Financial Results
For the year ended 31st March, 2004

Akihisa Fujinuma, President, CEO&COO

Nomura Research Institute, Ltd.
April 27, 2004
## Highlights of Consolidated Results

(Unit: JPY million)

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>232,743</td>
<td>238,067</td>
<td>5,323</td>
<td>2.3%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>27,164</td>
<td>28,022</td>
<td>858</td>
<td>3.2%</td>
</tr>
<tr>
<td>Operating Profit Margin</td>
<td>11.7%</td>
<td>11.8%</td>
<td>0.1P</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>15,459</td>
<td>18,269</td>
<td>2,810</td>
<td>18.2%</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>JPY337.26</td>
<td>JPY399.44</td>
<td>JPY62.19</td>
<td>18.4%</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>JPY20.00</td>
<td>JPY40.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Amount of less than JPY million were rounded down.
## Sales by sector

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share</td>
<td>Share</td>
<td>Change</td>
</tr>
<tr>
<td>Nomura Securities Group</td>
<td>27.3%</td>
<td>25.0%</td>
<td>(4,198)</td>
</tr>
<tr>
<td>Others</td>
<td>26.5%</td>
<td>27.6%</td>
<td>4,030</td>
</tr>
<tr>
<td>Financial sector</td>
<td>53.8%</td>
<td>52.5%</td>
<td>(168)</td>
</tr>
<tr>
<td>Distribution sector</td>
<td>17.9%</td>
<td>18.8%</td>
<td>2,989</td>
</tr>
<tr>
<td>Other private sector</td>
<td>20.3%</td>
<td>20.3%</td>
<td>1,283</td>
</tr>
<tr>
<td>Public sector</td>
<td>8.0%</td>
<td>8.3%</td>
<td>1,219</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0%</td>
<td>100.0%</td>
<td>5,323</td>
</tr>
</tbody>
</table>

* Amount of less than JPY million were rounded down.

(Unit: JPY million)
## Sales by segment

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share</td>
<td>Share</td>
<td>YoY</td>
</tr>
<tr>
<td>System Development &amp; System Application Sales</td>
<td>83,062 35.7%</td>
<td>78,339 32.9%</td>
<td>(5.7%)</td>
</tr>
<tr>
<td>System Management &amp; Operations</td>
<td>90,218 38.8%</td>
<td>93,502 39.3%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Product Sales</td>
<td>21,188 9.1%</td>
<td>23,203 9.7%</td>
<td>9.5%</td>
</tr>
<tr>
<td>System Solution Services</td>
<td>194,469 83.6%</td>
<td>195,045 81.9%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Consulting&amp;Knowledge Services</td>
<td>38,274 16.4%</td>
<td>43,022 18.1%</td>
<td>12.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>232,743 100.0%</strong></td>
<td><strong>238,067 100.0%</strong></td>
<td><strong>2.3%</strong></td>
</tr>
</tbody>
</table>

*Amount of less than JPY million were rounded down.*
# P/L Highlight

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

<table>
<thead>
<tr>
<th></th>
<th>FY Mar. 2003</th>
<th>FY Mar. 2004</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>232,743</td>
<td>238,067</td>
<td>2.3%</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>173,545</td>
<td>178,096</td>
<td>2.6%</td>
</tr>
<tr>
<td>Subcontracting costs</td>
<td>74,253</td>
<td>67,618</td>
<td>(8.9%)</td>
</tr>
<tr>
<td>(To Chinese subcontractors)</td>
<td>2,060</td>
<td>3,503</td>
<td>70.0%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>59,198</td>
<td>59,971</td>
<td>1.3%</td>
</tr>
<tr>
<td>Gross profit margin</td>
<td>25.4%</td>
<td>25.2%</td>
<td></td>
</tr>
<tr>
<td><strong>SG&amp;A</strong></td>
<td>32,034</td>
<td>31,948</td>
<td>(0.3%)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>27,164</td>
<td>28,022</td>
<td>3.2%</td>
</tr>
<tr>
<td>Operating profit margin</td>
<td>11.7%</td>
<td>11.8%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FY Mar. 2003</td>
<td>FY Mar. 2004</td>
<td>YoY</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------------</td>
<td>--------------</td>
<td>-------</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-operating gain and loss</td>
<td>462</td>
<td>1,271</td>
<td>174.7%</td>
</tr>
<tr>
<td>Other Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on investment securities</td>
<td>-</td>
<td>1,217</td>
<td></td>
</tr>
<tr>
<td>Gain on investments in affiliates</td>
<td>136</td>
<td>3,784</td>
<td></td>
</tr>
<tr>
<td>Gain on securities contributed to an employee retirement benefit trust</td>
<td>6,735</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Other expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on property sales option</td>
<td>-</td>
<td>1,196</td>
<td></td>
</tr>
<tr>
<td>Actuarial Loss</td>
<td>6,942</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>15,459</td>
<td>18,269</td>
<td>18.2%</td>
</tr>
</tbody>
</table>

* Amount of less than JPY million were rounded down.
## Cash Flow

(Unit: JPY million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents at beginning of fiscal year</strong></td>
<td>95,203</td>
<td>88,760</td>
<td>(6,442)</td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td>14,611</td>
<td>29,312</td>
<td>14,700</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td>(18,994)</td>
<td>(19,143)</td>
<td>(148)</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>(4,382)</td>
<td>10,169</td>
<td>14,552</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td>(1,503)</td>
<td>(1,508)</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Effect of exchange rate changes on cash and cash equivalents</strong></td>
<td>(556)</td>
<td>(609)</td>
<td>(53)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of FY Mar.2004</strong></td>
<td>88,760</td>
<td>96,812</td>
<td>8,051</td>
</tr>
</tbody>
</table>

*Amount of less than JPY million were rounded down.*
Financial Results Forecast
for fiscal year ended March 2005
## Highlights of Forecast

<table>
<thead>
<tr>
<th></th>
<th>FY Mar.2004 (Results)</th>
<th>FY Mar.2005 (Forecasts)</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>238.0</td>
<td>250.0</td>
<td>5.0%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>28.0</td>
<td>30.0</td>
<td>7.1%</td>
</tr>
<tr>
<td>Operating Profit Margin</td>
<td>11.8%</td>
<td>12.0%</td>
<td>0.2P</td>
</tr>
<tr>
<td>Net Income</td>
<td>18.2</td>
<td>17.6</td>
<td>(3.7%)</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>JPY399.44</td>
<td>JPY391.11</td>
<td>(2.1%)</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>(E) JPY40.00</td>
<td>JPY40.00</td>
<td></td>
</tr>
</tbody>
</table>
Sales forecasts by sector

<table>
<thead>
<tr>
<th></th>
<th>FY Mar. 2004 (Results)</th>
<th>FY Mar. 2005 (Forecasts)</th>
<th>YoY Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>share</td>
<td>share</td>
<td>Change</td>
</tr>
<tr>
<td>Financial sector</td>
<td>125.1 52.5%</td>
<td>137.0 54.8%</td>
<td>11.8 9.5%</td>
</tr>
<tr>
<td>Distribution sector</td>
<td>44.6 18.8%</td>
<td>47.0 18.8%</td>
<td>2.3 5.2%</td>
</tr>
<tr>
<td>Other private sector</td>
<td>48.4 20.3%</td>
<td>47.0 18.8%</td>
<td>(1.4) (2.9%)</td>
</tr>
<tr>
<td>Public sector</td>
<td>19.8 8.3%</td>
<td>19.0 7.6%</td>
<td>(0.8) (4.3%)</td>
</tr>
<tr>
<td>Total</td>
<td>238.0 100.0%</td>
<td>250.0 100.0%</td>
<td>11.9 5.0%</td>
</tr>
</tbody>
</table>
FY March 2005 Priority Measures

FY Mar. 2004

Increase sales
- Develop new customers
- Enhance SI competitiveness

Manage costs
- Reduce sub-contracting costs
- Curb growth in personnel costs

Medium to long-term focus

Strengthen navigation capabilities

FD Mar. 2005

1) Strengthen sales capabilities
2) Expand business base
3) Promote self-reform

Identify growth areas

Develop structure to promote growth

Increase sales
- Develop new customers
- Enhance SI competitiveness

Manage costs
- Reduce sub-contracting costs
- Curb growth in personnel costs
1) Strengthen sales capabilities:

Selection and concentration

- Nomura Securities
- Mitsubishi Securities
- Seven-Eleven Japan
- ITO-YOKADO
- UFJ Tsubasa Securities
- THE STAR
- InsCOSMIC
- InsDirect
- Ageless80
- Japan Post
- Kinki Nippon Tourist
- Sony Life Insurance
- Kohnan Shoji
- R&D Support
- True Teller

Cases of disclosing in FY3/04
1) Strengthen sales capabilities: Strengthen partnerships

• Nomura Securities group
  Support the IT capabilities required for the Nomura Securities group to prevail in global competition

• Ito-Yokado group
  Support the self-reform efforts of the Ito-Yokado group and develop a relationship focusing on the upcoming 10 years
1) Strengthen sales capabilities: Strengthen partnerships

- Reorganize five major sectors

- Consulting Sector
- Financial & Insurance Solution Sector
- Financial Solution Sector
- Distribution & Social Solution Sector
- e-Solution Sector

April 1, 2004 -
2) Expand business base: Three priority areas

- **Priority allocation of business resources**

  - **Insurance**
    - Established Insurance System & Technology, Ltd.
  - **Securities**
    - Nomura Securities
  - **Distribution**
    - Distribution (except IYG) & services
    - MASTRETAIL/SM BizMart
  - **Banking & non-banking**
    - Joint business with UFJ Bank

**Enhance customer base**
2) Expand business base : THE STAR

THE STAR

Retail business
Package

Wholesale business
Package

Multi user systems for online securities firms

STAR-IV Multi user system

Outsourcing

Package sales Customize SI

Business model

Online securities firms

Semi-major securities firms

Mid-size securities firms

Target customer

Major and semi-major securities firms
2) Expand business base: Strengthen System Platform Solutions capabilities

- **Working on legacy-system’s market**

  - **Service Industry**
  - **Insurance Industry**
  - **Financial Industry**
  - **Distribution Industry**
  - **Public Sector**
  - **Manufacturing Industry**

  **System Consulting**
  - Platform design, development, maintenance
  - Network design, development, maintenance

  **System Platform Solutions**
  - System planning, design, development and operation
3) Promote self reform: Solidifying self reform efforts

• **Raise efficiency with enhancement tools**
  Use the DevelopersNet (DevNet) management enhancement tool

• **System operations innovation committee**
  Improve quality by 30%
  Raise productivity by 30%

• **Back office operations reform committee**
  Standardize and rationalize back office operations
  Continue cost-reduction efforts
3) Promote self reform: Use DevNet

- Currently used by about 7,000 people on 142 projects

Before implementation of DevNet

- Customers
  - Request/inquiry

- NRI
  - Request/inquiry management
  - Task/work instruction management
  - Trouble management
  - Document management

- Development subcontractors
  - Work progress management
  - Task management
  - Trouble management
  - Document management

Double management

FAX/phone

After implementation of DevNet

Integrated request/inquiry management

Integrated work management

Integrated theme/task/obstacle management

Document management
3) Promote self reform: Subcontract policy

Progress of subcontractors in China

(Fixed Yen billion)

FY3/02 FY3/03 FY3/04 FY3/05E

Full-year
0.39

1H
0.76

2H
1.29

1.7 times

+ About 20%

2.06

2.13

3.50

4.0 - 4.5

+ About 20%
3) Promote self reform: Subcontract policy

- **Progress of “ePartner” agreements**

  Reduce subcontracting costs by reducing partners
  - 10 partners (including 2 Chinese partners)

  **FY Mar.2003**
  - 4 partners

  **FY Mar.2004**
  - 15 partners (including Chinese partners)

  **Future**

“ePartner” agreements with 10 partners (As of March 31, 2004)

**Japan (8 partners)**
- ARGO21 Corp.
- Cube System Inc.

**China (2 partners)**
- Shanghai Chuwa Software Co., Ltd.
- SinoCom Software Group Limited

4 more partners
## Order Backlog (Outstanding)

(Unit: JPY million)

<table>
<thead>
<tr>
<th>Services</th>
<th>At the end of Mar.2003</th>
<th>At the end of Mar.2004</th>
<th>YoY Difference</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Development &amp; System Application Sales</td>
<td>6,163</td>
<td>13,474</td>
<td>7,311</td>
<td>118.6%</td>
</tr>
<tr>
<td>System Management &amp; Operations</td>
<td>79,690</td>
<td>79,350</td>
<td>(339)</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>System Solution Services</td>
<td>85,854</td>
<td>92,825</td>
<td>6,971</td>
<td>8.1%</td>
</tr>
<tr>
<td>Consulting &amp; Knowledge Services</td>
<td>18,220</td>
<td>15,723</td>
<td>(2,497)</td>
<td>(13.7%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>104,074</strong></td>
<td><strong>108,548</strong></td>
<td><strong>4,474</strong></td>
<td><strong>4.3%</strong></td>
</tr>
</tbody>
</table>

* Amount of less than JPY million were rounded down.
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
Provide aggregation services to JAL

- First usage in airline industry -

- Aggregation services offer multiple services integrated as a single service
- Allows customers to view all websites for hotels, JAL Card, and JAL mileage points from JAL’s website (150 million page views per month)
- Aim to expand to a variety of companies in the communications, travel, hotel, and other industries

DATA COMMUNICATION (Tokyo), March 29, 2004
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- **Win contract for S. Korean government operations**
  - Aim for 30 or more Japanese affiliated firms to build plants within two years
  - Conduct market surveys and prepare construction plans free of charge for Japanese component and materials manufacturers building plants in S. Korea
  - Utilize personal and information networks developed through consulting for S. Korean government companies

"Japan desk operations"

Nikkei Sangyo Shimbun, March 22, 2004
New functions added to BESTWAY

- Mutual fund sales support system for banks -

- Launch services to process customer transaction information in real time
- Sales to about 100 firms, including leading banks, that use BESTWAY/AM
Providing Japan’s first full-scale clearing bank services

- Launching settlement services for government bond trading -

- Seamless link between I-STAR and UFJ Bank’s government bond settlement service

- Plan to start services in 1H 2005 with the scheduled launch of the Japan Government Bond Clearing Corporation

- Plan to launch new transfer and settlement system for general bonds in October 2005 and respond to securities settlement system reform, including paperless stocks and shorter settlement times

Nikkei Financial Daily
December 10, 2003
Insurance

PCA Life Insurance
- Built contract management system -

- Supporting aggressive business expansion in Japan
- Built system on Windows platform
  Created web-based user interface and electronic forms for internal company use
- “Object Works for .NET” used for development framework
- NRI Data Services responsible for system operations
Established new subsidiary “Insurance System & Technology, Ltd.” (Instechno)

- Acquired business of independent systems developer STS -

- Acquired business of STS, which specializes in developing and building systems for non-life insurers, to strengthen systems development for the insurance industry

- Established new subsidiary “Insurance System & Technology” as a wholly owned subsidiary to take over this business; capitalized at JPY495 million

*Nihon Keizai Shimbun, Morning Edition
November 25, 2003*
Sony Life Insurance
- Develop new sales process management system -
  - Focus on the status of each sales process
  - Use NRI product “Object Works for .NET”

Joint use automobile liability insurance system “e-JIBAI”
- Joint use system of six non-life insurance companies
  - Aioi Insurance
  - Tokio Marine and Fire Insurance
  - Sompo Japan Insurance
  - Mitsui Sumitomo Insurance
  - Nipponkoa Insurance
  - Nissay Dowa General Insurance
- Partnership between NRI and Hitachi
  Aim to launch operations in 2H FY March 2005

Nikkei Financial Daily, September 5, 2003
Nikkan Kogyo Shimbun, August 21, 2003
Service Industry

Kinki Nippon Tourist

- Develop accounting information system -

Development cost: approx. JPY1.8 billion
Cost savings: JPY500 million annually

- Compile and analyze daily sales information from approx. 400 sales offices nationwide
- Share information to facilitate individual marketing

Nikkei Sangyo Shimbun, October 8, 2003