

Quarterly Consolidated Financial Statements

Nomura Research Institute, Ltd.

*For the Quarterly Period Ended 30th September, 2008
(Unaudited)*

Nomura Research Institute, Ltd.

Quarterly Consolidated Financial Statements

For the quarterly period ended 30th September, 2008

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Nomura Research Institute, Ltd.

Quarterly Consolidated Balance Sheets

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	30th September, 2008	31st March, 2008	30th September, 2008
	(Unaudited)		(Unaudited)
Assets			
Current assets:			
Cash and bank deposits (<i>Note 7</i>)	¥ 16,990	¥ 17,710	\$ 163,949
Accounts receivable and other receivables	75,444	79,423	728,013
Short-term investment securities (<i>Notes 4 and 7</i>)	55,533	84,988	535,878
Inventories	499	160	4,815
Deferred income taxes	6,862	6,837	66,216
Other current assets	3,445	1,874	33,243
Allowance for doubtful accounts	(80)	(82)	(772)
Total current assets	158,693	190,910	1,531,342
Property and equipment:			
Land	11,292	11,292	108,965
Buildings, net	29,319	29,929	282,920
Machinery and equipment, net	17,454	17,032	168,426
Leased assets, net	237	–	2,287
Property and equipment, net	58,302	58,253	562,598
Software and other intangibles	36,370	30,258	350,960
Investment securities (<i>Note 4</i>)	66,792	46,683	644,524
Investments in affiliates (<i>Note 4</i>)	2,492	2,026	24,047
Deferred income taxes	11,396	13,116	109,968
Long-term loans receivable	7,427	7,372	71,668
Investment in leased assets	1,023	–	9,872
Other assets	13,400	13,831	129,306
Allowance for doubtful accounts	(105)	(1)	(1,013)
Total assets	<u>¥355,790</u>	<u>¥362,448</u>	<u>\$3,433,272</u>

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	30th September, 2008	31st March, 2008	30th September, 2008
	(Unaudited)		(Unaudited)
Liabilities and net assets			
Current liabilities:			
Accounts payable	¥ 31,598	¥ 33,431	\$ 304,912
Lease obligations	816	–	7,874
Accrued expenses	15,210	16,629	146,772
Income taxes payable	11,419	12,526	110,190
Other current liabilities	9,982	12,193	96,324
Total current liabilities	69,025	74,779	666,072
Convertible bonds	49,997	49,997	482,457
Lease obligations	696	–	6,716
Long-term accrued expenses	2,952	4,512	28,486
Deferred income taxes	5	5	48
Allowance for employees' retirement benefits	25,844	25,791	249,387
Net assets (<i>Notes 6 and 8</i>):			
Shareholders' equity:			
Common stock	18,600	18,600	179,485
Additional paid-in capital	14,946	14,884	144,225
Retained earnings	234,837	225,780	2,266,110
Treasury stock, at cost	(72,807)	(61,161)	(702,567)
Total shareholders' equity	195,576	198,103	1,887,253
Valuation and translation adjustments:			
Unrealized gain on other securities (<i>Note 4</i>)	11,984	9,650	115,642
Translation adjustments	(972)	(997)	(9,379)
Total valuation and translation adjustments	11,012	8,653	106,263
Share subscription rights (<i>Note 6</i>)	683	608	6,590
Total net assets	207,271	207,364	2,000,106
Total liabilities and net assets	¥355,790	¥362,448	\$3,433,272

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statements of Income (Unaudited)

	<i>Millions of yen</i>				<i>Thousands of U.S. dollars (Note 3)</i>	
	Three months ended 30th September,		Six months ended 30th September,		Three months ended	Six months ended
	2008	2007	2008	2007	30th September, 2008	30th September, 2008
Sales	¥85,790	¥87,659	¥165,285	¥165,145	\$827,849	\$1,594,953
Cost of sales	59,785	58,728	116,302	113,565	576,908	1,122,281
Gross profit	26,005	28,931	48,983	51,580	250,941	472,672
Selling, general and administrative expenses (Notes 9 and 10)	12,146	12,259	25,264	24,165	117,206	243,790
Operating profit	13,859	16,672	23,719	27,415	133,735	228,882
Other income (expenses):						
Interest and dividend income	322	327	1,356	1,813	3,107	13,085
Equity in earnings of affiliates	35	42	64	73	338	618
Interest expense	(4)	–	(7)	–	(39)	(68)
Gain (loss) on investment securities	(93)	7	(93)	1,372	(897)	(897)
Impact of applying lease accounting standards	–	–	(352)	–	–	(3,397)
Other, net	(57)	(14)	(59)	53	(550)	(570)
	203	362	909	3,311	1,959	8,771
Income before income taxes	14,062	17,034	24,628	30,726	135,694	237,653
Provision for income taxes (Note 2)	5,881	6,758	10,396	12,389	56,750	100,318
Net income (Note 8)	¥ 8,181	¥10,276	¥ 14,232	¥ 18,337	\$ 78,944	\$ 137,335

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statements of Changes in Net Assets (Unaudited)

Millions of yen

	Shareholders' equity				Valuation and translation adjustments					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized gain on other securities	Translation adjustments	Total valuation and translation adjustments	Share subscription rights	Total net assets
Balance at 31st March, 2008	¥18,600	¥14,884	¥225,780	¥(61,161)	¥198,103	¥ 9,650	¥(997)	¥ 8,653	¥608	¥207,364
Purchases of treasury stock	-	-	-	(11,871)	(11,871)	-	-	-	-	(11,871)
Disposition of treasury stock	-	-	-	225	225	-	-	-	-	225
Net income	-	-	14,232	-	14,232	-	-	-	-	14,232
Cash dividends paid	-	-	(5,175)	-	(5,175)	-	-	-	-	(5,175)
Gain on disposition of treasury stock	-	62	-	-	62	-	-	-	-	62
Net changes other than in shareholders' equity	-	-	-	-	-	2,334	25	2,359	75	2,434
Balance at 30th September, 2008	¥18,600	¥14,946	¥234,837	¥(72,807)	¥195,576	¥11,984	¥(972)	¥11,012	¥683	¥207,271

Millions of yen

	Shareholders' equity				Valuation and translation adjustments					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized gain on other securities	Translation adjustments	Total valuation and translation adjustments	Share subscription rights	Total net assets
Balance at 31st March, 2007	¥18,600	¥14,800	¥206,990	¥(47,157)	¥193,233	¥22,194	¥499	¥22,693	¥307	¥216,233
Purchases of treasury stock	-	-	-	-	-	-	-	-	-	-
Disposition of treasury stock	-	-	-	473	473	-	-	-	-	473
Net income	-	-	18,337	-	18,337	-	-	-	-	18,337
Cash dividends paid	-	-	(4,477)	-	(4,477)	-	-	-	-	(4,477)
Gain on disposition of treasury stock	-	41	-	-	41	-	-	-	-	41
Net changes other than in shareholders' equity	-	-	-	-	-	(8,970)	(85)	(9,055)	84	(8,971)
Balance at 30th September, 2007	¥18,600	¥14,841	¥220,850	¥(46,684)	¥207,607	¥13,224	¥414	¥13,638	¥391	¥221,636

Thousands of U.S. dollars (Note 3)

	Shareholders' equity				Valuation and translation adjustments					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized gain on other securities	Translation adjustments	Total valuation and translation adjustments	Share subscription rights	Total net assets
Balance at 31st March, 2008	\$179,485	\$143,626	\$2,178,713	\$(590,186)	\$1,911,638	\$ 93,120	\$(9,621)	\$ 83,499	\$5,867	\$2,001,004
Purchases of treasury stock	-	-	-	(114,552)	(114,552)	-	-	-	-	(114,552)
Disposition of treasury stock	-	-	-	2,171	2,171	-	-	-	-	2,171
Net income	-	-	137,335	-	137,335	-	-	-	-	137,335
Cash dividends paid	-	-	(49,938)	-	(49,938)	-	-	-	-	(49,938)
Gain on disposition of treasury stock	-	599	-	-	599	-	-	-	-	599
Net changes other than in shareholders' equity	-	-	-	-	-	22,522	242	22,764	723	23,487
Balance at 30th September, 2008	\$179,485	\$144,225	\$2,266,110	\$(702,567)	\$1,887,253	\$115,642	\$(9,379)	\$106,263	\$6,590	\$2,000,106

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statements of Cash Flows (Unaudited)

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	Six months ended 30th September,		Six months ended 30th September,
	2008	2007	2008
Cash flows from operating activities			
Income before income taxes	¥ 24,628	¥ 30,726	\$ 237,653
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	9,526	7,069	91,923
Interest and dividend income	(1,356)	(1,813)	(13,085)
Interest expense	7	–	68
Loss (gain) on investment securities	93	(1,372)	897
Changes in operating assets and liabilities:			
Accounts receivable and other receivables, net of advance payments received	4,279	9,180	41,291
Allowance for doubtful accounts	102	(13)	984
Accounts payable	(3,406)	2,352	(32,867)
Inventories	(339)	(502)	(3,271)
Allowance for employees' retirement benefits and welfare pension plan	53	437	511
Impact of applying lease accounting standards	352	–	3,397
Other	(2,741)	(3,843)	(26,449)
Subtotal	31,198	42,221	301,052
Interest and dividends received	1,169	1,757	11,281
Interest paid	(7)	–	(68)
Income taxes paid	(11,099)	(12,803)	(107,102)
Net cash provided by operating activities	21,261	31,175	205,163
Cash flows from investing activities			
Payments for time deposits	(128)	(8,146)	(1,235)
Proceeds from time deposits	500	7,557	4,825
Increase in short-term investment securities	(7,973)	(17,946)	(76,937)
Proceeds from sales and redemption of short-term investment securities	23,000	4,000	221,943
Acquisition of property and equipment	(7,528)	(11,838)	(72,643)
Proceeds from sales of property and equipment	–	6	–
Increase in software and other intangibles	(10,029)	(8,802)	(96,777)
Increase in investment securities	(16,286)	(6)	(157,155)
Proceeds from sales and redemption of investment securities	150	2,407	1,447
Increase in investments in affiliates	(614)	–	(5,925)
Other	12	55	116
Net cash used in investing activities	(18,896)	(32,713)	(182,341)
Cash flows from financing activities			
Repayment of obligation under finance leases	(221)	–	(2,133)
Proceeds from sales of treasury stock	73	347	704
Purchases of treasury stock	(11,871)	–	(114,552)
Cash dividends paid	(5,165)	(4,462)	(49,841)
Net cash used in financing activities	(17,184)	(4,115)	(165,822)
Effect of exchange rate changes on cash and cash equivalents	47	(138)	454
Net decrease in cash and cash equivalents	(14,772)	(5,791)	(142,546)
Cash and cash equivalents at beginning of period	75,525	115,854	728,795
Cash and cash equivalents at end of period (Note 7)	¥ 60,753	¥ 110,063	\$ 586,249

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Notes to Quarterly Consolidated Financial Statements

30th September, 2008

1. Description of Business, Basis of Presentation, Changes in Scope of Application of Equity Method, and Accounting Change

Description of Business

Nomura Research Institute, Ltd. (the “Company”) is a leading provider in Japan of IT solutions services and consulting services. IT solutions services include the development, installation, operation and management of computer systems and networks, asset management analyses, and information services and sales of related products. Consulting services include conducting research on macroeconomic trends, providing management consulting advice, and rendering system consulting services and information services. Information on the Company’s operations by segment is included in Note 13.

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.

Changes in Scope of Application of Equity Method

MC NRI Global Solutions Inc., a newly established affiliated company during the quarterly period ended 30th June, 2008, is included in the scope of application of the equity method.

1. Description of Business, Basis of Presentation, Changes in Scope of Application of Equity Method, and Accounting Change (continued)

Accounting Change

Effective the first quarter ended 30th June, 2008 the “Accounting Standard for Measurement of Inventories” (Accounting Standards Board of Japan (ASBJ) Statement No. 9) has been applied, and now inventories are stated at cost, based on the identified cost method, which evaluates the amount of the inventories shown on the balance sheet by writing them down based on their decrease in profitability. Previously, inventories were stated at cost, based on the identified cost method. The effects of adopting the new standard were immaterial.

Effective the first quarter ended 30th June, 2008, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18) has been applied. The effects of adopting the new standard were nil.

Effective 1st April, 2008, the Company has early adopted the new accounting standard “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16), originally issued by the Business Accounting Deliberation Council on 17th June, 1993 and by the Japanese Institute of Certified Public Accountants on 18th January, 1994, respectively, and both revised by the ASBJ on 30th March, 2007. Prior to adoption of the standard, the Company and its domestic consolidated subsidiaries accounted for finance lease transactions that do not transfer ownership as operating leases. Subsequent to the adoption of the standard, all finance leases are capitalized as assets.

For the finance lease assets which do not transfer ownership, depreciation expenses is recognized based on the declining balance method over the lease period.

As a result of this accounting change, operating profit for the six months ended 30th September, 2008 increased by ¥106 million (\$1,023 thousand) and income before income taxes decreased by ¥252 million (\$2,432 thousand) from the corresponding amounts which would have been recorded under the previous method.

The effects of adopting the new standard to the segment information are discussed in the applicable section of the notes to the quarterly consolidated financial statements.

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 by the aforementioned estimated annual effective tax rate for the annual period. Deferred income taxes are included in a provision for income taxes in the quarterly consolidated statements of 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 ¥103.63 = U.S.\$1.00, the rate of exchange prevailing on 30th September, 2008. 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. Investments

The Company did not hold any trading securities or held-to-maturity securities with determinable market value at 30th September, 2008 or at 31st March, 2008.

The following is a summary of the market value information concerning other securities included in short-term investment securities, investment securities and investments in affiliates at 30th September, 2008 and at 31st March, 2008:

Marketable Securities Classified As Other Securities

	<i>Millions of yen</i>					
	30th September, 2008			31st March, 2008		
	Acquisition cost	Carrying amount	Unrealized gain (loss)	Acquisition cost	Carrying amount	Unrealized gain (loss)
	(Unaudited)					
Equity securities	¥13,333	¥33,706	¥20,373	¥13,294	¥29,638	¥16,344
Debt securities:						
Government debt securities	2,001	1,999	(2)	7,992	7,992	–
Corporate debt securities	18,020	17,887	(133)	5,000	4,946	(54)
	20,021	19,886	(135)	12,992	12,938	(54)
Other	862	842	(20)	1,047	1,039	(8)
Total	¥34,216	¥54,434	¥20,218	¥27,333	¥43,615	¥16,282

	<i>Thousands of U.S. dollars</i>		
	30th September, 2008		
	Acquisition cost	Carrying amount	Unrealized gain (loss)
	(Unaudited)		
Equity securities	\$128,660	\$325,253	\$196,593
Debt securities:			
Government debt securities	19,309	19,290	(19)
Corporate debt securities	173,888	172,604	(1,284)
	193,197	191,894	(1,303)
Other	8,318	8,126	(192)
Total	\$330,175	\$525,273	\$195,098

4. Investments (continued)

Loss on devaluation of marketable securities classified as other securities as a result of a permanent decline in value for the three months ended 30th September, 2008 and the year ended 31st March, 2008 was ¥88 million (\$849 thousand) and ¥589 million, respectively. If the fair value of marketable securities classified as other securities declines significantly, such securities are written down to their respective fair value thus establishing a new cost basis and the amount of each write-down is charged to income as an impairment loss unless its fair value is deemed to be recoverable. The Company has established a policy for the recognition of impairment losses under the following conditions:

- i) All securities whose fair value has declined by more than 50%, and
- ii) Securities whose fair value has declined by more than 30% but less than 50% and for which a recovery to fair value is not deemed probable.

Investment partnerships, which are valued at market value derived from their components, were included in other.

5. Derivatives

The Company and its consolidated subsidiaries had no open derivatives positions at 30th September, 2008 or 31st March, 2008.

6. Net Assets

The Corporation Law of Japan provides that an amount equal to at least 10% of the amount to be disbursed as distributions of capital surplus and retained earnings be appropriated to the legal reserve until the sum of the legal reserve and additional paid-in capital equals 25% of the common stock account. 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 (\$5,500 thousand) and ¥570 million at 30th September, 2008 and 31st March, 2008, respectively.

The total number and periodic changes in the number of shares in issue and the total number and periodic changes in the number of shares of treasury stock for the six months ended 30th September, 2008 and for the year ended 31st March, 2008 are summarized as follows:

	30th September, 2008		31st March, 2008	
	Shares in issue	Treasury stock	Shares in issue	Treasury stock
	(Unaudited)			
Number of shares at beginning of period	225,000,000	25,944,292	45,000,000	4,291,620
Increase in number of shares	–	4,646,145	180,000,000	22,106,382
Decrease in number of shares	–	94,000	–	453,710
Number of shares at the end of period	<u>225,000,000</u>	<u>30,496,437</u>	<u>225,000,000</u>	<u>25,944,292</u>

* The increase of 4,646,145 shares of treasury stock was due to stock repurchases from the open market, which resulted in an increase of 4,645,700 shares, and purchases of odd-lot shares.

The decrease of 94,000 shares of treasury stock was due to the exercise of stock options.

6. Net Assets (continued)

Share subscription rights recorded in the accompanying quarterly consolidated balance sheets at 30th September, 2008 and 31st March, 2008 relate to the Company's stock option plans described in Note 12.

The following appropriation of retained earnings applicable to the year ended 31st March, 2008 was approved at a meeting of the Board of Directors held on 13th May, 2008 and went into effect on 2nd June, 2008:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Cash dividends approved on 13th May, 2008 (¥26.00 = U.S.\$0.25 per share)	¥5,175	\$49,938

Unrealized gain on other securities was not available for the payment of cash dividends.

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, 2008 and 2007 is as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	30th September,		30th September,
	2008	2007	2008
	(Unaudited)		(Unaudited)
Cash and bank deposits	¥16,990	¥ 20,559	\$163,949
Short-term investment securities	55,533	121,666	535,878
Time deposits with maturities of more than three months when deposited	(6,774)	(8,184)	(65,367)
Bonds and other investments maturing in more than three months from the acquisition date	(4,996)	(23,978)	(48,211)
Cash and cash equivalents	¥60,753	¥110,063	\$586,249

8. Per Share Data

Per share data is summarized as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	Three months ended 30th September,		Three months ended 30th September,
	2008	2007	2008
	(Unaudited)		(Unaudited)

Earnings per share – basic
Earnings per share – diluted

¥42.07	¥50.45	\$0.41
39.62	47.59	0.38

	<i>Yen</i>		<i>U.S. dollars</i>
	Six months ended 30th September,		Six months ended 30th September,
	2008	2007	2008
	(Unaudited)		(Unaudited)

Earnings per share – basic
Earnings per share – diluted

¥72.61	¥90.05	\$0.70
68.43	84.96	0.66

	<i>Yen</i>		<i>U.S. dollars</i>
	30th September, 2008	31st March, 2008	30th September, 2008
	(Unaudited)		(Unaudited)

Net assets per share

¥1,062.12	¥1,038.68	\$10.25
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The computation of earnings and net assets per share is based on the weighted-average number of shares of common stock outstanding during each period and the number of shares of common stock outstanding at each balance sheet date, respectively.

8. Per Share Data (continued)

The computation of earnings per share and diluted earnings per share for the three months and six months ended 30th September, 2008 and 2007 is as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	Three months ended 30th September, 2008	2007	Three months ended 30th September, 2008
	(Unaudited)		(Unaudited)
Numerator:			
Earnings	¥8,181	¥10,276	\$78,944
Earnings not available to common shareholders	–	–	–
Earnings available to common shareholders	<u>¥8,181</u>	<u>¥10,276</u>	<u>\$78,944</u>
Denominator:			
Weighted-average number of shares of common stock outstanding – basic	194,483,418	203,698,063	194,483,418
Potentially dilutive shares of common stock	11,997,013	12,248,263	11,997,013
Weighted-average number of shares of common stock outstanding – diluted	<u>206,480,431</u>	<u>215,946,326</u>	<u>206,480,431</u>
	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	Six months ended 30th September, 2008	2007	Six months ended 30th September, 2008
	(Unaudited)		(Unaudited)
Numerator:			
Earnings	¥14,232	¥18,337	\$137,335
Earnings not available to common shareholders	–	–	–
Earnings available to common shareholders	<u>¥14,232</u>	<u>¥18,337</u>	<u>\$137,335</u>
Denominator:			
Weighted-average number of shares of common stock outstanding – basic	196,010,279	203,639,610	196,010,279
Potentially dilutive shares of common stock	11,981,775	12,199,574	11,981,775
Weighted-average number of shares of common stock outstanding – diluted	<u>207,992,054</u>	<u>215,839,184</u>	<u>207,992,054</u>

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 three months and six months ended 30th September, 2008:

	<i>Yen</i>		<i>U.S. dollars</i>	
	Three months ended 30th September, 2008	Six months ended 30th September, 2008	Three months ended 30th September, 2008	Six months ended 30th September, 2008
	(Unaudited)		(Unaudited)	
a) Share subscription rights to 800 units issued on 11th September, 2006:				
Number of shares reserved for new shares issuable upon exercise of share subscription rights	392,500	392,500	392,500	392,500
Exercise price per share	¥ 3,282	¥ 3,282	\$31.67	\$31.67
Average share price for the exercise period	¥2,368.75	¥2,448.49	\$22.86	\$23.63
b) Share subscription rights to 4,150 units issued on 10th July, 2007:				
Number of shares reserved for new shares issuable upon exercise of share subscription rights	415,000	415,000	415,000	415,000
Exercise price per share	¥ 3,680	¥ 3,680	\$35.51	\$35.51
Average share price for the exercise period	¥2,368.75	¥2,448.49	\$22.86	\$23.63
c) Share subscription rights to 4,175 units issued on 8th July, 2008:				
Number of shares reserved for new shares issuable upon exercise of share subscription rights	417,500	417,500	417,500	417,500
Exercise price per share	¥ 2,650	¥ 2,650	\$25.57	\$25.57
Average share price for the exercise period	¥2,344.07	¥2,344.07	\$22.62	\$22.62

8. Per Share Data (continued)

The computation of net assets per share at 30th September, 2008 and 31st March, 2008 is summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	30th September, 2008	31st March, 2008	30th September, 2008
	(Unaudited)		(Unaudited)
Numerator:			
Net assets	¥207,271	¥207,364	\$2,000,106
Stock subscription rights	(683)	(608)	(6,590)
Net assets attributable to common stock	¥206,588	¥206,756	\$1,993,516
Denominator:			
Number of shares of common stock outstanding	194,503,563	199,055,708	194,503,563

9. Selling, General and Administrative Expenses

The details of selling, general and administrative expenses for the three months and six months ended 30th September, 2008 and 2007 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	Three months ended 30th September, 2008	2007	Three months ended 30th September, 2008
	(Unaudited)		(Unaudited)
Personnel expenses	¥ 6,120	¥ 6,153	\$ 59,056
Rent	1,068	1,043	10,306
Subcontractor costs	2,211	2,310	21,336
Other	2,747	2,753	26,508
Total	¥12,146	¥12,259	\$117,206

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	Six months ended 30th September, 2008	2007	Six months ended 30th September, 2008
	(Unaudited)		(Unaudited)
Personnel expenses	¥12,911	¥12,322	\$124,587
Rent	2,196	2,111	21,191
Subcontractor costs	4,139	3,916	39,940
Other	6,018	5,816	58,072
Total	¥25,264	¥24,165	\$243,790

10. Research and Development Costs

Research and development expenses included in selling, general and administrative expenses for the three months and six months ended 30th September, 2008 and 2007 are summarized as follows:

<i>Millions of yen</i>				<i>Thousands of U.S. dollars</i>	
Three months ended		Six months ended		Three months ended	Six months ended
30th September,		30th September,		30th September,	30th September,
2008	2007	2008	2007	2008	2008
(Unaudited)		(Unaudited)		(Unaudited)	
¥1,117	¥1,422	¥1,848	¥2,062	\$10,779	\$17,833

11. Contingent Liabilities

There were no material contingent liabilities at 30th September, 2008 and 31st March, 2008.

12. Stock Option Plans

The Company issued the following share subscription rights for the purchase of new shares of common stock in accordance with the former Commercial Code of Japan or the Corporation Law of Japan.

For stock options issued on and after 1st May, 2006, compensation costs are valued based on the fair value of the stock options and recognized in the consolidated statements of income in accordance with “Accounting Standard for Share-based Payments” (ASBJ Statement No. 8) and “Guidance on Accounting Standard for Share-based Payments” (ASBJ Guidance No. 11).

For the three months and six months ended 30th September, 2008 and 2007, the Company recognized and allocated share-based compensation cost as follows:

	<i>Millions of yen</i>				<i>Thousands of U.S. dollars</i>	
	Three months ended		Six months ended		Three months ended	Six months ended
	30th September,		30th September,		30th September,	30th September,
	2008	2007	2008	2007	2008	2008
	(Unaudited)		(Unaudited)		(Unaudited)	
Cost of sales	¥ 72	¥ 74	¥140	¥129	\$ 695	\$1,351
Selling, general and administrative expenses	74	75	148	123	714	1,428
	¥146	¥149	¥288	¥252	\$1,409	\$2,779

12. Stock Option Plans (continued)

Two stock option plans issued during the three months ended 30th September, 2008 are summarized as follows:

	<u>10th stock option plan</u>	<u>11th stock option plan</u>
Grantee categories and numbers of grantees	36 directors or managing officers of the Company, and 6 directors of its domestic subsidiaries	39 directors, managing officers or employees of the Company, and 6 directors of its domestic subsidiaries
Number of shares reserved	417,500	95,500
Grant date	8th July, 2008	8th July, 2008
Vesting conditions	No vesting conditions	No vesting conditions
Service period	Not prescribed	Not prescribed
Exercise period	1st July, 2011 to 30th June, 2015	1st July, 2009 to 30th June, 2010
Exercise price	¥2,650 (= U.S.\$25.57)	¥1 (= U.S.\$0.01)

13. Segment Information

Business segments

Business segment information was presented under the following two categories:

- the consulting services business, which includes research services, management consulting services and system consulting services.
- the IT solutions services business, which includes developing and managing computer systems, selling software packages, selling computer equipment and related products, and support services relating to the asset management business.

Business segment information of the Company and its consolidated subsidiaries for the three months and six months ended 30th September, 2008 and 2007 is summarized as follows:

	<i>Millions of yen</i>				
	<u>Three months ended 30th September, 2008</u>				
	<u>Consulting services</u>	<u>IT solutions services</u>	<u>Total</u>	<u>Eliminations and corporate</u>	<u>Consolidated</u>
	(Unaudited)				
Sales and operating profit:					
Sales to external customers	¥9,326	¥76,464	¥85,790	¥ –	¥85,790
Intersegment sales or transfers	135	283	418	(418)	–
Total sales	9,461	76,747	86,208	(418)	85,790
Operating expenses	7,473	64,876	72,349	(418)	71,931
Operating profit	¥1,988	¥11,871	¥13,859	¥ –	¥13,859

13. Segment Information (continued)

Business segments (continued)

Millions of yen

Three months ended 30th September, 2007				
Consulting services	IT solutions services	Total	Eliminations and corporate	Consolidated
(Unaudited)				
Sales and operating profit:				
Sales to external customers	¥7,389	¥80,270	¥87,659	¥87,659
Intersegment sales or transfers	104	247	351	–
Total sales	7,493	80,517	88,010	87,659
Operating expenses	6,264	65,074	71,338	70,987
Operating profit	¥1,229	¥15,443	¥16,672	¥16,672

Millions of yen

Six months ended 30th September, 2008				
Consulting services	IT solutions services	Total	Eliminations and corporate	Consolidated
(Unaudited)				
Sales and operating profit:				
Sales to external customers	¥16,706	¥148,579	¥165,285	¥165,285
Intersegment sales or transfers	236	457	693	–
Total sales	16,942	149,036	165,978	165,285
Operating expenses	14,444	127,815	142,259	141,566
Operating profit	¥2,498	¥21,221	¥23,719	¥23,719

Millions of yen

Six months ended 30th September, 2007				
Consulting services	IT solutions services	Total	Eliminations and corporate	Consolidated
(Unaudited)				
Sales and operating profit:				
Sales to external customers	¥13,779	¥151,366	¥165,145	¥165,145
Intersegment sales or transfers	167	481	648	–
Total sales	13,946	151,847	165,793	165,145
Operating expenses	12,519	125,859	138,378	137,730
Operating profit	¥1,427	¥25,988	¥27,415	¥27,415

Thousands of U.S. dollars

Three months ended 30th June, 2008				
Consulting services	IT solutions services	Total	Eliminations and corporate	Consolidated
(Unaudited)				
Sales and operating profit:				
Sales to external customers	\$89,993	\$737,856	\$827,849	\$827,849
Intersegment sales or transfers	1,303	2,731	4,034	–
Total sales	91,296	740,587	831,883	827,849
Operating expenses	72,112	626,036	698,148	694,114
Operating profit	\$19,184	\$114,551	\$133,735	\$133,735

13. Segment Information (continued)

Business segments (continued)

Thousands of U.S. dollars

Six months ended 30th September, 2008					
	Consulting services	IT solutions services	Total	Eliminations and corporate	Consolidated
			(Unaudited)		
Sales and operating profit:					
Sales to external customers	\$161,208	\$1,433,745	\$1,594,953	\$ –	\$1,594,953
Intersegment sales or transfers	2,277	4,410	6,687	(6,687)	–
Total sales	163,485	1,438,155	1,601,640	(6,687)	1,594,953
Operating expenses	139,380	1,233,378	1,372,758	(6,687)	1,366,071
Operating profit	\$ 24,105	\$ 204,777	\$ 228,882	\$ –	\$ 228,882

Effective 1st April, 2008, the Company and its domestic consolidated subsidiaries adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16), originally issued by the Business Accounting Deliberation Council on 17th June, 1993 and by the Japanese Institute of Certified Public Accountants on 18th January, 1994, respectively, and both revised by the ASBJ on 30th March, 2007. As a result of this change, operating expenses in the IT solutions services segment for the six months ended 30th September, 2008 increased by ¥105 million (\$1,013 thousand) and operating profit decreased by the same amount compared with the corresponding amount which would have been recorded under the previous method. The effects on the consulting services segment were immaterial.

Geographical Segments

Because sales and assets in the domestic segment constituted more than 90% of total sales and assets for the three months and six months ended 30th September, 2008 and 2007, geographical segment information has not been presented.

Overseas Sales

Because overseas sales constituted less than 10% of consolidated sales for the three months and six months ended 30th September, 2008 and 2007, no disclosure of overseas sales has been made.

14. Business Combinations

Not applicable.

15. Subsequent Events

The following appropriation of retained earnings applicable to the six months ended 30th September, 2008 was approved at a meeting of the Board of Directors held on 24th October, 2008 and went into effect on 28th November, 2008:

	<i>Millions of yen</i>	<i>Thousands of U.S. dollars</i>
Cash dividends approved on 24th October, 2008 (¥26.00 = U.S.\$0.25 per share)	¥5,057	\$48,799

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN JAPANESE AND U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The accompanying quarterly consolidated financial statements of the Company have been prepared in conformity with Japanese GAAP, which differs from U.S. GAAP in certain material respects. Such differences are discussed below and address only those differences related to the quarterly consolidated financial statements. In addition, no attempt has been made to identify disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements.

The significant differences between Japanese GAAP and U.S. GAAP which would affect the determination of consolidated net income and shareholders' equity of the Company are set out below:

1. Leases Capitalized as Assets

Under Japanese GAAP prior to adoption of a new accounting standard effective on 1st April, 2008, finance leases where ownership is not deemed to be transferred from the lessor to the lessee, the lessee may choose not to capitalize lease expenses and may account for the lease in a manner similar to that applicable to operating leases. The Company's policy before adoption of the new standard was to account for finance leases in a manner similar to operating leases. However, subsequent to the adoption of the new standard, all finance leases were required to be capitalized. Restatement of comparative prior year financial information upon adoption of the new standard is not required.

U.S. GAAP requires that leases which transfer essentially all the risks and rewards of ownership of the leased assets from the lessor to the lessee to be capitalized.

2. Compensated Absences

Under Japanese GAAP, there is no specific accounting standard for compensated absences, and this liability is not generally recognized in Japan.

Under U.S. GAAP, an employer accrues the liability for employees' compensation for future absences if certain conditions are met.

[Appendix 2]

SUBSIDIARIES AND AFFILIATES

The Company conducts its business together with its subsidiaries and affiliates (being companies over which the Company holds significant influence with respect to its finances, operations or businesses).

At 30th September, 2008, the Company had 16 subsidiaries, all of which were consolidated subsidiaries.

At the same date, the Company had 2 affiliates, all of which were accounted for by the equity method in the Company's financial statements.

The following table sets forth information on the Company's direct and indirect subsidiaries and affiliates as of 30th September, 2008.

Name	Country	Main Business
Subsidiaries		
NRI Network Communications, Ltd.	Japan	Software development and sales, mainly in the Kansai area
NRI Learning Network, Ltd.	Japan	Training related to information and telecommunications systems
NRI SecureTechnologies, Ltd.	Japan	Network security services
NRI Cyber Patent, Ltd.	Japan	Provide patent and other intellectual property information to subscribers
NRI WEBrandia, Ltd.	Japan	Web Site development and management
NRI Workplace Services, Ltd.	Japan	Office and real estate management
NRI Data i Tech, Ltd.	Japan	Maintaining systems equipment of Nomura Holdings and its subsidiaries and affiliates
NRI Social Information System Services, Ltd.	Japan	Software development and sales
Insurance System & Technology, Ltd.	Japan	Software development for non-life insurance industry
UBIQLINK, Ltd.	Japan	Provide direction navigate services to consumer
Nomura Research Institute America, Inc.	USA	Research and development and operation of information management systems in the U.S.
Nomura Research Institute Europe Limited	England	Research and development and operation of information management systems in Europe
Nomura Research Institute Beijing Limited	China	Development and operation of information management systems in China
Nomura Research Institute Shanghai Limited	China	Consulting in China
Nomura Research Institute Hong Kong Limited	China	Research and development and operation of information management systems in Asia
Nomura Research Institute (Singapore) Private Limited	Singapore	Research and development and operation of information management systems in Asia

Name	Country	Main Business
Affiliate		
Nippon Clearing Services Co., Ltd.	Japan	Back-office services for mid-tier securities companies
MC NRI GLOBAL SOLUTIONS, INC.	Japan	Holding Company, holding the shares of system development firm in China.

*Significant changes to consolidated subsidiaries and affiliates during the period: None

MAJOR SHAREHOLDERS

Shareholders	Number of Shares Owned (thousands)	Ratio of Outstanding Shares (%)
Nomura Asset Management Co., Ltd.	43,387	19.28
Nomura Facilities, Inc.	18,600	8.27
JAFCO Co., Ltd.	15,040	6.68
Nomura Holdings, Inc.	13,000	5.78
CBNY-ORBIS SICAV	6,874	3.06
Japan Trustee Services Bank, Ltd. (Trust Account)	6,528	2.90
NRI Group Employee Stock Ownership Association	5,225	2.32
The Master Trust Bank of Japan, Ltd.(Trust Account)	4,859	2.16
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	4,177	1.86
CBNY-ORBIS FUNDS	3,763	1.67

*NRI owns 30,496 thousand shares as treasury stock.