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## **Financial Results**

for the fiscal year ended 31<sup>st</sup> March, 2006

and Financial Results Forecast for the fiscal year ended 31<sup>st</sup> March, 2007

April 27, 2006

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Akihisa Fujinuma,  
President, CEO&COO

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1. Financial Results for the year ended 31<sup>st</sup> March, 2006

2. Financial Results Forecast for fiscal year ended 31<sup>st</sup> March, 2007

3. Priority Measures of fiscal year ended 31<sup>st</sup> March, 2007

# Highlights of Consolidated Results

## ■ Year on Year

(Unit: JPY million)

	FY Mar.2005	FY Mar.2006	Difference	YoY Change
Sales	252,963	285,585	+32,622	+12.9%
Operating Profit	30,159	36,469	+6,309	+20.9%
Operating Profit Margin	11.9%	12.8%	+0.8P	
Net Income	16,303	22,518	+6,214	+38.1%
Earnings per share	JPY362.30	JPY519.72	+JPY157.42	+43.5%
Dividends per share	JPY100	JPY140	+JPY40	

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

# Highlights of Consolidated Results

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## ■ Comparison to forecasts

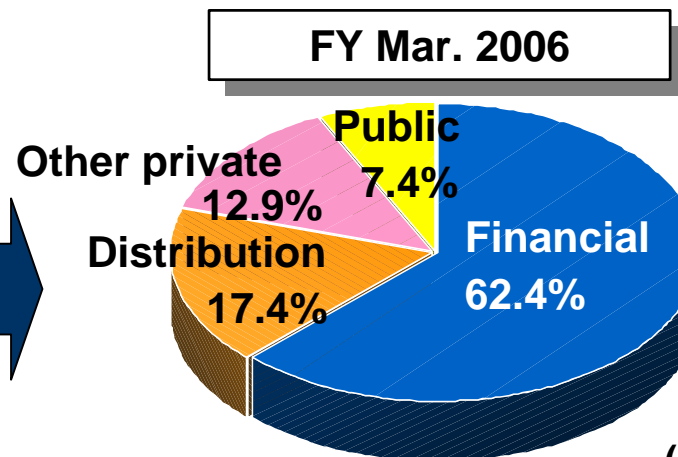
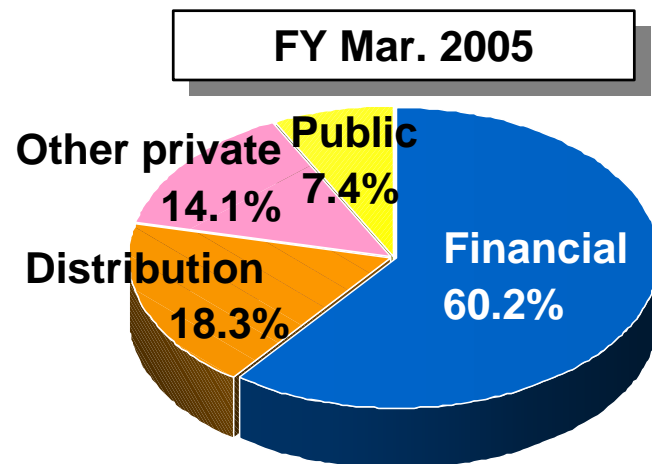
(Unit:JPY million)

	<b>FY Mar.2006 (Forecasts)</b>	<b>FY Mar.2006 (Results)</b>	<b>Difference</b>
<b>Sales</b>	<b>270,000</b>	<b>285,585</b>	<b>+15,585</b>
<b>Operating Profit</b>	<b>34,000</b>	<b>36,469</b>	<b>+2,469</b>
<b>Net Income</b>	<b>21,000</b>	<b>22,518</b>	<b>+1,518</b>

Note: Forecasts were announced on October 14, 2005

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

# Sales by sector



(Unit:JPY million)

	FY Mar.2005	Share	FY Mar.2006	Share	Diff.	YoY Change
Financial sector	152,326	60.2%	178,168	62.4%	+25,842	+17.0%
Distribution sector	46,209	18.3%	49,681	17.4%	+3,471	+7.5%
Other private sector	35,712	14.1%	36,720	12.9%	+1,008	+2.8%
Public sector	18,714	7.4%	21,014	7.4%	+2,299	+12.3%
<b>Total</b>	<b>252,963</b>	<b>100.0%</b>	<b>285,585</b>	<b>100.0%</b>	<b>+32,622</b>	<b>+12.9%</b>
<b>Nomura Holdings</b>	<b>67,102</b>	<b>26.5%</b>	<b>88,725</b>	<b>31.1%</b>	<b>+21,622</b>	<b>+32.2%</b>
<b>SEVEN &amp; i HOLDINGS</b>	<b>31,808</b>	<b>12.6%</b>	<b>34,907</b>	<b>12.2%</b>	<b>+3,099</b>	<b>+9.7%</b>

\* Figures of Nomura Holdings and SEVEN & I Holdings, in principle, include sales to subsidiaries.

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

# Sales by segment

(Unit:JPY million)

	FY Mar.2005	Share	FY Mar.2006	Share	Diff.	YoY Change
System Development & System Application Sales	89,386	35.3%	104,395	36.6%	+15,009	+16.8%
System Management & Operations	97,559	38.6%	106,212	37.2%	+8,653	+8.9%
Product Sales	26,284	10.4%	30,392	10.6%	+4,107	+15.6%
System Solution Services	213,230	84.3%	241,000	84.4%	+27,770	+13.0%
Consulting & Knowledge Services	39,733	15.7%	44,584	15.6%	+4,851	+12.2%
Total	252,963	100.0%	285,585	100.0%	+32,622	+12.9%

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

# P/L Highlight

(Unit: JPY million)

	FY Mar. 2005	FY Mar. 2006	Diff.	YoY Change
Sales	252,963	285,585	+32,622	+12.9%
Cost of Sales	190,732	213,706	+22,974	+12.0%
Subcontracting cost	73,173	87,335	+14,162	+19.4%
Gross Profit	62,230	71,878	+9,647	+15.5%
Gross Profit Margin	24.6%	25.2%	+0.6P	
SG&A	32,071	35,409	+3,337	+10.4%
Operating Profit	30,159	36,469	+6,309	+20.9%
Operating profit margin	11.9%	12.8%	+0.8P	
Non-operating gain and loss	828	1,783	+955	
Equity in earnings of affiliates	226	562	+336	

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

# P/L Highlight continued

(Unit:JPY million)

	FY Mar. 2005	FY Mar. 2006	Diff.	YoY Change
Other Income	5,965	724	(5,241)	
Gain on investment securities	5,524	724	(4,800)	
Other Expenses	9,592	1,441	(8,150)	
Loss on devaluation of software	6,526	-	(6,526)	
Head office relocation cost	981	-	(981)	
Loss on investment securities	1,555	1,198	(357)	
Income taxes etc.	11,058	15,017	+3,959	
Net Income	16,303	22,518	+6,214	+38.1%

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



# Cash Flow

(Unit:JPY million)

	FY Mar.2005	FY Mar.2006	Diff.
Cash and cash equivalents at beginning of year	96,812	38,677	(58,134)
Operating activities	27,569	48,875	+21,305
Investing activities	(81,981)	17,853	+99,835
(Cash management purpose Investment)	(69,589)	44,056	+113,646
Free Cash Flow	(54,411)	66,729	121,141
Financing Activities	(3,928)	(54,828)	(50,899)
(Purchase of treasury stock)	(2)	(48,147)	(48,144)
Effect of exchange rate changes	205	174	(31)
Cash and cash equivalents at end of year	38,677	50,752	+12,075

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

# Order Backlog(Outstanding)

(Unit: JPY million)

	At end of FY Mar.2005	At end of FY Mar.2006	Diff.	YoY changes
System Development & System Application Sales	13,976	20,695	+6,718	+48.1%
System Management & Operations	87,918	92,633	+4,714	+5.4%
Product Sales	-	1,021	+1,021	-
<b>System Solution Services</b>	<b>101,895</b>	<b>114,350</b>	<b>+12,455</b>	<b>+12.2%</b>
<b>Consulting&amp;Knowledge Services</b>	<b>16,027</b>	<b>17,679</b>	<b>+1,652</b>	<b>+10.3%</b>
<b>Total</b>	<b>117,923</b>	<b>132,030</b>	<b>+14,107</b>	<b>+12.0%</b>

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

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1. Financial Results for the year ended 31<sup>st</sup> March, 2006

2. Financial Results Forecast for fiscal year ended 31<sup>st</sup> March, 2007

3. Priority Measures of fiscal year ended 31<sup>st</sup> March, 2007

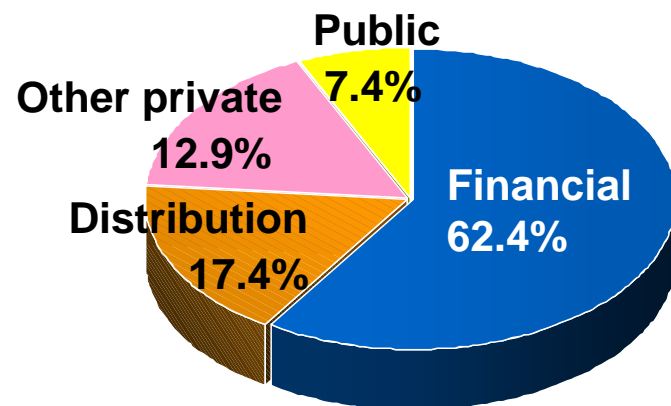
# Forecast for FY Mar.2007 (Consolidated)

(Unit:JPY billion)

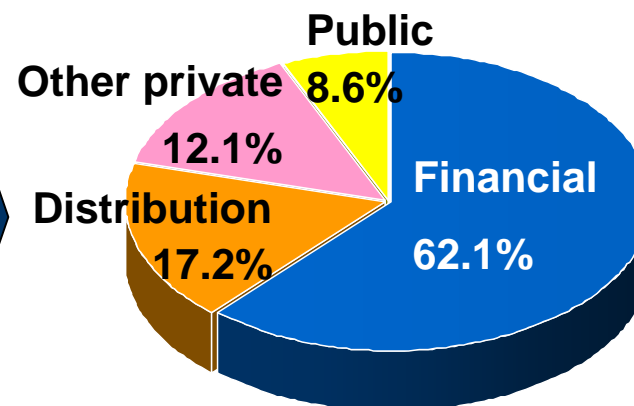
	FY Mar.2006 (Results)	FY Mar. 2007 (Forecasts)	Difference	YoY Change
Sales	285.5	290.0	+4.4	+1.5%
Operating Profit	36.4	37.0	+0.5	+1.5%
Operating Profit Margin	12.8%	12.8%	0.0P	
Net Income	22.5	23.0	+0.4	+2.1%
Earnings per share	JPY519.72	JPY566.23	+JPY46.51	+8.9%
Dividends per share	JPY140	JPY170	+JPY30	
Dividend payout ratio	26.2%	30.0%		

# Sales forecasts by sector

**FY Mar. 2006(Results)**



**FY Mar. 2007(Forecasts)**



(Unit:JPY billion)

	FY Mar.2006 (Results)	Share	FY Mar.2007 (Forecasts)	Share	Diff.	YoY Change
Financial sector	178.1	62.4%	180.0	62.1%	+1.8	+1.0%
Distribution sector	49.6	17.4%	50.0	17.2%	+0.3	+0.6%
Other private sector	36.7	12.9%	35.0	12.1%	(1.7)	(4.7%)
Public sector	21.0	7.4%	25.0	8.6%	+3.9	+19.0%
Total	285.5	100.0%	290.0	100.0%	+4.4	+1.5%

# Sales forecasts by segment

(Unit:JPY billion)

	FY Mar.2006 (Results)	Share	FY Mar.2007 (Forecasts)	Share	Diff.	YoY Change
System Development & System Application Sales	104.3	36.6%	115.0	39.7%	+10.6	+10.2%
System Management & Operations	106.2	37.2%	110.0	37.9%	+3.7	+3.6%
Product Sales	30.3	10.6%	20.0	6.9%	(10.3)	(34.2%)
System Solution Services	241.0	84.4%	245.0	84.5%	+3.9	+1.7%
Consulting & Knowledge Services	44.5	15.6%	45.0	15.5%	+0.4	+0.9%
Total	285.5	100.0%	290.0	100.0%	+4.4	+1.5%

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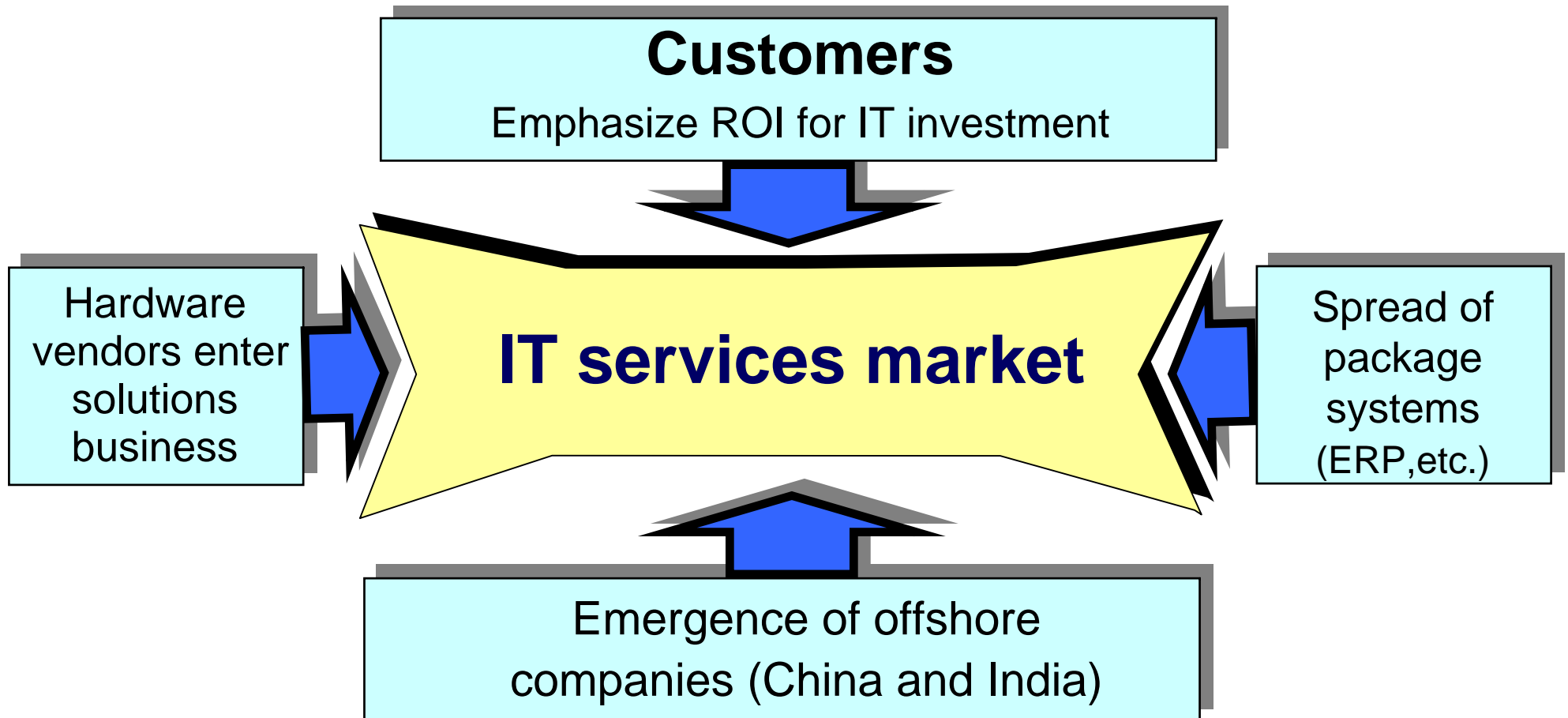
1. Financial Results for the year ended 31<sup>st</sup> March, 2006

2. Financial Results Forecast for fiscal year ended 31<sup>st</sup> March, 2007

3. Priority Measures of fiscal year ended 31<sup>st</sup> March, 2007

# Outlook on IT Services Market - Four threats

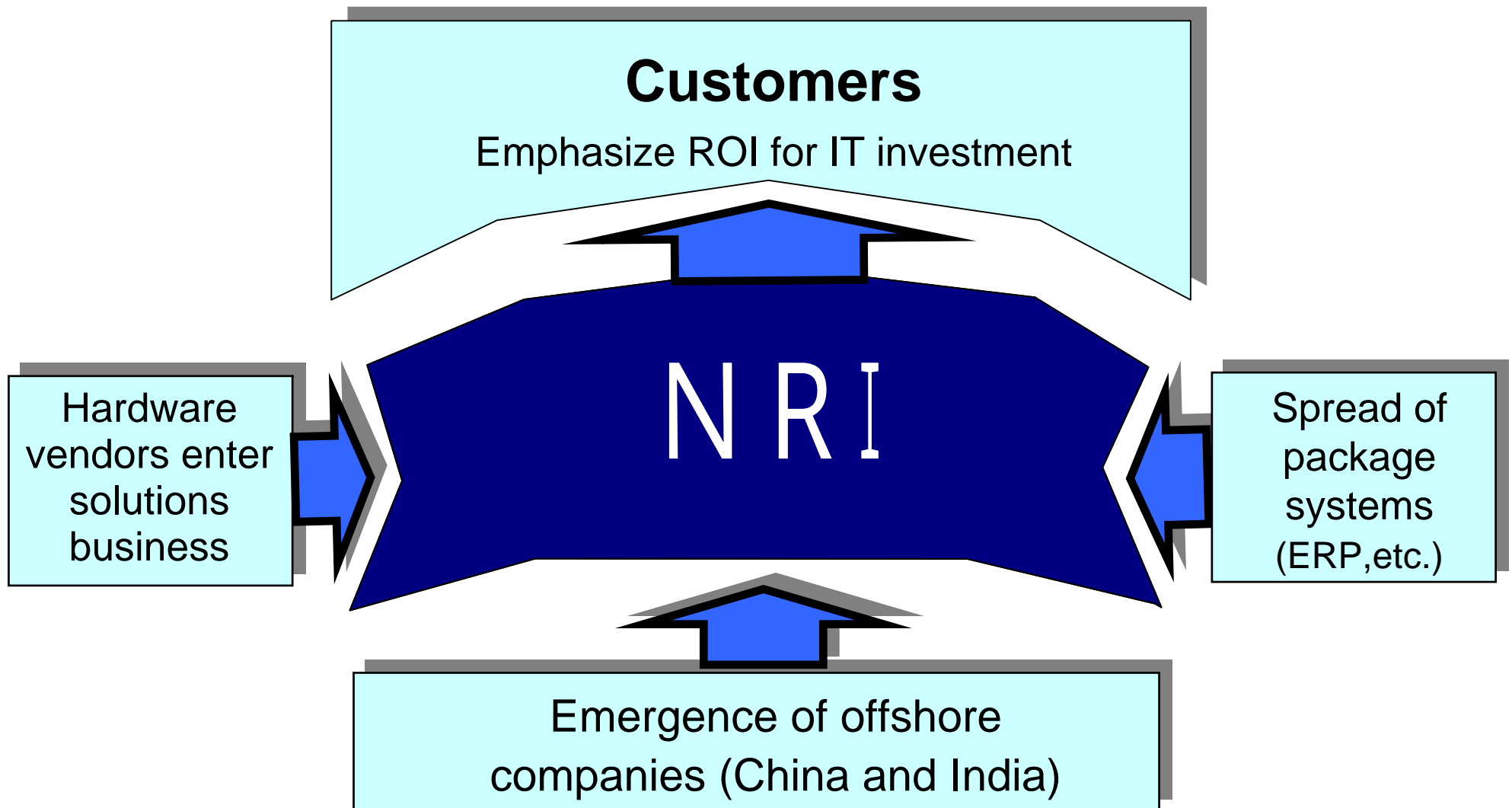
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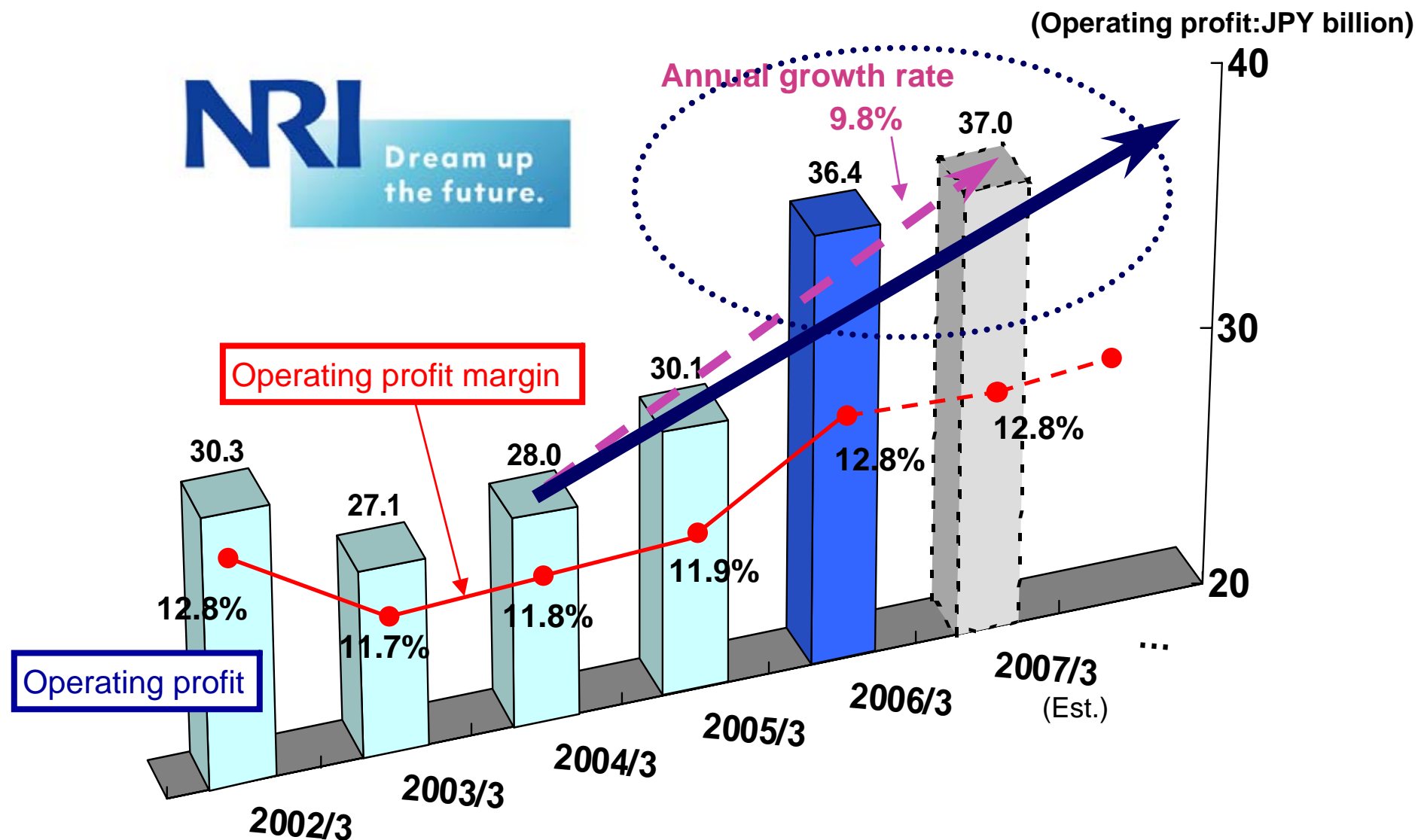


# Target of NRI - Spread to customers

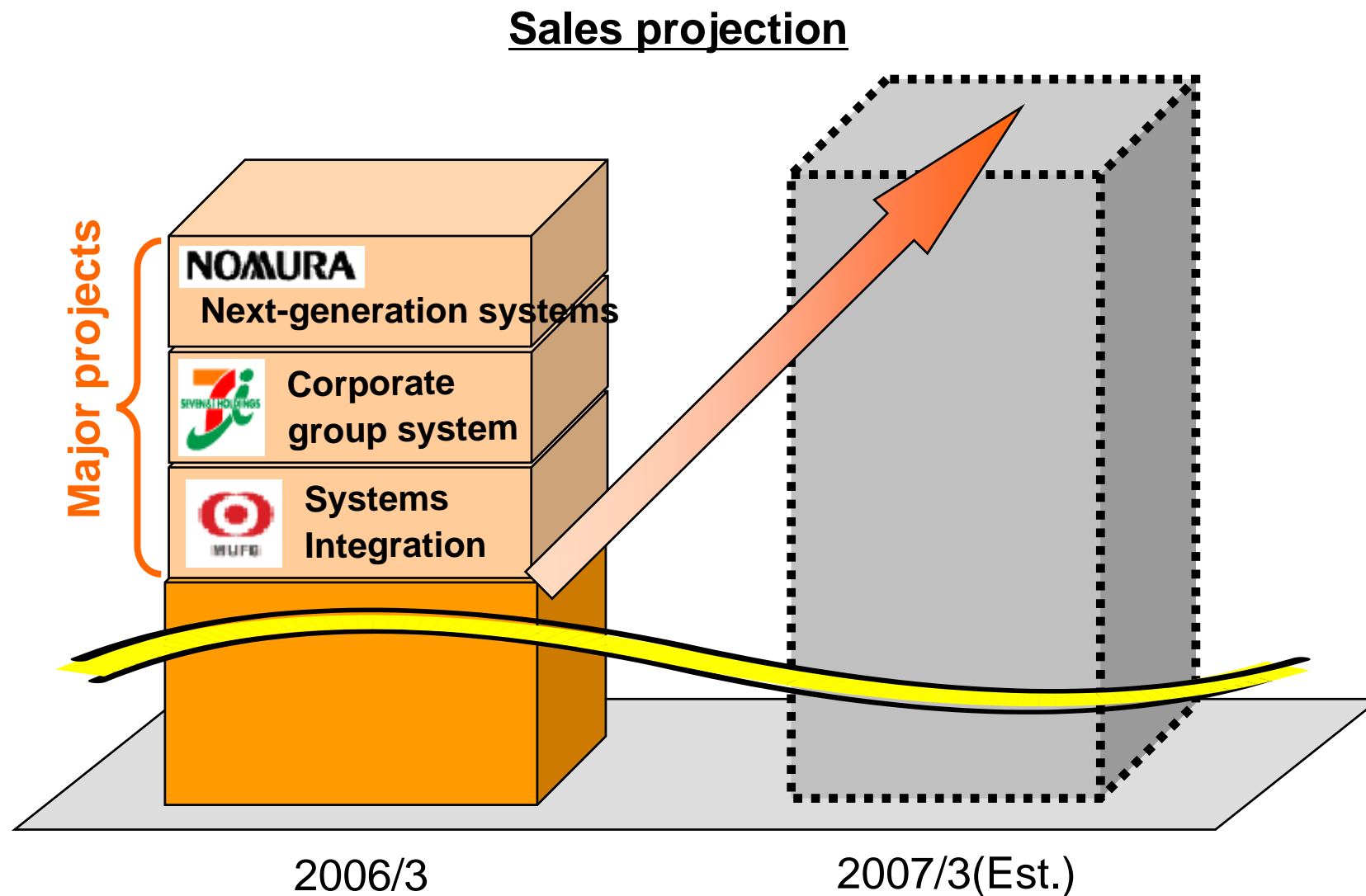
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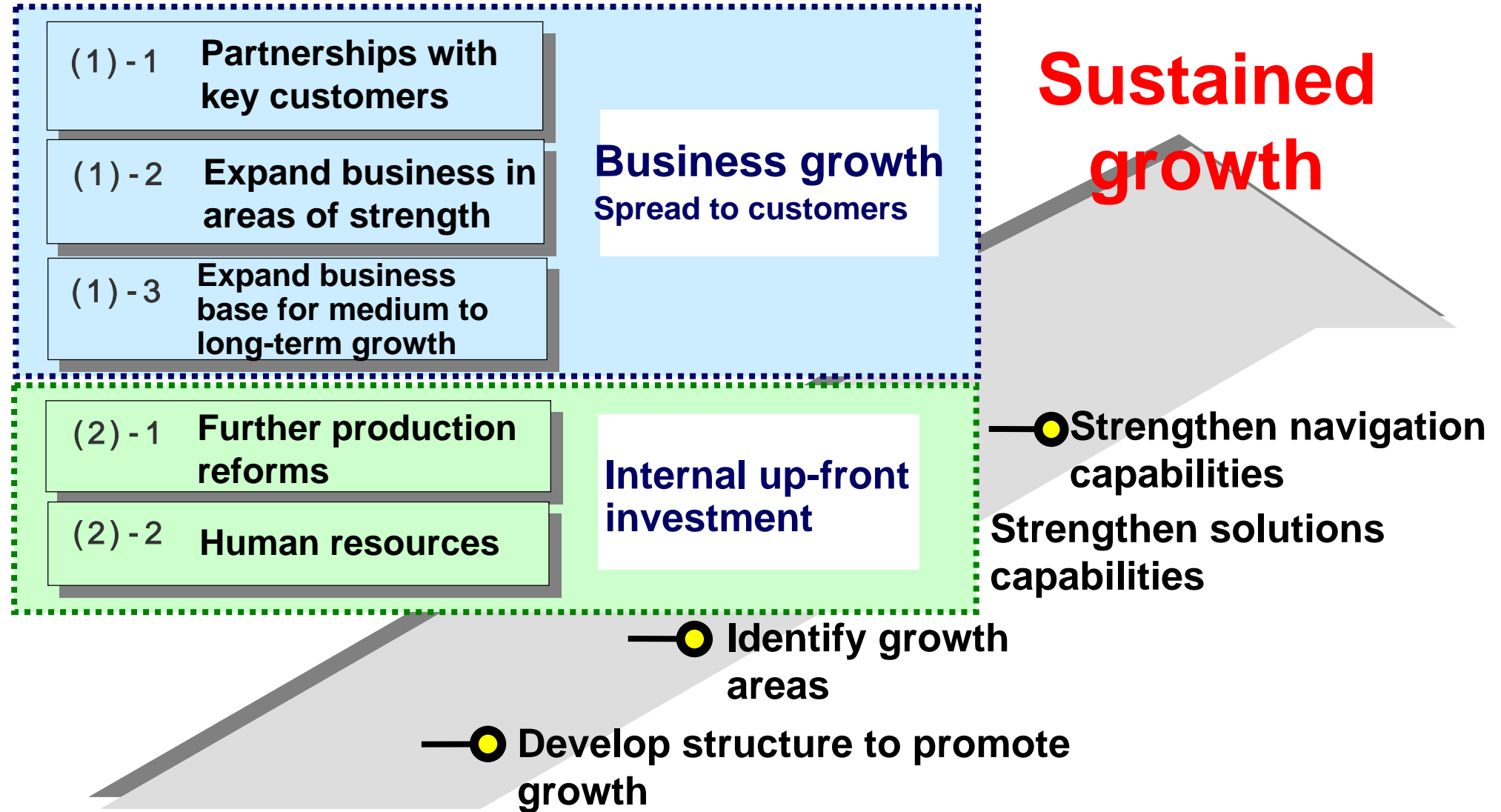
# To achieve further growth



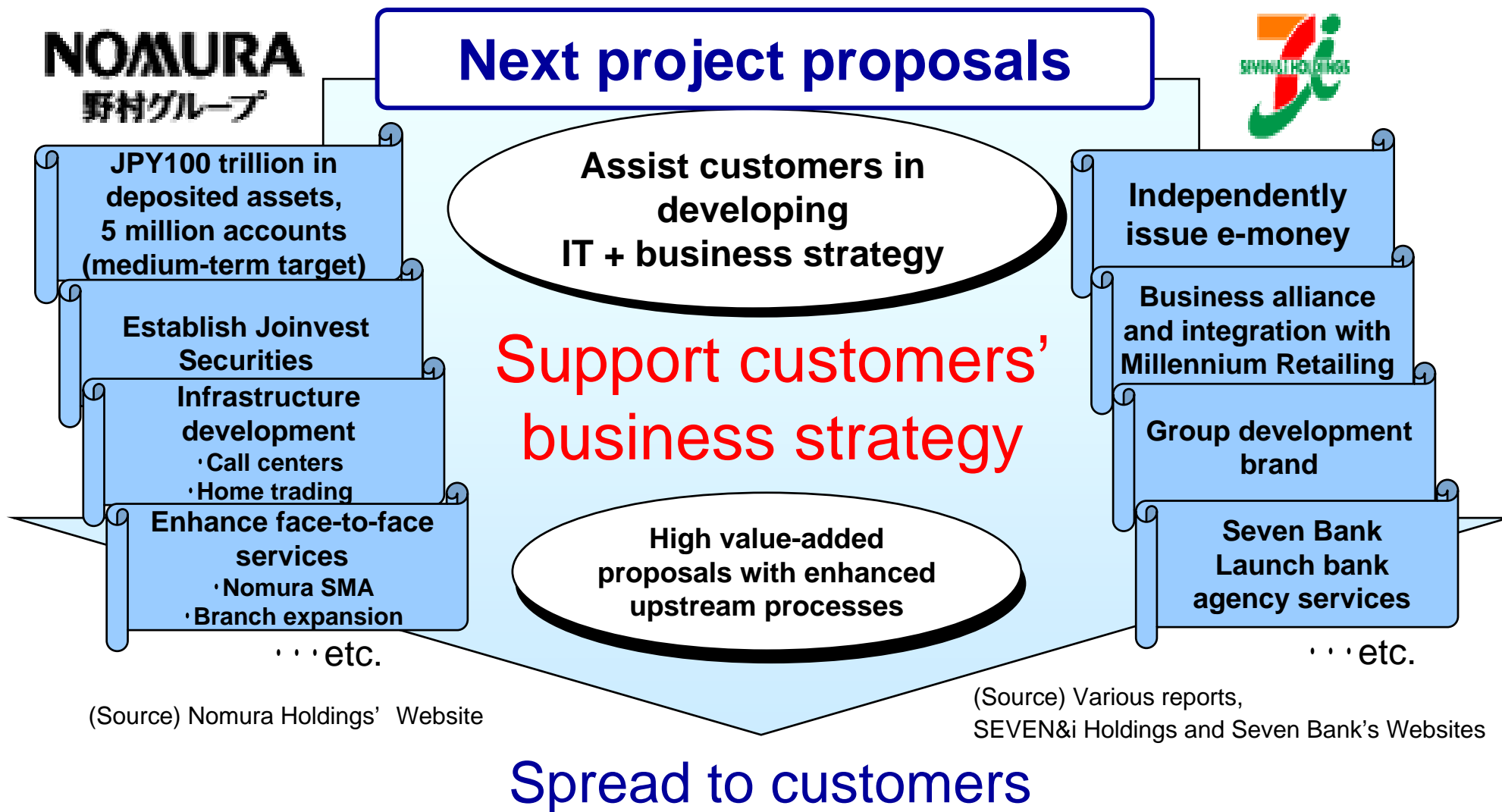
# To achieve further growth - Cover completion of major projects



# FY March 2007 Priority Measures



# (1)-1 New partnerships with key customers



# (1)-2 Expand business in areas of strength - Financial services

## User-oriented finance Cross-selling and sales channel reform

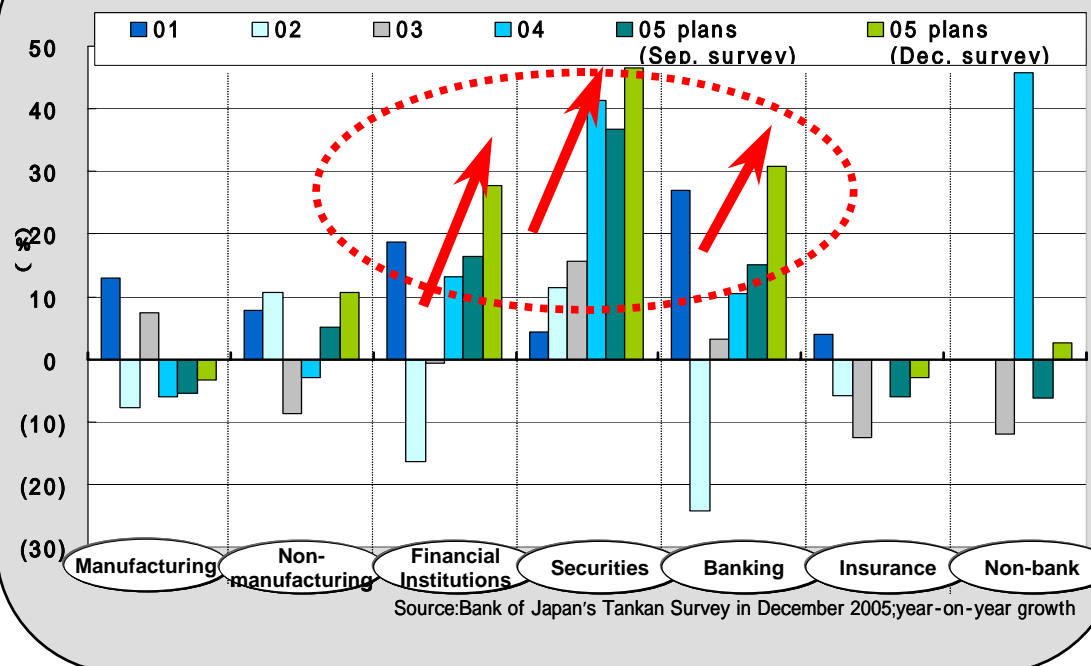
### Cross-selling

- Banks become comprehensive financial services companies  
Deposits, loans, investment trust sales, securities brokerage, insurance sales, etc.
- Personal advisory services  
From savings to investment / SMA

### Sales channel reform

- Expand and evolve financial networks, Call centers / CRM
- Respond to new banks (entrants from other industries)
- New finance-related IT  
biometric authentication  
(SMA: Separately Managed Account)

## Robust IT investment plans, especially financial institutions



## Efficient financial and capital markets System reform

### Market reform

- Securities settlement system reform (STP)  
Stock exchanges, settlement organizations, scripless trading, DVP
- Redevelop bank securities systems

### More efficient services

- Pension reform
- Promote securitization
- Uniform financial income tax
- Financial institution quality control  
Optimize trade execution and fund management
- Expand global financial products

## Risk management/Protect investors

### Corporate management regulations

- Financial institution risk management  
Operating risk / BCP & DR  
Basel II / J-SOX

### Individual protection regulations

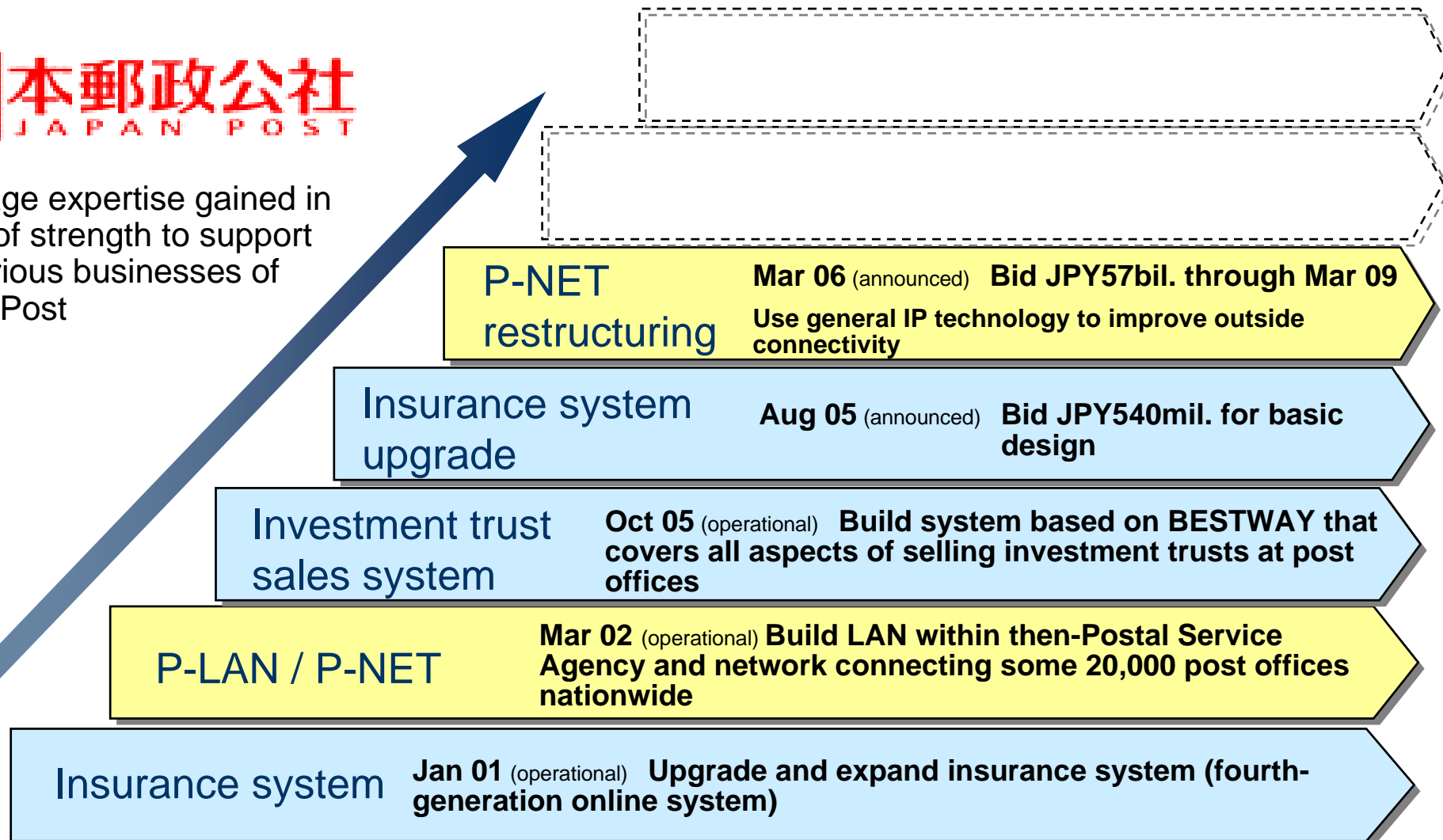
- Information security control  
Personal Information Protection Law
- Financial product liability

- Sales of risk products to individuals  
Investment Services Law (FSA)  
Strengthen compliance  
(BCP: Business Continuity Planning)  
(DR: Disaster Recovery)

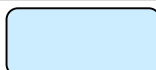
## (1)-2 Expand business in areas of strength - JAPAN POST



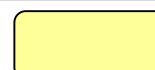
Leverage expertise gained in areas of strength to support the various businesses of Japan Post



Note: Successful bid amounts do not include tax



Financial expertise



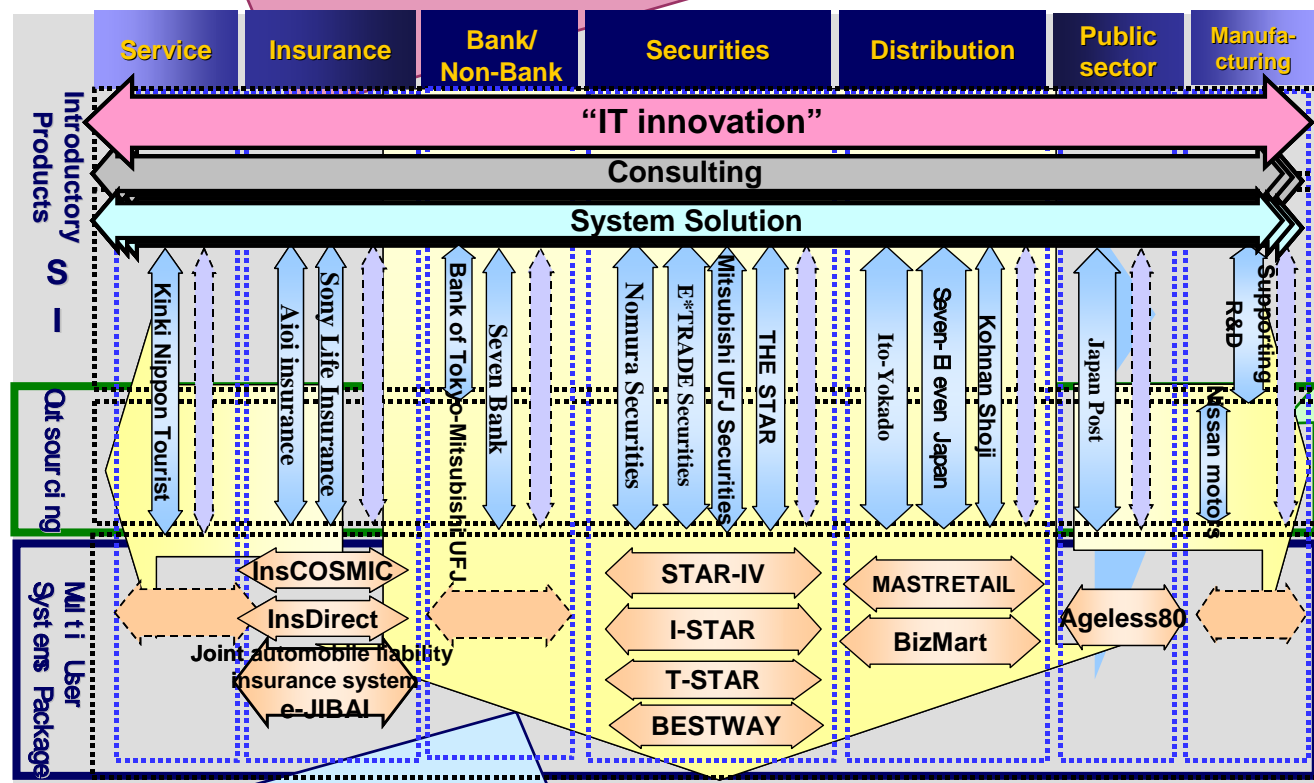
System infrastructure solutions

# (1)-3 Expand business base for medium to long-term growth

## IT Innovation

### (1) Establish superiority

Center for Innovative Systems Research for Financial Industry  
Center for Innovative Systems Research for Management



## Outsourcing

### (2) Strengthen operations business

- Effects of merger with NRI Data Services
- Build new data center

### (3) Enhance competitiveness of multi user system services

Enhance capacity and expand functions

Multi user system service/package

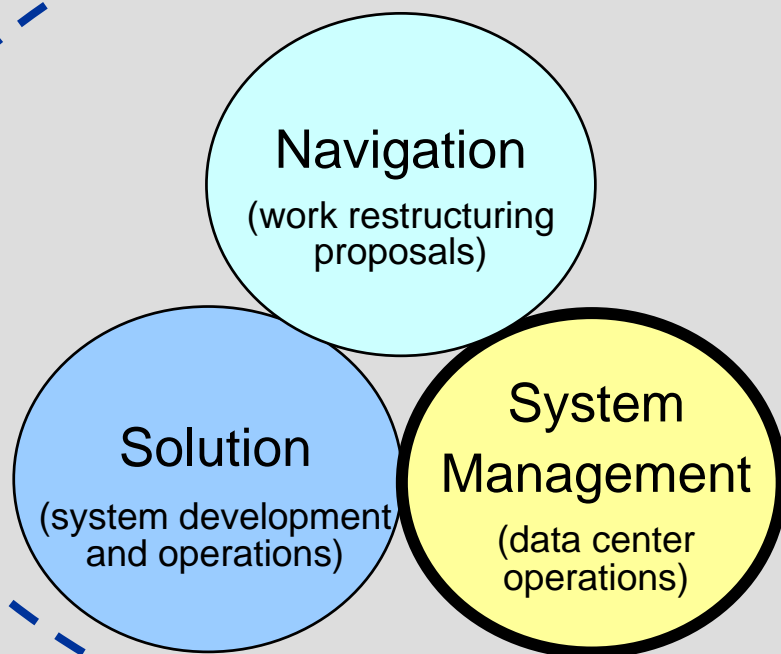


## (2)-1 Further production reforms - Effects of merger with NRI Data Services

**NRI + NRI Data Services**

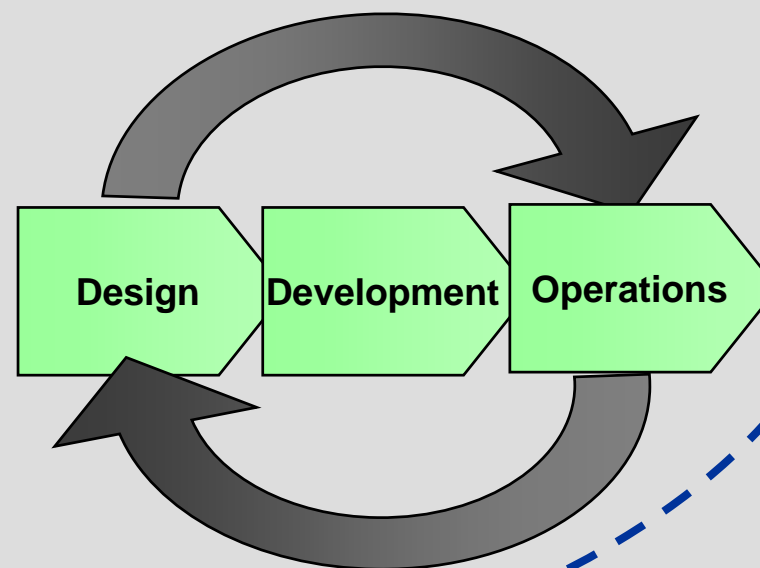
\* April 1, 2006 merged

### ■ Exhibit collective strength



### ■ Operations innovations

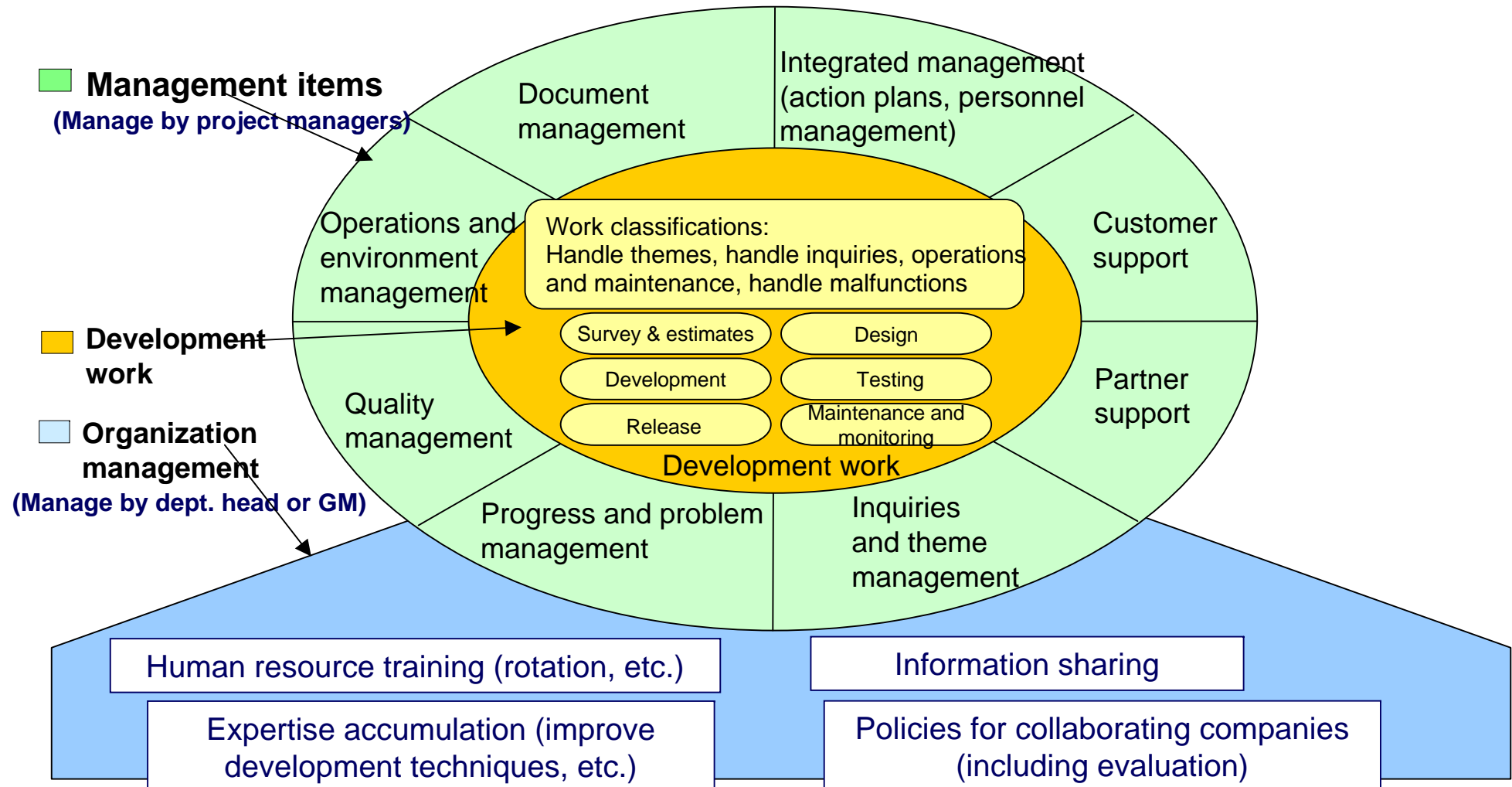
#### Operations-based design



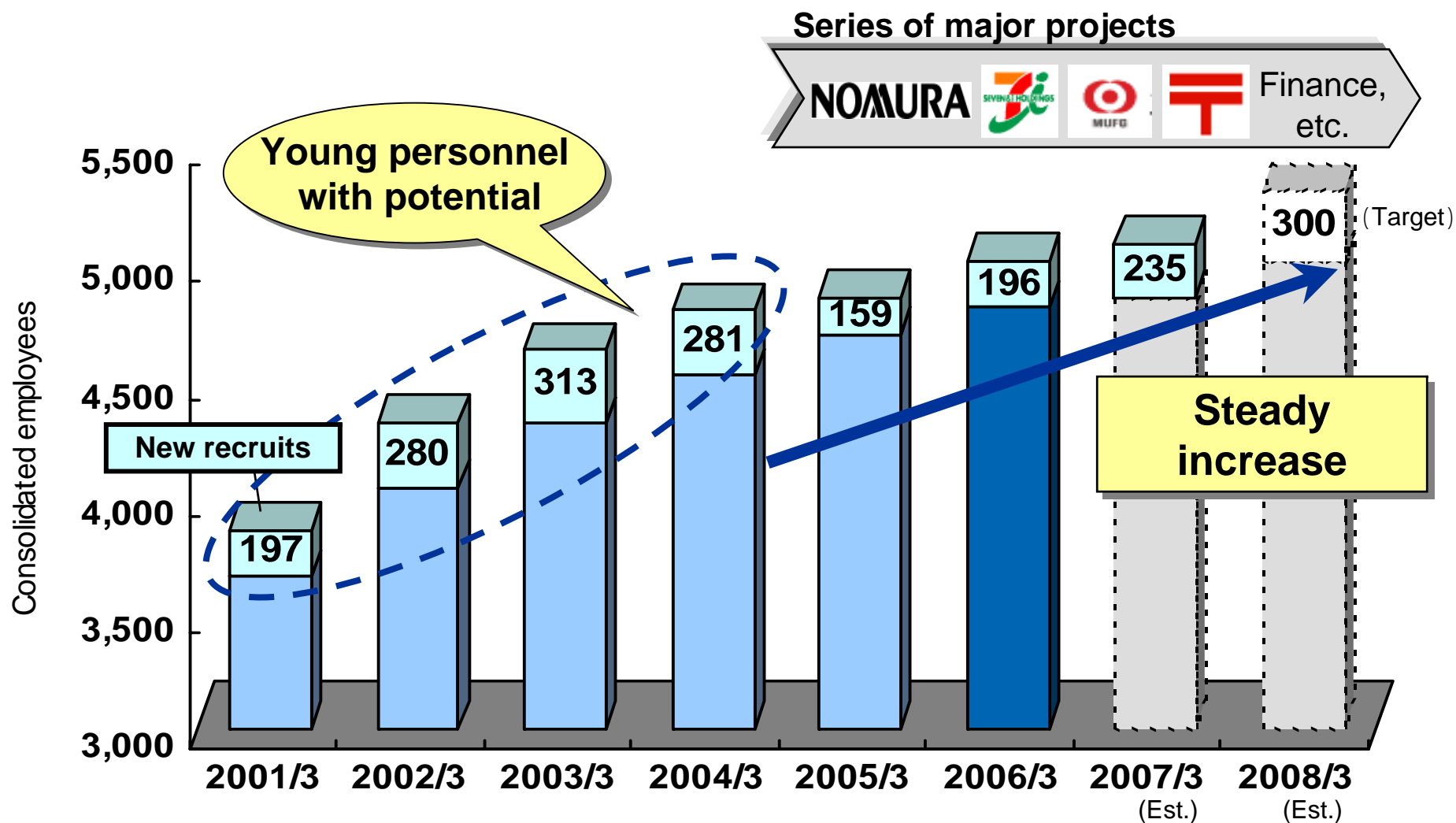
Improve the quality and enhance the competitiveness  
of total solutions provided by the NRI Group

## (2)-1 Further production reforms - Enhancement innovations

### Enhancement QMS, enhancement standards, management requirements model

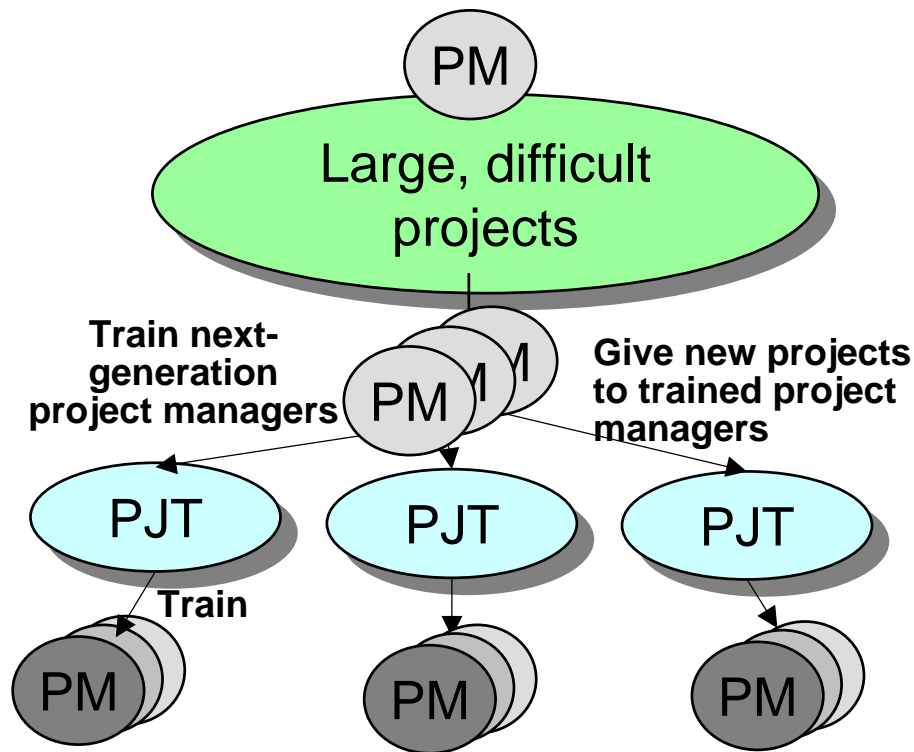


## (2) - 2 Human resources - Planned personnel increase



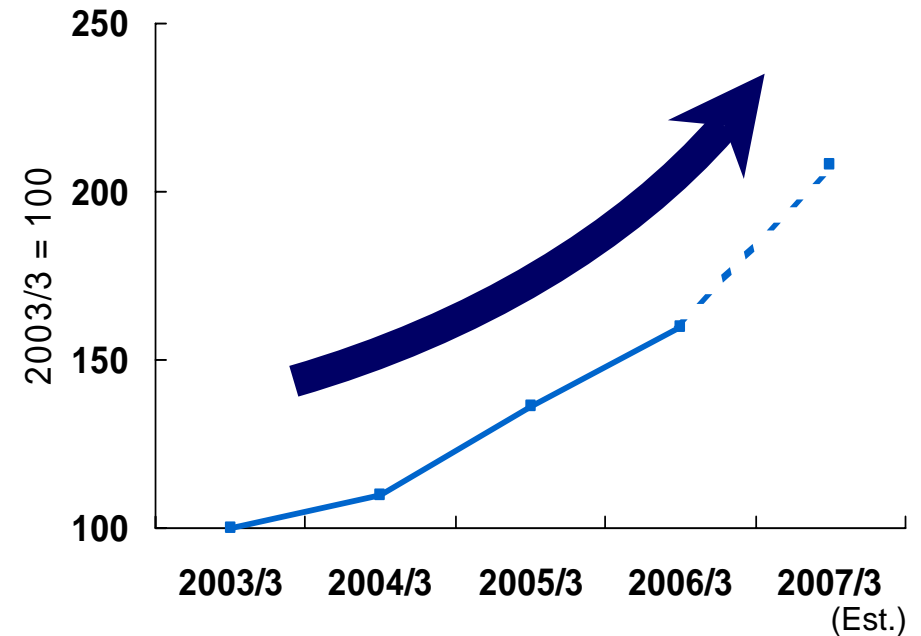
## (2)-2 Human resources - Training excellent project managers

### ■ Train personnel in large, difficult projects



- Strategically assign young personnel
- Internal certification system
- Various training programs

### Number of project managers



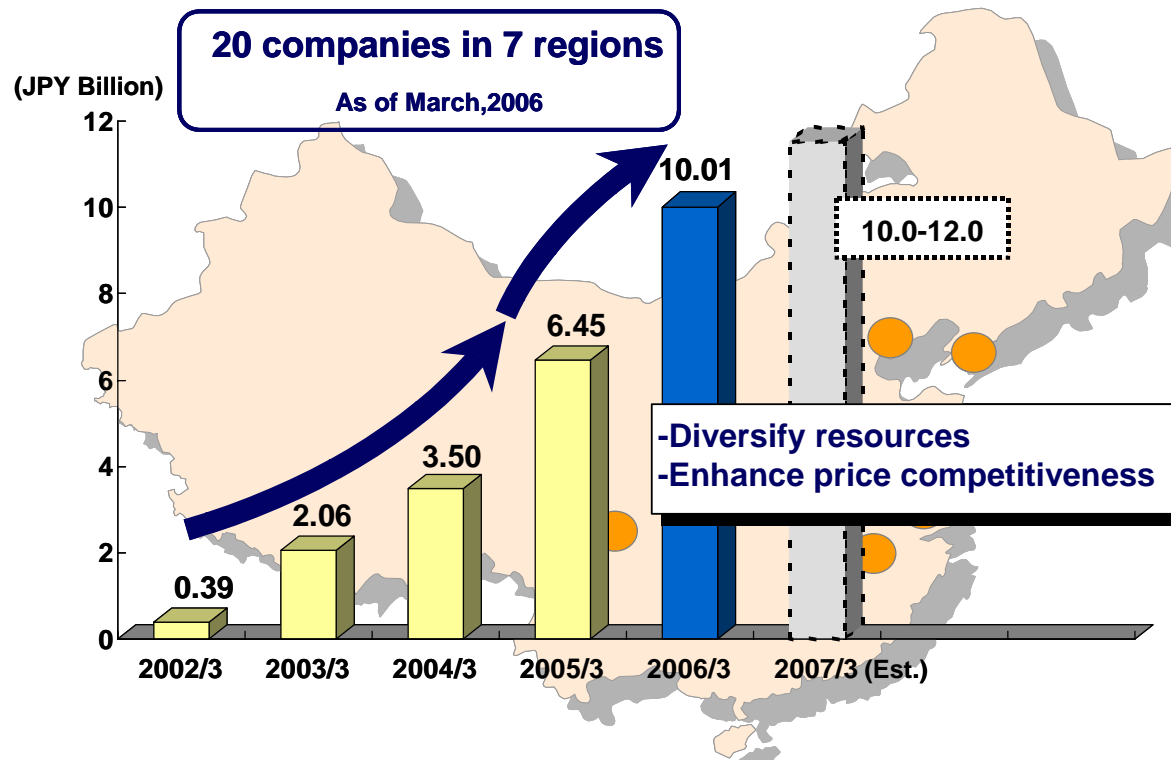
(Number of project managers in charge of A and B ranked projects in each fiscal year. Excludes projects with the same project manager.)

Note: Projects are assigned a rank of A–C based on size, difficulty, and other factors established in company rules.

## (2)-2 Human resources - Progress of offshore development in China

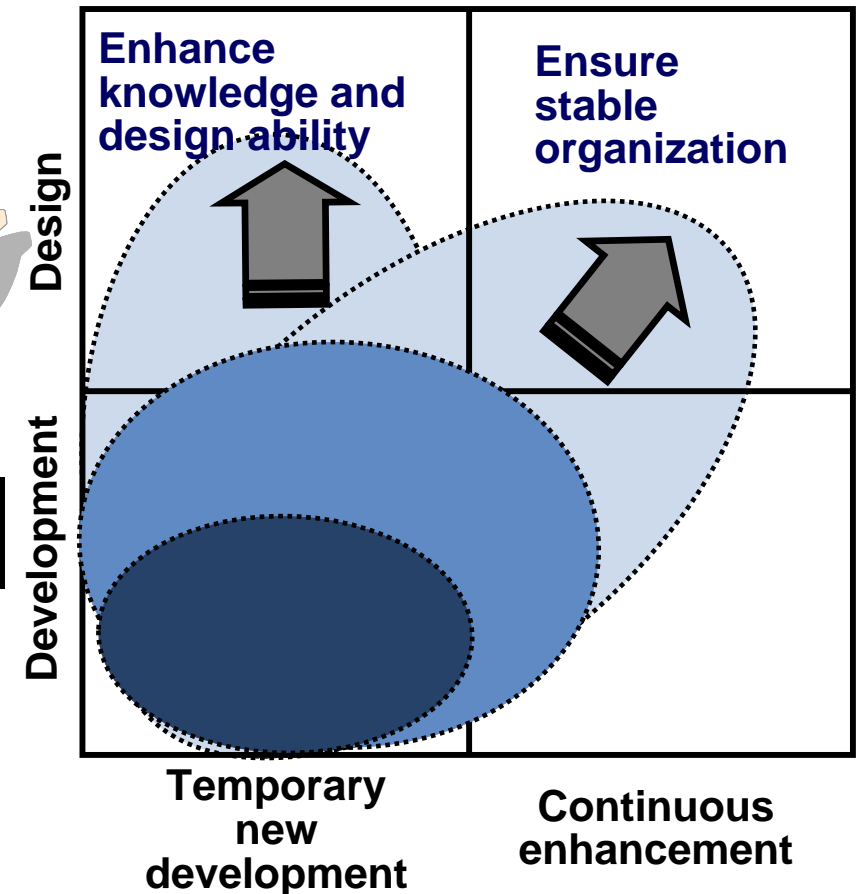
Until now:

**Quantitative growth**



Going forward:

**Qualitative growth**



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*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

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- 1. FY March 2006 Activities**
- 2. Projects**
- 3. Others**

# 1. FY3/06 Activities - Mitsubishi UFJ Securities

## Mitsubishi UFJ Securities

- For the October 2005 merger, the companies' retail operations are being integrated using STAR (used by UFJ Tsubasa) and their wholesale operations are being integrated using the Mitsubishi Securities' system
- NRI has been providing system support to both companies

**「三菱UFJ証券」が発足**  
3年後にトップ2目指す  
10月下旬に郵店長会議開催

三菱UFJ証券の発足。大和証券の西中が代表を務める。8年後のトップ2を目指す。10月下旬に郵店長会議を開催する。大和証券の西中が代表を務める。8年後のトップ2を目指す。10月下旬に郵店長会議を開催する。

	営業収益	預かり資産
証券	5,718	699,817
大和 (2社計)	4,143	425,515
日興 (2社計)	2,963	326,431
三菱UFJ (2社計)	2,407	182,334

注1単位:億円。大和は大和証券SMIと大和証券。日興は日興コーポラル証券と日興シティグループ証券。三菱UFJは三菱証券とUFJ証券の証券営業営業。

三菱UFJ証券の発足。大和証券の西中が代表を務める。8年後のトップ2を目指す。10月下旬に郵店長会議を開催する。大和証券の西中が代表を務める。8年後のトップ2を目指す。10月下旬に郵店長会議を開催する。

Japan Financial News, October 7, 2005



# 1. FY3/06 Activities - JAPAN Post(1)

## Investment trusts sales system

- Received order to develop and operate investment trusts sales system in April 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

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の投信窓販パッケージソフト「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、投信窓販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

郵政公社の投信販売、「健全」「順調」なスタート

郵政民営化後をにらみ、今後の郵便事業の収益源の柱として位置付けられる郵政公社での投資信託の販売が、一〇月三日から始まった。その滞り出しの状況と、スタートまでのシステム開発など体制整備の軌跡をみる。

一〇月三日から全国五七五局（普通局五五一局、特定局二四局）で投信の販売が開始された。一四日までの九日間の販売状況は、口座開設件数五七二四件、購入件数八一四五件、販売額六億九〇〇万円。事前の販売予想額の「八一九割」（吉武洋一郎・投資信託部長）と低調な水準ではあるが、生田正治総裁は会見で「けっして拉致に走るなどといったなかで、大変健全なスタート」であると評価した。販売担当者もコンプライアンスと説明責任を徹底させるために、慎重に動出したというところだろう。

同社では販売額の見込みを、今年度一・二九億四（星年度取入一八億四、三年後三五八八億四、同七九億四）、五年後六一・六五億四（同一五七億四）とし、三年目で黒字化、五年目で黒字率半額増を目指す方針。今後三年間をメドに取組を「一五五〇期まで進めず計画である。日本郵政公社による投信窓販法案が成立した昨年一月以降、同社では販売体制の整備を急ピッチで進めてきた。二五の重点取組局へ配属し販売指導の中核となる職員「投信アドバイザー」（五一五一名）を社内公募により任命。「投信インストラクター」と呼ばれる民間金融機関での販売経験者（五九名）を派遣社員として採用。また約四七〇人に及ぶ販売担当者の研修も順次行ってきた。このような体制整備のなかでも、とりわけ「短期決戦」を要いられたのがシステム開発だ。

「まさにプロジェクトの世界だった」――野村総合研究所（NRI）の二村修・BESTWAY事業部長は振り返る。総合評価販売方式において、投信窓販システムの開発・運用（五年間の保守を含む）をNRIが一億八〇〇万円を高札したのは今年四月一日、提示された仕様から判断して、「通常ならば一年半の開発期間が必要となる案件」（同氏）だったという。ただ、実際に大筋の仕様書が公表されたのは昨秋であり、NRIでは「絶対とれ、絶対動かせ、絶対トラブルなし」という経営陣からの強いものと、すでにその時点から開発をスタートさせていた。

民間金融機関からの受注であれば、NRIのパッケージ商品「BESTWAY」をベースにしたシステム開発で済むところであるが、今回のプロジェクトでは、センターの構築、ソフトウェアがプレインストールされたPCを各取扱局へ導入、販売担当者に対する研修の実施なども一括してNRIが請け負った。プロジェクトのピーク時には約一〇〇人の人員を投入したという。

これは理由に、今回の案件に注力した理由について、二村氏は「すでにメガバンク・信託銀行・地城銀行の七割で「BESTWAY」をご利用いただいております。これを積み上げてきた実績から、使命感に燃えて取り組んだ」と語り、ビジネス面での効果においては「（郵政と）リレーシオン強化により、さまざまなビジネスをつくっていくことができる」と強調する。「ファミリーバンク」を志向する郵政は、民営化後、外貨預金やローンの取扱もターゲットに入れている。NRIが郵政公社との関係強化に向けた礎を築いたとみる関係者は多い。

こうしたNRIの能力が奏功し、投信窓販開始からシステム関係のトラブルは発生していない。郵政公社側も「まったくゼロからシステムを導入した形なので想定外のトラブルが発生しないかと心配したが、順調なスタートでホッとしている」（郵便貯金事業本部投資信託部）とする。（本誌 小林貴也）

Kinyu Zaisei Jijo, October 31, 2005



## 1. FY3/06 Activities - SEVEN & i Holdings

## Seven Bank / New banking system

- Full upgrade of banking system in January 2006
- NRI dispatched 12 employees to Seven Bank to serve as project members

[illegible]

***Nikkei Computer***  
**March 20, 2006 issue**

# 1. FY3/06 Activities - Data Center

## Data center

- Plan construction of fourth domestic data center in Yokohama (completion in fall 2007)



*Nikkan Kensetsu Kogyo Shimbun,  
March 29, 2006*

*Nikkei Shimbun,  
March 29, 2006*



## 2. Projects

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### ■ Examples of outsourcing projects in FY Mar.2006



**Kokubu & CO., LTD.**

Mission-critical and logistics  
systems

おいしい記憶をつくりたい。



**Kikkoman Corporation**  
Mission-critical & Information systems

**無印良品**

**Ryohin Keikaku Co.,Ltd.**  
Mission-critical system

### 3.Others - Business environment : On-line securities

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- Trading value at the five leading companies doubled year-on-year in fiscal 2005
- Reductions in stock trading commissions could reignite competition to acquire new accounts

***Nikkei Shimbun,***  
**April 2,2006**

***Nikkei Shimbun,***  
**April 11,2006**

### 3.Others - Business environment : Investment trust market

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- Market (public and private offerings) valued at JPY 85 trillion at the end of fiscal 2005, a new record high
- Japan Post plans to significantly expand investment trust services



***Nikkei Financial Daily,***

**April 17,2006**



***Nikkei Shimbun,***

**April 11,2006**



### 3.Others - Branding activities



[Customers]

[Shareholders]



“Japan in 2010” campaign  
promotion activities  
(September 2005 - March 2006)



[internal]



[general]



[mass media]

