



# **1<sup>st</sup> Quarter FY March 2008 Financial Results**

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**Nomura Research Institute, Ltd.**

**July 25, 2007**

## I. 1Q FY March 2008 Financial Results (Consolidated)

### (1) Highlights

(Unit: JPY million)

	1Q FY Mar.2007 (Apr.2006- Jun.2006)	Progress	1Q FY Mar.2008 (Apr.2007- Jun.2007)	Progress	YoY		FY Mar.2007 (Apr.2006 - Mar.2007)
	Amount		%		Amount	%	Diff.
Sales	68,383	21.2	77,486	23.1	9,102	13.3	322,531
Cost of Sales	50,420	-	54,837	-	4,416	8.8	234,578
Gross Profit	17,962	-	22,649	-	4,686	26.1	87,953
(Gross Profit Margin)	26.3%	-	29.2%	-	3.0P		27.3%
SG&A	9,741	-	11,906	-	2,164	22.2	44,055
Operating Profit	8,220	18.7	10,742	23.4	2,522	30.7	43,897
(Operating Profit Margin)	12.0%	-	13.9%	-	1.8P		13.6%
Non-operating gain and loss	1,156	-	1,564	-	408	35.3	2,202
Other Income and Expense	6	-	1,385	-	1,378	-	644
Net Income	5,647	-	8,061	-	2,413	42.7	27,019
Earnings per Share	JPY 27.80	-	JPY 39.60	-	JPY 11.79	42.4	JPY 132.95

\*1 Earnings per share of 1Q FY March 2007 are calculated retroactively by stock split (1:5).

\*2 1Q FY Mar.2008 progress is based on the financial results forecast released on April 26, 2007.

## I. 1Q FY March 2008 Financial Results (Consolidated)

### (2) Sales by sector

(Unit: JPY million)

	1Q FY Mar.2007 (Apr.2006- Jun.2006)		1Q FY Mar.2008 (Apr.2007- Jun.2007)		YoY		FY Mar.2007 (Apr.2006- Mar.2007)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
<b>Financial</b>	<b>42,878</b>	<b>62.7</b>	<b>52,171</b>	<b>67.3</b>	<b>9,293</b>	<b>21.7</b>	<b>210,997</b>	<b>65.4</b>
<b>Distribution</b>	<b>11,659</b>	<b>17.1</b>	<b>11,185</b>	<b>14.4</b>	<b>(474)</b>	<b>(4.1)</b>	<b>45,637</b>	<b>14.1</b>
<b>Other Private</b>	<b>7,935</b>	<b>11.6</b>	<b>8,707</b>	<b>11.2</b>	<b>772</b>	<b>9.7</b>	<b>37,611</b>	<b>11.7</b>
<b>Public</b>	<b>5,909</b>	<b>8.6</b>	<b>5,421</b>	<b>7.0</b>	<b>(487)</b>	<b>(8.3)</b>	<b>28,285</b>	<b>8.8</b>
<b>Total</b>	<b>68,383</b>	<b>100.0</b>	<b>77,486</b>	<b>100.0</b>	<b>9,102</b>	<b>13.3</b>	<b>322,531</b>	<b>100.0</b>
*Sales by major counterparties within the foregoing amounts								
<b>Nomura Holdings</b>	<b>19,926</b>	<b>29.1</b>	<b>23,885</b>	<b>30.8</b>	<b>3,959</b>	<b>19.9</b>	<b>106,290</b>	<b>33.0</b>
<b>SEVEN &amp; i HOLDINGS</b>	<b>8,013</b>	<b>11.7</b>	<b>9,005</b>	<b>11.6</b>	<b>991</b>	<b>12.4</b>	<b>36,195</b>	<b>11.2</b>

\*Figures, in principle, include sales to subsidiaries. Sales via leasing and other companies include sales to customers ultimately receiving services and other products.

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

## I. 1Q FY March 2008 Financial Results (Consolidated)

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

From Fiscal Year March 2007, the Company has changed the classification of its business segment, to Consulting Services and IT Solution Services, (which were formerly classified as Consulting & Knowledge Services and System Solution Services, in order to better reflect its business operation). Accordingly, information as of 1Q Fiscal year March 2007, has been reclassified to conform with the current classification.

#### Consulting Services

(Unit: JPY million)

	1Q FY Mar.2007 (Apr.2006- Jun.2006)		1Q FY Mar.2008 (Apr.2007- Jun.2007)		YoY		FY Mar.2007 (Apr.2006 - Mar.2007)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Sales	6,079	8.9	6,389	8.2	309	5.1	29,870	9.3
Operating Profit	829		196		(632)	(76.3)	4,444	
Operating Profit Margin	13.6%		3.1%		(10.6P)		14.9%	

#### IT Solution Services

(Unit: JPY million)

	1Q FY Mar.2007 (Apr.2006 - Jun.2006)		1Q FY Mar.2008 (Apr.2007 - Jun.2007)		YoY		FY Mar.2007 (Apr.2006 - Mar.2007)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
System Development & System Application Sales	26,698	39.0	34,397	44.4	7,699	28.8	135,702	42.1
System Management & Operations	30,389	44.4	34,380	44.4	3,991	13.1	126,596	39.3
Product Sales	5,215	7.6	2,318	3.0	(2,897)	(55.5)	30,363	9.4
Sales	62,303	91.1	71,096	91.8	8,793	14.1	292,661	90.7
Operating Profit	7,391		10,546		3,155	42.7	39,452	
Operating Profit Margin	11.9%		14.8%		3.0P		13.5%	

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

## I. 1Q FY March 2008 Financial Results (Consolidated)

### (4) Order Volume and Order Backlog

#### Order Volume

(Unit: JPY million)

	1Q FY Mar.2007	1Q FY Mar.2008	YoY	
	(Apr.2006- Jun.2006)	(Apr.2007- Jun.2007)	Diff.	Change (%)
	Amount	Amount		
<b>Consulting Services</b>	<b>10,154</b>	<b>10,434</b>	<b>280</b>	<b>2.8</b>
System Development & System Application Sales	35,280	45,982	10,702	30.3
System Management & Operations	8,571	15,197	6,625	77.3
Product Sales	4,190	2,312	(1,878)	(44.8)
<b>IT Solution Services</b>	<b>48,042</b>	<b>63,492</b>	<b>15,449</b>	<b>32.2</b>
<b>Total</b>	<b>58,197</b>	<b>73,927</b>	<b>15,730</b>	<b>27.0</b>

#### Order Backlog(Outstanding)

(Unit: JPY million)

	At end of	At end of	YoY	
	1Q FY Mar.2007	1Q FY Mar.2008	Diff.	Change (%)
	Amount	Amount		
<b>Consulting Services</b>	<b>7,364</b>	<b>7,098</b>	<b>(265)</b>	<b>(3.6)</b>
System Development & System Application sales	31,392	34,005	2,613	8.3
System Management & Operations	83,064	90,510	7,446	9.0
<b>IT Solution Services</b>	<b>114,456</b>	<b>124,515</b>	<b>10,059</b>	<b>8.8</b>
<b>Total</b>	<b>121,821</b>	<b>131,614</b>	<b>9,793</b>	<b>8.0</b>

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

## I. 1Q FY March 2008 Financial Results (Consolidated)

### (5) Subcontracting Costs

#### Subcontracting Costs by segment & Percentage in actual production

(Unit: JPY million)

	1Q FY Mar.2007 (Apr.2006- Jun.2006)		1Q FY Mar.2008 (Apr.2007- Jun.2007)		YoY		FY Mar.2007 (Apr.2006- Mar.2007)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
<b>Consulting Services</b>	<b>834</b>	<b>25.9</b>	<b>1,059</b>	<b>28.7</b>	<b>224</b>	<b>26.9</b>	<b>5,566</b>	<b>33.4</b>
System Development & System Application Sales	14,062	64.6	19,283	68.2	5,220	37.1	69,154	67.7
System Management & Operations	6,581	31.5	7,636	32.4	1,055	16.0	27,603	31.4
<b>IT Solution Services</b>	<b>20,643</b>	<b>48.4</b>	<b>26,919</b>	<b>52.0</b>	<b>6,276</b>	<b>30.4</b>	<b>96,758</b>	<b>50.9</b>
<b>Total</b>	<b>21,478</b>	<b>46.8</b>	<b>27,979</b>	<b>50.4</b>	<b>6,500</b>	<b>30.3</b>	<b>102,324</b>	<b>49.5</b>
(Subcontracting Costs to China)	2,440	11.4	3,890	13.9	1,450	59.4	12,406	12.1

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

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

## I. 1Q FY March 2008 Financial Results (Consolidated)

### (6) Cash Flow

(Unit: JPY million)

	1Q		YoY		FY Mar.2007
	FY Mar.2007	1Q			(Apr.2006
	(Apr.2006-	FY Mar.2008	Diff.	Change	-Mar.2007)
	Amount	Amount		(%)	Amount
Income before income taxes	9,383	13,692	4,309	45.9	46,744
Gain/Loss from non-operating activities	(1,147)	(1,517)	(369)	32.2	(2,065)
Extraordinary gain/loss	7	(1,364)	(1,372)	-	(2,073)
Depreciation and amortization	4,024	3,430	(594)	(14.8)	19,795
Accounts receivable and other receivable, net of advance payments received	1,656	4,401	2,744	165.7	(8,040)
Allowance	(5,219)	(6,612)	(1,392)	26.7	2,801
Other	1,296	(1,869)	(3,166)	-	3,067
<b>Subtotal</b>	<b>10,001</b>	<b>10,159</b>	<b>158</b>	<b>1.6</b>	<b>60,229</b>
Interest and dividends received	811	1,236	424	52.3	1,642
Income taxes paid	(12,532)	(12,718)	(185)	1.5	(22,288)
<b>Operating Activities</b>	<b>(1,719)</b>	<b>(1,322)</b>	<b>397</b>	<b>(23.1)</b>	<b>39,583</b>
Acquisition of property and equipment	(1,279)	(7,442)	(6,162)	481.5	(11,685)
Increase in software and other intangibles	(2,277)	(4,345)	(2,067)	90.8	(12,434)
<b>Subtotal: Capital expenditure</b>	<b>(3,557)</b>	<b>(11,787)</b>	<b>(8,230)</b>	<b>231.4</b>	<b>(24,120)</b>
Increase in time deposits	(49)	(3,624)	(3,575)	-	(7,641)
Proceeds from time deposits	47	3,683	3,635	-	7,203
Increase in investment securities	(3,000)	(11,965)	(8,965)	298.8	(31,293)
Proceeds from sales and redemption of investment securities	10,621	2,286	(8,334)	(78.5)	44,160
Increase in long-term Loan	-	-	-	-	(7,245)
Other	21	17	(4)	(20.6)	359
<b>Investing Activities</b>	<b>4,083</b>	<b>(21,390)</b>	<b>(25,474)</b>	<b>-</b>	<b>(18,578)</b>
<b>Free Cash Flow</b>	<b>2,364</b>	<b>(22,712)</b>	<b>(25,077)</b>	<b>-</b>	<b>21,044</b>
(Free Cash Flow except Cash management purpose investment)	(5,067)	(10,809)	(5,741)	113.3	12,484
Net repayment of long-term debt	(60)	-	60	(100.0)	(240)
Proceeds from issuance of convertible bond	-	-	-	-	50,000
Purchase of treasury stock	52	116	64	122.4	776
Cash dividends paid	(3,516)	(4,210)	(694)	19.8	(6,496)
<b>Financing Activities</b>	<b>(3,523)</b>	<b>(4,094)</b>	<b>(570)</b>	<b>16.2</b>	<b>44,040</b>
Effect of exchange rate changes on Cash and cash equivalents	(27)	134	161	-	56
<b>Net increase in Cash and cash equivalents</b>	<b>(1,186)</b>	<b>(26,672)</b>	<b>(25,486)</b>	<b>-</b>	<b>65,101</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>50,752</b>	<b>115,854</b>	<b>65,101</b>	<b>128.3</b>	<b>50,752</b>
<b>Cash and cash equivalents at end of year</b>	<b>49,566</b>	<b>89,181</b>	<b>39,615</b>	<b>79.9</b>	<b>115,854</b>
<b>Cash and cash equivalents + Cash Management purpose investment</b>	<b>67,829</b>	<b>119,128</b>	<b>51,299</b>	<b>75.6</b>	<b>133,477</b>

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

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## I. 1Q FY March 2008 Financial Results (Consolidated)

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.

	1Q	1Q	YoY		FY Mar.2007 (Apr.2006 -Mar.2007)
	FY Mar.2007 (Apr.2006- Jun.2006)	FY Mar.2008 (Apr.2007- Jun.2007)	Diff.	Change (%)	Amount
	Amount	Amount			
Increase in time deposits	(49)	(3,624)	(3,575)	-	(7,641)
Proceeds from time deposits	47	3,683	3,635	-	7,203
Increase in investment securities	(2,995)	(11,961)	(8,965)	299.3	(30,951)
Proceeds from sales and redemption of investment securities	10,430	-	(10,430)	(100.0)	39,910
(Total)	7,432	(11,903)	(19,335)	-	8,520
<b>Cash management purpose investment</b>					

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



## I. 1Q FY March 2008 Financial Results (Consolidated)

### (7) Capital Expenditure

(Unit: JPY million)

	1Q FY Mar.2007 (Apr.2006 - Jun.2006)	1Q FY Mar.2008 (Apr.2007 - Jun.2007)	YoY		FY Mar.2007 (Apr.2006 - Mar.2007)
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	909	2,901	1,991	218.9	17,466
Intangible	2,346	4,339	1,992	84.9	12,456
Total	3,256	7,241	3,984	122.4	29,903

### (8) Depreciation and Amortization

(Unit: JPY million)

	1Q FY Mar.2007 (Apr.2006- Jun.2006)	1Q FY Mar.2008 (Apr.2007- Jun.2007)	YoY		FY Mar.2007 (Apr.2006 - Mar.2007)
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	1,481	1,897	416	28.1	7,172
Intangible	2,542	1,532	(1,010)	(39.7)	12,622
Total	4,024	3,430	(593)	(14.8)	19,795

### (9) R&D Expenditure

(Unit: JPY million)

	1Q FY Mar.2007 (Apr.2006- Jun.2006)	1Q FY Mar.2008 (Apr.2007- Jun.2007)	YoY		FY Mar.2007 (Apr.2006 - Mar.2007)
	Amount	Amount	Diff.	Change (%)	Amount
Consulting Services	79	72	(6)	(8.2)	483
IT Solution Services	315	566	251	79.7	2,380
Total	394	639	244	62.1	2,864

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

## II. FY March 2008 Financial Results Forecasts (Consolidated)

Nomura Research Institute, Ltd. revised the financial results forecast for the fiscal year ended March 31, 2008 on July 25, 2007.

### (1) Highlights

(Unit: JPY billion)

	FY Mar.2007 (Results)	FY Mar.2008 (Forecasts) <A>	YoY		FY Mar.2008 (Forecasts as of Apr.26,2007) <B>	A-B	
	Amount	Amount	Diff.	Change (%)	Amount	Amount	Change (%)
<b>Sales</b>	<b>322.5</b>	<b>350.0</b>	<b>27.4</b>	<b>8.5</b>	<b>335.0</b>	<b>15.0</b>	<b>4.5</b>
<b>Operating Profit</b>	<b>43.8</b>	<b>52.0</b>	<b>8.1</b>	<b>18.5</b>	<b>46.0</b>	<b>6.0</b>	<b>13.0</b>
<b>Net Income</b>	<b>27.0</b>	<b>33.5</b>	<b>6.4</b>	<b>24.0</b>	<b>28.5</b>	<b>5.0</b>	<b>17.5</b>
<b>Operating Profit Margin</b>	<b>13.6%</b>	<b>14.9%</b>	<b>1.2P</b>		<b>13.7%</b>	<b>1.1P</b>	
<b>Earnings per share</b>	<b>JPY 132.95</b>	<b>JPY 164.54</b>	<b>JPY 31.58</b>	<b>23.8</b>	<b>JPY 140.02</b>	<b>JPY 24.52</b>	<b>17.5</b>
<b>1<sup>st</sup> Half</b>	<b>JPY 14.00</b>	<b>JPY 24.00</b>	<b>JPY 10.00</b>	<b>71.4</b>	<b>JPY 20.00</b>	<b>JPY 4.00</b>	<b>20.0</b>
<b>Fiscal Year</b>	<b>JPY 22.00</b>	<b>JPY 24.00</b>	<b>JPY 2.00</b>	<b>9.1</b>	<b>JPY 20.00</b>	<b>JPY 4.00</b>	<b>20.0</b>
<b>Dividends per share</b>	<b>JPY 36.00</b>	<b>JPY 48.00</b>	<b>JPY 12.00</b>	<b>33.3</b>	<b>JPY 40.00</b>	<b>JPY 8.00</b>	<b>20.0</b>
<b>Dividend payout ratio</b>	<b>27.1%</b>	<b>29.2%</b>	<b>2.1P</b>		<b>28.6%</b>	<b>0.6P</b>	

\* Earnings per share of FY March 2007 are calculated retroactively by stock split (1:5).

## II. FY March 2008 Financial Results Forecasts (Consolidated)

[1<sup>st</sup> Half]

(Unit: JPY billion)

	FY Mar.2007 (Results)	FY Mar.2008 (Forecasts) <A>	YoY		FY Mar.2008 (Forecasts as of Apr.26,2007) <B>	A-B	
	Amount	Amount	Diff.	Change (%)	Amount	Amount	Change (%)
<b>Sales</b>	146.4	160.0	13.5	9.3	150.0	10.0	6.7
<b>Operating Profit</b>	20.8	25.0	4.1	20.0	21.0	4.0	19.0
<b>Net Income</b>	13.4	17.0	3.5	26.1	13.0	4.0	30.8
<b>Operating Profit Margin</b>	14.2%	15.6%	1.4P		14.0%	1.6P	

[2<sup>nd</sup> Half]

(Unit: JPY billion)

	FY Mar.2007 (Results)	FY Mar.2008 (Forecasts) <A>	YoY		FY Mar.2008 (Forecasts as of Apr.26,2007) <B>	A-B	
	Amount	Amount	Diff.	Change (%)	Amount	Amount	Change (%)
<b>Sales</b>	176.0	190.0	13.9	7.9	185.0	5.0	2.7
<b>Operating Profit</b>	23.0	27.0	3.9	17.1	25.0	2.0	8.0
<b>Net Income</b>	13.5	16.5	2.9	21.9	15.5	1.0	6.5
<b>Operating Profit Margin</b>	13.1%	14.2%	1.1P		13.5%	0.7P	

## II. FY March 2008 Financial Results Forecasts (Consolidated)

### (2) Sales by sector

(Unit: JPY billion)

	FY Mar.2007 (Results)		FY Mar.2008 (Forecasts) <A>		YoY		FY Mar.2008 (Forecasts as of Apr.26,2007) <B>		A-B	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Amount	Change (%)	
	<b>Financial</b>	210.9	65.4	240.0	68.6	29.0	13.7	226.0	14.0	6.2
<b>Distribution</b>	45.6	14.1	45.0	12.9	(0.6)	(1.4)	44.0	1.0	2.3	
<b>Other private</b>	37.6	11.7	38.0	10.9	0.3	1.0	38.0	-	-	
<b>Public</b>	28.2	8.8	27.0	7.7	(1.2)	(4.5)	27.0	-	-	
<b>Total</b>	322.5	100.0	350.0	100.0	27.4	8.5	335.0	15.0	4.5	

[1<sup>st</sup> Half]

(Unit: JPY billion)

	FY Mar.2007 (Results)		FY Mar.2008 (Forecasts) <A>		YoY		FY Mar.2008 (Forecasts as of Apr.26,2007) <B>		A-B	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Amount	Change (%)	
	<b>Financial</b>	94.0	64.3	109.0	68.1	14.9	15.8	100.0	9.0	9.0
<b>Distribution</b>	23.6	16.2	22.0	13.8	(1.6)	(7.1)	21.0	1.0	4.8	
<b>Other private</b>	16.5	11.3	17.0	10.6	0.4	2.5	16.0	1.0	6.3	
<b>Public</b>	12.1	8.3	12.0	7.5	(0.1)	(0.9)	13.0	(1.0)	(7.7)	
<b>Total</b>	146.4	100.0	160.0	100.0	13.5	9.3	150.0	10.0	6.7	

[2<sup>nd</sup> Half]

(Unit: JPY billion)

	FY Mar.2007 (Results)		FY Mar.2008 (Forecasts) <A>		YoY		FY Mar.2008 (Forecasts as of Apr.26,2007) <B>		A-B	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Amount	Change (%)	
	<b>Financial</b>	116.8	66.4	131.0	68.9	14.1	12.1	126.0	5.0	4.0
<b>Distribution</b>	21.9	12.5	23.0	12.1	1.0	4.7	23.0	-	-	
<b>Other private</b>	21.0	11.9	21.0	11.1	(0.0)	(0.2)	22.0	(1.0)	(4.5)	
<b>Public</b>	16.1	9.2	15.0	7.9	(1.1)	(7.3)	14.0	1.0	7.1	
<b>Total</b>	176.0	100.0	190.0	100.0	13.9	7.9	185.0	5.0	2.7	

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## II. FY March 2008 Financial Results Forecasts (Consolidated)

### (3) Sales by segment

(Unit: JPY billion)

	FY Mar.2007 (Results)		FY Mar.2008 (Forecasts) <A>		YoY		FY Mar.2008 (Forecasts as of Apr.26,2007) <B>		A-B	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Amount	Change (%)	
<b>Consulting Services</b>	<b>29.8</b>	<b>9.3</b>	<b>32.0</b>	<b>9.1</b>	<b>2.1</b>	<b>7.1</b>	<b>32.0</b>	<b>-</b>	<b>-</b>	
System Development & System Application Sales	135.7	42.1	153.0	43.7	17.2	12.7	142.0	11.0	7.7	
System Management & Operations	126.5	39.3	139.0	39.7	12.4	9.8	133.0	6.0	4.5	
Product Sales	30.3	9.4	26.0	7.4	(4.3)	(14.4)	28.0	(2.0)	(7.1)	
<b>IT Solution Services</b>	<b>292.6</b>	<b>90.7</b>	<b>318.0</b>	<b>90.9</b>	<b>25.3</b>	<b>8.7</b>	<b>303.0</b>	<b>15.0</b>	<b>5.0</b>	
<b>Sales</b>	<b>322.5</b>	<b>100.0</b>	<b>350.0</b>	<b>100.0</b>	<b>27.4</b>	<b>8.5</b>	<b>335.0</b>	<b>15.0</b>	<b>4.5</b>	

## II. FY March 2008 Financial Results Forecasts (Consolidated)

[1<sup>st</sup> Half]

(Unit: JPY billion)

	FY Mar.2007 (Results)		FY Mar.2008 (Forecasts) <A>		YoY		FY Mar.2008 (Forecasts as of Apr.26,2007) <B>		A-B	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Amount	Change (%)	
<b>Consulting Services</b>	<b>13.3</b>	<b>9.1</b>	<b>13.0</b>	<b>8.1</b>	<b>(0.3)</b>	<b>(2.5)</b>	<b>13.0</b>	<b>-</b>	<b>-</b>	
System Development & System Application Sales	59.1	40.4	69.0	43.1	9.8	16.7	61.0	8.0	13.1	
System Management & Operations	61.3	41.9	69.0	43.1	7.6	12.4	65.0	4.0	6.2	
Product Sales	12.5	8.6	9.0	5.6	(3.5)	(28.6)	11.0	(2.0)	(18.2)	
<b>IT Solution Services</b>	<b>133.1</b>	<b>90.9</b>	<b>147.0</b>	<b>91.9</b>	<b>13.8</b>	<b>10.4</b>	<b>137.0</b>	<b>10.0</b>	<b>7.3</b>	
<b>Sales</b>	<b>146.4</b>	<b>100.0</b>	<b>160.0</b>	<b>100.0</b>	<b>13.5</b>	<b>9.3</b>	<b>150.0</b>	<b>10.0</b>	<b>6.7</b>	

[2<sup>st</sup> Half]

(Unit: JPY billion)

	FY Mar.2007 (Results)		FY Mar.2008 (Forecasts) <A>		YoY		FY Mar.2008 (Forecasts as of Apr.26,2007) <B>		A-B	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Amount	Change (%)	
<b>Consulting Services</b>	<b>16.5</b>	<b>9.4</b>	<b>19.0</b>	<b>10.0</b>	<b>2.4</b>	<b>14.9</b>	<b>19.0</b>	<b>-</b>	<b>-</b>	
System Development & System Application Sales	76.5	43.5	84.0	44.2	7.4	9.7	81.0	3.0	3.7	
System Management & Operations	65.2	37.0	70.0	36.8	4.7	7.4	68.0	2.0	2.9	
Product Sales	17.7	10.1	17.0	8.9	(0.7)	(4.3)	17.0	-	-	
<b>IT Solution Services</b>	<b>159.5</b>	<b>90.6</b>	<b>171.0</b>	<b>90.0</b>	<b>11.4</b>	<b>7.2</b>	<b>166.0</b>	<b>5.0</b>	<b>3.0</b>	
<b>Sales</b>	<b>176.0</b>	<b>100.0</b>	<b>190.0</b>	<b>100.0</b>	<b>13.9</b>	<b>7.9</b>	<b>185.0</b>	<b>5.0</b>	<b>2.7</b>	

## II. FY March 2008 Financial Results Forecasts (Consolidated)

### (4) Capital Expenditure

(Unit: JPY billion)

	FY Mar.2007 (Results)	FY Mar.2008 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
<b>Tangible</b>	<b>17.4</b>	<b>21.0</b>	<b>3.5</b>	<b>20.4</b>
<b>Intangible</b>	<b>12.4</b>	<b>13.5</b>	<b>1.0</b>	<b>8.4</b>
<b>Total</b>	<b>29.9</b>	<b>34.5</b>	<b>4.5</b>	<b>15.4</b>

### (5) Depreciation & Amortization

(Unit: JPY billion)

	FY Mar.2007 (Results)	FY Mar.2008 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
<b>Total</b>	<b>19.7</b>	<b>17.5</b>	<b>(2.2)</b>	<b>(11.6)</b>

### (6) R&D Expenditure

(Unit: JPY billion)

	FY Mar.2007 (Results)	FY Mar.2008 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change (%)
<b>Total</b>	<b>2.8</b>	<b>4.8</b>	<b>1.9</b>	<b>67.6</b>