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# Financial Results

for 1<sup>st</sup> half fiscal year ended 31<sup>st</sup> March, 2007

and Financial Results Forecast for the fiscal year ended 31<sup>st</sup> March, 2007

October 26, 2006

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Akihisa Fujinuma,  
President, CEO&COO

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# Index

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1 . Financial Results for 1<sup>st</sup> half fiscal year ended 31<sup>st</sup> March, 2007

2 . Financial Results Forecast for fiscal year ended 31<sup>st</sup> March, 2007

3 . Progress reports of Priority Measures

# Highlights of Consolidated Results

## ■ Year on Year

(Unit: JPY million)

	1H FY Mar. 2006	1H FY Mar. 2007	Difference	YoY change
Sales	132,502	146,452	+13,949	+10.5%
Operating Profit	16,460	20,840	+4,380	+26.6%
Operating Profit Margin	12.4%	14.2%	+1.8P	
Net Income	10,370	13,486	+3,115	+30.0%
Earnings per share	JPY230.86	JPY331.94	+JPY101.08	+43.8%
Dividends per share	JPY50	JPY70	+JPY20	

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

# Highlights of Consolidated Results

## ■ Comparison to forecasts

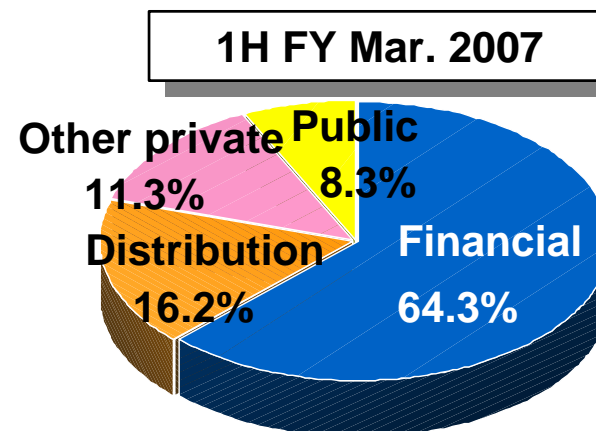
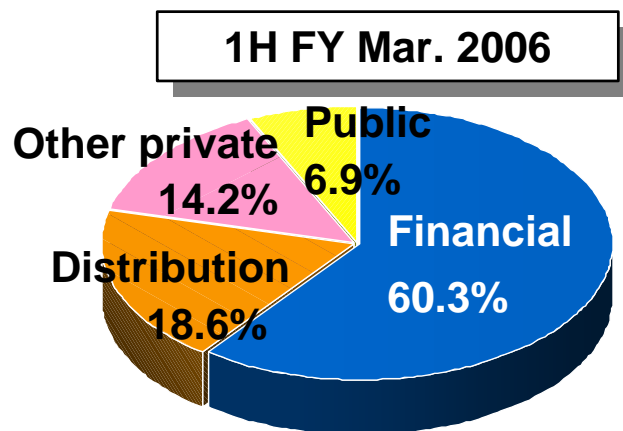
(Unit: JPY million)

	1H FY Mar.2007 (Forecasts)	1H FY Mar.2007 (Results)	Difference	YoY Change
<b>Sales</b>	<b>142,000</b>	<b>146,452</b>	<b>+4,452</b>	<b>+3.1%</b>
<b>Operating Profit</b>	<b>19,000</b>	<b>20,840</b>	<b>+1,840</b>	<b>+9.7%</b>
<b>Net Income</b>	<b>12,300</b>	<b>13,486</b>	<b>+1,186</b>	<b>+9.6%</b>

Note: Forecasts were announced on July 26, 2006

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

# Sales by sector



(Unit: JPY million)

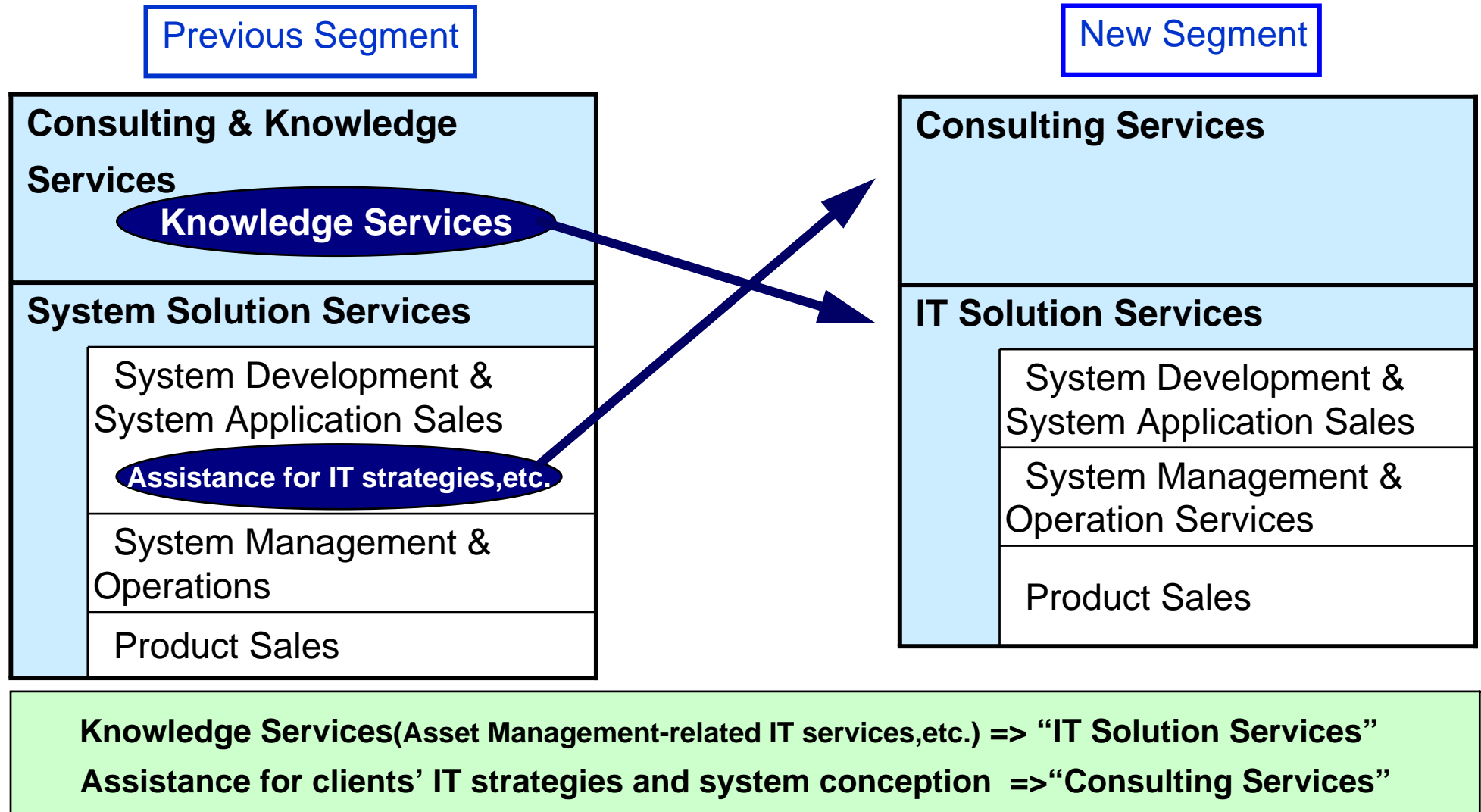
	1H FY Mar.2006	Share	1H FY Mar.2007	Share	Diif.	YoY Change
Financial	79,880	60.3%	94,097	64.3%	+14,217	+17.8%
Distribution	24,613	18.6%	23,669	16.2%	(944)	(3.8%)
Other private	18,845	14.2%	16,578	11.3%	(2,266)	(12.0%)
Public	9,163	6.9%	12,105	8.3%	+2,942	+32.1%
<b>Total</b>	<b>132,502</b>	<b>100.0%</b>	<b>146,452</b>	<b>100.0%</b>	<b>+13,949</b>	<b>+10.5%</b>
<b>Nomura Holdings</b>	<b>36,525</b>	<b>27.6%</b>	<b>44,388</b>	<b>30.3%</b>	<b>+7,863</b>	<b>+21.5%</b>
<b>SEVEN &amp; i HOLDINGS</b>	<b>17,638</b>	<b>13.3%</b>	<b>17,703</b>	<b>12.1%</b>	<b>+64</b>	<b>+0.4%</b>

\* Figures of Nomura Holdings and SEVEN & I Holdings, in principle, include sales to subsidiaries.

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

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# New Segment(1)



## New Segment(2) - Sales by Sector, Previous&New segment

Previous Segment	Share (FY Mar. 2006)
Consulting & Knowledge Services	<b>15.6%</b>
System Development & System Application Sales	<b>36.6%</b>
System Management & Operations	<b>37.2%</b>
Product Sales	<b>10.6%</b>
System Solution Services	<b>84.4%</b>
Total	<b>100.0%</b>

New Segment	Share (FY Mar. 2006)
Consulting Services	<b>9.2%</b>
System Development & System Application Sales	<b>39.1%</b>
System Management & Operation Services	<b>40.8%</b>
Product Sales	<b>10.8%</b>
IT Solution Services	<b>90.8%</b>
Total	<b>100.0%</b>

# Sales by segment

(Unit: JPY million)

New Segment	1H FY Mar.2006	Share	1H FY Mar.2007	Share	Diff.	YoY change
Consulting Services	11,770	8.9%	13,331	9.1%	+1,560	+13.3%
System Development & System Application Sales	53,475	40.4%	59,134	40.4%	+5,658	+10.6%
System Management & Operation Services	56,395	42.6%	61,388	41.9%	+4,993	+8.9%
Product Sales	10,860	8.2%	12,596	8.6%	+1,736	+16.0%
IT Solution Services	120,731	91.1%	133,120	90.9%	+12,388	+10.3%
<b>Total</b>	<b>132,502</b>	<b>100.0%</b>	<b>146,452</b>	<b>100.0%</b>	<b>+13,949</b>	<b>+10.5%</b>

Note: Change to new segment from financial results for 1H FY Mar. 2007.

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



# P/L Highlight

(Unit: JPY million)

	1H FY Mar.2006	1H FY Mar.2007	Diff.	YoY Change
<b>Sales</b>	<b>132,502</b>	<b>146,452</b>	<b>+13,949</b>	<b>+10.5%</b>
<b>Cost of Sales</b>	<b>99,110</b>	<b>106,038</b>	<b>+6,928</b>	<b>+7.0%</b>
<b>Subcontracting Cost</b>	<b>41,034</b>	<b>46,251</b>	<b>+5,217</b>	<b>+12.7%</b>
<b>Gross Profit</b>	<b>33,392</b>	<b>40,413</b>	<b>+7,020</b>	<b>+21.0%</b>
<b>Gross Profit Margin</b>	<b>25.2%</b>	<b>27.6%</b>	<b>+2.4P</b>	
<b>SG&amp;A</b>	<b>16,932</b>	<b>19,573</b>	<b>+2,640</b>	<b>+15.6%</b>
<b>Operating Profit</b>	<b>16,460</b>	<b>20,840</b>	<b>+4,380</b>	<b>+26.6%</b>
<b>Operating profit margin</b>	<b>12.4%</b>	<b>14.2%</b>	<b>+1.8P</b>	

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

# P/L Highlight continued

(Unit: JPY million)

	1H FY Mar.2006	1H FY Mar.2007	Diff.	YoY Change
<b>Operating Profit</b>	<b>16,460</b>	<b>20,840</b>	<b>+4,380</b>	<b>+26.6%</b>
<b>Non-operating gain and loss</b>	<b>923</b>	<b>1,654</b>	<b>+731</b>	
Gain on investment securities	467	872	+404	
Equity in earnings of affiliates	194	467	+272	
<b>Ordinary Loss</b>	<b>298</b>	<b>7</b>	<b>(290)</b>	
Loss on investment securities	94	-	(94)	
Loss on devaluation of investment securities	204	7	(196)	
<b>Income taxes etc.</b>	<b>6,714</b>	<b>9,001</b>	<b>+2,286</b>	
<b>Net Income</b>	<b>10,370</b>	<b>13,486</b>	<b>+3,115</b>	<b>+30.0%</b>

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

# Cash Flow

(Unit: JPY million)

	1H FY Mar.2006	1H FY Mar.2007	Diff.
<b>Operating activities</b>	11,473	9,159	(2,314)
<b>Investing activities</b>	(16,521)	(4,361)	+12,160
<b>(Cash management purpose Investment (A))</b>	(8,653)	4,668	+13,322
<b>Free Cash Flow</b>	(5,048)	4,798	+9,846
<b>(except (A))</b>	3,605	129	(3,475)
<b>Financing activities</b>	(4,684)	(3,641)	+1,042

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

# Order Backlog(Outstanding)

(Unit: JPY million)

<b>New Segment</b>	<b>At end of 1H FY Mar.2006</b>	<b>At end of 1H FY Mar.2007</b>	<b>Diff.</b>	<b>YoY changes</b>
Consulting Services	5,672	6,913	+1,240	+21.9%
System Development & System Application Sales	20,449	36,430	+15,981	+78.2%
System Management & Operation Services	51,441	55,880	+4,439	+8.6%
Product Sales	1,052	-	(1,052)	-
IT Solution Services	72,943	92,310	+19,367	+26.6%
<b>Total</b>	<b>78,615</b>	<b>99,224</b>	<b>+20,608</b>	<b>+26.2%</b>

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

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1 . Financial Results for 1<sup>st</sup> half fiscal year ended 31<sup>st</sup> March, 2007

2 . Financial Results Forecast for fiscal year ended 31<sup>st</sup> March, 2007

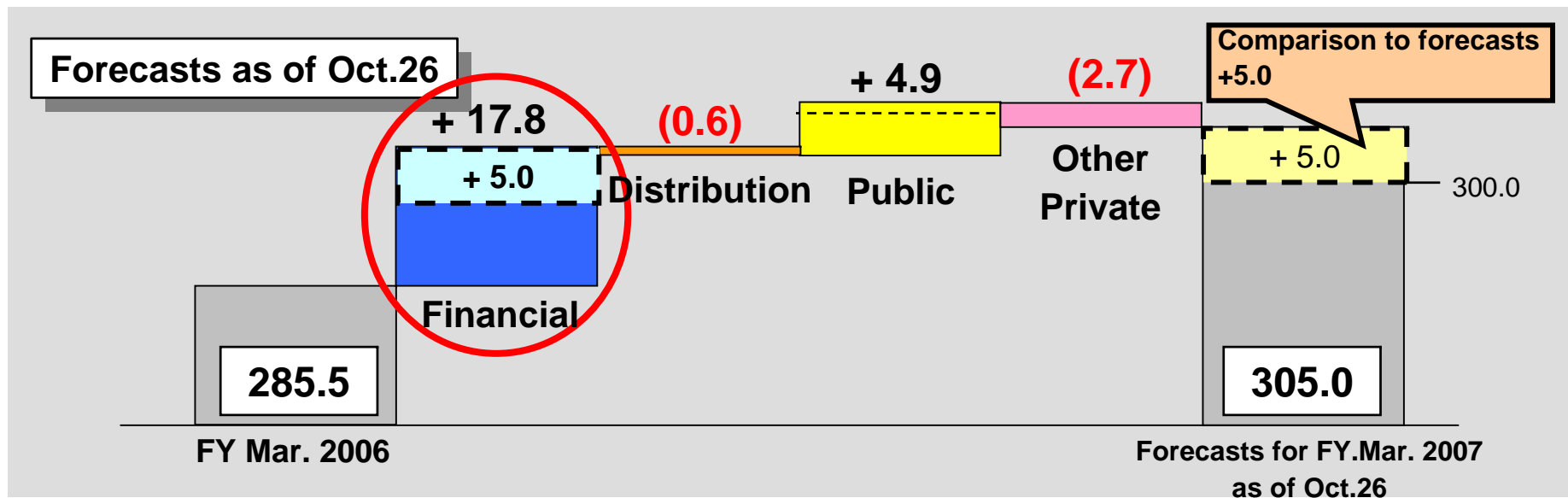
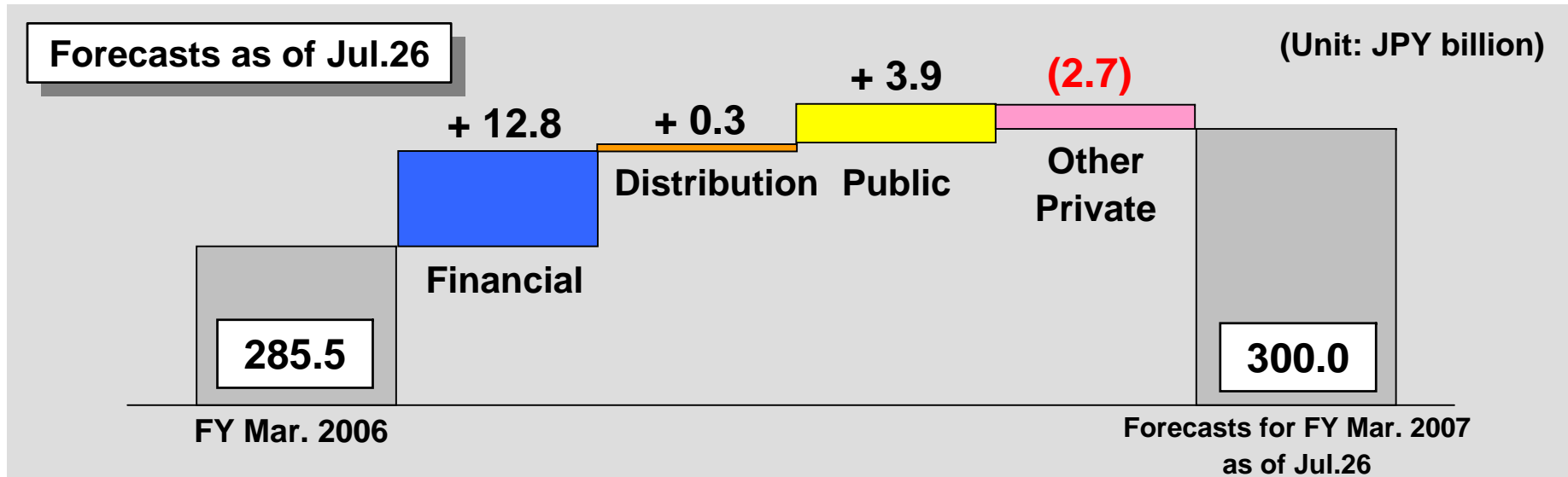
3 . Progress reports of Priority Measures

# Forecast for FY Mar.2007(consolidated)

(Unit: JPY billion)

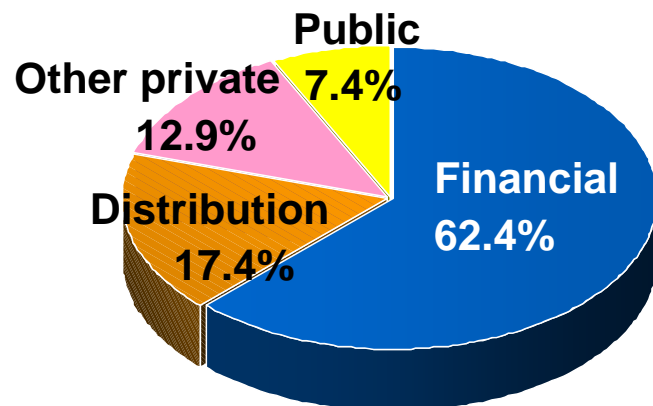
	FY Mar.2006 (Results)	FY Mar. 2007 (Forecasts as of Oct.26)	Diff.	YoY Change	FY Mar. 2007 (Forecasts as of Jul.26)
<b>Sales</b>	<b>285.5</b>	<b>305.0</b>	<b>+19.4</b>	<b>+6.8%</b>	<b>300.0</b>
<b>Operating Profit</b>	<b>36.4</b>	<b>42.0</b>	<b>+5.5</b>	<b>+15.2%</b>	<b>40.0</b>
<b>Operating Profit Margin</b>	<b>12.8%</b>	<b>13.8%</b>	<b>+1.0P</b>		<b>13.3%</b>
<b>Net Income</b>	<b>22.5</b>	<b>26.5</b>	<b>+3.9</b>	<b>+17.7%</b>	<b>25.5</b>
<b>Earnings per share</b>	<b>JPY519.72</b>	<b>JPY652.04</b>	<b>+JPY132.32</b>	<b>+25.5%</b>	<b>JPY627.70</b>

# Change of Forecasts

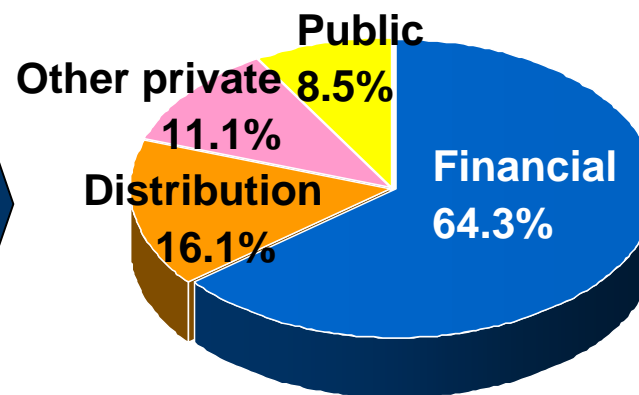


# Sales forecasts by sector

FY Mar. 2006(Results)



FY Mar. 2007(Forecasts as of Oct. 26)



(Unit: JPY billion)

	FY Mar.2006 (Results)	Share	FY Mar. 2007 (Forecasts as of Oct. 26)	Share	Diff.	YoY Change	FY Mar. 2007 (Forecasts as of Jul. 26)
Financial	178.1	62.4%	196.0	64.3%	+17.8	+10.0%	191.0
Distribution	49.6	17.4%	49.0	16.1%	(0.6)	(1.4%)	50.0
Other private	36.7	12.9%	34.0	11.1%	(2.7)	(7.4%)	34.0
Public	21.0	7.4%	26.0	8.5%	+4.9	+23.7%	25.0
<b>Total</b>	<b>285.5</b>	<b>100.0%</b>	<b>305.0</b>	<b>100.0%</b>	<b>+19.4</b>	<b>+6.8%</b>	<b>300.0</b>

\* Amount of less than JPY billion were rounded down.



# Sales forecasts by segment

(Unit: JPY billion)

<b>New Segment</b>	<b>FY Mar.2006 (Results)</b>	<b>Share</b>	<b>FY Mar. 2007 (Forecasts as of Oct. 26)</b>	<b>Share</b>	<b>Diff.</b>	<b>YoY Change</b>
<b>Consulting Services</b>	<b>26.2</b>	<b>9.2%</b>	<b>28.0</b>	<b>9.2%</b>	<b>+1.7</b>	<b>+6.5%</b>
<b>System Development &amp; System Application Sales</b>	<b>111.7</b>	<b>39.1%</b>	<b>124.0</b>	<b>40.7%</b>	<b>+12.2</b>	<b>+10.9%</b>
<b>System Management &amp; Operation Services</b>	<b>116.5</b>	<b>40.8%</b>	<b>125.0</b>	<b>41.0%</b>	<b>+8.4</b>	<b>+7.2%</b>
<b>Product Sales</b>	<b>30.9</b>	<b>10.8%</b>	<b>28.0</b>	<b>9.2%</b>	<b>(2.9)</b>	<b>(9.6%)</b>
<b>IT Solution Services</b>	<b>259.2</b>	<b>90.8%</b>	<b>277.0</b>	<b>90.8%</b>	<b>+17.7</b>	<b>+6.8%</b>
<b>Total</b>	<b>285.5</b>	<b>100.0%</b>	<b>305.0</b>	<b>100.0%</b>	<b>+19.4</b>	<b>+6.8%</b>

\* Amount of less than JPY billion were rounded down.

# Sales forecasts by segment

(Unit: JPY billion)

New Segment	FY Mar.2006 (Results)		FY Mar.2007			
	1H	2H	1H (Results)	YoY Change	2H (Forecasts as of Oct.26)	YoY Change
Consulting Services	11.7	14.5	13.3	+13.3%	14.6	+1.0%
System Development & System Application Sales	53.4	58.3	59.1	+10.6%	64.8	+11.3%
System Management & Operations	56.3	60.1	61.3	+8.9%	63.6	+5.7%
Product Sales	10.8	20.0	12.5	+16.0%	15.4	(23.4%)
IT Solution Services	120.7	138.5	133.1	+10.3%	143.8	+3.8%
<b>Sales</b>	<b>132.5</b>	<b>153.0</b>	<b>146.4</b>	<b>+10.5%</b>	<b>158.5</b>	<b>+3.6%</b>

\* Amount of less than JPY billion were rounded down.

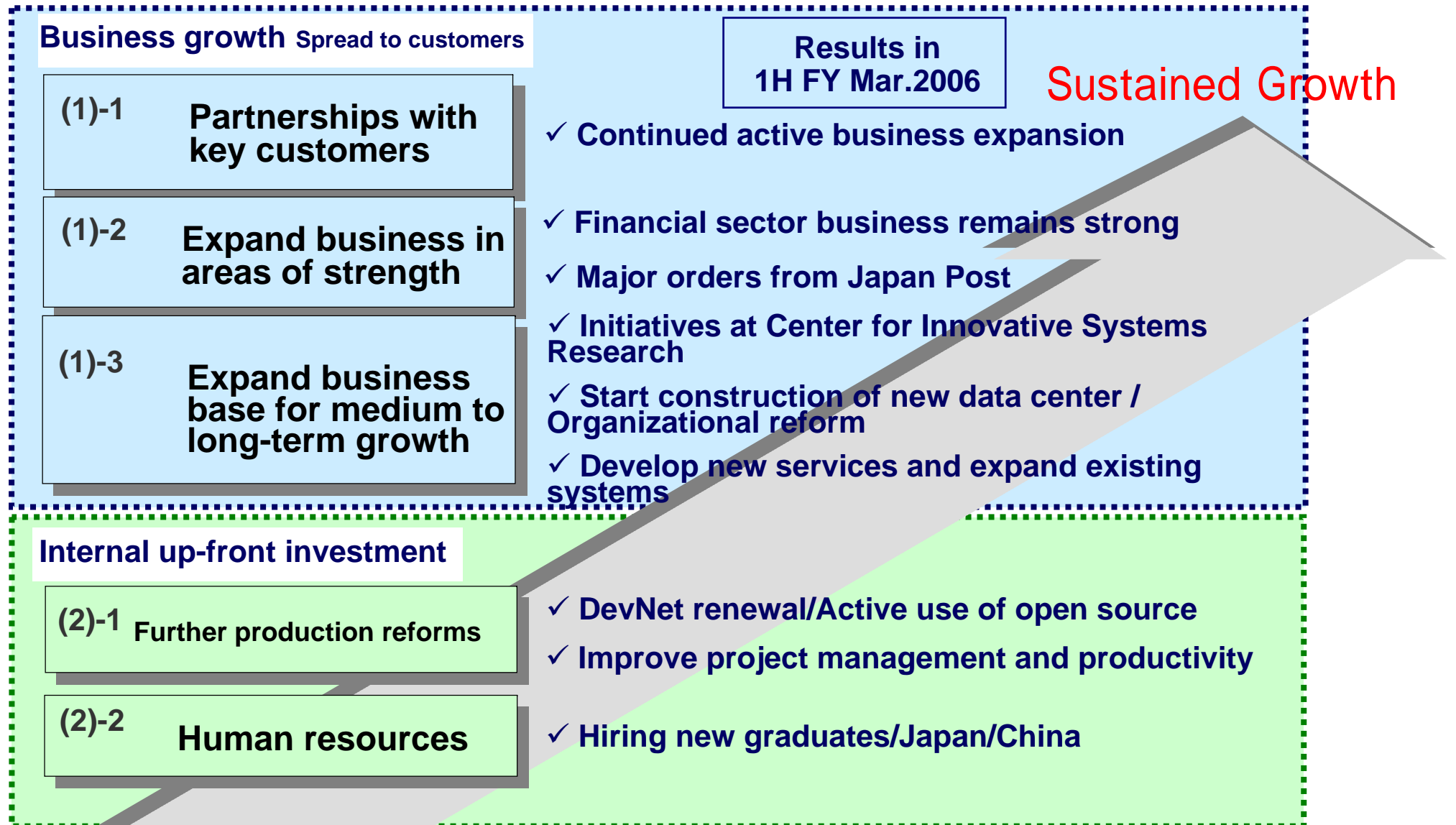
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1 . Financial Results for 1<sup>st</sup> half fiscal year ended 31<sup>st</sup> March, 2007

2 . Financial Results Forecast for fiscal year ended 31<sup>st</sup> March, 2007

3 . Progress reports of Priority Measures

# Progress Reports of FY March 2007 Priority Measures



## (1)-1 Partnerships with key customers

### ➤ Continued active business expansion

#### Nomura Holdings



- Launch Nomura Fund Wrap in October
- Step up efforts in securities brokerage industry
- Enhance training techniques and service capabilities
- Invest in stocks in Asia, including Japan
- Launch bank agency services

#### JOINVEST Securities

(Established in May 2006)

- Begin handling IPOs
- Launch mobile and immediate deposit services (Oct.2006)
- Plan to begin handling general margin transactions (Dec.2006)
- New training tools (Feb.2007)

... etc.

#### SEVEN & i Holdings



- Overseas expansion of Seven-Eleven Japan (Plan to increase stores in Beijing from 30 in December 2005 to 350 in December 2008)
- Issue nanaco e-money cards in Spring 2007 (Plan to issue 10 million cards in first fiscal year)
- Develop large mall-type shopping centers and reform apparel lines
- Independently planned products and jointly developed products

#### Seven Bank

- Expand bank agency services
- Handle credit card loans
- Expand support for IC cards
- Handle cash cards and credit cards issued overseas

... etc.

(Source) Various Reports, Nomura Holdings, JOINVEST Securities' Websites

(Source) Various Reports, "Corporate Outline 2006", SEVEN & i HOLDINGS, SEVEN Bank's Websites

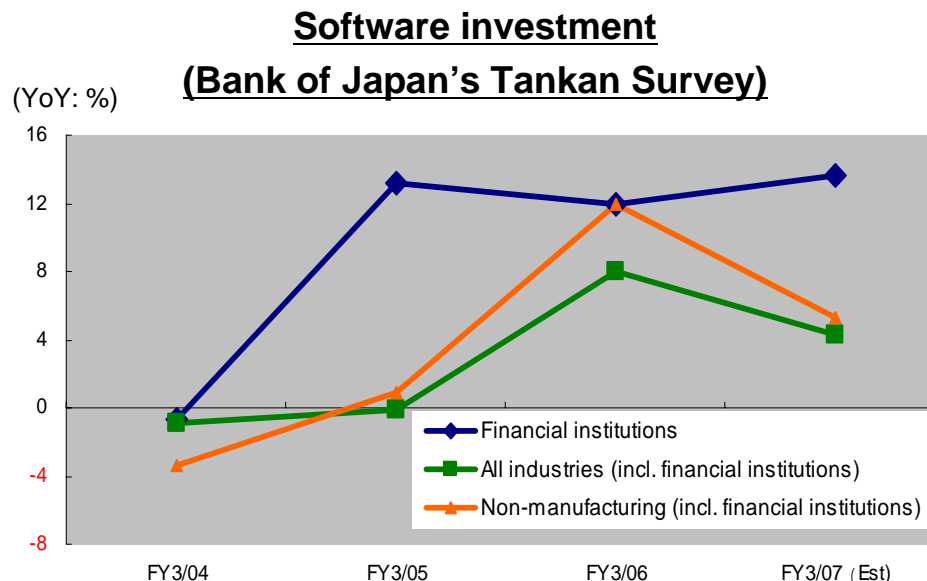
# (1)-2 Expand business in areas of strength - Financial sector

➤ **Financial sector business remains strong** -Acquire new projects,mainly in securities industry-

- **THE STAR STAR- IV : General securities company A (STAR-IV maximum size)**
- **New SI projects : General securities company B, C ---, Internet financial services company D ---etc.**



Nikkei Computer, September 18,2006 issue



Note : October 3, 2006

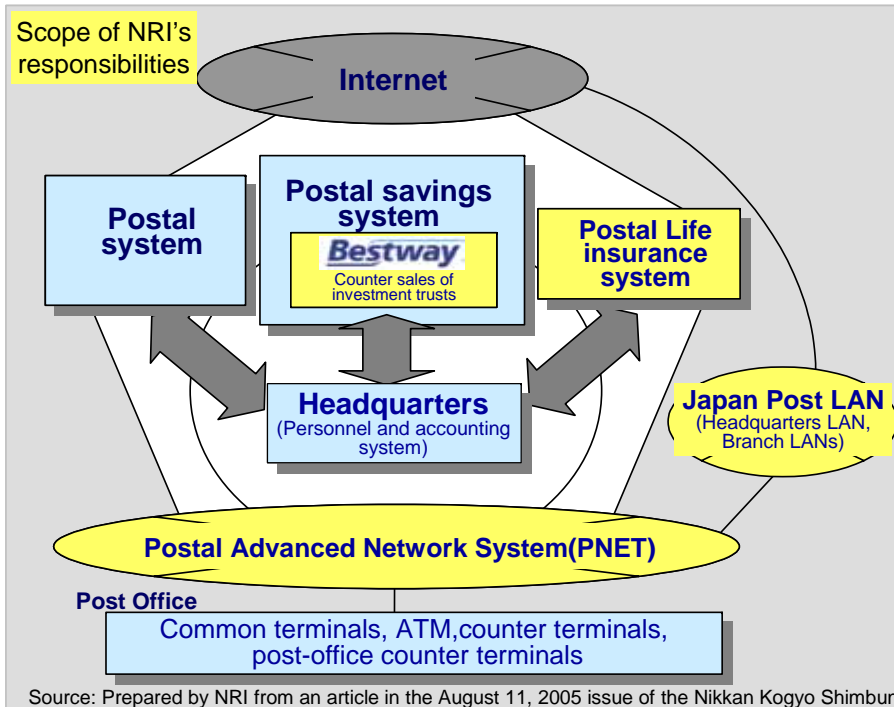
Nikkei Shimbun,  
July 31,2006

# (1)-2 Expand business in areas of strength - JAPAN POST

## ➤ Two major orders from Japan Post

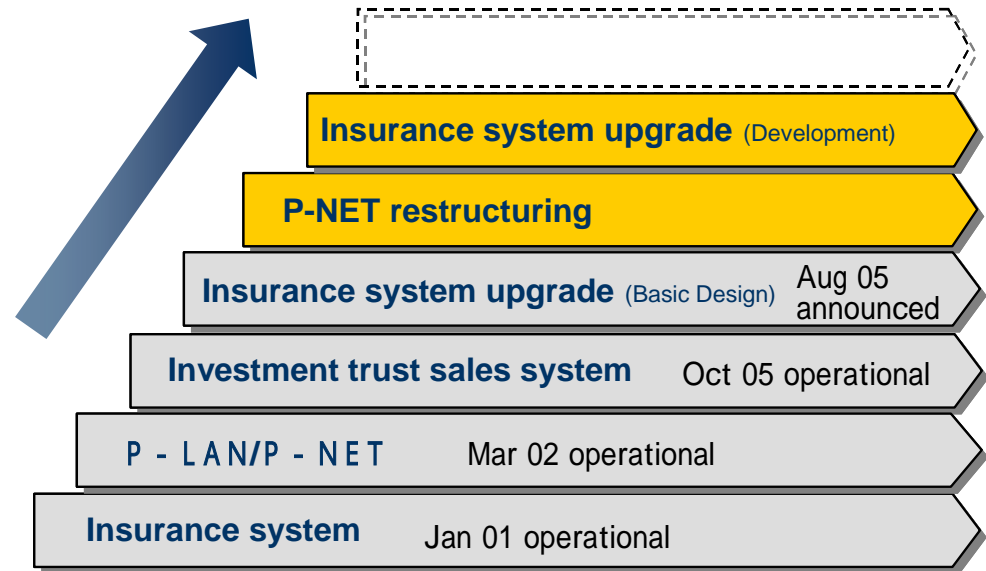


- Upgrade post office insurance system (Development phase) : Jul 2006(announced) Bid JPY 7,800million
- P-NET restructuring : Mar 2006(announced) Bid JPY 57billion



Source: Prepared by NRI from an article in the August 11, 2005 issue of the Nikkan Kogyo Shimbun

### Japan Post projects handled by NRI



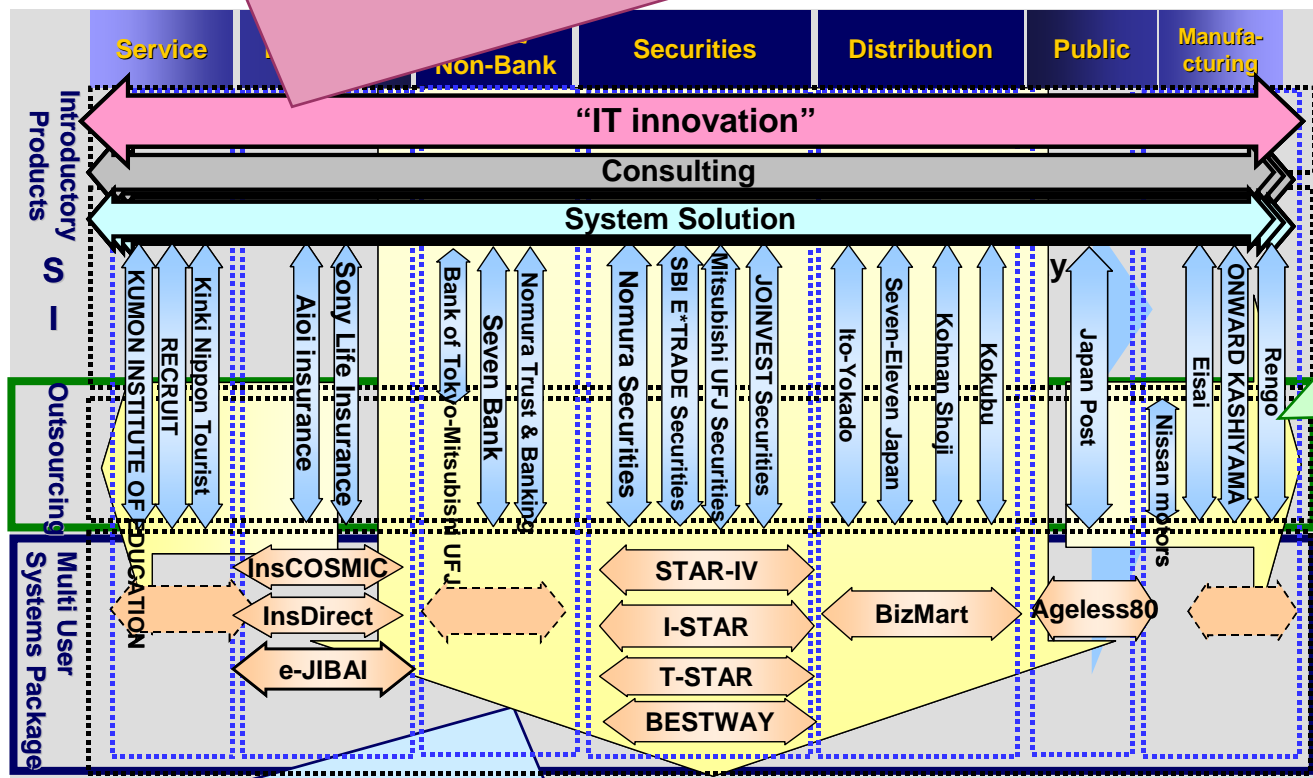
Note: Successful bid amounts do not include tax  Indicates projects launched in FY07

# (1)-3 Expand business base for medium to long-term growth

## IT Innovation

### (1) Establish superiority

Center for Innovative Systems Research for Financial Industry  
Center for Innovative Systems Research for Management



## Outsourcing

### (2) Strengthen operations business

- Effects of merger with NRI Data Services
- Build new data center

### (3) Enhance competitiveness of multi user system services

Enhance capacity and expand functions

Multi user system service/package



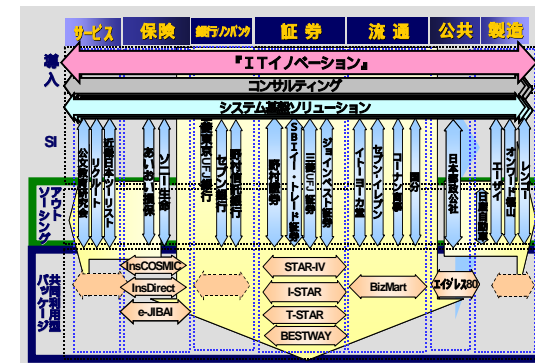
# (1)-3 Expand business base for medium to long-term growth

## IT Innovation

**(1) Establish superiority**

### ➤ Initiatives at Center for Innovative Systems Research

	Theme	Examples of initiatives
Finance	<b>SMA</b>	“NOMURA FUND WRAP” Deploy “PLEIADES/WRAP”
	<b>Retail business</b>	Deploy “e-AURORA/ListFlow”
	<b>Finance in 2010</b>	Book publications, etc.
Others	<b>GDS</b>	Joint trials with METI
	<b>E-commerce</b>	New Bizmart development concept
	<b>Healthcare</b>	Establish designated department
	<b>Distribution in 2010</b>	Book publications, etc.
	<b>Electric power and communications---</b>	---



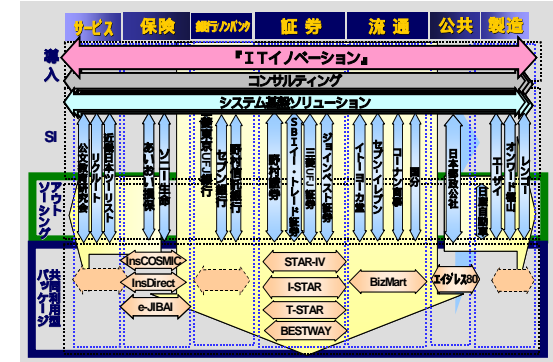
Announce financial and securities business topics in monthly magazine Financial Information Technology Focus.  
[http://www.nri.co.jp/opinion/kinyu\\_itf/](http://www.nri.co.jp/opinion/kinyu_itf/)

# (1)-3 Expand business base for medium to long-term growth

## Outsourcing

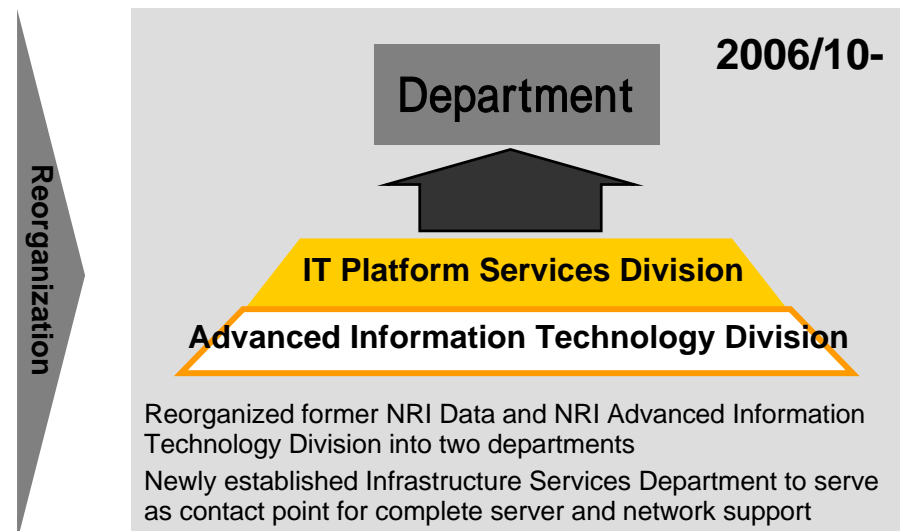
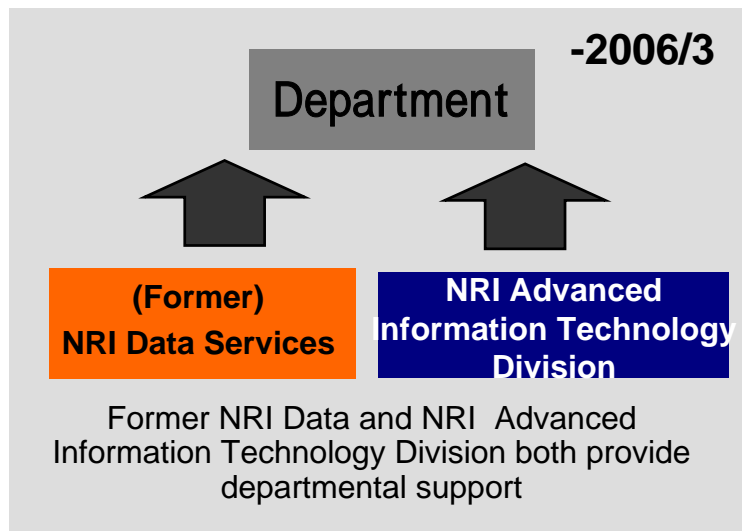
### (2) Strengthen operations business

- **Started construction in July** (Planned completion in autumn 2007)



- **Organizational reform in October**

- **Merger of NRI Data Services: Reorganize technology departments to enhance flexibility**

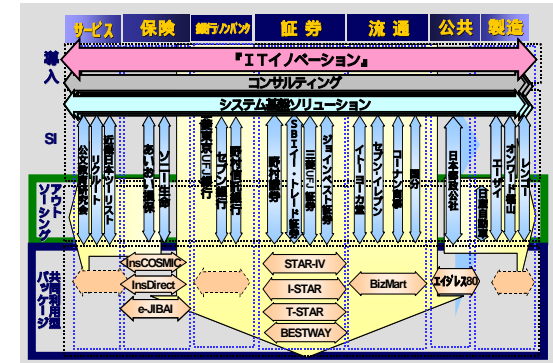


# (1)-3 Expand business base for medium to long-term growth

## Multi user system service/package

### (3) Enhance competitiveness of multi user system services

➤ Develop new services and expand existing services



**Expansion of Bizmart**  
Expand into portal site business by linking Global Data Synchronization (GDS) and next-generation Electronic Data Interchange (EDI)

**Multi user system services for New financial services**  
*Under development*

**PLEIADES/WRAP**  
Develop packaged systems to support wrap-account business of securities companies

**e-AURORA/ListFlow**  
Develop packaged systems to support portfolio proposal-based sales to retail customers of securities companies

**Expansion of e-JIBAI**  
Enhance processing capabilities by rapidly increasing share (12% (Dec.05) ->28% (Apr.06))<sup>1</sup> for automobile liability insurance

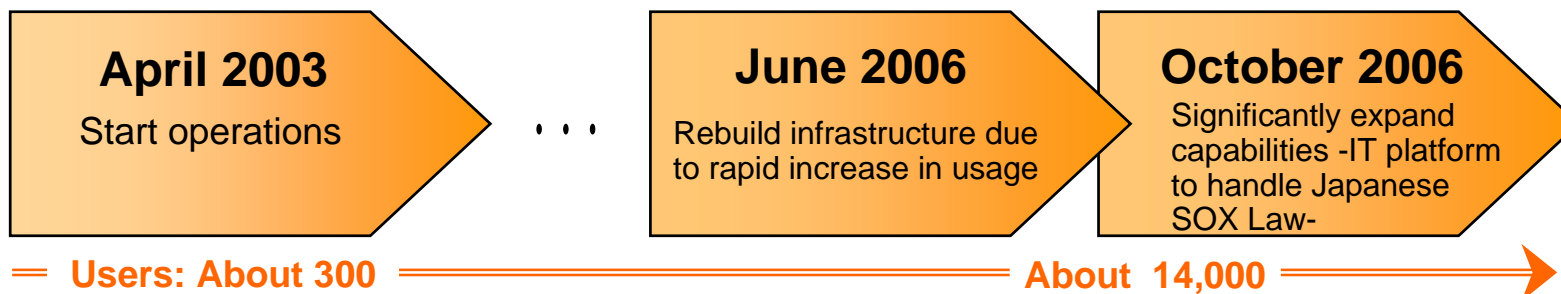


Note 1. Proportion of all automobile insurance certificates issued by e-JIBAI.

## (2)-1 Further production reforms / Technological innovation

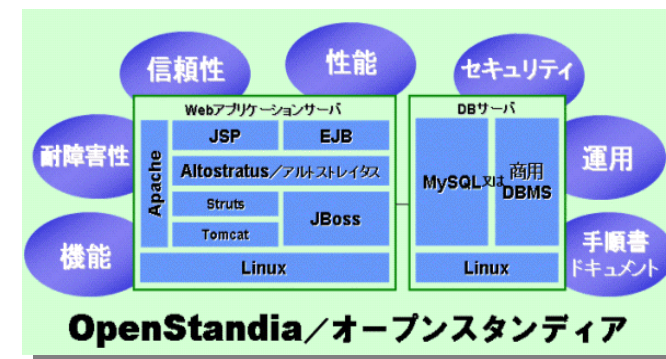
### ➤ **Production reforms** Enhance system development efficiency with second-generation DevNet

**Developers Net** : Information sharing infrastructure to support system development and management (DevNet)  
 Japan's largest network for developers linking employees, partnering companies, and customers



### ➤ **Technological innovation** Active use of open source

- Use of open source enables the efficient development of highly reliable, high-performance systems in a short timeframe and at a low cost
- Launched outside sales of OpenStandia open source server platform in August



<http://www.nri-aitd.com/openstandia/>

## (2)-1 Further production reforms

### ➤ Improve project management and productivity

- Established “Enhancement Innovation Department” in April
- Promote company-wide information sharing through Enhancement Solutions Meeting (Enraku-kai)



#### Examples of themes addressed at the Enhancement Solutions Meeting

- ◇ Models and practical examples of expanding the scope of partner cooperation in enhancement work
- ◇ Enhancements focusing on creating procedures and systems and utilizing China
- ◇ Visualization of operations support services

--- etc.

#### Meeting overview

Announce local personnel responsible for various projects related to improving project management and productivity. Meetings also include lectures by outside experts. Many employees participate voluntarily and engage in an active exchange of opinions.

To keep absent employees informed, meeting proceedings are posted on the company's internal information website, NRI Wave.

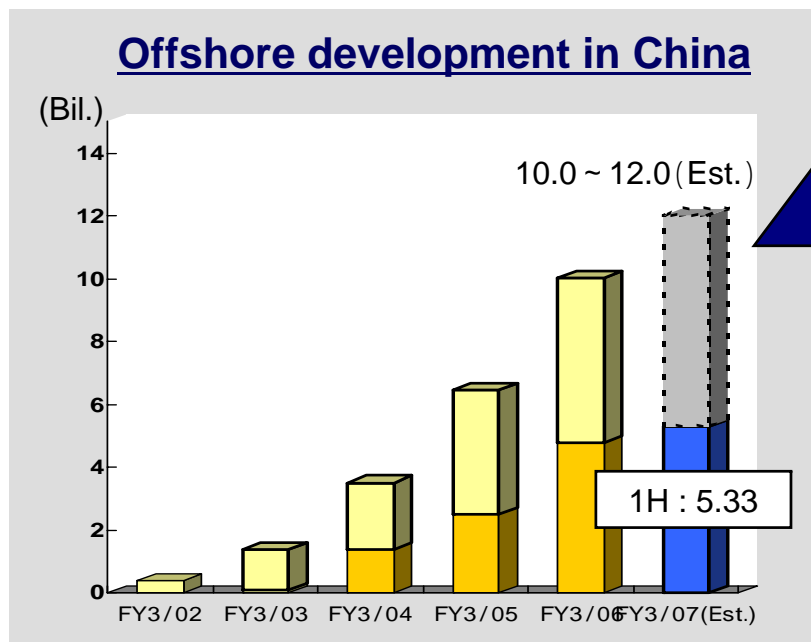


## (2)-2 Human resources

- Unofficial decision to add about 300 new employees in April 2007, strengthening offshore development in China

NRI group's new graduate hiring process (people)

Apr.2003	Apr.2004	Apr.2005	Apr.2006	Apr.2007 (Est.)
281	159	196	235	About 300



**Effective use of three resources**

Partner Company in Japan

- Pursue e-Partner system (New contract with one company, currently eight contracts with domestic companies)
- Utilize DevNet
- Strengthen relations with management of partnering companies

---etc.

**e-Partners**  
**Basic contract companies**  
**Individual contract companies**

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*This document contains statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company.*

*Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors.*

*The Company does not undertake to revise forward-looking statements to reflect future events or circumstances.*

# References

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- 1. 1<sup>st</sup> Half FY March 2007 Activities**
- 2. Projects**
- 3. Others**



# 1. 1H FY March 2007 Activities - NRI Data Services merger

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## Organizational reform following NRI Data Services merger

- Consolidate technology personnel dispersed in multiple departments
  - =>Consolidate basic design elements of the information systems managed separately by the former NRI Data Services and NRI with their network design and construction functions in the IT Platform Services Division.
  - =>Consolidate R&D functions in the Advanced Information Technology Division.
- Establish a Financial Projects Department to develop new business in the financial sector.
- Establish a Healthcare Systems Department to target the medical and health industries.

*Nikkei Sangyo Shimbun,*  
September 19,2006

# 1. 1H FY March 2007 Activities - Data Center

## Establishment of a data center

- NRI established a data center in Tsuzuki-ku, Yokohama. Started construction in July 2006, planned completion in autumn 2007.
- Rapidly increase data center usage to expand Internet company services and to aid disaster response.
- Accelerate the trend of outsourcing data center operations to focus on core business.



*Nikkei Shimbun,*  
September 21, 2006

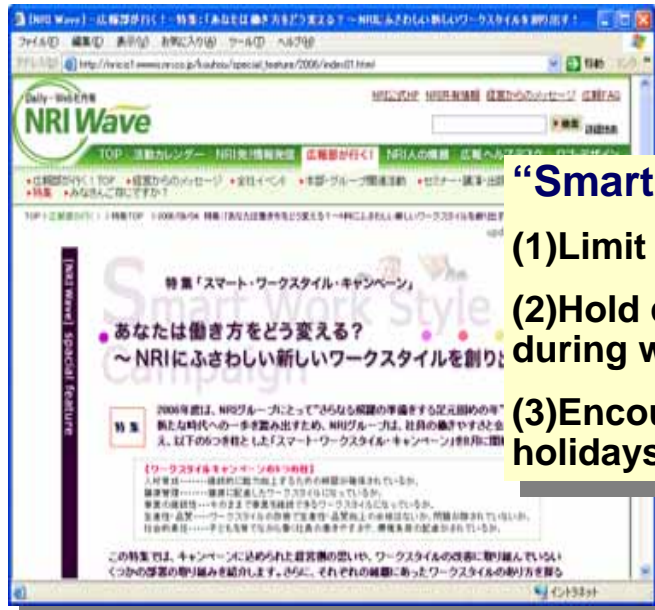


*Nikkei Computer,* October 2, 2006

# 1. 1H FY March 2007 Activities - Human Resources

## Childcare support / Smart Work Style

- Shorter working hours during pregnancy and paid maternity leave
- Company-wide Smart Work Style campaign



### “Smart Work Style” campaign

- (1) Limit late-night overtime
- (2) Hold conferences and meetings during work hours
- (3) Encourage taking substitute holidays

*Nikkei Shimbun,*  
August 4, 2006

From NRI's internal informational website NRI Wave

## 2. Projects

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### ■ Examples of projects handled in 1H FY March 2007

**TOSHIBA**

**TOSHIBA CORPORATION**

Used NRI's data center as part of the  
TOSHIBA group's disaster response

**NH**  
Nippon Ham Group  
人輝く、食の未来

**NIPPON MEAT PACKERS, INC.**

Outsourcing of core systems

### 3. Others - Branding Activities



**“Proposing Japan’s Future toward 2010”**  
**campaign promotion activities**  
 (September 2005-)

