



1st Quarter FY March 2005 Financial Results

1st Quarter FY March 2005 Financial Results (Consolidated)	• • • • •	1
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**Nomura Research Institute, Ltd.
July 28, 2004**

1st Quarter FY2005 Financial Results (Consolidated)

(1) Highlights

(Unit: JPY million)

	1Q FY Mar.2004 (Apr.2003- Jun.2003)		1Q FY Mar.2005 (Apr.2004- Jun.2004)		YoY		FY Mar.2004 (Apr.2003 - Mar.2004)
	Amount		Amount		Diff.	Change (%)	Amount
Sales	52,715		53,245		529	1.0	238,067
Operating Profit	4,263		5,338		1,075	25.2	28,022
Net Income	3,413		3,430		17	0.5	18,269
Operating Profit Margin	8.1%		10.0%		1.9P		11.8%
Earnings per Share	JPY75.86		JPY 76.23		JPY 0.38	0.5	JPY 399.44

Percentage of progress

(Unit: JPY million)

	1Q FY Mar.2005 (Apr.2004- Jun.2004)			1H FY Mar.2005 (Forecasts)	FY Mar.2005 (Forecasts)
	Amount	% of Progress (1H)	% of Progress (FY)	Amount	Amount
Sales	53,245	46.3	21.3	115,000	250,000
Operating Profit	5,338	48.5	17.8	11,000	30,000
Net Income	3,430	53.6	19.5	6,400	17,600
Operating Profit Margin	10.0%			9.6%	12.0%
Earnings per Share	JPY 76.23				JPY 391.11

(2) Sales by sector

(Unit: JPY million)

	1Q FY Mar.2004 (Apr.2003- Jun.2003)		1Q FY Mar.2005 (Apr.2004- Jun.2004)		YoY		FY Mar.2004 (Apr.2003 - Mar.2004)	
	Amount	share (%)	Amount	share (%)	Diff.	Change (%)	Amount	Share (%)
Financial sector	25,928	49.2	28,279	53.1	2,351	9.1	125,104	52.5
Distribution sector	11,046	21.0	10,627	20.0	(418)	(3.8)	44,676	18.8
Other Private sector	11,363	21.6	10,478	19.7	(885)	(7.8)	48,427	20.3
Public sector	4,376	8.3	3,860	7.2	(516)	(11.8)	19,859	8.3
Total	52,715	100.0	53,245	100.0	529	1.0	238,067	100.0
Nomura Securities Group	12,315	23.4	13,088	24.6	773	6.3	59,423	25.0
Ito-Yokado Group	5,922	11.2	6,891	12.9	969	16.4	24,855	10.4

*Amounts of less than JPY million were rounded down.

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(3) Sales and Operating Profit by segment

System Solution Services

(Unit: JPY million)

	1Q FY Mar.2004 (Apr.2003- Jun.2003)		1Q FY Mar.2005 (Apr.2004- Jun.2004)		YoY		FY Mar.2004 (Apr.2003 - Mar.2004)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
System Development & System Application Sales	16,986	32.2	16,213	30.4	(773)	(4.6)	78,339	32.9
System Management & Operations	22,193	42.1	24,015	45.1	1,821	8.2	93,502	39.3
Product Service	3,729	7.1	4,157	7.8	427	11.5	23,203	9.7
Sales	42,910	81.4	44,386	83.4	1,476	3.4	195,045	81.9
Operating Profit	3,515		4,504		988	28.1	22,298	
Operating Profit Margin	8.2%		10.1%		2.0P		11.4%	

Consulting & Knowledge Service

(Unit: JPY million)

	1Q FY Mar.2004 (Apr.2003- Jun.2003)		1Q FY Mar.2005 (Apr.2004- Jun.2004)		YoY		FY Mar.2004 (Apr.2003 - Mar.2004)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Sales	9,805	18.6	8,858	16.6	(946)	(9.7)	43,022	18.1
Operating Profit	746		835		88	11.9	5,727	
Operating Profit Margin	7.6%		9.4%		1.8P		13.3%	

Percentage of progress

(Unit: JPY million)

	1Q FY Mar.2005 (Apr.2004- Jun.2004)				1H FY Mar.2005 (Forecasts)		FY Mar.2005 (Forecasts)	
	Amount	Share (%)	% of Progress (1H)	% of Progress (FY)	Amount	Share (%)	Amount	Share (%)
System Development & System Application Sales	16,213	30.4	42.7	17.6	38,000	33.0	92,000	36.8
System Management & Operations	24,015	45.1	49.0	24.5	49,000	42.6	98,000	39.2
Product Service	4,157	7.8	46.2	19.8	9,000	7.8	21,000	8.4
System Solution Services	44,386	83.4	46.2	21.0	96,000	83.5	211,000	84.4
Consulting & Knowledge Services	8,858	16.6	46.6	22.7	19,000	16.5	39,000	15.6
Sales	53,245	100.0	46.3	21.3	115,000	100.0	250,000	100.0

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(4) Order Volume and Order Backlog

Order Volume

(Unit: JPY million)

	1Q FY Mar.2004 (Apr.2003- Jun.2003)	1Q FY Mar.2005 (Apr.2004- Jun.2004)	YoY	
	Amount	Amount	Diff.	Change (%)
System Development & System Application Sales	21,810	20,109	(1,700)	(7.8)
System Management & Operations	4,331	7,373	3,042	70.2
Product Service	3,729	4,157	427	11.5
System Solution Services	29,871	31,641	1,770	5.9
Consulting & Knowledge Services	8,402	7,504	(897)	(10.7)
Total	38,273	39,145	872	2.3

Order Backlog

(Unit: JPY million)

	At the end of Jun.2003	At the end of Jun.2004	YoY	
	Amount	Amount	Diff.	Change (%)
System Development & System Application Sales	10,987	17,360	6,373	58.0
System Management & Operations	61,823	62,729	906	1.5
System Solution Services	72,810	80,090	7,280	10.0
Consulting & Knowledge Services	16,817	14,355	(2,462)	(14.6)
Total	89,627	94,445	4,817	5.4

*Amounts of less than JPY million were rounded down.

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(5) Subcontracting Costs

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

	1Q FY Mar.2004 (Apr.2003- Jun.2003)		1Q FY Mar.2005 (Apr.2004- Jun.2004)		YoY		FY Mar.2004 (Apr.2003 - Mar.2004)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
System Development & System Application Sales	7,768	57.8	7,166	55.5	(602)	(7.8)	32,437	58.9
System Management & Operations	6,118	34.6	6,128	32.9	9	0.2	25,035	34.5
System Solution Services	13,887	44.6	13,294	42.2	(592)	(4.3)	57,473	45.0
Consulting & Knowledge Services	2,233	34.6	2,011	35.4	(221)	(9.9)	10,144	35.9
Total	16,120	42.9	15,306	41.1	(814)	(5.1)	67,618	43.4
(Subcontracting Costs to China)	604	3.8	1,080	7.1	475	78.7	3,503	5.2

* Subcontracting costs to China & Percentage in total subcontracting costs

(6) Cash Flow

(Unit: JPY million)

	1Q FY Mar.2004 (Apr.2003- Jun.2003)		1Q FY Mar.2005 (Apr.2004- Jun.2004)		YoY		FY Mar.2004 (Apr.2003 - Mar.2004)
	Amount	Amount	Diff	Change (%)	Amount		
Operating activities	1,522	(2,136)	(3,658)	-	29,312		
Investing Activities	(1,644)	(3,946)	(2,302)	140.1	(19,143)		
(Sub Total) Free Cash Flow	(121)	(6,082)	(5,960)	-	10,169		
Financing Activities	(1,004)	(1,770)	(766)	76.3	(1,508)		
Net increase in cash and cash equivalents	(1,022)	(7,695)	(6,672)	652.3	8,051		
Cash and Cash equivalents at end of 1 st Quarter	87,737	89,116	1,378	1.6	96,812		

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(7)Capital Expenditure

(Unit: JPY million)

	1Q FY Mar.2004 (Apr.2003- Jun.2003)	1Q FY Mar.2005 (Apr.2004- Jun.2004)	YoY		FY Mar.2004 (Apr.2003 - Mar.2004)
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	491	737	245	50.0	12,813
Intangible	2,692	2,720	28	1.0	11,431
Total	3,183	3,457	274	8.6	24,244

(8)Depreciation and Amortization

(Unit: JPY million)

	1Q FY Mar.2004 (Apr.2003- Jun.2003)	1Q FY Mar.2005 (Apr.2004- Jun.2004)	YoY		FY Mar.2004 (Apr.2003 - Mar.2004)
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	1,082	1,190	108	10.0	4,820
Intangible	2,147	1,975	(171)	(8.0)	12,930
Total	3,229	3,166	(63)	(2.0)	17,750

(9)R & D Expenditure

(Unit: JPY million)

	1Q FY Mar.2004 (Apr.2003- Jun.2003)	1Q FY Mar.2005 (Apr.2004- Jun.2004)	YoY		FY Mar.2004 (Apr.2003 - Mar.2004)
	Amount	Amount	Diff.	Change (%)	Amount
System Solution Service	249	144	(105)	(42.3)	1,584
Consulting & Knowledge Service	121	78	(43)	(35.7)	632
Total	371	222	(148)	(40.1)	2,216

*Amounts of less than JPY million were rounded down.