



Financial Results

for 1st Quarter FY March 2007

July 26, 2006

Nomura Research Institute, Ltd.

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1. Financial Results for 1st Quarter FY March 2007

2. Financial Results Forecast for FY March 2007

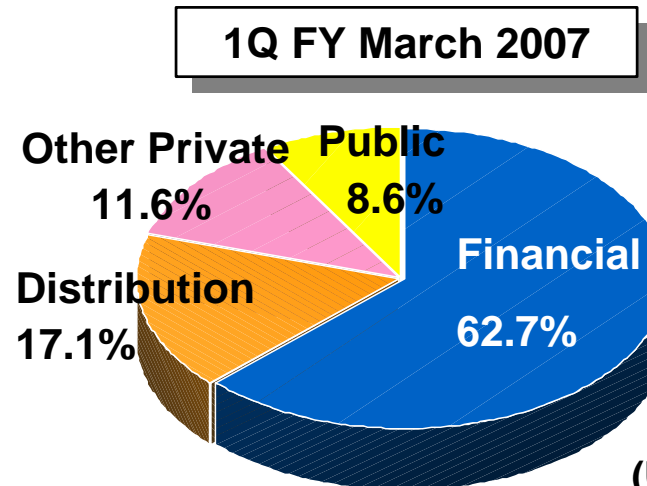
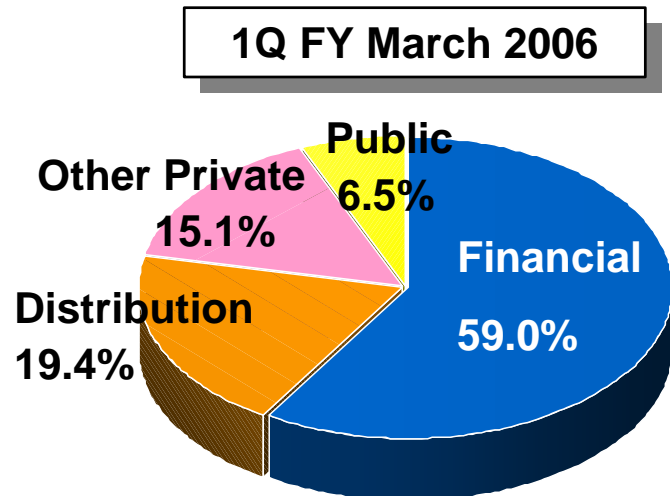
Highlights of Consolidated Results

(Unit:JPY million)

	1Q FY Mar.2006	1Q FY Mar.2007	Difference	YoY Change
Sales	60,664	68,383	+7,718	+12.7%
Operating Profit	6,267	8,220	+1,953	+31.2%
Operating Profit Margin	10.3%	12.0%	+1.7P	
Net Income	3,961	5,647	+1,686	+42.6%

* Amount of less than JPY million were rounded down.

Sales by sector



(Unit:JPY million)

	1Q FY Mar.2006	Share	1Q FY Mar.2007	Share	Diff.	YoY Change
Financial	35,771	59.0%	42,878	62.7%	+7,106	+19.9%
Distribution	11,776	19.4%	11,659	17.1%	(116)	(1.0%)
Other private	9,159	15.1%	7,935	11.6%	(1,223)	(13.4%)
Public	3,957	6.5%	5,909	8.6%	+1,952	+49.3%
Total	60,664	100.0%	68,383	100.0%	+7,718	+12.7%
Nomura Holdings	14,632	24.1%	19,926	29.1%	+5,293	+36.2%
SEVEN & i HOLDINGS	8,658	14.3%	8,013	11.7%	(644)	(7.4%)

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

Sales by segment

(Unit:JPY million)

	1Q FY Mar.2006	Share	1Q FY Mar. 2007	Share	Diff.	YoY Change
System Development & System Application Sales	22,644	37.3%	25,398	37.1%	+2,754	+12.2%
System Management & Operations	25,007	41.2%	26,626	38.9%	+1,618	+6.5%
Product Sales	3,190	5.3%	5,170	7.6%	+1,979	+62.0%
System Solution Services	50,842	83.8%	57,195	83.6%	+6,352	+12.5%
Consulting & Knowledge Services	9,821	16.2%	11,187	16.4%	+1,366	+13.9%
Total	60,664	100.0%	68,383	100.0%	+7,718	+12.7%

* Amount of less than JPY million were rounded down.

P/L Highlight

(Unit:JPY million)

	1Q FY Mar.2006	1Q FY Mar. 2007	Diff.	YoY Change
Sales	60,664	68,383	+7,718	+12.7%
Cost of Sales	45,565	50,420	+4,855	+10.7%
Subcontracting cost	18,976	21,478	+2,502	+13.2%
Gross Profit	15,099	17,962	+2,863	+19.0%
Gross Profit Margin	24.9%	26.3%	+1.4P	
SG&A	8,831	9,741	+910	+10.3%
Operating Profit	6,267	8,220	+1,953	+31.2%
Operating profit margin	10.3%	12.0%	+1.7P	

* Amount of less than JPY million were rounded down.

P/L Highlight Continued

(Unit:JPY million)

	1Q FY Mar.2006	1Q FY Mar.2007	Diff.	YoY Change
Operating Profit	6,267	8,220	+1,953	+31.2%
Non operating gain and loss	536	1,156	+619	
Dividend income	336	756	+419	
Equity in earning of affiliates	84	210	+126	
Other Income	9	14	+4	
Other Expense	253	7	(245)	
Loss on investment securities	204	7	(196)	
Income taxes etc.	2,599	3,735	+1,136	
Net Income	3,961	5,647	+1,686	+42.6%

* Amount of less than JPY million were rounded down.

Cash Flow

(Unit:JPY million)

	1Q FY Mar.2006	1Q FY Mar.2007	YoY Change
Operating activities	3,575	(1,719)	(5,294)
Investing activities	(8,826)	4,083	+12,910
(A)Cash management purpose Investment	(5,839)	7,432	+13,271
Free Cash Flow	(5,250)	2,364	+7,615
Free Cash Flow except (A)	588	(5,067)	(5,656)

* Amount of less than JPY million were rounded down.

Order Backlog(Outstanding)

(Unit:JPY million)

	At end of Jun.2005	At end of Jun.2006	Diff.	YoY Change
System Development & System Application Sales	22,175	30,669	+8,493	+38.3%
System Management & Operations	67,881	73,303	+5,421	+8.0%
System Solution Services	90,056	103,972	+13,915	+15.5%
Consulting&Knowledge Services	15,483	17,848	+2,365	+15.3%
Total	105,540	121,821	+16,280	+15.4%

* Amount of less than JPY million were rounded down.

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1. Financial Results for 1st Quarter FY March 2007

2. Financial Results Forecast for FY March 2007

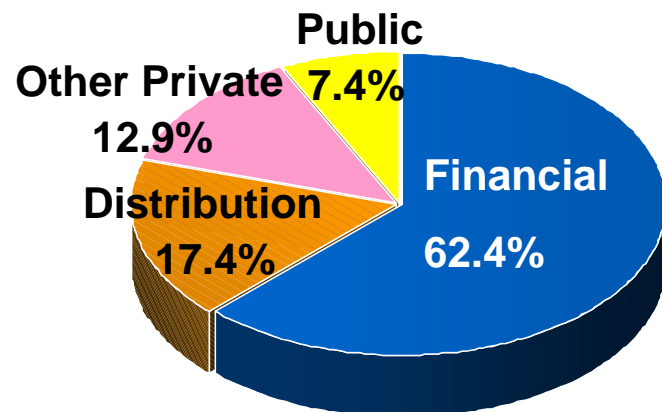
Forecasts for FY Mar.2007 (Consolidated)

(Unit:JPY billion)

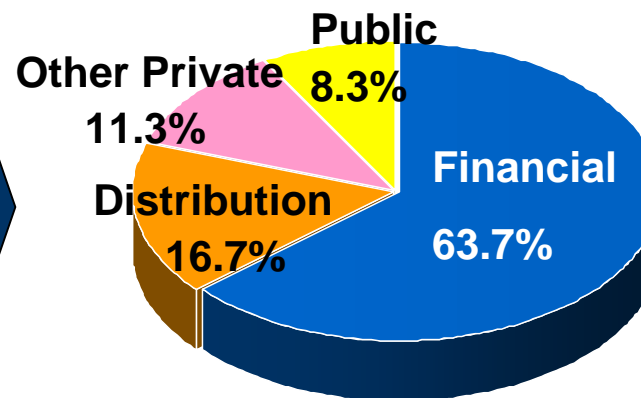
	FY Mar.2006 (Results)	FY Mar. 2007 (Forecasts as of Jul.26,2006)	Difference	YoY Change	FY Mar. 2007 (Forecasts as of Apr.27,2006)
Sales	285.5	300.0	+14.4	+5.0%	290.0
Operating Profit	36.4	40.0	+3.5	+9.7%	37.0
Operating Profit Margin	12.8%	13.3%	+0.5P		12.8%
Net Income	22.5	25.5	+2.9	+13.2%	23.0
Earnings per share	JPY519.72	JPY627.70	+JPY107.98	+20.8%	JPY566.23
Dividends per share	JPY140	JPY170	+JPY30		JPY170
Dividend payout ratio	26.2%	27.1%	+0.9P		30.0%

Sales forecasts by sector

FY Mar.2006(Results)



FY Mar.2007(Forecasts)



(Unit:JPY billion)

	FY Mar.2006 (Results)	Share	FY Mar.2007 (Forecasts as of Jul.26,2006)	Share	Diff.	YoY Change	FY Mar.2007 (Forecasts as of Apr.27,2006)
Financial	178.1	62.4%	191.0	63.7%	+12.8	+7.2%	180.0
Distribution	49.6	17.4%	50.0	16.7%	+0.3	+0.6%	50.0
Other private	36.7	12.9%	34.0	11.3%	(2.7)	(7.4%)	35.0
Public	21.0	7.4%	25.0	8.3%	+3.9	+19.0%	25.0
Total	285.5	100.0%	300.0	100.0%	+14.4	+5.0%	290.0

Sales forecasts by segment

(Unit:JPY billion)

	FY Mar.2006 (Results)	Share	FY Mar.2007 (Forecasts as of Jul.26,2006)	Share	Diff.	YoY Change	FY Mar.2007 (Forecasts as of Apr.27,2006)
System Development & System Application Sales	104.3	36.6%	116.0	38.7%	+11.6	+11.1%	115.0
System Management & Operations	106.2	37.2%	111.0	37.0%	+4.7	+4.5%	110.0
Product Sales	30.3	10.6%	26.0	8.7%	(4.3)	(14.5%)	20.0
System Solution Services	241.0	84.4%	253.0	84.3%	+11.9	+5.0%	245.0
Consulting & Knowledge Services	44.5	15.6%	47.0	15.7%	+2.4	+5.4%	45.0
Total	285.5	100.0%	300.0	100.0%	+14.4	+5.0%	290.0

New Data Center



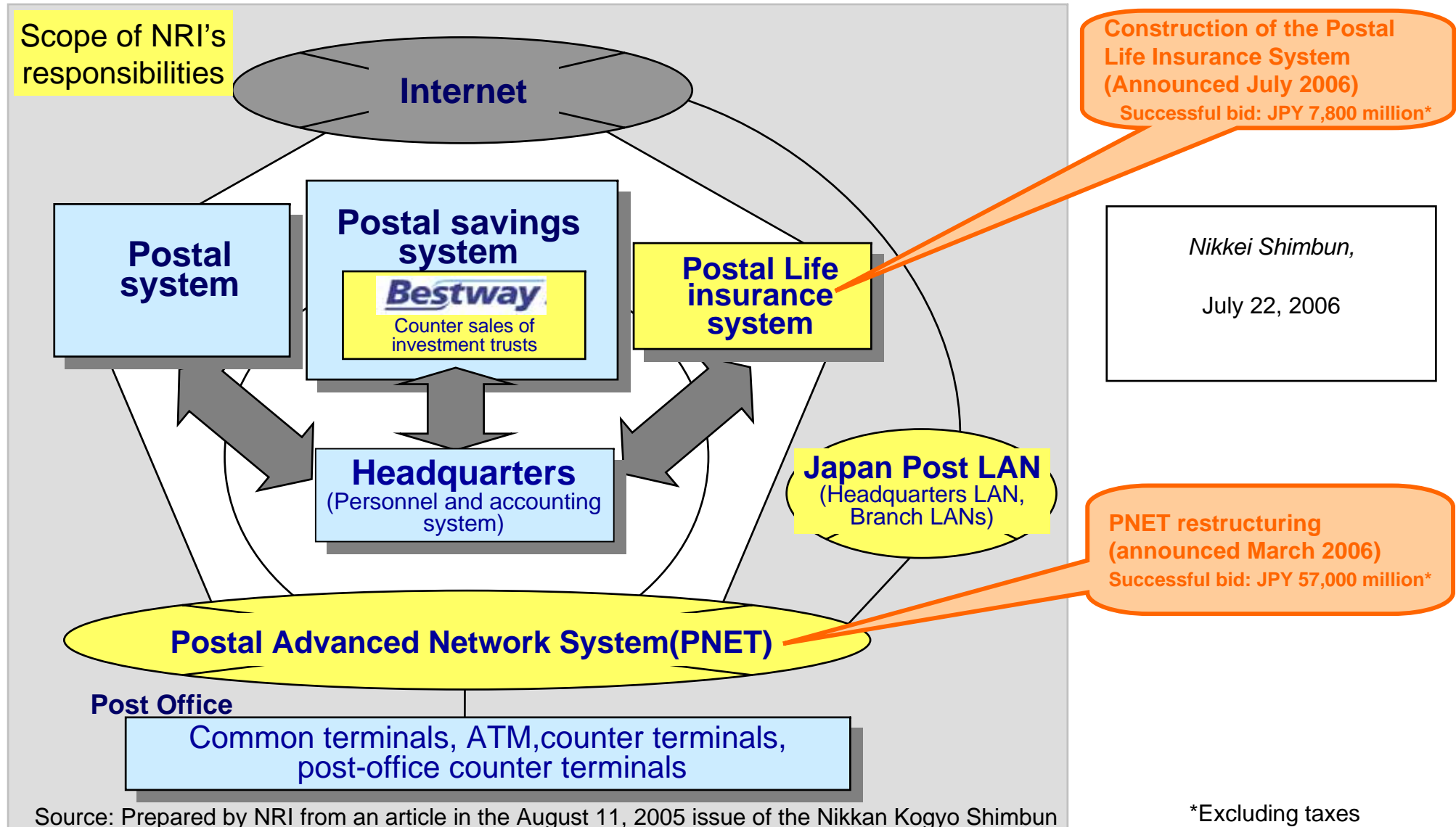
- ✓ Top Level Specifications in the world (Tier 4 level*)
 - Top-ranked technology for earthquake resistance, reliability, and stability -
- ✓ A design that will allow a flexible response to changes in society and social needs.
- ✓ Consideration for the surrounding environment; contributing to the region.

*This is a voluntary standard primarily used in the U.S. and Europe for ranking the effectiveness of the redundant configuration of data center facilities. Tier 4 is the highest rank.

Building area:	3,278.86m ²
Total floor area:	15,887.59m ²
CPU room area:	5,099.40m ²
Number of floors:	1 basement level, 6 floors, 1 penthouse level
Building height:	31.0m (Above average ground level)
Structure:	Steel frame (One part is steel-reinforced concrete) Seismic isolation structure, vertical damping structure, spread footing
Power supply:	66kv loop and with standby power supply system
Heating:	Fully redundant heating plant
Air conditioning:	CPU room sub-floor 2N air-conditioning structure



Japan Post Information System



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

*Excluding taxes

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.

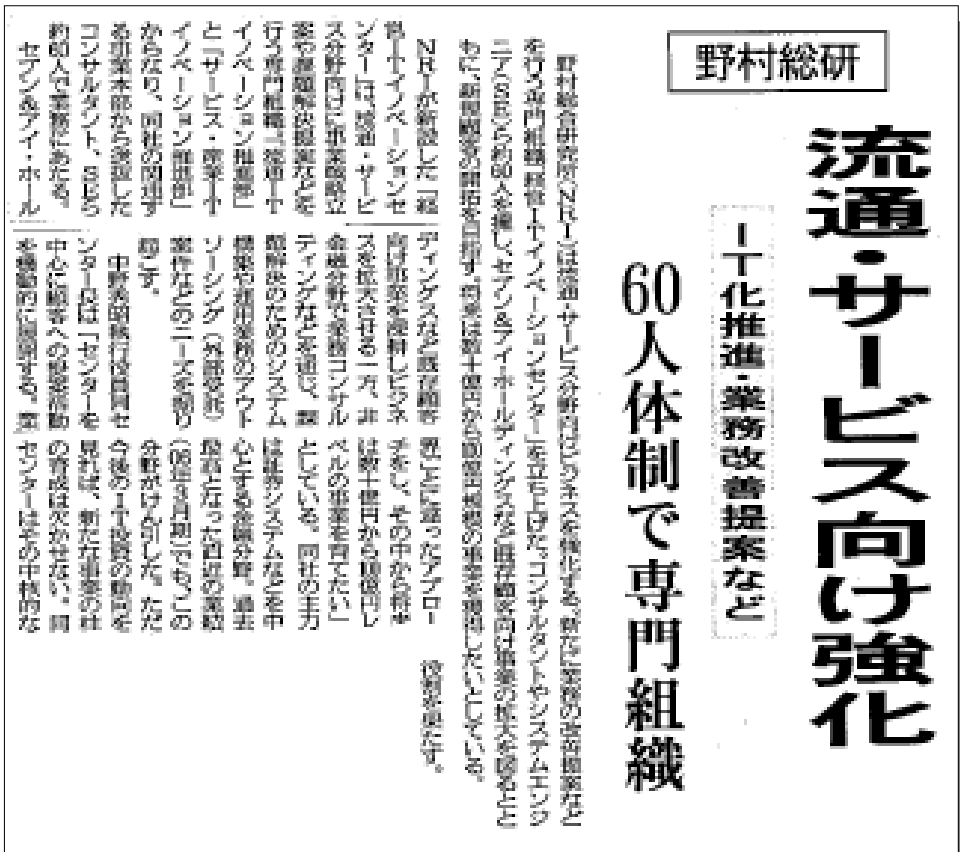
Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors.

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

References

- 1. 1st Quarter FY March 2007 Activities**
- 2. Projects**
- 3. Others**

1. 1st Quarter FY March 2007 Activities - From Various Media(1)

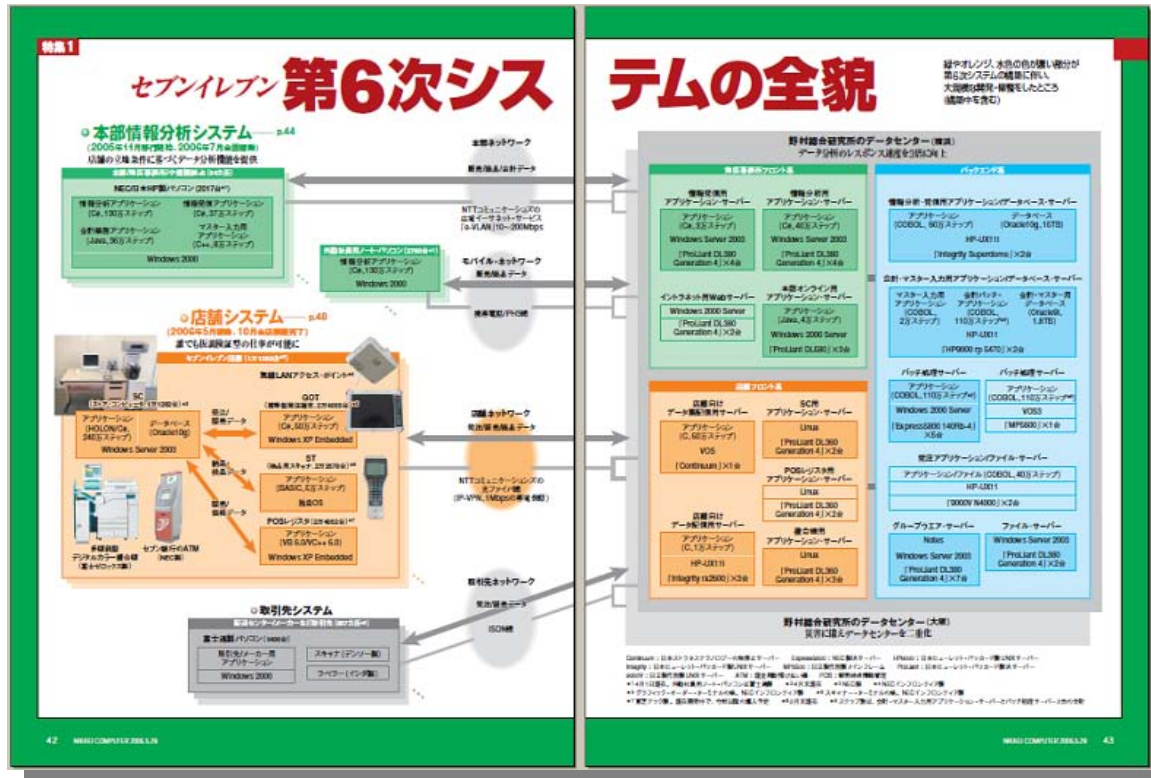


Nikkan Kogyo Shimbun, May 10, 2006

Center for Innovative Systems Research for Management

- NRI has established the “Center for Innovative Systems Research for Management”, an organization specializing in proposals to the distribution and service industry for business strategies and problem solving.
- The Center’s mission is to forge the core concepts for new businesses, in light of the direction of future IT investment.
 - Expand business by maximizing services to existing customers.
 - Uncover needs for system construction for problem solving and outsourcing of the operation through business consulting in non-financial fields.

1. 1st Quarter FY March 2007 Activities - From Various Media(2)



Nikkei Computer, May 29, 2006

電子マネーに共通端末

セブン&アイ、来年秋メド全規格対応 「スイカ」などと提携交渉

セブンはアイ・ホールディングスが社外発行する電子マネーのほかに「スイカ」など全規格の決済に必要となる共通の店舗端末を開発する一方で、西日本旅客鉄道「JR東日本」などと提携交渉に入りました。二〇〇七年秋の活用を目指し、電子マネーの利用数は既に数倍増しているが、百貨業社によっては店舗端末が異なるため利用が限られる。セブンはアイは同最大の店舗数を誇る。また、電子マネー共通端末作りに乗り出す。(関連記事15面)

運営主体	発行枚数・利用者数	加盟店(店)
ナナコ		
セブン&アイHD	1,000万(初年度)	12,500(07年秋予定)
エディ		
ビットワレット	1,790万	32,000
スイカ		
JR東日本	1,630万	5,000

ID	2万	25,000
NTTドコモ	2万	25,000
クイックペイ		
JCB	3万	7,000
スマートプラス		
UFJニコス	2万	2,000

セブンはアイは昨年春から独自開発の非接触型電子マネー「nonac」を先行して導入し、今年度二千万枚の発行を計画。これを先行して「スイカ」の小売店の導入を促す。これを先行して「スイカ」の小売店の導入を促す。これを先行して「スイカ」の小売店の導入を促す。

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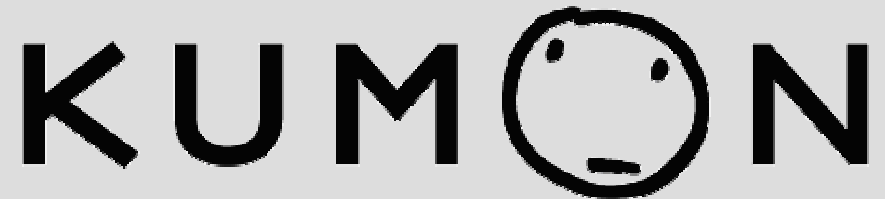
Nikkei Shimbun, May 19, 2006

2. Projects

- An example of a proposal for core system outsourcing



Rengo Co.,Ltd.



KUMON INSTITUTE OF
EDUCATION CO.,LTD.

3. Others - Certification under CMMI International Software Development Standard

Acquisition of CMMI Level 5 Certification

- **IT Solutions Department for Public Insurance (which developed Japan Post's Life Insurance System) has received CMMI Level 5 certification, the highest level under the CMMI system.**
- **This certification requires the satisfaction of a checklist of 23 inspection items, including improvement of the development process through analysis of the causes of defective products and other negative factors.**
- **Fewer than twenty Japanese firms have received this certification.**

Nikkei Sangyo Shimbun,

July 7, 2006

Note: CMMI(Capability Maturity Model Integration)

This is a process improvement model developed by Carnegie Mellon University's Software Engineering Institute (CMU/SEI), and an international standard to evaluate and rank software development processes.

Level 5 is defined as the "optimal" stage, in which high quality is maintained in products and processes through continuous analysis, evaluation, and improvement of the software development process on an organizational level.



3. Others - Offshore development in China

Progress of offshore development in China

Nikkei Sangyo Shimbun,
May 23, 2006

