



1st Quarter FY March 2006 Financial Results

1st Quarter FY March 2006 Financial Results (Consolidated)	• • • • •	1
--	------------------	----------

**Nomura Research Institute, Ltd.
July 28, 2005**

1st Quarter FY2006 Financial Results (Consolidated)

(1) Highlights

(Unit: JPY million)

	1Q FY Mar.2005 (Apr.2004- Jun.2004)		1Q FY Mar.2006 (Apr.2005- Jun.2005)		YoY		FY Mar.2005 (Apr.2004 - Mar.2005)
	Amount		Amount		Diff.	Change (%)	Amount
Sales	53,245		60,664		7,419	13.9	252,963
Operating Profit	5,338		6,267		928	17.4	30,159
Net Income	3,430		3,961		530	15.5	16,303
Operating Profit Margin	10.0%		10.3%		0.3P		11.9%
Earnings per Share	JPY 76.23		JPY 88.14		JPY11.90	15.6	JPY 362.30

Percentage of progress

(Unit: JPY million)

	1Q FY Mar.2006 (Apr.2005- Jun.2005)			1H FY Mar.2006 (Forecasts)	FY Mar.2006 (Forecasts)
	Amount	% of Progress (1H)	% of Progress (FY)	Amount	Amount
Sales	60,664	50.6	23.3	120,000	260,000
Operating Profit	6,267	46.4	19.6	13,500	32,000
Net Income	3,961	49.5	20.3	8,000	19,500
Operating Profit Margin	10.3%			11.3%	12.3%
Earnings per Share	JPY 88.14				JPY 433.34

(2) Sales by sector

(Unit: JPY million)

	1Q FY Mar.2005 (Apr.2004- Jun.2004)		1Q FY Mar.2006 (Apr.2005- Jun.2005)		YoY		FY Mar.2005 (Apr.2004 - Mar.2005)	
	Amount	share (%)	Amount	share (%)	Diff.	Change (%)	Amount	Share (%)
Financial sector	28,279	53.1	35,187	58.0	6,908	24.4	149,864	59.2
Distribution sector	10,627	20.0	11,195	18.5	567	5.3	43,138	17.1
Other Private sector	10,478	19.7	10,653	17.6	175	1.7	42,668	16.9
Public sector	3,860	7.2	3,628	6.0	(231)	(6.0)	17,291	6.8
Total	53,245	100.0	60,664	100.0	7,419	13.9	252,963	100.0
Nomura Securities Group	13,088	24.6	14,630	24.1	1,541	11.8	67,000	26.5
Ito-Yokado Group	6,891	12.9	8,344	13.8	1,452	21.1	30,597	12.1

*Amounts of less than JPY million were rounded down.

These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.

Copyright(C) Nomura Research Institute, Ltd.

1st Quarter FY2006 Financial Results (Consolidated)

(3) Sales and Operating Profit by segment

System Solution Services

(Unit: JPY million)

	1Q FY Mar.2005 (Apr.2004- Jun.2004)		1Q FY Mar.2006 (Apr.2005- Jun.2005)		YoY		FY Mar.2005 (Apr.2004 - Mar.2005)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
System Development & System Application Sales	16,213	30.4	22,644	37.3	6,431	39.7	89,386	35.3
System Management & Operations	24,015	45.1	25,007	41.2	992	4.1	97,559	38.6
Product Service	4,157	7.8	3,190	5.3	(967)	(23.3)	26,284	10.4
Sales	44,386	83.4	50,842	83.8	6,456	14.5	213,230	84.3
Operating Profit	4,504		5,665		1,160	25.8	24,483	
Operating Profit Margin	10.1%		11.1%		1.0P		11.5%	

Consulting & Knowledge Services

(Unit: JPY million)

	1Q FY Mar.2005 (Apr.2004- Jun.2004)		1Q FY Mar.2006 (Apr.2005- Jun.2005)		YoY		FY Mar.2005 (Apr.2004 - Mar.2005)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Sales	8,858	16.6	9,821	16.2	962	10.9	39,733	15.7
Operating Profit	835		601		(233)	(28.0)	5,692	
Operating Profit Margin	9.4%		6.1%		(3.3P)		14.3%	

*Amounts of less than JPY million were rounded down.

These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.

Copyright(C) Nomura Research Institute, Ltd.

1st Quarter FY2006 Financial Results (Consolidated)

(4) Order Volume and Order Backlog

Order Volume

(Unit: JPY million)

	1Q FY Mar.2005 (Apr.2004- Jun.2004)	1Q FY Mar.2006 (Apr.2005- Jun.2005)	YoY	
	Amount	Amount	Diff.	Change (%)
System Development & System Application Sales	20,109	30,843	10,733	53.4
System Management & Operations	7,373	4,938	(2,435)	(33.0)
Product Service	4,157	3,190	(967)	(23.3)
System Solution Services	31,641	38,972	7,330	23.2
Consulting & Knowledge Services	7,504	9,277	1,773	23.6
Total	39,145	48,249	9,103	23.3

Order Backlog

(Unit: JPY million)

	At the end of Jun.2004	At the end of Jun.2005	YoY	
	Amount	Amount	Diff.	Change (%)
System Development & System Application Sales	17,360	22,175	4,814	27.7
System Management & Operations	62,729	67,881	5,151	8.2
System Solution Services	80,090	90,056	9,966	12.4
Consulting & Knowledge Services	14,355	15,483	1,128	7.9
Total	94,445	105,540	11,094	11.7

*Amounts of less than JPY million were rounded down.

1st Quarter FY2006 Financial Results (Consolidated)

(5)Subcontracting Costs

Subcontracting Costs by segment & Percentage in actual production								(Unit: JPY million)	
	1Q FY Mar.2005 (Apr.2004-Jun.2004)		1Q FY Mar.2006 (Apr.2005-Jun.2005)		YoY		FY Mar.2005 (Apr.2004-Mar.2005)		
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)	
System Development & System Application Sales	7,166	55.5	11,099	59.0	3,932	54.9	39,804	60.2	
System Management & Operations	6,128	32.9	5,454	30.6	(674)	(11.0)	24,245	32.9	
System Solution Services	13,294	42.2	16,553	45.2	3,258	24.5	64,049	45.8	
Consulting & Knowledge Services	2,011	35.4	2,423	37.6	411	20.4	9,123	36.8	
Total	15,306	41.1	18,976	44.0	3,669	24.0	73,173	44.5	
(Subcontracting Costs to China)	1,080	7.1	2,062	10.9	982	90.9	6,459	8.8	

* Subcontracting costs to China & Percentage in total subcontracting costs

*Amounts of less than JPY million were rounded down.

1st Quarter FY2006 Financial Results (Consolidated)

(6)Cash Flow

	1Q FY Mar.2005 (Apr.2004- Mar.2005)	1Q FY Mar.2006 (Apr.2005- Mar.2006)	YoY		FY Mar.2005 (Apr.2004- Mar.2005)
	Amount	Amount	Diff.	Change (%)	Change (%)
Income before income taxes	5,696	6,560	864	15.2	27,361
Gain/Loss from non-operating activities	(417)	(507)	(89)	21.4	(713)
Extraordinary gain/loss	82	251	168	204.7	2,645
Depreciation and amortization	3,166	3,110	(55)	(1.8)	18,402
Accounts receivable and other receivable, net of advance payments received	5,156	7,731	2,574	49.9	(5,243)
Allowance	(4,657)	(5,689)	(1,031)	22.2	855
Other	644	3,314	2,669	413.9	404
Subtotal	9,671	14,771	5,100	52.7	43,711
Interest and dividends received	361	497	136	37.6	526
Income taxes paid	(12,168)	(11,693)	475	(3.9)	(16,668)
Operating Activities	(2,136)	3,575	5,711	-	27,569
Acquisition of property and equipment	(1,251)	(1,195)	55	(4.5)	(8,051)
Increase in software and other intangibles	(2,717)	(2,029)	688	(25.3)	(9,327)
Subtotal:Capital expenditure	(3,968)	(3,225)	743	(18.7)	(17,379)
Increase in time deposits	-	(45)	(45)	-	(6,148)
Increase in investment securities	(31)	(9,679)	(9,647)	-	(65,872)
Proceeds from sales and redemption of investment securities	3	4,052	4,049	-	6,130
Other	51	70	19	37.9	1,287
Investing Activities	(3,946)	(8,826)	(4,880)	123.7	(81,981)
Free Cash Flow	(6,082)	(5,250)	831	(13.7)	(54,411)
(Free Cash Flow except Cash management purpose investment)	(6,082)	588	6,671	-	15,178
Net repayment of long-term debt	(52)	(60)	(8)	15.4	(1,230)
Purchase of treasury stock	(0)	(1,000)	(999)	-	(2)
Cash dividends paid	(1,718)	(3,472)	(1,754)	102.1	(2,695)
Financing Activities	(1,770)	(4,532)	(2,761)	156.0	(3,928)
Effect of exchange rate changes on Cash and cash equivalents	157	43	(113)	(72.4)	205
Net increase in Cash and cash equivalents	(7,695)	(9,740)	(2,044)	26.6	(58,134)
Cash and cash equivalents at beginning of year	96,812	38,677	(58,134)	(60.0)	96,812
Cash and cash equivalents at end of year	89,116	28,937	(60,179)	(67.5)	38,677
Cash and cash equivalents + Cash Management purpose investment	89,116	104,322	15,206	17.1	108,151

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.

Increase in time deposits	-	(45)	(45)	-	(6,148)
Proceeds from sales and redemption of investment securities	-	(9,677)	(9,677)	-	(63,441)
Increase in investment securities	-	3,882	3,882	-	-
(Total)Cash management purpose investment	-	(5,839)	(5,839)	-	(69,589)

*Amounts of less than JPY million were rounded down.

These materials were prepared for the sole purpose of providing information to use as reference in making investment decisions, and are not intended as a solicitation for investment.

Copyright(C) Nomura Research Institute, Ltd.

1st Quarter FY2006 Financial Results (Consolidated)

(7)Capital Expenditure

(Unit: JPY million)

	1Q FY Mar.2005 (Apr.2004- Jun.2004)	1Q FY Mar.2006 (Apr.2005- Jun.2005)	YoY		FY Mar.2005 (Apr.2004 - Mar.2005)
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	737	1,371	634	86.1	8,038
Intangible	2,720	1,985	(735)	(27.0)	9,312
Total	3,457	3,357	(100)	(2.9)	17,351

(8)Depreciation and Amortization

(Unit: JPY million)

	1Q FY Mar.2005 (Apr.2004- Jun.2004)	1Q FY Mar.2006 (Apr.2005- Jun.2005)	YoY		FY Mar.2005 (Apr.2004 - Mar.2005)
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	1,190	1,341	150	12.7	5,743
Intangible	1,975	1,769	(206)	(10.5)	12,658
Total	3,166	3,110	(55)	(1.8)	18,402

(9)R&D Expenditure

(Unit: JPY million)

	1Q FY Mar.2005 (Apr.2004- Jun.2004)	1Q FY Mar.2006 (Apr.2005- Jun.2005)	YoY		FY Mar.2005 (Apr.2004 - Mar.2005)
	Amount	Amount	Diff.	Change (%)	Amount
System Solution Services	144	255	111	77.3	1,140
Consulting & Knowledge Services	78	211	133	170.7	506
Total	222	466	244	110.2	1,646

*Amounts of less than JPY million were rounded down.