



1st Quarter FY March 2011 Financial Results

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Nomura Research Institute, Ltd.

July 28, 2010

I. 1Q FY March 2011 Financial Results (Consolidated)

(1) Highlights

(Unit: JPY million)

	1Q FY Mar.2010 (Apr.2009 - Jun.2010)		1Q FY Mar.2011 (Apr.2010 - Jun.2010)		YoY		FY Mar.2010 (Apr.2009 - Mar.2010) Amount
	Amount	%	Amount	%	Diff.	Change (%)	
Sales	81,521	24.1	80,650	23.0	(870)	(1.1)	338,629
Consulting Services	6,336	21.9	6,517	21.7	180	2.9	28,883
System Development & System Application Sales	30,638	24.2	29,862	22.5	(775)	(2.5)	126,821
System Management & Operation Services	42,314	25.3	42,272	24.7	(41)	(0.1)	167,010
Product Sales	2,231	14.0	1,998	12.5	(233)	(10.5)	15,914
Cost of Sales	58,129		60,041		1,911	3.3	245,641
Gross Profit	23,392		20,609		(2,782)	(11.9)	92,988
(Gross Profit Margin)	28.7%		25.6%		(3.1P)		27.5%
SG&A	13,438		14,048		610	4.5	52,911
Operating Profit	9,953	24.8	6,560	14.9	(3,392)	(34.1)	40,077
(Operating Profit Margin)	12.2%		8.1%		(4.1P)		11.8%
Non-operating gain and loss	906		942		35	3.9	870
Other Income and Expense	(296)		(317)		(20)	-	(3,618)
Net Income	6,124	28.0	4,082	15.7	(2,042)	(33.3)	21,856
Earnings per Share	JPY 31.48	28.0	JPY 20.97	15.7	JPY (10.51)	(33.4)	JPY 112.32

* 1Q FY Mar.2011 progress is based on the financial results forecast released on April 28, 2010.

*Amounts of less than JPY million were rounded down.

I. 1Q FY March 2011 Financial Results (Consolidated)

(2) Sales and Operating Profit by segment

① Segment performance results (including sales for each segment)

(Unit: JPY million)

		1Q FY Mar.2010 (Apr.2009 - Jun.2009)		1Q FY Mar.2011 (Apr.2010 - Jun.2010)		YoY		FY Mar.2010 (Apr.2009 - Mar.2010)	
		Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Consulting	Sales	3,907	4.8	3,726	4.6	(181)	(4.6)	17,993	5.3
	Operating Profit	(409)	(4.1)	(632)	(9.6)	(222)	-	127	0.3
	Operating Profit Margin	(10.5)		(17.0)		(6.5P)		0.7	
Financial IT Solutions	Sales	49,862	61.2	50,899	63.1	1,037	2.1	209,191	61.8
	Operating Profit	4,875	49.0	3,678	56.1	(1,197)	(24.6)	19,845	49.5
	Operating Profit Margin	9.8		7.2		(2.6P)		9.5	
Industrial IT Solutions	Sales	23,215	28.5	22,023	27.3	(1,192)	(5.1)	95,859	28.3
	Operating Profit	1,956	19.7	(202)	(3.1)	(2,159)	-	8,425	21.0
	Operating Profit Margin	8.4		(0.9)		(9.3P)		8.8	
IT Platform Services	Sales	17,083	21.0	16,967	21.0	(116)	(0.7)	69,298	20.5
	Operating Profit	2,301	23.1	2,620	39.9	318	13.8	8,525	21.3
	Operating Profit Margin	13.5		15.4		2.0P		12.3	
Others	Sales	3,536	4.3	2,967	3.7	(568)	(16.1)	12,082	3.6
	Operating Profit	141	1.4	115	1.8	(25)	(18.3)	(467)	(1.2)
	Operating Profit Margin	4.0		3.9		(0.1P)		(3.9)	
Inter-segment sales and eliminations	Sales	(16,084)	(19.7)	(15,933)	(19.8)	151		(65,795)	(19.4)
	Operating Profit	1,086	10.9	981	15.0	(105)		3,621	9.0
Total	Sales	81,521	100.0	80,650	100.0	(870)	(1.1)	338,629	100.0
	Operating Profit	9,953	100.0	6,560	100.0	(3,392)	(34.1)	40,077	100.0
	Operating Profit Margin	12.2		8.1		(4.1P)		11.8	

*Amounts of less than JPY million were rounded down.

I. 1Q FY March 2011 Financial Results (Consolidated)

②Details of outside sales by segment

(Unit: JPY million)

	1Q FY Mar.2010 (Apr.2009- Jun.2009)		1Q FY Mar.2011 (Apr.2010- Jun.2010)		YoY		FY Mar.2010 (Apr.2009- Mar.2010)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Consulting	3,905	4.8	3,704	4.6	(200)	(5.1)	17,945	5.3
Financial IT Solutions	49,825	61.1	50,883	63.1	1,058	2.1	209,032	61.7
Securities	26,658	32.7	24,361	30.2	(2,297)	(8.6)	108,401	32.0
Insurance	12,519	15.4	13,797	17.1	1,278	10.2	53,895	15.9
Banking	5,373	6.6	7,354	9.1	1,981	36.9	25,881	7.6
Other financial	5,273	6.5	5,369	6.7	95	1.8	20,854	6.2
Industrial IT Solutions	22,148	27.2	20,981	26.0	(1,166)	(5.3)	90,965	26.9
Distribution	10,102	12.4	10,611	13.2	509	5.0	41,289	12.2
Manufacturing, service and other	12,046	14.8	10,370	12.9	(1,676)	(13.9)	49,676	14.7
IT Platform Services	2,851	3.5	2,820	3.5	(31)	(1.1)	11,391	3.4
Others	2,791	3.4	2,261	2.8	(529)	(19.0)	9,295	2.7
Total	81,521	100.0	80,650	100.0	(870)	(1.1)	338,629	100.0

(3) Sales to main clients

	1Q FY Mar.2010 (Apr.2009- Jun.2009)		1Q FY Mar.2011 (Apr.2010- Jun.2010)		YoY		FY Mar.2010 (Apr.2009- Mar.2010)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Nomura Holdings	22,563	27.7	19,155	23.8	(3,407)	(15.1)	86,335	25.5
SEVEN & i HOLDINGS	9,797	12.0	10,610	13.2	813	8.3	40,599	12.0

*Figures, in principle, include sales to subsidiaries.

*Amounts of less than JPY million were rounded down.

I. 1Q FY March 2011 Financial Results (Consolidated)

(4) Order Volume and Order Backlog

Order Volume

(Unit: JPY million)

	1Q FY Mar.2010	1Q FY Mar.2011	YoY	
	(Apr.2009- Jun.2009)	(Apr.2010- Jun.2010)	Diff.	Change (%)
	Amount	Amount		
Consulting	6,489	6,549	60	0.9
Financial IT Solutions	40,870	34,413	(6,456)	(15.8)
Industrial IT Solutions	18,211	13,533	(4,677)	(25.7)
IT Platform Services	3,801	2,305	(1,496)	(39.4)
Others	3,414	3,177	(237)	(6.9)
Total	72,787	59,980	(12,807)	(17.6)

Order Backlog(Outstanding)

	At end of	At end of	YoY	
	1Q FY Mar.2010	1Q FY Mar.2011	Diff.	Change (%)
	Amount	Amount		
Consulting	4,878	4,290	(588)	(12.1)
Financial IT Solutions	105,547	103,874	(1,672)	(1.6)
Industrial IT Solutions	46,290	43,671	(2,618)	(5.7)
IT Platform Services	6,534	6,769	234	3.6
Others	4,016	3,456	(560)	(14.0)
Total	167,267	162,061	(5,205)	(3.1)
Order backlog in the current FY	164,246	161,108	(3,138)	(1.9)

*Amounts of less than JPY million were rounded down.

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(5) Cash Flow

(Unit: JPY million)

	1Q	1Q	YoY	FY Mar.2010
	FY Mar.2010 (Apr.2009- Jun.2009)	FY Mar.2011 (Apr.2010- Jun.2010)		(Apr.2009 -Mar.2010)
	Amount	Amount	Change(%)	Amount
Income before income taxes	10,563	7,185	(32.0)	37,328
Gain/Loss from non-operating activities	(840)	(1,020)	21.3	(789)
Extraordinary gain/loss	306	373	22.0	840
Depreciation and amortization	6,774	7,633	12.7	30,915
Accounts receivable and other receivable, net of advance payments received	11,681	10,909	(6.6)	4,198
Allowance	(5,912)	(7,507)	27.0	(2,489)
Other	4,061	1,694	(58.3)	7,371
Subtotal	26,634	19,269	(27.7)	77,375
Interest and dividends received	977	1,052	7.6	1,412
Income taxes paid	(11,912)	(9,388)	(21.2)	(20,727)
Operating Activities	15,699	10,933	(30.4)	58,060
Acquisition of property and equipment	(3,721)	(4,310)	15.8	(12,499)
Increase in software and other intangibles	(5,373)	(2,416)	(55.0)	(15,115)
Subtotal: Capital expenditure	(9,094)	△6,727	△26.0	△27,614
Proceeds from time deposits	3,562	-	(100.0)	6,009
Increase in investment securities	(252)	(7,042)	-	(3,734)
Proceeds from sales and redemption of investment securities	2,030	80	(96.1)	8,446
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	664	-	(100.0)	664
Other	17	10	(39.4)	53
Investing Activities	(3,071)	(13,678)	345.3	(16,175)
Free Cash Flow	12,628	(2,745)	-	41,885
(Free Cash Flow except Cash management purpose investment)	7,316	4,279	(41.5)	29,876
Increase in short-term loans payable	4,000	3,500	(12.5)	6,500
Decrease in short-term loans payable	(4,000)	(3,500)	(12.5)	(6,500)
Repayments of finance lease obligations	(72)	(27)	(62.8)	(235)
Purchase of treasury stock	(0)	0	-	(0)
Cash dividends paid	(5,010)	(5,027)	0.4	(10,112)
Financing Activities	(5,082)	(5,054)	(0.6)	(10,348)
Effect of exchange rate changes on Cash and cash equivalents	(132)	(224)	69.6	10
Net increase in Cash and cash equivalents	7,412	(8,024)	-	31,547
Cash and cash equivalents at beginning of period	28,228	59,775	111.8	28,228
Cash and cash equivalents at end of period	35,641	51,751	45.2	59,775
Cash and cash equivalents + Cash Management purpose investment	53,499	72,811	36.1	73,837

*Amounts of less than JPY million were rounded down.

I. 1Q FY March 2011 Financial Results (Consolidated)

Note: Cash management purpose investment are the investments to 3 months over time deposits and government bonds etc..
Cash management purpose investment (included in investing activities) are as follows.

	1Q	1Q	YoY	FY Mar.2010
	FY Mar.2010 (Apr.2009- Jun.2009)	FY Mar.2011 (Apr.2010- Jun.2010)		(Apr.2009 -Mar.2010)
	Amount	Amount	Change (%)	Amount
Proceeds from time deposits	3,562	-	(100.0)	6,009
Increase in investment securities	(250)	(7,024)	-	-
Proceeds from sales and redemption of investment securities	2,000	-	(100.0)	6,000
(Total)	5,312	(7,024)	-	12,009
Cash management purpose investment				

*Amounts of less than JPY million were rounded down.

I. 1Q FY March 2011 Financial Results (Consolidated)

(6) Subcontracting Costs

(Unit: JPY million)

	1Q FY Mar.2010 (Apr.2009- Jun.2009)		1Q FY Mar.2011 (Apr.2010- Jun.2010)		YoY		FY Mar.2010 (Apr.2009- Mar.2010)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Subcontracting Costs	27,747	34.0	24,920	30.9	(2,826)	(10.2)	109,825	32.4
(Subcontracting Costs to China)	3,664	13.2	2,892	11.6	(772)	(21.1)	13,548	12.3

* Subcontracting costs to China & Percentage in total subcontracting costs.

(7) Capital Expenditure, R&D

(Unit: JPY million)

	1Q FY Mar.2010 (Apr.2009 - Jun.2009)		1Q FY Mar.2011 (Apr.2010 - Jun.2010)		YoY		FY Mar.2010 (Apr.2009 - Mar.2010)
	Amount	Amount	Amount	Amount	Diff.	Change (%)	Amount
Capital Expenditure	7,610	3,796	(3,813)	(50.1)			29,000
Tangible	2,277	1,444	(833)	(36.6)			13,792
Intangible	5,332	2,352	(2,979)	(55.9)			15,208
R&D	732	681	(51)	(7.0)			3,561

(8) Depreciation and Amortization

(Unit: JPY million)

	1Q FY Mar.2010 (Apr.2009- Jun.2009)		1Q FY Mar.2011 (Apr.2010- Jun.2010)		YoY		FY Mar.2010 (Apr.2009 - Mar.2010)
	Amount	Amount	Amount	Amount	Diff.	Change (%)	Amount
Tangible	2,777	2,446	(331)	(11.9)			12,271
Intangible	3,996	5,187	1,190	29.8			18,644
Total	6,774	7,633	859	12.7			30,915

*Amounts of less than JPY million were rounded down.

II.【References】 FY March 2011 Financial Results Forecasts (Consolidated)

Details of outside sales by segment

(Unit: JPY billion)

	FY Mar.2010 (Results)		FY Mar.2011 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Consulting	17.9	5.3	19.0	5.4	1.0	5.9
Financial IT Solutions	209.0	61.7	217.0	62.0	7.9	3.8
Securities	108.4	32.0	111.0	31.7	2.5	2.4
Insurance	53.8	15.9	56.0	16.0	2.1	3.9
Banking	25.8	7.6	26.5	7.6	0.6	2.4
Other financial	20.8	6.2	23.5	6.7	2.6	12.7
Industrial IT Solutions	90.9	26.9	95.0	27.1	4.0	4.4
Distribution	41.2	12.2	41.5	11.9	0.2	0.5
Manufacturing, service and other	49.6	14.7	53.5	15.3	3.8	7.7
IT Platform Services	11.3	3.4	10.0	2.9	(1.3)	(12.2)
Others	9.2	2.7	9.0	2.6	(0.2)	(3.2)
Total	338.6	100.0	350.0	100.0	11.3	3.4

*Amounts of less than JPY million were rounded down.

II. [References] FY March 2011 Financial Results Forecasts (Consolidated)

[1st Half]

(Unit: JPY billion)

	FY Mar.2010 (Results)		FY Mar.2011 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Consulting	8.5	5.1	9.0	5.5	0.4	5.4
Financial IT Solutions	102.1	61.2	102.0	61.8	(0.1)	(0.2)
Securities	53.9	32.3	53.0	32.1	(0.9)	(1.7)
Insurance	25.7	15.5	26.0	15.8	0.2	0.8
Banking	12.1	7.3	12.5	7.6	0.3	2.8
Other financial	10.3	6.2	10.5	6.4	0.1	1.9
Industrial IT Solutions	45.3	27.2	44.0	26.7	(1.3)	(3.0)
Distribution	20.8	12.5	20.5	12.4	(0.3)	(1.5)
Manufacturing, service and other	24.5	14.7	23.5	14.2	(1.0)	(4.3)
IT Platform Services	5.7	3.4	5.0	3.0	(0.7)	(12.8)
Others	5.0	3.0	5.0	3.0	(0)	(1.6)
Total	166.8	100.0	165.0	100.0	(1.8)	(1.1)

[2nd Half]

(Unit: JPY billion)

	FY Mar.2010 (Results)		FY Mar.2011 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Consulting	9.4	5.5	10.0	5.4	0.5	6.3
Financial IT Solutions	106.8	62.2	115.0	62.2	8.1	7.6
Securities	54.4	31.7	58.0	31.4	3.5	6.5
Insurance	28.1	16.4	30.0	16.2	1.8	6.7
Banking	13.7	8.0	14.0	7.6	0.2	2.0
Other financial	10.5	6.1	13.0	7.0	2.4	23.2
Industrial IT Solutions	45.6	26.6	51.0	27.6	5.3	11.8
Distribution	20.4	11.9	21.0	11.4	0.5	2.5
Manufacturing, service and other	25.1	14.6	30.0	16.2	4.8	19.4
IT Platform Services	5.6	3.3	5.0	2.7	(0.6)	(11.6)
Others	4.2	2.5	4.0	2.2	(0.2)	(5.1)
Total	171.7	100.0	185.0	100.0	13.2	7.7

*Amounts of less than JPY million were rounded down.

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