NOHMI

ANNUAL REPORT 2012

For the Year Ended March 31, 2012

NOHMI BOSAI LTD.

Profile

Nohmi Bosai Ltd., established in 1944 and listed on the First Section of the Tokyo Stock Exchange in 1991, is a leading Japanese manufacturer of fire alarm and fire extinguishing systems. In fiscal 2012, ended March 31, 2012, the Company realized consolidated net sales of ¥84.8 billion. Nohmi Bosai is responsible for the development, marketing, installation and maintenance of a wide variety of state-of-the-art fire protection systems. In addition to our strong domestic presence, we are also active in China, other parts of Asia and the United States.

Contents

Cautionary Statement with Respect to Forward-Looking Statements

Consolidated Financial Highlights

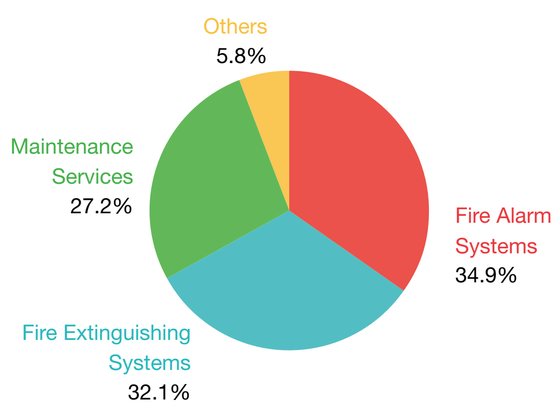
Nohmi Bosai Ltd. and Subsidiaries
For the years ended March 31, 2010, 2011 and 2012

NOHMI

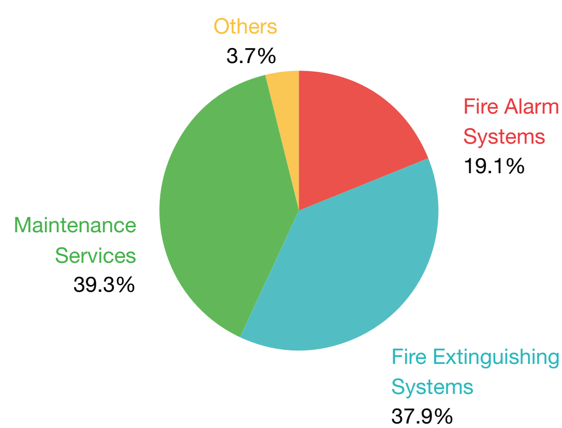
	Millions of Yen			Percentage Change	Thousands of U.S. Dollars*3
	2010	2011	**2012**	2012/2011	**2012**
For the year:					
New orders	¥77,799	¥84,056	**¥84,979**	1.1 %	**$1,033,934**
Net sales	84,150	79,952	**84,762**	6.0	**1,031,293**
Cost of sales	59,612	57,331	**60,422**	5.4	**735,150**
Operating income	4,338	2,944	**4,278**	45.3	**52,050**
Net income	2,334	1,866	**1,787**	(4.2)	**21,742**
Comprehensive income	—	1,709	**1,896**	10.9	**23,068**
At year-end:					
Total assets	¥80,266	¥80,390	**¥86,085**	7.1 %	**$1,047,390**
Total net assets	52,633	53,399	**54,330**	1.7	**661,029**
Backlog of orders	29,003	33,107	**33,324**	0.7	**405,451**
Number of employees	2,214	2,223	**2,220**	(0.1)	**—**
Per share (in yen and U.S. dollars):					
Net income*1	¥ 38.66	¥ 30.92	**¥ 29.62**	(4.2)%	**$ 0.36**
Net assets*2	854.26	867.15	**882.03**	1.7	**10.73**
Cash dividends	15.00	15.00	**15.00**	—	**0.18**

Notes: *1. Per share amounts are based on the weighted average number of shares outstanding during each period.
*2. Per share amounts are based on the number of shares outstanding at the end of each period, minus treasury stock.
*3. All dollar figures herein refer to U.S. currency unless otherwise specified. The dollar amounts in this report represent the translation of yen, for convenience only, at the rate of ¥82.19=US$1, the prevailing exchange rate at March 31, 2012.
*4. All amounts are in millions of yen or thousands of U.S. dollars, except number of employees and per share amounts.

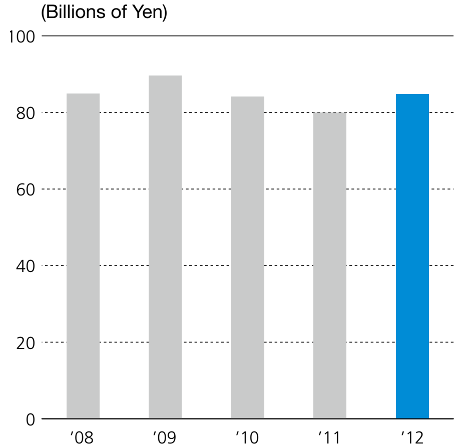
FY2012 Net Sales Breakdown



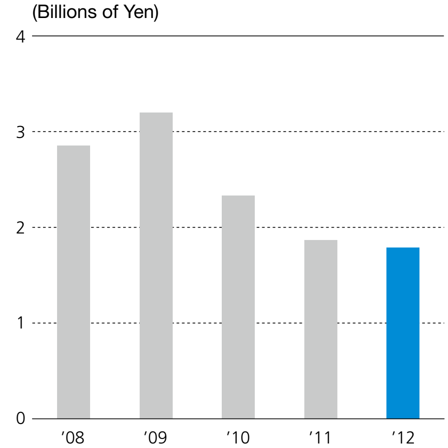
FY2012 Operating Income Breakdown



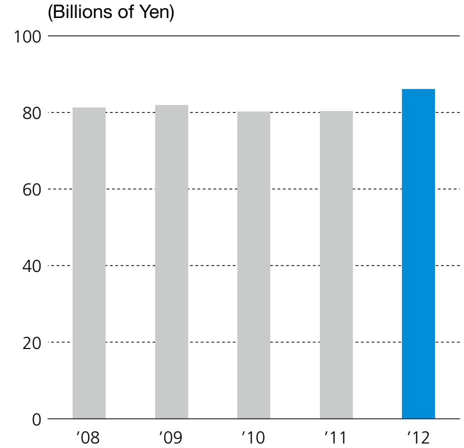
Net Sales
(Billions of Yen)



Net Income
(Billions of Yen)



Total Assets
(Billions of Yen)



Working in Unison to Promote Our Key Measures and Contribute to Society as a Leading Company

Operating Environment and Business Results in Fiscal 2012

During fiscal 2012 (ended March 31, 2012), despite a mild recovery from the impact of the Great East Japan Earthquake, the Japanese economy remained uncertain due to various factors, including the impacts of the strong yen and recession. In addition, there were concerns over the slowdown of overseas economies on the back of the public debt crisis in Europe. In the domestic fire protection industry, the business environment remained harsh as a result of continued stagnation in demand for private capital investment.

Amid such an environment, the Nohmi Bosai Group has formulated a three-year medium-term business plan starting from fiscal 2011 and has since been promoting respective key measures centered on "Challenge and Reform." As a result, during fiscal 2012, new orders increased 1.1% to ¥84,979 million and net sales rose 6.0% to ¥84,762 million on a consolidated basis compared with the previous year.

By business segment, net sales of ¥29,615 million were recorded in the Fire Alarm Systems segment, which was roughly on par with the previous year. Net sales in the Fire Extinguishing Systems segment increased 10.5% to ¥27,179 million year-on-year, net sales in the Maintenance Services segment rose 8.6% to ¥23,065 million and net sales in the Others segment increased 9.0% to ¥4,903 million.

At the profit level, operating income increased 45.3% to ¥4,278 million and net income decreased 4.2% to ¥1,787 million.

Management Policy & Progress of Medium-Term Business Plan for Fiscal 2011-2013

The Nohmi Bosai Group is committed to our role as "pioneers in the fire protection industry and dedicated to making society safer," which is the Company's motto. In fulfilling this mission, the Group adheres to a fundamental policy of providing the latest, most optimal fire protection systems designed to protect life and property under an integrated structure ranging from R&D to sales, installation and maintenance. At the same time, we operate with an emphasis on conserving the environment, energy and natural resources in all our activities.

Based on this basic policy, in order to overcome this uncertain business environment, we are implementing "Challenge and Reform—Project 24" as the medium-term business plan covering the three years from fiscal 2011.

The times have changed from the pursuit of wealth to a focus on safety and security. As such, we need to fulfill our responsibility of contributing to safety through system

Medium-Term Business Plan "Challenge and Reform – Project 24"

Vision

"Further enhance customer confidence built up as a leading company and contribute to safer environments worldwide"

(1) Accelerate measures in each business segment and boost confidence
- Cultivate core businesses
- Speed up measures in new strategic businesses
- Enhance customer confidence

(2) Implement structural reforms in technology and production systems and bolster manufacturing functions
- Implement structural reforms in R&D and strengthen manufacturing functions
- Create a structure enabling the planning of new businesses and new distinctive products through to commercialization
- Implement structural reforms in production and logistics systems

(3) Review and reinforce the revenue base
- Further increase cost competitiveness
- Reduce SG&A expenses
- Bolster human resource development

(4) Strengthen corporate social responsibility (CSR)
- Enhance quality of operations through compliance and internal controls
- Reinforce business continuity plan (BCP)
- Undertake concerted efforts to reduce environmental loads
- Proactively undertake social contribution activities

(5) Reinforce consolidated management
- Bolster Group ties and enhance target management

development and sales promotion. Although uncertainty remains with regard to economic trends and the market environment, the Nohmi Bosai Group intends to continue taking on challenges and exerting its full power amid strong headwinds in making reforms.

To realize our management philosophy underpinned by the concept of valuing people and safety, we will continue pursuing challenges with a bright, energetic and positive spirit. While working to strengthen the corporate foundation and profit structure, the starting point of reforms will be to focus on actual work sites and circumstances, ensure speedy decision-making and execution, and become an innovator in safety-related areas. During fiscal 2012, the second year of the current medium-term business plan, we have continuously promoted initiatives to strengthen our corporate foundation and profit structure.

Initiatives for Transparent Management

The Nohmi Bosai Group has been undertaking a variety of initiatives to strengthen our corporate governance structure with the aim of maximizing corporate value, ensuring transparency in corporate management and enabling a quick decision-making process. We emphasize accountability to such key stakeholders as our shareholders and investors by disclosing information in a timely and appropriate manner. Moreover, by building an internal control system, we are carrying out compliance-based management that ensures strict Group-wide adherence to our code of conduct and internal rules and thereby preventing misconduct of any kind.

Shareholder Returns

For the fiscal year ended March 31, 2012, the Company paid total cash dividends per share of ¥15.00, which includes a year-end cash dividend per share of ¥7.50 and interim dividend of ¥7.50 per share. With an emphasis on returning profits to shareholders, we pay dividends based on a comprehensive evaluation of such financial indicators as our payout ratio while considering the need for internal reserves to strengthen our corporate structure in preparation for future business development.

Outlook for Fiscal 2013

Although the Japanese economy is on a mild upward trend, the economic outlook is difficult to foresee due to various factors such as concerns over the impact of Europe's public debt crisis and a rise in oil prices.

In the fire protection industry, the business environment surrounding the Nohmi Bosai Group is likely to remain uncertain, with the harsh conditions for receiving new orders expected to continue.

In order to address these circumstances, in fiscal 2013, which is designated as the final year of our three-year medium-term business plan, the Nohmi Bosai Group will undertake concerted efforts to promote key measures and further contribute to society as a leading company.

Through these measures, we are projecting consolidated net sales of ¥86,000 million, operating income of ¥4,300 million and net income of ¥2,500 million in fiscal 2013.

In closing, I would like to ask all our stakeholders, including shareholders, for their continued understanding and support in the coming year.

July 2012

Takeshi Hashizume

Takeshi Hashizume
President

Takeshi Hashizume
President

Nohmi Bosai at a Glance

*Percentage of segment net sales for the fiscal year ended March 31, 2012

Fire Alarm Systems

Fire Monitoring Panels in Control Center

34.9%*

Major Products and Services

- Control Panels
- Heat, Smoke and Gas Detectors
- Infrared Ray Flame Detectors
- Air Sampling Type Smoke Detection Systems
- Fire Alarms and Bells
- Smoke Control Systems
- Transmitters
- Auxiliary Equipment

The Nohmi Bosai Group provides a wide range of fire alarm systems and equipment—including automatic fire alarm systems, environmental monitoring systems and fire/smoke control systems—for customers at various locations, ranging from homes to large-scale commercial and industrial facilities. These products are highly acclaimed in the marketplace for integrating cutting-edge technologies as well as for outstanding practicality and safety supported by our stringent quality assurance.

We are also continuing to develop highly reliable products that meet the diverse requirements of today's buildings, as well as the analog addressable fire alarm equipment that satisfies overseas standards.

Fire Extinguishing Systems

Foam Extinguishing Test

32.1%*

Major Products and Services

- Sprinklers
- Spray Heads and Nozzles
- Fire Extinguishers
- High-Expansion Foam Extinguishing Systems
- Dry Chemical Extinguishing Systems
- Heat and Gas Dispersion Control Systems
- Water Cannons

The Nohmi Bosai Group offers a wide choice of sprinkler systems, foam systems and fire protection equipment for large-scale buildings and facilities, including office buildings, leisure complexes, factories, industrial plants and road tunnels. We also offer an assortment of residential sprinkler systems. The Group has earned an outstanding reputation, especially for our excellent technologies in the design and installation of fire extinguishing systems for waste incineration facilities, chemical plants and other specialized facilities.

We are promoting the development of distinctive products that combine the Group's proprietary technologies as well as products for cultivating new markets that address needs arising from an aging society.

Maintenance Services

Inspection Services

27.2%*

Major Services

- Maintenance Services
- Inspection Services

Along with R&D for creating the best-suited fire protection systems, regular maintenance inspections are crucial for maintaining the level of quality necessary for these systems to function reliably and ensure optimal performance.

The Maintenance Services segment ensures the highest levels of safety and performance by offering a wide variety of maintenance and inspection services, including round-the-clock online monitoring and telephone support services, as well as repairs. We also offer fire protection consulting services to building owners.

Others

Parking Control System

5.8%*

Major Products and Services

- Parking Lot Maintenance Services

This segment includes the installation and management of parking lot driving lane control systems. We offer driving lane control systems to make driving in parking lots safer and improve the efficiency of parking lot traffic flow and operations. We offer a full range of systems suited for parking lots of all sizes.

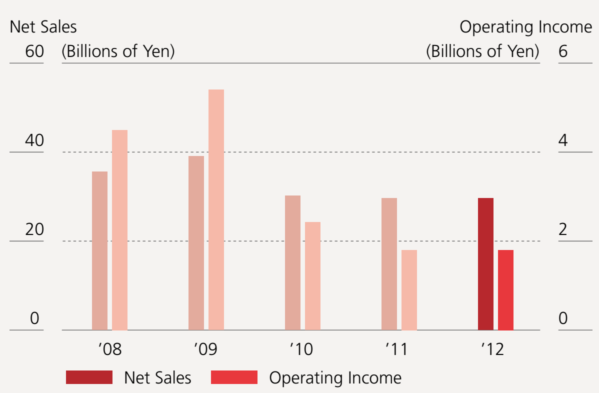
Fire Alarm Systems

The Year in Review

Net sales in the Fire Alarm Systems segment in fiscal 2012 increased ¥1 million from the previous year to ¥29,615 million, which was roughly on par with the previous year, and is accounting for 34.9% of consolidated net sales. Operating income was up ¥7 million, or 0.4%, to ¥1,798 million due to a reduction in selling, general and administrative expenses. New orders increased ¥636 million, or 2.2%, to ¥29,629 million.

During the fiscal year under review, despite a decline in revenue from product sales, an increase in revenue from installation work resulted in a slight increase in overall net sales as well as an increase in operating income for this segment.

Net Sales/Operating Income of Fire Alarm Systems



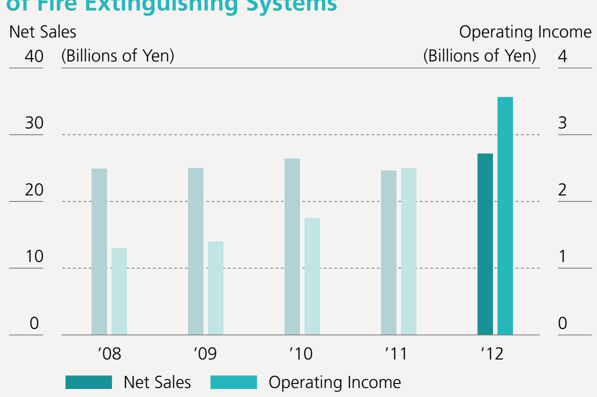
Fire Extinguishing Systems

The Year in Review

Net sales in the Fire Extinguishing Systems segment in fiscal 2012 increased ¥2,574 million, or 10.5%, from the previous year to ¥27,179 million, accounting for 32.1% of consolidated net sales. Operating income was up ¥1,078 million, or 43.4%, to ¥3,560 million. New orders decreased ¥1,024 million, or 3.6%, to ¥27,751 million.

While revenue from fire extinguishing equipment for general properties such as high-rise buildings decreased, we recorded higher sales for systems used in specialty facilities, including plants and factories, and in road tunnels. As a result, we posted an increase in both overall net sales and operating income for this segment.

Net Sales/Operating Income of Fire Extinguishing Systems



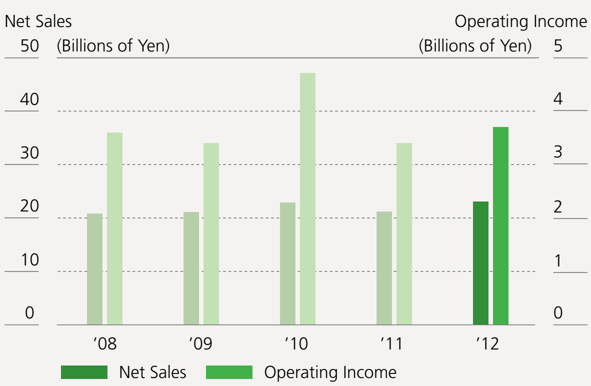
Maintenance Services

The Year in Review

Net sales in the Maintenance Services segment in fiscal 2012 were up ¥1,830 million, or 8.6%, from the previous year to ¥23,065 million, representing 27.2% of consolidated net sales. Operating income increased ¥316 million, or 9.3%, to ¥3,700 million. New orders rose ¥1,039 million, or 4.8%, to ¥22,741 million.

During the fiscal year under review, although the cost-of-sales ratio rose slightly, higher sales in both maintenance services and repair/renewal services resulted in an increase in operating income.

Net Sales/Operating Income of Maintenance Services



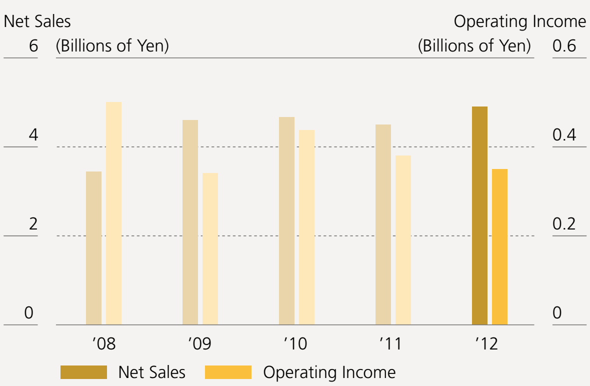
Others

The Year in Review

Net sales for this segment in fiscal 2012 increased ¥405 million, or 9.0%, from the previous year to ¥4,903 million, representing 5.8% of consolidated net sales. Operating income was down ¥24 million, or 6.4%, to ¥351 million. New orders decreased ¥272 million, or 5.9%, to ¥4,858 million.

During the fiscal year under review, although overall net sales for this segment rose, we recorded a decline in operating income due to an increase in the cost-of-sales ratio of parking lot control systems.

Net Sales/Operating Income of Others



Fundamental Policies

To ensure the transparency of management, we emphasize accountability to such key stakeholders as our shareholders and investors by disclosing information in a timely and appropriate manner. We have also set up a sound governance structure that encompasses various legal functions and systems, while undertaking compliance-based management that ensures strict Group-wide adherence to our code of conduct and internal rules.

Corporate Governance Structure

The Company has adopted the auditor system and has appointed three outside directors to the Board of Directors. The Board makes important management decisions and oversees the execution of business operations with the aims of maximizing corporate value, ensuring transparency in corporate management and enabling a quick decision-making process.

We have also appointed three outside corporate auditors to the Board of Auditors. Two standing corporate auditors attend important meetings, including those held by the Board of Directors and Board of Managing Directors, and examine all Group companies, monitor the independence of accounting auditors and receive reports and explanations from the accounting auditors. They also hold corporate auditors' meetings on a regular basis to report and discuss these results, which further reinforces the Board of Auditors' auditing functions.

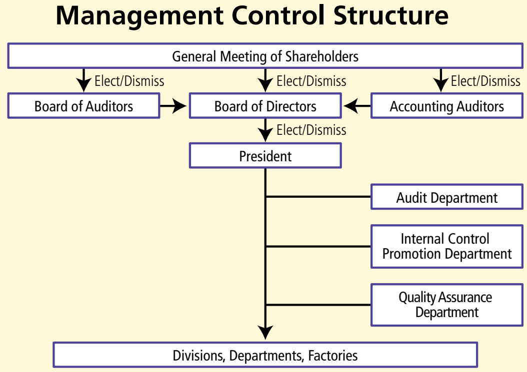
The Audit Department, which is an internal audit department comprised of two staff members and is independent from other departments, works in collaboration with the corporate auditors and accounting auditors to systematically conduct financial and operational audits of all departments, including Group companies. The Audit Department provides recommendations for improvements based on the results of these audits and requires departments to regularly report on the status of any recommended improvements. At the same time, the department reports to the president and corporate auditors to help address any problems.

Additionally, we have established the Internal Control Promotion Department comprised of four staff members as a dedicated body to address the evaluation and audit of internal controls over financial reporting based on the Financial Instruments and Exchange Act.

Concerning risk management, we have formulated Risk Management Guidelines and built a risk response organizational structure. As part of this structure, we have established the Risk Management Committee, led by the director in charge of general affairs, and the Emergency Action Headquarters, headed by the president, to make appropriate responses depending on the nature of the risk-related issues.

In this manner, we are establishing a management control structure while enhancing our corporate governance through measures that include formulating rules for management control and business execution.

Management Control Structure



Internal Control System

In accordance with the Companies Act as well as the Ordinance for Enforcement of the Companies Act, we have established the 10 structures and related matters listed below to assure that we execute our business in an appropriate manner. Under this structure, the directors and employees act in accordance with our code of conduct and other internal rules, which serve as corporate conduct criteria prescribing the appropriate behavior for each employee. We aim for greater understanding of these behavioral criteria through training and communication to employees. We also gather information from a wide range of sources, including from a legal compliance helpline, while setting up compliance structures and other necessary structures to ensure the reliability of the Group's financial reports.

Internal Control System

1. Structure for assuring that the execution of work duties by directors and employees conforms with laws and the Articles of Incorporation
2. Structure for preserving and managing information concerning the execution of work duties by directors
3. Structure for stipulations and other matters related to crisis management for exposure to losses
4. Structure for assuring that the execution of work duties by directors is performed efficiently
5. Structure for assuring the appropriateness of business operations of the Nohmi Bosai Group, composed of Nohmi Bosai Ltd. and its subsidiaries
6. Structure related to internal audits
7. Matters concerning employees who, based on requests of corporate auditors, are dispatched to assist corporate auditors with work duties
8. Matters concerning the independence of employees mentioned in (7) from directors
9. Structure for reports by directors and employees to corporate auditors
10. Structure for assuring that audits of corporate auditors are performed effectively

An Integrated Fire Protection Service

Nohmi Bosai's mission is to ensure that people have effective fire protection so they can enjoy safe and comfortable lives. To this end, we have established an integrated series of services that assume consistent responsibility for giving customers the best fire protection system for their needs.

Research and Development

Simulation experiments are performed in Nohmi Bosai's laboratories to enable the Company to develop fire alarm and extinguishing systems that provide an optimum degree of fire protection for the customer.

Risk Analysis

The first step in providing fire protection is to understand the customer's specific requirements. Nohmi Bosai conducts detailed analyses of the customer's premises to evaluate important environmental factors and potential fire hazards.

Consultation and System Design

Information obtained from simulation experiments and client consultation is important for both designing and developing customized fire protection systems.

Manufacturing and Quality Assurance

All of Nohmi Bosai's products are manufactured under a strict quality control system. Evidence of our commitment to quality is the certification of our Menuma factory under ISO 9001—an internationally recognized standard for quality systems.

Installation

After designing an appropriate fire protection system, our specialists install the new system. Nohmi Bosai's abundant experience in installing fire protection systems ensures that work proceeds quickly and smoothly.

Commissioning

The commissioning stage is vital. At project completion, our specialists conduct a thorough inspection of the newly installed fire protection system to ensure that all fire alarm and extinguishing systems are working properly. The results of this inspection are then explained to the customer.

Maintenance

Nohmi Bosai's maintenance services give customers extra safety assurance. We ensure that existing systems work properly. Also, we check the appropriateness of existing systems in the event of a change in the occupancy or installation conditions of a building.

Performance Analysis

The Nohmi Bosai Group's consolidated financial statements are prepared in accordance with generally accepted accounting principles in Japan (Japanese GAAP). An analysis of our financial condition and business results for fiscal 2012 is shown below.

With regard to the Nohmi Bosai Group's business results for the fiscal year under review, we recorded increases in both revenue and profits as a result of promoting respective key measures of the medium-term business plan. Under such conditions, the Nohmi Bosai Group's business results by segment were as follows.

Net sales in the Fire Alarm Systems segment increased ¥1 million to ¥29,615 million, which was roughly on par with the previous year. Although revenue decreased in product sales, we recorded an increase in revenue from installation work.

In the Fire Extinguishing Systems segment, net sales increased ¥2,574 million, or 10.5%, year-on-year to ¥27,179 million. Revenue decreased in fire extinguishing equipment for general properties such as high-rise buildings; however, an increase was recorded in revenue from systems used in specialty facilities, including plants and factories, and in road tunnels.

Net sales in the Maintenance Services segment were up ¥1,830 million, or 8.6%, year-on-year to ¥23,065 million due to an increase in revenue from both maintenance and repair/renewal services.

In the Others segment, which includes all other businesses, net sales were up ¥405 million, or 9.0%, year-on-year to ¥4,903 million. This was attributable to an increase in revenue from businesses including parking lot control systems.

Consequently, consolidated net sales increased ¥4,810 million, or 6.0%, from the previous year to ¥84,762 million.

The cost-of-sales ratio improved from the previous fiscal year to 71.3% as a result of efforts to reduce expenses and costs amid a harsh business environment.

Gross profit increased 7.6% to ¥24,340 million, and the gross profit margin edged up 0.4 percentage point from the previous year to 28.7%.

Although selling, general and administrative (SG&A) expenses increased ¥385 million, the SG&A expenses-to-net-sales ratio was down 0.9 percentage point from the previous fiscal year to 23.7%.

As a result of these factors, operating income increased 45.3% from the previous year to ¥4,278 million. Net income fell 4.2% year-on-year to ¥1,787 million due mainly to changes to Japanese tax regulations, and net income per share was ¥29.62.

Assets, Liabilities and Net Assets

Total assets at the end of fiscal 2012 amounted to ¥86,085 million, up ¥5,695 million, or 7.1%, from the previous fiscal year-end.

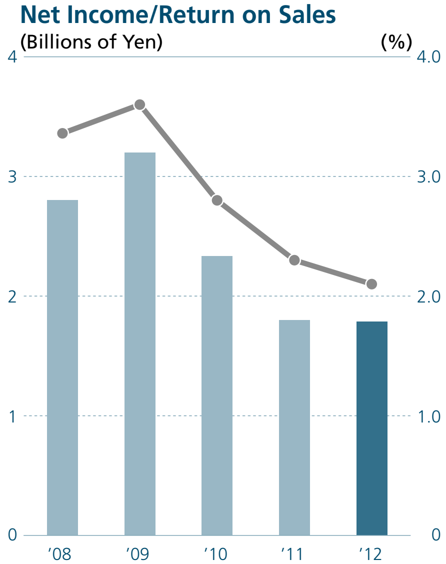
Total current assets increased ¥6,946 million, or 11.9%, from the previous fiscal year-end to ¥65,492 million.

Total current liabilities and long-term liabilities increased ¥4,763 million, or 17.7%, from the previous fiscal year-end to ¥31,755 million.

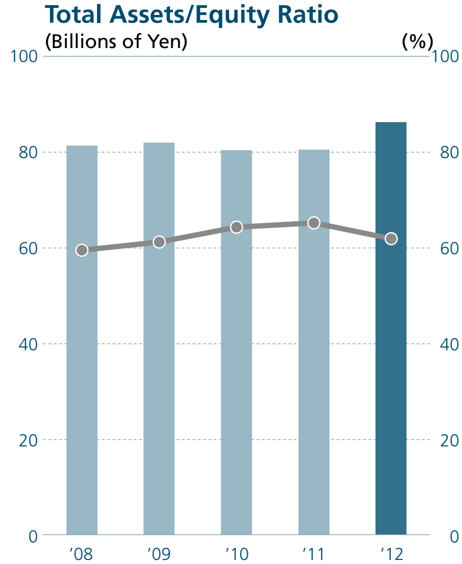
Interest-bearing debt remained roughly on par with the previous fiscal year-end at ¥407 million.

Total net assets increased ¥931 million, or 1.7%, from the end of the previous fiscal year to ¥54,330 million. The equity ratio was 61.8%, down 3.3 percentage points from 65.1% at the end of the previous fiscal year. Net assets per share rose to ¥882.03 from ¥867.15 per share at the end of fiscal 2011.

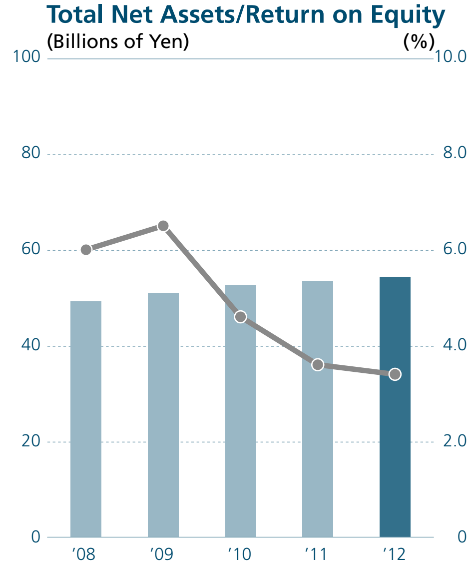
Net Income/Return on Sales



Total Assets/Equity Ratio



Total Net Assets/Return on Equity



Cash Flow

Net cash provided by operating activities amounted to ¥1,639 million compared with ¥5,618 million in the previous fiscal year, consisting mainly of an increase in receivables of ¥5,351 million, an increase in inventories of ¥1,432 million, income before income taxes and minority interests of ¥4,138 million, an increase in payables of ¥2,023 million and depreciation and amortization totaling ¥1,988 million.

Net cash used in investing activities amounted to ¥1,726 million compared with ¥4,035 million in the previous fiscal year, consisting mainly of payments for purchase of property, plant and equipment.

Net cash used in financing activities amounted to ¥939 million compared with ¥947 million in the previous fiscal year, consisting mainly of cash dividends paid.

As a result, net decrease in cash and cash equivalents amounted to ¥1,029 million, and cash and cash equivalents at end of year totaled ¥19,044 million.

Outlook for Fiscal 2013

Given the current circumstances, we expect a harsh environment for receiving new orders in the fire protection industry. The future outlook also is difficult to foresee due to the risks amid the economic downturn, including the impacts of the public debt crisis in Europe and a rise in oil prices.

In order to address these situations, the Nohmi Bosai Group will continue to undertake concerted efforts in fiscal 2013, the final year of our medium-term business plan, to promote respective key measures and further contribute to society as a leading company.

For fiscal 2013, ending March 2013, we are forecasting consolidated net sales of ¥86,000 million and net income of ¥2,500 million. Although we foresee a difficult environment for new orders, we are aiming for a ¥1,238 million increase in net sales by proactively responding to market needs and further promoting initiatives to strengthen our corporate foundation and profit structure. At the same time, the cost-of-sales ratio is expected to slightly deteriorate despite our effort to maintain the ratio at the current level. To this end, we will strive to secure profits through intensive cost-reduction measures and lowering the SG&A expenses-to-net-sales ratio. Accordingly, we plan to pay annual cash dividends per share of ¥15.00, which will include an interim cash dividend per share of ¥7.50 and a year-end cash dividend per share of ¥7.50.

Risk Information

(1) Business Environment

The Nohmi Bosai Group's businesses are closely associated with the construction industry and public works projects. Accordingly, business trends in these sectors could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

(2) Laws and Regulations

The dominant portion of the Nohmi Bosai Group's businesses is conducted in conformance with the Japanese Fire Service Law. Accordingly, significant changes in the law could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

(3) Seasonal Variation in Business Results

Business results of the Nohmi Bosai Group fluctuate significantly by season, whereby there is a tendency for sales to increase in the fourth quarter of the fiscal year.

(4) Credit Risk of Business Partners

Credit risk of business partners could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

(5) Procurement of Raw Materials

Sharp rises in prices of raw materials or supply shortages of certain raw materials could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

(6) Asset Holding Risks

The Nohmi Bosai Group holds assets such as real estate and securities. Accordingly, a significant drop in the market value of these assets could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

(7) Retirement Benefit Expenses and Liabilities

The Nohmi Bosai Group's employee retirement benefit expenses and liabilities are calculated based on expected rates of return on pension assets as well as assumptions upon making actuarial calculations that incorporate discount rates and other factors. Accordingly, a drop in market value of pension assets or significant changes in the assumptions for calculating retirement benefit expenses and liabilities could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

(8) Effects of Natural Disasters

Damage to the Nohmi Bosai Group's production and sales facilities as a result of a large-scale natural disaster, including a major earthquake, could have an adverse impact on the Nohmi Bosai Group's financial condition and business results.

Consolidated Balance Sheets

Nohmi Bosai Ltd. and Subsidiaries
As of March 31, 2011 and 2012

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2012	2012
Current Assets:			
Cash and bank deposits (Notes 4 and 12)	¥19,297	¥18,554	$ 225,745
Short-term investments (Notes 4, 5 and 12)	2,000	2,000	24,334
Trade receivables (Notes 12 and 18):			
Notes	4,609	5,231	63,645
Accounts	20,098	24,778	301,472
Unconsolidated subsidiaries and affiliates	181	214	2,604
	24,888	30,223	367,721
Less: Allowance for bad debts	(259)	(191)	(2,324)
	24,629	30,032	365,397
Inventories (Note 7)	10,515	11,941	145,286
Deferred tax assets (Note 13)	1,572	1,941	23,616
Prepaid expenses and other current assets	533	1,024	12,459
Total current assets	58,546	65,492	796,837
Property, Plant and Equipment (Notes 6 and 11):			
Buildings and structures	10,450	10,308	125,417
Machinery and equipment	2,396	2,363	28,750
Tools and furniture	6,259	6,432	78,258
	19,105	19,103	232,425
Less: Accumulated depreciation	(11,173)	(11,807)	(143,655)
	7,932	7,296	88,770
Construction in progress	54	66	803
Land	4,392	4,189	50,967
Net property, plant and equipment	12,378	11,551	140,540
Intangible Assets:			
Software	1,329	858	10,439
Goodwill	64	49	596
Other intangible assets	83	77	937
Total intangible assets	1,476	984	11,972
Investments and Other Assets:			
Investments in securities (Notes 5 and 12)	1,322	1,312	15,963
Investments in unconsolidated subsidiaries and affiliates (Note 12)	1,712	1,855	22,570
Long-term receivables	60	20	243
Long-term loans receivable (Note 12)	223	206	2,506
Prepaid pension cost (Note 9)	691	833	10,135
Deferred tax assets (Note 13)	1,875	1,694	20,611
Other assets	2,275	2,243	27,291
	8,158	8,163	99,319
Less: Allowance for bad debts	(168)	(105)	(1,278)
Total investments and other assets	7,990	8,058	98,041
Total assets	¥80,390	¥86,085	$1,047,390

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2012	2012
Current Liabilities:			
Short-term debt (Notes 8 and 12)	¥ 34	¥ 33	$ 402
Trade payables (Notes 12 and 18):			
Notes	1,832	2,110	25,672
Accounts	4,749	5,103	62,088
Unconsolidated subsidiaries and affiliates	2,182	2,810	34,189
	8,763	10,023	121,949
Non-trade accounts payable (Note 12)	4,567	5,398	65,677
Advances received on uncompleted construction contracts	2,213	2,876	34,992
Accrued bonuses to employees	2,357	2,857	34,761
Accrued warranty costs	38	41	499
Income taxes payable (Note 12)	1,090	2,192	26,670
Allowance for losses on construction contracts	380	441	5,365
Other current liabilities	1,199	1,564	19,029
Total current liabilities	20,641	25,425	309,344
Long-term Liabilities:			
Long-term debt (Note 8)	368	374	4,550
Accrued retirement benefits (Note 9)	5,328	5,276	64,193
Directors' and corporate auditors' retirement benefits	598	607	7,385
Other long-term liabilities	35	31	378
Asset retirement obligations	15	40	487
Negative goodwill	6	2	24
Total long-term liabilities	6,350	6,330	77,017
Contingent liabilities (Note 14)			
Net Assets (Note 15)			
Shareholders' Equity:			
Common stock:			
Authorized: 160,000,000 shares at March 31, 2011 and 2012			
Issued: 60,832,771 shares at March 31, 2011 and 2012	13,302	13,302	161,845
Capital surplus	12,745	12,745	155,067
Retained earnings	26,511	27,391	333,264
Less: Treasury stock, at cost			
493,026 shares and 505,157 shares at March 31, 2011 and 2012	(246)	(252)	(3,066)
Total shareholders' equity	52,312	53,186	647,110
Accumulated Other Comprehensive Income:			
Unrealized gains on securities, net of taxes	110	125	1,521
Foreign currency translation adjustments	(98)	(101)	(1,229)
Total accumulated other comprehensive income	12	24	292
Minority Interests	1,075	1,120	13,627
Total net assets	53,399	54,330	661,029
Total liabilities and net assets	¥80,390	¥86,085	$1,047,390

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Nohmi Bosai Ltd. and Subsidiaries
For the years ended March 31, 2010, 2011 and 2012

NOHMI

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2010	2011	**2012**	**2012**
Net Sales (Note 18)	¥84,150	¥79,952	**¥84,762**	**$1,031,293**
Cost of Sales (Note 18)	59,612	57,331	**60,422**	**735,150**
Gross profit	24,538	22,621	**24,340**	**296,143**
Selling, General and Administrative Expenses (Note 10)	20,200	19,677	**20,062**	**244,093**
Operating income	4,338	2,944	**4,278**	**52,050**
Other Income (Expenses):				
Interest income	52	35	**33**	**402**
Interest expense	(4)	(4)	**(4)**	**(49)**
Dividend income	26	27	**32**	**389**
Dividend on insurance policies	34	16	**13**	**158**
Insurance return	75	107	**40**	**487**
Rental revenue	71	71	**70**	**852**
Rental expense	(62)	(56)	**(56)**	**(681)**
Amortization of negative goodwill	11	11	**4**	**49**
Equity in earnings of affiliates	58	74	**112**	**1,363**
Cash discount	(6)	(60)	**(58)**	**(706)**
Foreign exchange loss	(28)	(9)	**(16)**	**(195)**
Commitment fee	(32)	(7)	**(7)**	**(85)**
Gain on sales of investments in securities	—	67	**4**	**49**
Compensation for damage	(0)	(7)	**(35)**	**(426)**
Reversal of allowance for bad debts	—	21	**—**	**—**
Loss on sales/disposals of property, plant and equipment	(89)	(54)	**(75)**	**(913)**
Gain on negative goodwill	—	—	**17**	**207**
Effect of adoption of accounting standard for asset retirement obligations	—	(34)	**—**	**—**
Loss on devaluation of investments in securities	(110)	(4)	**(25)**	**(304)**
Impairment loss on fixed assets (Note 6)	(15)	—	**(298)**	**(3,626)**
Others, net	99	185	**109**	**1,326**
	80	379	**(140)**	**(1,703)**
Income before income taxes and minority interests	4,418	3,323	**4,138**	**50,347**
Income Taxes (Note 13):				
Current	1,562	1,349	**2,453**	**29,845**
Deferred	392	2	**(201)**	**(2,445)**
	1,954	1,351	**2,252**	**27,400**
Income before minority interests	2,464	1,972	**1,886**	**22,947**
Minority Interests in Net Income of Consolidated Subsidiaries	(130)	(106)	**(99)**	**(1,205)**
Net income	¥ 2,334	¥ 1,866	**¥ 1,787**	**$ 21,742**
	Yen			U.S. Dollars (Note 1)
Per Share (Note 2):				
Net income	¥ 38.66	¥ 30.92	**¥ 29.62**	**$ 0.36**
Net assets	854.26	867.15	**882.03**	**10.73**
Cash dividends	15.00	15.00	**15.00**	**0.18**
Weighted Average Number of Shares Issued (in thousands)	60,359	60,347	**60,334**	**—**

Consolidated Statements of Comprehensive Income

Nohmi Bosai Ltd. and Subsidiaries
For the years ended March 31, 2010, 2011 and 2012

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2010	2011	**2012**	**2012**
Income before Minority Interests	¥ —	¥1,973	**¥1,886**	**$22,947**
Other Comprehensive Income (Note 16):				
Unrealized gains (losses) on securities, net of taxes	—	(69)	**12**	**146**
Foreign currency translation adjustments	—	(193)	**(5)**	**(61)**
Share of other comprehensive income of affiliates accounted for under the equity method	—	(2)	**3**	**36**
Total other comprehensive income	—	(264)	**10**	**121**
Comprehensive income (Note 16)	¥ —	¥1,709	**¥1,896**	**$23,068**
Total Comprehensive Income Attributable to (Note 16):				
Owners of the parent	¥ —	¥1,680	**¥1,800**	**$21,900**
Minority interests	—	29	**96**	**1,168**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Nohmi Bosai Ltd. and Subsidiaries
For the years ended March 31, 2010, 2011 and 2012

	Thousands	Millions of Yen									
		Shareholders' equity					Accumulated other comprehensive income				
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on securities, net of taxes	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total
Net assets at April 1, 2009	60,832	¥13,302	¥12,745	¥24,277	¥(234)	¥50,090	¥ (68)	¥ 1	¥ (67)	¥ 958	¥50,981
Net income				2,334		2,334					2,334
Cash dividends paid				(1,059)		(1,059)					(1,059)
Acquisition of treasury stock					(4)	(4)					(4)
Net changes during the year							249	16	265	116	381
Balance at March 31, 2010	60,832	¥13,302	¥12,745	¥25,552	¥(238)	¥51,361	¥181	¥ 17	¥ 198	¥1,074	¥52,633
Net income				1,866		1,866					1,866
Cash dividends paid				(907)		(907)					(907)
Acquisition of treasury stock					(8)	(8)					(8)
Net changes during the year							(71)	(115)	(186)	1	(185)
Balance at March 31, 2011	**60,832**	**¥13,302**	**¥12,745**	**¥26,511**	**¥(246)**	**¥52,312**	**¥110**	**¥ (98)**	**¥ 12**	**¥1,075**	**¥53,399**
Net income				**1,787**		**1,787**					**1,787**
Cash dividends paid				**(907)**		**(907)**					**(907)**
Acquisition of treasury stock					**(6)**	**(6)**					**(6)**
Disposal of treasury stock			**(0)**		**0**	**0**					**0**
Net changes during the year							**15**	**(3)**	**12**	**45**	**57**
Balance at March 31, 2012	**60,832**	**¥13,302**	**¥12,745**	**¥27,391**	**¥(252)**	**¥53,186**	**¥125**	**¥(101)**	**¥ 24**	**¥1,120**	**¥54,330**

	Thousands of U.S.Dollars (Note1)									
	Shareholders' equity					Accumulated other comprehensive income				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on securities, net of taxes	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total
Balance at March 31, 2011	**$161,845**	**$155,067**	**$322,557**	**$(2,993)**	**$636,476**	**$1,338**	**$(1,192)**	**$146**	**$13,079**	**$649,701**
Net income			**21,742**		**21,742**					**21,742**
Cash dividends paid			**(11,035)**		**(11,035)**					**(11,035)**
Acquisition of treasury stock				**(73)**	**(73)**					**(73)**
Disposal of treasury stock		**(0)**		**0**	**0**					**0**
Net changes during the year						**183**	**(37)**	**146**	**548**	**694**
Balance at March 31, 2012	**$161,845**	**$155,067**	**$333,264**	**$(3,066)**	**$647,110**	**$1,521**	**$(1,229)**	**$292**	**$13,627**	**$661,029**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Nohmi Bosai Ltd. and Subsidiaries
For the years ended March 31, 2010, 2011 and 2012

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2010	2011	2012	2012
Cash Flows from Operating Activities:				
Income before income taxes and minority interests	¥ 4,418	¥ 3,323	**¥ 4,138**	**$ 50,347**
Adjustments for:				
Depreciation and amortization	1,291	1,442	**1,988**	**24,188**
Impairment loss on fixed assets	15	—	**298**	**3,626**
Amortization of goodwill	—	16	**16**	**195**
Amortization of negative goodwill	(11)	(11)	**(4)**	**(49)**
Gain on negative goodwill	—	—	**(17)**	**(207)**
Increase (decrease) in allowance for bad debts	57	(57)	**(61)**	**(742)**
Decrease in accrued retirement benefits	(145)	(104)	**(52)**	**(633)**
Increase (decrease) in directors' and corporate auditors' retirement benefits	78	(73)	**9**	**110**
Increase (decrease) in accrued bonuses	(510)	(222)	**500**	**6,083**
Increase (decrease) in accrued warranty costs	(1)	(19)	**2**	**24**
Increase (decrease) in allowance for losses on construction contracts	(96)	234	**61**	**742**
Interest and dividend income	(78)	(62)	**(65)**	**(791)**
Insurance return	(75)	(107)	**(40)**	**(487)**
Interest expenses	4	4	**4**	**49**
Equity in earnings of affiliates	(58)	(74)	**(112)**	**(1,363)**
Loss on sales/disposal of property, plant and equipment	89	54	**75**	**913**
Loss on devaluation of investments in securities	110	4	**25**	**304**
Gain on sales of investments in securities	—	(67)	**(4)**	**(49)**
Decrease (increase) in receivables	696	1,036	**(5,351)**	**(65,105)**
Decrease (increase) in inventories	3,936	1,718	**(1,432)**	**(17,423)**
Increase (decrease) in payables	(1,457)	741	**2,023**	**24,614**
Increase (decrease) in advance received on uncompleted construction contracts	(1,185)	(383)	**663**	**8,067**
Others, net	391	(269)	**271**	**3,297**
Subtotal	7,469	7,124	**2,935**	**35,710**
Interest and dividend income received	81	65	**68**	**827**
Interest expenses paid	(4)	(4)	**(4)**	**(48)**
Income taxes paid	(1,893)	(1,567)	**(1,360)**	**(16,547)**
Net cash provided by operating activities	5,653	5,618	**1,639**	**19,942**
Cash Flows from Investing Activities:				
Decrease (increase) in time deposits	(173)	40	**(285)**	**(3,468)**
Payments for purchase of property, plant and equipment	(2,148)	(4,151)	**(1,294)**	**(15,744)**
Proceeds from sales of property, plant and equipment	42	7	**74**	**900**
Payments for purchase of investments in securities	(7)	(7)	**(8)**	**(97)**
Proceeds from sales of investments in securities	10	80	**21**	**256**
Payments for transfer of business	—	(100)	**—**	**—**
Payments for loans receivable	(10)	(1)	**(280)**	**(3,407)**
Proceeds from loans receivable	70	56	**47**	**572**
Proceeds from cancellation of insurance contracts	281	359	**150**	**1,825**
Others, net	(23)	(318)	**(151)**	**(1,837)**
Net cash used in investing activities	(1,958)	(4,035)	**(1,726)**	**(21,000)**
Cash Flows from Financing Activities:				
Cash dividends paid	(1,059)	(907)	**(907)**	**(11,035)**
Cash dividends paid to minority shareholders	(14)	(29)	**(23)**	**(280)**
Payments for purchase of treasury stock	(4)	(8)	**(6)**	**(73)**
Others, net	(1)	(3)	**(3)**	**(37)**
Net cash used in financing activities	(1,078)	(947)	**(939)**	**(11,425)**
Effect of exchange rate changes on cash and cash equivalents	6	(43)	**(3)**	**(37)**
Net increase (decrease) in cash and cash equivalents	2,623	593	**(1,029)**	**(12,520)**
Cash and cash equivalents at beginning of year	16,857	19,480	**20,073**	**244,227**
Cash and cash equivalents at end of year (Note 4)	¥19,480	¥20,073	**¥19,044**	**$231,707**

See accompanying notes to consolidated financial statements.

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements of Nohmi Bosai Ltd. (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income has been required from the year ended March 31, 2011 and presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheets and the consolidated statements of changes in net assets. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 16 as required under Japanese GAAP.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The Company has made necessary adjustments to its consolidated accounting process regarding overseas subsidiaries in accordance with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18 issued on May 17, 2006).

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2012, which is ¥82.19 to US$1. The convenience translation should not be construed as representation that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Scope of Consolidation and Elimination

The Company had 28 subsidiaries at March 31, 2011 and 2012. The consolidated financial statements include the accounts of the Company and 22 subsidiaries at March 31, 2011 and 2012.

The 22 subsidiaries which have been consolidated with the Company are listed as follows:

	Equity ownership percentage
Nohmi Setsubi Co., Ltd.	100.0%
Ichibou Co., Ltd.	73.2%
Kyushu Nohmi Co., Ltd.	100.0%
Chiyoda Service Co., Ltd.	70.0%
Bosai Engineering Co., Ltd.	100.0%
Nohmi System Co., Ltd.	100.0%
Iwate Nohmi Co., Ltd.	100.0%
Tohoku Bosai Plant Co., Ltd.	100.0%
Aomori Nohmi Co., Ltd.	100.0%
Osaka Nohmi Co., Ltd.	100.0%
NISSIN BOHSAI Co., Ltd.	100.0%
Chiba Nohmi Co., Ltd.	100.0%
Shikoku Nohmi Co., Ltd.	100.0%
Nohmi Techno Engineering Co., Ltd.	100.0%
Akita Nohmi Co., Ltd.	100.0%
Fukushima Nohmi Co., Ltd.	100.0%
Tohoku Nohmi Co., Ltd.	100.0%
Nohmi Plant Niigata Co., Ltd.	100.0%
Hokkaido Nohmi Co., Ltd.	100.0%
Yashima Bosai Setsubi Co., Ltd.	81.8%
Nohmi Taiwan Ltd.	58.0%
Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd.	60.0%

Kyushu Nohmi Engineering Co., Ltd. was merged with Fukuoka Nohmi Co., Ltd. and was renamed Kyushu Nohmi Co., Ltd. during the year ended March 31, 2011.

The accounts of the remaining 6 unconsolidated subsidiaries had insignificant amounts of total assets, net sales, net income and retained earnings and therefore have been excluded from consolidation.

(2) Elimination of Intercompany Accounts

For the purposes of preparing the consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Company and its consolidated subsidiaries have been eliminated, and the portion attributable to minority interests is charged/credited to "Minority interests."

The assets and liabilities of acquired consolidated subsidiaries are incorporated into the financial statements at fair value and the difference between net assets at fair value and book value of investments at acquisition dates of investments is recorded as goodwill or negative goodwill and amortized over a five-year period on a straight-line basis.

(3) Investments in Unconsolidated Subsidiaries and Affiliates

At March 31, 2011 and 2012, the Company had investments in 4 affiliates. Investments in unconsolidated subsidiaries and affiliates are generally accounted for under the equity method. Consolidated income includes the Company's current equity in the net income of affiliates after elimination of intercompany profits.

The equity method is applied to the investments in 1 affiliate out of 4 affiliates in the consolidated financial statements.

However, the remaining 6 unconsolidated subsidiaries and 3 affiliates do not have a material effect on net income nor retained earnings in the consolidated financial statements. Accordingly, the investments in these 6 unconsolidated subsidiaries and 3 affiliates are carried at cost.

(4) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits withdrawable on demand and short-term investments with an original maturity of mainly three months or less and which have minor risk of fluctuations in value.

(5) Inventories

Inventories are stated at the lower of cost or net realizable value. The cost is determined by the following methods according to inventory item:

Products and raw materials…….Weighted-average cost method

Work in progress…….Individually identified cost method

Cost of construction contracts in progress is stated at cost determined by the individually identified cost method.

(6) Financial Instruments

Securities

In accordance with Japanese GAAP, securities held by the Company and its subsidiaries are classified into four categories as follows:

Trading securities, which are held for the purpose of generating profits on short-term differences in prices, are stated at fair value, with changes in fair value included in net profit or loss for the period in which they arise.

Held-to-maturity debt securities, that the Company and its subsidiaries intend to hold to maturity, are stated at cost after accounting for premium or discount on acquisition, which is amortized over the period to maturity.

Investments in equity securities issued by unconsolidated subsidiaries and affiliates are accounted for under the equity method.

Other securities, for which market quotations are available, are stated at fair value. The differences between the book value and market prices of other securities, net of applicable income taxes, are presented in net assets as a component of accumulated other comprehensive income. If fair value is not available, other securities are stated at moving average cost.

(7) Property, Plant and Equipment

Property, plant and equipment are stated at cost.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The Company and its subsidiaries assess impairment of each group of assets, which are grouped on the basis of managerial accounting and investment decision-making purposes.

(8) Amortization

Software for internal use is amortized using the straight-line method over the expected useful lives (5 years).

Other intangible assets are amortized by the straight-line method over the expected useful lives of the respective assets.

Goodwill or negative goodwill is amortized over a five-year period on a straight-line basis.

(9) Allowance for Bad Debts

In accordance with Japanese GAAP, future credit losses on receivables are estimated by the following classification of receivables:

Receivables from debtors who are not in serious financial difficulty are called “normal receivables.” The allowance for doubtful accounts against normal receivables is estimated by applying the historical credit loss rates, on an appropriate aggregated basis, or on a disaggregated basis by category of similar receivables.

Receivables from debtors who have not gone into bankruptcy, but who are or probably would be in serious financial difficulty if they had to repay debts are called “doubtful receivables.” The allowance for doubtful accounts against these doubtful receivables is estimated by first deducting future cash inflows to be generated from foreclosure or guarantors from the recorded receivable amount, and then considering the debtor’s financial condition and operating results to determine the remaining amount.

Receivables from debtors who have either gone into bankruptcy or are substantially insolvent are called “failed receivables.” The allowance for doubtful accounts against failed receivables and other similar receivables is estimated as the recorded receivables amount less cash inflows from foreclosures or guarantors.

(10) Accrued Warranty Costs

Accrued warranty costs have been provided by the Company and its consolidated domestic subsidiaries for the cost of warranties on completed construction contracts estimated to be incurred subsequent to year-end dates. Accrued warranty costs are provided based on past experience.

(11) Allowance for Losses on Construction Contracts

Allowance for losses on construction contracts is provided at the estimated amount for future losses on construction backlog if those losses are judged to be probable at the balance sheet date and reasonable estimation of the amounts of such losses is possible.

(12) Accounting for Leases

The Company and its consolidated domestic subsidiaries account for finance leases commencing prior to April 1, 2008 which do not transfer the ownership of the leased property to the lessee as operating leases with disclosures of certain “as if capitalized” information. The Company and its consolidated domestic subsidiaries capitalized finance leases which commenced on or after April 1, 2008, except for certain immaterial or short-term finance leases, which are accounted for as operating leases.

As permitted, finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases continue to be accounted for as operating leases with disclosure of certain “as if capitalized” information.

(13) Revenue Recognition

As discussed in Note 3 (2), effective from April 1, 2009, the Company and its consolidated subsidiaries adopted a new accounting standard for recognition of revenues.

The Company and its consolidated subsidiaries apply the percentage-of-completion method to construction contracts, commencing on or after April 1, 2009, whose outcomes are deemed certain at the end of the current fiscal year, and applies the completed-contract method to other construction contracts. The percentage of costs incurred to the estimated total cost is used for estimating the percentage of completion.

(14) Income Taxes

Income taxes in Japan consist of corporation, enterprise and inhabitant taxes.

The Company and its consolidated subsidiaries recognize deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

(15) Accrued Retirement Benefits

In accordance with Japanese Accounting Standards for Accrued Retirement Benefits, accrued retirement benefits represent the estimated present value of projected benefit obligations in excess of fair value of the plan assets.

Any unrecognized actuarial differences are amortized on a straight-line basis over a period of mainly 10 years from the next year in which they arise.

As discussed in Note 3 (1), effective from April 1, 2009, the Company and its subsidiaries adopted the amended accounting standard.

(16) Directors' and Corporate Auditors' Retirement Benefits

Retirement benefits for directors and corporate auditors are provided for at an amount calculated based upon internal rules at the balance sheet date.

(17) Research and Development Expenses

Research and development expenses are charged to income as incurred.

(18) Foreign Currency Translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing on the respective balance sheet dates, and resulting exchange gains or losses are included in net income or loss for the period.

The balance sheet accounts of foreign subsidiaries are translated into Japanese yen at the rates of exchange in effect at the balance sheet date, except for shareholders' equity accounts, which are translated at the historical rates. Revenue and expense accounts of foreign subsidiaries are translated at average rates of exchange in effect during the year. Resulting translation adjustments are presented in net assets as a component of accumulated other comprehensive income in the consolidated financial statements.

(19) Net Income and Dividends per Share

Net income per share of common stock is based upon the weighted average number of shares of common stock outstanding during each year. There are no equity instruments issued that have a dilutive effect on earnings per share. Cash dividends per share shown for each period in the accompanying consolidated statements of income represent dividends declared as applicable to the respective periods.

(20) Reclassification

Certain reclassifications of previously reported data have been made to conform with current classifications.

3. Changes in Accounting Policies

(1) Accounting Standard for Retirement Benefits

Effective from April 1, 2009, the Company and its consolidated domestic subsidiaries adopted the "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19 issued on July 31, 2008). The new accounting standard requires domestic companies to use the rate of return on long-term government or gilt-edged bonds as of the end of the fiscal year for calculating the projected benefit obligation of a defined-benefit plan. Previously, companies were allowed to use a discount rate determined by taking into consideration fluctuations in the yield of long-term government or gilt-edged bonds over a certain period. This change had no impact on the consolidated financial statements.

(2) Accounting Standard for Construction Contracts

The "Accounting Standards for Construction Contracts" (ASBJ Statement No. 15 issued on December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18 issued on December 27, 2007) have been adopted for recognition of sales effective from the fiscal year ended March 31, 2010.

The Company applies the percentage-of-completion method to construction contracts, commencing on or after April 1, 2009, whose outcomes are deemed certain at the end of the current fiscal year, and applies the completed-contract method to other construction contracts. The percentage of costs incurred to the estimated total cost is used for estimating the percentage of completion.

As a result of adopting the new accounting standards, net sales increased by ¥903 million and gross profit, operating income and income before income taxes increased by ¥136 million for the year ended March 31, 2010.

(3) Accounting Standard for Asset Retirement Obligations

Effective from April 1, 2010, the Company and its consolidated subsidiaries adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 issued on March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008). This change had no material impact on the consolidated financial statements.

(4) Accounting Standard for Business Combinations

Effective from April 1, 2010, the Company and its consolidated subsidiaries adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on December 26, 2008), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 issued on December 26, 2008), the "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23 issued on December 26, 2008), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 issued on December 26, 2008), the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16 issued on December 26, 2008), and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 issued on December 26, 2008).

(5) Accounting Standard for Presentation of Comprehensive Income

Effective from April 1, 2010, the Company and its consolidated subsidiaries adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25 issued on June 30, 2010).

The comparative information for the year ended March 31, 2010 is disclosed in Note 16.

(6) New Accounting Standard for Accounting Changes and Error Corrections

The Company and its consolidated subsidiaries adopted 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) for accounting changes and corrections of prior period errors from the fiscal year beginning on April 1, 2011.

4. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following:

	Millions of Yen			Thousands of U.S. Dollars
	2010	2011	**2012**	**2012**
Cash and bank deposits	¥ 18,765	¥ 19,297	**¥ 18,554**	**$ 225,745**
Short-term investments	2,000	2,000	**2,000**	**24,334**
Total	20,765	21,297	**20,554**	**250,079**
Time deposits with deposit terms of over three months	(1,285)	(1,224)	**(1,510)**	**(18,372)**
Cash and cash equivalents	¥ 19,480	¥ 20,073	**¥ 19,044**	**$ 231,707**

Cash and bank deposits of ¥50 million ($608 thousand) are pledged as collateral for opening a bill of credit as of March 31, 2012.

5. Securities

The following tables summarize the acquisition costs and book value/fair value of securities with available fair values as of March 31, 2011 and 2012.

Available-for-sale securities

Securities with book value exceeding acquisition costs

	Millions of Yen		
	2011		
	Book value/ fair value	Acquisition cost	Difference
Equity securities	¥ 711	¥ 490	¥ 221

	Millions of Yen		
	2012		
	Book value/ fair value	Acquisition cost	Difference
Equity securities	**¥ 872**	**¥ 636**	**¥ 236**

	Thousands of U.S. Dollars		
	2012		
	Book value/ fair value	Acquisition cost	Difference
Equity securities	**$ 10,610**	**$ 7,738**	**$ 2,872**

Securities with book value not exceeding acquisition cost

	Millions of Yen		
	2011		
	Book value/ fair value	Acquisition cost	Difference
Equity securities	¥ 511	¥ 598	¥ (87)
Negotiable certificate of deposit	¥ 2,000	¥ 2,000	¥ —

	Millions of Yen		
	2012		
	Book value/ fair value	Acquisition cost	Difference
Equity securities	**¥ 342**	**¥ 421**	**¥ (79)**
Negotiable certificate of deposit	**¥ 2,000**	**¥ 2,000**	**¥ —**

	Thousands of U.S. Dollars		
	2012		
	Book value/ fair value	Acquisition cost	Difference
Equity securities	**$ 4,161**	**$ 5,122**	**$ (961)**
Negotiable certificate of deposit	**$ 24,334**	**$ 24,334**	**$ —**

The following tables summarize book value of securities with no available fair market values as of March 31, 2011 and 2012.

Available-for-sale securities

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Non-listed equity securities	¥ 100	**¥ 98**	**$ 1,192**

6. Impairment Loss on Fixed Assets

The Company has recognized an impairment loss of ¥15 million for the following group of assets as of March 31, 2010:

Use	Location	Category
Business properties	International division (Chiyoda Ward, Tokyo Metropolis)	Tools and furniture

The Company recognized an impairment loss amounting to ¥15 million on business assets due to low profitability caused by fierce competition outside of Japan. The recoverable amount is measured by the net realizable value and calculated based on the disposable value.

The Company and its consolidated subsidiaries have recognized impairment losses of ¥298 million ($3,626 thousand) for the following groups of assets as of March 31, 2012:

Use	Location	Category
Business properties	Branch office (Chiba and Shizuoka Prefectures) and International division (Chiyoda Ward, Tokyo Metropolis)	Land, buildings, structures and others
Idle properties	Agatsuma-gun, Gunma Prefecture	Buildings, structures and others

The Company and its consolidated subsidiaries recognized impairment losses amounting to ¥280 million ($3,407 thousand) on the business properties due to low profitability caused by fierce competition inside and outside of Japan. The breakdown of impairment losses on the business properties is land of ¥177 million ($2,154 thousand), buildings and structures of ¥70 million ($852 thousand) and others of ¥33 million ($401 thousand). The recoverable amount is measured by the net realizable value based on public land assessments or valuations for property tax.

The Company and its consolidated subsidiaries recognized an impairment loss amounting to ¥18 million ($219 thousand) on the idle properties since they are not expected to be utilized. The breakdown of impairment losses on the idle properties is for buildings, structures and others of ¥18 million ($219 thousand). The recoverable amount is measured by the net realizable value based on public land assessments or valuations for property tax.

7. Inventories

Inventories consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Products	¥ 2,550	**¥ 2,606**	**$ 31,707**
Raw materials	3,497	**3,463**	**42,134**
Work in progress	1,037	**668**	**8,128**
Cost of construction contracts in progress	3,431	**5,204**	**63,317**
	¥ 10,515	**¥ 11,941**	**$ 145,286**

8. Short-term Debt and Long-term Debt

Short-term debt at March 31, 2012 bore interest at annual rates ranging from 1.475% to 2.820% and was represented generally by bank overdrafts and short-term notes maturing at various dates within one year.

It is the normal business custom in Japan for short-term borrowings to be rolled over each year.

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Guarantee deposits received	¥ 368	**¥ 374**	**$ 4,550**
Total long-term debt	¥ 368	**¥ 374**	**$ 4,550**

The average interest rate of 0.53% as of March 31, 2012 represents the weighted-average rate applicable to the year-end balance.

Since there are no annual maturities of guarantee deposits received, the annual maturities and the aggregate annual maturities are not presented.

9. Accrued Retirement Benefits and Pension Plan

The composition of amounts recognized in the consolidated balance sheets at March 31, 2011 and 2012 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Benefit obligations at end of year	¥ (11,318)	**¥ (11,472)**	**$ (139,579)**
Fair value of plan assets at end of year	5,750	**6,189**	**75,301**
Funded status	(5,568)	**(5,283)**	**(64,278)**
Unrecognized actuarial losses	931	**840**	**10,220**
Net amount recognized	(4,637)	**(4,443)**	**(54,058)**
Prepaid pension costs	691	**833**	**10,135**
Accrued retirement benefits	¥ (5,328)	**¥ (5,276)**	**$ (64,193)**

The components of net pension and employees' severance costs for the years ended March 31, 2010, 2011 and 2012 were as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2010	2011	**2012**	**2012**
Service costs	¥ 540	¥ 629	**¥ 638**	**$ 7,763**
Interest expenses	251	256	**262**	**3,187**
Expected return on plan assets	(102)	(124)	**(134)**	**(1,630)**
Recognized actuarial loss	222	185	**170**	**2,068**
Extra severance costs	10	7	**9**	**110**
Net periodic benefit costs	¥ 921	¥ 953	**¥ 945**	**$ 11,498**

Assumptions used as of March 31, 2010, 2011 and 2012 were as follows:

	2010	2011	**2012**
Discount rate	Mainly 2.5%	Mainly 2.5%	**Mainly 2.5%**
Expected rate of return on plan assets	Mainly 2.5%	Mainly 2.5%	**Mainly 2.5%**
Method of attributing the projected benefits to periods of services	Straight-line basis	Straight-line basis	**Straight-line basis**
Amortization of unrecognized prior service cost	10 years	10 years	**10 years**
Amortization of unrecognized actuarial differences	Mainly 10 years	Mainly 10 years	**Mainly 10 years**

10. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2010, 2011 and 2012 were ¥1,673 million, ¥1,592 million and ¥1,651 million ($20,088 thousand), respectively.

11. Accounting for Leases

The Company and its consolidated subsidiaries have various lease agreements whereby the Company and its consolidated subsidiaries act as both lessee and lessor. The Company and its consolidated subsidiaries' finance lease contracts are not deemed to transfer the ownership of the leased assets. As permitted, finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases continue to be accounted for as operating leases with disclosure of certain "as if capitalized" information. Certain key information on such lease contracts of the Company and its consolidated subsidiaries for the years ended March 31, 2011 and 2012 was as follows:

As lessee:

Assumed data as to acquisition cost, accumulated depreciation, net book value and depreciation expense of the leased assets, including the portion of interest thereon, were summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Tools and furniture	¥ 14	**¥ 14**	**$ 170**
	14	**14**	**170**
Less: Accumulated depreciation	(10)	**(13)**	**(158)**
Net book value	¥ 4	**¥ 1**	**$ 12**
Depreciation	¥ 6	**¥ 3**	**$ 37**

Depreciation is based on the straight-line method over the lease term of the leased assets assuming no residual value.

The scheduled maturities of future minimum lease payments on such lease contracts as of March 31, 2011 and 2012 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Due within one year	¥ 3	**¥ 1**	**$ 12**
Due over one year	1	**—**	**—**
	¥ 4	**¥ 1**	**$ 12**
Minimum lease payments expensed for the year	¥ 6	**¥ 3**	**$ 37**

As lessor:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Leased tools and furniture:			
Purchase cost	¥ 22	**¥ 20**	**$ 243**
Accumulated depreciation	(16)	**(15)**	**(183)**
Net book value	¥ 6	**¥ 5**	**$ 60**

The scheduled maturities of future minimum lease payments to be received on such lease contracts as of March 31, 2011 and 2012 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Due within one year	¥ 12	**¥ 9**	**$ 110**
Due over one year	17	**8**	**97**
	¥ 29	**¥ 17**	**$ 207**
Revenue on minimum lease payments to be received for the year	¥ 15	**¥ 12**	**$ 146**
Depreciation for the year	¥ 1	**¥ 1**	**$ 12**

12. Financial Instruments

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Company and its consolidated subsidiaries applied the revised accounting standard and the new guidance effective in the year ended March 31, 2010.

(a) Policy Related to Financial Instruments

The necessary funds of the Company and its subsidiaries are covered primarily by retained earnings. Cash surplus is invested in low-risk financial instruments. There are no derivative transactions.

(b) Nature, Extent of Risks Arising from and Risk Management for Financial Instruments

Receivables such as trade notes and accounts receivables and long-term loans receivable to customers are exposed to customers' credit risk. With respect to receivables, in order to control customers' credit risk, the balance of receivables and payment date of each customer are monitored. Regarding securities, the Company and its consolidated subsidiaries invest in negotiable certificates of deposit with counterparties that have high credit ratings. In addition, investments in securities comprise equities of customer-related business or capital tie-ups, and are exposed to the issuer's credit risk and market price fluctuation risk. However, investments in securities are managed by monitoring market values and the financial position of issuers on a regular basis.

The due date of accounts payable such as trade notes and trade accounts is within one year. Short-term debt comprises amounts borrowed from banks by affiliates. Current liabilities such as payables are exposed to the risk of debt default at the payment due date. However, the Company and its consolidated subsidiaries manage such risk via adequate financial planning conducted by respective business administration departments.

(c) Fair Values of Financial Instruments

Fair values of financial instruments are based on the quoted price in active markets. If the quoted price is not available, other rational valuation techniques are used instead. The results of valuation may differ based on the assumptions applied because the rational valuation techniques include variable factors.

Fair value of financial instruments:

	Millions of Yen		
	2011		
	Carrying amount	Fair value	Unrecognized gain (loss)
Cash and bank deposits	¥ 19,297	¥ 19,297	¥ —
Trade receivables	24,888	24,888	—
Short-term investments and investments in securities	3,221	3,221	—
Long-term loans receivable	223	223	0
Total	¥ 47,629	¥ 47,630	¥ 0
Trade payables	¥ 8,763	¥ 8,763	¥ —
Short-term debt	34	34	—
Non-trade accounts payable	4,567	4,567	—
Income taxes payable	1,090	1,090	—
Total	¥ 14,454	¥ 14,454	¥ —
Derivatives	¥ —	¥ —	¥ —

	Millions of Yen		
	2012		
	Carrying amount	Fair value	Unrecognized gain (loss)
Cash and bank deposits	**¥ 18,554**	**¥ 18,554**	**¥ —**
Trade receivables	**30,223**	**30,223**	**—**
Short-term investments and investments in securities	**3,215**	**3,215**	**—**
Long-term loans receivable	**206**	**207**	**1**
Total	**¥ 52,198**	**¥ 52,199**	**¥ 1**
Trade payables	**¥ 10,023**	**¥ 10,023**	**¥ —**
Short-term debt	**33**	**33**	**—**
Non-trade accounts payable	**5,398**	**5,398**	**—**
Income taxes payable	**2,192**	**2,192**	**—**
Total	**¥ 17,646**	**¥ 17,646**	**¥ —**
Derivatives	**¥ —**	**¥ —**	**¥ —**

	Thousands of U.S. Dollars		
	2012		
	Carrying amount	Fair value	Unrecognized gain (loss)
Cash and bank deposits	**$225,745**	**$225,745**	**$ —**
Trade receivables	**367,721**	**367,721**	**—**
Short-term investments and investments in securities	**39,117**	**39,117**	**—**
Long-term loans receivable	**2,506**	**2,519**	**13**
Total	**$635,089**	**$635,102**	**$ 13**
Trade payables	**$121,949**	**$121,949**	**$ —**
Short-term debt	**402**	**402**	**—**
Non-trade accounts payable	**65,677**	**65,677**	**—**
Income taxes payable	**26,670**	**26,670**	**—**
Total	**$214,698**	**$214,698**	**$ —**
Derivatives	**$ —**	**$ —**	**$ —**

(Note 1) Calculation methods of fair value of financial instruments and matters concerning derivative transactions:

Cash and bank deposits and trade receivables

The carrying values of cash and bank deposits and trade receivables approximate fair value because of their short maturities.

Short-term investments and investments in securities

The fair value of short-term investments and investments in securities are measured at the quoted market price on the stock exchange. The carrying values of negotiable certificates of deposit approximate fair value. The information of the fair value for the short-term investments and investments in securities by classification is included in Note 5.

Long-term loans receivable

The fair value of long-term loans receivable is determined by discounting the amount of the total principal and interest at the interest rate assumed when new, similar loans are made. However, because long-term loans receivable with floating rates are contingent upon the interest rate being reviewed within set periods, the carrying values of such long-term loans receivable with floating rates approximate fair value.

Trade payables, short-term debt, non-trade accounts payable and income taxes payable

The carrying values of these liabilities approximate fair value because of their short maturities.

Derivatives

There are no derivative transactions.

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

The carrying amount of investments in unconsolidated subsidiaries and affiliates, and other cost method investments that do not have a quoted market price in an active market as of March 31, 2011 and 2012 were ¥1,813 million and ¥1,953 million ($23,762 thousand), respectively. These investments do not have any market values and a reasonable estimation of fair value is not readily determinable. Therefore, they are excluded from investments in securities and in the fair value of the above financial instruments.

(Note 3) Maturity analysis for financial assets and securities with contractual maturities as of March 31, 2012:

	Millions of Yen			
	2012			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and bank deposits	**¥ 18,554**	**¥ —**	**¥ —**	**¥ —**
Trade receivables	**30,223**	**—**	**—**	**—**
Short-term investments and investments in securities				
Available-for-sale securities with contractual maturities (negotiable certificate of deposit)	**2,000**	**—**	**—**	**—**
Long-term loans receivable	**—**	**169**	**34**	**3**
Total	**¥ 50,777**	**¥ 169**	**¥ 34**	**¥ 3**

	Thousands of U.S. Dollars			
	2012			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and bank deposits	**$225,745**	**$ —**	**$ —**	**$ —**
Trade receivables	**367,721**	**—**	**—**	**—**
Short-term investments and investments in securities				
Available-for-sale securities with contractual maturities (negotiable certificate of deposit)	**24,334**	**—**	**—**	**—**
Long-term loans receivable	**—**	**2,056**	**414**	**36**
Total	**$617,800**	**$ 2,056**	**$ 414**	**$ 36**

13. Income Taxes

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

	Millions of Yen		Thousands of U.S. Dollars
	2011	**2012**	**2012**
Deferred tax assets:			
Accrued retirement benefits	¥ 2,155	**¥ 1,862**	**$ 22,655**
Accrued bonuses	957	**1,078**	**13,116**
Directors' and corporate auditors' retirement allowance	244	**216**	**2,628**
Loss on write-off of fixed assets	237	**216**	**2,628**
Accrued legal welfare expenses	121	**128**	**1,557**
Accrued enterprise taxes	107	**172**	**2,093**
Allowance for bad debts	90	**64**	**779**
Impairment loss on fixed assets	78	**157**	**1,910**
Devaluation of inventories	96	**158**	**1,922**
Other	337	**599**	**7,288**
Subtotal	4,422	**4,650**	**56,576**
Valuation allowance	(603)	**(625)**	**(7,604)**
Total	¥ 3,819	**¥ 4,025**	**$ 48,972**
Deferred tax liabilities:			
Prepaid pension cost	¥ (282)	**¥ (296)**	**$ (3,601)**
Special depreciation of acquired assets	(68)	**(59)**	**(718)**
Unrealized gains on securities	(22)	**(35)**	**(426)**
Total	¥ (372)	**¥ (390)**	**$ (4,745)**
Net deferred tax assets	¥ 3,447	**¥ 3,635**	**$ 44,227**

Income taxes applicable to the Company and its consolidated domestic subsidiaries consist of corporation, inhabitants' and enterprise taxes. The statutory income tax rate is approximately 40.7% for the years ended March 31, 2010, 2011 and 2012.

A reconciliation of the statutory tax rate and the effective tax rate as a percentage of income before income taxes for the years ended March 31, 2010 and 2012 was as follows:

	2010	2012
Statutory tax rate	40.7%	**40.7%**
Adjustments:		
Entertainment expenses and other non-deductible expenses	3.2	**4.3**
Per capita levy of local resident income taxes	1.8	**2.0**
Tax rate difference applied for foreign consolidated subsidiaries	(1.3)	**(1.0)**
Equity in earnings of affiliates	(0.5)	**(1.1)**
Tax credit for R&D expenses	(2.9)	**(2.4)**
Prior year income taxes	1.4	**—**
Reduction of net deferred tax assets due to changes in income tax rates	—	**9.6**
Valuation allowance	2.1	**2.6**
Other factors	(0.3)	**(0.3)**
Effective tax rate	44.2%	**54.4%**

Since the difference between the statutory tax rate and effective tax rate for the fiscal year ended March 31, 2011 is less than 5% of the effective tax rate, a reconciliation of these two rates is not presented.

On December 2, 2011, amendments to the Japanese tax regulations were enacted into law. As a result of these amendments, the statutory income tax rate will be reduced to 37.9% for years beginning on or after April 1, 2012 and 35.5% for years beginning on or after April 1, 2015. Based on the amendments, the statutory tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2012 to March 31, 2015 and on or after April 1, 2015 are 37.9% and 35.5%, respectively.

As a result, deferred tax assets, net of deferred tax liabilities, decreased by ¥390 million ($4,745 thousand), and income taxes—deferred and unrealized gains on securities, net of taxes increased by ¥395 million ($4,806 thousand) and ¥5 million ($61 thousand), respectively.

14. Contingent Liabilities

The Company and its consolidated subsidiaries were contingently liable for trade notes endorsed for payment to third parties in the ordinary course of business in the amount of ¥32 million and ¥61 million ($742 thousand) and performance guarantees made for unconsolidated subsidiaries of ¥34 million and ¥10 million ($122 thousand) at March 31, 2011 and 2012, respectively.

15. Net Assets

Net assets comprise three subsections, which are shareholders' equity, accumulated other comprehensive income and minority interests.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital which is included in capital surplus.

In cases where dividend distribution of surplus is made, the lesser of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal reserve must be set aside as additional paid-in capital or legal reserve. Legal reserve is included in retained earnings in the accompanying consolidated balance sheets.

Both appropriations of legal reserve and additional paid-in capital used to eliminate or reduce a deficit generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal reserve may not be distributed as dividends. All additional paid-in capital and legal reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 26, 2012, the distribution of cash dividends amounting to ¥453 million ($5,512 thousand) was approved. Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2012 since they are recognized in the period in which they are resolved at the annual shareholders' meeting.

a) Dividends paid during the year ended March 31, 2012

The following was approved by the annual shareholders' meeting held on June 24, 2011.

(a) Total dividends .... ¥453 million ($5,512 thousand)
(b) Cash dividends per common share ¥7.50 ($0.09)
(c) Record date .... March 31, 2011
(d) Effective date .... June 27, 2011

The following was approved by the Board of Directors held on November 4, 2011.

(a) Total dividends .... ¥453 million ($5,512 thousand)
(b) Cash dividends per common share ¥7.50 ($0.09)
(c) Record date .... September 30, 2011
(d) Effective date .... December 6, 2011

b) Dividends to be paid after March 31, 2012 but the record date for the payment belongs to the year ended March 31, 2012

The following was approved by the annual shareholders' meeting held on June 26, 2012.

(a) Total dividends .... ¥453 million ($5,512 thousand)
(b) Cash dividends per common share ¥7.50 ($0.09)
(c) Record date .... March 31, 2012
(d) Effective date .... June 27, 2012

16. Comprehensive Income

For the year ended March 31, 2010

Total comprehensive income for the year ended March 31, 2010 comprises the following:

	Millions of Yen
	2010
Total comprehensive income attributable to:	
Owners of the parent	¥ 2,599
Minority interests	141
Total comprehensive income	¥ 2,740

Other comprehensive income for the year ended March 31, 2010 consists of the following:

	Millions of Yen
	2010
Other comprehensive income:	
Unrealized gains on securities, net of taxes	¥ 248
Foreign currency translation adjustments	27
Share of other comprehensive income of affiliates accounted for under the equity method	1
Total other comprehensive income	¥ 276

For the year ended March 31, 2012

The amount of reclassification adjustments and tax effect relating to other comprehensive income as of March 31, 2012 comprises the following:

	Millions of Yen	Thousands of U.S. Dollars
	2012	**2012**
Unrealized gains on securities, net of taxes:		
Increase (decrease) during the year	**¥ (1)**	**$ (12)**
Reclassification adjustments	**25**	**304**
Amount before tax effect adjustment	**24**	**292**
Tax effect	**(12)**	**(146)**
Unrealized gains on securities, net of taxes	**12**	**146**
Foreign currency translation adjustments:		
Increase (decrease) during the year	**(5)**	**(61)**
Reclassification adjustments	**—**	**—**
Amount before tax effect adjustment	**(5)**	**(61)**
Tax effect	**—**	**—**
Foreign currency translation adjustments	**(5)**	**(61)**
Share of other comprehensive income of affiliates accounted for under the equity method:		
Increase (decrease) during the year	**3**	**36**
Total other comprehensive income	**¥ 10**	**$ 121**

17. Segment Information

For the year ended March 31, 2010

The Company and its consolidated subsidiaries operate principally in the following four industrial segments:

Fire alarm systems .... fire alarms and bells; heat, smoke and gas detectors

Fire extinguishing systems .... sprinklers and fire extinguishers

Maintenance services .... maintenance and inspection services

Others .... construction and maintenance of parking spaces and sales of security equipment

	Millions of Yen						
	2010						
	Fire alarm systems	Fire extinguishing systems	Maintenance services	Others	Total	Corporate and elimination (Note 1)	Consolidated
Net sales:							
Outside customers	¥ 30,171	¥ 26,401	¥ 22,911	¥ 4,667	¥ 84,150	¥ —	¥ 84,150
Inter-segment	65	62	1	196	324	(324)	—
Total	30,236	26,463	22,912	4,863	84,474	(324)	84,150
Operating expenses	27,813	24,711	18,195	4,426	75,145	4,667	79,812
Operating income	¥ 2,423	¥ 1,752	¥ 4,717	¥ 437	¥ 9,329	¥ (4,991)	¥ 4,338
Assets	¥ 29,959	¥ 18,433	¥ 9,014	¥ 3,699	¥ 61,105	¥ 19,161	¥ 80,266
Depreciation	¥ 639	¥ 156	¥ 109	¥ 58	¥ 962	¥ 329	¥ 1,291
Capital expenditure	¥ 1,250	¥ 245	¥ 198	¥ 125	¥ 1,818	¥ 414	¥ 2,232

Note 1: Corporate assets included in the Corporate and elimination line item were ¥19,161 million, consisting mainly of financial assets of the Company (cash and time deposits, short-term investments in securities and investments in securities), and assets related to administrative operations.

Note 2: As discussed in Note 3 (2), effective from April 1, 2009, the Company and its consolidated subsidiaries adopted a new accounting standard for recognition of revenues. As a result of adopting the new accounting standards, net sales increased ¥903 million and operating income increased ¥136 million in the Fire Extinguishing Systems segment.

Geographical segments

As net sales and total assets of the overseas operations constituted less than 10% of the consolidated totals for the year ended March 31, 2010, the disclosure of geographical segment information has been omitted.

Overseas sales

As overseas sales constituted less than 10% of the consolidated net sales for the year ended March 31, 2010, the disclosure of overseas sales information has been omitted.

For the years ended March 31, 2011 and 2012

(Supplemental information)

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

(a) Summary of reportable segments

The reportable segments of the Company are segments, based on the Company's components, for which separate financial information is available and regularly reviewed by the Board of Directors for the decision of resource allocation and performance evaluation.

The Company and its consolidated subsidiaries mainly offer fire prevention business and have three reportable segments: "Fire Alarm Systems," "Fire Extinguishing Systems" and "Maintenance Services."

"Fire Alarm Systems" produces, sells and installs automatic fire alarm systems, environmental monitoring systems, hinged fire doors, smoke control systems and others.

"Fire Extinguishing Systems" produces, sells and installs a variety of sprinkler systems, foam systems and fire protection equipment for industrial plants, road tunnels and others.

"Maintenance Services" provides maintenance services and inspection services for a wide range of fire protection systems.

(b) Method of measurement for the amount of net sales, income, assets, liabilities and other items for each reportable segment

Accounting policies of each reportable segment are basically consistent with those described in Note 2 "Summary of Significant Accounting Policies." Inter-segment sales and transfers are determined by the current market price.

(c) Information about net sales, income, assets, liabilities and other items of reportable segments

	Millions of Yen							
	2011							
	Reportable segments							
	Fire alarm systems	Fire extinguishing systems	Maintenance services	Subtotal	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:								
Outside customers	¥ 29,614	¥ 24,605	¥ 21,235	¥ 75,454	¥ 4,498	¥ 79,952	¥ —	¥ 79,952
Inter-segment	82	134	1	217	185	402	(402)	—
Total	29,696	24,739	21,236	75,671	4,683	80,354	(402)	79,952
Segment income	¥ 1,791	¥ 2,482	¥ 3,384	¥ 7,657	¥ 375	¥ 8,032	¥ (5,088)	¥ 2,944
Segment assets	¥ 28,708	¥ 16,245	¥ 10,354	¥ 55,307	¥ 3,082	¥ 58,389	¥ 22,001	¥ 80,390
Other:								
Depreciation	¥ 621	¥153	¥ 108	¥ 882	¥ 68	¥ 950	¥ 492	¥ 1,442
Amortization of goodwill	¥ —	¥ —	¥ 16	¥ 16	¥ —	¥ 16	¥ —	¥ 16
Affiliates accounted for under the equity method	¥ —	¥ 1,397	¥ —	¥ 1,397	¥ —	¥ 1,397	¥ —	¥ 1,397
Increase in property, plant and equipment and intangible assets	¥ 924	¥ 217	¥ 201	¥ 1,342	¥ 125	¥ 1,467	¥ 2,557	¥ 4,024

Note 1: "Others" represents businesses such as car parking control systems, which are not included in the above reportable segments.

Note 2: (1) ¥(5,088) million included in "Adjustments" for "Segment income" is for total corporate expenses. Corporate expenses are mainly general and administrative expenses and research and development expenses, which cannot be allocated to each reportable segment.

(2) ¥22,001 million included in "Adjustments" for "Segment assets" is for corporate assets. Corporate assets mainly consist of surplus operating funds such as cash, bank deposits, securities, long-term investment funds such as investments in securities, and assets for administrative and R&D departments, which cannot be allocated to each reportable segment.

(3) ¥492 million included in "Adjustments" for "Depreciation" is depreciation for corporate assets.

(4) ¥2,557 million included in "Adjustments" for "Increase in property, plant and equipment and intangible assets" is the increase in corporate assets.

Note 3: Segment income is adjusted to operating income disclosed in the accompanying consolidated statements of income.

Millions of Yen — 2012

	Reportable segments: Fire alarm systems	Reportable segments: Fire extinguishing systems	Reportable segments: Maintenance services	Reportable segments: Subtotal	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:								
Outside customers	¥ 29,615	¥ 27,179	¥ 23,065	¥ 79,859	¥ 4,903	¥ 84,762	¥ —	¥ 84,762
Inter-segment	75	162	1	238	196	434	(434)	—
Total	29,690	27,341	23,066	80,097	5,099	85,196	(434)	84,762
Segment income	¥ 1,798	¥ 3,560	¥ 3,700	¥ 9,058	¥ 351	¥ 9,409	¥ (5,131)	¥ 4,278
Segment assets	¥ 27,612	¥ 22,104	¥ 11,456	¥ 61,172	¥ 3,282	¥ 64,454	¥ 21,631	¥ 86,085
Other:								
Depreciation	¥ 1,102	¥ 164	¥ 119	¥ 1,385	¥ 88	¥ 1,473	¥ 515	¥ 1,988
Amortization of goodwill	¥ —	¥ —	¥ 16	¥ 16	¥ —	¥ 16	¥ —	¥ 16
Impairment loss	¥ 154	¥ 10	¥ 116	¥ 280	¥ —	¥ 280	¥ 18	¥ 298
Affiliates accounted for under the equity method	¥ —	¥ 1,510	¥ —	¥ 1,510	¥ —	¥ 1,510	¥ —	¥ 1,510
Increase in property, plant and equipment and intangible assets	¥ 404	¥ 179	¥ 138	¥ 721	¥ 89	¥ 810	¥ 267	¥ 1,077

Thousands of U.S. Dollars — 2012

	Reportable segments: Fire alarm systems	Reportable segments: Fire extinguishing systems	Reportable segments: Maintenance services	Reportable segments: Subtotal	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Net sales:								
Outside customers	$ 360,324	$ 330,685	$ 280,630	$ 971,639	$ 59,654	$ 1,031,293	$ —	$ 1,031,293
Inter-segment	912	1,971	13	2,896	2,384	5,280	(5,280)	—
Total	361,236	332,656	280,643	974,535	62,038	1,036,573	(5,280)	1,031,293
Segment income	$ 21,876	$ 43,314	$ 45,018	$ 110,208	$ 4,270	$ 114,478	$ (62,428)	$ 52,050
Segment assets	$ 335,953	$ 268,938	$ 139,384	$ 744,275	$ 39,932	$ 784,207	$ 263,183	$ 1,047,390
Other:								
Depreciation	$ 13,408	$ 1,995	$ 1,448	$ 16,851	$ 1,071	$ 17,922	$ 6,266	$ 24,188
Amortization of goodwill	$ —	$ —	$ 195	$ 195	$ —	$ 195	$ —	$ 195
Impairment loss	$ 1,874	$ 122	$ 1,411	$ 3,407	$ —	$ 3,407	$ 219	$ 3,626
Affiliates accounted for under the equity method	$ —	$ 18,372	$ —	$ 18,372	$ —	$ 18,372	$ —	$ 18,372
Increase in property, plant and equipment and intangible assets	$ 4,915	$ 2,178	$ 1,679	$ 8,772	$ 1,083	$ 9,855	$ 3,249	$ 13,104

Note 1: "Others" represents businesses such as car parking control systems, which are not included in the above reportable segments.

Note 2: (1) ¥(5,131) million ($(62,428) thousand) included in "Adjustments" for "Segment income" is for total corporate expenses. Corporate expenses are mainly general and administrative expenses and research and development expenses, which cannot be allocated to each reportable segment.

(2) ¥21,631 million ($263,183 thousand) included in "Adjustments" for "Segment assets" is for corporate assets. Corporate assets mainly consist of surplus operating funds such as cash, bank deposits, securities, long-term investment funds such as investments in securities, and assets for administrative and R&D departments, which cannot be allocated to each reportable segment.

(3) ¥515 million ($6,266 thousand) included in "Adjustments" for "Depreciation" is depreciation for corporate assets.

(4) ¥18 million ($219 thousand) included in "Adjustments" for "Impairment loss" is impairment loss for corporate assets.

(5) ¥267 million ($3,249 thousand) included in "Adjustments" for "Increase in property, plant and equipment and intangible assets" is an increase in corporate assets.

Note 3: Segment income is adjusted to operating income disclosed in the accompanying consolidated statements of income.

(Related information)

(1) Information about products and services

Information about products and services has been omitted since the classification by products and services is the same as the reportable segments.

(2) Information about geographical areas

(a) Sales

Information about sales by geographical areas has been omitted since sales to outside customers in Japan constituted more than 90% of net sales on the consolidated statements of income.

(b) Property, plant and equipment

Information about property, plant and equipment has been omitted since property, plant and equipment in Japan constituted more than 90% of property, plant and equipment on the consolidated balance sheets.

(3) Information about major customers

Information about major customers has been omitted since there are no outside customers who constituted more than 10% of net sales on the consolidated statements of income.

(4) Information about impairment loss on property, plant and equipment by reportable segment

Not applicable for the year ended March 31, 2011. Information for the year ended March 31, 2012 has been omitted since the equivalent segment information has been disclosed above.

(5) Information about amortization and unamortized balances of goodwill by reportable segment

	Millions of Yen							
	2011							
	Reportable segments							
	Fire alarm systems	Fire extinguishing systems	Maintenance services	Subtotal	Others	Total	Adjustments	Consolidated
Amortization during the year	¥ —	¥ —	¥ 16	¥ 16	¥ —	¥ 16	¥ —	¥ 16
Unamortized balance	¥ —	¥ —	¥ 65	¥ 65	¥ —	¥ 65	¥ —	¥ 65

	Millions of Yen							
	2012							
	Reportable segments							
	Fire alarm systems	Fire extinguishing systems	Maintenance services	Subtotal	Others	Total	Adjustments	Consolidated
Amortization during the year	**¥ —**	**¥ —**	**¥ 16**	**¥ 16**	**¥ —**	**¥ 16**	**¥ —**	**¥ 16**
Unamortized balance	**¥ —**	**¥ —**	**¥ 49**	**¥ 49**	**¥ —**	**¥ 49**	**¥ —**	**¥ 49**

	Thousands of U.S. Dollars							
	2012							
	Reportable segments							
	Fire alarm systems	Fire extinguishing systems	Maintenance services	Subtotal	Others	Total	Adjustments	Consolidated
Amortization during the year	**$ —**	**$ —**	**$ 195**	**$ 195**	**$ —**	**$ 195**	**$ —**	**$ 195**
Unamortized balance	**$ —**	**$ —**	**$ 596**	**$ 596**	**$ —**	**$ 596**	**$ —**	**$ 596**

(6) Information about gain on negative goodwill by reportable segment

The Company recognized gain on negative goodwill in "Fire alarm systems" for the year ended March 31, 2012 amounting to ¥17 million ($207 thousand) due to the additional acquisition of shares of Yashima Bosai Setsubi Co., Ltd, a consolidated subsidiary of the Company during the year ended March 31, 2012.

18. Related Party Information

Material transactions of the Company with related companies and individuals, excluding transactions with consolidated subsidiaries, which are eliminated in the consolidated financial statements, and other than those disclosed elsewhere in these financial statements, for the three years ended March 31, 2012, were as follows. The terms and conditions of the transactions below are the same as those of arm's-length transactions.

	As of March 31, 2012				Millions of Yen/Thousands of U.S. Dollars				
					Volume of transactions made in the year ended March 31			Resulting account balances as at March 31	
Name of related company	Paid-in capital	Principal business	Share of voting rights in the Company	Description of the Company's transactions	2010	2011	**2012**	2011	**2012**
SECOM Co., Ltd.	¥66,378 million	Security service	Direct: 50.9% (*) Indirect: 0.1%	Sale of products	¥2,123	¥3,108	**¥2,220 ($27,011)**	Trade receivables ¥197	Trade receivables **¥200 ($2,433)**

	As of March 31, 2012				Millions of Yen/Thousands of U.S. Dollars				
					Volume of transactions made in the year ended March 31			Resulting account balances as at March 31	
Name of related company	Paid-in capital	Principal business	Company's share of voting rights	Description of the Company's transactions	2010	2011	**2012**	2011	**2012**
KOATSU Co., Ltd.	¥60 million	Fire extinguishing systems	Direct: 20.8%	Purchase of raw materials	¥4,670	¥3,546	**¥4,652 ($56,601)**	Trade payables ¥2,105	Trade payables **¥2,725 ($33,155)**

(*) The Company is a subsidiary of SECOM Co., Ltd.

Independent Auditor's Report

To the Board of Directors of NOHMI BOSAI Ltd.:

We have audited the accompanying consolidated financial statements of NOHMI BOSAI Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012 and 2011, the consolidated statements of income for each of the years in the three-year period ended March 31, 2012, the consolidated statements of comprehensive income for each of the years in the two-year period ended March 31, 2012, the consolidated statements of changes in net assets and statements of cash flows for each of the years in the three-year period ended March 31, 2012, and a summary of significant accounting policies and other explanatory information expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of NOHMI BOSAI Ltd. and its consolidated subsidiaries as at March 31, 2012 and 2011, and their financial performance and cash flows for each of the years in the three-year period ended March 31 2012, in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA LLC

June 26, 2012
Tokyo, Japan

Board of Directors and Corporate Auditors
(As of June 26, 2012)

Chairman
Tadashi Tanoue*

President
Takeshi Hashizume*

Senior Managing Directors
Toshiyuki Mori
Kazuo Kajita

Managing Directors
Jun Uchiyama
Kiyotaka Fujii
Hajime Arai

Directors
Koukei Higuchi†
Kazuaki Anzai†
Masahiro Takeda†
Akira Igarashi
Hiroaki Ishii
Tatsunori Ito
Keiji Kageyama
Naoto Sakaguchi
Hiroshi Takeuchi
Takahito Yaguchi
Nobuyuki Ichikawa
Yasuo Ariga

Standing Corporate Auditors
Hiroshi Shiina
Shojiro Nohmi

Corporate Auditors
Tojiro Ishii
Kazuo Kondo
Mitsunori Shirakura

*Representative Director
†External

Investor Information
(As of March 31, 2012)

Fiscal Year
Ending March 31

Annual Stockholders' Meeting
The annual meeting of the Company's stockholders is normally held in June of each year in Tokyo, Japan.

Stock Exchange Listing
First Section, Tokyo Stock Exchange

Transfer Agent
Sumitomo Trust & Banking Co., Ltd.
5-33, Kitahama 4-chome,
Chuo-ku, Osaka 541-0041, Japan

Paid-in Capital
¥13,302,282,161

Number of Shares Issued
60,832,771

Distribution of Stockholders and Shares

	Number of Stockholders	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue (%)
Japanese national and regional governmental bodies	0	0	0.00
Japanese financial institutions	37	8,548	14.12
Japanese securities companies	26	245	0.40
Other Japanese corporations	198	35,514	58.68
Japanese individuals and others	2,879	14,210	23.48
Foreign institutions and individuals	68	1,626	2.69
Treasury stocks	1	381	0.63
Total	3,209	60,524	100.0

Major Stockholders

	Number of Shares Held (Thousands)	Percentage of Total Shares in Issue (%)
SECOM Co., Ltd.	30,598	50.3
Shareholding Commission of Nohmi Bosai Distributors	2,105	3.5
Shareholding Commission of Nohmi Bosai Partners	1,783	2.9
Shareholding Commission of Nohmi Bosai Employees	1,425	2.3
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	1.6
Fuji Electric Co., Ltd.	868	1.4
Shareholding Commission of Nohmi Bosai Safety and Health Cooperation Forum	857	1.4
Japan Trustee Services Bank, Ltd. (Trust Account)	770	1.3
Sumitomo Mitsui Banking Corporation	765	1.3
Tokio Marine & Nichido Fire Insurance Co., Ltd.	745	1.2

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