



FY March 2004 Financial Results

. FY March 2004 Financial Results (Consolidated)	1
. FY March 2005 Financial Results Forecasts (Consolidated)	9

Nomura Research Institute, Ltd.

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I. FY March 2004 Financial Results (Consolidated)

(1) Highlights

(Unit: JPY million)

	FY Mar.2003	FY Mar.2004	YoY	
	Apr.2002 - Mar.2003	(Apr.2003 - Mar.2004)	Diff.	Change (%)
	Amount	Amount		
Sales	232,743	238,067	5,323	2.3
		* 245,000		* (2.8%)
Operating Profit	27,164	28,022	858	3.2
		* 28,000		* 0.1%
Net Income	15,459	18,269	2,810	18.2
		* 16,000		* 14.2%
Operating Profit Margin	11.7%	11.8%	0.1P	
		* 11.4%		
Earnings per share	JPY337.26	JPY399.44	JPY62.18	18.4
Dividends per share	JPY20.00	JPY40.00		
		* JPY20.00		

Note: Figures * indicate earnings estimates.

[1st Half]

	1 st half FY Mar.2003	1 st half FY Mar.2004	YoY	
	(Apr.2002 - Sep.2002)	(Apr.2003 - Sep.2003)	Diff.	Change(%)
	Amount	Amount		
Sales	113,774	113,309	(465)	(0.4)
Operating Profit	13,178	12,106	(1,071)	(8.1)
Net Income	7,897	7,891	(5)	(0.1)
Operating Profit Margin	11.6%	10.7%	(0.9P)	

[2nd Half]

	2 nd half FY Mar.2003	2 nd half FY Mar.2004	YoY	
	(Oct.2002 - Mar.2003)	(Oct.2003 - Mar.2004)	Diff.	Change (%)
	Amount	Amount		
Sales	118,969	124,758	5,788	4.9
Operating Profit	13,985	15,915	1,929	13.8
Net Income	7,561	10,378	2,816	37.2
Operating Profit Margin	11.8%	12.8%	1.0P	

*Amounts of less than JPY million were rounded down.

I. FY March 2004 Financial Results (Consolidated)

(2) Sales by sector

(Unit:JPY million)

	FY Mar.2003 (Apr.2002 - Mar.2003)		FY Mar.2004 (Apr.2003 - Mar.2004)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Nomura Securities Group	63,621	27.3	59,423	25.0	(4,198)	(6.6)
Others	61,650	26.5	65,681	27.6	4,030	6.5
Financial sector	125,272	53.8	125,104	52.5	(168)	(0.1)
Distribution sector	41,686	17.9	44,676	18.8	2,989	7.2
Other private sector	47,144	20.3	48,427	20.3	1,283	2.7
Public sector	18,640	8.0	19,859	8.3	1,219	6.5
Total	232,743	100.0	238,067	100.0	5,323	2.3

[1st Half]

	1 st half FY Mar.2003 (Apr.2002 - Sep.2002)		1 st half FY Mar.2004 (Apr.2003 - Sep.2003)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Nomura Securities Group	31,365	27.6	27,747	24.5	(3,618)	(11.5)
Others	30,787	27.1	28,655	25.3	(2,131)	(6.9)
Financial sector	62,152	54.6	56,403	49.8	(5,749)	(9.3)
Distribution sector	20,808	18.3	22,776	20.1	1,967	9.5
Other private sector	22,491	19.8	24,848	21.9	2,356	10.5
Public sector	8,320	7.3	9,281	8.2	960	11.5
Total	113,774	100.0	113,309	100.0	(465)	(0.4)

[2nd Half]

	2 nd half FY Mar.2003 (Oct.2002 - Mar.2003)		2 nd half FY Mar.2004 (Oct.2003 - Mar.2004)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Nomura Securities Group	32,256	27.1	31,675	25.4	(580)	(1.8)
Others	30,862	25.9	37,025	29.7	6,162	20.0
Financial sector	63,119	53.1	68,701	55.1	5,581	8.8
Distribution sector	20,878	17.5	21,899	17.6	1,021	4.9
Other private sector	24,652	20.7	23,578	18.9	(1,073)	(4.4)
Public sector	10,319	8.7	10,578	8.5	259	2.5
Total	118,969	100.0	124,758	100.0	5,788	4.9

*Amounts of less than JPY million were rounded down.

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I. FY March 2004 Financial Results (Consolidated)

(3) Sales and Operating Profit by segment

System Solution Service

(Unit: JPY million)

	FY Mar.2003 (Apr.2002 - Mar.2003)		FY Mar.2004 (Apr.2003 - Mar.2004)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	83,062	35.7	78,339	32.9	(4,722)	(5.7)
System Management & Operations	90,218	38.8	93,502	39.3	3,283	3.6
Product Sales	21,188	9.1	23,203	9.7	2,014	9.5
Sales	194,469	83.6	195,045	81.9	576	0.3
Operating Profit	23,645		22,298		(1,346)	(5.7)
Operating Profit Margin	12.2%		11.4%		(0.7P)	

[1st Half]

	1 st half FY Mar.2003 (Apr.2002 - Sep.2002)		1 st half FY Mar.2004 (Apr.2003 - Sep.2003)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	39,656	34.9	35,554	31.4	(4,102)	(10.3)
System Management & Operations	44,814	39.4	45,685	40.3	870	1.9
Product Sales	10,482	9.2	10,850	9.6	367	3.5
Sales	94,954	83.5	92,089	81.3	(2,864)	(3.0)
Operating Profit	11,953		9,249		(2,704)	(22.6)
Operating Profit Margin	12.6%		10.0%		(2.5P)	

[2nd Half]

	2 nd half FY Mar.2003 (Oct.2002 - Mar.2003)		2 nd half FY Mar.2004 (Oct.2003 - Mar.2004)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	43,405	36.5	42,785	34.3	(620)	(1.4)
System Management & Operations	45,403	38.2	47,816	38.3	2,412	5.3
Product Sales	10,705	9.0	12,353	9.9	1,647	15.4
Sales	99,515	83.6	102,955	82.5	3,440	3.5
Operating Profit	11,691		13,049		1,357	11.6
Operating Profit Margin	11.7%		12.7%		0.9P	

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I. FY March 2004 Financial Results (Consolidated)

Consulting & Knowledge Service

(Unit: JPY million)

	FY Mar.2003 (Apr.2002 - Mar.2003)		FY Mar.2004 (Apr.2003 - Mar.2004)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	38,274	16.4	43,022	18.1	4,747	12.4
Operating Profit	3,533		5,727		2,194	62.1
Operating Profit Margin	9.2%		13.3%		4.1P	

[1st Half]

	1 st half FY Mar.2003 (Apr.2002 - Sep.2002)		1 st half FY Mar.2004 (Apr.2003 - Sep.2003)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	18,820	16.5	21,219	18.7	2,398	12.7
Operating Profit	1,234		2,858		1,623	131.5
Operating Profit Margin	6.6%		13.5%		6.9P	

[2nd Half]

	2 nd half FY Mar.2003 (Oct.2002 - Mar.2003)		2 nd half FY Mar.2004 (Oct.2003 - Mar.2004)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	19,454	16.4	21,803	17.5	2,348	12.1
Operating Profit	2,298		2,869		570	24.8
Operating Profit Margin	11.8%		13.2%		1.3P	

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I. FY March 2004 Financial Results (Consolidated)

(4) Order Backlog (Outstanding)

(Unit: JPY million)

	At end of	At end of	YoY	
	FY Mar.2003	FY Mar.2004	Diff.	Change (%)
	Amount	Amount		
System Development & System Application sales	6,163	13,474	7,311	118.6
System Management & Operations	79,690	79,350	(339)	(0.4)
System Solution Services	85,854	92,825	6,971	8.1
Consulting & Knowledge Services	18,220	15,723	(2,497)	(13.7)
Total	104,074	108,548	4,474	4.3

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I. FY March 2004 Financial Results (Consolidated)

(5) Subcontracting Costs

Subcontracting Costs by segment & Percentage in actual production (Unit: JPY million)

	FY Mar.2003 (Apr.2002 - Mar.2003)		FY Mar.2004 (Apr.2003 - Mar.2004)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	42,805	63.3	32,437	58.9	(10,367)	(24.2)
System Management & Operations	22,211	32.5	25,035	34.5	2,824	12.7
System Solution Services	65,016	47.8	57,473	45.0	(7,542)	(11.6)
Consulting & Knowledge Services	9,237	34.9	10,144	35.9	907	9.8
Total	74,253	45.7	67,618	43.4	(6,634)	(8.9)
(Subcontracting Costs to China)	2,060	2.8	3,503	5.2	1,442	70.0

* Subcontracting costs to China & Percentage in total subcontracting costs

[1st Half]

	1 st half FY Mar.2003 (Apr.2002 - Sep.2002)		1 st half FY Mar.2004 (Apr.2003 - Sep.2003)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	20,589	63.5	15,866	59.0	(4,723)	(22.9)
System Management & Operations	10,996	32.0	12,230	33.4	1,234	11.2
System Solution Services	31,585	47.3	28,096	44.2	(3,489)	(11.0)
Consulting & Knowledge Services	4,611	34.8	5,019	37.2	407	8.8
Total	36,197	45.2	33,116	43.0	(3,081)	(8.5)
(Subcontracting Costs to China)	761	2.1	1,370	4.1	608	79.9

[2nd Half]

	2 nd half FY Mar.2003 (Oct.2002 - Mar.2003)		2 nd half FY Mar.2004 (Oct.2003 - Mar.2004)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	22,215	63.1	16,571	58.9	(5,643)	(25.4)
System Management & Operations	11,214	32.9	12,805	35.5	1,590	14.2
System Solution Services	33,430	48.3	29,376	45.8	(4,053)	(12.1)
Consulting & Knowledge Services	4,625	35.1	5,125	34.8	499	10.8
Total	38,055	46.2	34,501	43.7	(3,553)	(9.3)
(Subcontracting Costs to China)	1,298	3.4	2,132	6.2	833	64.2

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I. FY March 2004 Financial Results (Consolidated)

(6) Cash Flow

(Unit: JPY million)

	FY Mar.2003 (Apr.2002 - Mar.2003)	FY Mar.2004 (Apr.2003 - Mar.2004)	YoY	
	Amount	Amount	Diff.	Change (%)
Operating activities	14,611	29,312	14,700	100.6
Investing activities	(18,994)	(19,143)	(148)	0.8
(Sub Total) Free Cash Flow	(4,382)	10,169	14,552	-
Financing activities	(1,503)	(1,508)	(4)	0.3
Net increase in cash and cash equivalents	(6,442)	8,051	14,494	-
Cash and Cash equivalents at end of FY Mar.2004	88,760	96,812	8,051	9.1

[1st Half]

	1 st half FY Mar.2003 (Apr.2002 - Sep.2002)	1 st half FY Mar.2004 (Apr.2003 - Sep.2003)	YoY	
	Amount	Amount	Diff.	Change (%)
Operating activities	891	8,019	7,128	799.9
Investing activities	(14,109)	(5,481)	8,627	(61.1)
(Sub Total) Free Cash Flow	(13,218)	2,537	15,755	-
Financing activities	(1,198)	(1,201)	(2)	0.2
Net increase in cash and cash equivalents	(14,839)	885	15,724	-
Cash and Cash equivalents at end of 1 st Half	80,364	89,646	9,281	11.5

[2nd Half]

	2 nd half FY Mar.2003 (Oct.2002 - Mar.2003)	2 nd half FY Mar.2004 (Oct.2003 - Mar.2004)	YoY	
	Amount	Amount	Diff.	Change (%)
Operating activities	13,720	21,293	7,572	55.2
Investing activities	(4,885)	(13,661)	(8,775)	179.6
(Sub Total) Free Cash Flow	8,835	7,631	(1,203)	(13.6)
Financing activities	(305)	(306)	(1)	0.6
Net increase in cash and cash equivalents	8,396	7,165	(1,230)	(14.7)
Cash and Cash equivalents at end of 2 nd Half	88,760	96,812	8,051	9.1

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I. FY March 2004 Financial Results (Consolidated)

(7) Capital Expenditure (Unit: JPY million)

	FY Mar.2003	FY Mar.2004	YoY	
	(Apr.2002 - Mar.2003)	(Apr.2003 - Mar.2004)	Diff.	Change (%)
	Amount	Amount		
Tangible	4,377	12,813	8,435	192.7
Intangible	16,078	11,431	(4,647)	(28.9)
Total	20,456	24,244	3,788	18.5

(8) Depreciation & Amortization (Unit: JPY million)

	FY Mar.2003	FY Mar.2004	YoY	
	(Apr.2002 - Mar.2003)	(Apr.2003 - Mar.2004)	Diff.	Change (%)
	Amount	Amount		
Tangible	5,336	4,820	(515)	(9.7)
Intangible	7,907	12,930	5,022	63.5
Total	13,244	17,750	4,506	34.0

(9) R&D expenditure (Unit: JPY million)

	FY Mar.2003	FY Mar.2004	YoY	
	(Apr.2002 - Mar.2003)	(Apr.2003 - Mar.2004)	Diff.	Change (%)
	Amount	Amount		
System Solution Services	1,662	1,584	(78)	(4.7)
Consulting & Knowledge Services	845	632	(213)	(25.2)
Total	2,508	2,216	(291)	(11.6)

(10) Change of significant accounting policy

- The Company had booked all actuarial loss in a generating fiscal year.
- The accounting policy has been changed from FY Mar.2004, and the actuarial loss has been depreciated from next fiscal year during regular years (15 years) within average survival range of employment by using fixed installment method. Other income decreased by JPY 8,077 million as compare with the method using before.

*Amounts of less than JPY million were rounded down.

II. FY March 2005 Financial Results Forecasts (Consolidated)

(1) Highlights

(Unit: JPY billion)

	FY Mar.2004 (Results)	FY Mar.2005 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
Sales	238.0	250.0	11.9	5.0
Operating Profit	28.0	30.0	1.9	7.1
Net Income	18.2	17.6	(0.6)	(3.7)
Operating Profit Margin	11.8%	12.0%	0.2P	
Earnings per share	JPY399.44	JPY391.11	(JPY8.33)	(2.1)
Dividends per share	(E)JPY40.00	JPY40.00		

[1st Half]

	1 st half FY Mar.2004 (Results)	1 st half FY Mar.2005 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
Sales	113.3	115.0	1.6	1.5
Operating Profit	12.1	11.0	(1.1)	(9.1)
Net Income	7.8	6.4	(1.4)	(18.9)
Operating Profit Margin	10.7%	9.6%	(1.1P)	
Dividends per share	-	JPY20.00		

[2nd Half]

	2 nd half FY Mar.2004 (Results)	2 nd half FY Mar.2005 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
Sales	124.7	135.0	10.2	8.2
Operating Profit	15.9	19.0	3.0	19.4
Net Income	10.3	11.2	0.8	7.9
Operating Profit Margin	12.8%	14.1%	1.3P	
Dividends per share	(E) JPY40.00	20.00		

II. FY March 2005 Financial Results Forecasts (Consolidated)

(2) Sales by sector

(Unit: JPY billion)

	FY Mar.2004 (Results)		FY Mar.2005 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	125.1	52.5	137.0	54.8	11.8	9.5
Distribution sector	44.6	18.8	47.0	18.8	2.3	5.2
Other private sector	48.4	20.3	47.0	18.8	(1.4)	(2.9)
Public sector	19.8	8.3	19.0	7.6	(0.8)	(4.3)
Total	238.0	100.0	250.0	100.0	11.9	5.0

[1st Half]

	1 st half FY Mar.2004 (Results)		1 st half FY Mar.2005 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	56.4	49.8	61.0	53.0	4.5	8.2
Distribution sector	22.7	20.1	23.0	20.0	0.2	1.0
Other private sector	24.8	21.9	23.0	20.0	(1.8)	(7.4)
Public sector	9.2	8.2	8.0	7.0	(1.2)	(13.8)
Total	113.3	100.0	115.0	100.0	1.6	1.5

[2nd Half]

	2 nd half FY Mar.2004 (Results)		2 nd half FY Mar.2005 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	68.7	55.1	76.0	56.3	7.2	10.6
Distribution sector	21.8	17.6	24.0	17.8	2.1	9.6
Other private sector	23.5	18.9	24.0	17.8	0.4	1.8
Public sector	10.5	8.5	11.0	8.1	0.4	4.0
Total	124.7	100.0	135.0	100.0	10.2	8.2

II. FY March 2005 Financial Results Forecasts (Consolidated)

(3) Capital Expenditure

(Unit: JPY billion)

	FY Mar.2004 (Results)	FY Mar.2005 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
Tangible	12.8	7.0	(5.8)	(45.4)
Intangible	11.4	7.8	(3.6)	(31.8)
Total	24.2	14.8	(9.4)	(39.0)

(4) Depreciation & Amortization

(Unit: JPY billion)

	FY Mar.2004 (Results)	FY Mar.2005 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
Total	17.7	19.5	1.7	9.9

(5) R&D expenditure

(Unit: JPY billion)

	FY Mar.2004 (Results)	FY Mar.2005 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
Total	2.2	2.5	0.2	12.8