AUDITED FINANCIAL STATEMENTS

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

SECOM CO., LTD. and Subsidiaries
March 31, 2010 and 2009

	In millions of yen		Translation into thousands of U.S. dollars (Note 3)
	March 31		March 31
ASSETS	2010	2009	2010
Current assets:			
Cash and cash equivalents (Notes 5 and 22)	¥ 180,144	¥ 159,393	$ 1,937,032
Time deposits (Note 12)	7,337	8,775	78,892
Cash deposits (Note 6)	48,862	56,668	525,398
Short-term investments (Notes 7 and 22)	13,327	13,830	143,301
Notes and accounts receivable, trade	76,848	80,457	826,323
Due from subscribers	29,322	29,384	315,290
Inventories (Note 8)	98,255	96,071	1,056,505
Short-term receivables (Notes 12 and 20)	16,165	15,009	173,817
Allowance for doubtful accounts	(2,223)	(2,782)	(23,903)
Deferred insurance acquisition costs (Note 13)	6,145	6,559	66,075
Deferred income taxes (Note 16)	15,737	16,245	169,215
Other current assets	10,873	12,932	116,915
Total current assets	500,792	492,541	5,384,860
Investments and long-term receivables:			
Investment securities (Notes 2 (7), 7, 12 and 22)	148,069	161,668	1,592,140
Investments in affiliated companies (Note 9)	42,613	40,072	458,204
Long-term receivables (Notes 12 and 20)	70,852	74,962	761,849
Lease deposits	13,438	13,213	144,495
Other investments	9,412	9,943	101,205
Allowance for doubtful accounts	(7,848)	(8,940)	(84,387)
	276,536	290,918	2,973,506
Property, plant and equipment (Notes 10, 12, 19 and 20):			
Land	90,521	86,699	973,344
Buildings and improvements	156,137	147,881	1,678,892
Security equipment and control stations	257,395	251,013	2,767,688
Machinery, equipment and automobiles	70,499	66,828	758,054
Construction in progress	3,022	6,817	32,495
	577,574	559,238	6,210,473
Accumulated depreciation	(314,246)	(299,956)	(3,378,989)
	263,328	259,282	2,831,484
Other assets:			
Deferred charges (Note 2 (12))	44,125	46,196	474,462
Goodwill (Note 11)	13,152	15,440	141,419
Other intangible assets (Notes 11 and 12)	22,497	18,921	241,903
Prepaid pension and severance costs (Note 14)	4,742	823	50,989
Deferred income taxes (Note 16)	12,975	19,020	139,516
	97,491	100,400	1,048,289
Total assets	¥1,138,147	¥1,143,141	$12,238,139

See accompanying notes to consolidated financial statements.

LIABILITIES AND EQUITY	In millions of yen, March 31, 2010	In millions of yen, March 31, 2009	Translation into thousands of U.S. dollars (Note 3), March 31, 2010
Current liabilities:			
Bank loans (Notes 6 and 12)	¥ 43,025	¥ 78,180	$ 462,634
Current portion of long-term debt (Notes 12, 19 and 21)	10,801	15,967	116,140
Notes and accounts payable, trade	25,336	28,942	272,430
Other payables	23,193	23,111	249,387
Deposits received (Note 6)	28,348	33,475	304,817
Deferred revenue	44,248	42,646	475,785
Accrued income taxes	21,064	19,126	226,495
Accrued payroll	21,316	23,526	229,204
Reserve for litigation loss (Note 24)	1,770	2,415	19,032
Other current liabilities (Note 16)	16,385	16,049	176,183
Total current liabilities	235,486	283,437	2,532,107
Long-term debt (Notes 12, 19 and 21)	41,572	36,404	447,011
Guarantee deposits received	34,829	32,258	374,505
Accrued pension and severance costs (Note 14)	16,503	17,814	177,452
Deferred revenue	20,078	21,308	215,892
Unearned premiums and other insurance liabilities (Note 13)	74,466	68,869	800,710
Investment deposits by policyholders (Notes 13 and 21)	62,226	86,064	669,097
Deferred income taxes (Note 16)	10,403	1,224	111,860
Other liabilities (Notes 21, 22 and 23)	8,120	5,973	87,312
Total liabilities	503,683	553,351	5,415,946
Commitments and contingent liabilities (Note 24)			
Equity:			
SECOM CO., LTD. shareholders' equity (Note 17):			
Common stock:			
Authorized 900,000,000 shares; issued 233,288,717 shares in 2010 and 2009	66,378	66,378	713,742
Additional paid-in capital	81,096	79,995	872,000
Legal reserve	10,053	10,036	108,097
Retained earnings	510,927	482,488	5,493,839
Accumulated other comprehensive income (loss):			
Unrealized holding gains (losses) on securities (Note 7)	5,603	(3,597)	60,247
Unrealized losses on derivative instruments (Note 23)	(18)	(187)	(194)
Pension liability adjustments (Note 14)	(10,711)	(11,878)	(115,172)
Foreign currency translation adjustments	(18,622)	(19,618)	(200,237)
	(23,748)	(35,280)	(255,356)
Common stock in treasury, at cost: 15,254,334 shares in 2010 and 15,251,520 shares in 2009	(74,907)	(74,896)	(805,452)
Total SECOM CO., LTD. shareholders' equity	569,799	528,721	6,126,870
Noncontrolling interests	64,665	61,069	695,323
Total equity	634,464	589,790	6,822,193
Total liabilities and equity	¥1,138,147	¥1,143,141	$12,238,139

CONSOLIDATED STATEMENTS OF INCOME

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2010

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2010	2009	2008	2010
Net sales and operating revenue	¥670,644	¥684,016	¥701,836	$7,211,226
Costs and expenses:				
Cost of sales (Note 8)	433,139	462,149	452,048	4,657,409
Selling, general and administrative expense (Notes 2 (19) and 18)	137,720	141,960	142,390	1,480,860
Impairment loss on long-lived assets (Note 10)	292	76	16	3,140
Impairment loss on goodwill (Note 11)	245	1,578	1,128	2,634
Loss on sales and disposal of fixed assets, net	2,070	1,994	976	22,258
	573,466	607,757	596,558	6,166,301
Operating income	97,178	76,259	105,278	1,044,925
Other income:				
Interest and dividends	1,317	2,232	3,007	14,161
Reversal of reserve for litigation loss (Note 24)	781	—	—	8,398
Gain on sales of securities, net (Notes 7 and 9)	—	—	2,020	—
Gain on private equity investments	—	1,403	4,070	—
Other (Note 15)	3,254	2,124	3,920	34,989
	5,352	5,759	13,017	57,548
Other expenses:				
Interest	1,799	2,022	2,093	19,344
Loss on sales of securities, net (Note 7)	7	231	—	75
Loss on other-than-temporary impairment of investment securities (Note 22)	1,764	8,831	1,912	18,968
Loss on private equity investments	1,367	—	—	14,699
Loss related to spectrum reallocation (Note 24)	1,254	—	—	13,484
Provision for loss on litigation (Note 24)	—	2,415	—	—
Other (Notes 15 and 23)	1,663	5,356	3,994	17,882
	7,854	18,855	7,999	84,452
Income from continuing operations before income taxes and equity in net income of affiliated companies	94,676	63,163	110,296	1,018,021
Income taxes (Note 16)**:**				
Current	38,749	41,682	42,450	416,656
Deferred	6,882	(5,423)	4,341	74,000
	45,631	36,259	46,791	490,656
Income from continuing operations before equity in net income of affiliated companies	49,045	26,904	63,505	527,365
Equity in net income of affiliated companies	2,620	8,733	5,238	28,173
Income from continuing operations	51,665	35,637	68,743	555,538
Income (loss) from discontinued operations, net of tax (Note 25)	1,354	(149)	(348)	14,559
Net income	53,019	35,488	68,395	570,097
Less: Net income attributable to noncontrolling interests	(6,030)	(4,928)	(6,639)	(64,839)
Net income attributable to SECOM CO., LTD.	¥ 46,989	¥ 30,560	¥ 61,756	$ 505,258

	In yen			Translation into U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2010	2009	2008	2010
Per share data (Note 2 (21))**:**				
Income from continuing operations attributable to SECOM CO., LTD.	¥209.41	¥138.05	¥275.91	$2.25
Income (loss) from discontinued operations attributable to SECOM CO., LTD.	6.10	(0.63)	(1.40)	0.07
Net income attributable to SECOM CO., LTD.	215.51	137.42	274.51	2.32
Cash dividends per share	¥ 85.00	¥ 85.00	¥ 80.00	$0.91

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2010

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 SECOM CO., LTD. shareholders' equity	Noncontrolling interest	Total
Balance, March 31, 2007	233,288,717	¥66,378	¥79,998	¥ 9,923	¥428,850	¥11,433	(¥44,850)	¥551,732	¥61,311	¥613,043
Cumulative effect of a change in accounting principle-adoption of ASC 710, net of tax (Note 2 (16))	—	—	—	—	(1,227)	—	—	(1,227)	(192)	(1,419)
Comprehensive income:										
Net income	—	—	—	—	61,756	—	—	61,756	6,639	68,395
Other comprehensive income (loss), net of tax (Note 17):										
Unrealized holding losses on securities	—	—	—	—	—	(11,238)	—	(11,238)	(1,657)	(12,895)
Unrealized losses on derivative instruments	—	—	—	—	—	(41)	—	(41)	(11)	(52)
Pension liability adjustments	—	—	—	—	—	(5,998)	—	(5,998)	(798)	(6,796)
Foreign currency translation adjustments	—	—	—	—	—	(2,187)	—	(2,187)	96	(2,091)
Total comprehensive income								42,292	4,269	46,561
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	(17,998)	—	—	(17,998)	—	(17,998)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(1,415)	(1,415)
Changes in scope of consolidation	—	—	—	—	(218)	—	—	(218)	—	(218)
Transfer to legal reserve	—	—	—	97	(97)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	—	—	—	—	—	—	—	(1,462)	(1,462)
Gains and losses on disposal of treasury stock	—	—	0	—	—	—	—	0	—	0
Net changes in treasury stock	—	—	—	—	—	—	(27)	(27)	—	(27)
Balance, March 31, 2008	233,288,717	66,378	79,998	10,020	471,066	(8,031)	(44,877)	574,554	62,511	637,065
Comprehensive income:										
Net income	—	—	—	—	30,560	—	—	30,560	4,928	35,488
Other comprehensive income (loss), net of tax (Note 17):										
Unrealized holding losses on securities	—	—	—	—	—	(460)	—	(460)	159	(301)
Unrealized losses on derivative instruments	—	—	—	—	—	(93)	—	(93)	(20)	(113)
Pension liability adjustments	—	—	—	—	—	(7,152)	—	(7,152)	(959)	(8,111)
Foreign currency translation adjustments	—	—	—	—	—	(19,544)	—	(19,544)	(622)	(20,166)
Total comprehensive income								3,311	3,486	6,797
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	(19,122)	—	—	(19,122)	—	(19,122)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(1,701)	(1,701)
Transfer to legal reserve	—	—	—	16	(16)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	—	—	—	—	—	—	—	(3,227)	(3,227)
Gains and losses on disposal of treasury stock	—	—	(3)	—	—	—	—	(3)	—	(3)
Net changes in treasury stock	—	—	—	—	—	—	(30,019)	(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	61,069	589,790
Comprehensive income:										
Net income	—	—	—	—	46,989	—	—	46,989	6,030	53,019
Other comprehensive income (loss), net of tax (Note 17):										
Unrealized holding gains on securities	—	—	—	—	—	9,200	—	9,200	211	9,411
Unrealized gains on derivative instruments	—	—	—	—	—	169	—	169	47	216
Pension liability adjustments	—	—	—	—	—	1,167	—	1,167	372	1,539
Foreign currency translation adjustments	—	—	—	—	—	996	—	996	212	1,208
Total comprehensive income								58,521	6,872	65,393
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	(18,533)	—	—	(18,533)	—	(18,533)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(1,759)	(1,759)
Transfer to legal reserve	—	—	—	17	(17)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	—	1,101	—	—	—	—	1,101	(1,517)	(416)
Gains and losses on disposal of treasury stock	—	—	(0)	—	—	—	—	(0)	—	(0)
Net changes in treasury stock	—	—	—	—	—	—	(11)	(11)	—	(11)
Balance, March 31, 2010	233,288,717	¥66,378	¥81,096	¥10,053	¥510,927	(¥23,748)	(¥74,907)	¥569,799	¥64,665	¥634,464

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 SECOM CO., LTD. shareholders' equity	Noncontrolling interest	Total
Balance, March 31, 2009	$713,742	$860,161	$107,914	$5,188,043	($379,355)	($805,333)	$5,685,172	$656,656	$6,341,828
Comprehensive income:									
Net income	—	—	—	505,258	—	—	505,258	64,839	570,097
Other comprehensive income (loss), net of tax (Note 17):									
Unrealized holding gains on securities	—	—	—	—	98,924	—	98,924	2,269	101,193
Unrealized gains on derivative instruments	—	—	—	—	1,817	—	1,817	505	2,322
Pension liability adjustments	—	—	—	—	12,548	—	12,548	4,000	16,548
Foreign currency translation adjustments	—	—	—	—	10,710	—	10,710	2,280	12,990
Total comprehensive income							629,257	73,893	703,150
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	(199,279)	—	—	(199,279)	—	(199,279)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	(18,914)	(18,914)
Transfer to legal reserve	—	—	183	(183)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	11,839	—	—	—	—	11,839	(16,312)	(4,473)
Gains and losses on disposal of treasury stock	—	(0)	—	—	—	—	(0)	—	(0)
Net changes in treasury stock	—	—	—	—	—	(119)	(119)	—	(119)
Balance, March 31, 2010	$713,742	$872,000	$108,097	$5,493,839	($255,356)	($805,452)	$6,126,870	$695,323	$6,822,193

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2010

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2010	2009	2008	2010
Cash flows from operating activities:				
Net income	¥ 53,019	¥ 35,488	¥ 68,395	$ 570,097
Adjustments to reconcile net income to net cash provided by operating activities—				
Depreciation and amortization, including amortization of deferred charges (Notes 2 (11), 2 (12) and 11)	55,130	54,625	58,194	592,796
Accrual for pension and severance costs, less payments	(3,723)	(5,313)	(4,083)	(40,032)
Deferred income taxes, including discontinued operations	6,885	(5,416)	4,337	74,032
Loss on sales and disposal of fixed assets, net	2,070	1,994	976	22,258
Impairment loss on long-lived assets (Note 10)	292	76	16	3,140
Write-down on real estate inventories (Note 8)	1,285	8,366	—	13,817
(Gain) loss on private equity investments	1,367	(1,403)	(4,070)	14,699
Provision (reversal of reserve) for litigation loss (Note 24)	(781)	2,415	—	(8,398)
Impairment loss on goodwill (Note 11)	245	1,578	1,128	2,634
Gain on sales of securities, net (Note 7)	(1,302)	(299)	(4,593)	(14,000)
Loss on liquidation of subsidiaries	—	32	485	—
Loss on other-than-temporary impairment of investment securities	6,321	19,514	2,562	67,968
Equity in net income of affiliated companies	(2,620)	(8,733)	(5,238)	(28,173)
Gain on sales of discontinued operations (Note 25)	(777)	—	—	(8,355)
Changes in assets and liabilities, net of effects from acquisitions and disposals:				
Decrease in cash deposits	7,806	7,030	11,632	83,935
(Increase) decrease in receivables and due from subscribers, net of allowances	3,845	8,525	(4,766)	41,344
(Increase) decrease in inventories	(3,386)	10,099	(19,267)	(36,409)
Increase in deferred charges	(14,502)	(15,972)	(16,336)	(155,935)
Decrease in deposits received	(5,133)	(3,136)	(14,023)	(55,194)
Increase (decrease) in deferred revenue	255	(1,037)	1,468	2,742
Increase (decrease) in accrued income taxes	2,021	(5,530)	(332)	21,731
Increase in guarantee deposits received	2,541	1,811	329	27,323
Increase in unearned premiums and other insurance liabilities	5,598	5,664	4,939	60,194
Other, net	233	(2,968)	10,820	2,506
Net cash provided by operating activities	116,689	107,410	92,573	1,254,720
Cash flows from investing activities:				
(Increase) decrease in time deposits	1,413	(12)	(1,612)	15,194
Proceeds from sales of property, plant and equipment	1,765	206	4,277	18,978
Payments for purchases of property, plant and equipment	(38,283)	(44,790)	(45,332)	(411,645)
Payments for purchases of intangible assets	(7,231)	(4,166)	(5,134)	(77,752)
Proceeds from sales and redemptions of investment securities	44,857	60,118	87,439	482,333
Payments for purchases of investment securities	(24,585)	(57,133)	(99,262)	(264,355)
(Increase) decrease in short-term investments	3,776	(3,317)	6,397	40,602
Proceeds from sales of discontinued operations	5,185	—	—	55,753
Acquisitions, net of cash acquired (Note 4)	996	(1,498)	(317)	10,710
Payments for investments in affiliated companies (Note 9)	—	—	(1,741)	—
(Increase) decrease in short-term receivables, net	250	87	(1,207)	2,688
Payments for long-term receivables	(5,014)	(6,796)	(3,773)	(53,914)
Proceeds from long-term receivables	6,043	7,160	6,581	64,978
Other, net	226	222	1,577	2,430
Net cash used in investing activities	(10,602)	(49,919)	(52,107)	(114,000)
Cash flows from financing activities:				
Proceeds from long-term debt	6,885	11,396	12,955	74,032
Repayments of long-term debt	(12,951)	(13,411)	(12,792)	(139,258)
Increase (decrease) in bank loans, net	(35,156)	(55,161)	6,075	(378,021)
Decrease in investment deposits by policyholders	(23,838)	(1,188)	(6,109)	(256,322)
Dividends paid to SECOM CO., LTD. shareholders	(18,533)	(19,122)	(17,998)	(199,279)
Dividends paid to noncontrolling interests	(1,759)	(1,701)	(1,415)	(18,914)
Increase in treasury stock, net	(11)	(30,019)	(27)	(119)
Other, net	(324)	(711)	(15)	(3,484)
Net cash used in financing activities	(85,687)	(109,917)	(19,326)	(921,365)
Effect of exchange rate changes on cash and cash equivalents	351	(2,758)	222	3,774
Net increase (decrease) in cash and cash equivalents	20,751	(55,184)	21,362	223,129
Cash and cash equivalents at beginning of year	159,393	214,577	193,215	1,713,903
Cash and cash equivalents at end of year	¥180,144	¥159,393	¥214,577	$1,937,032

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2010

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 the establishment of a "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 security services for commercial and residential premises, static guard services, armored car services for cash collection and deposit and security merchandise. The Company has also been diversifying its services covering: fire protection services, including automatic fire alarm systems and fire extinguishing systems; medical services, including home and other medical services; insurance services, focusing on non-life insurance services; geographic information services using geographic information system ("GIS") and surveying and measuring technology; real estate development and sales, focusing on the development and sale of condominiums that feature security services and disaster prevention services; 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 ("Japanese GAAP"). 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 ("U.S. GAAP"). 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. All significant intercompany transactions and accounts have been eliminated in consolidation.

Investments in companies in which the ability to exercise significant influence exists (generally 20 to 50 percent owned companies), 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.

(2) Consolidation of Variable Interest Entities

The consolidated financial statements also include variable interest entities ("VIEs") to which the Company is the primary beneficiary.

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 VIEs under Accounting Standards Codification ("ASC") 810, "Consolidation" (former FASB Interpretation ("FIN") No. 46 (revised December 2003), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51").

Total assets held by VIEs to which the Company is the primary beneficiary were ¥16,554 million ($178,000 thousand) and ¥16,594 million at March 31, 2010 and 2009, respectively. Total assets held by VIEs to which the Company holds significant variable interests but is not the primary beneficiary at March 31, 2010 and 2009 were ¥48,301 million ($519,366 thousand) and ¥46,654 million, respectively. The Company's maximum exposure to losses related to VIEs at March 31, 2010 and 2009 were ¥9,309 million ($100,097 thousand) and ¥9,794 million, respectively.

(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 ASC 605, "Revenue Recognition" (former 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 is principally recognized when construction is completed.

Revenue from long-term contracts for fire protection services and 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 consolidated 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 ASC 946, “Financial Services—Investment Companies” (former 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 ¥23,520 million ($252,903 thousand) and ¥20,861 million at March 31, 2010 and 2009, 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 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 other than 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 ¥34,033 million ($365,946 thousand), ¥33,417 million and ¥37,241 million for the years ended March 31, 2010, 2009 and 2008, 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 other than security equipment and control stations. In accordance with ASC 250, “Accounting Changes and Error Corrections” (former 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 other than 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 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 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 ¥15,312 million ($164,645 thousand), ¥15,359 million and ¥14,953 million for the years ended March 31, 2010, 2009 and 2008, respectively.

(13) Impairment or Disposal of Long-Lived Assets

In accordance with ASC 360, “Property, Plant and Equipment” (former 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 the 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 ASC 350, “Intangibles—Goodwill and Other” (former 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. This accounting standard 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 ASC 360. 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 Financial Accounting Standards Board (“FASB”) ratified ASC 710, “Compensation—General” (former EITF consensus on EITF Issue No. 06-2, “Accounting for Sabbatical Leave and Other Similar Benefits Pursuant to FASB Statement No. 43”). This accounting standard 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 this accounting standard and increased the beginning balance of accrued payroll by ¥2,265 million and deferred income taxes (Other assets) by ¥846 million, respectively, and decreased the beginning balance of retained earnings by ¥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 ASC 740, "Income Taxes" (former 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 benefit of the tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement with the appropriate tax authority.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements 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, 2010, 2009 and 2008 were ¥4,665 million ($50,161 thousand), ¥5,292 million and ¥5,829 million, respectively.

(20) Derivative Financial Instruments

The Company accounts for derivative financial instruments in accordance with ASC 815, "Derivatives and Hedging" (former 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 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 necessary for effective hedges which include their risk management objective and strategy for undertaking various hedge transactions. In addition, formal assessment is made at inception of the hedge 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 income.

(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, 2010, 2009 and 2008 was 218,035 thousand shares, 222,378 thousand shares and 224,967 thousand shares, respectively. There were no potentially dilutive shares outstanding during the years ended March 31, 2010, 2009 or 2008.

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. Actual results could differ from those estimates. 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; reserve for litigation loss; and other contingencies.

(23) Recent Pronouncements

In June 2009, the FASB issued the Accounting Standards Codification, which compiles all generally accepted accounting principles in the United States of America and establishes the Accounting Standards Codification as the single official source of authoritative generally accepted accounting standards. This accounting standard is effective for fiscal years ending after September 15, 2009 and was adopted by the Company in the fiscal year ended March 31, 2010. The adoption of this accounting standard had no impact on the Company's consolidated results of operations and financial positions.

In December 2007, the FASB issued ASC 805, "Business Combinations" (former SFAS No. 141(R), "Business Combinations"). This accounting standard 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. This accounting standard also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. This accounting standard is effective for fiscal years beginning after December 15, 2008 and was adopted by the Company in the fiscal year ended March 31, 2010. The adoption of this accounting standard did not have a material impact on the Company's consolidated results of operations and financial positions.

In December 2007, the FASB issued ASC 810, "Consolidation" (former SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51"). This accounting standard 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. This accounting standard also requires additional disclosures that identify and distinguish between the interests of the controlling and noncontrolling owners. This accounting standard is effective for fiscal years beginning after December 15, 2008 and was adopted by the Company in the fiscal year ended March 31, 2010. Upon the adoption of this accounting standard, noncontrolling interests, which were previously referred to as minority interests and classified between total liabilities and shareholders' equity on the consolidated balance sheets, are now included as a separate component of total equity. The presentation of consolidated statements of income and cash flows has also been changed. In addition, in accordance with the requirements of this accounting standard, certain reclassifications of previously reported amounts have been made to the consolidated balance sheet at March 31, 2009, the consolidated statements of income and the consolidated statements of cash flows for the years ended March 31, 2009 and 2008.

In December 2008, the FASB issued ASC 715, "Compensation—Retirement Benefits" (former FSP FAS No. 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets"). This accounting standard requires additional disclosures about assets held in an employer's defined benefit pension or other postretirement plan. This accounting standard is effective for fiscal years ending after December 15, 2009 and was adopted by the Company in the fiscal year ended March 31, 2010.

In April 2009, the FASB issued ASC 320, "Investment—Debt and Equity Securities" (former FSP FAS No. 115-2 and 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments"). This accounting standard 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. This accounting standard is effective for fiscal years ending after June 15, 2009 and was adopted by the Company in the fiscal year ended March 31, 2010. The adoption of this accounting standard did not have a material impact on the Company's consolidated results of operations and financial positions.

In September 2009, the FASB issued Accounting Standards Update ("ASU") No. 2009-13, "Multiple-Deliverable Revenue Arrangements, a consensus of the FASB Emerging Issues Task Force." This accounting standard addresses the accounting for multiple-deliverable arrangements to enable the vender to account for products or services separately rather than as a combined unit, and also addresses how to separate deliverables and how to measure and allocate arrangement consideration to one or more units of accounting. This accounting standard will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010 and will be adopted by the Company in the fiscal year beginning April 1, 2011. It is not anticipated that the adoption will have a material impact on the Company's consolidated results of operations or financial positions.

In October 2009, the FASB issued ASU No. 2009-14, "Certain Revenue Arrangements That Include Software Elements, a Consensus of the FASB Emerging Issues Task Force." This accounting standard modifies the scope of the software revenue recognition guidance and excludes tangible products containing software components and nonsoftware components that function together to deliver the tangible product's essential functionality from the scope. This accounting standard is effective for the fiscal years beginning after June 15, 2010, and will be adopted by the Company in the fiscal year beginning April 1, 2011. It is not anticipated that the adoption will have a material impact on the Company's consolidated results of operations or financial positions.

In December 2009, the FASB issued ASU No. 2009-17, "Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities." This accounting standard codifies former SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)," issued in June 2009 in the ASC 810. This accounting standard requires an enterprise to perform an analysis to identify the primary beneficiary of a variable interest entity and also requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity. This accounting standard is effective for the fiscal years beginning after November 15, 2009, and will be adopted by the Company in the fiscal year beginning April 1, 2010. The Company is currently evaluating the effect of adopting this accounting standard on its consolidated financial statements.

(24) Reclassifications

The accompanying consolidated financial statements for the years ended March 31, 2009 and 2008 have been reclassified to conform to the presentation used for the year ended March 31, 2010.

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 ¥93=US$1, the rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2010. 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. Acquisitions

In July 2009, the Company acquired all outstanding shares of MAC International Co., Ltd. by repossession of the Company's long-term receivables of ¥3,733 million ($40,140 thousand) and other short-term receivables of ¥1,000 million ($10,752 thousand). The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition. Short-term loans of ¥5,684 million ($61,118 thousand) and long-term debt of ¥868 million ($9,333 thousand) to domestic subsidiaries were eliminated in consolidation.

	In millions of yen	In thousands of U.S. dollars
Cash and cash equivalents	¥ 1,037	$ 11,151
Other current assets	322	3,462
Investments and long-term receivables	8,941	96,140
Property, plant and equipment	4,138	44,495
Goodwill	702	7,548
Other assets	20	215
Total assets acquired	15,160	163,011
Current liabilities	5,798	62,345
Other liabilities	4,629	49,774
Total liabilities assumed	10,427	112,119
Net assets acquired	¥ 4,733	$ 50,892

In February 2010, MAC International Co., Ltd. was merged into Secom Medical System Co., Ltd., a subsidiary of the Company.

The pro-forma result related to this acquisition is not disclosed because the impact on the consolidated financial statements is not material.

5. Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2010 and 2009 were comprised as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Cash	¥125,552	¥100,327	$1,350,022
Time deposits	15,429	19,609	165,903
Call loan	36,500	36,500	392,473
Investment securities	2,663	2,957	28,634
	¥180,144	¥159,393	$1,937,032

Investment securities include negotiable certificates of deposit 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 ¥48,862 million ($525,398 thousand) and ¥56,668 million at March 31, 2010 and 2009, 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 ¥24,492 million ($263,355 thousand) and ¥23,790 million ($255,806 thousand), respectively, at March 31, 2010, and ¥26,894 million and ¥29,084 million, respectively, at March 31, 2009. 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, 2010 and 2009 were as follows:

	In millions of yen			
	March 31, 2010			
		Gross unrealized		
	Cost	Gains	Losses	Fair value
Short-term investments:				
Available-for-sale:				
Debt securities	¥ 12,379	¥ 908	¥ —	¥ 13,287
Held-to-maturity:				
Debt securities	40	—	0	40
	¥ 12,419	¥ 908	¥ 0	¥ 13,327
Investment securities:				
Available-for-sale:				
Equity securities	¥ 37,173	¥7,153	¥330	¥ 43,996
Debt securities	61,397	2,446	—	63,843
Held-to-maturity:				
Debt securities	6,086	8	0	6,094
	¥104,656	¥9,607	¥330	¥113,933

	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 thousands of U.S. dollars			
	March 31, 2010			
		Gross unrealized		
	Cost	Gains	Losses	Fair value
Short-term investments:				
Available-for-sale:				
Debt securities	$ 133,108	$ 9,763	$ —	$ 142,871
Held-to-maturity:				
Debt securities	430	—	0	430
	$ 133,538	$ 9,763	$ 0	$ 143,301
Investment securities:				
Available-for-sale:				
Equity securities	$ 399,709	$ 76,914	$3,548	$ 473,075
Debt securities	660,183	26,301	—	686,484
Held-to-maturity:				
Debt securities	65,441	86	0	65,527
	$1,125,333	$103,301	$3,548	$1,225,086

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, 2010 were as follows:

	In millions of yen			
	March 31, 2010			
	Less than 12 months		12 months or longer	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:				
Equity securities	¥4,085	¥330	¥—	¥—
Debt securities	—	—	—	—
Total	¥4,085	¥330	¥—	¥—
Held-to-maturity:				
Debt securities	¥ 231	¥ 0	¥—	¥—

	In thousands of U.S. dollars			
	March 31, 2010			
	Less than 12 months		12 months or longer	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:				
Equity securities	$43,925	$3,548	$—	$—
Debt securities	—	—	—	—
Total	$43,925	$3,548	$—	$—
Held-to-maturity:				
Debt securities	$ 2,484	$ 0	$—	$—

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 and other relevant factors, the Company does not consider these investments to be other-than-temporary impaired at March 31, 2010.

At March 31, 2010, 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, 2010 are as follows:

	In millions of yen			
	March 31, 2010			
	Available-for-sale		Held-to-maturity	
	Cost	Fair value	Cost	Fair value
Due within 1 year	¥12,379	¥13,287	¥ 40	¥ 40
Due after 1 year through 5 years	33,217	33,749	10	10
Due after 5 years through 10 years	17,520	19,038	—	—
Due after 10 years	10,660	11,056	6,076	6,084
	¥73,776	¥77,130	¥6,126	¥6,134

	In thousands of U.S. dollars			
	March 31, 2010			
	Available-for-sale		Held-to-maturity	
	Cost	Fair value	Cost	Fair value
Due within 1 year	$133,108	$142,871	$ 430	$ 430
Due after 1 year through 5 years	357,172	362,892	108	108
Due after 5 years through 10 years	188,387	204,710	—	—
Due after 10 years	114,624	118,882	65,333	65,419
	$793,291	$829,355	$65,871	$65,957

During the years ended March 31, 2010, 2009 and 2008, the net unrealized gains and losses on "available-for-sale" securities included as part of other comprehensive income (loss), net of tax, increased by ¥9,200 million ($98,924 thousand), and decreased by ¥460 million and ¥11,238 million, respectively.

Proceeds from the sale of "available-for-sale" securities for the years ended March 31, 2010, 2009 and 2008 were ¥31,328 million ($336,860 thousand), ¥59,340 million and ¥106,925 million, respectively. On those sales, the gross realized gains and gross realized losses, using moving-average cost basis, for the years ended March 31, 2010, 2009 and 2008 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2010	2009	2008	2010
Gross realized gains	¥1,499	¥679	¥3,005	$16,118
Gross realized losses	383	325	623	4,118

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 ¥10,624 million ($114,237 thousand) and ¥10,714 million at March 31, 2010 and 2009, respectively. The corresponding fair value at that date was not computed as such estimation was not practical.

8. Inventories

Inventories at March 31, 2010 and 2009 comprised the following:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Security-related products	¥ 7,940	¥ 7,333	$ 85,376
Fire protection-related products	12,279	16,241	132,032
Real estate	74,423	67,614	800,247
Information and other-related products	3,613	4,883	38,850
	¥98,255	¥96,071	$1,056,505

Work in process for real estate inventories at March 31, 2010 and 2009, amounting to ¥55,916 million ($601,247 thousand) and ¥61,437 million, respectively, are included in real estate.

The amount of write-down on real estate inventories included in cost of sales for the years ended March 31, 2010 and 2009 were ¥1,285 million ($13,817 thousand) and ¥8,366 million, respectively.

9. Investments in Affiliated Companies

The Company has investments in affiliated companies that are accounted for under the equity method. Investments principally consist of Taiwan Secom Co., Ltd., a 28.8 percent owned affiliate, which is listed on the Taiwan Stock Exchange; S1 Corporation, a 27.1 percent owned affiliate, which is listed on the Korea Exchange; Toyo Tech Co., Ltd., a 27.8 percent owned affiliate, 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 stock—in May 2007 and March 2008, which is listed on the Second Section of the Tokyo Stock Exchange.

Combined 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
	2010	2009	2010
Current assets	¥ 85,620	¥ 90,419	$ 920,645
Non-current assets	122,321	106,004	1,315,280
Total assets	¥207,941	¥196,423	$2,235,925
Current liabilities	¥ 39,388	¥ 39,994	$ 423,527
Non-current liabilities	35,512	34,486	381,850
Equity	133,041	121,943	1,430,548
Total liabilities and equity	¥207,941	¥196,423	$2,235,925

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2010	2009	2008	2010
Net sales	¥153,990	¥177,465	¥202,335	$1,655,806
Gross profit	¥ 44,395	¥ 54,621	¥ 64,213	$ 477,366
Net income attributable to affiliated companies	¥ 14,105	¥ 18,574	¥ 22,576	$ 151,667

Dividends received from affiliated companies for the years ended March 31, 2010, 2009 and 2008 were ¥2,295 million ($24,677 thousand), ¥2,503 million and ¥2,657 million, respectively.

Four listed affiliated companies accounted for under the equity method with an aggregated carrying amount of ¥31,834 million ($342,301 thousand) and ¥29,752 million at March 31, 2010 and 2009, respectively, had a quoted market value of ¥60,911 million ($654,957 thousand) and ¥53,118 million at March 31, 2010 and 2009, respectively.

The amounts of goodwill were ¥2,175 million ($23,387 thousand) and ¥2,710 million at March 31, 2010 and 2009, respectively.

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
	2010	2009	2008	2010
Sales	¥1,597	¥1,737	¥2,584	$17,172
Purchases	¥6,504	¥8,293	¥6,237	$69,935

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Notes and accounts receivable, trade	¥ 432	¥ 461	$ 4,645
Loans receivable	¥ 87	¥ 92	$ 935
Notes and accounts payable	¥2,189	¥2,949	$23,538
Guarantees for bank loans	¥ —	¥ 8	$ —

The Company's equity in undistributed income of affiliates at March 31, 2010 and 2009 included in retained earnings was ¥22,819 million ($245,366 thousand) and ¥23,147 million, respectively.

10. Long-Lived Assets

The Company has assessed the potential impairment for its long-lived assets. 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, 2010, 2009 and 2008 was as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2010	2009	2008	2010
Security services	¥ 83	¥34	¥ —	$ 893
Fire protection services	15	—	16	161
Medical services	—	—	0	—
Insurance services	—	—	—	—
Geographic information services	149	42	—	1,602
Real estate development and sales	—	—	—	—
Information and communication related and other services	45	—	—	484
Corporate items	—	—	—	—
Total	¥292	¥76	¥16	$3,140

11. Goodwill and Other Intangible Assets

The components of acquired intangible assets excluding goodwill at March 31, 2010 and 2009 were as follows:

	In millions of yen		
	March 31, 2010		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Software	¥33,989	(¥18,041)	¥15,948
Other	5,024	(2,532)	2,492
Total	¥39,013	(¥20,573)	¥18,440
Unamortized intangible assets	¥ 4,057	¥ —	¥ 4,057

	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 thousands of U.S. dollars		
	March 31, 2010		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Software	$365,472	($193,989)	$171,483
Other	54,022	(27,226)	26,796
Total	$419,494	($221,215)	$198,279
Unamortized intangible assets	$ 43,624	$ —	$ 43,624

Aggregate amortization expense for the years ended March 31, 2010, 2009 and 2008 was ¥5,785 million ($62,205 thousand), ¥5,850 million and ¥5,999 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
2011	¥5,448	$58,581
2012	4,527	48,677
2013	3,365	36,183
2014	2,482	26,688
2015	1,402	15,075

The changes in the carrying amount of goodwill by business segment for the years ended March 31, 2010 and 2009 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
Goodwill	¥1,544	¥9,598	¥4,114	¥135	¥5,399	¥20,790
Accumulated impairment losses	(117)	(3,427)	(492)	(135)	(478)	(4,649)
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)
Goodwill	2,148	9,598	4,269	135	5,399	21,549
Accumulated impairment losses	(406)	(4,423)	(492)	(135)	(653)	(6,109)
March 31, 2009	1,742	5,175	3,777	—	4,746	15,440
Goodwill acquired during the year	—	702	—	—	—	702
Disposal	—	—	—	—	(2,919)	(2,919)
Impairment losses	—	(245)	—	—	—	(245)
Translation adjustment	174	—	—	—	—	174
Goodwill	2,322	9,970	4,269	135	2,002	18,698
Accumulated impairment losses	(406)	(4,338)	(492)	(135)	(175)	(5,546)
March 31, 2010	¥1,916	¥5,632	¥3,777	¥ —	¥1,827	¥13,152

	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
Goodwill	$23,097	$103,204	$45,903	$1,452	$58,054	$231,710
Accumulated impairment losses	(4,366)	(47,559)	(5,290)	(1,452)	(7,022)	(65,689)
March 31, 2009	18,731	55,645	40,613	—	51,032	166,021
Goodwill acquired during the year	—	7,548	—	—	—	7,548
Disposal	—	—	—	—	(31,387)	(31,387)
Impairment losses	—	(2,634)	—	—	—	(2,634)
Translation adjustment	1,871	—	—	—	—	1,871
Goodwill	24,968	107,204	45,903	1,452	21,527	201,054
Accumulated impairment losses	(4,366)	(46,645)	(5,290)	(1,452)	(1,882)	(59,635)
March 31, 2010	$20,602	$ 60,559	$40,613	$ —	$19,645	$141,419

The Company principally recognized impairment losses related to goodwill allocated to reporting units in the medical services segment of ¥245 million ($2,634 thousand) and ¥996 million for the years ended March 31, 2010 and 2009, respectively, and in the security services segment of ¥407 million for the year ended March 31, 2009, due to decreases in the estimated fair value of these reporting units mainly caused by decreases of projected 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 ¥43,025 million ($462,634 thousand) and ¥78,180 million at March 31, 2010 and 2009, respectively, are generally comprised of 30 to 365 day notes. Their weighted average interest rates were 1.24 percent and 1.28 percent at March 31, 2010 and 2009, 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, 2010, Nohmi Bosai Ltd., a subsidiary of the parent company, had an unused committed line of credit from a short-term arrangement of ¥4,000 million ($43,011 thousand). The line of credit expires in March 2013. Under the agreement, Nohmi Bosai Ltd. 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, 2010, the Company had overdraft agreements with 16 banks and its unused lines of credit amounted to ¥105,625 million ($1,135,753 thousand). The Company incurs no fee on the unused portion of the lines of credit. The overdraft agreements expire in the period from April 2010 to March 2011. The Company has the ability and intent to extend these overdraft agreements under similar terms and conditions.

Long-term debt at March 31, 2010 and 2009 comprised the following:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Loans, principally from banks due 2009–2027 with interest rates ranging from 0.76% to 10.05% in 2010 and 2009:			
Secured	¥20,461	¥20,811	$220,011
Unsecured	3,037	4,336	32,656
0.61% unsecured bonds due 2010	150	450	1,613
0.91% unsecured bonds due 2010	220	440	2,366
1.14% unsecured bonds due 2013	4,080	4,590	43,871
1.13% unsecured bonds due 2014	1,730	—	18,602
Unsecured bonds due 2009–2015 with floating interest rates based on 6-month TIBOR plus 0.00%–0.20%	12,588	12,230	135,355
Obligations under capital leases, due 2009–2026 (Note 19)	10,107	9,514	108,677
	52,373	52,371	563,151
Less: Portion due within one year	10,801	15,967	116,140
	¥41,572	¥36,404	$447,011

Property, plant and equipment with a carrying amount of ¥60,411 million ($649,581 thousand), investment securities with a carrying amount of ¥646 million ($6,946 thousand), time deposits of ¥1,741 million ($18,720 thousand), short-term and long-term receivables of ¥1,295 million ($13,925 thousand) and other intangible assets and other with a carrying amount of ¥818 million ($8,796 thousand) were pledged as collateral for bank loans and long-term debt at March 31, 2010.

The aggregate annual maturities on long-term debt after March 31, 2010 are as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2011	¥10,801	$116,140
2012	8,521	91,624
2013	12,892	138,624
2014	7,718	82,989
2015	5,918	63,634
Thereafter	6,523	70,140
	¥52,373	$563,151

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 Japanese GAAP, which vary in certain respects from U.S. GAAP. Those differences are principally, (a) that insurance acquisition costs are charged to income when incurred under Japanese GAAP whereas under U.S. GAAP, 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 under U.S. GAAP, 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 under U.S. GAAP, 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 U.S. GAAP.

The net equity of Secom Insurance at March 31, 2010 and 2009 was ¥52,262 million ($561,957 thousand) and ¥47,753 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, 2010, 2009 and 2008 were losses of ¥3,309 million ($35,581 thousand) and ¥10,152 million, and gains of ¥1,922 million, respectively. Loss on other-than-temporary impairment of investment securities for the years ended March 31, 2010, 2009 and 2008 were ¥4,558 million ($49,011 thousand), ¥10,683 million and ¥650 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 ASC 715, "Compensation—Retirement Benefits" (former 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.

Net periodic pension and severance costs for the years ended March 31, 2010, 2009 and 2008 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2010	2009	2008	2010
Net periodic pension and severance costs:				
Service cost	¥4,424	¥4,694	¥4,511	$47,570
Interest cost	1,476	1,430	1,424	15,871
Expected return on plan assets	(1,997)	(1,952)	(1,808)	(21,473)
Amortization of prior service benefit	(1,682)	(1,713)	(1,715)	(18,086)
Recognized actuarial loss	901	861	1,005	9,688
Net periodic pension and severance costs	¥3,122	¥3,320	¥3,417	$33,570

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
	2010	2009	2010
Change in benefit obligation:			
Benefit obligation at beginning of year	¥72,090	¥71,820	$775,161
Service cost	4,424	4,694	47,570
Interest cost	1,476	1,430	15,871
Actuarial (gain) loss	(873)	818	(9,387)
Benefits paid	(4,593)	(4,989)	(49,387)
Settlement	—	(1,683)	—
Benefit obligation at end of year	72,524	72,090	779,828
Change in plan assets:			
Fair value of plan assets at beginning of year	55,099	62,536	592,462
Actual return (loss) on plan assets	3,436	(9,887)	36,946
Employer contribution	5,323	5,979	57,237
Benefits paid	(3,095)	(3,529)	(33,280)
Fair value of plan assets at end of year	60,763	55,099	653,365
Funded status at the end of year	(¥11,761)	(¥16,991)	($126,463)

Amounts recognized in the consolidated balance sheet at March 31, 2010 and 2009 consist of:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Prepaid pension and severance costs	¥ 4,742	¥ 823	$ 50,989
Accrued pension and severance costs	(16,503)	(17,814)	(177,452)
Net amount recognized	(¥11,761)	(¥16,991)	($126,463)

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the year ended March 31, 2010 were summarized as follows:

	In millions of yen	In thousands of U.S. dollars
Current year actuarial gain	(¥2,312)	($24,860)
Amortization of actuarial loss	(901)	(9,688)
Amortization of prior service benefit	1,682	18,086
	(¥1,531)	($16,462)

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2010 and 2009 consist of:

	In millions of yen		In thousands of U.S. dollars
	Years ended March 31		Year ended March 31
	2010	2009	2010
Actuarial loss	¥30,690	¥33,903	$330,000
Prior service benefit	(10,854)	(12,536)	(116,710)
Net amount recognized	¥19,836	¥21,367	$213,290

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 ($18,086 thousand) and ¥901 million ($9,688 thousand), respectively.

The accumulated benefit obligation for the pension plan was ¥66,486 million ($714,903 thousand) and ¥66,154 million at March 31, 2010 and 2009, 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 ¥26,563 million ($285,624 thousand), ¥23,411 million ($251,731 thousand) and ¥10,142 million ($109,054 thousand), respectively, at March 31, 2010, and ¥26,072 million, ¥23,093 million and ¥8,361 million, respectively, at March 31, 2009.

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, 2010 and 2009 were as follows:

	March 31	
	2010	2009
Discount rate	2.2%	2.1%
Rate of compensation increase	2.6	2.7

Weighted-average assumptions used to determine net pension and severance costs for the years ended March 31, 2010, 2009 and 2008 were as follows:

	Years ended March 31		
	2010	2009	2008
Discount rate	2.1%	2.0%	2.0%
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 was as follows:

Asset category:	
Equity securities	6.9%
Debt securities	43.5
Call loan	16.2
Other	33.4
Total	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 pooled funds with the objective to minimize risk and achieve the expected rate of return. The investment results are periodically checked and asset allocation is adjusted as necessary.

The following table represents the fair value of the Company's pention plan assets at March 31, 2010. The three levels of input used to measure fair value are more fully described in Note 22.

	In millions of yen			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 1,222	¥ —	¥ —	¥ 1,222
Equity securities				
Japanese companies	3,371	—	7	3,378
Foreign companies	0	—	—	0
Debt securities				
Government bonds	8,878	837	61	9,776
Nongovernment bonds	1,418	—	702	2,120
Pooled funds	33	18,040	12,994	31,067
Call loans	—	8,998	—	8,998
Insurance contracts	—	3,428	—	3,428
Other	—	377	397	774
Total	¥14,922	¥31,680	¥14,161	¥60,763

				In thousands of U.S. dollars
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 13,140	$ —	$ —	$ 13,140
Equity securities				
Japanese companies	36,247	—	75	36,322
Foreign companies	0	—	—	0
Debt securities				
Government bonds	95,462	9,000	656	105,118
Nongovernment bonds	15,247	—	7,548	22,795
Pooled funds	355	193,978	139,720	334,053
Call loans	—	96,753	—	96,753
Insurance contracts	—	36,860	—	36,860
Other	—	4,054	4,270	8,324
Total	$160,451	$340,645	$152,269	$653,365

*The plan's equity securities include common stock of the Company and its domestic subsidiaries in the amount of ¥23 million ($247 thousand) at March 31, 2010.
*The plan's government bonds invest approximately 80% in Japanese bonds and 20% in foreign bonds. The nongoverment bonds invest approximately 70% in Japanese bonds and 30% in foreign bonds.
*The pension investment trust fund included in the plan's pooled funds is classified into level 2, and invests approximately 40% in equity securities, 50% in debt securities and 10% in other investments. The unquoted beneficial certificate of security investment trust included in the plan's pooled funds is classified into level 3.

The following table represents the changes in level 3 investments for the year ended March 31, 2010.

						In millions of yen
	Equity securities	Debt securities				
	Japanese companies	Government bonds	Non-government bonds	Pooled funds	Other	Total
Balance at beginning of year	¥—	¥26	¥ 55	¥11,177	¥250	¥11,508
Actual return on plan assets:						
Relating to assets sold during the year	—	(1)	—	(301)	—	(302)
Relating to assets held at end of year	—	5	647	431	181	1,264
Purchases, sales and settlements, net	4	31	—	1,687	(34)	1,688
Transfer in/out of level 3	3	—	—	—	—	3
Balance at end of year	¥ 7	¥61	¥702	¥12,994	¥397	¥14,161

						In thousands of U.S. dollars
	Equity securities	Debt securities				
	Japanese companies	Government bonds	Non-government bonds	Pooled funds	Other	Total
Balance at beginning of year	$—	$280	$ 591	$120,183	$2,689	$123,743
Actual return on plan assets:						
Relating to assets sold during the year	—	(10)	—	(3,237)	—	(3,247)
Relating to assets held at end of year	—	54	6,957	4,634	1,946	13,591
Purchases, sales and settlements, net	43	332	—	18,140	(365)	18,150
Transfer in/out of level 3	32	—	—	—	—	32
Balance at end of year	$75	$656	$7,548	$139,720	$4,270	$152,269

The Company expects to contribute ¥5,588 million ($60,086 thousand) to its domestic defined benefit plans in the year ending March 31, 2011.

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
2011	¥ 4,112	$ 44,215
2012	4,201	45,172
2013	4,443	47,774
2014	4,612	49,591
2015	3,871	41,624
2016–2020	23,687	254,699

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, 2010, 2009 and 2008 were ¥1,468 million ($15,785 thousand), ¥1,469 million and ¥1,413 million, respectively.

15. Exchange Gains and Losses

Other income for the year ended March 31, 2010 includes net exchange gains of ¥552 million ($5,935 thousand). Other expense for the year ended March 31, 2009 and 2008 include net exchange losses of ¥1,564 million and ¥826 million, respectively.

16. Income Taxes

Total income taxes for the years ended March 31, 2010, 2009 and 2008 were allocated as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2010	2009	2008	2010
Income from continuing operations	¥45,631	¥36,259	¥46,791	$490,656
Income (loss) from discontinued operations	(317)	316	315	(3,409)
Shareholders' equity—accumulated other comprehensive income (loss):				
Unrealized holding gains (losses) on securities	5,401	(452)	(8,189)	58,076
Unrealized gains (losses) on derivative instruments	107	(102)	(8)	1,151
Pension liability adjustments	857	(4,863)	(3,901)	9,215
Foreign currency translation adjustments	1,020	(859)	(497)	10,967
Cumulative effect of change in accounting principle-adoption of ASC 710	—	—	(846)	—
	¥52,699	¥30,299	¥33,665	$566,656

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, 2010, 2009 and 2008.

Reconciliations of the differences between income taxes computed at statutory tax rates and 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
	2010	2009	2008	2010
Income taxes computed at statutory tax rate of 40.5%	¥38,344	¥25,581	¥44,670	$412,301
Increase (decrease) resulting from:				
Unrecognized tax benefits from subsidiaries in loss positions	7,280	10,124	2,308	78,280
Reversal of valuation allowance due to utilization of operating loss carryforwards	(955)	(187)	(1,260)	(10,269)
Per capita tax	817	807	802	8,785
Other, net	145	(66)	271	1,559
Income taxes from continuing operations	¥45,631	¥36,259	¥46,791	$490,656

The significant components of deferred tax assets and liabilities at March 31, 2010 and 2009 were as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Deferred tax assets:			
Loss carryforwards	¥19,489	¥17,465	$209,559
Deferred revenue	12,118	12,896	130,301
Adjustment of book value at the date of acquisition—			
Land and buildings	6,887	7,320	74,054
Other assets	405	462	4,355
Property, plant and equipment	6,184	6,137	66,495
Accrued pension and severance costs	6,144	6,810	66,064
Accrued bonus	5,166	5,323	55,548
Allowance for doubtful accounts	3,742	3,957	40,237
Vacation accrual	3,649	3,589	39,237
Investment securities	2,593	3,505	27,882
Intangible assets	2,213	4,006	23,797
Write-down on real estate inventories	1,467	2,573	15,774
Unrealized holding losses on securities	—	1,405	—
Other	10,145	9,387	109,085
Gross deferred tax assets	80,202	84,835	862,388
Less: Valuation allowance	(32,095)	(26,863)	(345,108)
Total deferred tax assets	48,107	57,972	517,280
Deferred tax liabilities:			
Deferred installation costs	(7,721)	(8,137)	(83,021)
Adjustment of book value at the date of acquisition—			
Land and buildings	(5,871)	(4,514)	(63,129)
Other assets	(1,591)	(1,734)	(17,107)
Investments in affiliated companies	(4,611)	(2,705)	(49,581)
Unrealized holding gains on securities	(3,002)	—	(32,280)
Unearned premiums and other insurance liabilities	(2,166)	(2,679)	(23,290)
Prepaid pension and severance costs	(1,506)	(104)	(16,194)
Other	(4,687)	(4,982)	(50,398)
Gross deferred tax liabilities	(31,155)	(24,855)	(335,000)
Net deferred tax assets	¥16,952	¥33,117	$182,280

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, 2010, 2009 and 2008 was an increase of ¥5,232 million ($56,258 thousand), ¥9,795 million and ¥1,477 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, 2010 and 2009.

Net deferred tax assets at March 31, 2010 and 2009 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
	2010	2009	**2010**
Deferred income taxes (Current assets)	**¥15,737**	¥16,245	**$169,215**
Deferred income taxes (Other assets)	**12,975**	19,020	**139,516**
Other current liabilities	**(1,357)**	(924)	**(14,591)**
Deferred income taxes (Liabilities)	**(10,403)**	(1,224)	**(111,860)**
Net deferred tax assets	**¥16,952**	¥33,117	**$182,280**

The Company has not recognized deferred tax liabilities of ¥588 million ($6,323 thousand) for a portion of undistributed earnings of foreign subsidiaries totaling ¥10,127 million ($108,892 thousand) at March 31, 2010 as they are not expected to be remitted in the foreseeable future.

At March 31, 2010, the operating loss carryforwards of domestic subsidiaries amounted to ¥45,549 million ($489,774 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
2011	¥ 1,919	$ 20,634
2012	3,177	34,161
2013	1,617	17,387
2014	3,740	40,215
2015	3,051	32,806
2016	22,768	244,817
2017	9,277	99,754
	¥45,549	$489,774

The operating loss carryforwards of overseas subsidiaries at March 31, 2010 amounted to ¥4,095 million ($44,032 thousand), a part of which will begin to expire in the year ending March 31, 2011.

The Company adopted the provisions of ASC 740, "Income Taxes" (former FIN No. 48), on April 1, 2007. The adoption of this accounting standard did not have a material effect on the Company's consolidated results of operations and financial positions.

The total amount of unrecognized tax benefits as of the date of adoption of this accounting standard and for the years ended March 31, 2010, 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, 2010, 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, 2010, 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 2009 with few exceptions.

17. Shareholders' Equity

(1) Retained Earnings

The Japanese Corporate Law 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 Japanese GAAP. Such amount was ¥373,683 million ($4,018,097 thousand) at March 31, 2010.

Subsequent to March 31, 2010, the parent company's Board of Directors declared an annual cash dividend of ¥85.00 ($0.91) per share, totaling ¥18,533 million ($199,279 thousand), to shareholders of record on March 31, 2010. The dividend declared was approved at the general shareholders' meeting held on June 25, 2010. Dividends are recorded in the year 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.

(3) Other Comprehensive Income (Loss)

Components of other comprehensive income (loss) for the years ended March 31, 2010, 2009 and 2008 is as follows:

In millions of yen

	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
For the year ended March 31, 2010:			
Unrealized holding gains on securities—			
Unrealized holding gains or losses arising during the period	**¥11,598**	**(¥4,382)**	**¥ 7,216**
Less: Reclassification adjustment for gains or losses included in net income	**3,003**	**(1,019)**	**1,984**
Unrealized gains on derivative instruments—			
Unrealized gains or losses arising during the year	**(5)**	**—**	**(5)**
Less: Reclassification adjustment for gains or losses included in net income	**281**	**(107)**	**174**
Pension liability adjustments—			
Unrealized gains or losses arising during the period	**2,724**	**(1,140)**	**1,584**
Less: Reclassification adjustment for gains or losses realized in net income	**(700)**	**283**	**(417)**
Foreign currency translation adjustments	**2,016**	**(1,020)**	**996**
Other comprehensive income (loss)	**¥18,917**	**(¥7,385)**	**¥11,532**
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)

In millions of yen

	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
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 thousands of U.S. dollars

	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
For the year ended March 31, 2010:			
Unrealized holding gains on securities—			
Unrealized holding gains or losses arising during the period	**$124,710**	**($47,119)**	**$ 77,591**
Less: Reclassification adjustment for gains or losses included in net income	**32,290**	**(10,957)**	**21,333**
Unrealized gains on derivative instruments—			
Unrealized gains or losses arising during the year	**(54)**	**—**	**(54)**
Less: Reclassification adjustment for gains or losses included in net income	**3,022**	**(1,151)**	**1,871**
Pension liability adjustments—			
Unrealized gains or losses arising during the period	**29,290**	**(12,258)**	**17,032**
Less: Reclassification adjustment for gains or losses realized in net income	**(7,527)**	**3,043**	**(4,484)**
Foreign currency translation adjustments	**21,677**	**(10,967)**	**10,710**
Other comprehensive income (loss)	**$203,408**	**($79,409)**	**$123,999**

18. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2010, 2009 and 2008 were ¥5,952 million ($64,000 thousand), ¥5,943 million and ¥5,792 million, respectively.

19. Lessee

The Company leases certain office space, employee residential facilities, computer and transportation equipment. Some leased buildings, computer and transportation equipment are held under capital leases. 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 ($54,688 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, 2010 were ¥5,266 million ($56,624 thousand).

A summary of leased assets under capital leases at March 31, 2010 and 2009 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2010	2009	**2010**
Buildings and improvements	**¥ 5,243**	¥ 5,243	**$ 56,376**
Machinery, equipment and automobiles	**13,359**	12,043	**143,645**
Other intangible assets	**409**	593	**4,398**
Accumulated depreciation	**(10,085)**	(9,811)	**(108,441)**
	¥ 8,926	¥ 8,068	**$ 95,978**

Depreciation expenses under capital leases for the years ended March 31, 2010, 2009 and 2008 were ¥3,402 million ($36,581 thousand), ¥3,328 million and ¥4,089 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, 2010:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2011	¥ 3,143	$ 33,796
2012	2,132	22,925
2013	1,372	14,752
2014	906	9,742
2015	645	6,935
Thereafter	3,817	41,043
Total minimum lease payments	12,015	129,193
Less: Amount representing interest	1,908	20,516
Present value of net minimum lease payments (Note 12)	10,107	108,677
Less: Current portion	2,877	30,935
Long-term capital lease obligations	¥ 7,230	$ 77,742

Rental expenses under operating leases for the years ended March 31, 2010, 2009 and 2008 were ¥14,290 million ($153,656 thousand), ¥15,494 million and ¥15,912 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 ($14,398 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, 2010 are as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2011	¥ 2,350	$ 25,269
2012	2,291	24,634
2013	2,210	23,763
2014	2,191	23,559
2015	2,188	23,527
Thereafter	16,527	177,710
Total future minimum lease payments	¥27,757	$298,462

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. Other leases are classified as operating leases.

A summary of lease receivables under sales-type and direct-financing leases at March 31, 2010 and 2009 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2010	2009	**2010**
Total minimum lease payments to be received	**¥57,334**	¥48,511	**$616,495**
Estimated executory cost	**(4,746)**	(3,620)	**(51,032)**
Estimated unguaranteed residual value	**7,190**	3,474	**77,312**
Unearned income	**(16,049)**	(12,264)	**(172,571)**
Lease receivables, net	**43,729**	36,101	**470,204**
Less: Current portion	**(8,778)**	(8,287)	**(94,387)**
Long-term lease receivables, net	**¥34,951**	¥27,814	**$375,817**

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, 2010:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2011	¥10,992	$118,194
2012	9,068	97,505
2013	7,030	75,591
2014	5,005	53,817
2015	3,240	34,839
Thereafter	21,999	236,549
Total future minimum lease payments to be received	¥57,334	$616,495

A summary of investment in property on operating leases and property held for lease at March 31, 2010 and 2009 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2010	2009	2010
Land	¥34,822	¥32,579	$374,430
Buildings and improvements	31,029	29,660	333,645
Other intangible assets	662	662	7,118
Accumulated depreciation	(9,689)	(8,539)	(104,182)
	¥56,824	¥54,362	$611,011

The future minimum rentals on non-cancelable operating leases at March 31, 2010 are as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2011	¥ 2,790	$ 30,000
2012	1,113	11,968
2013	1,113	11,968
2014	1,113	11,968
2015	1,113	11,968
Thereafter	12,786	137,483
Total future minimum rentals	¥20,028	$215,355

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 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, 2010 and 2009 are as follows:

	In millions of yen			
	March 31			
	2010		2009	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Non-derivatives:				
Liabilities—				
Long-term debt including current portion	¥52,373	¥52,582	¥52,371	¥52,451
Investment deposits by policyholders	62,226	63,803	86,064	87,891
Derivatives:				
Liabilities—				
Interest rate swaps (Other liabilities)	203	203	242	242

	In thousands of U.S. dollars	
	March 31, 2010	
	Carrying amount	Estimated fair value
Non-derivatives:		
Liabilities—		
Long-term debt including current portion	$563,151	$565,398
Investment deposits by policyholders	669,097	686,054
Derivatives:		
Liabilities—		
Interest rate swaps (Other liabilities)	2,183	2,183

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

ASC 820, "Fair Value Measurements and Disclosures" (former SFAS No. 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. This accounting standard 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, 2010 and 2009, consistent with the fair value hierarchy provisions of ASC 820.

	In millions of yen			
	March 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	¥ 55	¥ 2,608	¥ —	¥ 2,663
Short-term investments and investment securities	76,093	39,398	29,155	144,646
Total assets	76,148	42,006	29,155	147,309
Liabilities:				
Derivatives (Other liabilities)	—	203	—	203
Total liabilities	—	203	—	203

	In millions of yen			
	March 31, 2009			
	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 (Other liabilities)	—	242	—	242
Total liabilities	—	242	—	242

	In thousands of U.S. dollars			
	March 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ 591	$ 28,043	$ —	$ 28,634
Short-term investments and investment securities	818,204	423,634	313,495	1,555,333
Total assets	818,795	451,677	313,495	1,583,967
Liabilities:				
Derivatives (Other liabilities)	—	2,183	—	2,183
Total liabilities	—	2,183	—	2,183

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 years ended March 31, 2010 and 2009.

	In millions of yen		In thousands of U.S. dollars
	Years ended March 31		Year ended March 31
	2010	2009	2010
Balance at beginning of year	¥26,983	¥40,980	$290,140
Total gains or losses (realized or unrealized):			
Included in earnings	(1,808)	(3,907)	(19,441)
Included in other comprehensive income (loss)	504	(1,705)	5,419
Purchase, issuances and settlements, net	3,229	(2,393)	34,721
Foreign currency translation adjustments	247	(5,992)	2,656
Balance at end of year	¥29,155	¥26,983	$313,495

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Non-marketable equity securities with carrying amount of ¥10,973 million ($117,989 thousand) were written down to their fair value of ¥10,623 million ($114,226 thousand), resulting in an other-than-temporary impairment charge of ¥350 million ($3,763 thousand), which was included in earnings for the year ended March 31, 2010. For the year ended March 31, 2009, non-marketable equity securities with carrying amount of ¥10,830 million were written down to their fair value of ¥10,714 million, resulting in an other-than-temporary impairment charge of ¥116 million, which was included in earnings. All impaired non-marketable equity securities were classified as Level 3 assets, as the Company uses unobservable inputs to value these investments.

Long-lived assets (Note 10) and goodwill (Note 11) are also measured at fair value on a nonrecurring basis. All impaired long-lived assets and goodwill were classified as Level 3 assets, as the Company uses unobservable inputs to value these assets.

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 2012. 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, 2010, 2009 and 2008 as the critical terms of most of the interest rate swap agreements match the terms of the hedged debt obligations. Approximately ¥10 million ($108 thousand) of net derivative losses included in other comprehensive income (loss), net of tax at March 31, 2010, will be reclassified into current income within 12 months from that date. At March 31, 2010 and 2009, the notional principal amounts of interest rate swap agreements designated as cash flow hedges were ¥2,000 million ($21,505 thousand) and ¥8,723 million, respectively.

(4) Derivative Instruments Not Designated as Hedges

Certain subsidiaries enter into interest rate swap agreements to reduce exposure to fluctuations in interest rates relating primarily to debt obligations. Changes in fair value of the above noted derivative financial instruments, which are not designated as hedges, are reported in current income.

Fair values of derivative instruments reflected in the consolidated balance sheet as of March 31, 2010 are as follows:

Derivatives designated as hedging instruments
Liabilities:

		In millions of yen	In thousands of U.S. dollars
	Location	Fair value	Fair value
Interest rate swaps	Other liabilities	¥25	$269

Derivatives not designated as hedging instruments
Liabilities:

		In millions of yen	In thousands of U.S. dollars
	Location	Fair value	Fair value
Interest rate swaps	Other liabilities	¥178	$1,914

Effects of derivative instruments on the consolidated statements of income for the year ended March 31, 2010 are as follows:

Derivatives designated as cash flow hedging instruments
Gains (losses) recognized in other comprehensive income (effective portion)

	In millions of yen	In thousands of U.S. dollars
Interest rate swaps	(¥6)	($65)

Gains (losses) reclassified from accumulated other comprehensive income into income (effective portion)

	Location	In millions of yen	In thousands of U.S. dollars
Interest rate swaps	Other expenses	(¥358)	($3,849)

Derivatives not designated as hedging instruments

	Location	In millions of yen	In thousands of U.S. dollars
Interest rate swaps	Other expenses	(¥81)	($871)

24. Commitments and Contingent Liabilities

The Company has commitments outstanding at March 31, 2010 for the purchase of property, plant and equipment of approximately ¥4,684 million ($50,366 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 four years. The maximum amount of undiscounted payments the Company would have to make in the event of default amounts to ¥3,532 million ($37,978 thousand) at March 31, 2010. The carrying amounts of the liabilities recognized for the Company's obligations under these guarantees at March 31, 2010 and 2009 were deemed insignificant.

Loss related to spectrum reallocation is for disposal and replacement of equipments, since the allotted spectrum currently used in COCO-SECOM will no longer be available after July 2012 as a result of spectrum reallocation by the government.

Pasco Corporation filed a lawsuit against Sumitomo Mitsui Banking Corporation asking for a confirmatory judgment to the effect that it does not owe an obligation in the amount of ¥2,010 million ($21,613 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. 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 judgement;

1. Pasco Corporation must pay money to Sumitomo Mitsui Banking Corporation in an amount of ¥2,010 million ($21,613 thousand) as well as interest at the rate of 6 percent per annum on ¥600 million ($6,452 thousand), from November 1, 2005, and on ¥1,410 million ($15,161 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 for the year ended March 31, 2009.

On May 10, 2010, Pasco Corporation and Sumitomo Mitsui Banking Corporation reached a settlement under which Pasco Corporation will pay to Sumitomo Mitsui Banking Corporation an amount of ¥1,750 million ($18,817 thousand), after several oral proceedings and settlement negotiations at the Tokyo High Court.

Pursuant to the settlement, Pasco Corporation accounted ¥781 million ($8,398 thousand) as a reversal of reserve for litigation loss for the year ended March 31, 2010, and provided anew ¥1,770 million ($19,032 thousand), a sum of the above settlement amount and related litigation expenses, on the consolidated balance sheet as of March 31, 2010.

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. Discontinued Operations

The Company accounted for the sale of certain businesses in accordance with ASC 205-20, "Discontinued Operations" (former SFAS No. 144). The Company sold all of the shares of Japan Image Communications Co., Ltd., and Asia Pacific Business Link Ltd., included in the information and communication related and other services segment, in August and December 2009, respectively. The Company reported the operating results related to these operations as discontinued operations. Prior period figures have been restated.

Discontinued operations for the years ended March 31, 2010, 2009 and 2008 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2010	2009	2008	**2010**
Net sales and operating revenue	**¥2,135**	¥4,755	¥4,859	**$22,957**
Income (loss) form discontinued operations before income taxes	**260**	167	(33)	**2,795**
Gain on sales of discontinued operations	**777**	—	—	**8,355**
Income taxes	**317**	(316)	(315)	**3,409**
Income (loss) from discontinued operations, net of tax	**¥1,354**	(¥ 149)	(¥ 348)	**$14,559**
Attributable to noncontrolling interests	**(¥ 23)**	¥ 10	¥ 33	**($ 247)**
Attributable to SECOM CO., LTD.	**¥1,331**	(¥ 139)	(¥ 315)	**$14,312**

Income (loss) from discontinued operations, net of tax, by business segment for the years ended March 31, 2010, 2009 and 2008 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2010	2009	2008	2010
Security services	¥110	¥231	¥252	$1,183
Medical services	1	3	—	11
Real estate development and sales	—	0	4	—
Information and communication related and other services	1,243	(383)	(604)	13,365
Income (loss) from discontinued operations, net of tax	¥1,354	(¥149)	(¥348)	$14,559

26. 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
	2010	2009	2008	2010
Cash paid during the year for:				
Interest	¥ 1,830	¥ 1,978	¥ 2,082	$ 19,677
Income taxes	36,719	47,419	43,067	394,828
Non-cash investing and financing activities:				
Additions to obligations under capital leases	3,963	803	2,668	42,613
Acquisitions (Note 4)—				
Fair value of assets acquired	15,160	—	—	163,011
Fair value of liabilities assumed	10,427	—	—	112,119
Total considerations	¥ 4,733	¥ —	¥ —	$ 50,892

27. Segment Information

The Company has applied ASC 280, "Segment Reporting" (former 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. 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, 2010, 2009 and 2008 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
	2010	2009	2008	2010
Net sales and operating revenue:				
Security services—				
Customers	¥424,385	¥436,918	¥435,306	$4,563,280
Intersegment	1,975	1,516	1,375	21,236
	426,360	438,434	436,681	4,584,516
Fire protection services—				
Customers	80,132	84,175	82,572	861,634
Intersegment	4,297	5,659	4,046	46,205
	84,429	89,834	86,618	907,839
Medical services—				
Customers	56,309	52,220	50,741	605,473
Intersegment	123	123	127	1,323
	56,432	52,343	50,868	606,796
Insurance services—				
Customers	29,142	21,530	33,229	313,355
Intersegment	2,982	2,919	2,894	32,064
	32,124	24,449	36,123	345,419
Geographic information services—				
Customers	41,918	40,207	39,376	450,731
Intersegment	140	117	321	1,505
	42,058	40,324	39,697	452,236
Real estate development and sales—				
Customers	13,268	22,072	29,928	142,667
Intersegment	188	2,361	—	2,021
	13,456	24,433	29,928	144,688
Information and communication related and other services—				
Customers	25,490	26,894	30,684	274,086
Intersegment	8,044	8,671	8,571	86,495
	33,534	35,565	39,255	360,581
Total	688,393	705,382	719,170	7,402,075
Eliminations	(17,749)	(21,366)	(17,334)	(190,849)
Total net sales and operating revenue	¥670,644	¥684,016	¥701,836	$7,211,226

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2010	2009	2008	2010
Operating income (loss):				
Security services	¥101,623	¥102,475	¥103,137	$1,092,719
Fire protection services	4,193	5,353	4,948	45,086
Medical services	2,254	11	(1,083)	24,237
Insurance services	(1,503)	(8,222)	3,766	(16,161)
Geographic information services	2,177	2,045	1,439	23,409
Real estate development and sales	(3,702)	(17,577)	673	(39,806)
Information and communication related and other services	3,850	4,478	4,368	41,398
Total	108,892	88,563	117,248	1,170,882
Corporate expenses and eliminations	(11,714)	(12,304)	(11,970)	(125,957)
Operating income	¥ 97,178	¥ 76,259	¥105,278	$1,044,925
Other income	5,352	5,759	13,017	57,548
Other expenses	(7,854)	(18,855)	(7,999)	(84,452)
Income from continuing operations before income taxes and equity in net income of affiliated companies	¥ 94,676	¥ 63,163	¥110,296	$1,018,021

	In millions of yen			In thousands of U.S. dollars
	March 31			March 31
	2010	2009	2008	2010
Assets:				
Security services	¥ 398,333	¥ 390,414	¥ 468,182	$ 4,283,151
Fire protection services	79,761	81,404	80,777	857,645
Medical services	131,061	122,960	119,251	1,409,258
Insurance services	190,329	197,844	188,538	2,046,548
Geographic information services	58,092	58,141	58,038	624,645
Real estate development and sales	77,948	76,095	97,261	838,150
Information and communication related and other services	89,911	96,476	98,081	966,785
Total	1,025,435	1,023,334	1,110,128	11,026,182
Corporate items	70,099	79,735	108,583	753,753
Investments in and loans to affiliated companies	42,613	40,072	46,814	458,204
Total assets	¥1,138,147	¥1,143,141	¥1,265,525	$12,238,139

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2010	2009	2008	2010
Depreciation and amortization:				
Security services	¥45,694	¥45,428	¥47,191	$491,333
Fire protection services	1,428	1,250	1,171	15,355
Medical services	2,253	2,026	3,816	24,226
Insurance services	1,017	1,220	1,225	10,935
Geographic information services	1,857	1,675	1,666	19,968
Real estate development and sales	46	58	51	495
Information and communication related and other services	2,577	2,680	2,707	27,710
Total	54,872	54,337	57,827	590,022
Corporate items	258	288	367	2,774
Total depreciation and amortization	¥55,130	¥54,625	¥58,194	$592,796
Capital expenditures:				
Security services	¥27,154	¥29,722	¥33,192	$291,978
Fire protection services	1,804	1,524	1,556	19,398
Medical services	4,069	2,153	4,674	43,753
Insurance services	275	309	8	2,957
Geographic information services	883	299	1,450	9,495
Real estate development and sales	2	7	258	21
Information and communication related and other services	4,477	10,614	5,622	48,140
Total	38,664	44,628	46,760	415,742
Corporate items	55	227	63	591
Total capital expenditures	¥38,719	¥44,855	¥46,823	$416,333

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
	2010	2009	2008	2010
Electronic security services	¥299,089	¥303,505	¥296,167	$3,216,011
Other security services:				
Static guard services	46,213	47,999	46,648	496,914
Armored car services	19,823	20,310	19,547	213,151
Merchandise and other	59,260	65,104	72,944	637,204
Total security services	¥424,385	¥436,918	¥435,306	$4,563,280

(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, 2010, 2009 and 2008 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2010	2009	2008	2010
Net sales and operating revenue:				
Japan	¥651,161	¥663,984	¥680,334	$7,001,731
Other	19,483	20,032	21,502	209,495
Total	¥670,644	¥684,016	¥701,836	$7,211,226

	In millions of yen			In thousands of U.S. dollars
	March 31			March 31
	2010	2009	2008	2010
Long-lived assets:				
Japan	¥352,028	¥351,143	¥345,318	$3,785,247
Other	3,834	4,925	6,185	41,226
Total	¥355,862	¥356,068	¥351,503	$3,826,473

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

28. Subsequent Events

The Company has evaluated subsequent events through June 25, 2010, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

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

We have audited the accompanying consolidated balance sheets of SECOM CO., LTD. and subsidiaries (the "Company") as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in equity and cash flows for each of the years in the three-year period ended March 31, 2010, 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, 2010 and 2009, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the Company changed their method of accounting for noncontrolling interests with the adoption of Accounting Standards Codification Topic 810, Consolidation, in the year ended March 31, 2010.

The accompanying consolidated financial statements as of and for the year ended March 31, 2010 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 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 25, 2010

OTHER FINANCIAL DATA

CONTENTS

SUMMARY OF SELECTED FINANCIAL DATA

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

In millions of yen

	2010	2009	2008	2007	2006	2005
Composition of consolidated net sales and operating revenue by segment						
Net sales and operating revenue	**¥670,644**	¥684,016	¥701,836	¥631,945	¥575,856	¥547,799
Security services:	**424,385**	436,918	435,306	415,410	400,044	382,360
As a percentage of net sales and operating revenue	***63.3%***	*63.9%*	*62.0%*	*65.7%*	*69.5%*	*69.8%*
Electronic security services—	**299,089**	303,505	296,167	285,858	277,892	271,872
As a percentage of net sales and operating revenue	***44.6***	*44.4*	*42.2*	*45.2*	*48.3*	*49.6*
Other security services—						
Static guard services	**46,213**	47,999	46,648	42,144	41,480	38,302
As a percentage of net sales and operating revenue	***6.9***	*7.0*	*6.6*	*6.7*	*7.2*	*7.0*
Armored car services	**19,823**	20,310	19,547	20,308	19,369	18,462
As a percentage of net sales and operating revenue	***3.0***	*3.0*	*2.8*	*3.2*	*3.4*	*3.4*
Subtotal	**66,036**	68,309	66,195	62,452	60,849	56,764
Merchandise and other	**59,260**	65,104	72,944	67,100	61,303	53,724
As a percentage of net sales and operating revenue	***8.8***	*9.5*	*10.4*	*10.6*	*10.6*	*9.8*
Fire protection services	**80,132**	84,175	82,572	27,448	—	—
As a percentage of net sales and operating revenue	***11.9***	*12.3*	*11.8*	*4.3*	—	—
Medical services	**56,309**	52,220	50,741	45,852	39,215	34,688
As a percentage of net sales and operating revenue	***8.4***	*7.6*	*7.2*	*7.3*	*6.8*	*6.3*
Insurance services	**29,142**	21,530	33,229	31,978	29,537	26,465
As a percentage of net sales and operating revenue	***4.3***	*3.2*	*4.7*	*5.1*	*5.1*	*4.8*
Geographic information services	**41,918**	40,207	39,376	36,438	35,271	34,915
As a percentage of net sales and operating revenue	***6.3***	*5.9*	*5.6*	*5.8*	*6.1*	*6.4*
Real estate development and sales	**13,268**	22,072	29,928	45,431	41,967	39,699
As a percentage of net sales and operating revenue	***2.0***	*3.2*	*4.3*	*7.2*	*7.3*	*7.3*
Information and communication related and other services	**25,490**	26,894	30,684	29,388	29,822	29,672
As a percentage of net sales and operating revenue	***3.8***	*3.9*	*4.4*	*4.6*	*5.2*	*5.4*
Net income attributable to SECOM CO., LTD., cash dividends and SECOM CO., LTD. shareholders' equity						
Net income attributable to SECOM CO., LTD.	**¥ 46,989**	¥ 30,560	¥ 61,756	¥ 55,889	¥ 50,331	¥ 52,133
Cash dividends (paid)[2]	**18,533**	19,122	17,998	13,499	11,251	10,127
SECOM CO., LTD. shareholders' equity	**569,799**	528,721	574,554	551,732	508,696	457,837
Consolidated financial ratios						
Percentage of working capital accounted for by:						
Debt						
Bank loans	**6.5**	11.9	17.5	17.4	15.2	16.1
Current portion of long-term debt	**1.6**	2.4	1.2	1.4	6.4	1.7
Straight bonds	**2.6**	1.9	1.8	1.9	1.6	6.4
Other long-term debt	**3.6**	3.6	4.0	3.6	3.6	3.9
Total debt	**14.3**	19.8	24.5	24.3	26.8	28.1
SECOM CO., LTD. shareholders' equity	**85.7**	80.2	75.5	75.7	73.2	71.9
Total capitalization	**100.0**	100.0	100.0	100.0	100.0	100.0
Return on total assets (percentage)[a]	**4.1**	2.7	4.9	4.5	4.1	4.5
Return on equity (percentage)[b]	**8.2**	5.8	10.7	10.1	9.9	11.4
Percentage of net sales and operating revenue absorbed by[c]:						
Depreciation and amortization	**8.2**	7.9	8.2	9.1	9.0	9.1
Rental expense under operating leases	**2.1**	2.2	2.3	2.5	2.7	2.6
Ratio of accumulated depreciation to depreciable assets (percentage)	**64.9**	64.4	63.8	62.3	60.5	60.0
Net property turnover (times)[c]	**2.55**	2.66	2.81	2.54	2.39	2.43
Before-tax interest coverage (times)[c][d]	**53.5**	32.4	53.7	53.5	48.8	39.3

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

	2010	2009	2008	2007	2006	2005
Number of shares outstanding						
Issued	**233,288,717**	233,288,717	233,288,717	233,288,717	233,288,717	233,288,717
Owned by the Company	**15,254,334**	15,251,520	8,323,599	8,318,900	8,301,997	8,266,043
Balance	**218,034,383**	218,037,197	224,965,118	224,969,817	224,986,720	225,022,674
Per share information						
Net income attributable to SECOM CO., LTD. per share (in yen) (1)	**¥ 215.51**	¥ 137.42	¥ 274.51	¥ 248.42	¥ 223.69	¥ 231.66
Cash dividends paid per share (in yen) (2)	**85.00**	85.00	80.00	60.00	50.00	45.00
SECOM CO., LTD. shareholders' equity per share (in yen) (3)	**2,613.34**	2,424.91	2,553.97	2,452.47	2,261.00	2,034.63
Cash flow per share (in yen) (1) (e)	**383.36**	299.72	448.19	427.34	396.31	410.29
Price/Book value ratio	**1.57**	1.50	1.90	2.23	2.66	2.19
Price/Earnings ratio	**18.98**	26.41	17.63	22.02	26.91	19.25
Price/Cash flow ratio	**10.67**	12.11	10.80	12.80	15.19	10.87
Stock price at year-end (in yen)	**4,090**	3,630	4,840	5,470	6,020	4,460

Notes: (a) Net income attributable to SECOM CO., LTD. / Total assets
(b) Net income attributable to SECOM CO., LTD. / SECOM CO., LTD. shareholders' equity
(c) Including discontinued operations
(d) (Income before income taxes and equity in net income of affiliated companies + Interest expense)/Interest expense
(e) (Net income attributable to SECOM CO., LTD. + 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, 2010, cash dividends of ¥18,533 million (¥85.00 per share) were approved at the general shareholders' meeting on June 25, 2010 (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	2010	2009	2008	2007	2006	2005
Number of shareholders	**31,488**	30,859	28,512	30,683	19,807	21,327
Common shares held by:						
Japanese government and local public entities	**0.08%**	0.00%	—%	—%	—%	—%
Financial institutions	**31.34**	35.67	33.84	32.21	33.04	34.32
Securities firms	**4.28**	2.55	3.86	3.68	2.16	1.99
Other domestic corporations	**3.73**	3.76	3.81	3.86	3.92	4.13
Foreign investors	**40.77**	38.17	41.71	42.43	43.40	40.75
Individuals and others	**19.80**	19.85	16.78	17.82	17.48	18.81
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
2008	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
	April–June	4,100	3,420	10,135.82	8,351.91
	July–September	4,600	3,900	10,639.71	9,050.33
	October–December	4,640	3,940	10,638.06	9,081.52
2010	January–March	4,540	3,965	11,097.14	9,932.90

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, 2010, the number of shares outstanding was 233,289 thousand and share capital was ¥66,377,829 thousand.
*One share was split into two.