AUDITED FINANCIAL STATEMENTS

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

SECOM CO., LTD. and Subsidiaries
March 31, 2012 and 2011

	In millions of yen		Translation into thousands of U.S. dollars (Note 3)
	March 31		March 31
ASSETS	**2012**	2011	**2012**
Current assets:			
Cash and Cash equivalents (Notes 5 and 23)	**¥ 213,040**	¥ 193,942	**$ 2,598,049**
Time deposits (Note 13)	**7,731**	17,185	**94,280**
Cash deposits (Note 6)	**54,011**	56,546	**658,671**
Short-term investments (Notes 7 and 23)	**17,294**	6,393	**210,902**
Notes and accounts receivable, trade	**99,738**	86,511	**1,216,317**
Due from subscribers	**34,416**	35,886	**419,707**
Inventories (Note 8)	**67,094**	81,769	**818,220**
Short-term receivables (Notes 9, 13 and 21)	**14,655**	14,063	**178,720**
Allowance for doubtful accounts (Note 9)	**(1,335)**	(1,855)	**(16,280)**
Deferred insurance acquisition costs (Note 14)	**5,132**	5,456	**62,585**
Deferred income taxes (Note 17)	**12,853**	15,438	**156,744**
Other current assets	**10,971**	10,042	**133,793**
Total current assets	**535,600**	521,376	**6,531,708**
Investments and long-term receivables:			
Investment securities (Notes 2 (7), 7, 13 and 23)	**140,014**	148,990	**1,707,488**
Investments in affiliated companies (Note 10)	**39,739**	38,978	**484,622**
Long-term receivables (Notes 9, 13 and 21)	**41,831**	42,672	**510,134**
Lease deposits	**13,281**	13,636	**161,963**
Other investments	**8,262**	9,842	**100,756**
Allowance for doubtful accounts (Note 9)	**(7,449)**	(7,858)	**(90,841)**
	235,678	246,260	**2,874,122**
Property, plant and equipment (Notes 11, 13, 20 and 21):			
Land	**103,127**	96,420	**1,257,646**
Buildings and improvements	**193,245**	193,445	**2,356,646**
Security equipment and control stations	**273,645**	264,693	**3,337,134**
Machinery, equipment and automobiles	**87,190**	84,374	**1,063,293**
Construction in progress	**5,054**	2,913	**61,634**
	662,261	641,845	**8,076,353**
Accumulated depreciation	**(351,413)**	(339,330)	**(4,285,524)**
	310,848	302,515	**3,790,829**
Other assets:			
Deferred charges (Note 2 (12))	**43,127**	45,634	**525,939**
Goodwill (Note 12)	**14,235**	14,450	**173,598**
Other intangible assets (Notes 12 and 13)	**22,305**	22,593	**272,012**
Prepaid pension and severance costs (Note 15)	**7,846**	6,500	**95,683**
Deferred Income taxes (Note 17)	**10,185**	11,824	**124,207**
	97,698	101,001	**1,191,439**
Total assets	**¥1,179,824**	¥1,171,152	**$14,388,098**

See accompanying notes to consolidated financial statements.

LIABILITIES AND EQUITY	In millions of yen		Translation into thousands of U.S. dollars (Note 3)
	March 31		March 31
	2012	2011	2012
Current liabilities:			
Bank loans (Notes 6 and 13)	¥ 40,762	¥ 47,698	$ 497,098
Current portion of long-term debt (Notes 13, 20 and 22)	22,053	11,918	268,939
Notes and accounts payable, trade	33,163	27,882	404,427
Other payables	29,121	24,348	355,134
Deposits received (Note 6)	26,877	24,737	327,768
Deferred revenue	40,271	40,899	491,110
Accrued income taxes	15,468	20,358	188,634
Accrued payrolls	26,272	24,691	320,390
Other current liabilities (Notes 17, 22, 23, and 24)	22,274	20,065	271,634
Total current liabilities	256,261	242,596	3,125,134
Long-term debt (Notes 13, 20 and 22)	37,023	53,020	451,500
Guarantee deposits received	36,337	36,202	443,134
Accured pension and severance costs (Note 15)	21,421	21,169	261,232
Deferred revenue	17,325	18,246	211,280
Unearned premiums and other insurance liabilities (Note 14)	83,998	83,615	1,024,366
Investment deposits by policyholders (Notes 14 and 22)	30,755	41,643	375,061
Deferred income taxes (Note 17)	9,115	9,827	111,159
Other liabilities (Notes 22, 23, and 24)	9,956	10,025	121,415
Total liabilities	502,191	516,343	6,124,281

Commitments and contingent liabilities (Note 25)

Equity:			
SECOM CO.,LTD. shareholders' equity (Note 18):			
Common stock			
Authorized—900,000,000 shares			
issued 233,288,717 shares in 2012 and 2011	66,378	66,378	809,488
Additional paid-in capital	74,561	75,555	909,280
Legal reserve	10,175	10,104	124,085
Retained earnings	572,730	551,187	6,984,512
Accumulated other comprehensive income (loss):			
Unrealized gains on securities (Note 7)	4,646	2,131	56,659
Unrealized losses on derivative instruments (Note 24)	—	(6)	—
Pension liability adjustments (Note 15)	(13,522)	(11,909)	(164,902)
Foreign currency translation adjustments	(28,453)	(25,021)	(346,988)
	(37,329)	(34,805)	(455,231)
Common stock in treasury, at cost:			
15,017,691 shares in 2012 and 15,258,553 shares in 2011	(73,660)	(74,924)	(898,293)
Total SECOM CO., LTD. shareholders' equity	612,855	593,495	7,473,841
Noncontrolling interests	64,778	61,314	789,976
Total equity	677,633	654,809	8,263,817
Total liabilities and equity	¥1,179,824	¥1,171,152	$14,388,098

CONSOLIDATED STATEMENTS OF INCOME

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2012

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2012	2011	2010	2012
Net sales and operating revenue (Notes 14 and 23)	¥772,482	¥751,868	¥670,644	$9,420,512
Costs and expenses:				
Cost of sales (Note 8)	536,268	498,957	433,139	6,539,853
Selling, general and administrative expense (Notes 2 (18) and 19)	146,663	147,667	137,720	1,788,573
Loss on settlement of pre-existing relationship (Note 2 (2))	—	3,212	—	—
Impairment loss on long-lived assets (Note 11)	8,133	3	292	99,183
Impairment loss on goodwill (Note 12)	1,218	—	245	14,854
Loss on sales and disposal of fixed assets, net	1,374	1,597	2,070	16,756
	693,656	651,436	573,466	8,459,219
Operating income	78,826	100,432	97,178	961,293
Other income:				
Interest and dividends	952	928	1,317	11,610
Reversal of reserve for litigation loss (Note 25)	—	—	781	—
Gain on sales of securities, net (Notes 7 and 10)	29	139	—	354
Gain on private equity investments (Note 23)	3,491	6,014	—	42,573
Other (Note 16)	3,055	4,789	3,254	37,256
	7,527	11,870	5,352	91,793
Other expenses:				
Interest	1,597	1,683	1,799	19,476
Loss on sales of securities, net (Note 7)	—	—	7	—
Loss on other-than-temporary impairment of investment securities (Note 23)	952	84	1,764	11,610
Loss on private equity investments (Note 23)	—	—	1,367	—
Losses related to spectrum reallocation (Note 25)	—	—	1,254	—
Other (Notes 16, 24 and 25)	2,684	2,691	1,663	32,732
	5,233	4,458	7,854	63,818
Income from continuing operations before income taxes and equity in net income of affliated companies	81,120	107,844	94,676	989,268
Income taxes (Note 17):				
Current	33,538	38,765	38,749	409,000
Deferred	4,664	4,512	6,882	56,878
	38,202	43,277	45,631	465,878
Income from continuing operations before equity in net income of affiliated companies	42,918	64,567	49,045	523,390
Equity in net income of affliated companies	4,880	5,028	2,620	59,512
Income from continuing operations	47,798	69,595	51,665	582,902
Income from discontinued operations, net of tax (Note 26)	—	—	1,354	—
Net income	47,798	69,595	53,019	582,902
Less: Net income attributable to noncontrolling interests	(6,561)	(6,930)	(6,030)	(80,012)
Net income attributable to SECOM CO., LTD.	¥ 41,237	¥ 62,665	¥ 46,989	$ 502,890

	In yen			Translation into U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2012	2011	2010	2012
Per share data (Note 2 (20)):				
Income from continuing operations attributable to SECOM CO., LTD.	¥188.97	¥287.41	¥209.41	$2.30
Income from discontinued operations attributable to SECOM CO., LTD.	—	—	6.10	—
Net income attributable to SECOM CO., LTD.	188.97	287.41	215.51	2.30
Cash dividends per share	¥ 90.00	¥ 85.00	¥ 85.00	$1.10

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2012

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, 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 18):										
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 (Note 18)	—	—	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
Cumulative effect adjustments resulting from adoption of a new accounting standard on variable interest entities, net of tax (Note 2 (2))	—	—	—	—	(3,821)	—	—	(3,821)	—	(3,821)
Comprehensive income:										
Net income	—	—	—	—	62,665	—	—	62,665	6,930	69,595
Other comprehensive income (loss), net of tax (Note 18):										
Unrealized holding losses on securities	—	—	—	—	—	(3,472)	—	(3,472)	(61)	(3,533)
Unrealized gains on derivative instruments	—	—	—	—	—	12	—	12	5	17
Pension liability adjustments	—	—	—	—	—	(972)	—	(972)	(640)	(1,612)
Foreign currency translation adjustments	—	—	—	—	—	(6,399)	—	(6,399)	(381)	(6,780)
Total comprehensive income								51,834	5,853	57,687
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	(18,533)	—	—	(18,533)	—	(18,533)
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	(1,822)	(1,822)
Transfer to legal reserve	—	—	—	51	(51)	—	—	—	—	—
Equity transactions with noncontrolling interests and other (Note 18)	—	—	(5,541)	—	—	(226)	—	(5,767)	(7,382)	(13,149)
Gains and losses on disposal of treasury stock	—	—	(0)	—	—	—	—	(0)	—	(0)
Net changes in treasury stock	—	—	—	—	—	—	(17)	(17)	—	(17)
Balance, March 31, 2011	233,288,717	66,378	75,555	10,104	551,187	(34,805)	(74,924)	593,495	61,314	654,809
Comprehensive income:										
Net income	—	—	—	—	**41,237**	—	—	**41,237**	**6,561**	**47,798**
Other comprehensive income (loss), net of tax (Note 18):										
Unrealized holding gains on securities	—	—	—	—	—	**2,515**	—	**2,515**	**(29)**	**2,486**
Unrealized gains on derivative instruments	—	—	—	—	—	**6**	—	**6**	**2**	**8**
Pension liability adjustments	—	—	—	—	—	**(1,613)**	—	**(1,613)**	**(340)**	**(1,953)**
Foreign currency translation adjustments	—	—	—	—	—	**(3,432)**	—	**(3,432)**	**(264)**	**(3,696)**
Total comprehensive income								**38,713**	**5,930**	**44,643**
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	—	**(19,623)**	—	—	**(19,623)**	—	**(19,623)**
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	**(1,851)**	**(1,851)**
Transfer to legal reserve	—	—	—	**71**	**(71)**	—	—	—	—	—
Equity transactions with noncontrolling interests and other (Note 18)	—	—	**(642)**	—	—	—	—	**(642)**	**(615)**	**(1,257)**
Gains and losses on disposal of treasury stock	—	—	**(352)**	—	—	—	—	**(352)**	—	**(352)**
Net changes in treasury stock (Note 18)	—	—	—	—	—	—	**1,264**	**1,264**	—	**1,264**
Balance, March 31, 2012	**233,288,717**	**¥66,378**	**¥74,561**	**¥10,175**	**¥572,730**	**(¥37,329)**	**(¥73,660)**	**¥612,855**	**¥64,778**	**¥677,633**

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, 2011	$809,488	$921,402	$123,220	$6,721,793	($424,451)	($913,707)	$7,237,745	$747,732	$7,985,477
Comprehensive income:									
Net income	—	—	—	**502,890**	—	—	**502,890**	**80,012**	**582,902**
Other comprehensive income (loss), net of tax (Note 18):									
Unrealized holding gains on securities	—	—	—	—	**30,672**	—	**30,672**	**(354)**	**30,318**
Unrealized gains on derivative instruments	—	—	—	—	**73**	—	**73**	**24**	**97**
Pension liability adjustments	—	—	—	—	**(19,671)**	—	**(19,671)**	**(4,146)**	**(23,817)**
Foreign currency translation adjustments	—	—	—	—	**(41,854)**	—	**(41,854)**	**(3,220)**	**(45,074)**
Total comprehensive income							**472,110**	**72,316**	**544,426**
Cash dividends paid to SECOM CO., LTD. shareholders	—	—	—	**(239,306)**	—	—	**(239,306)**	—	**(239,306)**
Cash dividends paid to noncontrolling interests	—	—	—	—	—	—	—	**(22,573)**	**(22,573)**
Transfer to legal reserve	—	—	**865**	**(865)**	—	—	—	—	—
Equity transactions with noncontrolling interests and other (Note 18)	—	**(7,829)**	—	—	—	—	**(7,829)**	**(7,499)**	**(15,328)**
Gains and losses on disposal of treasury stock	—	**(4,293)**	—	—	—	—	**(4,293)**	—	**(4,293)**
Net changes in treasury stock (Note 18)	—	—	—	—	—	**15,414**	**15,414**	—	**15,414**
Balance, March 31, 2012	**$809,488**	**$909,280**	**$124,085**	**$6,984,512**	**($455,231)**	**($898,293)**	**$7,473,841**	**$789,976**	**$8,263,817**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2012

	In millions of yen			Translation into thousands of U.S. dollars (Note 3)
	Years ended March 31			Year ended March 31
	2012	2011	2010	2012
Cash flows from operating activities:				
Net income	¥ 47,798	¥ 69,595	¥ 53,019	$ 582,902
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 12)	58,117	56,951	55,130	708,744
Accrual for pension and severance costs, less payments	(3,268)	(2,687)	(3,723)	(39,854)
Deferred income taxes,including discontinued operations	4,664	4,512	6,885	56,878
Loss on sales and disposal of fixed assets, net	1,374	1,597	2,070	16,756
Impairment loss on long-lived assets (Note 11)	8,133	3	292	99,183
Write-down on real estate inventories (Note 8)	20,723	1,482	1,285	252,720
(Gain) loss on private equity investments (Note 23)	(3,491)	(6,014)	1,367	(42,573)
Reversal of reserve for litigation loss (Note 25)	—	—	(781)	—
Impairment loss on goodwill (Note 12)	1,218	—	245	14,854
Gain on sales of securities, net (Notes 7,10 and 14)	(1,240)	(1,658)	(1,302)	(15,122)
Loss on other-than-temporary impairment of investment securities (Notes 14 and 23)	1,835	765	6,321	22,378
Equity in net income of affiliated companies	(4,880)	(5,028)	(2,620)	(59,512)
Gain on sales of discontinued operations (Note 26)	—	—	(777)	—
Loss on settlement of pre-existing relationship (Note 2 (2))	—	3,212	—	—
Payments for legal settlement (Note 25)	(799)	(1,770)	—	(9,744)
Changes in assets and liabilities, net of effects from acquisitions and disposals:				
(Increase) decrease in cash deposits	2,535	(7,685)	7,806	30,915
(Increase) decrease in receivables and due from subscribers, net of allowances	(12,306)	(6,861)	3,845	(150,073)
(Increase) decrease in inventories	(3,940)	14,564	(3,386)	(48,049)
Increase in deferred charges	(15,652)	(15,097)	(14,502)	(190,878)
Increase (decrease) in notes and accounts payable	10,030	(182)	(3,059)	122,317
Increase (decrease) in deposits received	2,123	(4,236)	(5,133)	25,890
Increase (decrease) in deferred revenue	(1,332)	(5,419)	255	(16,244)
Increase (decrease) in accrued income taxes	(4,880)	(1,231)	2,021	(59,512)
Increase in guarantee deposits received	161	1,367	2,541	1,963
Increase in unearned premiums and other insurance liabilities	383	9,148	5,598	4,671
Other, net	4,906	7,297	3,292	59,829
Net cash provided by operating activities	112,212	112,625	116,689	1,368,439
Cash flows from investing activities:				
(Increase) decrease in time deposits	9,230	(9,665)	1,413	112,561
Proceeds from sales of property, plant and equipment	179	780	1,765	2,183
Payments for purchases of property, plant and equipment	(53,496)	(41,726)	(38,283)	(652,390)
Payments for purchases of intangible assets	(5,887)	(4,829)	(7,231)	(71,793)
Proceeds from sales and redemptions of investment securities (Note 7)	73,693	37,187	44,857	898,695
Payments for purchases of investment securities	(66,283)	(32,163)	(24,585)	(808,329)
(Increase) decrease in short-term investments	(4,357)	(1,854)	3,776	(53,134)
Proceeds from sales in discontinued operations	—	—	5,185	—
Acquisitions, net of cash acquired (Note 4)	(1,275)	(1,809)	996	(15,549)
Proceeds from sales in investments in affiliated companies (Note 10)	—	5,055	—	—
(Increase) decrease in short-term receivables ,net	(1,680)	164	250	(20,488)
Payments for long-term receivables	(1,741)	(402)	(5,014)	(21,232)
Proceeds from long-term receivables	4,322	1,965	6,043	52,707
Other, net	2,319	421	226	28,281
Net cash used in investing activities	(44,976)	(46,876)	(10,602)	(548,488)
Cash flows from financing activities:				
Proceeds from long-term debt	3,875	11,277	6,885	47,256
Repayments of long-term debt	(11,660)	(11,597)	(12,951)	(142,195)
Decrease in bank loans ,net	(6,935)	(312)	(35,156)	(84,573)
Decrease in investment deposits by policyholders	(10,888)	(20,583)	(23,838)	(132,780)
Dividends paid to SECOM CO., LTD. shareholders	(19,623)	(18,533)	(18,533)	(239,306)
Dividends paid to noncontrolling interests	(1,851)	(1,822)	(1,759)	(22,573)
Payments for acquisition of shares of consolidated subsidiaries from noncontrolling interest holders	(466)	(13,703)	(399)	(5,683)
Increase in treasury stock, net	(292)	(17)	(11)	(3,561)
Other, net	124	—	75	1,513
Net cash used in financing activities	(47,716)	(55,290)	(85,687)	(581,902)
Cumulative effect adjustments resulting from adoption of a new accounting standard on variable interest entities (Note 2 (2))	—	3,905	—	—
Effect of exchange rate changes on cash and cash equivalents	(422)	(566)	351	(5,146)
Net increase in cash and cash equivalents	19,098	13,798	20,751	232,903
Cash and cash equivalents at beginning of year	193,942	180,144	159,393	2,365,146
Cash and cash equivalents at end of year	¥213,040	¥193,942	¥180,144	$2,598,049

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SECOM CO., LTD. and Subsidiaries
Three years ended March 31, 2012

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 systems for commercial and residential premises, static guard services, armored car services for cash collection and deposit and sales of 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 U.S. generally accepted accounting principles ("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 balances 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") of which the Company is the primary beneficiary.

In December 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2009-17, "Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities," which amends the Accounting Standards Codification ("ASC") 810, "Consolidation." This accounting standard requires the reporting entity to consolidate a variable interest entity ("VIE") as its primary beneficiary when it is deemed to have a controlling financial interest in a VIE, meeting both of the following characteristics:

- The power to direct activities of a VIE that most significantly impact the VIE's economic performance.
- The obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

This accounting standard is effective for fiscal years beginning after November 15, 2009 and was adopted by the Company in the fiscal year ended March 31, 2011. Due to the adoption of this accounting standard, certain organizations managing hospitals and health care-related institutions that were not consolidated prior to March 31, 2010 were included in the scope of consolidation as of April 1, 2010. As a result, assets of ¥22,907 million and liabilities of ¥26,728 million, after elimination of intercompany balances, were included in the consolidated balance sheet at April 1, 2010. The cumulative effect adjustments resulting from the adoption of this accounting standard decreased the beginning retained earnings for the year ended March 31, 2011 by ¥3,821 million, net of tax. In addition, the Company recognized ¥3,212 million as a loss on settlement of pre-existing relationship in the medical services segment, related to the settlement of a lease contract between the Company and an entity newly included in the scope of consolidation according to the adoption of this accounting standard.

The Company provides investments, loans and guarantees to organizations managing hospitals and health care-related institutions, to a company holding real estate, and to a PFI (Private Finance Initiative) organization which was established to build, maintain and operate correctional facilities. Certain of these organizations are considered VIEs under ASC 810.

Total assets and liabilities held by VIEs of which the Company is the primary beneficiary were ¥64,469 million ($786,207 thousand) and ¥71,268 million ($869,122 thousand), respectively, at March 31, 2012, and ¥67,860 million and ¥77,277 million, respectively, at March 31, 2011. Total assets and liabilities held by VIEs of which the Company holds significant variable interests but is not the primary beneficiary were ¥33,735 million ($411,402 thousand) and ¥34,908 million ($425,707 thousand), respectively, at March 31, 2012, and ¥31,642 million and ¥32,574 million, respectively, at March 31, 2011. The Company's assets in the consolidated balance sheets and the Company's maximum exposure to losses related to VIEs at March 31, 2012 and 2011 were ¥4,621 million ($56,354 thousand) and ¥4,568 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 recognized in income ratably over the covered service period. Revenue from the installation of security equipment used to provide 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." 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 principally 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 title of the real estate is transferred to the customer.

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 the 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," 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 ¥26,149 million ($318,890 thousand) and ¥25,980 million at March 31, 2012 and 2011, 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, short-term and long-term receivables, 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. Depreciation is computed using the straight-line method for assets other than security equipment and control stations. 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 ¥37,120 million ($452,683 thousand), ¥35,634 million and ¥34,033 million for the years ended March 31, 2012, 2011 and 2010, 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

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 used to provide on-line security systems. 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 ¥14,877 million ($181,427 thousand), ¥15,081 million and ¥15,312 million for the years ended March 31, 2012, 2011 and 2010, respectively.

(13) Impairment or Disposal of Long-Lived Assets

In accordance with ASC 360, "Property, Plant and Equipment," 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, and 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," 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) 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.

The Company recognizes in the consolidated financial statements the impact of a tax position, if any, based on the technical merits of the position, when that position is more likely than not to be sustained upon examination. 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.

(17) Research and Development

Research and development costs are charged to income as incurred.

(18) 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, 2012, 2011 and 2010 were ¥3,541 million ($43,183 thousand), ¥4,034 million and ¥4,665 million, respectively.

(19) Derivative Financial Instruments

The Company accounts for derivative financial instruments in accordance with ASC 815, "Derivatives and Hedging."

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.

(20) 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, 2012, 2011 and 2010 was 218,217 thousand shares, 218,032 thousand shares and 218,035 thousand shares, respectively. There were no potentially dilutive shares outstanding during the years ended March 31, 2012, 2011 or 2010.

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

(21) 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, deferred insurance acquisition costs, investment securities, other investments, property, plant and equipment, goodwill, other intangible assets, and unearned premiums and other insurance liabilities; valuation of receivables; valuation allowances for deferred income taxes; valuation of derivative instruments; assets and obligations related to employee benefits; income tax uncertainties; and other contingencies.

(22) Recent Pronouncements

In September 2009, the FASB issued 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 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, and was adopted by the Company in the fiscal year ended March 31, 2012. The adoption of this accounting standard did not have a material impact on the Company's consolidated results of operations and financial position.

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 fiscal years beginning on or after June 15, 2010, and was adopted by the Company in the fiscal year ended March 31, 2012. The adoption of this accounting standard did not have a material impact on the Company's consolidated results of operations and financial position.

In October 2010, the FASB issued ASU No. 2010-26, "Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts, a Consensus of the FASB Emerging Issues Task Force." This accounting standard redefines the definition of acquisition costs qualifying for deferral to be costs that are related directly to the successful acquisition of new or renewal insurance contracts. This accounting standard is effective for fiscal years beginning after December 15, 2011, and will be adopted by the Company in the fiscal year beginning April 1, 2012. The Company is currently evaluating the effect of adopting this accounting standard on its consolidated financial statements.

In April 2011, the FASB issued ASU No. 2011-02, "A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring." This accounting standard provides the criteria as to whether a loan modification constitutes a troubled debt restructuring and requires additional disclosures about troubled debt restructurings. This accounting standard is effective for fiscal years beginning on or after June 15, 2011, and will be adopted by the Company in the fiscal year beginning April 1, 2012. It is not anticipated that the adoption will have a material impact on the Company's consolidated results of operations or financial position.

In May 2011, the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." This accounting standard amends current U.S. GAAP to create more commonality with IFRSs by changing the wording used to describe requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. This accounting standard is effective for fiscal years beginning after December 15, 2011, and will be adopted by the Company in the fiscal year beginning April 1, 2012. It is not anticipated that the adoption will have a material impact on the Company's consolidated results of operations or financial position.

In June 2011, the FASB issued ASU No. 2011-05, "Presentation of Comprehensive Income." In presenting other comprehensive income and its components in financial statement, this accounting standard eliminates the current option to present the components of other comprehensive income as part of the statement of changes in equity. This accounting standard also requires reclassifications between other comprehensive income and net income to be disclosed on the face of financial statements. Furthermore, in December 2011, the FASB issued ASU No. 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05." These accounting standards are effective for fiscal years beginning after December 15, 2011, and will be adopted by the Company in the fiscal year beginning April 1, 2012. As these accounting standards are a provision for presentation, the adoption will not have impact on the Company's consolidated results of operations or financial position.

In September 2011, the FASB issued ASU No. 2011-08, "Testing Goodwill for Impairment." This accounting standard permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. An entity is not required to calculate the fair value of a reporting unit unless the entity determines that it is more likely than not that its fair value is less than its carrying amount. This accounting standard is effective for fiscal years beginning after December 15, 2011, and will be adopted by the Company in the fiscal year beginning April 1, 2012. It is not anticipated that the adoption will have a material impact on the Company's consolidated results of operations or financial position.

In December 2011, the FASB issued ASU No. 2011-11, "Disclosures about Offsetting Assets and Liabilities." This accounting standard requires entities to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This accounting standard is effective for fiscal years beginning on or after January 1, 2013, and will be adopted by the Company in the fiscal year beginning April 1, 2013. As this accounting standard is a provision for disclosure, the adoption will not have impact on the Company's consolidated results of operations or financial position.

(23) Reclassifications

The accompanying consolidated financial statements for the years ended March 31, 2011 and 2010 have been reclassified to conform to the presentation used for the year ended March 31, 2012.

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 ¥82=US$1, the rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2012. 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 foreclosing on the Company's long-term receivables of ¥3,733 million and other short-term receivables of ¥1,000 million due from MAC International Co., Ltd. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition. Short-term borrowing of ¥5,684 million and long-term debt of ¥868 million from domestic subsidiaries were eliminated in consolidation.

	In millions of yen
Cash and cash equivalents	¥ 1,037
Other current assets	322
Investments and long-term receivables	8,941
Property, plant and equipment	4,138
Goodwill	702
Other assets	20
Total assets acquired	15,160
Current liabilities	5,798
Other liabilities	4,629
Total liabilities assumed	10,427
Net assets acquired	¥ 4,733

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

The pro-forma results related to this acquisition are 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, 2012 and 2011 were comprised of the following:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2012	2011	2012
Cash	**¥145,450**	¥120,371	**$1,773,781**
Time deposits	**36,948**	41,427	**450,585**
Call loan	**28,000**	29,500	**341,463**
Investment securities	**2,642**	2,644	**32,220**
	¥213,040	¥193,942	**$2,598,049**

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 ¥54,011 million ($658,671 thousand) and ¥56,546 million at March 31, 2012 and 2011, 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 ¥27,659 million ($337,305 thousand) and ¥21,921 million ($267,329 thousand), respectively, at March 31, 2012, and ¥29,387 million and ¥20,659 million, respectively, at March 31, 2011. 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 (noncurrent) 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, 2012 and 2011 were as follows:

	In millions of yen			
	March 31, 2012			
		Gross unrealized		
	Cost	Gains	Losses	Fair value
Short-term investments:				
Available-for-sale:				
Debt securities	**¥17,245**	**¥ 52**	**¥ 3**	**¥ 17,294**
	¥17,245	**¥ 52**	**¥ 3**	**¥ 17,294**
Investment securities:				
Available-for-sale:				
Equity securities	**¥28,606**	**¥6,015**	**¥ 87**	**¥ 34,534**
Debt securities	**60,406**	**1,749**	**41**	**62,114**
Held-to-maturity:				
Debt securities	**7,461**	**55**	**4**	**7,512**
	¥96,473	**¥7,819**	**¥132**	**¥104,160**

	In millions of yen			
	March 31, 2011			
		Gross unrealized		
	Cost	Gains	Losses	Fair value
Short-term investments:				
Available-for-sale:				
Debt securities	¥ 6,358	¥ 27	¥ 2	¥ 6,383
Held-to-maturity:				
Debt securities	10	0	—	10
	¥ 6,368	¥ 27	¥ 2	¥ 6,393
Investment securities:				
Available-for-sale:				
Equity securities	¥ 29,930	¥4,460	¥2,059	¥ 32,331
Debt securities	71,170	2,289	660	72,799
Held-to-maturity:				
Debt securities	7,473	20	49	7,444
	¥108,573	¥6,769	¥2,768	¥112,574

	In thousands of U.S. dollars			
	March 31, 2012			
		Gross unrealized		
	Cost	Gains	Losses	Fair value
Short-term investments:				
Available-for-sale:				
Debt securities	**$ 210,305**	**$ 634**	**$ 37**	**$ 210,902**
	$ 210,305	**$ 634**	**$ 37**	**$ 210,902**
Investment securities:				
Available-for-sale:				
Equity securities	**$ 348,853**	**$73,354**	**$1,061**	**$ 421,146**
Debt securities	**736,659**	**21,329**	**500**	**757,488**
Held-to-maturity:				
Debt securities	**90,988**	**671**	**49**	**91,610**
	$1,176,500	**$95,354**	**$1,610**	**$1,270,244**

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, 2012 were as follows:

	In millions of yen			
	March 31, 2012			
	Less than 12 months		12 months or longer	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:				
Equity securities	**¥ 729**	**¥ 87**	**¥—**	**¥—**
Debt securities	**18,220**	**44**	**—**	**—**
	¥18,949	**¥131**	**¥—**	**¥—**
Held-to-maturity:				
Debt securities	**¥ 49**	**¥ 4**	**¥—**	**¥—**

	In thousands of U.S. dollars			
	March 31, 2012			
	Less than 12 months		12 months or longer	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale:				
Equity securities	$ 8,890	$1,061	$—	$—
Debt securities	222,195	537	—	—
	$231,085	$1,598	$—	$—
Held-to-maturity:				
Debt securities	$ 598	$ 49	$—	$—

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-temporarily impaired at March 31, 2012.

At March 31, 2012, 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, 2012 are as follows:

	In millions of yen			
	March 31, 2012			
	Available-for-sale		Held-to-maturity	
	Cost	Fair value	Cost	Fair value
Due within 1 year	¥17,245	¥17,294	¥ —	¥ —
Due after 1 year through 5 years	23,941	24,686	—	—
Due after 5 years through 10 years	27,896	28,446	1,499	1,511
Due after 10 years	8,569	8,982	5,962	6,001
	¥77,651	¥79,408	¥7,461	¥7,512

	In thousands of U.S. dollars			
	March 31, 2012			
	Available-for-sale		Held-to-maturity	
	Cost	Fair value	Cost	Fair value
Due within 1 year	$210,305	$210,902	$ —	$ —
Due after 1 year through 5 years	291,964	301,049	—	—
Due after 5 years through 10 years	340,195	346,902	18,280	18,427
Due after 10 years	104,500	109,537	72,708	73,183
	$946,964	$968,390	$90,988	$91,610

During the years ended March 31, 2012, 2011 and 2010, the net unrealized gains and losses on "available-for-sale" securities included as part of other comprehensive income (loss), net of tax, increased by ¥2,515 million ($30,672 thousand), decreased by ¥3,472 million and increased by ¥9,200 million, respectively.

Proceeds from the sale of "available-for-sale" securities for the years ended March 31, 2012, 2011 and 2010 were ¥72,223 million ($880,768 thousand), ¥17,187 million and ¥31,328 million, respectively. On those sales, the gross realized gains and gross realized losses, using moving-average cost basis, for the years ended March 31, 2012, 2011 and 2010 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2012	2011	2010	2012
Gross realized gains	¥1,950	¥2,916	¥1,499	$23,780
Gross realized losses	662	752	383	8,073

The Company maintains long-term investment securities, issued by a number of non-public companies, included as investment securities in the consolidated balance sheets. The aggregate carrying amount of the investments in non-public companies, at cost net of other-than-temporary impairment, was ¥9,756 million ($118,976 thousand) and ¥10,407 million at March 31, 2012 and 2011, respectively. The corresponding fair value at that date was not computed as such estimation was not practical.

8. Inventories

Inventories at March 31, 2012 and 2011 were comprised of the following:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2012	2011	2012
Security-related products	¥ 7,473	¥ 5,596	$ 91,134
Fire protection-related products	11,942	10,518	145,634
Real estate	42,359	59,913	516,573
Information and other-related products	5,320	5,742	64,879
	¥67,094	¥81,769	$818,220

Work in process for real estate inventories at March 31, 2012 and 2011, amounting to ¥33,277 million ($405,817 thousand) and ¥48,432 million, respectively, are included in real estate.

Costs on uncompleted construction contracts at March 31, 2012 and 2011, amounting to ¥5,872 million ($71,610 thousand) and ¥4,468 million, respectively, are included in fire protection-related products.

The amount of write-down on real estate inventories included in cost of sales for the years ended March 31, 2012, 2011 and 2010 were ¥20,723 million ($252,720 thousand), ¥1,482 million and ¥1,285 million, respectively.

9. Credit Quality of Financing Receivables and Allowance for Doubtful Accounts

The Company has financing receivables and classifies them into five categories; "lease receivable," "loans receivable resulting from medical services," "loans receivable resulting from insurance services," "other loans receivable" and "other." Financing receivables classified as "lease receivable" are resulting from lease transactions of security equipment and real estate for office and medical institutions.

The Company continuously monitors overdue financing receivables, which the Company considers as uncollectible risk receivables. For financing receivables with specific customer collection issues, the Company individually evaluates their collectability in order to determine the amount of allowance for doubtful accounts. For other financing receivables, the Company categorizes these receivables into groups by their nature and characteristics. The Company collectively evaluates the collectability by each group, using its historical experience of write-off and determines the amount of allowance for doubtful accounts.

Financing receivables and allowance for doubtful accounts at March 31, 2012 and 2011 are as follows:

In millions of yen

Year ended March 31, 2012	Lease receivable	Loans receivable resulting from medical services	Loans receivable resulting from insurance services	Other loans receivable	Other	Total
Allowance for doubtful accounts:						
Balance at beginning of year	¥ 427	¥ 2,629	¥1,023	¥3,027	¥1,180	¥ 8,286
Provision (Reversal)	112	(117)	(41)	(71)	80	(37)
Charge off	(169)	—	(311)	(50)	(125)	(655)
Other*	14	—	—	259	(242)	31
Balance at end of year	384	2,512	671	3,165	893	7,625
Individually evaluated	62	2,512	626	3,165	893	7,258
Collectively evaluated	¥ 322	¥ —	¥ 45	¥ —	¥ —	¥ 367
Financing receivables:						
Individually evaluated	67	13,439	887	3,362	920	18,675
Collectively evaluated	26,251	507	3,912	4,160	180	35,010
	¥26,318	¥13,946	¥4,799	¥7,522	¥1,100	¥53,685

* "Other" principally includes the effect of changes in foreign currency exchange rates.

In millions of yen

March 31, 2011	Lease receivable	Loans receivable resulting from medical services	Loans receivable resulting from insurance services	Other loans receivable	Other	Total
Allowance for doubtful accounts:						
Individually evaluated	¥ 41	¥2,629	¥ 874	¥2,957	¥1,180	¥ 7,681
Collectively evaluated	386	—	149	70	—	605
	¥ 427	¥2,629	¥1,023	¥3,027	¥1,180	¥ 8,286
Financing receivables:						
Individually evaluated	¥ 44	¥12,326	¥1,417	¥3,128	¥1,218	¥18,133
Collectively evaluated	25,551	413	6,659	3,165	196	35,984
	¥25,595	¥12,739	¥8,076	¥6,293	¥1,414	¥54,117

In thousands of U.S. dollars

Year ended March 31, 2012	Lease receivable	Loans receivable resulting from medical services	Loans receivable resulting from insurance services	Other loans receivable	Other	Total
Allowance for doubtful accounts:						
Balance at beginning of year	$ 5,207	$ 32,061	$12,476	$36,915	$14,390	$101,049
Provision (Reversal)	1,366	(1,427)	(500)	(866)	976	(451)
Charge off	(2,061)	—	(3,793)	(610)	(1,524)	(7,988)
Other*	171	—	—	3,159	(2,952)	378
Balance at end of year	4,683	30,634	8,183	38,598	10,890	92,988
Individually evaluated	756	30,634	7,634	38,598	10,890	88,512
Collectively evaluated	$ 3,927	$ —	$ 549	$ —	$ —	$ 4,476
Financing receivables:						
Individually evaluated	$817	$163,890	$10,817	$41,000	$11,220	$227,744
Collectively evaluated	320,134	6,183	47,707	50,732	2,195	426,951
	$320,951	$170,073	$58,524	$91,732	$13,415	$654,695

* "Other" principally includes the effect of changes in foreign currency exchange rates.

The Company ascribes the fact of past due and the financial position of the debtor to credit quality indicators and classifies financing receivables into Overdue and Current. Financing receivables determined to have no prospects for collecting contractual interest on the basis of past due date and other factors are no longer recorded as accruing interest.

Analysis of the age of the recorded financing receivables and financing receivables on nonaccrual status at March 31, 2012 and 2011 are as follows:

In millions of yen

March 31, 2012	Lease receivable	Loans receivable resulting from medical services	Loans receivable resulting from insurance services	Other loans receivable	Other	Total
Current	¥26,251	¥13,642	¥3,912	¥4,308	¥ 679	¥48,792
Overdue	67	304	887	3,214	421	4,893
Total: Financing receivables	¥26,318	¥13,946	¥4,799	¥7,522	¥1,100	¥53,685
Financing receivables on nonaccrual status	¥ —	¥ 4,318	¥ 887	¥3,362	¥ —	¥ 8,567

In millions of yen

March 31, 2011	Lease receivable	Loans receivable resulting from medical services	Loans receivable resulting from insurance services	Other loans receivable	Other	Total
Current	¥25,551	¥12,436	¥6,659	¥3,165	¥ 899	¥48,710
Overdue	44	303	1,417	3,128	515	5,407
Total: Financing receivables	¥25,595	¥12,739	¥8,076	¥6,293	¥1,414	¥54,117
Financing receivables on nonaccrual status	¥ —	¥ 4,614	¥1,417	¥3,128	¥ —	¥ 9,159

In thousands of U.S. dollars

March 31, 2012	Lease receivable	Loans receivable resulting from medical services	Loans receivable resulting from insurance services	Other loans receivable	Other	Total
Current	$320,134	$166,366	$47,707	$52,537	$ 8,280	$595,024
Overdue	817	3,707	10,817	39,195	5,135	59,671
Total: Financing receivables	$320,951	$170,073	$58,524	$91,732	$13,415	$654,695
Financing receivables on nonaccrual status	$ —	$ 52,659	$10,817	$41,000	$ —	$104,476

Impaired receivables and the related allowance for doubtful accounts at March 31, 2012 and 2011 are as follows:

In millions of yen

March 31, 2012	Lease receivable	Loans receivable resulting from medical services	Loans receivable resulting from insurance services	Other loans receivable	Other	Total
Impaired receivables	¥67	¥13,439	¥887	¥3,362	¥920	¥18,675
Related allowance for doubtful accounts	62	2,512	626	3,165	893	7,258

In millions of yen

March 31, 2011	Lease receivable	Loans receivable resulting from medical services	Loans receivable resulting from insurance services	Other loans receivable	Other	Total
Impaired receivables	¥44	¥12,326	¥1,417	¥3,128	¥1,218	¥18,133
Related allowance for doubtful accounts	41	2,629	874	2,957	1,180	7,681

In thousands of U.S. dollars

March 31, 2012	Lease receivable	Loans receivable resulting from medical services	Loans receivable resulting from insurance services	Other loans receivable	Other	Total
Impaired receivables	$817	$163,890	$10,817	$41,000	$11,220	$227,744
Related allowance for doubtful accounts	756	30,634	7,634	38,598	10,890	88,512

The average amounts of impaired receivables for the year ended March 31, 2012 are as follows:

In millions of yen

	Lease receivable	Loans receivable resulting from medical services	Loans receivable resulting from insurance services	Other loans receivable	Other	Total
Average amounts of impaired receivables	¥56	¥12,883	¥1,152	¥3,245	¥1,068	¥18,404

In thousands of U.S. dollars

	Lease receivable	Loans receivable resulting from medical services	Loans receivable resulting from insurance services	Other loans receivable	Other	Total
Average amounts of impaired receivables	$683	$157,110	$14,049	$39,573	$13,024	$224,439

10. 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 27.8 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.

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
	2012	2011	**2012**
Current assets	**¥ 91,723**	¥ 72,049	**$1,118,573**
Noncurrent assets	**102,770**	111,349	**1,253,293**
Total assets	**¥194,493**	¥183,398	**$2,371,866**
Current liabilities	**¥ 39,545**	¥ 34,272	**$ 482,256**
Noncurrent liabilities	**34,506**	32,458	**420,805**
Equity	**120,442**	116,668	**1,468,805**
Total liabilities and equity	**¥194,493**	¥183,398	**$2,371,866**

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2012	2011	2010	**2012**
Net sales	**¥144,730**	¥129,551	¥153,990	**$1,765,000**
Gross profit	**¥ 48,439**	¥ 46,156	¥ 44,395	**$ 590,720**
Net income attributable to affiliated companies	**¥ 16,683**	¥ 16,933	¥ 14,105	**$ 203,451**

Dividends received from affiliated companies for the years ended March 31, 2012, 2011 and 2010 were ¥2,324 million ($28,341 thousand), ¥2,175 million and ¥2,295 million, respectively.

Three listed affiliated companies accounted for under the equity method with an aggregated carrying amount of ¥27,738 million ($338,268 thousand) and ¥27,555 million at March 31, 2012 and 2011, respectively, had a quoted market value of ¥60,164 million ($733,707 thousand) and ¥61,259 million at March 31, 2012 and 2011, respectively.

The amounts of goodwill were ¥2,931 million ($35,744 thousand) and ¥3,254 million at March 31, 2012 and 2011, respectively.

In June 2010, the parent company sold the outstanding share of Tokyo Biso Kogyo Corporation, a 36.6 percent owned affiliate, to TB Holdings Corporation for ¥5,055 million. The sale resulted in a loss of ¥513 million.

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

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2012	2011	2010	**2012**
Sales	**¥2,113**	¥1,669	¥1,597	**$25,768**
Purchases	**¥6,125**	¥5,128	¥6,504	**$74,695**

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2012	2011	**2012**
Notes and accounts receivable, trade	**¥ 457**	¥ 460	**$ 5,573**
Loans receivable	**¥ 375**	¥ 81	**$ 4,573**
Notes and accounts payable	**¥2,884**	¥2,261	**$35,171**
Guarantees for bank loans	**¥ 127**	¥ 150	**$ 1,549**

The Company's equity in undistributed income of affiliates at March 31, 2012 and 2011 included in retained earnings was ¥30,112 million ($367,220 thousand) and ¥26,319 million, respectively.

11. Long-Lived Assets

The Company has assessed the potential impairment of its long-lived assets. As a result of a significant decrease in revenue forecasts, the Company principally recognized impairment losses on real estate of the other services for the year ended March 31, 2012. 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, 2012, 2011 and 2010 was as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2012	2011	2010	**2012**
Security services	**¥ —**	¥—	¥ 83	**$ —**
Fire protection services	**48**	—	15	**585**
Medical services	**—**	1	—	**—**
Insurance services	**—**	—	—	**—**
Geographic information services	**18**	2	149	**220**
Real estate development and sales	**—**	—	—	**—**
Information and communication related and other services	**8,067**	—	45	**98,378**
Corporate items	**—**	—	—	**—**
	¥8,133	¥ 3	¥292	**$99,183**

12. Goodwill and Other Intangible Assets

The components of acquired intangible assets excluding goodwill at March 31, 2012 and 2011 were as follows:

In millions of yen

	March 31, 2012		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Software	**¥40,480**	**(¥24,229)**	**¥16,251**
Other	**4,091**	**(2,165)**	**1,926**
	¥44,571	**(¥26,394)**	**¥18,177**
Unamortized intangible assets	**¥ 4,128**	**¥ —**	**¥ 4,128**

In millions of yen

	March 31, 2011		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Software	¥38,234	(¥21,933)	¥16,301
Other	5,104	(2,965)	2,139
	¥43,338	(¥24,898)	¥18,440
Unamortized intangible assets	¥ 4,153	¥ —	¥ 4,153

In thousands of U.S. dollars

	March 31, 2012		
	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortized intangible assets:			
Software	**$493,659**	**($295,476)**	**$198,183**
Other	**49,890**	**(26,402)**	**23,488**
	$543,549	**($321,878)**	**$221,671**
Unamortized intangible assets	**$ 50,341**	**$ —**	**$ 50,341**

Aggregate amortization expense for the years ended March 31, 2012, 2011 and 2010 was ¥6,120 million ($74,634 thousand), ¥6,236 million and ¥5,785 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
2013	¥5,167	$63,012
2014	4,741	57,817
2015	3,563	43,451
2016	2,361	28,793
2017	1,430	17,439

The changes in the carrying amount of goodwill by business segment for the years ended March 31, 2012 and 2011 were as follows:

In millions of yen

	Security services	Fire protection services	Medical services	Geographic information services	Real estate development and sales	Information and communication related and other services	Total
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
Goodwill acquired during the year	675	81	—	711	—	—	1,467
Disposal	—	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	—	—
Translation adjustment	(99)	—	—	(70)	—	—	(169)
Goodwill	2,898	81	9,970	4,910	135	2,002	19,996
Accumulated impairment losses	(406)	—	(4,338)	(492)	(135)	(175)	(5,546)
March 31, 2011	2,492	81	5,632	4,418	—	1,827	14,450
Goodwill acquired during the year	**1,021**	**—**	**—**	**102**	**—**	**—**	**1,123**
Disposal	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Impairment losses	**(793)**	**—**	**(269)**	**(156)**	**—**	**—**	**(1,218)**
Translation adjustment	**(99)**	**—**	**—**	**(21)**	**—**	**—**	**(120)**
Goodwill	**3,820**	**81**	**9,970**	**4,991**	**135**	**2,002**	**20,999**
Accumulated impairment losses	**(1,199)**	**—**	**(4,607)**	**(648)**	**(135)**	**(175)**	**(6,764)**
March 31, 2012	**¥2,621**	**¥ 81**	**¥5,363**	**¥4,343**	**¥ —**	**¥1,827**	**¥14,235**

In thousands of U.S. dollars

	Security services	Fire protection services	Medical services	Geographic information services	Real estate development and sales	Information and communication related and other services	Total
Goodwill	$35,341	$988	$121,585	$59,878	$1,646	$24,414	$243,852
Accumulated impairment losses	(4,951)	—	(52,902)	(6,000)	(1,646)	(2,134)	(67,633)
March 31, 2011	30,390	988	68,683	53,878	—	22,280	176,219
Goodwill acquired during the year	**12,451**	**—**	**—**	**1,244**	**—**	**—**	**13,695**
Disposal	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Impairment losses	**(9,671)**	**—**	**(3,281)**	**(1,902)**	**—**	**—**	**(14,854)**
Translation adjustment	**(1,206)**	**—**	**—**	**(256)**	**—**	**—**	**(1,462)**
Goodwill	**46,586**	**988**	**121,585**	**60,866**	**1,646**	**24,414**	**256,085**
Accumulated impairment losses	**(14,622)**	**—**	**(56,183)**	**(7,902)**	**(1,646)**	**(2,134)**	**(82,487)**
March 31, 2012	**$31,964**	**$988**	**$ 65,402**	**$52,964**	**$ —**	**$22,280**	**$173,598**

The Company recognized impairment losses primarily related to goodwill allocated to reporting units in the security services segment of ¥793 million ($9,671 thousand) for the year ended March 31, 2012, due to decreases in the estimated fair value of these reporting units mainly caused by decreases of projected cash flows. In addition, the Company recognized impairment losses of ¥269 million ($3,281 thousand) and ¥156 million ($1,902 thousand) in the medical services segment and the geographic information services segment, respectively.

The fair value is determined by the estimated present value of future cash flows.

13. Bank Loans and Long-Term Debt

Bank loans of ¥40,762 million ($497,098 thousand) and ¥47,698 million at March 31, 2012 and 2011, respectively, are generally comprised of 30 to 365 day notes. The weighted average interest rate was 1.24 percent and 1.19 percent at March 31, 2012 and 2011, 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, 2012, 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 ($48,780 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, 2012, the Company had overdraft agreements with 18 banks and its unused lines of credit amounted to ¥16,905 million ($206,159 thousand). The Company incurs no fee on the unused portion of the lines of credit. The overdraft agreements expire in the period from April 2012 to March 2013. The Company has the ability and intent to extend these overdraft agreements under similar terms and conditions.

Long-term debt at March 31, 2012 and 2011 comprised the following:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2012	2011	**2012**
Loans, principally from banks due 2011–2033 with interest rates ranging from 0.60% to 10.05% in 2012 and 2011:			
Secured	**¥22,619**	¥25,205	**$275,841**
Unsecured	**9,174**	10,160	**111,878**
1.14% unsecured bonds due 2013	**3,060**	3,570	**37,317**
1.13% unsecured bonds due 2014	**1,557**	1,644	**18,988**
Unsecured bonds due 2011–2017 with floating interest rates based on 6-month TIBOR plus 0.00%–0.20%	**10,992**	11,793	**134,049**
Obligations under capital leases, due 2011–2040 (Note 20)	**11,674**	12,566	**142,366**
	59,076	64,938	**720,439**
Less: Portion due within one year	**(22,053)**	(11,918)	**(268,939)**
	¥37,023	¥53,020	**$451,500**

Assets pledged as collateral for bank loans and long-term debt at March 31, 2012 and 2011 were as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2012	2011	**2012**
Time deposits	**¥ 2,210**	¥ 1,993	**$ 26,951**
Short-term and long-term receivables	**5,472**	5,334	**66,732**
Investment securities	**695**	606	**8,476**
Property, plant and equipment	**55,101**	55,755	**671,963**
Other intangible assets	**818**	818	**9,976**

The aggregate annual maturities on long-term debt at March 31, 2012 are as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2013	¥22,053	$268,939
2014	11,216	136,780
2015	8,621	105,134
2016	3,199	39,012
2017	3,416	41,659
Thereafter	10,571	128,915
	¥59,076	$720,439

14. 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 expense 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, 2012 and 2011 was ¥44,541 million ($543,183 thousand) and ¥45,838 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, including loss on other-than-temporary impairment, for the years ended March 31, 2012, 2011 and 2010 were gains of ¥328 million ($4,000 thousand) and ¥838 million, and losses of ¥3,309 million, respectively. Loss on other-than-temporary impairment of investment securities for the years ended March 31, 2012, 2011 and 2010 were ¥883 million ($10,768 thousand), ¥681 million and ¥4,558 million, respectively.

15. 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 July 2011, Secom General Insurance Co., Ltd., a subsidiary of the parent company, 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," 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, 2012.

Net periodic pension and severance costs for the years ended March 31, 2012, 2011 and 2010 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2012	2011	2010	2012
Net periodic pension and severance costs:				
Service cost	¥5,560	¥6,313	¥4,424	$67,805
Interest cost	1,572	1,610	1,476	19,171
Expected return on plan assets	(2,130)	(2,065)	(1,997)	(25,976)
Amortization of prior service benefit	(1,649)	(1,687)	(1,682)	(20,110)
Recognized actuarial loss	1,222	924	901	14,903
Net periodic pension and severance costs	¥4,575	¥5,095	¥3,122	$55,793

The changes in benefit obligation, plan 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
	2012	2011	2012
Change in benefit obligation:			
Benefit obligation at beginning of year	¥82,500	¥72,524	$1,006,098
Effect of adopting ASU No. 2009-17	—	4,244	—
Service cost	5,560	6,313	67,805
Interest cost	1,572	1,610	19,171
Actuarial loss	1,487	2,173	18,134
Prior service benefit	(25)	(263)	(305)
Benefits paid	(4,957)	(4,941)	(60,451)
Acquisition	—	840	—
Settlement	(352)	—	(4,293)
Benefit obligation at end of year	85,785	82,500	1,046,159
Change in plan assets:			
Fair value of plan assets at beginning of year	67,831	60,763	827,207
Effect of adopting ASU No. 2009-17	—	2,200	—
Actual return on plan assets	1,831	1,975	22,329
Employer contribution	6,439	5,829	78,525
Benefits paid	(3,537)	(3,342)	(43,134)
Acquisition	—	406	—
Settlement	(354)	—	(4,317)
Fair value of plan assets at end of year	72,210	67,831	880,610
Funded status at the end of year	(¥13,575)	(¥14,669)	($ 165,549)

Amounts recognized in the consolidated balance sheet at March 31, 2012 and 2011 consist of:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2012	2011	2012
Prepaid pension and severance costs	¥ 7,846	¥ 6,500	$ 95,683
Accrued pension and severance costs	(21,421)	(21,169)	(261,232)
Net amount recognized	(¥13,575)	(¥14,669)	($165,549)

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the year ended March 31, 2012 were summarized as follows:

	In millions of yen	In thousands of U.S. dollars
Current year actuarial loss	¥1,786	$21,781
Amortization of actuarial loss	(1,222)	(14,903)
Settlement of actuarial loss	59	720
Current year prior service benefit	(25)	(305)
Amortization of prior service benefit	1,649	20,110
	¥2,247	$27,403

Amounts recognized in accumulated other comprehensive income (loss) at March 31, 2012 and 2011 consist of:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2012	2011	2012
Actuarial loss	¥32,652	¥32,029	$398,195
Prior service benefit	(7,806)	(9,430)	(95,195)
Net amount recognized	¥24,846	¥22,599	$303,000

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 ¥1,627 million ($19,841 thousand) and ¥1,407 million ($17,159 thousand), respectively.

The accumulated benefit obligation for the pension plan was ¥78,805 million ($961,037 thousand) and ¥75,894 million at March 31, 2012 and 2011, 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 ¥35,768 million ($436,195 thousand), ¥32,102 million ($391,488 thousand) and ¥14,555 million ($177,500 thousand), respectively, at March 31, 2012, and ¥34,647 million, ¥31,206 million and ¥13,644 million, respectively, at March 31, 2011.

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, 2012 and 2011 were as follows:

	March 31	
	2012	2011
Discount rate	1.8%	2.1%
Rate of compensation increase	2.6%	2.6%

Weighted-average assumptions used to determine net pension and severance costs for the years ended March 31, 2012, 2011 and 2010 were as follows:

	Years ended March 31		
	2012	2011	2010
Discount rate	2.1%	2.2%	2.1%
Expected return on plan assets	3.0%	3.0%	3.0%
Rate of compensation increase	2.6%	2.6%	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 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 pension plan assets at March 31, 2012 and 2011. The three levels of input used to measure fair value are more fully described in Note 23.

	In millions of yen			
	March 31, 2012			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 1,720	¥ —	¥ —	¥ 1,720
Equity securities				
Japanese companies	9,420	—	—	9,420
Debt securities				
Government bonds	5,772	66	1	5,839
Nongovernment bonds	1,530	—	794	2,324
Pooled fund	—	23,150	16,669	39,819
Call loans	—	6,630	—	6,630
Insurance contracts	—	6,349	—	6,349
Other	—	(341)	450	109
	¥18,442	¥35,854	¥17,914	¥72,210

*The plan's equity securities include common stock of the parent company and its domestic subsidiaries in the amount of ¥182 million at March 31, 2012.

*The plan's government bonds invest approximately 95% in Japanese bonds and 5% in foreign bonds. The nongoverment bonds invest approximately 65% in Japanese bonds and 35% in foreign bonds.

*The pension investment trust fund included in the plan's pooled funds is classified as level 2, and invests approximately 40% in equity securities, 55% in debt securities and 5% in other investments. The unquoted beneficial certificate of security investment trust included in the plan's pooled funds is classified as level 3.

				In millions of yen
				March 31, 2011
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	¥ 1,053	¥ —	¥ —	¥ 1,053
Equity securities				
Japanese companies	6,963	50	—	7,013
Debt securities				
Government bonds	5,978	938	6	6,922
Nongovernment bonds	2,333	—	651	2,984
Pooled fund	741	20,607	16,113	37,461
Call loans	—	6,646	—	6,646
Insurance contracts	—	5,652	—	5,652
Other	—	100	—	100
	¥17,068	¥33,993	¥16,770	¥67,831

*The plan's equity securities include common stock of the the parent company in the amount of ¥40 million at March 31, 2011.
*The plan's government bonds invest approximately 95% in Japanese bonds and 5% in foreign bonds. The nongoverment bonds invest approximately 80% in Japanese bonds and 20% in foreign bonds.
*The pension investment trust fund included in the plan's pooled funds is classified as level 2, and invests approximately 50% in equity securities, 45% in debt securities and 5% in other investments. The unquoted beneficial certificate of security investment trust included in the plan's pooled funds is classified as level 3.

				In thousands of U.S. dollars
				March 31, 2012
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	**$ 20,976**	**$ —**	**$ —**	**$ 20,976**
Equity securities				
Japanese companies	**114,878**	**—**	**—**	**114,878**
Debt securities				
Government bonds	**70,390**	**805**	**12**	**71,207**
Nongovernment bonds	**18,658**	**—**	**9,683**	**28,341**
Pooled fund	**—**	**282,317**	**203,281**	**485,598**
Call loans	**—**	**80,854**	**—**	**80,854**
Insurance contracts	**—**	**77,427**	**—**	**77,427**
Other	**—**	**(4,159)**	**5,488**	**1,329**
	$224,902	**$437,244**	**$218,464**	**$880,610**

*The plan's equity securities include common stock of the parent company and its domestic subsidiaries in the amount of $2,220 million at March 31, 2012.
*The plan's government bonds invest approximately 95% in Japanese bonds and 5% in foreign bonds. The nongoverment bonds invest approximately 65% in Japanese bonds and 35% in foreign bonds.
*The pension investment trust fund included in the plan's pooled funds is classified as level 2, and invests approximately 40% in equity securities, 55% in debt securities and 5% in other investments. The unquoted beneficial certificate of security investment trust included in the plan's pooled funds is classified as level 3.

The following table represents the changes in level 3 investments for the years ended March 31, 2012 and 2011.

					In millions of yen
					Year ended March 31, 2012
	Debt securities				
	Government bonds	Non-government bonds	Pooled funds	Other	Total
Balance at beginning of year	**¥ 6**	**¥651**	**¥16,113**	**¥ —**	**¥16,770**
Actual return on plan assets:					
Relating to assets sold during the year	**—**	**273**	**298**	**—**	**571**
Relating to assets held at end of year	**(3)**	**143**	**179**	**—**	**319**
Purchases, sales and settlements, net	**(2)**	**(273)**	**79**	**450**	**254**
Transfer into level 3	**—**	**—**	**—**	**—**	**—**
Balance at end of year	**¥ 1**	**¥794**	**¥16,669**	**¥450**	**¥17,914**

						In millions of yen
						Year ended March 31, 2011
	Equity securities	Debt securities				
	Japanese companies	Government bonds	Non-government bonds	Pooled funds	Other	Total
Balance at beginning of year	¥ 7	¥61	¥702	¥ 9,790	¥ 8	¥10,568
Actual return on plan assets:						
Relating to assets sold during the year	—	—	48	198	—	246
Relating to assets held at end of year	—	—	896	(214)	—	682
Purchases, sales and settlements, net	(7)	(55)	(995)	4,563	(8)	3,498
Transfer into level 3	—	—	—	1,776	—	1,776
Balance at end of year	¥—	¥ 6	¥651	¥16,113	¥—	¥16,770

					In thousands of U.S. dollars
					Year ended March 31, 2012
	Debt securities				
	Government bonds	Non-government bonds	Pooled funds	Other	Total
Balance at beginning of year	**$73**	**$7,939**	**$196,500**	**$ —**	**$204,512**
Actual return on plan assets:					
Relating to assets sold during the year	**—**	**3,329**	**3,634**	**—**	**6,963**
Relating to assets held at end of year	**(37)**	**1,744**	**2,183**	**—**	**3,890**
Purchases, sales and settlements, net	**(24)**	**(3,329)**	**964**	**5,488**	**3,099**
Transfer into level 3	**—**	**—**	**—**	**—**	**—**
Balance at end of year	**$12**	**$9,683**	**$203,281**	**$5,488**	**$218,464**

The Company expects to contribute ¥5,784 million ($70,537 thousand) to its domestic defined benefit plans in the year ending March 31, 2013.

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
2013	¥ 4,572	$ 55,756
2014	4,830	58,902
2015	3,974	48,463
2016	4,731	57,695
2017	4,466	54,463
2018–2022	26,195	319,451

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, 2012, 2011 and 2010 were ¥1,613 million ($19,671 thousand), ¥1,596 million and ¥1,468 million, respectively.

16. Exchange Gains and Losses

Other expenses for the years ended March 31, 2012 and 2011 include net exchange losses of ¥145 million ($1,768 thousand) and ¥635 million, respectively. Other income for the year ended March 31, 2010 includes net exchange gains of ¥552 million.

17. Income Taxes

Total income taxes for the years ended March 31, 2012, 2011 and 2010 were allocated as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2012	2011	2010	2012
Income from continuing operations	¥38,202	¥43,277	¥45,631	$465,878
Income from discontinued operations	—	—	(317)	—
Shareholders' equity—accumulated other comprehensive income (loss):				
Unrealized holding gains (losses) on securities	1,236	(1,946)	5,401	15,072
Unrealized gains on derivative instruments	—	—	107	—
Pension liability adjustments	(763)	(654)	857	(9,304)
Foreign currency translation adjustments	—	—	1,020	—
Equity transactions with noncontrolling interest and other	—	(154)	—	—
	¥38,675	¥40,523	¥52,699	$471,646

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, results in a statutory tax rate in Japan of approximately 40.5 percent for the years ended March 31, 2012, 2011 and 2010.

Due to the promulgation on December 2, 2011 of the Act for Partial Amendment of the Income Tax Act, etc. for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures and the Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake, the statutory tax rate used to calculate the deferred tax assets and liabilities for the year ended March 31, 2012 changed mainly from 40.5 percent to 37.8 percent for those scheduled for collection or payment during the period from April 1, 2012 to March 31, 2015, and to 35.4 percent for those scheduled for collection or payment on or after April 1, 2015. As a result, income taxes for the year ended March 31, 2012 increased by ¥2,464 million ($30,049 thousand).

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
	2012	2011	2010	2012
Income taxes computed at statutory tax rate of 40.5%	¥32,853	¥43,677	¥38,344	$400,646
Increase (decrease) resulting from:				
Unrecognized tax benefits from subsidiaries in loss positions	7,905	97	7,280	96,403
Reversal of valuation allowance due to utilization of operating loss carryforwards	(6,000)	(736)	(955)	(73,171)
Net effect of changes in the corporate tax rates	2,464	—	—	30,049
Per capita tax	806	831	817	9,829
Other, net	174	(592)	145	2,122
Income taxes from continuing operations	¥38,202	¥43,277	¥45,631	$465,878

The significant components of deferred tax assets and liabilities at March 31, 2012 and 2011 were as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2012	2011	**2012**
Deferred tax assets:			
Loss carryforwards	**¥11,137**	¥19,372	**$135,817**
Deferred revenue	**10,015**	11,580	**122,134**
Property, plant and equipment	**7,454**	5,528	**90,902**
Accrued pension and severance costs	**7,357**	8,164	**89,720**
Adjustment of book value at the date of acquisition—			
Land and buildings	**7,033**	7,546	**85,768**
Other assets	**285**	361	**3,476**
Accrued bonus	**5,770**	5,704	**70,366**
Write-down on real estate inventories	**5,371**	1,823	**65,500**
Vacation accrual	**3,545**	3,806	**43,232**
Allowance for doubtful accounts	**2,825**	3,611	**34,451**
Investment securities	**1,941**	1,902	**23,671**
Intangible assets	**1,594**	1,969	**19,439**
Other	**7,241**	9,394	**88,305**
Gross deferred tax assets	**71,568**	80,760	**872,781**
Less: Valuation allowance	**(29,928)**	(33,699)	**(364,976)**
Total deferred tax assets	**41,640**	47,061	**507,805**
Deferred tax liabilities:			
Deferred installation costs	**(7,920)**	(9,494)	**(96,585)**
Adjustment of book value at the date of acquisition—			
Land and buildings	**(5,143)**	(5,544)	**(62,720)**
Other assets	**(1,357)**	(1,614)	**(16,549)**
Investments in affiliated companies	**(5,057)**	(5,111)	**(61,671)**
Prepaid pension and severance costs	**(2,710)**	(2,543)	**(33,049)**
Unrealized holding gains on securities	**(2,236)**	(1,042)	**(27,268)**
Unearned premiums and other insurance liabilities	**—**	(774)	**—**
Other	**(4,468)**	(5,362)	**(54,488)**
Gross deferred tax liabilities	**(28,891)**	(31,484)	**(352,330)**
Net deferred tax assets	**¥12,749**	¥15,577	**$155,475**

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, 2012, 2011 and 2010 was a decrease of ¥3,771 million ($45,988 thousand), an increase of ¥1,604 million and ¥5,232 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, 2012 and 2011.

Net deferred tax assets at March 31, 2012 and 2011 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
	2012	2011	**2012**
Deferred income taxes (Current assets)	**¥12,853**	¥15,438	**$156,744**
Deferred income taxes (Other assets)	**10,185**	11,824	**124,207**
Other current liabilities	**(1,174)**	(1,858)	**(14,317)**
Deferred income taxes (Liabilities)	**(9,115)**	(9,827)	**(111,159)**
Net deferred tax assets	**¥12,749**	¥15,577	**$155,475**

The Company has not recognized deferred tax liabilities of ¥704 million ($8,585 thousand) for a portion of undistributed earnings of foreign subsidiaries totaling ¥16,212 million ($197,707 thousand) at March 31, 2012 as they are not expected to be remitted in the foreseeable future.

At March 31, 2012, the operating loss carryforwards of domestic subsidiaries amounted to ¥27,859 million ($339,744 thousand) and are available for offsetting against future taxable earnings of such subsidiaries for up to nine years, as follows:

Expires in the years ending March 31	In millions of yen	In thousands of U.S. dollars
2013	¥ 1,339	$ 16,329
2014	3,504	42,732
2015	2,938	35,829
2016	—	—
2017	—	—
2018	9,151	111,598
2019	7,135	87,012
2020	2,244	27,366
2021	1,548	18,878
	¥27,859	$339,744

The operating loss carryforwards of overseas subsidiaries at March 31, 2012 amounted to ¥3,887 million ($47,402 thousand), a part of which will begin to expire in the year ending March 31, 2013.

The total amount of unrecognized tax benefits for the years ended March 31, 2012, 2011 and 2010 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, 2012, 2011 and 2010.

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, 2012, 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 2009. In other foreign tax jurisdictions, major subsidiaries are no longer subject to income tax examinations by tax authorities for years before 2011 with few exceptions.

18. Shareholders' Equity

(1) Additional Paid-In Capital

The change in additional paid-in capital includes the effect of changes in the Company's ownership interest in its consolidated subsidiaries.

The net income attributable to SECOM CO., LTD. and transfers from (to) noncontrolling interests for the years ended March 31, 2012, 2011 and 2010 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2012	2011	2010	**2012**
Net income attributable to SECOM CO., LTD.	**¥41,237**	¥62,665	¥46,989	**$502,890**
Transfers from (to) noncontrolling interests:				
Decrease in additional paid-in capital related to the acquisition of Secom Techno Service Co., Ltd.'s ownership interests	**(476)**	(5,692)	—	**(5,805)**
Other, net	**(166)**	151	1,101	**(2,024)**
Net transfers from (to) noncontrolling interests	**(642)**	(5,541)	1,101	**(7,829)**
Change from net income attributable to SECOM CO., LTD. and transfers from (to) noncontrolling interests	**¥40,595**	¥57,124	¥48,090	**$495,061**

(2) Retained Earnings

The Japanese Companies Act 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 Companies Act is based on the amount recorded in the parent company's nonconsolidated statutory financial statements in accordance with Japanese GAAP. Such amount was ¥408,267 million ($4,978,866 thousand) at March 31, 2012.

Subsequent to March 31, 2012, the parent company's Board of Directors declared an annual cash dividend of ¥90.00 ($1.10) per share, totaling ¥19,644 million ($239,561 thousand), to shareholders of record on March 31, 2012. The dividend declared was approved at the general shareholders' meeting held on June 26, 2012. Dividends are recorded in the year they are declared.

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

(3) Common Stock in Treasury

For the year ended March 31, 2012, common stock in treasury decreased by ¥1,264 million ($15,415 thousand), primarily due to allotment with respect to the absorption-type merger of Secom Techno Service Co., Ltd.

The Company may repurchase its common stock from the market pursuant to the Japanese Companies Act.

(4) Other Comprehensive Income (Loss)

Components of other comprehensive income (loss) for the years ended March 31, 2012, 2011 and 2010 are as follows:

	In millions of yen		
	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
For the year ended March 31, 2012:			
Unrealized holding gains on securities—			
Unrealized holding gains or losses arising during the period	**¥3,230**	**(¥1,009)**	**¥2,221**
Less: Reclassification adjustment for gains or losses included in net income	**521**	**(227)**	**294**
Unrealized gains on derivative instruments—			
Unrealized gains or losses arising during the year	**—**	**—**	**—**
Less: Reclassification adjustment for gains or losses included in net income	**6**	**—**	**6**
Pension liability adjustments—			
Unrealized gains or losses arising during the period	**(1,867)**	**489**	**(1,378)**
Less: Reclassification adjustment for gains or losses realized in net income	**(509)**	**274**	**(235)**
Foreign currency translation adjustments	**(3,432)**	**—**	**(3,432)**
Other comprehensive income (loss)	**(¥2,051)**	**(¥ 473)**	**(¥2,524)**
For the year ended March 31, 2011:			
Unrealized holding losses on securities—			
Unrealized holding gains or losses arising during the period	(¥ 4,760)	¥1,719	(¥ 3,041)
Less: Reclassification adjustment for gains or losses included in net income	(658)	227	(431)
Unrealized gains on derivative instruments—			
Unrealized gains or losses arising during the year	3	—	3
Less: Reclassification adjustment for gains or losses included in net income	9	—	9
Pension liability adjustments—			
Unrealized gains or losses arising during the period	(1,052)	424	(628)
Less: Reclassification adjustment for gains or losses realized in net income	(574)	230	(344)
Foreign currency translation adjustments	(6,399)	—	(6,399)
Other comprehensive income (loss)	(¥13,431)	¥2,600	(¥10,831)

	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

	In thousands of U.S. dollars		
	Pre-tax amount	Tax (expense) or benefit	Net-of-tax amount
For the year ended March 31, 2012:			
Unrealized holding gains on securities—			
Unrealized holding gains or losses arising during the period	**$39,390**	**($12,304)**	**$27,086**
Less: Reclassification adjustment for gains or losses included in net income	**6,354**	**(2,768)**	**3,586**
Unrealized gains on derivative instruments—			
Unrealized gains or losses arising during the year	**—**	**—**	**—**
Less: Reclassification adjustment for gains or losses included in net income	**73**	**—**	**73**
Pension liability adjustments—			
Unrealized gains or losses arising during the period	**(22,768)**	**5,963**	**(16,805)**
Less: Reclassification adjustment for gains or losses realized in net income	**(6,207)**	**3,341**	**(2,866)**
Foreign currency translation adjustments	**(41,854)**	**—**	**(41,854)**
Other comprehensive income (loss)	**($25,012)**	**($ 5,768)**	**($30,780)**

19. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2012, 2011 and 2010 were ¥6,083 million ($74,183 thousand), ¥6,755 million and ¥5,952 million, respectively.

20. 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 term is 30 years beginning May 1, 1996. On July 15, 2010, the Company also entered into a long-term lease agreement for the building and land adjoining. The lease term is also 30 years beginning July 15, 2010. For financial reporting purposes, the portion of these lease arrangements relating to the building has been classified as a capital lease; accordingly, an asset of approximately ¥7,209 million ($87,915 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, 2012 were ¥6,652 million ($81,122 thousand).

A summary of leased assets under capital leases at March 31, 2012 and 2011 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2012	2011	**2012**
Buildings and improvements	**¥ 8,235**	¥ 8,209	**$100,427**
Machinery, equipment and automobiles	**10,349**	14,072	**126,207**
Other intangible assets	**127**	306	**1,549**
Accumulated depreciation	**(8,215)**	(10,996)	**(100,183)**
	¥10,496	¥11,591	**$128,000**

Depreciation expenses for assets under capital leases for the years ended March 31, 2012, 2011 and 2010 were ¥2,630 million ($32,073 thousand), ¥3,368 million and ¥3,402 million, respectively.

The following is a schedule by year of future minimum lease payments under capital leases and the present value of the net minimum lease payments at March 31, 2012:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2013	¥ 2,664	$ 32,488
2014	2,078	25,341
2015	1,674	20,415
2016	1,098	13,390
2017	793	9,671
Thereafter	8,755	106,768
Total minimum lease payments	17,062	208,073
Less: Amount representing interest	(5,388)	(65,707)
Present value of net minimum lease payments (Note 13)	11,674	142,366
Less: Current portion	(2,253)	(27,476)
Long-term capital lease obligations	¥ 9,421	$114,890

Rental expenses under operating leases for the years ended March 31, 2012, 2011 and 2010 were ¥16,419 million ($200,232 thousand), ¥16,504 million and ¥14,290 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 term is 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 ¥1,299 million ($15,841 thousand) over a 20-year period.

The future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year at March 31, 2012 are as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2013	¥ 2,312	$ 28,195
2014	2,259	27,549
2015	2,228	27,171
2016	2,207	26,915
2017	2,205	26,890
Thereafter	13,444	163,951
Total future minimum lease payments	¥24,655	$300,671

21. Lessor

The Company's leasing operations consist principally of leasing of security merchandise and real estate for office and medical institutions. Most of the security merchandise 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, 2012 and 2011 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2012	2011	**2012**
Total minimum lease payments to be received	**¥34,950**	¥34,327	**$426,220**
Estimated executory cost	**(2,982)**	(2,980)	**(36,366)**
Estimated unguaranteed residual value	**1,261**	1,261	**15,378**
Unearned income	**(6,911)**	(7,013)	**(84,281)**
Lease receivables, net	**26,318**	25,595	**320,951**
Less: Current portion	**(7,882)**	(7,748)	**(96,122)**
Long-term lease receivables, net	**¥18,436**	¥17,847	**$224,829**

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, 2012:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2013	¥ 9,013	$109,916
2014	7,110	86,707
2015	5,382	65,634
2016	3,656	44,585
2017	1,716	20,927
Thereafter	8,073	98,451
Total future minimum lease payments to be received	¥34,950	$426,220

A summary of investment in property under operating leases and property held for lease at March 31, 2012 and 2011 is as follows:

	In millions of yen		In thousands of U.S. dollars
	March 31		March 31
	2012	2011	**2012**
Land	**¥36,950**	¥29,820	**$450,610**
Buildings and improvements	**29,426**	26,255	**358,854**
Other intangible assets	**662**	662	**8,073**
Accumulated depreciation	**(9,190)**	(8,519)	**(112,074)**
	¥57,848	¥48,218	**$705,463**

The future minimum rentals under noncancelable operating leases at March 31, 2012 are as follows:

Years ending March 31	In millions of yen	In thousands of U.S. dollars
2013	¥2,295	$ 27,988
2014	597	7,280
2015	425	5,183
2016	297	3,622
2017	297	3,622
Thereafter	5,745	70,061
Total future minimum rentals	¥9,656	$117,756

22. 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; Accrued Income Taxes; 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 financial instruments, excluding debt and equity securities, which are disclosed in Notes 2 (7) and 7 at March 31, 2012 and 2011 are as follows:

	In millions of yen			
	March 31			
	2012		2011	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Non-derivatives:				
Liabilities—				
Long-term debt including current portion	¥59,076	¥59,205	¥64,938	¥65,078
Investment deposits by policyholders	30,755	31,171	41,643	41,671
Derivatives:				
Liabilities—				
Forward exchange contract (Other current liabilities)	—	—	286	286
Interest rate swaps (Other liabilities)	160	160	160	160

	In thousands of U.S. dollars	
	March 31, 2012	
	Carrying amount	Estimated fair value
Non-derivatives:		
Liabilities—		
Long-term debt including current portion	$720,439	$722,012
Investment deposits by policyholders	375,061	380,134
Derivatives:		
Liabilities—		
Interest rate swaps (Other liabilities)	1,951	1,951

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.

23. Fair Value Measurements

ASC 820, "Fair Value Measurements and Disclosures," 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's own assumptions about the assumptions that market participants would use in establishing a price.

The following table represents the Company's assets and liabilities that are measured at fair value on a recurring basis at March 31, 2012 and 2011.

	In millions of yen			
	March 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	¥ 33	¥ 2,609	¥ —	¥ 2,642
Short-term investments and investment securities	96,716	16,007	27,368	140,091
Total assets	¥96,749	¥18,616	¥27,368	¥142,733
Liabilities:				
Derivatives (Other liabilities)	¥ —	¥ 160	¥ —	¥ 160
Total liabilities	¥ —	¥ 160	¥ —	¥ 160

	In millions of yen			
	March 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	¥ 35	¥ 2,609	¥ —	¥ 2,644
Short-term investments and investment securities	88,643	21,419	27,431	137,493
Total assets	¥88,678	¥24,028	¥27,431	¥140,137
Liabilities:				
Derivatives (Other current liabilities)	¥ —	¥ 286	¥ —	¥ 286
Derivatives (Other liabilities)	—	160	—	160
Total liabilities	¥ —	¥ 446	¥ —	¥ 446

	In thousands of U.S. dollars			
	March 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents	$ 403	$ 31,817	$ —	$ 32,220
Short-term investments and investment securities	1,179,463	195,207	333,756	1,708,426
Total assets	$1,179,866	$227,024	$333,756	$1,740,646
Liabilities:				
Derivatives (Other liabilities)	$ —	$ 1,951	$ —	$ 1,951
Total liabilities	$ —	$ 1,951	$ —	$ 1,951

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 forward exchange contracts and interest rate swaps. These derivative instruments are valued using observable market data and classified as Level 2 liabilities.

The following table represents the changes in Level 3 assets measured on a recurring basis for the years ended March 31, 2012 and 2011.

	In millions of yen		In thousands of U.S. dollars
	Years ended March 31		Year ended March 31
	2012	2011	2012
Balance at beginning of year	¥27,431	¥29,155	$334,524
Total gains or losses (realized or unrealized):			
Included in earnings	3,998	5,242	48,756
Included in other comprehensive income	19	975	232
Purchases	4,055	1,941	49,451
Sales	(6,662)	(5,385)	(81,244)
Redemptions	(235)	(1,311)	(2,866)
Foreign currency translation adjustments	(1,238)	(3,186)	(15,097)
Balance at end of year	¥27,368	¥27,431	$333,756
Changes in unrealized gains or losses relating to instruments still held at end of year:			
Included in earnings	¥ 1,736	¥ 5,806	$ 21,171

Total gains or losses (realized or unrealized) related to short-term investments and investment securities are primarily included in net sales and operating revenue or gain/loss on private equity investments, in the consolidated statements of income.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis
Non-marketable equity securities with a carrying amount of ¥9,801 million ($119,525 thousand) were written down to their fair value of ¥9,756 million ($118,976 thousand), resulting in an other-than-temporary impairment charge of ¥45 million ($549 thousand), which was included in earnings for the year ended March 31, 2012. For the year ended March 31, 2011, non-marketable equity securities with a carrying amount of ¥10,687 million were written down to their fair value of ¥10,407 million, resulting in an other-than-temporary impairment charge of ¥280 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 11) and goodwill (Note 12) 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.

24. 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 rates. 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 amongst a number of major financial institutions.

(2) Risk Management
The Company has exposure to the market risk of changes in interest rates which 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. All of the interest rate swap agreements have matured by March 31, 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, 2012, 2011 and 2010 as the critical terms of most of the interest rate swap agreements match the terms of the hedged debt obligations. At March 31, 2012 and 2011, the notional principal amount of interest rate swap agreements designated as cash flow hedges was nil and ¥1,000 million, respectively.

(4) Derivative Instruments Not Designated as Hedges

The Company enters into forward exchange contracts to reduce exposure to fluctuations in currency rates relating to time deposits, and 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, 2012 and 2011 are as follows:

Derivatives designated as hedging instruments
Liabilities:

		In millions of yen		In thousands of U.S. dollars
		March 31		March 31
	Location	2012	2011	2012
Interest rate swaps	Other liabilities	¥—	¥8	$—

Derivatives not designated as hedging instruments
Liabilities:

		In millions of yen		In thousands of U.S. dollars
		March 31		March 31
	Location	2012	2011	2012
Forward exchange contract	Other current liabilities	¥ —	¥286	$ —
Interest rate swaps	Other liabilities	¥160	¥152	$1,951

Effects of derivative instruments on the consolidated statements of income for the years ended March 31, 2012, 2011 and 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
	Years ended March 31			Year ended March 31
	2012	2011	2010	2012
Interest rate swaps	¥—	¥4	(¥6)	$—

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

		In millions of yen			In thousands of U.S. dollars
		Years ended March 31			Year ended March 31
	Location	2012	2011	2010	2012
Interest rate swaps	Other expenses	(¥8)	(¥12)	(¥358)	($98)

Derivatives not designated as hedging instruments

		In millions of yen			In thousands of U.S. dollars
		Years ended March 31			Year ended March 31
	Location	2012	2011	2010	2012
Forward exchange contract	Other expenses	¥—	(¥286)	¥—	$ —
Interest rate swaps	Other expenses	¥ 9	(¥ 31)	(¥81)	$110

25. Commitments and Contingent Liabilities

The Company has commitments outstanding at March 31, 2012 for the purchase of property, plant and equipment of approximately ¥6,227 million ($75,939 thousand).

The Company provides guarantees to third parties mainly with respect to bank loans extended to its affiliated companies and other entities. Such guarantees are provided to enhance the credit standing of the affiliated companies and other entities. For each guarantee provided, the Company would have to perform under the guarantee, if the affiliated companies and other entities default on a payment within the guaranteed period of one to five years. The maximum amount of undiscounted payments the Company would have to make in the event of default amounts to ¥1,686 million ($20,561 thousand) at March 31, 2012. The carrying amounts of the liabilities recognized for the Company's obligations under these guarantees at March 31, 2012 and 2011 were deemed insignificant.

Loss related to spectrum reallocation is for disposal and replacement of equipment, 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, a subsidiary of the parent company, 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 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 as well as interest at the rate of 6 percent per annum on ¥600 million, from November 1, 2005, and on ¥1,410 million, 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, after several oral proceedings and settlement negotiations at the Tokyo High Court.

Pursuant to the settlement, Pasco Corporation accounted for ¥781 million as a reversal of reserve for litigation loss in the year ended March 31, 2010, and provided for ¥1,770 million, a sum of the above settlement amount and related litigation expenses, in the consolidated balance sheet as of March 31, 2010. These amounts were paid in the year ended March 31, 2011.

In the year ended March 31, 2012, Pasco Corporation recognized and paid ¥799 million ($9,744 thousand) for legal settlement related to software.

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.

26. Discontinued Operations

The Company accounted for the sale of certain businesses in accordance with ASC 205-20, "Discontinued Operations." 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.

Discontinued operations for the year ended March 31, 2010 were as follows:

	In millions of yen
Net sales and operating revenue	¥2,135
Income from discontinued operations before income taxes	260
Gain on sales of discontinued operations	777
Income taxes	317
Income from discontinued operations, net of tax	¥1,354
Attributable to noncontrolling interests	(¥ 23)
Attributable to SECOM CO., LTD.	¥1,331

Income from discontinued operations, net of tax, by business segment for the year ended March 31, 2010 were as follows:

	In millions of yen
Security services	¥ 110
Medical services	1
Information and communication related and other services	1,243
Income from discontinued operations, net of tax	¥1,354

27. 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
	2012	2011	2010	**2012**
Cash paid during the year for:				
Interest	**¥ 1,601**	¥ 1,689	¥ 1,830	**$ 19,524**
Income taxes	**38,538**	39,719	36,719	**469,976**
Non-cash investing and financing activities:				
Additions to obligations under capital leases	**2,604**	4,240	3,963	**31,756**
Acquisitions (Note 4)—				
Fair value of assets acquired	**—**	—	15,160	**—**
Fair value of liabilities assumed	**—**	—	10,427	**—**
Total considerations	**¥ —**	¥ —	¥ 4,733	**$ —**

28. Segment Information

The Company discloses 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.

The security services segment provides various types of security services by utilizing the Company's unique security systems and manufacturing and selling security merchandise. 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 of 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 and improvements, machinery and equipment.

Information by business and geographic segments for the years ended March 31, 2012, 2011 and 2010 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
	2012	2011	2010	2012
Net sales and operating revenue:				
Security services—				
Customers	¥434,667	¥424,706	¥424,385	$5,300,817
Intersegment	1,791	2,095	1,975	21,841
	436,458	426,801	426,360	5,322,658
Fire protection services—				
Customers	80,678	75,176	80,132	983,877
Intersegment	4,093	4,887	4,297	49,915
	84,771	80,063	84,429	1,033,792
Medical services—				
Customers	134,550	125,020	56,309	1,640,854
Intersegment	148	151	123	1,805
	134,698	125,171	56,432	1,642,659
Insurance services—				
Customers	33,558	33,133	29,142	409,244
Intersegment	2,750	2,635	2,982	33,536
	36,308	35,768	32,124	442,780
Geographic information services—				
Customers	50,173	43,539	41,918	611,866
Intersegment	216	167	140	2,634
	50,389	43,706	42,058	614,500
Real estate development and sales—				
Customers	11,724	24,817	13,268	142,976
Intersegment	526	95	188	6,415
	12,250	24,912	13,456	149,391
Information and communication related and other services—				
Customers	27,132	25,477	25,490	330,878
Intersegment	6,800	6,541	8,044	82,927
	33,932	32,018	33,534	413,805
Total	788,806	768,439	688,393	9,619,585
Eliminations	(16,324)	(16,571)	(17,749)	(199,073)
Total net sales and operating revenue	¥772,482	¥751,868	¥670,644	$9,420,512

	In millions of yen			In thousands of U.S. dollars
		Years ended March 31		Year ended March 31
	2012	2011	2010	2012
Operating income (loss):				
Security services	¥101,416	¥ 99,855	¥101,623	$1,236,780
Fire protection services	4,443	3,158	4,193	54,183
Medical services	7,884	1,771	2,254	96,146
Insurance services	(80)	(180)	(1,503)	(975)
Geographic information services	3,449	3,393	2,177	42,061
Real estate development and sales	(21,598)	525	(3,702)	(263,390)
Information and communication related and other services	(4,037)	3,239	3,850	(49,232)
Total	91,477	111,761	108,892	1,115,573
Corporate expenses and eliminations	(12,651)	(11,329)	(11,714)	(154,280)
Operating income	¥ 78,826	¥100,432	¥ 97,178	$ 961,293
Other income	7,527	11,870	5,352	91,793
Other expenses	(5,233)	(4,458)	(7,854)	(63,818)
Income from continuing operations before income taxes and equity in net income of affiliated companies	¥ 81,120	¥107,844	¥ 94,676	$ 989,268

	In millions of yen			In thousands of U.S. dollars
		March 31		March 31
	2012	2011	2010	2012
Assets:				
Security services	¥ 418,333	¥ 400,428	¥ 398,333	$ 5,101,622
Fire protection services	85,786	80,346	79,761	1,046,171
Medical services	167,644	161,877	131,061	2,044,439
Insurance services	167,436	177,571	190,329	2,041,902
Geographic information services	65,968	58,697	58,092	804,488
Real estate development and sales	42,927	60,431	77,948	523,500
Information and communication related and other services	94,851	88,881	89,911	1,156,720
Total	1,042,945	1,028,231	1,025,435	12,718,842
Corporate items	97,140	103,943	70,099	1,184,634
Investments in affiliated companies	39,739	38,978	42,613	484,622
Total assets	¥1,179,824	¥1,171,152	¥1,138,147	$14,388,098

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2012	2011	2010	2012
Depreciation and amortization:				
Security services	¥43,806	¥44,604	¥45,694	$534,220
Fire protection services	1,836	1,490	1,428	22,390
Medical services	6,167	5,137	2,253	75,207
Insurance services	1,601	1,200	1,017	19,524
Geographic information services	1,812	1,666	1,857	22,098
Real estate development and sales	42	48	46	512
Information and communication related and other services	2,580	2,587	2,577	31,464
Total	57,844	56,732	54,872	705,415
Corporate items	273	219	258	3,329
Total depreciation and amortization	¥58,117	¥56,951	¥55,130	$708,744
Capital expenditures:				
Security services	¥33,853	¥27,643	¥27,154	$412,841
Fire protection services	670	3,602	1,804	8,171
Medical services	5,573	5,563	4,069	67,963
Insurance services	26	14	275	317
Geographic information services	2,162	2,166	883	26,366
Real estate development and sales	17	19	2	207
Information and communication related and other services	12,586	3,157	4,477	153,488
Total	54,887	42,164	38,664	669,353
Corporate items	107	34	55	1,305
Total capital expenditures	¥54,994	¥42,198	¥38,719	$670,658

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
	2012	2011	2010	2012
Electronic security services	¥304,408	¥302,529	¥303,459	$3,712,293
Other security services:				
Static guard services	46,689	46,372	46,213	569,378
Armored car services	20,609	20,129	19,823	251,329
Merchandise and other	62,961	55,676	54,890	767,817
Total security services	¥434,667	¥424,706	¥424,385	$5,300,817

(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, 2012, 2011 and 2010 were as follows:

	In millions of yen			In thousands of U.S. dollars
	Years ended March 31			Year ended March 31
	2012	2011	2010	2012
Net sales and operating revenue:				
Japan	¥743,727	¥726,381	¥649,523	$9,069,841
Other	28,755	25,487	21,121	350,671
Total	¥772,482	¥751,868	¥670,644	$9,420,512

	In millions of yen			In thousands of U.S. dollars
	March 31			March 31
	2012	2011	2010	2012
Long-lived assets:				
Japan	¥399,901	¥395,884	¥352,028	$4,876,841
Other	5,857	5,161	3,834	71,427
Total	¥405,758	¥401,045	¥355,862	$4,948,268

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

29. Subsequent Events

On January 10, 2012, the parent company entered into a share transfer agreement with JS Group Corporation and LIXIL Corporation, its consolidated subsidiary, to acquire 100% of common shares outstanding (14,328,000 shares) of LIXIL NITTAN Co., Ltd., held by LIXIL Corporation, on April 1, 2012. The parent company purchased all of the shares for ¥12,700 million ($154,878 thousand), financed with available cash. LIXIL NITTAN Co., Ltd. changed its name to Nittan Co., Ltd. ("Nittan") on April 1, 2012.

The Company, primarily through its consolidated subsidiary Nohmi Bosai Ltd., provides automatic fire alarm systems, fire extinguishing systems and other fire protection systems. Nittan mainly provides installation, sales, maintenance and checks of various fire alarms and extinguishers. As a result of this acquisition, the Company expects to enhance its fire protection services by utilizing marketing channels and the ability to develop new products, which both companies have developed. The acquisition also will enable the Company to pursue research and development of future disaster prevention systems to meet the change in awareness of disaster prevention resulting from the Great East Japan Earthquake and large typhoon. Moreover, the acquisition supports the Company's strategic plan to accelerate the expansion of the Company's global businesses.

Estimated fair values of certain assets acquired and liabilities assumed at the date of acquisition have not been finalized. Goodwill that may arise will be included in the fire protection services segment and will not be deductible for tax purposes.

The Company has evaluated subsequent events through July 30, 2012, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

INDEPENDENT AUDITOR'S REPORT

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, 2012 and 2011, 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, 2012, 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, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended March 31, 2012, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Company adopted Accounting Standards Update No. 2009-17, Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities, in the year ended March 31, 2011.

The accompanying consolidated financial statements as of and for the year ended March 31, 2012 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 LLC

Tokyo, Japan
July 30, 2012

OTHER FINANCIAL DATA

CONTENTS

SUMMARY OF SELECTED FINANCIAL DATA

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

In millions of yen

	2012	2011	2010	2009	2008	2007
Composition of consolidated net sales and operating revenue by segment						
Net sales and operating revenue	**¥772,482**	¥751,868	¥670,644	¥684,016	¥701,836	¥631,945
Security services:	**434,667**	424,706	424,385	436,918	435,306	415,410
As a percentage of net sales and operating revenue	***56.3%***	*56.5%*	*63.3%*	*63.9%*	*62.0%*	*65.7%*
Electronic security services—	**304,408**	302,529	303,459	308,279	301,521	291,393
As a percentage of net sales and operating revenue	***39.4***	*40.2*	*45.2*	*45.1*	*43.0*	*46.1*
Other security services—						
Static guard services	**46,689**	46,372	46,213	47,999	46,648	42,144
As a percentage of net sales and operating revenue	***6.0***	*6.2*	*6.9*	*7.0*	*6.6*	*6.7*
Armored car services	**20,609**	20,129	19,823	20,310	19,547	20,308
As a percentage of net sales and operating revenue	***2.7***	*2.7*	*3.0*	*3.0*	*2.8*	*3.2*
Subtotal	**67,298**	66,501	66,036	68,309	66,195	62,452
Merchandise and other	**62,961**	55,676	54,890	60,330	67,590	61,565
As a percentage of net sales and operating revenue	***8.2***	*7.4*	*8.2*	*8.8*	*9.6*	*9.7*
Fire protection services	**80,678**	75,176	80,132	84,175	82,572	27,448
As a percentage of net sales and operating revenue	***10.4***	*10.0*	*11.9*	*12.3*	*11.8*	*4.3*
Medical services	**134,550**	125,020	56,309	52,220	50,741	45,852
As a percentage of net sales and operating revenue	***17.4***	*16.6*	*8.4*	*7.6*	*7.2*	*7.3*
Insurance services	**33,558**	33,133	29,142	21,530	33,229	31,978
As a percentage of net sales and operating revenue	***4.4***	*4.4*	*4.3*	*3.2*	*4.7*	*5.1*
Geographic information services	**50,173**	43,539	41,918	40,207	39,376	36,438
As a percentage of net sales and operating revenue	***6.5***	*5.8*	*6.3*	*5.9*	*5.6*	*5.8*
Real estate development and sales	**11,724**	24,817	13,268	22,072	29,928	45,431
As a percentage of net sales and operating revenue	***1.5***	*3.3*	*2.0*	*3.2*	*4.3*	*7.2*
Information and communication related and other services	**27,132**	25,477	25,490	26,894	30,684	29,388
As a percentage of net sales and operating revenue	***3.5***	*3.4*	*3.8*	*3.9*	*4.4*	*4.6*
Net income attributable to SECOM CO., LTD., cash dividends and SECOM CO., LTD. shareholders' equity						
Net income attributable to SECOM CO., LTD.	**¥ 41,237**	¥ 62,665	¥ 46,989	¥ 30,560	¥ 61,756	¥ 55,889
Cash dividends (paid)[2]	**19,623**	18,533	18,533	19,122	17,998	13,499
SECOM CO., LTD. shareholders' equity	**612,855**	593,495	569,799	528,721	574,554	551,732
Consolidated financial ratios						
Percentage of working capital accounted for by:						
Debt						
Bank loans	**5.7**	6.8	6.5	11.9	17.5	17.4
Current portion of long-term debt	**3.1**	1.7	1.6	2.4	1.2	1.4
Straight bonds	**1.4**	2.0	2.6	1.9	1.8	1.9
Other long-term debt	**3.8**	5.5	3.6	3.6	4.0	3.6
Total debt	**14.0**	16.0	14.3	19.8	24.5	24.3
SECOM CO., LTD. shareholders' equity	**86.0**	84.0	85.7	80.2	75.5	75.7
Total capitalization	**100.0**	100.0	100.0	100.0	100.0	100.0
Return on total assets (percentage)[a]	**3.5**	5.4	4.1	2.7	4.9	4.5
Return on equity (percentage)[b]	**6.7**	10.6	8.2	5.8	10.7	10.1
Percentage of net sales and operating revenue absorbed by[c]:						
Depreciation and amortization	**7.5**	7.6	8.2	7.9	8.2	9.1
Rental expense under operating leases	**2.1**	2.2	2.1	2.2	2.3	2.5
Ratio of accumulated depreciation to depreciable assets (percentage)	**63.4**	62.5	64.9	64.4	63.8	62.3
Net property turnover (times)[c]	**2.49**	2.49	2.55	2.66	2.81	2.54
Before-tax interest coverage (times)[c][d]	**51.8**	65.1	53.5	32.4	53.7	53.5

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

	2012	2011	2010	2009	2008	2007
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	**15,017,691**	15,258,553	15,254,334	15,251,520	8,323,599	8,318,900
Balance	**218,271,026**	218,030,164	218,034,383	218,037,197	224,965,118	224,969,817
Per share information						
Net income attributable to SECOM CO., LTD. per share (in yen)(1)	**¥ 188.97**	¥ 287.41	¥ 215.51	¥ 137.42	¥ 274.51	¥ 248.42
Cash dividends paid per share (in yen)(2)	**90.00**	85.00	85.00	85.00	80.00	60.00
SECOM CO., LTD. shareholders' equity per share (in yen)(3)	**2,807.77**	2,722.08	2,613.34	2,424.91	2,553.97	2,452.47
Cash flow per share (in yen)(1)(e)	**365.28**	458.62	383.36	299.72	448.19	427.34
Price/Book value ratio	**1.44**	1.42	1.57	1.50	1.90	2.23
Price/Earnings ratio	**21.43**	13.45	18.98	26.41	17.63	22.02
Price/Cash flow ratio	**11.09**	8.43	10.67	12.11	10.80	12.80
Stock price at year-end (in yen)	**4,050**	3,865	4,090	3,630	4,840	5,470

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, 2012, cash dividends of ¥19,644 million (¥90.00 per share) were approved at the general shareholders' meeting on June 26, 2012 (see Note 18 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	2012	2011	2010	2009	2008	2007
Number of shareholders	**29,118**	30,338	31,488	30,859	28,512	30,683
Common shares held by:						
Japanese government and local public entities	**—%**	0.08%	0.08%	0.00%	—%	—%
Financial institutions	**29.88**	30.76	31.34	35.67	33.84	32.21
Securities firms	**6.08**	4.75	4.28	2.55	3.86	3.68
Other domestic corporations	**3.68**	3.71	3.73	3.76	3.81	3.86
Foreign investors	**41.25**	41.27	40.77	38.17	41.71	42.43
Individuals and others	**12.67**	12.89	13.26	13.31	13.21	14.26
Treasury stock	**6.44**	6.54	6.54	6.54	3.57	3.56
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
2010	April–June	¥4,165	¥3,785	¥11,339.30	¥9,382.64
	July–September	4,225	3,635	9,795.24	8,824.06
	October–December	3,920	3,620	10,370.53	9,154.72
2011	January–March	4,230	3,425	10,857.53	8,605.15
	April–June	4,145	3,660	10,004.20	9,351.40
	July–September	3,975	3,435	10,137.73	8,374.13
	October–December	3,830	3,390	9,050.47	8,160.01
2012	January–March	4,190	3,390	10,255.15	8,378.36

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, 2012, the number of shares outstanding was 233,289 thousand and share capital was ¥66,377,829 thousand.
*One share was split into two.