



3rd Quarter FY March 2007 Financial Results

I. 3 rd Quarter FY March 2007 Financial Results (Consolidated)	• • • • •	1
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**Nomura Research Institute, Ltd.
January 26, 2007**

I. 3Q FY March 2007 Financial Results (Consolidated)

(1) Highlights

(Unit: JPY million)

	3Q FY Mar.2006 Total (Apr.2005 -Dec.2005)	Progress	3Q FY Mar.2007 Total (Apr.2006 -Dec.2006)	Progress	YoY		FY Mar.2006 (Apr.2005 - Mar.2006)
	Amount	%	Amount	%	Diff.	Change	Amount
Sales	199,340	69.8	222,381	72.9	23,041	11.6	285,585
Operating Profit	24,778	67.9	32,948	78.4	8,169	33.0	36,469
Net Income	15,606	-	20,904	-	5,298	34.0	22,518
Operating Profit Margin	12.4%	-	14.8%	-	2.4P		12.8%
Earnings per share	352.97	-	514.47	-	161.50	45.8	519.72

[3rd Quarter]

	3Q FY Mar.2006 (Oct.2005-Dec.2005)	3Q FY Mar.2007 (Oct.2006-Dec.2006)	YoY	
	Amount	Amount	Diff.	Change (%)
Sales	66,837	75,929	9,092	13.6
Operating Profit	8,318	12,108	3,789	45.5
Net Income	5,235	7,418	2,183	41.7
Operating Profit Margin	12.4%	15.9%	3.5P	

<Reference>

[1st Quarter]

	1Q FY Mar.2006 (Apr.2005-Jun.2005)	1Q FY Mar.2007 (Apr.2006-Jun.2006)	YoY	
	Amount	Amount	Diff.	Change (%)
Sales	60,664	68,383	7,718	12.7
Operating Profit	6,267	8,220	1,953	31.2
Net Income	3,961	5,647	1,686	42.6
Operating Profit Margin	10.3%	12.0%	1.7P	

[2nd Quarter]

	2Q FY Mar.2006 (Jul.2005-Sep.2005)	2Q FY Mar.2007 (Jul.2006-Sep.2006)	YoY	
	Amount	Amount	Diff.	Change (%)
Sales	71,838	78,068	6,230	8.7
Operating Profit	10,192	12,619	2,426	23.8
Net Income	6,409	7,838	1,429	22.3
Operating Profit Margin	14.2%	16.2%	2.0P	

*Amounts of less than JPY million were rounded down.

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I. 3Q FY March 2007 Financial Results (Consolidated)

(2)Sales by sector

(Unit: JPY million)

	3Q FY Mar.2006 Total (Apr.2005-Dec.2005)		3Q FY Mar.2007 Total (Apr.2006-Dec.2006)		YoY		FY March 2006 (Apr.2005 - Mar.2006)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Financial sector	120,617	60.5	143,257	64.4	22,639	18.8	178,168	62.4
Distribution sector	37,102	18.6	34,593	15.6	(2,509)	(6.8)	49,681	17.4
Other private sector	26,922	13.5	26,043	11.7	(878)	(3.3)	36,720	12.9
Public sector	14,698	7.4	18,487	8.3	3,789	25.8	21,014	7.4
Total	199,340	100.0	222,381	100.0	23,041	11.6	285,585	100.0

*Sales by major counterparties within the foregoing amounts

Nomura Holdings	56,107	28.1	67,476	30.3	11,368	20.3	88,725	31.1
Seven & i Holdings	26,180	13.1	26,839	12.1	658	2.5	34,907	12.2

*Figures, in principle, include sales to subsidiaries. Sales via leasing and other companies include sales to customers ultimately receiving services and other products. These figures were calculated starting in the FY March 2006, but figures in the 1H FY March 2006 were also calculated retroactively.

[3rd Quarter]

	3Q FY Mar.2006 (Oct.2005-Dec.2005)		3Q FY Mar.2007 (Oct.2006-Dec.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	40,736	60.9	49,159	64.7	8,422	20.7
Distribution sector	12,488	18.7	10,923	14.4	(1,564)	(12.5)
Other private sector	8,077	12.1	9,464	12.5	1,387	17.2
Public sector	5,535	8.3	6,381	8.4	846	15.3
Total	66,837	100.0	75,929	100.0	9,092	13.6
Nomura Holdings	19,582	29.3	23,087	30.4	3,505	17.9
Seven & i Holdings	8,541	12.8	9,136	12.0	594	7.0

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[1st Quarter] (Unit: JPY million)

	1Q FY Mar.2006 (Apr.2005-Jun.2005)		1Q FY Mar.2007 (Apr.2006-Jun.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	35,771	59.0	42,878	62.7	7,106	19.9
Distribution sector	11,776	19.4	11,659	17.1	(116)	(1.0)
Other private sector	9,159	15.1	7,935	11.6	(1,223)	(13.4)
Public sector	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)

[2nd Quarter]

	2Q FY Mar.2006 (Jul.2005-Sep.2005)		2Q FY Mar.2007 (Jul.2006-Sep.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	44,109	61.4	51,219	65.6	7,110	16.1
Distribution sector	12,837	17.9	12,009	15.4	(827)	(6.4)
Other private sector	9,686	13.5	8,643	11.1	(1,042)	(10.8)
Public sector	5,205	7.2	6,195	7.9	990	19.0
Total	71,838	100.0	78,068	100.0	6,230	8.7
Nomura Holdings	21,892	30.5	24,461	31.3	2,569	11.7
Seven & i Holdings	8,980	12.5	9,689	12.4	709	7.9

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I. 3Q FY March 2007 Financial Results (Consolidated)

(3) Sales and Operating Profit by segment

From 1H FY March 2006, the Company has changed the classification of its business segment, to Consulting Services and IT Solution Services, (which were formerly classified as Consulting & Knowledge Services and System Solution Services), in order to better reflect its business operation. Accordingly, information of FY March 2006, has been reclassified to conform with the current classification.

Consulting Services

(Unit: JPY million)

	3Q FY Mar.2006 Total (Apr.2005-Dec.2005)		3Q FY Mar.2007 Total (Apr.2006-Dec.2006)		YoY		FY March 2006 (Apr.2005-Mar.2006)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Sales	18,093	9.1	21,061	9.5	2,967	16.4	26,293	9.2
Operating Profit	2,459		3,526		1,066	43.4	3,792	
Operating Profit Margin	13.6%		16.7%		3.1P		14.4%	

[3rd Quarter]

	3Q FY Mar.2006 (Oct.2005-Dec.2005)		3Q FY Mar.2007 (Oct.2006-Dec.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	6,322	9.5	7,730	10.2	1,407	22.3
Operating Profit	771		1,425		653	84.6
Operating Profit Margin	12.2%		18.4%		6.2P	

<Reference>

[1st Quarter]

	1Q FY Mar.2006 (Apr.2005-Jun.2005)		1Q FY Mar.2007 (Apr.2006-Jun.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	5,151	8.5	6,079	8.9	928	18.0
Operating Profit	366		829		462	126.0
Operating Profit Margin	7.1%		13.6%		6.5 P	

[2nd Quarter]

	2Q FY Mar.2006 (Jul.2005-Sep.2005)		2Q FY Mar.2007 (Jul.2006-Sep.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	6,619	9.2	7,251	9.3	632	9.6
Operating Profit	1,320		1,271		(48)	(3.7)
Operating Profit Margin	20.0%		17.5%		(2.5P)	

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IT Solution Services

(Unit: JPY million)

	3Q FY Mar.2006 Total (Apr.2005-Sep.2005)		3Q FY Mar.2007 Total (Apr.2006-Sep.2006)		YoY		FY Mar.2006 (Apr.2005 - Mar.2006)	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
System Development & System Application Sales	80,383	40.3	91,103	41.0	10,719	13.3	111,776	39.1
System Management & Operation Services	85,537	42.9	92,729	41.7	7,192	8.4	116,559	40.8
Product Sales	15,325	7.7	17,486	7.9	2,161	14.1	30,956	10.8
Sales	181,246	90.9	201,319	90.5	20,073	11.1	259,292	90.8
Operating Profit	22,319		29,422		7,102	31.8	32,676	
Operating Profit Margin	12.3%		14.6%		2.3P		12.6%	

[3rd Quarter]

	3Q FY Mar.2006 (Oct.2005-Dec.2005)		3Q FY Mar.2007 (Oct.2006-Dec.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application Sales	26,908	40.3	31,968	42.1	5,060	18.8
System Management & Operation Services	29,141	43.6	31,340	41.3	2,198	7.5
Product Sales	4,464	6.7	4,889	6.4	425	9.5
Sales	60,514	90.5	68,199	89.8	7,684	12.7
Operating Profit	7,547		10,683		3,136	41.6
Operating Profit Margin	12.5%		15.7%		3.2P	

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<Reference>

[1st Quarter]

(Unit: JPY million)

	1Q FY Mar.2006 (Apr.2005-Jun.2005)		1Q FY Mar.2007 (Apr.2006-Jun.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application Sales	24,552	40.5	26,698	39.0	2,146	8.7
System Management & Operation Services	27,646	45.6	30,389	44.4	2,742	9.9
Product Sales	3,314	5.5	5,215	7.6	1,901	57.4
Sales	55,512	91.5	62,303	91.1	6,790	12.2
Operating Profit	5,900		7,391		1,490	25.3
Operating Profit Margin	10.6%		11.9%		1.3P	

[2nd Quarter]

	2Q FY Mar.2006 (Jul.2005-Sep.2006)		2Q FY Mar.2007 (Jul.2006-Sep.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application Sales	28,923	40.3	32,436	41.5	3,512	12.1
System Management & Operation Services	28,749	40.0	30,999	39.7	2,250	7.8
Product Sales	7,546	10.5	7,381	9.5	(165)	(2.2)
Sales	65,218	90.8	70,816	90.7	5,598	8.6
Operating Profit	8,871		11,347		2,475	27.9
Operating Profit Margin	13.6%		16.0%		2.4P	

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(4) Order Volume and Order Backlog

Order Volume

(Unit: JPY million)

	3Q FY Mar.2006	3Q FY Mar.2007	YoY	
	Total	Total	Diff.	Change(%)
	(Apr.2005-Dec.2005)	(Apr.2006-Dec.2006)		
	Amount	Amount		
Consulting Services	20,403	24,339	3,936	19.3
System Development & System Application Sales	83,432	102,672	19,239	23.1
System Management & Operation Services	12,916	16,526	3,610	27.9
Product Sales	16,367	16,453	85	0.5
IT Solution Services	112,717	135,653	22,935	20.3
Total	133,120	159,992	26,872	20.2

Order Backlog

(Unit: JPY million)

	At end of	At end of	YoY	
	3Q FY Mar.2006	3Q FY Mar.2007	Diff.	Change(%)
	(Dec.31, 2005)	(Dec.31, 2006)		
	Amount	Amount		
Consulting Services	5,638	6,583	945	16.8
System Development & System Application Sales	17,882	34,472	16,590	92.8
System Management & Operation Services	27,156	28,745	1,589	5.9
Product Sales	1,052	-	(1,052)	(100.0)
IT Solution Services	46,091	63,218	17,126	37.2
Total	51,730	69,802	18,071	34.9

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(5) Subcontracting Costs

Subcontracting Costs by segment & Percentage in actual production

(Unit: JPY million)

	3Q FY Mar.2006 Total Apr.2005-Dec.2005		3Q FY Mar.2007 Total (Apr.2006-Dec.2006)		YoY		FY Mar.2006 Apr.2005 - Mar.2006	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Consulting Services	2,999	29.3	3,479	30.2	480	16.0	4,740	31.9
System Development & System Application Sales	41,973	62.0	47,950	66.8	5,976	14.2	57,755	62.1
System Management & Operation Services	17,621	30.9	19,962	31.6	2,340	13.3	24,839	31.9
IT Solution Services	59,595	47.7	67,912	50.3	8,317	14.0	82,595	48.4
Total	62,594	46.4	71,392	48.7	8,797	14.1	87,335	47.1
(Subcontracting Costs to China) *	7,323	11.7	8,599	12.0	1,276	17.4	10,019	11.5

* Subcontracting costs to China & Percentage of total subcontracting cost.

[3rd Quarter]

	3Q FY Mar.2006 (Oct.2005-Dec.2005)		3Q FY Mar.2007 (Oct.2006-Dec.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Consulting Services	1,172	33.5	1,396	32.6	223	19.0
System Development & System Application Sales	14,023	62.7	16,882	68.0	2,858	20.4
System Management & Operation Services	6,363	32.4	6,861	32.0	498	7.8
IT Solution Services	20,387	48.5	23,744	51.3	3,357	16.5
Total	21,560	47.4	25,140	49.7	3,580	16.6
(Subcontracting Costs to China)	2,547	11.8	3,268	13.0	720	28.3

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<Reference>

[1st Quarter]

(Unit: JPY million)

	1Q FY Mar.2006 (Apr.2005-Jun.2005)		1Q FY Mar.2007 (Apr.2006-Jun.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Consulting Services	773	25.7	834	25.9	61	7.9
System Development & System Application Sales	12,917	59.8	14,062	64.6	1,144	8.9
System Management & Operation Services	5,284	28.6	6,581	31.5	1,296	24.5
IT Solution Services	18,202	45.4	20,643	48.4	2,441	13.4
Total	18,976	44.0	21,478	46.8	2,502	13.2
(Subcontracting Costs to China) *	2,062	10.9	2,440	11.4	377	18.3

[2nd Quarter]

	2Q FY Mar.2006 (Jul.2005-Sep.2005)		2Q FY Mar.2007 (Jul.2006-Sep.2006)		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Consulting Services	1,053	28.3	1,249	31.0	195	18.6
System Development & System Application Sales	15,031	63.4	17,004	67.4	1,973	13.1
System Management & Operation Services	5,973	31.4	6,519	31.5	546	9.1
IT Solution Services	21,004	49.1	23,523	51.2	2,519	12.0
Total	22,057	47.5	24,772	49.6	2,715	12.3
(Subcontracting Costs to China) *	2,712	12.3	2,891	11.7	178	6.6

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(6) Cash Flow

(Unit:JPY million)

	3Q FY Mar.2006 Total (Apr.2005 -Dec.2005)	3Q FY Mar.2007 Total (Apr.2006 -Dec.2006)	YoY		FY Mar.2006 (Apr.2005 - Mar.2006)
	Amount	Amount	Diff.	Change (%)	Amount
Income before income taxes	25,694	34,922	9,228	35.9	37,535
Gain/Loss from non-operating activities	(1,194)	(1,947)	(753)	63.1	(1,706)
Extraordinary gain/loss	302	7	(294)	(97.5)	717
Depreciation and amortization	11,649	11,888	239	2.1	16,574
Accounts receivable and other receivable, net of advance payments received	1,392	(7,614)	(9,007)	-	10,511
Allowance	(5,158)	(4,493)	665	(12.9)	928
Other	1,133	811	(322)	(28.5)	1,505
Subtotal	33,818	33,574	(243)	(0.7)	66,066
Interest and dividends received	1,126	1,496	370	32.9	1,180
Income taxes paid	(18,281)	(22,212)	(3,930)	21.5	(18,371)
Operating Activities	16,663	12,858	(3,804)	(22.8)	48,875
Acquisition of property and equipment	(4,837)	(6,774)	(1,937)	40.0	(9,799)
Increase in software and other intangibles	(5,784)	(8,494)	(2,709)	46.8	(8,211)
Subtotal: Capital expenditure	(10,621)	(15,268)	(4,646)	43.7	(18,011)
Increase in time deposits	(6,759)	(7,526)	(766)	11.3	(6,778)
Proceeds from time deposits	6,513	7,259	745	11.5	6,523
Increase in investment securities	(20,723)	(21,311)	(587)	2.8	(30,300)
Proceeds from sales and redemption of investment securities	63,515	26,905	(36,609)	(57.6)	65,812
Other	153	79	(73)	(48.0)	608
Investing Activities	32,075	(9,862)	(41,938)	-	17,853
Free Cash Flow	48,739	2,996	(45,742)	(93.9)	66,729
(Free Cash Flow except Cash management purpose investment)	6,073	(674)	(6,748)	-	22,672
Net repayment of long-term debt	(180)	(180)	-	-	(840)
Proceeds from issuance of convertible bond	-	50,000	50,000	-	-
Purchase of treasury stock	(48,283)	157	48,441	-	(48,147)
Cash dividends paid	(5,783)	(6,432)	(648)	11.2	(5,840)
Financing Activities	(54,247)	43,545	97,792	-	(54,828)
Effect of exchange rate changes on Cash and cash equivalents	174	69	(104)	(60.0)	174
Net increase in Cash and cash equivalents	(5,334)	46,611	51,945	-	12,075
Cash and cash equivalents at beginning of year	38,677	50,752	12,075	31.2	38,677
Cash and cash equivalents at end of year	33,342	97,363	64,020	192.0	50,752
Cash and cash equivalents + Cash Management purpose investment	60,378	119,883	59,504	98.6	76,432

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Note: Cash management purpose investment are the investments to 3 months over time deposits and government bonds etc..
Cash management purpose investment (included in investing activities) are as follows.

Increase in time deposits	(6,759)	(7,526)	(766)	11.3	(6,778)
Proceeds from time deposits	6,513	7,259	745	11.5	6,523
Increase in investment securities	(20,270)	(20,971)	(701)	3.5	(20,270)
Proceeds from sales and redemption of investment securities	63,182	24,910	(38,272)	(60.6)	64,582
(Total) Cash management purpose investment	42,665	3,670	(38,994)	(91.4)	44,056

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(7) Capital Expenditure

(Unit: JPY million)

	3Q FY Mar.2006 Total (Apr.2005- Dec.2005)	3Q FY Mar.2007 Total (Apr.2006- Dec.2006)	YoY		FY Mar.2006 (Apr.2005 -Mar.2006)
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	4,503	6,970	2,466	54.8	10,038
Intangible	5,773	8,531	2,758	47.8	8,305
Total	10,277	15,501	5,224	50.8	18,343

(8) Depreciation & Amortization

(Unit: JPY million)

	3Q FY Mar.2006 Total (Apr.2005- Dec.2005)	3Q FY Mar.2007 Total (Apr.2006- Dec.2006)	YoY		FY Mar.2006 (Apr.2005-Mar.2006)
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	4,484	5,012	527	11.8	6,278
Intangible	7,164	6,876	(287)	(4.0)	10,295
Total	11,649	11,888	239	2.1	16,574

(9) R&D Expenditure

(Unit: JPY million)

	3Q FY Mar.2006 Total (Apr.2005- Dec.2005)	3Q FY Mar.2007 Total (Apr.2006- Dec.2006)	YoY		FY Mar.2006 (Apr.2005-Mar.2006)
	Amount	Amount	Diff.	Change (%)	Amount
Consulting Services	315	333	17	5.5	541
IT Solution Services	1,379	1,537	157	11.4	1,960
Total	1,695	1,870	174	10.3	2,501

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