



1st Half FY March 2006 Financial Results

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Nomura Research Institute, Ltd.

November 21, 2005

I. 1st Half FY March 2006 Financial Results(Consolidated)

(1) Highlights

(Unit: JPY million)

	1H FY Mar.2005	1H FY Mar.2006	YoY		FY Mar.2005
	Apr.2004-Sep.2004	Apr.2005-Sep.2005	Diff.	Change (%)	Apr.2004-Mar.2005
	Amount	Amount			Amount
Sales	115,167	132,502	17,335	15.1	252,963
Operating Profit	12,319	16,460	4,141	33.6	30,159
Net Income	6,882	10,370	3,488	50.7	16,303
Operating Profit Margin	10.7%	12.4%	1.7P		11.9%
Earnings per share	JPY152.94	JPY230.86	JPY77.92	51.0	JPY362.30
Dividends per share	JPY20.00	JPY50.00	JPY30.00	150.0	JPY100.00

[1st Quarter]

	1Q FY Mar.2005	1Q FY Mar.2006	YoY	
	Apr.2004-Jun.2004	Apr.2005-Jun.2005	Diff.	Change (%)
	Amount	Amount		
Sales	53,245	60,664	7,419	13.9
Operating Profit	5,338	6,267	928	17.4
Net Income	3,430	3,961	530	15.5
Operating Profit Margin	10.0%	10.3%	0.3P	

[2nd Quarter]

	2Q FY Mar.2005	2Q FY Mar.2006	YoY	
	Jul.2004-Sep.2004	Jul.2005-Sep.2005	Diff.	Change (%)
	Amount	Amount		
Sales	61,921	71,838	9,916	16.0
Operating Profit	6,980	10,192	3,212	46.0
Net Income	3,451	6,409	2,958	85.7
Operating Profit Margin	11.3%	14.2%	2.9P	

*Amounts of less than JPY million were rounded down.

I. 1st Half FY March 2006 Financial Results(Consolidated)

(2) Sales by Sector

(Unit: JPY million)

	1H FY Mar.2005 Apr.2004-Sep.2004		1H FY Mar.2006 Apr.2005-Sep.2005		YoY		FY Mar.2005 Apr.2004-Mar.2005	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Financial sector	62,941	54.7	79,286	59.8	16,344	26.0	149,864	59.2
Distribution sector	21,554	18.7	23,628	17.8	2,073	9.6	43,138	17.1
Other private sector	22,269	19.3	21,232	16.0	(1,037)	(4.7)	42,668	16.9
Public sector	8,401	7.3	8,356	6.3	(44)	(0.5)	17,291	6.8
Total	115,167	100.0	132,502	100.0	17,335	15.1	252,963	100.0
Nomura Securities Group	28,883	25.1	36,387	27.5	7,504	26.0	67,000	26.5
Seven & I Group	14,268	12.4	17,008	12.8	2,739	19.2	30,597	12.1

[1st Quarter]

	1Q FY Mar.2005 Apr.2004-Jun.2004		1Q FY Mar.2006 Apr.2005-Jun.2005		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	28,279	53.1	35,187	58.0	6,908	24.4
Distribution sector	10,627	20.0	11,195	18.5	567	5.3
Other private sector	10,478	19.7	10,653	17.6	175	1.7
Public sector	3,860	7.2	3,628	6.0	(231)	(6.0)
Total	53,245	100.0	60,664	100.0	7,419	13.9
Nomura Securities Group	13,088	24.6	14,630	24.1	1,541	11.8
Seven & I Group	6,891	12.9	8,344	13.8	1,452	21.1

[2nd Quarter]

	2Q FY Mar.2005 Jul.2004-Sep.2004		2Q FY Mar.2006 Jul.2005-Sep.2005		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Financial sector	34,662	56.0	44,098	61.4	9,436	27.2
Distribution sector	10,927	17.6	12,433	17.3	1,506	13.8
Other private sector	11,791	19.0	10,579	14.7	(1,212)	(10.3)
Public sector	4,540	7.3	4,727	6.6	186	4.1
Total	61,921	100.0	71,838	100.0	9,916	16.0
Nomura Securities Group	15,795	25.5	21,757	30.3	5,962	37.7
Seven & I Group	7,376	11.9	8,663	12.1	1,287	17.4

*Amounts of less than JPY million were rounded down.

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I. 1st Half FY March 2006 Financial Results(Consolidated)

(3) Sales and Operating Profit by segment System Solution Services

(Unit: JPY million)

	1H FY Mar.2005 Apr.2004-Sep.2004		1H FY Mar.2006 Apr.2005-Sep.2005		YoY		FY Mar.2005 Apr.2004 - Mar.2005	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
System Development & System Application Sales	37,330	32.4	49,419	37.3	12,088	32.4	89,386	35.3
System Management & Operations	48,266	41.9	51,175	38.6	2,909	6.0	97,559	38.6
Product Sales	10,413	9.0	10,620	8.0	206	2.0	26,284	10.4
Sales	96,011	83.4	111,215	83.9	15,204	15.8	213,230	84.3
Operating Profit	9,712		14,255		4,543	46.8	24,483	
Operating Profit Margin	10.1%		12.8%		2.7P		11.5%	

[1st Quarter]

	1Q FY Mar.2005 Apr.2004-Jun.2004		1Q FY Mar.2006 Apr.2005-Jun.2005		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application Sales	16,213	30.4	22,644	37.3	6,431	39.7
System Management & Operations	24,015	45.1	25,007	41.2	992	4.1
Product Sales	4,157	7.8	3,190	5.3	(967)	(23.3)
Sales	44,386	83.4	50,842	83.8	6,456	14.5
Operating Profit	4,504		5,665		1,160	25.8
Operating Profit Margin	10.1%		11.1%		1.0P	

[2nd Quarter]

	2Q FY Mar.2005 Jul.2004-Sep.2004		2Q FY Mar.2006 Jul.2005-Sep.2005		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
System Development & System Application Sales	21,117	34.1	26,774	37.3	5,657	26.8
System Management & Operations	24,251	39.2	26,168	36.4	1,916	7.9
Product Sales	6,255	10.1	7,429	10.3	1,174	18.8
Sales	51,624	83.4	60,372	84.0	8,748	16.9
Operating Profit	5,207		8,590		3,382	65.0
Operating Profit Margin	10.1%		14.2%		4.1P	

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I. 1st Half FY March 2006 Financial Results(Consolidated)

Consulting & Knowledge Services

(Unit: JPY million)

	1H FY Mar.2005 Apr.2004-Sep.2004		1H FY Mar.2006 Apr.2005-Sep.2005		YoY		FY Mar.2005 Apr.2004 - Mar.2005	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
Sales	19,156	16.6	21,287	16.1	2,131	11.1	39,733	15.7
Operating Profit	2,606		2,197		(409)	(15.7)	5,692	
Operating Profit Margin	13.6%		10.3%		(3.3P)		14.3%	

[1st Quarter]

	1Q FY Mar.2005 Apr.2004-Jun.2004		1Q FY Mar.2006 Apr.2005-Jun.2005		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	8,858	16.6	9,821	16.2	962	10.9
Operating Profit	835		601		(233)	(28.0)
Operating Profit Margin	9.4%		6.1%		(3.3P)	

[2nd Quarter]

	2Q FY Mar.2005 Jul.2004-Sep.2004		2Q FY Mar.2006 Jul.2005-Sep.2005		YoY	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)
Sales	10,297	16.6	11,465	16.0	1,168	11.3
Operating Profit	1,771		1,596		(175)	(9.9)
Operating Profit Margin	17.2%		13.9%		(3.3P)	

*Amounts of less than JPY million were rounded down.

I. 1st Half FY March 2006 Financial Results(Consolidated)

(4) Order Volume and Order Backlog

Order Volume

(Unit: JPY million)

	1H FY Mar.2005 Apr.2004-Sep.2004	1H FY Mar.2006 Apr.2005-Sep.2005	YoY	
	Amount	Amount	Diff.	Change (%)
System Development & System Application Sales	44,973	55,263	10,290	22.9
System Management & Operations	10,977	9,123	(1,853)	(16.9)
Product Sales	10,413	11,673	1,259	12.1
System Solution Services	66,364	76,060	9,696	14.6
Consulting & Knowledge Services	14,508	17,154	2,645	18.2
Total	80,872	93,214	12,342	15.3

Order Backlog

(Unit: JPY million)

	At end of 1H FY Mar.2005	At end of 1H FY Mar.2006	YoY	
	Amount	Amount	Diff.	Change (%)
System Development & System Application Sales	21,106	19,780	(1,326)	(6.3)
System Management & Operations	42,104	45,923	3,818	9.1
Product Sales	-	1,052	1,052	-
System Solution Services	63,211	66,756	3,544	5.6
Consulting & Knowledge Services	11,043	11,859	816	7.4
Total	74,254	78,615	4,361	5.9

*Amounts of less than JPY million were rounded down.

I. 1st Half FY March 2006 Financial Results(Consolidated)

(5) Subcontracting Costs

Subcontracting Costs by segment & Percentage in actual production (Unit: JPY million)

	1H FY Mar.2005 Apr.2004-Sep.2004		1H FY Mar.2006 Apr.2005-Sep.2005		YoY		FY Mar.2005 Apr.2004-Mar.2005	
	Amount	Share (%)	Amount	Share (%)	Diff.	Change (%)	Amount	Share (%)
System Development & System Application Sales	17,210	58.3	24,104	61.3	6,893	40.1	39,804	60.2
System Management & Operations	12,218	32.9	11,796	32.4	(421)	(3.5)	24,245	32.9
System Solution Services	29,429	44.2	35,900	47.4	6,471	22.0	64,049	45.8
Consulting & Knowledge Services	4,313	36.3	5,133	37.1	820	19.0	9,123	36.8
Total	33,742	43.0	41,034	45.8	7,291	21.6	73,173	44.5
(Subcontracting Costs to China)	2,509	7.4	4,775	11.6	2,266	90.3	6,459	8.8

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

[1st Quarter]

(Unit: JPY million)

	1Q FY Mar.2005 Apr.2004-Jun.2004		1Q FY Mar.2006 Apr.2005-Jun.2005		YoY	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
System Development & System Application Sales	7,166	55.5	11,099	59.0	3,932	54.9
System Management & Operations	6,128	32.9	5,454	30.6	(674)	(11.0)
System Solution Services	13,294	42.2	16,553	45.2	3,258	24.5
Consulting & Knowledge Services	2,011	35.4	2,423	37.6	411	20.4
Total	15,306	41.1	18,976	44.0	3,669	24.0
(Subcontracting Costs to China)	1,080	7.1	2,062	10.9	982	90.9

[2nd Quarter]

(Unit: JPY million)

	2Q FY Mar.2005 Jul.2004-Sep.2004		2Q FY Mar.2006 Jul.2005-Sep.2005		YoY	
	Amount	Share(%)	Amount	Share(%)	Diff.	Change(%)
System Development & System Application Sales	10,044	60.5	13,005	63.4	2,960	29.5
System Management & Operations	6,090	32.9	6,342	34.2	252	4.1
System Solution Services	16,134	45.9	19,347	49.5	3,212	19.9
Consulting & Knowledge Services	2,301	37.2	2,710	36.6	409	17.8
Total	18,435	44.6	22,057	47.5	3,621	19.6
(Subcontracting Costs to China)	1,428	7.8	2,712	12.3	1,283	89.8

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I. 1st Half FY March 2006 Financial Results(Consolidated)

(6) Cash Flow

(Unit: JPY million)

	1H FY	1H FY	YoY		FY
	Mar.2005 (Apr.2004 -Sep.2004)	Mar.2006 (Apr.2005 -Sep.2005)	Diff.	Change (%)	Mar.2005 Apr.2004 -Mar.2005
	Amount	Amount			Amount
Income before income taxes	11,362	17,085	5,723	50.4	27,361
Gain/Loss from non-operating activities	(537)	(870)	(332)	61.8	(713)
Extraordinary gain/loss	583	298	(284)	(48.8)	2,645
Depreciation and amortization	7,049	7,714	664	9.4	18,402
Accounts receivable and other receivables, net of advance payments received	59	(1,535)	(1,594)	-	(5,243)
Allowance	129	108	(20)	(16.0)	855
Other	(1,548)	(482)	1,066	(68.8)	404
Subtotal	17,096	22,318	5,221	30.5	43,711
Interest and dividends received	518	881	362	69.9	526
Income taxes paid	(12,733)	(11,726)	1,006	(7.9)	(16,668)
Operating Activities	4,882	11,473	6,590	135.0	27,569
Acquisition of property and equipment	(3,629)	(3,414)	215	(5.9)	(8,051)
Increase in software and other intangibles	(5,234)	(4,366)	867	(16.6)	(9,327)
Subtotal: Capital expenditure	(8,863)	(7,781)	1,082	(12.2)	(17,379)
Increase in time deposits	(6,231)	(6,533)	(301)	4.8	(6,148)
Increase by time deposit expiration	-	6,293	6,293	-	-
Increase in investment securities	(31,803)	(20,321)	11,482	(36.1)	(65,872)
Proceeds from sales and redemption of investment securities	405	11,695	11,290	-	6,130
Other	154	125	(28)	(18.8)	1,287
Investing Activities	(46,339)	(16,521)	29,817	(64.3)	(81,981)
Free Cash Flow	(41,457)	(5,048)	36,408	(87.8)	(54,411)
(Free Cash Flow except Cash management purpose investment)	(3,545)	3,605	7,150	-	15,178
Repayment of long-term debt	(104)	(120)	(16)	15.4	(1,230)
Purchase of treasury stock	(2)	(968)	(965)	-	(2)
Cash dividends paid	(1,796)	(3,595)	(1,799)	100.2	(2,695)
Financing Activities	(1,903)	(4,684)	(2,780)	146.1	(3,928)
Effect of exchange rate changes on Cash and cash equivalents	330	90	(239)	(72.5)	205
Net increase in Cash and cash equivalents	(43,029)	(9,641)	33,387	(77.6)	(58,134)
Cash and cash equivalents at beginning of year	96,812	38,677	(58,134)	(60.0)	96,812
Cash and cash equivalents at end of year	53,782	29,035	(24,747)	(46.0)	38,677
Cash and cash equivalents +Cash Management purpose investment	91,712	107,266	15,554	17.0	108,151

Note: Cash management purpose investment are the investments to 3 months over time deposits and government bonds etc..

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Cash management purpose investment (included in investing activities) are as follows.

Increase in time deposits	(6,231)	(6,533)	(301)	4.8	(6,148)
Increase by time deposit expiration	-	6,293	6,293	-	-
Increase in investment securities	(31,680)	(19,870)	11,810	(37.3)	(63,441)
Proceeds from sales and redemption of investment securities	-	11,456	11,456	-	-
(Total)Cash management purpose investment	(37,911)	(8,653)	29,258	(77.2)	(69,589)

*Amounts of less than JPY million were rounded down.

I. 1st Half FY March 2006 Financial Results(Consolidated)

(7) Capital Expenditure

(Unit: JPY million)

	1H FY Mar.2005 Apr.2004-Sep.2004	1H FY Mar.2006 Apr.2005-Sep.2005	YoY		FY Mar.2005 Apr.2004 - Mar.2005
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	4,723	3,486	(1,237)	(26.2)	8,038
Intangible	5,245	4,350	(895)	(17.1)	9,312
Total	9,969	7,836	(2,132)	(21.4)	17,351

(8) Depreciation & Amortization

(Unit: JPY million)

	1H FY Mar.2005 Apr.2004-Sep.2004	1H FY Mar.2006 Apr.2005-Sep.2005	YoY		FY Mar.2005 Apr.2004 - Mar.2005
	Amount	Amount	Diff.	Change (%)	Amount
Tangible	2,564	2,864	299	11.7	5,743
Intangible	4,484	4,849	365	8.1	12,658
Total	7,049	7,714	664	9.4	18,402

(9) R&D Expenditure

(Unit: JPY million)

	1H FY Mar.2005 Apr.2004-Sep.2004	1H FY Mar.2006 Apr.2005-Sep.2005	YoY		FY Mar.2005 Apr.2004 - Mar.2005
	Amount	Amount	Diff.	Change (%)	Amount
System Solution Services	396	581	185	46.7	1,140
Consulting & Knowledge Services	196	496	300	153.3	506
Total	592	1,078	485	82.0	1,646

*Amounts of less than JPY million were rounded down.

II. FY March 2006 Financial Results Forecasts(Consolidated)

(1) Highlights

(Unit: JPY billion)

	FY Mar.2005		FY Mar.2006		YoY	
	Apr.2004-Mar.2005 (Results)		Apr.2005-Mar.2006 (Forecasts)		Diff.	Change (%)
	Amount		Amount			
Sales	252.9		270.0		17.0	6.7
Operating Profit	30.1		34.0		3.8	12.7
Net Income	16.3		21.0		4.6	28.8
Operating Profit Margin	11.9%		12.6%		0.7P	
Earnings per share	JPY362.30		JPY467.65		JPY105.35	29.1
1 st Half	JPY20.00		JPY50.00		JPY30.00	150.0
Year-End	JPY80.00		JPY80.00		-	-
Dividends per share	JPY100.00		JPY130.00		JPY30.00	JPY30.00
Dividend payout ratio	27.6%		27.8%		0.2P	

(2) Sales by Sector

(Unit: JPY billion)

	FY Mar.2005		FY Mar.2006		YoY	
	Apr.2004-Mar.2005(Results)		Apr.2005-Mar.2006(Forecasts)		Diff.	Change(%)
	Amount	Share(%)	Amount	Share(%)		
Financial sector	149.8	59.2	166.0	61.5	16.1	10.8
Distribution sector	43.1	17.1	47.0	17.4	3.8	9.0
Other private sector	42.6	16.9	39.0	14.4	(3.6)	(8.6)
Public sector	17.2	6.8	18.0	6.7	0.7	4.1
Total	252.9	100.0	270.0	100.0	17.0	6.7

(3) Sales by segment

(Unit: JPY billion)

	FY Mar.2005		FY Mar.2006		YoY	
	Apr.2004-Mar.2005(Results)		Apr.2005-Mar.2006(Forecasts)		Diff.	Change(%)
	Amount	Share(%)	Amount	Share(%)		
System Development & System Application Sales	89.3	35.3	105.0	38.9	15.6	17.5
System Management & Operations	97.5	38.6	103.0	38.1	5.4	5.6
Product Sales	26.2	10.4	20.0	7.4	(6.2)	(23.9)
System Solution Services	213.2	84.3	228.0	84.4	14.7	6.9
Consulting & Knowledge Services	39.7	15.7	42.0	15.6	2.2	5.7
Total	252.9	100.0	270.0	100.0	17.0	6.7

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II. FY March 2006 Financial Results Forecasts(Consolidated)

(4) Capital Expenditure

(Unit: JPY billion)

	FY Mar.2005	FY Mar.2006	YoY	
	Apr.2004-Mar.2005 (Results)	Apr.2005-Mar.2006 (Forecasts)	Diff.	Change (%)
	Amount	Share (%)		
Tangible	8.0	9.0	0.9	12.0
Intangible	9.3	9.5	0.1	2.0
Total	17.3	18.5	1.1	6.6

(5) Depreciation & Amortization

(Unit: JPY billion)

	FY Mar.2005	FY Mar.2006	YoY	
	Apr.2004-Mar.2005 (Results)	Apr.2005-Mar.2006 (Forecasts)	Diff.	Change (%)
	Amount	Share (%)		
Total	18.4	16.0	(2.4)	(13.1)

(6) R&D Expenditure

(Unit: JPY billion)

	FY Mar.2005	FY Mar.2006	YoY	
	Apr.2004-Mar.2005 (Results)	Apr.2005-Mar.2006 (Forecasts)	Diff.	Change (%)
	Amount	Share (%)		
Total	1.6	2.3	0.6	39.6

* Nomura Research Institute, Ltd. revised the financial results forecast for the fiscal year ended March 31, 2006 on October 14, 2005.