

Financial Results

1st Half FY March 2004

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Nomura Research Institute, Ltd.

October 31, 2003

Highlights of Consolidated Results

(JPY million)

	1st Half FY Mar.2003	1st Half FY Mar.2004	
			YoY change
Sales	113,774	113,309 * 113,300	(0.4%) * + 0.0%
Operating Profit	13,179	12,107 * 12,100	(8.1%) * + 0.0%
Net Income	7,898	7,892 * 7,800	(0.1%) * + 1.2%
Operating Profit Margin	11.6%	10.7% * 10.7%	(0.9P)

Note: Figures * indicate earnings estimates announced on Oct.10,2003.

Comparison to Previous forecasts

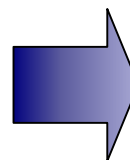
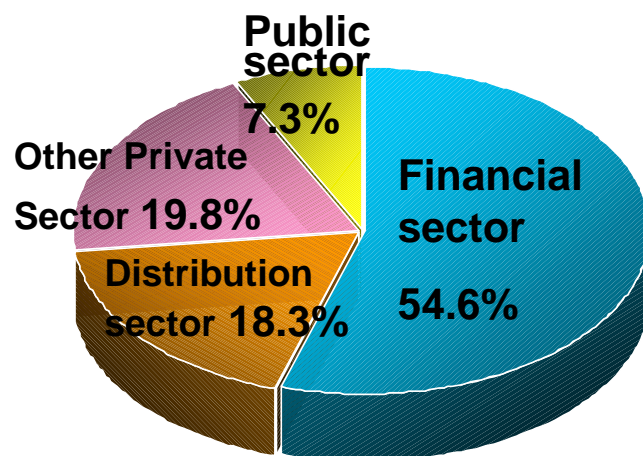
(JPY billion)

(Consolidated)	Previous forecasts	Results	Difference
Sales	112.0	113.3	+1.3 (+ 1.2%)
Operating Profit	11.0	12.1	+1.1 (+10.1%)
Net Income	6.2	7.9	+1.7 (+27.3%)

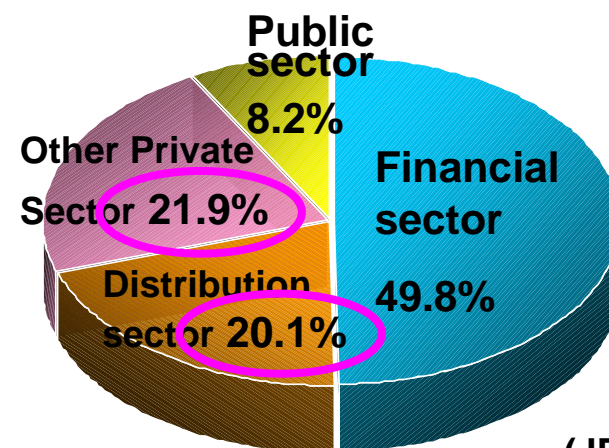
Note: Previous forecasts are announced on April 28,2003.

Sales by sector

1st Half FY Mar.2003



1st Half FY Mar.2004



(JPY million)

	1 st Half FY Mar.2003		1 st Half FY Mar.2004		YoY Change	
		Share		Share		%
Financial sector	62,153	54.6%	56,403	49.8%	(5,750)	(9.3%)
Distribution sector	20,809	18.3%	22,776	20.1%	1,968	9.5%
Other Private sector	22,492	19.8%	24,848	21.9%	2,357	10.5%
Public sector	8,321	7.3%	9,281	8.2%	960	11.5%
Total	113,774	100.0%	113,309	100.0%	(465)	(0.4%)

Sales by Product Services

(JPY million)

		1 st Half FY Mar.2003		1 st Half FY Mar.2004		
			Share		Share	YoY Change
	System Development & System Application Sales	39,657	34.9%	35,555	31.4%	(10.3%)
	System Management & Operations	44,814	39.4%	45,685	40.3%	1.9%
	Product Sales	10,483	9.2%	10,850	9.6%	3.5%
System Solution Service		94,954	83.5%	92,090	81.3%	(3.0%)
Consulting/Knowledge Services		18,820	16.5%	21,219	18.7%	12.7%
Total		113,774	100.0%	113,309	100.0%	(0.4%)

Cash Flow

(JPY million)

	1 st Half FY Mar.2003	1 st Half FY Mar.2004	
			YoY Change
Cash and cash equivalents at the beginning of fiscal year	95,203	88,760	(6,443)
Operating activities	891	8,019	7,128
Investing activities	(14,109)	(5,481)	8,628
Free Cash Flow	(13,218)	2,537	15,755
Financing activities	(1,199)	(1,202)	(3)
Effect of currency rate exchanges on cash and cash equivalents	(422)	(450)	(28)
Cash equivalents at the end of 1st half	80,364	89,646	9,282

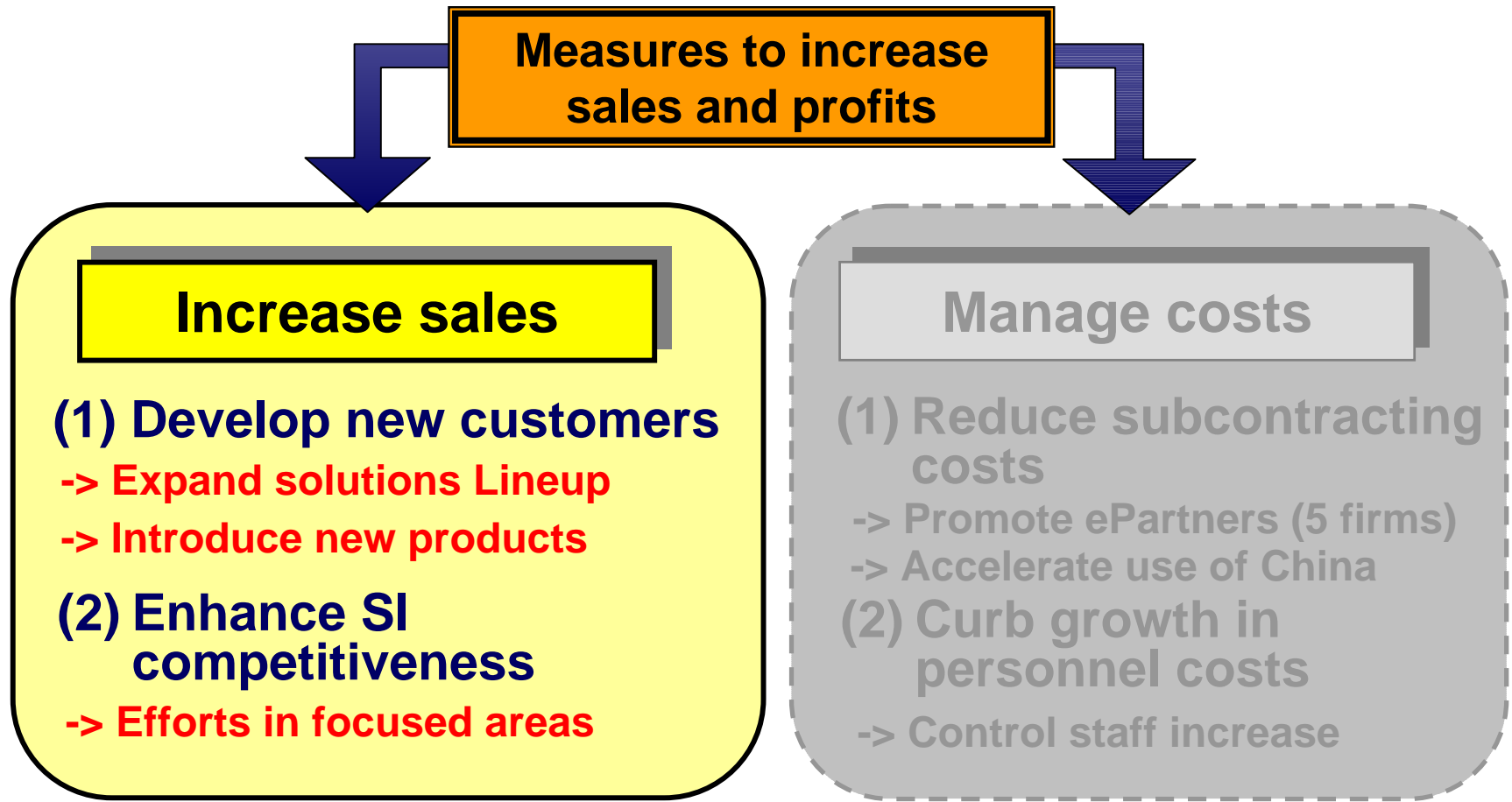
**Progress reports of
FY Mar.2004 Priority Measures**

1H FY Mar.2004 Priority Measures <1>



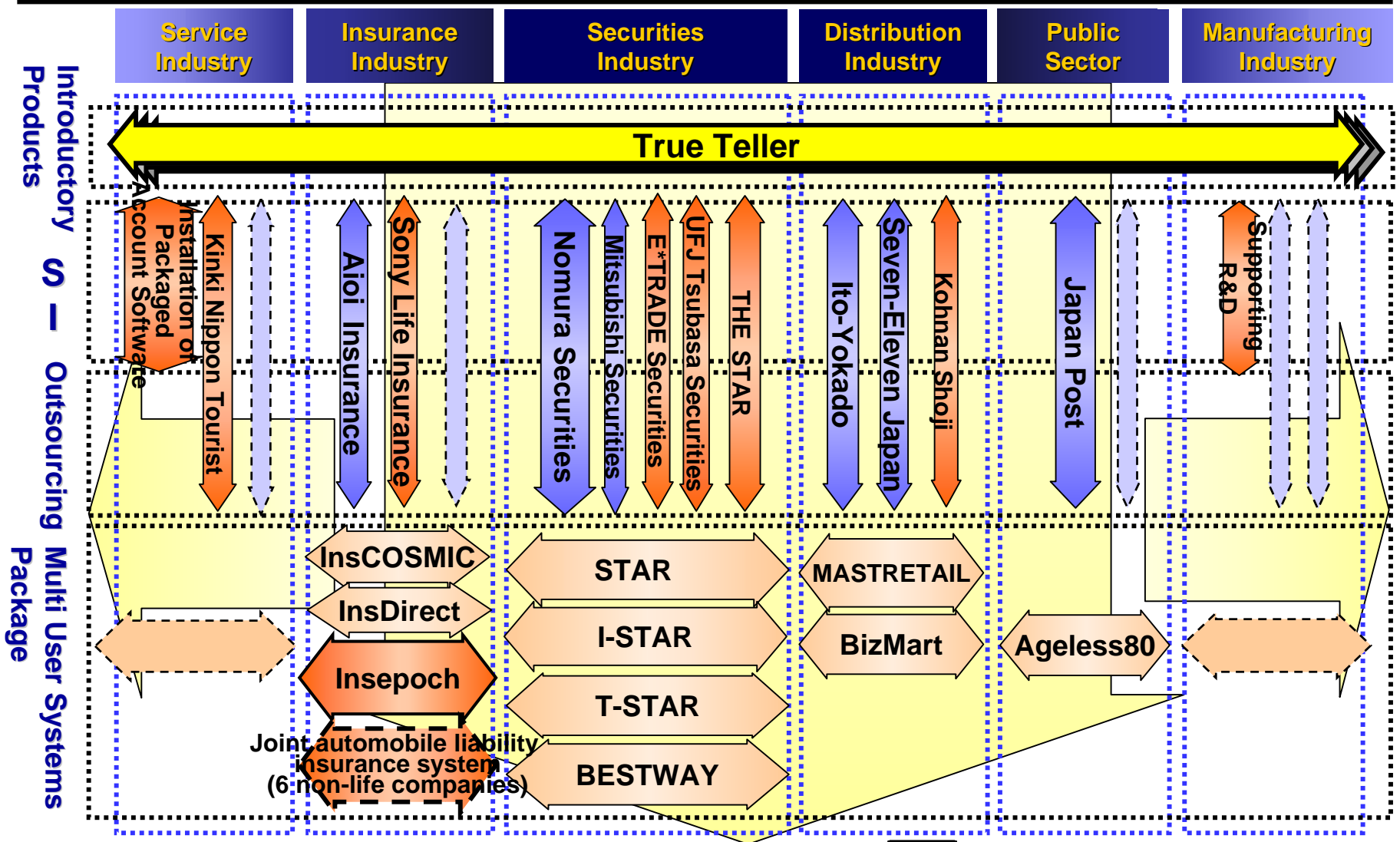
Dream up the future.
Nomura
Research Institute

Target sales of JPY245.0 billion and operating profit of JPY28.0 billion



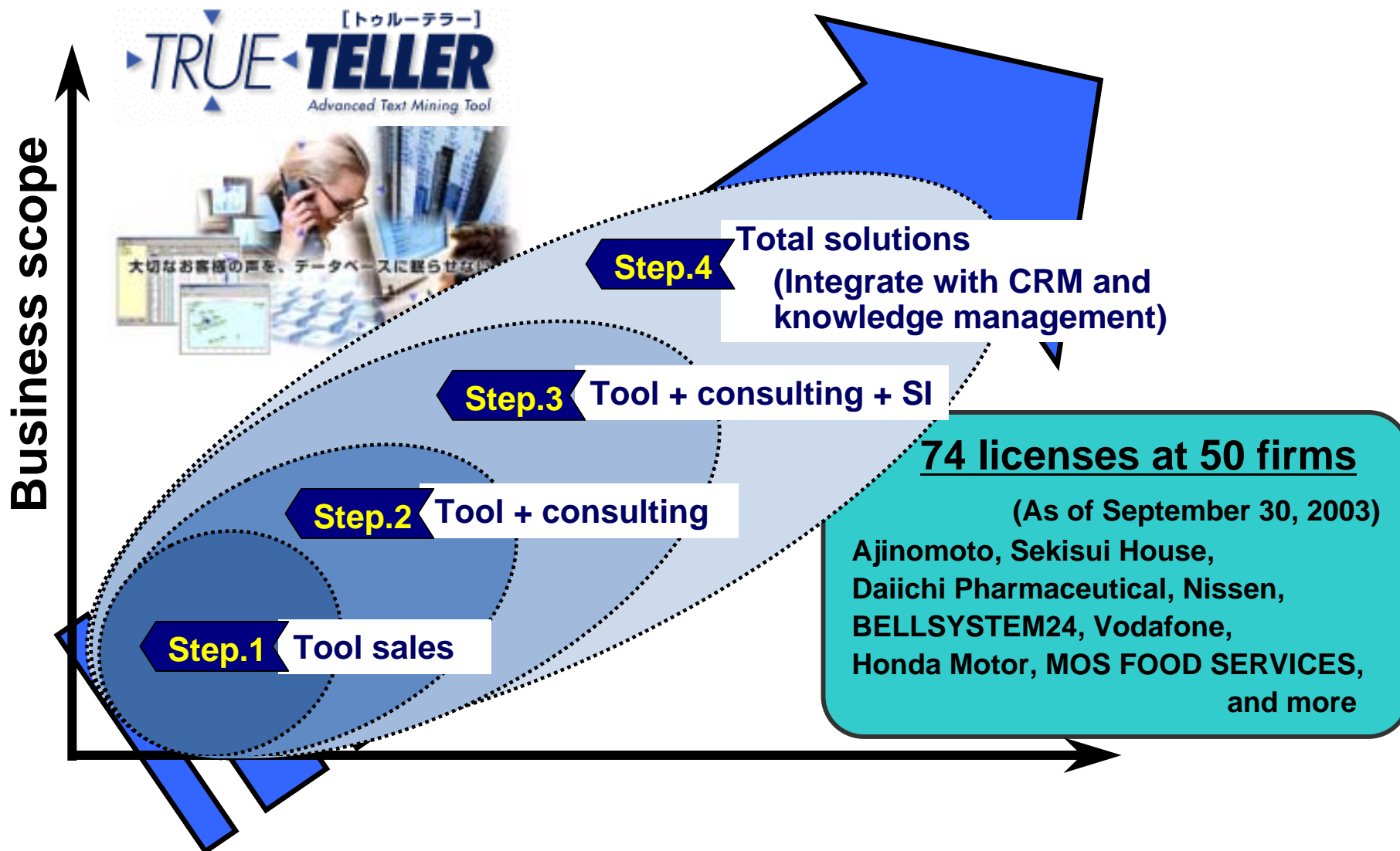
(1) Develop New Customers:

Expand solutions Lineup



Results or Announcements of 1H FY3/04

(1) Develop New Customers: Introduce New Products



(2) Enhance SI Competitiveness:

Results of Efforts in Focused Areas

Insurance

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

Aim to launch operations in 2H
FY March 2005

ソニー生命
営業職員の管理支援
野村総研とシステム開発

ソニー生命保険は、野村総合研究所と共同で、同社の営業職員の活動を支援するシステムを開発しました。顧客の家訪構成などを把握した保険商品の種類をもとに分析できるほか、営業所ごとの管理吉が営業職員の活動を効果的に把握し、効果的に教育、

ソニー生命 (ソニー生命)。
今回のシステムで、営業職員の活動を支援するシステムを開発し、顧客の家訪構成などを把握した保険商品の種類をもとに分析できるほか、営業所ごとの管理吉が営業職員の活動を効果的に把握し、効果的に教育、

Nikkei Financial Daily,
September 5, 2003

自賠責を共同運用
損保6社、来年度下期から

自賠責保険の共同運用が実現する。損保6社（東京海上、東京火災、東京海上火災、東京海上火災、東京海上火災、東京海上火災）が、来年度下期から共同運用を開始する。共同運用により、自賠責保険の料率を抑制し、顧客への還元を図る。また、共同運用により、自賠責保険のリスクを分散し、経営の安定性を高める。共同運用の具体的な内容は、各社間で協議中である。

Nikkan Kogyo Shimbun,
August 21, 2003

(2) Enhance SI Competitiveness: Results of Efforts in Focused Areas

Service Industry



Nikkei Sangyo Shimbun,
October 8, 2003

Kinki Nippon Tourist

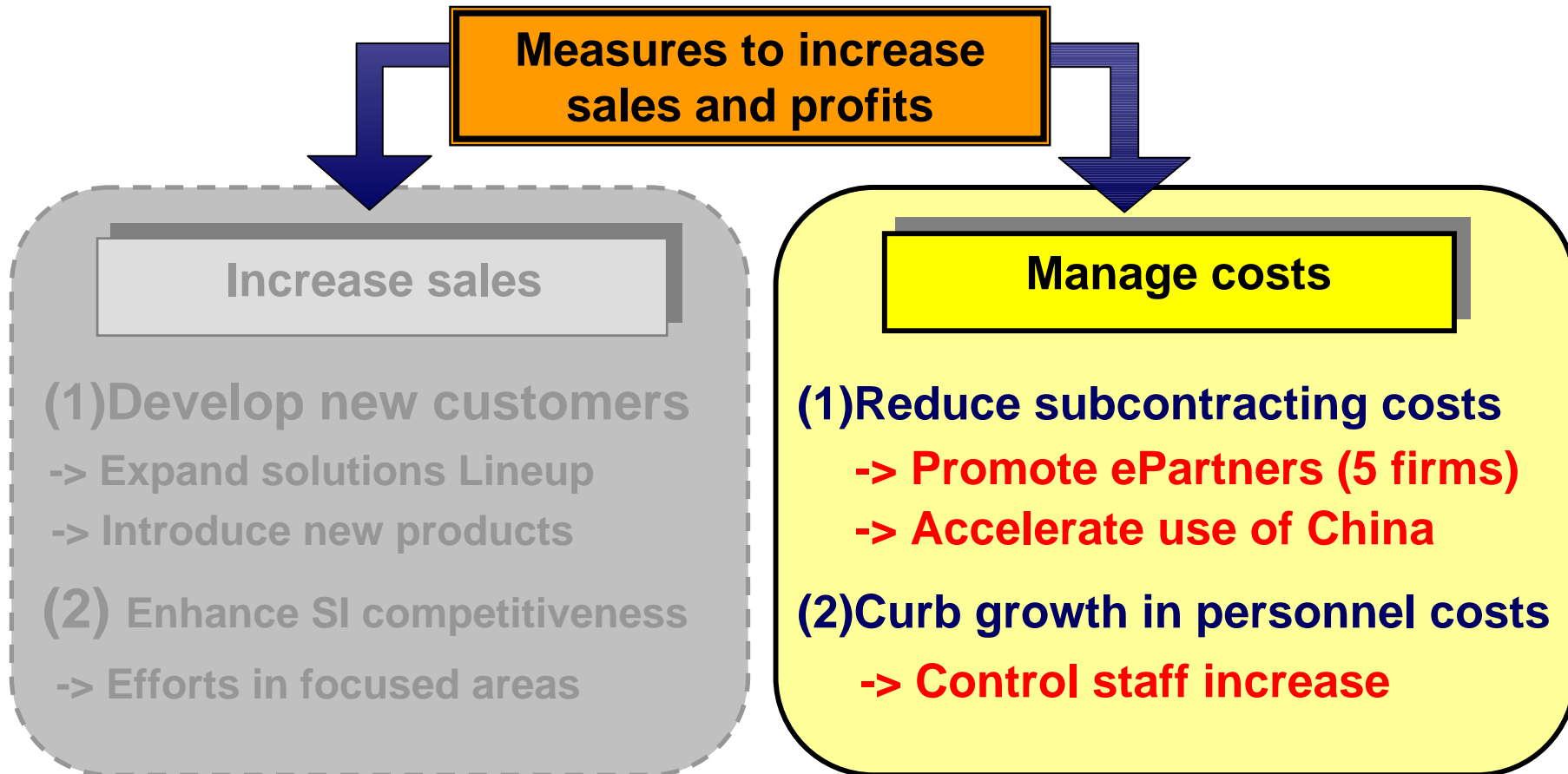
- Develop accounting information system -

Development cost: approx. JPY1.8 billion

Cost savings: JPY500 million annually

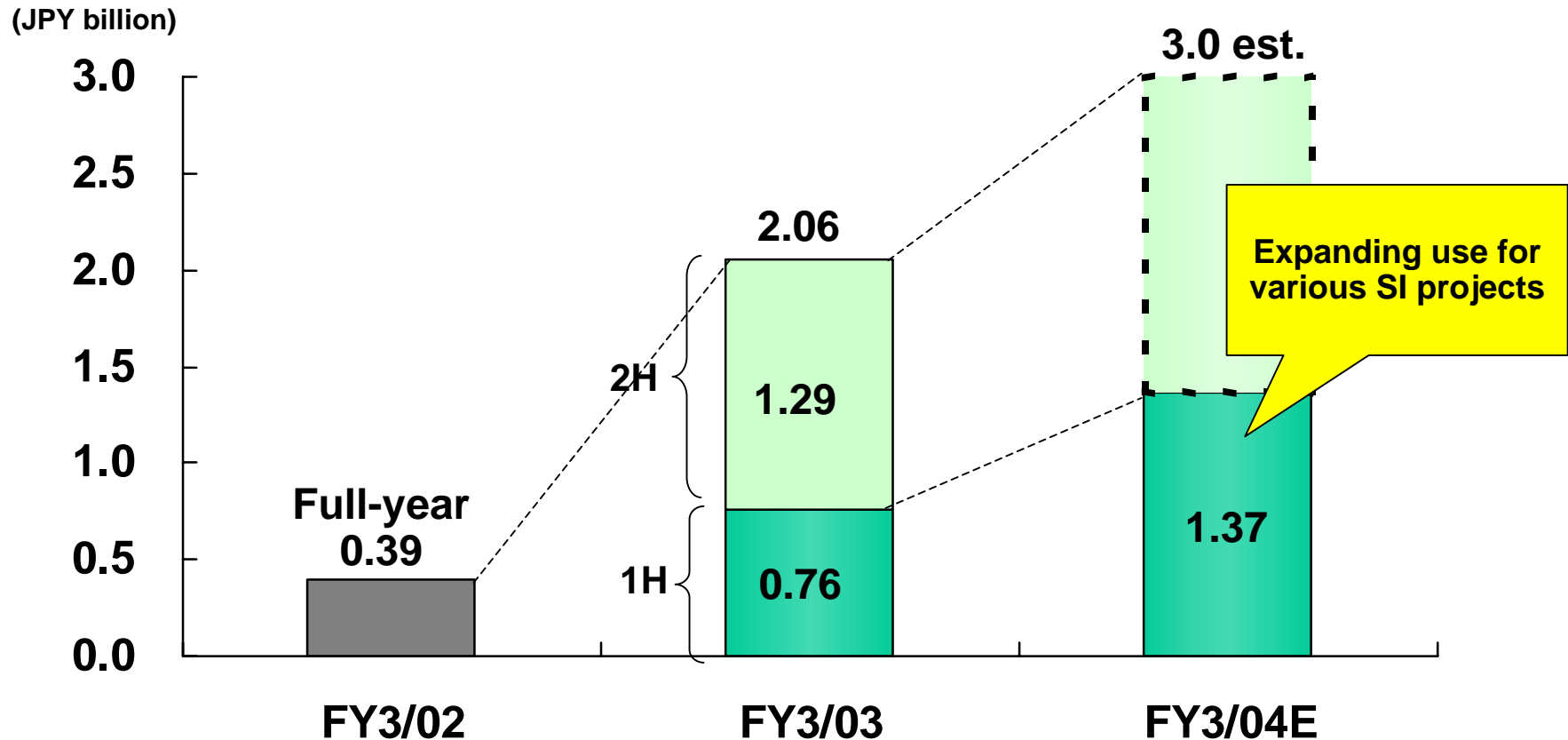
- Compile and analyze daily sales information from approx. 400 sales offices nationwide
- Share information to facilitate individual marketing

Target sales of JPY245.0 billion and operating profit of JPY28.0 billion



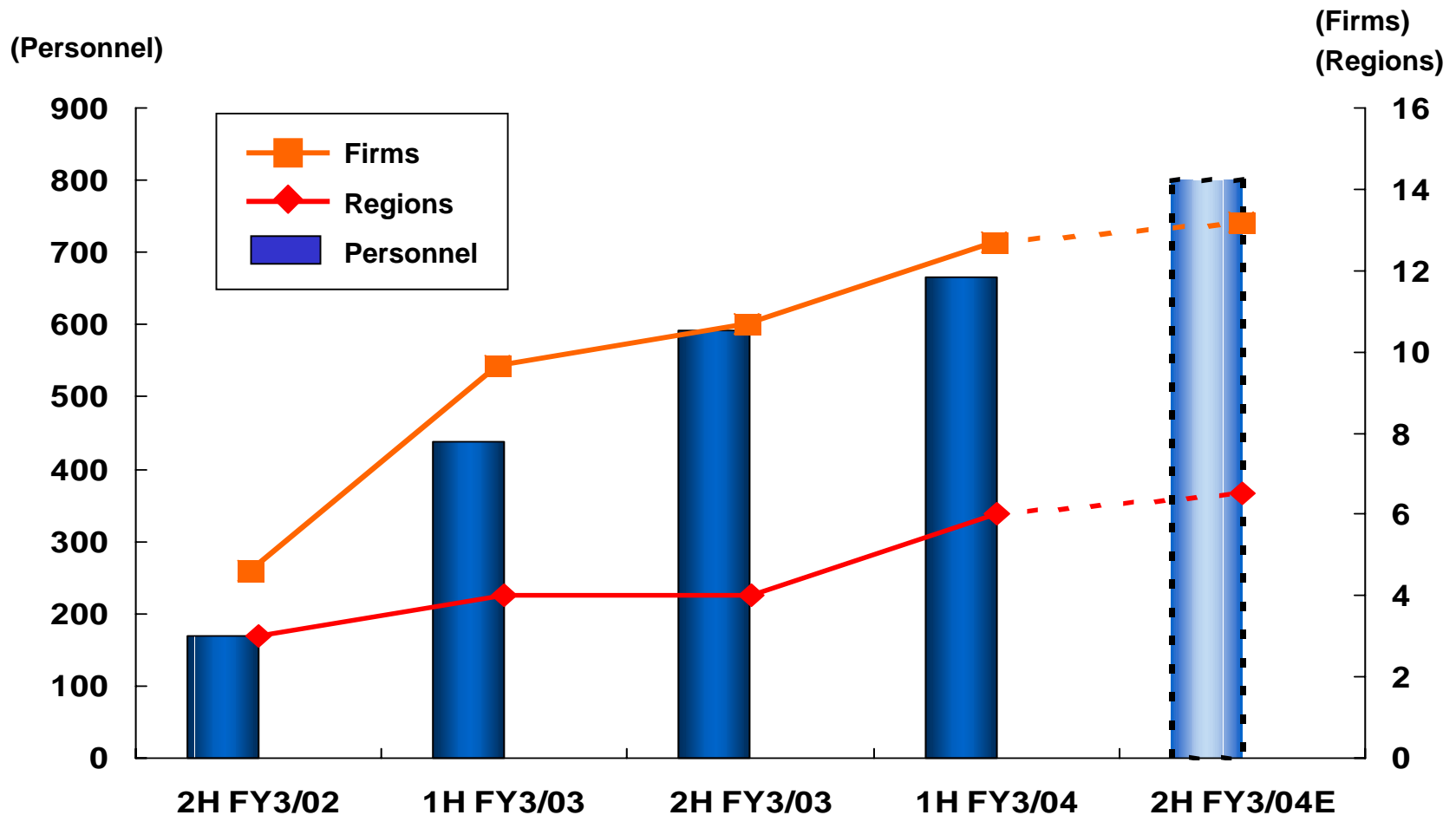
(1) Reduce Subcontracting Costs: Accelerate Use of China

➤ Order value of offshore development in China



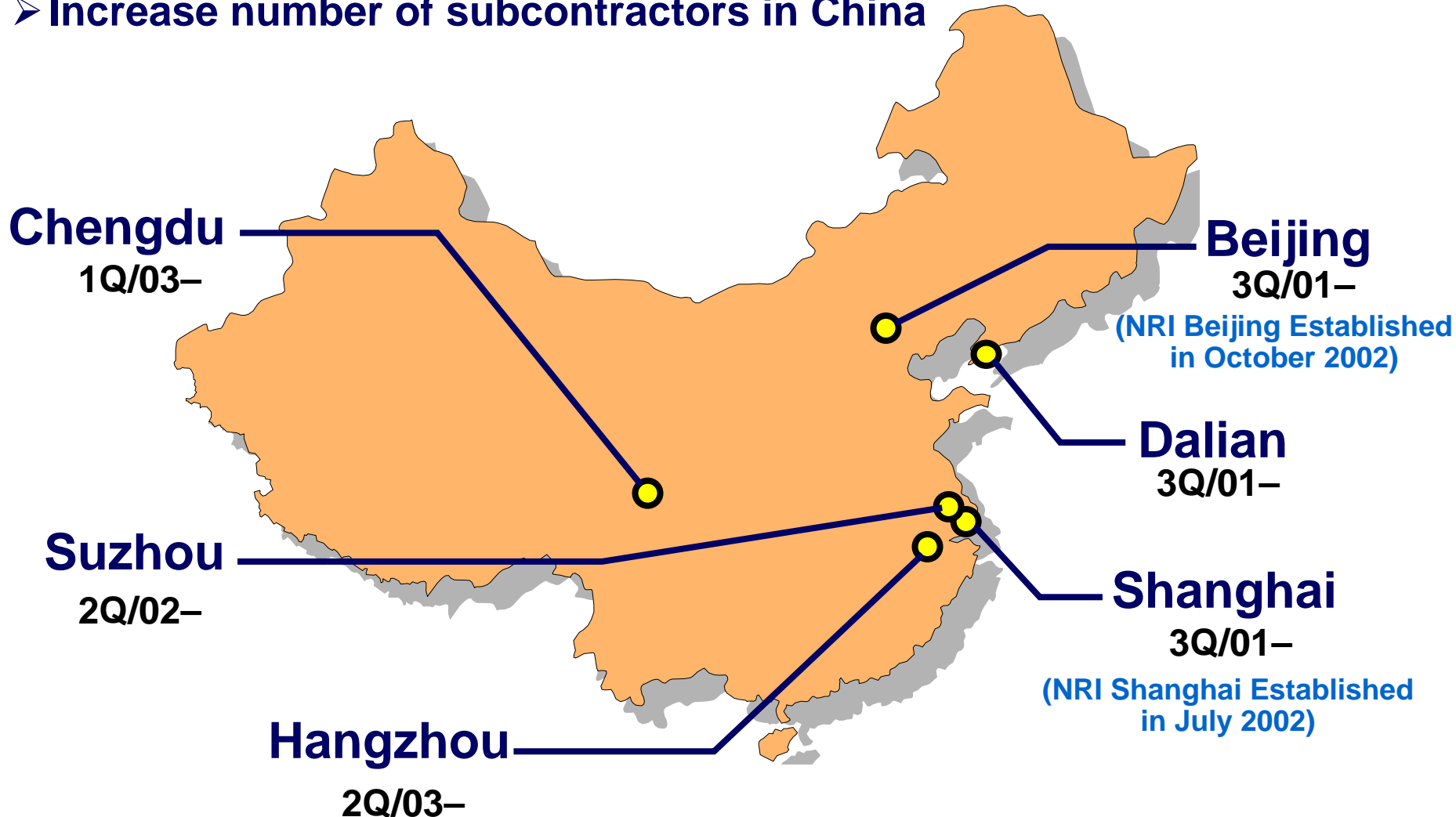
(1) Reduce Subcontracting Costs: Accelerate Use of China

➤ Number of personnel, firms and regions

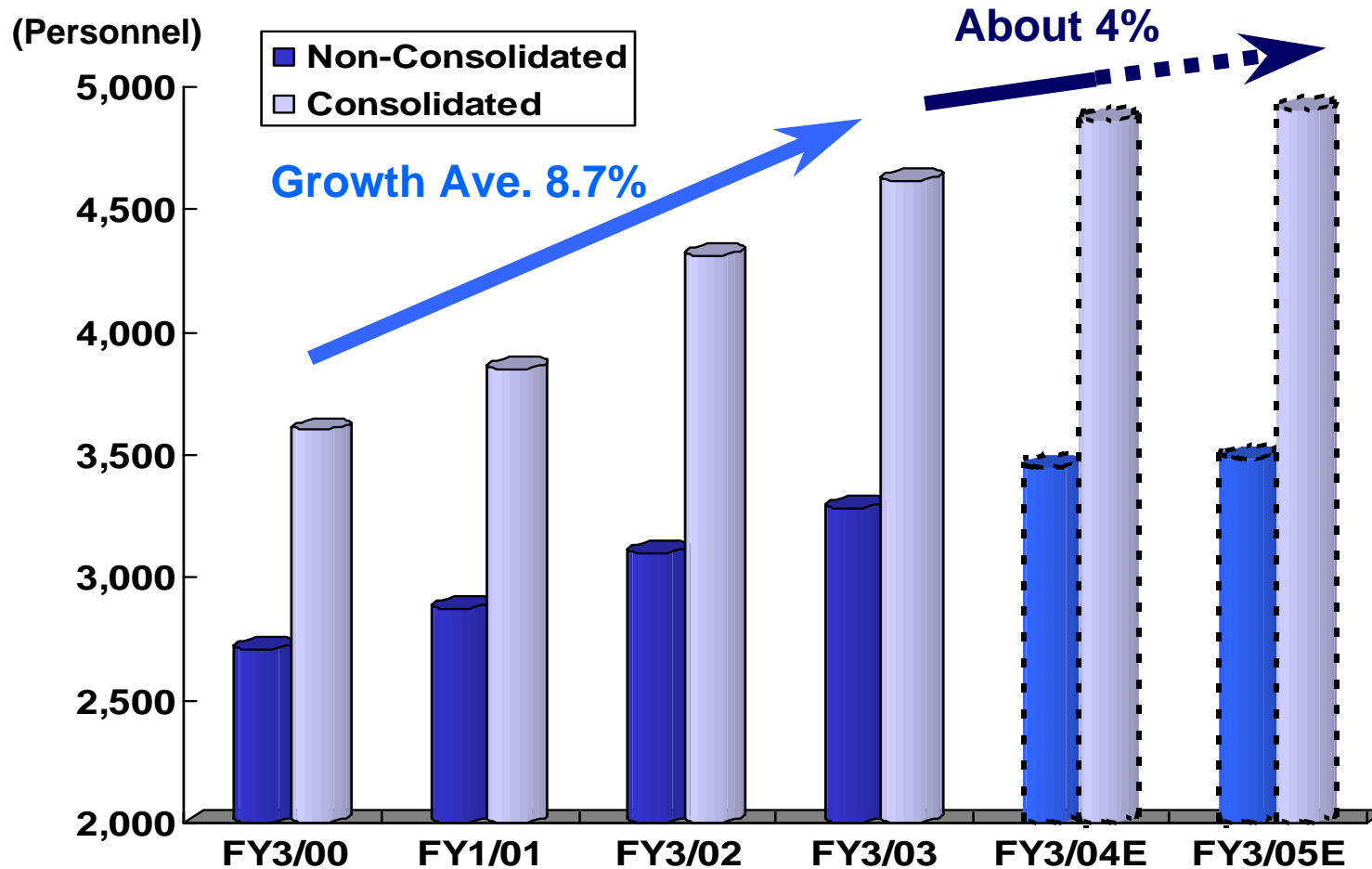


(1) Reduce Subcontracting Costs: Accelerate Use of China

➤ Increase number of subcontractors in China



(2) Curb growth in personnel costs: Control staff increase



Financial Results Forecast

for fiscal year ended March 2004

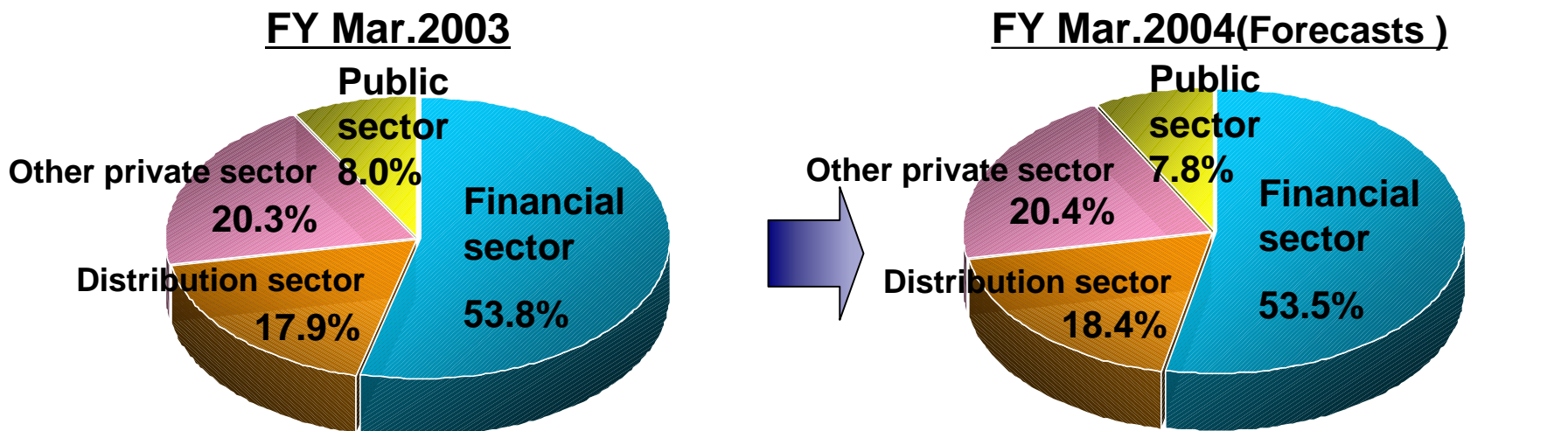
Forecast for FY Mar.2004 (Consolidated)

Financial Results Forecasts Highlights

(JPY billion)

	FY Mar.2003 (Results)	FY Mar.2004 (Current forecasts)	
			YoY change
Sales	232.7	245.0	5.3%
Operating Profit	27.2	28.0	3.1%
Net Income	15.5	16/0	3.5%
Operating Profit Margin	11.7%	11.4%	(0.2P)
EPS	JPY337.26	JPY349.27	3.6%

Sales forecasts by sector



(JPY billion)

	FY Mar.2003 (Results)		FY Mar.2004 (Forecasts)		
		share		share	YoY Change
Financial sector	125.3	53.8%	131.0	53.5%	4.6%
Distribution sector	41.7	17.9%	45.0	18.4%	7.9%
Other private sector	47.1	20.3%	50.0	20.4%	6.1%
Public sector	18.6	8.0%	19.0	7.8%	1.9%
Total	232.7	100.0%	245.0	100.0%	5.3%

Sales forecasts by Product Services

(JPY billion)

	FY Mar.2003 (Results)		FY Mar.2004 (Forecasts)		
		Share		Share	YoY Change
System Development & System Application Sales	83.0	35.7%	89.0	36.3%	7.1%
System Management & Operation	90.2	38.8%	93.0	38.0%	3.1%
Products	21.1	9.1%	21.0	8.6%	(0.9%)
System Solution Service	194.5	83.6%	203.0	82.9%	4.4%
Consulting&Knowledge Service	38.3	16.4%	42.0	17.1%	9.7%
Total	232.7	100.0%	245.0	100.0%	5.3%

Order Backlog(Outstanding)

(JPY million)

		At the end of Sep.2002	At the end of Sep.2003		
				Change	YoY Change
	System Development & System Application Sales	12,913	18,873	5,960	46.2%
	System Management & Operations	42,258	41,840	(417)	(1.0%)
	Product Sales		1,440	1,440	
System Solution Service		55,170	62,153	6,983	12.7%
Consulting&Knowledge Service		12,078	12,069	(8)	(0.1%)
Total		67,248	74,223	6,975	10.4%

Note:Revenue arising from consulting projects and system development projects is recognized based on percentage-of-completion method.

FY Mar.2004 Consolidated Earnings Model

Sales of JPY245.0 billion and operating profit of JPY28.0 billion

(JPY billion)

	1st Half FY Mar.2003	1st Half FY Mar. 2004		FY Mar. 2004	
			YoY		YoY
Sales	113.7	113.3	(0.4)	245.0 [245.0]	+12.3
Cost of goods sold	85.0	85.0	-	183.5 [183.0]	+10.0
Subcontracting costs <small>Note</small>	36.0	33.0	(3.0)	71.5 [71.5]	(3.0)
Personnel <small>Note</small>	21.0	21.0	-	43.0 [44.5]	+1.0
Depreciation <small>Note</small>	5.5	6.0	+0.5	19.0 [19.0]	+6.5
Other expenses <small>Note</small>	22.5	25.0	+2.5	50.0 [48.0]	+5.5
Gross profit on sales	28.7	28.3	(0.4)	61.5 [62.0]	+2.3
Gross profit margin	25.2%	25.0%	(0.2P)	25.1%[25.3]	(0.3P)
SG&A expenses	16.0	16.0	-	33.5 [34.0]	+1.5
Operating profit	13.1	12.1	(1.0)	28.0 [28.0]	+0.8
Operating profit margin	11.6%	10.7%	(0.9P)	11.4%[11.4]	(0.3P)

Note: Figures are consolidated estimates for preparing this earnings model. [] indicates previous earnings model on Apr. 28,2003.

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