubtful accounts to ensure trade and other receivables are not overstated due to uncollectibility. Allowance for doubtful accounts is maintained for all customers based on a variety of factors, including the length of time receivables are past due, macroeconomic conditions, significant one-time events and historical experience. An additional reserve for individual accounts is recorded when the Company becomes aware of a customer's inability to meet its financial obligations, such as in the case of bankruptcy filings or deterioration in the customer's operating results or financial position. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted.

(10) Deferred Insurance Acquisition Costs

Costs that vary with and are primarily related to acquiring new insurance policies are deferred and are being amortized principally over the premium-paying period of the related insurance policies applying a percentage relationship of cost incurred to premiums from contracts issued to applicable unearned premiums throughout the period of the contract.

(11) Property, Plant and Equipment and Depreciation

Property, plant and equipment, including significant leasehold improvements, are carried at cost and depreciated at rates based on the estimated useful lives of the assets. From April 1, 2008, depreciation is computed using the straight-line method for assets except security equipment and control stations. Prior to April 1, 2008, these assets were depreciated primarily using the declining-balance method. Security equipment and control stations are depreciated by using the declining-balance method. Assets leased to others under operating leases are depreciated using the straight-line method over the estimated useful lives. Depreciation expense was ¥33,417 million ($340,990 thousand), ¥37,241 million and ¥38,719 million for the years ended March 31, 2009, 2008 and 2007, respectively. Maintenance, repairs and renewals are charged to income as incurred.

The estimated useful lives of depreciable assets are as follows:

Buildings	22 to 50 years
Security equipment and control stations	5 to 8 years
Machinery, equipment and automobiles	2 to 20 years

Effective April 1, 2008, the Company adopted the straight-line method of depreciation for assets except security equipment and control stations. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 154, "Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FASB Statement No. 3," this change in depreciation method is treated on a prospective basis as a change in estimate. Prior period results have not been restated. The Company has unified its accounting policy within the Group, as it believes that the change of depreciation method for assets except security equipment and control stations better reflects the pattern of consumption of the future benefits to be derived from those assets being depreciated and provides a better matching of costs and revenues over the assets' estimated useful lives. The effect of the change in depreciation method for the year ended March 31, 2009, was to reduce depreciation expense by ¥2,203 million ($22,480 thousand) and increase net income and basic net income per share by ¥1,336 million ($13,633 thousand) and ¥6.01 ($0.06), respectively.

The Company recognizes an asset retirement liability if the fair value of the obligation can be reasonably estimated. Asset retirement obligations include those for which an entity has a legal obligation to perform an asset retirement activity, however, the timing and/or method of settling the obligation are conditional on a future event that may or may not be within the control of the entity.

(12) Deferred Charges

Deferred charges primarily consist of costs related to installation services of security equipment related to on-line centralized security services. The installation costs are deferred and amortized using the straight-line method over the contractual period of security services after completion of the installation. Amortization expense was ¥15,359 million ($156,724 thousand), ¥14,953 million and ¥14,474 million for the years ended March 31, 2009, 2008 and 2007, respectively.

(13) Impairment or Disposal of Long-Lived Assets

In accordance with SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets," the Company reviews the carrying amount of its long-lived assets held and used, other than goodwill and intangible assets with indefinite lives, and assets to be disposed of, whenever events or changes in circumstances indicated that the carrying amount may not be recoverable. Long-lived assets to be held and used are reviewed for impairment by comparing the carrying amount of the assets with their estimated future undiscounted cash flows. If it is determined that an impairment loss has occurred, the loss would be recognized during the period. The impairment loss would be calculated as the difference between the assets' carrying amount and the fair value. Long-lived assets that are to be disposed of other than by sale are considered held and used until they are disposed of. Long-lived assets that are to be disposed of by sale are reported at the lower of their carrying amount or fair value less cost to sell. Reductions in carrying amount are recognized in the period in which the long-lived assets are classified as held for sale.

(14) Goodwill and Other Intangible Assets

Goodwill represents the excess of costs over the fair value of assets of business acquired. Pursuant to SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144. The Company conducts its annual impairment test at the end of each fiscal year.

(15) Unearned Premiums and Other Insurance Liabilities

Unearned premiums are related to unexpired periods of insurance contracts and are earned on a pro-rata basis over the remaining contract period. Other insurance liabilities consist principally of liabilities for unpaid claims and adjustment expenses, which are estimates of payments to be made on reported claims and incurred but not reported claims, which are computed based on past experience for unpaid losses.

(16) Compensated Absences

In June 2006, the FASB ratified the Emerging Issues Task Force ("EITF") consensus on EITF Issue No. 06-2 ("EITF 06-2"), "Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43." EITF 06-2 provides guidance for an accrual of compensated absences that require a minimum service period but have no increase in the benefit even with additional years of service. On April 1, 2007, the Company adopted EITF 06-2 and recorded an increase in the beginning balance of accrued payrolls of ¥2,265 million and an increase in the beginning balance of deferred income taxes (Other assets) of ¥846 million, with a decrease in the beginning balance of retained earnings of ¥1,227 million.

(17) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carryforwards are expected to be realized or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

On April 1, 2007, the Company adopted FASB Interpretation No. 48 ("FIN No. 48"), "Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109," which requires a more-likely-than-not threshold for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statement of income.

(18) Research and Development

Research and development costs are charged to income as incurred.

(19) Advertising Costs

Advertising costs are charged to income as incurred, except for the costs related to insurance policies. Advertising costs for acquiring new insurance policies are deferred and amortized as part of insurance acquisition costs. Advertising expenses included in selling, general and administrative expenses for the years ended March 31, 2009, 2008 and 2007 were ¥5,416 million ($55,265 thousand), ¥5,996 million and ¥5,348 million, respectively.

(20) Derivative Financial Instruments

The Company accounts for derivative financial instruments in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended.

The Company recognizes all derivative financial instruments in the consolidated financial statements at fair value regardless of the purpose or intent for holding them. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in shareholders' equity as a component of other comprehensive income (loss) depending on whether the derivative financial instruments qualify for hedge accounting, and if so, whether they qualify as a fair value hedge or a cash flow hedge. Changes in the fair values of derivative financial instruments accounted for as a fair value hedge are recorded in income along with the portion of the change in the fair value of the hedged item that relates to the hedged risk. Changes in the fair value of derivative financial instruments accounted for as a cash flow hedge, to the extent it is effective as a hedge, are recorded in other comprehensive income (loss), net of tax. Changes in the fair value of derivative financial instruments not qualifying as a hedge are reported in income.

The Company meets the documentation requirements which include their risk management objective and strategy for undertaking various hedge transactions. In addition, formal assessment is made at the hedge's inception and periodically on an on-going basis, as to whether the derivatives used in hedging activities are highly effective in off-setting changes in fair values or cash flow of hedged items. Hedge accounting is discontinued for ineffective hedges, if any. Discontinued hedges are recognized in current earnings.

(21) Per Share Data

Basic Earnings per Share ("EPS") is computed based on the average number of shares of common stock outstanding for the period. The average number of shares of common stock outstanding for the years ended March 31, 2009, 2008 and 2007 was 222,378 thousand shares, 224,967 thousand shares and 224,974 thousand shares, respectively. There were no potentially dilutive shares outstanding during the years ended March 31, 2009, 2008 or 2007.

Cash dividends per share shown in the accompanying consolidated statements of income are computed based on dividends approved and paid in each fiscal year.

(22) Use of Estimates

The preparation of the consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amounts of inventories, investment securities, other investments, property, plant and equipment, goodwill and other intangible assets; valuation allowances for receivables and deferred income taxes; valuation of derivative instruments; assets and obligations related to employee benefits; income tax uncertainties; and other contingencies.

(23) Recent Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, and was adopted by the Company in the fiscal year beginning April 1, 2008. In February 2008, the FASB issued Staff Positions ("FSP") No. FAS 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13" and No. FAS 157-2, "Effective Date of FASB Statement No. 157," which delays the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually) and remove certain leasing transactions from its scope. The Company has not applied the provisions of SFAS No. 157 to the impairment of long-lived assets and goodwill that have been recognized or disclosed at fair value for the year ended March 31, 2009. The adoption did not have a material impact on the Company's consolidated results of operations or financial positions.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of SFAS No. 115." SFAS No. 159 provides companies with an option to report selected financial assets and liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are recognized in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007, and was adopted by the Company in the fiscal year beginning April 1, 2008. The adoption of SFAS No. 159 did not have an impact on the Company's consolidated results of operations and financial condition as the Company did not elect to report financial assets and liabilities under the fair value option.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations." SFAS No. 141(R) establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS No. 141(R) also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS No. 141(R) is effective for fiscal years beginning after December 15, 2008 and is required to be adopted by the Company in the fiscal year beginning April 1, 2009. The effect of adopting SFAS No. 141(R) will depend on the nature and significance of any acquisitions subject to SFAS No. 141(R).

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51." SFAS No. 160 requires that the noncontrolling interest in the equity of a subsidiary be accounted for and reported as equity, provides revised guidance on the treatment of net income and losses attributable to the noncontrolling interest and changes in ownership interests in a subsidiary. SFAS No. 160 also requires additional disclosures that identify and distinguish between the interests of the controlling and noncontrolling owners. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008 and is required to be adopted by the Company in the fiscal year beginning April 1, 2009. The effect of adopting SFAS No. 160 will depend on the nature and significance of any transactions subject to SFAS No. 160.

In December 2008, the FASB issued FSP FAS No. 132(R)-1 ("FSP 132R-1"), "Employers' Disclosures about Postretirement Benefit Plan Assets." FSP 132R-1 requires additional disclosures about assets held in an employer's defined benefit pension or other postretirement plan. FSP 132R-1 is effective for fiscal years ending after December 15, 2009 and is required to be adopted by the Company in the fiscal year ending March 31, 2010. The Company is currently evaluating the requirements of the additional disclosures, and does not expect the adoption of FSP 132R-1 to have a material impact on its consolidated results of operations or financial positions.

In April 2009, the FASB issued FSP FAS No. 115-2 and 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP 115-2 and 124-2"). FSP 115-2 and 124-2 revises the recognition and presentation requirements for other-than-temporary impairments for debt securities, and contains additional disclosure requirements related to debt and equity securities. FSP 115-2 and 124-2 is effective for fiscal years ending after June 15, 2009 and is required to be adopted by the Company in the fiscal year ending March 31, 2010. It is not anticipated that the adoption will have a material impact on the Company's consolidated results of operations or financial position.

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)." This statement requires reporting entities to evaluate former QSPEs for consolidation, changes the approach to determining a VIE's primary beneficiary from a mainly quantitative assessment to an exclusively qualitative assessment designed to identify a controlling financial interest, and increases the frequency of required reassessments to determine whether a company is the primary beneficiary of a VIE. SFAS 167 is effective for fiscal years beginning after November 15, 2009. Earlier application is prohibited. SFAS 167 will be adopted by the Company in the fiscal year beginning April 1, 2010. The Company is currently evaluating the effect of adopting SFAS 167 on its consolidated financial statements.

(24) Reclassifications

The accompanying consolidated financial statements for the years ended March 31, 2008 and 2007 have been reclassified to conform to the presentation used for the year ended March 31, 2009.

3. U.S. Dollar Amounts

U.S. dollar amounts have been included in these financial statements solely for the convenience of the reader. The translations of yen into U.S. dollars have been made at the rate of ¥98=US$1, the rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2009. These translations should not be construed as representing that the yen amounts actually represent, or have been or could be converted into U.S. dollars at that rate.

4. Acquisition

In December 2006, the Company acquired 18,500,000 newly issued shares—equivalent to 30.8 percent of total outstanding common stocks—of Nohmi Bosai Ltd. ("Nohmi Bosai"), listed on the First Section of the Tokyo Stock Exchange for an aggregate value of ¥14,060 million. Nohmi Bosai operates automatic fire alarms, fire extinguishing and other fire protection systems. As a result of this new share acquisition, the Company owns 50.4 percent of the total outstanding common stocks of Nohmi Bosai. The operating results of Nohmi Bosai and its subsidiaries (collectively, "Nohmi Bosai group") have been included in the consolidated financial statements since the date of acquisition. The Company has been in an alliance with Nohmi Bosai, which had been accounted for under the equity method before this new share acquisition. Purpose of this acquisition is to reinforce its alliance with Nohmi Bosai by integrating the Company's expertise in security systems with Nohmi Bosai's fire protection technologies.

The value of the transaction was determined based on the average closing price of Nohmi Bosai's common stocks on the Tokyo Stock Exchange over the one month period (from October 23, 2006 to November 21, 2006). Price per share was ¥760, which represents a 5.6 percent discount from the average share price.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition. The excess of the fair value of acquired net assets over cost was deducted on a pro rata basis to all acquired assets except financial assets other than investments accounted for under the equity method, deferred tax assets, prepaid pension and severance costs, and any other current assets.

	In millions of yen
Cash and cash equivalents	¥17,513
Receivables and other current assets	41,991
Investments and long-term receivables	9,015
Property, plant and equipment	5,973
Intangible assets	4,769
Total assets acquired	79,261
Current liabilities	27,001
Other liabilities	7,757
Total liabilities assumed	34,758
Minority interests in subsidiaries	124
Net assets acquired	¥44,379

Substantially all of the trademarks (including trade names) assigned for ¥1,879 million out of total intangible assets acquired for ¥4,769 million are not subject to amortization. ¥2,890 million of acquired intangible assets were assigned to assets subject to amortization, which have a weighted-average useful life of approximately 16 years, including customer contracts and related customer relationships of ¥1,908 million with a 20-year weighted-average useful life.

The following unaudited pro forma information shows the Company's consolidated results of operations for the year ended March 31, 2007 as though Nohmi Bosai group had been consolidated at the beginning of the year.

	Unaudited
	In millions of yen
	Year ended March 31
	2007
Pro forma net sales and operating revenue	¥686,429
Pro forma net income	56,090

	Unaudited
	In yen
	Year ended March 31
	2007
Pro forma basic net income per share	¥249.32

The unaudited pro forma data is not necessarily indicative of the Company's consolidated results of operations that would actually have been reported if the transaction in fact had occurred at the beginning of the year, and is not necessarily representative of the Company's consolidated results of operations for any future period.

5. Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2009 and 2008 were comprised as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2009	2008	2009
Cash	¥100,327	¥149,874	$1,023,745
Time deposits	19,609	42,936	200,092
Call loan	36,500	19,000	372,449
Investment securities	2,957	2,767	30,173
	¥159,393	¥214,577	$1,626,459

Investment securities include commercial papers and money management funds. These agreements mature within three months and their carrying values approximate fair value. The Company has not experienced any losses through default of the financial institutions and does not anticipate default of any outstanding agreements.

6. Cash Deposits

The Company operates cash collection and deposit services for financial institutions relating to cash dispensers located outside of financial institution facilities and also operates cash collection service for entities other than financial institutions. Cash deposit balances of ¥56,668 million ($578,245 thousand) and ¥63,697 million at March 31, 2009 and 2008, respectively, are segregated from cash and cash equivalents and are restricted as to use by the Company. The Company funds most of the cash for such operations through bank overdrafts and deposits. Bank loans and deposits received, which relate to these operations, were ¥26,894 million ($274,429 thousand) and ¥29,084 million ($296,776 thousand), respectively, at March 31, 2009, and ¥30,402 million and ¥32,619 million, respectively, at March 31, 2008. As part of its fee arrangement, the Company is reimbursed for the interest cost of the related overdrafts.

7. Short-Term Investments and Investment Securities

Short-term investments (current) and investment securities (non-current) include debt and equity securities. The related aggregate fair value, gross unrealized gains, gross unrealized losses and cost pertaining to "available-for-sale" and "held-to-maturity" investments at March 31, 2009 and 2008 were as follows:

	In millions of yen			
	March 31, 2009			
		Gross unrealized		
	Cost	Gains	Losses	Fair value
Short-term investments:				
Available-for-sale:				
Equity securities	¥ 710	¥ —	¥ 133	¥ 577
Debt securities	11,962	22	216	11,768
Held-to-maturity:				
Debt securities	1,485	2	—	1,487
	¥ 14,157	¥ 24	¥ 349	¥ 13,832
Investment securities:				
Available-for-sale:				
Equity securities	¥ 43,221	¥2,408	¥3,840	¥ 41,789
Debt securities	84,918	534	3,380	82,072
Held-to-maturity:				
Debt securities	6,232	—	102	6,130
	¥134,371	¥2,942	¥7,322	¥129,991

	In millions of yen			
	March 31, 2008			
		Gross unrealized		
	Cost	Gains	Losses	Fair value
Short-term investments:				
Available-for-sale:				
Debt securities	¥ 5,051	¥ 1	¥ 115	¥ 4,937
Held-to-maturity:				
Debt securities	1,603	0	0	1,603
	¥ 6,654	¥ 1	¥ 115	¥ 6,540
Investment securities:				
Available-for-sale:				
Equity securities	¥ 62,195	¥5,051	¥ 8,485	¥ 58,761
Debt securities	85,426	918	1,962	84,382
Held-to-maturity:				
Debt securities	8,242	1	348	7,895
	¥155,863	¥5,970	¥10,795	¥151,038

	In thousands of U.S. dollars			
	March 31, 2009			
		Gross unrealized		
	Cost	Gains	Losses	Fair value
Short-term investments:				
Available-for-sale:				
Equity securities	$ 7,245	$ —	$ 1,357	$ 5,888
Debt securities	122,061	225	2,204	120,082
Held-to-maturity:				
Debt securities	15,152	20	—	15,172
	$ 144,458	$ 245	$ 3,561	$ 141,142
Investment securities:				
Available-for-sale:				
Equity securities	$ 441,031	$24,571	$39,184	$ 426,418
Debt securities	866,510	5,449	34,490	837,469
Held-to-maturity:				
Debt securities	63,592	—	1,041	62,551
	$1,371,133	$30,020	$74,715	$1,326,438

Gross unrealized losses on, and fair value of, “available-for-sale” and “held-to-maturity” securities, aggregated by investment category and the length of time that individual securities have been in a continuous unrealized loss position, at March 31, 2009 were as follows:

	In millions of yen			
	March 31, 2009			
	Less than 12 months		12 months or longer	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:				
Equity securities	¥ 7,711	¥1,272	¥ 8,653	¥2,701
Debt securities	25,704	1,416	28,299	2,180
Total	¥33,415	¥2,688	¥36,952	¥4,881
Held-to-maturity:				
Debt securities	¥ —	¥ —	¥ 398	¥ 102

	In thousands of U.S. dollars			
	March 31, 2009			
	Less than 12 months		12 months or longer	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:				
Equity securities	$ 78,684	$12,980	$ 88,296	$27,561
Debt securities	262,286	14,449	288,765	22,245
Total	$340,970	$27,429	$377,061	$49,806
Held-to-maturity:				
Debt securities	$ —	$ —	$ 4,061	$ 1,041

Based on the Company’s ability and intent to hold the investment for a reasonable period of time sufficient for a recovery of fair value, the credit condition of the issuers, the fact that the markets have gradually showed a certain level of recovery and other relevant factors, the Company does not consider these investments to be other-than-temporary impaired at March 31, 2009.

At March 31, 2009, debt securities principally consisted of short-term investments in monetary trusts, Japanese government bonds, corporate bonds, U.S. treasury securities and U.S. Government Agency Bonds.

The cost and fair value of “available-for-sale” and ”held-to-maturity” debt securities by contractual maturity at March 31, 2009 are as follows:

	In millions of yen			
	March 31, 2009			
	Available-for-sale		Held-to-maturity	
	Cost	Fair value	Cost	Fair value
Due within 1 year	¥11,962	¥11,768	¥1,485	¥1,487
Due after 1 year through 5 years	52,777	50,497	—	—
Due after 5 years through 10 years	26,056	25,630	—	—
Due after 10 years	6,085	5,945	6,232	6,130
	¥96,880	¥93,840	¥7,717	¥7,617

	In thousands of U.S. dollars			
	March 31, 2009			
	Available-for-sale		Held-to-maturity	
	Cost	Fair value	Cost	Fair value
Due within 1 year	$122,061	$120,082	$15,152	$15,172
Due after 1 year through 5 years	538,541	515,276	—	—
Due after 5 years through 10 years	265,878	261,531	—	—
Due after 10 years	62,091	60,662	63,592	62,551
	$988,571	$957,551	$78,744	$77,723

During the years ended March 31, 2009, 2008 and 2007, the net unrealized gains and losses on “available-for-sale” securities included as part of other comprehensive income (loss), net of tax, decreased by ¥460 million ($4,694 thousand), ¥11,238 million and ¥3,026 million, respectively.

Proceeds from the sale of "available-for-sale" securities for the years ended March 31, 2009, 2008 and 2007 were ¥59,340 million ($605,510 thousand), ¥106,925 million and ¥109,405 million, respectively. On those sales, the gross realized gains and gross realized losses, using moving-average cost basis, for the years ended March 31, 2009, 2008 and 2007 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Gross realized gains	¥679	¥3,005	¥4,076	$6,929
Gross realized losses	325	623	295	3,316

The Company maintains long-term investment securities, included as investment securities, issued by a number of non-public companies. The aggregate carrying amount of the investments in non-public companies, at cost net of other-than-temporary impairment, was ¥10,714 million ($109,327 thousand) and ¥12,150 million at March 31, 2009 and 2008, respectively. The corresponding fair value at that date was not computed as such estimation was not practical.

8. Inventories

Inventories at March 31, 2009 and 2008 comprised the following:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2009	2008	2009
Security-related products	¥ 7,333	¥ 7,732	$ 74,826
Fire protection-related products	16,241	13,747	165,724
Real estate	67,614	91,182	689,939
Information and other-related products	4,883	5,781	49,827
	¥96,071	¥118,442	$980,316

Work in process for real estate inventories at March 31, 2009 and 2008, amounting to ¥61,437 million ($626,908 thousand) and ¥73,312 million, respectively, are included in real estate.

The amount of write-down on real estate inventories included in cost of sales for the year ended March 31, 2009 was ¥8,366 million ($85,367 thousand).

9. Investments in Affiliated Companies

The Company has investments in affiliated companies that are accounted for under the equity method. Investments principally consist of investments in Taiwan Secom Co., Ltd., a 28.1 percent owned affiliate, which is listed on the Taiwan Stock Exchange; S1 Corporation, a 27.2 percent owned affiliate, which is listed on the Korea Exchange; Toyo Tech Co., Ltd., a 27.8 percent owned affiliate acquired—amounting to ¥5,146 million—in December 2006, which is listed on the Second Section of the Osaka Securities Exchange; and Tokyo Biso Kogyo Corporation, a 36.6 percent owned new affiliate by additionally acquiring ¥1,740 million—equivalent to 16.6 percent of total outstanding common stocks—in May 2007 and March 2008, which is listed on the Second Section of the Tokyo Stock Exchange.

In December 2006, the Company additionally acquired 18,500,000 newly issued shares of Nohmi Bosai, listed on the First Section of the Tokyo Stock Exchange, and as a result the Company held 50.4 percent of its ownership. Nohmi Bosai had been accounted for under the equity method before the acquisition and has been consolidated as its subsidiaries since the date of acquisition. (For more details, see Note 4.)

Summarized financial information regarding the affiliated companies accounted for under the equity method was as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2009	2008	2009
Current assets	¥ 90,419	¥ 96,089	$ 922,643
Non-current assets	106,004	134,467	1,081,673
Total assets	¥196,423	¥230,556	$2,004,316
Current liabilities	¥ 39,994	¥ 48,212	$ 408,102
Non-current liabilities	34,486	36,846	351,898
Shareholders' equity	121,943	145,498	1,244,316
Total liabilities and shareholders' equity	¥196,423	¥230,556	$2,004,316

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Net sales	¥177,465	¥202,335	¥196,486	$1,810,867
Gross profit	¥ 54,621	¥ 64,213	¥ 67,315	$ 557,357
Net income	¥ 18,574	¥ 22,576	¥ 18,851	$ 189,531

Dividends received from affiliated companies for the years ended March 31, 2009, 2008 and 2007 were ¥2,503 million ($25,541 thousand), ¥2,657 million and ¥2,193 million, respectively.

Four listed affiliated companies accounted for under the equity method with an aggregated carrying amount of ¥29,752 million ($303,592 thousand) and ¥37,035 million at March 31, 2009 and 2008, respectively, had a quoted market value of ¥53,118 million ($542,020 thousand) and ¥80,984 million at March 31, 2009 and 2008, respectively.

The amounts of goodwill were ¥2,710 million ($27,653 thousand) and ¥2,710 million at March 31, 2009 and 2008, respectively.

In November 2006, the parent company sold the outstanding shares of Miyagi Network Inc., a 39.4 percent owned affiliate, to Mediatti Communications, Inc. for ¥1,419 million. The sales resulted in a gain of ¥855 million.

A summary of transactions and balances with the affiliated companies accounted for under the equity method is presented below:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Sales	¥1,737	¥2,584	¥1,843	$17,724
Purchases	¥8,293	¥6,237	¥3,777	$84,622

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2009	2008	2009
Notes and accounts receivable, trade	¥ 461	¥ 523	$ 4,704
Loans receivable	¥ 92	¥ 98	$ 939
Notes and accounts payable	¥2,949	¥2,482	$30,092
Guarantees for bank loans	¥ 8	¥ 10	$ 82

The Company's equity in undistributed income of affiliates at March 31, 2009 and 2008 included in retained earnings was ¥23,147 million ($236,194 thousand) and ¥15,496 million, respectively.

10. Long-Lived Assets

The Company has assessed the potential impairment for its long-lived assets. As a result of significant decreases in rental rates, market prices and revenue forecasts, and changes of assumptions regarding useful lives before sale, the Company principally recognized impairment losses on medical services equipment for the year ended March 31, 2007. The fair value was determined by the estimated present value of future cash flows or appraisal value.

Impairment loss on long-lived assets by business segment for the years ended March 31, 2009, 2008 and 2007 was as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Security services	¥34	¥—	¥ —	$347
Fire protection services	—	16	32	—
Medical services	—	0	1,134	—
Insurance services	—	—	—	—
Geographic information services	42	—	10	429
Real estate development and sales	—	—	—	—
Information and communication related and other services	—	—	—	—
Corporate items	—	—	—	—
Total	¥76	¥16	¥1,176	$776

11. Goodwill and Other Intangible Assets

The components of acquired intangible assets excluding goodwill at March 31, 2009 and 2008 were as follows:

	In millions of yen		
	March 31, 2009		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Software	¥30,725	(¥18,739)	¥11,986
Other	5,058	(2,179)	2,879
Total	¥35,783	(¥20,918)	¥14,865
Unamortized intangible assets	¥ 4,056	¥ —	¥ 4,056

	In millions of yen		
	March 31, 2008		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Software	¥30,055	(¥16,488)	¥13,567
Other	4,911	(1,764)	3,147
Total	¥34,966	(¥18,252)	¥16,714
Unamortized intangible assets	¥ 4,413	¥ —	¥ 4,413

	In thousands of U.S. dollars		
	March 31, 2009		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Software	$313,520	($191,214)	$122,306
Other	51,612	(22,235)	29,377
Total	$365,132	($213,449)	$151,683
Unamortized intangible assets	$ 41,388	$ —	$ 41,388

Aggregate amortization expense for the years ended March 31, 2009, 2008 and 2007 was ¥5,850 million ($59,694 thousand), ¥5,999 million and ¥5,055 million, respectively. Amortized intangible assets are amortized using the straight-line method over the estimated useful lives. The weighted average amortization period for internal use software is approximately five years.

The estimated aggregate amortization expense for intangible assets for the next five years is as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2010	¥4,743	$48,398
2011	3,868	39,469
2012	2,846	29,041
2013	1,697	17,316
2014	347	3,541

The changes in the carrying amount of goodwill by business segment for the years ended March 31, 2009 and 2008 were as follows:

	In millions of yen					
	Security services	Medical services	Geographic information services	Real estate development and sales	Information and communication related and other services	Total
March 31, 2007	¥1,457	¥7,047	¥3,623	¥ 135	¥5,101	¥17,363
Goodwill acquired during the year	117	—	—	—	—	117
Disposal	—	—	(1)	—	(180)	(181)
Impairment losses	(117)	(876)	—	(135)	—	(1,128)
Translation adjustment	(30)	—	—	—	—	(30)
March 31, 2008	1,427	6,171	3,622	—	4,921	16,141
Goodwill acquired during the year	1,386	—	155	—	—	1,541
Disposal	—	—	—	—	—	—
Impairment losses	(407)	(996)	—	—	(175)	(1,578)
Translation adjustment	(664)	—	—	—	—	(664)
March 31, 2009	¥1,742	¥5,175	¥3,777	¥ —	¥4,746	¥15,440

	In thousands of U.S. dollars					
	Security services	Medical services	Geographic information services	Real estate development and sales	Information and communication related and other services	Total
March 31, 2008	$14,561	$62,969	$36,959	$—	$50,214	$164,703
Goodwill acquired during the year	14,143	—	1,582	—	—	15,725
Disposal	—	—	—	—	—	—
Impairment losses	(4,153)	(10,163)	—	—	(1,786)	(16,102)
Translation adjustment	(6,775)	—	—	—	—	(6,775)
March 31, 2009	$17,776	$52,806	$38,541	$—	$48,428	$157,551

The Company principally recognized impairment losses related to goodwill allocated to the reporting units in the medical services segment of ¥996 million ($10,163 thousand) and ¥876 million, and in the security services segment of ¥407 million ($4,153 thousand) and ¥117 million for the years ended March 31, 2009 and 2008, respectively, due to decreases in the estimated fair value of these reporting units mainly caused by decreases of expected cash flows.

The fair value was determined by the estimated present value of future cash flows or quoted market prices.

12. Bank Loans and Long-Term Debt

Bank loans of ¥78,180 million ($797,755 thousand) and ¥133,056 million at March 31, 2009 and 2008, respectively, are generally comprised of 30 to 365 day notes. Their weighted average interest rates were 1.28 percent and 1.37 percent at March 31, 2009 and 2008, respectively. Substantially all of these loans are borrowed from banks. The Company has entered into basic agreements with these banks which state that, with respect to all present or future loans with such banks, collateral (including sums on deposit with such banks) or guarantors shall be provided immediately upon request. Further, any collateral furnished pursuant to such agreements or otherwise will be applicable to all indebtedness to such banks. The Company has not been requested to submit such additional security.

At March 31, 2009, Nohmi Bosai, a subsidiary of the parent company, had unused committed line of credit from short-term arrangement aggregating ¥4,000 million ($40,816 thousand). The line of credit expires in March 2010. Under the agreement, Nohmi Bosai is required to pay committed fees at an annual rate of 0.15 percent, on the unused portion of the line of credit. At March 31, 2009, the parent company had overdraft agreements with seven banks and its unused lines of credit amounted to ¥67,000 million ($683,673 thousand). The parent company incurs no fee on the unused portion of the lines of credit. The overdraft agreements expire in the period from April 2009 to March 2010. The parent company has the ability and intent to extend these overdraft agreements under similar terms and conditions.

Long-term debt at March 31, 2009 and 2008 comprised the following:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2009	2008	2009
Loans, principally from banks due 2008–2027 with interest rates ranging from 1.17% to 10.05% in 2009 and 2008:			
Secured	¥20,811	¥20,624	$212,357
Unsecured	4,336	5,249	44,245
0.61% unsecured bonds due 2010	450	750	4,592
0.91% unsecured bonds due 2010	440	660	4,490
1.14% unsecured bonds due 2013	4,590	—	46,837
Unsecured bonds due 2009–2014 with floating interest rates based on 6-month TIBOR plus 0.00%–0.20%	12,230	14,051	124,796
Obligations under capital leases, due 2008–2026 (Note 19)	9,514	11,910	97,081
	52,371	53,244	534,398
Less:			
Portion due within one year	15,967	9,061	162,929
	¥36,404	¥44,183	$371,469

Property, plant and equipment with a carrying amount of ¥58,100 million ($592,857 thousand), investment securities with a carrying amount of ¥745 million ($7,602 thousand), time deposits of ¥1,483 million ($15,133 thousand), short-term and long-term receivables of ¥1,095 million ($11,173 thousand) and other intangible assets and other with a carrying amount of ¥818 million ($8,347 thousand) were pledged as collateral for bank loans and long-term debt at March 31, 2009.

The aggregate annual maturities on long-term debt after March 31, 2009 are as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2010	¥15,967	$162,929
2011	8,389	85,602
2012	6,796	69,347
2013	8,826	90,061
2014	6,503	66,357
Thereafter	5,890	60,102
	¥52,371	$534,398

13. Insurance-Related Operations

Secom General Insurance Co., Ltd. ("Secom Insurance"), a subsidiary of the parent company, maintains accounting records as noted in Note 2 in accordance with the accounting principles and practices generally accepted in Japan, which vary in certain respects from accounting principles generally accepted in the United States of America. Those differences are principally, (a) that insurance acquisition costs are charged to income when incurred in Japan whereas in the United States of America those costs are deferred and amortized generally over the premium-paying period of the insurance policies, (b) that liabilities related to incurred but not reported claims are computed based on related regulations in Japan whereas in the United States of America those liabilities are computed based on past experience for unreported losses, and (c) that unearned premiums are calculated based on the documents authorized by the Supervisory Authorities in Japan whereas in the United States of America unearned premiums are reflected based on the lapse and surrender over the contract period.

In addition, under certain property and casualty insurance contracts with a refund clause and long-term insurance policies that provide refunds at maturity, such as personal accident and fire, the policyholder receives a refund if premiums have been fully paid unless a substantial settlement (as defined in the policy) has occurred. The Company has provided for such refundable amounts by classifying a portion of the net premiums written, together with interest thereon, as investment deposits by policyholders. Contract and policy terms are principally five years.

For purposes of preparing the consolidated financial statements, appropriate adjustments have been made to reflect such items in accordance with accounting principles generally accepted in the United States of America.

The net equity of Secom Insurance at March 31, 2009 and 2008 was ¥47,753 million ($487,276 thousand) and ¥35,218 million, respectively.

Net sales and operating revenue of Secom Insurance include net realized investment gains and losses, including the results on sales of securities, loss on other-than-temporary impairment of investment securities and impairment loss on long-lived assets. Net realized investment gains and losses for the years ended March 31, 2009, 2008 and 2007 were losses of ¥10,152 million ($103,592 thousand), and gains of ¥1,922 million and ¥3,612 million, respectively. Loss on other-than-temporary impairment of investment securities for the years ended March 31, 2009, 2008 and 2007 were ¥10,683 million ($109,010 thousand), ¥650 million and ¥331 million, respectively.

14. Pension and Severance Costs

Employees of the parent company and its domestic subsidiaries whose services are terminated are, under most circumstances, eligible for lump-sum benefits and/or eligible for pension benefits.

The parent company and certain domestic subsidiaries have adopted a cash balance pension plan and a defined contribution pension plan. Benefits under the cash balance pension plan are calculated by the amount equal to a certain percentage of employee's annual income over their period of service, plus interest calculated by the 3-year average yield for 10-year government bonds. The defined contribution pension plan was established in April 2003, by transferring a portion equivalent to 20 percent of the cash balance pension plan, including portions funded in prior periods. Specified percentage of employees' annual income is contributed to the defined contribution pension plan.

In April 2005, the parent company and certain domestic subsidiaries transferred an additional portion of the cash balance pension plan to the defined contribution pension plan. Accordingly, the ratio of the accumulated amount in the cash balance pension plan and the amount of contributions to the defined contribution pension plan changed to 70 percent and 30 percent, including portions funded in prior periods.

In March 2009, Pasco Corporation and its domestic subsidiaries settled and transferred a portion of the tax-qualified non-contributory pension plan to the defined contribution pension plan. In accordance with SFAS No. 88 "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," the Company accounted for these transfers as a partial settlement of benefit obligation. The amount of settlement loss was immaterial for the year ended March 31, 2009.

On March 31, 2007, the Company adopted the recognition and disclosure provisions of SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statement No. 87, 88, 106, and 132(R)." SFAS No. 158 required the Company to recognize the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of its pension plans in the consolidated balance sheet at March 31, 2007, with a corresponding adjustment to accumulated other comprehensive income (loss), net of tax. The adjustment to accumulated other comprehensive income (loss) at adoption represents the unrecognized actuarial loss and unrecognized prior service benefit, both of which were previously netted against the plan's funded status in the consolidated balance sheets pursuant to the provisions of SFAS No. 87 "Employers' Accounting for Pensions." These amounts will be subsequently recognized as net periodic pension and severance costs pursuant to the Company's historical accounting policy for amortizing such amounts. In addition, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension and severance cost in the same periods will be recognized as other comprehensive income (loss). Those amounts will be subsequently recognized as a component of net periodic pension and severance cost on the same basis as the amounts recognized in accumulated other comprehensive income (loss) at adoption of SFAS No. 158.

Net periodic pension and severance costs for the years ended March 31, 2009, 2008 and 2007 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Net periodic pension and severance costs:				
Service cost	¥4,694	¥4,511	¥3,998	$47,898
Interest cost	1,430	1,424	1,146	14,592
Expected return on plan assets	(1,952)	(1,808)	(1,620)	(19,918)
Amortization of prior service benefit	(1,713)	(1,715)	(1,715)	(17,480)
Recognized actuarial loss	861	1,005	1,123	8,786
Net periodic pension and severance costs	¥3,320	¥3,417	¥2,932	$33,878

The changes in benefit obligation, assets and funded status were as follows:

	In millions of yen		In thousands of U.S. dollars
	Years ended March 31		Year ended March 31
	2009	2008	2009
Change in benefit obligation:			
Benefit obligation at beginning of year	¥71,820	¥71,000	$732,857
Service cost	4,694	4,511	47,898
Interest cost	1,430	1,424	14,592
Actuarial loss	818	337	8,347
Benefits paid	(4,989)	(5,452)	(50,908)
Settlement	(1,683)	—	(17,173)
Benefit obligation at end of year	72,090	71,820	735,613
Change in plan assets:			
Fair value of plan assets at beginning of year	62,536	68,371	638,123
Actual loss on plan assets	(9,887)	(7,792)	(100,888)
Employer contribution	5,979	5,509	61,010
Benefits paid	(3,529)	(3,552)	(36,010)
Fair value of plan assets at end of year	55,099	62,536	562,235
Funded status at the end of year	(¥16,991)	(¥ 9,284)	($173,378)

Amounts recognized in the consolidated balance sheet at March 31, 2009 and 2008 consist of:

	In millions of yen		In thousands of U.S. dollars
	Years ended March 31		Year ended March 31
	2009	2008	2009
Prepaid pension and severance costs	¥ 823	¥ 9,135	$ 8,398
Accrued pension and severance costs	(17,814)	(18,419)	(181,776)
Net amount recognized	(¥16,991)	(¥ 9,284)	($173,378)

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the year ended March 31, 2009 were summarized as follows:

	In millions of yen	In thousands of U.S. dollars
Current year actuarial loss	¥12,657	$129,153
Amortization of actuarial loss	(861)	(8,786)
Settlement of actuarial loss	(596)	(6,082)
Amortization of prior service benefit	1,713	17,480
Settlement of prior service benefit	78	796
	¥12,991	$132,561

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2009 and 2008 consist of:

	In millions of yen		In thousands of U.S. dollars
	Years ended March 31		Year ended March 31
	2009	2008	2009
Actuarial loss	¥33,903	¥22,703	$345,949
Prior service benefit	(12,536)	(14,327)	(127,918)
Net amount recognized	¥21,367	¥ 8,376	$218,031

The estimated prior service benefit and actuarial loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next year are ¥1,682 million ($17,163 thousand) and ¥1,021 million ($10,418 thousand), respectively.

The accumulated benefit obligation for the pension plan was ¥66,154 million ($675,041 thousand) and ¥66,079 million at March 31, 2009 and 2008, respectively.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligation in excess of plan assets were ¥26,072 million ($266,041 thousand), ¥23,093 million ($235,643 thousand) and ¥8,361 million ($85,316 thousand), respectively, at March 31, 2009, and ¥27,588 million, ¥24,775 million and ¥9,335 million, respectively, at March 31, 2008.

The Company uses March 31 as the measurement date for the domestic pension plan.

Weighted-average assumptions used to determine the benefit obligation at March 31, 2009 and 2008 were as follows:

	March 31	
	2009	2008
Discount rate	2.1%	2.0%
Rate of compensation increase	2.7	2.7

Weighted-average assumptions used to determine net pension and severance costs for the years ended March 31, 2009, 2008 and 2007 were as follows:

	Years ended March 31		
	2009	2008	2007
Discount rate	2.0%	2.0%	1.9%
Expected return on plan assets	3.0	3.0	3.0
Rate of compensation increase	2.7	2.7	2.7

The Company determines the expected long-term rate of return based on the expected long-term return of the various asset categories in which it invests. The Company considers the current expectations for future returns and the actual historical returns of each plan asset category.

The weighted-average asset allocation of the Company's pension plans at March 31, 2009 and 2008 were as follows:

	March 31	
	2009	2008
Asset category:		
Equity securities	6.9%	26.6%
Debt securities	43.5	20.9
Call loan	16.2	11.6
Other	33.4	40.9
Total	100.0%	100.0%

The Company's investment policy is designed to ensure that sufficient plan assets are available to provide future payments of pension benefits to the eligible plan participants. The policy does not use target allocations for the individual asset categories. Plan assets are invested primarily in equity and debt securities, and mutual funds with the objective to minimize risk and achieve the expected rate of return. The investment results are periodically monitored and asset allocation is adjusted as necessary.

The Company expects to contribute ¥5,248 million ($53,551 thousand) to its domestic defined benefit plans in the year ending March 31, 2010.

The following benefit payments, which reflect future services, as appropriate, are expected to be paid.

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2010	¥ 4,130	$ 42,143
2011	4,154	42,388
2012	4,250	43,367
2013	4,523	46,153
2014	4,622	47,163
2015–2019	22,741	232,051

The parent company and certain subsidiaries have defined contribution pension plans. The contributions to the defined contribution pension plans for the years ended March 31, 2009, 2008 and 2007 were ¥1,469 million ($14,990 thousand), ¥1,413 million and ¥1,392 million, respectively.

15. Exchange Gains and Losses

Other expense for the year ended March 31, 2009 and 2008 include net exchange losses of ¥1,564 million ($15,959 thousand) and ¥826 million. Other income for the year ended March 31, 2007 includes net exchange gains of ¥76 million.

16. Income Taxes

Total income taxes for the years ended March 31, 2009, 2008 and 2007 were allocated as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Net Income	¥36,575	¥47,106	¥40,566	$373,215
Shareholders' equity—accumulated other comprehensive income (loss):				
Unrealized holding gains (losses) on securities	(452)	(8,189)	(3,437)	(4,612)
Unrealized gains (losses) on derivative instruments	(102)	(8)	(17)	(1,041)
Pension liability adjustments	(4,863)	(3,901)	—	(49,623)
Minimum pension liability adjustments	—	—	(20)	—
Foreign currency translation adjustments	(859)	(497)	476	(8,765)
Cumulative effect of change in accounting principle-adoption of EITF 06-2	—	(846)	—	—
Adjustments for initially applying SFAS No. 158	—	—	897	—
	¥30,299	¥33,665	¥38,465	$309,174

The parent company and its domestic subsidiaries were subject to a corporate tax of 30 percent, an inhabitants tax of approximately 20.3 percent, and a deductible enterprise tax of approximately 7.4 percent, which, in the aggregate, indicate a statutory tax rate in Japan of approximately 40.5 percent for the years ended March 31, 2009, 2008 and 2007.

Reconciliations of the differences between income taxes computed at statutory tax rates and consolidated income taxes from continuing operations were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Income taxes computed at statutory tax rate of 40.5%	¥25,649	¥44,658	¥38,611	$261,724
Increase (decrease) resulting from:				
Unrecognized tax benefits from subsidiaries in loss positions	10,214	2,309	1,552	104,224
Reversal of valuation allowance due to utilization of operating loss carryforwards	(187)	(1,260)	(1,629)	(1,908)
Per capita tax	811	805	713	8,276
Other, net	88	594	1,319	899
Consolidated income taxes	¥36,575	¥47,106	¥40,566	$373,215

The significant components of deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2009	2008	2009
Deferred tax assets:			
Loss carryforwards	¥17,465	¥ 9,907	$178,214
Deferred revenue	12,896	13,601	131,592
Adjustment of book value at the date of acquisition—			
Land and buildings	7,320	4,899	74,694
Other assets	462	2,764	4,714
Accrued pension and severance costs	6,810	7,149	69,490
Property, plant and equipment	6,137	6,524	62,622
Accrued bonus	5,323	5,053	54,316
Intangible assets	4,006	2,634	40,878
Allowance for doubtful accounts	3,957	2,239	40,378
Vacation accrual	3,589	3,427	36,622
Investment securities	3,505	1,641	35,765
Write-down on real estate inventories	2,573	—	26,255
Unrealized holding losses on securities	1,405	1,941	14,337
Other	9,387	9,014	95,786
Gross deferred tax assets	84,835	70,793	865,663
Less: Valuation allowance	(26,863)	(17,068)	(274,112)
Total deferred tax assets	57,972	53,725	591,551
Deferred tax liabilities:			
Deferred installation costs	(8,137)	(8,408)	(83,031)
Adjustment of book value at the date of acquisition—			
Land and buildings	(4,514)	(5,180)	(46,061)
Other assets	(1,734)	(1,740)	(17,694)
Investments in affiliated companies	(2,705)	(7,496)	(27,602)
Unearned premiums and other insurance liabilities	(2,679)	(3,324)	(27,337)
Prepaid pension and severance costs	(104)	(3,189)	(1,061)
Other	(4,982)	(7,157)	(50,837)
Gross deferred tax liabilities	(24,855)	(36,494)	(253,623)
Net deferred tax assets	¥33,117	¥17,231	$337,928

The valuation allowance principally relates to deferred tax assets of the subsidiaries with operating loss carryforwards, for tax purposes, that are not expected to be realized. The net change in the total valuation allowance for the years ended March 31, 2009, 2008 and 2007 was an increase of ¥9,795 million ($99,949 thousand), ¥1,477 million and ¥245 million, respectively.

In assessing the realizability of deferred tax assets, the Company management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company management considered the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, the Company management believes it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowance at March 31, 2009 and 2008.

Net deferred tax assets at March 31, 2009 and 2008 are reflected in the accompanying consolidated balance sheets under the following captions:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2009	2008	2009
Deferred income taxes (Current assets)	¥16,245	¥17,395	$165,765
Deferred income taxes (Other assets)	19,020	11,321	194,082
Other current liabilities	(924)	(1,410)	(9,429)
Deferred income taxes (Liabilities)	(1,224)	(10,075)	(12,490)
Net deferred tax assets	¥33,117	¥17,231	$337,928

The Company has not recognized deferred tax liabilities of ¥455 million ($4,643 thousand) for a portion of undistributed earnings of foreign subsidiaries totaling ¥10,551 million ($107,663 thousand) at March 31, 2009 as they are not expected to be remitted in the foreseeable future.

At March 31, 2009, the operating loss carryforwards of domestic subsidiaries amounted to ¥40,529 million ($413,561 thousand) and are available for offsetting against future taxable earnings of such subsidiaries for up to seven years, as follows:

Expires in the years ending March 31	In millions of yen	In thousands of U.S. dollars
2010	¥ 1,837	$ 18,745
2011	2,360	24,082
2012	3,222	32,878
2013	1,871	19,092
2014	4,090	41,735
2015	3,468	35,388
2016	23,681	241,641
	¥40,529	$413,561

The operating loss carryforwards of overseas subsidiaries at March 31, 2009 amounted to ¥4,734 million ($48,306 thousand), a part of which will begin to expire in the year ending March 31, 2010.

The Company adopted the provisions of FIN No. 48 on April 1, 2007. The adoption of FIN No. 48 did not have a material effect on the Company's financial position and results of operations.

The total amount of unrecognized tax benefits as of the date of adoption of FIN No. 48 and for the years ended March 31, 2009 and 2008 were insignificant. Also there were no movements of the gross amounts in unrealized tax benefits and the amounts of interest and penalties recognized due to the unrecognized tax benefits during the years ended March 31, 2009 and 2008.

Although the Company believes its estimates of unrecognized tax benefits are reasonable, uncertainties regarding the final determination of income tax audit settlements and any related litigation could affect the total amount of unrecognized tax benefits in the future periods. Based on the information available as of March 31, 2009, the Company does not expect significant changes to the unrecognized tax benefits within the next twelve months.

The Company files tax returns in Japan and various foreign jurisdictions. In Japan, the Company is no longer subject to regular income tax examinations by the tax authorities for years before 2007. In other foreign tax jurisdictions, major subsidiaries are no longer subject to income tax examinations by tax authorities for years before 2008 with few exceptions.

17. Shareholders' Equity

(1) Retained Earnings

The Japanese Corporate Law, enforced on May 1, 2006, provides that an amount equal to 10 percent of surplus distributed by the parent company and its Japanese subsidiaries be appropriated as a legal reserve until the aggregate amount of additional paid-in capital and legal reserve equals 25 percent of the common stock account.

The amount available for dividends under the Japanese Corporate Law is based on the amount recorded in the parent company's nonconsolidated statutory financial statements in accordance with the accounting principle generally accepted in Japan. Such amount was ¥346,419 million ($3,534,888 thousand) at March 31, 2009.

Subsequent to March 31, 2009, the parent company's Board of Directors declared an annual cash dividend of ¥85.00 ($0.87) per share, totaling ¥18,533 million ($189,112 thousand), to shareholders of record on March 31, 2009. The dividend declared was approved at the general shareholders' meeting held on June 25, 2009. Dividends are recorded in the period they are declared.

The Japanese Corporate Law provides that a company can make dividends of surplus anytime with resolution of the shareholders.

(2) Common Stock in Treasury

The Company may repurchase its common stock from the market pursuant to the Japanese Corporate Law. For the year ended March 31, 2009, 6,928 thousand shares were repurchased for the aggregate cost of ¥30,019 million ($306,316 thousand).

(3) Other Comprehensive Income (Loss)

Components of other comprehensive income (loss) for the years ended March 31, 2009, 2008 and 2007 is as follows:

	In millions of yen		
	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
For the year ended March 31, 2009:			
Unrealized holding losses on securities—			
Unrealized holding gains or losses arising during the period	**(¥17,054)**	**¥6,532**	**(¥10,522)**
Less: Reclassification adjustment for gains or losses included in net income	**16,142**	**(6,080)**	**10,062**
Unrealized losses on derivative instruments—			
Unrealized gains or losses arising during the year	**(263)**	**106**	**(157)**
Less: Reclassification adjustment for gains or losses included in net income	**68**	**(4)**	**64**
Pension liability adjustments—			
Unrealized gains or losses arising during the period	**(11,602)**	**4,559**	**(7,043)**
Less: Reclassification adjustment for gains or losses realized in net income	**(413)**	**304**	**(109)**
Foreign currency translation adjustments	**(20,403)**	**859**	**(19,544)**
Other comprehensive income (loss)	**(¥33,525)**	**¥6,276**	**(¥27,249)**
For the year ended March 31, 2008:			
Unrealized holding losses on securities—			
Unrealized holding gains or losses arising during the period	(¥18,914)	¥ 7,880	(¥11,034)
Less: Reclassification adjustment for gains or losses included in net income	(513)	309	(204)
Unrealized losses on derivative instruments—			
Unrealized gains or losses arising during the year	(61)	7	(54)
Less: Reclassification adjustment for gains or losses included in net income	12	1	13
Pension liability adjustments—			
Unrealized gains or losses arising during the period	(9,209)	3,645	(5,564)
Less: Reclassification adjustment for gains or losses realized in net income	(690)	256	(434)
Foreign currency translation adjustments	(2,684)	497	(2,187)
Other comprehensive income (loss)	(¥32,059)	¥12,595	(¥19,464)

	In millions of yen		
	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
For the year ended March 31, 2007:			
Unrealized holding gains on securities—			
Unrealized holding gains or losses arising during the period	(¥ 2,924)	¥1,362	(¥ 1,562)
Less: Reclassification adjustment for gains or losses included in net income	(3,539)	2,075	(1,464)
Unrealized losses on derivative instruments—			
Unrealized gains or losses arising during the year	(132)	19	(113)
Less: Reclassification adjustment for gains or losses included in net income	32	(2)	30
Minimum pension liability adjustments	(41)	20	(21)
Foreign currency translation adjustments	2,669	(476)	2,193
Other comprehensive income (loss)	(¥ 3,935)	¥2,998	(¥ 937)

	In thousands of U.S. dollars		
	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
For the year ended March 31, 2009:			
Unrealized holding losses on securities—			
Unrealized holding gains or losses arising during the period	**($174,020)**	**$66,653**	**($107,367)**
Less: Reclassification adjustment for gains or losses included in net income	**164,714**	**(62,041)**	**102,673**
Unrealized losses on derivative instruments—			
Unrealized gains or losses arising during the year	**(2,684)**	**1,082**	**(1,602)**
Less: Reclassification adjustment for gains or losses included in net income	**694**	**(41)**	**653**
Pension liability adjustments—			
Unrealized gains or losses arising during the period	**(118,388)**	**46,521**	**(71,867)**
Less: Reclassification adjustment for gains or losses realized in net income	**(4,214)**	**3,102**	**(1,112)**
Foreign currency translation adjustments	**(208,194)**	**8,765**	**(199,429)**
Other comprehensive income (loss)	**($342,092)**	**$64,041**	**($278,051)**

18. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2009, 2008 and 2007 were ¥5,943 million ($60,643 thousand), ¥5,792 million and ¥5,875 million, respectively.

19. Lessee

The Company leases certain office space, employee residential facilities, computer and transportation equipment. Some leased buildings and computer and transportation equipment are held under capital leases. The other leases are classified as operating leases.

On April 23, 1996, the Company entered into a long-term lease agreement for a building and land in Mitaka, Tokyo. The lease agreement extends for 30 years beginning May 1, 1996. For financial reporting purposes, the portion of the lease relating to the building has been classified as a capital lease; accordingly, an asset of approximately ¥5,086 million ($51,898 thousand) has been recorded in the building and improvements account. The portion of the lease relating to the land has been classified as an operating lease. The future minimum lease payments for the site at March 31, 2009 were ¥5,593 million ($57,071 thousand).

A summary of leased assets under capital leases at March 31, 2009 and 2008 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2009	2008	2009
Buildings and improvements	¥ 5,243	¥ 5,208	$ 53,500
Machinery, equipment and automobiles	12,043	15,672	122,888
Other intangible assets	593	791	6,051
Accumulated depreciation	(9,811)	(10,814)	(100,112)
	¥ 8,068	¥10,857	$ 82,327

Depreciation expenses under capital leases for the years ended March 31, 2009, 2008 and 2007 were ¥3,328 million ($33,959 thousand), ¥4,089 million and ¥3,704 million, respectively.

The following is a schedule by year of future minimum lease payments under capital leases together with the present value of the net minimum lease payments at March 31, 2009:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2010	¥ 2,907	$ 29,663
2011	2,097	21,398
2012	1,339	13,663
2013	794	8,102
2014	449	4,582
Thereafter	4,173	42,582
Total minimum lease payments	11,759	119,990
Less: Amount representing interest	2,245	22,909
Present value of net minimum lease payments (Note 12)	9,514	97,081
Less: Current portion	2,571	26,234
Long-term capital lease obligations	¥ 6,943	$ 70,847

Rental expenses under operating leases for the years ended March 31, 2009, 2008 and 2007 were ¥15,494 million ($158,102 thousand), ¥15,912 million and ¥15,771 million, respectively. A significant portion of such rentals relates to cancelable short-term leases for office space and employee residential facilities, many of which are renewed upon expiration.

On December 8, 2000, the Company entered into a lease agreement for a building and land in Shibuya, Tokyo. The lease agreement extends for 20 years beginning December 8, 2000. For financial reporting purposes, the lease has been classified as an operating lease. Based on the agreement, annual lease payments for the site are approximately ¥1,339 million ($13,663 thousand) over a 20-year period.

The future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year at March 31, 2009 are as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2010	¥ 2,419	$ 24,684
2011	2,288	23,347
2012	2,242	22,878
2013	2,197	22,418
2014	2,193	22,378
Thereafter	18,719	191,009
Total future minimum lease payments	¥30,058	$306,714

20. Lessor

The Company's leasing operations consist principally of leasing of security equipment and real estate for office and medical institutions. Most of the security equipment and certain real estate for medical institutions on lease are classified as sales-type leases or direct-financing leases. The other leases are classified as operating leases.

A summary of lease receivables under sales-type and direct-financing leases at March 31, 2009 and 2008 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2009	2008	2009
Total minimum lease payments to be received	¥48,511	¥48,206	$495,010
Estimated executory cost	(3,620)	(3,576)	(36,939)
Estimated unguaranteed residual value	3,474	3,480	35,449
Unearned income	(12,264)	(13,069)	(125,142)
Lease receivables, net	36,101	35,041	368,378
Less: Current portion	(8,287)	(7,820)	(84,562)
Long-term lease receivables, net	¥27,814	¥27,221	$283,816

The following is a schedule by year of future minimum lease payments to be received under sales-type leases and direct-financing leases at March 31, 2009:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2010	¥ 9,873	$100,745
2011	8,397	85,684
2012	6,426	65,571
2013	4,368	44,571
2014	2,348	23,959
Thereafter	17,099	174,480
Total future minimum lease payments to be received	¥48,511	$495,010

A summary of investment in property on operating leases and property held for lease at March 31, 2009 and 2008 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2009	2008	2009
Land	¥32,579	¥27,223	$332,439
Buildings and improvements	29,660	26,955	302,653
Other intangible assets	662	775	6,755
Accumulated depreciation	(8,539)	(7,634)	(87,133)
	¥54,362	¥47,319	$554,714

The future minimum rentals on non-cancelable operating leases at March 31, 2009 are as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2010	¥ 2,545	$ 25,969
2011	775	7,908
2012	775	7,908
2013	775	7,908
2014	775	7,908
Thereafter	11,270	115,001
Total future minimum rentals	¥16,915	$172,602

21. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of financial instruments in cases for which it is practicable.

(1) Cash and Cash Equivalents; Time Deposits; Cash Deposits; Notes and Accounts Receivable, Trade; Due from Subscribers; Short-Term Receivables; Bank Loans; Notes and Accounts Payable, Trade; Other Payables; Deposits Received; and Accrued Payrolls

The carrying amounts approximate fair value because of the short-term maturities of such instruments.

(2) Short-term Investments; Investment Securities

The fair values of short-term investments and investment securities are principally based on quoted market price.

(3) Long-Term Receivables

The fair values of long-term receivables are based on the present value of future cash flows through estimated maturity, discounted using estimated market discount rates. The carrying amount of long-term receivables approximates fair value.

(4) Long-Term Debt Including Current Portion

The fair value of long-term debt including the current portion was estimated based on the discounted amounts of future cash flows of each instrument at the Company's current incremental borrowing rates for similar liabilities.

(5) Investment Deposits by Policyholders

The fair values of investment deposits by policyholders are estimated by discounting future cash flows using the interest rates currently being offered for similar contracts.

(6) Derivatives

The fair values of interest rate swaps and embedded derivatives are estimated using current market pricing models by obtaining quotes from financial institutions.

The carrying amounts and estimated fair values of the financial instruments excluding debt and equity securities which are disclosed in Notes 2 (7) and 7 at March 31, 2009 and 2008 are as follows:

	In millions of yen			
	March 31			
	2009		2008	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Non-derivatives:				
Liabilities—				
Long-term debt including current portion	¥52,371	¥52,451	¥53,244	¥53,344
Investment deposits by policyholders	86,064	87,891	87,252	89,373
Derivatives:				
Liabilities—				
Interest rate swaps	242	242	135	135
Embedded derivatives	—	—	514	514

	In thousands of U.S. dollars	
	March 31	
	2009	
	Carrying amount	Estimated fair value
Non-derivatives:		
Liabilities—		
Long-term debt including current portion	$534,398	$535,214
Investment deposits by policyholders	878,204	896,847
Derivatives:		
Liabilities—		
Interest rate swaps	2,469	2,469
Embedded derivatives	—	—

Limitation:

Fair value estimates are made at a specific point in time based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

22. Fair Value Measurements

SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. SFAS 157 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value as follows:

Level 1— Inputs are quoted prices in active markets for identical assets or liabilities.
Level 2— Inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3— Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable, which reflect the reporting entity' own assumptions about the assumptions that market participants would use in establishing a price.

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis at March 31, 2009 consistent with the fair value hierarchy provisions of SFAS No. 157.

	In millions of yen			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	¥ 350	¥ 2,607	¥ —	¥ 2,957
Short-term investments and investment securities	76,556	53,528	26,983	157,067
Total assets	76,906	56,135	26,983	160,024
Liabilities:				
Derivatives	—	242	—	242
Total liabilities	—	242	—	242

	In thousands of U.S. dollars			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ 3,571	$ 26,602	$ —	$ 30,173
Short-term investments and investment securities	781,183	546,204	275,337	1,602,724
Total assets	784,754	572,806	275,337	1,632,897
Liabilities:				
Derivatives	—	2,469	—	2,469
Total liabilities	—	2,469	—	2,469

Cash Equivalents

All highly liquid investments with initial maturities of three months or less are considered to be cash equivalents, and principally valued using quoted prices for identical assets in markets that are not active.

Short-Term Investments and Investment Securities

Equity securities and debt securities classified as Level 1 assets are valued using unadjusted quoted market price in active markets with sufficient volume and frequency of transactions.

Level 2 assets are comprised principally of debt securities, which are valued using quoted prices for similar assets in active markets, or quoted price for identical or similar assets in markets that are not active. Non-marketable securities classified as Level 3 assets are valued based on unobservable inputs as the market for the assets was not active at the measurement date.

Derivative Financial Investments

Derivative financial instruments are comprised of interest rate swaps. These derivative instruments are valued using observable market data and classified as Level 2 liabilities.

The following table presents the changes in Level 3 assets measured on a recurring basis for the year ended March 31, 2009.

	In millions of yen	In thousands of U.S. dollars
Balance at beginning of year	¥40,980	$418,163
Total gains or losses (realized or unrealized):		
Included in earnings	(3,907)	(39,867)
Included in other comprehensive income (loss)	(1,705)	(17,398)
Purchase, issuances, and settlements, net	(2,393)	(24,418)
Foreign currency translation adjustments	(5,992)	(61,143)
Balance at end of year	¥26,983	$275,337

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Non-marketable equity securities with carrying amount of ¥10,830 million ($110,511 thousand) were written down to their fair value of ¥10,714 million ($109,327 thousand), resulting in an other-than-temporary impairment charge of ¥116 million ($1,184 thousand), which was included in earnings for the year ended March 31, 2009. All impaired non-marketable equity securities were classified as Level 3 assets, as the Company uses unobservable inputs to value these investments.

23. Derivative Financial Instruments

(1) Risk Management Policy

The Company utilizes derivative financial instruments in the normal course of business to reduce exposure to fluctuations in interest rate. The Company assesses interest rate risk by continually monitoring changes in the exposure and by evaluating hedging opportunities. The Company does not hold or issue derivative financial instruments for trading purposes. The Company is also exposed to credit-related losses in the event of non-perfomance by counterparties to derivative financial instruments, but it is not expected that any counterparties will fail to meet their obligations, because most of the counterparties are internationally recognized financial institutions and contracts are diversified to a number of major financial institutions.

(2) Interest Rate Risk Management

The Company's exposure to the market risk of changes in interest rates relates primarily to its debt obligations. The Company principally enters into interest rate swap agreements to manage fluctuations in cash flows resulting from changes in interest rates. Interest rate swaps are used to change floating rates on debt obligations to fixed rates by entering into receive-floating, pay-fixed interest rate swaps under which the Company receives floating interest rate proceeds and makes fixed interest rate payments, thereby effectively creating fixed-rate debt.

(3) Cash Flow Hedge

The Company designates interest rate swap agreements as cash flow hedges for variability of cash flows originated from floating rate borrowings. The interest rate swap agreements mature at various dates through 2022. The effective portion of changes in fair values of derivative instruments designated as cash flow hedges of these debt obligations are reported in other comprehensive income (loss). These amounts are reclassified into current income in the same period that hedged items affect current income. The ineffective portion of changes in fair values are reported in income immediately. The sum of the amount of the hedge ineffectiveness and net gains or losses excluded from the assessment of hedge effectiveness is not material for the years ended March 31, 2009, 2008 and 2007 as the critical terms of most of the interest rate swap agreements match the terms of the hedged debt obligations. Approximately ¥21 million ($214 thousand) of net derivative losses included in other comprehensive income (loss), net of tax at March 31, 2009, will be reclassified into current income within 12 months from that date. At March 31, 2009 and 2008, the notional principal amounts of interest rate swap agreements designated as cash flow hedges were ¥8,723 million ($89,010 thousand) and ¥21,111 million, respectively.

(4) Derivative Instruments Not Designated as Hedges

Certain subsidiaries enter into interest rate swap agreements to change the effective interest rates on debt securities held as investments with the objective of increasing current interest income. Certain subsidiaries hold embedded derivatives that must be separated from the host debt securities and accounted for as derivative instruments, which are also to increase investment income. Changes in fair value of the above noted derivative financial instruments, which are not designated as hedges, are reported in current income.

24. Commitments and Contingent Liabilities

The Company has commitments outstanding at March 31, 2009 for the purchase of property, plant and equipment approximated ¥6,588 million ($67,224 thousand).

The Company provides guarantees to third parties mainly with respect to bank loans extended to its affiliated companies and other entities. Such guarantees are provided to enhance the credit standing of the affiliated companies and other entities. For each guarantee provided, the Company would have to perform under the guarantee, if the affiliated companies and other entities default on a payment within the guaranteed period of one to five years. The maximum amount of undiscounted payments the Company would have to make in the event of default amounts to ¥7,061 million ($72,051 thousand) at March 31, 2009. The carrying amounts of the liabilities recognized for the Company's obligations under these guarantees at March 31, 2009 and 2008 were deemed insignificant.

In July 2004, Fujitsu Limited filed a lawsuit against Secom Insurance in the Tokyo District Court, claiming compensation for costs related to a system development order in the amount of ¥2,500 million ($25,510 thousand). Secom Insurance is not only contesting this lawsuit on the grounds that it is without merit, but has also filed a countersuit claiming damages in the amount of ¥1,000 million ($10,204 thousand). However, on January 16, 2009, Secom Insurance resolved the matter by reaching a settlement involving the payment to Fujitsu Limited in the amount of ¥1,000 million ($10,204 thousand), which was paid on January 30, 2009.

Pasco Corporation filed a lawsuit against Sumitomo Mitsui Banking Corporation for a confirmatory judgment to the effect that it does not owe an obligation in the amount of ¥2,010 million ($20,510 thousand) to Sumitomo Mitsui Banking Corporation with the Tokyo District Court on October 31, 2005. Sumitomo Mitsui Banking Corporation alleged that it made a loan to a third party and acquired from the third party its claim against Pasco Corporation for an alleged sale of equipment to Pasco Corporation, as collateral for the loan, and demanded Pasco Corporation to pay such claim to Sumitomo Mitsui Banking Corporation. Furthermore, on December 5, 2005, Sumitomo Mitsui Banking Corporation brought a cross action against Pasco Corporation in relation to a demand for payment of a transferred receivable. Subsequently, both actions were consolidated according to a court procedure. The oral argument was concluded on October 31, 2008, and on March 27, 2009 Tokyo District Court rendered the following decision;

(Contents of decision)

1. Pasco Corporation must pay money for Sumitomo Mitsui Banking Corporation in an amount of ¥2,010 million ($20,510 thousand) as well as interest of the rate of 6 percent per annum on ¥600 million ($6,122 thousand), from November 1, 2005, and on ¥1,410 million ($14,388 thousand), from December 1, 2005, up to the full payment of the respective amounts;
2. Pasco Corporation incurs the cost of lawsuits including the cost caused by supplementary participation; and
3. The judgement can be provisionally executed.

Pasco Corporation appealed the case to the Tokyo High Court on April 6, 2009.

Following the decision, Pasco Corporation provided a reserve for litigation loss of ¥2,415 million ($24,643 thousand) for the year ended March 31, 2009.

Other than those above, it is not anticipated that damages, if any, resulting from other legal actions will have a material impact on the Company's consolidated financial statements.

25. Supplemental Cash Flow Information

Supplemental cash flow information is as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Cash paid during the year for:				
Interest	¥ 1,978	¥ 2,082	¥ 1,865	$ 20,184
Income taxes	47,419	43,067	38,360	483,867
Non-cash investing and financing activities:				
Additions to obligations under capital leases	¥ 803	¥ 2,668	¥ 5,395	$ 8,194

26. Segment Information

The Company has applied SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which requires disclosure of financial and descriptive information about the Company's reportable operating segments. The operating segments reported below are the segments of the Company for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by management in deciding how to allocate resources and assess performance.

The Company has seven reportable business segments: security services, fire protection services, medical services, insurance services, geographic information services, real estate development and sales, and information and communication related and other services. From December 2006, the Company newly established a business segment, the fire protection services, due to the acquisition of Nohmi Bosai group. During the year ended March 31, 2009, the Company decided to separately disclose the real estate development and sales, which was previously included in the information and communication related and other services segment, due to the fact that the reporting loss exceeded the quantitative threshold. Accordingly, segment information of all prior periods has been restated to conform to the presentation used for the year ended March 31, 2009.

The security services segment provides various types of security services by utilizing the Company's unique security systems and manufacturing and selling security equipment. The fire protection services segment provides various types of fire protection equipment, such as automatic fire alarm and fire extinguishing and other fire protection systems for office buildings, plants, tunnels, ships, residences and cultural monuments. The medical services segment provides intravenous solutions to patients at home, home-based nursing care services, medical data transmission services by utilizing the Company's network and leasing of real estate for medical institutions. In addition, the VIEs to which the Company is primary beneficiary manage hospitals and health care-related institutions. The insurance services segment represents non-life insurance-related underwriting business in the Japanese market. The geographic information services segment represents surveying and measuring services and GIS services. The real estate development and sales segment represents development and sales of condominiums that reinforce security. The information and communication related and other services segment represents the Company's network business, leasing of real estate and management of hotel business.

Corporate expenses consist principally of general and administrative expenses of the planning, personnel and administrative departments of the parent company and administrative departments of the foreign holding company.

Intersegment sales are priced on a basis intended to approximate amounts charged to unaffiliated customers.

Identifiable assets are those assets used exclusively in the operations of each segment or which are allocated when used jointly. Corporate assets, which are held by the parent company and the foreign holding company for general and administrative facilities, consist principally of cash and cash equivalents, short-term investments, investment securities, land, buildings, machinery and equipment.

Information by business and geographic segments for the years ended March 31, 2009, 2008 and 2007 is as follows:

(1) Business Segment Information

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Net sales and operating revenue:				
Security services—				
Customers	¥436,918	¥435,306	¥415,410	$4,458,347
Intersegment	1,516	1,375	1,491	15,469
	438,434	436,681	416,901	4,473,816
Fire protection services—				
Customers	84,175	82,572	27,448	858,929
Intersegment	5,659	4,046	944	57,745
	89,834	86,618	28,392	916,674
Medical services—				
Customers	52,220	50,741	45,852	532,857
Intersegment	123	127	233	1,255
	52,343	50,868	46,085	534,112
Insurance services—				
Customers	21,530	33,229	31,978	219,694
Intersegment	2,919	2,894	2,702	29,786
	24,449	36,123	34,680	249,480
Geographic information services—				
Customers	40,207	39,376	36,438	410,276
Intersegment	117	321	138	1,194
	40,324	39,697	36,576	411,470
Real estate development and sales—				
Customers	22,072	29,928	45,431	225,224
Intersegment	2,361	—	—	24,092
	24,433	29,928	45,431	249,316
Information and communication related and other services—				
Customers	31,649	35,543	34,121	322,949
Intersegment	8,863	8,782	9,127	90,439
	40,512	44,325	43,248	413,388
Total	710,329	724,240	651,313	7,248,256
Eliminations	(21,558)	(17,545)	(14,635)	(219,980)
Total net sales and operating revenue	¥688,771	¥706,695	¥636,678	$7,028,276

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Operating income (loss):				
Security services	¥102,475	¥103,137	¥ 96,162	$1,045,663
Fire protection services	5,353	4,948	1,815	54,623
Medical services	11	(1,083)	(2,914)	112
Insurance services	(8,222)	3,766	3,752	(83,898)
Geographic information services	2,045	1,439	394	20,867
Real estate development and sales	(17,577)	673	4,436	(179,357)
Information and communication related and other services	4,918	4,718	2,899	50,184
Total	89,003	117,598	106,544	908,194
Corporate expenses and eliminations	(12,304)	(11,970)	(12,126)	(125,551)
Operating income	¥ 76,699	¥105,628	¥ 94,418	$ 782,643
Other income	5,803	13,011	8,437	59,214
Other expenses	(19,172)	(8,376)	(7,519)	(195,633)
Income before income taxes	¥ 63,330	¥110,263	¥ 95,336	$ 646,224

	In millions of yen			In thousands of U.S. dollars
	March 31			March 31
	2009	2008	2007	2009
Assets:				
Security services	¥ 395,814	¥ 473,582	¥ 468,256	$ 4,038,918
Fire protection services	81,404	80,777	77,850	830,653
Medical services	122,960	119,251	105,158	1,254,694
Insurance services	197,844	188,538	196,798	2,018,816
Geographic information services	58,141	58,038	55,124	593,276
Real estate development and sales	76,095	97,261	82,840	776,480
Information and communication related and other services	96,476	98,081	95,693	984,449
Total	1,028,734	1,115,528	1,081,719	10,497,286
Corporate items	74,335	103,183	120,631	758,520
Investments in and loans to affiliated companies	40,072	46,814	38,832	408,898
Total assets	¥1,143,141	¥1,265,525	¥1,241,182	$11,664,704

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Depreciation and amortization:				
Security services	¥45,428	¥47,191	¥49,168	$463,551
Fire protection services	1,250	1,171	326	12,755
Medical services	2,026	3,816	3,202	20,673
Insurance services	1,220	1,225	1,206	12,449
Geographic information services	1,675	1,666	1,631	17,092
Real estate development and sales	58	51	54	592
Information and communication related and other services	2,680	2,707	2,360	27,347
Total	54,337	57,827	57,947	554,459
Corporate items	288	367	301	2,939
Total depreciation and amortization	¥54,625	¥58,194	¥58,248	$557,398
Capital expenditures:				
Security services	¥29,722	¥33,192	¥33,306	$303,286
Fire protection services	1,524	1,556	364	15,551
Medical services	2,153	4,674	5,985	21,969
Insurance services	309	8	49	3,153
Geographic information services	299	1,450	1,882	3,051
Real estate development and sales	7	258	38	72
Information and communication related and other services	10,614	5,622	6,125	108,306
Total	44,628	46,760	47,749	455,388
Corporate items	227	63	12	2,316
Total capital expenditures	¥44,855	¥46,823	¥47,761	$457,704

The capital expenditures in the above table represent the additions to property, plant and equipment of each segment.

The Company has no single customer that accounts for more than 10 percent of total revenues.

The following table is a breakdown of security services revenue to external customers by service category. The security services business is managed as a single operating segment by the Company's management.

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Electronic security services	¥303,505	¥296,167	¥285,858	$3,096,990
Other security services:				
Static guard services	47,999	46,648	42,144	489,786
Armored car services	20,310	19,547	20,308	207,245
Merchandise and other	65,104	72,944	67,100	664,326
Total security services	¥436,918	¥435,306	¥415,410	$4,458,347

(2) Geographic Segment Information

Net sales and operating revenue attributed to countries based on location of customers and long-lived assets for the years ended March 31, 2009, 2008 and 2007 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2009	2008	2007	2009
Net sales and operating revenue:				
Japan	¥668,451	¥684,909	¥620,435	$6,820,929
Other	20,320	21,786	16,243	207,347
Total	¥668,771	¥706,695	¥636,678	$7,028,276

	In millions of yen			In thousands of U.S. dollars
	March 31			March 31
	2009	2008	2007	2009
Long-lived assets:				
Japan	¥351,143	¥345,318	¥347,546	$3,583,092
Other	4,925	6,185	5,023	50,255
Total	¥356,068	¥351,503	¥352,569	$3,633,347

There are no individually material countries with respect to net sales and operating revenue and long-lived assets included in other areas.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
SECOM CO., LTD.:

We have audited the accompanying consolidated balance sheets of SECOM CO., LTD. and subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended March 31, 2009, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SECOM CO., LTD. and subsidiaries as of March 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements as of and for the year ended March 31, 2009 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the consolidated financial statements expressed in Japanese yen have been translated into United States dollars on the basis set forth in Note 3 of the notes to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 25, 2009

OTHER FINANCIAL DATA

CONTENTS

SUMMARY OF SELECTED FINANCIAL DATA

SECOM CO., LTD. and Subsidiaries
Years ended March 31

In millions of yen

	2009	2008	2007	2006	2005	2004
Composition of consolidated net sales and operating revenue by segment						
Net sales and operating revenue	¥688,771	¥706,695	¥636,678	¥580,526	¥552,354	¥517,435
Security services:	436,918	435,306	415,410	400,044	382,360	367,482
As a percentage of net sales and operating revenue	*63.5%*	*61.6%*	*65.3%*	*68.9%*	*69.2%*	*71.0%*
Electronic security services—	303,505	296,167	285,858	277,892	271,872	263,900
As a percentage of net sales and operating revenue	*44.1*	*41.9*	*44.9*	*47.9*	*49.2*	*51.0*
Other security services—						
Static guard services	47,999	46,648	42,144	41,480	38,302	37,537
As a percentage of net sales and operating revenue	*7.0*	*6.6*	*6.6*	*7.1*	*6.9*	*7.2*
Armored car services	20,310	19,547	20,308	19,369	18,462	18,618
As a percentage of net sales and operating revenue	*2.9*	*2.8*	*3.2*	*3.3*	*3.4*	*3.6*
Subtotal	68,309	66,195	62,452	60,849	56,764	56,155
Merchandise and other	65,104	72,944	67,100	61,303	53,724	47,427
As a percentage of net sales and operating revenue	*9.5*	*10.3*	*10.6*	*10.6*	*9.7*	*9.2*
Fire protection services	84,175	82,572	27,448	—	—	—
As a percentage of net sales and operating revenue	*12.2*	*11.7*	*4.3*	—	—	—
Medical services	52,220	50,741	45,852	39,215	34,688	21,147
As a percentage of net sales and operating revenue	*7.6*	*7.2*	*7.2*	*6.7*	*6.3*	*4.1*
Insurance services	21,530	33,229	31,978	29,537	26,465	23,536
As a percentage of net sales and operating revenue	*3.1*	*4.7*	*5.0*	*5.1*	*4.8*	*4.5*
Geographic information services	40,207	39,376	36,438	35,271	34,915	32,346
As a percentage of net sales and operating revenue	*5.8*	*5.6*	*5.7*	*6.1*	*6.3*	*6.3*
Real estate development and sales	22,072	29,928	45,431	41,967	39,699	39,193
As a percentage of net sales and operating revenue	*3.2*	*4.2*	*7.1*	*7.2*	*7.2*	*7.6*
Information and communication related and other services	31,649	35,543	34,121	34,492	34,227	33,731
As a percentage of net sales and operating revenue	*4.6*	*5.0*	*5.4*	*6.0*	*6.2*	*6.5*
Net income, cash dividends and shareholders' equity						
Net income	¥ 30,560	¥ 61,756	¥ 55,889	¥ 50,331	¥ 52,133	¥ 23,479
Cash dividends (paid)[2]	19,122	17,998	13,499	11,251	10,127	9,003
Shareholders' equity	528,721	574,554	551,732	508,696	457,837	415,852
Consolidated financial ratios						
Percentage of working capital accounted for by:						
Debt—						
Bank loans	11.9	17.5	17.4	15.2	16.1	17.7
Current portion of long-term debt	2.4	1.2	1.4	6.4	1.7	2.1
Convertible bonds	—	—	—	—	—	—
Straight bonds	1.9	1.8	1.9	1.6	6.4	5.2
Other long-term debt	3.6	4.0	3.6	3.6	3.9	9.2
Total debt	19.8	24.5	24.3	26.8	28.1	34.2
Shareholders' equity	80.2	75.5	75.7	73.2	71.9	65.8
Total capitalization	100.0	100.0	100.0	100.0	100.0	100.0
Return on total assets (percentage)[a]	2.7	4.9	4.5	4.1	4.5	2.0
Return on equity (percentage)[b]	5.8	10.7	10.1	9.9	11.4	5.6
Percentage of net sales and operating revenue absorbed by[c]:						
Depreciation and amortization	7.9	8.2	9.1	9.0	9.1	10.1
Rental expense under operating leases	2.2	2.3	2.5	2.7	2.6	2.8
Ratio of accumulated depreciation to depreciable assets (percentage)	64.4	63.8	62.3	60.5	60.0	54.8
Net property turnover (times)[c]	2.66	2.81	2.54	2.39	2.43	1.74
Before-tax interest coverage (times)[c][d]	32.4	53.7	53.5	48.8	39.3	15.9

Note: Installation revenue is included in the corresponding electronic security services.

	2009	2008	2007	2006	2005	2004
Number of shares outstanding						
Issued	233,288,717	233,288,717	233,288,717	233,288,717	233,288,717	233,281,133
Owned by the Company	15,251,520	8,323,599	8,318,900	8,301,997	8,266,043	8,228,652
Balance	218,037,197	224,965,118	224,969,817	224,986,720	225,022,674	225,052,481
Per share information						
Basic net income per share (in yen) (1)	¥ 137.42	¥ 274.51	¥ 248.42	¥ 223.69	¥ 231.66	¥ 104.32
Cash dividends paid per share (in yen) (2)	85.00	80.00	60.00	50.00	45.00	40.00
Shareholders' equity per share (in yen) (3)	2,424.91	2,553.97	2,452.47	2,261.00	2,034.63	1,847.80
Cash flow per share (in yen) (1) (e)	299.72	448.19	427.34	396.31	410.29	294.56
Price/Book value ratio	1.50	1.90	2.23	2.66	2.19	2.46
Price/Earnings ratio	26.41	17.63	22.02	26.91	19.25	43.52
Price/Cash flow ratio	12.11	10.80	12.80	15.19	10.87	15.41
Stock price at year-end (in yen)	3,630	4,840	5,470	6,020	4,460	4,540

Notes: (a) Net income/Total assets
(b) Net income/Shareholders' equity
(c) Including discontinued operations
(d) (Income before income taxes + Interest expense)/Interest expense
(e) (Net income + Depreciation and amortization - Dividends approved) / Average number of shares outstanding during each period

(1) Per share amounts are based on the average number of shares outstanding during each period.
(2) Subsequent to March 31, 2009, cash dividends of ¥18,533 million (¥85.00 per share) were approved at the general shareholders' meeting on June 25, 2009 (see Note 17 of the accompanying notes to consolidated financial statements).
(3) Per share amounts are based on the number of shares outstanding at the end of each period, minus treasury stock.

COMMON STOCK DATA

SECOM CO., LTD.
As of March 31

SHAREHOLDER INFORMATION

	2009	2008	2007	2006	2005	2004
Number of shareholders	**30,859**	28,512	30,683	19,807	21,327	21,720
Common shares held by:						
Financial institutions	**35.67%**	33.84%	32.21%	33.04%	34.32%	37.04%
Securities firms	**2.55**	3.86	3.68	2.16	1.99	2.19
Other corporations	**3.76**	3.81	3.86	3.92	4.13	4.29
Foreign investors	**38.17**	41.71	42.43	43.40	40.75	37.22
Individuals and others	**19.85**	16.78	17.82	17.48	18.81	19.26
Total	**100.00%**	100.00%	100.00%	100.00%	100.00%	100.00%

PRICE INFORMATION (TOKYO STOCK EXCHANGE)

		Price per share (in yen)		Nikkei Stock Average (in yen)	
		High	Low	High	Low
2007	April–June	¥5,860	¥5,360	¥18,240.30	¥17,028.41
	July–September	5,830	5,060	18,261.98	15,273.68
	October–December	6,340	5,480	17,458.98	14,837.66
2008	January–March	6,200	4,720	14,691.41	11,787.51
	April–June	5,330	4,710	14,489.44	12,656.42
	July–September	5,310	4,300	13,603.31	11,259.86
	October–December	4,700	2,790	11,368.26	7,162.90
2009	January–March	4,700	3,100	9,239.24	7,054.98

COMMON STOCK ISSUES

Date	Additional shares issued (In thousands)	Shares outstanding after issue (In thousands)	Share capital after issue (In thousands of yen)	Allotment ratio to shareholders	Remarks
June 15, 1974	1,968	9,200	¥ 460,000	—	Issue at market price (¥900)
Dec. 21, 1974	2,760	11,960	598,000	3 for 10	Stock split
May 21, 1975	1,196	13,156	657,800	1 for 10	Stock split
May 21, 1975	1,244	14,400	720,000	—	Issue at market price (¥1,134)
Dec. 1, 1975	4,320	18,720	936,000	3 for 10	Stock split
May 31, 1976	1,880	20,600	1,030,000	—	Issue at market price (¥2,570)
June 1, 1976	2,060	22,660	1,133,000	1 for 10	Stock split
Dec. 1, 1976	6,798	29,458	1,472,900	3 for 10	Stock split
Nov. 30, 1977	2,042	31,500	1,575,000	—	Issue at market price (¥1,700)
Dec. 1, 1977	6,300	37,800	1,890,000	2 for 10	Stock split
Dec. 1, 1978	7,560	45,360	2,268,000	2 for 10	Stock split
June 1, 1981	3,000	48,360	2,418,000	—	Issue at market price (¥2,230)
Dec. 1, 1981	4,836	53,196	2,659,800	1 for 10	Stock split
Jan. 20, 1983	5,320	58,516	3,000,000	1 for 10	Stock split
Nov. 30, 1983	194	58,710	3,280,942	—	Conversion of convertible bonds
Nov. 30, 1984	1,418	60,128	5,329,282	—	Conversion of convertible bonds
Nov. 30, 1985	186	60,314	5,602,945	—	Conversion of convertible bonds
Jan. 20, 1986	6,031	66,345	5,602,945	1 for 10	Stock split
Nov. 30, 1986	2,878	69,223	11,269,932	—	Conversion of convertible bonds
Nov. 30, 1987	1,609	70,832	15,021,200	—	Conversion of convertible bonds
Jan. 20, 1988	3,541	74,373	15,021,200	0.5 for 10	Stock split
Nov. 30, 1988	439	74,812	16,063,099	—	Conversion of convertible bonds
Nov. 30, 1989	1,808	76,620	21,573,139	—	Conversion of convertible bonds
Jan. 19, 1990	22,986	99,606	21,573,139	3 for 10	Stock split
Mar. 31, 1990	1,446	101,052	25,070,104	—	Conversion of convertible bonds
Mar. 31, 1991	2,949	104,001	32,244,732	—	Conversion of convertible bonds
Mar. 31, 1992	2,035	106,036	37,338,751	—	Conversion of convertible bonds
Mar. 31, 1993	267	106,303	37,991,568	—	Conversion of convertible bonds
Mar. 31, 1994	6,986	113,289	56,756,263	—	Conversion of convertible bonds
Mar. 31, 1995	477	113,766	58,214,178	—	Conversion of convertible bonds
Mar. 31, 1996	613	114,379	59,865,105	—	Conversion of convertible bonds
Mar. 31, 1997	1,825	116,204	65,253,137	—	Conversion of convertible bonds
Mar. 31, 1998	29	116,233	65,327,060	—	Conversion of convertible bonds
Mar. 31, 1999	159	116,392	65,709,927	—	Conversion of convertible bonds
Nov. 19, 1999	116,410	232,802	65,709,927	10 for 10*	Stock split
Mar. 31, 2000	273	233,075	66,096,852	—	Conversion of convertible bonds
Mar. 31, 2001	25	233,100	66,126,854	—	Conversion of convertible bonds
Mar. 31, 2002	175	233,275	66,360,338	—	Conversion of convertible bonds
Mar. 31, 2003	6	233,281	66,368,827	—	Conversion of convertible bonds
Mar. 31, 2005	8	233,289	66,377,829	—	Conversion of convertible bonds

Notes: 1. The above is a record of SECOM's common stock issues since the common stock was listed on the Tokyo Stock Exchange in June 1974.
2. As of March 31, 2009, the number of shares outstanding was 233,289 thousand and share capital was ¥66,377,829 thousand.
*One share was split into two.