

Financial Results

1st Quarter FY March 2006

Nomura Research Institute, Ltd.

July 28, 2005

Highlights of Consolidated Results

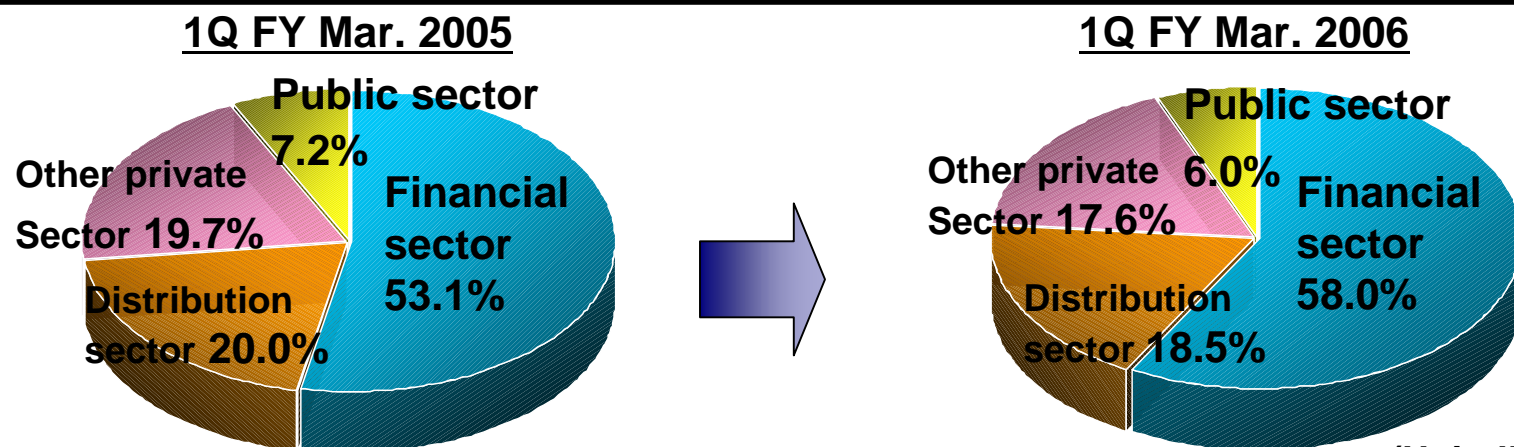
(Unit:JPY million)

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

* Amount of less than JPY million were rounded down.

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Sales by sector



(Unit:JPY million)

	1Q FY Mar.2005		1Q FY Mar.2006			
	(Apr.-Jun.)	Share	(Apr.-Jun.)	Share	Diff.	YoY 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%
Ito-Yokado Group	6,891	12.9%	8,344	13.8%	+1,452	+21.1%

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Sales by segment

(Unit:JPY million)

	1Q FY Mar.2005		1Q FY Mar.2006			
	(Apr.-Jun.)	Share	(Apr.-Jun.)	Share	Diff.	YoY 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%)
System Solution Services	44,386	83.4%	50,842	83.8%	+6,456	+14.5%
Consulting&Knowledge Services	8,858	16.6%	9,821	16.2%	+962	+10.9%
Total	53,245	100.0%	60,664	100.0%	+7,419	+13.9%

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P/L Highlight

(Unit:JPY million)

	1Q FY Mar.2005 (Apr.-Jun.)	1Q FY Mar.2006 (Apr.-Jun.)	Diff.	YoY Change
Sales	53,245	60,664	+7,419	+13.9%
Cost of sales	39,924	45,565	+5,640	+14.1%
Subcontracting cost	15,306	18,976	+3,669	+24.0%
Gross Profit	13,320	15,099	+1,778	+13.4%
Gross Profit Margin	25.0%	24.9%	(0.1P)	
SG&A	7,981	8,831	+849	+10.6%
Operating Profit	5,338	6,267	+928	+17.4%
Operating profit margin	10.0%	10.3%	+0.3P	

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P/L Highlight continued

(Unit:JPY million)

	1Q FY Mar.2005 (Apr.-Jun.)	1Q FY Mar.2006 (Apr.-Jun.)	Diff.	YoY Change
Operating Profit	5,338	6,267	+928	+17.4%
Non-operating gain and loss	429	536	+107	+25.0%
Other Income	10	9	(0)	
Other Expenses	82	253	+170	
Loss on investment securities	11	204	+192	
Income taxes etc.	2,265	2,599	+333	
Net Income	3,430	3,961	+530	+15.5%

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Cash Flow

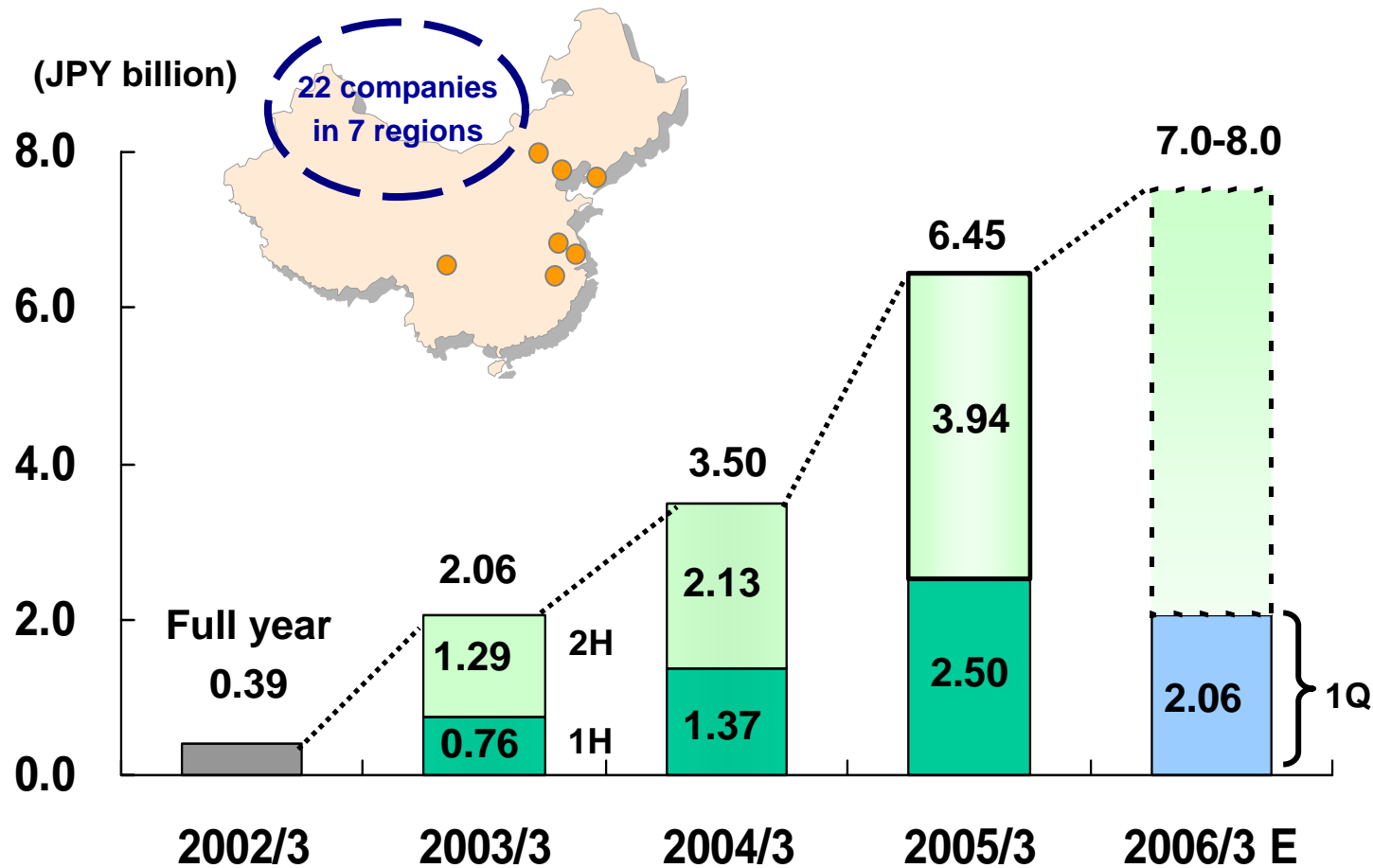
(Unit:JPY million)

	1Q FY Mar.2005 (Apr.-Jun.)	1Q FY Mar.2006	
		(Apr.-Jun.)	Diff.
Operating activities	(2,136)	3,575	+5,711
Investing activities	(3,946)	(8,826)	(4,880)
(A)Cash management purpose Investment	-	(5,839)	(5,839)
Free Cash Flow	(6,082)	(5,250)	+831
Free Cash Flow except(A)	(6,082)	588	+6,671

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➤ Progress of subcontractors in China



Order Backlog(Outstanding)

(JPY million)

		At end of Jun.2004	At end of Jun.2005		
				Diff.	YoY Change
	System Development & System Application Sales	17,360	22,175	+4,814	+27.7%
	System Management & Operations	62,729	67,881	+5,151	+8.2%
System Solution Services		80,090	90,056	+9,966	+12.4%
Consulting & Knowledge Services		14,355	15,483	+1,128	+7.9%
Total		94,445	105,540	+11,094	+11.7%

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Percentage of Progress

(Unit:JPY million)

	1Q FY Mar. 2006 (Apr.-Jun.)		FY Mar. 2006 (Forecasts)		
		% of Progress(1H)	% of Progress(FY)	1H	FY
Sales	60,664	50.6%	23.3%	120,000	260,000
Operating Profit	6,267	46.4%	19.6%	13,500	32,000
Net Income	3,961	49.5%	20.3%	8,000	19,500
Operating Profit Margin	10.3%			11.3%	12.3%

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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

Japan Post

投資信託窓口販売
システム構築など
NRI、郵政
公社から受注

野村総合研究所（NRI）は25日、日本郵政公社（生田正治総裁）から「投資信託窓口販売システムの構築、保守及び運用支援」案件を受注したと発表した。5年契約で受注額は17億8000万円。システム構築期間は約半年間で、秋にサービス開始の体制を整える。

NRIの投資信託パッケージソフト「ベストウェイ」をベースにシステムを構築。郵便局で投資信託の窓口販売に必要な窓口業務や後方業務などの一連の事務をカバーする。ベストウェイは地方銀行などで導入され、投資信託販売を行っている銀行の「6-7割で導入されている」（広報部）。

*Nikkan Kogyo
Shimbun*
April 26, 2005

Japan Post

- Order to construct a computer system to launch sales of investment trusts
- Prepared framework for rolling out services in fall 2005
- NRI has been providing banks with its BESTWAY package software for marketing investment trusts, and it has acquired a large share of this market

Banking

General bonds transfer system

- Development of multi user system based on I-STAR -

- **Providing service enabling the integrated management of all processes involved in transferring general bonds ahead of the implementation of a general bond reconciliation and transfer system in 2006**
- **Providing multi user system based on I-STAR; anticipate use by securities companies, banks, and other businesses**

Nikkei Financial Daily

May 24, 2005

Insurance

Aioi Insurance

- Measures to prevent information leaks -
- Aioi Insurance has installed NRI SecureTechnologies' SecureCube on its office PCs to enhance security
- Plans also call for using biometric authentication for PCs, linking mission-critical systems that use NRI's Object Works, and controlling who is authorized to use mission-critical systems

Hoken Mainichi Shimbun
 July 1, 2005

