

CONSOLIDATED FINANCIAL REPORT
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2002

November 11, 2002

Company name: Secom Co., Ltd.
Code number: 9735 Tokyo Stock Exchange ----- First Section
Osaka Stock Exchange ----- First Section
Corporate headquarters: Tokyo, Japan
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Date approved by Board of Directors: November 11, 2002
Adoption for US GAAP: None

1. Summary of the consolidated financial statements for the six months ended September 30, 2002
(April 1, 2002 – September 30, 2002)

(1) Consolidated operating results (Figures rounded down to the nearest million)

	Six months ended September 30		Year ended March 31
	2001	2002	2002
Revenue Percent change from the previous year	¥242,833 million 11.5%	¥239,204 million (1.5)%	¥497,921 million
Operating income Percent change from the previous year	¥33,631 million 6.2%	¥33,932 million 0.9%	¥43,022 million
Ordinary income Percent change from the previous year	¥32,959 million 0.1%	¥31,988 million (2.9)%	¥41,541 million
Net income Percent change from the previous year	¥15,548 million (7.6)%	¥15,907 million 2.3%	¥9,583 million
Basic net income per share	¥66.70	¥68.99	¥41.11
Diluted net income per share	¥66.66	¥68.99	¥41.09

Note 1. Equity in net gains/losses of affiliated companies:

Six months ended September 30, 2001: ¥(380) million

Six months ended September 30, 2002: ¥238 million

Year ended March 31, 2002: ¥1,342 million

Note 2. Weighted average number of common shares outstanding:

Six months ended September 30, 2001: 233,107,574 shares

Six months ended September 30, 2002: 230,574,752 shares

Year ended March 31, 2002: 233,138,018 shares

Note 3. Change in accounting policy: Yes

Note 4. Percent numbers shown in revenue, operating income, ordinary income and net income represent the change from the results of the six months of the previous year.

(2) Consolidated financial conditions (Figures rounded down to the nearest million)

	September 30, 2001	September 30, 2002	March 31, 2002
Total assets	¥905,284 million	¥1,046,763 million	¥1,071,190 million
Shareholders' equity	¥395,958 million	¥350,481 million	¥392,149 million
Shareholders' equity/ Total assets	43.7%	33.5%	36.6%
Shareholders' equity per share	¥1,698.58	¥1,556.13	¥1,681.23

Note 1. Number of common shares outstanding:

As of September 30, 2001:	233,111,568 shares
As of September 30, 2002:	225,225,908 shares
As of March 31, 2002:	233,252,257 shares

(3) Consolidated cash flows (Figures rounded down to the nearest million)

	Six months ended September 30		Year ended March 31
	2001	2002	2002
Cash flows from operating activities	¥104,285 million	¥53,839 million	¥175,409 million
Cash flows from investing activities	¥(81,226) million	¥(61,938) million	¥(118,053) million
Cash flows from financing activities	¥898 million	¥(25,378) million	¥5,887 million
Cash and cash equivalents at end of the period	¥165,895 million	¥170,985 million	¥205,494 million

(4) Consolidated subsidiaries and affiliated companies

	Additions	Deletions	As of September 30, 2002
Number of consolidated subsidiaries	7	4	122
Number of affiliated companies	3	2	37

2. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2003
(April 1, 2002 – March 31, 2003)

	Year ending March 31, 2003
Revenue	¥530,677 million
Ordinary income	¥67,547 million
Net income	¥34,490 million

Note: Expected basic net income per share: ¥153.14

*Forecast statements above include estimates based on current plans, assumptions and prospects and may differ from actual performance because of risks and uncertainties.

The SECOM Group

The SECOM Group (the “Group”) comprises SECOM Co., Ltd. (the “Company”), 122 subsidiaries and 37 affiliates. The Group continues to advance on several business fronts: security services; medical services, including home-based medical services and remote image diagnosis support services; insurance services centered on non-life insurance services; and information and communication related and other services, including cyber security services, network services, software development and geographic information system (GIS) services.

The Group companies are classified into the following operating segments:

● **Security services segment**

The Company and its subsidiaries and affiliates provide various types of security services domestically, including the Company’s main service - on-line centralized security systems.

Domestic subsidiaries include Secom Joshinetsu Co., Ltd., Secom Hokuriku Co., Ltd., Secom Yamanashi Co., Ltd., Secom Mie Co., Ltd., Secom Jastic Co., Ltd., and 20 other companies. Domestic affiliates include Japan Nuclear Security System Co., Ltd., and six other companies. The Company sells security merchandise and provides technical consultation to the subsidiaries and affiliates.

Furthermore, on-line centralized security systems and static guard services are provided in overseas countries. Westec Interactive Security, Inc., and four other subsidiaries operate in the United States; Secom Plc and two other subsidiaries in the United Kingdom; Shanghai Secom Security Co., Ltd., and five other subsidiaries in the People’s Republic of China; and two subsidiaries in Indonesia. Subsidiaries also operate in Australia and Thailand. S1 Corporation operates in the Republic of Korea, Taiwan Secom Co., Ltd., operates in Taiwan, and three other overseas affiliates operate in their respective countries.

The following three subsidiaries and an affiliate, as well as 11 other companies, support the security services of the Group’s domestic companies:

- Secom Techno Service Co., Ltd., installs and maintains security equipment the Group uses to provide its services.
- Secom Industries Co., Ltd., develops and manufactures security equipment for the

Group.

- Secom Alpha Co., Ltd. (formerly Secom Equipment Sales Corporation), sells a variety of security equipment. The Company purchases some security equipment from this subsidiary.
- An affiliate, Nohmi Bosai Ltd., manufactures and sells a range of fire protection equipment, some of which is purchased by the Company.

● **Medical services segment**

Domestic subsidiary Secom Medical System Co., Ltd., offers remote image diagnosis support services and home-based medical services. Mac Corporation sells medical equipment. Arai & Co., Ltd., provides real estate lease services for medical institutions.

● **Insurance services segment**

A domestic subsidiary, Secom General Insurance Co., Ltd., provides non-life insurance services. Another domestic subsidiary, Secom Insurance Service Co., Ltd., is an insurance agency.

● **Information and communication related and other services segment**

A domestic subsidiary, Secom Trust.net Co., Ltd., provides network, database and cyber security services and sells computer systems.

Secom Information System Co., Ltd., manages computer systems for the Group, develops and sells computer software and sells computer hardware.

Pasco Corporation provides geographic survey services via aerial photographs, and develops and sells GIS services.

Secom Lines Co., Ltd., sells education systems, including computer-aided learning systems for schools.

Secom Home Life Co., Ltd., develops and sells condominiums with home security systems.

Arai & Co., Ltd., provides leasing services of real estate.

Our affiliate's subsidiary Japan Cablenet Limited provides cable television (CATV)-

based broadband services. Domestic affiliate Miyagi Network, Inc., provides cable television and communication services in the Sendai area; Japan Image Communications Co., Ltd., also a domestic affiliate, provides program content for satellite broadcasting.

Overseas subsidiary P.T. Nusantara Systems International develops and sells computer software.

Management Policy

1. Basic Management Policy

SECOM's aim is to realize its vision of establishing the Social System Industry, which will offer a multitude of integrated services and systems that make life more secure, convenient and comfortable, thereby helping to create a new social infrastructure.

2. Basic Profit Distribution Policy

SECOM recognizes returning profits to shareholders as its most critical matter and distributes profits taking into account expansion of services, revenue trends, dividend payout and the amount of retained earnings. We utilize retained earnings both for investments in promising new businesses to further expand our operations, and for intensive research and development to facilitate the extension of high-quality security systems, equipment and services.

3. Management Strategy Procedures

In this rapidly changing society, social concern over security is becoming increasingly diversified and developed as people's values change. Demands on medical care, insurance, cyber security and GIS are also intensified and diversified in the same way.

Under these circumstances, we aim to meet these diverse needs of society in a speedy and flexible manner by offering attractive services and products as part of SECOM's vision to build and expand the Social System Industry.

In pursuit of its Social System Industry vision, SECOM will increase management efficiency and continue to enhance shareholder value in line with a rapidly changing social environment. We will actively develop services and products and promote intensive research and development to facilitate the expansion of progressive security systems, high-quality equipment and services. We will also expand innovative operations by reforming our processes and organization, building an efficient, high-quality management system and infrastructure, and investing in promising new ventures.

We identified the year 2002 as the beginning of the Social System Industry's second stage of development. Our efforts at this stage are focusing on integrating our business in a manner that enables us to develop new, value-added services. We will continue to be guided by our determination to respond to society's changing safety and security

needs, and see that SECOM remains the first choice of people seeking peace of mind.

4. Trading Unit of Common Stock

Our basic policy is that the trading unit of our common stock should be appropriately revised to make our shares more accessible to a broader range of investors and heighten share liquidity. On November 19, 1999, we implemented a two-for-one stock split and on August 1, 2000, we reduced our minimum trading unit to 500 shares from 1,000 shares. In the future, we will appropriately revise our trading unit, taking into account market demands, share liquidity and the related costs of reducing the trading unit.

5. Management Index

To realize our Social System Industry vision in this rapidly changing and increasingly diversifying society, we need to make flexible and quick decisions, comprehensively considering various factors, including opportunities and risks, rather than being concerned with conventional management indices.

6. Significant Management Matters

On April 1, 2002, we announced the appointment of Shohei Kimura, previously one of the company's Senior Executive Directors, to President and Representative Director and the appointment of Toshitaka Sugimachi, previously President and Representative Director, to Chairman.

Operating Results

1. Results and Review

[Review]

During the six months ended September 30, 2002, the Japanese economy remained sluggish, owing to the poor performance of the Japanese stock market, stagnant corporate capital investment and low personal consumption. Under these conditions, we continued to advance toward our Social System Industry vision by enhancing existing services, strengthening our marketing capabilities, improving operating efficiency and developing new services and products that meet changing social needs.

In the security services segment, we expanded the lineup of COCO-SECOM services, which are designed to locate the position of people or automobiles on the move. We introduced COCO-SECOM G-Manager, the distinguishing feature of which is its group search function: it allows the subscriber to simultaneously pinpoint the location of a number of people or automobiles, thereby assisting in the management of automobile fleets or sales forces. Also during this period, we launched SECOM DX, an on-line centralized security system for commercial facilities such as stores, offices, warehouses and plants. This new system, featured with integrated circuit (IC) stick-type keys, prides itself on an enhanced security grade.

In the medical services segment, we commercialized My Spoon, the first dining assistance robot launched in Japan that enables people with disabilities to eat with minimal movement of one part of the body.

In the insurance services segment, we continued to market unrestricted treatment policy MEDCOM, automobile insurance policy SECOM *Anshin* My Car, commercial fire insurance policy Security Discount Fire Policy, and residential fire insurance package SECOM *Anshin* My Home.

In the information and communication related and other services segment, on July 4, 2002, SECOM Trust.net Co., Ltd., which focuses on cyber security services, acquired certification from the Japanese government for its digital authentication service SECOM Passport for G-ID. In GIS services area, in April 2002, Pasco Corporation and ESRI, the world leader in GIS software, established a joint venture, ESRI Japan.

Lastly, upon enforcement of the Law of Defined Benefit Corporate Pensions, SECOM

Employees' Pension Fund received authorization from the Minister of Health, Labour and Welfare on April 23, 2002, that the Employees' Pension Fund would return the substitutional portion of employees' pension funds to the government and would be free from future obligations concerning that portion.

As a result of these activities, revenue for the six months ended September 30, 2002, amounted to ¥239,204 million, a decrease of 1.5% from the previous year. Ordinary income decreased 2.9%, to ¥31,988 million, and net income rose 2.3%, to ¥15,907 million.

Reflecting the continuous growth of our centralized security services, revenue from security services totaled ¥172,384 million, an increase of 4.0%, while operating income increased 4.8%, to ¥42,225 million.

Revenue from medical services jumped 58.9% from the previous period, to ¥9,401 million, reflecting the inclusion of a full six months of revenue from Yoshikikaku Co., Ltd., and Ryomei Royal Life Co., Ltd., both of which were consolidated after September 30, 2001. Operating income amounted to ¥371 million, compared with an operating loss of ¥550 million a year earlier.

Revenue from insurance services amounted to ¥19,059 million, a drop of 7.9%, owing primarily to a decrease in revenue from Secom General Insurance Co., Ltd. Operating income was ¥1,221 million, a decrease of 23.9%.

Revenue from information and communication related and other services amounted to ¥38,358 million, down 24.1%, while operating loss for this segment totaled ¥2,331 million, compared with the previous period's operating loss of ¥599 million. This downturn is mainly attributable to a decrease in revenue from Secom Home Life Co., Ltd.

Seen by geographic segment, meanwhile, domestic revenue for the period was ¥233,727 million, a decrease of 1.9%, while domestic operating income was ¥41,793 million, up 2.1%. Revenue in other countries totaled ¥5,476 million, an increase of 18.0%, and operating loss improved to ¥320 million from the ¥498 million loss the previous period.

[Outlook]

The Japanese economy will remain in a difficult situation, with the poor performance of the Japanese stock market, stagnant corporate capital investment and low personal consumption expected to continue. Under these circumstances, SECOM will actively promote its business in order to build and expand its Social System Industry vision, by strengthening its business operations, improving quality of service, developing advanced systems and fully utilizing its management resources.

Based on favorable progress in security services, mainly in centralized security systems such as the newly introduced SECOM DX for commercial use, we forecast figures for the fiscal year ended March 31, 2003, to be: revenue of ¥530,677 million, ordinary income of ¥67,547 million and net income of ¥34,490 million.

2. Cash Flows

(In millions)

	Six months ended September 30		Year ended March 31, 2002
	2001	2002	
Net cash provided by operating activities	¥104,285	¥53,839	¥175,409
Net cash used in investing activities	¥(81,226)	¥(61,938)	¥(118,053)
Net cash provided by (used in) financing activities	¥898	¥(25,378)	¥5,887
Effect of exchange rate changes on cash and cash equivalents	¥212	¥(182)	¥524
Net increase (decrease) in cash and cash equivalents	¥24,169	¥(33,659)	¥63,769
Cash and cash equivalents at beginning of the period	¥141,725	¥205,494	¥141,725
Decrease in cash and cash equivalents due to decrease in scope of consolidation	—	¥(849)	—
Cash and cash equivalents at end of the period	¥165,895	¥170,985	¥205,494

(Cash flows from operating activities)

Net cash provided by operating activities was ¥53,839 million, a decrease of 48.4% from the previous period. On the one hand, income before income taxes amounted to ¥32,599 million, a rise of 5.7%; and decrease in notes and accounts receivable, trade, and due from subscribers amounted to ¥17,910 million, a 34.5% improvement. On the other hand, however, increase in unearned premiums and other insurance liabilities was ¥5,396 million, a drop of 90.3%. Moreover, decrease in accrued pension and severance costs amounted to ¥6,517 million, compared with an increase of ¥3,310 million in the previous period, owing to the recognition of a one-shot charge of prior service costs regarding the substitutional portion of SECOM Employees' Pension Fund.

(Cash flows from investing activities)

Net cash used in investing activities was ¥61,938 million, a decrease of 23.7%. Payments for investments in securities amounted to ¥47,202 million, up 447.8%; and payments for purchases of tangible assets totaled ¥20,601 million, down 11.2%.

(Cash flows from financing activities)

Net cash used in financing activities was ¥25,378 million, in contrast with ¥898 million net cash provided by financing activities in the previous period. Increase in bank loans reached ¥32,848 million, compared with a decrease of ¥13,987 million. However, an increase in treasury stock, represented by the Company's reacquisition of 8,000,000 shares of its common stock for ¥43,360 million on August 13, 2002, caused a ¥43,546 million cash outflow this period, compared with an outflow of ¥2 million in the previous period.

As a result of the above, cash and cash equivalents as of September 30, 2002, totaled ¥170,985 million, a decrease of ¥34,508 million from cash and cash equivalents as of March 31, 2002.

Change in Accounting Principle

Effective April 1, 2002, the Group has changed the accounting method for security equipment installation costs. The portion of installation costs exceeding revenue from subscriber installation services is capitalized as long-term prepaid expenses, which is a component of other investments on the consolidated balance sheets, and is amortized over the contractual period (5 years) using the straight-line method. Previously, the portion of installation costs was capitalized as control station signal equipment on the consolidated balance sheets and was depreciated using the declining-balance method. The Group viewed that the excess portion should be characterized as operating costs to acquire new subscribers rather than recognized as costs related to the operation of security equipment as accounted for previously. The change in this accounting method more appropriately reflects the periodic matching of subscribers' acquisition costs with expected recurring revenues.

As a result of this change, control station signal equipment* decreased by ¥15,196 million with a corresponding increase in long-term prepaid expenses. The accounting change did not have a material effect on the consolidated statements of income for the six months ended September 30, 2002.

*Signal equipment on subscribers' premises and control station signal equipment were combined into signal equipment and control stations as of September 30, 2002.

Consolidated Balance Sheets

(In millions of yen)

	September 30				March 31	
	2001		2002		2002	
	Amount	As a percent of total assets	Amount	As a percent of total assets	Amount	As a percent of total assets
Assets:						
Current assets:	396,312	43.8%	415,687	39.7%	495,251	46.2%
Cash on hand and in banks	193,587		203,531		192,437	
Call loan	-		-		40,000	
Notes and accounts receivable, trade	26,961		26,424		46,048	
Due from subscribers	13,188		15,194		14,395	
Marketable securities	45,812		21,534		31,321	
Inventories	47,652		54,502		55,387	
Deferred income taxes	5,621		10,323		9,111	
Short-term loans	50,553		71,224		90,610	
Other current assets	14,023		14,303		17,441	
Allowance for doubtful accounts	(1,088)		(1,351)		(1,501)	
Fixed assets:	508,534	56.2%	630,868	60.3%	575,731	53.8%
Tangible assets:	185,224	20.5%	221,471	21.2%	230,000	21.5%
Buildings and improvements	38,226		70,194		68,804	
Signal equipment on subscribers' premises	61,365		-		61,729	
Control station signal equipment	16,754		-		16,599	
Security equipment and control stations	-		67,395		-	
Land	48,914		67,438		63,547	
Other tangible assets	19,964		16,443		19,321	
Intangible assets	34,666	3.8%	35,650	3.4%	37,460	3.5%
Investments and others:	288,644	31.9%	373,746	35.7%	308,270	28.8%
Investment securities	155,261		194,448		158,438	
Long-term loans receivable	90,436		101,413		86,420	
Deferred income taxes	17,042		37,919		38,299	
Other investments	33,213		52,710		37,452	
Allowance for doubtful accounts	(7,310)		(12,744)		(12,341)	
Deferred assets:	436	0.0%	207	0.0%	207	0.0%
Total assets	905,284	100.0%	1,046,763	100.0%	1,071,190	100.0%
Liabilities:						
Current liabilities:	179,174	19.8%	250,589	23.9%	224,972	21.0%
Notes and accounts payable, trade	11,192		11,285		16,401	
Bank loans	61,451		125,671		90,194	
Current portion of straight bonds	5,000		5,000		5,000	
Current portion of convertible bonds	466		-		33	
Payables-other	17,281		16,952		20,229	
Income taxes payable	19,472		17,860		23,002	
Consumption taxes payable	2,489		2,832		3,030	
Accrued expenses	1,684		1,664		1,828	
Deferred revenue - service charges	27,535		30,150		27,373	
Accrued bonus	9,025		9,480		8,834	
Other current liabilities	23,575		29,690		29,045	
Fixed liabilities:	303,885	33.6%	419,618	40.1%	426,666	39.8%
Straight bonds	35,000		30,500		30,500	
Convertible bonds	18		18		18	
Long-term loans	13,363		41,620		48,671	
Guarantee deposits received from subscribers	18,423		26,713		26,174	
Deferred income taxes	3		3		1	
Accrued pension and severance costs	10,882		43,100		49,617	
Investment deposits by policyholders, unearned premiums and other insurance liabilities	224,179		273,915		268,519	
Other fixed liabilities	2,014		3,746		3,164	
Total liabilities	483,060	53.4%	670,207	64.0%	651,639	60.8%
Minority shareholders' interest in subsidiaries:	26,265	2.9%	26,073	2.5%	27,401	2.6%
Shareholders' equity:						
Common stock	66,143	7.3%	66,368	6.3%	66,360	6.2%
Capital surplus	82,319	9.1%	82,544	7.9%	82,536	7.7%
Earned surplus	256,365	28.3%	256,721	24.6%	250,400	23.3%
Unrealized gains (losses) on securities	1,260	0.1%	74	0.0%	(246)	(0.0)%
Foreign currency translation adjustments	(10,124)	(1.1)%	(11,540)	(1.1)%	(6,759)	(0.6)%
Common stock in treasury, at cost	(5)	(0.0)%	(43,687)	(4.2)%	(141)	(0.0)%
Total shareholders' equity	395,958	43.7%	350,481	33.5%	392,149	36.6%
Total liabilities, minority shareholders' interest in subsidiaries and shareholders' equity	905,284	100.0%	1,046,763	100.0%	1,071,190	100.0%

Consolidated Statements of Income

(In millions of yen)

	Six months ended September 30 March 31, 2001		Six months ended September 30 March 31, 2002		Year ended March 31, 2002	
	Amount	As a percent of revenue	Amount	As a percent of revenue	Amount	As a percent of revenue
Revenue	242,833	100.0%	239,204	100.0%	497,921	100.0%
Costs of revenue	150,186	61.8%	143,809	60.1%	319,826	64.2%
Gross profit	92,647	38.2%	95,395	39.9%	178,094	35.8%
Selling, general and administrative expenses	59,015	24.3%	61,462	25.7%	135,071	27.2%
Operating income	33,631	13.9%	33,932	14.2%	43,022	8.6%
Non-operating income	3,143	1.3%	3,151	1.3%	8,088	1.6%
Non-operating expenses	3,814	1.6%	5,096	2.1%	9,569	1.9%
Ordinary income	32,959	13.6%	31,988	13.4%	41,541	8.3%
Extraordinary income	-	-	8,758	3.6%	33,491	6.7%
Extraordinary losses	2,128	0.9%	8,147	3.4%	53,150	10.6%
Income before income taxes	30,831	12.7%	32,599	13.6%	21,882	4.4%
Income taxes - current	18,244	7.5%	16,827	7.0%	37,095	7.5%
Income taxes - deferred	(3,276)	(1.3)%	(897)	(0.4)%	(23,550)	(4.7)%
Minority interest in consolidated subsidiaries	314	0.1%	761	0.3%	(1,246)	(0.3)%
Net income	15,548	6.4%	15,907	6.7%	9,583	1.9%
Earned surplus at beginning of the period	250,409		-		250,409	
Cash dividends	9,323		-		9,323	
Bonuses to directors and corporate auditors	268		-		267	
Earned surplus at end of the period	256,365		-		250,400	

Consolidated Statements of Capital Surplus and Earned Surplus

(In millions of yen)

	Six months ended September 30 March 31, 2001		Six months ended September 30 March 31, 2002		Year ended March 31, 2002	
	Amount		Amount		Amount	
Capital surplus						
Balance at beginning of the period	-		82,536		-	
Increase in capital surplus						
Conversion of convertible bonds	-		8		-	
Balance at end of the period	-		82,544		-	
Earned surplus						
Balance at beginning of the period	-		250,400		-	
Increase in earned surplus						
Net income	-		15,907		-	
Effect of changes in investments accounted for under the equity method	-		1		-	
Decrease in earned surplus						
Cash dividends	-		9,330		-	
Bonuses to directors and corporate auditors	-		257		-	
Balance at end of the period	-		256,721		-	

Consolidated Statements of Cash Flows

(In millions of yen)

	Six months ended September 30, 2001	Six months ended September 30, 2002	Year ended March 31, 2002
Cash flows from operating activities:			
Income before income taxes	30,831	32,599	21,882
Depreciation	17,827	16,577	39,353
Amortization of goodwill	1,630	1,952	3,571
Equity in net gains of affiliated companies	380	(238)	(1,342)
Increase (decrease) in allowance for doubtful accounts	(375)	322	8,075
Increase (decrease) in accrued pension and severance costs	3,310	(6,517)	42,357
Interest and dividend income	(4,622)	(5,583)	(10,241)
Interest expenses	613	1,363	1,459
Exchange (gains) losses	(104)	257	(320)
Net loss on sales and disposal of tangible assets	1,197	917	2,863
Loss on other-than-temporary impairment of signal equipment and inventories	-	2,896	-
Gain on sales of investment securities	-	(476)	(2,630)
Loss on other-than-temporary impairment of investment securities	1,249	4,712	4,160
Gain on sales of investment in affiliates' securities	-	(266)	(1,014)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	13,318	17,910	(6,018)
(Increase) decrease in inventories	2,312	(2,981)	(4,850)
Decrease in accounts payable	(4,831)	(5,108)	(1,014)
Increase in investment deposit by policyholders, unearned premiums and other insurance liabilities	55,530	5,396	99,870
Other	(1,533)	7,030	1,629
Subtotal	116,735	70,764	197,789
Interest and dividend received	5,171	6,324	11,002
Interest paid	(550)	(1,292)	(1,431)
Income taxes paid	(17,070)	(21,957)	(31,951)
Net cash provided by operating activities	104,285	53,839	175,409
Cash flows from investing activities:			
Decrease in time deposits, net	2,202	500	7,950
(Increase) decrease in marketable securities	(1,083)	2,945	15,459
Payments for purchases of tangible assets	(23,189)	(20,601)	(47,866)
Proceeds from sales of tangible assets	652	629	1,304
Payments for investments in securities	(8,616)	(47,202)	(22,601)
Proceeds from sales of investment in securities	219	1,249	10,148
Payments for purchases of subsidiaries' shares	(38)	(1)	(89)
Proceeds from sales of subsidiaries' shares	-	-	2,224
(Increase) decrease in short-term loans receivable, net	(13,558)	5,939	(25,811)
Payments for long-term loans receivable	(42,256)	(21,859)	(77,530)
Proceeds from long-term loans receivable	10,327	18,224	22,016
Increase in other assets, net	(2,234)	(1,774)	(4,617)
Payments for acquisition of consolidated subsidiaries	(3,649)	10	1,358
Net cash used in investing activities	(81,226)	(61,938)	(118,053)
Cash flows from financing activities:			
Increase (decrease) in bank loans, net	(13,987)	32,848	(6,633)
Proceeds from long-term loans	670	2,251	3,650
Repayments of long-term loans	(5,696)	(5,938)	(7,037)
Proceeds from straight bonds	29,823	-	29,823
Payments for redemption of straight bonds	-	(16)	(5,000)
Proceeds from minority shareholders	-	22	1,133
Dividends paid	(9,323)	(9,330)	(9,323)
Dividends paid for minority shareholders	(584)	(666)	(584)
(Increase) decrease in treasury stock, net	(2)	(43,546)	(138)
(Increase) decrease in treasury stock of subsidiaries	-	(1,003)	-
Net cash provided by (used in) financing activities	898	(25,378)	5,887
Effect of exchange rate changes on cash and cash equivalents	212	(182)	524
Net increase (decrease) in cash and cash equivalents	24,169	(33,659)	63,769
Cash and cash equivalents at beginning of the period	141,725	205,494	141,725
Decrease in cash and cash equivalents due to decrease in scope of consolidation	-	(849)	-
Cash and cash equivalents at end of the period	165,895	170,985	205,494

Segment information

1. Business segment information

(In millions of yen)

	Six months ended September 30, 2001						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	165,712	5,917	20,695	50,507	242,833	-	242,833
Intersegment	2,504	85	1,359	2,222	6,171	(6,171)	-
Sub total	168,216	6,003	22,054	52,729	249,004	(6,171)	242,833
Operating costs and expenses	127,917	6,553	20,449	53,328	208,249	952	209,202
Operating income (loss)	40,299	(550)	1,605	(599)	40,754	(7,123)	33,631

	Six months ended September 30, 2002						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	172,384	9,401	19,059	38,358	239,204	-	239,204
Intersegment	2,106	83	1,339	1,428	4,958	(4,958)	-
Sub total	174,490	9,484	20,398	39,787	244,162	(4,958)	239,204
Operating costs and expenses	132,265	9,113	19,177	42,118	202,675	2,595	205,271
Operating income (loss)	42,225	371	1,221	(2,331)	41,486	(7,554)	33,932

	Year ended March 31, 2002						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	339,160	13,452	40,492	104,816	497,921	-	497,921
Intersegment	4,688	165	2,437	4,205	11,496	(11,496)	-
Sub total	343,848	13,617	42,929	109,021	509,417	(11,496)	497,921
Operating costs and expenses	279,925	14,465	49,801	107,403	451,596	3,302	454,898
Operating income (loss)	63,922	(848)	(6,871)	1,618	57,821	(14,798)	43,022

2. Geographic segment information

(In millions of yen)

	Six months ended September 30, 2001				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	238,191	4,641	242,833	-	242,833
Intersegment	70	3	74	(74)	-
Sub total	238,261	4,645	242,907	(74)	242,833
Operating costs and expenses	197,320	5,143	202,464	6,737	209,202
Operating income (loss)	40,941	(498)	40,443	(6,812)	33,631

	Six months ended September 30, 2002				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	233,727	5,476	239,204	-	239,204
Intersegment	82	2	84	(84)	-
Sub total	233,810	5,478	239,288	(84)	239,204
Operating costs and expenses	192,016	5,799	197,815	7,455	205,271
Operating income (loss)	41,793	(320)	41,473	(7,540)	33,932

	Year ended March 31, 2002				
	Japan	Others	Total	Eliminations or corporate items	Consolidated
Revenue:					
Customers	488,197	9,723	497,921	-	497,921
Intersegment	158	6	164	(164)	-
Sub total	488,356	9,729	498,085	(164)	497,921
Operating costs and expenses	429,922	10,619	440,542	14,356	454,898
Operating income (loss)	58,433	(889)	57,543	(14,521)	43,022

3. Revenue from overseas

(In millions of yen)

	Six months ended September 30		Year ended March 31
	2001	2002	2002
Revenue from overseas	4,968	5,821	10,388
Consolidated revenue	242,833	239,204	497,921
As a percent of consolidated revenue	2.0%	2.4%	2.1%