Internet Disclosure Accompanying the Notice of the Convocation of

The 51st Ordinary General Meeting of Shareholders

Pursuant to the relevant law and ordinance, and Article 16 of the Articles of Incorporation of SECOM Co., Ltd, "Notes to Consolidated Financial Statements" and "Notes to Non-Consolidated Financial Statements" are made available on the Company's web site (http://www.secom.co.jp/english/ir/). The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

Notes to Consolidated Financial Statements

Notes to Significant Items for Preparation of Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of Consolidated Subsidiaries: 172

Names of major consolidated subsidiaries:
Secom Joshinetsu Co., Ltd., Nohmi Bosai Ltd., Secom Medical System Co., Ltd., Secom General Insurance Co., Ltd., Secom Industries Co., Ltd., Secom Trust Systems Co., Ltd., Pasco Corporation, Secom Home Life Co., Ltd., Arai & Co., Ltd., The Westec Security Group, Inc.

(2) Descriptions of Non-Consolidated Subsidiaries:

FM-International Laos Co., Ltd., Nohmi Kosaku Co., Ltd., Nohmi Facilities Co., Ltd., Nohmi Baoli (Beijing) Intelligent Fire Protection Co., Ltd., Eishin Denshi Co., Ltd. and 8 other companies

(The reason for exclusion from scope of consolidation)
All of these 13 non-consolidated subsidiaries are of a small size, so that the aggregate amounts of total assets, revenue, net income/loss (an amount prorated to ownership) and retained earnings (an amount prorated to ownership) and others do not have a significant effect on the consolidated financial statements.

(3) Names of other companies owing majority of voting rights not regarded as subsidiaries:

US Collections, Inc., Global Sales Training, Inc., CLP Auto Interior Corp., US Juice Partners, LLC, Gold Canyon Mining & Construction, LLC, US Water, LLC, CLP Consumer Products, LLC

(The reason for not regarded as subsidiaries)
These companies were acquired by subsidiaries of The Westec Security Group, Inc. through normal course of business with the objective of investment, not with the objective of control.

2. Equity Method

(1) Number of equity method affiliates: 26

Names of major affiliates accounted for under the equity method:
Japan Nuclear Security System Co., Ltd., S1 Corporation, Toyo Tec Co., Ltd., Taiwan Secom Co., Ltd.

(2) Number of non-equity method affiliates: 8

(The reason for not applying the equity method)
These 8 companies are not accounted for under the equity method because their effect on net income/loss (an amount prorated to ownership) and retained earnings (an amount prorated to ownership) is insignificant and immaterial as a whole.

(3) Names of other companies owing between 20% and 50% of voting rights not regarded as affiliates:

Global T&M Holdings, LLC

(The reason for not regarded as an affiliate)
This company was acquired by a subsidiary of The Westec Security Group, Inc. through normal course of business with the objective of investment, not with the objective of control.

3. Changes in Scope of Consolidation and Companies Accounted for under the Equity Method

Consolidation
Newly consolidated subsidiaries: 7
Kurashi-TEL Co., Ltd. and 3 other companies (New establishment)
Capital Q High Security Services Ltd. and 2 other companies (Acquisition)

Excluded from consolidation: 1
Secom Techno Service Co., Ltd. (Merger)

Equity Method
New companies accounted for under the equity method: 1
PCCWEB Co., Ltd. (New establishment)
Excluded from affiliates accounted for under the equity method: 1
SpaceFish LLP (Liquidation)

4. Closing Dates of Consolidated Subsidiaries and Equity Method Affiliates

With respect to overseas consolidated subsidiaries, 10 U.S. subsidiaries such as The Westec Security Group Inc., 9 Australia and New Zealand subsidiaries such as Secom Australia Pty. Ltd., 5 U.K. subsidiaries such as Secom Plc, 16 Chinese subsidiaries such as Secom (China) Co., Ltd., P.T. Nusantara Secom Infotech, P.T. Secom Indopratama, Pasco Thailand Co., Ltd., Thaisecom Pitakkij Co., Ltd., Secom Vietnam Co., Ltd., Pasco Philippines Corp., FM-International Oy, Nohmi Taiwan Ltd., Base Aerofotogrametria E Projetos S.A., Pasco Do Brasil Participacoes Ltda., Aerodata International Surveys BVBA, Pasco International Europe B.V. and Secom Trading Co., Ltd. close their book as of December 31 each year, and the financial statements as of this date are used for preparation of the consolidated financial statements.

With respect to domestic consolidated subsidiaries, while 15 companies such as Ena Urbane Properties Co., Ltd. close their book as of December 31 each year, the financial statements prepared pursuant to the provisional closing of books conducted as of March 31 are used for preparation of the consolidated financial statements.

With respect to equity method affiliates, 10 companies such as S1 Corporation and Taiwan Secom Co., Ltd. close their book as of December 31 each year, and the financial statements as of this date are used for preparation of the consolidated financial statements. While Koatsu Co., Ltd. closes its book as of September 30 each year, the financial statements prepared pursuant to the provisional closing of books conducted as of March 31 are used for preparation of the consolidated financial statements.

The necessary adjustments related to the consolidation are made for any major transactions which arise between the consolidated closing dates. The closing dates of other consolidated subsidiaries and equity method affiliates are the same as the consolidated closing date.

5. Significant Accounting Policies

(1) Valuation policies and methods for significant assets

1) Securities

a. Held-to-maturity debt securities are carried at amortized cost.

b. Available-for-sale
Securities with fair value
Stock and beneficiary securities: At fair value based on the average market price one month prior to the fiscal year-end
Others: At fair value based on market price at fiscal year-end

Net unrealized gains and losses of securities are primarily reported directly in net assets. The cost of securities sold is primarily calculated by the moving average method.

Securities with no fair value
At cost, principally based on the moving average method

2) Derivatives
Derivatives are stated at fair value.

3) Inventories
Inventories are principally stated at cost based on the moving average method (or at the net realizable value (NRV) calculated by writing down the book value to reflect a decrease in the NRV).

4) Real estate for sale
Stated at cost by the specific cost method (or at the NRV calculated by writing down the book value to reflect a decrease in the NRV).

(2) Depreciation and Amortization of Depreciable and Amortizable Fixed Assets

1) Tangible Assets (except for leased assets)

a. Security equipment and control stations
Security equipment and control stations are depreciated over their average estimated useful service lives (5–8 years) by the declining-balance method.

b. Other tangible fixed assets
Other tangible fixed assets are depreciated by the straight-line method.
Their main useful service lives are as follows:
Buildings and improvements: 22–50 years
Tools and equipment: 2–20 years

2) Intangible Assets (except for leased assets)
Intangible fixed assets are amortized by the straight-line method.
The software used in the Company is amortized by the straight-line method based on the useful service lives within the Company (5 years).

3) Leased Assets
a. Leased assets related to ownership-transfer finance lease transactions

Depreciated, using the same depreciation method applied to fixed assets in possession.

b. Leased assets related to non-ownership-transfer finance lease transactions

Depreciated, using the straight-line method over a useful life equal to the lease period with a residual value of zero.
In addition, non-ownership-transfer finance leases entered into on or before March 31, 2008 are treated using the method applicable to operating lease transactions.

4) Long-term Prepaid Expenses

Long-term prepaid expenses are amortized by the straight-line method. With respect to the installation costs related to security equipment at the customer premises, any portion exceeding the amount received from the customer is included in “long-term prepaid expenses” and amortized by the straight-line method over the contract period (5 years).

(3) Basis for Significant Allowances

1) Allowance for Doubtful Accounts

To prepare for losses from bad debts such as losses on trade receivables and loans, the allowance for doubtful accounts provides an estimated amount of uncollectables. It is determined based on the historical loss rate with respect to ordinary accounts, and an estimate of uncollectable amounts respectively determined by reference to specific doubtful accounts from customers who are experiencing financial difficulties.

2) Accrued Bonuses

The accrued bonuses are provided for the bonus payments to employees, at an amount incurred during the current fiscal year.

3) Reserve for Losses on Construction Contracts

To prepare for future losses on construction contracts etc., an accrual is provided based on the estimated losses on construction contracts etc. that are undelivered at the end of the current fiscal year.

4) Accrued Pension and Severance Costs

To prepare for the retirement benefits of employees, the Company and its domestic consolidated subsidiaries provide an amount of accrued pension and severance costs and prepaid pension and severance costs at the end of the current fiscal year, based on the estimated amount of projected retirement benefit obligations and plan assets as of the end of the current fiscal year.
Prior service liability is recognized as profit or loss in the year of occurrence.
Actuarial gains and losses are amortized from the following fiscal year of occurrence, using the straight-line method over certain years within the average remaining service period (mainly 10 years).

5) Accrued Retirement Benefits for Directors and Corporate Auditors

To prepare for outlays for retirement benefits of Directors and Corporate Auditors of the Company and certain domestic consolidated subsidiaries, a necessary amount at the end of the current fiscal year is appropriated based on the rules of the Directors and Corporate Auditors’ retirement benefits.

(4) Revenue and Cost Recognition Policies

1) Revenue Recognition Policies for Construction Contracts
Percentage-of-completion method is applied to construction contracts whose outcomes are deemed certain for progress until the end of the current fiscal year, and the completed-contract method is applied to other construction contracts. The percentage of costs incurred to the estimated total cost is used for estimating the percentage of completion.

2) Recognition Policies for Revenue and Costs of Finance Leases
Revenue and cost are recognized upon receipt of lease payments.

(5) Other Significant Items for Preparation of Consolidated Financial Statements

1) Accounting for Major Hedge
a. Hedge Accounting Policy
The Company principally applies deferred hedging accounting. The interest rate swaps that fulfill requirements for exceptional treatments permitted for interest rate swaps are accounted for using exceptional treatments.

b. Hedging Instruments and Hedged Items

Hedging instruments:	Hedged items:
Interest rate swap	Loans payable

c. Hedging Policy
The risks for forward interest rate fluctuations are to be hedged principally pursuant to the risk management policy of the Company.

d. Assessment of Hedge Effectiveness
Hedge effectiveness is assessed by comparing the cumulative totals of price fluctuations of the hedged items and hedging instruments from the beginning of hedging to the effective point of assessment, taking the changes of both the hedged items and hedging instruments into account. However, when an item is judged to fulfill requirements for exceptional treatments, the assessment of hedge effectiveness is omitted.

2) Amortization of Goodwill and Negative Goodwill
Goodwill, and negative goodwill incurred before March 31, 2010 are amortized by the straight-line method over a 5–10 year period.

3) Accounting for Consumption Tax etc.
Tax-exclusive method is adopted.

(Additional Information)
Adoption of Accounting Standard for Accounting Changes and Error Corrections, etc. and Others

From the current fiscal year, the Company applied the "Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, issued on December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, issued on December 4, 2009) to accounting changes and past error corrections.

Notes to Consolidated Balance Sheet

1. Cash Deposits for Armored Car Services and Short-term Bank Loans

   For financial institutions, the Company and some of the domestic consolidated subsidiaries provide cash collection from and cash filling to cash dispensers located outside of financial institution facilities. The balance of cash deposits for armored car services includes cash on hand and cash in banks representing a total of Yen 28,555 million connected with cash filling services, which is restricted in use by the Group. The short-term bank loan balance includes Yen 9,383 million financed for the cash filling services. Furthermore, the balance of cash deposits for armored car services includes Yen 25,456 million connected with cash collection administration services, which is also restricted in use by the Group. Also, the short-term bank loan balance includes Yen 18,275 million financed for the cash collection administration services.

2. Accumulated Depreciation of Tangible Assets
   Yen 329,838 million

3. Assets Pledged as Collateral and Collateral-related Liabilities:

(1) Assets Pledged as Collateral

	(Millions of Yen)
Cash on hand and in banks (time deposit)	2,009
Short-term loans receivables	18
Other - current assets (receivable - other)	692
Buildings and improvements	27,752
Land	25,820
Other - intangible assets (leasehold)	818
Investment securities	694
Long-term loans receivable	787
Other - investments and others (long-term deposit)	200
Total	58,794

(2) Collateral-related Liabilities

	(Millions of Yen)
Bank loans	13,386
Current portion of straight bonds	5,983
Straight bonds	9,625
Long-term loans	10,164
Total	39,160

In addition to the above liabilities, investment securities and long-term loans receivable are pledged as collateral for the debts of affiliates and other debts.

4. Investment in Non-Consolidated Subsidiaries and Affiliates:
   (Fixed assets)
   Investment securities (stocks) Yen 38,219 million

5. Contingent Liabilities:
   Guarantees of liabilities
   of entities and individuals Yen 2,399 million

6. Presentation of Goodwill and Negative Goodwill
   Goodwill and negative goodwill are presented in netted amount. Listed below are the amounts before the offset.

	(Millions of Yen)
Goodwill	8,476
Negative goodwill	1,156
Net amount	7,320

Notes to Consolidated Statement of Income

1. Write-down on Real Estate Inventories Included in Cost of Revenue
   Yen 20,723 million

2. Impairment Loss

   The Group of the Company recognized impairment loss (Yen 8,133 million) for the following asset groups during the current fiscal year. The Company and its consolidated subsidiaries group their operating assets in accordance with the managerial accounting categories, while grouping their rental office and idle asset on an individual property basis. Regarding operating asset, idle asset and rental office whose profitability decreased significantly during the current consolidated fiscal year due to weak business performance, in the case of operating assets, or decline in rent and land price, in the case of rental office, the book values of the relevant assets were reduced to their net realizable values.

Use	Category	Area and Number of Properties		Impairment Loss (Millions of Yen)
Operating Asset	Building and Land, etc.	Hokkaido Kanto Other	1 3 1	8,100
Idle Asset	Building and Land, etc.	Kanto	2	27
Rental Office	Land	Kanto	1	5

The net realizable values of the asset groups were measured at net sale value, based mainly on the disposal value or the real estate appraisal value, etc., or value in use, calculated by discounting future cash flows by 5.0%.

Notes to Consolidated Statement of Changes in Net Assets

1. Items Related to Issued Shares and Treasury Stocks

(Unit：1 share)

	Number of shares at the beginning of the fiscal year	Increase in the number of shares in the fiscal year	Decrease in the number of shares in the fiscal year	Number of shares at the end of the fiscal year
Issued shares				
Common stocks	233,288,717	—	—	233,288,717
Treasury stocks				
Common stocks	15,258,553	76,091	316,953	15,017,691

(Outline of reasons for change)

The increase of 1,658 in the number of common stocks is due to the purchase of shares constituting less than one unit, the increase of 74,400 is due to the purchase of shares from shareholders opposing the absorption-type merger of Secom Techno Service Co., Ltd., and the increase of 33 is due to the purchase of fractional shares resulting from the absorption-type merger.

The decrease of 44 in the number of common stocks is due to requests to sell such number of shares as will constitute, together with the shares constituting less than one unit of shares already held, one full unit, and the decrease of 316,909 is due to allocation of treasury stocks, resulted by the absorption-type merger.

2. Items Related to Dividends

(1) Amount of Dividends Paid

Resolution	Classes of Shares	Total amount of cash dividend (Millions of Yen)	Cash dividend per share(Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2011	Common stock	19,622	90	March 31, 2011	June 27, 2011

(2) Of the dividends whose record date belongs to the current fiscal year, the following are those dividends whose effective date belongs to the next fiscal year.

The matters planned to be resolved on the general meeting of shareholders are as follows:

Resolution	Classes of Shares	Source of dividend	Total amount of cash dividend (Millions of Yen)	Cash dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 26, 2012	Common stock	Retained earnings	19,644	90	March 31, 2012	June 27, 2012

Notes to Financial Instruments

1. Items Related to Status of Financial Instruments

The Group (excluding its insurance services segment) raises necessary funds, with the aim of establishing “Social System Industry,” by means of procuring funds from markets and borrowing money from financial institutions. The Group, except for its insurance services segment, also holds financial instruments for promoting its business and investment. Derivatives are primarily used for averting market risks associated with loans, etc., and it is the Group’s policy not to perform speculative transactions.

The Group’s insurance services segment manages funds using financial instruments for the purpose of safely and carefully holding and managing insurance premiums received from policyholders for underwriting insurance policies as a source of funds for paying for future insurance claims. As the financial instruments in which the Group's insurance services segment invests are exposed to market risks including interest rate fluctuation risks, the Group's insurance services segment performs asset-liability management (ALM) to prevent any adverse impact of such risks from arising.

2. Items Related to Fair Values of Financial Instruments etc.

The amounts recognized on the consolidated balance sheet, fair values and corresponding differences as of March 31, 2012 are listed below. Items whose fair value has been deemed extremely difficult to identify are not included in the table below. (See Note 2)

(Millions of Yen)

	Amount recognized on the consolidated balance sheet	Fair value	Difference
(1)Cash on hand and in banks	182,412	182,412	-
(2)Cash deposits for armored car services	54,011	54,011	-
(3)Call loans	28,000	28,000	-
(4)Notes and accounts receivable, trade	85,744	85,744	-
(5)Due from subscribers	24,830	24,830	-
(6)Short-term investments and investment Securities			
(i) Held-to-maturity debt securities	7,948	7,512	(436)
(ii) Investment securities in affiliates	25,690	60,163	34,472
(iii) Available-for-sale securities	141,706	141,706	-
(7)Lease receivables and investment in leased assets	14,605	14,777	171
(8)Short-term loans receivable	4,389		
Allowance for doubtful accounts	(42)		
	4,346	4,346	-
(9)Long-term loans receivable	46,197		
Allowance for doubtful accounts (*1)	(16,352)		
	29,844	30,295	450
Total assets	599,141	633,799	34,658
(1)Notes and accounts payable, trade	30,731	30,731	-
(2)Bank loans	47,985	47,985	-
(3)Payables - other	27,627	27,627	-
(4)Accrued income taxes	14,688	14,688	-
(5)Straight bonds	15,609	15,652	43
(6)Long-term loans	10,700	10,723	23
(7)Guarantee deposits received	5,004	4,912	(91)
Total liabilities	152,347	152,322	(25)
Derivative transactions (*2)			
(i) Hedge accounting not applied	-	-	-
(ii) Hedge accounting applied	-	(157)	(157)
Total derivative transactions	-	(157)	(157)

*1 Excludes allowance for doubtful accounts for loans receivable.

*2 Net claims and obligations arising from derivative transactions are shown as net values. Items for which the total is a net obligation are shown in parentheses.

(Note 1) Calculation method of fair value of financial instruments and matters concerning securities and derivative transactions

Assets:

(1) Cash on hand and in banks, (2) Cash deposits for armored car services, (3) Call loans, (4) Notes and accounts receivable, trade, (5) Due from subscribers and (8) Short-term loans receivable
These items are stated at their book value, as these items are mainly settled in a short period of time and their fair value approximates their book value.

(6) Short-term investments and investment securities
The fair value of stocks is based on the price quoted on the exchange whereas the fair value of straight bonds etc. is based on the price quoted on the exchange or the price presented by the corresponding financial institution.

(7) Lease receivables and investment in leased assets
These items are stated at present value calculated by discounting the sum of the principal and interest at the interest rate assumed when a new similar lease transaction is performed.

(9) Long-term loans receivable
These items are stated at present value calculated by discounting the sum of the principal and interest at the interest rate assumed when a new similar loan transaction is performed with respect to each category based on type, internal rating and period of the loans receivable. The fair value of doubtful accounts is approximately the same as the value on the balance sheet as of the fiscal year-end less the current estimated loan loss, as the estimated loan loss is calculated based on the discounted present value of estimated cash flow or the expected recoverable amount with collateral and guarantee etc.; therefore, the said value is stated as fair value. Certain consolidated subsidiaries calculate the present value of future cash flow by discounting the future cash flow at an interest rate equal to an appropriate index such as the yield of government bonds plus the credit spread according to the residual period.

Liabilities:

(1) Notes and accounts payable, trade, (2) Bank loans, (3) Payables - other and (4) Accrued income taxes
These items are stated at their book value, as these items are mainly settled in a short period of time and their fair value approximates their book value.

(5) Straight bonds
These items are stated at present value calculated by discounting the sum of the principal and interest at the interest rate assumed when new similar straight bonds are issued, according to the residual period of the straight bonds.

(6) Long-term loans
These items are stated at present value calculated by discounting the sum of the principal and interest at the interest rate assumed when a new similar debt is taken on.

(7) Guarantee deposits received
Guarantee deposits received are stated at present value calculated by discounting the future cash flow at risk-free interest rate.

Derivative transactions:

Derivatives are stated at the price presented by the financial institution with which the Group has concluded an agreement.

For hybrid instruments which do not separate the fair value of the embedded derivatives, the fair value of the hybrid instruments is calculated as a whole, and included in "(i) held-to-maturity debt securities" in "(6) Short-term investments and investment securities."

(Note 2) Financial instruments whose fair value is deemed extremely difficult to identify

(Millions of Yen)

Item	Amount recognized on the consolidated balance sheet
Unlisted stock (*1)	4,402
Unlisted stock of affiliates (*1)	12,528
Investments in limited partnerships for investment etc. (*1)	5,315
Deposit from business activities (*2)	33,231

*1 Not included in "(6) Short-term investments and investment securities" due to lack of market price and extreme difficulty in identifying fair value.

*2 Not included in "(7) Guarantee deposits received" because reasonable estimation of cash flow is deemed extremely difficult due to lack of market price and difficulty in calculating the effective depositing period.

Notes to Leased Property and Other Real Estate

The Company and some of its consolidated subsidiaries own rental office buildings and medical facilities such as hospitals, in addition to rental housing etc. mainly in Tokyo and other major cities across the country.

The amount recognized on the consolidated balance sheet, the amount of increase/decrease during the current fiscal year and the fair value of such leased properties are as follows:

(Millions of Yen)

	Amount recognized on the consolidated balance sheet			Fair value at the end of the fiscal year
	Balance at the beginning of the fiscal year	Increase/decrease during the fiscal year	Balance at the end of the fiscal year	
Office buildings	35,953	9,174	45,127	54,800
Medical facilities	44,868	739	45,607	40,375
Other	8,807	497	9,305	8,210
Total	89,629	10,411	100,041	103,387

(Note 1) The amount recognized on the consolidated balance sheet equals the acquisition cost less accumulated depreciation and accumulated impairment loss.

(Note 2) The increase of office buildings during the current fiscal year is mainly due to the increase in Arai & Co., Ltd., a subsidiary of the Company, by Yen 9,812 million including the purchase of Kojimachi Business Center.

(Note 3) The fair value at the end of the current fiscal year is, in the case of major properties, the amount based on real-estate appraisal by an external real-estate appraiser, and in the case of other properties, the amount calculated in-house based on the Real Estate Appraisal Standard. However, if no significant fluctuations have occurred in a certain valuation or an index that is deemed to properly reflect the market price since the acquisition of the property from a third party or the most recent external valuation, the fair value is based on such valuation or the amount adjusted by using the index.

Profit or loss on leased properties and other real estate for the fiscal year ended March 31, 2012 is as follows:

(Millions of Yen)

	Rental income	Rental expenses	Difference	Other (gains/losses on sale etc.)
Office buildings	3,222	1,380	1,841	11
Medical facilities	5,136	2,191	2,944	4
Other	565	212	353	(10)
Total	8,924	3,784	5,140	5

(Note) The rental expenses include depreciation, repair costs, insurance premium, taxes and public imposts, etc.

Notes to Deferred Tax Accounting

1. The Significant Components of Deferred Tax Assets and Deferred Tax Liabilities:

Deferred tax assets:	(Millions of Yen)
Eliminations of unrealized gain	8,815
Operating loss carry-forwards	8,067
Investment deposits by policyholders, unearned premiums and other insurance liabilities and provision for outstanding claims	7,090
Allowance for doubtful accounts	6,509
Adjustment of book value of fixed assets of subsidiaries at fair value at the date of consolidation (land and buildings)	6,260
Write-down on real estate inventories	5,371
Impairment loss	5,275
Accrued bonuses	4,830
Accrued pension and severance costs	4,293
Write-down on fixed assets	3,199
Loss on impairment of investment securities	1,475
Other	5,913
Gross deferred tax assets	67,103
Valuation allowance	(31,167)
Total deferred tax assets	35,936

Deferred tax liabilities:	
Adjustment of book value of land and buildings of subsidiaries at fair value at the date of consolidation (land and buildings)	(6,849)
Prepaid pension and severance costs	(6,698)
Adjustment of book value of other fixed assets of subsidiaries at fair value at the date of consolidation (other fixed assets)	(2,209)
Unrealized gains on securities	(1,348)
Other	(1,070)
Total deferred tax liabilities	(18,175)
Net deferred tax assets	17,761

2. Summary of the Reconciliation between the Statutory Tax Rate and the Effective Tax Rate after the Application of Deferred Tax Accounting:

Statutory tax rate	40.5(%)
(Reconciliation)	
Increase in valuation allowance	13.3
Utilization of tax loss carry-forwards	(8.1)
Net gains from investment in affiliates accounted for under the equity method	(2.5)
Adjustment for decrease in year end deferred tax asset due to tax rate changes	1.9
Unrecognized tax benefits from subsidiaries in deficit	1.1
Per capita levy of corporate inhabitant tax	1.0
Research and development tax credits	(0.6)
Permanently non-deductible expenses such as entertainment expenses	0.6
Amortization of goodwill	0.5
Difference of tax rates between the Company and consolidated subsidiaries	0.0
Other	0.1
Effective tax rate after the application of deferred tax accounting	47.8(%)

3. Adjustment of Deferred Tax Assets and Liabilities due to Changes in Statutory Tax Rate

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 (Act No. 114, 2011) and the Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake (Act No. 117, 2011), the statutory tax rate used to calculate the deferred tax assets and liabilities for the current consolidated fiscal year (limited to those scheduled for collection or payment on or after April 1, 2012) changed mainly from the 40.5% of the previous fiscal year to 37.8% for those scheduled for collection or payment during the period from April 1, 2012 to March 31, 2015, and to 35.4% for those scheduled for collection or payment on or after April 1, 2015.
As a result, deferred tax assets (less deferred tax liabilities) decreased by Yen 1,280 million, and income taxes-deferred and unrealized gains on available-for-sale securities recognized for the current consolidated fiscal year increased by Yen 1,472 million and Yen 191 million, respectively.

Notes to Retirement Benefits

1. Outline of the Retirement Benefit Plan Adopted:

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

The Company and its domestic consolidated subsidiaries with the same retirement benefit plan have adopted a severance indemnity plan and a defined contribution pension plan. The method of calculating the severance indemnity under the severance indemnity plan is to pay out to the employees an amount equal to a certain percentage of their annual income over their period of service, plus interest which is calculated as the 3-year average yield of applicants for 10-year government bonds. The defined contribution pension plan was established in April 2003, a portion equivalent to 20 percent of the severance indemnity plan so far accumulated was transferred to the new plan, and a specified percentage of annual income is contributed thereto. The Company transferred an additional portion of the severance indemnity plan funds to the defined contribution pension plan in April 2005, and accordingly, the ratio of the accumulated amount in the severance indemnity plan and the amount of contributions to the defined contribution pension plan, including the past reserve, changed to 70 % and 30 %, respectively.

The majority of the consolidated overseas subsidiaries have adopted a variety of pension plans that essentially cover all employees. Most of these plans are defined contribution pension plans.

2. Items Concerning the Retirement Benefit Obligation (As of March 31, 2012):

(Millions of Yen)

(1) Projected benefit obligation	(76,693)
(2) Plan assets	69,529
(3) Unfunded projected benefit obligation ((1)+(2))	(7,163)
(4) Unappropriated difference at the time of change in accounting standard	-
(5) Unrecognized actuarial gains or losses	13,709
(6) Unrecognized prior service liability	-
(7) Net retirement benefit obligation recognized in the consolidated balance sheet ((3)+(4)+(5)+(6))	6,545
(8) Prepaid pension and severance costs	19,130
(9) Accrued pension and severance costs ((7)-(8))	(12,585)

3. Components of Pension and Severance Costs (from April 1, 2011 to March 31, 2012)

(Millions of Yen)

(1) Service cost *1	4,436
(2) Interest cost	1,529
(3) Expected return on plan assets	(1,889)
(4) Amortization of actuarial gains or losses	2,023
(5) Amortization of prior service benefit	(25)
(6) Pension and severance costs ((1)+(2)+(3)+(4)+(5))	6,075
(7) Loss due to transfer to defined contribution plan *2	42
(8) Other *3	1,612
Total	7,730

(Notes) *1. Pension and severance costs for consolidated subsidiaries adopting the simplified method are included in (1) "Service cost."

*2. In July 2011, Secom General Insurance Co., Ltd, a subsidiary of the Company, partly transfers its pension and severance plan to defined contribution plan.

*3. "Other" represents the amount payable as premiums to the defined contribution pension plan.

4. Assumptions Used in Accounting for Retirement Benefits

(1) Attribution of projected benefit obligation	Straight-line method over the estimated years of services of the eligible employees
(2) Discount rates	Principally 2.1% at beginning of fiscal year Principally 1.8% at end of fiscal year
(3) Expected rates of return on plan assets	Principally 3.0% for plan assets
(4) Amortization period of prior service liability	Prior service liability is amortized in the year incurred.
(5) Amortization period of actuarial gains or losses	Amortizing actuarial gains and losses from the following fiscal year of occurrence, using the straight-line method over certain years within the average remaining service period (mainly 10 years).

Notes to Business Combination

1. Name and Business Description of Company Subject to Business Combination, Date of Business Combination, Legal Form of Business Combination, Name of Company Subsequent to Combination and Outline of Transaction Including Its Purpose

(1) Name and Business Description of Company Subject to Business Combination

1) Company Subject to Business Combination
Secom Techno Service Co., Ltd. (hereinafter "Secom Techno")

2) Business Description
Installation of on-line security systems, maintenance of building equipment, design to installation and maintenance of various architectural equipment and sales and installation of security systems for condominiums

(2) Date of Business Combination
July 1, 2011

(3) Legal Form of Business Combination
The Company absorbed Secom Techno and became the surviving company; Secom Techno was subsequently dissolved.

(4) Name of Company Subsequent to Combination
There was no change in the name of the company subsequent to business combination.

(5) Outline of Transaction Including Its Purpose
For the purpose of increasing the corporate value of the entire SECOM Group by accelerating the Group's efforts to establish "Social System Industry" through maximization of synergy, which was achieved by means of operational integration with Secom Techno.

2. Outline of Accounting Treatment
Pursuant to "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standards for Business Divestitures" (ASBJ Guidance No. 10, revised on December 26, 2008), the transaction was accounted for as a transaction under common control.

3. Acquisition Cost of Company Subject to Business Combination and Breakdown Thereof

Consideration for Acquisition	
Fair value of common stock of the Company delivered on the date of business combination	Yen 1,204 million
Costs Directly Associated with Acquisition	
Advisory fees, etc.	Yen 43 million
Acquisition Cost	Yen 1,247 million

4. Merger Ratio for Each Share Classes, the Calculation Method, and the Number of Shares Delivered

(1) Share classes and merger ratio

Common stock of Secom Techno	1 share
Common stock of the Company	0.85 shares

(2) The calculation method
The Company and Secom Techno referred to and carefully reviewed the calculation results for the merger ratio submitted by their respective financial advisors, consulted with each other and decided the merger ratio.

(3) The number of shares delivered
316,909 shares

5. Amount of Goodwill, Cause of Goodwill, Amortization Method and Period

(1) Amount of Goodwill
Yen 406 million

(2) Cause of Goodwill
The goodwill is attributable to the fair value of common stock of the Company delivered by the merger exceeding the decrease in minority interest caused by the merger.

(3) Amortization Method and Period
Amortization by the straight-line method over a 10-year period

Notes to Per-Share Information

Net assets per share:	Yen 2,785.56
Net income per share:	Yen 162.63

Notes to Significant Subsequent Events

On January 10, 2012, the 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. As a result of the share acquisition, LIXIL NITTAN Co., Ltd. became a consolidated subsidiary of the Company, and changed its name to Nittan Co., Ltd.

1. Purpose of Acquisition

(1) To enhance the fire protection services, including flexible response to environmental changes, such as change of awareness for disaster prevention due to the Great East Japan Earthquake domestically and increasing demand for disaster prevention in emerging countries overseas.

(2) Research and development of next-generation systems for disaster prevention

2. Counterparty of Acquisition
   LIXIL Corporation.

3. Outline of the Company Acquired (Affiliated)
   1) Company Name: LIXIL NITTAN Co., Ltd.
      (changed its name to Nittan Co., Ltd.)
   2) Business: Installation, sales, maintenance and check-up of various fire extinguishers
   3) Size: Capital Yen 2,302 million

4. Date of Acquisition
   April 1, 2012

5. Number of Shares Transferred, Acquisition Cost and Ownership Ratio after the Acquisition
   1) Number of shares transferred: 14,328,000 shares
   2) Acquisition cost: Yen 12,700 million
   3) Ownership ratio after the acquisition: 100%

6. Funding Method
   Fund on hand

Notes to Non-Consolidated Financial Statements

Notes to Significant Accounting Policies

1. Valuation Policies and Methods for Assets

(1) Valuation Policies and Methods for Securities
  1) Held-to-maturity debt securities
    Amortized cost method

  2) Investment Securities in Subsidiaries and Affiliates
    At cost, based on the moving average method

  3) Available-for-sale Securities
    Securities with fair value
      Stock and beneficiary securities: At fair value based on the average market price in one month prior to the fiscal year-end.
      Others: At fair value based on market price at fiscal year-end

      Net unrealized gains and losses of securities are reported directly in net assets. The cost of securities sold is calculated by the moving average method.

    Securities with no fair value
      At cost, based on the moving average method or amortized cost method.

(2) Valuation Policies and Methods for Inventories
  Merchandise and supplies are stated at cost determined by the moving average method (or at the net realizable value (NRV) calculated by writing down the book value to reflect a decrease in the NRV).

2. Depreciation and Amortization of Depreciable and Amortizable Fixed Assets

(1) Tangible Assets: (except for leased assets)
  1) Security equipment and control stations
    Security equipment and control stations are depreciated over their average estimated useful service lives (5–8 years) by the declining-balance method.
  2) Other tangible fixed assets
    Other tangible fixed assets are depreciated by the straight-line method. Their main useful service lives are as follows:
      Buildings and improvements: 22–50 years

(2) Intangible Assets
  Intangible fixed assets are amortized by the straight-line method.
  The software used in the Company is amortized by the straight-line method based on the useful service lives within the Company (5 years).

(3) Leased Assets
  1) Leased assets related to ownership-transfer finance lease transactions
    Depreciated, using the same depreciation method applied to fixed assets in possession.
  2) Leased assets related to non-ownership-transfer finance lease transactions
    Depreciated, using the straight-line method over a useful life equal to the lease period with a residual value of zero.
    In addition, non-ownership-transfer finance leases entered into on or

before March 31, 2008 are treated using the method applicable to operating lease transactions.

(4) Long-term Prepaid Expenses: Straight-line method
Long-term prepaid expenses are amortized by the straight-line method. With respect to the installation costs related to security equipment at the customer premises, any portion exceeding the amount received from the customer is included in “long-term prepaid expenses” and amortized by the straight-line method over the contract period (5 years).

3. Basis for Significant Allowances

(1) Allowance for Doubtful Accounts
To prepare for losses from bad debts such as losses on trade receivables and loans, the allowance for doubtful accounts provides an estimated amount of uncollectables. It is determined based on historical loss rate with respect to ordinary accounts, and an estimate of uncollectable amounts, respectively determined by reference to specific doubtful accounts from customers who are experiencing financial difficulties.

(2) Accrued Bonuses
Accrued bonuses are provided for the bonus payments to employees, at an amount incurred during the current fiscal year.

(3) Accrued Pension and Severance Costs
To prepare for the retirement benefits of employees, the Company provides an amount of accrued pension and severance costs and prepaid pension and severance costs at the end of the current fiscal year, based on the estimated amount of projected benefit obligation and plan assets as of the end of the current fiscal year.
Prior service liability is recognized as profit or loss in the year of occurrence.
Actuarial gains and losses are amortized from the following fiscal year of occurrence, using the straight-line method over certain years within the average remaining service period (mainly 10 years).

(4) Accrued Retirement Benefits for Directors and Corporate Auditors
To prepare for outlays for retirement benefits of Directors and Corporate Auditors of the Company, a necessary amount at the end of the current fiscal year is appropriated based on the rules of the Directors and Corporate Auditors’ retirement benefits.

4. Revenue and Cost Recognition Policies

Revenue Recognition Policies for Construction Contracts
Percentage-of-completion method is applied to construction contracts whose outcomes are deemed certain for progress until the end of the current fiscal year, and the completed-contract method is applied to other construction contracts. The percentage of costs incurred to the estimated total cost is used for estimating the percentage of completion.

5. Other Significant Accounting Policies

(1) Amortization of Goodwill
Goodwill is amortized by the straight-line method over 10 years.

(2) Accounting for Consumption Tax etc.
Tax-exclusive method is adopted.

(Additional Information)

Adoption of Accounting Standard for Accounting Changes and Error Corrections, etc. and Others

From the current consolidated fiscal year, the Company applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, issued on December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, issued on December 4, 2009) to accounting changes and past error corrections.

Notes to the Non-Consolidated Balance Sheet

1. Cash Deposits for Armored Car Services and Short-term Bank Loans

   For financial institutions, the Company provides cash filling to and cash collection from cash dispensers located outside of financial institution facilities.
   The balance of cash deposits for armored car services includes cash on hand and cash in banks of representing a total of Yen 26,929 million connected with cash filling services, which is restricted in use by the Company. The short-term bank loan balance includes Yen 9,383 million financed for the cash filling services.
   The balance of cash deposits for armored car services includes Yen 25,456 million connected with cash collection administration services, which is also restricted in use by the Company. Also, the short-term bank loan balance includes Yen 18,275million financed for the cash collection administration services.

2. Assets Pledged as Collateral and Collateral-related Liabilities

   Assets Pledged as Collateral

	(Millions of Yen)
Short-term loans receivable	18
Investment securities	357
Investment securities in subsidiaries and affiliates	45
Long-term loans receivable	787
Total	1,209

   Collateral-related Liabilities

   Short-term loans receivables, investment securities, investment securities in subsidiaries and affiliates, and long-term loans receivable are pledged as collateral for the debts of subsidiaries and affiliates and other debts.

3. Accumulated Depreciation of Assets

   Accumulated depreciation of tangible assets: Yen 242,866 million

4. Contingent Liabilities

(1) Guarantees

Liabilities of the below entities and employees are guaranteed.

	(Millions of Yen)
Alive Medicare Co., Ltd.	1,805
Secom Fort West Co., Ltd.	690
Secom Home Life Co., Ltd.	505
Prime Stage Co., Ltd.	127
Sanwakai (Medical institution)	47
Other	82
Employees	217
Purchaser of merchandises by leasing transactions etc.	921
Total	4,397

(2) Net Assets Maintaining Agreement

The Company entered into a net assets maintaining agreement with Secom General Insurance Co., Ltd., under which the Company is obligated to provide funds to Secom General Insurance Co., Ltd. if and when the net assets of Secom General Insurance Co., Ltd. become lower than the specified amount or its current assets necessary for the payment of its liabilities are insufficient. The total liabilities of Secom General Insurance Co., Ltd. at the end of the current fiscal year are Yen 136,696 million, including Yen 131,774 million of investment deposits by policyholders, unearned premiums and other insurance liabilities, and the total assets are Yen 158,629 million.

However, this agreement is not construed as the Company's guarantee with respect to payment obligations of Secom General Insurance Co., Ltd., Secom General Insurance Co., Ltd. maintained net assets above the required level, and its current assets were not insufficient at the end of the current fiscal year.

5. Financial Receivables/Payables to Subsidiaries and Affiliates (excluding those separately presented)

	(Millions of Yen)
Short-term receivables	19,376
Long-term receivables	129,602
Short-term payables	5,441
Long-term payables	1,240

Notes to Non-Consolidated Statement of Income

1. Transactions with Subsidiaries and Affiliates

Operating transactions	(Millions of Yen)
Revenue	14,644
Amount of purchased costs and sub-contract costs	39,401
Non-operating transactions	32,135

2. Impairment Loss
The Company groups its rental offices individually.
The Company reduced the book value of the rental offices whose profitability decreased significantly, to its reliable value and recorded an extraordinary loss of Yen 7,909 million for the current fiscal year, due to decline in office rent.

Use	Category	Area and Number of Properties		Impairment Loss (Millions of Yen)
Rental Office	Building and Land, etc	Hokkaido	1	7,909

The net realizable values of the asset groups were measured at value in use, calculated by discounting future cash flows by 5.0%.

Notes to Non-Consolidated Statements of Changes in Net Assets

Items Related to Classes and Total Number of Treasury Stocks

(Unit: 1 share)

Classes of shares	Number of shares at the beginning of the fiscal year	Increase in number of shares in the fiscal year	Decrease in number of shares in the fiscal year	Number of shares at the end of the fiscal year
Common stock	15,258,553	76,091	316,953	15,017,691

(Outline of reasons for change)
The increase of 1,658 in the number of common stocks is due to the purchase of shares constituting less than one unit, the increase of 74,400 is due to the purchase of shares from shareholders opposing the absorption-type merger of Secom Techno Service Co., Ltd., and the increase of 33 is due to the purchase of fractional shares resulting from the absorption-type merger.
The decrease of 44 in the number of common stocks is due to requests to sell such number of shares as will constitute, together with the shares constituting less than one unit of shares already held, one full unit, and the decrease of 316,909 is due to allocation of treasury stocks, resulted by the absorption-type merger.

Notes to Deferred Tax Accounting

1. The Significant Components of Deferred Tax Assets and Deferred Tax Liabilities:

Deferred tax assets:	(Millions of Yen)
Allowance for doubtful accounts	6,803
Loss on impairment of investment securities in subsidiaries and affiliates	5,732
Impairment loss	4,717
Accrued bonuses	2,311
Write-down on fixed assets	1,535
Accrued pension and severance costs	1,418
Other	3,963
Gross deferred tax assets	26,482
Valuation allowance	(15,873)
Total deferred tax assets	10,608

Deferred tax liabilities:	
Prepaid pension and severance costs	(5,629)
Other	(578)
Total deferred tax liabilities	(6,208)
Net deferred tax assets	4,400

2. Summary of the Reconciliation between the Statutory Tax Rate and the Effective Tax Rate after the Application of Deferred Tax Accounting:

Statutory tax rate	40.5 (%)
(Reconciliation)	
Increase in valuation allowance	27.6
Gain on extinguishment of tie-in shares	(16.2)
Adjustment for decrease in year end deferred tax asset due to tax rate changes	4.6
Permanently non-taxable income such as dividends income	(3.6)
Per capita levy of corporate inhabitant tax	0.7
Research and development tax credits	(0.6)
Other	0.4
Effective tax rate after the application of deferred tax accounting	53.4 (%)

3. Adjustment of Deferred Tax Assets and Liabilities due to Changes in Statutory Tax Rate

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 (Act No. 114, 2011) and the Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake (Act No. 117, 2011), the statutory tax rate used to calculate the deferred tax assets and liabilities for the current consolidated fiscal year (limited to those scheduled for collection or payment on or after April 1, 2012) changed mainly from the 40.5% of the previous fiscal year to 37.8% for those scheduled for collection or payment

during the period from April 1, 2012 to March 31, 2015, and to 35.4% for those scheduled for collection or payment on or after April 1, 2015.
As a result, deferred tax assets (less deferred tax liabilities) decreased by Yen 2,563 million, and income taxes-deferred and unrealized gains on available-for-sale securities recognized for the current consolidated fiscal year increased by Yen 2,637 million and Yen 73 million, respectively.

Notes to Fixed Assets under Leases

Besides the ones booked as fixed assets on the balance sheet of the Company, some of buildings, automobiles and tools, furniture and fixtures are used based on the finance lease contracts other than those deemed to transfer the ownership of the leased assets to the lessees.

Notes to Transactions with Related Parties

Type	Name of Company	Address	Capital (Millions of Yen)	Business content	Voting Rights Held by the Company (%)	Relationship	
						Concurrent posts of Directors and Corporate Auditors	Business relationship
Subsidiary	Secom Techno Service Co., Ltd.	-	-	Installation of security systems	-	-	Construction subcontractor
Subsidiary	Secom Home Life Co., Ltd.	Shibuya-ku, Tokyo	3,700	Real estate development and sales	99.9	1 person	Loan and investment of funds
Subsidiary	Secom Credit Co., Ltd.	Shibuya-ku, Tokyo	400	Leasing service	100.0	1 person	Loan and investment of funds
Subsidiary	Secom Medical System Co., Ltd.	Shibuya-ku, Tokyo	6,545	Medical service	100.0	1 person	Loan and investment of funds
Subsidiary	Pasco Corporation	Meguro-ku, Tokyo	8,758	Geographic information service	72.9	-	Loan and investment of funds
Subsidiary	Arai & Co., Ltd.	Shibuya-ku, Tokyo	3,000	Real estate leasing	92.5	1 person	Loan and investment of funds

	Transactions	Amount of Transactions (Millions of Yen)	Account	Year-end Balance (Millions of Yen)
Secom Techno Service Co., Ltd.	Installation costs etc. (Note 2)	10,074	-	-
Secom Home Life Co., Ltd.	Execution of loans (Collection of loans) Receipt of interests (Note 3) Loans receivable (Note5)	40,410 (17,952) 289 (25,000)	Long-term loans receivable (Note 4)	44,847
Secom Credit Co., Ltd.	Execution of loans (Collection of loans) Receipt of interests (Note 3)	7,300 (26,300) 362	Short-term loans receivable	500
			Long-term loans receivable	19,000
Secom Medical System Co., Ltd.	Execution of loans (Collection of loans) Receipt of interests (Note 3)	5,619 (6,491) 544	Short-term loans receivable	3,917
			Long-term loans receivable	34,342
Pasco Corporation	Execution of loans Receipt of interests (Note3)	10,000 24	Short-term loans receivable	10,000
Arai & Co., Ltd.	Execution of loans Receipt of interests (Note3)	12,000 115	Long-term loans receivable	18,051

(Notes)

1. Consumption taxes are not included in the transaction amounts listed above.
2. The installation costs are determined by price negotiations, by taking market prices into consideration. Since Secom Techno Service Co., Ltd. was merged with the Company on July 1, 2011, and it is no more a related company of the Company, the amount in the table above shows the amount during the period when it was the related company.
3. The interest rates for the loans above are determined, referring to market interest rates etc.
4. The amount of Yen 10,505 million has been recorded as allowance for doubtful accounts for the long-term loans receivable to Secom Home Life Co., Ltd. Also in the current fiscal year, the amount of Yen 5,612 million was provided as doubtful accounts for the long-term loans receivable.
5. On the long-term loans receivable to Secom Home Life Co., Ltd., the Company entered into debt-equity-swap transaction, and posted Yen 24,999 million of debt-equity-swap loss.

Notes to Business Combination

1. Name and Business Description of Company Subject to Business Combination, Date of Business Combination, Legal Form of Business Combination, Name of Company Subsequent to Combination and Outline of Transaction Including Its Purpose

(1) Name and Business Description of Company Subject to Business Combination

1) Company Subject to Business Combination
Secom Techno Service Co., Ltd. (hereinafter "Secom Techno")

2) Business Description
Installation of on-line security systems, maintenance of building equipment, design to installation and maintenance of various architectural equipment and sales and installation of security systems for condominiums

(2) Date of Business Combination
July 1, 2011

(3) Legal Form of Business Combination
The Company absorbed Secom Techno and became the surviving company; Secom Techno was subsequently dissolved.

(4) Name of Company Subsequent to Combination
There was no change in the name of the company subsequent to business combination.

(5) Outline of Transaction Including Its Purpose
For the purpose of increasing the corporate value of the entire SECOM Group by accelerating the Group's efforts to establish "Social System Industry" through maximization of synergy, which was achieved by means of operational integration with Secom Techno.

2. Outline of Accounting Treatment
Pursuant to "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, issued on December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standards for Business Divestitures" (ASBJ Guidance No. 10, revised on December 26, 2008), the transaction was accounted for as a transaction under common control.

3. Acquisition Cost of Company Subject to Business Combination and Breakdown Thereof

Consideration for Acquisition	
Acquisition cost relating to the tender offer held by the Company in the previous fiscal year	Yen 13,443 million
Fair value of common stock of the Company delivered on the date of business combination	Yen 1,204 million
Costs Directly Associated with Acquisition	
Advisory fees, etc.	Yen 43 million
Acquisition Cost	Yen 14,691 million

[English Translation]

4. Merger Ratio for Each Share Classes, the Calculation Method, and the Number of Shares Delivered

(1) Share classes and merger ratio

Common stock of Secom Techno	1 share
Common stock of the Company	0.85 shares

(2) The calculation method
The Company and Secom Techno referred to and carefully reviewed the calculation results for the merger ratio submitted by their respective financial advisors, consulted with each other and decided the merger ratio.
(3) The number of shares delivered
316,909 shares

5. Amount of Goodwill, Cause of Goodwill, Amortization Method and Period
(1) Amount of Goodwill
Yen 3,715 million
(2) Cause of Goodwill
The goodwill is attributable to the total amount of both acquisition cost relating to the tender offer held by the Company in the previous period and fair value of common stock of the Company delivered by the merger exceeding the corresponding part of net assets of the dissolved company.
(3) Amortization Method and Period
Amortization by the straight-line method over a 10-year period

Notes to Per-Share Information

Net assets per share:	Yen 2,601.16
Net income per share:	Yen 122.90

Notes to Significant Subsequent Events

Please refer to “Notes to Significant Subsequent Events” in “Notes to Consolidated Financial Statements.”