



FY March 2005 Financial Results

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Nomura Research Institute, Ltd.

April 27, 2005

I. FY March 2005 Financial Results (Consolidated)

(1) Highlights

(Unit: JPY million)

	FY Mar.2004 (Apr.2003 - Mar.2004)	FY Mar.2005 (Apr.2004 - Mar.2005)	YoY	
	Amount	Amount	Diff.	Change (%)
Sales	238,067	252,963	14,895	6.3
		* 250,000		* 1.2%
Operating Profit	28,022	30,159	2,136	7.6
		* 30,000		* 0.5%
Net Income	18,269	16,303	(1,966)	(10.8)
		* 15,500		* 5.2%
Operating Profit Margin	11.8%	11.9%	0.2P	
		* 12.0%		
Earnings per share	JPY399.44	JPY362.30	(JPY37.14)	(9.3)
1st Half	-	JPY20.00	JPY20.00	-
Fiscal Year	JPY40.00	JPY80.00	JPY40.00	100.0
Dividends per share	JPY40.00	JPY100.00	JPY60.00	150.0
		* JPY100.00		

Note: Figures * indicate earnings estimates.

[1st Half]

	1 st half FY Mar.2004 (Apr.2003 - Sep.2003)	1 st half FY Mar.2005 (Apr.2004 - Sep.2004)	YoY	
	Amount	Amount	Diff.	Change(%)
Sales	113,309	115,167	1,858	1.6
Operating Profit	12,106	12,319	212	1.8
Net Income	7,891	6,882	(1,009)	(12.8)
Operating Profit Margin	10.7%	10.7%	0.0P	

[2nd Half]

	2 nd half FY Mar.2004 (Oct.2003 - Mar.2004)	2 nd half FY Mar.2005 (Oct.2004 - Mar.2005)	YoY	
	Amount	Amount	Diff.	Change (%)
Sales	124,758	137,796	13,037	10.5
Operating Profit	15,915	17,840	1,924	12.1
Net Income	10,378	9,421	(956)	(9.2)
Operating Profit Margin	12.8%	12.9%	0.2P	

*Amounts of less than JPY million were rounded down.

I. FY March 2005 Financial Results (Consolidated)

(2) Sales by sector

(Unit:JPY million)

	FY Mar.2004 (Apr.2003 - Mar.2004)		FY Mar.2005 (Apr.2004 - Mar.2005)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	125,104	52.5	149,864	59.2	24,760	19.8
Distribution sector	44,676	18.8	43,138	17.1	(1,537)	(3.4)
Other private sector	48,427	20.3	42,668	16.9	(5,759)	(11.9)
Public sector	19,859	8.3	17,291	6.8	(2,568)	(12.9)
Total	238,067	100.0	252,963	100.0	14,895	6.3
Nomura Securities Group	59,423	25.0	67,000	26.5	7,577	12.8
Ito-Yokado Group	24,855	10.4	30,597	12.1	5,742	23.1

[1st Half]

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

[2nd Half]

	2 nd half FY Mar.2004 (Oct.2003 - Mar.2004)		2 nd half FY Mar.2005 (Oct.2004 - Mar.2005)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	68,701	55.1	86,922	63.1	18,221	26.5
Distribution sector	21,899	17.6	21,584	15.7	(315)	(1.4)
Other private sector	23,578	18.9	20,398	14.8	(3,180)	(13.5)
Public sector	10,578	8.5	8,890	6.5	(1,688)	(16.0)
Total	124,758	100.0	137,796	100.0	13,037	10.5
Nomura Securities Group	31,675	25.4	38,117	27.7	6,441	20.3
Ito-Yokado Group	12,758	10.2	16,329	11.9	3,571	28.0

*Amounts of less than JPY million were rounded down.

I. FY March 2005 Financial Results (Consolidated)

(3) Sales and Operating Profit by segment

System Solution Services

(Unit: JPY million)

	FY Mar.2004 (Apr.2003 - Mar.2004)		FY Mar.2005 (Apr.2004 - Mar.2005)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	78,339	32.9	89,386	35.3	11,046	14.1
System Management & Operations	93,502	39.3	97,559	38.6	4,057	4.3
Product Sales	23,203	9.7	26,284	10.4	3,080	13.3
Sales	195,045	81.9	213,230	84.3	18,184	9.3
Operating Profit	22,298		24,483		2,184	9.8
Operating Profit Margin	11.4%		11.5%		0.0P	

[1st Half]

	1 st half FY Mar.2004 (Apr.2003 - Sep.2003)		1 st half FY Mar.2005 (Apr.2004 - Sep.2004)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	35,554	31.4	37,330	32.4	1,776	5.0
System Management & Operations	45,685	40.3	48,266	41.9	2,581	5.7
Product Sales	10,850	9.6	10,413	9.0	(436)	(4.0)
Sales	92,089	81.3	96,011	83.4	3,921	4.3
Operating Profit	9,249		9,712		462	5.0
Operating Profit Margin	10.0%		10.1%		0.1P	

[2nd Half]

	2 nd half FY Mar.2004 (Oct.2003 - Mar.2004)		2 nd half FY Mar.2005 (Oct.2004 - Mar.2005)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	42,785	34.3	52,055	37.8	9,270	21.7
System Management & Operations	47,816	38.3	49,292	35.8	1,476	3.1
Product Sales	12,353	9.9	15,870	11.5	3,517	28.5
Sales	102,955	82.5	117,219	85.1	14,263	13.9
Operating Profit	13,049		14,770		1,721	13.2
Operating Profit Margin	12.7%		12.6%		(0.1P)	

*Amounts of less than JPY million were rounded down.

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I. FY March 2005 Financial Results (Consolidated)

Consulting & Knowledge Services

(Unit: JPY million)

	FY Mar.2004 (Apr.2003 - Mar.2004)		FY Mar.2005 (Apr.2004 - Mar.2005)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	43,022	18.1	39,733	15.7	(3,289)	(7.6)
Operating Profit	5,727		5,692		(34)	(0.6)
Operating Profit Margin	13.3%		14.3%		1.0P	

[1st Half]

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

[2nd Half]

	2 nd half FY Mar.2004 (Oct.2003 - Mar.2004)		2 nd half FY Mar.2005 (Oct.2004 - Mar.2005)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	21,803	17.5	20,576	14.9	(1,226)	(5.6)
Operating Profit	2,869		3,085		216	7.5
Operating Profit Margin	13.2%		15.0%		1.8P	

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I. FY March 2005 Financial Results (Consolidated)

(4) Order Volume and Order Backlog

Order Volume

(Unit: JPY million)

	FY Mar.2004 (Apr.2003-Mar.2004)	FY Mar.2005 (Apr.2004-Mar.2005)	YoY	
	Amount	Amount	Diff.	Change (%)
System Development & System Application Sales	85,651	89,900	4,249	5.0
System Management & Operations	93,267	106,114	12,847	13.8
Product Sales	23,203	26,284	3,080	13.3
System Solution Services	202,121	222,299	20,177	10.0
Consulting & Knowledge Services	40,526	40,112	(413)	(1.0)
Total	242,647	262,411	19,763	8.1

[1st Half]

	1 st half FY Mar.2004 (Apr.2003 - Sep.2003)	1 st half FY Mar.2005 (Apr.2004 - Sep.2004)	YoY	
	Amount	Amount	Diff.	Change (%)
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)

[2nd Half]

	2 nd half FY Mar.2004 (Oct.2003 - Mar.2004)	2 nd half FY Mar.2005 (Oct.2004 - Mar.2005)	YoY	
	Amount	Amount	Diff.	Change (%)
System Development & System Application Sales	37,387	44,927	7,539	20.2
System Management & Operations	85,373	95,137	9,764	11.4
Product Sales	10,913	15,870	4,957	45.4
System Solution Services	133,673	155,935	22,261	16.7
Consulting & Knowledge Services	25,457	25,603	146	0.6
Total	159,130	181,538	22,408	14.1

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I. FY March 2005 Financial Results (Consolidated)

Order Backlog(Outstanding)

(Unit: JPY million)

	At end of FY Mar.2004	At end of FY Mar.2005	YoY	
	Amount	Amount	Diff.	Change (%)
System Development & System Application sales	13,474	13,976	502	3.7
System Management & Operations	79,350	87,918	8,567	10.8
System Solution Services	92,825	101,895	9,069	9.8
Consulting & Knowledge Services	15,723	16,027	304	1.9
Total	108,548	117,923	9,374	8.6

*Amounts of less than JPY million were rounded down.

I. FY March 2005 Financial Results (Consolidated)

(5) Subcontracting Costs

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

	FY Mar.2004 (Apr.2003 - Mar.2004)		FY Mar.2005 (Apr.2004 - Mar.2005)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	32,437	58.9	39,804	60.2	7,366	22.7
System Management & Operations	25,035	34.5	24,245	32.9	(790)	(3.2)
System Solution Services	57,473	45.0	64,049	45.8	6,575	11.4
Consulting & Knowledge Services	10,144	35.9	9,123	36.8	(1,020)	(10.1)
Total	67,618	43.4	73,173	44.5	5,554	8.2
(Subcontracting Costs to China)	3,503	5.2	6,459	8.8	2,956	84.4

* Subcontracting costs to China & Percentage in total subcontracting costs

[1st Half]

	1 st half FY Mar.2004 (Apr.2003 - Sep.2003)		1 st half FY Mar.2005 (Apr.2004 - Sep.2004)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	15,866	59.0	17,210	58.3	1,344	8.5
System Management & Operations	12,230	33.4	12,218	32.9	(12)	(0.1)
System Solution Services	28,096	44.2	29,429	44.2	1,332	4.7
Consulting & Knowledge Services	5,019	37.2	4,313	36.3	(706)	(14.1)
Total	33,116	43.0	33,742	43.0	626	1.9
(Subcontracting Costs to China)	1,370	4.1	2,509	7.4	1,138	83.1

[2nd Half]

	2 nd half FY Mar.2004 (Oct.2003 - Mar.2004)		2 nd half FY Mar.2005 (Oct.2004 - Mar.2005)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	16,571	58.9	22,593	61.6	6,021	36.3
System Management & Operations	12,805	35.5	12,027	33.0	(778)	(6.1)
System Solution Services	29,376	45.8	34,620	47.3	5,243	17.9
Consulting & Knowledge Services	5,125	34.8	4,810	37.3	(314)	(6.1)
Total	34,501	43.7	39,430	45.8	4,928	14.3
(Subcontracting Costs to China)	2,132	6.2	3,949	10.0	1,817	85.2

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I. FY March 2005 Financial Results (Consolidated)

(6) Cash Flow

(Unit: JPY million)

	FY Mar.2004	FY Mar.2005	YoY	
	(Apr.2003-Mar.2004)	(Apr.2004-Mar.2005)	Diff.	Change (%)
	Amount	Amount		
Income before income taxes	32,927	27,361	(5,566)	(16.9)
Gain/Loss from non-operating activities	(1,191)	(713)	477	(40.1)
Extraordinary gain/loss	(3,633)	2,645	6,279	-
Depreciation and amortization	17,750	18,402	652	3.7
Accounts receivable and other receivable, net of advance payments received	(10,024)	(5,243)	4,780	(47.7)
Allowance	1,635	855	(779)	(47.7)
Other	1,696	404	(1,291)	(76.2)
Subtotal	39,160	43,711	4,551	11.6
Interest and dividends received	773	526	(246)	(31.9)
Income taxes paid	(10,620)	(16,668)	(6,047)	56.9
Operating Activities	29,312	27,569	(1,742)	(5.9)
Acquisition of property and equipment	(12,650)	(8,051)	4,599	(36.4)
Increase in software and other intangibles	(11,396)	(9,327)	2,068	(18.2)
Subtotal:Capital expenditure	(24,047)	(17,379)	6,668	(27.7)
Increase in time deposits	-	(6,148)	(6,148)	-
Increase in investment securities	(1,045)	(65,872)	(64,827)	-
Proceeds from sales and redemption of investment securities	6,316	6,130	(185)	(2.9)
Other	(367)	1,287	1,655	-
Investing Activities	(19,143)	(81,981)	(62,838)	328.3
Free Cash Flow	10,169	(54,411)	(64,581)	-
(Free Cash Flow except Cash management purpose investment)	10,169	15,178	5,008	49.3
Net repayment of long-term debt	(608)	(1,230)	(622)	102.3
Purchase of treasury stock	(1)	(2)	(1)	53.9
Cash dividends paid	(898)	(2,695)	(1,797)	200.0
Financing Activities	(1,508)	(3,928)	(2,420)	160.4
Effect of exchange rate changes on Cash and cash equivalents	(609)	205	814	-
Net increase in Cash and cash equivalents	8,051	(58,134)	(66,186)	-
Cash and cash equivalents at beginning of year	88,760	96,812	8,051	9.1
Cash and cash equivalents at end of year	96,812	38,677	(58,134)	(60.0)
Cash and cash equivalents + Cash Management purpose investment	96,812	108,151	11,339	11.7

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	-	(6,148)	(6,148)	-
Increase in investment securities	-	(63,441)	(63,441)	-
(Total)Cash management purpose investment	-	(69,589)	(69,589)	-

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I. FY March 2005 Financial Results (Consolidated)

(7) Capital Expenditure (Unit: JPY million)

	FY Mar.2004	FY Mar.2005	YoY	
	(Apr.2003 - Mar.2004)	(Apr.2004 - Mar.2005)	Diff.	Change (%)
	Amount	Amount		
Tangible	12,813	8,038	(4,774)	(37.3)
Intangible	11,431	9,312	(2,118)	(18.5)
Total	24,244	17,351	(6,893)	(28.4)

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

	FY Mar.2004	FY Mar.2005	YoY	
	(Apr.2003 - Mar.2004)	(Apr.2004 - Mar.2005)	Diff.	Change (%)
	Amount	Amount		
Tangible	4,820	5,743	923	19.2
Intangible	12,930	12,658	(271)	(2.1)
Total	17,750	18,402	652	3.7

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

	FY Mar.2004	FY Mar.2005	YoY	
	(Apr.2003 - Mar.2004)	(Apr.2004 - Mar.2005)	Diff.	Change (%)
	Amount	Amount		
System Solution Services	1,584	1,140	(444)	(28.0)
Consulting & Knowledge Services	632	506	(125)	(19.9)
Total	2,216	1,646	(569)	(25.7)

*Amounts of less than JPY million were rounded down.

II. FY March 2006 Financial Results Forecasts (Consolidated)

(1) Highlights

(Unit: JPY billion)

	FY Mar.2005	FY Mar.2006	YoY	
	(Results)	(Forecasts)	Diff.	Change (%)
	Amount	Amount		
Sales	252.9	260.0	7.0	2.8
Operating Profit	30.1	32.0	1.8	6.1
Net Income	16.3	19.5	3.1	19.6
Operating Profit Margin	11.9%	12.3%	0.4P	
Earnings per share	JPY362.30	JPY433.34	JPY71.04	19.6
1st Half	JPY20.00	JPY50.00	JPY30.00	150.0
Fiscal Year	JPY80.00	JPY80.00	-	-
Dividends per share	JPY100.00	JPY130.00	JPY30.00	JPY30.00
Dividend payout ratio	27.6%	30.0%	2.4P	

[1st Half]

	1 st half FY Mar.2005	1 st half FY Mar.2006	YoY	
	(Results)	(Forecasts)	Diff.	Change (%)
	Amount	Amount		
Sales	115.1	120.0	4.8	4.2
Operating Profit	12.3	13.5	1.1	9.6
Net Income	6.8	8.0	1.1	16.2
Operating Profit Margin	10.7%	11.3%	0.6P	

[2nd Half]

	2 nd half FY Mar.2005	2 nd half FY Mar.2006	YoY	
	(Results)	(Forecasts)	Diff.	Change (%)
	Amount	Amount		
Sales	137.7	140.0	2.2	1.6
Operating Profit	17.8	18.5	0.6	3.7
Net Income	9.4	11.5	2.0	22.1
Operating Profit Margin	12.9%	13.2%	0.3P	

II. FY March 2005 Financial Results Forecasts (Consolidated)

(2) Sales by sector

(Unit: JPY billion)

	FY Mar.2005 (Results)		FY Mar.2006 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	149.8	59.2	160.0	61.5	10.1	6.8
Distribution sector	43.1	17.1	46.0	17.7	2.8	6.6
Other private sector	42.6	16.9	37.0	15.0	(5.6)	(13.3)
Public sector	17.2	6.8	17.0	6.5	(0.2)	(1.7)
Total	252.9	100.0	260.0	100.0	7.0	2.8

[1st Half]

	1 st half FY Mar.2005 (Results)		1 st half FY Mar.2006 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	62.9	54.7	71.5	59.6	8.5	13.6
Distribution sector	21.5	18.7	22.0	18.3	0.4	2.1
Other private sector	22.2	19.3	18.5	15.4	(3.7)	(16.9)
Public sector	8.4	7.3	8.0	6.7	(0.4)	(4.8)
Total	115.1	100.0	120.0	100.0	4.8	4.2

[2nd Half]

	2 nd half FY Mar.2005 (Results)		2 nd half FY Mar.2006 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	86.9	63.1	88.5	63.2	1.5	1.8
Distribution sector	21.5	15.7	24.0	17.1	2.4	11.2
Other private sector	20.3	14.8	18.5	13.2	(1.8)	(9.3)
Public sector	8.8	6.5	9.0	6.4	0.1	1.2
Total	137.7	100.0	140.0	100.0	2.2	1.6

II. FY March 2005 Financial Results Forecasts (Consolidated)

(3) Sales by segment

(Unit: JPY billion)

	FY Mar.2005 (Results)		FY Mar.2006 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application Sales	89.3	35.3	101.0	38.8	11.6	13.0
System Management & Operations	97.5	38.6	101.0	38.8	3.4	3.5
Product Sales	26.2	10.4	17.0	6.5	(9.2)	(35.3)
System Solution Services	213.2	84.3	219.0	84.2	5.7	2.7
Consulting & Knowledge Services	39.7	15.7	41.0	15.8	1.2	3.2
Total	252.9	100.0	260.0	100.0	7.0	2.8

[1st Half]

	1 st half FY Mar.2005 (Results)		1 st half FY Mar.2006 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	37.3	32.4	44.5	37.1	7.1	19.2
System Management & Operations	48.2	41.9	49.0	40.8	0.7	1.5
Product Sales	10.4	9.0	7.0	5.8	(3.4)	(32.8)
System Solution Services	96.0	83.4	100.5	83.8	4.4	4.7
Consulting & Knowledge Services	19.1	16.6	19.5	16.3	0.3	1.8
Total	115.1	100.0	120.0	100.0	4.8	4.2

[2nd Half]

	2 nd half FY Mar.2005 (Results)		2 nd half FY Mar.2006 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application sales	52.0	37.8	56.5	40.4	4.4	8.5
System Management & Operations	49.2	35.8	52.0	37.1	2.7	5.5
Product Sales	15.8	11.5	10.0	7.1	(5.8)	(37.0)
System Solution Services	117.2	85.1	118.5	84.6	1.2	1.1
Consulting & Knowledge Services	20.5	14.9	21.5	15.4	0.9	4.5
Total	137.7	100.0	140.0	100.0	2.2	1.6

II. FY March 2005 Financial Results Forecasts (Consolidated)

(4) Capital Expenditure

(Unit: JPY billion)

	FY Mar.2005 (Results)	FY Mar.2006 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
Tangible	8.0	9.0	0.9	12.0
Intangible	9.3	9.5	0.1	2.0
Total	17.3	18.5	1.1	6.6

(5) Depreciation & Amortization

(Unit: JPY billion)

	FY Mar.2005 (Results)	FY Mar.2006 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
Total	18.4	16.0	(2.4)	(13.1)

(6) R&D Expenditure

(Unit: JPY billion)

	FY Mar.2005 (Results)	FY Mar.2006 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
Total	1.6	2.2	0.5	33.6