

This financial report is composed of two parts. The first part is an abridged translation of “Kessan Tanshin (earnings report)” for the quarterly period ended 30th September, 2012, which includes the summary and the qualitative information sections. The second part is the “Quarterly Consolidated Financial Statements,” which are basically prepared based on the “Kessan Tanshin (earnings report)” but applied for some items different presentation methods.



26th October, 2012

Consolidated Financial Results For the Quarterly Period Ended 30th September, 2012 <under Japanese GAAP>

Company name: Nomura Research Institute, Ltd.
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 4307
 URL: <http://www.nri.co.jp/>
 Representative: Tadashi Shimamoto, President, Representative Director, CEO & COO
 Inquiries: Katsutoshi Murakami, General Manager, Accounting & Finance Department
 TEL: +81-3-5533-2111 (from overseas)

Scheduled date to file Quarterly Securities Report: 31st October, 2012
 Scheduled date to commence dividend payments: 30th November, 2012
 Preparation of supplementary material on quarterly consolidated financial results: Yes
 Announcement for quarterly consolidated financial results (for institutional investors and analysts): Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the quarterly period ended 30th September, 2012 (from 1st April, 2012 to 30th September, 2012)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Quarterly period ended								
30th September, 2012	174,359	8.0	20,575	2.5	21,565	2.5	13,406	(32.0)
30th September, 2011	161,485	(0.4)	20,081	25.4	21,030	23.1	19,703	104.0

Note: Comprehensive income

Quarterly period ended 30th September, 2012: ¥11,497 million [(35.8)%]

Quarterly period ended 30th September, 2011: ¥17,920 million [181.9%]

	Net income per share – basic	Net income per share – diluted
Quarterly period ended	Yen	Yen
30th September, 2012	68.20	64.30
30th September, 2011	100.97	95.15

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
30th September, 2012	402,480	265,922	65.7
31st March, 2012	402,784	258,276	63.8

Reference: Equity

As of 30th September, 2012: ¥264,547 million As of 31st March, 2012: ¥256,856 million

2. Cash dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
Fiscal year ended 31st March, 2012	Yen –	Yen 26.00	Yen –	Yen 26.00	Yen 52.00
Fiscal year ending 31st March, 2013	–	26.00			
Fiscal year ending 31st March, 2013 (Forecasts)			–	26.00	52.00

Note: Revisions to the forecasts of cash dividends most recently announced: None

3. Forecasts of financial results for the fiscal year ending 31st March, 2013 (from 1st April, 2012 to 31st March, 2013)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending 31st March, 2013	355,000	5.8	45,000	4.3	46,500	4.1	28,000	(14.9)	142.44

Note: Revisions to the forecasts of financial results most recently announced: None

However, the Company has revised its reference values for the breakdown of sales. Please refer to the section of “(3) Qualitative information regarding forecasts of financial results” on pages 6-7.

* Notes

- (1) Changes in significant subsidiaries during the current six months (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Adoption of specific accounting in preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: Yes
 - d. Restatement of prior period financial statements after error corrections: None
- (4) Number of shares in issue (common stock)
 - a. Total number of shares in issue at the end of the period (including treasury stock)

As of 30th September, 2012	225,000,000 shares
As of 31st March, 2012	225,000,000 shares
 - b. Number of shares of treasury stock at the end of the period

As of 30th September, 2012	28,082,393 shares
As of 31st March, 2012	28,834,693 shares
 - c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Quarterly period ended 30th September, 2012	196,567,622 shares
Quarterly period ended 30th September, 2011	195,135,400 shares

Note: The NRI shares held by the trust exclusive for NRI Group Employee Stock Ownership Group are included as treasury stock.

* Indication regarding execution of quarterly review procedures

This quarterly consolidated financial results report is exempt from the quarterly review procedures in accordance with the Financial Instruments and Exchange Law. At the time of disclosure of this quarterly consolidated financial results report, the review procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Law are incomplete.

* Proper use of forecasts of financial results, and other special matters

The forward-looking statements including business forecasts stated in this document are based on information available to the Company at the present time and certain assumptions judged to be rational, and these statements do not purport to be a promise by the Company to achieve such results. Actual business results, etc. may differ significantly from these forecasts due to various factors. Please refer to the section of “(3) Qualitative information regarding forecasts of financial results” on pages 6-7 for the assumptions for the forecasts of financial results and cautions concerning the use thereof.

Qualitative information regarding second-quarter settlement of accounts

(1) Qualitative information regarding consolidated operating results

During the six months ended 30th September, 2012 (from 1st April, 2012 to 30th September, 2012), the outlook for the Japanese economy became increasingly uncertain due to factors such as a slowdown in overseas economies. With companies remaining cautious on investment in information systems, the information services industry continued to face a severe business environment. Operating in such an environment, Nomura Research Institute (“the Company”) and its consolidated subsidiaries (“the NRI Group”) carried out its business activities with the combined strength of the Group, allowing it to seamlessly provide services encompassing consulting through to system development and operations. In order to realize medium- and long-term growth, the NRI Group is also pushing forward with growth measures in new fields while developing its strengths further. The NRI Group continued the large project that has been underway since last fiscal year to provide the STAR-IV service to Nomura Securities Co., Ltd., and it is working on a group-wide level to begin providing the service this fiscal year. These efforts involve making the transition from its current system, which was individually developed for Nomura Securities Co., Ltd., to the Company’s STAR-IV, a multi-user type of back-office system. The NRI Group is working on further expanding the client base by promoting this system as the de facto standard for back office systems in the securities sector.

As part of overseas business development, the Company is establishing and expanding bases in Asia in order to strengthen its business in the region. The Company developed a new base in Indonesia in April and completed the procedures to make an Indian IT company a subsidiary in July. Steps are also being taken at the moment to establish a local subsidiary in Thailand. To further improve the quality of our human resources, we are significantly upgrading our overseas training systems and fostering a work force capable of performing global business.

During the six months ended 30th September, 2012, sales of the NRI Group increased year on year to ¥174,359 million (up 8.0%). Cost of sales was ¥125,113 million (up 10.4%) and gross profit was ¥49,246 million (up 2.3%) as a result of incurrence of additional costs in a large-scale development project for the insurance sector. Selling, general and administrative expenses were ¥28,670 million (up 2.2%) due to increases in subcontracting costs and education and training expenses to foster a globally capable work force. Operating profit was ¥20,575 million (up 2.5%), operating profit margin was 11.8% (down 0.6 points), ordinary profit was ¥21,565 million (up 2.5%) and net income was ¥13,406 million (down 32.0%). The reason for the large year-on-year decline in net income was due to an absence of a gain on sales of investments in affiliates recorded in the same period of the previous fiscal year, among other factors.

Segment information

The business results by segment (sales includes intersegment sales) are as follows.

Effective 1st April, 2012, the classification of the segments has been partially changed.

Consequently, comparisons between segments with the same period of the previous fiscal year shown below are based on amounts restated in accordance with the classifications following this change.

(Consulting)

This segment provides policy recommendations and strategy consulting, as well as business consulting to support operational reform and system consulting for overall IT management.

As part of efforts to continue strengthening its business in Asia, the Company is pushing forward with the development and expansion of bases in the ASEAN region. At the moment, the Company is working to establish a local subsidiary in Thailand.

In the six months ended 30th September, 2012, consulting for the public sector and system consulting to support the execution of customers’ system projects increased, resulting in sales of ¥10,688 million (up 9.8% from the same period of the previous fiscal year) and operating profit of ¥1,032 million (up 27.0%).

(Financial IT Solutions)

In this segment, the main clients are in the finance sector, including the securities, insurance and banking sectors. The segment provides system consulting, system development and system management and operation services, and it provides IT solutions such as multi-user systems. Currently, the segment is undertaking a large project to provide the STAR-IV service to Nomura Securities Co., Ltd., and it aims to begin providing the service in the current fiscal year. In the banking sector, where Internet banking is becoming an increasingly important business channel, the Company has been working to encourage more banks to use its multi-user type Internet banking system. It is also taking steps to provide new services, such as front office systems that support consulting-based sales of financial products.

Regarding sales during the six months ended 30th September, 2012, there were decreases in system development and application sales for the insurance sector but increases in system development and application sales for the securities sector. In a large-scale development project for the insurance sector, additional costs were incurred because of an increase in the scale of development and the changes of development schedule, and this project has become unprofitable.

As a result, the Financial IT Solutions segment posted sales of ¥104,788 million (up 7.4% from the same period of the previous fiscal year) and operating profit of ¥9,725 million (up 2.3%).

(Industrial IT Solutions)

This segment provides system consulting, system development, system management and operation services, and other services to the distribution, manufacturing, service, and public sectors.

In this segment, the Company has been making efforts to provide IT solution proposals while working closely with the Consulting segment, which has a large number of customers in the industrial sector, to expand the client base. Effective from the current fiscal year, in accordance with an agreement for an IT service alliance concluded with Ajinomoto Co., Inc., the Company acquired an IT system related subsidiary of Ajinomoto Co., Inc. and started operations.

Regarding sales during the six months ended 30th September, 2012, NRI System Techno, Ltd. became part of the NRI Group effective from the current fiscal year, contributing to sales. An increase in sales was achieved, mainly from system management and operation services and product sales for the manufacturing and service sectors. System development and application sales, and system management and operation services for the telecommunications sector also increased, and system management and operation services for major customers in the distribution sector grew, including overseas projects.

As a result, the Industrial IT Solutions segment posted sales of ¥40,405 million (up 13.2% from the same period of the previous fiscal year) and operating profit of ¥2,719 million (up 12.8%).

(IT Platform Services)

This segment mainly provides services such as the management and administration of data centers, and IT platform and network architecture to the Financial IT Solutions and Industrial IT Solutions segments. It also provides IT platform solutions and information security services to customers of various industries. It also conducts research for the development of new business operations and new products related to IT solutions, and research related to leading-edge information technologies. In this segment, the Company has been making efforts to expand its customer base by not only renewing IT platforms, but also proposing IT platform solutions for customers linked with the improvement of business and revenues of the customers. Concerning the datacenter business, the Company's fifth data center was completed and is scheduled to commence operations in November. In the six months ended 30th September, 2012, in terms of sales to external customers, there were decreases in system management and operation services and product sales to major customers in the securities sector. As for intersegment sales, there were increases in IT platform architecture support services and system management and operation services to the Financial IT Solutions and Industrial IT Solutions segments. With respect to costs, there were increases in subcontracting costs and depreciation and amortization expenses.

As a result, the IT Platform Services segment posted sales of ¥51,756 million (up 4.3% from the same period of the previous fiscal year) and operating profit of ¥5,752 million (up 6.9%).

(Others)

Some subsidiaries and others provide system development and system management and operation services as a business segment that is separate from those shown above.

In the six months ended 30th September, 2012, the Others segment posted sales of ¥6,209 million (up 6.3% from the same period of the previous fiscal year) and operating profit of ¥660 million (up 83.1%).

(2) Qualitative information regarding consolidated financial position

(Assets, liabilities and net assets)

At the end of the second quarter (30th September, 2012), current assets were ¥152,900 million (down 13.5% from the end of the previous fiscal year), noncurrent assets were ¥249,580 million (up 10.4%), current liabilities were ¥61,496 million (down 11.4%), noncurrent liabilities were ¥75,062 million (down 0.1%), net assets were ¥265,922 million (up 3.0%) and total assets were ¥402,480 million (down 0.1%).

The main changes from the end of the previous fiscal year are as follows.

Accounts receivable decreased ¥14,055 million to ¥42,430 million and other receivables increased ¥9,536 million to ¥29,242 million. This occurred partly because the NRI Group recognizes revenues based on the percentage-of-completion method, and the number of projects completed at the end of the fiscal year is comparatively large, and accordingly, compared with the end of the previous fiscal year, the ends of quarterly periods tend to have small values for accounts receivable and large values for other receivables.

Short-term investment securities decreased ¥19,552 million to ¥61,526 million, while investment securities increased ¥15,716 million to ¥76,989 million. This was the result of an increase in national government bonds with redemption periods of more than one year due to increased variation in redemption periods in the management of surplus funds.

Due to the completion of the data center construction, the carrying amount of construction in progress was transferred to buildings, net. As a result, buildings, net increased by ¥14,877 million to ¥48,045 million.

As for other items, accounts payable decreased ¥3,061 million to ¥18,748 million, accrued amount payable decreased ¥2,608 million to ¥2,742 million and accrued expenses decreased ¥234 million to ¥6,439 million.

(Cash flow position)

Cash and cash equivalents as of the end of the second quarter (30th September, 2012) stood at ¥69,017 million (down ¥8,026 million from the end of the previous fiscal year).

Net cash provided by operating activities in the six months ended 30th September, 2012 was ¥26,213 million, a decrease of ¥5,278 million compared with the same period of the previous fiscal year. This reflected a fall in dividend income compared to the same period of the previous fiscal year, when bonus dividends income was recorded, as well as a smaller decrease in accounts receivable and a larger decrease in accounts payable.

Net cash used by investing activities was ¥28,827 million, ¥12,963 million greater compared with the same period of the previous fiscal year. The main contributing factors were the acquisition of property and equipment related to data centers and the acquisition of software and intangibles related to the development of multi-user systems.

Net cash used by financing activities was ¥5,200 million, which was roughly the same as the same period of the previous fiscal year. The main item of expenditure for both periods was cash dividends paid.

(3) Qualitative information regarding forecasts of financial results

Forecasts of financial results

(Forecasts)

The Company has made no revisions to its forecasts of financial results.

The Company has acquired shares of Daiko Clearing Services Corporation through a take-over bid. As a result, the percentage of voting rights held by the Company became 36.3% as of 23rd October, 2012, making the company an equity-method affiliate of the Company. The Company expects to record negative goodwill arising from the acquisition as extraordinary income in the current fiscal year. In addition, the Company is examining the possibility of moving its Osaka Data Center off the

balance sheet during the current fiscal year. If this decision is made, the Company expects to record extraordinary loss related to the transfer.

In both cases, the extraordinary income/loss to be recorded have yet to be determined, but the Company does not foresee any significant impact on its current forecasts of financial results. Consequently, no revisions have been made.

(Reference values)

As indicated below, the Company has revised its reference values for the breakdown of consolidated sales (sales to external customers; by segment and by service) in light of sales in the six months ended 30th September, 2012.

These figures have been disclosed for reference purposes only.

■ Sales by segment for the fiscal year ending 31st March, 2013

(Millions of yen)

	Previous forecast (A)	Revised forecast (B)	Change		Previous fiscal year (Actual result)*
			Amount (B-A)	Rate (%)	
Consulting	23,000	23,000	—	—	21,685
Securities sector	103,000	106,000	3,000	2.9	99,887
Insurance sector	53,500	52,000	(1,500)	(2.8)	54,594
Banking sector	27,000	27,000	—	—	25,471
Other finance sector, etc.	25,000	25,000	—	—	22,674
Financial IT Solutions	208,500	210,000	1,500	0.7	202,628
Distribution sector	42,000	43,500	1,500	3.6	42,527
Manufacturing and service sectors	40,000	38,500	(1,500)	(3.8)	29,391
Industrial IT Solutions	82,000	82,000	—	—	71,918
IT Platform Services	32,500	31,000	(1,500)	(4.6)	30,788
Others	9,000	9,000	—	—	8,532

* As a result of changes to segments carried out in April 2012, the values for the previous fiscal year (ended 31st March, 2012) have been restated to reflect the new segment classification.

■ Sales by service for the fiscal year ending 31st March, 2013

(Millions of yen)

	Previous forecast (A)	Revised forecast (B)	Change		Previous fiscal year (Actual result)
			Amount (B-A)	Rate (%)	
Consulting services	36,000	37,000	1,000	2.8	36,098
System development and application sales	135,000	134,000	(1,000)	(0.7)	125,556
System management and operation services	175,000	175,000	—	—	164,084
Product sales	9,000	9,000	—	—	9,815

(Caution concerning forward-looking statements)

The forward-looking statements including business forecasts stated in this document are based on information available to the Company at the present time and certain assumptions (suppositions) judged to be rational, and these statements do not purport to be a promise by the Company to achieve such results. Actual business results, etc. may differ significantly from this forecast due to various factors. Material factors that could possibly affect the actual business results, etc. include, but are not limited to, the domestic and overseas economic situation, demand in the IT services market, competition with competitors, and changes in taxation and other systems. Also, reference values concerning business forecasts are presented to provide a better understanding of the current situation and outlook of the Company. Note the Company will not always revise business forecasts, etc. upon every occurrence of new information or event of some kind.

Quarterly Consolidated Financial Statements

Nomura Research Institute, Ltd.

*For the Quarterly Period Ended 30th September, 2012
(Unaudited)*

Unless otherwise noted, the amounts included in the financial statements are expressed in millions of yen and thousands of U.S. dollars with fractional amounts rounded off.

Nomura Research Institute, Ltd.

Quarterly Consolidated Financial Statements

For the quarterly period ended 30th September, 2012

Index

	Page
Quarterly Consolidated Balance Sheets	1
Quarterly Consolidated Statements of Income and Comprehensive Income	3
Quarterly Consolidated Statements of Changes in Net Assets	4
Quarterly Consolidated Statements of Cash Flows	5
Notes to Quarterly Consolidated Financial Statements	7

Nomura Research Institute, Ltd.

Quarterly Consolidated Balance Sheets

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	30th September, 2012	31st March, 2012	30th September, 2012
	(Unaudited)		(Unaudited)
Assets			
Current assets:			
Cash and bank deposits (<i>Notes 4 and 7</i>)	¥ 8,099	¥ 8,462	\$ 104,409
Short-term investment securities (<i>Notes 4, 5 and 7</i>)	61,526	81,079	793,167
Accounts receivable and other receivables (<i>Note 4</i>)	71,673	76,192	923,978
Inventories	158	178	2,037
Deferred income taxes	7,352	7,066	94,779
Other current assets	4,162	3,906	53,656
Allowance for doubtful accounts	(69)	(79)	(890)
Total current assets	152,901	176,804	1,971,136
Property and equipment:			
Land	13,612	13,600	175,480
Buildings, net	48,046	33,167	619,389
Machinery and equipment, net	11,868	12,899	152,997
Leased assets, net	117	114	1,508
Construction in progress	–	7,789	–
Property and equipment, net	73,643	67,569	949,374
Software and other intangibles	58,223	57,862	750,587
Investment securities (<i>Notes 4 and 5</i>)	76,989	61,273	992,510
Investments in affiliates (<i>Notes 4 and 5</i>)	1,203	1,253	15,509
Deferred income taxes	17,078	15,778	220,162
Long-term loans receivable (<i>Note 4</i>)	7,879	7,821	101,573
Lease investment assets	472	446	6,085
Other assets	14,138	14,024	182,261
Allowance for doubtful accounts	(45)	(46)	(580)
Total assets	¥402,481	¥402,784	\$5,188,617

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	30th September, 2012	31st March, 2012	30th September, 2012
	(Unaudited)		(Unaudited)
Liabilities and Net Assets			
Current liabilities:			
Accounts payable (<i>Note 4</i>)	¥ 18,749	¥ 21,811	\$ 241,704
Short-term loans payable	51	–	657
Current portion of long-term loans payable (<i>Note 4</i>)	2,537	2,531	32,706
Lease obligations, current	264	201	3,403
Accrued expenses	19,098	19,781	246,203
Income taxes payable	8,727	10,093	112,505
Advance payments received	5,392	4,807	69,511
Asset retirement obligations	29	8	374
Other current liabilities	6,650	10,149	85,730
Total current liabilities	61,497	69,381	792,793
Convertible bonds (<i>Note 4</i>)	49,997	49,997	644,540
Long-term loans payable (<i>Note 4</i>)	5,416	6,677	69,821
Lease obligations	428	411	5,518
Deferred income taxes	31	27	400
Employees' retirement benefits	18,515	17,251	238,688
Asset retirement obligations	675	699	8,702
Guarantee deposits received	–	64	–
Net assets (<i>Notes 6 and 8</i>):			
Shareholders' equity:			
Common stock:			
Authorized – 750,000,000 shares at 30th September, 2012 and 31st March, 2012			
Issued – 225,000,000 shares at 30th September, 2012 and 31st March, 2012	18,600	18,600	239,783
Additional paid-in capital	14,800	14,800	190,795
Retained earnings	294,712	286,907	3,799,305
Treasury stock, at cost			
– 28,082,393 shares at 30th September, 2012 and 28,834,693 shares at 31st March, 2012	(67,046)	(68,841)	(864,329)
Total shareholders' equity	261,066	251,466	3,365,554
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities (<i>Note 5</i>)	6,410	7,966	82,635
Foreign currency translation adjustment	(2,928)	(2,575)	(37,747)
Total accumulated other comprehensive income	3,482	5,391	44,888
Share subscription rights	1,292	1,420	16,656
Minority interests	82	–	1,057
Total net assets	265,922	258,277	3,428,155
Total liabilities and net assets	¥402,481	¥402,784	\$5,188,617

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statements of Income and Comprehensive Income

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	Six months ended 30th September,		Six months ended 30th September,
	2012	2011	2012
	(Unaudited)		(Unaudited)
Sales	¥174,359	¥161,485	\$2,247,763
Cost of sales	125,113	113,348	1,612,904
Gross profit	49,246	48,137	634,859
Selling, general and administrative expenses (Notes 9 and 10)	28,670	28,056	369,602
Operating profit	20,576	20,081	265,257
Other income (expenses):			
Interest and dividend income	923	1,044	11,899
Interest expense	(30)	(39)	(387)
Equity in earnings of affiliates	108	57	1,392
Loss on investment securities	(68)	(821)	(877)
Gain on investments in affiliates	–	8,564	–
Special dividend income	–	3,011	–
Reversal of share-based compensation	158	58	2,037
Other, net	(12)	(112)	(154)
	1,079	11,762	13,910
Income before income taxes and minority interests	21,655	31,843	279,167
Provision for income taxes (Note 2)	8,248	12,139	106,330
Income before minority interests	13,407	19,704	172,837
Net income (Note 8)	¥ 13,407	¥ 19,704	\$ 172,837
Income before minority interests	¥ 13,407	¥ 19,704	\$ 172,837
Other comprehensive income:			
Valuation difference on available-for-sale securities	(1,556)	(1,438)	(20,059)
Foreign currency translation adjustment	(342)	(340)	(4,409)
Share of other comprehensive income of affiliates	(11)	(5)	(142)
Total other comprehensive income	(1,909)	(1,783)	(24,610)
Comprehensive income	¥ 11,498	¥ 17,921	\$ 148,227
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	¥ 11,498	¥ 17,921	\$ 148,227
Comprehensive income attributable to minority interests	–	–	–

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statements of Changes in Net Assets

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	Share subscription rights	Minority interests	Total net assets
Balance at 31st March, 2012	¥18,600	¥14,800	¥286,907	¥(68,841)	¥251,466	¥ 7,966	¥(2,575)	¥ 5,391	¥1,420	¥ –	¥258,277
Disposition of treasury stock	–	–	–	1,795	1,795	–	–	–	–	–	1,795
Loss on disposition of treasury stock	–	–	(502)	–	(502)	–	–	–	–	–	(502)
Net income	–	–	13,407	–	13,407	–	–	–	–	–	13,407
Cash dividends paid	–	–	(5,100)	–	(5,100)	–	–	–	–	–	(5,100)
Net changes other than in shareholders' equity	–	–	–	–	–	(1,556)	(353)	(1,909)	(128)	82	(1,955)
Balance at 30th September, 2012 (unaudited)	¥18,600	¥14,800	¥294,712	¥(67,046)	¥261,066	¥ 6,410	¥(2,928)	¥ 3,482	¥1,292	¥82	¥265,922

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	Share subscription rights	Minority interests	Total net assets
Balance at 31st March, 2011	¥18,600	¥14,994	¥264,866	¥(72,285)	¥226,175	¥ 6,258	¥(2,675)	¥3,583	¥1,317	¥ –	¥231,075
Disposition of treasury stock	–	–	–	1,775	1,775	–	–	–	–	–	1,775
Loss on disposition of treasury stock	–	(194)	(289)	–	(483)	–	–	–	–	–	(483)
Net income	–	–	19,704	–	19,704	–	–	–	–	–	19,704
Cash dividends paid	–	–	(5,063)	–	(5,063)	–	–	–	–	–	(5,063)
Net changes other than in shareholders' equity	–	–	–	–	–	(1,438)	(345)	(1,783)	(2)	–	(1,785)
Balance at 30th September, 2011 (unaudited)	¥18,600	¥14,800	¥279,218	¥(70,510)	¥242,108	¥ 4,820	¥(3,020)	¥ 1,800	¥1,315	¥ –	¥245,223

Thousands of U.S. dollars (Note 3)

	Shareholders' equity					Accumulated other comprehensive income					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	Share subscription rights	Minority interests	Total net assets
Balance at 31st March, 2012	\$239,783	\$190,795	\$3,698,686	\$(887,469)	\$3,241,795	\$102,694	\$(33,196)	\$ 69,498	\$18,306	\$ –	\$3,329,599
Disposition of treasury stock	–	–	–	23,140	23,140	–	–	–	–	–	23,140
Loss on disposition of treasury stock	–	–	(6,472)	–	(6,472)	–	–	–	–	–	(6,472)
Net income	–	–	172,837	–	172,837	–	–	–	–	–	172,837
Cash dividends paid	–	–	(65,746)	–	(65,746)	–	–	–	–	–	(65,746)
Net changes other than in shareholders' equity	–	–	–	–	–	(20,059)	(4,551)	(24,610)	(1,650)	1,057	(25,203)
Balance at 30th September, 2012 (unaudited)	\$239,783	\$190,795	\$3,799,305	\$(864,329)	\$3,365,554	\$ 82,635	\$(37,747)	\$ 44,888	\$16,656	\$1,057	\$3,428,155

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statements of Cash Flows

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	Six months ended 30th September,		Six months ended 30th September,
	2012	2011	2012
	(Unaudited)		(Unaudited)
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 21,655	¥ 31,843	\$ 279,167
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	15,159	14,584	195,423
Interest and dividend income	(923)	(4,055)	(11,899)
Interest expense	30	39	387
Loss on investment securities	68	821	877
Gain on investments in affiliates	–	(8,564)	–
Changes in operating assets and liabilities:			
Accounts receivable and other receivables, net of advance payments received	6,535	8,126	84,246
Allowance for doubtful accounts	(11)	(14)	(142)
Accounts payable	(4,085)	(1,199)	(52,662)
Inventories	48	(90)	619
Employees' retirement benefits	(781)	(1,726)	(10,068)
Other	(2,697)	(2,687)	(34,769)
Subtotal	34,998	37,078	451,179
Interest and dividends received	1,102	4,045	14,207
Interest paid	(29)	(40)	(374)
Income taxes paid	(9,857)	(9,591)	(127,072)
Net cash provided by operating activities	26,214	31,492	337,940
Cash flows from investing activities			
Payments for time deposits	(344)	(328)	(4,435)
Proceeds from time deposits	393	803	5,066
Purchase of short-term investment securities	–	(13,234)	–
Proceeds from sales and redemption of short-term investment securities	11,800	5,900	152,121
Acquisition of property and equipment	(12,994)	(6,027)	(167,513)
Proceeds from sales of property and equipment	1	3	13
Purchase of software and other intangibles	(9,292)	(10,316)	(119,789)
Payments for asset retirement obligations	(11)	(23)	(142)
Purchase of investment securities	(20,404)	(14,084)	(263,040)
Proceeds from sales and redemption of investment securities	2,216	5,100	28,568
Purchase of investments in affiliates	(199)	–	(2,565)
Proceeds from sales of investments in affiliates	–	16,326	–
Other	7	16	90
Net cash used in investing activities	¥(28,827)	¥(15,864)	\$(371,626)

Nomura Research Institute, Ltd.

Quarterly Consolidated Statements of Cash Flows (continued)

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	Six months ended 30th September,		Six months ended 30th September,
	2012	2011	2012
	(Unaudited)		(Unaudited)
Cash flows from financing activities			
Increase in short-term loans payable	¥ 51	¥ 4,000	\$ 657
Decrease in short-term loans payable	–	(4,000)	–
Repayment of long-term loans payable	(1,256)	(1,291)	(16,192)
Repayment of obligation under finance leases	(56)	(28)	(722)
Proceeds from sales of treasury stock	1,157	1,166	14,916
Cash dividends paid	(5,097)	(5,060)	(65,708)
Net cash used in financing activities	(5,201)	(5,213)	(67,049)
Effect of exchange rate changes on cash and cash equivalents	(213)	(261)	(2,746)
Net increase (decrease) in cash and cash equivalents	(8,027)	10,154	(103,481)
Cash and cash equivalents at beginning of period	77,044	82,085	993,219
Cash and cash equivalents at end of period (<i>Note 7</i>)	¥ 69,017	¥ 92,239	\$ 889,738

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Notes to Quarterly Consolidated Financial Statements

30th September, 2012

1. Description of Business, Basis of Presentation, Accounting Change, and Additional Information

Description of Business

The NRI Group (Nomura Research Institute, Ltd. (the “Company”) and its 18 consolidated subsidiaries) and its affiliates (2 companies) engage in the following four business services: “consulting services,” comprised of research, management consulting and system consulting; “system development & application sales,” comprised of system development and the sales of package software products; “system management & operation services,” comprised of outsourcing services, multi-user system services, and information services; and “product sales.” Information on the Company’s operations by segment is included in Note 12.

NRI System Techno, LTD., a newly acquired subsidiary during the quarterly period ended 30th June, 2012, has been included in the scope of consolidation. Nomura Research Institute Financial Technologies India Pvt. Ltd. and UBsecure, Inc., newly acquired subsidiaries during the quarterly period ended 30th September, 2012, are newly included in the scope of consolidation.

Basis of Presentation

The accompanying quarterly consolidated financial statements of the Company and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law.

In addition, the notes to the quarterly consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain reclassifications have been made to present the accompanying quarterly consolidated financial statements in a format which is familiar to readers outside Japan.

1. Description of Business, Basis of Presentation, Accounting Change, and Additional Information (continued)

Accounting Change

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

In response to a revision of the Corporation Tax Law, the Company and its domestic consolidated subsidiaries have changed the method of depreciation for tangible fixed assets acquired on or after 1st April, 2012 in accordance with the provisions of the revised Corporation Tax Law. As a result of this change, operating profit and income before income taxes and minority interests for the six months ended 30th September, 2012 increased by ¥51 million (\$657 thousand) from the corresponding amounts which would have been recorded under the previous method.

Additional Information

(Accounting for Trust-type Employee Stock Ownership Incentive Plan)

The Company introduced a “Trust-type Employee Stock Ownership Incentive Plan” in March 2011. The purpose of this plan is to promote the Company’s perpetual growth by providing incentives to employees for increasing the Company’s corporate value in the mid- to long-term and to enhance benefits and welfare of employees.

This is an incentive plan under which gains from the Company’s share price appreciation are returned to all participants in the Employee Stock Ownership Group (the “ESOP Group”). The “Employee Stock Ownership Trust” (the “ESOP Trust”) was established exclusively for the ESOP Group to carry out this plan. The ESOP Trust acquired a number of the Company’s shares, which the ESOP Group would acquire over a period of five years subsequent to the establishment of the ESOP Trust. Then, the ESOP Trust sells them to the ESOP Group each time the ESOP Group makes an acquisition of the Company’s shares. When the share price appreciates and earnings have accumulated in the ESOP Trust upon its termination, a cash distribution of the funds will be made to each beneficiary in proportion to the respective beneficiary’s contribution. Since the Company guarantees the loans of the ESOP Trust taken out to purchase the Company’s shares, the Company is obligated to pay the remaining liabilities of the ESOP Trust under a guarantee agreement if any obligations remain upon termination of the ESOP Trust.

The Company accounts for the transactions involving the ESOP Trust as its own with the assets, liabilities, expenses and income of the ESOP Trust included in the accompanying quarterly consolidated financial statements. Therefore, the Company’s shares owned by the ESOP Trust are treated as treasury stock of the Company, and the loans of the ESOP Trust are treated as the loans of the Company. Also, the Company does not recognize the transfer of treasury stock when the Company sells treasury stock to the ESOP Trust. Each time the ESOP Trust sells treasury stock to the ESOP Group, however, the Company recognizes the transfer of treasury stock. As the amounts equal to the capital gain realized by the ESOP Trust will be distributed to the beneficiaries after the termination of the trust, the amounts are treated as expenses for the corresponding year the gain is incurred.

The ESOP Trust owned 4,191,500 shares of the Company at 30th September, 2012.

2. Specific Accounting Policy Adopted in Preparing Quarterly Consolidated Financial Statements

Calculation of Tax Expense

At the end of each interim period the Company makes its best estimate of the effective tax rate expected to be applicable for the full fiscal year. Tax expenses for interim periods are computed multiplying income before income taxes and minority interests by the aforementioned estimated annual effective tax rate for the annual period. Deferred income taxes are included in provision for income taxes in the quarterly consolidated statements of income and comprehensive income.

3. U.S. Dollar Amounts

The Company maintains its books of account in yen. The U.S. dollar amounts included in the accompanying quarterly consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into dollars at ¥77.57 = U.S.\$1.00, the rate of exchange prevailing on 30th September, 2012. The U.S. dollar amounts are included solely for the convenience of the reader and the translation is not intended to imply that the assets and liabilities which originated in yen have been or could be readily converted, realized or settled in U.S. dollars at the above or any other rate.

4. Financial Instruments

Fair value of financial instruments

The carrying amount of financial instruments on the quarterly consolidated balance sheets as of 30th September, 2012 and 31st March, 2012 and estimated fair values are shown in the following table. The following table does not include non-marketable securities whose fair value is not readily determinable (see Note 2).

	<i>Millions of yen</i>					
	30th September, 2012			31st March, 2012		
	Carrying amount	Estimated fair value	Difference	Carrying amount	Estimated fair value	Difference
		(Unaudited)				
Assets:						
Cash and bank deposits	¥ 8,099	¥ 8,099	¥ –	¥ 8,462	¥ 8,462	¥ –
Accounts receivable and other receivables	71,673	71,673	–	76,192	76,192	–
Short-term investment securities, investment securities, and investments in affiliates	131,948	131,948	–	135,869	135,869	–
Long-term loans receivable	7,879	8,342	463	7,821	8,274	453
Total	¥219,599	¥220,062	¥ 463	¥228,344	¥228,797	¥ 453
Liabilities:						
Accounts payable	¥ 18,749	¥ 18,749	¥ –	¥ 21,811	¥ 21,811	¥ –
Convertible bonds	49,997	49,597	(400)	49,997	49,297	(700)
Long-term loans payable*	7,953	7,953	–	9,208	9,208	–
Total	¥ 76,699	¥ 76,299	¥(400)	¥ 81,016	¥ 80,316	¥(700)

	<i>Thousands of U.S. dollars</i>		
	30th September, 2012		
	Carrying amount	Estimated fair value	Difference
		(Unaudited)	
Assets:			
Cash and bank deposits	\$ 104,409	\$ 104,409	\$ –
Accounts receivable and other receivables	923,978	923,978	–
Short-term investment securities, investment securities, and investments in affiliates	1,701,018	1,701,018	–
Long-term loans receivable	101,573	107,542	5,969
Total	\$2,830,978	\$2,836,947	\$ 5,969
Liabilities:			
Accounts payable	\$ 241,704	\$ 241,704	\$ –
Convertible bonds	644,540	639,384	(5,156)
Long-term loans payable*	102,527	102,527	–
Total	\$ 988,771	\$ 983,615	\$(5,156)

* Long-term loans payable included the current portion of long-term loans payable totaling ¥2,537 million (\$32,706 thousand) and ¥2,531 million as of 30th September, 2012 and 31st March, 2012, respectively.

4. Financial Instruments (continued)

Fair value of financial instruments (continued)

Note 1: Methods to determine the estimated fair value of financial instruments.

Assets

- a. Cash and bank deposits, accounts receivable and other receivables
Their carrying amount approximates the fair value due to the short maturity of these instruments.
- b. Short-term investment securities, investment securities and investments in affiliates
The fair value of stocks is based on quoted market prices. The fair value of bonds is based on either quoted market prices or prices provided by the financial institution making markets in these securities.
- c. Long-term loans receivable
Long-term loans receivable consists of deposits and guarantee money. The fair value of long-term receivables is based on the present value of the total future cash flows, which are the principal and the interest, discounted by the risk free rate relating to the time remaining until maturity.

Liabilities

- a. Accounts payable
Their carrying amount approximates the fair value due to the short maturity of these instruments.
- b. Convertible bonds
The fair value of convertible bonds is based on the quoted market price.
- c. Long-term loans payable
The fair value of long-term loans payable, to which variable rates are applied, approximates the carrying amount because the variable rates reflect market interest rates over a short term.

Note 2: Non-marketable securities whose fair value is not readily determinable are as follows.

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	30th September, 2012	31st March, 2012	30th September, 2012
	(Unaudited)		(Unaudited)
Unlisted companies' shares	¥7,674	¥7,623	\$98,930
Investments in partnerships	96	113	1,238

*1 Unlisted companies' shares are not measured at fair value because they have no market prices on exchanges, and their fair value is not readily determinable. Unlisted companies' shares included investments in affiliates accounted for under the equity method totaling ¥924 million (\$11,912 thousand) and ¥887 million as of 30th September, 2012 and 31st March, 2012, respectively.

*2 For investments in partnerships, when all or a part of the assets of partnership consist of non-marketable securities whose fair value is not readily determinable, such components are not measured at fair value.

5. Investments

The Company did not hold any held-to-maturity securities with determinable market value at 30th September, 2012 and 31st March, 2012.

The following is a summary of the information concerning available-for-sale securities included in short-term investment securities, investment securities and investments in affiliates at 30th September, 2012 and 31st March, 2012:

Securities Classified as Available-for-Sale Securities

	<i>Millions of yen</i>					
	30th September, 2012			31st March, 2012		
	Acquisition cost	Carrying amount	Unrealized gain (loss)	Acquisition cost	Carrying amount	Unrealized gain (loss)
		(Unaudited)				
Equity securities	¥ 17,592	¥ 27,118	¥9,526	¥ 17,558	¥ 29,465	¥11,907
Bonds:						
Government bonds	45,606	45,650	44	25,440	25,456	16
Corporate bonds	4,401	4,402	1	18,329	18,296	(33)
	50,007	50,052	45	43,769	43,752	(17)
Other	61,682	61,624	(58)	69,559	69,501	(58)
Total	¥129,281	¥138,794	¥9,513	¥130,886	¥142,718	¥11,832

	<i>Thousands of U.S. dollars</i>		
	30th September, 2012		
	Acquisition cost	Carrying amount	Unrealized gain (loss)
		(Unaudited)	
Equity securities	\$ 226,789	\$ 349,594	\$122,805
Bonds:			
Government bonds	587,933	588,500	567
Corporate bonds	56,736	56,749	13
	644,669	645,249	580
Other	795,179	794,431	(748)
Total	\$1,666,637	\$1,789,274	\$122,637

Non-marketable securities whose fair value is not readily determinable were included in the above table. "Acquisition cost" in the above table is the carrying amount after recognizing impairment loss. Impairment loss on available-for-sale securities whose fair value is not readily determinable as a result of a permanent decline in value for the six months ended 30th September, 2012 and the year ended 31st March, 2012 amounted to ¥69 million (\$890 thousand) and ¥237 million. The Company has established a policy for the recognition of impairment losses under the following conditions:

- i) For marketable securities whose fair value has declined by 30% or more, the Company recognizes impairment loss except in cases where the decline in fair value is expected to be recoverable.
- ii) For non-marketable securities whose fair value is not readily determinable, of which net asset value has declined by 50% or more, the Company recognizes impairment loss except in cases where the decline in fair value is expected to be recoverable.

6. Net Assets

The Corporation Law of Japan provides that earnings in an amount equal to at least 10% of dividends of capital surplus and retained earnings shall be appropriated to the legal reserve until the aggregate amount of the legal reserve and additional paid-in capital equals 25% of the stated capital. The legal reserve and the additional paid-in capital account are available for appropriation by resolution of the shareholders. In accordance with the Corporation Law, the Company provides a legal reserve which is included in retained earnings. This reserve amounted to ¥570 million (\$7,348 thousand) and ¥570 million at 30th September, 2012 and 31st March, 2012, respectively.

Dividends

The following appropriation of cash dividends to shareholders of common stock applicable to the year ended 31st March, 2012 was approved at a meeting of the Board of Directors held on 17th May, 2012 and went into effect on 4th June, 2012:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Cash dividends approved on 17th May, 2012 (¥26.00 = U.S.\$0.34 per share)	¥5,100	\$65,746

- * Dividends of ¥126 million (\$1,624 thousand) paid to the ESOP Trust are not included in total dividends amount.

The accompanying quarterly consolidated financial statements do not include any provision for dividends of ¥26.00 (\$0.34) per share, aggregating ¥5,120 million (\$66,005 thousand). This appropriation of retained earnings was approved at the meeting of the Board of Directors held on 26th October, 2012 in respect of the six months ended 30th September, 2012 and went into effect on 30th November, 2012. Dividends of ¥109 million (\$1,405 thousand) paid to the ESOP Trust are not included in the total dividends amount.

7. Cash and Cash Equivalents

A reconciliation between cash and bank deposits in the accompanying quarterly consolidated balance sheets and cash and cash equivalents in the accompanying quarterly consolidated statements of cash flows at 30th September, 2012 and 2011 is as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	30th September,		30th September,
	2012	2011	2012
	(Unaudited)		(Unaudited)
Cash and bank deposits	¥ 8,099	¥ 9,041	\$104,409
Short-term investment securities	61,526	104,247	793,167
Time deposits with maturities of more than three months when deposited	(608)	(272)	(7,838)
Bonds and other investments maturing in more than three months from the acquisition date	-	(20,777)	-
Cash and cash equivalents	<u>¥69,017</u>	<u>¥ 92,239</u>	<u>\$889,738</u>

8. Per Share Data

Per share data is summarized as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	Six months ended		Six months ended
	30th September,		30th September,
	2012	2011	2012
	(Unaudited)		(Unaudited)
Earnings per share	¥68.20	¥100.97	\$0.88
Diluted earnings per share	64.30	95.15	0.83

The computation of earnings per share is based on the weighted-average number of shares of common stock outstanding during each period.

The computation of earnings per share and diluted earnings per share for the six months ended 30th September, 2012 and 2011 is as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	Six months ended		Six months ended
	30th September,		30th September,
	2012	2011	2012
	(Unaudited)		(Unaudited)
Numerator:			
Earnings	¥13,407	¥19,704	\$172,837
Earnings not attributable to common shareholders	(-)	(-)	(-)
Earnings attributable to common shareholders	¥13,407	¥19,704	\$172,837
	<i>Thousands of Shares</i>		
Denominator:			
Weighted-average number of shares of common stock outstanding – basic *	196,568	195,135	196,568
Potentially dilutive shares of common stock:			
Convertible bonds	11,839	11,839	11,839
Stock options	87	103	87
Total	11,926	11,942	11,926
Weighted-average number of shares of common stock outstanding – diluted	208,494	207,077	208,494

* The Company's shares owned by the ESOP Trust are included in treasury stock.

8. Per Share Data (continued)

The following potentially issuable shares of common stock would have an antidilutive effect and thus have not been included in the diluted earnings per share calculation for the six months ended 30th September, 2012 and 2011:

	<i>Shares</i>	
	Six months ended 30th September,	
	2012	2011
	(Unaudited)	
a) 6th share subscription rights	280,000	347,500
b) 8th share subscription rights	315,000	375,000
c) 10th share subscription rights	335,000	417,500
d) 12th share subscription rights	440,000	440,000
e) 14th share subscription rights	445,000	445,000
f) 16th share subscription rights	392,500	392,500
g) 18th share subscription rights	385,000	–

9. Selling, General and Administrative Expenses

The details of selling, general and administrative expenses for the six months ended 30th September, 2012 and 2011 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	Six months ended 30th September,		Six months ended 30th September,
	2012	2011	2012
	(Unaudited)		(Unaudited)
Personnel expenses	¥15,638	¥15,929	\$201,599
Rent	2,352	2,411	30,321
Subcontractor costs	4,263	3,791	54,957
Other	6,417	5,925	82,725
Total	<u>¥28,670</u>	<u>¥28,056</u>	<u>\$369,602</u>

10. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the six months ended 30th September, 2012 and 2011 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	Six months ended 30th September,		Six months ended 30th September,
	2012	2011	2012
	(Unaudited)		(Unaudited)
	¥1,642	¥1,704	\$21,168

11. Contingent Liabilities

There were no material contingent liabilities at 30th September, 2012 and 31st March, 2012.

12. Segment Information

1) Net sales and profit (loss) by reportable segments

Millions of yen

Six months ended 30th September, 2012									
Reportable segment									
	Financial IT Consulting	Industrial IT Solutions	IT Platform Services	Subtotal	Others *1	Total	Adjustments *2	Consolidated *3	
(Unaudited)									
Net sales:									
Sales to external customers	¥10,628	¥104,698	¥40,384	¥14,209	¥169,919	¥4,439	¥174,358	¥ 1	¥174,359
Intersegment sales or transfers	61	90	21	37,547	37,719	1,771	39,490	(39,490)	-
Total	10,689	104,788	40,405	51,756	207,638	6,210	213,848	(39,489)	174,359
Segment profit	¥ 1,033	¥ 9,726	¥ 2,720	¥ 5,752	¥ 19,231	¥ 660	¥ 19,891	¥ 685	¥ 20,576

Millions of yen

Six months ended 30th September, 2011									
Reportable segment									
	Financial IT Consulting	Industrial IT Solutions	IT Platform Services	Subtotal	Others *1	Total	Adjustments *2	Consolidated *3	
(Unaudited)									
Net sales:									
Sales to external customers	¥9,668	¥97,525	¥35,633	¥14,445	¥157,271	¥4,206	¥161,477	¥ 8	¥161,485
Intersegment sales or transfers	63	36	60	35,170	35,329	1,636	36,965	(36,965)	-
Total	9,731	97,561	35,693	49,615	192,600	5,842	198,442	(36,957)	161,485
Segment profit	¥813	¥ 9,511	¥ 2,410	¥ 5,381	¥ 18,115	¥361	¥ 18,476	¥ 1,605	¥ 20,081

Thousands of U.S. dollars

Six months ended 30th September, 2012									
Reportable segment									
	Financial IT Consulting	Industrial IT Solutions	IT Platform Services	Subtotal	Others *1	Total	Adjustments *2	Consolidated *3	
(Unaudited)									
Net sales:									
Sales to external customers	\$137,012	\$1,349,723	\$520,613	\$183,176	\$2,190,524	\$57,226	\$2,247,750	\$ 13	\$2,247,763
Intersegment sales or transfers	786	1,160	271	484,041	486,258	22,831	509,089	(509,089)	-
Total	137,798	1,350,883	520,884	667,217	2,676,782	80,057	2,756,839	(509,076)	2,247,763
Segment profit	\$ 13,317	\$ 125,384	\$ 35,065	\$ 74,152	\$ 247,918	\$ 8,508	\$ 256,426	\$ 8,831	\$ 265,257

*1 Some subsidiaries and others provide system development and system management and operation services that are not included in the above reportable segments.

*2 Individual items included in adjustment of segment profit were immaterial.

*3 Segment profit is adjusted to operating profit in the quarterly consolidated statements of income and comprehensive income.

12. Segment Information (continued)

2) Information about changes in reportable segments

- (a) In response to a revision of the Corporation Tax Law, the method of depreciation used by the reportable segments for tangible fixed assets acquired on or after 1st April, 2012 has been changed in accordance with the provisions of the revised Corporation Tax Law. As a result of this change, total segment profit for the six months ended 30th September, 2012 increased by ¥51 million (\$657 thousand) from the corresponding amount which would have been recorded under the previous method. The impact on each segment is omitted because the amounts are immaterial.
- (b) The Company partially changed its segment reporting structure as of 1st April, 2012. The information security business and IT platform solution business, which had previously been included in the Industrial IT Solutions segment, were newly included in the IT Platform Services segment. Segment information for the six months ended 30th September, 2011 in the above table has been restated to reflect the new segment reporting structure.

13. Subsequent Events

The Company initiated a take-over bid for shares of Daiko Clearing Services Corporation (“Daiko”) on 18th September, 2012, which closed on 16th October, 2012. As a result, the Company acquired 6,705,164 shares on 23rd October, 2012, and the Company now owns 9,240,164 shares of Daiko, which constitute 36.3% of its outstanding shares with voting rights. The Company has begun to account for this investment by the equity method.

With regard to this take-over bid, the Company expects to recognize extraordinary income on negative goodwill for the current fiscal year ending 31st March, 2013, but the amount has not yet been determined.