

Financial Results

3rd Quarter FY March 2005

Nomura Research Institute, Ltd.

January 28, 2005

Highlights of Consolidated Results

(JPY million)

	3Q FY Mar.2004 (Oct.-Dec.)	3Q FY Mar.2005		
		(Oct.-Dec.)	Difference	YoY change
Sales	54,485	65,454	+10,969	+20.1%
Operating Profit	6,810	7,799	+988	+14.5%
Operating Profit Margin	12.5%	11.9%	(0.6P)	
Net Income	4,786	4,960	+174	+3.6%

* Amount of less than JPY million were rounded down.

Highlights of Consolidated Results(Apr.-Dec.)

(JPY million)

	3Q FY Mar.2005 Total (Apr.-Dec.)	3Q FY Mar.2005 Total		
		(Apr.-Dec.)	Difference	YoY Change
Sales	167,794	180,621	+12,827	+7.6%
Operating Profit	18,917	20,118	+1,200	+6.3%
Operating Profit Margin	11.3%	11.1%	(0.1P)	
Net Income	12,678	11,843	(835)	(6.6%)

* Amount of less than JPY million were rounded down.

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P/L Highlight(Oct.-Dec.)

	3Q FY Mar.2004 (Oct.-Dec.)	3Q FY Mar.2005 (Oct.-Dec.)	Diff.	(JPY million) YoY Change
Sales	54,485	65,454	+10,969	+20.1%
Cost of sales	39,731	49,988	+10,256	+25.8%
Subcontracting cost	16,001	18,270	+2,269	+14.2%
Gross Profit	14,753	15,466	+712	+4.8%
Gross Profit Margin	27.1%	23.6%	(3.4P)	
SG&A	7,942	7,666	(276)	(3.5%)
Operating Profit	6,810	7,799	+988	+14.5%
Operating profit margin	12.5%	11.9%	(0.6P)	

* Amount of less than JPY million were rounded down.

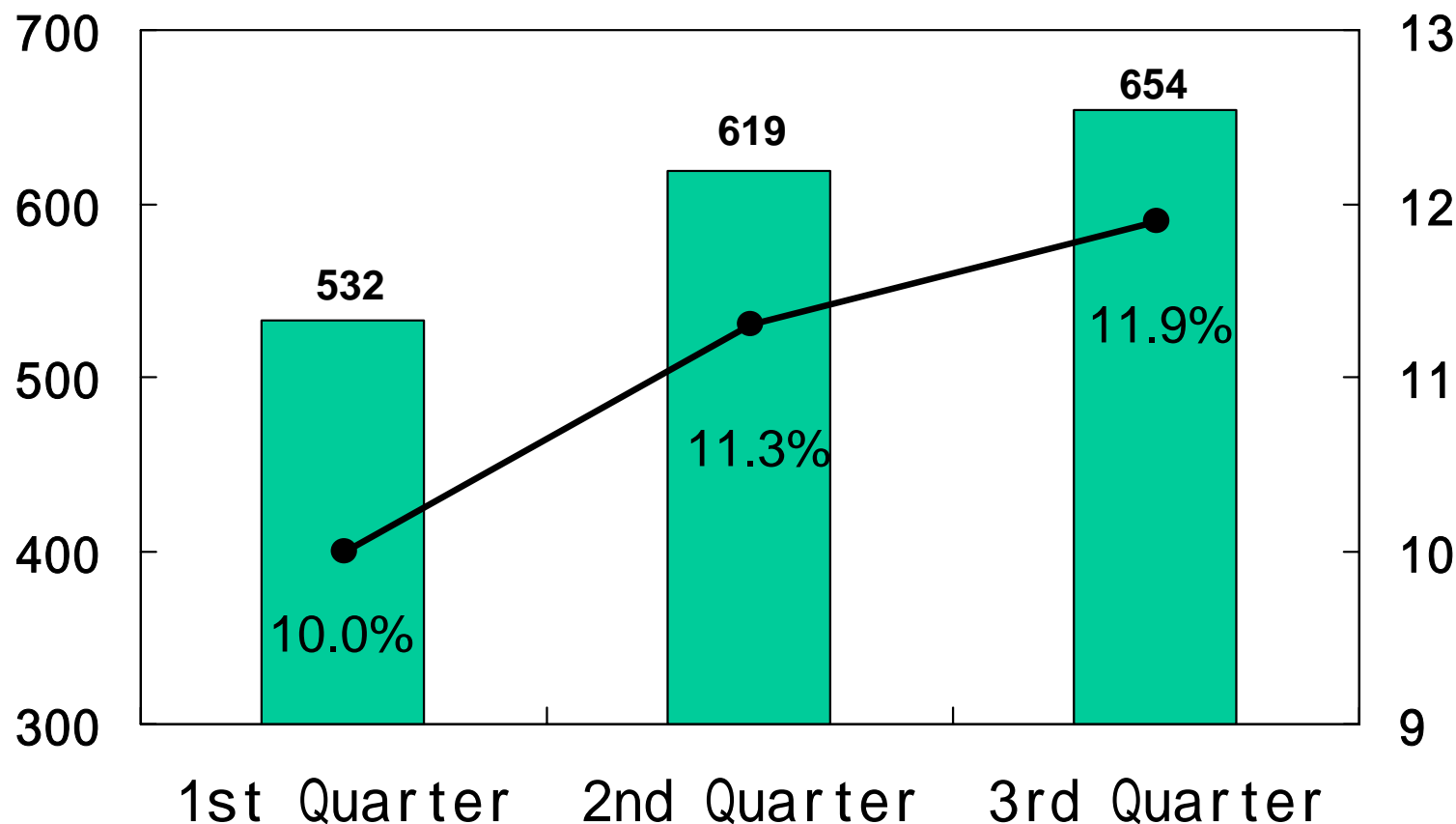
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Sales & Operating Profit Margin

Sales(JPY 100mil.)

FY March 2005

OPM(%)



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P/L Highlight(Apr.-Dec.)

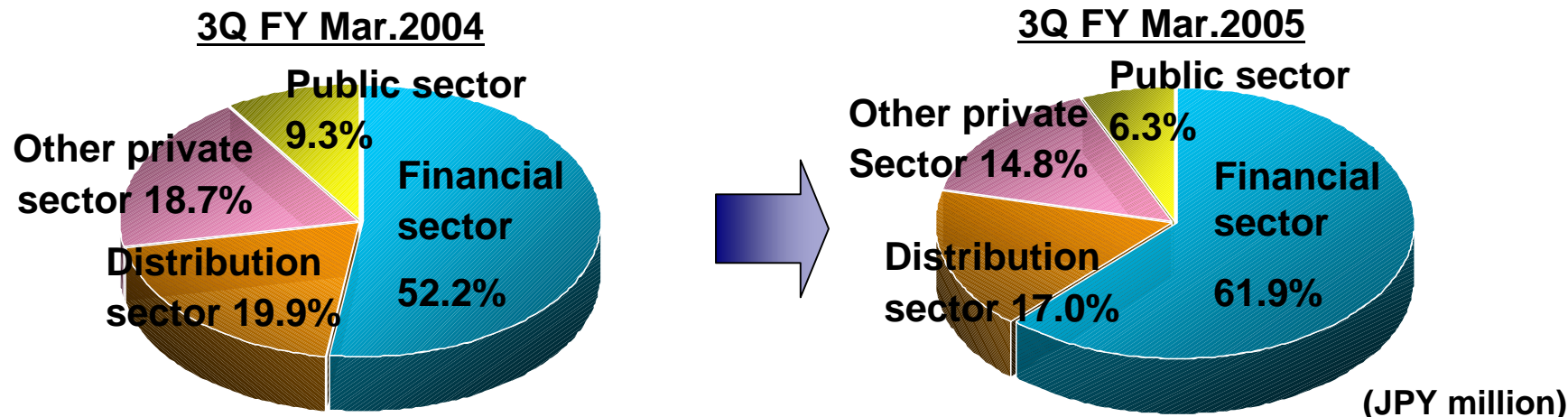
(JPY million)

	3Q FY Mar.2004 Total (Apr.-Dec.)	3Q FY Mar.2005 Total (Apr.-Dec.)	Diff.	YoY Change
Sales	167,794	180,621	+12,827	+7.6%
Cost of sales	124,881	136,832	+11,951	+9.6%
Subcontracting cost	49,118	52,013	+2,895	+5.9%
Gross Profit	42,912	43,788	+876	+2.0%
Gross Profit Margin	25.6%	24.2%	(1.3P)	
SG&A	23,995	23,670	(324)	(1.4%)
Operating Profit	18,917	20,118	+1,200	+6.3%
Operating profit margin	11.3%	11.1%	(0.1P)	

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Sales by sector(Oct.-Dec.)



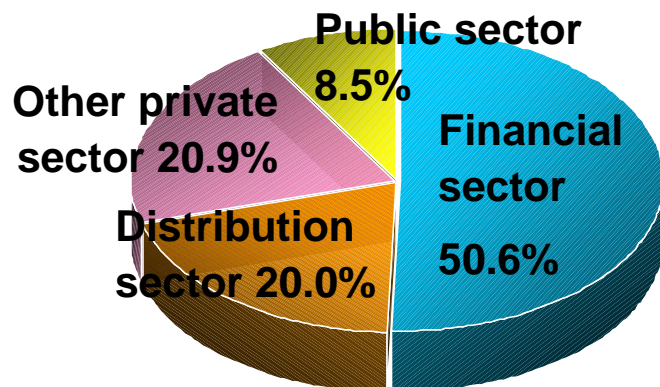
	3Q FY Mar.2004		3Q FY Mar.2005			
	(Oct.-Dec.)	Share	(Oct.-Dec.)	Share	Diff.	YoY Change
Financial sector	28,428	52.2%	40,542	61.9%	+12,114	+42.6%
Distribution sector	10,819	19.9%	11,103	17.0%	+284	+2.6%
Other private sector	10,186	18.7%	9,694	14.8%	(492)	(4.8%)
Public sector	5,050	9.3%	4,113	6.3%	(936)	(18.6%)
Total	54,485	100.0%	65,454	100.0%	+10,969	+20.1%
Nomura Securities Group	13,968	25.6%	17,651	27.0%	+3,682	+26.4%
Ito-Yokado Group	5,843	10.7%	8,737	13.3%	+2,894	+49.5%

* Amount of less than JPY million were rounded down.

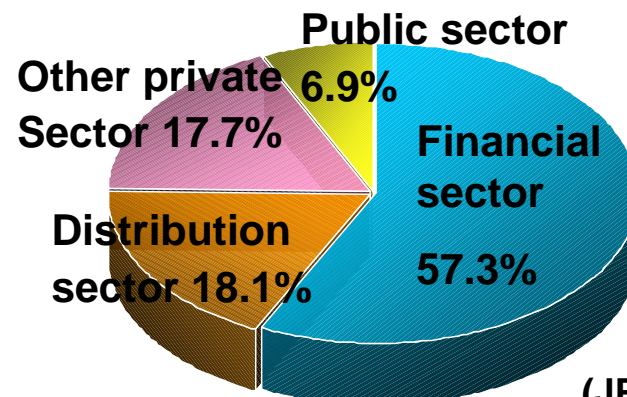
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Sales by sector(Apr.-Dec.)

3Q FY Mar.2004 Total(Apr.-Dec.)



3Q FY Mar.2005 Total(Apr.-Dec.)



(JPY million)

	3Q FY Mar.2004 Total		3Q FY Mar.2005 Total			
	(Apr.-Dec.)	Share	(Apr.-Dec.)	Share	Diff.	YoY Change
Financial sector	84,831	50.6%	103,484	57.3%	+18,652	+22.0%
Distribution sector	33,595	20.0%	32,658	18.1%	(937)	(2.8%)
Other private sector	35,035	20.9%	31,963	17.7%	(3,071)	(8.8%)
Public sector	14,331	8.5%	12,514	6.9%	(1,816)	(12.7%)
Total	167,794	100.0%	180,621	100.0%	+12,827	+7.6%
Nomura Securities Group	41,716	24.9%	46,535	25.8%	+4,819	+11.6%
Ito-Yokado Group	17,940	10.7%	23,006	12.7%	+5,065	+28.2%

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Sales by segment(Oct.-Dec.)

(JPY million)

	3Q FY Mar.2004		3Q FY Mar.2005			
	(Oct.-Dec.)	Share	(Oct.-Dec.)	Share	Diff.	YoY Change
System Development & System Application Sales	17,172	31.5%	25,012	38.2%	+7,840	+45.7%
System Management & Operations	23,254	42.7%	23,675	36.2%	+420	+1.8%
Product Sales	3,773	6.9%	6,964	10.6%	+3,190	+84.5%
System Solution Services	44,200	81.1%	55,652	85.0%	+11,452	+25.9%
Consulting&Knowledge Services	10,285	18.9%	9,802	15.0%	(482)	(4.7%)
Total	54,485	100.0%	65,454	100.0%	+10,969	+20.1%

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Sales by segment(Apr.-Dec.)

(JPY million)

	3Q FY Mar.2004 Total		3Q FY Mar.2005 Total			
	(Apr.-Dec.)	Share	(Apr.-Dec.)	Share	Diff.	YoY Change
System Development & System Application Sales	52,726	31.4%	62,343	34.5%	+9,616	+18.2%
System Management & Operations	68,939	41.1%	71,941	39.8%	+3,002	+4.4%
Product Sales	14,624	8.7%	17,378	9.6%	+2,754	+18.8%
System Solution Services	136,290	81.2%	151,663	84.0%	+15,373	+11.3%
Consulting&Knowledge Services	31,504	18.8%	28,958	16.0%	(2,546)	(8.1%)
Total	167,794	100.0%	180,621	100.0%	+12,827	+7.6%

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Cash Flow

(JPY million)

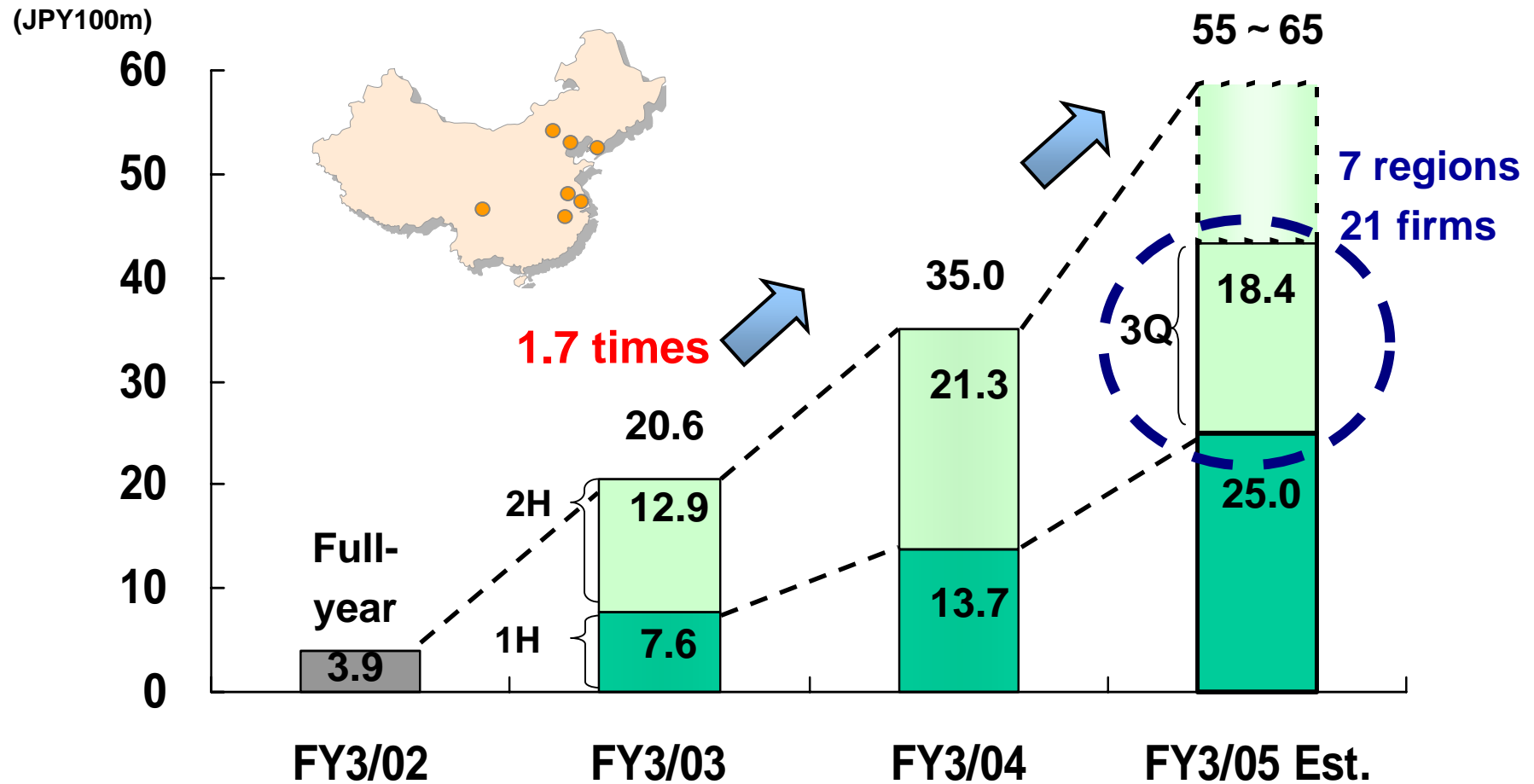
	3Q FY Mar.2004 (Apr.-Dec.)	3Q FY Mar.2005	
		(Apr.-Dec.)	Diff.
Operating activities	12,508	9,965	(2,542)
(A)Income taxes paid	(10,512)	(16,639)	(6,127)
Investing activities	(6,445)	(69,088)	(62,642)
(B)Cash management purpose Investment	-	(57,274)	(57,274)
Free Cash Flow	6,063	(59,122)	(65,185)
Free Cash Flow except(A)(B)	16,576	14,792	(1,783)

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Offshore development in China

➤ Progress in offshore development outsourcing in China



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Order Backlog(Outstanding)

(JPY million)

		At end of Dec.2003	At end of Dec.2004		
				Diff.	YoY Change
	System Development & System Application Sales	19,301	18,087	(1,214)	(6.3%)
	System Management & Operations	21,256	21,801	+544	+2.6%
	Product Sales	1,440	-	(1,440)	-
System Solution Services		41,998	39,888	(2,109)	(5.0%)
Consulting & Knowledge Services		8,520	8,005	(515)	(6.0%)
Total		50,519	47,893	(2,625)	(5.2%)

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Order Volume

(JPY million)

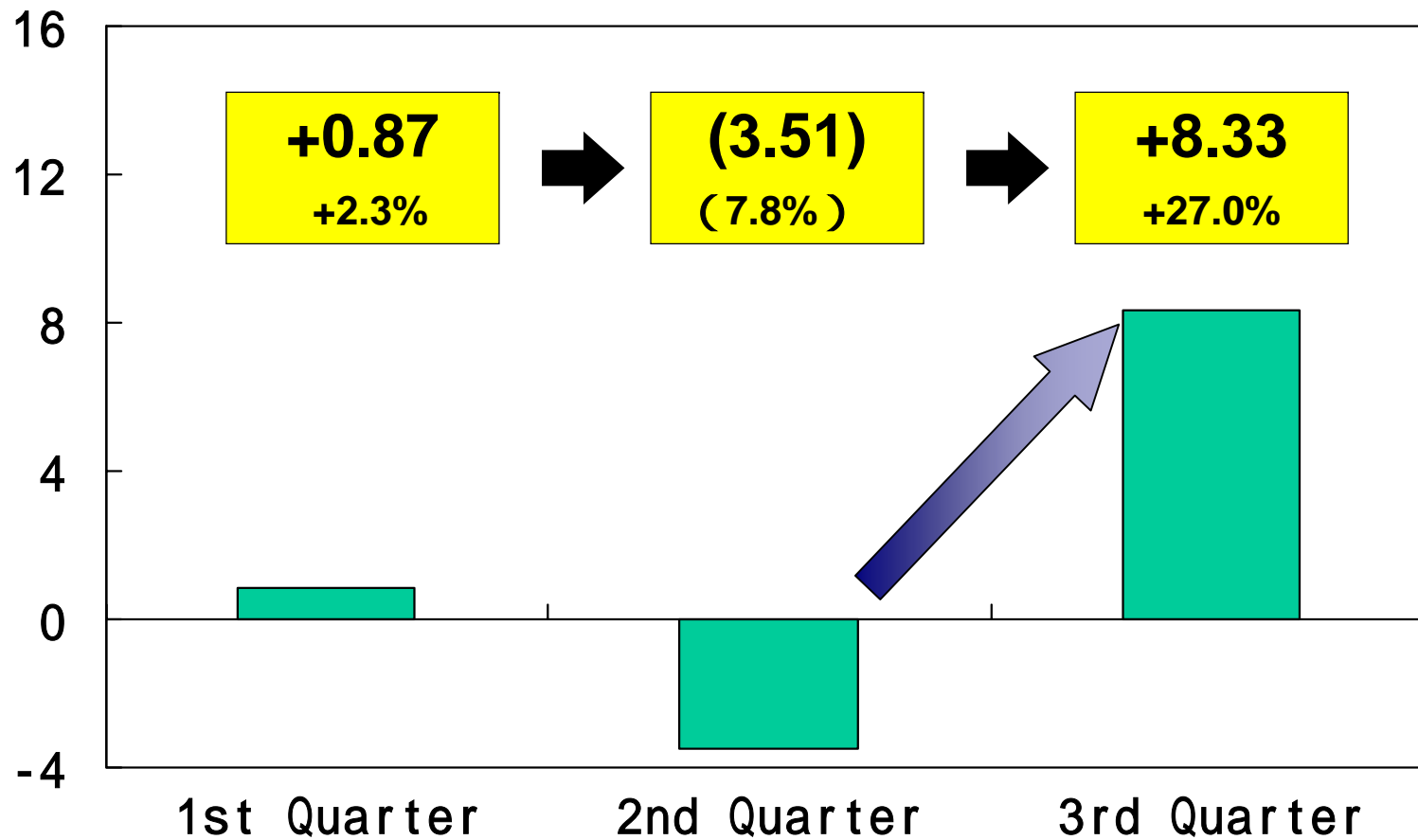
		3Q FY Mar.2004 (Oct.-Dec.)	3Q FY Mar.2005		
			(Oct.-Dec.)	Diff.	YoY Change
	System Development & System Application Sales	17,601	21,994	+4,393	+25.0%
	System Management & Operations	2,700	3,422	+721	+26.7%
	Product Sales	3,773	6,964	+3,190	+84.5%
System Solution Services		24,075	32,381	+8,305	+34.5%
Consulting & Knowledge Services		6,737	6,764	+27	+0.4%
Total		30,812	39,146	+8,333	+27.0%

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Order Volume (Diff. & YoY change)

(JPY billion)



FY March 2005

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Revision of business results forecast for FY Mar.2005

Financial results forecast for FY Mar.2005(Consolidated) (JPY million)

	Sales	Operating Profit	Net Income
Previous forecast(A)	250,000	30,000	17,600
Current forecast(B)	250,000	30,000	15,500
Difference(B-A)	-	-	(2,100)
Change	-	-	(11.9%)
Results for FY Mar.2004	238,067	28,022	18,269

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Revision of Dividend policy

Target of Dividend payout ratio => 30%

Dividend per share for the fiscal year ended March 31,2005

(JPY)

	1 st Half(actual)	Fiscal Year	Annual Total
Previous forecast	20.00	20.00	40.00
Revised forecast	20.00	80.00	100.00
Reference:Dividend for previous year	-	40.00	40.00

**Dividend payout ratio estimates 29.0%.
(based on revised financial results forecast of FY Mar.2005)**

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

Banking

勘定系システム
アイワイ銀刷新
日本ユニシスが構築
アイワイバンク銀行は
二〇〇六年をめどに、口
座管理などに使う勘定系
システムを刷新する。日
本ユニシスがシステムを
構築、野村総合研究所が
ネットワーク作りを手掛
ける。新システムは二十
四時間、三百六十五日の
稼働が可能。災害時の復
旧スピードが速まるほ
か、コストも削減できる。
現行は日立製作所のシス
テムだが、契約期間終了
に伴い、新システムに切
り替える。

IY Bank

- Upgrade banking system by 2006 -
- NRI to handle system integration and Nihon Unisys to handle system development
- NRI has provided system support since IY Bank started operations in 2001

Nikkei Financial Daily
November 5, 2004

Insurance



e-JIBAI

- Joint automobile liability insurance system launched in November by 11 non-life insurers -
- Functions include issuing automobile liability insurance certificates used jointly by 11 non-life insurers and transmitting application data
- NRI managed development and handled system administration
- NRI serves as the secretariat for the association responsible for operating the joint system after launch

Nikkei Computer
December 13, 2004 issue

Securities

基幹システム容量倍増

イー・トレード証券の口座数
【12月発表ベース、2004年12月1日現在】

イー・トレード証券

**100万口座に対応
IPO拡充にらむ**

インターネット専業大手のイー・トレード証券は、株式売買やチャート管理などに使う基幹システムの容量を倍増の倍以上に増強する。現在同社のシステムを運用している形で新設し、合計百万口座の口座数に対応できるものと見られる。同社ネット専業で最大の口座数を抱え、一段の顧客囲い込みに向けて大規模な設備投資に乗り出すことになった。

新システムは年末から稼働させる。今回の増強は、とりわけ、注文取り次ぎや与信管理などの能力も大幅に向上するという。画面上の表示も、従来の表示の倍増する。画面の表示も、従来の表示の倍増する。画面の表示も、従来の表示の倍増する。

イー・トレード証券の口座数は、2004年12月1日現在、約100万口座に達している。同社は、この口座数を100万口座に増強する。増強されたシステムは、2005年1月1日より稼働する。増強されたシステムは、2005年1月1日より稼働する。

Nikkei Financial Daily
December 16, 2004

E*TRADE Securities

- One million account capacity -
- NRI has provided system administration since jointly developing a Linux-based online trading system in July 2003
- Number of accounts surpassed 500,000 due to growth in online trading, and E*TRADE decided on a major system expansion to double capacity

<p>野村総合研究所（NRI）、東京都千代田区、藤橋彰久社長は、既存のレガシーシステムをオープンシステムに移行する際に、ビジネスロジックを抽出、再構築できるマイグレーション・ソリューション「シタール（Sitar）」をこのほど提供開始した。</p> <p>「シタール」の開始では、マイクロソフト（東京都渋谷区、マイケル・ローディング</p>	<p>オープン化移行時にビジネスロジックを抽出、再構築</p> <p>NRIが「シタール」</p>
<p>社長の「MS・NRI」、ゼンサー・テクノロジーズ・リミテッド（インド・ブネ、ガネシュ・ナタラジャ）社長のシステム分析・実装技術を探用するとともに、三社の協業による営業活動を推進する。</p> <p>レガシーマイグレーションは、メインフレームやオフコンなど、「レガシーシステム」で稼働する業務アプリケーションを、オープン系のプ</p>	<p>「シタール」では、既存システムのビジネスロジックを抽出し、プログラムを再構成（洗練化）した上で、新プラットフォームに移行するとい</p>
<p>ラットフォームに短期間、低コストで移行するシステムソリューションであり、製造業、金融業などのレガシーシステムのユーザーから注目されている。新システムへの移行リスクを抑えつつ、システム構築費の低減を実現できることが要旨。</p>	<p>「シタール」では、既存システムのビジネスロジックを抽出し、プログラムを再構成（洗練化）した上で、新プラットフォームに移行するとい</p>
<p>業システム全体を見据えたプロジェクト計画策定および実行、システム基盤構築、信頼性/性能/運用面の対応、プロジェクト管理、移行作業などを担当し、マイクロソフトがエンタープライズ向けの基盤テクノロジ／基盤ソフトの提供を行い、また、ゼンサーがシステム分析、オフショア指向技術によるシステム実装を行う。また三社は、マーケティングやセミナーなどを共同で行うなど、積極的な協業活動を通して、初年度三千億円の受注を目指す。</p>	<p>「シタール」では、既存システムのビジネスロジックを抽出し、プログラムを再構成（洗練化）した上で、新プラットフォームに移行するとい</p>

Sitar

- Legacy migration to improve maintainability and scalability -

- Migrate after extracting the business logic from current systems and refining programs
- Collaboration with Microsoft and Zensar Technologies (headquarter: India)

Dempa Shimbun
December 15, 2004

Consulting



Dempa Shimbun
January 4, 2005

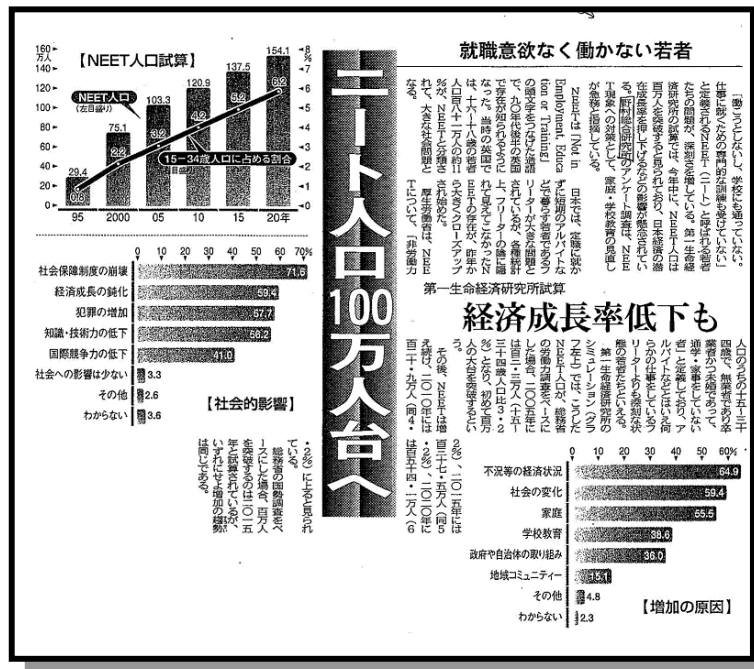
Questionnaire about problems associated with a ubiquitous network society

- Implemented by NRI and announced by the Ministry of Internal Affairs and Communications (MIC) -

- Expert questionnaire implemented in partnership with a subordinate organization of the Policy Roundtable for Realizing a Ubiquitous Network Society established by MIC
- Survey of issues facing a ubiquitous network society, covering: (1) the degree of impact on society; (2) the degree of inexperience in responding to various problems; and (3) the degree of personal relations in a ubiquitous network society

Consulting

Tokyo Shimbun
January 11, 2005



Internet research - infoQ usage examples -

- Research conducted using infoQ internet questionnaire surveys:
 - Interest in professional baseball
 - Concern about earthquakes
 - Life after retirement for baby boomers
 - Crisis over increase in number of young people "Not in Employment, Education, or Training" (NEET)

プロ野球の関心 3割が「低下した」

「一方、新球団の参入...」

「東北には楽天主張」

Tokyo Shimbun
December 23, 2004