



# **3<sup>rd</sup> Quarter FY March 2004 Financial Results**

<b>3<sup>rd</sup> Quarter FY March 2004 Financial Results (Consolidated)</b>	<b>• • • • •</b>	<b>2</b>
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**Nomura Research Institute, Ltd.  
January 29, 2004**

### 3<sup>rd</sup> Quarter FY2004 Financial Results (Consolidated)

#### (1) Highlights

(Unit: JPY million)

	[Ref.] 3Q FY Mar.2003 Total (Apr.-Dec.)	Progress	3Q FY Mar.2004 Total (Apr.-Dec.)	Progress	YoY		FY March 2003
	Amount	(%)	Amount	(%)	Diff.	Change(%)	Amount
<b>Sales</b>	169,531	72.8	167,794	68.5	(1,737)	(1.0)	232,743
<b>Operating Profit</b>	19,760	72.7	18,917	67.6	(843)	(4.3)	27,164
<b>Net Income</b>	11,698	-	12,678	-	980	8.4	15,459
<b>Operating Profit Margin</b>	11.7%	-	11.3%	-	(0.4P)		11.7%
<b>EPS</b>	JPY259.96	-	JPY281.75	-	JPY21.79	8.4	JPY337.26

#### [1<sup>st</sup> Quarter]

	1Q FY Mar.2003 (Apr.2002-Jun.2002)	1Q FY Mar.2004 (Apr.2003-Jun.2003)	YoY	
	Amount	Amount	Diff.	Change (%)
<b>Sales</b>	51,397	52,715	1,318	2.6
<b>Operating Profit</b>	5,153	4,263	(890)	(17.3)
<b>Net Income</b>	3,600	3,413	(186)	(5.2)
<b>Operating Profit Margin</b>	10.0%	8.1%	(1.9P)	

#### [2<sup>nd</sup> Quarter]

	2Q FY Mar.2003 (Jul.2002-Sep.2002)	2Q FY Mar.2004 (Jul.2003-Sep.2003)	YoY	
	Amount	Amount	Diff.	Change (%)
<b>Sales</b>	62,376	60,593	(1,783)	(2.9)
<b>Operating Profit</b>	8,025	7,843	(181)	(2.3)
<b>Net Income</b>	4,297	4,478	180	4.2
<b>Operating Profit Margin</b>	12.9%	12.9%	0.1P	

#### [3<sup>rd</sup> Quarter]

	3Q FY Mar.2003 (Oct.2002-Dec.2002)	3Q FY Mar.2004 (Oct.2003-Dec.2003)	YoY	
	Amount	Amount	Diff.	Change (%)
<b>Sales</b>	55,757	54,485	(1,271)	(2.3)
<b>Operating Profit</b>	6,582	6,810	228	3.5
<b>Net Income</b>	3,800	4,786	986	25.9
<b>Operating Profit Margin</b>	11.8%	12.5%	0.7P	

\*Amounts of less than JPY million were rounded down.

### 3<sup>rd</sup> Quarter FY2004 Financial Results (Consolidated)

#### (2) Sales by sector

(Unit:JPY million)

	[Ref.] 3Q FY Mar.2003 Total (Apr.-Dec.)		3Q FY Mar.2004 Total (Apr.-Dec.)		YoY		FY March 2003	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
<b>Financial sector</b>	91,868	54.2	84,831	50.6	(7,036)	(7.7)	125,272	53.8
<b>Distribution Sector</b>	31,191	18.4	33,595	20.0	2,403	7.7	41,686	17.9
<b>Other Private Sector</b>	33,632	19.8	35,035	20.9	1,402	4.2	47,144	20.3
<b>Public sector</b>	12,838	7.6	14,331	8.5	1,492	11.6	18,640	8.0
<b>Total</b>	169,531	100.0	167,794	100.0	(1,737)	(1.0)	232,743	100.0
<b>Nomura Securities Group</b>	46,546	27.5	41,716	24.9	(4,830)	(10.4)	63,621	27.3
<b>Ito-Yokado Group</b>	17,426	10.3	17,940	10.7	514	3.0	23,154	9.9

#### [1<sup>st</sup> Quarter]

	1Q FY Mar.2003 (Apr.2002-Jun.2002)		1Q FY Mar.2004 (Apr.2003-Jun.2003)		YoY	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
<b>Financial sector</b>	28,203	54.9	25,928	49.2	(2,274)	(8.1)
<b>Distribution sector</b>	9,924	19.3	11,046	21.0	1,122	11.3
<b>Other Private sector</b>	9,365	18.2	11,363	21.6	1,998	21.3
<b>Public sector</b>	3,904	7.6	4,376	8.3	472	12.1
<b>Total</b>	51,397	100.0	52,715	100.0	1,318	2.6

#### [2<sup>nd</sup> Quarter]

	2Q FY Mar.2003 (Jul.2002-Sep.2002)		2Q FY Mar.2004 (Jul.2003-Sep.2003)		YoY	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
<b>Financial sector</b>	33,949	54.4	30,474	50.3	(3,474)	(10.2)
<b>Distribution sector</b>	10,884	17.4	11,729	19.4	845	7.8
<b>Other Private sector</b>	13,126	21.0	13,484	22.3	358	2.7
<b>Public sector</b>	4,416	7.1	4,904	8.1	487	11.0
<b>Total</b>	62,376	100.0	60,593	100.0	(1,783)	(2.9)

#### [3<sup>rd</sup> Quarter]

	3Q FY Mar.2003 (Oct.2002-Dec.2002)		3Q FY Mar.2004 (Oct.2003-Dec.2003)		YoY	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
<b>Financial sector</b>	29,715	53.3	28,428	52.2	(1,286)	(4.3)
<b>Distribution sector</b>	10,383	18.6	10,819	19.9	436	4.2
<b>Other Private sector</b>	11,140	20.0	10,186	18.7	(954)	(8.6)
<b>Public sector</b>	4,517	8.1	5,050	9.3	532	11.8
<b>Total</b>	55,757	100.0	54,485	100.0	(1,271)	(2.3)

\*Amounts of less than JPY million were rounded down.

### 3<sup>rd</sup> Quarter FY2004 Financial Results (Consolidated)

#### (3) Sales and Operating Profit by segment

(Unit:JPY million)

	[Ref.] 3Q FY Mar.2003 Total (Apr.-Dec.)		3Q FY Mar.2004 Total (Apr.-Dec.)		YoY		FY March 2003	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
	System Development & System Application sales	60,023	35.4	52,726	31.4	(7,297)	(12.2)	83,062
System Management & Operations	66,710	39.4	68,939	41.1	2,228	3.3	90,218	38.8
Product Sales	14,649	8.6	14,624	8.7	(25)	(0.2)	21,188	9.1
System Solution Services	141,384	83.4	136,290	81.2	(5,094)	(3.6)	194,469	83.6
Consulting & Knowledge Services	28,146	16.6	31,504	18.8	3,357	11.9	38,274	16.4
<b>Sales</b>	<b>169,531</b>	<b>100.0</b>	<b>167,794</b>	<b>100.0</b>	<b>(1,737)</b>	<b>(1.0)</b>	<b>232,743</b>	<b>100.0</b>

#### [1<sup>st</sup> Quarter]

	1Q FY Mar.2003 (Apr.2002-Jun.2002)		1Q FY Mar.2004 (Apr.2003-Jun.2003)		YoY	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
System Development & System Application Sales	18,118	35.3	16,986	32.2	(1,132)	(6.2)
System Management & Operations	21,532	41.9	22,193	42.1	661	3.1
Product Sales	2,820	5.5	3,729	7.1	909	32.2
System Solution Services	42,471	82.6	42,910	81.4	438	1.0
Consulting & Knowledge Services	8,925	17.4	9,805	18.6	879	9.9
<b>Sales</b>	<b>51,397</b>	<b>100.0</b>	<b>52,715</b>	<b>100.0</b>	<b>1,318</b>	<b>2.6</b>

#### [2<sup>nd</sup> Quarter]

	2Q FY Mar.2003 (Jul.2002-Sep.2002)		2Q FY Mar.2004 (Jul.2003-Sep.2003)		YoY	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
System Development & System Application Sales	21,538	34.5	18,568	30.6	(2,970)	(13.8)
System Management & Operations	23,281	37.3	23,491	38.8	209	0.9
Product Sales	7,662	12.3	7,120	11.8	(541)	(7.1)
System Solution Services	52,482	84.1	49,179	81.2	(3,302)	(6.3)
Consulting & Knowledge Services	9,894	15.9	11,413	18.8	1,519	15.4
<b>Sales</b>	<b>62,376</b>	<b>100.0</b>	<b>60,593</b>	<b>100.0</b>	<b>(1,783)</b>	<b>(2.9)</b>

#### [3<sup>rd</sup> Quarter]

	3Q FY Mar.2003 (Oct.2002-Dec.2002)		3Q FY Mar.2004 (Oct.2003-Dec.2003)		YoY	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
System Development & System Application Sales	20,367	36.5	17,172	31.5	(3,194)	(15.7)
System Management & Operations	21,896	39.3	23,254	42.7	1,357	6.2
Product Sales	4,167	7.5	3,773	6.9	(393)	(9.4)
System Solution Services	46,430	83.3	44,200	81.1	(2,230)	(4.8)
Consulting & Knowledge Services	9,326	16.7	10,285	18.9	958	10.3
<b>Sales</b>	<b>55,757</b>	<b>100.0</b>	<b>54,485</b>	<b>100.0</b>	<b>(1,271)</b>	<b>(2.3)</b>

\*Amounts of less than JPY million were rounded down.

### 3<sup>rd</sup> Quarter FY2004 Financial Results (Consolidated)

#### (4) Order Backlog (Outstanding)

(Unit:JPY million)

	[Ref.] 3Q	3Q	YoY	
	FY Mar.2003 (end of Dec.)	FY Mar.2004 (end of Dec.)	Diff.	Change(%)
	Amount	Amount		
System Development & System Application sales	11,565	19,301	7,736	66.9
System Management & Operations	22,067	21,256	(811)	(3.7)
Product Sales	-	1,440	1,440	-
<b>System Solution Services</b>	<b>33,632</b>	<b>41,998</b>	<b>8,365</b>	<b>24.9</b>
<b>Consulting &amp; Knowledge Services</b>	<b>7,800</b>	<b>8,520</b>	<b>720</b>	<b>9.2</b>
<b>Sales</b>	<b>41,433</b>	<b>50,519</b>	<b>9,085</b>	<b>21.9</b>

#### (5) Subcontracting Costs

Subcontracting Costs by segment & Percentage in actual production

(Unit:JPY million)

	[Ref.] 3Q		3Q		YoY		FY March 2003	
	FY Mar.2003 Total (Apr.-Dec.)		FY Mar.2004 Total (Apr.-Dec.)		Diff.	Change (%)	Amount	Share (%)
	Amount	Share (%)	Amount	Share (%)				
System Development & System Application sales	31,178	63.4	23,304	58.9	(7,874)	(25.3)	42,805	63.3
System Management & Operations	16,172	31.8	18,349	33.9	2,177	13.5	22,211	32.5
System Solution Services	47,350	47.3	41,654	44.5	(5,696)	(12.0)	65,016	47.8
Consulting & Knowledge Services	6,891	35.1	7,464	36.4	572	8.3	9,237	34.9
<b>Total</b>	<b>54,242</b>	<b>45.3</b>	<b>49,118</b>	<b>43.0</b>	<b>(5,124)</b>	<b>(9.4)</b>	<b>74,253</b>	<b>45.7</b>
* Subcontracting costs to China & Percentage in total subcontracting costs								
<b>Subcontracting Costs to China</b>	<b>1,399</b>	<b>2.6</b>	<b>2,345</b>	<b>4.8</b>	<b>945</b>	<b>67.6</b>	<b>2,060</b>	<b>2.8</b>

\*Amounts of less than JPY million were rounded down.

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#### (6) Cash Flow

(Unit:JPY million)

	[Ref.] 3Q	3Q	YoY		FY March
	FY Mar.2003 Total (Apr.-Dec.)	FY Mar.2004 Total (Apr.-Dec.)	Diff.	Change(%)	2003
	Amount	Amount			Amount
Operating activities	2,681	12,508	9,827	366.5	14,611
Investing activities	(19,247)	(6,445)	12,802	(66.5)	(18,994)
Financing activities	(1,351)	(1,354)	(2)	0.2	(1,503)
Net increase in cash and cash equivalents	(18,435)	4,124	22,559	-	(6,442)
Cash and Cash equivalents at end of 3 <sup>rd</sup> Quarter	76,767	92,884			88,760

#### (7) Capital Expenditure

(Unit:JPY million)

	[Ref.] 3Q	3Q	YoY		FY March
	FY Mar.2003 (Apr.-Dec.)	FY Mar.2004 (Apr.-Dec.)	Diff.	Change(%)	2003
	Amount	Amount			Amount
Tangible	2,867	2,977	110	3.9	4,377
Intangible	11,995	8,839	(3,155)	(26.3)	16,078
Total	14,862	11,817	(3,045)	(20.5)	20,456

#### (8) Depreciation & Amortization

(Unit:JPY million)

	[Ref.] 3Q	3Q	YoY		FY March
	FY Mar.2003 (Apr.-Dec.)	FY Mar.2004 (Apr.-Dec.)	Diff.	Change(%)	2003
	Amount	Amount			Amount
Tangible	3,915	3,430	(485)	(12.4)	5,336
Intangible	4,861	6,157	1,296	26.7	7,907
Total	8,777	9,588	811	9.2	13,244

\*Amounts of less than JPY million were rounded down.

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#### (9) R&D expenditure

(Unit:JPY million)

	[Ref.] 3Q FY Mar.2003 (Apr.-Dec.)	3Q FY Mar.2004 (Apr.-Dec.)	YoY		FY March 2003
	Amount	Amount	Diff.	Change(%)	Amount
<b>System Solution Services</b>	<b>1,312</b>	<b>1,069</b>	<b>(243)</b>	<b>(18.5)</b>	<b>1,662</b>
<b>Consulting &amp; Knowledge Services</b>	<b>430</b>	<b>494</b>	<b>64</b>	<b>14.9</b>	<b>845</b>
<b>Total</b>	<b>1,743</b>	<b>1,563</b>	<b>(179)</b>	<b>(10.3)</b>	<b>2,508</b>

\*Amounts of less than JPY million were rounded down.