



1st Quarter FY March 2012 Financial Results

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Nomura Research Institute, Ltd.

July 27, 2011

I. 1Q FY March 2012 Financial Results (Consolidated)

(1) Highlights

(Unit: JPY million)

	1Q FY	Progress	1Q FY	Progress	YoY		FY Mar.2011 (Apr.2010 - Mar.2011) Amount
	Mar.2011 (Apr.2010 - Jun.2010)		Mar.2012 (Apr.2011 - Jun.2011)		Diff.	Change (%)	
	Amount	(%)	Amount	(%)			
Sales	80,650	24.7	78,465	23.8	(2,184)	(2.7)	326,328
Consulting Services	6,517	19.8	8,709	25.6	2,192	33.6	32,966
System Development & System Application Sales	29,862	25.5	27,706	22.3	(2,155)	(7.2)	117,075
System Management & Operation Services	42,272	25.4	40,350	24.8	(1,922)	(4.5)	166,580
Product Sales	1,998	20.6	1,699	18.9	(299)	(15.0)	9,705
Cost of Sales	60,041		55,689		(4,351)	(7.2)	233,119
Gross Profit	20,609		22,776		2,167	10.5	93,209
(Gross Profit Margin)	25.6%		29.0%		3.5P		28.6%
SG&A	14,048		14,135		86	0.6	54,782
Operating Profit	6,560	17.1	8,641	21.6	2,080	31.7	38,426
(Operating Profit Margin)	8.1%		11.0%		2.9P		11.8%
Non-operating gain and loss	942		911		(30)	(3.3)	1,646
Other Income and Expense	(317)		11,221		11,538	-	(219)
Net Income	4,082	17.6	12,881	40.9	8,799	215.6	23,188
Earnings per Share	JPY 20.97	17.6	JPY 66.09	40.9	JPY 45.12	215.1	JPY 119.11

* 1Q FY Mar.2012 progress is based on the financial results forecast released on June 17, 2011.

*Amounts of less than JPY million were rounded down.

NRI carried out a reorganization on April 1, 2011. 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 2012 Financial Results (Consolidated)

(2) Sales and Operating Profit by segment

① Segment performance results (including sales for each segment)

		1Q FY Mar.2011 (Apr.2010 - Jun.2010)		1Q FY Mar.2012 (Apr.2011 - Jun.2011)		YoY		(Unit: JPY million) FY Mar.2011 (Apr.2010 - Mar.2011)	
		Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Consulting	Sales	3,810	4.7	4,328	5.5	518	13.6	19,777	6.1
	Operating Profit	(732)	(11.2)	(101)	(1.2)	631	-	1,217	3.2
	Operating Profit Margin	(19.2)		(2.3)		16.9P		6.2	
Financial IT Solutions	Sales	49,682	61.6	47,764	60.9	(1,917)	(3.9)	195,004	59.8
	Operating Profit	3,740	57.0	5,100	59.0	1,359	36.3	18,504	48.2
	Operating Profit Margin	7.5		10.7		3.1P		9.5	
Industrial IT Solutions	Sales	22,181	27.5	22,586	28.8	405	1.8	92,758	28.4
	Operating Profit	153	2.3	638	7.4	485	316.1	6,344	16.5
	Operating Profit Margin	0.7		2.8		2.1P		6.8	
IT Platform Services	Sales	20,012	24.8	18,168	23.2	(1,843)	(9.2)	78,552	24.1
	Operating Profit	2,631	40.1	2,470	28.6	(160)	(6.1)	9,651	25.1
	Operating Profit Margin	13.1		13.6		0.5P		12.3	
Others	Sales	2,967	3.7	2,792	3.6	(174)	(5.9)	11,415	3.5
	Operating Profit	115	1.8	(1)	(0.0)	(116)	-	292	0.8
	Operating Profit Margin	3.9		(0.1)		(3.9P)		2.6	
Inter-segment sales and eliminations	Sales	(18,003)	(22.3)	(17,176)	(21.9)	827		(71,181)	(21.8)
	Operating Profit	652	10.0	534	6.2	(118)		2,416	6.3
Total	Sales	80,650	100.0	78,465	100.0	(2,184)	(2.7)	326,328	100.0
	Operating Profit	6,560	100.0	8,641	100.0	2,080	31.7	38,426	100.0
	Operating Profit Margin	8.1		11.0		2.9P		11.8	

*Amounts of less than JPY million were rounded down.

I. 1Q FY March 2012 Financial Results (Consolidated)

②Details of outside sales by segment

(Unit: JPY million)

	1Q FY Mar.2011 (Apr.2010- Jun.2010)		1Q FY Mar.2012 (Apr.2011- Jun.2011)		YoY		FY Mar.2011 (Apr.2010- Mar.2011)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Consulting	3,788	4.7	4,314	5.5	526	13.9	19,724	6.0
Financial IT Solutions	49,666	61.6	47,747	60.9	(1,918)	(3.9)	194,938	59.7
Securities	23,144	28.7	23,080	29.4	(64)	(0.3)	94,935	29.1
Insurance	13,797	17.1	14,092	18.0	294	2.1	54,420	16.7
Banking	7,354	9.1	5,470	7.0	(1,884)	(25.6)	23,561	7.2
Other financial	5,369	6.7	5,104	6.5	(264)	(4.9)	22,021	6.7
Industrial IT Solutions	21,131	26.2	21,417	27.3	286	1.4	87,974	27.0
Distribution	10,611	13.2	10,528	13.4	(82)	(0.8)	41,168	12.6
Manufacturing, service and other	10,519	13.0	10,888	13.9	369	3.5	46,805	14.3
IT Platform Services	3,879	4.8	2,984	3.8	(895)	(23.1)	15,365	4.7
Others	2,184	2.7	2,001	2.6	(183)	(8.4)	8,324	2.6
Total	80,650	100.0	78,465	100.0	(2,184)	(2.7)	326,328	100.0

(3) Sales to main clients

(Unit: JPY million)

	1Q FY Mar.2011 (Apr.2010- Jun.2010)		1Q FY Mar.2012 (Apr.2011- Jun.2011)		YoY		FY Mar.2011 (Apr.2010- Mar.2011)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Nomura Holdings	19,155	23.8	18,487	23.6	(668)	(3.5)	75,886	23.3
SEVEN & i HOLDINGS	10,610	13.2	9,611	12.2	(998)	(9.4)	39,643	12.1

*Figures, in principle, include sales to subsidiaries.

*Amounts of less than JPY million were rounded down.

I. 1Q FY March 2012 Financial Results (Consolidated)

(4) Subcontracting Costs

(Unit: JPY million)

	1Q FY Mar.2011 (Apr.2010- Jun.2010)		1Q FY Mar.2012 (Apr.2011- Jun.2011)		YoY		FY Mar.2011 (Apr.2010- Mar.2011)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Subcontracting Costs	24,920	30.9	25,129	32.0	208	0.8	101,156	31.0
(Subcontracting Costs to China)	2,892	11.6	3,380	13.5	488	16.9	12,255	12.1

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

(5) Cash Flow

(Unit: JPY million)

	1Q FY Mar.2011 (Apr.2010- Jun.2010)	1Q FY Mar.2012 (Apr.2011- Jun.2011)	YoY	FY Mar.2011 (Apr.2010 -Mar.2011)
	Amount	Amount	Change(%)	Amount
Operating Activities	10,933	16,360	49.6	48,777
Investing Activities	(13,678)	(9,321)	(31.9)	(27,723)
(Investing Activities except Cash management purpose investment)	(6,654)	(9,236)	38.8	(19,292)
Free Cash Flow	(2,745)	7,038	-	21,054
(Free Cash Flow except Cash management purpose investment)	4,279	7,124	66.5	29,485
Financing Activities	(5,054)	(4,383)	(13.3)	1,590
Net increase in Cash and cash equivalents	(8,024)	2,575	-	22,309
(Net increase in Cash and cash equivalents except Cash management purpose investment)	(1,000)	2,660	-	30,740
Cash and cash equivalents at end of period	51,751	84,660	63.6	82,085
Cash and cash equivalents + Cash Management purpose investment	72,811	108,225	48.6	104,417

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

(6) Capital Expenditure, R&D

(Unit: JPY million)

	1Q FY Mar.2011 (Apr.2010 - Jun.2010)	1Q FY Mar.2012 (Apr.2011 - Jun.2011)	YoY		FY Mar.2011 (Apr.2010 - Mar.2011)
	Amount	Amount	Diff.	Change (%)	Amount
Capital Expenditure	3,796	5,840	2,044	53.8	20,755
Tangible	1,444	1,214	(229)	(15.9)	10,633
Intangible	2,352	4,626	2,273	96.7	10,121
R&D	681	678	(2)	(0.3)	3,564

*Amounts of less than JPY million were rounded down.

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I. 1Q FY March 2012 Financial Results (Consolidated)

(7) Depreciation and Amortization

(Unit: JPY million)

	1Q FY Mar.2011 (Apr.2010- Jun.2010)	1Q FY Mar.2012 (Apr.2011- Jun.2011)	YoY		FY Mar.2011 (Apr.2010 - Mar.2011)
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	2,446	2,279	(167)	(6.8)	10,541
Intangible	5,187	4,858	(328)	(6.3)	20,124
Total	7,633	7,137	(496)	(6.5)	30,665

(8) Order Volume and Order Backlog

Order Volume

(Unit: JPY million)

	1Q FY Mar.2011 (Apr.2010- Jun.2010)	1Q FY Mar.2012 (Apr.2011- Jun.2011)	YoY	
	Amount	Amount	Diff.	Change (%)
Consulting	6,559	6,996	436	6.7
Financial IT Solutions	32,868	35,257	2,388	7.3
Industrial IT Solutions	14,101	17,155	3,053	21.7
IT Platform Services	3,274	1,744	(1,530)	(46.7)
Others	3,175	3,364	189	6.0
Total	59,980	64,517	4,537	7.6

Order Backlog(Outstanding)

(Unit: JPY million)

	At end of 1Q FY Mar.2011	At end of 1Q FY Mar.2012	YoY	
	Amount	Amount	Diff.	Change (%)
Consulting	4,364	5,091	727	16.7
Financial IT Solutions	103,292	97,817	(5,475)	(5.3)
Industrial IT Solutions	42,984	42,563	(420)	(1.0)
IT Platform Services	8,037	6,556	(1,480)	(18.4)
Others	3,382	3,298	(84)	(2.5)
Total	162,061	155,327	(6,734)	(4.2)
Order backlog in the current FY	161,108	153,678	(7,429)	(4.6)

*Amounts of less than JPY million were rounded down.

II.【References】 FY March 2012 Financial Results Forecasts (Consolidated)

(1) Highlights

(Unit: JPY billion)

	FY Mar.2011	FY Mar.2012	YoY	
	(Results)	(Forecasts)	Diff.	Change (%)
	Amount	Amount		
Sales	326.3	330.0	3.6	1.1
Consulting Services	32.9	34.0	1.0	3.1
System Development & System Application Sales	117.0	124.0	6.9	5.9
System Management & Operation Services	166.5	163.0	(3.5)	(2.1)
Product Sales	9.7	9.0	(0.7)	(7.3)
Operating Profit	38.4	40.0	1.5	4.1
Operating Profit Margin	11.8%	12.1%	0.3P	
Net Income	23.1	31.5	8.3	35.8
Earnings per share	JPY 119.11	JPY 161.62	JPY 42.51	35.7
Annual Dividends per share	JPY 52.00	JPY 52.00	-	-
Second quarter	JPY 26.00	JPY 26.00	-	-
Fiscal year end	JPY 26.00	JPY 26.00	-	-
Dividend payout ratio	43.7%	32.2%	(11.4P)	

*Amounts of less than JPY million were rounded down.

II. [References] FY March 2012 Financial Results Forecasts (Consolidated)

[1st Half]

(Unit: JPY billion)

	FY Mar.2011	FY Mar.2012	YoY	
	(Results)	(Forecasts)	Diff.	Change (%)
	Amount	Amount		
Sales	162.1	160.0	(2.1)	(1.3)
Consulting Services	14.4	16.5	2.0	13.9
System Development & System Application Sales	59.2	59.5	0.2	0.4
System Management & Operation Services	84.0	80.0	(4.0)	(4.8)
Product Sales	4.3	4.0	(0.3)	(7.8)
Operating Profit	16.0	19.0	2.9	18.7
Operating Profit Margin	9.9%	11.9%	2.0P	
Net Income	9.6	19.0	9.3	96.7

[2nd Half]

(Unit: JPY billion)

	FY Mar.2011	FY Mar.2012	YoY	
	(Results)	(Forecasts)	Diff.	Change (%)
	Amount	Amount		
Sales	164.2	170.0	5.7	3.5
Consulting Services	18.4	17.5	(0.9)	(5.3)
System Development & System Application Sales	57.8	64.5	6.6	11.5
Product Sales	5.3	5.0	(0.3)	(6.9)
Operating Profit	22.4	21.0	(1.4)	(6.3)
Operating Profit Margin	13.7%	12.4%	(1.3P)	
Net Income	13.5	12.5	(1.0)	(7.6)

*Amounts of less than JPY million were rounded down.

II.【References】 FY March 2012 Financial Results Forecasts (Consolidated)

(2)Details of outside sales by segment

(Unit: JPY billion)

	FY Mar.2011 (Results)		FY Mar.2012 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Consulting	19.7	6.0	20.0	6.1	0.2	1.4
Financial IT Solutions	194.9	59.7	199.5	60.5	4.5	2.3
Securities	94.9	29.1	98.5	29.8	3.5	3.8
Insurance	54.4	16.7	56.0	17.0	1.5	2.9
Banking	23.5	7.2	23.0	7.0	(0.5)	(2.4)
Other financial	22.0	6.7	22.0	6.7	(0.0)	(0.1)
Industrial IT Solutions	87.9	27.0	90.0	27.3	2.0	2.3
Distribution	41.1	12.6	41.5	12.6	0.3	0.8
Manufacturing, service and other	46.8	14.3	48.5	14.7	1.6	3.6
IT Platform Services	15.3	4.7	12.0	3.6	(3.3)	(21.9)
Others	8.3	2.6	8.5	2.6	0.1	2.1
Total	326.3	100.0	330.0	100.0	3.6	1.1

*Amounts of less than JPY million were rounded down.

II. [References] FY March 2012 Financial Results Forecasts (Consolidated)

[1st Half]

(Unit: JPY billion)

	FY Mar.2011 (Results)		FY Mar.2012 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Consulting	8.6	5.4	9.5	5.9	0.8	9.5
Financial IT Solutions	98.6	60.8	97.5	60.9	(1.1)	(1.2)
Securities	47.3	29.2	47.5	29.7	0.1	0.3
Insurance	27.2	16.8	28.0	17.5	0.7	2.9
Banking	13.1	8.1	11.5	7.2	(1.6)	(12.3)
Other financial	10.9	6.7	10.5	6.6	(0.4)	(4.0)
Industrial IT Solutions	42.5	26.2	43.0	26.9	0.4	1.1
Distribution	20.9	12.9	20.5	12.8	(0.4)	(2.1)
Manufacturing, service and other	21.5	13.3	22.5	14.1	0.9	4.3
IT Platform Services	8.1	5.0	6.0	3.8	(2.1)	(26.3)
Others	4.1	2.5	4.0	2.5	(0.1)	(3.2)
Total	162.1	100.0	160.0	100.0	(2.1)	(1.3)

[2nd Half]

(Unit: JPY billion)

	FY Mar.2011 (Results)		FY Mar.2012 (Forecasts)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Consulting	11.0	6.7	10.5	6.2	(0.5)	(4.9)
Financial IT Solutions	96.2	58.6	102.0	60.0	5.7	5.9
Securities	47.5	29.0	51.0	30.0	3.4	7.2
Insurance	27.2	16.6	28.0	16.5	0.7	2.9
Banking	10.4	6.4	11.5	6.8	1.0	10.1
Other financial	11.0	6.8	11.5	6.8	0.4	3.7
Industrial IT Solutions	45.4	27.7	47.0	27.6	1.5	3.4
Distribution	20.2	12.3	21.0	12.4	0.7	3.8
Manufacturing, service and other	25.2	15.4	26.0	15.3	0.7	3.0
IT Platform Services	7.2	4.4	6.0	3.5	(1.2)	(17.0)
Others	4.1	2.6	4.5	2.6	0.3	7.3
Total	164.2	100.0	170.0	100.0	5.7	3.5

*Amounts of less than JPY million were rounded down.