



# **1<sup>st</sup> Quarter FY March 2013 Financial Results**

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**Nomura Research Institute, Ltd.**

**July 27, 2012**

## I. 1Q FY March 2013 Financial Results (Consolidated)

### (1) Highlights

(Unit: JPY million)

	1Q FY Mar.2012 (Apr.2011- Jun.2011)		1Q FY Mar.2013 (Apr.2012- Jun.2012)		Y o Y		FY Mar.2012 (Apr.2011- Mar.2012) Amount
	Amount	Progress (%)	Amount	Progress (%)	Amount	Change(%)	
<b>Sales</b>	<b>78,465</b>	<b>23.4</b>	<b>84,411</b>	<b>23.8</b>	<b>5,945</b>	<b>7.6</b>	<b>335,554</b>
Consulting Services	8,709	24.1	8,196	22.8	(513)	(5.9)	36,098
System Development & System Application Sales	27,706	22.1	32,209	23.9	4,502	16.3	125,556
System Management & Operation Services	40,350	24.6	42,004	24.0	1,653	4.1	164,084
Product Sales	1,699	17.3	2,001	22.2	302	17.8	9,815
<b>Cost of Sales</b>	<b>55,689</b>		<b>61,605</b>		<b>5,915</b>	<b>10.6</b>	<b>235,515</b>
<b>Gross Profit</b>	<b>22,776</b>		<b>22,806</b>		<b>29</b>	<b>0.1</b>	<b>100,038</b>
<b>(Gross Profit Margin)</b>	<b>29.0%</b>		<b>27.0%</b>		<b>(2.0P)</b>		<b>29.8%</b>
<b>SG&amp;A</b>	<b>14,135</b>		<b>14,560</b>		<b>424</b>	<b>3.0</b>	<b>56,886</b>
<b>Operating Profit</b>	<b>8,641</b>	<b>20.0</b>	<b>8,246</b>	<b>18.3</b>	<b>(394)</b>	<b>(4.6)</b>	<b>43,152</b>
<b>(Operating Profit Margin)</b>	<b>11.0%</b>		<b>9.8%</b>		<b>(1.2P)</b>		<b>12.9%</b>
<b>Non-operating gain and loss</b>	<b>911</b>		<b>830</b>		<b>(80)</b>	<b>(8.8)</b>	<b>1,533</b>
<b>Other Income and Expense</b>	<b>11,221</b>		<b>89</b>		<b>(11,132)</b>	<b>(99.2)</b>	<b>11,518</b>
<b>Net Income</b>	<b>12,881</b>	<b>39.1</b>	<b>5,699</b>	<b>20.4</b>	<b>(7,181)</b>	<b>(55.8)</b>	<b>32,920</b>
<b>Earnings per share(JPY)</b>	<b>66.09</b>		<b>29.03</b>		<b>(37.06)</b>		<b>168.40</b>

NRI has changed the classification of its segment from 1Q FY March 2013. To enable a year-on-year comparison of results, figures for the corresponding period of the previous fiscal year have been recalculated to reflect the reorganization.

## I. 1Q FY March 2013 Financial Results (Consolidated)

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

#### ① Segment performance results (including sales for each segment)

		1Q FY Mar.2012		1Q FY Mar.2013		YoY		(Unit: JPY million)	
		(Apr.2011-Jun.2011)		(Apr.2012-Jun.2012)				FY Mar.2012	
		Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
Consulting	Sales	4,328	5.5	4,631	5.5	303	7.0	21,807	6.5
	Operating Profit	(101)	(1.2)	(147)	(1.8)	(46)	—	3,011	7.0
	Operating Profit Margin(%)	(2.3)		(3.2)		(0.8P)		13.8	
Financial IT Solutions	Sales	47,764	60.9	51,254	60.7	3,489	7.3	202,719	60.4
	Operating Profit	5,100	59.0	3,631	44.0	(1,469)	(28.8)	21,433	49.7
	Operating Profit Margin(%)	10.7		7.1		(3.6P)		10.6	
Industrial IT Solutions	Sales	17,616	22.5	19,661	23.3	2,044	11.6	72,236	21.5
	Operating Profit	400	4.6	1,120	13.6	719	179.7	4,259	9.9
	Operating Profit Margin(%)	2.3		5.7		3.4P		5.9	
IT Platform Services	Sales	23,773	30.3	25,391	30.1	1,618	6.8	104,857	31.2
	Operating Profit	2,334	27.0	2,822	34.2	487	20.9	11,230	26.0
	Operating Profit Margin(%)	9.8		11.1		1.3P		10.7	
Others	Sales	2,792	3.6	3,096	3.7	303	10.9	11,801	3.5
	Operating Profit	(1)	(0.0)	310	3.8	311	—	727	1.7
	Operating Profit Margin(%)	(0.1)		10.0		10.1P		6.2	
Inter-segment sales and eliminations	Sales	(17,810)	(22.7)	(19,624)	(23.2)	(1,814)		(77,867)	(23.2)
	Operating Profit	908	10.5	509	6.2	(398)		2,490	5.8
Total	Sales	78,465	100.0	84,411	100.0	5,945	7.6	335,554	100.0
	Operating Profit	8,641	100.0	8,246	100.0	(394)	(4.6)	43,152	100.0
	Operating Profit Margin(%)	11.0		9.8		(1.2P)		12.9	

## I. 1Q FY March 2013 Financial Results (Consolidated)

### ②Details of outside sales by segment

(Unit: JPY million)

	1Q FY Mar.2012 (Apr.2011-Jun.2011)		1Q FY Mar.2013 (Apr.2012-Jun.2012)		YoY		FY Mar.2012 (Apr.2011-Mar.2012)	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
<b>Consulting</b>	4,314	5.5	4,604	5.5	289	6.7	21,685	6.5
<b>Financial IT Solutions</b>	47,747	60.9	51,220	60.7	3,473	7.3	202,628	60.4
<b>Securities</b>	23,080	29.4	26,612	31.5	3,531	15.3	99,887	29.8
<b>Insurance</b>	14,092	18.0	12,269	14.5	(1,822)	(12.9)	54,594	16.3
<b>Banking</b>	5,470	7.0	6,287	7.4	817	14.9	25,471	7.6
<b>Other financial</b>	5,104	6.5	6,051	7.2	947	18.6	22,674	6.8
<b>Industrial IT Solutions</b>	17,600	22.4	19,631	23.3	2,030	11.5	71,918	21.4
<b>Distribution</b>	10,462	13.3	10,514	12.5	51	0.5	42,527	12.7
<b>Manufacturing, service and other</b>	7,138	9.1	9,116	10.8	1,978	27.7	29,391	8.8
<b>IT Platform Services</b>	6,801	8.7	6,671	7.9	(129)	(1.9)	30,788	9.2
<b>Others</b>	2,001	2.6	2,284	2.7	282	14.1	8,532	2.5
<b>Total</b>	<b>78,465</b>	<b>100.0</b>	<b>84,411</b>	<b>100.0</b>	<b>5,945</b>	<b>7.6</b>	<b>335,554</b>	<b>100.0</b>

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

### (3) Sales to main clients

(Unit: JPY million)

	1Q FY Mar.2012 (Apr.2011-Jun.2011)		1Q FY Mar.2013 (Apr.2012-Jun.2012)		YoY		FY Mar.2012 (Apr.2011-Mar.2012)	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
<b>Nomura Holdings</b>	18,487	23.6	23,444	27.8	4,957	26.8	89,473	26.7
<b>Seven &amp; i Holdings</b>	9,611	12.2	10,374	12.3	763	7.9	39,998	11.9

\*Figures, in principle, include sales to subsidiaries.

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

### (4) Subcontracting Costs

(Unit: JPY million)

	1Q FY Mar.2012 (Apr.2011-Jun.2011)		1Q FY Mar.2013 (Apr.2012-Jun.2012)		YoY		FY Mar.2012 (Apr.2011-Mar.2012)	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	Amount	Share(%)
<b>Subcontracting Costs</b>	25,129	32.0	30,432	36.1	5,302	21.1	112,039	33.4
<b>(Subcontracting Costs to China)</b>	3,380	13.5	4,750	15.6	1,369	40.5	16,893	15.1

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

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

## I. 1Q FY March 2013 Financial Results (Consolidated)

### (5) Cash Flow

(Unit: JPY million)

	1Q FY Mar.2012	1Q FY Mar.2013	YoY Change	FY Mar.2012
	(Apr.2011- Jun.2011)	(Apr.2012- Jun.2012)		(Apr.2011- Mar.2012)
	Amount	Amount	(%)	Amount
<b>Operating Activities</b>	16,360	16,427	0.4	53,067
<b>Investing Activities</b>	(9,321)	(19,563)	109.9	(47,731)
(Investing Activities except Cash management purpose investment)	(9,236)	(13,628)	47.6	(25,299)
<b>Free Cash Flow</b>	7,038	(3,135)	—	5,335
(Free Cash Flow except Cash management purpose investment)	7,124	2,798	(60.7)	27,767
<b>Financing Activities</b>	(4,383)	(4,456)	1.7	(10,438)
<b>Net increase in Cash and cash equivalents</b>	2,575	(7,806)	—	(5,041)
(Net increase in Cash and cash equivalents except Cash management purpose investment)	2,660	(1,872)	—	17,391
<b>Cash and cash equivalents at end of period</b>	84,660	69,237	(18.2)	77,043
<b>Cash and cash equivalents + Cash Management purpose investment</b>	108,225	119,649	10.6	121,601

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

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

### (6) Capital Expenditure, R&D

(Unit: JPY million)

	1Q FY Mar.2012	1Q FY Mar.2013	YoY		FY Mar.2012
	(Apr.2011-Jun.2011)	(Apr.2012-Jun.2012)	Amount	Change(%)	(Apr.2011- Mar.2012)
	Amount	Amount	Amount	Change(%)	Amount
<b>Capital Expenditure</b>	5,840	10,720	4,879	83.5	41,165
Tangible	1,214	5,865	4,651	383.0	19,789
Intangible	4,626	4,854	228	4.9	21,375
<b>R&amp;D</b>	678	608	(69)	(10.3)	3,643

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

### (7) Depreciation and Amortization

(Unit: JPY million)

	1Q FY Mar.2012	1Q FY Mar.2013	YoY		FY Mar.2012
	(Apr.2011-Jun.2011)	(Apr.2012-Jun.2012)	Amount	Change(%)	(Apr.2011- Mar.2012)
	Amount	Amount	Amount	Change(%)	Amount
<b>Tangible</b>	2,279	2,387	108	4.8	10,529
<b>Intangible</b>	4,858	5,054	195	4.0	20,345
<b>Total</b>	7,137	7,441	304	4.3	30,875

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

## I. 1Q FY March 2013 Financial Results (Consolidated)

### (8) Order Volume by segment

#### ① Order Backlog

(Unit: JPY million)

	At end of	At end of	Y o Y	
	1Q FY March 2012	1Q FY March 2013	Diff.	Change(%)
	Amount	Amount		
Consulting	5,091	5,874	783	15.4
Financial IT Solutions	97,817	93,495	(4,321)	(4.4)
Industrial IT Solutions	36,506	41,323	4,816	13.2
IT Platform Services	12,614	12,859	245	1.9
Others	3,298	3,653	355	10.8
<b>Total</b>	<b>155,327</b>	<b>157,206</b>	<b>1,879</b>	<b>1.2</b>
<b>Order backlog in the current FY</b>	<b>153,678</b>	<b>155,023</b>	<b>1,344</b>	<b>0.9</b>

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

#### ② Order Volume

(Unit: JPY million)

	1Q FY Mar.2012	1Q FY Mar.2013	YoY	
	(Apr.2011-Jun.2011)	(Apr.2012-Jun.2012)	Diff.	Change(%)
	Amount	Amount		
Consulting	6,996	6,892	(103)	(1.5)
Financial IT Solutions	35,257	34,137	(1,119)	(3.2)
Industrial IT Solutions	12,166	17,407	5,241	43.1
IT Platform Services	6,733	4,036	(2,696)	(40.0)
Others	3,364	3,902	537	16.0
<b>Total</b>	<b>64,517</b>	<b>66,375</b>	<b>1,858</b>	<b>2.9</b>

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

## II. FY March 2013 Financial Results Forecasts (Consolidated)

### (1) Highlights

NRI has not revised the financial results forecasts it disclosed on April 25, 2012. (The figures disclosed on April 25, 2012 are given below.)  
 Figures other than the full year financial results forecasts (sales, operating profit, ordinary profit, net income, excluding breakdowns) are for reference only.

(Unit: JPY billion)

	FY Mar.2012 (Results)	FY Mar.2013 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change(%)
<b>Sales</b>	<b>335.5</b>	<b>355.0</b>	<b>19.4</b>	<b>5.8</b>
Consulting Services	36.0	36.0	(0.0)	(0.3)
System Development & System Application Sales	125.5	135.0	9.4	7.5
System Management & Operation Services	164.0	175.0	10.9	6.7
Product Sales	9.8	9.0	(0.8)	(8.3)
<b>Operating Profit</b>	<b>43.1</b>	<b>45.0</b>	<b>1.8</b>	<b>4.3</b>
<b>Net Income</b>	<b>32.9</b>	<b>28.0</b>	<b>(4.9)</b>	<b>(14.9)</b>
<b>(Operating Profit Margin)</b>	<b>12.9%</b>	<b>12.7%</b>	<b>(0.2P)</b>	
<b>Earnings per Share(JPY)</b>	<b>168.40</b>	<b>142.62</b>	<b>(25.78)</b>	
Second quarter(JPY)	26.00	26.00	—	—
Fiscal year end(JPY)	26.00	26.00	—	—
<b>Dividends per Share(JPY)</b>	<b>52.00</b>	<b>52.00</b>		
<b>Dividend payout ratio</b>	<b>30.9%</b>	<b>36.5%</b>	<b>5.6P</b>	

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

### (2)Details of outside sales by segment

(Unit: JPY billion)

	FY Mar.2012 (Results)		FY Mar.2013 (Forecasts)		YoY	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
<b>Consulting</b>	<b>21.6</b>	<b>6.5</b>	<b>23.0</b>	<b>6.5</b>	<b>1.3</b>	<b>6.1</b>
<b>Financial IT Solutions</b>	<b>202.6</b>	<b>60.4</b>	<b>208.5</b>	<b>58.7</b>	<b>5.8</b>	<b>2.9</b>
Securities	99.8	29.8	103.0	29.0	3.1	3.1
Insurance	54.5	16.3	53.5	15.1	(1.0)	(2.0)
Banking	25.4	7.6	27.0	7.6	1.5	6.0
Other financial	22.6	6.8	25.0	7.0	2.3	10.3
<b>Industrial IT Solutions</b>	<b>71.9</b>	<b>21.4</b>	<b>82.0</b>	<b>23.1</b>	<b>10.0</b>	<b>14.0</b>
Distribution	42.5	12.7	42.0	11.8	(0.5)	(1.2)
Manufacturing, service and other	29.3	8.8	40.0	11.3	10.6	36.1
<b>IT Platform Services</b>	<b>30.7</b>	<b>9.2</b>	<b>32.5</b>	<b>9.2</b>	<b>1.7</b>	<b>5.6</b>
<b>Others</b>	<b>8.5</b>	<b>2.5</b>	<b>9.0</b>	<b>2.5</b>	<b>0.4</b>	<b>5.5</b>
<b>Total</b>	<b>335.5</b>	<b>100.0</b>	<b>355.0</b>	<b>100.0</b>	<b>19.4</b>	<b>5.8</b>

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

## II. FY March 2013 Financial Results Forecasts (Consolidated)

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### (3) Capital Expenditure, R&D

(Unit: JPY billion)

	FY Mar.2012	FY Mar.2013	YoY	
	(Results)	(Forecasts)	Diff.	Change(%)
	Amount	Amount		
<b>Capital Expenditure</b>	<b>41.1</b>	<b>35.0</b>	<b>(6.1)</b>	<b>(15.0)</b>
<b>Tangible</b>	<b>19.7</b>	<b>20.0</b>	<b>0.2</b>	<b>1.1</b>
<b>Intangible</b>	<b>21.3</b>	<b>15.0</b>	<b>(6.3)</b>	<b>(29.8)</b>
<b>R&amp;D</b>	<b>3.6</b>	<b>3.5</b>	<b>(0.1)</b>	<b>(3.9)</b>

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

### (4) Depreciation and Amortization

(Unit: JPY billion)

	FY Mar.2012	FY Mar.2013	YoY	
	(Results)	(Forecasts)	Diff.	Change(%)
	Amount	Amount		
<b>Total</b>	<b>30.8</b>	<b>32.5</b>	<b>1.6</b>	<b>5.3</b>

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



## II. FY March 2013 Financial Results Forecasts (Consolidated)

### (5) Highlights (1H/2H)

<b>【1st Half】</b>		(Unit: JPY billion)		
	FY Mar.2012 (Results)	FY Mar.2013 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change(%)
<b>Sales</b>	<b>161.4</b>	<b>175.0</b>	<b>13.5</b>	<b>8.4</b>
Consulting Services	17.2	17.5	0.2	1.7
System Development & System Application Sales	58.7	68.0	9.2	15.8
System Management & Operation Services	81.3	84.5	3.1	3.9
Product Sales	4.2	5.0	0.7	17.8
<b>Operating Profit</b>	<b>20.0</b>	<b>21.0</b>	<b>0.9</b>	<b>4.6</b>
<b>Net Income</b>	<b>19.7</b>	<b>13.0</b>	<b>(6.7)</b>	<b>(34.0)</b>
<b>(Operating Profit Margin)</b>	<b>12.4%</b>	<b>12.0%</b>	<b>(0.4P)</b>	

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

<b>【2nd half】</b>		(Unit: JPY billion)		
	FY Mar.2012 (Results)	FY Mar.2013 (Forecasts)	YoY	
	Amount	Amount	Diff.	Change(%)
<b>Sales</b>	<b>174.0</b>	<b>180.0</b>	<b>5.9</b>	<b>3.4</b>
Consulting Services	18.8	18.5	(0.3)	(2.1)
System Development & System Application Sales	66.8	67.0	0.1	0.2
System Management & Operation Services	82.7	90.5	7.7	9.3
Product Sales	5.5	4.0	(1.5)	(28.2)
<b>Operating Profit</b>	<b>23.0</b>	<b>24.0</b>	<b>0.9</b>	<b>4.0</b>
<b>Net Income</b>	<b>13.2</b>	<b>15.0</b>	<b>1.7</b>	<b>13.5</b>
<b>(Operating Profit Margin)</b>	<b>13.3%</b>	<b>13.3%</b>	<b>0.1P</b>	

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

## II. FY March 2013 Financial Results Forecasts (Consolidated)

### (6)Details of outside sales by segment(1H/2H)

		【1st half】						(Unit: JPY billion)
		FY Mar.2012 (Results)		FY Mar.2013 (Forecasts)		YoY		
		Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	
<b>Consulting</b>		<b>9.6</b>	<b>6.0</b>	<b>11.0</b>	<b>6.3</b>	<b>1.3</b>	<b>13.8</b>	
<b>Financial IT Solutions</b>		<b>97.5</b>	<b>60.4</b>	<b>103.0</b>	<b>58.9</b>	<b>5.4</b>	<b>5.6</b>	
	Securities	46.4	28.8	51.0	29.1	4.5	9.8	
	Insurance	28.1	17.4	26.5	15.1	(1.6)	(5.8)	
	Banking	12.1	7.5	13.0	7.4	0.8	6.7	
	Other financial	10.7	6.7	12.5	7.1	1.7	16.3	
<b>Industrial IT Solutions</b>		<b>35.6</b>	<b>22.1</b>	<b>41.0</b>	<b>23.4</b>	<b>5.3</b>	<b>15.1</b>	
	Distribution	21.1	13.1	21.0	12.0	(0.1)	(0.8)	
	Manufacturing, service and other	14.4	9.0	20.0	11.4	5.5	38.3	
<b>IT Platform Services</b>		<b>14.4</b>	<b>8.9</b>	<b>15.5</b>	<b>8.9</b>	<b>1.0</b>	<b>7.3</b>	
<b>Others</b>		<b>4.2</b>	<b>2.6</b>	<b>4.5</b>	<b>2.6</b>	<b>0.2</b>	<b>6.8</b>	
<b>Total</b>		<b>161.4</b>	<b>100.0</b>	<b>175.0</b>	<b>100.0</b>	<b>13.5</b>	<b>8.4</b>	

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

		【2nd Half】						(Unit: JPY billion)
		FY Mar.2012 (Results)		FY Mar.2013 (Forecasts)		YoY		
		Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)	
<b>Consulting</b>		<b>12.0</b>	<b>6.9</b>	<b>12.0</b>	<b>6.7</b>	<b>(0.0)</b>	<b>(0.2)</b>	
<b>Financial IT Solutions</b>		<b>105.1</b>	<b>60.4</b>	<b>105.5</b>	<b>58.6</b>	<b>0.3</b>	<b>0.4</b>	
	Securities	53.4	30.7	52.0	28.9	(1.4)	(2.7)	
	Insurance	26.4	15.2	27.0	15.0	0.5	2.1	
	Banking	13.2	7.6	14.0	7.8	0.7	5.4	
	Other financial	11.9	6.8	12.5	6.9	0.5	4.8	
<b>Industrial IT Solutions</b>		<b>36.2</b>	<b>20.8</b>	<b>41.0</b>	<b>22.8</b>	<b>4.7</b>	<b>13.0</b>	
	Distribution	21.3	12.3	21.0	11.7	(0.3)	(1.7)	
	Manufacturing, service and other	14.9	8.6	20.0	11.1	5.0	34.0	
<b>IT Platform Services</b>		<b>16.3</b>	<b>9.4</b>	<b>17.0</b>	<b>9.4</b>	<b>0.6</b>	<b>4.0</b>	
<b>Others</b>		<b>4.3</b>	<b>2.5</b>	<b>4.5</b>	<b>2.5</b>	<b>0.1</b>	<b>4.2</b>	
<b>Total</b>		<b>174.0</b>	<b>100.0</b>	<b>180.0</b>	<b>100.0</b>	<b>5.9</b>	<b>3.4</b>	

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