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**FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED MARCH 31, 2011**  
**(Based on JAPANESE GAAP) (Consolidated)**

May 11, 2011

Company name: SECOM Co., Ltd. (URL: <http://www.secom.co.jp/>)  
Code number: 9735 Tokyo Stock Exchange ----- First Section  
Osaka Securities Exchange ----- First Section  
Corporate headquarters: Tokyo, Japan  
Representative: Shuji Maeda, President and Representative Director  
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Scheduled date of General Shareholders' Meeting: June 24, 2011  
Scheduled date of dividend payout: June 27, 2011  
Scheduled date of filing Securities Report: June 24, 2011  
Preparation of supplementary materials: Applicable  
Holding of results information meeting: Applicable (for institutional investors and analysts)

1. Consolidated financial results for the fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

(1) Consolidated operating results (In millions of yen, figures rounded down)

	Years ended March 31	
	2010	2011
Revenue	654,678 (3.5%)	663,887 1.4%
Operating profit	98,539 12.4%	99,141 0.6%
Ordinary profit	98,327 8.1%	109,674 11.5%
Net income	47,611 121.4%	60,846 27.8%
Basic net income per share (in yen)	218.37	279.07
Diluted net income per share (in yen)	-	-
Net income / Equity	8.8%	10.6%
Ordinary profit / Total assets	9.1%	10.1%
Operating profit / Revenue	15.1%	14.9%

Note 1: Comprehensive income:

Year ended March 31, 2011: JPY 57,740 million ((9.8%))

Year ended March 31, 2010: JPY 63,990 million ( - %))

Note 2: Net gains from investment in affiliated companies accounted for under the equity method:

Year ended March 31, 2011: JPY 4,638 million

Year ended March 31, 2010: JPY 2,977 million

Note 3: Percentage figures represent changes from the results of the previous year.

## (2) Consolidated financial positions (In millions of yen, figures rounded down)

	March 31, 2010	March 31, 2011
Total assets	1,081,679	1,094,400
Net assets	625,153	654,055
Equity ratio	51.6%	54.1%
Net assets per share (in yen)	2,561.94	2,716.35

Note: Equity as of:

March 31, 2011: JPY 592,245 million

March 31, 2010: JPY 558,591 million

## (3) Consolidated cash flows (In millions of yen, figures rounded down)

	Years ended March 31	
	2010	2011
Cash flows from operating activities	90,359	85,292
Cash flows from investing activities	(12,201)	(57,617)
Cash flows from financing activities	(57,912)	(17,716)
Cash and cash equivalents at end of the period	178,781	188,174

## 2. Dividends (In millions of yen, figures rounded down)

	Years ended March 31		
	2010	2011	2012 (projected)
1 <sup>st</sup> quarter dividends per share (in yen)	–	–	–
2 <sup>nd</sup> quarter dividends per share (in yen)	–	–	–
3 <sup>rd</sup> quarter dividends per share (in yen)	–	–	–
Year-end dividends per share (in yen)	85.00	90.00	90.00
Annual dividends per share (in yen)	85.00	90.00	90.00
Total annual dividend payout	18,532	19,622	
Dividend payout ratio (consolidated)	38.9%	32.2%	34.2%
Total dividends / Net assets (consolidated)	3.4%	3.4%	

## 3. Projections for the consolidated financial results for the fiscal year ending March 31, 2012 (April 1, 2011 – March 31, 2012) and the six-month period ending September 30, 2011 (April 1, 2011 – September 30, 2011) (In millions of yen)

	Six-month period ending September 30, 2011	Year ending March 31, 2012
Projected revenue	320,100 1.5%	673,900 1.5%
Projected operating profit	48,500 1.2%	100,000 0.9%
Projected ordinary profit	49,800 (3.0%)	103,000 (6.1%)
Projected net income	28,200 (1.8%)	57,300 (5.8%)
Projected basic net income per share (in yen)	129.34	262.81

Note 1: The effect of absorption-type merger of Secom Techno Service Co., Ltd. planned on July 1, 2011, announced on May 11, 2011, is incorporated into the projection for the consolidated financial results. The projected basic net income per share is calculated based on the number of common shares outstanding, excluding treasury stock, as of March 31, 2011.

Note 2: Percentage figures represent changes from the results of the corresponding periods of the previous year.

4. Others

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries accompanied with changes in scope of consolidation): None
- (2) Changes in accounting policies and/or presentations with regard to preparation of consolidated financial statements:
  - ① Changes associated with amendment of accounting standards: Applicable
  - ② Other changes: None
- (3) Number of common shares outstanding:
  - ① Number of common shares outstanding, including treasury stock, as of:
    - March 31, 2011: 233,288,717 shares
    - March 31, 2010: 233,288,717 shares
  - ② Number of shares of treasury stock as of:
    - March 31, 2011: 15,258,553 shares
    - March 31, 2010: 15,254,334 shares
  - ③ Number of average common shares outstanding:
    - Year ended March 31, 2011: 218,032,360 shares
    - Year ended March 31, 2010: 218,035,351 shares

**[Reference] Summary of nonconsolidated results**

1. Nonconsolidated financial results for the fiscal year ended March 31, 2011 (April 1, 2010 – March 31, 2011)

(1) Nonconsolidated operating results (In millions of yen, figures rounded down)

	Years ended March 31	
	2010	2011
Revenue	328,773 (2.4%)	329,297 0.2%
Operating profit	71,527 (1.5%)	68,688 (4.0%)
Ordinary profit	77,462 (1.1%)	74,501 (3.8%)
Net income	45,806 41.3%	45,023 (1.7%)
Basic net income per share (in yen)	210.09	206.50
Diluted net income per share (in yen)	-	-

Note: Percentage figures represent changes from the results of the previous year.

(2) Nonconsolidated financial positions (In millions of yen, figures rounded down)

	March 31, 2010	March 31, 2011
Total assets	668,207	694,656
Net assets	532,931	558,417
Equity ratio	79.8%	80.4%
Net assets per share (in yen)	2,444.25	2,561.19

Note: Equity as of:

March 31, 2011: JPY 558,417 million

March 31, 2010: JPY 532,931 million

2. Projections for the nonconsolidated financial results for the fiscal year ending March 31, 2012 (April 1, 2011 – March 31, 2012) and the six-month period ending September 30, 2011 (April 1, 2011 – September 30, 2011)

(In millions of yen)

	Six-month period ending September 30, 2011	Year ending March 31, 2012
Projected revenue	167,300 2.0%	341,100 3.6%
Projected ordinary profit	39,300 (2.7%)	73,900 (0.8%)
Projected net income	47,900 92.9%	68,200 51.5%
Projected basic net income per share (in yen)	219.69	312.80

Note 1: The effect of absorption-type merger of Secom Techno Service Co., Ltd. planned on July 1, 2011, announced on May 11, 2011, is incorporated into the projection for the nonconsolidated financial results. The effects of this merger on revenue, ordinary profit and net income for the six-month period ending September 30, 2011 are expected to be 3.5 billion yen, (0.1) billion yen and 22.9 billion yen, respectively, and the effects of this merger on revenue, ordinary profit and net income for the year ending March 31, 2012 are expected to be 11.1 billion yen, 0.1 billion yen and 23.0 billion yen, respectively. The effect on net income includes gain on extinguishment of tie-in shares of 23.1 billion yen. The projected basic net income per share is calculated based on the number of common shares outstanding, excluding treasury stock, as of March 31, 2011.

Note 2: Percentage figures represent changes from the results of the corresponding periods of the previous year.

**Note on status of audit procedures**

This report is excluded from the scope of audit procedures pursuant to the Financial Instruments and Exchange Act. Audit procedures for financial statements have not been completed at the time of disclosure of this report.

**Note on appropriate use of projections for the financial results; other special items:**

The forward-looking statements including the future performance described in this document are provided based on both all information available at this moment and definite rational assumptions. Actual performance may differ from the forward-looking statements due to various factors hereafter occurred.

For matters regarding assumptions on financial projections and notes for the use of financial projections, please refer to “1. Operating Results (1) Analysis on Operating Results” on page 2 to 4 in the appendices.

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## **1. Operating Results**

### **(1) Analysis on Operating Results**

During the fiscal year ended March 31, 2011 (“the current fiscal year”), despite uncertainties due to continuous high unemployment rate, appreciation of Japanese yen, deflation, etc., Japanese economy indicated signs of recovery such as improvement of corporate earnings and capital investments, which were led by trend of recovery in global economy and various economic stimulus packages. However, the Great East Japan Earthquake on March 11, 2011 has made future Japanese economy uncertain.

We, the Secom Group, continue doing our utmost to assist those affected by the Great East Japan Earthquake in order to enable their prompt restoration and revival. Just after the earthquake occurred, we donated masks and hand disinfectant to keep clean sanitary condition in refuges as well as dispatched special medical teams from affiliated hospitals. We will continue our supports, corresponding to the extent of the restoration.

In this environment, we have been continuously trying to satisfy the increasingly diversified and sophisticated needs of our customers for their safety and peace of mind, with the aim of realizing our vision of the establishment of “Social System Industry”, a society where everyone can live safe and secure anytime and anywhere. To this end, we have made efforts to develop and provide high-grade products and services suited to customer needs mainly in our security services segment, as well as in our fire protection services, medical services, insurance services, geographic information services, real estate development and sales, and information and communication related and other services segments.

In the security services segment, we provided customers chiefly with commercial and residential security services (on-line security systems), as well as static guard services, armored car services and merchandises. In the current fiscal year, we strived to improve customer satisfaction by introducing various differentiated systems and merchandises applied with our unique technologies of image processing and voice processing, visiting not only new customers but existing customers by our dedicated team, presenting new security systems and products, and so forth. Outside Japan, we promoted to make our security services more popular in economically developing areas, including People’s Republic of China, Southeast Asia, etc.

As a result, operating profit in the third quarter (quarterly basis) increased compared to the previous corresponding period, on an improving trend. However, due to the effect of the Great East Japan Earthquake, which caused decrease in revenue by restriction of sales promotion in affected Eastern Japan regions and nation-wide decline in motivation for consumption and capital investment mainly in the Tokyo metropolitan area, and increase in operating expenses from restoration works in affected areas, and other factors, revenue increased by 0.1 billion yen to 414.7 billion yen, although operating profit decreased by 1.8% to 98.5 billion yen.

In the fire protection services segment, we provided a broad range of fire protection systems such as high-quality fire alarm systems and fire extinguishing systems along with customers’ needs to a wide variety of facilities such as office buildings, production facilities, tunnels, cultural properties, ships and residences.

Despite our attempt to contribute to create a safe environment and improve our revenue base by advancing our credibility, renovating our technologies and production, and enriching productive function, revenue decreased by 6.2% to 75.1 billion yen and operating profit decreased by 31.5% to 3.0 billion yen due to the shrinkage of market caused by prolonged recession.

In the medical services segment, we provided various medical services such as our core home medical services, including home nursing services and pharmaceutical dispensing and home delivery services, operation of residences for seniors, sales of electronic medical report systems, sales of medical equipments, personal care services, and the leasing of real estate for medical institutions.

Revenue increased by 5.9% to 39.9 billion yen and operating profit increased by 10.9% to 2.7 billion yen. These results were attributable to brisk revenue from home medical services and sales of medical equipments.

In the insurance services segment, we expanded marketing efforts for our unique non-life insurance offerings, including Security Discount Fire Policy for commercial facilities and the comprehensive fire insurance policy, SECOM *Anshin My Home*, for residences, which offer discounts on premiums to customers who have installed on-line security systems, recognizing such systems as a risk-mitigating factor; New SECOM *Anshin My Car*, a comprehensive automobile insurance policy that offers on-site support services provided by our emergency response personnel in the event of an accident; and MEDCOM, an unrestricted cancer treatment policy aiming at helping patients overcome cancer by giving access to the best treatments. Also, we improved the competitiveness of SECOM *Anshin My Home* by detailing the compensation plan and enriching its discount policy.

Strong sales increased revenue by 1.2% to 32.0 billion yen, although operating loss was 0.9 billion yen compared to 36 million yen in the previous fiscal year, owing to increase in provision for reserve for outstanding claims, resulting from the Great East Japan Earthquake.

In the geographic information services segment, by exploiting up-to-date measuring machine and technologies, we provided geospatial data services for domestic national and local governmental agencies, private sectors, and foreign governmental agencies including emerging and developing countries. By collecting high-precision and clear geospatial photo data and utilizing our data processing technologies, we also strived to provide a variety of services suited to our customers' needs, including mapping arrangement, environmental monitoring, fire protection, and measures to deal with natural calamities. We also contributed to provide a variety of information related to the Great East Japan Earthquake.

Revenue increased by 3.9% to 43.5 billion yen owing to increase in revenue of overseas operations and acquisition of a surveying company, Tobu Keikaku Co., Ltd. Operating profit also increased by 37.4% to 3.3 billion yen, as a result of promotion of self-manufacturing and strict process control.

In the real estate development and sales segment, we devoted our best efforts to developing and selling condominiums equipped with advanced security and disaster prevention systems. Amid a slump in the market for condominiums, we actively promoted to sell to customers not approached in the past, as well as appropriate price revision along the market continuing from the previous fiscal year.

Revenue went up by 87.0% to 24.8 billion yen owing to increase in sales of large-scale condominiums, etc. and operating loss of 3.1 billion yen turned into operating profit of 0.4 billion yen.

The information and communication related and other services segment covers information and communication related services and real estate leasing, etc. In the information and communication related services, we have continued striving to provide comprehensive information network services, focusing on information security, development and management of business systems and major-disaster response services. We enhanced our information and communication related services by establishing a new "Secure Data Center," which combined our know-how and responded to increasing demands for data centers, and

presenting “Initial Response Operations Service” and “SECOM Emergency Contact Network Service,” the lineup of services offered utilizing the service base of the “SECOM Safety Confirmation Service.”

Due to the divestiture of Japan Image Communications Co., Ltd. in August 2009, which earned 1.9 billion yen of revenue in the previous fiscal year, revenue decreased by 4.9% to 33.6 billion yen and operating profit decreased by 12.3% to 3.4 billion yen.

As a result, consolidated revenue for the current fiscal year increased by 1.4% to 663.8 billion yen, compared with the previous fiscal year. Consolidated operating profit also increased by 0.6% to 99.1 billion yen, and consolidated ordinary profit went up by 11.5% to 109.6 billion yen due to gain on private equity investments of 5.7 billion yen (loss of 3.0 billion yen in the previous fiscal year.) Net income rose by 27.8% to 60.8 billion yen.

(Projections for the fiscal year ending March 31, 2012)

Japanese economy is expected to decline owing to the aftermath of the Great East Japan Earthquake in the beginning of the fiscal year ending March 31, 2012, and will continue to remain uncertain. Under this situation, we will promote to improve customer satisfaction and create new services and markets by utilizing our unique technologies as their core in our main security segment. Additionally, we will advance synergy among all our segments, a campaign called “ALL SECOM” to actively develop and promote our services and products.

In projections for the consolidated financial results for the fiscal year ending March 31, 2012, it is expected to record 1.2% increase to 419.7 billion yen in the security services segment, 3.9% increase to 78.1 billion yen in the fire protection services, 4.8% increase to 41.9 billion yen in the medical services, 4.6% increase to 33.5 billion yen in the insurance services, 5.7% increase to 46.0 billion yen in the geographic information services, 20.2% decrease to 19.8 billion yen in the real estate development and sales and 3.8% increase to 34.9 billion yen in the information and communication related services and others.

Consolidated operating profit is expected to increase by 0.9% to 100.0 billion yen. Consolidated ordinary profit, on the other hand, is expected to decrease by 6.1% to 103.0 billion yen and consolidated net income is expected to decrease by 5.8% to 57.3 billion yen, due to the gain on private equity investments in the United States in the current fiscal year and other factors.

(Consolidated financial results)

(In billions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011	Year ending March 31, 2012
Revenue	654.6	663.8	673.9
Change from the previous year	(3.5%)	+1.4%	+1.5%
Operating profit	98.5	99.1	100.0
Change from the previous year	+12.4%	+0.6%	+0.9%
Ordinary profit	98.3	109.6	103.0
Change from the previous year	+8.1%	+11.5%	(6.1%)
Net income	47.6	60.8	57.3
Change from the previous year	+121.4%	+27.8%	(5.8%)
Basic net income per share (in yen)	218.37	279.07	262.81



## (2) Analysis on Financial Positions

### (i) Assets, Liabilities and Net Assets

Total assets as of March 31, 2011 amounted to 1,094.4 billion yen, 1.2% or 12.7 billion yen higher than at the end of the previous fiscal year. Total current assets, at 486.2 billion yen, were up 0.6% or 2.6 billion yen. This was largely attributable to increases in cash on hand and in banks by 17.7% or 26.0 billion yen to 172.9 billion yen and cash deposits for armored car services by 15.7% or 7.6 billion yen to 56.5 billion yen, despite decreases in short-term investments by 54.3% or 8.6 billion yen to 7.3 billion yen, work in process for real estate inventories by 13.6% or 7.6 billion yen to 48.2 billion yen, call loans by 19.2% or 7.0 billion yen to 29.5 billion yen and real estate inventories by 37.9% or 7.0 billion yen to 11.4 billion yen. Total fixed assets, at 607.9 billion yen, were up 1.7% or 10.1 billion yen. This was mainly attributable to increases in tangible assets by 3.6% or 9.6 billion yen to 282.7 billion yen and intangible assets by 16.8% or 3.6 billion yen to 25.5 billion yen, despite the decrease in long-term loans receivable by 5.8% or 2.9 billion yen to 47.5 billion yen.

Total liabilities amounted to 440.3 billion yen, 3.5% or 16.1 billion yen lower than at the end of the previous fiscal year. Total current liabilities amounted to 202.0 billion yen, down 3.9% or 8.2 billion yen, owing to decreases in deferred revenue by 8.9% or 2.9 billion yen to 30.5 billion yen, accrued income taxes by 7.4% or 1.5 billion yen to 19.3 billion yen, reserve for litigation losses by 1.7 billion yen, etc. Long-term liabilities decreased by 3.2% or 7.9 billion yen to 238.2 billion yen, compared to at the end of the previous fiscal year. This was mainly attributable to decreases in investment deposits by policyholders, unearned premiums and other insurance liabilities by 9.8% or 14.6 billion yen to 135.4 billion yen, straight bonds by 17.1% or 2.9 billion yen to 14.0 billion yen, etc., despite increases in long-term loans by 34.2% or 5.5 billion yen to 21.5 billion yen, lease obligations by 2.5 billion yen to 3.0 billion yen, and guarantee deposits received by 3.6% or 1.3 billion yen to 38.0 billion yen.

Total net assets amounted to 654.0 billion yen, 4.6% or 28.9 billion yen higher than at the end of the previous fiscal year, due to increase in retained earnings by 8.3% or 42.3 billion yen, despite increase of losses in foreign currency translation adjustments by 22.6% or 6.2 billion yen, decrease in minority interests in subsidiaries by 7.1% or 4.7 billion yen, and decrease in unrealized gains on securities by 51.5% or 2.3 billion yen.

### (ii) Cash Flows

Cash and cash equivalents (“cash”) for the current fiscal year are as follows:

	Year ended March 31, 2010	Year ended March 31, 2011	Increase (decrease)
Cash flows from operating activities	90,359	85,292	(5,066)
Cash flows from investing activities	(12,201)	(57,617)	(45,415)
Cash flows from financing activities	(57,912)	(17,716)	40,196
Effect of exchange rate changes on cash and cash equivalents	351	(566)	(917)
Net increase (decrease) in cash and cash equivalents	20,596	9,392	(11,204)
Cash and cash equivalents at beginning of the period	158,184	178,781	20,596
Cash and cash equivalents at end of the period	178,781	188,174	9,392

#### (Cash flows from operating activities)

Net cash provided by operating activities for the current fiscal year amounted to 85.2 billion yen; 90.3 billion yen in the previous fiscal year. Major factors of cash increase were income before income taxes of 105.6 billion yen and depreciation of 37.5 billion yen. Major factors of cash decrease were income taxes

paid of 38.5 billion yen and decrease in investment deposits by policyholders, unearned premiums and other insurance liabilities of 14.6 billion yen.

**(Cash flows from investing activities)**

Net cash used in investing activities was 57.6 billion yen; 12.2 billion yen in the previous fiscal year. Major factors of cash decrease were payments for purchase of tangible assets, including security equipment and control stations, of 38.8 billion yen, payments for purchases of investment securities of 32.1 billion yen, payments for acquisitions of subsidiaries of 13.7 billion yen, including payments for the tender offer of Secom Techno Service Co., Ltd. of 13.4 billion yen, and increase in time deposits, net of 9.6 billion yen. Major factors of cash increase were proceeds from sales and redemptions of investment securities of 35.3 billion yen and proceeds from sales of investment securities in subsidiaries and affiliates of 5.0 billion yen.

**(Cash flows from financing activities)**

Net cash used in financing activities amounted to 17.7 billion yen; 57.9 billion yen in the previous fiscal year. Major factors of cash decrease were dividends paid of 18.5 billion yen, repayments of long-term loans of 4.0 billion yen, and dividends paid for minority shareholders of 1.8 billion yen. Major factor of cash increase was proceeds from long-term loans of 7.2 billion yen.

As a result, cash and cash equivalents as of March 31, 2011 were 188.1 billion yen, 9.3 billion yen higher than at the end of the previous fiscal year.

(Reference) Trend of indices related to cash flows

	Years ended				
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011
Equity ratio (%)	46.2	47.2	47.6	51.6	54.1
Equity ratio (market price base) (%)	105.3	90.5	72.6	82.4	77.0
Interest-bearing liabilities / Cash flows from operating activities (in year)	-	1.9	1.1	0.9	1.0
Interest coverage ratio	-	38.4	51.5	66.7	71.6

Note: Equity ratio = Equity / Total assets

Equity ratio (market price base) = Market capitalization / Total assets

Interest coverage ratio = Cash flows from operating activities / Interest paid

**(3) Basic Policy on Distribution of Surplus and Dividend Payments for the Current and Next Fiscal Year**

We consider the return of profits on a long-term basis to shareholders the most important task of the management. Management determines the consolidated dividend payout ratio and the level of internal reserves in overall consideration of the future expansion of our business and consolidated results of operations while keeping in line with the basic policy that ensures the continued and stable dividend payments. Our basic policy of distribution of surplus in the form of dividend payment is to propose annual year-end cash dividends to shareholders, and the decision of distribution of surplus is made by shareholders at the general meeting of the year. We intend to use internal reserves for investments required for increased new customer contracts, research and development and other strategic investments so as to ensure to strengthen our corporate structure and expand our business.

We have determined to propose to the Ordinary General Meeting of Shareholders that the year-end dividends (annual dividends) for the current fiscal year be 90 yen per share, 5 yen higher than those for previous fiscal year, to meet shareholders continued support.

The year-end dividends (annual dividends) for the next fiscal year are planned to be 90 yen per share.

**(4) Significant Events Regarding Assumption of Going Concern, etc.**

Not applicable.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(In millions of yen)

	March 31, 2010	March 31, 2011
	Amount	Amount
<b>ASSETS:</b>		
<b>Current assets:</b>	<b>483,600</b>	<b>486,284</b>
Cash on hand and in banks	146,929	172,958
Cash deposits for armored car services	48,861	56,546
Call loans	36,500	29,500
Notes and accounts receivable, trade	73,844	73,956
Due from subscribers	20,824	22,754
Short-term investments	15,989	7,313
Lease receivables and investment in leased assets	14,742	15,433
Merchandises and products	10,987	8,823
Real estate inventories	18,493	11,481
Work in process	1,427	2,249
Costs on uncompleted construction contracts	5,312	4,233
Work in process for real estate inventories	55,916	48,296
Raw materials and supplies	5,932	5,750
Deferred income taxes	11,684	12,216
Short-term loans receivable	3,088	3,908
Other	15,275	12,566
Allowance for doubtful accounts	(2,207)	(1,704)
<b>Fixed assets:</b>	<b>597,864</b>	<b>607,998</b>
<b>Tangible assets:</b>	<b>273,020</b>	<b>282,715</b>
Buildings and improvements	97,692	102,855
Security equipment and control stations	63,034	63,490
Land	93,424	97,730
Other	18,869	18,638
<b>Intangible assets</b>	<b>21,885</b>	<b>25,553</b>
<b>Investments and others:</b>	<b>302,959</b>	<b>299,729</b>
Investment securities	187,777	188,001
Long-term loans receivable	50,488	47,576
Prepaid pension and severance costs	18,618	18,730
Deferred income taxes	19,848	20,110
Other	44,630	43,422
Allowance for doubtful accounts	(18,403)	(18,111)
<b>Deferred assets</b>	<b>213</b>	<b>117</b>
<b>Total assets</b>	<b>1,081,679</b>	<b>1,094,400</b>

**(1) Consolidated Balance Sheets (Continued)**

(In millions of yen)

	March 31, 2010	March 31, 2011
	Amount	Amount
<b>LIABILITIES:</b>		
<b>Current liabilities:</b>	<b>210,353</b>	<b>202,074</b>
Notes and accounts payable, trade	24,774	25,959
Bank loans	48,094	47,426
Current portion of straight bonds	1,761	2,914
Lease obligations	247	354
Payables - other	23,359	22,857
Accrued income taxes	20,907	19,353
Accrued consumption taxes	3,302	2,850
Accrued expenses	3,633	3,792
Deferred revenue	33,554	30,582
Accrued bonuses	12,139	11,925
Reserve for litigation losses	1,770	-
Provision for loss on construction contracts	145	530
Other	36,660	33,527
<b>Long-term liabilities:</b>	<b>246,171</b>	<b>238,270</b>
Straight bonds	17,006	14,091
Long-term loans	16,085	21,586
Lease obligations	501	3,080
Guarantee deposits received	36,777	38,091
Deferred income taxes	8,399	8,909
Accrued pension and severance costs	13,264	13,097
Accrued retirement benefits for directors and corporate auditors	2,398	2,433
Investment deposits by policyholders, unearned premiums and other insurance	150,180	135,498
Other	1,557	1,481
<b>Total liabilities</b>	<b>456,525</b>	<b>440,344</b>
<b>NET ASSETS:</b>		
<b>Shareholders' equity:</b>	<b>581,959</b>	<b>624,255</b>
Common stock	66,377	66,377
Capital surplus	83,054	83,054
Retained earnings	507,434	549,747
Common stock in treasury, at cost	(74,907)	(74,923)
<b>Accumulated other comprehensive income:</b>	<b>(23,367)</b>	<b>(32,010)</b>
Unrealized gains (losses) on securities	4,521	2,192
Deferred gains (losses) on hedges	(17)	(35)
Foreign currency translation adjustments	(27,871)	(34,166)
<b>Minority interests in subsidiaries</b>	<b>66,562</b>	<b>61,810</b>
<b>Total net assets</b>	<b>625,153</b>	<b>654,055</b>
<b>Total liabilities and net assets</b>	<b>1,081,679</b>	<b>1,094,400</b>

## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### Consolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
	Amount	Amount
<b>Revenue</b>	<b>654,678</b>	<b>663,887</b>
Costs of revenue	415,390	423,983
Gross profit	239,288	239,904
Selling, general and administrative expenses	140,749	140,762
<b>Operating profit</b>	<b>98,539</b>	<b>99,141</b>
Non-operating income	9,158	17,428
Non-operating expenses	9,371	6,895
<b>Ordinary profit</b>	<b>98,327</b>	<b>109,674</b>
Extraordinary profit	3,370	1,717
Extraordinary losses	5,463	5,749
<b>Income before income taxes</b>	<b>96,233</b>	<b>105,642</b>
Income taxes - current	38,172	37,303
Income taxes - deferred	4,944	1,383
Total income taxes	43,116	38,686
Net income before minority interests in subsidiaries	-	66,955
Minority interests in subsidiaries	5,505	6,109
<b>Net income</b>	<b>47,611</b>	<b>60,846</b>

## Consolidated Statements of Comprehensive Income

(In millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
	Amount	Amount
<b>Net income before minority interests in subsidiaries</b>	-	<b>66,955</b>
<b>Other comprehensive income:</b>		<b>(9,214)</b>
Unrealized gains (losses) on securities	-	(2,970)
Deferred gains (losses) on hedges	-	16
Foreign currency translation adjustments	-	(5,191)
Share of other comprehensive income of affiliated companies accounted for under the equity method	-	(1,069)
<b>Comprehensive income</b>	-	<b>57,740</b>
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent company	-	52,203
Comprehensive income attributable to minority interests	-	5,537

### (3) Consolidated Statements of Changes in Net Assets

(In millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
<b>Shareholders' equity:</b>		
Common stock:		
Balance at the end of the previous period	66,377	66,377
Changes during the current period:		
Total changes during the current period	-	-
Balance at the end of the current period	66,377	66,377
Capital surplus:		
Balance at the end of the previous period	83,054	83,054
Changes during the current period:		
Disposal of treasury stock	(0)	(0)
Transfer of losses on disposal of treasury stock	0	0
Total changes during the current period	-	-
Balance at the end of the current period	83,054	83,054
Retained earnings:		
Balance at the end of the previous period	478,355	507,434
Changes during the current period:		
Cash dividends	(18,533)	(18,532)
Net income	47,611	60,846
Transfer of losses on disposal of treasury stock	(0)	(0)
Total changes during the current period	29,078	42,313
Balance at the end of the current period	507,434	549,747
Common stock in treasury, at cost:		
Balance at the end of the previous period	(74,896)	(74,907)
Changes during the current period:		
Purchase of treasury stock	(12)	(16)
Disposal of treasury stock	0	0
Total changes during the current period	(11)	(16)
Balance at the end of the current period	(74,907)	(74,923)
Total shareholders' equity:		
Balance at the end of the previous period	552,891	581,959
Changes during the current period:		
Cash dividends	(18,533)	(18,532)
Net income	47,611	60,846
Purchase of treasury stock	(12)	(16)
Disposal of treasury stock	0	0
Transfer of losses on disposal of treasury stock	-	-
Total changes during the current period	29,067	42,296
Balance at the end of the current period	581,959	624,255



**(3) Consolidated Statements of Changes in Net Assets (Continued)**

(In millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
<b>Accumulated other comprehensive income:</b>		
Unrealized gains (losses) on securities:		
Balance at the end of the previous period	(3,901)	4,521
Changes during the current period:		
Net changes of items other than shareholders' equity	8,423	(2,329)
Total changes during the current period	8,423	(2,329)
Balance at the end of the current period	4,521	2,192
Deferred gains (losses) on hedges:		
Balance at the end of the previous period	(27)	(17)
Changes during the current period:		
Net changes of items other than shareholders' equity	9	(18)
Total changes during the current period	9	(18)
Balance at the end of the current period	(17)	(35)
Foreign currency translation adjustments:		
Balance at the end of previous period	(30,008)	(27,871)
Changes during the current period:		
Net changes of items other than shareholders' equity	2,137	(6,294)
Total changes during the current period	2,137	(6,294)
Balance at the end of the current period	(27,871)	(34,166)
Total accumulated other comprehensive income:		
Balance at the end of the previous period	(33,937)	(23,367)
Changes during the current period:		
Net changes of items other than shareholders' equity	10,569	(8,642)
Total changes during the current period	10,569	(8,642)
Balance at the end of the current period	(23,367)	(32,010)
<b>Minority interest in subsidiaries:</b>		
Balance at the end of the previous period	63,654	66,562
Changes during the current period:		
Net changes of items other than shareholders' equity	2,908	(4,752)
Total changes during the current period	2,908	(4,752)
Balance at the end of the current period	66,562	61,810
<b>Total net assets:</b>		
Balance at the end of the previous period	582,608	625,153
Changes during the current period:		
Cash dividends	(18,533)	(18,532)
Net income	47,611	60,846
Purchase of treasury stock	(12)	(16)
Disposal of treasury stock	0	0
Transfer of losses on disposal of treasury stock	-	-
Net changes of items other than shareholders' equity	13,477	(13,395)
Total changes during the current period	42,545	28,901
Balance at the end of the current period	625,153	654,055

#### (4) Consolidated Statements of Cash Flows

(In millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
<b>Cash flows from operating activities:</b>		
Income before income taxes	96,233	105,642
Depreciation	37,896	37,526
Amortization of goodwill	1,717	1,529
Net (gains) losses from investment in affiliated companies accounted for under the equity method	(2,977)	(4,638)
Increase (decrease) in allowance for doubtful accounts	742	(344)
Increase/decrease in accrued/prepaid pension and severance costs	(303)	(736)
Reversal of reserve for litigation losses	(780)	-
Interest and dividend income	(4,598)	(3,827)
Interest expenses	1,331	1,186
Exchange (gains) losses	(533)	542
Net (gains) losses on sales and disposal of tangible assets	1,476	1,499
Impairment losses on fixed assets	291	2
Net (gains) losses on sales of investment securities	(1,171)	(1,054)
Net gains on redemptions of investment securities	-	(1,453)
Net (gains) losses on revaluation of investment securities	2,653	1,317
Net (gains) losses on sales of investment securities in subsidiaries and affiliates	(2,164)	954
Write-down on real estate inventories	1,285	1,481
Net (gains) losses on private equity investment	3,063	(5,779)
The effect of adoption of accounting standard for asset retirement obligations	-	1,184
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	2,685	(950)
(Increase) decrease in lease receivables and investment in leased assets	251	(177)
(Increase) decrease in inventories	(4,181)	14,746
Increase (decrease) in accounts payable	(3,133)	443
Increase (decrease) in deferred revenue	2,139	(3,204)
Increase (decrease) in investment deposits by policyholders, unearned premiums and other insurance liabilities	(16,831)	(14,681)
Increase/decrease in cash deposits/deposits received for armored car services	-	(10,815)
Other	5,633	(362)
<b>Subtotal</b>	<b>120,726</b>	<b>120,028</b>
Interest and dividend received	7,462	6,819
Interest paid	(1,354)	(1,192)
Income taxes paid	(36,474)	(38,592)
Payments for legal settlement	-	(1,770)
<b>Net cash provided by (used in) operating activities</b>	<b>90,359</b>	<b>85,292</b>
<b>Cash flows from investing activities:</b>		
(Increase) decrease in time deposits, net	1,412	(9,636)
(Increase) decrease in short-term investments, net	3,776	(130)
Payments for purchases of tangible assets	(37,884)	(38,801)
Proceeds from sales of tangible assets	1,765	779
Payments for purchases of intangible assets	(7,231)	(4,647)
Payments for purchases of investment securities	(24,585)	(32,162)
Proceeds from sales and redemptions of investment securities	44,857	35,383
Payments for acquisitions of subsidiaries	(399)	(13,702)
Proceeds from sales of investment securities in subsidiaries and affiliates	-	5,054
(Increase) decrease in short-term loans receivable, net	238	217
Payments for long-term loans receivable	(6,236)	(1,826)
Proceeds from long-term loans receivable	5,290	3,182
Acquisitions of subsidiaries accompanied with changes in scope of consolidation	995	(1,808)
Divestitures of subsidiaries accompanied with changes in scope of consolidation	5,184	-
Other	614	482
<b>Net cash provided by (used in) investing activities</b>	<b>(12,201)</b>	<b>(57,617)</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in bank loans, net	(35,156)	1,569
Proceeds from long-term loans	619	7,290
Repayments of long-term loans	(3,839)	(4,036)
Repayments of lease obligations	(163)	(406)
Proceeds from issuance of straight bonds	5,972	-
Payments for redemption of straight bonds	(5,036)	(1,761)
Dividends paid	(18,533)	(18,532)
Dividends paid for minority shareholders	(1,765)	(1,821)
(Increase) decrease in treasury stocks, net	(11)	(16)
<b>Net cash provided by (used in) financing activities</b>	<b>(57,912)</b>	<b>(17,716)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>351</b>	<b>(566)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>20,596</b>	<b>9,392</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>158,184</b>	<b>178,781</b>
<b>Cash and cash equivalents at end of the period</b>	<b>178,781</b>	<b>188,174</b>

**(5) Segment Information, etc.****[Business Segment Information]**

(In millions of yen)

	Year ended March 31, 2010				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Revenue:					
Customers	414,637	80,132	37,730	31,659	41,917
Intersegment	9,173	4,297	122	2,982	140
Subtotal	423,811	84,429	37,853	34,641	42,058
Operating costs and expenses	323,449	79,968	35,399	34,677	39,624
Operating profit (loss)	100,361	4,460	2,454	(36)	2,433
Assets	567,072	77,794	120,327	184,198	51,916
Depreciation and amortization	29,546	1,220	2,235	1,748	1,461
Impairment losses on fixed assets	82	15	-	-	148
Capital expenditures	30,846	2,197	3,783	3,342	1,644

	Year ended March 31, 2010				
	Real estate development and sales	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	13,267	35,334	654,678	-	654,678
Intersegment	188	8,124	25,030	(25,030)	-
Subtotal	13,456	43,458	679,708	(25,030)	654,678
Operating costs and expenses	16,626	39,486	569,232	(13,093)	556,139
Operating profit (loss)	(3,169)	3,972	110,476	(11,936)	98,539
Assets	78,359	137,353	1,217,023	(135,343)	1,081,679
Depreciation and amortization	40	2,121	38,374	(477)	37,896
Impairment losses on fixed assets	-	45	291	-	291
Capital expenditures	3	4,848	46,667	(1,116)	45,550

**[Geographic segment information]**

(In millions of yen)

	Year ended March 31, 2010				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	634,963	19,715	654,678	-	654,678
Intersegment	378	1,788	2,167	(2,167)	-
Subtotal	635,342	21,504	656,846	(2,167)	654,678
Operating costs and expenses	527,119	20,410	547,530	8,608	556,139
Operating profit	108,222	1,093	109,316	(10,776)	98,539
Assets	946,610	22,485	969,095	112,584	1,081,679

**[Revenue from overseas]**

(In millions of yen)

	Year ended March 31,2010
Revenue from overseas	21,353
Consolidated revenue	654,678
% of consolidated revenue	3.3%

## **[Segment Information]**

(Additional Information)

“Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, revised on March 27, 2009) and “Guidance for Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, issued on March 21, 2008) were adopted from April 1, 2010.

### 1. Summary of Reportable Segments

The reportable segments of SECOM Co., Ltd. and its subsidiaries (collectively “the Company”) are segments, based on the Company’s components, for which separate financial information is available and operating results are regularly reviewed by the Board of Directors for the decision of resource allocation and performance evaluation.

The Company plans and decides group strategies, allocates resources and evaluates performance for those segments, which are “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 (“information and communication related services”, “real estate leasing” and “hotel businesses”, etc.).

Accordingly, the Company considers these six segments – “security services”, “fire protection services”, “medical services”, “insurance services”, “geographic information services” and “real estate development and sales” – as reportable segments. Principal services and products of each reportable segment are as follows.

“Security services” segment offers comprehensive security services which provide customers with security and peace of mind, including core centralized security systems (on-line security systems) for commercial and residential premises. “Fire protection services” segment provides a variety of fire protection systems such as fire alarm systems and fire extinguishing systems to office buildings, plants, tunnels, cultural properties, ships and residences. “Medical services” segment provides a variety of medical services such as core home medical services including home nursing services and pharmaceutical services, operation of residence for seniors, electronic medical reports, and sales of medical equipment. “Insurance services” segment develops and markets unique insurance policies that take installation of security systems as a risk-mitigating factor, and insurance policies to overcome cancer by having the best cancer treatments, etc. “Geographic information services” segment provides geospatial information services for national, local and overseas governmental agencies. “Real estate development and sales” segment develops and markets condominiums focusing on security and disaster preventions.

### 2. Calculation Method Used for Determining Revenue, Profit or loss, Assets and Other Items of Reportable Segments

Profits of reportable segments are based on operating income. Intersegment revenue and transfers are determined based on actual market pricing.

3. Information about Amounts of Revenue, Profits or Loss, Assets and Other Items of Reportable Segments

**Year ended March 31, 2010**

Information is omitted as the segment information disclosed, which is based on the previous treatment of segment information, does not differ from the information when “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, revised on March 27, 2009,) etc. are applied.

**Year ended March 31, 2011**

(In millions of yen)

	Year ended March 31, 2011				
	Reportable segments				
	Security services	Fire protection services	Medical services	Insurance services	Geographic information services
Revenue:					
Customers	414,745	75,176	39,967	32,030	43,539
Intersegment	9,408	4,886	150	2,634	167
Subtotal	424,154	80,063	40,117	34,665	43,706
Segment profit (loss)	98,575	3,055	2,722	(977)	3,343
Segment assets	564,870	77,943	123,897	167,409	53,740
Other items					
Depreciation and amortization	28,813	1,387	2,367	1,856	1,403
Amortization of goodwill	376	28	775	85	121
Impairment losses on fixed assets	-	-	-	-	2
Increase in tangible and intangible assets	29,882	4,011	2,899	1,048	3,108

(In millions of yen)

	Year ended March 31, 2011					
	Reportable segments		Information and communication related and others (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated financial statements (Note 3)
	Real estate development and sales	Subtotal				
Revenue:						
Customers	24,816	630,275	33,612	663,887	-	663,887
Intersegment	95	17,343	6,363	23,706	(23,706)	-
Subtotal	24,911	647,618	39,975	687,594	(23,706)	663,887
Segment profit (loss)	444	107,162	3,483	110,646	(11,504)	99,141
Segment assets	62,499	1,050,360	143,284	1,193,645	(99,245)	1,094,400
Other items						
Depreciation and amortization	43	35,871	2,264	38,135	(608)	37,526
Amortization of goodwill	-	1,387	142	1,529	-	1,529
Impairment losses on fixed assets	-	2	-	2	-	2
Increase in tangible and intangible assets	18	40,969	3,479	44,449	(527)	43,921

Note 1: Information and communication related and others is an operating segment not included in reportable segments, and comprises information and communication related services, real estate leasing and hotel businesses, etc.

Note 2: Adjustment of segment profit/loss includes intersegment eliminations of (20) million yen and corporate expenses not allocated to each reportable segment of 11,525 million yen. Major components of corporate expenses are expenses regarding planning, personnel and administrative departments of the Company's headquarter, etc.

Adjustment of segment assets includes intersegment elimination of (244,919) million yen and corporate assets not belonging to each reportable segment of 145,673 million yen. Major components of corporate assets are cash on hand and in banks, loans, short-term investments and investment securities.

Adjustment of depreciation includes intersegment elimination of (827) million yen and depreciation of corporate assets not belonging to each reportable segment of 218 million yen.

Adjustment of increase in tangible and intangible assets includes intersegment elimination of (668) million yen and capital investments of software, etc. not belonging to each reportable segment of 140 million yen.

Note 3: Segment profit/loss is adjusted to operating profit in the consolidated statements of income.

#### [Related Information]

#### Year Ended March 31, 2011

##### 1. Information by Products and Services

Information is omitted as similar information is disclosed in Segment Information.

## 2. Information by Regions

### (1) Revenue

(In millions of yen)

Japan	Others	Total
638,401	25,486	663,887

### (2) Tangible Assets

(In millions of yen)

Japan	Others	Total
278,445	4,270	282,715

## 3. Information of Major Customers

Information is omitted as there is no single customer with over 10% of total revenue in the consolidated statements of income.

## (6) Significant Subsequent Events

(Absorption-type merger of a consolidated subsidiary)

SECOM CO., LTD. ("SECOM") and SECOM TECHNO SERVICE CO., LTD. ("SECOM TECHNO"), a consolidated subsidiary of SECOM resolved, at their respective meetings of the Board of Directors held on May 11, 2011, to conduct an absorption-type merger (the "Merger"), with SECOM being the surviving company and SECOM TECHNO being the absorbed company, and they have entered into a merger agreement in relation to the Merger.

Furthermore, shares of SECOM TECHNO are scheduled to be delisted as of June 28, 2011 (the last trading date of the shares is scheduled to be June 27, 2011), which precedes the scheduled effective date (July 1, 2011) of the Merger.

1. Name and business description of an absorbed company, scheduled date of the Merger, legal method of the Merger, name of a surviving company, and outline of the transaction including its purpose

(1) Name and business description of an absorbed company

a. Name of an absorbed company

SECOM TECHNO, a SECOM's consolidated subsidiary

b. Business description of an absorbed company

(i) Construction of on-line security systems and maintenance of building equipment, (ii) design, construction, maintenance and operation of various building equipment and (iii) sale and construction of condominium security systems

(2) Scheduled date of the Merger

July 1, 2011



(3) Legal method of the Merger

SECOM will absorb SECOM TECHNO and become the surviving company; SECOM TECHNO will subsequently be dissolved.

With respect to SECOM, the Merger is scheduled to be conducted in the form of a simplified merger (*kanni-gappei*), pursuant to the provisions of Article 796, Paragraph 3 of the Companies Act. With respect to SECOM TECHNO, the Merger is scheduled to be conducted in the form of a short-form merger (*ryakushiki-gappei*), pursuant to the provisions of Article 784, Paragraph 1 of the Companies Act. Both Companies will conduct the Merger without obtaining the approval at their respective shareholders' meeting.

(4) Name of a surviving company

Name of a surviving company is unchanged.

(5) Outline of the transaction including its purpose

SECOM and SECOM TECHNO have reached the conclusion that the realization of maximum synergy and the acceleration of efforts towards the establishment of the Social System Industry, by means of conducting management integration through the tender offer for SECOM to acquire the common stock of SECOM TECHNO from February 9, 2011 to March 24, 2011 and the Merger, would be invaluable, not only to the expansion of the value of SECOM TECHNO, but also to the expansion of the value of the Group as a whole.

For details of allotment with respect to the Merger, 0.85 shares of common stock of SECOM will be allotted and delivered in exchange for each share of common stock of SECOM TECHNO; provided, however, that no shares will be allotted in the Merger for the shares of common stock of SECOM TECHNO held by SECOM and treasury shares held by SECOM TECHNO.

Moreover, all of the shares to be delivered by SECOM are scheduled to be sourced from the treasury shares held by SECOM, and SECOM does not plan to issue new shares upon the allotment in the Merger.

## 2. Outline of Accounting Treatment

The Merger will be treated for accounting purposes as a transaction under common control in accordance with "Accounting Standard for Business Combinations" (ASBJ Statement No.21, issued on December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, revised on December 26, 2008).

### 3. Nonconsolidated Financial Statements

#### (1) Nonconsolidated Balance Sheets

(In millions of yen)

	March 31, 2010	March 31, 2011
	Amount	Amount
<b>ASSETS:</b>		
Current assets:		
Cash on hand and in banks	44,607	74,680
Cash deposits for armored car services	46,957	54,641
Notes receivable	248	221
Due from subscribers	11,434	11,563
Accounts receivable, trade	6,484	6,074
Receivables - other	2,556	2,385
Short-term investments	2,429	456
Merchandise	6,574	4,279
Supplies	1,082	1,167
Prepaid expenses	2,016	2,051
Deferred income taxes	4,720	4,938
Short-term loans receivable	171	277
Short-term loans receivable to subsidiaries and affiliates	3,669	4,040
Other	2,129	1,857
Allowance for doubtful accounts	(450)	(206)
Total current assets	134,634	168,428
Fixed assets:		
Tangible assets:		
Buildings and improvements	50,578	51,337
Accumulated depreciation of buildings and improvements	(28,217)	(29,026)
Buildings and improvements, net	22,360	22,310
Automobiles	799	447
Accumulated depreciation of automobiles	(431)	(203)
Automobiles, net	368	243
Security equipment and control stations	235,647	242,811
Accumulated depreciation of security equipment and control stations	(174,786)	(181,350)
Security equipment and control stations, net	60,860	61,461
Machinery and equipment	8,728	7,826
Accumulated depreciation of machinery and equipment	(7,900)	(7,260)
Machinery and equipment, net	828	565
Tools, furniture and fixtures	19,232	19,642
Accumulated depreciation of tools, furniture and fixtures	(15,712)	(16,490)
Tools, furniture and fixtures, net	3,519	3,151
Land	28,352	28,390
Construction in progress	1,203	1,743
Other	854	854
Accumulated depreciation of other	(199)	(340)
Other, net	654	513
Total tangible assets	118,147	118,379
Intangible assets:		
Software	7,580	6,751
Other	975	815
Total intangible assets	8,555	7,566
Investments and others:		
Investment securities	21,769	20,969
Investment securities in subsidiaries and affiliates	193,899	203,036
Investments in subsidiaries and affiliates	1,874	1,874
Long-term loans receivable	5,088	4,687
Long-term loans receivable to employees	55	53
Long-term loans receivable to subsidiaries and affiliates	128,727	113,536
Lease deposits	8,583	8,047
Long-term prepaid expenses	25,816	25,872
Prepaid pension and severance costs	14,364	14,321
Deferred income taxes	14,099	13,865
Insurance funds	4,334	4,181
Other	800	2,831
Allowance for doubtful accounts	(12,544)	(12,995)
Total investments and others	406,869	400,281
Total fixed assets	533,572	526,227
<b>Total Assets</b>	<b>668,207</b>	<b>694,656</b>

**(1) Nonconsolidated Balance Sheets (Continued)**

(In millions of yen)

	March 31, 2010	March 31, 2011
	Amount	Amount
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable	2,009	1,672
Bank loans	24,492	29,386
Lease obligations	51	71
Payables – other	10,811	10,824
Payables – construction	3,425	3,719
Accrued income taxes	14,637	12,450
Accrued consumption taxes	1,491	1,422
Accrued expenses	555	722
Deposits received	23,625	20,362
Deferred revenue	22,558	22,229
Accrued bonuses	5,493	5,468
Other	2,133	2,107
Total current liabilities	111,287	110,439
Long-term liabilities:		
Lease obligations	182	2,253
Guarantee deposits received	17,965	18,262
Accrued pension and severance costs	4,394	4,040
Accrued retirement benefits for directors and corporate auditors	1,174	1,232
Other	272	11
Total long-term liabilities	23,989	25,799
<b>Total liabilities</b>	<b>135,276</b>	<b>136,238</b>
<b>NET ASSETS:</b>		
Shareholders' equity:		
Common stock	66,377	66,377
Capital surplus:		
Additional paid-in capital	83,054	83,054
Total capital surplus	83,054	83,054
Retained earnings:		
Legal reserve	9,028	9,028
Other retained earnings:		
Reserve for system developments	800	800
General reserve	2,212	2,212
Accumulated earnings carried forward	445,579	472,070
Total retained earnings	457,620	484,110
Common stock in treasury, at cost	(74,907)	(74,923)
Total shareholders' equity	532,145	558,619
Valuation, translation adjustments and others:		
Unrealized gains (losses) on securities	786	(201)
Total valuation, translation adjustments and others	786	(201)
<b>Total net assets</b>	<b>532,931</b>	<b>558,417</b>
<b>Total liabilities and net assets</b>	<b>668,207</b>	<b>694,656</b>

## (2) Nonconsolidated Statements of Income

(In millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
	Amount	Amount
Revenue:		
Service charges	291,325	290,252
Sales of merchandise	37,447	39,045
Total revenue	328,773	329,297
Costs:		
Cost of service	160,349	160,203
Cost of sales	28,352	31,081
Total costs	188,701	191,284
Gross Profit	140,072	138,013
Selling, general and administrative expenses:		
Advertisement	3,325	2,847
Salaries	27,280	27,191
Bonuses	4,256	4,260
Provision for accrued bonuses	2,014	2,075
Pension and severance costs	1,867	1,763
Provision for retirement benefits for directors and corporate auditors	75	57
Welfare expenses	4,389	4,639
Depreciation and amortization	1,722	1,775
Rent expenses	5,396	5,168
Travel expenses	1,101	1,212
Communication expenses	1,338	1,302
Office supply expenses	838	851
Taxes and public imposts	1,389	1,349
Provision for allowance for doubtful accounts	8	0
Business consignment expenses	4,920	5,032
Research and development expenses	3,713	4,337
Other	4,903	5,458
Total selling, general and administrative expenses	68,544	69,324
Operating profit	71,527	68,688
Non-operating income:		
Interest income	2,131	2,023
Dividends income	6,260	6,492
Other	832	347
Total non-operating income	9,225	8,863
Non-operating expenses:		
Interest expenses	427	286
Loss on sales and disposal of fixed assets	1,143	1,189
Write-off of long-term prepaid expenses	910	805
Other	809	768
Total non-operating expenses	3,290	3,050
Ordinary profit	77,462	74,501
Extraordinary profit:		
Gain on sales of investment securities	-	81
Gain on refund of lease deposits	-	18
Reversal of allowance for doubtful accounts	312	-
Penalty charge income	240	-
Other	8	6
Total extraordinary profit	561	106
Extraordinary losses:		
The effect of adoption of accounting standard for asset retirement obligations	-	838
Provision for allowance for doubtful accounts	-	805
Loss on revaluation of investment securities	704	450
Loss related to disasters	-	431
Loss related to spectrum allocation	1,253	-
Loss on sales of investment securities in subsidiaries and affiliates	1,172	-
Loss on revaluation investment securities in subsidiaries and affiliates	1,165	-
Other	342	112
Total extraordinary losses	4,639	2,637
Income before income taxes	73,384	71,970
Income taxes - current	27,688	26,258
Income taxes - deferred	(110)	688
Total income taxes	27,578	26,946
Net income	45,806	45,023

### (3) Nonconsolidated Statements of Changes in Net Assets

(In millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
<b>Shareholders' equity:</b>		
Common stock:		
Balance at the end of the previous period	66,377	66,377
Changes during the current period:		
Total changes during the current period	-	-
Balance at the end of the current period	66,377	66,377
Capital surplus:		
Additional paid-in capital:		
Balance at the end of the previous period	83,054	83,054
Changes during the current period:		
Total changes during the current period	-	-
Balance at the end of the current period	83,054	83,054
Other capital surplus:		
Balance at the end of the previous period	-	-
Changes during the current period:		
Disposal of treasury stock	(0)	(0)
Transfer of losses on disposal of treasury stock	0	0
Total changes during the current period	-	-
Balance at the end of the current period	-	-
Total capital surplus:		
Balance at the end of the previous period	83,054	83,054
Changes during the current period:		
Disposal of treasury stock	(0)	(0)
Transfer of losses on disposal of treasury stock	0	0
Total changes during the current period	-	-
Balance at the end of the current period	83,054	83,054
Retained earnings:		
Legal reserve:		
Balance at the end of the previous period	9,028	9,028
Changes during the current period:		
Total changes during the current period	-	-
Balance at the end of the current period	9,028	9,028
Other retained earnings:		
Reserve for system developments:		
Balance at the end of the previous period	800	800
Changes during the current period:		
Total changes during the current period	-	-
Balance at the end of the current period	800	800
General reserve:		
Balance at the end of the previous period	2,212	2,212
Changes during the current period:		
Total changes during the current period	-	-
Balance at the end of the current period	2,212	2,212
Accumulated earnings carried forward:		
Balance at the end of the previous period	418,306	445,579
Changes during the current period:		
Cash dividends	(18,533)	(18,532)
Net income	45,806	45,023
Transfer of losses on disposal of treasury stock	(0)	(0)
Total changes during the current period	27,273	26,490
Balance at the end of the current period	445,579	472,070
Total retained earnings:		
Balance at the end of the previous period	430,347	457,620
Changes during the current period:		
Cash dividends	(18,533)	(18,532)
Net income	45,806	45,023
Transfer of losses on disposal of treasury stock	(0)	(0)
Total changes during the current period	27,273	26,490
Balance at the end of the current period	457,620	484,110

### (3) Nonconsolidated Statements of Changes in Net Assets (Continued)

(In millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Common stock in treasury, at cost:		
Balance at the end of the previous period	(74,896)	(74,907)
Changes during the current period:		
Purchase of treasury stock	(12)	(16)
Disposal of treasury stock	0	0
Total changes during the current period	(11)	(16)
Balance at the end of the current period	(74,907)	(74,923)
Total shareholders' equity:		
Balance at the end of the previous period	504,883	532,145
Changes during the current period:		
Cash dividends	(18,533)	(18,532)
Net income	45,806	45,023
Purchase of treasury stock	(12)	(16)
Disposal of treasury stock	0	0
Transfer of losses on disposal of treasury stock	-	-
Total changes during the current period	27,261	26,474
Balance at the end of the current period	532,145	558,619
<b>Valuation, translation adjustments and others:</b>		
Unrealized gains (losses) on securities:		
Balance at the end of the previous period	48	786
Changes during the current period:		
Net changes of items other than shareholders' equity	737	(987)
Total changes during the current period	737	(987)
Balance at the end of the current period	786	(201)
Total valuation, translation adjustments and others:		
Balance at the end of the previous period	48	786
Changes during the current period:		
Net changes of items other than shareholders' equity	737	(987)
Total changes during the current period	737	(987)
Balance at the end of the current period	786	(201)
<b>Total net assets:</b>		
Balance at the end of the previous period	504,932	532,931
Changes during the current period:		
Cash dividends	(18,533)	(18,532)
Net income	45,806	45,023
Purchase of treasury stock	(12)	(16)
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	737	(987)
Total changes during the current period	27,999	25,486
Balance at the end of the current period	532,931	558,417