

Consolidated financial report for the fiscal year ended March 31, 2002

May 9, 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: May 9, 2002  
 Adoption for US GAAP: None

1. Summary of the consolidated financial statements for the fiscal year ended March 31, 2002  
 (April 1, 2001-March 31, 2002)

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

	Years ended March 31	
	2001	2002
Revenue	¥454,960 million	¥497,921 million
Percent change from the previous year	10.8%	9.4%
Operating income	¥65,261 million	¥43,022 million
Percent change from the previous year	6.1%	(34.1)%
Ordinary income	¥66,274 million	¥41,541 million
Percent change from the previous year	(3.9)%	(37.3)%
Net income	¥35,540 million	¥9,583 million
Percent change from the previous year	(17.0)%	(73.0)%

Earnings per share	¥152.48	¥41.11
Diluted earnings per share	¥152.36	¥41.09
Net income/ Shareholders' equity	9.3%	2.5%
Ordinary income/ Total assets	8.3%	4.4%
Ordinary income/ Revenue	14.6%	8.3%

Note 1. Equity in net gains of affiliated companies:

For the year ended March 31, 2002: ¥1,342 million

For the year ended March 31, 2001: ¥1,310 million

Note 2. Weighted average number of common shares outstanding:

For the year ended March 31, 2002: 233,138,018 shares

For the year ended March 31, 2001: 233,081,040 shares

Note 3. Change in accounting policy: Yes

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

	March 31, 2001	March 31, 2002
Total assets	¥833,001 million	¥1,071,190 million
Shareholders' equity	¥389,592 million	¥392,149 million
Shareholders' equity/ Total assets	46.8%	36.6%
Shareholders' equity per share	¥1,671.36	¥1,681.23

Note 1. Number of common shares outstanding:

As of March 31, 2002: 233,252,257 shares

As of March 31, 2001: 233,099,234 shares

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

	Years ended March 31	
	2001	2002
Cash flows from operating activities	¥127,189 million	¥175,409 million
Cash flows from investing activities	¥(111,443) million	¥(118,053) million
Cash flows from financing activities	¥(5,589) million	¥5,887 million
Cash and cash equivalents at end of year	¥141,725 million	¥205,494 million

(4) Consolidated subsidiaries and affiliated companies

	Additions	Deletions	As of March 31, 2002
Number of consolidated subsidiaries	20	8	119
Number of affiliated companies	1	6	36

2. Forecasts for the consolidated financial results for the fiscal year ending March 31, 2003, (April 1, 2002 - March 31, 2003) and the six-month period ending September 30, 2002

	Year ending March 31, 2003	Six-month period ending September 30, 2002
Revenue	¥539,509 million	¥249,639 million
Ordinary income	¥77,288 million	¥34,042 million
Net income	¥39,093 million	¥16,218 million

Note: Expected earnings per share: ¥167.60

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

### **The SECOM Group**

The SECOM Group (the “Group”) comprises SECOM Co., Ltd. (the “Company”), 119 subsidiaries and 36 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, network services, software development and geographic information system (GIS) services.

The Group companies are classified into the following operating segments.

#### **● Security services segment**

Various types of security services including the Company’s main service - on-line centralized security systems - are provided domestically by the Company and its subsidiaries and affiliates.

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 in South Korea, Taiwan Secom Co., Ltd., 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 Equipment Sales Corporation sells a variety of security equipment. The Company purchases some security equipment from this subsidiary. On April 1, 2002, it changed its name to Secom Alpha Co., Ltd., after a merger with Secom Pasec Co., Ltd., and Secom Aqua Co., Ltd.
- 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**

The Company has reorganized its medical services segment around Secom Medical System Co., Ltd. (formerly Secom Home Medical System Co., Ltd.), which has merged with Secom Kampo Co., Ltd., and Secom Care Service Co., Ltd. Secom Medical System Co., Ltd., offers remote image diagnosis support services and provides home-based medical services, and Mac Corporation sells medical equipment.

● **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.

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 pleasant, 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 shareholders 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 and building an efficient, high-quality management system and infrastructure. Moreover, we will add new value-added services with effective integration of our existing services and further expand our operations by investing in promising new ventures. We aim to remain the first choice for people seeking peace of mind.

#### **4. Trading Unit of Common Stock**

Our basic policy is that the trading unit of our common stocks 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 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**

During the fiscal year ended March 31, 2002, in contrast to slight recovery in the Japanese stock market, the Japanese economy remained sluggish, owing to stagnant corporate capital investment, severe unemployment and low personal consumption. Under these conditions, we continued to advance toward our Social System Industry vision by enhancing existing services through the reorganization and improvement of processes, strengthening our marketing and improving operating efficiency as well as developing new services and products that meet changing social needs.

In the security services segment, we expanded our lineups. We introduced COCO-SECOM CAR ALARM 2 as an upgraded car theft protection product for location search security service COCO-SECOM. We also launched COCO-SECOM EZ, Japan's first emergency notification service for mobile phones, in conjunction with next-generation *au* services operated by mobile-phone giant KDDI Corporation. Additionally, in response to recent public concern for crime prevention and safety, SECURIO, a residence fully equipped with SECOM's home security systems, was produced and brought to market by National House Industrial Co., Ltd. Also this year, we launched TOTAX ZETA, an integrated circuit (IC) built-in local security system for large facilities, featuring advanced functions with ease of use and reduced costs.

In the medical services segment, we reorganized our business around Secom Medical Co., Ltd., a company that combines medical, public health, and welfare services, in an attempt to provide comprehensive, high-quality services.

In the insurance services segment, we developed MEDCOM, a medical consultation insurance policy that covers all medical expenses for the treatment of cancer, as well as provides patients with medical information and services.

In the information and communication related and other services segment, we were entrusted with the management of the Identrus-based authentication service of the Japan's four largest financial groups.

In GIS services, Pasco Corporation and ESRI, the world leader in GIS software, agreed to establish a joint venture, ESRI Japan, in April 2002.



Subsidiary Secom Joshinetsu Co., Ltd., which provides security services in Niigata, Nagano and Gunma prefectures, was listed on the Second Section of the Tokyo Stock Exchange.

On June 27, 2001, the Company issued unsecured bonds in the amount of ¥30,000 million. The cash raised finances the Group's capital expenditures, strategic investments and working capital. Moreover, to enable its business processes and corporate culture to innovate rapidly, SECOM established a new management structure that can respond quickly to market changes and speed up decision-making. For this restructuring, SECOM reorganized its manufacture subsidiaries, information and communication related subsidiaries and static guard subsidiaries, similar to the unification in the medical services segment as mentioned above, while maximizing synergies among those subsidiaries' marketing capabilities, technical strength, and know-how.

Moreover, to further strengthen our financial base, we implemented a drastic reform of our employee retirement benefit system. During the period, we made a one-time charge for the total unrecognized retirement benefit liability, substantially reducing the risk of future actuarial losses. We also put in place a structure that will eliminate, as much as possible, any impact on results.

As a result of these activities, revenue for the fiscal year ended March 31, 2002, amounted to ¥497,921 million, a gain of 9.4% from the previous fiscal year. Ordinary income decreased 37.3%, to ¥41,541 million, and net income fell 73.0%, to ¥9,583 million.

Reflecting the continuous growth of our centralized security services, revenue from security services totaled ¥339,160 million, an increase of 8.0%, while operating income decreased 18.6%, to ¥63,922 million, owing to changes in accounting policies for retirement benefits.

Revenue from medical services jumped by 113.0% from the previous period to ¥13,452 million, reflecting the inclusion of a full year of revenue from Mac Corporation. Operating loss improved to ¥848 million from ¥1,104 million in the previous period.

Revenue from insurance services remained the same level of ¥40,492 million, an increase of 0.3%. Operating loss was ¥6,871 million, compared with the operating

income of ¥719 million in the previous period. This loss was attributable to the increased allowance for doubtful accounts that makes the financial risks lower.

Revenue from information and communication related and other services amounted to ¥104,816 million, an increase of 11.4%; operating income for this segment stayed ¥1,618 million, an increase of 0.6%, owing to change in accounting policies for retirement benefits.

By geographic segments, meanwhile, domestic revenue for the period was ¥488,197 million, an increase of 9.3%, and domestic operating income was ¥58,433 million, a decrease of 27.0%, because of change in accounting policies for retirement benefits. Revenue in other countries totaled ¥9,723 million, an increase of 15.3%, and operating loss improved to ¥889 million from the ¥1,479 million loss in the previous period.

In addition, certain comparison information by geographic segments for the previous period was reclassified with current classification.

## **Outlook**

The Japanese economy remains in a difficult situation, owing to stagnant corporate capital investment, high unemployment and low personal consumption, although signs of bottoming out can be seen in some areas. 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 making management resources more efficient.

Based on favorable progress in security services, mainly in centralized security systems, we forecast figures for fiscal year ended March 31, 2003, to be: revenue of ¥539,509 million, ordinary income of ¥77,288 million and net income of ¥39,093 million.

## **2. Cash Flows**

(In millions)

	For the fiscal year ended March 31		Change from the previous year
	2001	2002	
Net cash provided by operating activities	¥127,189	¥175,409	¥48,220
Net cash used in investing activities	¥(111,443)	¥(118,053)	¥(6,610)
Net cash provided by (used in) financing activities	¥(5,589)	¥5,887	¥11,477
Effect of exchange rate changes on cash and cash equivalents	¥238	¥524	¥286
Net increase (decrease) in cash and cash equivalents	¥10,395	¥63,769	¥53,373
Cash and cash equivalents at beginning of year	¥131,329	¥141,725	¥10,395
Cash and cash equivalents at end of year	¥141,725	¥205,494	¥63,769

### (Cash flows from operating activities)

Net cash provided by operating activities was ¥175,409 million, an increase of ¥48,220 million, reflecting income before income taxes amounting to ¥21,882 million, caused by a ¥99,870 million increase in unearned premiums and other insurance liabilities and a ¥42,357 million increase in accrued pension and severance costs, as well as a ¥1,014 million decrease in accounts payable.

### (Cash flows from investing activities)

Net cash used in investing activities was ¥118,053 million, mainly because of payments for long-term loans receivable totaling ¥77,530 million, payments for purchases of tangible assets amounting to ¥47,866 million, and proceeds from long-term loans

receivable of ¥22,016 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥5,887 million, mainly owing to proceeds from straight bonds of ¥29,823 million, dividends paid amounting to ¥9,323 million and repayments of long-term loans of ¥7,037 million.

As a result of the above, cash and cash equivalents as of March 31, 2002, was ¥205,494 million, an increase of ¥63,769 million.

### **Change in Accounting Principle**

Historically, unrecognized actuarial loss was amortized on a straight-line basis over the average remaining service period of active employees (generally 14.5 ~ 15.0 years). Accordingly, the amortization of unrecognized actuarial loss was recognized in the fiscal year subsequent to the year in which it was generated. The accounting policy for the unrecognized actuarial loss was changed during the current fiscal year so that all unrecognized actuarial loss is charged to earnings in the fiscal year on an as-incurred basis.

Furthermore, entire unrecognized transition difference relating to transition assets of Pasco Corporation and its subsidiaries (four-year, straight-line amortization) and lump-sum severance indemnity of SECOM and certain Japanese subsidiaries (fifteen-year, straight-line amortization) were charged to fiscal 2002 earnings as the result of the change in accounting principle for transition assets.

The deterioration of economic conditions in Japan in recent years caused accumulation of enormous unrecognized actuarial loss in our defined benefit pension plan. With little expectation of recovering the accumulated loss in the long term, we took drastic measures, such as revision of our defined benefit pension plan, including reduction of pension benefits to employees and liquidation of certain marketable equity securities contributed to an employee retirement benefit trust, to decrease the occurrence of future actuarial loss. As it is irrational to influence our future financial results in the long term because of the amortization of substantially determined loss, we changed the accounting policy to recognize, as a current fiscal year charge to earnings, the entire unrecognized transition assets, unrecognized actuarial loss and unrecognized prior service costs accumulated from the prior years.

Owing to these changes, ¥20,846 million of unrecognized actuarial loss generated during the current fiscal year is recognized as a pension expense and ¥7,086 million of unrecognized transition difference and ¥40,977 million of unrecognized actuarial loss generated in the previous years are recognized as an extraordinary expense.

Due to the change in accounting principle described above, operating income and ordinary income decreased by ¥17,604 million, respectively, and income before income taxes decreased by ¥65,131 million.

Consolidated Balance Sheets

(In millions of yen)

	March 31, 2001	As a percent of total assets	March 31, 2002	As a percent of total assets	Change from the previous year
<b>Assets:</b>					
<b>Current assets:</b>	376,156	45.2%	495,251	46.2%	119,095
Cash on hand and in banks	135,820		192,437		56,617
Call loan	35,690		40,000		4,310
Notes and accounts receivable, trade	45,904		46,048		144
Due from subscribers	12,137		14,395		2,258
Marketable securities	41,033		31,321		(9,712)
Inventories	49,860		55,387		5,526
Deferred income taxes	5,785		9,111		3,325
Short-term loans	36,682		90,610		53,927
Other current assets	14,334		17,441		3,106
Allowance for doubtful accounts	(1,092)		(1,501)		(408)
<b>Fixed assets:</b>	456,435	54.8%	575,731	53.8%	119,296
<b>Tangible assets:</b>	175,972	21.1%	230,000	21.5%	54,027
Buildings and improvements	34,835		68,804		33,968
Signal equipment on subscribers' premises	56,651		61,729		5,077
Control station signal equipment	16,517		16,599		81
Land	48,427		63,547		15,119
Other tangible assets	19,540		19,321		(219)
Intangible assets	32,225	3.9%	37,460	3.5%	5,234
Investments and others:	248,236	29.8%	308,270	28.8%	60,033
Investment securities	153,553		158,438		4,885
Long-term loans receivable	59,586		86,420		26,834
Deferred income taxes	12,214		38,299		26,084
Other investments	30,449		37,452		7,003
Allowance for doubtful accounts	(7,567)		(12,341)		(4,774)
<b>Deferred assets:</b>	410	0.0%	207	0.0%	(202)
<b>Total assets</b>	<b>833,001</b>	<b>100.0%</b>	<b>1,071,190</b>	<b>100.0%</b>	<b>238,189</b>
<b>Liabilities:</b>					
<b>Current liabilities:</b>	202,560	24.3%	224,972	21.0%	22,411
Notes and accounts payable, trade	15,854		16,401		546
Bank loans	79,409		90,194		10,784
Current portion of straight bonds	5,000		5,000		-
Current portion of convertible bonds	-		33		33
Payables-other	19,243		20,229		985
Income taxes payable	18,263		23,002		4,738
Consumption taxes payable	3,196		3,030		(166)
Accrued expenses	10,563		1,828		(8,734)
Deferred revenue - service charges	27,433		27,373		(60)
Accrued bonus	-		8,834		8,834
Other current liabilities	23,595		29,045		5,449
<b>Fixed liabilities:</b>	213,799	25.7%	426,666	39.8%	212,867
Straight bonds	5,000		30,500		25,500
Convertible bonds	518		18		(500)
Long-term loans	10,742		48,671		37,928
Guarantee deposits received from subscribers	17,938		26,174		8,235
Deferred income taxes	1,320		1		(1,318)
Accrued pension and severance costs	7,181		49,617		42,436
Unearned premiums and other insurance liabilities	168,648		268,519		99,870
Other fixed liabilities	2,448		3,164		715
<b>Total liabilities</b>	<b>416,360</b>	<b>50.0%</b>	<b>651,639</b>	<b>60.8%</b>	<b>235,279</b>
<b>Minority shareholders' equity in subsidiaries:</b>	27,049	3.2%	27,401	2.6%	352
<b>Shareholders' equity:</b>					
Common stock	66,126	7.9%	66,360	6.2%	233
Additional paid-in capital	82,302	9.9%	82,536	7.7%	233
Retained earnings	250,409	30.1%	250,400	23.3%	(8)
Net unrealized gain in debt and equity securities	4,846	0.6%	(246)	(0.0)%	(5,092)
Foreign currency translation adjustments	(14,089)	(1.7)%	(6,759)	(0.6)%	7,330
<b>Total shareholders' equity</b>	<b>389,595</b>	<b>46.8%</b>	<b>392,291</b>	<b>36.6%</b>	<b>2,695</b>
Common stock in treasury, at cost	(3)	(0.0)%	(141)	(0.0)%	(138)
<b>Total shareholders' equity</b>	<b>389,592</b>	<b>46.8%</b>	<b>392,149</b>	<b>36.6%</b>	<b>2,557</b>
<b>Total liabilities, minority interest in consolidated subsidiaries and shareholders' equity</b>	<b>833,001</b>	<b>100.0%</b>	<b>1,071,190</b>	<b>100.0%</b>	<b>238,189</b>

Consolidated Statements of Income

(In millions of yen)

	For the fiscal year ended March 31, 2001		For the fiscal year ended March 31, 2002		Change from the previous year	
		As a percent of revenue		As a percent of revenue		
Revenue	454,960	100.0%	497,921	100.0%	42,960	9.4%
Costs of revenue	278,911	61.3%	319,826	64.2%	40,915	14.7%
Gross profit	176,049	38.7%	178,094	35.8%	2,045	1.2%
Selling, general and administrative expenses	110,787	24.4%	135,071	27.2%	24,284	21.9%
Operating income	65,261	14.3%	43,022	8.6%	(22,239)	(34.1)%
Non-operating income	11,333	2.5%	8,088	1.6%	(3,245)	(28.6)%
Non-operating expenses	10,320	2.2%	9,569	1.9%	(750)	(7.3)%
Ordinary income	66,274	14.6%	41,541	8.3%	(24,733)	(37.3)%
Extraordinary income	24,618	5.4%	33,491	6.7%	8,873	36.0%
Extraordinary losses	26,597	5.9%	53,150	10.6%	26,552	99.8%
Income before income taxes	64,295	14.1%	21,882	4.4%	(42,413)	(66.0)%
Income taxes - current	30,011	6.6%	37,095	7.5%	7,084	23.6%
Income taxes - deferred	(2,057)	(0.5)%	(23,550)	(4.7)%	(21,492)	-
Minority interest in consolidated subsidiaries	801	0.2%	(1,246)	(0.3)%	(2,048)	-
Net income	35,540	7.8%	9,583	1.9%	(25,956)	(73.0)%
Retained earnings at beginning of the period	224,446		250,409			
Cash dividends	9,322		9,323			
Directors' bonuses	254		267			
Retained earnings at end of the period	250,409		250,400			

**Consolidated Statements of Cash Flows**

(In millions of yen)

	For the fiscal year ended March 31, 2001	For the fiscal year ended March 31, 2002
Cash flows from operating activities:		
Income before income taxes	64,295	21,882
Depreciation	37,691	39,353
Amortization of goodwill	2,959	3,571
Equity in net gains of affiliated companies	(1,310)	(1,342)
Increase in allowance for doubtful accounts	1,383	8,075
Increase in accrued pension and severance costs	4,386	42,357
Interest and dividend income	(7,450)	(10,241)
Interest expenses	1,356	1,459
Exchange gains	(312)	(320)
Net loss on sales and disposal of tangible assets	2,924	2,863
Gain on sales of investment securities	(1,935)	(2,630)
Loss on revaluation of investment securities	1,818	4,160
Gain on sales of investment in affiliates' securities	(1,332)	(1,014)
(Increase) decrease in notes and accounts receivable, trade, and due from subscribers	1,047	(6,018)
(Increase) decrease in inventories	3,880	(4,850)
Decrease in accounts payable	(24,278)	(1,014)
Increase in investment deposit by policyholders, unearned premiums and other insurance liabilities	55,817	99,870
Other	5,689	1,629
Subtotal	146,629	197,789
Interest and dividend received	7,741	11,002
Interest paid	(1,419)	(1,431)
Income taxes paid	(25,762)	(31,951)
Net cash provided by operating activities	127,189	175,409
Cash flows from investing activities:		
Decrease in time deposits	3,975	7,950
(Increase) decrease in marketable securities	(2,478)	15,459
Payments for purchases of tangible assets	(45,557)	(47,866)
Proceeds from sales of tangible assets	955	1,304
Payments for investments in securities	(16,802)	(22,601)
Proceeds from sales of investment in securities	5,662	10,148
Payments for investments in subsidiaries' securities	(712)	(89)
Proceeds from sales of investment in subsidiaries' securities	1,015	2,224
Increase in short-term loans receivable	(22,814)	(25,811)
Payments for long-term loans receivable	(36,554)	(77,530)
Proceeds from long-term loans receivable	12,414	22,016
Increase in other assets	(5,617)	(4,617)
Payments for acquisition of consolidated subsidiaries	(4,929)	1,358
Net cash used in investing activities	(111,443)	(118,053)
Cash flows from financing activities:		
Decrease in bank loans	(4,515)	(6,633)
Proceeds from long-term loans	22,031	3,650
Repayments of long-term loans	(13,295)	(7,037)
Proceeds from straight bonds	-	29,823
Payments for redemption of straight bonds	-	(5,000)
Proceeds from minority shareholders	5	1,133
Dividends paid	(9,322)	(9,323)
Dividends paid for minority shareholders	(529)	(584)
(Increase) decrease in treasury stock	39	(138)
Net cash provided by (used in) financing activities	(5,589)	5,887
Effect of exchange rate changes on cash and cash equivalents	238	524
Net increase (decrease) in cash and cash equivalents	10,395	63,769
Cash and cash equivalents at beginning of year	131,329	141,725
Cash and cash equivalents at end of year	141,725	205,494



## Segment information

### 1. Business segment information

(In millions of yen)

	Year ended March 31, 2001						
	Security services	Medical services	Insurance services	Information and communication related and other services	Total	Eliminations or corporate items	Consolidated
Revenue:							
Customers	314,179	6,315	40,380	94,085	454,960	-	454,960
Intersegment	3,683	147	2,634	5,715	12,180	(12,180)	-
Sub total	317,863	6,462	43,014	99,800	467,141	(12,180)	454,960
Operating costs and expenses	239,351	7,566	42,295	98,191	387,406	2,292	389,698
Operating income (loss)	78,511	(1,104)	719	1,609	79,735	(14,473)	65,261
Assets	370,283	11,252	195,766	135,788	713,091	119,910	833,001
Depreciation and amortization	32,458	217	377	4,279	37,332	359	37,691
Capital expenditures	45,224	416	913	5,604	52,159	1,217	53,376

	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
Assets	417,369	55,017	288,910	176,324	937,622	133,568	1,071,190
Depreciation and amortization	34,763	467	331	4,210	39,772	(419)	39,353
Capital expenditures	43,952	2,802	479	9,011	56,246	(1,399)	54,847

## 2. Geographic segment information

(In millions of yen)

	Year ended March 31, 2001					
	Japan	United States	Others	Total	Eliminations or corporate items	Consolidated
Revenue:						
Customers	446,530	906	7,523	454,960	-	454,960
Intersegment	149	-	-	149	(149)	-
Sub total	446,679	906	7,523	455,109	(149)	454,960
Operating costs and expenses	366,681	1,468	8,440	376,591	13,107	389,698
Operating income (loss)	79,997	(561)	(917)	78,518	(13,256)	65,261
Assets	659,751	1,114	21,298	682,164	150,836	833,001

	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
Assets	885,068	19,195	904,263	166,927	1,071,190

Note: Certain information by geographic segments for the year ended March 31, 2002, was reclassified with current classification.

Revenue, Operating costs and expenses and Operating loss for the period in the United States, were 1,509 million yen, 2,136 million yen and 626 million yen, respectively.

## 3. Revenue from overseas

(In millions of yen)

	Year ended March 31, 2001			Year ended March 31, 2002	
	United States	Others	Total	Overseas	
Revenue from overseas	906	8,342	9,249		10,388
Consolidated revenue			454,960		497,921
As a percent of consolidated revenue	0.2%	1.8%	2.0%		2.1%

Note: Certain information by geographic segments for the year ended March 31, 2002, was reclassified with current classification.

Revenue for the period in the United States, was 1,509 million yen, accounted for 0.3% of consolidated revenue, and revenue in the other countries was 8,878 million yen, accounted for 1.8% of consolidated revenue.