



1st Half FY March 2005 Financial Results

I. 1st Half FY March 2005 Financial Results (Consolidated)	• • • • •	2
II. FY March 2005 Financial Results Forecasts (Consolidated)	• • • • •	10

Nomura Research Institute, Ltd.

October 28, 2004

I. 1st Half FY March 2005 Financial Results (Consolidated)

(1) Highlights

(Unit: JPY million)

	1H FY Mar.2004	1H FY Mar.2005	YoY		FY Mar.2004
	Apr.2003-Sep.2003	Apr.2004-Sep.2004	Diff.	Change (%)	Apr.2003-Mar.2004
	Amount	Amount			Amount
Sales	113,309	115,167	1,858	1.6	238,067
		115,000	167	+0.1	
Operating Profit	12,106	12,319	212	1.8	28,022
		11,000	1,319	+12.0	
Net Income	7,891	6,882	(1,009)	(12.8)	18,269
		6,400	482	+7.5	
Operating Profit Margin	10.7%	10.7%	0.0P		11.8%
		9.6%			
Earnings per share	JPY175.37	JPY152.94	(JPY22.44)	(12.8)	JPY399.44
Dividend per share	-	JPY20.00			JPY40.00

Note: Lower columns indicate forecasts announced on April 27, 2004.

[1st Quarter]

	1Q FY Mar.2004	1Q FY Mar.2005	YoY	
	Apr.2003-Jun.2003	Apr.2004-Jun.2004	Diff.	Change (%)
	Amount	Amount		
Sales	52,715	53,245	529	1.0
Operating Profit	4,263	5,338	1,075	25.2
Net Income	3,413	3,430	17	0.5
Operating Profit Margin	8.1%	10.0%	1.9P	

[2nd Quarter]

	2Q FY Mar.2004	2Q FY Mar.2005	YoY	
	Jul.2003-Sep.2003	Jul.2004-Sep.2004	Diff.	Change (%)
	Amount	Amount		
Sales	60,593	61,921	1,328	2.2
Operating Profit	7,843	6,980	(863)	(11.0)
Net Income	4,478	3,451	(1,026)	(22.9)
Operating Profit Margin	12.9%	11.3%	(1.7P)	

*Amounts of less than JPY million were rounded down.

I. 1st Half FY March 2005 Financial Results (Consolidated)

(2) Sales by Sector

(Unit: JPY million)

	1H FY Mar.2004 Apr.2003-Sep.2003		1H FY Mar.2005 Apr.2004-Sep.2004		YoY		FY Mar.2004 Apr.2003-Mar.2004	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Financial sector	56,403	49.8	62,941	54.7	6,538	11.6	125,104	52.5
Distribution sector	22,776	20.1	21,554	18.7	(1,221)	(5.4)	44,676	18.8
Other private sector	24,848	21.9	22,269	19.3	(2,579)	(10.4)	48,427	20.3
Public sector	9,281	8.2	8,401	7.3	(879)	(9.5)	19,859	8.3
Total	113,309	100.0	115,167	100.0	1,858	1.6	238,067	100.0
Nomura Securities Group	27,747	24.5	28,883	25.1	1,136	4.1	59,423	25.0
Ito-Yokado Group	12,097	10.7	14,268	12.4	2,171	17.9	24,855	10.4

[1st Quarter]

	1Q FY Mar.2004 Apr.2003-Jun.2003		1Q FY Mar.2005 Apr.2004-Jun.2004		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	25,928	49.2	28,279	53.1	2,351	9.1
Distribution sector	11,046	21.0	10,627	20.0	(418)	(3.8)
Other private sector	11,363	21.6	10,478	19.7	(885)	(7.8)
Public sector	4,376	8.3	3,860	7.2	(516)	(11.8)
Total	52,715	100.0	53,245	100.0	529	1.0
Nomura Securities Group	12,315	23.4	13,088	24.6	773	6.3
Ito-Yokado Group	5,922	11.2	6,891	12.9	969	16.4

[2nd Quarter]

	2Q FY Mar.2004 Jul.2003-Sep.2003		2Q FY Mar.2005 Jul.2004-Sep.2004		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	30,474	50.3	34,662	56.0	4,187	13.7
Distribution Sector	11,729	19.4	10,927	17.6	(802)	(6.8)
Other private Sector	13,484	22.3	11,791	19.0	(1,693)	(12.6)
Public Sector	4,904	8.1	4,540	7.3	(363)	(7.4)
Total	60,593	100.0	61,921	100.0	1,328	2.2
Nomura Securities Group	15,432	25.5	15,795	25.5	363	2.4
Ito-Yokado Group	6,174	10.2	7,376	11.9	1,202	19.5

*Amounts of less than JPY million were rounded down.

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I. 1st Half FY March 2005 Financial Results (Consolidated)

(3) Sales and Operating Profit by segment

System Solution Services

(Unit: JPY million)

	1H FY Mar.2004 Apr.2003-Sep.2003		1H FY Mar.2005 Apr.2004-Sep.2004		YoY		FY Mar.2004 Apr.2003 - Mar.2004	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
System Development & System Application Sales	35,554	31.4	37,330	32.4	1,776	5.0	78,339	32.9
System Management & Operation	45,685	40.3	48,266	41.9	2,581	5.7	93,502	39.3
Product Sales	10,850	9.6	10,413	9.0	(436)	(4.0)	23,203	9.7
Sales	92,089	81.3	96,011	83.4	3,921	4.3	195,045	81.9
Operating Profit	9,249		9,712		462	5.0	22,298	
Operating Profit Margin	10.0%		10.1%		0.1P		11.4%	

[1st Quarter]

	1Q FY Mar.2004 Apr.2003-Jun.2003		1Q FY Mar.2005 Apr.2004-Jun.2004		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application Sales	16,986	32.2	16,213	30.4	(773)	(4.6)
System Management & Operation	22,193	42.1	24,015	45.1	1,821	8.2
Product Sales	3,729	7.1	4,157	7.8	427	11.5
Sales	42,910	81.4	44,386	83.4	1,476	3.4
Operating Profit	3,515		4,504		988	28.1
Operating Profit Margin	8.2%		10.1%		2.0P	

[2nd Quarter]

	2Q FY Mar.2004 Jul.2003-Sep.2003		2Q FY Mar.2005 Jul.2004-Sep.2004		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & Application Sales	18,568	30.6	21,117	34.1	2,549	13.7
System Management & Operations	23,491	38.8	24,251	39.2	760	3.2
Product Sales	7,120	11.8	6,255	10.1	(864)	(12.1)
Sales	49,179	81.2	51,624	83.4	2,444	5.0
Operating Profit	5,733		5,207		(526)	(9.2)
Operating Profit Margin	11.7%		10.1%		(1.6P)	

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I. 1st Half FY March 2005 Financial Results (Consolidated)

Consulting & Knowledge Service

(Unit: JPY million)

	1H FY Mar.2004 Apr.2003-Sep.2003		1H FY Mar.2005 Apr.2004-Sep.2004		YoY		FY Mar.2004 Apr.2003 - Mar.2004	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Sales	21,219	18.7	19,156	16.6	(2,063)	(9.7)	43,022	18.1
Operating Profit	2,858		2,606		(251)	(8.8)	5,727	
Operating Profit Margin	13.5%		13.6%		0.1P		13.3%	

[1st Quarter]

	1Q FY Mar.2004 Apr.2003-Jun.2003		1Q FY Mar.2005 Apr.2004-Jun.2004		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	9,805	18.6	8,858	16.6	(946)	(9.7)
Operating Profit	746		835		88	11.9
Operating Profit Margin	7.6%		9.4%		1.8P	

[2nd Quarter]

	2Q FY Mar.2004 Jul.2003-Sep.2003		2Q FY Mar.2005 Jul.2004-Sep.2004		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	11,413	18.8	10,297	16.6	(1,116)	(9.8)
Operating Profit	2,111		1,771		(339)	(16.1)
Operating Profit Margin	18.5%		17.2%		(1.3P)	

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I. 1st Half FY March 2005 Financial Results (Consolidated)

(4) Order Volume and Order Backlog

Order Volume

(Unit: JPY million)

	1H FY Mar.2004	1H FY Mar.2005	YoY	
	Apr.2003-Sep.2003	Apr.2004-Sep.2004	Diff.	Change (%)
	Amount	Amount		
System Development & System Application Sales	48,263	44,973	(3,290)	(6.8)
System Management & Operations	7,894	10,977	3,083	39.1
Product Sales	12,290	10,413	(1,876)	(15.3)
System Solution Services	68,448	66,364	(2,083)	(3.0)
Consulting & Knowledge Services	15,068	14,508	(560)	(3.7)
Total	83,516	80,872	(2,644)	(3.2)

Order Backlog

(Unit: JPY million)

	At end of	At end of	YoY	
	1H FY Mar.2004	1H FY Mar.2005	Diff.	Change (%)
	Amount	Amount		
System Development & System Application Sales	18,872	21,106	2,233	11.8
System Management & Operations	41,840	42,104	264	0.6
Product Sales	1,440	-	(1,440)	(100.0)
System Solution Services	62,153	63,211	1,057	1.7
Consulting & Knowledge Services	12,069	11,043	(1,026)	(8.5)
Total	74,222	74,254	31	0.0

*Amounts of less than JPY million were rounded down.

I. 1st Half FY March 2005 Financial Results (Consolidated)

(5) Subcontracting Costs

Subcontracting Costs by segment & Percentage in actual production

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

(Unit: JPY million)

	1H FY Mar.2004 Apr.2003-Sep.2003		1H FY Mar.2005 Apr.2004-Sep.2004		YoY		FY Mar.2004 Apr.2003-Mar.2004	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
System Development & System Application Sales	15,866	59.0	17,210	58.3	1,344	8.5	32,437	58.9
System Management & Operations	12,230	33.4	12,218	32.9	(12)	(0.1)	25,035	34.5
System Solution Services	28,096	44.2	29,429	44.2	1,332	4.7	57,473	45.0
Consulting & Knowledge Services	5,019	37.2	4,313	36.3	(706)	(14.1)	10,144	35.9
Total	33,116	43.0	33,742	43.0	626	1.9	67,618	43.4
(Subcontracting Costs to China)	1,370	4.1	2,509	7.4	1,138	83.1	3,503	5.2

[1st Quarter]

	1Q FY Mar.2004 Apr.2003-Jun.2003		1Q FY Mar.2005 Apr.2004-Jun.2004		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application Sales	7,768	57.8	7,166	55.5	(602)	(7.8)
System Management & Operations	6,118	34.6	6,128	32.9	9	0.2
System Solution Services	13,887	44.6	13,294	42.2	(592)	(4.3)
Consulting & Knowledge Services	2,233	34.6	2,011	35.4	(221)	(9.9)
Total	16,120	42.9	15,306	41.1	(814)	(5.1)
(Subcontracting Costs to China)	604	3.8	1,080	7.1	475	78.7

[2nd Quarter]

	2Q FY Mar.2004 Jul.2003-Sep.2003		2Q FY Mar.2005 Jul.2004-Sep.2004		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application Sales	8,097	60.2	10,044	60.5	1,946	24.0
System Management & Operations	6,112	32.3	6,090	32.9	(22)	(0.4)
System Solution Services	14,209	43.9	16,134	45.9	1,924	13.5
Consulting & Knowledge Services	2,785	39.5	2,301	37.2	(484)	(17.4)
Total	16,995	43.1	18,435	44.6	1,440	8.5
(Subcontracting Costs to China)	765	4.5	1,428	7.8	663	86.6

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I. 1st Half FY March 2005 Financial Results (Consolidated)

(6) .Cash Flow

(Unit: JPY million)

	1H FY Mar.2004 Apr.2003-Sep.2003	1H FY Mar.2005 Apr.2004-Sep.2004	YoY		FY Mar.2004 Apr.2003 -Mar.2004
	Amount	Amount	Diff	Change (%)	Amount
Operating activities	8,019	4,882	(3,136)	(39.1)	29,312
Income tax paid	(5,251)	(12,733)	(7,481)	142.4	(10,620)
Investing Activities	(5,481)	(46,339)	(40,857)	745.3	(19,143)
Cash Management purpose investment (=*1)	-	(37,911)	(37,911)	-	-
Investing Activities except *1	(5,481)	(8,427)	(2,945)	53.7	(19,143)
(Sub Total) Free Cash Flow	2,537	(41,457)	(43,994)	-	10,169
(Free Cash Flow except *1)	2,537	(3,545)	(6,082)	-	10,169
Financing Activities	(1,201)	(1,903)	(701)	58.4	(1,508)
Net increase in cash and cash equivalents	885	(43,029)	(43,915)	-	8,051
Cash and Cash equivalents at end of 1st Half	89,646	53,782	(35,863)	(40.0)	96,812
Cash and Cash equivalents + *1	89,646	91,712	2,066	2.3	96,812

Note: Cash management purpose investment are the investments to 3 months over time deposits and government bonds etc..

*Amounts of less than JPY million were rounded down.

I. 1st Half FY March 2005 Financial Results (Consolidated)

(7) Capital Expenditure

(Unit: JPY million)

	1H FY Mar.2004 Apr.2003-Sep.2003	1H FY Mar.2005 Apr.2004-Sep.2004	YoY		FY Mar.2004 Apr.2003 - Mar.2004
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	1,359	4,723	3,364	247.5	12,813
Intangible	5,769	5,245	(523)	(9.1)	11,431
Total	7,128	9,969	2,841	39.9	24,244

(8) Depreciation & Amortization

(Unit: JPY million)

	1H FY Mar.2004 Apr.2003-Sep.2003	1H FY Mar.2005 Apr.2004-Sep.2004	YoY		FY Mar.2004 Apr.2003 - Mar.2004
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	2,202	2,564	362	16.5	4,820
Intangible	4,068	4,484	416	10.2	12,930
Total	6,270	7,049	779	12.4	17,750

(9) R&D Expenditure

(Unit: JPY million)

	1H FY Mar.2004 Apr.2003-Sep.2003	1H FY Mar.2005 Apr.2004-Sep.2004	YoY		FY Mar.2004 Apr.2003 - Mar.2004
	Amount	Amount	Diff.	Change (%)	Amount
System Solution Service	634	396	(237)	(37.5)	1,584
Consulting & Knowledge Service	287	196	(91)	(31.8)	632
Total	922	592	(329)	(35.7)	2,216

*Amounts of less than JPY million were rounded down.

II. FY March 2005 Financial Results Forecasts (Consolidated)

* Forecasts are not changed from original forecasts announced on April 27, 2004.

(1) Highlights (Unit: JPY billion)

	FY Mar.2004		FY Mar.2005		YoY	
	Apr.2003-Mar.2004 (Results)		Apr.2004-Mar.2005 (Forecasts)		Diff.	Change (%)
	Amount		Amount			
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		JPY391.12		(JPY8.33)	(2.1)
Dividend per share	JPY40.00		JPY40.00			

(2) Sales by Sector (Unit: JPY billion)

	FY Mar.2004		FY Mar.2005		YoY	
	Apr.2003-Mar.2004 (Results)		Apr.2004-Mar.2005 (Forecasts)		Diff.	Change (%)
	Amount	Share (%)	Amount	Share (%)		
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

(3) Sales by segment (Unit: JPY billion)

	FY Mar.2004		FY Mar.2005		YoY	
	Apr.2003-Mar.2004 (Results)		Apr.2004-Mar.2005 (Forecasts)		Diff.	Change (%)
	Amount	Share (%)	Amount	Share (%)		
System Development & System Application Sales	78.3	32.9	92.0	36.8	13.6	17.4
System Management & Operation	93.5	39.3	98.0	39.2	4.4	4.8
Product Sales	23.2	9.7	21.0	8.4	(2.2)	(9.5)
System Solution Service	195.0	81.9	211.0	84.4	15.9	8.2
Consulting Knowledge Service	43.0	18.1	39.0	15.6	(4.0)	(9.3)
Total	238.0	100.0	250.0	100.0	11.9	5.0

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II. FY March 2005 Financial Results Forecasts (Consolidated)

(4) Capital Expenditure

(Unit: JPY billion)

	FY Mar.2004	FY Mar.2005	YoY	
	Apr.2003-Mar.2004 (Results)	Apr.2004-Mar.2005 (Forecasts)	Diff.	Change (%)
	Amount	Share (%)		
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)

(5) Depreciation & Amortization

(Unit: JPY billion)

	FY Mar.2004	FY Mar.2005	YoY	
	Apr.2003-Mar.2004 (Results)	Apr.2004-Mar.2005 (Forecasts)	Diff.	Change (%)
	Amount	Share (%)		
Total	17.7	19.5	1.7	9.9

(6) R&D Expenditure

(Unit: JPY billion)

	FY Mar.2004	FY Mar.2005	YoY	
	Apr.2003-Mar.2004 (Results)	Apr.2004-Mar.2005 (Forecasts)	Diff.	Change (%)
	Amount	Share (%)		
Total	2.2	2.5	0.2	12.8

*Amounts of less than JPY billion were rounded down.